Sri Lanka’s Food Industry Experience on HACCP Implementation

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Presentation Outline

- Overview – Sri Lanka
- Food Sector
- HACCP Certification Initiatives
- Drawbacks in Implementation
- Benefits
- Policy & State Initiatives
- Suggestions
Country Overview – Sri Lanka
Country Overview – Sri Lanka

Democratic Socialist Republic of Sri Lanka

An Island State in the Indian Ocean.
A country with a written history over 2500 years
Having a multi ethnic & multi cultural society.
Sri Lanka was under colonial rule from 1505 to 1948.
Country Overview – Sri Lanka

**Key Statistics**

- **Population**: 21.67 m
- **Per Capita**: US$ 2,923
- **GDP Growth**: 6.4%
- **Inflation**: 7.6%
- **Exports**: US $ 13,562 m*
- **Imports**: US $ 21,721 m*

*Goods & Services

Source: Economic & Social statistics of Sri Lanka 2013, Central Bank Report
Country Overview – Sri Lanka

Sectorial Composition of GDP % in 2012

- Agriculture: 58.5%
- Industry: 30.4%
- Services: 11.1%
## Country Overview – Sri Lanka

### Industrial Production 2007 – 2012

**In SL Rs: Millions**

<table>
<thead>
<tr>
<th>Industrial Category</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Beverages</td>
<td>282,843</td>
<td>348,358</td>
<td>397,244</td>
<td>458,151</td>
<td>537,691</td>
<td>610,891</td>
</tr>
</tbody>
</table>

Source: Department of Census and Statistics
Country Overview – Sri Lanka

Agricultural & Industrial Indicators : SAARC

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of Manufacturing in GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sri Lanka</td>
<td>18.0 %</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>12.2 %</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>17.3 %</td>
</tr>
<tr>
<td>Bhutan</td>
<td>8.7 %</td>
</tr>
<tr>
<td>India</td>
<td>14.5 %</td>
</tr>
<tr>
<td>Maldives</td>
<td>4.4 %</td>
</tr>
<tr>
<td>Nepal</td>
<td>5.9 %</td>
</tr>
<tr>
<td>Pakistan</td>
<td>17.7 %</td>
</tr>
</tbody>
</table>

Sources:
Key Indicators for Asia and the Pacific 2012, ADB
FAO STAT Database Access Website (www.faostat.fao.org)
Central Bank of Sri Lanka

Reference Year 2010
Sri Lanka’s Food Sector Composition

Number of Establishments

- Small Scale (Less than 25 persons engaged): 79%
- Medium Scale (25 - 99 persons engaged): 15%
- Large Scale (100 & more persons engaged): 6%

ANNUAL SURVEY OF INDUSTRIES – 2012
Department of Census and Statistics
March 2014
Sri Lanka’s Food Sector Composition

Data Source
ANNUAL SURVEY OF INDUSTRIES - 2012
Department of Census and Statistics
March 2014
HACCP Certification Initiatives

- Introduced as a voluntary program
- Subsequently specified as a mandatory system in certain food processing sectors. Eg: Fish & Meat Processing Sectors
- Mostly practiced in the large and medium scale food industries.
- Emerging interest visible among new entrepreneurs
- New initiatives by Food Control Authorities & NGOs
# HACCP Certification Initiatives

## Regulatory Status of HACCP

<table>
<thead>
<tr>
<th>Food Safety System</th>
<th>Mandatory Status</th>
<th>Industries</th>
<th>Regulation/ Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMP</td>
<td>Yes</td>
<td>Food Processing</td>
<td>Food Hygiene Regulations (Food Act)</td>
</tr>
<tr>
<td>HACCP</td>
<td>No</td>
<td>Food Processing</td>
<td>Food act- relevant Regulation</td>
</tr>
</tbody>
</table>
HACCP Certification Initiatives

HACCP Expertise Pool

Number of Trained Inspectors in Sri Lanka

Private Sector: 40+
State Sector: 30
HACCP Certification Statistics

• Sri Lanka Standards Institution (SLS)
  – HACCP certified 85
  – ISO 22,000 certified 160
  – GMP certified 120

