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AGRICULTURE AND LIGHT INDUSTRY



Exporting warm-treated beef to China

Step-by-Step Guideline for Mongolian Businesses and Producers

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Table of Contents

ABBREVIATIONS	4
FOREWORD	5
ONE. GENERAL INFORMATION OF EXPORTING WARM TREATED BEEF AND BEEF PRODUCTS TO THE PEOPLE’S REPUBLIC OF CHINA	6
1.1 Demand and supply characteristics of the beef market in the People’s Republic of China ...	7
1.1.1 Beef consumption and price development	7
1.1.2 Production of beef	7
1.1.3 Characteristics of chinese domestic beef markets	8
1.2 Condition and possibilities of beef production in Mongolia.....	9
1.2.1 Domestic consumption and export of beef.....	9
1.2.2 Beef production and resources	10
TWO. EXPORT POSSIBILITY AND REGULATIONS ON WARM TREATED BEEF AND BEEF PRODUCTS TO PRC MARKET	10
2.1 International trade regulations.....	10
2.2 Applicable policy and regulations for exporting warm treated beef and beef products in Mongolia	12
2.3 Market regulation and access to market in PRC.....	14
2.4 Quarantine requirements for exporting warm treated beef and beef products to PRC.	19
2.5 Chapter checklist	21
THREE. PREPARATION FOR EXPORTING WARM TREATED BEEF AND BEEF PRODUCTS TO THE PRC	21
3.1 Conclude a contract.....	22
3.1.1 Preparation and finding importer or buyer	22
3.1.2 To conclude a contract	22
3.1.3 Dispute settlement.....	24
3.2 Payment and reimbursements	25
3.3 Labelling and packaging of export products.....	25
3.3.1 Standard special requirements for labelling and packaging.....	25
3.3.2 Packaging types for meat and meat products.....	26
3.3.3 Label, trademark and codes.....	26
3.4 Shipping contract	27
3.5 Chapter checklist	28
FOUR. EXPORTS OF WARM TREATED BEEF AND BEEF PRODUCTS TO PRC	29
4.1 Certificate and permission	29
4.1.1 Export permission for strategic foodstuff	29

4.1.2 National veterinary certificate	30
4.1.3 Policy agreement.....	31
4.1.4 Certificate of conformity.....	32
4.1.5 Certificate of origin.....	33
4.1.6 International veterinary certificate	34
4.1.7 Veterinary and sanitary certificates.....	34
4.2 Shipping.....	35
4.3 Customs clearance	36
4.3.1 Export customs clearance.....	36
4.3.2 Customs process of importer	38
4.4 Chapter checklist	39
FIVE. RECOMMENDATION FOR COMPANY TO EXPORT WARM TREATED BEEF AND BEEF PRODUCTS TO PRC	40
SIX. REQUIRED LIST OF DOCUMENTS TO EXPORT WARM TREATED BEEF AND BEEF PRODUCTS TO THE PRC.....	42
6.1 Documents to be submitted by mongolian company or exporter	42
6.2 Documents to be required from chinese company or importer	42
SEVEN. KEY STAKEHOLDERS AND INSTITUTIONS RESPONSIBLE FOR EXPORT OF WARM TREATED BEEF AND BEEF PRODUCTS TO PRC	43
EIGHT. EXPORT FORECASTING OF BEEF AND MEAT PRODUCTS TO PRC MARKETS.....	45
NINE. ANNEXES AND WEBSITE LINKS	46

ABBREVIATIONS

CGA	Customs General Administration
CNCA	Certification and Accreditation Administration of China
CNIPA	China National Intellectual Property Administration
DC	Documentary Collections
DoA	Department of Agriculture
GACC	General Administration Customs of China
GAO	Governor Administration Office
GAQCQ	General Administration of Quality Control and Quarantine
GASI	General Authority for Specialized Inspection
GDP	Gross Domestic Product
GOM	The Government of Mongolia
GVD	General Veterinary Department
HS CODE	Harmonized System of Codes
ITC	International Trade Center
LC	Letter of Credit
LLC	Liability Limited Company
MASM	Mongolian Agency for Standardization and Metrology
MMA	Mongolian Meat Association
MNCCI	Mongolian National Chamber of Commerce and Industry
MOFALI	Ministry of Food, Agriculture and Light industry
NHCC	National Health Commission of China
NSONSO	National Statistics Statistical Office Committee
PRC	People's Republic of China
SAC	Standardization Administration of China
SAMR	State Administration for Market Regulation
SO	System of Origin
TDB	Trade Development Bank
UN	The United Nations
USN	Unique Sole Number
WCO	World Customs Organization

FOREWORD

In 2017 the Chinese Ministry of Commerce (MofCom) and the German Federal Ministry for Economic Cooperation and Development (BMZ) jointly established the Sino-German Center for Sustainable Development (CSD). It serves as a platform for both partners to work together regionally and globally for the benefit of third countries and foster sustainable development. In Asia, Germany works with China through regional networks to promote sustainable economic development. Emphasis is put on supporting smaller neighboring countries of China in the fields of agricultural trade as well as textile and garment investment and production. Technical assistance is given to third countries through means of capacity development, knowledge sharing, and promotion of sustainable standards.

The BMZ project “Support of Regional Economic Cooperation in Asia (SRECA)” implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is part of the approach established by the CSD. SRECA works with four selected focus countries – Cambodia, Lao PDR and Vietnam in the framework of the ASEAN-China Free Trade Area (ACFTA), and Mongolia in the framework of the Greater Tumen Initiative (GTI) – together with the PR China as both, an economic and development partner. The project aims to improve the conditions for agricultural trade in the four focus countries. To effectively implement its measures, SRECA cooperates closely with its respective partners in the four focus countries. The project supports public stakeholders at the regional, national, and provincial level and gives direct capacity building to export-oriented business associations and small and medium enterprises in the field of agricultural trade.

Mongolia is regionally supported by the project within the GTI. The GTI is an intergovernmental cooperation mechanism among PR China, Mongolia, Republic of Korea, and the Russian Federation to facilitate regional integration in Northeast Asia. Mongolia as the least developed and land-locked member highly depends on trade and trade routes with and through China or Russia. Due to the lack of market knowledge and export requirements to China and Russia, small Mongolian enterprises cannot tap into the economic potentials that derive from exporting agricultural goods to these countries. The further development of the agricultural sector and export of agricultural goods offers huge opportunities for rural and economic development in Mongolia – especially since many micro and small enterprises are based in provincial areas bordering China or Russia.

Against this background, SRECA together with the Institute of Natural Resources and Agricultural Economics (INRAE) and supported by the Ministry of Food, Agriculture and Light Industry (MoFALI) compiled this step-by-step export guideline for warm-treated beef to the Chinese market. The guideline gathers Mongolian and Chinese information on respective quality standards, customs procedures, and market access requirements. It serves as training material for capacity building of the export-oriented businesses community in Mongolia.

The guideline was originally compiled in Mongolian language gathering respective data from public and private stakeholders. The English translation serves as information for further international donors supporting the development of the Mongolian private sector within agricultural trade. In case of discrepancy between the original version and the translated text, the original version shall prevail.

ONE. GENERAL INFORMATION OF EXPORTING WARM TREATED BEEF AND BEEF PRODUCTS TO THE PEOPLE'S REPUBLIC OF CHINA

The economic situation in the People's Republic of China: The economy, international partnership, foreign trade and commerce of the People's Republic of China (PRC) have been annually growing. In 2019, GDP in the People's Republic of China had reached to 11.4 trillion USD¹; the economy is increased by 6.1 % compared to the previous year (2018) and 7.8 % at the annual average for the recent 10 years accordingly. While the economy in China is further developing, the growth speed of the economy is slowing down. 10.6 % of economic growth in 2010 has reduced to 6.1 % in 2019. In the near future, the economic growth in the country is expected to reach around 5.8 % by 2021 (estimation before SARS-CoV-2). (World Bank, 2018²).

However, the global share of the PRC GDP still composes 21.9 % of the world economy despite recent slowdowns. It indicates that economy, foreign relations and cooperation with China will continue to play a vital role in the world market (World Bank, 2018)

Foreign trade and commerce of Mongolia with PRC: By 2019, Mongolia exported goods worth 6.7 trillion USD and imported 2 trillion USD of products. As a result, the turnover of foreign trade and commerce among the two countries has reached 8.7 trillion USD. Total turnover in 2019 increased by 3.9 % compared to the year 2018 and by 13.5 % in the recent five years. This amount of total turnover shows that foreign relations and trade have been expanding between Mongolia and PRC (General Customs Administration of Mongolia, 2019).

Determining the harmonized system of codes (HS) for warm treated beef and beef products to be exported to PRC: It is important to determine the HS codes that impacts customs clearance, trade agreements, tariff and non-tariff regulations as well as value added taxes (VATs) of export products to China according to PRC applicable tariff codes.

The World Customs Organisation (WCO) introduced the HS codes for the first time in 1983, and it is used today for customs tariffs and foreign trade in about 200 countries. Mongolia entered to the international convention of HS codes on 17 September 1991 and is using it since 01 January 1993. The PRC has the HS codes in place since 01 January of 1992.

The amendments to HS codes have been introduced every 5-6 years depending on many factors such as trends of international trades, environment and social issues as well as new products and advanced technology for the production. The latest updated HS codes from 2017 are effective in PRC (GACC, <http://english.customs.gov.cn/>). From August 2018, the China Customs Commodity HS Code has been changed from the original 10-digit HS code to the new 13-digit HS code; the first 8-digit is the Commodity HS code of "Import and Export Tariff of the People's Republic of China", the digits 9 and 10 are customs supervisory additional numbers, and 11-13 are additional numbers for inspection and quarantine. (<http://www.transcustoms.com/HScode/>).

Mongolia has classified the codes for beef and beef products to be exported to China as follows:

¹ Economic growth is subject to real GDP estimated by contrasted price in 2010.

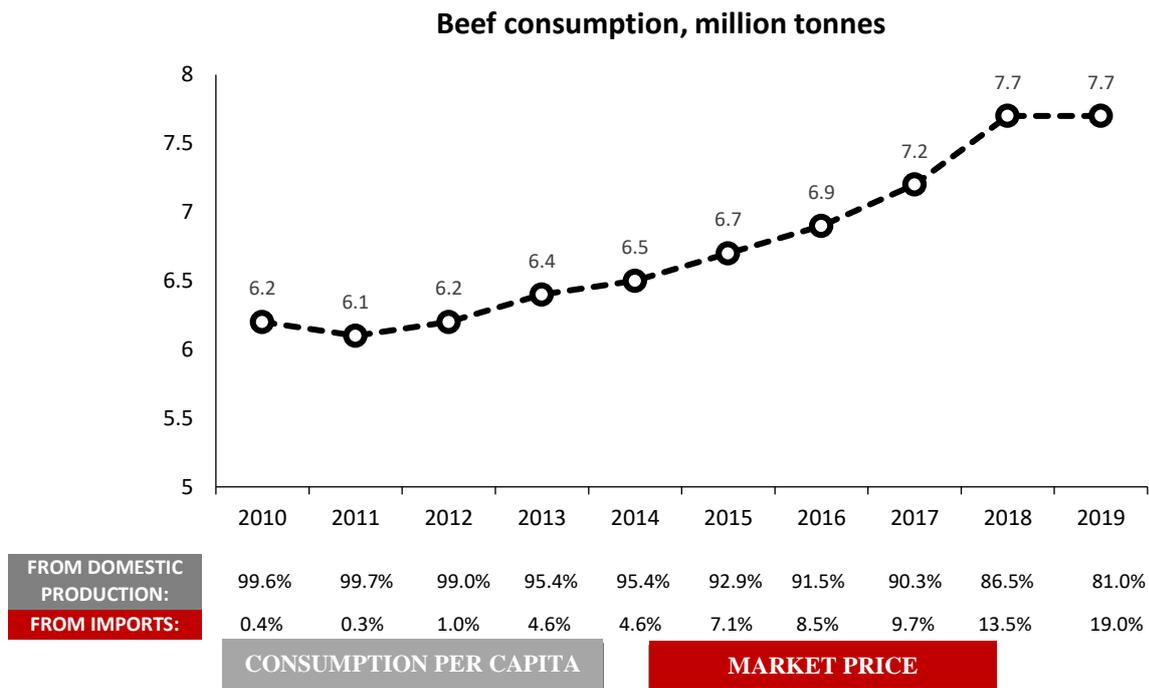
² WorldBank. (Dec, 2019). "China Economic Update - December 2019". Retrieved from worldbank.org: <https://www.worldbank.org/en/country/china/publication/china-economic-update-december-2019>

- 0201 code for fresh beef and cooled meats, 0202 code for frozen beef, 1602 code for meat and products made of meat offal and blood or other preserved products³.

1.1 Demand and supply characteristics of the beef market in the People’s Republic of China

1.1.1 Beef consumption and price development

Total consumption of beef in the PRC is increasing from year to year and reached 7.7 million tons in 2019 (Figure 1). The consumption is gone up by 0.4 % compared to the previous year and by 23.7 % from the year 2010 accordingly.



1 kg of beef is currently sold by 65.2 RMB or 25800 MNT at the domestic market of PRC. (Rate dated on 12 January, 2020 at Mongol Bank).

