

September 8, 2016

Minutes of the third DCFTA working group meeting

Meeting agenda:

Presentation – Legislative approximation in food safety, related difficulties

Q&A/Discussion – (with the involvement of representatives from Ministry of Agriculture, National Food Agency and as well as, Ministry of Economy and sustainable development)

Participants:

Ambassador Zviad Chumburidze – Secretary General of EU-Georgia Business Council

Mr. Gigi Gigiadze, Deputy Minister of Foreign Affairs of Georgia

Mr. Lasha Inauri, Head of Euro Integration Department, Ministry of Agriculture

Mr. Kakha Sokhadze, Deputy Chairman of National Food Agency

Mr. Mikheil Sokhadze, Deputy Chairman of National Food Agency

Mr. Giorgi Tsiqoridze, Representative of Ministry of Economy and Sustainable Development of Georgia

Ms. Maia Beruashvili, Head of food safety department, Ministry of Agriculture

Ms. Ekaterine Burkadze, Expert in Food safety issues

Gigi Gigiadze (Deputy Minister of Foreign Affairs of Georgia):

Thank you all for organizing and participating following meeting. Food safety is one of the major issues in the frame of DCFTA. We are more than happy that EU is going to become our trade partner and replacing current traditional markets. This aim determines every step of Georgian government – maximum political association and economic integration with EU.

You know that some Georgian products have been already settling on EU market. While talking to foreign partners we often stress out the fact, that Georgian Kiwi and Blueberry, which aren't typical products for our country, are totally consumable on EU market. There is also newly permitted product, Georgian honey. With all ensuing consequences the dynamic is positive and we are more than motivated to meet the expectations.

Mr. Chumburidze underlined a very important issue – communication. You know that Georgian entrepreneurs are really motivated but they haven't quite enough information. State Ministry of Georgia on European and Euro-Atlantic Integration often organizes informational meetings in regions, other responsible state officials put their effort to bring information to every angle, but it is necessary to do more. EUGBC's schedule to conduct such kind of meetings in regions, is more than important.

I want to briefly inform you about the process of visa liberalization. I agree with Mr. Zviad that, it's impossible to get full benefit from DCFTA without visa free regime. At this moment what I can say is that we are in the final phase. I guess that you, like other part of our society know that three days ago, in European Parliament, absolute majority of libe committee supported visa liberalization Legislative initiative of Georgia, which means that only final step, plenary session is left before a final decision.

At the same time, other important issue is work with European Council, which is another political channel to decide for our case. We have plenty of work in this direction and there are few meeting left before turning on a green light for us. Above mentioned organizations have institutional disagreement, but I do believe that Georgia is special partner for EU and hence that this process soon will come to the end.

Zviad Chumburidze:

As Mr. Gigiadze has already mentioned, many people are interested in visa free regime and we constantly hear the same question - when we will get it. Especially, it's important for business, because you can't imagine trade with EU without visa liberalization. This hard process needs public and institutional preparation.

Ekaterine Burkadze (Food safety expert):

Part of the EU regulations relating to food safety is elaborated in our country. As for the rest part, public institutions are working on them consistently.

The main point is basic hygiene package, which contains 6 major rules. Our legislation on food safety, phytosanitary and veterinary fields includes abovementioned rules more or less. But, for complete approximation with EU legislation, we have to draw out many articles and legislative acts. Even one person is able to write down everything, but the main point is to use and implement them in practice. It must effect on us, consumers in a positive way. Each one of us is like a ring of food chain and this chain is called "From farm to table". When we buy product we want them safe for us.

To guarantee food safety, HACCP (Hazard analysis and critical control points) system is implemented in EU. This means that entrepreneurs should know hazards related to their product and also, must know critical control points. This is a ground of EU food safety. HACCP is a mandatory for any business operator, except primary enterprises.

Every critical point is under control, e.g. condition of the building, safety of water, effectiveness ventilation, lightening, anti-pests etc. Also, does staff has qualification or not. Milk pasteurization is an example of critical point.

As I mentioned, we have legislative act which determines HACCP implementation, but subordinating act specifies that at this moment HACCP is mandatory only for slaughterhouses and milk production. This field is almost uncontrolled and it took a long time to transfer some productions into the buildings. Unfortunately, up to this date any person can get permission from Public Register in 15 minutes and become entrepreneur. Nowadays we get such kind of information from Public Register, but it may take one year to check concrete case. One year is quite enough to produce improper quality food.

As an independent expert with regards to business, I have elaborated following approach: each Business operator prefers to have information about possible hazards in an early stage in order to set up business aright, for the purposes to avoid additional costs and resources for improving possible defects. Every entrepreneur needs proper education and information about hygiene. If business operator produces high risk product, before start of the activities it should know about type of the product, related hazards and only after it can get permit.

