

Newsletter

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Consumer Trends for Tropical Fruits in Importing Countries



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There are four trends that have resonance in many high-income markets. They are taste (good taste and enjoyment), convenience (easy to use and saving time to prepare), social aspects of food production and food products (environmental and sustainability factors), and health and well-being (improving health and quality of life).



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Editor's Desk

There are many events and activities going during this quarter and the next. In Thailand, AFMA collaborated with the International Tropical Fruit Network, the Department of Agriculture and the Department of Agricultural Extension of Thailand to organize the International Workshop on Consumer



Trends and Export of Tropical Fruit and Sub-tropical Fruit. This was held on 14-16 July and attracted around one hundred participants, mostly from South East Asian countries. In Malaysia, the Federal Agricultural Marketing Authority (FAMA) organized the biennial event MAHA 2008 on 11-23 August for which they had built permanent exhibition halls, parking lots and a fair ground specifically for the event. I was invited to present a paper for a walk-in seminar on the 13th. I was able to attend the opening by the Malaysian Prime Minister and visit Malaysian companies in the exhibition area. The expo was an exhibition plus fair, and designed to attract local attention. There was no entrance fee; you just needed to make the effort to travel to Serdang, not far from Kuala Lumpur. The last MAHA show was held in 2006 and many AFMA members participated in this. For this year, local farmers were their key target. The theme of this year show was "Agriculture is Business". This reflected a strong message from the Malaysian government on what it would like to project for the agricultural industry.

In India, the Central Warehousing Corporation (CWC) collaborated with the Food Corporation of India (FCI), the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Ministry of Consumer Affairs, Food and Public Distribution, to hold Warehousing 2008 from 12-13 September. I hope to bring some highlights for you in the next issue.

Back to Bangkok, AFMA's coming event is the Workshop on the Role of Commodity Associations in Asia and the Pacific from 11-13 November 2008. Andrew Shepherd from FAO's Marketing Group will be coming from Rome and colleagues from FAO's Bangkok office will also participate. The workshop will be adjacent to AFMA's 28th Executive Committee Meeting and 14th General Assembly on 14th November. I hope to receive a favourable reply from invitees very soon. Registration for the workshop is still open (waived registration fee). Please visit our website for more details.

Best wishes,
Juejan Tangtermthong

AFMA Newsletter

The AFMA newsletter is published quarterly and distributed to members, FAO Representatives in the region, embassies, universities and institutes, experts and students upon request. The purpose of the newsletter is to provide information on members' current events, and information and discussion ideas on international and regional agricultural food policy, trading and marketing. Three hundred copies of each issue are sent out.

To submit an article, please contact us by e-mail or write to the AFMA Secretariat. The deadline for submission for the next issue is end of November. For advertisements, visit "publications" in our website, www.afmaasia.org.

Juejan Tangtermthong
(Executive Director, AFMA)

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4. India, National Cooperative Development Corporation (NCDC)
5. India, Central Warehousing Corporation (CWC)
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11. Myanmar, Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
12. Nepal, Nepal Food Corporation (NFC)
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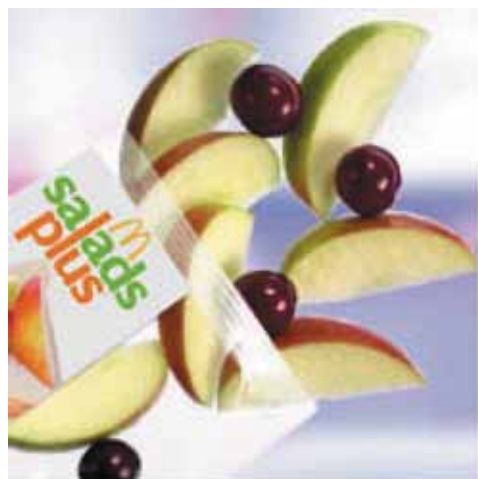
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Consumer Trends for Tropical Fruits in Importing Countries

Reported from the International Seminar on Consumer Trends and Exports for Tropical and Subtropical Fruits, held in Bangkok, 14-16 July 2008.

by Juejan Tangtermthong



TESCO

HEALTHY LIVING

Tracker

As already mentioned in the "Editor's desk" and continuing from the last issue, this seminar focused on trends for tropical fruits in potential markets such as Europe, America and Japan. Potential tropical and subtropical fruits for export markets are banana, dragon fruit, mango, kiwi, durian, orange, mangosteen and pineapple. Asia is the major producer of tropical fruit and holds a 58.2% market share. However, the main production is still for the domestic market.

