

Problems encounter on exporting livestock originated products to neighboring and third country markets



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INTRODUCTION

- “Makh Market” LLC was founded in 2001.
- Key operations: slaughtering, meat processing, production, sales, export, storage and transport of semi-finished and finished meat products.
- Production: primary processing workshop /slaughters 1000 heads of small animal/, preparatory house (deboning 4-5 tons), semi-finished product workshop (2-3 tons of products), finished product workshop (2-3 tons of products)
- Cooling storage with a capacity of 7500 tons, deep freezers and contact freezers



- Total 180 employees
- A railway pass
- AAA accreditation, issued by GASI
- The leading plant and top food factory of Mongolia
- HACCP, hazard analysis and critical control point, had been audited by international audit company SGS in 2011 and ISO22000 food safety management system in 2014
- Accredited meat and meat product laboratory
- Eligible for exporting processed meat products to China

ISO22000



1. Problems encounter on preparation of documents required for foreign trade businesses

Preparation of export documents

Analysis result from the Central laboratory of SVS

- Meat sample, along with a document is submitted to the central laboratory.
- Result of the Central laboratory analysis takes 7-10 days.

Certificate of origin, MNCCI

- A copy of a foreign trade contract /for buying or selling goods/
- Application /Form B/
- Invoice, Packing list
- A copy of a valid State registration certificate of an entity
- A copy of licenses and certificates of quality and hygiene

Certificate of conformity, MASM

- A contract between Parties
- Analysis result from the Central laboratory of SVS
- Certificate of origin, MNCCI
- Certificate of quality (Mongolian Agency for Standardization and Metrology)
- Sanitary Certificate for animal food and raw products (GASI)

Veterinary certificate from GASI

- Application
- Agreement
- A copy of certificate
- Certificate price -MNT550, seal price – MNT1000, meat price-MNT5 per kilogram
- A license for exporting strategic food products must be obtained.
- A permission from an authorized entity of the importer country

1. Law of Mongolia on border prohibition, quarantine and inspection of animals, plants, and raw materials and products originated of them
2. Regulation on issuing licenses for exporting and importing strategic food

1. Since import customs tariff is too high for exporting meat to Russia and China, it is difficult for the buyer and thus disables trading. Import tariff 25%+VAT13%
2. Customs clearance, which has been conducted by state inspector of professional inspection before, is now conducted by border professional inspection agency of GASI, making it more difficult for entities /For example, since the state inspector assigned to the plant is not in charge of preparing veterinary certificate, a new inspector is appointed, doubling the expense by visiting Ulaanbaatar 2-3 times during loading/.
3. Laboratory analysis on meat for exporting to Russia is made per each truck after the trucks come, taking 4-7 days for truck loading and causing losses.
4. License for exporting strategic food and products
5. State inspector's review and inspection report takes a lot of time /averagely 12-24 days since the submission of documents/

2. Cost-efficient foreign trade possibilities for exporters

1. The Government should legalize the sales of meat slaughtered via industrial technology only. In doing so, the primary hygienic and veterinary requirements shall be met, price boost by different resellers shall be decreased, meat price shall go down and export can be boosted.
2. Factories and plants can operate through 4 seasons continually upon development of intensive livestock breeding.
3. The Government may support shipping and transportation by investing in the purchase of cooling sections and containers, issuing border passing licenses for Mongolian transport companies, and negotiating with importer transport ministries.
4. Import tariff of neighboring countries on meat and meat product export can be negotiated down or nulled
5. One stop center can be created for preparation of meat export documents
6. Regular state inspectors may appointed to plants and empower GASI.

3. Compliance of international hygiene and quarantine regulations and requirements on exports with Mongolian relevant regulations and requirements and resolutions on minimizing differences

The following can be summarized on the basis of inspections on “Makh Market” LLC in accordance with veterinary, quarantine and hygiene requirements by international audit organizations of Russia, China and Singapore:

1. The requirements were similar to those of Mongolia in a common sense.
2. Since our company adopted international food safety standards ISO 22000:2005 and HACCP CAC/RCP 1:2003, we had less difficulty meeting the international veterinary, prohibition and quarantine requirements.
3. We take chemical and microbiological analysis according to ISO22000-2005 standard for not less than twice a year and it meets the international requirements as well.

