



**COMPONENTE AGRICOLA DEL PROYECTO DE APOYO TECNOLOGICO PARA LAS
INDUSTRIAS DE EXPORTACION DE CENTROAMERICA Y PANAMA**

**AGRITRADE '93 PARTICIPATION AND
U.S. BUYERS FAMILIARIZATION TOUR
Guatemala City, Guatemala**

Assignment Number: ST-188

PREPARED BY:

**John M. McClung
United Fresh Fruit & Vegetable Association**

THROUGH

**Chemonics International Consulting Division
2000 M Street, Northwest
Suite 200
Washington, D.C. 20036**

Project No. 596-0165

UNDER THE AUSPICES OF:

**United States Agency for International Development (USAID)
Guatemala City, Guatemala**

December 1993

5a. Ave. 15-45, Zona 10
Edificio Centro Empresarial, Torre 1, 9º Nivel
Guatemala City, Guatemala
Tel. 502-2-33-7082/83/84 Fax: 502-2-33-7081

5805 Blue Lagoon Drive, Suite 170
Miami, FL 33126-2109
Tel.: (305) 262-0881 (305) 267-7382
Fax (305) 262-0635

United Fresh Fruit and Vegetable Association
Trip Report
November 30--December 6, 1993

John M. McClung, Vice President for Government Relations and Public Affairs

Dates and Destination

Nov. 30--Dec. 6, 1993

Guatemala City, Guatemala (Agritrade '93)

Purpose of Travel

- Participate in Agritrade '93
- Lead buyers' familiarization tour in and around Guatemala City

Persons Contacted

Organizers of Agritrade '93, including representatives of the seven Central American countries; leading producers and shippers in the Guatemala City area; supermarket operators in Guatemala City; numerous trade show participants from Central America, other areas of Latin America, Europe, Asia, and the U.S.

Activities and Accomplishments

1. United contracted and staffed a booth in the trade show and provided a speaker for one educational session.
2. Most significant, United put together a group of 10 major U.S. buyers of fresh fruits and vegetables who had little or no first hand experience in Central America. These participants, in aggregate, represented more than 10,000 retail outlets in the U.S., from small markets to the largest supermarkets, and something in excess of \$30-35 billion annually in total sales. Included were: Herb Abrash, president and owner of Andrews Brothers, Detroit; Eduardo Caram, J.R. Brooks and Son, Homestead, Fla.; Gene Battaglia, vice president for produce, Scrivner, Inc., Oklahoma City, Okla.; Mike Finnegan, Scrivner; Dave Roberts, Standard Fruit and Vegetable Co., Inc., Dallas, Texas; Judy Farniok, SuperValu Stores, Inc., Minneapolis, Minn.; Chuck Weisinger, Weis-Buy Services, Inc.; Ft. Meyers, Fla.; Jeff Sanson, The Sanson Co., Cleveland, Ohio; Dan Ryndak, Fleming Companies, Oklahoma City, Okla.; and Tony Huckabee, Bear Creek Corp., Medford, Ore.

1

These individuals toured four fruit and vegetable farms in the Guatemala City area, two supermarkets, and the Central Market. In addition, they met in formal and informal settings with Central American growers, shippers and others. They learned first-hand about the capabilities and interests of the Central Americans, both in these sessions and while exploring the Agritrade show and attending the seminars. Sheena Kuruvilla and I are preparing a systematic survey of the participants to measure their impressions and gauge the residual effects of the tour, but initial indications are that they were very favorably impressed with the operations they saw and the producers they met, and are generally more willing than before the trip to vigorously move Central American product and less concerned about safety and quality. While some commercial transactions might come directly from the trip, it seems much more important to me over time that misperceptions were eliminated, confidence was enhanced, and mutual respect moved a peg upward. It is probable, I think, that most of these buyers will continue to deal through agents and brokers, which is not how many of the Central Americans might want business to be transacted; however, we have not yet come to the point where direct buying is likely to become dominant.

Observations and Recommendations

Regarding Agritrade '93, I think the planners did an excellent job of putting the convention together, getting quality speakers, and generally "growing" their trade show and annual event. Hopefully, the intention of the sponsors to "regionalize" Agritrade will continue, as it still is clearly dominated by Guatemala.

