PD-ABM-432
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RESTRUCTURING AGRICULTURE AND AGRIBUSINESS: PRIVATE SECTOR (RAAPS)

GRANT NO. EUR-0024-A-00-2037-00
PROGRAM PERFORMANCE REPORT
APRIL - JUNE 1994

ADMINISTRATIVE DATA

Country:	HUNGARY
Implementing Agency:	AGENCY FOR INTERNATIONAL DEVELOPMENT, EUR/DR/FS
Contractor:	AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL 50 F Street, N.W., Suite 900 Washington, D.C. 20001 Phone: (202) 638-4661
Period of This Report:	APRIL - JUNE 1994
Period of Last Report:	JANUARY - MARCH 1994
AID Project Officer:	STEVE SZADEK
Original Authorization:	Cooperative Agreement EUR-0024-A-00-2037-00 dated MARCH 31, 1992
Estimated Completion:	MARCH 30, 1995
Life of Project:	$4,499,447
Employees in Country:	TWO (Rifat Barokas, Maria Kostyal)
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I. SUMMARY

During this quarter, the Restructuring Agriculture and Agribusiness: Private Sector (RAAPS) project in Hungary completed its second cycle of matching U.S. and Hungarian companies. The project matched 23 private Hungarian agribusiness companies with 20 U.S. enterprises. As in the first round of company matchings, the second round matchings were based on individual company activities and objectives. Over twenty-five executives from each of the U.S. companies traveled to Hungary in mid-April; and over forty Hungarian executives participated in RAAPS workshops and traveled to the U.S. in early-May for the Executive Development Training Program.

Also during the past quarter, RAAPS project staff continued working on the Project Monitoring System (PMS). The PMS measures the overall impact and results of the first round workshops, company matchings, and Technical Assistance. So far, the PMS has revealed positive results. Most, if not all of the first round Hungarian agribusinesses have either undertaken restructuring and internal improvements based upon their experience with RAAPS and/or are involved in joint business activities with their matched U.S. companies.

To date, the project has met most of its goals relating to economic restructuring, training, technical assistance, and privatization. The project has completed the following activities:

- Continued monitoring potential and on-going business deals such as import, export and joint ventures between the participating Hungarian and U.S. agribusinesses; and, helped facilitate, where possible, the on-going business relationships between these firms;

- Continued implementing the Project Monitoring System to effectively track project benchmarks, impacts and effects on the participating Hungarian agribusinesses;

- Using the results of the Project Monitoring System, project staff identified and analyzed the technical assistance needs of participating Hungarian firms from Round One; this technical assistance will be delivered through PACD;

- Matched 23 participating Hungarian agribusiness firms with 20 U.S. companies based on mutual activities and/or business objectives; and,

- Organized and implemented workshops for the participating U.S. and Hungarian executives that are traveling under the project. Topics of the workshop sessions included International Commerce Law, Cash Flow Analysis and Financial Management, Total Quality Management, and Business Plan Development.

II. CURRENT ACTIVITIES

A. Round #2: U.S./Hungarian Company Matching Process

Activities during the April - June 1994 quarter focused primarily on implementing the Round 2 matching process. In all, the program matched 23 participating Hungarian enterprises with 20 U.S. agribusinesses based mutual activities and/or business objectives. The following is a partial list of Round 2 participants which illustrates how both Hungarian and U.S. companies can benefit from the program:

- a large beverage and flavoring company located in Central Hungary was matched with a U.S. soft drink company interested in expanding into the Eastern European market.

- a medium-sized restaurant holding company based in Budapest was paired with a restaurant development, operation and franchising company which operates in the throughout the U.S. Midwest.

- a medium sized Hungarian feed/grain production and marketing firm was matched with a wholesale feed manufacturer dedicated to serving large and small feed dealers in the U.S.

- a large Hungarian food processor that specializes in making ready-to-eat frozen fruits, vegetable and food products was paired with a U.S. firm specializing in frozen food technologies.

Attachment 1 outlines Hungarian and U.S. company matches with participating executives and provides a description of participating companies.

B. Project Workshops

1. Hungarian Workshops and Site Visits

At the beginning of the quarter, the last two days of the Hungarian participant Pre-departure Workshop took place, and the U.S. executives arrived in Hungary to attend workshops and to visit Hungarian counterpart firms (see Attachment 2 - Spring 1994 RAAPS Program Schedule).

The final two days of the Hungarian Pre-departure Workshop featured U.S. and Hungarian expert lecturers and group facilitators. On April 6, Ronald Hobson, Assistant Dean, School of Business and Economics from State University of New York, lectured during the morning session on the principles and applications of Total Quality Management. In the afternoon, Maria Flynn, a lawyer with Office of International Programs, conducted a workshop on International Commercial Law, with specific focus on Hungarian and U.S.

applications. On April 7, eight group facilitators conducted small group workshops with the 23 Hungarian firms on Business Plan Development. This practical hands-on training approach by Hungarian experts enabled the Hungarian business executives to apply business planning methodologies to their respective companies.

Twenty-five U.S. executives arrived in Budapest on April 10, 1994 to participate in a week of formal activities which included a workshop with 43 Hungarian agribusiness leaders, meetings with several key government officials and three days of field visits to Hungarian companies (two U.S. executives travelled to Hungary at a later date to visit matched firms). ACDI began with a joint session for Hungarian and U.S. participants to formally introduce matched companies and featured topics. The president of Price Waterhouse/Hungary delivered the key note address on doing business in Hungary. The group also discussed issues of mutual interest which included how to penetrate the U.S. and Hungarian markets, the role of cooperatives in agribusiness in both countries, and agricultural policy in the U.S. and Hungary. The U.S. representatives spent the remaining three days of the trip visiting Hungarian firms throughout the country to learn firsthand about their operations and activities. The visits provided the opportunity for U.S. executives gain an understanding of how Hungarian counterpart firms conduct business, forming the basis for business deals and improved business practices for U.S. and Hungarian firms alike.

On April 15, ACDI held individual debriefing meetings with U.S. company representatives in Budapest. These meetings provided U.S. participants the opportunity to discuss their initial opinions of their matched Hungarian firms as well as to critique the overall program. At the end of the program, U.S. executives described their impressions of the program, Hungary and their match companies (see Attachment 3 - Sample Debriefing Questionnaires).

The U.S. executives were surprised to discover high quality agricultural products among their matched companies and a well-developed infrastructure in Hungary. They observed, however, that their Hungarian counterparts needed additional training in the areas of business planning, marketing and distribution. U.S. executives noted that it would be necessary to focus on these areas when the Hungarian agribusiness managers came to the U.S. for the Executive Development Training Program. Wrap-up meetings also revealed that a number of joint commercial ventures were already being considered by U.S. agribusinesses.

The American businessmen returned to the U.S. enthusiastic about the program. The site visits enabled them to investigate market and joint venture potential with their matched companies. For example, Linda Graham, the President of Beehive Botanicals, views the Hungarian market "as an investment in both sourcing of raw material and a good market to sell our finished goods." During the visit, Beehive Botanicals set up a contract with Hungaronektar, their matched Hungarian company, to purchase a minimum of 10 tons of Raw Propolis for approximately $264,000 in the next year. In addition, U.S. executives learned firsthand about doing business in Hungary and identified specific areas where the Hungarians can improve their operations. Ms. Graham investigated export potential for Beehive

Botanical's products in the Hungarian market. She also observed how her company can assist Hungaronektar further develop marketing strategies and how a U.S. company can learn unique packaging ideas from its Hungarian counterpart. Beehive Botanicals is one example of how the RAAPS program has provided U.S. companies the opportunity to develop long-term business relationships with Hungarian firms (see Attachment 4 - Sample Letters Submitted by U.S. Executives). The process of information sharing continued during the visit by Hungarian executives to the U.S. firms.

2. United States Workshops and Site Visits

The Center for Agricultural and Rural Development (CARD) and the Midwest Agribusiness Trade Research and Information Center (MATRIC) at Iowa State University (ISU) conducted the executive training workshop for Hungarian business executives April 28 through May 3 (see Attachment 5: Executive Training Program II). Based on U.S. companies' and CARD/MATRIC assessment of the Hungarian executives' needs and program evaluations by Hungarian participants in Round 1, the workshop focused on strategic planning, emphasizing management, marketing, and business plan development. U.S. companies, representing small and large agribusinesses, privately owned and publicly held corporations, and cooperatives, and university specialists in business and economics addressed the following planning and development issues:

- The Art and Science of Market Communications: Zimmerman, Laurent & Richardson, Inc., advertising agency
- Market Research: Fundamentals of Marketing/Strategic Market Plan: Michael G. Schaeffer, Consultant
- Taxonomy of a Strategic Plan: Iowa State University College of Business
- Problems of Implementing Strategic and Business Plans: A CEO's Perspective: Heuss Printing, Inc., and Iowa State University College of Business
- Overview of the Food Industry in the U.S.: Iowa State University Economics Department
- Developing Business Relationships and Strategic Alliances in International Markets: Tone's, Inc.
- U.S. Business Culture: Iowa State University College of Business
- Plan Development: Shaping the Future: Small Business Development Center
- Grassroots Organizations in Public Policy: Iowa Farm Bureau Federation
- Pricing and Marketing Strategies: Iowa State University College of Business
- Marketing Process and Planning for Retail (Cooperative) Customers: Farmland Industries, Inc.
- American Law for International Business: Meredith Corporation
- U.S. Financial Institutions and Banking Issues in International Business: Norwest Bank
- Institutions, Networks, and Policy Making: Iowa State University Center for Agricultural and Rural Development
- Site visits to research facilities at ISU and to selected agribusinesses

Participation of U.S. company representatives in the workshop provided additional opportunities for Hungarian and U.S. executives to develop business contacts. Handouts of the speakers' addresses were translated into Hungarian and distributed to the participants.

