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## IICA and the new paradigm for agriculture

- **Global economic crisis and agricultural trade: winners and losers**
- **Platforms for exporting agrifood products**
- **PRONAF: construction of agrarian policies in Brazil**
- **Agricultural entrepreneurship: concepts for modeling development**



# Access for Latin American and Caribbean agrifood products to international markets

## The export platforms initiative

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Agribusiness

### Summary

The Inter-American Institute for Cooperation on Agriculture (IICA) developed the export platforms program to enhance the export capabilities of small and medium-sized agribusinesses in the hemisphere, with a view to diversifying and augmenting the number of exporters and markets and increasing the value of agrifood exports. The main reason for the platforms' success has been the integrated use of three traditional export promotion tools - namely, training, market research and participation in trade fairs and missions for a group of companies interested in a specific market. This article describes the experience that IICA has developed in this field, as well as benefits for participating companies. Also addressed are the requirements for participation in the program, the results obtained thus far and the factors that contribute to success during the process.

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**Key words:** *market access, exporting, capacity building, export platforms.*


## Introduction

In recent years, the LAC countries have made efforts to promote agrifood exports to developed countries. Although export processes offer companies many advantages (e.g., higher sales, bigger profit margins, more efficient use of firms' resources and less dependence on a limited number of markets), they also entail risks and call for investment and the development of skills that many have never considered. In many cases, entrepreneurs fail to take into account the challenges involved, despite the fact that they are a barrier to access to international markets for small and medium-sized agribusinesses.

IICA developed the export platforms –which consist of a training process, market research and negotiations with potential buyers– to boost the export capabilities of such companies and better integrate them into international markets.

The first export platforms were developed in Costa Rica, working with the local Trade Promotion Office (PROCOMER) and the Chamber of Exporters, to support companies interested in taking advantage of the benefits of the Free Trade Agreement (FTA) with Canada. The initiative's success led to the methodology being replicated

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in El Salvador, Honduras, Nicaragua, Dominican Republic and Belize.

This article presents IICA's experience in using export platforms to strengthen the export capabilities of small and medium-sized agribusinesses. It describes the objectives and stages of export platforms, and the benefits obtained by the companies involved. Other points addressed are the preparations required to implement these activities, the experience acquired, the results obtained so far and the factors that have contributed to the initiative's success. Finally, the article explains how IICA has applied the lessons learned during the process.

## The concept of export platforms

Platforms provide small and medium-sized agribusinesses in the hemisphere with a means to improve their export capacity; the goal is to diversify and augment the number of exporters and markets and increase the value of agrifood exports. Each platform involves a group of 10-15 companies or organizations that have developed products, have sufficient quantities available for export and are interested in exporting to a specific market.

To achieve this objective, the platforms include three stages: a) international business training; b) validation of products in the target market; and, c) in situ marketing (participation in a trade show or mission).

### Stage 1. International business training

The platforms adopt a practical approach - involving case studies, group work and the participation of successful entrepreneurs and service providers - to provide the participants with the basic information and tools required to develop export capabilities for the first time, or enhance existing ones, and to prepare a business plan for the market chosen.

This stage takes place over the course of three weeks in a series of one-day training activities (modules). The entrepreneurs are also required to perform tasks in their respective organizations between the modules. The modules include the following topics:

1. Is the company ready to export?
2. The importance of planning (business plan for exporting).
3. Market research and marketing plan.
4. How to adapt products to the target market (production plan).
5. Financial plan.
6. Making the sales (negotiating of agreements).



IICA signed an agreement with the Forum for International Trade Training (FITT), an internationally recognized Canadian institution specializing in international business training, through which it translated and adapted the materials to the conditions in which firms operate in LAC. As a result, IICA has a proprietary methodology for supporting the agrifood sector.

### **Stage 2: Validation of products in the selected market**

The validation stage makes it possible to determine the product's likely performance in the selected market and to make any adjustments required to meet official requirements, the needs of buyers and the tastes and preferences of consumers.

This stage includes the following actions:

- To develop a product profile in the market.
- To identify potential buyers in the target market.
- To present the products to potential buyers.
- To recommend modifications needed to facilitate the entry of products into the market, based on the opinions of possible buyers.

Each company receives a report on the validation of its product(s), which provides important input for the firm's strategy for entering the selected market. An example of the content of validation reports is shown in Box 1.