Figure 1. Beef consumption and price in PRC

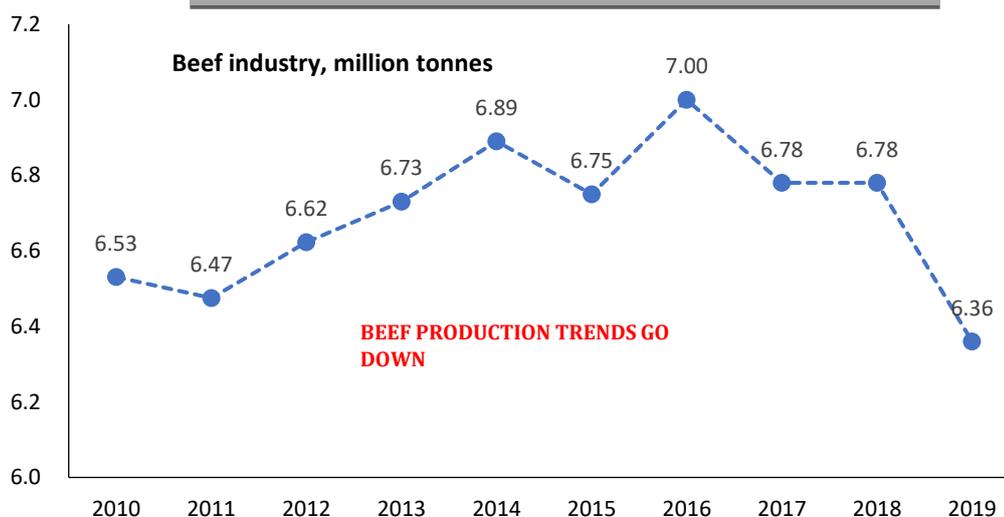
Source: www.oecd.org, www.intracen.org, www.knoema.com, www.chnci.com

1.1.2 Production of beef

The 6.36 million tons of beef production in 2019 in PRC (Figure 2) mean a decrease by 0.4 million tons compared to the previous year and decreased by 1.5 % at the average in the recent five years. In 2019, 98.3 % of total beef production in China had been delivered to the domestic market while the remaining 1,7% were exported.

³ It is classified based on the findings and results from the previously conducted research studies and statistical data on foreign trade and commerce with the People’s Republic of China from CGA of Mongolia in years of 2013-2018.

TOTAL BEEF PRODUCTION AND COMPOSITION



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TO DOMESTIC MARKET	94.6%	93.9%	92.7%	90.7%	89.4%	92.4%	89.7%	95.6%	98.0%	98.3%
TO FOREIGN MARKET:	5.4%	6.1%	7.3%	9.3%	10.6%	7.6%	10.3%	4.4%	2.0%	1.7%

Resources

Number of Cattle in 2018 was 90.0 million.

Cattle numbers have decreased by 1.3 % at the average per year between of 2007-2018.

Figure 2. Beef production and resources in PRC

Source: www.intracen.org, www.knoema.com, www.chnci.com

1.1.3 Characteristics of chinese domestic beef markets

- Domestic meat consumption in China has gone up (Figure 3) due to a growing income level and demand among Chinese customers.
- Consumption and beef production as well as the general meat market changed in the PRC after the African swine flu appeared:
 - More Chinese customers show a preference for beef instead of pork.
 - Pork consumption has in general decreased since 2014: 55.2 million tons of pork were eaten in 2018 which is 3.5 million tons lower than pork consumption in 2014.
 - In contrast, beef consumption went up by 1.2 million tons in 2018 compared to 2014.
 - In terms of the composition of total meat imports, beef imports occupied around 44.06 % at PRC in 2018. This means an increase by 55.76 % compared to 2017 (China Chamber of Commerce, 2019⁴).

⁴ China chamber of commerce for I/E of foodstuffs. (2020, 3 17). China Food Import Report 2019. Retrieved from CHEMLINKED: <https://food.chemlinked.com/report/china-food-import-report-2019>

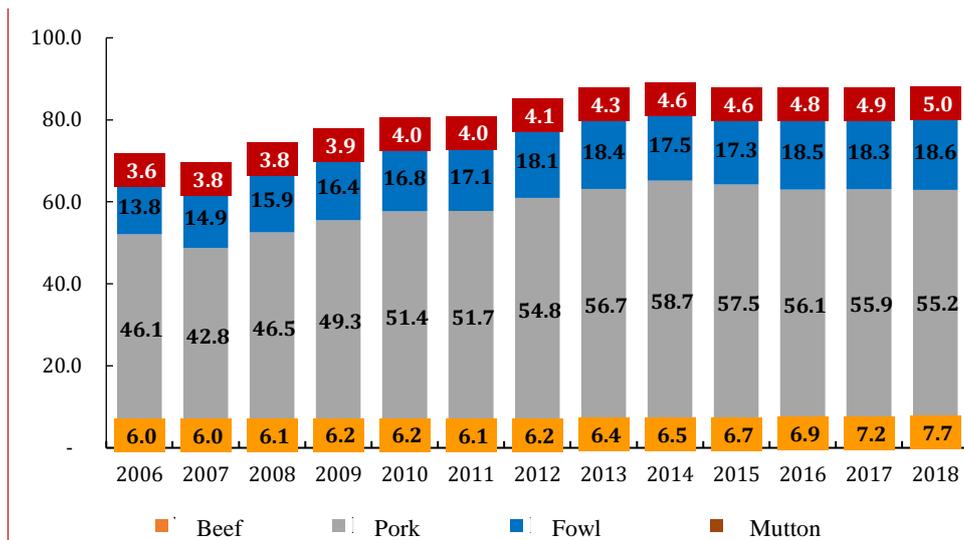


Figure 3. Composition of meat consumption at PRC, million tons

Source: <https://oec.world/>

1.2 Condition and possibilities of beef production in Mongolia

1.2.1 Domestic consumption and export of beef

In 2018, a total of 126.6 thousand tons of beef was prepared and 99.2 % of them distributed at the domestic Mongolian market. 0.8 % were exported with the price of 3.01 USD per kilogramm at the average. The beef exports of Mongolia had 1.2% average growth per year between 2013-2018. The tendency shows a further increase in beef export in the future.

MEAT SUPPLY	TOTAL CONSUMPTION		USAGE PER CAPITA
<p>TOTAL PRODUCED MEAT:</p> <ul style="list-style-type: none"> 126.6 thousand tons (NSO, 2018) <p>Supplied meat at the domestic market:</p> <ul style="list-style-type: none"> 99.2 % or 125.4 thousand tons of total beef production delivered at the domestic market 18.9 % growth at the average per year in 2013-2018 years. <p>At the foreign market:</p> <ul style="list-style-type: none"> 0.8 % or 1.05 thousand tons of total beef produced is exported, 1.2 % growth at the average per year in 2013-2018. 	<p>DOMESTIC CONSUMPTION:</p> <ul style="list-style-type: none"> 125.4 thousand tons of products consumed at the domestic market, Tends to grow up in the near future <p>EXPORT:</p> <ul style="list-style-type: none"> 1.05 thousand tons of beef is exported to PRC, RF and Kazakhstan, 1 kg of beef costs 3.01 USD or 8294 MNT at the average (at the rate as of the date of 13 February 2020), Tends to grow up in the near future 	<p>TOTAL DOMESTIC USERS:</p> <ul style="list-style-type: none"> The population of Mongolia is growing up from year to years and as results 3.2 million people by 2018. <p>USAGE PER CAPITA</p> <ul style="list-style-type: none"> 38.7 kilogramm of beef per capita in a year. 	

Source: MOFALI, NSO and GCAM statistics and prepared estimation

1.2.2 Beef production and resources

The number of cattle in Mongolia has been increasing yearly since 2000. 1,002.2 thousand cattle were slaughtered to produce 126.6 thousand tons of beef in 2018. Of that, only 4.4 % or 5.5 thousand tons of beef has been produced by meat factories.

RESOURCES	PRODUCTION	
<p>TOTAL NUMBER OF COWS:</p> <ul style="list-style-type: none"> • 4.4 million cattle • 1.9 % of annual growth at the average in 2000-2018, • Expected to be growing further in the near future (NSO, 2018). <p>BEEF RESOURCES:</p> <ul style="list-style-type: none"> • 279.8 thousand tons of beef resources are calculated based on the total cow numbers that was assessed according to pasture caring capacity (NSO, 2018). • Expected to be growing further in the near future. 	<p>NUMBER OF CATTLE USED FOR CONSUMPTION:</p> <ul style="list-style-type: none"> • 22.9 % or a total of 1,002.2 thousand cattle are used for production in 2018 (NSO, 2018), • 18% of total number of cattle consumed between years of 2010-2018 in average, • Expected to be growing further in the near future. <p>BEEF PREPARATION:</p> <ul style="list-style-type: none"> • 126.6 thousand tons of beef produced in 2018 (NSO, 2018), • 17 % of growth per year at the average in 2013-2018, • Expected to be growing further in the near future 	<p>PRODUCED MEAT IN MEAT PLANT</p> <ul style="list-style-type: none"> • 4.4 % or 5.5 thousand tons of beef was prepared at meat plant or factories (NSO, 2018), • 2.3 % of growth at the average per year in 2014-2018, • Expected to be growing up in the near future. <p>SLAUGHTERING PLANT:</p> <ul style="list-style-type: none"> • Totally 88 slaughtering plants are operating in Mongolia (GASI, 2019⁵), • Production capability of slaughtering plants is 9.7 million animals of small-sized and 1.9 million cattle of big sized livestock per year (GASI, 2019).

Source: MOFALI, NSO and GCAM statistics and prepared estimation

TWO. EXPORT POSSIBILITY AND REGULATIONS ON WARM TREATED BEEF AND BEEF PRODUCTS TO PRC MARKET

Thanks to an intensified foreign trade and commerce between Mongolia and China in recent years, the export of agricultural products, including meat has been increasing constantly. Both governments signed mutual cooperation agreements, protocols and policy papers. These usually include a special focus on the collaboration regarding meat exports.

2.1 International trade regulations

Mongolia has joined the World Customs Organization (WCO) in 1991 and World Trade Organization (WTO) in 1997 respectively and is obligated to take the appropriate measures and actions to facilitate trade in line with the standards and principles of the two organizations.

The revised Kyoto Convention in 1999, as an international instrument of the WCO, promotes trade facilitation and effective controls through its legal provisions that detail the application of simple yet efficient procedures. Mongolia entered this convention in 2006 and adapted a newly revised law on “Customs tariff and taxes” in 2008 and renewed the related bylaw and procedure to implement the legal obligations.

⁵ Interview with Mr. G.Eldevochir and others, General Authority of State Inspection, Mongolia, 2019

Table 1 shows the international conventions and policy papers from WCO and WTO officially joined by Mongolia.

Table 1. Mongolia and China joined with international conventions and ratified key agreements*

No	Documents	Mongolia	PRC
1	Convention on set up the Customs cooperation council in WCO (Convention on WCO establishment)	1991	1983
2	Convention on the harmonized system of codes in WCO	1993	1993
3	International convention on harmonization and facilitation of customs applications of WCO	2006	2001
4	WCO package standards on Safety and Facilitation of international trades	2005	2005
5	Negotiation on establishing the World Trade Organization (WTO agreement, Marrakesh negotiation)	1997	2011
6	Agreement on Implementation of Article VII of the GATT 1994 (Customs Valuation Agreement)	1997	2011
7	WTO Trade Facilitation Agreements	2016	2015

Note: * Effective dates of agreements

Source: D. Tsendsuren (PhD), *Foreign trade policies of Mongolia, RF and PRC and facilitation possibilities of foreign trades*, 2019

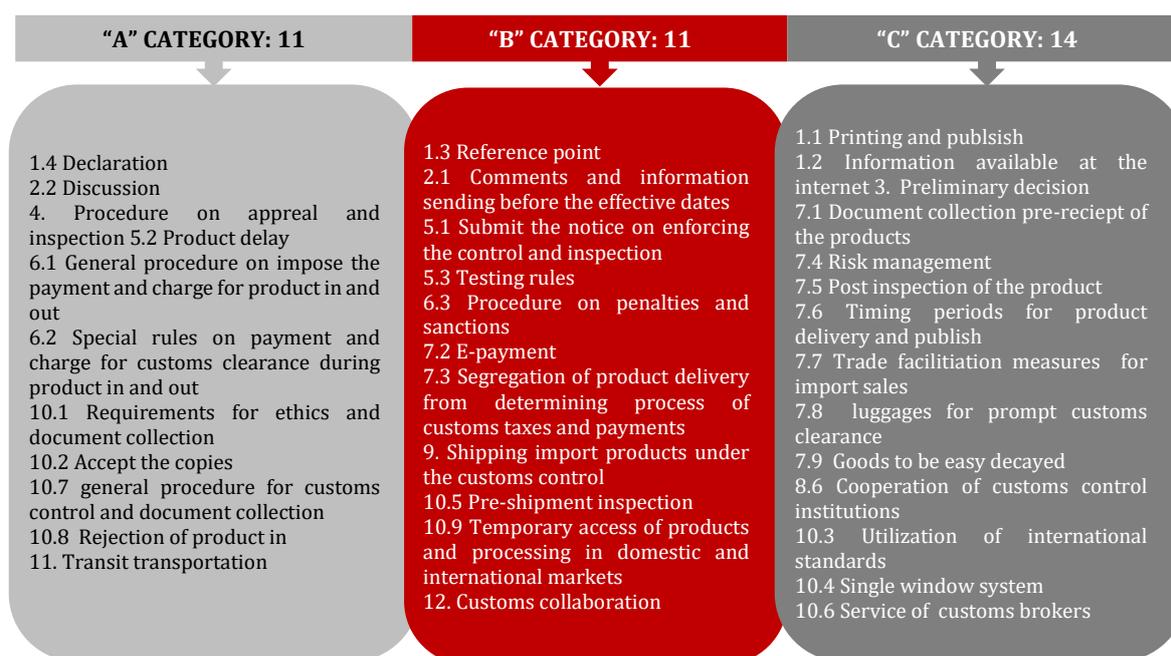


Figure 4. The first section of WTO Trade Facilitation agreement: Commitments of Mongolia

Source: Formal letters WT/PCTF/N/MNG/1 on 29 July 2014 and G/TFA/N/MNG/1 on 22 February 2018

The international standards for meat safety and hygiene are listed in Table as below.

