PN-ABB-872

THE CARIBBEAN BASIN INVESTMENT AGRIBUSINESS GROUP INC. (CBI)

A Melon and Vegetable-Growing Project In The Dominican Republic

Volume V

A Study by Business International Corporation
for the
Bureau for Private Enterprise
Agency for International Development

I

Country Background

From almost every point of view, the Dominican Republic ranks among the more advanced of the nations in the Caribbean and Central America. Its per capita income in 1982 was US$955 (in 1980 $). Literacy is 69.7%, despite the fact that 600,000 Haitian refugees, most of them illiterate, live in the Dominican Republic.

The country has a relatively well-developed network of light industry, mostly manufacturing import-substitution products that are not competitive in world markets.

The country also has a network of domestic financial institutions that is both competent and enterprising in the context of the region. Not counting government financial institutions, the Dominican Republic has 17 commercial banks and 19 development banks.

The rural/urban population ratio is low by the standards of the area. The latest census (1980) showed that only 57% of the 6.3 million population was still rural, and expectations are that the 1990 census will show an even 50/50 split of rural and urban residents.

At present, agriculture contributes 30% plus to the Gross National Product. This includes sugar, where the Dominican Republic ranks among the major world producers. (In this context, US purchases of Dominican Republic sugar added $140 million in income to the country in 1983, representing the spread between the low world price for sugar and the price paid by the US to producers with access to the US sugar-import quota.)

Development strategy in the past two decades was based, as it has been in most developing economies, on the export of one or two basic commodities and on encouragement of import substitution industries. This is now being changed. The new thrust calls for development via four new directions: tourism, mining, exports zones, and agro-industry. The first two are considered long-term strategies, while export zones and agro-industry have been identified as the sectors that can produce dynamic development in the short-term.

The new thrust is buttressed by the financial policies of the Central Bank, whose development arm currently allocates as much as 85% of its funds to agricultural ventures, with almost half of the remaining 15% channelled into industries in the agribusiness sector. In addition, the Central Bank has itself developed a number of feasibility studies for agribusiness enterprises.

The most seductive incentives, however, for agribusiness ventures in the Dominican Republic are very recent, and come from two sources: the Government of the Dominican Republic (DR), and the Government of the United States. On the DR side, the incentive is the peso conversion rate for agricultural exports. While the official conversion rate is still one-to-one, i.e. DP1:$1, agricultural exports are entitled to the parallel rate which, in early 1984, was in the vicinity of DP1.80: $1, and by mid-February, had risen to DP2.50:$1.

On the US side, the Caribbean Basin Initiative, which offers duty free access to the US market for defined periods to a number of exports from the Caribbean, became effective January 1, 1984. A range of agricultural products from the Dominican Republic is included in that duty-free import list.

At the operational level, agribusiness activities in the Dominican Republic are underpinned by the comprehensive agrarian reform that was launched by the Balaguer Administration in the 1960's. The reform had two important results:

1) It distributed land, in large part the enormous holdings acquired by General Trujilo and his family, to formerly landless peasants, in parcels of 60-100 tareas (6 tareas=1 acre). This created a sizable number of family farmers, with farming experience going back over generations, who had, for the first time, a direct personal stake in their output.

Under the agrarian reform, these new farmers -- they are called "parceleros" -- do not get title to their land. What they do get is a life-long lease, which is extended to the next generation, if anyone in that generation remains on the farm and works the land. Interviews with parceleros showed that, as a practical matter, the farmers consider the land their own, and are fully aware of their effective equity stake in any use to which they put their "parcel".

2) The government made major, and on the whole successful, investments in every aspect of infrastructure, physical, financial and social, required for the implementation of a meaningful agrarian reform. It built dams and irrigation systems and a network of market access roads. It electrified most of the rural areas where land had been allocated under the agrarian reform. It built schools, clinics, community halls and, in some regions, housing. It created an agrarian bank which, while cumbersome in its procedures, does provide up to 100% of the financing parceleros need, at a substantially preferential interest rate.