As Central American agriculture evolves, and the seven countries become increasingly attractive in the U.S. as a source for non-traditional horticultural products, I would like to see more programs that put buyers and sellers in direct contact. The quality, variety and marketability of Central American fruits and vegetables inevitably will depend in considerable part on revenues generated by ongoing sales to the U.S., Europe and elsewhere outside the region (as well as domestic and local sales). In the U.S., produce trade remains largely lubricated by long term interpersonal relationships, trust and respect built up over time and reinforced by fairly frequent face-to-face meetings. While producers in Central America will continue to rely for the foreseeable future on agents and brokers in Florida and elsewhere to move their produce, the enthusiasm of buyers in the U.S. to move Central American fruits and vegetables in increasing volume will hinge in part on their willingness to actively develop markets in the U.S. for emerging Central American crops (this is especially true of tropical exotics). While direct marketing now is and can be expected to remain the exception, there is increasing interest on both sides in new

3

marketing strategies and buyer/seller strategies, which, again, will be dependent on personal relationships.

I continue to believe that the organizers of Agritrade develop extremely high quality, seductive materials, but that timing and reach of distribution could be improved so more U.S. (and perhaps other) business persons are induced to attend Agritrade. In this regard, both United and PMA should be able to be of real service if the Agritrade planners are so inclined.

We at United remain very interested in putting together a second tour sometime this spring, if funding is adequate and U.S.A.I.D and Chemonics believe such an effort is useful.



**AGRITRADE '93 PARTICIPATION AND
U.S. BUYERS FAMILIARIZATION TOUR
Guatemala City, Guatemala**

Assignment Number: ST-185

PREPARED BY:

Sheena Kuruvilla
United Fresh Fruit & Vegetable Association

THROUGH

Chemonics International Consulting Division
2000 M Street, Northwest
Suite 200
Washington, D.C. 20036

Project No. 596-0165

UNDER THE AUSPICES OF:

United States Agency for International Development (USAID)
Guatemala City, Guatemala

December 1993

United Fresh Fruit and Vegetable Association
Trip Report
December 1 - 5, 1993

Sheena Kuruvilla, Manager of International Trade

1. Dates and Destination

December 1 - 5, 1993

Guatemala City, Guatemala

2. Purpose of Travel

To conduct the Buyer Familiarization Tour and Agritrade '93. Participants included Herb Abrash, Andrews Brothers, Inc.; Eduardo Caram, J.R. Brooks & Son, Inc.; Gene Battaglia and Mike Finnegan, Scrivner, Inc.; Dave Roberts, Standard Fruit & Vegetable Company, Inc.; Judy Farniok, SuperValu Stores, Inc.; Chuck Weisinger, Weis-Buy Services, Inc.; Jeff Sanson, The Sanson Company; Dan Ryndak, Fleming Companies, Inc.; and Tony Huckabee, Bear Creek Operations. United staff participants included Valerie Jewett, Sheena Kuruvilla, and John McClung.

The purpose of the tour was to give U.S. wholesalers and retailers an opportunity to visit commercial production areas in Guatemala so that they would:

- become familiar with the variety, quality, and availability of Central American produce;
- understand that Central American growers and exporters have production and distribution expertise to prepare a product for the export market;
- learn about the production advances that have taken place in Central America in the past several years;
- understand how Central American producers attempt to meet the produce safety requirements set forth by the U.S. government including USDA, EPA and FDA, and grade and standard expectations of U.S. buyers; and
- explore opportunities to export U.S. produce to Central America.

U.S. participants also visited Guatemalan supermarkets and met with produce managers to view their marketing and display techniques and suggested various strategies to increase consumer demand for fresh fruits and vegetables.

3. Persons Contacted

See attached list

4. Activities and Accomplishments

The exposition and tour gave participants an opportunity to meet key players of the produce industry from all seven Central American countries and informed them about the key Central American commodities that have high export potential and the probability for these commodities to enter the U.S. market.

At the same time, our tour demonstrated to the Central Americans that United and the U.S. produce industry have a continued interest in promoting two-way trade with Central America.

Wednesday, December 1

The tour included visits to fields and supermarkets around Guatemala City. First, we visited Cauque Farms, an organic lettuce farm. At this farm we learned about the specific organic techniques used by the owner, Maria Samayoa, including integrated pest management. It was interesting to learn that the specific climate and landscape contributed greatly to reducing pests on the farm. Her farm is the only certified organic farm in Guatemala and though organic fruits and vegetables do not have a wide market demand, Ms. Samayoa indicated that she believes increased consumer education about organic products would heighten demand for organic commodities. She stressed that the key is to get more farmers to produce organic fruits and vegetables.

