



# AL-INVEST IV INFORMS

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## Special Issue on the Organic Sector

### LETTER FROM THE EDITOR

## The World's Industry of Organic Products Continues to Grow



Sales of food and beverage were estimated at €34.9 billion in 2007 worldwide. For the last eight years, the market for organic produce has tripled and in 1999 total sales were worth €11.38 billion.

The demand for organic food is booming and there is no downward trend on the horizon, even though sales have decreased slightly in some countries, such as the UK. Supermarkets and discount shops are their own lines of green produce, and specialized green supermarkets are blossoming, thus spurring growth and demand.

Consumers around the world, and especially in the EU, increasingly choose organic foods and beverages, be it because they appeal to them, or because they wish to actively contribute to the protection of the environment and the wellbeing of animals and rural communities.

The consumers' demand for organic produce is focused on North America and Europe. These regions amount to 97% of total sales. Latin America and Australia are big producers and exporters of organic produce too.

Europe enjoys the most important and sophisticated market for organic food and beverage in the world. It was worth €19 billion approximately, in 2007 and represented 54% of global revenues. The fact that the

five biggest national markets for organic produce are European explains the percentage.

The German and French markets recorded the fastest growth in the last few years, a reason being the penetration of organic produce in hypermarkets. In this regard, discount chains such as 'Aldi', 'Lidl' or 'Plus' are gaining a large market share in Germany due to their offers at competitive prices. In the UK, organic produce are widely represented in big stores, to the point that this channel amounts to over 80% of total sales. 'Tesco' is the leading supply chain, with over 700 organic products under the brand 'Tesco Organic'.

Many countries are entering a recession. Therefore, the organic produce industry will be affected by the reduced purchasing power of consumers. However, positive growth is expected in 2010, although at a slower pace.

Despite differences among European countries, there is common ground. The first common aspect is the exponential average growth of the market in the last few years. The second common aspect is a production area increase rate below the market growth rate. These data illustrate the emergence of a new consumer group, strongly committed to health and sustainability to drive the growth of the green market.

Stefan Unseld  
Project Manager for Inwent

AL-INVEST



Support to the SMEs'  
internationalization in Latin America

AL-INVEST IV program has  
European Union funds

This publication has been made with the assistance of the European Union. The sole responsibility for its content lies with AL-INVEST IV and in no case shall it be deemed to reflect the EU point of view.

## Central America, Mexico and Cuba

Populations in developed countries growingly seek to consume healthy, green products. This is why countries such as Mexico, Guatemala, Nicaragua and El Salvador have invested to promote organic farming and gear their production towards international markets



### GUATEMALA

#### A Green Evolution

Guatemala has been developing organic farming as an alternative to traditional farming for twenty years. Certifying agencies, NGOs, the Organic Produce Subcommittee at AGEXPORT and the National Commission of Organic Farming have worked together to promote this type of activity.

However, the supply is limited to farmed produce such as coffee, macadamia, cardamom, tea, medicinal plants and spices.

Work to expand into fruits and vegetables is under way. The next step will be to develop processed foods. Small producers currently produce 85% of organic produce in Guatemala. They market most of their production internationally.

For more information:

[www.revistadataexport.com](http://www.revistadataexport.com)

[www.guatexporters.com](http://www.guatexporters.com)

[www.export.com.gt](http://www.export.com.gt)

Some initiatives to promote this type of activity were undertaken in 2010 under the AL INVEST-IV Program. Training and Technical Assistance events took place to teach businesspeople the basic principles of organic farming, their conditions and management.

Several activities are planned for 2011, to wit: studying organic market trends, fair trade and sustainable certifications, training internal and external inspectors in organic farming, assessing the farming and agro-industry inputs in accordance to organic rules, and finally, preparing organic manure and fertilizers.

### NICARAGUA

#### Organic Wealth

Agriculture is a driver of Nicaragua's national economy, carrying great weight in its GDP. Nicaragua has the largest certified organic surface in Central America. It has over 70,000 hectares of organic produce, among others, coffee, sesame, cacao, banana, beans, honey and strawberry.

There are over 7,000 organic producers. Organic farming has created jobs in rural areas, since decreasing the use of synthetic pesticides increases the workforce needed.

However, organic farming faces several limitations. A very relevant one being the lack of technological developments in the sector, the lack of products and services to provide specialized technical assistance to produce and market the products and the scant funding.

To solve these problems and strengthen the organic industry, the Association of Nicaraguan Producers and Exporters has helped 35 SMEs with Training and Technical Assistance, Awareness Sessions and internationalization activities through the AL-INVEST IV Program.

