



**Food and Agriculture  
Organization of  
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**Agenda Item 4**

**CX/GP 12/27/4**

**JOINT FAO/WHO FOOD STANDARDS PROGRAMME  
CODEX COMMITTEE ON GENERAL PRINCIPLES  
Twenty-seventh Session**

**Report of the Electronic Working Group on a  
MECHANISM AND TEMPLATE FOR EXAMINING  
ECONOMIC IMPACT STATEMENTS**

**BACKGROUND**

At the 26<sup>th</sup> Session of the CCGP, the Committee considered the proposed amendments to the Terms of Reference (TOR) prepared by the Secretariat. After some discussion, the Committee agreed on three points to be included in the TOR.

The Committee had an extensive discussion on the need to include the consideration of economic impact in the TOR. As it was not possible to reach a conclusion at the meeting, the Committee agreed to circulate the revised terms of reference, as amended at the present session, with the paragraph on economic impact in square brackets below for comments and further consideration at the 27<sup>th</sup> Session.

*[To develop a mechanism for examining any economic impact statements submitted by governments concerning possible implications for their economies of some of the individual standards or some of the provisions thereof.]*

The 26<sup>th</sup> Session of CCGP also considered the opportunity of developing a mechanism for examining economic impact statements under a separate agenda item.

After some exchange of views, the Committee agreed to establish an electronic working group working in English only and co-chaired by Malaysia and Brazil, with the mandate of developing a mechanism for examining any economic impact statements submitted by governments concerning possible implications for their economies of some of the individual draft standards or some of the provisions thereof, including the development of a template or harmonized format for the submission of such economic impact statements.

**POINTS FOR CONSIDERATION**

Provisions concerning the consideration of economic implications are already included in the chapter on Procedures for the Elaboration of Codex Standards and Related Texts of the Procedural Manual. At Steps 3, 5, 6 and 8 of the standards elaboration procedure, provisions have been made for Members of the Commission to comment on all aspects, including possible implications of the draft standard for their economic interests.

There are however no elaborations in the Procedural Manual or elsewhere on how Members can submit such comments or the format for such submissions related to economic concerns.

For this reason, it is felt that guidance on how and to what extent economic impact statements are considered in the deliberation of a proposed draft standard would be beneficial to Members. CCGP is

thus establishing a mechanism, including the development of a template or harmonized format for examining any such economic impact statements. This will ensure a uniform procedure to be applied across different Codex Committees in consideration of possible economic implications of a standard being elaborated.

## **TERMS OF REFERENCE OF ELECTRONIC WORKING GROUP**

Develop a mechanism for examining any economic impact statements submitted by governments concerning possible implications for their economies of some of the individual draft standards or some of the provisions thereof, including the development of a template or harmonized format for the submission of such economic impact statements.

## **EWG WORK PROCESS AND TIME-LINE**

Activity	Completion date
Invite Members of the Commission to participate in eWG	1 August 2010
Members of Commission indicate intention to join eWG	30 August 2010
Explain circulation of documents and request for 1 <sup>st</sup> round of input from eWG members	7 September 2010
Receive 1 <sup>st</sup> round of input from eWG members	30 October 2010
Circulate preliminary report to eWG members for 2 <sup>nd</sup> round of comments/input	7 April 2011
Receive 2 <sup>nd</sup> round of input from eWG members	30 May 2011
Collate and prepare report of deliberations of eWG for presentation at 27 <sup>th</sup> CCGP	30 September 2011
Submit eWG report to Codex Secretariat	7 October 2011

## **eWG CONSULTATION PROCESS**

There were two rounds of consultation with members of the eWG. In the first round of consultation, members of the eWG were invited to provide general input and directions for approaching the assigned task.

Specifically, Members of eWG were invited to provide input to 5 questions:

1. What types of information are required to be submitted by Members of the Commission when commenting on possible implications of the standard being elaborated for their economic interests?
2. What are the potential economic impact and the affected parties?
3. Propose a model template or harmonized format to submit economic impact statement
4. What is the mechanism for submitting and examining such economic impact statements?
5. How is the economic impact statement to be evaluated?