DIFFERENCE FROM MONGOLIAN VETERINARY AND PROHIBITION LAWS AND REGULATIONS /Example/

1. According to Russian Federation requirements, veterinary and hygienic inspections to be performed by private and public entities are separate and frequency of inspection analysis to be performed by public entities are specified.
2. In the Law of Mongolia on Food safety, the provision on involving food to public entity inspection analysis has been replaced by a provision stating that the analysis can be performed by any accredited laboratory.

Russian veterinary, prohibition and quarantine organization does not accept inspection analysis other than those provided by public laboratories.

- Russian Federation requires **residues of heavy metal, pesticide and veterinary drugs** should be examined by public entity for specified times a year.
- Allowed amount of **residues of heavy metal, pesticide and veterinary drugs** has been determined by Mongolian standards, however there is no provision on frequency of analysis to be performed by public entity.
 1. Maximum residue limit of heavy metals in food products MNS4504-2008
 2. Maximum residue limit of pesticide in food products MNS5868-2008
 3. Maximum residue limit of veterinary drugs in food products CAC MRL 2-2009

- As required by the Customs union countries, state veterinarian should supervise the animal slaughtering.
- It is stated in the Law of Mongolia on Food safety that an entity should regulate animal slaughtering through its internal regulations and state veterinarian is no longer supervises the animal slaughtering.

DIFFERENCE IN PRODUCT SAFETY REQUIREMENTS

- The allowed NET limit for heat processed products is ≤ 50000 in China **/GB2726-2005/**
- According to Mongolian standards, the allowed NET limit for heat processed products is ≤ 2500 **/MNS6308-2012/**
- It is stated that deboning house temperature must be maintained at $+12^{\circ}\text{C}$, however Mongolian and Chinese standards say it should be at $+16^{\circ}\text{C}$

Problems may encounter on exporting due to failure to meet Mongolian standards, even if standards of China are met.

DIFFERENCE IN FOOD SAFETY REQUIREMENTS

- According to Chinese standards, the products are required to be sterilized after heat processing and packing. It is useful for prolonging the shelf-life of the product **/GB2726-2005/**.
- Due to lack of such requirements in Mongolia, plants have no sterilization equipment. Therefore, we need to install sterilization equipment when exporting heat processed products to China.

4. Communications between border inspection organizations, transparency of relevant requirements, and international acceptance of licenses provided in Mongolia

COMMUNICATIONS BETWEEN BORDER INSPECTION ORGANIZATIONS

- Inspectors at the border professional inspection entities lack quick problem-solving skills.
- Communications between Chinggis Khaan airport and MIAT is weak and tariffs are high when forwarding freight via air.

LICENSES ISSUED IN MONGOLIA

- **Accreditation certificate /AAA/**– is accepted in Russia and China for exporting goods (issued by GASI) –**had not been issued since 2013**
- **Domestic laboratory accreditation** – is not accepted in any country. Exporting is permitted upon state laboratory analysis (issued by MASM)
- **HACCP, ISO22000 certificate** – is not accepted internationally (issued by MASM)

5. Conformity of laboratory capacity and service quality of Mongolian hygienic inspection organizations with foreign trade business needs and demands

- **National reference laboratory for food safety**– Capacity and analysis scope of the laboratory is maintained properly.
- As per our company, there is no problem in foreign trade resulted by laboratory analysis quality so far.
- Up-to-date technology for conducting quick analysis should be applied since laboratory analysis results are time-consuming.
- Sampling method should be improved.

6. Celerity of laboratories and border services, and border crossing speed and capacity

- Laboratory analysis is released within 5-10 days, resulting loss of time.
- Shortening this period may be useful for running export activities quickly.
- Inspectors incur delays by requiring materials other than those stipulated by laws and regulations, and delaying export certificate and conclusions.

7. Conformity of border facilities and storages with standards not depending on weather conditions

- As the law specified, the product shall be detained up to 21 days if any incident of illness has been detected during border-passing quarantine inspection.
- During this period, the product must be stored in a storage that meets standard requirements.
- Storages that meet standard requirements and store frozen products are insufficient at the border of Mongolia. For example, Zamyn-Uud and Altanbulag border ports, etc.

THANK YOU FOR
YOUR ATTENTION!