The Azua Valley, where the CBI venture is located, is in many ways a demonstration of the foundation that was laid by the agrarian reform for agricultural productivity . Before the government focused its efforts on the Azua Valley, it was a backward, poverty-stricken, area which had once been forest land that had been turned into a semi-desert when its timber resources were cut down indiscriminately to yield mahogany for furniture and charcoal for fuel.

In the period 1978-82, the D. R. government invested close to $1 billion in rehabilitating the Azua Valley through its comprehensive approach to agrarian reform. Today, the Azua Valley is one of the most attractive areas in the Dominican Republic for agricultural production. In addition to a major domestic company, which uses it primarily for the growing of tomatoes, the Valley has already attracted three foreign investors -- from the US, Mexico and Israel -- working with parceleros to grow agricultural products, largely for the export market.

CBI Agribusiness Group Inc. joined the ranks of foreign investors in the Azua Valley in 1983.

II

Company Background

The Caribbean Basin Investment Corporation (CBI Corp.) is a small, Florida-based company established in early 1982 by five private investors, three of whom have considerable experience in agribusiness both in the United States and in the Caribbean. Within its first year, CBI Corporation had launched agribusiness enterprises in Jamaica (cattle raising), Panama (a finance company for agribusiness and light manufacturing), the Dominican Republic (cattle, hogs and poultry raising), and was conducting a feasibility study on the production of edible oils in Barbados.

In 1983, CBI Corporation created a separate company, CBI Agribusiness Group Inc., designed to function as a management and technical assistance company for agribusiness enterprises in the Caribbean.

The enterprise in the Dominican Republic, Agro Inversiones C. por A., is a joint venture between R. D. Vegetable Products Inc. (a holding company which CBI created for all its ventures in the Dominican Republic), which has 70% of the equity, and private Dominican investors holding 30%. The Dominican investors take no active part in the management of the enterprise, and consider their equity participation as a portfolio investment only.

The three major shareholders in the CBI Corporation, and the CBI Agribusiness Group (who have agribusiness experience) are actively involved in the management of both companies at the top level.

Discussing the corporate philosophy that dictates their agribusiness activities in the Caribbean, these shareholder-managers argue that small and medium-sized companies are, in many ways, better suited to agribusiness enterprises in the Caribbean than are large multinational companies. Their reasoning:

1) Small companies reflect more accurately both the investment conditions and the managerial elements of the host countries in the Caribbean.

2) Small companies can react more quickly to changing and/or evolving conditions in the host country.

3) Small companies can transfer agricultural technology more easily, because they can get to the root of local problems more quickly and can respond more effectively to local social conditions.

"It is a natural relationship," says Dr. Francisco Hernandez, President of the CBI Agribusiness Group. "Personally, and as a corporation, we have experienced many of the same problems that we encounter in these ventures in the Caribbean."

The CBI executive points out, however, that a certain size is necessary to undertaking such ventures. The parent company, he holds, must be substantial enough to have the financial and managerial resources to create and support the enterprise, and be able to command the in-house expertise to provide the technology transfer that will make the enterprise profitable. It is important for that expertise to encompass both production and marketing.

Also, the parent company must have some experience in operating internationally, and it is a considerable plus if the company has had direct commercial contact with the host country, either in terms of products sold or of services provided.

Employing a quantified yardstick, the parent company must be substantial enough to be able to afford up-front risk money of $50,000-$100,000 to finance the undertaking in its development stage, and have in-house expertise of at least 10 persons at the managerial level, whom it can use for the creation and supervision of the enterprise.

Using another quantified yardstick, the parent company should have a minimum of US sales of $1 million a year before overseas activities are undertaken.

All the criteria enumerated apply to the CBI Corporation.

III

Motivation

The corporate motivation for the CBI venture in the Dominican Republic is based on two classic economic factors: the comparative advantage of the Dominican Republic in terms of soil, climate and labor; and the existence of a market in the United States for fresh fruits and vegetables during the winter months, when climatic conditions make it impossible to raise anywhere in the US the products the market demands. Domestic production of fresh fruits and vegetables in Southern California, Arizona, Texas and Florida meets less than 10% of US/Canadian winter demand.