Table 2. The Internationally applicable standards for meat safety and hygiene

No	Applicable standards	Index and Codes	National standards of Mongolia
1	Meat hygiene practices	CAC/RCP 58; 2005	MNS CAC RCP 58:2013
2	Food safety management system	ISO/MNS 22000	MNS ISO/IEC 22000:2007
3	General principles of food hygiene	CAC/MNS 1- 2003	MNS CAC/ RCP 1:2003

4	Evaluation and certification principles of food import and export control and inspection system	CAC/GL 26- 1997	MNS CAC/ GL 26- 2006
5	The general standard for pollutants and toxins in food products	CAC/MNS 193:2007	MNS CAC 193:2007
6	Tolerance limits of animal drug residues in food products	CAC/MNS/ MRL 2:2009	MNS CAC MRL 2:2009
7	Origin of food and animal fodders – General 7 principles and general requirements for planning and implementation	ISO 22005	
8	Prerequisite program of food safety – Section 1. Food industry	ISO/TS 22002-1:2009	
9	Prerequisite program of food safety – Section 2. Food supplies	SO/TS 22002-2:2013	
10	Prerequisite program of food safety - Section 3. Farmer husbandry	ISO/TS 22002-3:2011	
11	Prerequisite program of food safety - Section 4. Food packaging	ISO/TS 22002-4:2013	
12	Prerequisite program of food safety – Section 5. Transportation and Storage	ISO/NP TS 22002-5:	
13	Prerequisite program of food safety – Section 6. Production of animal fodder and animal originated products	ISO/TS 22002-6:2016	

Source: MASM, Mongolia

2.2 Applicable policy and regulations for exporting warm treated beef and beef products in Mongolia

The production of beef and meat products in Mongolia and the export of meat products to PRC are managed and regulated by several laws and legislative acts such as “Law on Livestock and animal health”, “Law of food”, Law on food safety”, “Law on Quarantine control and inspection for animal, plant and their originated raw materials and products at the border point”. Additionally there are the state policy on food and agriculture, national first campaign for meat and milk, meat program, the national program on Mongolian, Mongolian export program as well ratified international trade agreements, contracts and negotiations made between Mongolia and China regarding trade and economic cooperation.

Table 3. Applicable legislative acts concerning meat exports in Mongolia

Legislative acts and laws	State policy papers and national programs	Agreements and protocols	Procedure and bylaws
“Law on Quarantine control and inspection for animal, plant and their originated raw materials and products at the border point “ 2002.11.28)	“Mongol Livestock” National program (Decree No 23 from the State Great Khural, 2010)	Cooperation agreement with PRC on export and import food safety, 2009	Procedure on the issue of export and export certificates for plant and animal raw materials and products (Decree No 173 from the GOM, 2003)
“Law on food” (2012.12.20) Article 6.7 Article 18.1	“Meat” Program (Decree No 41 from the State Great Khural, 2015) Article 2.2	Condition requirements for quarantine, veterinary and sanitary inspection for export and import of warm treated beef, mutton, goat meat and meat products to PRC (2011.10.27)	Control and inspection procedure on plant and animal raw materials and products through the state border point (Decree No 173 from the GOM, 2003)
“Law on food safety.” (2012.12.20)	“State policy on food and agriculture” (Decree No 104 from State Great Khural, 2015)	Cooperation agreement on border and customs hygiene and quarantine between Mongolia and PRC, 2016	Bylaw on permission issue for export and import

<p>“Law on Livestock and animal health ” (2017.12.08)</p>	<p>“National first meat and milk” (Decree No 212 from the Government of Mongolia, 2016)</p> <p>“Livestock health” national program, Decree No 12 from the GOM, 2018</p> <p>“Mongol Export” program (Decree No 278 from the GOM, 2018)</p>	<p>Protocol on quarantine, veterinary and sanitary conditions for control and inspections on beef exports to PRC signed between GASI, Mongolia and General Administration of Quality control and Quarantine of China (2016.08.29)</p>	<p>strategic foodstuff (Decree No 329 from the GOM, 2019)</p> <p>Order from Minister of FALL, Mongolia on set up the name, types and quantity of strategic foodstuff for export and import</p> <p>Acceptance procedure of required documents for certificates and responses (Resolution A/81 dated on 27 May 2019 from Director of GASI)</p>
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Table 4. National standards and legal acts applicable to meat plants and factories

No	National standards and legal acts	Code and Index
1	Recommendation on the introduction of food manufacturing and hygiene practices at the nationwide level	Resolution No 156 from Director of GASI, 2014
2	Slaughtering plant. HACCP model standard	MNS 5998:2009
3	Meat and meat products. “ Sorted beef” technical requirements	MNS 2456:2009
4	Boiling processing meat, general technical requirements	MNS 6790:2019
5	Tolerance ceiling limits of heavy metal residues in food products	MNS 4504:2008
6	Tolerance ceiling limits of pesticides residues in food products	MNS 5868:2008
7	Bylaw on taking raw food materials and goods back from the food supply chain	Decree 172 from the GOM, 2013
8	Allowed limits of microorganisms and hygiene requirements for food products	MNS 6308:2012
9	Residues of medicine and bio extracts, mg/kg	MNS CAC MRL 2:2017

Source: MASM, Mongolia

Table 5. Applicable standards for receiving meat and meat products

1	Procedure on examination of meat and meat products for receiving, sampling and assess by sensory testing	MNS 2551:89
2	Microbiology of meat and meat products. Sampling and preparing samples for analysis.	MNS ISO 3100-1:2000
3	Meat and meat products. Analysis method for meat freshness.	MNS 1161:2002
4	Meat and meat products. Analysis method for meat and analysis principles for veterinary and sanitary processes	MNS 4080:88
5	Microbiology. General instruction for determining salmonella.	MNS ISO 6579:99
6	Competitive immuno-fermentation method for determining animal medicine and extracts residues in food products	MNS 6569:2016

The detailed information concerning the applicable standards and procedures are available at website <http://estandard.gov.mn/> of Agency for the Standardization and Metrology.

Inspections conducted in processing factories for meat and meat products: Meat processing factories must comply with applicable laws and standard requirements of Mongolia. Inspections are conducted by the General Veterinarian Department (GVD) and the General Authority for Specialized Inspection (GASI) utilizing the following checklists:

1. Checklist for preliminary processing plant of meat
2. Checklist for hygiene requirements in meat and meat product processing factories and industries
3. Checklist for meat storage conditions
4. Checklist for labour safety
5. Checklist for export of food raw materials and products
6. Checklist for preliminary control and inspection for new businesses in the food production sector. Please also refer to <https://www.mongolchamber.mn/p/41> for more detailed information.

2.3 Market regulation and access to market in PRC

1. General market regulations

Mongolian exporters of warm treated beef and beef products to the PRC market should carefully review and understand the food safety and hygiene requirements.

Meat processing or treatment factories that are going to export beef and meat products to PRC should comply with all requirements and specified standards as follows:

- “Hazard Analysis and Critical Control Point (HACCP) System - General Requirements for Food Processing Plant”, National Standard of the PRC, GB/T 27341-2009
- “National Food Safety Standard Hygienic Specification for Livestock and Poultry Slaughtering and Processing “, National Standard of the PRC, GB 12694-2016
- General Rules for the Labeling of Prepackaged Foods, National Standard of the PRC, GB 7718 2011

The above-listed standards and requirements are open and available at the website of (<http://www.sac.gov.cn/>) of Standardization Administration of China (SAC).

Meat processing plants and factories that want to access the market in PRC exporting foodstuff should learn more about applicable law and regulations concerning bio-safety and food hygiene in the PRC. They should especially be familiar with requirements for labelling and packaging according to PRC regulations.

Exporters of meat and meat products are fully liable to adhere to requirements and regulations. Many types of foodstuff imported by PRC are not acceptable because non-adherence to standards for bio-safety and hygiene, labelling and packaging of food products.

Exporters of beef products from Mongolia have to fully comply with non-tariff regulations in PRC as follows:

- Standard requirements for slaughter and meat processing plants and factories
- Requirements of Livestock origin (See Section 4 in the guideline)
- Veterinary requirements (See section 4 in the guideline)
- Quarantine requirements for products (See section 2.4 in the guideline)
- Requirements for the transportation (See section 3.4 in the guideline)
- Requirements for packaging and labelling of products (See section 3.3 in the guideline)

Tariff regulations in PRC:

- 12% of most-favoured-nation (MFN) is for frozen beef exported by Mongolia with HS 0201 to China,

- 5% of MFN for warm treated beef with HS 1602 and
- 12% of MFN for fresh and cooled beef with HS 0201 respectively
- For further details please also refer to <https://www.macmap.org/en/query/compare-competitor?reporter=156&partner=All&product=0205>

The main institutions responsible of management and regulation of imports of food products to the PRC are namely the General Administration of Customs of the Peoples Republic of China (GACC) and the State Administration for Market Regulation (SAMR).

2. The governing laws and legislative acts in PRC

Currently, there are around 30 laws and regulations in effect for managing food safety export and import in the PRC. One key law is the law on “Food product safety” regulating the risk management in food production, supply chain, delivery of food and taking food back through proper control and inspections for sanitation and hygiene requirements. This food law specifies authority powers in national and local management institutions to impose liability penalties and punishment for food production and imports.

Exporters of warm treated beef and beef products to the PRC should fully comply with all requirements in the governing laws and regulations concerning import taxation, quality control, license and permission, quarantine and import control and required list of documents namely:

- “Law on food safety.”
(http://www.gov.cn/zhengce/2015-04/25/content_2853643.htm)
- “Law on control and inspection for export and import food products and implementation procedure”
(http://www.cnca.gov.cn/bsdt/ywzl/flyzcyj/zcfg/200809/t20080925_36653.shtml)
- “Law on plant and animal quarantine of PRC ” and implementation procedure
(http://www.npc.gov.cn/wxzl/gongbao/2000-12/05/content_5004560.htm)
- “Law on border health and quarantine of PRC” and implementation procedure
(<http://cs.mfa.gov.cn/zlbg/flfg/crjxg/t266914.shtml>)
- “Special procedure from the State council on strengthen the management and control for food and other types of food products ”
(http://www.gov.cn/zwgk/2007-07/27/content_699138.htm)
- “Control measures for imported and exported meats and quarantine inspection”. Customs regulations
(<http://www.customs.gov.cn/customs/302249/302266/302267/2389611/index.html>)

3. The regulatory bodies for food imports in PRC

The regulatory bodies for importing food and agricultural products into the PRC under the respective ministry and state council (as shown in Figure 5), are obligated to manage and take control to ensure a smooth fulfilment of food policy and governing law and regulations.

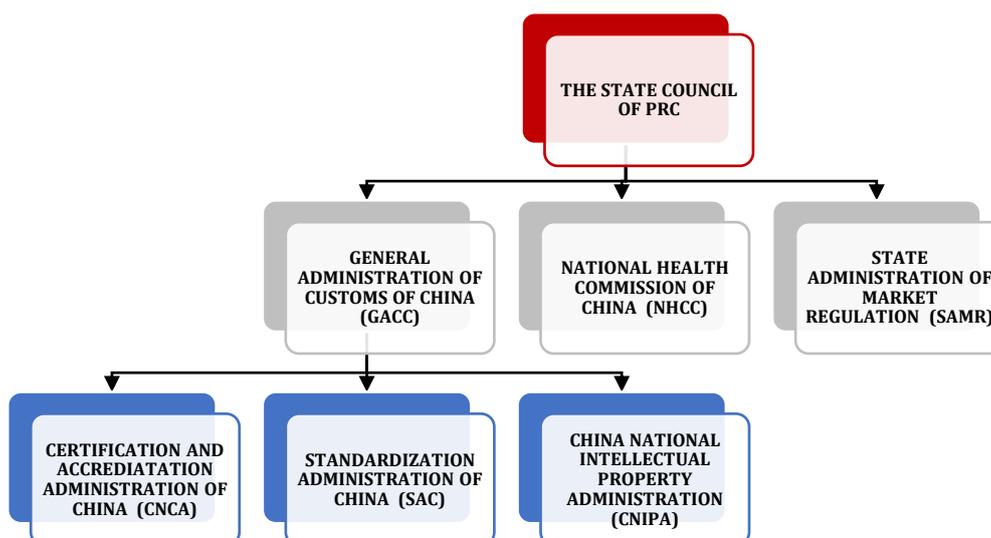


Figure 5. The regulatory institution for food imports into the PRC

Table 6 describes the regulatory duties and functions of the regulatory bodies.