Following the workshop and prior to departure by the Hungarians to their U.S. host companies, additional meetings were arranged and transportation provided for selected Hungarian companies and Iowa agribusinesses. These meetings provided an additional opportunity for Hungarian and U.S. businesses to explore commercial interests. U.S. companies participating in post-workshop meetings include Tone's, Inc., Dawn Foods, Inc., Burke Marketing, Inc., and Diamond V. Mills, Inc. Hungarian companies include Inno-Drog Food Processing and Trading Ltd, Marcipan Confectionery Products Ltd., Anser Speed Feed and Transportation Ltd., Arvit Frozen Food Ltd., Dudas Poultry Ltd, La Prima Restaurants Ltd, and Nagykun Cooperative.

Central to the ACDI RAAPS Hungary Executive Development Training Program is the U.S. training for Hungarian agribusiness executives with matched U.S. companies. From May 3 to May 18, 1994 each U.S. firm hosted the CEO and a senior executive from their counterpart Hungarian enterprise. The purpose of the visits was to provide the Hungarians an opportunity to see how a relevant market-oriented U.S. agribusiness functions in the food system and to gain firsthand experience with the U.S. market and democratic system.

Before traveling to Hungary, the U.S. executives had developed a training outline for the Hungarian agribusiness executives. They continued to refine and individualize the training while in Hungary to address specific needs of their Hungarian counterparts. For example, Dennis Steele, Vice President, Sales/Marketing for Maryland Hotel Supply Company noted that, following his visit to Petofi Cooperative, he is in a far better position to develop a U.S. training program to address the Hungarian company's needs in the area of market development. Additional training topics addressed by the Executive Development Training Program included the following: short- and long-term planning, production, financing, product pricing, promotion, and distribution, supplier relations, market research, identification of target markets, customer service, corporate structure, management style, and human resource management.

The Hungarian executives' U.S. programs varied in activities and scope. In addition to visiting the host U.S. company, the 43 senior level Hungarian managers (and interpreters) also met with U.S. suppliers, customers, distributors, financial institutions, employees and their families, producer and trade associations as well as other service providers. For example, South Shore Trading arranged a comprehensive training program for Hungarian executives with Szab-Ker Trading LTD. The itinerary included the following visits throughout Texas: farmers markets, farm implement and equipment dealers, organic farms, cattle breeding/semen operations, as well as farms and producer and trade associations throughout the rich South Texas Rio Grande Valley. The training programs emphasized the market. Throughout their programs, the Hungarian executives learned how the market affects all company operations from corporate structure and quality control to processing and distribution. During the course

of their stay, the Hungarian executives began to develop business restructuring plans for their companies. The specific needs and requirements of each firm determined whether a plan restructured the overall organizational framework or simply a critical functional area.

Upon completion of the training with their matched U.S. companies, the Hungarian executives traveled to Washington, D.C. for an evaluation workshop on May 19 (Attachment 6). The meeting was attended by senior level representatives from USAID, the Embassy of the Republic of Hungary, The Hungarian-American Enterprise Fund and Trade 2000 - Developing Hungarian Business Relationships. The meeting took place in an informal setting which allowed the Hungarians to speak candidly about their entire RAAPS experience. The companies also divided into small groups according to business activity in order to discuss changes in their business plans and joint business possibilities with U.S. companies. The Hungarian participants also evaluated the project's impact in a debriefing meeting with ACDI staff.

A planning meeting of consortium members was held in Washington, D.C., June 1 to assess Round 2 activities and to plan the Round 3 program.

C. Policy Component Activities

The survey of Hungarian participants in Round 1 and Round 2 was completed in May and analysis of the responses is progressing. The attached tables (Attachment 7) summarize the responses to key questions relating to the pace of privatization (C.2.), suggested changes in the State Privatization Agency policies and programs (C.3.), membership in business organizations (G.4.), and suggested changes in policies affecting agriculture (G.5.). These and other responses will be analyzed in the policy paper for the second year.

Specialized data on agriculture and agribusiness at the aggregate and firm level has been obtained from the Research and Information Institute for Agriculture in Hungary. This provides more detailed information for analysis in the second policy report.

D. Business Deal Monitoring and Facilitation

ACDI continues to monitor and facilitate potential and on-going business deals (such as import, export and joint ventures) between the participating Hungarian and U.S. agribusinesses. Actual and proposed business ventures to date include the following:

- Califrance, Inc. and Barrel Builders, Inc. purchased $40,000 worth of wine barrels from matched Hungarian company Budapesti Kadar and plans to purchase $150,000 worth in 1994 and at least $300,000 worth in 1995.

- Pusztaszabolcs Cooperatives and its matched U.S. company Golden Dome Trading signed a popping corn production contract for the 1994 crop season.

- Marzipan, one of Budapest's largest candy manufacturers, is negotiating with its matched U.S. company, Mannons Foods, to establish a joint manufacturing facility in the U.S.

- Agro-Ferm and its matched U.S. company, AgBio Development of Westminster, CO, have signed a production contract.

For further details see Attachment 8 - Actual and Proposed Business Ventures Between Participating U.S. and Hungarian Agribusinesses.

III. ACTIONS PLANNED FOR NEXT QUARTER

RAAPS will:

- Monitor and facilitate on-going business deals between Hungarian and U.S. agribusiness companies;

- Continue analyzing the technical assistance needs of participating Hungarian firms' and continue to deliver assistance;

- Target Hungarian agribusinesses for participation in the final round of project matching activities; and

- Approach potential U.S. agribusinesses for participation in the next round of project matching activities.

ATTACHMENTS

1. Hungarian and U.S. Company Matches
2. Spring 1994 Program Schedule
3. RAAPS U.S. Executive Debriefing Questionnaires
4. Sample Letters Submitted by U.S. Executives
5. ISU - Executive Training Program II
6. Washington, D.C. Evaluation Workshop Schedule
7. Comments Provided by Round 1 and Round 2 Participants
8. Actual & Proposed Business Ventures Between Participating U.S. and Hungarian Agribusinesses
9. Expenditures Through June 30, 1994

ATTACHMENT 1

RAAPS SPRING 1994
Hungarian and U.S. Company Matches with Participating Executives

Hungarian Companies	& Executives	Matched U.S Companies	& Executives	Interpreters
1. AGROFERM	Ms Zsuzsanna Dér Mr Gábor SZELÉNYI	AGBIO DEVELOPMENT *Westminster, CO*	Mr. Jan MENELEY, President*	
2. ANSER SPEED	Mr Sándor HORVÁTH Ms HORVÁTH	BUCKEYE FEED MILLS, INC. *Dalton, OH*	Mr. Ted STULTS, President Mr. Jim WHITE, VP Nutrition	Katalin Molnar
3. ARPAD	Mr László KOVÁCS	TELOS ENTERPRISES *Mariposa, CA*	Mr. Jon ZELLHOEFER, CEO Mr. Worth ROUGH, Technical Advisor	
4. ARVIT	Mr Tibor KÁDÁR Mr Balázs TOTH	GREAT LAKE INTL		
5. BAKONLAIT	Mr Lajos DAROCZI Katalin GARANE-MAGYAR	MIDAMAR CORP *Cedar Rapids, IA*	Mr. Chuck CHARIPAR, Import Manager	Andrea Hagymasi
6. BICSKE SAVINGS	Sandor PÉNZES	AGRIBANK *St. Paul, MN*	Mr. Tom POWELL*	Timea Balajczs
7. BIO-OIL	Mr Mihály TAKÁCS Mr István MOLNÁR	CONSEC CORP *Louisville, KY*	Mr. Charles LONG, President Mr. William CAMPBELL, VP Marketing	Agnes Kalman-Kis
8. DUDAS	Mr József DUDÁS Ms Irén HÁZI	BUCKEYE FEED MILLS, INC.		Edina Papp
9. FLORATOM	Mr Mihály KOTOGÁNY Mr Árpád NAGY	GREAT LAKE INTL (w/ Telos) *St. Joseph, MI*	Mr. Pat McRAE, President Mr. Michael DANEN, VP Marketing	Csaba Jansik

Hungarian Companies & Executives			Matched U.S Companies & Executives		Interpreter
.0.	GARDEN	Mr Sándor PUSZTAI Ibolya NAGYNE-BOKOR	CLASSIC BEVERAGE *Austin, TX*	Mr. Tom WRIGHT, Owner Mr. John AVERY, Owner	Nora Panyik
1.	HERBARIA	Leonora ZOMBAI-KOVACS Mr Zoltán UJLAKY	PUSKAS & ASSOCS (w/ Beehive Botanicals) *Charlotte, NC*	Mr. Gary GAUSTEN, Technical Advisor	
			BEEHIVE BOTANICALS *Hayward, WI*	Ms. Linda GRAHAM, President Ms. Sally Gagan, Export Manager	
.2.	HEVESGEP	Mr Imre SZOMBATI Mr Imre TAJTI	HCC, INC. *Mendota, IL*	Mr. Carl McNAIR, President	Henriett Sepsi
.3.	INNO-DROG	Mr Zoltán BERTA Mr János NYERGES	MANNONS FOODS *Tucson, AZ*	Mr. Jerry MANNON, President Ms. Donna MANNON, Treasurer	Z ɔlt Vantulek
.4.	ISV	Mr Endre HORVÁTH Mr László WEKERLE	SWINE GENETICS INTL *Cambridge, IA*	Dr. Harold HODSON, Executive Director	Viktoria Csetneki
5.	KADAR	Mr Károly ZILA Mr Jakab SHUSZTER Mr János CSIPES	CALIFRANCE, INC. *Oakland, CA*	Mr. Peter MOLNAR, Director, European Ops	
.6.	LA PRIMA	Miklos SIKET	HAPPY JOE'S PIZZA & ICE CREAM PARLOR, INC. *Bettendorf, IA*	Mr. Larry WHITTY, President	Gergely Muradin
.7.	MARCIPAN	Mr Gyula KELÉNYI Mr András GOICS	MANNONS FOODS		Judit Vas