• SGS Sri Lanka
  – ISO 22000 Certified 345

• Others
  – ISO 22000 certified 20+
Drawbacks to Implement HACCP

Large Scale Industries -
• Absence of Mandatory Regulations
• Absence of a State Body for Industry guidance
• Lack of Consumer Awareness and Preference
• Lack of Certified Consultants and Trainers
• High turnover of Trained Employees
• Difficulty in Sourcing Safety Assured Raw Materials
• Cost of Implementation and Maintenance

“Consumer Awareness level on modern quality systems and resulting benefits to the consumer, through mass production of quality-certified products, is limited in semi urban/rural areas. Therefore, such consumers are reluctant to spend a little more to buy a high quality product.”
**Drawbacks to Implement HACCP**

Small & Medium Scale Industries -

- Poor Awareness among Entrepreneurs on GMP
- Lack of official guidance at initial Set up/Registration
- No Incentives to invest in Food Hygiene & Safety or HACCP
- Incremental Cost to implement standards and systems
- Lack of technical know how accessible in the regions
- No short-term benefits – improved demand or higher price

“The design of some factories constructed in past, are not conducive to the application of modern quality systems. Therefore, those companies have to spend a considerable amount of money to modify their factories.”
Benefits of implementing HACCP

To Manufacturers

- Improved Consumer / Buyer confidence in Food Products
- Comparative advantages during new market access
- Decreased business risk
- Reduced Legal and Insurance costs
- Cost Reduction (Minimize recalls/ wastage )
- Improved product quality and consistency

Companies benefitted by FSMS in Sri Lanka

- Fish, Meat & Poultry Industry (Improved Standards & Safety)
- Hospitality Industry ( FSMS certified Suppliers)
Benefits of implementing HACCP

To Consumers

• Reduced risk of food-borne diseases
• Increased confidence in safe food supply
• Increased awareness on basic hygiene
• Improved quality of life (health & socio-economic)
• Food Safety for high risk categories – E.g. Children

“Culturally & traditionally, majority Sri Lankans prefer home-cooked food. However, eating-out is becoming popular in urban/semi urban areas, due to emerging new life styles. FSMS certified, safe food will become the obvious choice of consumers”
Benefits of implementing HACCP

To the Government

• Improved Public Health standards
• Efficient & Focused Food Control Administration
• Reduced Public Health maintenance costs
• Ease at Trade facilitation & Export promotion
• Foreign Visitor confidence – Tourism promotion
State Policy & Initiatives for the Promotion of HACCP

• Concessions to obtain Food Safety Certificates - Organized by Ministry of Industry & Commerce – 2014

• Total certification fee will be reimbursed from the Ministry after the successful completion of the certification program

• 20 Food Processing industries selected for initial implementation

• The industry should come under the following categories.
  – Confectionery, Dairy products, Coconut based, Fruits or Vegetables processing, Meat or Fish based, Beverages and Spices
State Policy & Initiatives for the Promotion of HACCP

In the Fish Processing Industry, the Ministry of Fisheries has implemented a code of practice to start and run a model fish processing factory.

According to these regulations all factories that process fish products should implement a HACCP system in their plants.

The national body for standardization, the Sri Lanka Standards Institute (SLSI), will inspect the factories and issue certification.
Suggestions to Promote Quality Assurance Systems in Sri Lanka

1. Conduct educational and training programs on the importance of quality standards, benefits, and systems of HACCP and GMP to Food Processing Industries.

2. Arrange Financial Assistance for implementing SLS/ HACCP Loan schemes with concessionary terms
   Fund initiatives to accelerate implementation of HACCP in high-risk sectors

3. Create awareness on GMP and HACCP systems among Producers, Workers, Consumers & Students

4. Obtain Support from International Agencies - e.g. WHO, FAO, WTO, to expand the Resource Base and Expertise Pool
Suggestions to Promote Quality Assurance Systems in Sri Lanka

- Recognize HACCP compliant industries by giving preference and facilities to access local & international markets.
- Encourage HACCP implementation as a basic requirement to seek international market access and the certification of export shipments.
- Arrange a national competition among Food Processing Industries with Rewards to motivate Entrepreneurs to implement/maintain quality standards and HACCP systems.
- Enforce Regulations for mandatory HACCP schemes for all food processing industries.
End of Presentation

Thank You

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