Just recently I was in Tsinandali, where I learned about activities of Food Technology Centre, where you can find small models of ordinary restaurant, factory, slaughterhouse etc. Actually, within 3 months interested person can study whole food chain and of course, standards of Hygiene: how to dress, how to produce, how to observe and describe. For these trained people it's impossible to work with different standards, because they have learnt and implemented as well. But this must be united chain. For example, slaughterhouse wants to apply for HACCP, but shops and restaurants have no interest towards this. So, product could be spoiled anyway and it is quite tricky to find out where was the gap.

It is necessary to elaborate manuals for each direction. For example, I have food service entity and I get step by step manual about my necessities and obligations EU countries have a very good practice in this field and we need them too. Manuals are adapted for specific directions and include tracing components, paper work etc ..

It's of utmost importance to change current practice in registration process. I fully understand that we want to have more business startups, but not at the expense of people's health and lives. This procedure should be at least the similar with as the EU one. Often business operator is fined by NFA with 400 GEL or 1200 GEL, so it's better to conduct right business plan firstly, save the money and use it for instance for installation of ventilation system or any other related activity.

I should mention one example, I found out that quite large factory did not have toilet and they hadn't even think that it is necessary. They built it after that as adjacent building and total construction cost of the factory exceeds one hundred thousand GEL. Very first step of food safety system is arrangement of toilets and wash stands. Owner of another factory, which is financed by the same project, applied for special trainings in food safety. Hence, he exactly knows how to manage manufacturing, ventilation, drainage and so on. He has an information and right approach - to spend money wisely.

I have already mentioned in the report and reiterate that, according to statistics of National Food Agency, there are five basic critical remarks, when enterprises are fined with 1,000 GEL or the production process is terminated.

One of them is unstable temperature. It means that factory has no refrigerator at all, or condensation is so weak, that it's hard to maintain proper temperature. Another case is violated line production. Merely, stuff cut, pre-treat and process meat occurs in the same room.

Additionally, there are incidents of violating technological process or disorganized documentary. For example, good restaurant is closed when there is no visible disorder. Merely someone from management bought meat which is butchered somewhere, not on slaughterhouse. So, meat hasn't got permission card.

Another critical remark is improper infrastructure, e.g. ceiling or floor in bad condition. But, as a rule, it isn't alarming and they can correct it in a short period, so closure of the object isn't necessary. Business operator should know when and what to control. They must take their product in laboratory occasionally, but approximately 90 % of our business representatives won't be able to do so. That is why it is crucial to create very simple manuals in order to understand easily. At this phase it is important government's involvement, it might co-finance laboratory analysis at the early. Then business operators will gradually be acquainted with such control and will provide their child with proper education.

It's notable that all sides are involved in today's meeting: government, business and private sector, which is a guarantee of interesting discussion.

Zviad Chumburidze:

Thank you for interesting presentation. If approximation in food safety won't be fulfilled according to its timetable, majority of food services would be closed. Maybe some of them look attractive, but there might be problems related to hygiene. Please, we can start discussion.

Q&A / Discussion

Mikheil Chelidze (Head of the association of small and medium size enterprises)

What is EU practice, when someone establishes enterprise, how do they evaluate applicant competence?

Ekaterine Burkadze:

It depends on product. If there is high a risk factor, applicant should pass procedure of recognition. Interested person will not be able to reach the market, even to stick labels, if he has no recognition code and it's impossible to get this code without checking the manufacturing. Besides, societies of EU countries have high rate of cultural approach. Those who want to start enterprises, learn proper legislation on their own. E.g. National Food Agency of Estonia uploaded very simple, diversified guidelines on their official web-page. You can choose specific documents according to your interests. For instance in case you wish produce semi-product you get respective information about what to do, how to implement HACCP, how to maintain proper infrastructure and hygiene, how to fight against pests etc.

Unfortunately each business has its risks and individual requirements. In each European country there is such word - flexibility. This means that business, government and private sector need to be flexible, to fit every individual case. The main purpose is to minimize possible risks in every step of production.

Temur Gagnidze (Director of clinic "Universe"):

I represent network several clinics. Also, our plan is to enter in pharmaceutical market. I wonder, are there any financial support for young people to start up new business, to get recommendations etc. which donor organizations are accessible and how government or EU contributes in it.

Ekaterine Burkadze:

Fortunately, today we have serious resources in this field. Agricultural Projects Management Agency (APMA) of Ministry of Agriculture has several interesting projects in different fields. If you call their hotline, they will give you recommendations. As for consultation, if you want to implement HACCP, you can get financing from EBRD or USAID, to cover 70-80% of cost you need for certificate. We feel really optimistic, because I see a big potential.