To continue to promote competitiveness for SMEs, events to implement quality processes, adaptation of containers, packages and brands and establish business models for exports are planned for 2011.



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## MEXICO

### Leading the Organic Coffee Production

Mexico is the 18th producer of organic food measured by farmed surface worldwide. It produces 27 different organic products and leads the production of organic coffee. It is the third producer of organic honey.

This Latin American country exports 90% of its production mainly to the US and the EU. Some 3 million people consume organic foods from Mexico. Commonly-used marketing channels are supermarkets and hypermarkets, specialized shops, direct farm sales and weekly markets.

This country's organic farming is growing. It is estimated that consumers worldwide spend an average of \$24 billion yearly in organic produce.

It is the fastest-developing market segment within the agro-food industry.

The increase is due to the growing concern of the population to eat healthy food. In addition, society is more and more aware of the need for environmental conservation and feels more solidarity towards less favored social groups in developing countries.

The Mexican organic sector is still dominated by small farmers, mostly natives. They normally organize themselves in groups. Some of them have over 12,000 members. There are currently 22 groups involved in organic farming. The Mexican states with the largest organic production are Chiapas and Oaxaca, which amount to 36% and 24% of the national organic production respectively.



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## Success Cases

### Expronav, El Salvador

The Salvadorian businessman Oscar Navas illustrates success. He is a businessman ready to make use of all available opportunities to innovate on his products and negotiate with European buyers.

His SME, Expronav, has identified a potential market for organic produce, and offers a wide variety of products such as natural sesame, cashew seed, dehydrated Jamaican Rose and Noni-derived products.

The businessman participates in the AL-INVEST IV Program since 2009 and has participated in most projects that strengthen and increase SMEs' competitiveness. He's part of a group of businessmen trained in Negotiation and Exporting Techniques, has participated in first-contact missions and business rounds where he has made businesses amounting to \$560,000 in 2010.

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Oscar Navas, the businessman behind Expronav, posing with his products

## Mercosur, Chile and Venezuela

Argentina stands out as a country with a very large surface dedicated to organic farming, even though sales have decreased the last few years. Brazil has officially approved the national rules for organic farming and will assess companies in the adaptation processes of their products

### ARGENTINA

#### Pending Issues

Agriculture sales decreased steeply in 2009 compared to the upward trend of previous years. The main reasons were the barriers to international sales and adverse weather conditions affecting 2,800,000 hectares of farmed surface.



The agriculture production breaks down as follows: grains and oleaginous seeds amount to 60%, followed by organic industrial cultures (27%), fruits (9%) and organic vegetables and legumes (4%).

Surface dedicated to breeding organic livestock increased by 7%, reaching 3,892,255 hectares. However, significantly lower percentages of exports of bovine meat, grains and oleaginous seeds were recorded. Honey sales were also affected, even though beekeeping continues to register an increase in beehives.

The most important export destinations for organic produce were the European Union, the United States and Switzerland. Other markets such as Russia, Canada, Ecuador, Mauricio, Norway, Australia and Argelia were also remarkable.

The domestic consumption of certified organic produce was increased, but the volume of local sales is still low.

For more information: [www.alimentosargentinos.gov.ar](http://www.alimentosargentinos.gov.ar)

### BRAZIL

#### Developing a Technical Assessment Plan

The organic industry comes hand in hand with socio-economic development programs many times. Some countries write up national rules to establish an official national certification. Brazil started to review its legislation in 2003 and the Law 10.831 of the Agriculture, Livestock and Supply Ministry was passed this year, setting the national regulation that will rule the organic sector.

In the framework of the AL-INVEST IV Program, Brazil has approved the project 'Attention Center for Organic Produce', the founding stone of activities structuring and training the industrial chain of the organic sector including cosmetics, food, beverages and textile.

A main activity within this project is the Technical Training of International Business Centre (CIN) Technicians and the National Service of Industrial Training (SENAI by its Spanish acronym), responsible for managing the centers located in each State. SENAI will focus on the technical side, and CIN on the trade.

A training course for technical auditors in the national and European market certification process will be given. They will answer to questions from companies and orient them in the product and process adaptation and internationalization.



