



USAID
FROM THE AMERICAN PEOPLE

AgBiz Program

Business Development Mission in Berlin,

Germany FRUIT LOGISTICA 2008

06- 10.02.2008

Report



Prepared by:
Vladimir Kokarev
Production Agriculture Specialist
USAID's AgBiz Program
Mitropolit Teodosij Gologanov 57
2nd floor,
1000 Skopje
Macedonia
Tel.: 32 17 060
Fax: 32 17 060 ext. 11

February, 2008

CONTENTS:

1. About Fruit Logistica 2008
2. Background
3. Assistance provided by AgBiz and other supporting organizations
4. Participating companies at FRUIT LOGISTICA, Berlin
5. Financial construction and cost sharing scheme
6. Meetings on Fruit Logistica
7. Lessons learned
8. Suggestions for increasing competitiveness
9. Follow up

1. About Fruit Logistica 2008

FRUIT LOGISTICA, Berlin is an International Trade Fair for Fruit and Vegetable Marketing. This trade show provides industries involved in fruit trading an opportunity to present their range of services from growing to selling. One of the main attractions of FRUIT LOGISTICA is that it is a compact, highly effective show focusing on specific target groups. In particular, it offers third-world exhibitors of marketing "exotic" produce as well as gives newcomers from Central and Eastern Europe an excellent venue for presenting their products to an international trade public and establishing new business contacts.

Identical with exhibitor target groups - this fair has the nature of an exchange market where trade visitors have the opportunity to approach exhibitors with their services and products. Target groups include growers, fresh produce importers and exporters, wholesale markets, wholesale and retail outlets, packing, shipping and disposal companies, institutions, associations.

Parallel trade forums held are covering current topics related to fruit and vegetable marketing and provide an ideal opportunity to exchange experience.

Marketing perishable fresh produce such as fruits and vegetables makes tough demands on logistics management. In addition to product presentations, Fruitlogistica introduces the technical know-how and skills required for effective logistics management.

The range of products features includes fresh fruit and vegetables, dried fruits, nuts, spices, biological produce, flowers and plants for self-service outlets. A technical center showcases hardware for produce packaging, storage, transport, shipping and display. A services market offers computerized solutions for logistics management, transport company services, marketing know-how, training and further education, as well as trade forums.

Of particular interest to the Macedonian companies, the fair offers an exchange market where trade visitors have the opportunity to approach exhibitors with their services and products. Participants include growers, fresh produce importers and exporters, wholesale markets, wholesale and retail outlets, packing, shipping and disposal companies, institutions, and associations.

Also, trade forums organized during the fair, covering current topics related to fruit and vegetable marketing provide an ideal opportunity to exchange experiences and enhance relevant business knowledge and skills.

2. Background

On the 17th of December 2005, the European Union granted Macedonia their candidate status. The 'Strategy for Approximation of the Macedonian Agro-Food Sector to the Common Agriculture Policy (CAP) of EU', prepared by the Macedonian Ministry of Agriculture, Forestry and Water Economy (MAFWE), was and is in this respect one of the leading documents for the EU approximation process.

Legislation about Agriculture and Rural Development, Good Agricultural Practices, Quality Standards of Agricultural Products, Integral Pest Management, and Organic Production - harmonized with the legislation of the EU - was prepared or is in the preparation phase.

Bearing in mind the importance of Macedonian exports, the Macedonian Government has adopted a strategic focus to provide better market access for Macedonian goods to both traditional and new export markets. This resulted already in the signing of several Free Trade Agreements, CEFTA Agreement and in addition, Macedonia has also signed a Stabilisation and Association Agreement with the EU, and became a member of the WTO in 2003.

In terms of export-promotion and increasing businesses possibilities for Macedonian agro-food producers, processors and traders, fairs are opportunities for the country to present national and individual agro and food production, processing etc. in front of a large number of potential buyers. Fairs are also places where latest world achievements in technology could be seen, assessments of competition in the sector can be made, and possibilities are given for the establishing new business contacts.