Table 6. The duties and functions of regulatory institutions at PRC

Name of Institutions	Duties and functions	E- address and websites
GACC	<ul style="list-style-type: none"> • Import and export quarantine procedures of food meat products • Quarantine regulations for export and import of plant and plant originated products • Customs risk management and statistical information and data • Management of free trade region or zone • Registration of importing organizations and companies • Respective tax collection • Border control • Compiling and signing of international trade agreements and mutual protocols 	<p>http://customs.gov.cn (Chinese)</p> <p>http://english.customs.gov.cn (English)</p>
SAMR	<p>SAMR is a newly established agency for domestic regulations:</p> <ul style="list-style-type: none"> • Business permission and license • Issues the process certificates and permission for food manufacturing and production • Market segments and regulations • Food sampling and testing as well as analysis • Health and medical products and products for infants • Laboratory certification and accreditation • Introduction of standardization law and regulations at both national and local levels and development of standards • Register the trademarks 	<p>http://www.samr.gov.cn (Chinese)</p>
National Health Commission of China	<p>NHCC is newly set up institution responsible for the domestic market:</p> <ul style="list-style-type: none"> • Introduce the standards on food safety • Register new raw materials and supplement as well as products • Issue the import declaration or permission for nonstandard products • Risk assessment of food safety 	<p>www.nhc.gov.cn (Chinese)</p> <p>http://en.nhc.gov.cn (English)</p>

4. Permission from exporting countries (regions)

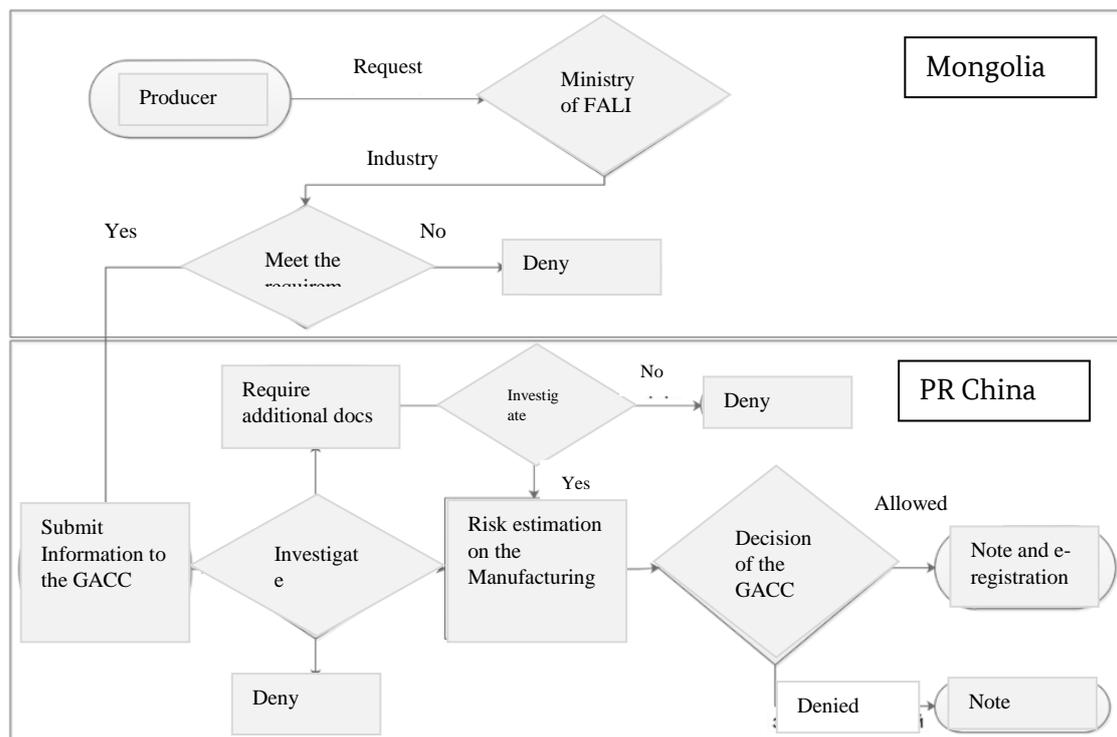
The Government of Mongolia and the Government of the PRC signed a cooperation agreement on export and import food safety in 2009. Issues and problems arising from exports of meat and meat products to the PRC are discussed and settled every two years during joint commission of Prime Minister (or representatives) meetings according to section 5 in the agreement.

Mongolian exporters of warm treated beef and beef products to the PRC should be accepted and certified by the exporting country under the governing agreements and protocols including:

- Protocol on conditions and requirements for quarantine, veterinary and sanitary inspection for export and import of warm treated beef, mutton, goat meat and meat products to PRC signed by vice-ministers of Agriculture of Mongolia and PRC on 27 October 2011
- Protocol on quarantine, veterinary and sanitary conditions for control and inspections on beef exports to PRC signed between GASI, Mongolia and General Administration of Quality Control and Quarantine of China on 29 August 2016.

5. Process of inspections in factories for export of meat and meat products to the PRC

The respective inspecting bodies in the two countries are carrying out inspections according to the signed mutual protocols by Mongolia and PRC, as **shown** in Flowchart 1. In Mongolia the Ministry of Forestry, Agriculture, and Light Industry (MoFALI) is mainly responsible.



Flowchart 1. Inspection process

Source: Qualitative data collected by NRAE Institute

Under the process, the following activities and related documents are usually being inspected and monitored in the meat plants and factories including:

- ✓ Profile of slaughtering and meat processing plant or company (State registration of the company, HACCP and ISO certificates and certificate of conformity and others)

- ✓ Origin of Livestock to slaughter (Certificate of origin and Veterinary laboratory analysis records)
- ✓ Water supply (water testing and analysis reports)
- ✓ Human resources (Medical examination records for plant or factory employees and staff, copies of professional diplomas and documents of veterinarians and veterinary inspectors, etc.)
- ✓ Slaughtering processes and facility conditions (Technological line and flow diagram, sanitation, hygiene and sanitary requirements, testing and analysis reports and records)
- ✓ Processing facilities of meat and meat products (compliances of exporting meat and meat products as well as governing laws and regulations, obtaining license and permission and certifications for processing and treatment of meat and meat products)
- ✓ Product quality and safety control (HACCP, ISO, CMP management system),
- ✓ Sanitary and sterilization operating process (SSOP) for industry building, technological equipment and tools as packages of products
- ✓ Procedure of storage and transportation of raw materials and control on storage houses and facilities
- ✓ Control and measurement devices and tools
- ✓ Structural organization of storage facilities for raw materials, ready products and non-food products and product packages
- ✓ Spot or area for the sterilizations and conditions
- ✓ Sterilization and disinfection in coolers and shipping vehicle for insects and rodents
- ✓ Temporary storing of final products and temperature-moisture regimes during the storage and loading of products
- ✓ Document collection for veterinary control and inspection during loading, unloading and shipping of products
- ✓ The ID number of ammonium and pherone, types used for coolers, fridges and deep freezer and warehouses and capabilities
- ✓ Food shop or catering for employees
- ✓ Hand wash possibilities and sinks
- ✓ Accreditation by Veterinary Department
(<http://www.cnca.gov.cn/bsdt/ywzl/jkspjwscpqzc/wjxz/>)

6. Exporter in e-registration system to obtain an ID number

Inspectors from GACC and SAC in the PRC arrive in the meat factory or plant expected to export beef and meat products to PRC and conduct an inspection. Exporters are asked to comply with all standard and legal requirements specified in the signed protocols between Mongolia and PRC listed in section 2.3 and applicable laws listed in section 2.2 of this guideline.

When the company expects to export warm treated beef and beef products to PRC passes the inspections, it should register in the information system of imported food products in the PRC. For the registration database, the company has to register at the Registration System of Imported Food and Cosmetic Importers and Exporters: <http://ire.customs.gov.cn>.

The application form for exporters of warm treated beef and beef products to the PRC is available for download here: <http://www.cnca.gov.cn/bsdt/ywzl/jkspjwscpqzc/wjxz>

If the exporting company successfully registered in the information system, a public announcement shall be published in SAC and GACC websites:

- <http://www.cnca.gov.cn/bsdt/ywzl/jkspjwscpqzc>
<http://www.customs.gov.cn/customs/jyiy/dzwjyiy/qymd/index.html>

2.4 Quarantine requirements for exporting warm treated beef and beef products to PRC

The main protocols to adhere to are:

1. Protocol on conditions of requirements for quarantine, veterinary and sanitary inspection for export and import of warm treated beef, mutton, goat meat and meat products to PRC signed by vice-ministers of Agriculture of Mongolia and PRC on 27 October 2011, and
2. Protocol on quarantine, veterinary and sanitary conditions for control and inspections on beef exports to PRC signed between GASI, Mongolia and General Administration of Quality control and Quarantine of China on 29 August 2016 (Related to HS 0201 and 0202).

The before mentioned protocols should meet the following general quarantine requirements:

- Territory of Mongolia should be a disease free zone from peste des petits ruminants (PPR), bovine spongiform encephalopathy (BSE), rift valley fever, lymph abscess, PPR similar disease
- Not to have any proven records of food and mouth disease for the last 12 months in the disease free zone
- Use effective traceability system to inform slaughtered cow's origin and breeding locations
- Mongolia prohibits to feed cattle with fodder containing gelatin, collagen and dicalcium phosphate / no residues of protein and fat / produced by the skin and hide of ruminant animal / other than milk and milk products / and must have a monitoring system
- Cattle for slaughtering are from the disease free zone where vaccination for foot-and-mouth disease are not used; and it should have special identification numbers or signs to be used for traceability later,
- No records of entrance of even-toed ungulates/animals in the disease free zone from other aimags in the recent 12 months,
- No residues of chemicals toxins and medicine as well as harmful substances for human health are in the meat for export,
- No quarantine caused by animal contagious disease in the region for the last 6 months,
- No outbreak of animal contagious diseases namely anthrax, rabies, bluetongue, Q fever, brucellosis, tuberculosis and heartwater in the region for the last 6 months,
- Cattle should be located in the soum or disease free zone at least for 6 months prior to be slaughtered,
- No injection of anthrax live vaccine for long terms or within 14 days prior to being slaughtered
- Livestock animal medicine and food supplements prohibited in both Mongolia and PRC should not be used for cattle,
- No symptoms of anthrax, brucellosis, tuberculosis disease during pre and post inspections for slaughtering,
- Meat plant or factory/slaughtering, processing and storing plant, to export meat to PRC should be located in the disease free zone or no vaccination zone and comply with veterinary and hygiene requirements specified in applicable laws and regulation of both Mongolia and PRC,
- No clinical symptoms of infectious disease and parasites and disorder in the carcass and internal organs,

- Carcass meat must be left for at least 24 hours in temperature not higher than +2C before removal of meat from bones; pH of the carcass should be less than 5.9 in depth of meat no bones and completely separated from lymph nodes and gland tissues,
- Meat is prepared in a plant or factory that introduced HACCP and quality control systems and is not contaminated with microorganisms of any diseases,
- Meat products don't contain residues of veterinary medicine, pesticides, heavy metals and dangerous and toxic substances or prohibited chemical toxins higher than applicable standards in both Mongolia and PRC,
- Meat products should be certified for food safety and requirements of human health,
- Should not slaughter cattle together with other cattle that not satisfies these requirements,
- No meat processing with meat taken from livestock that failed controls and inspections,
- Store the meat for export in separate rooms from other meat products,
- Both inner and outer packages of meat products should be made from safe and non-toxic materials according to international standards,
- All exporting procedures including packaging, storage and shipping of meat for export to PRC need to avoid any contaminations with toxic and dangerous substances or chemicals and meet the respective hygiene requirements
- Meat shipments are not allowed to pass through territories under quarantine or which are suspended of production due to contagious diseases,
- No changes and opening of meat product packages during the shipping with the temperature of frozen meat not higher than -18C.

In addition to the quarantine requirements, warm treated beef and beef products (HS 1602) should comply with requirements and specifications for heat processing or treatment as follows:

- Heat temperature of beef and meat products for boiling, steaming and frying process should be at +80C and more. Keep them at this temperature for exactly 5 minutes. If other methods are used, then the temperature should be at +70C and more, beef and meat products need to be heated for minimum 30 minutes and more.
- The meat factory or plant appoints an officer or inspector responsible for heat measurements and sensory testing of meat products during the processing and production process. The microorganism indications and testing records are kept. If needed, testing for protein denaturant shall be conducted for the processed or treated meat products to ensure whether the meat products are fully prepared for exporting.

Sensory assessment is conducted for warm treated beef and beef products as shown in the below:

No	Indications	Properties
1	Physical condition	No dried black coloured and has the even colour no cover, no contamination
2	Colour	The surface has an even yellow colour and fat coloured from white to light yellow
3	Smell	The unique smell of boiled meat, no exterior smell
4	In cuts	Sap during cuts has no red colour and fully-fledged with even brown-yellowish colours

2.5 Chapter checklist

<i>Meat processing and meat plant or factory complies with requirements in applicable standards and legislative acts in both Mongolia and PRC</i>	<input type="checkbox"/>
<i>Complied with standard requirements of PRC</i>	<input type="checkbox"/>
<i>Regulated by signed agreement and protocols between Mongolia and PRC</i>	<input type="checkbox"/>
<i>Inspected by GACC of PRC</i>	<input type="checkbox"/>
<i>Registered in GACC E system of information and obtained identity number</i>	<input type="checkbox"/>
<i>Complied with quarantine requirements for export products according to signed mutual agreement and protocols between Mongolia and PRC</i>	<input type="checkbox"/>

THREE. PREPARATION FOR EXPORTING WARM TREATED BEEF AND BEEF PRODUCTS TO THE PRC

Preparation for export of warm treated beef and beef products to PRC should be managed by described in Figure 6 below.

- 01 • Checkup the obtained import permission
- 02 • Agree payment terms with buyer
- 03 • Conclude the trade agreement
- 04 • Prepare labelling and packages for export products according to applicable standard requirements and specifications
- 05 • Shipping agreement with transportation company accredited by customs

Figure 6. Preparation works for export of warm treated beef and beef products to PRC

3.1 Conclude a contract

3.1.1 Preparation and finding importer or buyer

The contracting parties shall negotiate about the general conditions of terms in the agreement in accordance with applicable laws. The following steps are advised to adhere to:



Before the export of warm treated beef and beef products to PRC, it is very important to select a professional potential importer for further discussion and negotiations.

Looking for and selection of right importer or buyer: In order to look for and to select a potential or qualified importer or buyer, following methods and ways can support Mongolian exporters:

- Participation in international fairs and exhibits
- Business meetings and discussions
- Contact by email and online networking
- Social networking such as Wechat, Weibo, QQ and other social media
- Check for websites of suitable importers or buyers in PRC
- Utilising online selling systems and e-commerce platforms like www.alibaba.com, www.taobao.com or www.womai.com
- Check both direct and non-direct public announcements and advertisements, etc.

3.1.2 To conclude a contract

An exporting contract is similar to a purchase and sale contract, and it should be made according to the UN convention for “International agreement for goods purchase and sale” (Vienna Convention). Table 7 shows issues to be addressed in contracts in general (Figure 7).

Table 7. Articles of the contract, issues to be concerned:

No	Articles of the contract	Issues to be concerned
1	Background	✓ Includes information about title, number, venue and time of the contract, names of the contracters, their addresses and legal statuses.
2	Articles of the contract	✓ Define the good or selling product that is going to be sold according to the contract in a very clear and detailed way. ✓ Articles of the contract can be one of the factors to define which legal conditions should be chosen to coordinate the contract and types of the products.

