Participants: Courtney Schuler, David Richter, and U.S. Dry Bean Council Regional Representative Randy Duckworth

Submitted to USDA FAS
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1. Trip Summary

Title: USDBC Market Trade Mission Visits – Guatemala, El Salvador, Costa Rica, Nicaragua

Start Date: December 7, 2013

End Date: December 14, 2013

Countries: Guatemala, El Salvador, Costa Rica, Nicaragua

USDBC Representatives: Courtney Schuler, Dave Richter, and Randall Duckworth

Itinerary:

December 7 - 10 – Guatemala City, Guatemala

December 10 – San Salvador, El Salvador

December 10 - 11 – San Jose, Costa Rica

December 11 - 14 – Managua, Nicaragua

1.1 Objectives:

• Conduct market research in Central America to examine market conditions and to identify export opportunities for US dry beans, with primary focus on black beans.

• Meet with importers, dry packagers, food processors, and others in Central America, who either produce, process or have an interest in US dry beans.

• Develop strong relationships with key members of the import, retail, and food service sectors of Central American and develop better understanding of any technical constraints that conspire against the use of U.S. dry beans in Central America.

• Visit dry bean production areas in Nicaragua to develop a better understanding of the impact of upcoming harvest on the markets of Central America and also exports to the United States.

1.2 Results:

Our trade mission resulted in 16 meetings in Central America. We also visited the major production area of Matagalpa in Nicaragua. In Guatemala, we focused on meetings with bean processors and packagers. In El Salvador we focused on the two major food processors located in San Salvador. In Costa Rica we focused on major importers and packagers. In Nicaragua we focused on learning about production of dry beans, exports, and the potential impact on other markets of Central America,
Venezuela and the United States.

Guatemala continues to be an important regional market for U.S. dry bean industry. In particular, it is a critical market for U.S. black bean splits for the food processing (frijoles volteados). Exports to Guatemala remain strong despite significant competition from China and to a lesser extent Argentina. El Salvador has grown in importance as a food processing location and destination for split beans. Costa Rica is a significant destination for small red and black beans though not the U.S. at present because of preferential duty treatment China receives in that market. Nicaragua is a major producer and exporter of dry beans.

1.3 Recommendations:

Combined these markets typically generate almost 10,000 MT of U.S. dry bean imports. The U.S. dry bean industry did not receive very favorable treatment under DR-CAFTA for Central American countries but over the implementation time of the agreement the competitive position of U.S. exporters will continue to improve. Because of its relatively close proximity to the U.S. the cost for trade service travel is fairly low. For these reasons we recommend that the US Dry Bean Council’s representative and industry representatives continue monitoring and conducting trade service at least once per year in Central America region.

Guatemala

2.1 Market Summary

In general, food security in Guatemala is mostly stable following the postrera (December-January) harvest and the harvest in the Highlands. According to a recent FAO report, due to an exceptional harvest, bean prices in Guatemala reached their lowest level in 7 years in December 2013. The Guatemalan Ministry of Agriculture (MAGA) announced that low prices were the result of a strong increase in postrera production period, which has surpassed demand. Lack of sufficient storage means that excess quantities must relatively quickly be moved to other black bean countries such Mexico and Costa Rica.
### Guatemala % of Production of Major Grains by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Maize</th>
<th>Beans</th>
<th>Rice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quetzaltenango</td>
<td>0</td>
<td>5.1</td>
<td>0</td>
</tr>
<tr>
<td>Santa Rosa</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Jalapa</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Izabal</td>
<td>4</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>San Marcos</td>
<td>4.7</td>
<td>6.4</td>
<td>13.3</td>
</tr>
<tr>
<td>Chiquimula</td>
<td>8.4</td>
<td>9.6</td>
<td>0</td>
</tr>
<tr>
<td>Huehuetenango</td>
<td>7.5</td>
<td>8.1</td>
<td>0</td>
</tr>
<tr>
<td>Quiche</td>
<td>8.1</td>
<td>9.9</td>
<td>0</td>
</tr>
<tr>
<td>Jutiapa</td>
<td>6.6</td>
<td>13.5</td>
<td>18.5</td>
</tr>
<tr>
<td>Alta Verapaz</td>
<td>13.1</td>
<td>0</td>
<td>13.2</td>
</tr>
<tr>
<td>Petén</td>
<td>18.4</td>
<td>17</td>
<td>10.4</td>
</tr>
</tbody>
</table>