As per the Memorandum of Understanding between GTZ MAFP Macedonian Agro and Food Promotion Project (GTZ MAFP), Swiss Import Promotion Program (SIPPO) and AgBiz Program, based on the interest and requests of Macedonian companies from the agro and food sector it was agreed to conduct a B-to-B mission for companies from Macedonia and Germany which work in the fresh fruit and vegetable and wild collections sub-sectors.

3. Assistance provided by AgBiz and other supporting organizations

AgBiz program, understanding the importance of such event, especially for the Macedonian Fresh Fruit and Vegetable traders signed a letter of intent, which stipulated the type and level of cooperation, support provided by AgBiz and details related to the Fruit Logistica budget and AgBiz participation.. Mr. Goran Damovski and from AgBiz program actively participated at every stage of the activity and contributed to its successful completion. Furthermore, AgBiz Program, understanding the importance of evaluation and follow up, decided to each of participants fulfill questioner when they come back.

GTZ MAFP

- To inform and invite Macedonian companies which participated on the B2B in Munchen, November 2007, to participate on the business to business meetings with the Bavarian Association of Fruit and vegetable importers, Minchin Wholesale Market during Fruit Logistica 2008
- To invite Macedonian companies which will exhibit on the SIPPO collective stand to participate on the business to business meetings with the Bavarian Association of Fruit and vegetable importers, Minchin Wholesale Market during Fruit Logistica 2008
- To contact partners in Germany and organize the business to business meetings with the Bavarian Association of Fruit and vegetable importers, Minchin Wholesale Market
- In cooperation with German partners to organize visits to wholesale market in Berlin and a supermarket
- To organize and cover the costs for the transport of participants by mini bus from/ to the airport to/ from the Hotel
- To support Macedonian companies in the visa procedure
- To contact and invite the Macedonian Embassy in Germany to participate on the business –to – business meetings
- In cooperation with German partners to engage a German facilitator/moderator who will moderate discussions during the business meetings
- To engage person responsible for organization, logistics during the business mission as well as to provide support in translation from German to Macedonian and vice- versa
- Logistics and organization of the business mission

AgBiz

- To inform and select Macedonian companies to participate on the business mission to Germany
- To cover the costs for the accommodation of Macedonian companies which will participate on the business mission (one representative per company)
- To cover the costs for the trade fair entrance ticket
- To engage person responsible for coordination during the business mission

SIPPO

- Organizes hotel accommodation (overnight and breakfast) for one GTZ MAFP representative at the same hotel with the Macedonian exhibitors
- Organizes hotel accommodation (overnight and breakfast) for the Macedonian delegation – visitors of the trade fair and one representative of AgBiz Program

This year's participation was organised by GTZ MAFP, AgBiz program and SIPO. The level of co-operation and communication between the partners (AgBiz, SIPPO and GTZ MAFP) could be described as excellent. The whole procedure for Fruit Logistic 2008 was completed on time.

4. Participating companies at FRUIT LOGISTICA, Berlin

The following eleven (9) companies, replied positively on the initial call and decided to participate of the study tour:

Company name	Location	Production Programme
Agrohemija	Skopje	Fresh vegetables and table grape
Dusan Ciric	Kavadarci	Fresh fruits
Angromarketing	Demir Hisar	Forest Mushrooms
Intermak	Veles	Forest Mushrooms
Koperant	v. Murtino	Fresh vegetables
Avtoria	Ohrid	Fresh vegetables
Vardar Gradsko 2003	Veles	Fresh vegetables and fruits
Goce Delcev	Kavadarci	Table grape
Eurom Milk	Skopje	Fresh vegetables

5. Financial construction and cost sharing scheme

The proposed structure for co-financing of this event was accepted by the AgBiz, and was appreciated by the participants. Details related to costing structure of stand related items and contributions by the stakeholders are provided below:

Type of cost	Quantity	Unit cost	Total	AgBiz	Customer
Air ticket	10	360	3600	360	3240
Trade Fair entry ticket	10	60	600	600	0
M&IE	40	111	4440	583	3857
Local transport cost	10	101	1010	101	909
Accommodation	9+1	67.5/135	2970	2970	0
Shengen VIZA	10	35	350	35	315
Total in EUR			12970	4649	8321
Total in Dollars			19325	6927	12398