CBI sells all the export quality melons it produces in the Dominican Republic to the Corky Foods Corporation, a Florida-based food brokerage organization. Corky Foods sells to supermarket chains and food wholesale firms throughout the US and Canada, as far north as Ontario, and as far west as California.

An important aspect of the technology CBI provides to the Dominican venture is the parent company's knowledge of the grading, packaging and export procedures that are required to feed the output of the enterprise in the Dominican Republic to the US winter market.

These bottom-line motivations were enhanced by US legislation permitting, as of January 1, 1984, duty-free access of a range of Dominican agribusiness products to the US market and, on the DR side, by investment incentives for enterprises engaged in the production of non-traditional export crops. These incentives include an 85% duty exemption for imports of machinery; offer 100% financing; allow peso conversion at the parallel market rate; and permit the export of capital and profits to a full 100%.

CBI management is convinced that making the best possible use of this combination of economic factors requires substantial equity participation by the parent company in the enterprise, and a hands-on presence designed for the long term. It believes, as well, that in agribusiness the most effective transfer of technology takes place when new production techniques are taught to small farmers, who then develop a personal stake in the successful application of the new technology, and become increasingly responsive to new and better technologies as they evolve.

The CBI president emphasized that, popular misconceptions to the contrary notwithstanding, agriculture is a dynamic process with technologies evolving at a rapid rate.

Finally, the CBI president noted that a meshed, long-term commitment by the company and the farmers results in a new range of quality supply for the consumer. This applies to consumers in the US and Canada, as well as to Dominican consumers who, as a result of increased purchasing power derived from a successful transfer of technology, become customers for a wider range of products--food as well as other consumer goods.

As the president of CBI notes:

"A successful transfer of technology to small farmers is a pipeline for development."

IV

Strategy

CBI's strategy for its agribusiness undertakings in the Caribbean is three-pronged:

1) To create a local company in which local investors have an equity share.

2) To retain management control either through the appropriate equity split or via management contract.

3) Not to own any land, or as little as possible, either directly or through the local company. When necessary for a pilot project or a demonstration nuclear farm, CBI will lease land. The company is convinced that, for socio-political as well as production reasons, the land should belong to local people, and preferably to the farmers who work it.

It was the third ingredient of this corporate strategy that propelled CBI to locate its Dominican Republic enterprise in the Azua Valley where an integrated approach to agrarian reform (see Section I), had turned a semi-arid, backward part of the country into a near-ideal site for agricultural production, through the provision of effective irrigation, electrification, farm-to-market roads and, above all, an effective land distribution to working farmers of plots ranging from 1-10 acres.

With only one full year of production experience under its belt, CBI is convinced that, despite the inevitably unexpected array of technical problems it encountered in the Valley, the constellation of all other factors is such that, following its three-pronged strategy, expansion into other products is desirable. The company has already run pilot projects on four other products -- eggplant, cucumbers, bell peppers and different varieties of squash -- which, it has reason to believe, will prove as successful, in terms of production, marketing, and return on investment, as the melon project has already proven to be.

The CBI managerial strategy provides top level supervision of Agro Inversiones by the President and Chief Executive Officer of the CBI Agribusiness Group, who has 25 years of agribusiness experience in Florida, as well as in pre-Castro Cuba. The Managing and Administrative

Directors of the CBI Agribusiness Group doubles in both capacities for Agro Inversiones. The President of Agro Inversiones is a Dominican, a trained CPA who functions as chief financial officer for AI's corporate headquarters in Santo Domingo.. The Field Manager, who lives in the Azua Valley, is an American agronomist from California with ten years of experience in tropical agriculture, gained mainly in Central America and the Caribbean. His staff includes 5 field agronomists, all of them university-trained Dominicans.