As for food additives, exactly such additives vitamins and minerals are included in current year's approximation timetable. Working on relevant regulation continues and government will approve it at their earliest convenience. It's quite comprehensive and contains issues about labeling, quantities, usage etc.

Lasha Inauri (Head of the EU integration department, Ministry of Agriculture):

Agricultural Projects Management Agency serves only people, who are participating in any governmental project. Also, Entrepreneurship Development Agency can support new business ideas. Ministry of Economy and Sustainable Development can assist you in this direction. Thus, we have quite enough capacity.

Maia Beruashvili (Head of the food safety administration, Ministry of Agriculture):

All kind of information or legislation related to food/veterinary and phytosanitary issues are placed on official web-page of Ministry of Agriculture.

Kakha Sokhadze(Deputy head of National Food Agency of Georgia) :

Of course, all information comes to us firstly, because we are responsible for food safety according to law, and Revenue Service on the border itself. I mean food / veterinary and phytosanitary issues.

I do not agree with opinion that present situation is alarming. I say often, that food safety in Georgia counts only few years. There were some attempts in old times, even in Soviet Union, but it was another system. It's crucial to spread more information about basic standards and regulations, which EU brought in our country. We have been conducting such meetings during years. Its constant process and government and business should express full readiness.

Food safety it's concrete schedule within legislative frame and we have direct responsibility on its fulfillment. Of course, we have different approach toward households and toward large manufactories. Domestic product subjects only basic hygiene standards, but as for entering in food market, this requires special permission. If someone wants dairy production, such animal origin products should pass binding mechanisms of recognition. It relates to large numbers of consumers and effects on their health condition.

As for punitive measures, while inspecting we check present situation and prevent future risks as well. Sometimes, we have to use penalty. That's why we need intensive information campaign. Business operators must know what to produce and how, they must know food safety standards. This will lead us directly to the EU market and I'm happy that we did it in some cases (Nuts, greens etc.) We did it, but there is another purpose forward, to export animal origin products too. Georgia must have ambition to export any kind of food on best markets all

over the world. Government and private sector should work together in this direction.

Zviad Chumburidze:

Mr. Kakha, tell us about penalties, do you use warnings before that? When closure is necessary?

Kakha Sokhadze:

We carry out inspections in every phase of food chain. As Ms. Burkadze mentioned, we call it “From farm to table” system. Public catering is one of the key points in public health matters, because most cases of food poisoning come from there. They have various products and their service covers major part of consumers. This is a real risk, so we control them frequently.

If such business operator doesn't match to standards, decision is up to inspector personally. If he/she decides that unviable product have a direct effect on people's health, inspector will terminate concrete line of production, e.g. if meat has no permission card, inspector will forbid making meat meals in that restaurant. One of the most important things is tracing mechanism, to prevent future risks.

The same challenge is qualified stuff, because food business employs lots of people. If stuff has no information about hygiene standards and they have no competence, even good infrastructure is useless in that case.

Lia Todua (Strategic Research and Development Center of Georgia, coordinator of consumer rights program):

I think that it is necessary to create simple guidelines. It's quite hard to understand every term and it requires additional consultation. Small enterprises can't afford independent experts. They must have possibility to read even a very simple rule, that using of aluminum vessel isn't allowed. Now you have to wait till inspector comes. If government doesn't do this, private organizations must act.

Kakha Sokhadze:

National Food Agency is very active in this direction, but, of course, business organizations are welcome to involve.

Matte Lamp (Resident advisor, Comprehensive Institution Building Programme - CIB - support to the National Food Agency):

Hello, I pleased to be here. I, as an independent expert, was invited to work with National Food Agency of Georgia. We all together work on food safety system development here, in Georgia. As Mr. Sokhadze stressed out, you are trying as hard as it's in EU. DCFTA means to use all the possibilities in practice and don't leave them on the paper.

Of course, approaches are different between the EU countries. Some of them well developed inspection system, but some of them not so advanced in this field. Now the main purpose is to abolish abovementioned differences. National Food Agency of Georgia won't be able to fit its work to EU standards in a short time. This can't be reached not even in one or two years' time. This will take several years but finally Georgian legislation will approximate to EU's.

Now we are working on institutional reform within the NFA and of course, agency needs support from government and private sector. We all know that now their service is not ideal, but we should cooperate in order that for 2017-18 years to be considered interests of involved parties.

Zviad Chumburidze:

Dear Mr. Lamp, thank you for your time and support. I have one suggestion. We are going to start regional seminars somewhere by the end of November. If you have some time, will you do us favor to participate in this project? We can meet entrepreneurs and business operators together and your consultation would be great support for them.

Mattie Lamp:

I will join you with great pleasure!