6. Meetings on Fruit Logistica

Apart from regular business meetings conducted between the companies and their current and/or potential business partners, several other meetings took place, organised by or directly involving GTZ and AgBiz representatives. Meetings of that type were held with:

- Meeting between Macedonian companies and representatives of the Munich Wholesale Market and the Association of German Wholesale Markets. On the meeting representative of Association inform us for increasing market demand for BIO (organic) products
- Visit of Fruit Logistica Fair and individual meetings arranged by companies themselves
- Visit to BIO (Organic) Supermarket in Berlin. Company from Macedonia has chance to see most popular organic products and compare price with non organic products
- Visit of Fruit Logistica Fair and individual meetings arranged by companies themselves.
- Companies enhance participants understanding of the latest trends and know-how in post-harvest handling of fresh produce including storing, grading, packing and shipping to meet market demand;
- Fruit Wholesale Market in Berlin (Fruchthof) Visit on the Fruit Wholesale Market in Berlin



Meeting between Macedonian companies and representatives of the Munich Wholesale Market



Federal Agency for Agriculture and Food

- Meeting between Dr. Ulrike Bickelmann and companies from Macedonia. On the meeting Ms. Bickelmann introduce Federal Agency for Agriculture and Food. On the meeting was discussed for marketing standards and control procedures plan products.

7. Follow up

- Collect USAID AgBiz Evaluation Activity Form from each participant (companies);
- Reimburse participants for Accommodation and Trade Fair entry ticket
- Contact with Germany Federal Agency for Agriculture and Food in order to get copy of Germany product standards
- Monitor the performance of the Macedonian companies in the forthcoming period

8. AgBiz Lessons Learned

✓ Most Significant Benefits to AgBiz Participants

All of the companies who participated on Fruit Logistica agreed to work on archiving following activities:

- Encourage use of standard cost effective packaging; introduce labeling as per international standard, promoting investment in packaging industry
- Adoption of HACCP/GMP, EUREPGAP, Organic –BIO

- Capacity building of farmers/local traders/ exporters through training and effective information system
- Promote public and private partnership in establishment of cold storage/chain facility
- Improper post-harvest handling technologies resulting in high losses
- Inappropriate harvesting practices
- Inadequate storage/cold storage facilities at the farm level which affects product quality
- Establishment of national grades and standards for fruits and vegetables for particular markets
- Develop harvesting indices and manual for individual fruit and vegetable and delivery to contract farmers
- Develop mechanism to implement market specific for fruits and vegetables standards

✓ **Suggestions for increasing competitiveness**

ISSUES/PROBLEMS	STRATEGIES/ACTIONS
Inadequate/lack of access to international market for fruits and vegetables	-Identification of potential markets -Development of niche products -Create product awareness among consumers
Lack of improved marketing facilities	-Provide basic infrastructure facilities at existing markets -Establish wholesale markets -Promote hygiene and food safety measures in traditional markets
Lack of market information (supply, demand, price) -Low producers' share in price spread	Provide timely market information (supply, demand, price, potential markets) through local media/internet
Complex marketing system - Lengthy marketing channel	-Develop market chain (farmers' groups/cooperatives/clusters) -Direct marketing/contract marketing -Promote transparent trading and fair auction
Packaging/Handling <ul style="list-style-type: none"> • Labeling (TBT) • Bar coding • Packaging materials (plastic crates, ventilated CFB) • High cost of packaging 	-Encourage use of standard cost effective packaging -Introduce labeling as per international standard -Promoting investment in packaging industry

✓ **Things that Should be Changed in Future Similar Study Tours for Greater Customer Benefit/satisfaction**

1. B2B meeting to be organized by AgBiz or high professional consultant or company
2. Booking accommodation and reservation for hotels have to be done at list two month in advance
3. Communicated with Macedonia Embassy for establishing contacts with local companies
4. Identified, select and contact companies before study tours and organized meetings with them.

✓ **Recommendation for AgBiz Support of a Similar Study tour Next Year**

- Contract professional company to organized B2B meetings
- Make hotels reservation two months in advance
- Support with companies in communication with contacts establish during study tour visit