CBI also supplies, from its headquarters in Florida, product managers and technical assistance consultants on a revolving basis. These experts provide on-site investigation and advice on fertilization, fumigation, and irrigation techniques, and on operation of the packing house.

The packing house, located at the field station in the Azua Valley, has state-of-the-art cleaning, cooling, sizing, and storage facilities. It is run by a staff of 5 processors, plus 20 laborers. At its field station in the Valley, Agro Inversiones also employs 4 permanent employees in its storage facilities and 5 in its mechanical shop.

The company negotiates individual contracts each year with 85 to 110 farmers. A copy of the contract in Spanish is attached. It is a highly specific legal document, running to five pages, which spells out in precise detail the mutual obligations of the parcelero and the company, covering not only the purchasing commitments of the company and the production commitments of the farmer, but also systems of classification of the product, including arbitration procedure; details of transportation, payment, and financing; conflict resolution and contract termination procedures, and, of course, the price to be paid to the farmer for his product.

The contract's fourteen clauses commit the company to purchasing the farmer's total production suitable for export on a stated acreage, even if problems arise on the corporate side either for mechanical or for marketing reasons.

A clause covering classification of the product stipulates that a representative of the government's agrarian bank must be present every day for the product classification procedure.

Two symbiotic clauses require the company to provide seed and technological assistance, and require the producer to tend his field and harvest his product in accordance with company instructions. Another set of clauses calls for the farmer to provide free access to his field to appropriate company personnel, while the company provides free access for producing farmers to the packing house. Typically, the contract also calls for a commitment by the company to furnish all necessary inputs, the cost of which is deducted from payment to the farmer when he delivers his product.

The price to be paid for the product is negotiated each year between the company and farmer associations. These farmer associations were originally set up by the DR's Agrarian Reform Institute when it distributed the land on a geographic basis. Since they are voluntary associations, the original association memberships have shifted, essentially moving from a geographic base to one of congeniality, based on social and entrepreneurial factors. For example, one of the associations with which Agro Inversiones negotiates each year is called "La Brilliante," because the fifteen farmers who belong to it consider themselves the most brilliant producers in the Azua Valley.

Agro Inversiones negotiates with five farmer associations each year, with negotiations taking place 30-60 days before planting time. Melon-growing farmers have the option of selling to the Israeli and Mexican enterprises as well as to Agro Inversiones. As a result, price negotiations contain a genuine competitive element.

With the double incentive of strengthening its relationship with the farmer associations with whom it negotiates, and its own ideas about being a good corporate citizen, Agro Inversiones reaches out to the community with some social services. These range from the operation of an emergency clinic to providing bonuses at Christmastime, and include such minor but creative aspects of community involvement as providing baseball uniforms and equipment for all members of the farmer associations.

V

Pay-Off

The corporate pay-off for Agro Inversiones has been above expectations. The CBI Agribusiness Group reports that, after the first season, pay-off has exceeded ROI forecasts.

Agro Inversiones expects to complete the 1983-84 season with gross sales of $1.2 million, and figures on doubling these sales in the 1984-85 season. This covers the production of melons only. For the medium term, including the production of vegetables (see Section III), sales are expected to triple.

The parent company figures on an investment, for melons and vegetables, of $1.5-2 million, and expects to recover its capital in full within 2-3 years.

The operating cost-to-sales ratio of the first season (see Section VI), makes this an eminently probable forecast.

Pay-off for the farmers has been equally satisfactory. Throughout the Azua Valley, employment between 1980 and 1983 has risen 38%, and the per capita income of parceleros in the Valley is three times the national average. With the technology transfer and the extension services extended by the four companies active in the Valley, yields for parceleros have doubled and, in some cases, tripled. Many parcelero families have acquired television sets and motorcycles; have improved their houses; and are sending their children to high school and university. An informed guess has 10% of the parcelero children in the Azua Valley going on to higher education.

