

## On the Front Lines of Dairy Product Inspection

### **I. Briefly introduce SGS and your duties as Global Food Testing Business Development Manager.**

SGS is the world's leading inspection, verification, testing and certification company. My responsibilities include working with all 60 food and agriculture laboratories around the world, the international sales teams, their customers and industry bodies, to ensure that technical experts are able to share best practices, technological innovations and legislative knowledge thereby providing our customers with the most appropriate services for their country and their product range.

### **II. How does SGS's role complement that of government inspectors? Do you work closely with government agencies, or are your functions entirely separate?**

In China it is the government that releases opportunities for market supervision, testing and auditing. As one of the most successful third party organisations, SGS is qualified to bid for government work. Ultimately, SGS takes an important role in market supervision and all the work is executed by SGS independently. In addition, SGS is a member of China's two dairy associations, the Dairy Association of China and the China Dairy Industry Association.

### **III. Brands will often enlist SGS to inspect suppliers they have contracted. Do the concerns of brands differ from those of their consumers? If so, how?**

Due to the melamine fraud scandal, the government strengthened industry supervision and introduced a number of laws and regulations. These include a limit on the number of products for key brands, and a requirement that all milk powder formula produced must be registered in China, no matter where it was produced.

Ultimately, consumers need a product that is safe, consistent, of the quality desired and reliable. Demand for reasonable prices drives additional concerns for brand owners. In recent years, the industry has undergone a reshuffle, partly driven by changing consumer desires and needs. This has resulted in the closure of some factories and companies. While those enterprises that remain are clearly very strong and reasonably large, it should be noted that they all need to secure, manage and measure their industrial supply chain, as this in turn will help ensure consumers get what they need.

This is where, over recent years, the role of SGS has come to the fore, with activities such as helping dairy enterprises to understand what constitutes a 'good' supplier, assisting in the development of supplier management systems with supplier verification auditing and the setting of clear and measurable improvement plans. SGS also gives brand owners the means to train their own auditors to ensure the needs of consumers will continue to be met, and helps suppliers with analysis to demonstrate that their products meet safety and quality requirements.

### **IV. What are the biggest safety/quality risk factors for dairy products? How do these differ between developed and developing markets?**

The dairy industry is currently very concerned about risks from the environment, such as the risk of raw materials becoming contaminated with microbes, pollutants, toxins, pesticides and veterinary drug residues, as well as with the suitability of packaging. As a developing country,

China has a large market for dairy products currently being driven by economic development and also being stimulated by the second child policy. Regulations related to this industry have been launched, such as the requirements for formula registration requirement. Currently the key concern is how manufacturers implement measures to control risks, from raw materials or contamination from the environment, and to ensure consumer safety.

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In some countries, where the supply of milk is not processed by major manufacturers but is instead sold directly to consumers, it is more common to find adulteration, for example, water or urine in milk. We recently offered customers a free seminar in Shanghai that covered some of the hot topics in the industry, including labelling legislation and also advice on pesticide residue testing and regulations.

#### **V. Are safety control and quality control distinct, or part of the same process?**

Though the two go hand in hand, generally speaking quality control is a part of safety control, and the scope of safety control is more extensive, such as environmental safety, personnel safety, and quality, etc.

I think the key point is that when shopping, the consumer should be able to assume a product is safe. The role of quality could be considered to be more about consistency. However, the two subjects could be seen as overlapping in the arena of allergens, or better still natural constituents such as lactose (the milk sugar). While milk is safe to drink for some, the presence of the milk as a whole can be unsafe for others, and the presence of lactose will be an issue for others still. Therefore, quality control steps aid this process, to ensure that allergens are managed and constituents that should be avoided by some are controlled and clearly labelled.

#### **VI. Tell us a little about the general procedures followed in the event that safety/quality concerns are found.**

In China, we offer a service, called Total Quality Improvement, that enables an enterprise to address security/quality problems.

Take the iodine content in milk for example. We discovered an issue, worked with the client, solved the problem and put a plan in place to manage the future, so this could be considered as a general process. Let me explain in a little more detail.

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A customer asked for advice on general routine testing, and in this case we included testing for iodine content in milk. After routine quality testing in one of our laboratories last year an abnormally high level of iodine was identified. We immediately alerted our client.

A bespoke expert team was rapidly assembled to work directly with the customer, taking into account both their immediate needs and desired conclusion. The problem was investigated and researched using a systematic root cause analysis. The team looked for possible sources of iodine by reviewing the supply chain. Initially looking for obvious sources, but always taking into consideration that it might be the result of several issues happening at the same time. This approach allows us to resolve all issues as efficiently as possible.

Our research found that the elevated Iodine mainly came from a disinfectant with potassium iodide (KI) solution (a product routinely used to sterilise cows' udders and equipment before milking in order to reduce microbial contamination), as well as feed and drinking water. To help the client resolve the problem, our team determined an acceptable concentration of iodine, recommended the amount of potassium iodide disinfectant solution (based on our own experiments) and then recommended an ongoing description of how to control the use of the disinfectant.

## **VII. How can SGS support the rapidly growing dairy industry in China?**

A few years ago, SGS made a conscious and strategic decision to help support developing this industry sector. As the Chinese dairy industry undergoes a period of rapid growth, SGS was the first, and is probably still the only company, to take a holistic approach to national industry management. As such we have:

- ♦ Established a national professional service team for unified management, and provided strong technical support, at the same time as establishing a specialised dairy laboratory.
- ♦ Developed specific services that support all segments along the whole industry chain, from pasture cultivation, cow breeding, feed processing, product processing and transportation to retail and so on.

SGS continues to provide testing, inspection, certification and training services as a basic foundation. Meanwhile we have been developing innovative approaches including a dairy project, an SGS quality mark, Transparency One for supply chain visibility management system, I-report and comprehensive dairy promotion.

SGS is pleased to receive ongoing praise from the Chinese dairy industry. We will continue to support dairy enterprises in developing, implementing and continually improving dairy product testing and supply chains that deliver safe, high quality products to consumers.