Hungarian Companies & Executives			Matched U.S Companies & Executives		Interpreter
18.	NAGYKUN	János VERES Gábor SEBÖK	WARREN CHEESE *Warren, IL*	Mr. John BUSSMAN	Alica Baculak
19.	PETOFI	Mr Sándor MOLNÁR Ms Erzsébet SCHEIBER	MD HOTEL SUPPLY CO., INC. *Baltimore, MD*	Mr. Dennis STEELE, VP Marketing	Anita Tolnay
20.	PUSZTASZABOLCS	Mr Gábor NONIUSZ** Ms SZIEBLER	GOLDEN DOME TRADING, INC. *Wilton, CT*	Mr. Frank JELINEK, Managing Director	Csaba Kiss** Emoke Marsovsky
21.	SZAB-KER	Mr. Kálmán SZABICS Mr. László ESZENYI	SOUTH SHORE TRADING *League City, TX*	Mr. Ken ROGERS, Owner	Krisztina Kasza
22.	SZEGED BAKERY	Etelka FELFÖLDI Magdolna BOROCZ	HAPPY JOE'S BAKERY *Bettendorf, IA*	Mr. Joe WHITTY, Owner	Sarolta Torok
23.	VITAPRESS	Ms Emese BALOGH^^ Mr Jolan SZALMAN^^	CLASSIC BEVERAGE		Tunde Szabo-Krall

*Will be traveling to Hungary at a later date to Hungary.
**Traveled to U.S. March 19 - 30.
^^Will not be going to Washington DC

TOTAL:
43 Hungarian Executives
18 Interpreters
61 Total

27 U.S. Execs (Two traveling to Hungary at a later date)

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RAAPS SPRING 1994
Participating U.S. Companies

AGBIO DEVELOPMENT
Westminster, CO

AGRIBANK
St. Paul, MN

BEEHIVE BOTANICALS INTERNATIONAL
Hayward, WI

BUCKEYE FEED MILLS
Dalton, OH

BURKE MARKETING
Nevada, IA

CALIFRANCE, INC.
Oakland, CA

CLASSIC BEVERAGE
Austin, TX

CONSEC CORPORATION
Louisville, KY

DAWN FOOD PRODUCTS, INC.
Ankeny, IA

DIAMOND V MILLS
Cedar Rapids, IA

GOLDEN DOME TRADING
Milton, CT

GREAT LAKE BUILDING INTERNATIONAL
St. Josephs, MI

HAPPY JOE'S BAKERY
Bettendorf, IA

HAPPY JOE'S PIZZA & ICE CREAM PARLORS, INC.
Bettendorf, IA

HCC, INC.
Mendota, IL

MANNONS FOODS
Tucson, AZ

MARYLAND HOTEL SUPPLY COMPANY, INC.
Baltimore, MD

MIDAMAR CORPORATION
Cedar Rapids, IA

SOUTH SHORE TRADING COMPANY
League City, TX

SWINE GENETICS INTERNATIONAL
Cambridge, IA

TELOS ENTERPRISES
Mariposa, CA

TONE'S SPICE COMPANY
Ankeny, IA

WARREN CHEESE COMPANY
Warren, IL

Chairman of the Board
Curtis W. Anderson
Sunkist Growers, Inc.

Vice Chairman
Carroll H. Gilbert
Southern States

Secretary
P. Dean Denhart
Countrymark Cooperative, Inc.

Treasurer
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AgAmerica, FCB

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Restructuring Agriculture & Agribusiness: Private Sector Program for Hungary (RAAPS)

U.S. Companies Participating in RAAPS
Spring 1994

1. Beehive Botanicals International, Inc.
Hayward, WI

Beehive Botanicals is a producer and distributor of bee products (propolis, royal jelly, bee pollen, and honey) in both raw material form as well as in many consumer goods. The company has over 28 consumer goods consisting of skin, hair care, and health supplements utilizing bee products as the active ingredient.

2. Buckeye Feed Mills, Inc.
Dalton, OH

Buckeye Feed Mills is a large, wholesale manufacturer, dedicated to serving both large and small feed dealers. Its products include milk replacers, livestock feeds, dog and cat foods, bird feed, rabbit pellets, and premixes and minerals.

3. Califrance Corporation
Oakland, CA

Califrance is an international viticultural investment company, closely affiliated with the Californian wine barrel industry.

4. Classic Beverage, Inc.
Austin, TX

Classic Beverage is the soft drink marketing arm of B&M Classic Beverage Ltd. of Falls Church, Barbados. The company facilitates sales of soft drink products in 8 countries in Latin America and the Caribbean and is currently looking to expand into the Eastern European market.

5. Consec Corporation
Louisville, KY

Consec is an agricultural trading and investment company, focusing on the Eastern European and Former Soviet Union markets.

Chairman of the Board
Curtis W. Anderson
Sunkist Growers, Inc.

Vice Chairman
Carroll H. Gilbert
Southern States

Secretary
P. Dean Denhart
Countrymark Cooperative, Inc.

Treasurer
John Martin
AgAmerica, FCB

6. Great Lake Building Service, Inc.
St. Joseph, MI

Great Lake Building Service (GLBS) Inc. is a general construction and design/build firm specializing in designing and constructing freezer buildings, cold storage buildings, and controlled atmosphere facilities.

7. Golden Dome Trading, Inc.
Wilton, CT

Golden Dome Trading is an international, agricultural investment and trading company specializing in high quality popping-corn.

8. Happy Joes Pizza Ice Cream Parlors, Happy Joes Bakery
Bettendorf, IA

Happy Joes is a large restaurant development, operation and franching company with franchises located throughout the heartland of America.

9. Hart-Carter Company, Inc.
Mendota, IL

Hart-Carter Company is a division of Carter-Day Industries Inc. located in Charleston, S.C. HCC is an OEM agricultural manufacturer. Its production capabilities include flame cutting, and plasma arc-punching and cutting.

10. Mannons Foods
Tucson, AZ

Mannons Foods is a producer of dried gourmet food items, such as herb & spice blends, soup & bean mixes, bread mixes, and pancake & biscuit mixes. It also develops and manufactures chocolate and confectionery products, such as chocolate & nut items, nut brittles, pralines, toffee and buttercreams.

11. Maryland Hotel Supply Company
Baltimore, MD

Maryland Hotel Supply is a food service distributor. The company fabricates a wide selection of custom-cut meat products for use in hotels and restaurants. It also provides frozen food, poultry, seafood, beverages and sanitation supplies.

12. Midamar Corporation
Cedar Rapids, IA

Midamar is an agricultural trading and investment company which focuses on the markets of Central & Eastern Europe and the C.I.S.

13. Puskas & Associates
Charlotte, NC

Puskas & Associates is a diversified consulting company. It provides equipment for all types of agricultural processing, water treatment, bottling, and household chemical plants.

14. South Shore Trading Company
League City, TX

South Shore Trading Company is a distributor of livestock feed supplements, rations, vitamin nutrients for dairy cattle, beef cattle, hogs, and horses. It also distributes a livestock feeding software program and provides a variety of agricultural consulting services.

15. Swine Genetics International
Cambridge, IA

Swine Genetics International is supplier of high quality boar semen, representing all major breeds in the US. It also offers a complete line of Artificial Inseminating equipment and supplies along with consulting services.

16. Telos Enterprises, Inc.
Mariposa, CA

Telos Enterprises is an integrated information, energy and environment services and technologies company with its own manufacturing and research facilities.

17. Warren Cheese, Inc.
Warren, IL

Warren Cheese is a large, diversified cheese manufacture, producing 4.5 million pounds of cheese annually. The Warren Cheese Plant produces, or has produced, Mozzarella, Provolone, Parmesan, Romano, String Cheese, Cheddar, Swiss, Limburger, Queso Blanco, Brick, Muenster, Fiesta, and Apple Jack.

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Restructuring Agriculture & Agribusiness: Private Sector Program for Hungary (RAAPS)

Participating Hungarian Companies
SPRING 1994

1. AGRO-FERM BIOTECHNICAL RESEARCH AND DEVELOPMENT LTD.

   Agro-Ferm is an agriculturally based biotechnological research company which produces and markets fertilizers and starter cultures to both the Hungarian and international agricultural community.

2. ANSER SPEED FEED & TRANSPORTATION LTD.

   Anser Speed is a medium-sized, privately owned feed/grain mixing and transporting company. The company purchases and sells grain crops, produces and markets feed mix, and sells various other agricultural products.

3. ARPAD COOPERATIVE

   Arpád Cooperative is Hungary's largest hothouse vegetable producer. The Cooperative's other activities include livestock production (turkey, goose, sheep, cattle) and feed milling.

4. ARVIT FROZEN FOOD LTD.

   ARVIT FROZEN FOOD LTD. is a large food processor that specializes in making ready-to-eat, quick-frozen fruits, vegetables and food products. The company is located in north-eastern Hungary near the Austrian and Czech Republic borders.

5. BUDAPESTI KADAR LTD.

   BUDAPESTI KADAR is a medium-sized, privately run wine vessel and cooper products manufacturing company located in the country's capital, Budapest.

6. CALI GULA, LTD

   Cali Gula is a privately-owned, diversified meat production and processing company located in Bekes County in South-Eastern Hungary.

7. DUDAS POULTRY LTD.

   Dudas poultry is a privately-owned poultry production company which also has feed milling operations and produces corn and tobacco.

Chairman of the Board Curtis W. Anderson
Vice Chairman Carroll H. Gilbert
Secretary P. Dean Denhart
Treasurer John Martin

8. FLORATOM AGRICULTURAL TRADING AND SERVICING LTD.

Floratom is Hungary's second largest horticultural company which cultivates a majority of its crops in hothouses and greenhouses. The company has two main crop categories - flowers/ornamental plants and vegetables/spices.