The spectacular pay-off for the parceleros is the result of crop rotation and crop change as well as the higher yields achieved through the corporate technology transfer. Traditionally, farmers in the Azua Valley planted about 20% of their land in plantains and 80% in sorghum and corn, most of which they sold. While plantains are a year-round crop, sorghum and corn can be grown during a season running from April to September, making it possible for the farmer to devote his land and labor to a more profitable cash crop from October to April. Most Azua Valley parceleros now use the October to April season to raise either tomatoes or melons, and the economics of that alternative has already moved the more enterprising parceleros into enlarging their melon acreage.

The pay-off for the parcelero in the Azua Valley from his tomato crop averages DP50 per tarea, while the pay-off for melons is DP80-90 per tarea. In addition, a melon crop can be obtained in 65 days, while a tomato crop takes 120 days. During the 1983-84 season, 16,000 tareas, out of a total of 40,000 in the Valley, were dedicated to the cultivation of melons and vegetables for export.

Pinpointing the pay-off to the farmer in individual terms, one parcelero with 8 children reports the following:

> "I got my own land in 1971 -- 60 tareas. I don't own it, but I have the right to work it for my lifetime, and my son has the same right when I die. It can be taken from me, or from him, only if I sell it, or if I let it lie idle. I don't intend to do either.
>
> "In 1971, I started with plantains and tomatoes. I could only plant 10 tareas of each, because at that time, there was not enough water. In 1978, I had 30 tareas in plantains, 30 in tomatoes. I moved into melons during the 1980-81 season, producing mainly for the Israeli company. Now I have 43 tareas in melons, 17 in plantains. This season all my melons go to Agro Inversiones.
>
> "Here is my pay-off: From 1971-78, my income was DP10 per tarea. From 1978-80, it was DP40 per tarea. In 1981, it was DP90 per tarea. Now, since I have moved mostly into melons, and grow two crops a year, my income is DP160 per tarea. I, my wife, and my two oldest sons do most of the work on the farm. For a few weeks during the harvest season, we hire about 15 people to help.
>
> "What do I do with the extra income? I spend it on my family, on clothes, on fixing up the house, and mainly on education. Two of my children are in high school, and both intend to go on to university. I want both my boys and my girls to have that opportunity."

The pay-off for buyers has two aspects. Corky Foods, which buys all the export output of Agro Inversiones, adds 7-8% to its volume through these purchases. Agro Inversiones exports represent 100% of Corky Foods turnover for melons. Corky Foods, in turn, supplies wholesalers in major cities in the US and supermarket chains in the US and Canada with melons during the winter season.

In the Dominican Republic itself, seconds, whose size or appearance make them unsuited to the export market, but whose quality and taste is the same, are returned by the company to the farmer, who sells them in the local market at one-tenth the price. In a local Dominican market you can get 3-5 perfectly acceptable melons for one peso. This means that lower-income Dominicans get access to a nutritious product that was out of their economic range in the past. The same economics apply to vegetables grown for export under the planned product line of Agro Inversiones, i.e. eggplant, cucumbers, squash, and bell peppers.

For suppliers the pay-off is a new market for their products. This applies to suppliers of capital goods (e.g. in 1983, Agro Inversiones spent $250,000 for capital goods for its packing house alone), and of agrochemicals. About 25% of the company's operating budget goes to the purchase of agrochemicals.

VI

Cost

In addition to the investment in equity and in capital goods (see Section V), Agro Inversiones estimates its operating cost for the 1983-84 season at about $400,000, on sales of $1.2 million. With gross sales projected to total $2.5 million in the 1984-85 season, the company projects operating costs of $800,000.

Between 20-25% of operating expenses are allocated to extension services.

VII

Corporate Change

Its first year of successful operations has prompted Agro Inversions to consider making three substantive changes.

The most important of these concerns financing. During the first season, 100% of the financing for the inputs the company supplied to the farmers came from the government's agricultural bank, Banco Agricola. While this is subsidized credit, offering an interest spread of 3-4 points for loans of 90-120 days, the company has found that the executive time devoted to the elaborate documentation required by the bank, and the timing delays encountered in dealing with the bureaucracy, more than countervail the advantages of the interest spread. The company is therefore considering financing the farmers directly.