There are four trends that have resonance in many high-income markets. They are taste (good taste and enjoyment), convenience (easy to use and saving time to prepare), social aspects of food production and food products (environmental and sustainability factors), and health and well-being (improving health and quality of life). Also, people in many high-income countries are influenced by sub-trends, such as weight management and digestive health, the emergence of

"super fruit and vegetables", good health resulting from using natural ingredients, foods enhancing beauty and mood, and linking the well-being of consumers with the well-being of the planet. It is those trends which force all parties in the supply chain to consolidate and cooperate to maximize consumer satisfaction¹.

Regarding the Japanese market, Mr. Yoshiharu Kazama from Tohto Consumer Cooperatives, Japan said that Japan is a major import market. Sixty percent of Japanese meals are imported products. The criteria for fruits imported to Japan are that they have to have

a favourable taste, cannot be grown in Japan or if they can be grown in Japan they should have better quality while lower price than produce grown in Japan. The imported fruit has to be safe and the quality must correspond to price.

Research in the United Kingdom found that consumers can be categorized in four types in relation to attitude to food. Foodies are those who enjoy cooking and trying new things; traditionalists are those who always eat the same thing; economists shop to a budget; and fuelies are not interested in food and eat because they have to. The foodies are young people, women and higher socioeconomic groups. The tradi-

¹ Presentation of David Hughes, Imperial College London, United Kingdom

tionists are older shopper and lower socioeconomic groups. The economists are those who shop at major retailers and are from lower to medium socioeconomic groups and the fuelies are generally males and from lower socioeconomic groups².

When food prices are dramatically increased, producers have to choose their target carefully, make an effort to attract customers and make them feel that it is worthwhile to buy their products.

In importing countries, David Hughes pointed that the majority of tropical fruits are not "easy to use" for consumers who have not been raised with them. Industry actors should work on making their products easier to use and ready to eat.

The seminar was opened by Mr. Chakan Saengraksawong, Deputy Permanent Secretary of the Ministry of Agriculture and Cooperatives Thailand and addressed by the CEO of TFNet, the Executive Director of AFMA, the Deputy Director General of the Department of Agriculture, Department of Agricultural Extension, Thailand and the Secretary General, Ministry of Agriculture, Malaysia. For all presentations, visit www.afmaasia.org.

² Presentation of Errol Hewett, Massey University, New Zealand



All event's photos by Mr. Yacob Ahmad

The role of commodity exchange centers in integrating agricultural supply chains (Myanmar Private Sector Perspective)

Win Naing, Myanmar TNG Trading Int'l Co., Ltd., Myanmar

Presented at FAO/AFMA/India Regional Workshop on Integrated Supply Chain Management Opportunities for Small Farmers, 31 March – 4 April 2008, New Delhi, India

The agricultural sector is fragmented and there are many players in the industry operating without proper coordination and cooperation. Hence there is a need to use Integrated Supply Chain Management (ISCM) systems to increase profitability, competitiveness, and opportunities for small farmers.

Myanmar has a total land area of over 570,000 sq. km. and a population of 56 million. Over 50% of the country is covered with natural forest. Agriculture is the mainstay of the economy and the majority of the workforce is in the agriculture sector, which contributes 40% of the GDP. Agriculture is scattered with the majority of farmers being smallholders. About 65% of the industries are agro-based industries, using agricultural produce as the basic raw material.

Supply chain related issues

Most farming is done on an individual basis and there is a lack of cooperation and coordination between the agro industry and farmers. Farmers sell their produce to brokers and sometimes to wholesale markets. There is inadequate infrastructure to manage the supply chain effectively. At the industries level, there is lack of information on crop production and lack of assurance on raw material availability and quality. This leads to frequent commodity surpluses and shortages in the sector, resulting in small profit margins for the farmers and high prices for the consumers. The consumers also face quality and safety related issues.

Commodity exchange centres

In order to address issues related to supply chain management and to increase the exchange of information, the Ministry of Commerce advised the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) to set up Commodity Exchange Centres. The Commodity Exchange Centres can provide timely and easy access to required information through the use of Information and Communication Technology (ICT). The commodity exchange centres can help producers respond to consumer needs and demands and reduce unnecessary waste. The centres will also increase transparent flow of agriculture produce, ensuring competitive prices in the local and regional markets. The commodity

exchange centres thus could link the missing part of SCM effectively and efficiently.