At the end of the first round of consultation, the co-Chairs of the eWG, Malaysia and Brazil compiled all the responses received and a report compiled. This report was circulated to all participating countries in the eWG for further comments in the second round of consultation.

## **TALLY OF COUNTRY RESPONSES**

A total of 22 Member countries, 1 Member organisation and 1 International Organisation indicated interest to participate in this eWG deliberations (Annex 2).

Invitation to comment on the First Consultation Paper was emailed to these members. The paper provided a brief background and the terms of reference of this eWG. Comments were solicited for 5 specific questions (as listed above). The first round of consultation was from 7 September 2010 to 20 October 2010.

At the close of the deadline for submission of comments, the following 9 Member countries and 1 Member Organisation submitted comments on the First Consultation Paper circulated:

Australia (CRD2, Annex 2)  
 Canada (CRD2, Annex 3)  
 Egypt (CRD2, Annex 4)  
 European Union (CRD2, Annex 5)  
 Japan (CRD2, Annex 6)  
 Malaysia (CRD2, Annex 7)  
 Norway (CRD2, Annex 8)  
 Philippines (CRD2, Annex 9)  
 Uruguay (CRD2, Annex 10)  
 United States of America (CRD2, Annex 11)

Malaysia and Brazil, as co-chairs of this eWG, prepared a compilation of responses from these 10 countries.

This report of the responses from member states was circulated to all members who have indicated interest to participate in this eWG discussions for 2<sup>nd</sup> round of comments/input from 7 April 2011 to 30 May 2011.

At the close of the second round of consultation, the following 5 member countries and 1 Member Organisation submitted comments to the report of the first round of consultation:

European Union (CRD2, Annex 12) – further comments  
 Japan (CRD2, Annex 13) – clarification and amendment to previous comment  
 Malaysia (CRD2, Annex 14) – reiteration of previous comment and additional comment  
 Norway (CRD2, Annex 15) – no further comments  
 Uruguay (CRD2, Annex 16) – reiteration of previous comment  
 United States of America (CRD2, Annex 17) – reiteration of previous comment

These countries have provided comments in the first round of consultation. These comments were either reiterations or amendment to previous comments.

No new member countries, in addition to those who provided input in the first round of consultation, provided comments.

This comments received through the two rounds of electronic consultation are compiled in CRD 2

It is also to be noted that towards the end of the second round of consultation, Brazil informed the Codex Contact Point Malaysia that it wishes to withdraw as member as well as co-Chair of this e-Working Group.

## **ANALYSIS AND SUMMARY OF COUNTRY COMMENTS**

Summaries of input from all the countries to the 5 specific questions are tabulated and presented in Part I of CRD2. Some countries provided responses to the questions, whereas others did not respond specifically to the questions but provided only general comments.

This Part of the Report provides an analysis and summary of country comments.

There was a variation of responses from these 10 countries in relation to the topic of discussion of this eWG of developing a mechanism for examining any economic impact statements.

The responses from the 10 countries may be placed into 3 groups.

1. Five countries (summaries given in Part 1 of CRD2) responded directly to the mandate of this eWG of developing a mechanism for examining any economic impact statements in different ways:

(a) Four of these countries, namely Egypt (NE), Malaysia (Asia), Philippines (Asia), Uruguay (LAC) stated clearly that they agree with the proposed amendment to the TOR of the CCGP to develop a mechanism for examining any economic impact statements. Some countries recognised that provisions exist in the current step procedure for addressing economic impact concerns, however, no clear procedures exist for this purpose. These countries were of the opinion that a mechanism would facilitate members to submit such statements and ensure that they are submitted and evaluated in a uniform and transparent manner. These countries responded to the 5 specific questions of the consultation paper and proposed a mechanism for examining economic impact statements. A format/template for the submission of such economic impact statements was also proposed by these countries. These are given in Annex 1 of this Report.

One member country in this group raised the issue of why are some countries questioning the need to have a mechanism to examining economic impact statements. The country pointed out that the mandate of the eWG is to deliberate on developing the mechanism and a template or format for the submission of such statements.