#### **Box 1. Example of the content of the validation report delivered to each company.**

1. Summary of the findings of the commercial assessment of the product's likely performance in the market.
2. Tariff heading.
3. Value and volume of annual imports by country of origin (previous three years).
4. Value and volume of monthly imports over the last year.
5. Main suppliers (countries) and their market share.
6. Window of opportunity.
7. Market's main ports of entry.
8. Price history.
9. Distribution channels and middleman's markup.
10. Description of competing products (presentations, prices, etc.).
11. Importation requirements.
12. Observations and recommendations of possible buyers and industry experts.
13. List of importers interested in the product.



*The participants meet with buyers who have previously expressed interest in the product thanks to the validation process. This creates a more favorable environment for the negotiations and increases the possibility of making the sale.*

### **Stage 3: In situ marketing**

The in situ marketing stage involves participation in a trade show or mission. What makes this stage different from traditional trade shows and missions is that the participants meet with buyers who have previously expressed interest in the product thanks to the validation process. This creates a more favorable environment for the negotiations and increases the possibility of making the sale.

The trip to the target market includes visits to retailers such as supermarkets and specialized stores (gourmet and ethnic outlets, etc.), and wholesalers. If the companies are interested, meetings can be organized with the government institutions responsible for regulating the importation of products into the target market.

Once the three stages have been implemented, the companies and organizations taking part obtain the following benefits:

- They have learned about and begin to use tools that will enable them to strengthen their export capabilities.
- They have in-depth knowledge of the market to which they wish to export.
- They have the information needed to adapt their products to the selected market, based on the results of the validation stage. Box 2 shows an example of observations made by possible buyers during the validation process.
- They have a list of possible buyers interested in their products.
- They have the opportunity to negotiate with potential buyers in the market in which they are interested.





*Platforms provide small and medium-sized agribusinesses in the hemisphere with a means to improve their export capacity; the goal is to diversify and augment the number of exporters and markets and increase the value of agrifood exports.*

**Box 2.** Validation of Nicaraguan canned vegetables in the Los Angeles market (USA). Importers observations.

- Hot chili peppers were the product in which importers showed most interest, although they all said that their biggest client (the Mexican community) preferred them in easy-to-open cans for personal consumption and 32 oz. family-sized cans.
- They were interested in mini-corn on the cob, if the suppliers can compete with the competition from Thailand, the biggest supplier of the market. In the local market, they are sold in cans, not jars.
- Products in jars tend to be more expensive than canned foods. This can make them less competitive, unless their superior quality justifies a higher price.

## Preparing to implement a platform in the country

The best way to organize a platform is by creating a national coordinating committee comprising representatives of the public sector (ministry of agriculture and export promoter), agrifood organizations (producers, processors and exporters), possible donors and the local IICA Office, which is responsible for coordination.

Box 3 shows an example of the makeup of a national coordinating committee. The committee's responsibilities include publicizing the program, seeking funding, selecting the target market, identifying and selecting the companies and organizations to take part, supporting the implementation of the program and providing follow-up to the companies. A full-time national coordinator is responsible for these activities.

Through the Inter-American Program for the Promotion of Trade, Agribusiness and Food Safety, IICA supports both the organization and implementation of the platform. It also offers to share with interested countries the experience it has acquired in executing 17 platforms successfully, targeted at a number of cities in Canada and the United States.



## The platforms initiative and the main results achieved

Seventeen export platforms have been implemented so far: four in Costa Rica, four in El Salvador, three in Honduras, two in Nicaragua, three in the Dominican Republic and one in Belize. The target markets were Montreal, Toronto, Vancouver, Los Angeles, Miami and, most recently, New York. IICA has contributed to the following major achievements:

- The modernization of more than 185 small and medium-sized agrifood enterprises and the facilitation of the basic tools needed to develop export capabilities for the first time or to enhance those that already exist, and to prepare export business plans.
- The validation of over 300 products, allowing the participating companies to adapt their products to consumers' tastes and preferences and the requirements that the products must meet to be able to enter the market.
- Half of the companies that completed all the stages and met the suggested selection criteria managed to export to the selected markets. Box 4 contains a list of some of the products exported.

### Box 3. Coordinating committee for the first platform in Costa Rica.

- Chamber of Exporters of Costa Rica (CADEXCO).
- Costa Rica's Trade Promotion Office (PROCOMER).
- National Production Board (CNP).
- Center for Studies and Cooperative Education (CENECOOP).
- IICA.