Just after our visit to Cauque Farms, we went to visit La Cumbre Farms which produces strawberries, raspberries, and blackberries. The buyers had not known that varieties of these commodities were brought to Central America from the U.S. to see how well they grow there. Most of these commodities are grown for export because Central Americans do not eat these in large volumes. The climatic and soil conditions seem to be ideal for growing these commodities for the export market. The emerging consensus is that raspberries offer the greatest potential to export to the U.S.

Afterwards, the participants visited Siesa Farms which produces snow peas, French beans, Runner beans for the U.K. market, and mini vegetables. They saw the top-notch production facility at this farm. They observed the workers at the packing sheds who used market specific sizing and grading standards to ensure that the commodities would yield an optimal market price. The participants then attended a tasting and were very impressed with the superior taste of the beans.

In addition to field visits, participants visited the produce departments of the two leading supermarkets in Guatemala City to learn about marketing techniques and the variety of produce available. They went to La Torre Supermarket and Paiz Supermarket. Participants suggested general marketing strategies to the supermarket managers to help increase sales of local and U.S. imported fresh produce.

At La Torre, the Marketing Director of the supermarket brought produce managers from several of his stores to meet the U.S. retailers and wholesalers. Here is some of the advice the U.S. group gave to the La Torre produce managers:

- Improve lighting in the produce section.
- Move the produce section so that it is the first section that a customer approaches, since this is known to have increased produce sales in the U.S. by 60%. (Impulse buy).
- Create more islands for special, new and/or sale items.
- Create store displays for fruits and vegetables that have just arrived in season including banners, or small fruit signs throughout the produce section.
- Offer free tastings for produce that is new to the market.
- Separate the fruits from the vegetables and arrange them in an attractive color scheme.

Following this visit, we went to visit one of the newest Paiz supermarkets located inside a mall. This supermarket was much more like an American supermarket and the participants were astonished at the incredible variety of fresh produce that was available. The participants offered the following advice to the produce managers of the supermarket Paiz:

- The produce displays should meet the eye level of the customers.
- The island displays should face the customers as they enter the produce department. The participants were pleased to see that the produce department was the first department customers encountered when they entered the store since the supermarket catered to a wealthier clientele, the managers should make the department more upscale to meet the expectations of the customer. They recommended that the produce department should tie in

- produce purchases with items in other departments, such as "Buy a pint of strawberries and get a dollar off a pound of cheese," etc.
- They recommended that the produce department should have an in-store circular that the shoppers can pick up as they enter the store. This circular should list sale or special items in the order that they are laid out in the store.
 - Offer blue light specials for produce items that are close to exceeding shelf life.

Thursday, December 2

On Thursday, the participants joined Agritrade activities and met with exotic fruit producers for lunch to survey the diversity of fresh produce available in Central America that is not available in the U.S. The participants were amazed to learn that so many Central American products were not allowed into the U.S. due to pest problems. They confirmed that if a pest control solution could be found, commodities such as zapote, rambutan, kumquat, cherimoya etc. would have market potential in the U.S. Some of the retailers said that they have stores in ethnically diverse areas which are used to getting these products in their native countries so it would not be hard to market it to them in the U.S. if they were admissible. With the variety and availability of fresh fruits, it was easy for the participants to understand why a lot of fresh fruits and vegetables are common in the average Guatemalan consumer's diet. The U.S. participants informally discussed ways to overcome barriers to trade.

Friday, December 3

On Friday, the participants visited the Central Terminal Market, a large outdoor food market where growers and individual sellers set up informal stands to sell their fresh produce among other items. Following this visit, the group traveled to the large indoor food and textile market in the center of the city. In the afternoon, they lunched with the produce managers of La Torre, Paiz Supermarkets, the growers of the farms they had visited and representatives from other supermarkets in Guatemala City. During this meeting, the participants made some general evaluations of what they had seen and experienced. This was a final opportunity for the Central American representatives to discuss the impressions the U.S. retailers and wholesalers had had during their visit. This meeting was a very positive event and the individuals exchanged some very valuable thoughts in vigorous and candid discussions.

They learned first-hand of the problems and obstacles that Central American exporters face in their efforts to export product to the U.S., and understood the Central American perspective. They can use this knowledge in United's continuing efforts to facilitate the efforts of Central American exporters to enter the U.S. market with new product.

Saturday, December 4

The group participated in an Agritrade lunch in Antigua, Guatemala. There were displays of fresh fruits, vegetables, spices, and flowers that are produced in Central America and the group members gained insight on how some of the exotic commodities are used.