9. GARDEN REFRESHMENT DRINKS LTD.

Garden Refreshment Drinks Ltd. is a medium-sized, all-natural fruit juice producer. The company's products include apple, grape, orange and specialty fruit juices. Its preservative-free products are sold to the retail market both domestically and internationally.

10. HEVESGÉP LTD.

HEVESGÉP manufactures, distributes and services agricultural machines such as fodder and grain combines, harvesters, mechanical handling equipment, excavators, bucket-elevators, crop driers, tractors, fertilizer spreaders, augers, feed mixers and related spare parts.

11. HUNFARM MEAT PRODUCING AND TRADING PARTNERSHIP

HUNFARM is an innovative meat production and processing service/consulting enterprise which specializes in establishing organically produced premium-quality meat products. The company also produces organic feed, phytogenic feed additives, and propolis-based animal health products.

12. INNO-DROG FOOD PROCESSING AND TRADING LTD.

Inno-Drog is a medium sized spice manufacturing company with a diversified product line which includes paprika varieties, dill, chervil varieties, parsley, leek, buckwheat, and spinach. The company grows most of its products and its processing facilities utilize state of the art equipment and technology.

13. ISV MEAT PRODUCTION HOLDINGS INC.

ISV is a large, successful enterprise which acts as a holding company. The company specializes in livestock production, feed production, and breeding services. It is the country's largest swine producer.

14. LA PRIMA RESTAURANTS LTD.

La Prima is a medium sized restaurant holding company based in the country's capital, Budapest. The company operates five large restaurants and one grocery store.

15. MARZIPAN CONFECTIONERY PRODUCTS LTD.

Marzipan Confectionery Products, Ltd. is the largest marzipan manufacturing and processing firm in Hungary. The company produces the following marzipan products: decorative motifs, pastry decorations, figures, and flowers. In addition, the company also produces a variety of candies, bonbons and other dessert products.

16. NAGYKUN COOPERATIVE

The primary operations of this large cooperative include the cultivation of rice and other grain crops, swine and cattle livestock production, and meat and milk processing.

17. PETOFI COOPERATIVE

The Petofi Agricultural Cooperative is a large, privately held, fully diversified agricultural enterprise which encompasses many activities from livestock to plant cultivation. The Cooperative was established in 1948 as a state-owned organization. In 1992, it was reorganized in compliance with the 1992 transformation law and became a private entity.

18. PUSZTASZABOLCS COOPERATIVE

Pusztaszabolcs Cooperative is a large agricultural enterprise which produces grains, sugar beet and corn on nearly 2,000 hectares of land.

19. SZAB-KER TRADING LTD.

The company's main activities are international and domestic trade of agricultural products, such as chemicals, fertilizers, packing materials, sunflower seeds, green peas, winter wheat, spring-winter barley, corn, horticulture plants (tomatoes, cabbages, cucumbers) and other foodstuffs. The company is headquartered in Csongrád. This city is located in south-eastern Hungary. Agricultural production (ie, grapes and fruit tilling) is the areas largest industry.

20. SZEGED FOOD PROCESSING & TRADING LTD.

SZEGED FOOD PROCESSING AND TRADING is a food processing company located in southern Hungary. The company produces a wide variety of fresh and frozen product including bakery items (rolls, croissants, doughnuts, etc.), candies, pastas, and other specialty products.

22. VÉRTES SAVINGS COOPERATIVE

The Vertes Savings Cooperative was established in the town of Csakvar in 1957. In 1976 a branch office opened in Bicske. Two years later, the cooperative's headquarters moved to Bicske. Significant development began in 1986, with 12 additional branches included in the cooperative's network. Currently, eleven branch offices are privately owned, and one is leased. The leased branch, located in Budapest, is the biggest with the most accounts, deposits and loans.

23. VITAPRESS LTD.

Vitapress is a large, privately-owned beverage and flavoring company located in central Hungary. The company's diverse product line includes soft drinks, fruit flavored drinks, vinegar, and spices. Its processing facility uses state of the art equipment.

Attachment 2

acdi Making a World of Difference

Agricultural Cooperative Development International

50 F Street, N.W., • Suite 1100 • Washington, D.C. 20001 • Telephone: (202) 638-4661 • Fax: (202) 626-8726

SPRING 1994
RAAPS PROGRAM SCHEDULE

ACTIVITY	START	FINISH
First Workshop for Hungarians Executives Only	Wed Mar 16	Thr Mar 17
Second Workshop for Hungarians Executives Only	Wed Apr 6	Thr Apr 7
U.S. Executives depart for Hungary	**Sat Apr 9**	
U.S. Executives arrive in Hungary	Sun Apr 10	
One-Day Seminar with Hungarians & U.S. Execs	Mon Apr 11	
U.S. Executives Visit Hungarian Firms	Tue Apr 12	Fri Apr 15
U.S. Executives Depart Hungary*	**Sat Apr 16**	
U.S. EXECUTIVE/TECHNICAL MANAGEMENT DEVELOPMENT PROGRAM		
Hungarian Participants Depart Budapest	Thr Apr 28	
ISU Workshop for Hungarian Participants	Fri Apr 29	Mon May 2
Hungarian Participants Depart ISU, Go to US Cos.	Tue May 3	
Hungarian Participants Visit US Companies	**Tue May 3**	**Wed May 18**
Hungarian Participants Depart US Cos., Go to DC	Wed May 18	
ACDI/Washington Wrap-up/Evaluation Sessions	Wed May 18	Fri May 20
Sightseeing in D.C. and Departure for Hungary	Sat May 21	
Hungarian Participants Arrive in Budapest	Sun May 22	

** The U.S. executives will be given an option to extend their stay in Hungary to continue visiting their matched company if both firms feel longer time is needed.*

Chairman of the Board
Curtis W. Anderson
Sunkist Growers, Inc.

Vice Chairman
Carroll H. Gilbert
Southern States

Secretary
P. Dean Denhart
Countrymark Cooperative, Inc.

Treasurer
John Martin
AgAmerica, FCB

ATTACHMENT 3

RAAPS 2 U.S. Executive
Debriefing Questioner
April 14-20 1994

Executive Name Charles Long

Company Name Consec

Matched Hungarian Company(s) Name Bio Oil and Stock Trading

Date April 22, 1994

1. What were your expectations for participating in the RAAPS project before you arrived in Hungary?
Expected to be matched with serious companies that wanted to do business in the US and to sell them products.

2. How and to what degree were those expectations met now at the end of your visit?
100% success

3. What was the single most important factor which led you to decide to come to Hungary?
Consec paid for an expensive study that told them to come to Europe, this included market research. Our visit is a result of the report.

4. Could you give us a quick chronology of your activities during this visit to Hungary?
Tues Debrecen, Bio Oil.
Wed worked on marketing etc.
Mon Bio Oil came to Budapest and collected samples.
Wed Thurs and Fri at the Ministry of Agriculture, and ITD.

5. What is your impression of how your host company(s) is managed?
Bio Oil is well managed compared to some Hungarian Business.

6. How will you be able to help improve their business plan?
They need to understand breakeven and cost analysis.

7. What kind of business prospects can you envision with your Hungarian counterpart?
EXPORT FROM HUNGARY TO THE US and long term project by developing a national market.
1994 100,000$ oil and seeds
1995 .5 mill USD
1996 1 mill USD
(Stock Trading 1994 1 mill 1995 2.5 mill USD 1996 5 mill USD with wine)

8. What are the obstacles, if any, of your doing business with your Hungarian counterpart or other firms in Hungary?
Financial situation, the lack of credit and lack of understanding of the market concept.

9. What are some of the advantages that you have determined in doing business in Hungary?
Education, attitude, and that you do not have to reinvent the wheel.

10. Were you sufficiently informed about the project and the company(s) that you would be working with by ACDI and/or Iowa State University?
YES

11. Were your international travel arrangements satisfactory?
YES

12. Was your local travel arrangements satisfactory?
YES

13. Were the accommodations arranged in Budapest and the country side satisfactory?
YES

14. What are some of the things that you have learned about doing business in general from your Hungarian host company and other Hungarian companies?
Not to be an asset owner, ie creating liabilities. Hungarians should hold the assets and we should provide the service, Consec's goal is to create a cash flow for the Hungarian companies.

15. What are some of the things you believe you can teach your Hungarian counterparts during their visit to the US?
Market economics, the US bureaucratic process for new market introductions.

16. How will you modify the Hungarian executives' program at your company based on your observations during this trip to Hungary?
In process of modification.

17. Based on your experience so far, do you believe this is a worthwhile investment by the US government to promote business relations between US and Hungary, and training and technical assistance for a smoother transition from a socialist to a market economy ?
Yes, someone needs to carry the ball.

18. Do you have any suggestions, recommendations that you believe will improve the RAAPS project?
He is very very impressed, with the RAAP's program and very pleased with the relationship with the ministry of AG.

Other Comments

Their original goal was to export livestock.
A 16 mill USD project is in the formulation process, which will introduce a cash flow style farming, and reintroduce pig and beef breeding lines.
They are working on an exam bank three year project 36 farmers with 16 mill USD project, including breeding farms and finishing operations.

RAAPS 2 U.S. Executive
Debriefing Questionnaire
April 14-20 1994

Executive Name Ronald Sauvageau

Company Name Califrance

Matched Hungarian Company(s) Name Kadar

Date April 15, 1994

1. What were your expectations for participating in the RAAPS project before you arrived in Hungary?
To see how far advanced they are in barrel working compared with French coopers. And also we would like to do business with them.

2. How and to what degree were those expectations met now at the end of your visit?
They are at the beginning of the process of making smaller barrels for wine (excellent quality ones).

3. What was the single most important factor which led you to decide to come to Hungary?
We wanted to do business with Kadar, and make some money.

4. Could you give us a quick chronology of your activities during this visit to Hungary?
Tues. Villany (wineries).
Wed. Kadar Budapest

5. What is your impression of how your host company(s) is managed?
Well managed and eager to learn.

6. How will you be able to help improve their business plan?
The business plan will be improved, based on our joint business.