For more information:  
<http://www.cinpr.org.br>

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# Dionicio Huayllani Marca, Bolivia Saite S.R.L General Manager and attendant to the Biofach Fair 2011

The Bolivian SME Saite S.R.L was fortunate enough to participate in Biofach 2011, the most important fair on organic produce worldwide. It took place on February in Nuremberg, Germany. The event provided an opportunity for businesspeople and producers to meet new trade partners and learn about the supply and the demand of organic produce. Over 50 Latin American companies, general manager Dionicio Huayllani's Saite S.R.L. among others, participated in the event under the umbrella of the AL-INVEST IV Program. After the visit to the fair, we talked to the businessman about this experience and what are his main business goals

**What is the business of Saite S.R.L?**

We are in the business of selling quinoa grain, amaranth and sesame. All three are Bolivian certified organic produce. We have over 20 years of experience.

**What are your production capacity and your main clients?**

Our production capacity for quinoa is 2,000 tons yearly, for sesame is 600 tons for and amaranth, 400 tons. We export to several European countries: The Netherlands, Italy and France, among others. We sell on the Australian market too; even though most of our exports are shipped to the US.

**How much effort did you put into quality certifications?**

Obtaining the certifications is a strong investment. First, we work with 170 organic producers to whom we offer technical assistance through professional agronomists. They explain and teach the workers the basics of organic production, managing the land and the organic regulation. This is time-consuming, costly and paperwork-intensive. Then, the certification entities charge quite an amount based on the volume, length and the number of producers. We currently invest between \$20,000 and \$25,000 in quinoa, sesame and amaranth.

**What has been your experience at the Biofach Fair?**

I bestow great importance on the Fair and I have been attending it for seven years. Biofach has granted me access to 60% approx. of my portfolio of clients and I have personally met the companies interested in our products. During this last edition, we have reached a sales agreement with three companies and we are very much satisfied.

**What would you highlight from this Fair?**

We have participated in other fairs, but this one is exclusively dedicated to organic produce, our main interest. In addition, AL-INVEST IV supports us by providing the stands, among others.



Exhibit of Saite S.R.L. Saite products at the Biofach fair 2011

Source: Services Consortium

**What are your short and long term projects?**

Tapping into a broader market and increasing our production capacities in Bolivia. We have plans to introduce pre-cooked quinoa, a highly demanded product.

**What are the main barriers when trying to tap into the European market?**

There are no barriers. The problem is that markets are demanding higher quality standards more and more. Our obligation is to improve and enhance the production process every year to satisfy our customers. Striving for full quality is our full-time job.

## FICHA

**Sector:** Production, industrialization and marketing of ecologic, farmed products

**Director:** Dionicio Huayllani Marca

**Number of collaborators and employees:** 75

**Headquarters:** Calle Esquillana No. 4014 Urbanización Cosmos 79 El Alto, La Paz - Bolivia

**Website:** [www.quinusaite.com.bo/index.html](http://www.quinusaite.com.bo/index.html)

## 'Trade Academy' Course

March 27-30, Jodoigne, Belgium

The Services Consortium of the AL-INVEST IV Program has made a call for the training course 'Trade Academy', organized by the European Association of Chambers of Commerce and Industry (EURO-CHAMBRES). The course is geared towards senior executives proficient in English who wish to cooperate with potential collaborators and consolidate their knowledge and best practices on international trade.

The course consists of 20 hours of dynamic training on International Trade and Custom Policies and an exclusive visit to several European Chambers of Commerce. Representatives from European and international institutions may benefit from this activity. Six participants will be selected among the candidates, two from each Latin American consortium.

For more information:

<http://www.al-invest4.eu/attachments/Mannual%20-%20Trade%20Academy%20docs.pdf>

## Enriching Visits

January, Guayaquil, Ecuador



Banana packing center

Paraguayan businesspeople and producers made a visit to Guayaquil this January. Their goal was twofold. First, learn about quality procedures and how banana packing centers work, since Ecuador is the first exporter worldwide of bananas.

Second, to observe how the hydrothermic processing plants for mangoes work and what are the production conditions to export this fruit. The inauguration and start up of the first hydrothermic processing plant for mangoes in Paraguay is set for early 2011. The goal is to export fresh fruits to Argentina.

## CMMI Certifications

December 2010-January 2011, Paraguay



Source: MCV

CMMI Software certifications

Four Paraguayan SMEs in the software industry obtained the international quality certification for the level 2 of 'Capability Maturity Model Integration®' during December 2010 and January 2011. They were supported by the AL-INVEST IV Program. The certification is granted by the Software Engineering Institute (SEI) from Carnegie Mellon University in the United States.

The quality model enables the organized, systemic creation and management of software projects, providing guidelines to improve the development and maintenance processes for products and services in this industry.

