

PI 115 102  
127-31789



**POSTHARVEST INSTITUTE FOR PERISHABLES**

EXPOR<sup>T</sup> PROMOTION  
and  
SERVICES

Recommendations for Project Design  
Team Activities

by  
Robert L. Skiles, Director  
Postharvest Institute for Perishables  
University of Idaho  
Moscow, Idaho 83843  
U.S.A.

GIS Report No.  
PIP/Honduras/April 84/No. 47



**University of Idaho**

in cooperation with  
**United States Agency for  
International Development**

PNAAQ102

TABLE OF CONTENTS

	Page
A. Introduction.....	1
B. Current Situation.....	1
C. Recommendations for Proposed AID Project Activity.....	2
I. Vegetables.....	2
II. Fruits.....	4
III. Cacao.....	5
IV. Support Systems Expansion or Development.....	6
D. List of Persons Contacted.....	9
E. Itinerary.....	9

1-

EXPORT PROMOTION AND SERVICES  
RECOMMENDATIONS FOR PROJECT DESIGN TEAM ACTIVITIES  
BY

Dr. Robert L. Skiles

POSTHARVEST INSTITUTE FOR PERISHABLES

A. Introduction

During the week of April 2, 1984 the Agribusiness Export Development component of the PID Honduras: Export Promotion and Services was reviewed for the purpose of preparing recommendations for the activities of a project design team. For additional background, the agricultural areas near San Pedro Sula, Comayagua and Choluteca were visited, as well as the Escuela Agrícola Panamericana (EAP) at El Zamorano. A report prepared earlier by Mr. William Bolton while under contract for the Postharvest Institute for Perishables was also made available for review.

This report will address the three commodities or commodity clusters of vegetables, fruits and cacao from the viewpoint of an integrated systems approach to the development of an effective export marketing system. It will include a discussion of the support systems currently in place or that must be designed in order to develop an effective marketing system.

B. Current Situation

There presently exist in Honduras numerous elements that could be brought together to form a strong infrastructure for export marketing. These elements are:

1. A few young, aggressive private sector marketing organizations that have been successful within the limits of their capitalization. Examples: "Fruta del Sol" and CREHSUL.
2. Growers or grower groups who are eager to join cooperatives or similar organizations for mutual benefit in export marketing. Example: "Fruta del Sol", CREHSUL, and FEPROEXAH.

3. Established research and training capabilities: Example: SIATSA and EAP.
4. Adequate highways from most areas of production to seaports. Example: Comayagua to Cortés, Choluteca to San Lorenzo.

### C. Recommendations for Proposed AID Project Activity

The function of the design team will be to address the three commodities or commodity clusters to identify a) the potentials of specific crops for Honduran export markets, b) the constraints that exist or that can be foreseen in the development of a successful integrated system, and c) actions required to solve or prevent problems in the system. Within each commodity the inputs will be characterized that will be necessary for the effective operation of the system.

One of the most important inputs in the project implementation must be derived from interviews and consultations with numerous importers in the U.S. The results of the interviews will largely determine which crops listed below, or even others, will be selected for development in Honduras. Visits to the potential production areas can reveal which crops could be grown, but will not determine which crops should be grown, the market demand information must come from the importing side and will ultimately be the deciding factor.

#### I. Vegetables

Crops for development or expansion for export markets: cucumbers, melons, onions, squash, tomatoes and sweet corn

1. The cucumber operation at Fruta del Sol is exemplary and provisions should be made for its expansion. However, provision should also be made for continuous monitoring of the market demand and searches for

new market possibilities. The operation at Fruta del Sol is based on a monoculture, which is intrinsically weak. Crop diversification, e.g. onions, for export must be investigated. Another possible entry into an export area would be to utilize rejected cucumbers (below grade) for pickle chips.

The grading and sorting equipment and the cold handling room at Fruta del Sol would be inadequate if the operation were expanded. That facility should be enlarged according to projected volumes to be graded and stored. During peak activities Fruta del Sol exports 2 to 3 truckloads of cucumbers per day - there are 750 boxes of 56 lb. each in a truck. It is believed that the market could absorb 50 trucks per day.