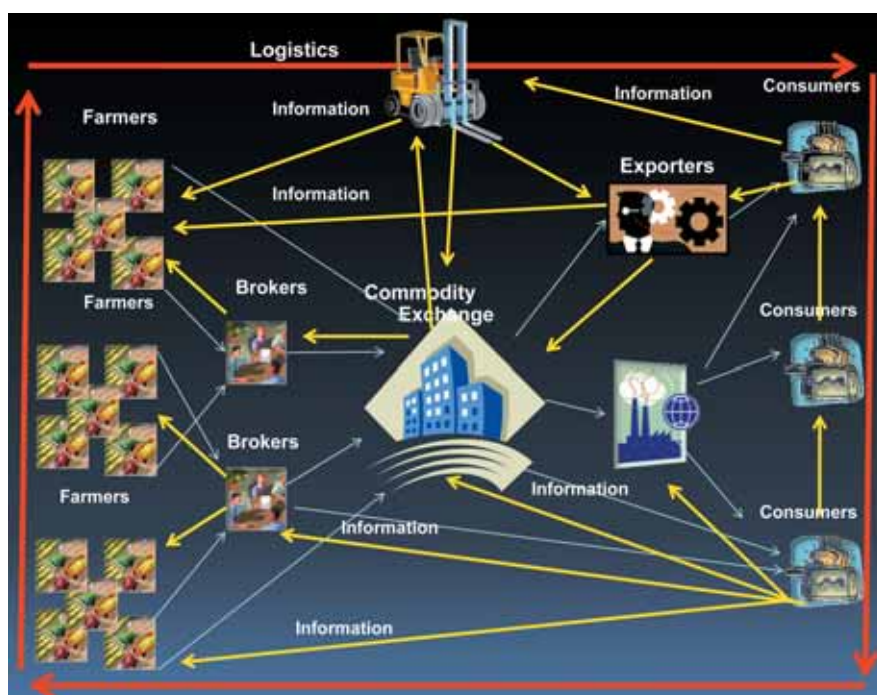
Opportunities for Small Farmers

Small farmers can get the following benefits from the supply chain integration:

- Close cooperation and coordination between the grower, and input suppliers
- Access to timely and reliable market information
- Reduction in commodity shortages and overproduction
- Access to the international standard and norms in growing, packing, storing, selling and exporting
- Promotion of innovation to meet growing consumer demand

Recommendation

The agriculture supply chain management system needs to be implemented in Myanmar to increase the productivity, competitiveness and profitability for small farmers. It was recommended to encourage the fragmented agriculture clusters to become integrated agriculture business clusters. Farmer awareness programmes, on the advantages and use of ComEx centres, must be organized. The ComEx centres should be equipped with required ICT infrastructure and should encourage e-commerce and online trading systems.



Information exchanging through Commodity Exchange (ComEx)

Terminal Markets: Linking farmers to terminal markets

Anurag Bhatnagar, Director General, NIAM³ India

Presented at FAO/AFMA/India Regional Workshop on Integrated Supply Chain Management Opportunities for Small Farmers, 31 March – 4 April 2008, New Delhi India

In India, there is complete lack of infrastructure in rural markets and the warehousing and cold storage facilities are inadequate. Wholesale markets are in government control and lack modern facilities. All these factors lead to post-harvest losses of 25 to 30% for perishable commodities.

In order to address these issues it is necessary to have mega scale collection or procurement and wholesale and retail facilities. The Government of India is piloting the idea of modern terminal markets, which address many issues related to supply chain management. It will have comprehensive solution to meet needs of stakeholders—auction, processing industry, exports, retail chain and consumers.

The Terminal Market concept

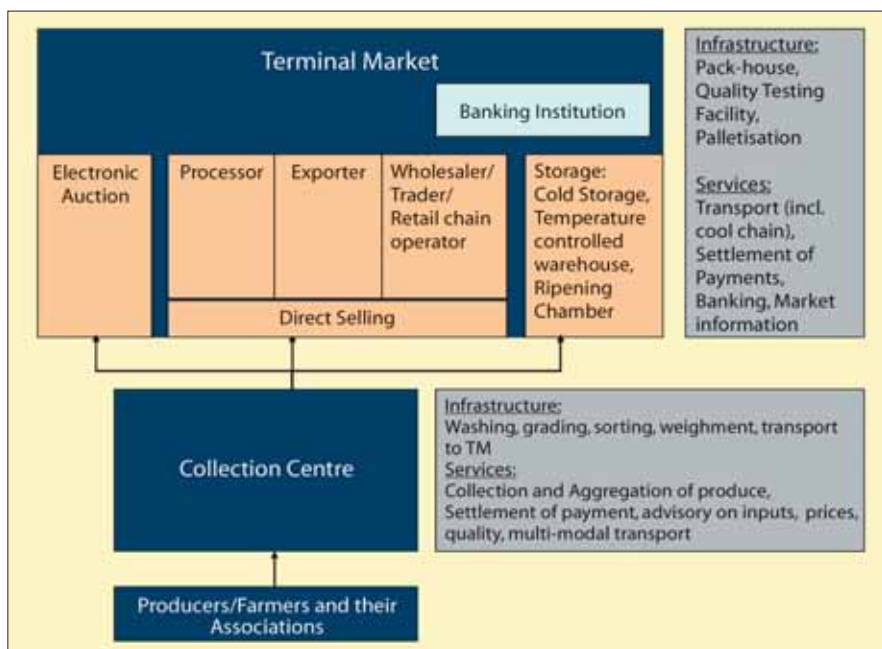
The terminal markets operate on the Hub-and-Spoke Format. The Terminal Market (the hub) is linked to a number of collection centres (the spokes). Collection centres should be conveniently located at key production centres to allow easy access to farmers. The collection centres would provide state-of-the-art facilities for primary value addition (washing, grading, packing, etc.) and the terminal markets would be equipped with transparent price discovery (electronic auction), sourcing for processing and exports, and other services such as banking. The commodities to be covered in the Terminal Markets include fruits and vegetables, flowers, aromatics and herbs, meat and poultry and other commodities.