3	Quantity	<ul style="list-style-type: none"> ✓ It is required to determine the quantity of the goods, measuring units and weight clearly in the contract. ✓ Use digit units of the measurements according to international standards and reflect gross weight and net weight in detail.
4	Quality	<ul style="list-style-type: none"> ✓ Boiled and processed meat according to the technical general requirements /MNS 6790:2019/.
5	Product price	<ul style="list-style-type: none"> ✓ The product price should be negotiated and defined by both sides based on mutual benefits; the total amount and unit price should be written in the contract. ✓ If foreign currency is used in the contract, then exchange rate should be calculated. ✓ The product price can be determined in different ways such as firm-fixed price, moving price and fluctuating price.
6	Packages, Packing, trademark and labelling	<ul style="list-style-type: none"> ✓ In the contract, size and features of the packages and packing should be clarified. ✓ Cost of the packages and packing is included in the product price. ✓ Information on requirements for packages, packing, trademark and labelling can be seen in 3.3 of this guidelines.
7	Delivering and receiving the products	<ul style="list-style-type: none"> ✓ It should be clearly defined how to organize the delivering and receiving process of certain amounts of products at the border points or ports which was agreed upon. ✓ It must inform about how to complete necessary legal documents during the delivering and receiving process of respective amounts of the products and how to solve problems and mistakes if occur on the spot.
8	Shipping conditions	<ul style="list-style-type: none"> ✓ Inform about the duration and conditions of the shipping. ✓ The quarantine and technical conditions for shipping can be seen in chapter 2.4 of this guideline in detailed way.
9	Payment	<ul style="list-style-type: none"> ✓ Whether the payment shall be paid before or after the shipping or use a combined way ✓ Deadline for payment ✓ Information on the bank account, currency and account number, etc. ✓ Select types to transfer the payment (accrivative, encash, open account, transfer and escrow account), please check the 3.2 of this guideline.
10	Delivery destination and date	<ul style="list-style-type: none"> ✓ Select the most beneficial option of the Incoterms conditions and agree with the purchaser. ✓ Due to the selected Incoterms condition, it should include the delivery destination and date of the products and issues to prepare required documents and costs as well as divide risks. Please check Table 8 of the guideline.
11	Duties and responsibilities of the two parties	<ul style="list-style-type: none"> ✓ In the contract, the duties and responsibilities of the selling and purchasing parties should be included in very detailed manner.
12	Disputes	<ul style="list-style-type: none"> ✓ It should include ways to solve disputes if they occur. Please check 3.1.3 of the guideline.
13	Force majeure	<ul style="list-style-type: none"> ✓ The contract should include which conditions fall under force majeure ✓ And if force majeure happens, who will confirm etc.
14	Others	<ul style="list-style-type: none"> ✓ In which conditions amendments should be done ✓ In which language and how many copies the contract was concluded and all are valid according to the related laws etc ✓ Which persons involved who should sign the contract

GENERAL TERMS OF CONDITION

Name of contracting parties
contract items
Product quantity and quality assurance
Payment terms
Obligations and liabilities of the parties
Formal address of parties and body for signature

CONTRACT ADDITIONAL TERMS OF CONDITION

Product delivery and acceptance
Insurance terms
Bill of loading and lading
Packaging and labelling
Major of forces
Dispute settling and Arbitration
Other provisions

The responsibility and liability of the parties are subject to different selective incoterms during the delivery process. Table 8 presents the Incoterms for risks, expenditure and insurance of seller or exporter in details.

Table 8. Incoterms 2020

Incoterms	Seller	Customs	Loading	Shipping	Destination	Port	Shipping	Port	Destination	Shipping	Customs	Unloading	Buyer
EXW	■												
FCA	■												
FAS	■												
FOB	■												
CFR	■												
CIF	■												
CPT	■												
CIP	■												
DAP	■												
DPU	■											■	
DDP	■												

■ Risks
■ Expenditure
■ Insurance

Sea Shipment

Source: www.iccwbo.org

3.1.3 Dispute settlement

Disputes regarding the agreement duties fulfillments should be settled in methods as shown below for the selection by parties;

1. Settle the problems through having mutual agreement (advantages to saving the expenses and timings)

2. Arbitration (parties clarify in the agreement about international arbitration settlement mechanisms in Mongolia and PRC)
3. Settlement in court (takes the certain time and expenses for advocacy and further costs)

3.2 Payment and reimbursements

For concluding the contract with the PRC entities, the payment conditions need to be agreed upon very detailed. It is vital to determine a suitable bank before and consider payment date and duration, related risks and how to transfer the risks. Payment conditions for international trade that are mainly used by the commercial banks in Mongolia should be studied well. Select the most beneficial methods for your company and indicate in the contract.

For performing foreign trade and commerce the most common payment terms are shown in Table 9.

Table 9. Payment terms and potential risks

Payment terms	Potential risks		Bank guarantee
	Exporter	Importer	
Open account	++++	+	Required
Collection	+++	++	Required
Letter of Credit - LC	++	+++	Required
Advance payment	+	++++	Required

Source: Trade Finance Options, XAAN BANK in Mongolia

The payment terms refer to the following:

1. “Open account” means payment paid to the client upon the acceptance of goods; payment usually in terms of 30, 60 and 90 days.
2. “Collection” means the bank sends the payment invoice to the buyer (importer) on behalf of the seller (exporter).
3. “Letter of Credit” is the legal payment guarantee issued by the bank of the importer (buyer) to the exporter (seller).
4. “Advanced payment” means that the buyer (importer) pays a certain amount before shipping the products to the seller (exporter) via credit card or other money transfer methods.

3.3 Labelling and packaging of export products

3.3.1 Standard special requirements for labelling and packaging

The packaging, labelling and trademark should be in accordance with requirements indicated in the protocols between the two countries and laws of Mongolia as well as quarantine and hygiene requirements of the importing country.

Following requirements are indicated in the protocol between the two countries on the packaging, labelling and trademark of the warm treated meat and meat products.

The processed product for exporting to the importing country should be packed using new materials that meet the international hygiene standards. On the outer package, name of production place, delivery destination, name and weight of the product, name and registration number of the producer, serial number of the processing plant, storing conditions and processed date and storage date, and marks to indicate that quarantine and monitoring conditions are met should be written in Mongolian, Chinese and English. Also, on inner and outer package, a label

stating that is the product is only for sale in the importing country should be included (For example, "only to be sold in mainland China" "only to be sold in Mongolia" etc).⁶

Moreover, it is required to meet the related standard requirements within the framework of Mongolian laws and regulations.

The applicable standards for packaging in Mongolia are as follows:

MNS ISO 8367-2:1998	Packages and wrappings - the allowed size of bags Chapter 2: Synthetic bags, amended by decree No 05, 2010	3 pages
MNS 6382:2013	Layered cartons for packaging. Technical requirements	4pages
MNS 5684:2006	Tolerance limits of chemicals in food packaging that may be absorbed by food products and contained in the packaging materials	7pages
MNS OIML R 87:2008	Quantity of packed products	15 pages
MNS ISO 780:2004	Packaging – figure signs and markings of goods for shipments	4pages
MNS 1640:1973	Boxes. Main types and terms	5 pages

PRC has special and clear requirements for food products and also asks partner countries to follow its standards of packaging, labelling and trademark of meat and meat products. Therefore, exporters should firstly meet the standards of the targeting market.

Overall, exporting products should comply with the national food safety standard and general rules for the labelling of prepackaged foods in PRC (National food safety standard General Rules for the labeling of prepackaged foods GB7718-2011). More detailed information of labelling and packaging are available at the website of the Standardization Administration of China: <https://www.chinesestandard.net>.

3.3.2 Packaging types for meat and meat products

Packaging of food products is classified in general as follows:

- Packages for raw products processing
- Packages and packing for consumption
- Outer packages and packing of products
- Packages and packing for shipping

3.3.3 Label, trademark and codes

Exterior or outer label shall be in Chinese or English languages including the following information:

<https://resource4.sodonsolution.org/mongolchamber/File/2019/10/17/7rwgc0qoc337woas/pro tokol.pdf>

1. Country of Origin
2. Name of product
3. Destination country: (e.g. PRC in this case)
4. Manufacturing batch number of factory or plant
5. Date of production
6. Net weight in kg (in English)
7. Expire duration
8. Name of processing plant and technology used
9. Factory/Plant registration number as exporter (In English)
10. Storage temperature
11. Address of the production plant in country of origin (in this case Mongolia)

产地国家: 蒙古国 COUNTRY OF ORIGIN: 1	产地名称: NAME OF PRODUCT: 2
目的地: 中华人民共和国 DESTINATION: THE PEOPLE'S REPUBLIC OF CHINA 3	
生产批号: PRODUCTION LOT 4	生产日期 (年/月/日) PRODUCTION DATE 5
净重 (公斤) : 20 NET WEIGHT : 20 6	保质期: 12个月 EXP: 12 MONTHS 7
8 企业名称: 达尔汗肉食品有限公司 NAME OF PLANT:	
工厂注册号: 9	保持在-18度下冷藏 KEEP FROZEN AT -18C 10
去也地址: ADDRESS OF PLANT: 11	

12. OPTIONAL on some labels: The stamp of inspection organization should be placed in the center of the label. The case of Mongolia, the stamp should be sealed by an inspector of General Authority of Special Inspection.

The inner label should be in Chinese or English language.

1. Name of product
2. Country of origin
3. Plant registration Number
4. Production batch number as given by the manufacture
5. Plant registration number

产品名称: 冻马肉 NAME OF PRODUCT: 1
产地国: 蒙古国 COUNTRY OF ORIGIN: MONGOLIA 2
马克肉制品进出口股份有限公司 NAME OF PLANT: MEAT PROCESSING FACTORY 3
生产批号: PRODUCTION BATCH No: 4
工厂注册号: PLANT REGISTRATION NO: 5

3.4 Shipping contract

The requirements for shipping of meat and meat products to be exported have to fully comply with all requirements and shipping shall be done by a customs accredited freight forwarding company. The shipping contract with the freight forwarding company should consider and contain following details:

- ✓ The transporter has containers with a cooling system
- ✓ Temperature regimes for shipping meat and meat products is not warmer than - 18 C
- ✓ Destination and port should be clearly stated in the purchase and sale agreements according to Incoterms
- ✓ Payment terms
- ✓ Impose penalty percentage for product delay of unloading at the port
- ✓ If products are damaged or caused shipping failure due to the transporter's fault, then it should clearly reflect the liabilities of the transporters in the contract
- ✓ Detailed information on product delivery process and related documents or forms for handing the products should be mentioned

- ✓ Include how to solve the disputes and related disputes settlements ways

The standard shipping agreement is given in Annex 8 of this guideline.

3.5 Chapter checklist

Find or select the competent importer or buyer in PRC

Agree payment terms with your buyer

Conclude the trade agreement with your buyer

Prepare labeling and packaging of export products with compliance of acceptable standard requirements

Conclude the shipping contract with customs accredited Transportation Company

FOUR. EXPORTS OF WARM TREATED BEEF AND BEEF PRODUCTS TO PRC

Export of warm treated beef and beef products to PRC shall be performed in steps describing in the flowchart below:

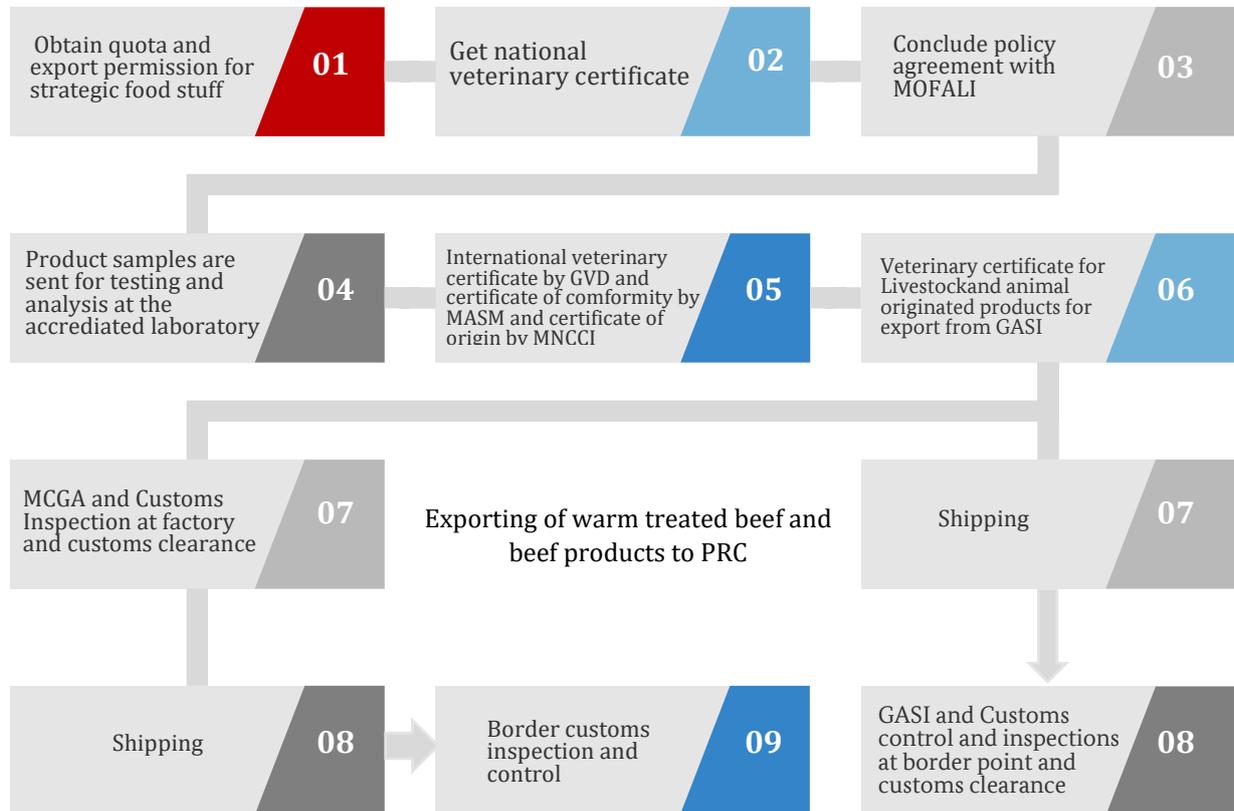


Figure 7. Exporting of warm treated beef and beef products to PRC

4.1 Certificate and permission

4.1.1 Export permission for strategic foodstuff

The meat or meat processing factory or company going to export its products should obtain the quota and export permission for strategic foods from MOFALI Mongolia. The Ministry informs about bidding on public press and website every year and issues the export permissions as presented in Figure 9 below.