Sunday December 5

As the last event of the tour, we visited the strawberry growing and packing operation at Chestnut Hill Farms. This comprehensive tour gave the participants a first-hand look at the strawberry growing facilities, packing sheds, cooling/freezing methods and shipping preparations. Since this is a U.S.-owned operation, it had high technology facilities and advanced labor and production standards that met U.S. requirements.

5. Observations and Recommendations

From our visits to the farms, it was clear that the Central American growers and exporters are very interested in understanding and complying with U.S. import laws so that their exports from Central American can meet all U.S. import requirements most easily.

The U.S. wholesalers and retailers were very aware of the efforts that the Central American growers and exporters put out to be successful in the export markets. Consequently, I recommend that the Central American export associations and U.S. trade associations develop an effective communications network to share information vital to promoting trade opportunities in the region.

For most of the participants, it was their first opportunity to view production and retail practices in Guatemala. All of the participants said the tour gave them a comprehensive understanding of produce management in Guatemala. In efforts to promote two-way trade between Central America and the United States, the tour offered United an excellent opportunity to become acquainted with the players and the performance of the Central American produce industry.

16

With this knowledge, United can be in a better position to help importers and exporters from both the United States and Central America take advantage of profitable trading opportunities. Hosting the tour heightened United's visibility as a player in international trade and put us in an advantageous position to recruit members and build international participation in our programs.

I recommend that PROEXAG II continue to undertake such projects where U.S. buyers can visit production sites and supermarkets in Central America to continue the exchange of ideas between the buyers and sellers of the two regions.

I recommend that PROEXAG II organize similar projects where Central American growers can visit production sites of counterpart U.S. companies and get a first-hand look of the food production and distribution system in the U.S.



COMPONENTE AGRICOLA DEL PROYECTO DE APOYO TECNOLÓGICO PARA LAS
INDUSTRIAS DE EXPORTACION DE CENTROAMERICA Y PANAMA

AGRITRADE '93 PARTICIPATION Guatemala City, Guatemala

Assignment Number: ST-190

PREPARED BY:

Valerie M. Jewett
United Fresh Fruit and Vegetable Association

THROUGH

Chemonics International Consulting Division
2000 M Street, Northwest
Suite 200
Washington, D.C. 20036

Project No. 596-0165

UNDER THE AUSPICES OF:

United States Agency for International Development (USAID)
Guatemala City, Guatemala

December 1993

12



**United Fresh Fruit and
Vegetable Association**

727 North Washington Street, Alexandria, VA 22314 -1977

703-836-3410
FAX 703-836-7745

**United Fresh Fruit and Vegetable Association
Trip Report
November 29 - December 5, 1993**

Valerie M. Jewett, Director of Regulatory Affairs

1. Dates and Destination

November 29 - December 5, 1993

Guatemala City, Guatemala

2. Purpose of Travel

To participate in the VI INTERNATIONAL AGRICULTURAL CONVENTION 7 EXPOSITION "AGRITRADE 93" as an active participant representing UFFVA and as a guest speaker in the seminar entitled "Changes in EPA and In U.S. Pesticide Regulations."

3. Persons Contacted

Mr. Dale Krigsvold, PROEXAG II
Exitos team: Bruce Brower
ROCAP: Rick Clark
Representatives from U.S.A.I.D.

4. Activities and Accomplishments

1. Staffed the United Fresh Fruit and Vegetable Association booth at Agritrade. Passed out information on the mission, objectives and organization of UFFVA.
2. Visited other Agritrade booths and gathered information on new agricultural strategies and technologies and on import and export possibilities for fresh fruits and vegetables.
3. Participated in the December 2, 1993, Agritrade seminar entitled "Changes in the EPA and the U.S. Pesticide Laws." Provided information on how U.S. pesticide laws will impact horticultural exports from Central America.



**United Fresh Fruit and
Vegetable Association**

page 2

UFFVA Trip Report

Guatemala City, Guatemala

727 North Washington Street, Alexandria, VA 22314 -1977

703-836-3410
FAX 703-836-7745

4. Attended Agritrade Seminars on December 2 - 4, 1993 .
5. Talked informally at lunches and receptions with members of the Central American federations regarding food safety and U.S. legislative initiatives.
6. Accompanied U.S. retailers on tours of Central American produce operations and retail markets.

V. Observations and Recommendations

1. "Agritrade 93" provided an excellent forum to exchange new ideas and technologies regarding pesticide regulation and use.
2. U.S. retailers were impressed with the technological advances they observed during field trips to regional grower operations.
3. More U.S. agricultural growers/retailers should be given the opportunity to meet and exchange technology with Central American agriculture.

14