#### Box 4. Products exported through the platforms.

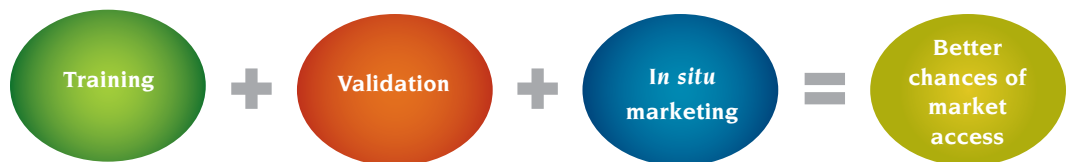
Mini-vegetables, watermelon, roots and tubers, chayote, grapefruit, oriental vegetables, frozen fruits (melon, pineapple, watermelon and others), frozen okra, frozen coconut, pre-fried and frozen green and ripe plantains, heart of palm, loroco, organic sesame seed, traditional green coffee, gourmet coffee, organic roasted coffee, fair trade roasted coffee, guava and pineapple seeds (puff pastry), horchata, red and black beans, gourmet tuna fish, plantain and cassava chips, sugar, honey, meat, cookies and shrimp.

During the implementation of the platforms, national counterpart officials are invited to take part in the training process so that they can play a more active role in future activities and disseminate the knowledge acquired among their beneficiaries.

### Factors in the success of the platforms

The biggest factor in the success of the export platforms has been the integrated application of three traditional tools used for export promotion: training, market research and participation in trade shows and missions. These target a group of companies interested in a specific market (Figure 1).

Figure 1. Factors in the success of the platforms.



*Entrepreneurs who participate in the program with a view to launching a new product or a product in development must show clearly that not only will the product be ready for presentation to possible buyers but also that they will be able to meet the demand generated during the in situ marketing stage.*

With respect to operational aspects, and based on the evaluations of the platforms carried out to date, the factors that contribute to the successful organization and implementation of the initiatives are as follows:

**a. Factors of success in organizing the platforms:**

- In each case, a national coordinating committee is set up to help channel the country's efforts to promote exports and to encourage institutions to appropriate the methodology. The committee also ensures that the companies comply with the selection criteria and fulfill their responsibilities under the platform program - for example, by participating in all three stages.
- Donors are included as members of the committee, to facilitate the financing of the platforms.
- Producers' associations play a key role in promoting the program and in the process of selecting the companies, as well as in the pre- and post-platform follow-up and evaluation actions.
- A partner that is able to institutionalize the process is included, to ensure that the experience can be repeated.

**b. Factors of success in operating the platforms:**

- The organizers visit the participating companies at the start of the program,

to explain the responsibilities of the entrepreneurs and the scope of the initiative. It is also important that the trainers become familiar with the companies and assess their infrastructure, production processes, human resources and product.

- The validator visits each company taking part before the validation stage gets under way, to meet with the staff and gain a sense of the true situation and the prospects for the product, as well as the company's objectives in the selected market. This also permits the entrepreneurs to understand clearly the purpose and scope of the validation.
- The existence of an export product that is ready to be marketed. Entrepreneurs who participate in the program with a view to launching a new product or a product in development must show clearly that not only will the product be ready for presentation to possible buyers but also that they will be able to meet the demand generated during the in situ marketing stage.
- The entrepreneurs have all the information required to negotiate successfully with possible buyers before they take part in the respective trade show or mission. Box 5 contains a checklist of the key elements for negotiating with potential buyers.
- Motivating the entrepreneurs to provide follow-up to the contacts established is one of the main tasks of the national coordinator and the

coordinating committee, since it is difficult to achieve a sale with a passive attitude.

- Commitment and the country image. The companies that participate in the platform can have a positive or negative effect on their country's exporting image. Therefore, it is essential to ensure that the parties involved are committed and act responsibly.

## Challenges for future exports platforms

### Loss of critical mass

Having promoted the implementation of the platforms in a number of countries for several years, the organizers concluded that there was only a limited number of small and medium-sized enterprises and organizations of small and medium-scale agricultural entrepreneurs that could participate in the program successfully. Consequently, in some countries it was not possible to develop an enduring program.

For this reason, IICA's Inter-American Program for the Promotion of Trade, Agribusiness and Food Safety and agribusiness specialists developed a program aimed at enhancing business management skills, to enable companies and organizations that could benefit from the initiative to participate in a platform in the medium term.

### Box 5. Checklist for the negotiations with foreign importers

Before beginning to negotiate with overseas importers, it is recommended that the companies verify:

- The commercial objectives for the selected market.
- The characteristics that differentiate their products from the competition.
- The specifications of the packaging and packing.
- Product compliance with all export requirements.
- That the method of payment is acceptable.
- That sufficient supplies are available for export.
- The minimum delivery time.
- The minimum quantity that must be purchased (if such a minimum exists).
- The export price: ex works (EXW), FOB and CIF.
- Prices according to volume.
- The plan to support the promotion of products.