7. What kind of business prospects can you envision with your Hungarian counterpart?
140 barrels will arrive soon. 2 additional containers will be imported if the quality is satisfactory.

8. What are the obstacles, if any, of your doing business with your Hungarian counterpart or other firms in Hungary?
Quality.

9. What are some of the advantages that you have determined in doing business in Hungary?
The price of the wood is cheaper.

10. Were you sufficiently informed about the project and the company(s) that you would be working with by ACDI and/or Iowa State University?
YES

11. Were your international travel arrangements satisfactory?
YES

12. Was your local travel arrangements satisfactory?
YES

13. Were the accommodations arranged in Budapest and the country side satisfactory?
YES

14. What are some of the things that you have learned about doing business in general from your Hungarian host company and other Hungarian companies?
One has to be patient and build trust first.

15. What are some of the things you believe you can teach your Hungarian counterparts during their visit to the US?
Quality control.

16. How will you modify the Hungarian executives' program at your company based on your observations during this trip to Hungary?
Slight changes.

17. Based on your experience so far, do you believe this is a worthwhile investment by the US government to promote business relations between US and Hungary, and training and technical assistance for a smoother transition from a socialist to a market economy ?
YES

18. Do you have any suggestions, recommendations that you believe will improve the RAAPS project?

Other Comments

ATTACHMENT 4

BEEHIVE BOTANICALS®

THE BEST FROM THE BEEHIVE . . . NATURALLY

"The Largest Dealer In Bee Propolis In North America"

Propolis - Pollen - Royal Jelly - Honey

April 19, 1994

ACDI
50 F Street, N.W.
Suite 900
Washington, DC 20001

RE: Summary of trip to Budapest, Hungary.

Beehive Botanicals had the opportunity to participate in RAAPS 2 by sending two executives, Linda Graham President, and Sally Gagan Export Manager to Budapest. Upon our arrival we had arranged a full schedule to visit our host companies and also to source raw material that is vital to our operation.

An overivew of our trip:

Sunday: Arrived in Budapest, met other U.S. companies and their executives at an informal gathering.

Monday: Full day participation in workshop at the University of Economic Sciences.

Tuesday: Met with Hungaronektar-Host Company

Wednesday: Traveled to host company, Herberia's Manufacturing facility, toured all aspects of facility.

Thursday: Met with Medimpex and Hunfarm companies to discuss the importation of Beehive Botanical finished goods and sourcing of exporting raw material.

Friday: Wrap up with ACDI Hungary office. Meeting with Herberia host company.

Saturday: Return to the United States.

Overall, this was a very productive exchange for Beehive Botanicals, we have set up a contract with Hungaronektar to purchase a minimum of 10 tons of Raw Propolis at $12.00/#, approximately $264,000.00 in the next year. We have also set up a verbal agreement with Medimpex to register four of our finished items as OTC products and they will import $300,000.00 in the first six months after approval. The only downside to

this is that we would have the expense of approximately $8,000.00 US dollars per item for registration, this could be cost prohibitive and result in reduction of products that we would be able to export to the Hungarian Market.

Beehive Botanicals looks at the Hungarian Market as an investment in both sourcing of Raw Material and a good market to sell our finished goods.

We look forward to hosting Herberia in the Unted States as we feel we can help them with marketing strategies and we can also learn from them unique packaging ideas.

We regret that Hungaronektar executives will not be able to travel to the United States due to illness but we will assist in anyway we can through other means of exchanging information.

In conclusion, we feel that the opportunity of participating in RAAPS 2 has developed long term business relationships with very stable Hungarian Compaines and friends.

Sincerely,

Linda Graham

Great Lake
BUILDING SERVICE, INC.
INTERNATIONAL

3820 M-139
ST. JOSEPH, MICHIGAN 49085

(616) 429-1844
FAX (616) 429-9336

June 8, 1994

Mr. Michael Feldtmose
ACDI
50 F ST. NW Suite 900
Washington, D.C. 20001

RE: **Impressions of RAAPS Program — Hungary**

Dear Michael:

I would like to offer my impressions to you and your colleagues (and to other interested parties) arising from my participation on the Hungarian business exchange.

Although there is no immediate business contracted at this stage, I consider the exchange to have been not only enjoyable, but a solid business success. The exchange provided a small business such as ours to access realistic opportunities in the global market place. This is a possibility not often available to small to medium sized firms which operate on tight budgets. Like many other smaller operations, however, I believe our company presents quality solutions to market needs locally and globally. I highly appreciate the chance to participate in the program.

With regard to Hungary, and the business people with whom we were matched, I was very encouraged by the pervasive pro-business orientation of the various executives and political officials. It was also extremely interesting to engage in first hand conversation with people wrestling with the substantial social, political and economic changes taking place in this part of the world. Such conversation clarifies, and far exceeds, impressions we Americans have of the massive changes taking place in the emerging markets of Central and Eastern Europe.

The Hungarians are ready, and in my opinion, quite capable of taking their place in the modern world economy. Clearly, there is progress to be made in certain areas such as operational efficiency, sales and marketing practices and sound business planning; but the enthusiasm exhibited by the Hungarian executives toward improvement in these areas exhibits a real commitment to implement the necessary operational changes.

If there is one theme that stands out in my mind as the subject of a good deal of discussion, it is the very basic philosophy (to those of us in the West) of responding to the demands of the customer. In several instances, during the U.S. portion of the exchange, a question would arise as to why my business (or another business we visited) would engage in certain practices that seemed to result in extra effort for staff or management? The common

answer was "Because that is what the customer wants." This message seems to be getting through, but is an understandably new concept given the essence of the shift from a "command" to a market orientation.

Of course, it is not my goal -- nor should it be a goal in general -- to impose the U.S. brand of market economics or business practices on the Hungarians or any other emerging nation. There are successful, yet widely varying, versions of market driven business practices throughout the world. I think the very valuable result of the RAAPS program will be a presentation of modern business practices and management techniques that may be adapted and implemented for the long term benefit of the Hungarian companies.

I am looking forward to continued contact with the Hungarians. I am quite confident that my business will only benefit from this exchange. In the larger sense, I am extremely confident that U.S. and Hungarian business people will continue to benefit significantly from these exchanges.

Finally, I would like to express my appreciation and congratulations to you and your colleagues on the smooth and efficient manner in which the program was carried out. Given the limited number of ACDI staff involved, I am most impressed by the logistical efficiency of the entire operation.

I look forward to further correspondence, and I would like to repeat my appreciation at having been selected for this most worthwhile program.

Sincerely Yours,

Patrick M. McRae
President - GLBS International

HCC, Inc.

1501 1st Avenue • P.O. Box 952 • Mendota, IL 61342-0952 • Ph. 815-539-9371 • FAX 815-539-7331 • TWX 910-642-3082

April 18, 1994

Mr. Michael C. Feldtmose
Project Coordinator, Central & Eastern Europe
Agricultural Cooperative Development International
50 F Street, N.W., Suite 900
Washington, D. C. 20001

Dear Michael:

Thanks to ACDI for including HCC, Inc. in the RAAPS program. I compliment you and all the ACDI people for a well organized and worthwhile program.

The orientation in Budapest and the matching company, HEVESGEP, were appropriate for me on this first visit. The background provided and the level of people that spoke with us was a higher level than I had expected. You people have the right connections to get things done.

Spending three days with one small company in Hungary was about right for me. We covered our companies and our hopes in depth. We had an opportunity to understand how each thinks and measure our ability to work together as humans as well as business partners. It is my observation that most government money might be spent encouraging deals rather than building relationships from which deals can flow. ACDI is the right approach for the long term, though the evidence of success may take a little longer to mature.

We look forward to the days with our Hungarian executives. After they see HCC, Inc. up close we should be better equipped to determine if the future holds some opportunity to profitably work together and help both companies grow in the world market place. Both companies have a lot to learn, I think, and can learn from one another.

Thanks again for the opportunity. Moving a group of companies into the market together was also a big help. We could compare notes before and after the visits. That helped me put thoughts together that have a firmer foundation.

Sincerely,

Carl E. McNair

Carl E. McNair
President

Maryland
Hotel
Supply
Co., Inc.

Foodservice Excellence
Since 1927

April 18, 1994

Mr Michael Feldtmose
ACDI
50 F Street, NW
Suite 900
Washington DC 20001

Dear Mike:

After having been fortunate to be included among those companies chosen for the RAAPS Spring 1994 project, I would like to tell you that I have certainly learned so much this past week that now I am certain I have a lot more to learn.

I believe the Hungarian economy is simply waiting for a wider grasp of the principles of free market enterprise so that it can shift into higher gear. It is my impression that the people we met with, in general, have an idea of what can be accomplished and where they want to be. They are not really certain how to take the next steps or necessarily what they are.

Petofi is a co-op which seems to be land rich and cash poor. They were somewhat constrained in the market opportunities they saw for themselves relative to product line and distribution. We were able to discuss a wide range of concepts pertinent to distribution. I am now in a far better position to develop a US itinerary for them that will address their more specific needs than before we met. I believe they can be successful in their endeavors but it will take significant additional work with them to get them moving.

My goal for them when they meet with our company is to help them develop a time line to which they need to adhere if they want to get their project off the ground in the foreseeable future. I pointed out to them the ways they have at their disposal already to get into active distribution without incurring debt or constructing a multi-million dollar facility. I also discussed the importance of not restricting themselves to fresh produce distribution alone because of the wide price and supply problems inherent in that product. I will build on that concept further with them.

I discussed these ideas at length with Maria Sebestyen Kostyal during our wrap up meeting on Friday, April 15. She suggested the possibility of further funding for Petofi for technical assistance. I am certain you can discuss the specifics with her. We also discussed the project with Rifat Barokas.

