



AGRI-ENERGY ROUNDTABLE

Agri-Energy Roundtable (AER)

**AGRO-ENTERPRISE MISSION TO
EASTERN EUROPE AND THE SOVIET UNION**
(September 9-19, 1990)

TRIP REPORT

Background and Summary

The Agribusiness Council and its international affiliate, the Agri-Energy Roundtable (AER), have developed increasingly close and positive contacts with the emerging countries of Eastern Europe beginning with Poland in 1985. In that year Dr. Witold Trezciakowski, a leading Solidarity member and currently a ranking official in the Ministry of Economic Reform, attended AER's sixth annual conference, the International Agriculture Forum (IAF) in Geneva. Hungary was represented by the Grain Trust in the 1988 annual meeting in Geneva, and with the startling events of 1989, AER was privileged to host delegations from both Hungary and Poland at its 10th annual IAF in Vienna (October, 1989). While interest from Eastern Europe was fielded from several other Eastern European countries, the Polish and Hungarian delegations were led by Ministry officials and included leading political figures and agribusiness managers.

Following the 10th IAF in Vienna, an international delegation led by The Agribusiness Council visited Budapest for a three day agro-enterprise mission comprised of tours, investor meetings, and official briefings organized in conjunction with the Hungarian Ministry of Agriculture. With growing interest in the "sister association" concept and its potential outreach benefits for agriculture among government, political and the fledgling private sector, a similar agribusiness mission was mounted to Poland in March, 1990 by The Agribusiness Council at the invitation of the Ministry of Agriculture and Food Economy and other non-government entities (see preliminary Poland mission report). With strong indigenous interest in establishing formal links to the AER network, the AER/ABC delegation met with a variety of representatives to discuss the association's creation and an organizing committee was formed. In addition, talks were held on possible investment and training initiatives, and the AER/ABC was asked to participate in the 9th International Conference on the USSR and East European Agriculture (Ciechocinek, Poland) by bringing a small delegation and assisting in the conference's U.S. promotion. This was to be the first of the conferences to be organized and hosted by, and open to, Eastern Europeans.

In June of this year, consistent with a building pattern of contacts and "home-on-home" meetings with the Eastern European agro-enterprise sector, The Agribusiness Council welcomed delegates from Poland and Romania at its Washington, D.C. Agro-Industrial Revolution Conference, along

with other international and U.S. state representatives. Poland was represented by Dr. Nika Bochniarz of the Foreign Trade Institute and PROEXIM (and principal organizer of the USSR and East European Agriculture conference), and Dr. Stanislaw Zagaja of the Institute of Pomology, the lead organizer of the AER affiliate group in Poland. The Romanian delegate, Mr. Ion Rusinaru, president of the Romanian Agricultural Bank, also expressed strong interest in establishing formal organizational ties between the Agribusiness Council and Romania through the AER network, especially to commence agribusiness trade/development and training initiatives through missions and exchanges.

Around participation at the 9th International Conference on the USSR and East European Agriculture in September, a visit to the Soviet Union (Moscow) and Poland was mounted, including a stop-over in Hungary (Budapest), to respond to growing interest on the part of Eastern Europe and the Soviet Union to establish direct ties with the world of international agro-enterprise (See attached descriptive pamphlet and preliminary mission report). This USSR/Eastern European mission (September 9-19), in addition to and changing situation in Eastern Europe providing technical assistance to the Polish organizing group, offered AER the unique chance to meet and introduce its "sister association" network concept to representatives from many Eastern European nations - including the various republics of the Soviet Union. As personal relationships form the basis of any sustainable, long-term organizational linkage - business or otherwise - the opportunity to conduct face-to-face meetings over the course of ten days was invaluable for both the development of the Polish Council and the introduction of new groups into the network. This was especially true in the case of the Soviet Union, where a briefing for representatives of six Soviet Republics confirmed an earnest and sincere desire to reach out internationally through indigenous "agribusiness council" groups linked to AER. Concurrently, debates within the Russian Parliament and Supreme Soviet over economic reform plans and the growing unrest over food shortages in Moscow which provided a unique overlay to the discussions and meetings which included the U.S. Embassy, Government of the Russian Republic and US-USSR Trade Council.

POLAND (September 9 - 16)

Progress on the Polish Agribusiness Council Formation

Unlike the previous visit to Poland which was sponsored in large part by the Polish Ministry of Agriculture, the recent AER/ABC visit intended to meet directly with the organizers of the Polish agribusiness council counterpart group, both principal and newly interested, and assist/encourage their efforts in whatever manner deemed appropriate. Opening with a reception (September 9) on the evening prior to the organizational meeting, several new business organizations and companies



joined those familiar with and committed to moving the association formation process ahead. Monday's meeting was characterized by productive and frank interchange lasting most of the day. The topics of discussion and decisions taken are outlined in the attached "Discussion Notes" of the September 10 meeting.

Important contacts were established with local government, private companies and two very dynamic indigenous organizations - the Krakow Industrial Society and the Polish Agricultural and Industrial Society - who voiced great enthusiasm and pledged their active support in the initial stages of establishing the legal and organizational framework for the Polish counterpart association. Furthermore, both Societies will expand the geographic reach of the association establishment efforts to the important agricultural areas of the south and west of Poland, respectively. In addition, AER/ABC representatives briefed the Ministry of Finance, and resident USAID, World Bank, and USDA representatives. All organizations have been actively interested and supportive of the AER/ABC efforts in Poland.