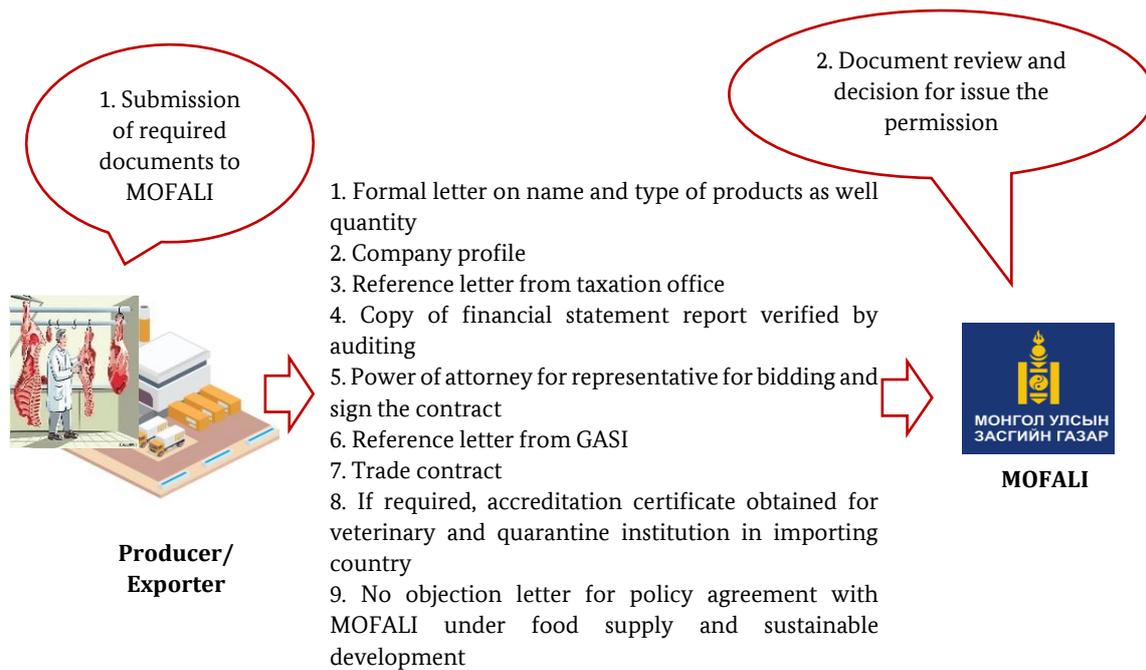


Figure 8. Obtaining export permission for strategic food products

Source: MOFALI, www.mofa.gov.mn

4.1.2 National veterinary certificate

Two different controls and inspections for veterinary processes should be conducted to export meat and meat products according to Annex 1 of resolution no A/51 from the Directorate of GVD, 2018 and the “Instruction of use sample for VETERINARY CERTIFICATE” accordingly (GVD, 2018). The veterinary inspection shall be done at the local unit of the veterinary services for livestock during delivery of livestock from herders or farmers to the producer or exporter to issue the “veterinary certificate”. If the exporter does not prepare the livestock by him- or herself, the veterinary certificate shall be obtained by suppliers. A new system for veterinary and quarantine inspection was introduced in 2018. The system is shown in Figure 10.

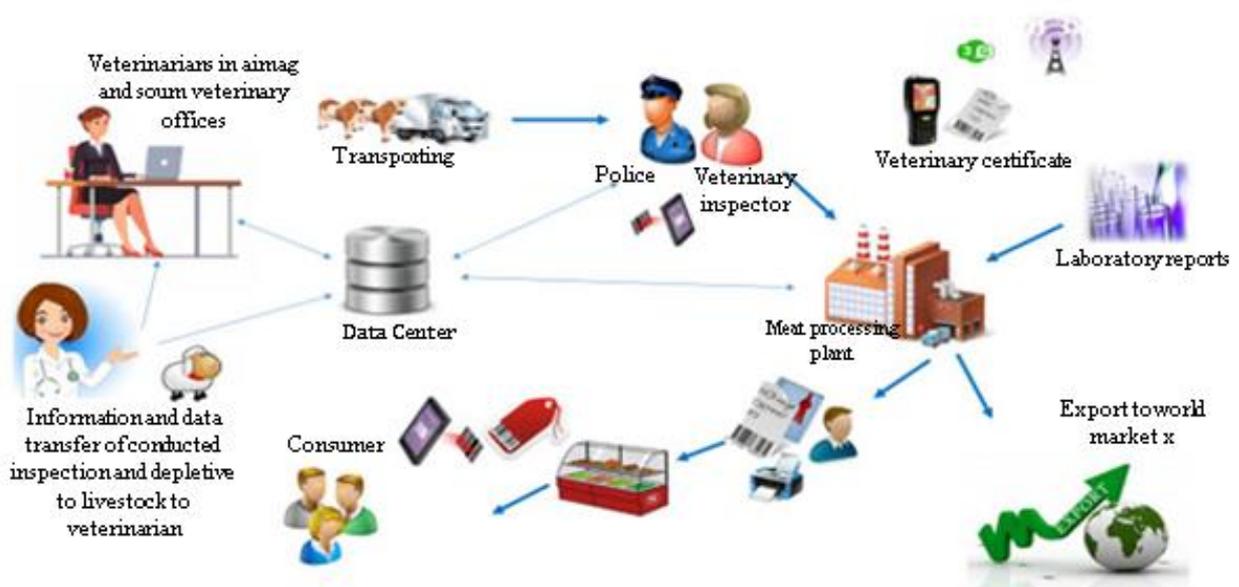


Figure 9. Veterinary Inspection and Control at the domestic market

Source: GASI, 2018

An exporter should have all related measures like veterinary control and inspections for products at each stage of the exporting process to confirm the products' origin. It can help to prevent difficulties that may occur during the next steps of the exporting process.

If an exporter receives the meat from another supplier, make sure that the product has all the veterinary certificates from controls and inspections. In recent years, more consumers prefer to purchase the foodstuff manufactured with eco and environment-friendly technology and want the possibility to trace the origin of raw materials for the products. The “Green gold” project of Swiss Development and Cooperation Agency (SDC), Mongolian Association of Grasland Users, Administration of Land Affairs, Geodesy and Cartography, GVD, Mongolian Wool and Cashmere Association, and Mongolian Hides Association are jointly developing the “Accountable Nomads” traceability system with compliance of international standards. Detailed information is given in Annex 13 of this guideline.

4.1.3 Policy agreement

The meat processing plant or the exporter that obtained a quota and export permission of raw meat, warm treated meat and meat products in Mongolia needs to conclude a policy agreement with MOFALI to monitor and maintain sustainable supply and pricing of food products.

The list of required documents to conclude the policy agreement is as follows:

01	• Plant profile at least 3 pages showing the production capacity
02	• Plant monitoring camera system for control on operations and able to do recordings
03	• Information and annual plan for meat preparation and slaughtering
04	• Notarized copy of veterinary certificates
05	• Processing and usage of secondary raw materials
06	• Skin and hides: Supply agreement of 30% and more prepared raw materials at domestic market and factories, payment slips of agreement, stored products for export shown on photos or export agreement made with other companies
07	• Head and legs: purchase and sale agreement and payment slip
08	• Stomach and internal organs: purchase and sale agreement, payment slips or invoice, storing products for export shown on photos
09	• Jejunum: purchase and sale agreement, payment slips or storing products for export shown on photos
10	• Notarized copy of General assessment of environmental impacts
11	• Bones: purchase and sale agreement and payment slips /
12	• Contracts made with professional qualified organization or service providers for common waste disposal and collection and shipping waste, waste agreements
13	• Storage and sorting of common and animal wastes in special designated place, boxes and tanks; photos
14	• Other related documents

Figure 10. the required document for policy agreement with MOFALI (bovine raw meat)

Source: MOFALI, www.mofa.gov.mn

4.1.4 Certificate of conformity

The exporter shall obtain the certificate of conformity from the Mongolian Agency for Standardization and Metrology (MASM). This certificate verifies that the export products fully complies with applicable standard requirements during the production process.



Figure12. Obtaining the certificate of conformity

Source:MASM, www.masm.gov.mn

4.1.5 Certificate of origin

Two types of certificates of origin and documents of proof should be collected properly. The first one is proof to show where the meat was prepared including data like name of herders, cooperatives, name and location of slaughter plant (as presented in section 4.1.2 and annexe 23 of this guideline). The second is proof and evidence of documents that the warm treated beef and beef products are manufactured in designated regions or zones of Mongolia and that Mongolia is the country of origin of the meat exports. Exporters need to certify that meat products have been manufactured with standard requirements for HS 0201, 0202 and 1602 coded food products to be imported into PRC from Mongolia as the country of origin. For this purpose, the exporter shall obtain the certificate of origin at the Mongolian Chamber of Commerce and Industry (MNCCI) along with required documents described in the process in Figure 14.



Figure13. Obtaining the certificate of origin

Source: MNCCI, www.mongolchamber.mn

4.1.6 International veterinary certificate

The exporter shall obtain the international veterinary certificate at GVD to verify that product manufacturing has complied with all veterinary and sanitary requirements for the particular origin of raw meat materials and products. In order to get the certificate, a formal letter together with required documents for the certificate should be submitted to GVD.

- 01 • *Veterinary lab testing and analysis reports for livestock and animal originated raw materials and animal products and veterinary certificate*
- 02 • *Purchase and sale agreement, contract or similiar documents from the applicant*
- 03 • *Copy of state registration certificate if applicant is legal body or copy of citizen ID card*
- 04 • *Shipping route of meat and animal originated raw materials and products, mode of shipping vehicle, name of destination or port at the border and access time*
- 05 • *Information on processing modes of livestock and animal orginated raw materials and products (semi-processing, raw, frozen, dried or fresh), product name and types, quantity of packages, labelling and safety status of the products*
- 06 • *Processing plant batch number, name, location and address*

Figure 14. Documents required for an international veterinary certificate

Source: GVD, www.vet.gov.mn

4.1.7 Veterinary and sanitary certificates

The exporter shall obtain the veterinary and sanitary certificates (export certificate) for warm treated beef and beef products to be exported to PRC at GASI after showing the obtained veterinary certificate from GVD.

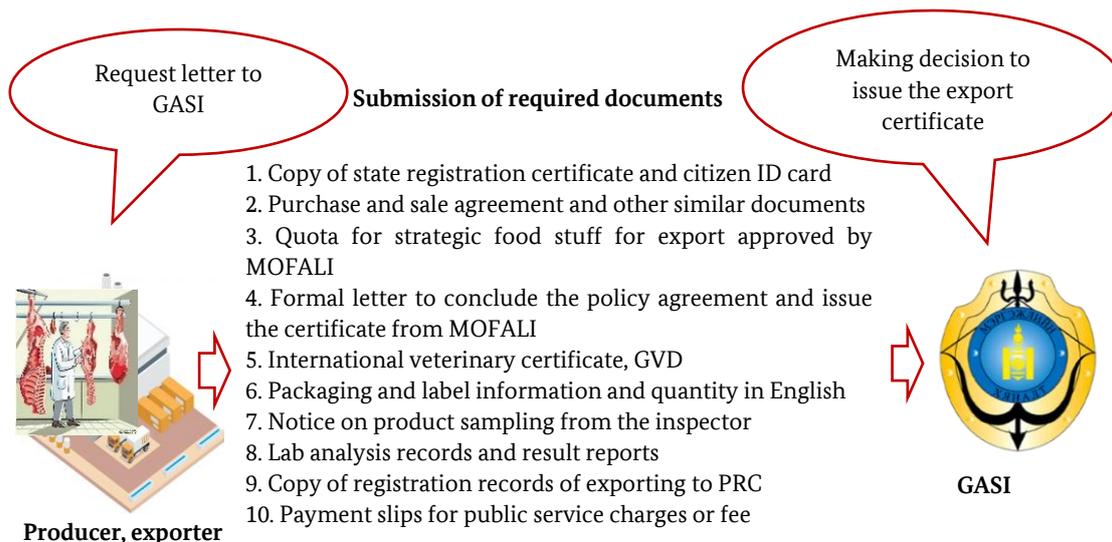


Figure 15. Obtaining veterinary and sanitary certificates for warm treated beef and beef products to be exported to PRC

Source: GASI, www.inspection.gov.mn

4.2 Shipping

Export shipping of warm treated beef and beef products to PRC is usually conducted by vehicles with cooling system food containers that are accredited for transport (Figure 17).