701 W. Hamburg Street Baltimore, Maryland 21230

The opportunity to meet Miklos Siket of La Prima may create the possibility of our company exporting high quality Angus steaks to him in small enough quantities so that he can get his steak house restaurant up to the quality level he needs long before the cattle from the Adony cooperative are ready for market without having to receive shipments in quantities too large for him to manage. I believe we could phase out the export of our product to them in the next couple of years after the quality of the Hungarian cattle and the slaughterhouse to process them are up to the standards restaurateurs like Mr Siket need to succeed. I discussed this at length with Mr Barokas as well. He, himself, is planning on bringing Mr Siket to visit our plant during the time all the Hungarians are in Washington, DC.

I feel that my meetings with Petofi could lead to a long term relationship that will take patience and continuing efforts on my part to bring to fruition. The market is there for their ideas. They need more management and sales training to boost their probability for a successful outcome. The possibility of introducing some of our products to Hungary may be a consequence of helping them establish a successful distribution system.

The opportunity at La Prima may potentially be more proximate but will be limited to the relatively short term of a couple of years or so until the in-country production and distribution can provide similar quality product.

I will keep you informed of the developments of both matters as they occur.

Thank you for allowing Maryland Hotel Supply Company to participate in this project. We hope to be able to build on the foundations that have been set.

Sincerely,

Dennis Steele
VP, Sales/Marketing

cc: Rifat Barokas
Maria Sebestyen Kostyal

SOUTH SHORE TRADING
2951 Marina Bay Drive, Suite 130
League City, TX 77573 USA
713-334-6292, Fax: 713-334-6108

4 March 1994

Mr. Michael C. Feldtmose
Project Coordinator
ACDI
50 F Street N.W., Suite 900
Washington, D.C. 20001

Dear Mr. Feldtmose:

First of all, we want to thank you for the opportunity of establishing a working relationship with Hungarian firms. From reading the profiles, we can see some very exciting possibilities and ways that mutually beneficial business deals could be made.

South Shore Trading has roots as an agriculturally oriented export trading/management company. As such, the principals have been involved in agribusiness marketing & consulting and investing.

The scope of those activities includes:

1.) Plant Cultivation: wheat, soybeans, corn, rice, sunflowers, milo maize, cotton, alfalfa.

2.) Animal Husbandry & Meat Production: beef cattle, dairy cattle, hogs (pig production), frozen bovine semen, frozen bovine embryos.

3.) Agricultural Equipment & Services: farm product raw materials (SIC 5159), farm equipment & machinery (SIC 5083), artificial insemination & embryo equipment (SIC 5047), agricultural business consulting (SIC 8748), grain & bean export (SIC 5153), prepared animal feeds & supplements for export -- feedgrains (SIC 5191), meats & meat products (SIC 5147), slaughter house equipment (SIC 5083).

4.) Marketing: Agricultural Commodity Trading & Hedging on the Chicago Mercantile Exchange, the Chicago Board of Trade and the New York Mercantile Exchange.

South Shore Trading's developmental objectives relative to Hungarian firms includes:

1.) Increase sales of U.S. feed concentrates.

2.) Increase sales of U.S. farm equipment, including hay baling, wrapping, storage & silage equipment.

3.) Increase the use of advanced U.S. technology transfer as adapted to Hungary.

4.) Find markets for Hungarian agricultural commodities.

5.) Investigate investment opportunities with Hungarian firms.

To summarize, we hope that this information is helpful in establishing South Shore Trading as a serious participant in the ACDI program. We look forward to being paired with and meeting Hungarian businessmen through this program. We await your confirmation of our involvement.

Sincerely,

Ken Rogers
Principal

P.S. Attached is a copy of a suggested itinerary for the visiting Hungarian businessmen.

Itinerary For Visiting Hungarian Businessmen With South Shore Trading

Wednesday, May 4	Pick up at Houston Airport, and situate at hotel.
Thursday, May 5	Orientation to Houston, visit large farmers market where produce is sold to Houston restaurants and consumers.
Friday, May 6	Visit to area farm implement & equipment dealers.
Saturday, May 7	Tour of NASA/Space Center Houston facilities.
Sunday, May 8	Visit largest Baptist Church in America, dinner & visit with friends.
Monday, May 9 -- Wednesday, May 11	Trip to Hereford, Texas to see Arrowhead Mills operation (a large organic grain sales & farming operation that grows, processes, packages & markets rice, rye, barley, wheat, oats, beans & sunflower seeds to retail outlets).
Thursday, May 12 -- Friday, May 13	Visit to two large cattle breeding/semen operations that have domestic and export sales operations.
Saturday, May 14	Visit Moody gardens in Galveston, Texas -- sights include giant 3D IMAX movie, largest man-made tropical rain forest in the world.
Sunday, May 15	Visit largest Baptist Church in America, dinner & visit with friends.
Monday, May 16	Leave for South Texas Rio Grande Valley -- large, rich, fertile area of irrigated and non-irrigated farmland including areas of production of most varieties of grain, vegetables are cultivated. Also grown are watermelons, cantaloupe and citrus -- includes visits to farms, talks with farmers, produce and grain marketers and wholesalers, various implement and tractor dealers. Cross the border into Mexico for dinner, if allowed by passports.
Tuesday, May 17	Return to Houston.
Wednesday, May 18	Depart for airport.

This itinerary may be rearranged to include a multi-day side trip to Chicago, Illinois to see the Chicago Board of Trade & Chicago Mercantile Exchange if the participants so desire. We can also cut one day from the Arrowhead Mills trip and spend it on tour at Texas A&M (Texas Agricultural & Mechanical University) in Bryan/College Station, Texas, where there is the only degree program in the nation for cattle feedlot operation. Here we can see the latest technology and experiments in nutritional supplements, cattle feeding and beef & dairy production & equipment. We might be able to talk with some of the nation's foremost professors in beef and dairy cattle production.

ATTACHMENT 5

CENTER FOR AGRICULTURAL AND RURAL DEVELOPMENT

Restructuring Agriculture and Agribusiness: A Private Sector Program for Hungary

Executive Training Program II
April 28 - May 2, 1994

Scheman Building
Iowa State University

Day 1
Thursday, April 28 (Rooms 260-262)

9:00 a.m.	Departure from hotel
9:15	Coffee and Rolls Registration and Banking First Floor Lobby, Scheman Building
9:45	Opening Remarks and Introduction *William H. Meyers*, Executive Director, Midwest Agribusiness Trade Research and Information Center (MATRIC) and Associate Director, Center for Agricultural and Rural Development (CARD)
10:30	Driving Tour of Iowa State University Campus
11:30	Lunch Break
1:00 p.m.	Leave Hickory Park for Site Visits
1:30	Site Visit • Cub Foods • Horticulture Greenhouse, ISU • Brekke's Town and Country Store and Agripro Seeds
4:00	Return to Ramada Inn from site visit
5:00	(Drivers and vans will be available to take participants to restaurants in the Ramada Inn area)

Day 2
Friday, April 29 (Rooms 260-262)

9:30 a.m.	Departure from hotel
9:45	Coffee and Rolls 260-262 Scheman Building

MORNING SESSION: Market Communications
Moderator: *T. Kesavan*, Assistant Research Scientist, Center for Agricultural and Rural Development

10:30	From Turkeys to Trains: The Art and Science of Market Communications *Kent T. Zimmerman*, President, Zimmerman, Laurent & Richardson, Inc.
12:00 p.m.	Luncheon Buffet 250 Scheman Building

AFTERNOON SESSION: Market Research and Planning
Moderator: *T. Kesavan*

1:30	Market Research: Fundamentals of Marketing Presenter: *Michael G. Schaeffer*, Consultant
2:45	BREAK
3:00	Market Research: Strategic Market Plan Presenter: *Michael G. Schaeffer*, Consultant
4:30	Adjourn
5:00	(Drivers and vans will be available to take participants to restaurants in the Ramada Inn area)

Day 3
Saturday, April 30 (Room 260)

7:45 a.m.	Departure from hotel
8:00	Coffee and Rolls Registration and Banking 260-262 Scheman Building
8:45	Introduction *William H. Meyers* Welcome *Martin Jischke*, President, Iowa State University

MORNING SESSION: Strategic Planning and Management Issues
Moderator: *William H. Meyers*

9:00	Taxonomy of a Strategic Plan Presenters: *Brad Shrader*, Associate Professor, Department of Management and Co-director, Murray G. Bacon Center for Ethics in Business, College of Business, Iowa State University *Jim Flynn*, Associate Professor, Department of Management, College of Business, Iowa State University
10:30	BREAK
10:45	Problems of Implementing Strategic and Business Plans: A CEO's Perspective (Panel Discussion) Moderator: *Gary Aitchison*, Associate Professor, College of Business, Iowa State University Discussants: *Merrill Kim Sharp*, Business Owner and Adjunct Assistant Professor, Department of Management, College of Business, Iowa State University *Don Heuss*, President, Heuss Printing Inc.
12:30 p.m.	Luncheon Buffet 250 Scheman Building

AFTERNOON SESSION: Globalization of U.S. Food Industry
Moderator: *Brad Shrader*

1:30	An Overview of the Food Industry in the U.S. Presenter: *Marvin Hayenga*, Professor, College of Agriculture, Department of Economics, Iowa State University
2:45	BREAK
3:00	Developing Business Relationships and Strategic Alliances in International Markets Presenter: *John Brockardt*, Vice President, Business Development, Tone's
4:30	Adjourn
5:00	(Drivers and vans will be available to take participants to restaurants in the Ramada Inn area)

Day 4
Sunday, May 1

10:00 a.m.	Vans and drivers will be available to take participants to church services at St. Thomas Aquinas Catholic Church (2210 Lincoln Way, 10:30 a.m.) and Memorial Lutheran Church (2228 Lincoln Way, 11:00 a.m.), if desired.
11:45	Departure from hotel (for those not attending church services)
12:00 p.m.	Luncheon Buffet 250 Scheman Building