With it, companies wish to enhance the quality of their products, improve the development timing and mainly, offer their clients higher quality and lesser operation costs. The companies intend to pursue the next CMMI certification levels.

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## Lessons on Elevators

January 2011, Argentina

The Argentine Industrial Union, the Argentine Industrial Metallurgical Association and the Exportar Foundation presented the main points of a study completed the last quarter of 2010 on the Chilean market to a large number of domestic businessmen in the elevator business.

The event included a video-conference with the main authors of the study. The speakers shared structural and market information on the Chilean market and highlighted the demand breakdown, the legislation in force, the composition and origin of the supply, the pros and cons of the Argentine production and business opportunities, among others.

For more information:

<http://www.cafac.com.ar/front/noticiaDetalle.aspx?id=7&pagUrl=http://www.cafac.com.ar/front/Default.aspx>

Contact: [brunom@uia.org.ar](mailto:brunom@uia.org.ar)

## The trade agreement between the EU & Mercosur is moving forward

Karel De Gucht, European Commissioner for Trade, traveled to Paraguay and Uruguay to promote trade relations between the EU and Mercosur. Mario Sandoval, Paraguayan Ambassador in Brussels, commented on the "productive" visit of the commissioner

The visit of the European Commissioner for Trade to Paraguay and Uruguay finished on February 9 (Paraguay currently presides the Latin American section). The visit was intended to spur current negotiations between the EU and Mercosur (Argentina, Brazil, Paraguay and Uruguay).

Paraguay intends to progress the negotiations through to the end of the second quarter of 2011 to conclude the agreement, said Sandoval. According to him, the "hardest bone" to pick will be the trade issue including "cross-sectional issues" such as agriculture, access to markets, government purchases, services and investments.

Uruguay also expects to reach an agreement during the Paraguayan Presidency and the coming Uruguayan Presidency. Negotiations are a top "priority" with the EU, and "it is important to reach an ambitious agreement", said some sources from the Uruguayan Embassy in Brussels.

De Gucht acknowledged that there are bumps on the road of negotiations between the EU and Mercosur, there are still pending issues and he did not reveal the exact date when the agreement will be reached. However, he assured the negotiations will follow its usual pace. The next meeting in Brussels will take place from March 14 to 18.

## Coming up

### Publications

Sectorial Analysis on Ornamental Flowers:

<http://al-invest4.eu/ministre/flores/>

File on organic produce (Biofach Fair 2011):

<http://www.al-invest4.eu/attachments/BIOFACH>

File on organic beverage (Biofach Fair 2011):

<http://www.al-invest4.eu/attachments/BIOFACH%202011>

File on organic textile items (Biofach Fair 2011):

[http://www.al-invest4.eu/attachments/BIOFACH%202011%](http://www.al-invest4.eu/attachments/BIOFACH%202011%20)

File on organic make up (Biofach Fair 2011):

<http://www.al-invest4.eu/attachments/BIOF>

Sectorial analysis on Fishing:

Available on our website next April 2011

### Events

CeBIT - Hannover 2011. March 01, 2011 - March 05, 2011 (CS)

"Investing is Latin America's boom: Can its 'jaguars' catch up with Asia's 'tigers'?" March 15, 2011 (CS)

Bilateral Meetings March 16, 2011 (CAMC)

International Trade Academy March 27, 2011 - March 31, 2011 (CS)

GCP GLOBAL BUSINESS AGENDA IN SPAIN April 01, 2011 (CAMC)

BITS - Business Mission May 10, 2011 - May 12, 2011 (CS)

SMEs and Technological Innovation May 19, 2011 - May 20, 2011 (CS)

Latin American Academy \*to be defined

May 30, 2011 - June 01, 2011 (CS)

Annual meeting - Coordination and Services consortium

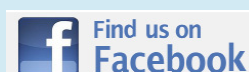
\* tentative dates June 15, 2011 - June 16, 2011 (CS)

### Contact

For more information

visit our website [www.al-invest4.eu](http://www.al-invest4.eu),

Check our Facebook profile



<http://www.facebook.com/pages/AL-Invest-IV-Consortio-de-Servicios/175340069146180?ref=ts>



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Share your comments with us!

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"The AL-INVEST IV Program is one of the most relevant regional economic cooperation programs of the European Commission in Latin America. The main goal of the IVth phase of the Program is to promote social cohesion by supporting Latin American SMEs in their consolidation and internationalization, sharing innovation and knowledge and creating economic relations with their European counterparts".