### **The program's sustainability at the local level**

One of the biggest challenges that the platform organizers face is persuading national institutions to give continuity to the initiative. From the outset, IICA's aim was to participate directly in the first programs carried out and gradually to hand over responsibility to a national partner. However, this has only been possible in Costa Rica, where PROCOMER has continued to execute the "Creating Exporters" program on its own.

In El Salvador, IICA signed a letter of understanding with the Export Development (EXPRO) Program for micro, small and medium-sized enterprises for the design of a platform for the United States market. However, EXPRO subsequently decided to give priority to supporting the participation of Salvadorian companies in international

shows, rather training to enhance their capacity to export. IICA once again coordinated and implemented the most recent platform the fourth in the series.

In Honduras, the partner for the implementation of the platform was the Secretariat of Agriculture and Livestock (SAG), through its Directorate of Agricultural Science and Technology (DICTA). Officials from this unit were trained to implement the platforms with IICA's support. However, when the new government took office the Directorate began to focus on support for the development of the local, rather than the international market.

The Institute is currently engaged in talks with various institutions in the Dominican Republic with a view to "institutionalizing" the platforms and thereby guaranteeing their continuity over time.



## Lessons learned

IICA has used the experience acquired through the platforms to develop and offer other tools designed to strengthen the export capabilities of small and medium-sized agribusinesses in the Americas. These include the system for determining the level of export readiness, tools to identify the main requirements for exporting fresh and processed products to

the markets of Canada, the United States and the European Union, and the Export Handbooks published as part of the Agribusiness Series. All these tools are available in the Infoagro/Agronegocios system ([www.infoagro.net/agronegocios](http://www.infoagro.net/agronegocios)), which provides important, up-to-date information for decisions with regard to trade and commerce.



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## ► **Accès des produits agroalimentaires de l'Amérique latine et des Caraïbes aux marchés internationaux. Expérience des plateformes d'exportation**

Afin de renforcer les capacités d'exporter des petites et moyennes agroentreprises du continent et, partant, de diversifier et d'accroître le nombre des exportateurs, les destinations et la valeur des exportations agroalimentaires, l'Institut interaméricain de coopération pour l'agriculture (IICA) a mis en place les plateformes d'exportation. Le principal facteur de succès de cette initiative a résidé dans l'utilisation intégrée de trois outils traditionnels de promotion des exportations : la formation, la recherche de marchés et la participation à des salons et à des missions commerciales, à l'intention d'un groupe d'entreprises intéressées par un marché particulier. Le présent article décrit une des expériences réalisées par l'IICA dans ce domaine, ainsi que les avantages pour les entreprises participantes. Il est fait état de la préparation requise pour l'exécution de l'expérience, des résultats obtenus jusqu'à maintenant et des facteurs de succès tout au long du processus.

## ► **Acesso dos produtos agroalimentares da América Latina e do Caribe aos mercados internacionais. A experiência das plataformas de exportação**

Com o objetivo de fortalecer a capacidade de exportação das pequenas e médias empresas agrícolas do Hemisfério e assim diversificar e aumentar o número de exportadores, os destinos e o valor das exportações agroalimentares, o Instituto Interamericano de Cooperação para a Agricultura (IICA) desenvolveu a modalidade das plataformas de exportação. Seu principal fator de sucesso foi a aplicação integrada de três ferramentas tradicionais de promoção de exportações: a capacitação, a pesquisa de mercado e a participação em feiras e missões comerciais, dirigidas para um grupo de empresas interessadas em um mercado específico. Neste artigo descreve-se uma das experiências desenvolvidas pelo IICA neste tema, bem como os benefícios para as empresas participantes. Mencionam-se também a preparação requerida para sua execução, os resultados obtidos até o presente e os fatores de sucesso durante o processo.

## ► **Acceso de productos agroalimentarios de América Latina y el Caribe a los mercados internacionales. La experiencia de las plataformas para la exportación**

Con el objetivo de fortalecer las capacidades para exportar de las pequeñas y medianas agroempresas del hemisferio y así diversificar e incrementar el número de exportadores, los destinos y el valor de las exportaciones agroalimentarias, el Instituto Interamericano de Cooperación para la Agricultura (IICA) desarrolló las plataformas para la exportación. Su principal factor de éxito ha sido la aplicación integrada de tres herramientas tradicionales de la promoción de exportaciones: la capacitación, la investigación de mercados y la participación en ferias y misiones comerciales, dirigidas a un grupo de empresas interesadas en un mercado específico. En este artículo se describe la experiencia desarrollada por el IICA en este tema, así como los beneficios para las empresas participantes. Se menciona la preparación requerida para su ejecución, los resultados obtenidos hasta la fecha y los factores de éxito durante el proceso.

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