### 2.2 Data

#### Guatemala Dry Bean Imports (HS 071333) 2011-2013

<table>
<thead>
<tr>
<th>Country</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>7693</td>
<td>5556</td>
<td>7890</td>
</tr>
<tr>
<td>China</td>
<td>1450</td>
<td>6640</td>
<td>17541</td>
</tr>
<tr>
<td>El Salvador</td>
<td>1287</td>
<td>1002</td>
<td>477</td>
</tr>
<tr>
<td>Argentina</td>
<td>421</td>
<td>989</td>
<td>757</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>217</td>
<td>298</td>
<td>605</td>
</tr>
</tbody>
</table>
2.3 Visits

Vendors at the Chichicastenango open air market in Guatemala

U.S. Department of Agriculture (USDA)
Edith Vásquez de Valenzuela, Marketing Specialist
U.S. Embassy Guatemala
Avenida Reforma 7-01, Zona 10
Phone: (502) 2326-4300
Email: VasquezE@state.gov

Notes: There is a new food safety position in Guatemala directed by the Minister of Health, Alex Salazar. There is some concern that the new Director may cause some problems for importers/exporters. In Guatemala there is something of a tradition of trying to generate revenue prior to elections. It is referred to as “Rent Seeking Activity” – generate revenue for outgoing political group

ALBAY
Miguel Arriola, General Manager
Byron Herrera, Plant Manager
Address: Oficinas Centrales y Planta No. 19a. Avenida “A” 1-28, Zona 2, Guatemala City
Tel: (502) 2334-4285
Cel: (502) 2332-8930
Email: marriola@albay.com.gt
Email: bherrera@albay.com.gt

Notes: Albay is one of the largest packagers in Guatemala. Their products include white beans, garbanzos, popcorn, rolled oats, and rice. The dry bean harvest in Guatemala occurs from November – January and March. We were told that Guatemala was experiencing a very good harvest, which was not surprising given that its neighbor Mexico experienced similar excellent growing conditions. Prices to
the grower at time of our visit were reported to be $35 per cwt. The excellent harvest has put their company in position of exporting some black beans to Costa Rica, which is unusual.

Arrocera Los Corrales (ALCSA)
Jaime Abascal – General Manager
Enrique Godoy – Manager New Opportunities
Tel: 502) 6628-0100 Ext. 220
Email: jabascal@alcsa.com.gt
Email: egodoy@alcsa.com.gt
www.alcsa.com.gt

Notes: ALCSA noted that Guatemala does not have enough storage capacity for the whole crop. They reported that beans were selling for 250 quetzales /cwt (US $32). ALCSA is a large company and as such they have to pay 12% sales tax for beans they purchase. According to them the problem is that 85% of the beans are sold on the black market without paying the sales tax – putting ALCSA at a disadvantage. There is an even greater disadvantage for U.S. beans as there is a 20% tax on imported whole beans outside the quota (there is no import tax on split beans).

Grupo Ardoz S.A.
Km. 26.5 Carretera a Mataquescuintla
Granja Balan Juyu
Cypress Business Center Bodega #10
San Jose Pinula
Tel: (502) 6641-5744, 6641-5799
Cel: (502) 5296-6263
Email: Mario.garcia@grupoardoz.com
Notes: There have been some problems with Chinese black beans this past year. Mario said that they have been mixing crop years and this has resulted in significant problems with cooking times. Uncooked or over-cooked beans. It has been a good crop and Mario has been buying black beans at $32/cwt from grower (via middlemen collectors). When asked how U.S. is able to export to Guatemala Mario said that most of the Guatemalan farmers are very small and some will have only an annual production of 5-10 bags and even these small amounts may have quality issues such as insect damage. US black beans are great quality, no insect problems like in Guatemala. Mario mentioned that he expected we might have some problems leading up to change of government leadership in 2016 as U.S. exporters did in lead-up to the prior election.