The infrastructure at the Terminal Market (TM) should include an electronic auction facility, pack-houses, a quality testing facility, palletization, material handling equipment, cold storage, a temperature-controlled warehouse, ripening chamber, and e-trading. The infrastructure at the collection centre (CC) should include washing, grading, sorting, and weighing facilities for produce, plastic crates, etc.

The services to be provided at the Terminal Market include transport (including cool chain), warehousing and commodity exchange, transactional banking services, dissemination of market information, settlement of payment, etc. whereas the services at the collection centre include collection and aggregation of produce, spot payment to farmers, advice on inputs, prices, quality, and multi-modal transport to the TM.

The implementation of the terminal markets requires high investment and efficient management skills. This can be infused by private enterprises. Key expectation from the private enterprise would be as follows:

- Provide envisaged infrastructure at the TM and the CC in the 'hub-and-spoke' format
- Establish backward linkages with growers in the area of the TM through establishing CCs
- Progressively involve farmers and their organizations in the operation and management of the collection centres
- Facilitate direct supply to processing units, retail chains and exporters, in addition to an auction facility via the CC and TM



Structure of Terminal Market

- Provide advisory services to farmers on inputs, prices, quality, multi modal transport and exports
- Private enterprise should be at liberty to prepare its own business model with regard to size of market and scale of operation, to set up additional facilities to provide complementary services (input supply, processing, consumer goods, etc.) and to collect user charges for the infrastructure and services provided

The expected role of state governments is to reform the APMC⁴ Act to allow private enterprise to establish collection centres in the area of the TM, source material from farmers' fields directly in the area of the TM, and organize supply to traders, retail chains, the processing industry and to institutional buyers throughout the country. The role of state governments is also important in providing regulatory and statutory clearances for smooth operation of the TM. In turn, the States would be free to participate in the equity of the Project through direct funding or land and infrastructure support.

The expected role of the central government is to support the project through participation in its equity capital. The private enterprises will also be selected by the central government through an open, transparent competitive bidding process. The terminal markets project promises to provide multiple choices to the farmers for marketing the produce--apart from the traditional APMCs, the produce can now be sold at the TMs.

At the same time the TM also promises to provide incremental benefits to the consumers, as professionally graded, sorted, hygienic, and quality produce is available to them. The logistics are efficient which minimize the wastage of the perishable produce.

³ National Institute of Agricultural Marketing

⁴ Agriculture Produce Marketing Committee

Chairman and Managing Director of CWC⁵ is Mr. B.B. Pattanaik

India

CWC announced that Mr. B.B. Pattanaik has been appointed Chairman and Managing Director effective from 1 July 2008 to replace Mr. N.K. Choubey who retired on 30 June 2008. Mr. Pattanaik was Chairman and Managing Director of National Seeds Corporation Ltd., under the Ministry of Agriculture. He actively collaborated with FCI⁶ in organizing the FAO/AFMA Regional workshop on Integrated Supply Chain Management held in New Delhi recently, especially with regard to suggestions on topics and local resource persons.

⁵ Central Warehousing Corporation, Government of India

⁶ Food Corporation of India, Government of India



Mr. B.B. Pattanaik
New Chairman and MD of CWC



Mr. N.K. Choubey
Ex-Chairman and MD of CWC

Highlight of MAHA 2008

Kuala Lumpur, Malaysia

The biennial Malaysia Agriculture, Horticulture and Agrotourism Show 2008 (MAHA 2008) ended after thirteen days from 11 to 23 August and nine hours a day of exhibitions. It was hosted by the Ministry of Agriculture and Agro-based Industry (MOA) and organized by the Federal Agriculture Marketing Authority (FAMA). It was located at Malaysia Agro-Exposition Park, Serdang (MAEPS), in the heart of Putrajaya, the location of central government compound. MAHA 2008 is the sixth in the series since 1999.

