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The loading dock at Polo Norte Cold Storage, Costa Rica. Over 500 trucks ship in fresh apples from Chile for the Christmas holiday season. The majority of the trucks arrive with gen-sets as the delays at the ports can be long. (Photo courtesy of Mark Washburn.)

CENTRAL AMERICA LEADS IN PRODUCE EXPORTS

Transportation is key to this lush produce market.

By Karen E. Thuermer

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hen it comes to produce, Central America is geographically blessed given its close proximity to the world's largest consumer market – the United States.

“We can supply both the U.S. East and West Coast in no more than four days,” says Allan Safieh, CEO, of Guatemala-based UNISPICE Corp. “Product can be shipped from Guatemala to Miami via sea in three days; four days to California. We can truck through Mexico to Texas in four days.”

Produce can also be shipped by sea to Europe thanks to improved steamship

service. Safieh stresses that air shipments are efficient from Guatemala, especially since pre-coolers for perishables are available at the international airport for all exporters. “The biggest challenge is the holidays, however, when there is not enough cargo space for the produce,” he adds.

Although shipping from Central America has improved vastly over recent years, some

issues still remain. Value Chain Agriculture Consultant Mark Washburn points to pre-cooling of produce post-harvest while the product is being pulled from the field. “Many times perishables are loaded right into containers, but the containers are not made to pull out the field heat to lower the temperature quickly,” he says.

Unless an exporter is involved in every step from farm to shipping and utilizes modern equipment, pre-cooling promptly after harvest can significantly impact product quality and shelf life. In some situations, product is picked and taken to a location that does not have air conditioning. “It will remain there waiting for containers,” Washburn notes.

Safieh's trucking operations in Guatemala run efficiently largely because his company controls the process from field through export. But Washburn says exporters elsewhere in Central America find that trucks are often delayed 1-3 days for one reason or another. "While the trucks wait, product is sweating, and truckers often turn off their reefers to save fuel," Washburn explains.

The problem is especially bad between Costa Rica and Nicaragua, which suffers from recent disputes over the correct delimitation of their common border and the interpretation of the navigation rights on the San Juan River.

"Costa Rica bashes Nicaragua, and Nicaragua bashes Costa Rica," he says. "It's a matter of, 'We'll teach you, and you'll wait for hours to get through.' The issue has slowed things down tremendously."

Major importers of fresh produce from Central America are particularly being impacted by the problem. "Wal-Mart, which built a central distribution center, is now looking to build smaller distribution centers in various countries because they cannot depend on the transport to get product in good quality," Washburn observes.

Further, some containers are being pirated, particularly in El Salvador and Honduras, as well as those in transit to Costa Rica. "It's common for trucking lines to carry security," he says, adding the issue isn't big in Nicaragua where the government has iron-fist control.

GPS systems have helped circumvent some cargo theft. "GPS is also increasingly being used to track the whereabouts of the truck drivers themselves to make sure they aren't messing around or hanging out at their house," he comments.

While trucking companies in Central America are getting bigger and more sophisticated, Washburn advises to be leery of independent truckers since some do not have GPS systems.

Safieh emphasizes that the infrastructure at most seaports themselves remains an issue since many have not been improved for well over a decade. "But trade has grown," he remarks. "Central America should have more efficient ports so there are faster ship turnarounds."

A proliferation of cold storage facilities at seaports helps, particularly on the country's east coast. "If the ship doesn't come or the port goes on strike, the shipper can keep its products in cold storage if necessary," Safieh says. "The product can keep cold as long as the facilities

are run correctly, which happens 99 percent of the time, and packaging is done right."

Improvements have especially been made in Costa Rica, a country Washburn admits is a leader because of the sheer volume of bananas and pineapples it exports. Costa Rica, which is the most advanced economy in Central America, is also the most expensive country in the region in which to operate. Consequently, many companies are now moving from Costa Rica to Nicaragua where costs are cheaper.

Government Regulations

Another element to successfully transporting perishables across borders is having all paperwork in order. Safieh explains that cross-border transactions are often not an issue if good relationships are established with authorities and paperwork is correct. "We have all controls in place and send our paperwork in advance," he says.

To do business in the United States, a number of requirements must be met, such as the U.S. Food and Drug Administration (FDA)'s Hazard Analysis and Critical Control Points (HACCP) certification and measurable best practices.

"Today the FDA not only requires that shippers have a HACCP program; whoever is importing that product into the United States also must take responsibility for that product," Washburn says.

The issue has its roots in the Food Safety Modernization Act (FSMA) that was signed into law in 2011. For local producers in the United States, FSMA requires all sectors of the food industry to either implement a HACCP program or prepare a safety program that closely resembles it.

A subchapter of FSMA known as the Food Safety Verification Program (FSVP) deals with foreign processors. FSVP requires both the processor and importer to register with the FDA before importing. Upon doing so, an 11-digit number is issued that corresponds to the company. All invoices require FDA registration numbers for processors and importers.

Under FSVP, the importer is also required to prepare a Hazard Analysis and Risk-Based Preventive Controls (HARPC) assessment program for each food product imported.

"A HACCP program is quite similar, and rumor has it, it's acceptable," Washburn notes. "The representative must assure the program is up-to-date and available for FDA inspection at any time."

The importers verification process may contain a combination of the following: on-site inspection/audits; review of foreign supplier's relevant food safety records; review of the foreign supplier's compliance history; and sampling and testing of product.

"From my years of experience exporting from Central America to the United States, the buyers were the driving force in setting the minimum requirements for product verification," Washburn remarks. "An in-place HACCP program and third-party audits were a prerequisite to be considered. This was not a U.S. government initiative but implemented by the private sector as a proactive approach to food safety and more importantly, avoiding any potential liability issues. In many cases, processors are more than happy to comply in order to compete."

In most cases, companies in Central America that are exporting are either HACCP certified, ISO22000 (Europe's equivalent which includes among other things a HACCP program) or are in the process of doing one or the other. "The FSVP will have minimal affect other than additional paper work," Washburn says.

He also stresses that the importer of record (located in the United States) will be required to take on a very serious role as they will now be personally liable for product(s) imported.

"This raises some concerns," Washburn says. "Although Central America is a relatively known entity and finding importers to represent processors from this region is relatively easy, new processors or unknown processors with little or no track record may find it quite difficult to find an importer willing to represent their product."

Helping many growers and exporters in Central America improve the productivity and competitiveness of the agricultural sector is the Inter-American Institute for Cooperation on Agriculture (IICA). IICA is charged with strengthening agriculture's contribution to the development of rural areas and the well-being of the rural population, improving agriculture's capacity to mitigate and adapt to climate change and making better use of natural resources, and improving agriculture's contribution to food security. ☞

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