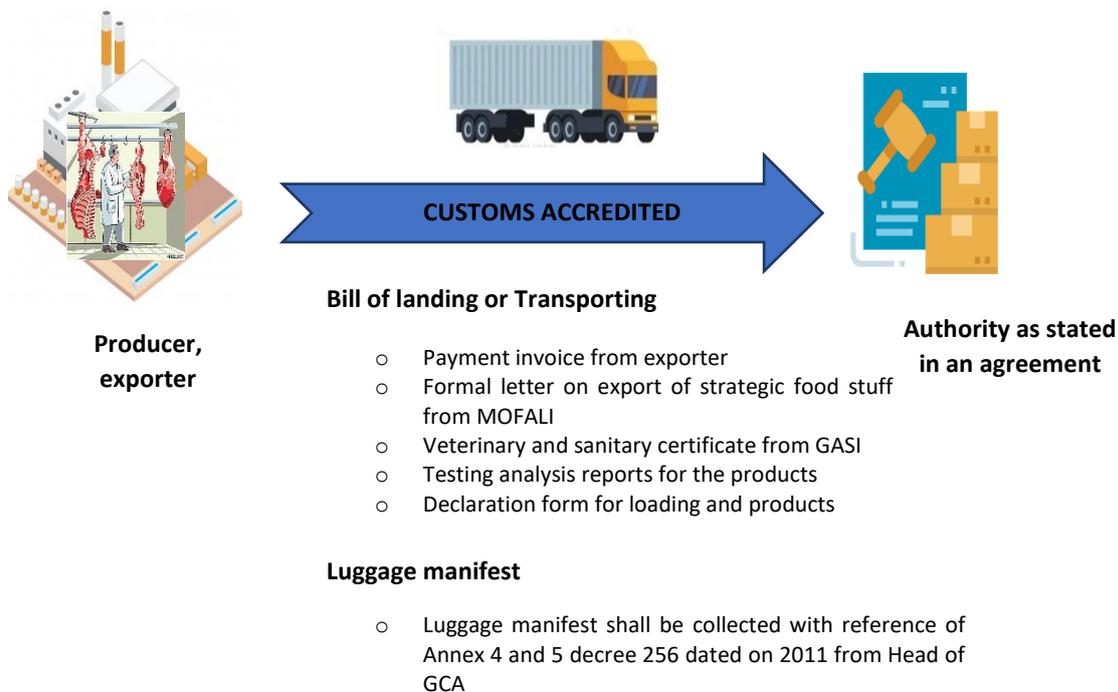


Figure 11. Bill of lading and shipping the vehicle

4.3 Customs clearance

4.3.1 Export customs clearance

The required documents for customs clearance are:

- According to article 60 in Mongolian law on customs:
 - Foreign trade agreement or payment invoice;
 - Shipping documents and bill of lading;
 - Product license or permission to non-tariff regulations;
 - Conclusion letters from GASI for products especially specified in the applicable law and regulations.
- According to 8.2 in Mongolian law on customs tariff and customs taxes:
 - If the applicant submits not sufficient proof of relevant documents, customs officials may ask for additional documents for evidence from the applicant or exporter.

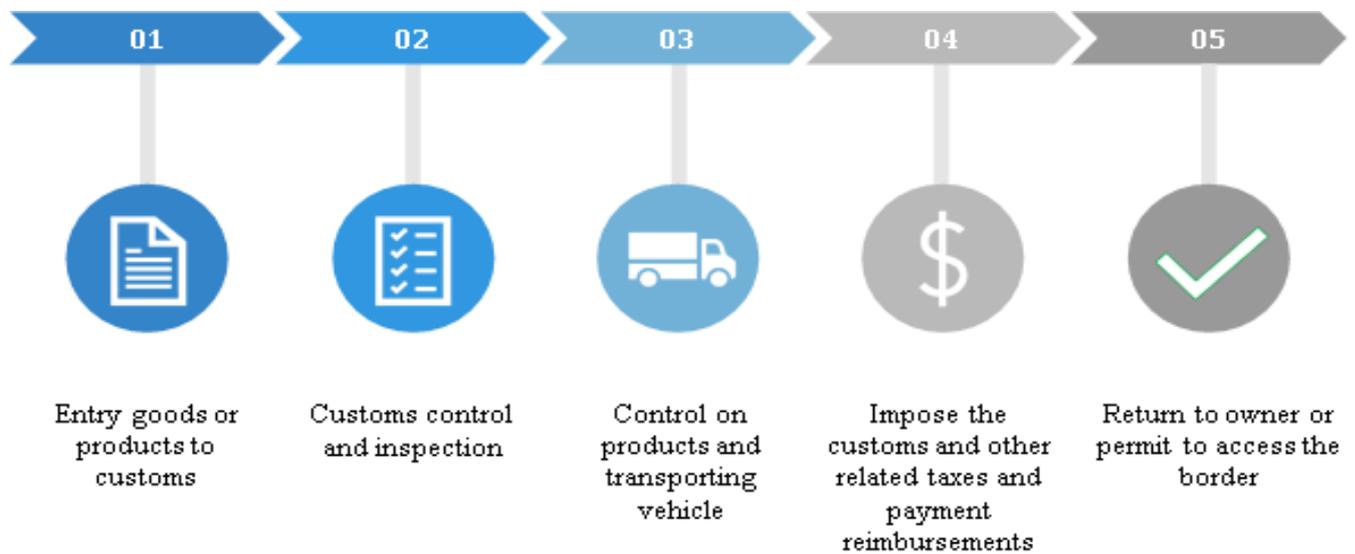


Figure 17. Phases of the customs clearance

Source: MCGA, www.customs.mn

The sequence of product customs clearance

The application form of customs declaration shall be filled in and submitted along with other required documents related to the product for customs clearance to the Customs office.

The application form of customs declaration is presented in Annex 17 of this guideline. It includes the following information:

- General information (Boxes 1-20);
- Information concerning product and shipping vehicle (Boxes 21-43);
- Customs tariff and taxes (Boxes 44-50);
- Information about documents (Box 51).

Customs control and inspection

Status of customs control is described with red, orange and green colours stating the following:

- Red means physical inspection and document control are required to be conducted;
- Orange means only document control and review shall be conducted;
- Green means no physical inspection and document control.

Types of customs inspection and control:

- Inspection and control inside of customs control area (on site);
- Inland customs inspection and control.

HS codes for the products

HS codes shall be clarified in the stages of:

- Pre-exporting;
- During the customs declaration;
- At customs clearance accordingly.

Customs rate and tariff

Customs rate for export products shall be estimated according to article 3.1.4 in the Mongolian law on customs tariff and customs duties as follows:

- Contract price + transportation cost till border point of Mongolia + Document compilation on expenses or payments concerning shipping and exporting of the products + Insurance payment + expenses for loading, unloading, storing and transshipping of the products.

The applicant is obligated to estimate the customs rate for the exporting products by him- or herself during the submission of the customs declaration.

4.3.2 Customs process of importer

国外食品进口中国流程图 Foreign Foods Import to China Flow Chart

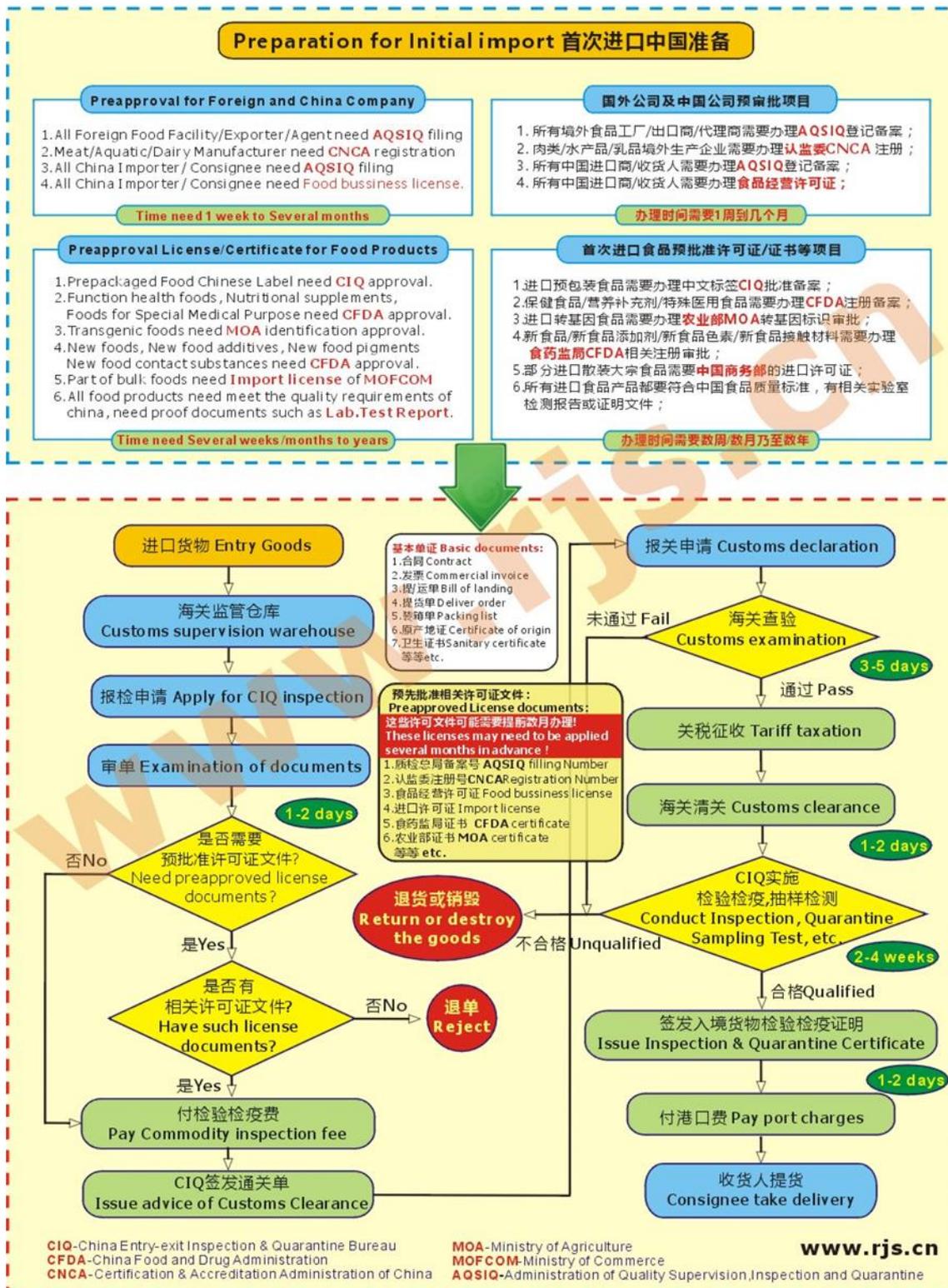


Figure 18. Acceptance of products by the importer

Import taxes and charge for products at PRC (GACC, 2019):

- Exporting beef and meat products with HS codes of 0201 and 0202 from Mongolia to PRC:
 - 25 % (MFN) of import tariff,
 - (VAT) 9 % of VAT.
- For export of warm treated beef and beef products with HS code of 1602 from Mongolia to PRC:
 - 5 % (MFN) of import tariff,
 - 13 % of VAT.

4.4 Chapter checklist

Obtained export permission for strategic food stuff from MOFALI	<input type="checkbox"/>
Veterinary certificate at domestic market from local Veterinary Office	<input type="checkbox"/>
Policy agreement with MOFALI	<input type="checkbox"/>
Certificate of conformity from MASM	<input type="checkbox"/>
Certificate of origin from MNCCI	<input type="checkbox"/>
International Veterinary Certificate at GVD	<input type="checkbox"/>
Veterinary and sanitary certificates at GASI	<input type="checkbox"/>
Bill of lading and shipping documents	<input type="checkbox"/>
Required documents for customs clearance	<input type="checkbox"/>

FIVE. RECOMMENDATION FOR COMPANY TO EXPORT WARM TREATED BEEF AND BEEF PRODUCTS TO PRC

WTO members are applying to sanitary and phytosanitary (SPS) measures and signed mutual understanding protocols to facilitate foreign trade and commerce between countries. Mongolia has ratified a protocol⁷ with the PRC and is fully liable to comply with the veterinary, sanitary and hygiene requirements as an exporting country. The Government of China has paid special attention to have strict control on meat supplies and to maintain the food supply chain with healthy and eco food products imported from international markets. As a result, special discussion and negotiation are offered for each exporter and exporting country.

Common challenges faced by exports to the PRC are as follows:

- Complexity to follow up on governing rules and regulations in the PRC caused by duplication of duties and functions of public institutions, political impacts and communications with individuals.
- Exporters lack of information on process steps, inspections being conducted and indications for the accreditation of the exporting products leading to misunderstandings.
- Obtaining the export permission consumes some time with high expenses, therefore small-sized meat factories have to carefully review and estimate the required investment and investment benefits.
- The applicant or exporting company should think about the installation of manufacturing equipment with compliance of requirements from the respective agencies and institutions in the PRC
- The applicant or exporter should register as an exporter in China as well as thinking about expenditures for control and inspections conducted by appointed inspectors from the PRC at the meat plant or factory.
- Registration as exporter with PRC official takes more time and the exporter has to correct the found non-compliances according to the instruction or recommendation from the inspector at the plant. Registration will be delayed until further notice and the re-inspection.
- Sometimes obtaining an export permission can be delayed or suspended due to the outbreak of animal infectious diseases.

The following recommendations are given to interested parties in export and exporting companies to ensure the maintenance of sustainable export of meat and values of meat exports:

1. Meat and raw materials should be prepared from free of epizootic regions or zones verified by GVD, the Government regulatory agency of Mongolia with proper certifications.
2. Use the “Integrated information system for livestock origin” introduced 2018 in Mongolia for the origin traceability to prepare raw materials and meat.
3. Meat slaughtering and processing should be performed under the control of state veterinary inspectors from GVD and GASI or plant veterinarians in the plants with compliance of requirements specified in the mutual signed agreements and protocols between Mongolia and the PRC.