'Agriculture is Business' was the theme. The organizers targeted local consumers and farmers. MAHA 2008 focused on the nation's success and achievements in the agriculture, horticulture and agro-processing sectors. The event had also

a series of walk-in seminars on agriculture-related topics, which were open to the public through online registration and walk-in.

There were pavilions for the different states in Malaysia and international exhibitors from different countries. There was also an Agrobazaar where small and medium enterprises displayed their products. There was a food hall selling Malaysian dishes from all over the country. A livestock show was held in the outdoor ground area. This year, Australia took part as "guest nation" and occupied a large entrance area of the international hall to exhibit processed food, livestock industries and agricultural research and development.

The show had 1,500 booths, 42,000 sq. m. gross exhibition space and was expecting around 1.3 million visitors.





Warehousing 2008 in New Delhi

India

Central Warehousing Corporation (CWC) in collaborated with Food Corporation of India (FCI), Federation of Indian Chambers of Commerce and Industry (FICCI) and Department of Food and Public Distribution, Ministry of Consumer Affairs Food and Public Distribution,

WAREHOUSING 2008
The Warehousing (Development & Regulation) Act 2007:
Issues & Challenges
 September 12 & 13, 2008, Vigyan Bhawan, New Delhi

Government of India hold the Warehousing 2008 from 12-13 September 2008 at Vigyan Bhawan, New Delhi. It was the first national conference on Warehousing and will be followed by regional conferences at Chennai, Chandigarh, Kolkata, Mumbai and Bhopal.

Upcoming Activities

AFMA Study tour on Agricultural and Food Security for South African Delegates
 28 September – 4 October 2008, Thailand

Workshop on Role of Commodity Association in Asia and the Pacific
 11-13 November 2008, Bangkok, Thailand

AFMA 28th Executive Committee Meeting and AFMA 14th General Assembly
 14 November 2008, Bangkok, Thailand

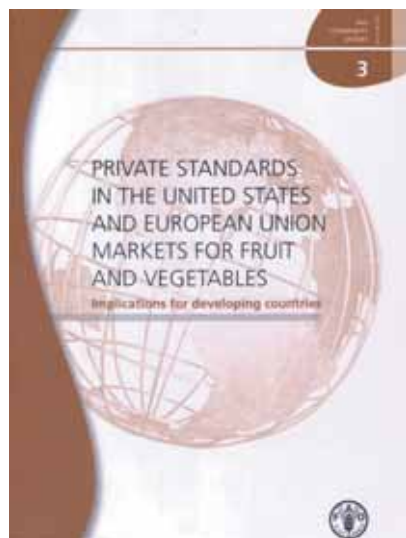
AFMA Study tour on Thailand Rice Marketing for Bangladeshi Delegates
 17-21 November 2008, Bangkok, Thailand

AFMA Study tour on Philippines Food Security for Bangladeshi Delegates
 24-28 November 2008, Manila, Philippines

Publications Review

Private Standards in the United States and European Union Markets for Fruits and Vegetables: Implications for developing countries

by Cora Dankers and Pascal Liu, Trade Policy Service, Trade and Markets Division, Food and Agriculture Organization of the United Nations, Rome, 2007



Over the past 20 years the number of standards and certification programmes for agricultural production has grown rapidly. Producers who want to export are confronted not only by a plethora of import regulations, but also within import countries by different niche markets for which specific requirements have to be fulfilled.

This report gives an overview of standards and certification programmes relevant for fruit and vegetable producers and exporters in developing countries, with a focus on the markets of the United States of America and the

European Union. In addition, it gives an overview of current analytical work on standards and trade, reviews major assistance programmes related to standards and provides recommendations for further research.

Contact Pascal.Liu@fao.org

Agri-Marketing CD-ROM from FAO

FAO has updated its agricultural marketing CD and renamed it "Marketing and Agribusiness Resources." The CD contains all FAO publications on these topics from 1990 to 2008 in English, French and Spanish. Copies can be requested, free of charge, by e-mailing AGS-Registry@fao.org

The materials on the CD are also available for download at:

<http://www.fao.org/ag/ags/subjects/en/agmarket/agmarket.html>

and

<http://www.fao.org/ag/ags/subjects/en/agribusiness/index.html>

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