



Logistics in the Food Value Chain for Vegetables (and potatoes) in Mongolia

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Contents

- 1 Definitions**
- 2 Existing distribution channels**
- 3 Role of Producer Organisations (PO)**
- 4 Trading cooperatives compared with production cooperatives**
- 5 Contract systems**
- 6 Pricing systems and risk management**
- 7 Summary and recommendations**

1. Definitions

1.1. perishable vegetables (cucumbers, tomatoes)

1.2. storable vegetables (carrots, turnip, cabbage, onions)

1.3. tablestock potatoes

1.4. fruits, perishable and storable (melons)

2. Existing distribution channels

2.1. Farmer ➔ Consumer

2.2. Farmer ➔ trader ➔ consumer

2.3. Farmer ➔ own storage ➔ consumer

2.4. Farmer ➔ storage ➔ trader ➔ consumer

2.5. Farmer ➔ storage ➔ retailer ➔ consumer

2.6. Farmer ➔ storage ➔ trader ➔ retailer ➔ consumer

2.7. Farmer ➔ Cooperative ➔ storage ➔ retailer ➔ consumer

2.8. Transport between various levels by owner and/or freight forwarder

2.9. Location of warehouses in area of production and/or consumption

3. Role of Producer Organisations (PO)

3.1. Collect, grade, pack, store and sell products of members

3.2. Concentrate the offer, negotiate sales prices

3.3. Consultancy to members/producers

3.4. Technical and legal advice for members

4. Trading cooperatives compared with production cooperatives

4.1. "Trading cooperatives" do not get involved in vegetable production, they are the "marketing arm" of their members=owners=producers.

4.2. Producers have decided at will and voluntarily that all logistical and marketing functions should be carried through by "their" PO in the legal form of a cooperative according to existing Mongolian legislation which may be subject to revisions or amendments.

4.3. Membership of growers is mandatory

4.4. Existing production cooperatives may be/become members of a secondary trading cooperative

5. Contract systems

5.1. Farmer ↔ owner of warehouse

5.2. Farmer ↔ Producer Organisation

5.3. Producer Organisation ↔ warehouse

5.4. Producer organisation ↔ wholesaler ↔ retailer

5.5. Producer organisation ↔ freight forwarder

6. Pricing systems and risk management

- 6.1. Farmer sells at time of harvest and receives one sales price**
- 6.2. Trader/wholesaler collects Mark-up**
- 6.3. PO collects and stores products at harvest time, grants initial payment to members**
- 6.4. PO-members benefit from higher sales prices during entire sales period**
- 6.5. PO calculates seasonal pool-price**
- 6.6. PO-members receive year-end payment**
- 6.7. Pool-price reflects average weight losses and decreasing product quality**

7. Summary and recommendations

- 7.1. Storable vegetables (and potatoes) are classified as "strategic products" in Mongolia (like grain)**
- 7.2. Vegetable producers participate in Governmental loan system**
- 7.3 Establishing Producer Organisations who (build and) own and operate warehouses and trade in products of their members**
- 7.4. Usage of warehouses for imported food products and non-food items**
- 7.5. Pilot projects with "new" vegetable species that grow under arid conditions**
- 7.6. Improve and extend glasshouse production to raise self-sufficiency rate**
- 7.7. Improve and extend irrigation systems**
- 7.8. Round table with representatives of production, cooperatives, warehouse owners, freight forwarders, wholesalers/traders, retailers, ministry on acceptance, integration of existing facilities, networks between existing members of the food value chain.**