AFTERNOON SESSION: Business Development: Culture and Public Policy (260 Scheman)
Moderator: *Lori Dooley*, Program Manager, Midwest Agribusiness Trade Research and Information Center, Iowa State University

1:30	U.S. Business Culture Presenter: *Sanjeev Agarwal*, Assistant Professor, Department of Marketing, College of Business, Iowa State University
2:45	Plan Development: Shaping the Future Presenter: *Steve Carter*, Director, Small Business Development Center, Iowa State University
3:45	BREAK
4:00	Grassroot Organizations in Public Policy Presenter: *Emily Elde*, Director, National Affairs, Iowa Farm Bureau Federation
5:00	Adjourn
5:15	Chuckwagon Buffet Scheman Building Courtyard

Day 5
Monday, May 2 (Room 260)

8:00 a.m.	Departure from hotel
8:30	Coffee and Rolls 260-262 Scheman

MORNING SESSION: Marketing Management
Moderator: *T. Kesavan*

9:00	Pricing and Marketing Strategies Presenter: *Sridhar N. Ramaswami*, Associate Professor, Department of Management, College of Business, Iowa State University
10:30	BREAK
10:45	Marketing Process and Planning for Retail (Cooperative) Customers Presenter: *Joel Ebbertt*, Manager of Training and Placement, Farmland Industries, Inc.
12:00 p.m.	Luncheon Buffet 250 Scheman Building

AFTERNOON SESSION: Business Law, Banking, and Policy Issues
Moderator: *William H. Meyers*

1:30	American Law for International Business Presenter: *Thomas G. Fisher*, Vice President-General Counsel and Secretary, Meredith Corporation
2:30	BREAK
2:45	U.S. Financial Institutions and Banking Issues in International Business Presenter: *Kent C. Mericle*, Vice President, International Department, Norwest Bank
4:00	Wrap-up: Institutions, Networks, and Policy Making Presenter: *William H. Meyers*
5:00	Adjourn / return to hotel
6:30	Social Hour Sun Room, Memorial Union
7:30	Banquet Sun Room, Memorial Union
	Certificate Presentation *David Topel*, Dean, College of Agriculture, Iowa State University

Biographical Notes
Speakers

Executive Training Program II
"Restructuring Agriculture and Agribusiness:
A Private Sector Program for Hungary"

April 28-May 2, 1994
Scheman Building
Iowa State University
Ames, Iowa USA

Sanjeev Agarwal is an assistant professor in the Department of Marketing at Iowa State University. Prior to receiving his M.S. in Business Administration and Ph.D. in International Business/Marketing from Ohio State University, he served as technical director for two firms in India. He also holds a master's degree in chemical engineering from the University of California at Davis. Agarwal has received several grants to study the export potential of agricultural goods. Since 1990, he has served on the editorial review board of the journal *Advances in International Marketing*.

Gary L. Aitchison is an associate professor in the Department of Management at Iowa State University (ISU). He serves as Director of the Small Business Institute (SBI), which is a federally funded project for the Small Business Administration, within ISU's the College of Business. The SBI provides management counselling to numerous small businesses in Central Iowa with assistance of students from the College of Business. He also teaches courses in strategic management and entrepreneurship. Aitchison holds the M.A. from the University of Northern Iowa and the Ph.D. from Iowa State University.

John I. Brockhardt is Vice President for Business Development with Tone Brothers, Inc. in Des Moines, Iowa. He has twenty years of experience with manufacturers of consumer goods and food products. He has been responsible for manufacturing operations, materials management, and key account and international sales. His company exports to over a dozen foreign countries. He is a director of two international joint venture companies, one involved in raw material supply, and the other in the sale of finished goods. Brockhardt received the M.B.A. degree from Harvard University.

Steve Carter is Director of the Small Business Development Center at Iowa State University.

Joel Ebbertt joined Farmland Industries in May,1991, and serves as Manager of Training and Placement, providing services to Farmland Co-op members. He has over 17 years of direct experience in adult education and organizational consulting with agribusinesses. He has presented hundreds of training programs, workshops, and speeches to agricultural professionals. Ebbertt has also worked with the Farm Credit Bank system and in the field of public education, as a teacher and administrator. He holds the B.A. from Purdue University and the M.S. degree from the University of Louisville.

William H. Meyers is executive director of the Midwest Agribusiness Trade Research and Information Center (MATRIC) and associate director, Center for Agricultural and Rural Development (CARD). He is also co-director of the Food and Agricultural Policy Research Institute at Iowa State University. The major focus of his professional work over two decades has been on agricultural trade policy and price analysis. He has been involved in many international projects as a consultant, researcher, or principal investigator. He received his advanced degrees in agricultural economics; the M.S. from the University of the Philippines and the Ph.D. from the University of Minnesota.

Sridhar N. Ramaswami is an associate professor of marketing in Iowa State University's College of Business. He came to Iowa State in 1987 after receiving his doctoral degree from the University of Texas at Austin. His primary research interests include strategic marketing, organizational control systems, brand equality issues, and product development and positioning.

Merrill Kim Sharp is an adjunct assistant professor at Iowa State University in the College of Business, the College of Veterinary Medicine, and the department of Civil Engineering. He has also taught telecourses for ISU and the University of Iowa on business topics. At ISU, he is the faculty advisor for the College Entrepreneurs Organization. Sharp has owned a number of different businesses and properties in the Ames area over the past 20 years. He received his B.S. and M.S. degrees in economics-statistics from Brigham Young University and the Ph.D. from Iowa State University in economics.

Brad Shrader is an associate professor in the College of Business at Iowa State University. He has been at ISU for 10 years teaching Strategic Management and Business Ethics courses for the Department of Management, and has previous experience as a consultant and auditor. He also regularly teaches in the College's Strategic Planning for Iowa CEOs executive program. His MBA and Ph.D. degrees are from Indiana University. Shrader is currently the co-director of the Murray G. Bacon Center for Ethics in Business and interim chair of the Departments of Management, Marketing, and Transportation and Logistics.

Kent T. Zimmerman is chief executive officer and president of Zimmerman, Laurent & Richardson (ZLR), a Des Moines, Iowa advertising agency. A thirty-year veteran of the advertising agency business, Zimmerman's expertise is in new products and strategic marketing communications. In addition to his duties as chief executive officer of ZLR, Zimmerman is management supervisor for clients, Casino America, Inc. (Biloxi, Mississippi), the Iowa State Fair, Ruan Transportation Management Systems, and Tone Brothers (spices), Inc. Prior to the formation of ZLR, Zimmerman was head of Lord, Sullivan & Yoder, where he led the successful launch of the Iowa Lottery. Before coming to Iowa in 1984, Zimmerman was vice president and account supervisor with two Chicago agencies. He holds the MBA in marketing and BSBA in finance, both from Northwestern University.

ATTACHMENT 6

Restructuring Agriculture & Agribusiness Private Sector (RAAPS)
Washington, D.C.
Evaluation Workshop

Wednesday, May 18, 1994:

Arrive The Bellevue Hotel
15 E Street NW (Capitol Hill)
Washington, D.C. 20001
Tel: (202) 638-0900

Thursday, May 19 1994:

PLACE: The Lexington Room at the Bellevue Hotel

9:00 am - 9:15 am	**Introduction** Barokas, Country Director, Hungary, ACDI **Welcome** Ron Gollehon, President, ACDI
9:15 am - 10:45 am	**Impressions of the U.S.** Jerrold Keilson, AVP, Training, ACDI
10:45 am - 11:00 am	Coffee Break
11:00 am	**Trade 2000 - Developing Hungarian Business Partnerships** Jane Tublin, Director **The U.S. Agency for International Development** Brian Wickland, Hungary Officer Abdel Moustafa, Agricultural Development Officer **The Embassy of the Republic of Hungary** Dr. Joszef Popp, First Secretary Ferenc Furulyas, Minister, Economic & Trade Affairs Istvan Mezei, Scientific Attache Barnabas Nemeth, Commercial Consular **The Hungarian-American Enterprise Fund** Thomas M. Hughes, Chief Financial Officer
12:30 pm - 1:30 pm	**Lunch in the Packard Room**
1:30 pm - 3:15 pm	**Company Discussions** Joint Business Possibilities with U.S. Companies Changes to Business Plans
3:15 pm - 3:30 pm	Coffee Break
3:30 pm - 5:00 pm	**Company Discussions Continued** Joint Business Possibilities with U.S. Companies Changes to Business Plans

Friday, May 20, 1994:

Free Day

Saturday, May 21, 1994:

8:30 am **Tour Bus Pick-up at the Bellevue Hotel**
Sightsee Washington: Tour of The White House
Shopping in Georgetown