The second change concerns transportation. Melons are shipped from the Dominican Republic to Florida both by air and by sea. At present, the ratio is about 50/50. This is expensive because the cost of air freight is roughly double the cost of shipment by sea. (The price of air freight is also about twice the price the farmer gets for his product.) The company wants to change the present ratio of transportation to making 70% of its shipments by sea, 30% by air. The difference in delivery time is only about 6 days which, for melons, is acceptable.

An alternative solution to the cost-of-transportation problem is for Agro Inversiones to operate its own chartered plane. If operated efficiently, especially when the vegetable-product line is figured into the calculations, transporting its products through its own air freight operation would bring the cost down to somewhere near the present expense of shipping by sea.

A third change is another cost-cutting move along tactical rather than strategic lines. Agro Inversiones has discovered that there are some very talented mechanics in the Dominican Republic, including one at its own workshop in the Azua field station. It made this discovery when it wanted to buy a tool carrier for a tractor. The price in the US for the carrier was $8,000. Instead of buying the carrier, the company bought the drawings for a carrier. After two weeks of tinkering in the field station workshop, one of the company's mechanics had produced a workable version of the carrier at a total cost of $500. The company conclusion: "We can save all kinds of money with in-house creative mechanics."

VIII

Policy Implications

For the Company

Hands-on commitment and involvement at the managerial level, the technical level, and the field supervision level, are essential for success. Given these three ingredients, a relatively modest scale of operations can produce a net profit on sales during the first year, and a respectable return on investment, including full recovery of capital, within 2-3 years.

This applies even when there is on-site competition for the farmers' output.

For export-oriented products, it is vital to have a well-defined market plus a market organization, in the case of a bigger company; or a well-structured relationship with food brokers and wholesalers for a small company.

Transportation is a major cost consideration, and available options have to be analyzed carefully.

Financing, even if available locally at subsidized rates, may not be the most desirable form of credit. Given the snarls and obstacles of bureaucratic delays, it may be more cost-effective for a company to finance farmers directly.

From a socio-political point of view in any operation designed for the long term, it is advisable for a company, particularly a foreign company, not to own land. If land holdings are needed for pilot projects or a nuclear estate, the land should be leased. From a socio-political perspective, as well as from a productive one, the most desirable arrangement is to work with producer farmers who own their own land and work it largely with their own family members.

For The Host Country

For the host country (in this instance, the Dominican Republic), policy implications fall into two categories:

1) A well planned and executed agrarian reform, under which land is allocated to farmers in land holdings that can be worked effectively by a farm family backstopped by occasional farm labor, is a dynamic developmental tool both from an economic and from a socio-political perspective.

However, this is true only if the government also provides the required infrastructure in the way of necessary irrigation, electrification, farm-to-market roads, effective credit institutions on the economic side, and an appropriate network of health and educational facilities on the social side. As the Azua Valley demonstrates, this combination can raise per capita income by more than 300% in less than a decade.

2) The second category concerns optimal measures to develop non-traditional export products in the agribusiness sector. The home government can facilitate this by applying a realistic exchange rate to the products to be exported; by appropriate duty concessions for the

importation of needed capital goods; and by allowing a reasonably untrammeled repatriation of invested capital and profit. Within this framework, a successful effort can be made to attract companies that have both the production technology and the marketing expertise or access to organize a successful operation of non-traditional exports. Such operations also have the spillover effect of enriching the domestic market with nutritionally desirable products at a price which low income consumers can afford.

For the Donor Country

Duty-free access to the US market, such as provided by the Caribbean Basin Initiative, is, of course, an important incentive for producers. This is particularly true when there is a consumer demand in the US for the product, as is the case with fresh winter fruits and vegetables.

An outreach program by the relevant US Government agencies to companies equipped with the appropriate technology and marketing expertise would be useful.