2. The potential for onion exports must be addressed because the crop is being grown rather successfully at Comayagua. Evaluations should be made of new or different onion varieties for longer storage life in order to fill local needs and neighboring country needs between seasons.
3. The potential culture of melons in the Comayagua area in addition to Choluteca should be investigated. There is a large U.S. market for cantaloupes harvested in January and February and occasionally the Choluteca area cannot meet the early market. That is because melons in the latter area are planted after the rainy season, and if the season is late the plantings cannot be made on time.

The melon operation near Choluteca is successful within its limits and the growers are sensitive to market demands in the U.S. Thus, they alter the proportional plantings of cantaloupe to honey dew melons to maintain a good market. Nevertheless, other cropping systems for the area should be sought because the economy is virtually based on a monoculture.

The CREHSUL members want to double their production and believe that they could do so, and find a ready U.S. market.

4. Squash may offer a very real crop diversification possibility for the Choluteca and Comayagua areas. The division of Recursos Naturales is planning to create more and better opportunities for irrigation near Comayagua, so new lands for cropping systems, such as squash, should become available.

The market possibilities, demands, channels and other factors are now unknown, so they would have to be identified for any of various types of squash for export.

5. Mejores Alimentos at Comayagua is now processing tomatoes for paste. A potential market may exist for cherry tomatoes, and this should be investigated by the team. The know-how for tomato production exists in the area, and cherry tomatoes ship well - much better than large, table tomatoes.
6. Sweet corn is always a popular item in the U.S., and there may be an excellent opportunity for a Honduran export. The market is extremely demanding in regard to quality, so the capability of Honduran producers to meet the demands must be carefully evaluated.

## II. Fruits

1. Oranges and grapefruit were addressed in considerable detail by Mr. Bolton in his report. One of the important points to be evaluated in detail is the market expansion for orange juice. Grapefruit juice should probably not be considered because reportedly it is not a popular item of consumption in the U.S.

There exists a good market possibility of utilizing orange and grapefruit rejects (below grade) for canned segments. The market would have to be researched for demand, price, volume and other factors.

2. The Persian lime industry was discussed by Mr. Bolton in his report. In the case of limes, as well as oranges and grapefruit, long-range market predictions will have to be carefully evaluated if new plantings are to be recommended. An investment of many years is involved on the part of the producers.
3. At SIATSA, Dr. Millensted has been doing some studies on peeled, cored and film wrapped pineapple for export. This work appears to offer a definite market possibility and it should be developed further and in an expanded way.
4. Ing. Agr. Antonio Zaldivar, President of the Plantain Cooperative, has been working on the shipment of peeled plantains to a factory for fried chip production. This market possibility should be carefully evaluated because it appears to offer a large potential even as an export to the U.S. The concept offers the additional advantage of providing plantain peels that could be chopped and used as feed for cattle, swine or poultry.

### III. Cacao

Cacao plantations were not visited during the week's visit in Honduras, so no comments can be made from first-hand observation. It was reported, however, that very little has been done in Honduras by way of varietal evaluations or similar studies that would lead to increased production. It appears to be clear, therefore, that much basic production work must be done while investigating export markets for demand and price characteristics and other factors.

#### IV. Support Systems Expansion or Development

1. The Escuela Agrícola Panamericana (EAP) at El Zamorano is being considered as a training center for people at all levels in postharvest handling of crops for export marketing. This concept should be pursued. EAP is highly regarded but has focused largely on the production rather than postharvest handling of numerous fruits and vegetables. Its strength lies in hands-on training.

EAP has minimal facilities for postharvest training. However, with a nominal investment its cold holding room could be expanded and renovated, and the small amount of equipment needed to teach postharvest handling could be installed. Initially, experts in postharvest technology and export handling would probably have to be hired for short-term teaching assignments until local professional staff at EAP became proficient.

A link should be established between EAP and other institutions involved in the export marketing system in order to provide a strong integrated systems approach. This link should apply to all entities in the export system because EAP could easily develop a capability for training in any cropping system.