⁷ “ Protocol on quarantine, veterinary and sanitary conditions for control and inspections on beef exports to PRC signed between GASI, Mongolia and General Administration of Quality control and Quarantine of China (2016.08.29)

4. Only export meat and meat products manufactured and processed at meat plants or factories.
5. The right selection of market segments is important. Higher-income consumers purchase foodstuff in bigger chain supermarkets and premier hypermarkets like Walmart, Carrefour, CR Vanguard, Suguo, Ole, Sam's club, BHG, Century Mart, RT-Mart, or Yonghui. Thus, try to contact chain supermarkets for collaboration with the assistance of the potential importer for your export products.
6. Population and consumers in bigger cities of the PRC are often shopping at convenient stores or shops like Suguo Howdy, Carrefour Express, Quick, Kedi/Alldays, 7-Eleven due to daily busy schedules. Therefore, also try to access convenient shops or stores in cities.
7. Export value-added processed meat products in large quantities with considerable demands by target consumers in the PRC. Small-sized dried meat, vacuum meat and internal organs and barbecue meats may be preferred to be exported in fully-fledged and semi-processed manners.
8. Research and feedback of companies in the PRC show that you have to carefully select a qualified importer of your export products before building cooperation and partnership.
9. The partner or importer in the PRC should have close relations and communication with relevant public agencies and institutions in the PRC to allow you to receive export related information and changes in governing policies and regulations quickly.
10. Communication with different levels of government, public agencies and further authorities at the PRC are vital to ease access to the Chinese market and settle disputes.
11. The expenses for customs clearance may be modified or increased depending on border points in the PRC, therefore try to always access the same border point for your product exports.
12. Correct packaging is very important. Weight or volume preferences are different in PRC. Packing of dried, vacuumed and smoked meat should be in relatively small portions (if aimed for convenient stores or similar shops) and focus on correct packing materials that can be easily handled by customers.
13. Set up a strategy on marketing and advertisements. Products that are ecologically friendly and naturally produced from high land areas of Mongolia should aim for high-income consumers.
14. Search and look for dependable marketing agencies in the PRC
 - ✓ The target markets of exported meat and meat products and market segments in PRC should be carefully reviewed and studied as follows;
 - Hypermarkets
 - Chain Supermarkets
 - Meat Processing Factories
 - Online Retailers
 - Warehouse Store
 - Department Stores
 - ✓ Search or looking for opportunities to establish own company or joint ventures with PRC companies at own capital of investment and obtain the import permit for the meat and meat products

SIX. REQUIRED LIST OF DOCUMENTS TO EXPORT WARM TREATED BEEF AND BEEF PRODUCTS TO THE PRC

6.1 Documents to be submitted by mongolian company or exporter

1. Veterinary and quarantine certificates and associated acts (GVD)
2. International veterinary certificate and associated documents (GVD)
3. Veterinary and sanitary certificates (export permission) and other related documents (GASI)
4. Certificate of origin and other related documents (MNCCI)
5. Accreditation certificates and other acts (GASI)
6. Certificate of conformity and other associated acts (MASM)
7. Export permission for strategic foodstuff and associated documents required to submit (MOFALI)
8. Documents required for customs clearance and declaration (CGA)

6.2 Documents to be required from chinese company or importer

For registration as an exporter, required documents are:

1. Company profile
2. Filled in the application form
3. Lab testing and analysis report in product samples and hygiene and sanitary certificates, etc.
4. Veterinary and sanitary certificates (Export permission or certificate)

At customs administration of China, required list documents are;

1. Payment invoice
2. Packing list
3. Certificate of origin (International)
4. Export permission for strategic food products
5. Veterinary and sanitary certificates (International veterinary certificate)
6. Cargo manifest

SEVEN. KEY STAKEHOLDERS AND INSTITUTIONS RESPONSIBLE FOR EXPORT OF WARM TREATED BEEF AND BEEF PRODUCTS TO PRC

7.1 Respective governmental institutions and agencies in both Mongolia and PRC

- GOM and Ministry of Food, Agriculture and Light Industry
Address: Mongolia, Ulaanbaatar 13381, Bayanzurkh district, Peace Avenue -16a, The Governmental Building IX
Tel: 51-262271
Website: <http://mofa.gov.mn/>
- General Veterinary Department of Mongolia
Address: Mongolia, Ulaanbaatar 13381, Bayanzurkh District, Peace Avenue 16a, The Governmental Building IX a
Tel: 51-262482
Website: <http://vet.gov.mn/>
- General Authority for the Specialized Inspection
Address: The Governmental Building XII, Barilgachdiin Square -13, Ulaanbaatar - 15170
Tel: 51-264786
Website: <http://home.inspection.gov.mn/>
- Customs General Administration of Mongolia
Address: Mongolia, CGA, Sukhbaatar district, Ikh Toiruu 81/1 Ulaanbaatar-14193
Tel: 11- 350049
Website: <http://customs.gov.mn/>
- Agency for the Standardization and Metrology
Address: Peace Avenue 46A Bayanzurkh District, Ulaanbaatar- 13343
Tel: 458349
Website: <https://masm.gov.mn/>
- Veterinary Office of UB city
Address: Mongolia, Ulaanbaatar, Bayangol District, 2nd Khoroo, Chinguunjav Street, Building of Veterinary Office of UB City
Tel: 70144009, 70144007
Website: <http://vet.ub.gov.mn/>
- General administration Customs of China
Address: No. 6 Jianguomennei Avenue, Dongcheng District, Beijing, China
Post Code: 100730
Tel: 010-65194114
Website: <http://nhfpc.gov.cn>, <http://en.nhfpc.gov.cn>
- State Administration for market regulations (SAMR)
Address: No. 8 Sanlihe East Road, Xicheng District, Beijing, China
Postcode: 100820
Tel: 010-88650000
Website: <http://www.samr.gov.cn/>
- National Health Commission of China (NHCC)
Address: No. 1 Xizhimen Outer South Road, Xicheng District, Beijing, China
Postcode: 100044
Tel: 010- 68792114
Website: <http://www.nhc.gov.cn/>, <http://en.nhc.gov.cn/>

- Certification and Accreditation Administration of China (CNCA)
Address: No. 9 Madian East Road, Haidian District, Beijing, China
Postcode: 100088
Tel: 010-58116300
Website: <http://www.cnca.gov.cn/>
- Standardization Administration of China (SAC)
Address: No. 9 Madian Doglu, Haidian District, Beijing, China
Post code: 100088
Tel: 010-82262609
Website: <http://www.sac.gov.cn/>

7.2 Key participants, Non-Governmental Organizations in both Mongolia and PRC

- Mongolian National Chamber of Commerce and Industry
Address: Ulaanbaatar-17011, Khan-Uul District, 15 Khoroo, Mahatma Gandhi Street, MNCCI Building
Tel: 77277070
Website: <https://www.mongolchamber.mn/>
E-mail: info@mongolchamber.mn
- Mongolian Meat Association
Tel: 99113938
- Mongolian Association of Exporters
Tel: 99119356
Website: <https://vip76.mn/organization/173>
- All-China Federation of Industry and Commerce (ACFIC)
Address: No.70, West Deshengmen Street, Xicheng District, Beijing, China
Postcode: 100035
Tel: 0086-10-58050500
Website: <http://www.chinachamber.org.cn/>

7.3 Freight forwarding companies accredited by the General Customs Administration of Mongolia

Shipping of export products shall be conducted by transportation companies accredited by GCA. A total of 190 transporters registered at GCA as of 18 November 2019. Please refer to (www.customs.gov.mn/images/publishers/GIT_jagsaalt_2019.11.18.pdf) for more detailed information of shipping companies for exports and correct selection of competent and qualified transports for your beef and meat products.

EIGHT. EXPORT FORECASTING OF BEEF AND MEAT PRODUCTS TO PRC MARKETS

Export forecasting is done with the account of future trends and key factors to beef exports and statistical data and information published by WTO and GCA for Mongolia. Production potential limits of beef and meat products respectively are calculated and shown below:

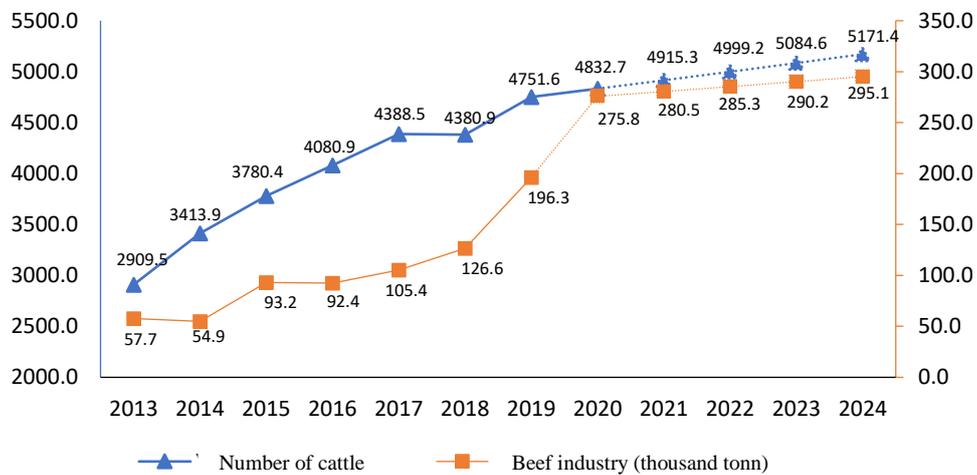


Figure 19. Number of Cattle in Mongolia and Trends of domestic production of beef
 Source: MASM and GCA Information and research data and own estimation

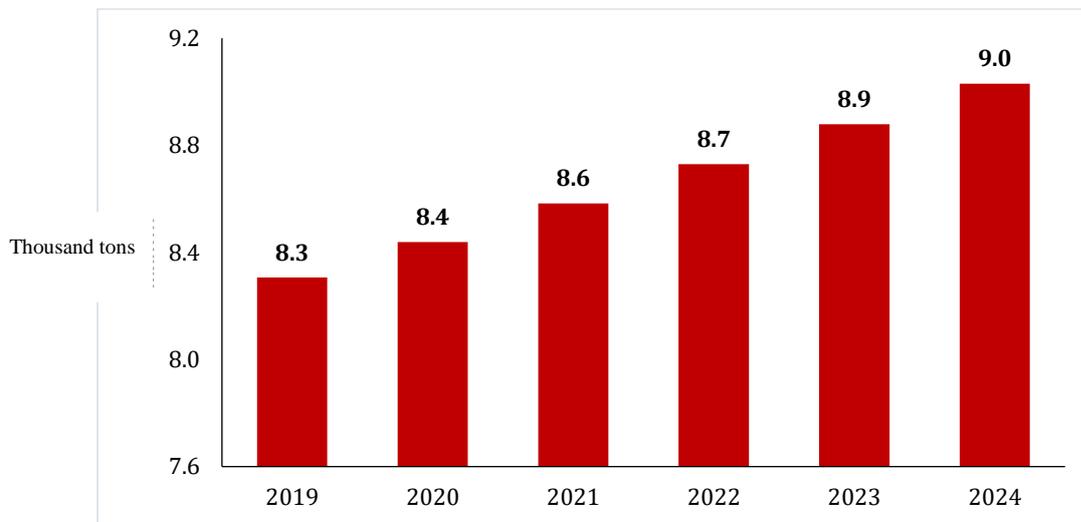


Figure 20. Trends of export for warm treated beef and beef products from Mongolia to PRC
 Source: MASM and GCA Information and research data and own estimation

NINE. ANNEXES AND WEBSITE LINKS

Website links for detailed information at www.inrae.mn/appendix_beef/ are introduced at the annexes of the present guideline for exporters as follows;

- ANNEX 1. ISO STANDARD CERTIFICATES
- ANNEX 2. HACCP CERTIFICATIONS
- ANNEX 3. “MNS CAC GAL 24:2014” STANDARD CERTIFICATES
- ANNEX 4. ACCREDITATION FROM GASI
- ANNEX 5. APPLICATION FORM FOR INSPECTIONS BY STANDARDIZATION ADMINISTRATION OF PRC AT MEAT PROCESSING FACTORIES FOR EXPORT OF WARM TREATED BEEF AND BEEF PRODUCTS TO PRC AND NOTE OF EXPLANATION FOR REQUIRED DOCUMENTS

- ANNEX 6. IMPORT PERMISSION AT PRC
- ANNEX 7. A SAMPLE OF GOODS INTERNATIONAL SUPPLY AGREEMENTS
- ANNEX 8. CARGO TO SHIP AND SHIPPING AGREEMENT
- ANNEX 9. VETERINARY CERTIFICATE AT NATIONAL LEVEL
- ANNEX 10. POLICY AGREEMENT
- ANNEX 11. LAB TESTING AND ANALYSIS REPORTS
- ANNEX 12. VETERINARY LAB ANALYSYS RECORDS AND REPORTS
- ANNEX 13. OBTAINING BARCODE AT INFORMATION DATABASE OF “RESPONSIBLE NOMADS”
- ANNEX 14. INTERNATIONAL VETERINARY CERTIFICATE
- ANNEX 15. CRITERIA FOR CUSTOMS ACCREDITATION FOR TRANSPORTATION COMPANIES
- ANNEX 16. NOTICE OF SPECIALIZED INSPECTIONS FOR ANIMAL, PLANT, CHEMICALS, GOODS AND PRODUCTS

- ANNEX 17. APPLICATION FORM FOR CUSTOMS CLEARANCE AND INSTRUCTIONS
- ANNEX 18. CUSTOMS DECLARATION FORM FOR PRODUCTS TO BE ACCESS TO BORDER POINT
- ANNEX 19. BORDER POINTS OR PORTS FOR EXPORT OF MEAT AND MEAT PRODUCTS FROM MONGOLIA TO PRC

- ANNEX 20. PROTOCOL BETWEEN GENERAL AUTHORITY FOR THE SPECIALIZED INSPECTION OF MONGOLIA AND QUALITY ASSURANCE AND QUARANTINE ADMINISTRATION OF CHINA ON HYGIENE CONDITION, QUARANTINE AND MONITORING OF BEEF TO EXPORT FROM MONGOLIA TO PRC

- ANNEX 21. SIGNED PROTOCOLS AND AGREEMENTS BETWEEN MONGOLIA AND PRC ON EXPORTING OF WARM TREATED BEEF, MUTTON AND GOAT MEAT

- ANNEX 22. BOILING PROCESSING MEAT. GENERAL TECHNICAL REQUIREMENTS (MNS 6790:2019)