Finally, the US Government should use what policy-making influence it has on the home government to encourage and support a well planned agrarian reform that not only distributes land to small farmers, with appropriate safeguards, but also supplies the economic and social infrastructures services that make it both possible and desirable for farm families to work the land profitably, thereby providing a fundamental developmental dynamic to the nation.

CONTRATO

AGRO-INVERSIONES C.POR A. Compañía por Acciones, creada y existente de conformidad con las leyes de República Dominicana, representada por su Gerente General DAVID ROOSEVELT LINTNER de Nacionalidad NORTE AMERICANA, Estado Civil CASADO quien para los fines y consecuencias del presente Contrato, hace formal elección de Domicilio en la Oficina Principal de AGRO-INVERSIONES sita en la calle SERGIO VILCHEZ # ___ Municipio de Azua Provincia de Azua, quien en lo que sigue del presente contrato se denominará LA"COMPAÑIA"

Y de la otra Parte el señor ______________________________ de Nacionalidad ____________________ Estado Civil ________________ Provisto de la cédula de identidad personal # ______ Serie ________ Domiciliado y residente en _____________________ Calle o lugar ______ __________________ Municipio de _____________ Provincia de __________ __________________ quien en lo que sigue del presente contrato, se llamará "EL PRODUCTOR.

SE HA CONVENIDO Y PACTADO LO SIGUIENTE

PRIMERO: EL PRODUCTOR, por medio del presente Contrato, se obliga a vender a LA COMPAÑIA, y esta a su vez se obliga a comprar la producción total de ______________________________ para exportación, en una extensión de ___________ tareas, dentro del ___________ de ____________....

PRECIO

SEGUNDO: Las Partes convienen en que el precio a pagar de ________ ____________ en condiciones de exportación es como sigue:

/.......

Continuación SEGUNDO.

Caja de__________ $___________

ACAPITE(A)- CLASIFICACION:

La Clasificación de las variedades será efectuada por los Técnicos de LA COMPAÑIA. Cualquier conflicto sobre la misma será decidido de acuerdo a lo establecido en el presente Contrato por una Comisión de Reclamaciones, formada por (2) dos representantes designados por la Sucursal del BANCO AGRICOLA de la REPUBLICA DOMINICANA, correspondiente a esa Jurisdición.

ACAPITE (B) - TIPO DE CAJAS:

El Empacamiento, será efectuado en cajas de cartón, con un peso promedio de __________por __________.

TERCERO: La fecha de siembra será entre el___________de_________ 19_____y el______de_________19______. La fecha será coordinada entre las partes, las cuales deberá ajustarse a lo especificado, salvo caso fortuito o de fuerza mayor, la fecha de inicio podrá ser modificada de común acuerdo entre las partes, o a solicitud de una de ellas.

CUARTO: LA COMPAÑIA se obliga a suministrar a EL PRODUCTOR las semillas de____________________Certificadas, en el area prevista en el Artículo Primero del presente Contrato. El costo de las mismas, al costo del mercado y previa presentación de Facturas será por cuenta de EL PRODUCTOR. Dichas semilla deberán reunir las condiciones de germinación y pureza adecuada, para que sean consideradas aptas para la siembra.

QUINTO: EL PRODUCTOR SE compromete a cuidar y atender la plantación, así como recolectar la cosecha, según las técnicas apropiadas, utilizando los Productos Agroquímicos y/O Insumos necesarios,

/.......

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Continuación del QUINTO..

recomendados por LA COMPAÑIA, el cual suministrará esos Productos y/o insumos , los cuales serán pagados por el PRODUCTOR al final de la cosecha y previa aceptación y posterior presentación de las fácturas correspondientes. LA COMPAÑIA prestará servicios de acesoramientos tećnicos que sean necesarios en las diferentes etapas de la producción, comprometiendose a dar con estos fines libre acceso a la plantación, a los técnicos y/o funcionarios de LA COMPAÑIA.