It should be noted that crucial in-country support to AER's efforts on this visit was provided by the local office of a Florida-based AER contributor company engaged in livestock trading in Poland. This AER subscriber - one of the only American companies with agribusiness activities in Poland - also offered a host of valuable insights and anecdotes regarding the practical realities of establishing and conducting operations in the Polish economy. Their support, introduction to the Polish organizing group and future involvement with the Polish council's development is a prime example of the dynamics which are at work for the mutual benefit of business and local agro-enterprise development efforts - and indeed constitutes the driving force behind the Association's growth worldwide.

9th International Conference on USSR and East European Agriculture

AER participation at the 9th International Conference on USSR and East European Agriculture held in Ciechocinek, Poland (September 11-14) proved an excellent opportunity for establishing contacts with many Soviet Republics and Eastern European countries, and Western academics interested in post-socialist agricultural economies. Traditionally held every three years, the Conference had been loosely organized among a group of Western academicians and analysts monitoring the agricultural situation in the Socialist countries of Europe. The 9th Conference marked the first hosted by and participated in by Eastern European academics, policy researchers and government officials to discuss the dizzying changes occurring since the spring of 1989.

Conference discussion centered primarily on the status of agricultural reform and the prognosis for the sector's transition consistent with the economic and political shifts throughout the region.



Heated debate was generated on topics related to agricultural reform to a free market economy such as the viability of collective state farms, optimal farm size, social costs and export policy. Often, it seemed that while Western delegates debated questions of economics and political science, Eastern European participants were most concerned with conveying their full agricultural reform picture; the full scope of ag sector needs within uniformly uncertain political and economic circumstances.

The AER/ABC delegation with its markedly private sector outlook and action-oriented objectives also represented a welcome addition to the usual gathering of Conference participants. Indeed, the business, association and agricultural development voices were a distinct minority at the conference and thus AER/ABC representatives found themselves a valued commodity among the various delegations whose immediate goals centered on developing their agro-enterprise economy. The Eastern European delegates, once briefed on the Roundtable and Agribusiness Council's association objectives and those of its member organizations, were quite eager to learn more about the network's benefits and receive more information. Several delegations, especially those from the Baltic Republics of the Soviet Union, were eager to begin discussing concrete proposals for establishing permanent linkages and planning joint agro-enterprise trade, investment and training activities. Several such outside meetings were held with Ministry officials in Ciechocinek where proposals for linking newly formed organizations to AER as "sister associations" or members were discussed, along with future seminars and business development missions in the Republics.

Soviet Union (September 15-19)

AER/ABC's Moscow visit was greatly enhanced by its participation at the 9th International Conference on USSR and East European Agriculture with regard to both the new Soviet contacts established and the up-to-date picture of the highly volatile and changing landscape of Soviet agriculture. The visit to Moscow was capped by briefing at the Hotel Spros (September 17) which again involved the important support of an AER contributor. The AER-hosted afternoon workshop on September 17 was attended by representatives from six Soviet republics interested in establishing formal links with the AER network through the creation of "sister associations," affiliation of existing groups and, in the case of one businessman - direct membership. In addition to providing a detailed background to the Association's history and objectives, AER representatives fielded questions on how access to the network could accelerate the flow of international agribusiness contacts, information and delegations into the Soviet Republics. The Soviets, who were primarily representatives of republic Ministries and academic/research institutions, expressed unanimously strong interest in the Agribusiness Council and its state agribusiness council contacts. Overall, AER held discussions with representatives from nine of



the fifteen Soviet republics (Russia, Moldavia, Lithuania, Beyelorussia, Ukraine, Georgia, Estonia, Latvia, Kirghizia), representing the Agriculture Ministries and organizations such as the Baltic Management Foundation (Lithuania), Moldinteragro (Moldavia), Scientific-Technical and Economic Cooperative (Georgia), All-Union Academy of Foreign Trade (USSR), Scientific and Technical Institute (Beyelorussia), Scientific and Technical Association (Lithuania), Estonian Agriculture Academy (Estonia), Interferma (USSR) and others.

In addition, Republics' proposals for long-term agricultural trade, investment and development outreach within the context of specific sectoral needs and the Roundtable network were discussed. Potential joint venture and trade opportunities were presented to AER by the Republic delegations seeking Western partners for capital and technical collaboration. AER agreed to make available the findings of the mission to its worldwide affiliates, corporate membership and U.S. ABC network, but emphasized that the Association first requires that an indigenous "sister association" be duly accredited before concrete program planning is discussed and association services rendered.

The AER/ABC delegation also attended the Global Economic Action Forum's conference on the newly emerging Soviet economic order being held concurrently in Moscow. An important meeting in the Russian Republic's "House of Yeltsin" was conducted with the head of the Republic's export development division, and the Agricultural and Commercial offices of the U.S. Embassy were briefed. The Agricultural Attache especially was keenly interested in the potential for establishing agribusiness council counterparts in the Republics. He noted that AER/ABC activities in the USSR could serve as an important network for linking Soviets seeking U.S. agribusiness contacts as his office was not equipped to respond to the numerous inquiries. AER also briefed the managing Soviet director of the US-USSR Economic Trade Council at their Moscow offices.

Hungary (September 21)

One AER representative returned to the U.S. via Hungary where separate meetings with Ministry officials, the Hungarian Academy of Science, and cooperative managers. Cooperative managers especially expressed interest in the establishing direct export contacts with foreign partners to escape the virtual monopoly grip of the Hungarian foreign export industry. It was reported that the various regional Associations of Cooperative Managers were considering how to best reorganize in the face of an almost certain dismantling of cooperatives, and that they represent a nascent agro-enterprise association which would welcome the benefits that AER/ABC linkages could provide. An Hungarian Academy of Science economist would introduce the AER/ABC concept to the



appropriate persons, and expressed a willingness to push for the formation or affiliation of a Hungarian agro-enterprise association.

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