

16 March 1999

To All Members

Dear Member,

International Standards for Jute Bags

Members will be aware that the transitional period for adjustment to the use of bags produced in accordance with the IOCCC specifications expires on 30th September 1999. This adjustment programme was agreed through the International Cocoa Organisation (ICCO).

The June 1999 ICCO meetings will consider progress made by all parties who have a responsibility in this matter to bring about the changes that have been agreed. Accordingly progress reports will be delivered by origin producers and trade and industry bodies.

It is necessary for us to have a full understanding of the position of CAL members as soon as possible in order that we can properly participate in the discussions as we have in the past. It is important that we consider all aspects of the bag conversion issue that may impact upon us particularly the contractual position and the opportunity to carry out testing of in store or in transit parcels if this should be deemed necessary. We are concerned to ensure that members do not encounter problems in the future particularly as final buyers will be more likely to test for bags defects referring problems to their seller who may have difficulty in recovery from higher up the supply chain.

1. One of the problems that we envisage is the absence of a "litmus test" i.e. a quick and approximate method for checking quickly whether there is a problem with a cocoa parcel which should be submitted to a laboratory for closer examination. Such a method is being sought but is not even close to availability - **does any member have a contribution to make on this point or even a methodology that is worth exploring?**

2. We must consider also whether we would be happy to accept a jute bag certification regime as sufficient comfort that bags bearing an agreed logo signify conformity with the standards as satisfying our requirements. A comprehensive bag certification scheme is clearly necessary for the jute bag industry but what happens if contamination is subsequently discovered? In the cocoa trade this can be months or years after the bag was produced. Is the contamination due to the production process or did it arise during transportation and storage? The chances of a dispute arising in the future are higher because end users may be testing bags. Even if there is no transference of contamination to the beans there may be a contractual breach when the CAL rules are amended later this year. The proposed wording is as follows:

"cocoa beans shall be packed in new, clean, sound, non-returnable bags of sufficient strength to withstand the transit and storage, and which are suitable for food contact use".

Should this wording be further refined to distinguish between crop years? i.e. 1999/2000 main crop must be in the new specification bags - older cocoas may or may not be in such bags. The parties need to be flexible but how can we secure a more general dispensation from the end users which does not dilute the message as to the need for safe bags which we all need to communicate and gain agreement from the supply chain.

3. What tests will industry actually carry out? What is the test sample size and will a right of rejection for the whole parcel be available for a small number of non-qualifying or contaminated bags? Potentially this could be a tremendous problem for the trade and the arbitrators.

I would be grateful for members' comments on the above and indeed any other concerns that they may have related to this issue. We will of course be addressing the certification system for jute bags (and the responsibility for supplier audits) through the ICCO and will continue to communicate with the industry to try and find an appropriate solution.

At the end of the day, however, it is up to us all to impress most strongly on our suppliers for the need to meet the agreed specifications for bags and indeed with an ever-increasing commitment to food safety.

Yours sincerely

Philip M Sigley
Chief Executive