(R) New product with refried bean filling

(L) Mexican food is gaining in popularity (R) the “canasta basica” or basket of basic goods including beans often given as a gift

3. El Salvador
3.1 Market Summary

![El Salvador Dry Bean Imports (HS 071333) 2011-2013](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Nicaragua</th>
<th>Honduras</th>
<th>China</th>
<th>United States</th>
<th>Guatemala</th>
<th>Ethiopia</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>11883</td>
<td>1177</td>
<td>738</td>
<td>323</td>
<td>154</td>
<td>46</td>
<td>16</td>
</tr>
<tr>
<td>2012</td>
<td>17405</td>
<td>5957</td>
<td>1180</td>
<td>570</td>
<td>496</td>
<td>2840</td>
<td>81</td>
</tr>
<tr>
<td>2011</td>
<td>9528</td>
<td>16583</td>
<td>2540</td>
<td>2343</td>
<td>1837</td>
<td>9923</td>
<td>61</td>
</tr>
</tbody>
</table>

3.2 Visits

ARROCERA SAN FRANCISCO:
Km. 9.5 carretera a Comalapa
San Marcos
Lic. Carlos Mejía Alferez.
Email: cmejia@arrocerasanfrancisco.com
Tel: (503) 2213-1125
Cel: (503) 7737-8069
Secretary: karinacalles@arrocerasanfrancisco.com
Notes: Rodrigo Mejia is no longer working there. Their company is a major packager of rice and beans in El Salvador with rice accounting for largest percentage of their business at about 40% of the total. When there are not enough beans the Salvadoran government allows dry beans to come in duty free (from outside Central America, which already receives duty free treatment). There are around 35,000 of dry beans imported annually. At the time to our visit small red beans were trading at about $31/cwt. Their company generally uses split beans if it can for its refried bean products as these are much less expensive. They can also use #2 or split DRK if the price is right.

(Above) Meeting with the buyer of Arocerra San Francisco in San Salvador

Eco-Foods
Rolando & Luciana Siman
Calle Circunvalacion, Poligono D#1, Antiguo Cuscatlan, La Libertad
Tel: 503-2243-1143
Email: luciadesiman@ecofoods.com
Email: rsiman@ecofoods.net

Notes: Rolando and Luciana indicated they have been buying black splits from the U.S. They said their company has been growing significantly and they have started to export finished product back to U.S. There is choice of two ports when shipping to them. The Acajutla port in El Salvador and the Santa Tomaste Castillo, Guatemala port if shipping from Houston.

NEXUS:
Juan Carlos Rivas
Email: Juancarlos@nexusamericas.com
Tel. 503-2266-0307
Cel. 503-7842-0307

Notes: Nexus Trading is a broker and trading office with locations in several locations (San Salvador, Miami, Chili, Peru). They indicated they have a transportation company in Central America, which allows them to keep tabs on what is happening in the market place and their competitors. Nexus was involved with imports of Ethiopian small red beans when Central America had a crop disaster a couple years ago. They have also been involved with purchases of GN and LRK from Argentina.

Above left: At Super 99 supermarket in San Salvador. These white beans look to be North American navy beans

4. Costa Rica

4.1 Market Summary
KANI MIL NOVICIENTOS
Contacts: Esteban Bonilla
Email: ebonilla@kani.cr
Tel: (506) 2537-0102
Address: De la entrada al plantel de carga de combustibles de Recope, 500 norte 200 noroeste y 200 oeste. Ochomogo, Cartago, Costa Rica.
Geo Location: Lat: 9.901814  Long: -83.94181

Notes: Kani is largest processor of beans in Costa Rica (Wal-Mart sells more beans but contacts out its private label packaging). Usage in Costa Rica is now 60% black and 40% small red beans. There used to be a larger percentage of black beans but consumer preference has changed over time. Costa Rica only produces about 20% of the dry beans they consume and that number has been dropping. At time of visit prices were in $52-$56 range per cwt for domestic production. Domestic production must be sold fairly quickly because there is little storage available at the farm level. There is a 35% import tax for product outside Central America (and China which has a 10,000 MT duty free allocation). They emphasized the importance of the 90 minute cooking time requirement in Costa Rica. Product that does not meet this requirement cannot be sold as #1 product and must be discounted heavily. They sample each inbound container and cook to determine if the beans meet specs – then they recook another sample from that container in 3-4 months to see how much cooking time has changed. They are interested in establishing a relationship with a U.S. manufacturer of refried beans that can produce private label beans for their company. They are also interested in establishing more contact with US black bean suppliers.
Coingraba
Contact: Arnaldo Garcia
Tel: (506) 2439-0269
Email: coingraba@racsacocr
Address: San Rafael de Alajuela, 50 M. norte de supermercado Pali. Alajuela.