ATTACHMENT 7

Table 5.1. Comments provided by Round 1 participants

No.	C.2. Privatization	C.3. SPA Changes	G.4. Business Organizations	G.5. Policy Changes
1.	Very slow	Clear and predictable decisions	1/ Alliance of Seed Traders 2/ Product Council (seed) 3/ Chamber of Business 4/ Chamber of Agriculture	1/ Predictable market regulations for long-run 2/ Decisions being competition neutral 3/ Professional background for government decisions
2.				1/ Favorable credit policies 2/ Increasing export subsidies 3/ Favorable taxation system 4/ Reducing bureaucracy
3.			1/ Chamber of Agriculture 2/ Chamber of Commerce 3/ Hungarian Agricultural Society of Science	1/ Improving bank system 2/ Stabilizing currency 3/ Stabilizing properties' ownership laws
4.		More rapid privatization, more compensation tickets	1/ Product Councils (grain, milk, meat, sugar) 2/ Alliance of Agricultural Producers 3/ Board of Trade (Commodity Exchange) 4/ Meat Producers Organization	1/ Competition neutral market regulation system 2/ The Agricultural Market Regime has to work effectively
5.		Just continue the privatization	1/ Chamber of Agriculture 2/ Farmer Circles (Producer organizations)	1/ Predictable Policies 2/ Introduction of protective tariffs and duties 3/ Stop the embargo in former Yugoslavia
6.		More rapid privatization, based on long-run market calculations	Chamber of Small Enterprises	1/ Credit guarantee system 2/ Stable taxation system 3/ Effective and free, business information system by the government
7.			1/ Chamber of Agriculture 2/ Alliance of Cooperatives 3/ ABIC Rt = Agro Europe Club	1/ The implementation of the existing, good decisions (Market Regime, new system of subsidies)
8.		More open activities, based on the market values	1/ Hungarian Agricultural Society of Science 2/ Regional Organizations	1/ Establishing a real agribusiness sector, providing the conditions necessary for the cooperation of agriculture and food industries
9.		The corrupt employees of the SPA to be fired	1/ Alliance of Meat Cattle Farmers (+Angus) 2/ Alliance of Barley (beer) Producers 3/ Industrial Hog Farming System	1/ Improving the profitability of agriculture, so the rural areas could keep the employment levels
10.		Public control	1/ Product Council (Vegetable) 2/ Chamber of Agriculture 3/ Chamber of Commerce 3/ Regional organizations 4/ Alliance of US Wholesale Markets	1/ Involving Product Councils in decisions of the Ministry of Agriculture 2/ Competent and effective work by the economic Chambers 3/ Establishing a Rural Development System with appropriate financial background
11.		Clear conditions, correct auctions	1/ Chamber of Business	1/ Predictable, stable, and competition neutral market regulation system

Table 5.2. Comments provided by Round 2 participants

No.	C.2. Privatization	C.3. SPA Changes	G.4. Business Organizations	G.5. Policy Changes
1.			1/ Alliance of Hungarian Chefs and Confectioners 2/ Hungarian Confectionery Industries Association	1/ Taxation system 2/ Social Security 3/ Financial Policies
2.		More open activities	1/ Alliance of Hungarian Chefs and Confectioners 2/ Alliance of Hungarian Catering Industries 3/ Hungarian Waiters' Club	1/ Credit and interest rate policies 2/ Supporting small enterprises 3/ Favorable taxation system
3.			1/ Professional Association of Baking Industries 2/ Chamber of Business	1/ Credit and interest rate policies 2/ Favorable taxation 3/ Supporting both small and large scale enterprises
4.		SPA and State Privatization Company should merge with 200 employees max.	1/ Chamber of Agriculture 2/ Product Council 3/ Hungarian Agricultural Economists Association	1/ More active Parliamentary work toward safeguarding agricultural interests 2/ Competent, professional Ministry of Agriculture 3/ Flexible and selective financial policies 4/ Predictable market regulation system
5.		Preferring domestic investors	1/ EFOSZ 2/ CSAOSZ	
6.	Involving more domestic producers	More precise preparation of each privatization to gain time	1/ Chamber of Agriculture (regional president)	1/ Stable financial policies 2/ Reducing enterprise taxation levels
6/2	More chances for producers to be involved	Open auctions, public control		1/ Stable financial policies
7.			1/ Alliance of Sheep Farmers	1/ Decentralization 2/ Decisions not by politicians but professionals
8.	Land privatization is extremely slow, it causes damages to the sector	Public control of SPA activities	1/ Chamber of Industry and Commerce (North Transdanubia region)	
9.			1/ Product Council (Grain)	
10.		Reducing corruption, involving more domestic investors	1/ Hungarian Marketing Alliance 2/ Hungarian Economic Society 3/ Alliance of Vegetable Producers	1/ Agriculture is not a political toy 2/ Market regulation by economic instruments only 3/ Fair taxation system 4/ Increasing export subsidies
11.	There is no privatization strategy		1/ Dairy Producers' Association (regional)	1/ Reducing corruption 2/ No more political decisions on economy
12.			1/ Chamber of Agriculture 2/ Chamber of Innovation	1/ Finishing bank reform 2/ Significantly reducing inflation 3/ Favorable credit policies toward new enterprises 4/ Budget reform

No.	C.2. Privatization	C.3. SPA Changes	G.4. Business Organizations	G.5. Policy Changes
13.			1/ Alliance of Small Industrial Enterprises	1/ Reducing burdens (taxes and social security) 2/ Favorable conditions for foreign investors in Hungary 3/ Credit Policies
14.				
15.			1/ Chamber of Business 2/ Soft Drink Industries Association 3/ METE	
16.			1/ Product Council (Herbs)	1/ Fastening privatization 2/ Reducing tax levels 3/ Predictable market regulation
17.		SPA policy: "waiting for best offer" is wrong	1/ Alliance of Farm Machinery Producers 2/ Organization for Business Relations to the East (Hungarian - Russian)	1/ Predictable market regulation system
18.			1/ Product Councils (Paprika, Herbs and Bio Products) 2/ Enterprise Development Foundation (regional)	
19.		Simplifying procedures, public control	1/ Alliance of Hungarian Pig Producers 2/ Alliance of Hungarian Feed Producers 3/ Agricultural Market Regime (information section)	1/ More agricultural representatives in the new Parliament, stronger lobby 2/ Export incentives (toward Eastern markets)
20.				
21.	Slow privatization results uncertainty, economic agents are in waiting position	Open auctions, public control		1/ Stable financial policies

Attachment 8

acdi Making a World of Difference

Agricultural Cooperative Development International

50 F Street, N.W. • Suite 900 • Washington, D.C. 20001 • Telephone: (202) 638-4661 • Fax: (202) 626-8726

Ron G. Gollehon
President

Actual & Proposed Business Ventures Between Participating U.S. & Hungarian Agribusinesses

Round Two Participants - Spring 1994

1. Pusztaszabolcs Cooperative

Pusztaszabolcs Cooperative and its matched U.S. company Golden Dome Trading (GDT) signed a popping corn production contract for the 1994 crop season. GDT purchased $22,000 worth of U.S. popping corn seed and has shipped it to Hungary to be planted at the end of April 1994. In addition to the signing of the production contract while GDT's president was in Hungary under the RAAPS program, a joint venture company was established between GDT and Pusztaszabolcs for popcorn kernel processing. This is the first formal joint venture which has formed between a participating U.S. and Hungarian company under the RAAPS program.

2. Hungaronektar

Hungaronektar has exported 1,000 kilograms of bee propolis to its matched U.S. company Beehive Botanicals International in Madison, Wisconsin. The value of this transaction was approximately $15,000. More shipments are expected throughout the year.

3. Canex Trading Inc.

Canex is planning on exporting large tins (10/10 cans) of mushroom pieces and stems from its matched U.S. company Polean Foods, Inc. When the president of Polean travels to Hungary under the project in the Fall 1994, the deal should be finalized.

4. Budapesti Kadar, Ltd.

Califrance, Inc. and Barrel Builders, Inc. purchased one container's worth (valued at approx. $35-$40,000) of wine barrels from matched Hungarian company Budapesti Kadar. The barrels arrived in California in late April 1994 after Barrel Builders sent its top cooper to Hungary under the project. Another container will be purchased in mid-Summer 1994. Califrance is planning on purchasing approximately $150,000 worth of barrels in 1994 and at least twice as much in 1995. Barrel Builders will be brokering and providing the warranty service for barrels produced by Budapesti Kadar and has offered to provide technical assistance to help Budapesti Kadar mechanize and standardize/uniform production.

Chairman of the Board Curtis W. Anderson, Sunkist Growers, Inc. — *Vice Chairman* Carroll H. Gilbert, Southern States — *Secretary* P. Dean Denhart, Countrymark Cooperative, Inc. — *Treasurer* John Martin, AgAmerica, FCB

5. Marzipan, Ltd.

Marzipan, one of Budapest's largest candy manufacturers, is currently negotiating with its matched U.S. company, Mannons Foods, to establish a joint manufacturing facility in the U.S. which specializes in the production of almond-paste based confectioneries.

6. Inno-Drog, Ltd.

Matched U.S. company Mannons Foods is negotiating with Inno-Drog to purchase dried fruits, vegetables and herbs in Hungary.

7. La Prima, Ltd.

Participating U.S. company, Maryland Hotel Supply Company, may sell certified Angus beef to La Prima's steakhouse restaurant.

8. Anser Speed, Ltd.

Anser Speed and one of its matched U.S. companies, Diamond V Mills, Inc., are discussing the possibility of entering into a representation contract which would make Anser Speed a distributor of Diamond V products in Hungary and Central Europe.

9. Bio-Oil, Ltd.

Bio-Oil and the Consec Corporation of Louisville, KY have signed a purchasing contract which gives Consec exclusive import rights to several Bio-Oil products such as cold-compressed oils, shelled pumpkin seeds and other snack food items.

10. Agro-Ferm, Ltd.

Agro-Ferm and its matched U.S. company, AgBio Development of Westminster, CO, have signed a production contract. Under the contract, AgBio will be producing a unique organic fertilizer which contains Agro-Ferm products. Agro-Ferm also signed a research and development agreement with University of Colorado at Fort Collins to explore new organically produced fertilizers.

11. Arpad Cooperative

Arpad Cooperative and its matched U.S. company Telos Enterprises of Mariposa, CA have signed a Letter of Agreement to consider the feasibility of installing a computerized control system in Arpad's greenhouses. The equipment would be designed, assembled and installed by Telos, subject to Arpad's requirements.

12. La Prima Restaurants, Ltd.

La Prima is considering a joint venture and a franchise purchase with Happy Joe's Restaurants of Bettendorf, IA. La Prima is also considering the purchase of used food processing and bakery equipment from Happy Joe's Bakeries.

Participation in RAAPS has also stimulated domestic trade between several participating Hungarian companies. La Prima is currently negotiating with the Nagykun Cooperative and the Szeged Bakery to purchase food supplies.

13. Anser Speed

Anser Speed is currently negotiating with its matched U.S. company, Buckeye Feed Mills of Dalton, OH, a $1 million joint venture to produce pet food in Hungary which will be exported the Western European markets