(b) Norway (E) provided a template for the examination of economic impact statements

(2) The European Union (E) (summary given in Annex 1 of CRD2) noted that appropriate provisions are already in place in the Procedural Manual for this purpose. There is thus no need to create a specific new mechanism for this purpose. However, CCGP could remind other Committees of the importance of considering potential economic impacts of draft standards if Codex members raise such issues. The EU felt that it could be useful to develop some general guidance for Codex members on issues they should consider when preparing comments on implications of draft Codex standards on their economic interests. A non-exhaustive list of different aspects relevant for economic impact analysis was provided.

(3) Four countries, namely Australia (SP), Canada (NA), Japan (Asia) and United States of America (NA) (summaries given in Part 1 of CRD2) stated clearly that they do not support the development of a mechanism or template to examine economic impact statements. They are of the opinion that existing provisions for the Elaboration of Codex Standards and Related Texts of the Procedural Manual allow adequate opportunity for members to raise concerns with regard to the possible economic implications of a particular standard.

## **RECOMMENDATION**

Since only 10 countries participated in this eWG discussion, it would be desirable to have this matter tabled at the upcoming session of the CCGP to enable all members to deliberate on developing a mechanism for examining any economic impact statements submitted by governments concerning possible implications for their economies of some of the individual draft standards or some of the provisions thereof, including the development of a template or harmonized format for the submission of such economic impact statements.

Chair of eWG  
Codex Contact Point Malaysia  
November 2011

## ANNEX 1: Templates proposed

### (1) Egypt

No.	Draft Standard or provisions considered	Economic impacts (effects or harms)	Types and volumes of the exposed groups	Magnitude of effects or harms	Frequency of occurrence of the effect or harms	Quantitative estimation of the economic loss, if applicable
1						
2						
3						
etc..						

### (2) Philippines

Indicators	Impact*		
	Low	Medium	High
Domestic Trade			
International Trade			
Primary Production Sector			
Processing/manufacturing sector			
Cost of compliance with the standard (investments and adjustment costs) <ul style="list-style-type: none"> <li>Government sector</li> <li>Private sector</li> </ul>			

\*In order to assess whether the impact of a standard on the indicators above is low, medium or high, certain parameters will have to be set in order to measure/quantify the effect. Means of verifying the magnitude of impact must also be prescribed. Moreover, a case-study should support the accomplished format.

**(3) Malaysia**

Member state:

Title of the standard:

Item	Data/Information
Volume of production and domestic consumption of the relevant commodity	
Volume and pattern of trade, in relation to total food trade	
Profile of relevant industries in the country (e.g. scale of industry, manufacturing process, supply of raw materials)	
Current standards used in manufacture and trade	
The population group(s) that may be affected (number and characteristics)	
Impact on the food industry, including operations, cost of production and trade	
The nature and magnitude of the potential impact, including national economy	
Estimated seriousness of the potential impact	
Other relevant information	

**(4) Norway****Title of the initiative:****Member State:**

Impact Assessment Screening:

**A. Context and problem definition:**

How does this initiative relate to past and possible future initiatives?

What are the main problems identified?

**B. Objectives of Codex initiatives:**

What are the main policy objectives?

Does the objective imply developing Codex policy in new areas or strategic areas?

**C. Options:**

What are the policy options?

What legislative instruments should be considered?

Does the action proposed in the options cut across several policy areas or impact on action take/planned by other departments in the Member State?

**D. Assessments of impacts:**

What are the significant impacts, especially for SME, likely to result from each policy option, even if these impacts would materialise only after subsequent Codex initiatives?

Consumer, Member State, Industry/SME

Could the options have impact on the Member State - Budget (above x mill. USD)?

Could the options have significant impacts on simplification/administrative burden in the Member State or on trading partners?

Who is affected? (specific groups of consumers, business operators, competent authorities)

**E. Evaluation of the economic impact statement**

How and when is the economic impact statement to be evaluated?



## Annex 2

**Participants of Electronic Working Group on  
Mechanism and Template for Examining Economic Impact Statements**

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* Brazil indicated its intention to withdraw as member and co-Chair of this eWG towards the end of the second round of consultation.			

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## Note:

LAC: Latin America &amp; Caribbean

SP: Southwest Pacific

E: Europe

NA: North America

NE: Near East