Notes: Black beans from Guatemala were being delivered for $46/cwt at time of visit versus $1200/MT from China. Also, there are no black beans coming from Nicaragua as their black bean production is all going to Venezuela in exchange for oil. Their company uses garbanzos, large green lentils, pink beans, small red beans and black beans. They also import rice from Uruguay. They have imported from Michigan and Canada before. They were purchasing garbanzos from Mexico for $1300/MT delivered from Mexico.

(L) Meeting with Coingraba (R) Coingraba brands

Empagro
Contacts: Guiselle Zamora and Jose Humberto Vargas
Tel: 506) 2439-0008, 8827-8755
Email: jvargas@empagro.com
Email: gzamora@empagro.com
Address: 200 m al norte de la ant. est. del Ferrocarril San Rafael Alajuela

Notes: They said they were not buying Chinese blacks at time because of quality issues. They are packaging pulses and rice as well as other products. They are second largest packager of beans in Costa
 Rica. They are reportedly largest packager of rice. They have recently gotten into refried bean business so are using their own splits for this purpose. They are interested in U.S. black beans and garbanzo beans.

**Grupo Jinca**
Eliana Sofía Cabra Chaparro
Email: importaciones@frijotico.co.cr
Tel: 506) 2430 7709
Alajuela - Costa Rica
http://www.grupojinca.com/contacto.html

Notes: Grupo Jinca started 20+ years ago and is currently 30% beans. They have started a gluten free product line. Currently using Chinese white beans. May be interested in Great Northern beans. White beans are less than 10% of the market. The current local Costa Rican crop was reportedly bad quality & high price but the government mandates that the companies buy the local crop first.

**FLORIDA BEBIDAS (Alimentos Kerns)**
Contact: Sergio Vindas Cordero
Contact: Alejandra Hernández Rodríguez
Email: alejandra.hernandez@fifco.com
Tel: (506) 2437-6785
Address: Llorente de Flores, de la cervecería Costa Rica 500 mts al sur. Edificio Corporativo de Florida Bebidas.
Geo Location: Lat: 9.982736 Long: 84.15429

Notes: Due to time constraints it was not possible to meet with Florida Bebidas.
5. Nicaragua

5.1 Nicaragua Exports

<table>
<thead>
<tr>
<th>Country</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>17487</td>
<td>16636</td>
<td>3679</td>
</tr>
<tr>
<td>El Salvador</td>
<td>12480</td>
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<td>Honduras</td>
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<td>Venezuela</td>
<td>10115</td>
<td>9576</td>
<td>9806</td>
</tr>
<tr>
<td>United States</td>
<td>3924</td>
<td>3827</td>
<td>2351</td>
</tr>
<tr>
<td>Guatemala</td>
<td>194</td>
<td>333</td>
<td>683</td>
</tr>
<tr>
<td>Canada</td>
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</tr>
<tr>
<td>Panama</td>
<td>0</td>
<td>227</td>
<td>0</td>
</tr>
</tbody>
</table>

Nicaragua Dry Bean Exports (HS 071333) 2011-2013
5.2 Visits

**CAC-Trading**
Ramses Ortega  
Email: rortega@cac-trading.com  
Tel: 1-505-945-0909  
Cel: 1-505-8886-9484

**Lafise**
Enrique Zamora, President  
Email: enriquez@lafise.com  
Km. 5 ½. Carretera a Masaya. Edificio Banco Lafise. Managua

Notes: Nicaragua used to only produce for themselves, now export to US, Mexico, Venezuela, Puerto Rico. There is now a treaty with Mexico in place that allows up to 6,000 MT of free trade. There are 3 crops of beans nationwide with the March/April harvest being the biggest crop. Dry bean production is reportedly being affected by increasing coffee production. Some of the coffee production is being financed, which makes it more attractive to producers.

*(L) Transporting product to market (R) Courtney and Dave in a field of small red “silk” beans*

Roberto Urbina Mendez  
Tel: 1-505-2775-4485  
Cel: 1-505-8847-9252  
Address: Km 122 Carretera, Sebaco – Matagalpa

Notes: Large bean buyer and processor in Nicaragua. He has moved big into coffee. Roberto drove us around to tour the area.
(L) Roberto Urbina Mendez and his ever expanding processing facilities near Matagalpa, Nicaragua

Empagro Nicaragua
Roger Ali
Tel: 505 2779-0620
Cel: 505 8421-5150
Address: KM 117 carretera Panamericana frente al cementerio municipal, San Isidro Matagalpa

(Above) Nicaragua processing plant of the Costa Rica based Empagro, which is second largest packager in Costa Rica