

Madagascar

Business and Market Expansion Program (BAMEX)

MOBIS GSA Contract GS-23F-9800H
Task Order 687-M-00-04-00212-00

Litchis Company Contact Report

Submitted to:

USAID Madagascar

Submitted by:

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Crimson Capital
Chemonics International

Litchis Samples Received from Madagascar, December 2004

Origin:	Madagascar, STOI company
Harvested:	Date unknown
Shipped by:	UPS courier
Shipped on:	1 st Dec 2004
Arrived UK:	3 rd Dec 2004 (delivery failed)
Delivered:	6 th Dec 2004
Inspected by customer: Lewey Hook Development Manager lhook@utopiauk.com	7 th Dec 2004 Utopia UK Ltd Enterprise Way Pinchbeck SPALDING Lincolnshire PE11 3YR Tel: +44 (0)1775 716 800
Composition:	<ul style="list-style-type: none">• 1 X 2kg box of certified organic litchis. Unsulphured, no stalk• 1 X 2kg box of conventional litchis. Unsulphured, some stalks
Condition on arrival:	<ul style="list-style-type: none">• Good packaging, intact showing no signs of damage or disturbance.• Box for conventional litchis with no labelling.• Fruits all intact and undamaged. No signs of mould. All entirely discoloured and brown, showing early signs of dehydration (one or two fruits splitting).• Fruit size excellent, all at least 29mm in diameter.• Fruit eating quality excellent.
Utopia UK comments:	Overall, pleased to see the sample and interested to pursue. But: <ul style="list-style-type: none">• The fruit condition is unacceptable. Without sulphuring, there is no red left in the fruit skin and the browning is unacceptable for UK retailers.• Unless a means can be found of shipping fruits without sulphuring so that they arrive red and without dehydration, the organic

certification is of no value.

- The fruit size and eating quality are excellent.
- Stalks should be removed for the UK market.

Summary and Key Issues

Utopia UK (www.utopiauk.com) represents a first class opportunity to establish a direct market linkage between Madagascar and the UK. The company is one of the three largest importers of litchis into the UK market and is one of the major suppliers to Tesco and the only supplier to Waitrose--two of the leading supermarkets in the UK.

Utopia buyers are currently dependent on the French trade for supplies of Malagasy litchis. They are eager to develop direct connections with Malagasy suppliers. They wish to maintain their year round capability of providing the retailers with full services from origin and to move away from an expensive dependence on the French importers. They believe they are losing market share because they are unable to deal direct with origin.

It is the shipping issues that are blocking Utopia. They can handle marketing and distribution and can assist with technical advice on the production aspects. Yet, their biggest hurdle is getting started without an understanding of how to organise the freight aspects.

Utopia is not interested in air-freighted litchis, except for samples and possibly organic products. The pre-Christmas season is supplied mostly by Malagasy sea-freighted litchis, augmented by small supplies of air-freighted product from South Africa. Once the Malagasy season declines, the South African sea-freight season commences--generally in the New Year.

Utopia's experience to date is that it is difficult to organise sea-freight outside of the informal grouping of exporters who dominate the scene in Madagascar and trade with a similar group of importers in France.

Follow up: Utopia's Priorities

1. A representative sample, say 2 or 3 2kg boxes by air, demonstrating that a good quality product can be dispatched.
2. Information on the freight aspects, and reassurance that a means of shipping the product without going through an intermediary trader can be found.
3. A trial shipment of the minimum that is possible to come by sea to test the logistics.

At this stage in the season and in the establishment of BAMEX, a trial shipment is clearly going to be difficult. We therefore recommend that maximum attention is paid to the dispatch of a small sample and the compilation of full shipping information. With this delivered to Utopia, we will be in a position to establish co-operation, perhaps formalised in an MOU, to be well placed for the start of the 2005-06 campaign.

The specifications, buyer details, agreements and MRLs provided by Utopia will be scanned and sent as a separate file.

Utopia is interested in receiving details of the Natoria protocol.

Fig 1 (right) Samples on arrival in the UK. Organic on the left and conventional on the right.



Fig 2 (left) Individual fruits from the organic sample. Note colour and size.

Fig 3 (right) Malagasy sea-freighted litchis at Utopia's packing house. Re-packed for Tesco and ready for dispatch. Small size and incomplete colouring indicative of the need to harvest under-ripe for sea-freight.



Fig 4 (left) South African air-freighted litchis. Unsulphured but shipped in modified atmosphere packaging. Arrived at Utopia's packing house 9 days earlier. Condition better than non-treated but still not acceptable.