SEXTO: EL PRODUCTOR SE COMPROMETE A RECOLECTAR TODA LA COSECHA DE ________________________________ dentro del área señalada en el presente contrato y entregarla a LA COMPAÑIA, la cuál se compromete a recibir y a comprar todos aquellos, libres de eféctos serios, que no están faltos de madurez ni en estado de sobre maduración, de conformidad con las regulaciones y requisitos del mercado de importación, debidamente comunicadas y aceptadas por EL PRODUCTOR, cualquier conflicto posterior será resuelto en el plazo señalado por la COMICION DE RECLAMACIONES que se refiere al Acápite (A) del artículo SEGUNDO del presente contrato.

SETIMO: Las partes acordarán de comun acuerdo, si fuere necesario que LA COMPAÑIA financie la recolección de ________________ y estos costos previa presentación y aceptación de EL PRODUCTOR.

OCTAVO: El transporte de ________________ recolectado desde la plantación hasta el centro de empaque, será organizado por LA COMPAÑIA, y los costos del mismo, previa presentación y aceptación, serán cargados a la cuenta de EL PRODUCTOR.

NOVENO: ________________ serán llevados al centro de empaque para su debida clasificación y empacamiento. El costo de clasificación, empaque y refrigeración, corren por cuenta de LA COMPAÑIA, EL PRODUCTOR tendrá libre acceso al centro de empaque para verificar el manejo de su ________________, pero de-

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continuación del NOVENO:

nimguna manera podrá intervenir en el proceso de clasificación y empaque.

Cualquier tipo de observaciones ó qüejas, deberá ser presentada ante la COMICION DE RECLAMACIONES, establecida en el Acápite (A) del artículo SEGUNDO del presente contrato, y de ninguna manera al personal que trabaje en el centro de empaque.

DECIMO: LA COMPAÑIA se obliga a efectuar las Liquidaciones y el pago correspondiente a EL PRODUCTOR, dentro de un plazo no mayor ______________________________, apartir de la última partida de embarque.

DECIMO PRIMERO: Las partes se comprometen, en caso de cualquier reclamación, queja, contestación o conflicto que surge en relación conla aplicación o interpretación de este contrato, a comunicarlo por escrito a la otra parte, a más tardar veinticuatro (24) horas despúes del hecho que la origine, salvo en lo referente a la siembra, en cuyo caso el plazo será de quince (15) días. Dentro de las 24 horas que siguen a la recepción de esta comunicación, las partes se obligan a convocar la COMISION mencionada en el Acápite (A) del artículo SEGUNDO del presente CONTRATO, la cual verificará el hecho y dará la solución correspondiente al conflicto en cuestión de un término no mayor de veinticuatro (24) horas. Dicha solución se consignará en un acto comprobatorio, firmado por los miembros.

DECIMO SEGUNDO: La violación por una de las partes de cualquiera de las obligaciones pactadas en el presente Contrato, dará derecho a la otra parte a darlo por terminado sin ninguna responsabilidad, y pudiendo exigir la parte agraviada, la indennización de los daños y perjuicios recibidos. Se eceptúan los casos fortuitos o de fuerza mayor, o calamidad pública.

DECIMO TERCERO: Este Contrato no podrá ser rescindido, por las partes, una vez iniciada la siembra de la semilla hasta la recolección y venta del producto, salvo los casos de fuerza mayor o calamidad pública. En cualquier otra época, podrá ser rescindido de común acuerdo por cualquiera de las partes, notificando a la otra parte con treinta (30) días de anticipación a la fecha señalada.

DECIMO CUARTO: Todo lo no previsto expresamente en el presente Contrato, será regido por el Derecho Común Dominicano.

HECHO Y REDACTADO DE BUENA FE, ha sido el presente Contrato, en dos Originales de un mismo tenor y efecto, uno para cada una de las partes, en la ciudad de AZUA DE COMPOSTELA, REPUBLICA DOMINICANA a los ____________ ( ) días del mes de __________ 19____ MIL NOVECIENTO OCHENTA Y __________

LA COMPAÑIA   EL PRODUCTOR

VD