2. SIATSA at San Pedro Sula is an excellent basic and applied research institution that will probably have a prolonged life as a foundation as a result of A.I.D. assistance. This institute should be utilized to its maximum for studies that will assist Honduran export industries. Minor installations or equipment additions will allow the well-trained SIATSA personnel to provide data on vitamin, protein, amino acid or mineral contents of export commodities. The latter may be new crop varieties, or processed or packaged foods. Also, SIATSA would have the capability of making microbiological analyses of canned or packaged food and of analyzing crops for pesticide residues before shipment to the highly sensitive U.S. (or European) market.

SIATSA has a rather complete library within the limits of its earlier areas of interest. It would be highly effective to expand the library and connect it to databases by computer, or link it to a database such as at the Postharvest Institute for Perishables. The latter has linkages with computerized databases in several parts of the world, and with all of the major bases. This effort would provide many types of information to producers, packers, processors and exporters all over Honduras. Information that would be made available would include the latest crop technologies, market surveys, market statistics and other valuable information.

3. FEPROEXAH

FEPROEXAH is a new federation of growers or producers of horticultural crops, ornamental crops, fruits, bees, cattle, citrus, plantain, cacao, tobacco, sugar cane and independent banana growers. They want to create a center for postharvest information, and this might well be linked with SIATSA's capabilities described above.

It is proposed that the federation will have four divisions: data bank, technical assistance, packing and transportation, and training. The program is focused on improving export marketing capabilities. The data bank element should be linked to SIATSA, and the training portion to EAP.

4. The FEPROEXAH administrative unit should be organized to link the various organizations into a national network for an integrated system approach to the development of effective export marketing. Through the administrative capabilities of the organization and those of the related units, e.g. CREHSUL, Fruta del Sol, SIATSA, EAP and ANACIHO, integrated services can be furnished to producers, packers, shippers, exporters, and any others in the marketing channel. The types of basic services that would be available would include:

- a) Collective bargaining with U.S. exporters of seeds, fertilizers, farm equipment, insecticides or fungicides for discount rates on volume purchases.
- b) Provide training for growers, farm workers, processors, packers or others in all of the commodity exporting industries in modern technological methods that must be used for successful export marketing. Training would be at EAP as needed, plus videotapes or other appropriate means to reach the target audiences effectively at their levels of knowledge or expertise. Subjects would cover everything from proper harvesting, handling, sorting and grading to export marketing techniques.
- c) Maintain communication with worldwide databases to ascertain that all current information is on file at SIATSA and available to all concerned.
- d) Develop and maintain an information service of periodic publications for growers, exporters or others who would profit from being informed of new trends in technology.
- e) Develop and maintain a system of market information for timely distribution by computer or other rapid means to producers packers or exporters. The information would include current U.S. market data on market trends, prices, price predictions, volume need predictions, and other data of value or interest.

D. List of Persons Contacted

Steve Wingert, RDO, USAID/Tegucigalpa  
Felipe Manteiga, USAID/Tegucigalpa  
Val de Beausset, Consultant, USAID/Tegucigalpa  
Anibal Boccardi, Consultant, USAID/Tegucigalpa  
Thomas Woods, United Fruit Company  
G.C. Millensted, Director of Tropical Research, United Fruit Co.  
Jorge Maradiaga, Banco Central de Honduras  
Simon Malo, Director, Escuela Agrícola Panamericana  
Marco Alvarez, Mejores Alimentos  
Hector Guillén, FEPROEXAH  
Ricardo Nasser, Departamento Agricultura Regional Comayagua  
Rosalino Gómez, SIATSA  
Virgilio Espinal, President, CREHSUL  
\_\_\_\_\_, Cooperative Member, Fruta del Sol

E. Itinerary

April 1 - Arrive Tegucigalpa, initial briefing  
April 2 - Travel to Zamorano, visit Escuela Agrícola Panamericana,  
tour training facilities  
April 3 - Travel to Comayagua; visit Fruta del Sol, Mejores Alimentos,  
cucumber and tomato fields, irrigation of onions and tomatoes.  
April 4 - Travel to San Pedro Sula and La Lima; visit SIATSA and  
FEPROEXAH people  
April 5 - Tegucigalpa, AID Mission discussions  
April 6 - Travel to Choluteca, visit CREHSUL and PATSA  
April 7 - Tegucigalpa, AID discussions and draft report preparation  
April 8 - Depart Tegucigalpa