Approximately 95 percent of the Kinnow mandarin produced in the world is grown in Pakistan. The main growing district is in Sargodha, which accounts for 23 percent of Pakistan’s total citrus plantings and produces around 650,000 tonnes of fruit each year. Winter in the Punjab province provides an excellent growing environment for the Kinnow mandarin and the resulting fruit is sweet with a very distinct taste.

Challenges for small Kinnow producers in Pakistan include the need to improve the postharvest technology and agricultural practices to comply with international standards. An integral part of the TRTA II programme is to build market linkages for Kinnow mandarin producers. Mr. Kit Chan, an international expert in the programme shared his experiences in promoting Kinnow mandarin for export, and in accordance with the Chinese Lunar New Year, to see how the fruit has been used to celebrate the event.

(Read more on page 3)
From the Editor’s Desk

What consumers want from their rice bowl?

Leading economists recently gathered to share their findings and experiences in promoting fragrance rice and understanding preferences among rice consumers. AFMA was at the International Seminar on Consumer Preferences in Rice, held in Bangkok on 17 February to provide this update for you. Drawing on research conducted in the Republic of Korea, the African continent, South Asia and Southeast Asia, the seminar showed what quality consumers want and what they were willing to pay. What I found interesting were the marketing strategies behind the recent growth of fragrant rice exports from Cambodia. They have a very cool motto ‘Cambodian Rice, White Gold’.

I cannot end without mentioning the cover story for this issue on Kinnow mandarin. I had heard about this wonderful product from the Punjab many years ago from colleagues and until now I had not had an opportunity to taste the fruit. It was only in March this year that I found it comes to retail stores in Singapore to celebrate the Chinese New Year.

I would like to thank Kit Chan, Subra from the Rice Trader, David Sok from Golden Rice Cambodia, Martin Albani, International Finance Corporation, and Peter Batt, Curtin University for their contributions to this edition.

Best wishes,
Juejan

Calculating the transport cost per kilogram can sometimes be difficult.


AFMA Newsletter

The AFMA Newsletter is published quarterly and distributed to members, FAO Representatives, embassies, universities and marketing agencies throughout Asia and the Pacific. Its purpose is to provide information on AFMA events, as well as information and ideas on international and regional agricultural food policy, trading and marketing. To submit news items or to advertise with us, please visit www.afmaasia.org.

Juejan Tangtermthong    Andrew Shepherd
Editor             Honorary editor

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The ability of smallholder farmers in many developing countries to bring their produce to a market that is rewarding and effective is a hurdle – even where it is just a modest market across the border. In most cases, these farmers have very little understanding of the marketing process for their own produce, whether it is the need to comply with quality standards, documentation, logistics or simply making the market connection.

The EU funded Trade Related Technical Assistance (TRTA II) Programme of UNIDO, recognizes this situation and under the Trade Linkage Programme attempts to resolve this with a 2-prong approach to: (1) build the market connectivity for farmers (2) build the ability of the farmers to consolidate their production to a specified retail market and destination.

Focusing on the market and creating a demand within the retail markets was an early initiative of this project. Approaches were made to selected Southeast Asia retailers to capture these emerging markets with their growing affluence. The expert team made initial contact with several buyers and established further connections through the business fraternity to build trust, which is crucial for any newly established venture.

Logistics and packaging are key elements in these supply chains. Without the sustained support of the transporters and freight forwarders, and without a competent packaging company to provide quality packaging material, the produce is unlikely to travel beyond national borders confidently and effectively.

Consumers need to be tempted by the product as well as the packaging. Buyers need to be convinced that the product will arrive at the right time, the right place, in the right quantity and quality as was agreed in the negotiations – and this has nothing to do with price considerations.

The central idea was to expose Kinnow mandarin producers and exporters to the international market, where they could personally witness the physical trading and movement of horticultural products in the market. Nothing compares to a face-to-face encounter with a major buyer, learning the skills to present one’s product and capacity, and having the confidence to make a successful shipment. However, many business matching exercises do not succeed because the exporters start negotiating from an inferior position.

Study tours to the targeted markets are beneficial but they can also be expensive. Participation in international exhibitions may succeed in collecting a large number of brochures and name cards, but it is the number of contracted deals that count. Exposure is important but a dedicated and targeted approach is more important in these promotional exercises.

These are the values that underlie the UNIDO TRTA II market linkage activities that have taken place over the past 3 years. In a sustained effort, the capacity of producers has been built and buyers in the targeted markets locked in.

**Rationale behind the Kinnow Market Linkage and Promotion Exercise in Southeast Asia**

Markets in Southeast Asia (SEA) are emerging markets. There are a growing number of customers that are becoming more affluent and want to try different products from different sources. Wholesale importers and retailers are also looking for different sources of products, new products and alternative products.

The opportunity to promote Kinnow mandarin in SEA markets as an alternative to the Chinese mandarin emerged from market research. Chinese mandarin is harvested from November onwards and has been an integral item for the
Chinese community in celebrating the Chinese Lunar New Year (CNY). As consumption rises with income, more of the better quality Chinese mandarins are remaining in the country. Chinese export volumes are also affected by the shifting dates of the Chinese New Year in the lunar calendar which can fall in the later part of February, thus affecting both supply and quality issues.

The quality attributes of the Kinnow mandarin are its higher juice content, its plump visual appearance, and a higher sugar - acid ratio which makes it more appealing to SEA consumers.

Malaysia is a multi-racial country with a majority of Malay Muslims and a substantial Chinese non-Muslim population. When Kinnow mandarin was first launched for CNY 2014 in Kuala Lumpur, a greater proportion of the sales were to Malay Muslims consumers as they found greater affinity towards another Muslim country as the source of the product.

Initiative on building the linkages with the fresh Kinnow juice promotion ideas

A multi-prong approach was made to promote the Kinnow mandarin into these selected SEA markets:

- Targeting specific retailers and wholesalers
- Re-designing the packaging to make it more Chinese during the CNY sales periods
- Particularly for Malaysia, re-designing the packaging to make it more Muslim oriented, yet maintaining the CNY appeal
- In-store sampling of freshly squeezed juice in selected supermarkets
- Packaging in bulk placed close to the juicing machine when consumers were convinced of the quality.

Working with the Producers/Exporters

The expert team have kept in regular contact with a small number of Kinnow mandarin producers and exporters. These producers have shown extraordinary tenacity in doing business and have, on their own accord, made changes in their approach in dealing with international buyers. Limiting the number of exporters at this stage of market development has been necessary to avoid excessive price competition among them.

Working with the Buyers

The expert team has maintained regular contact with the buyers throughout the process. There is one belief that buyers are promiscuously forgetful and when they do, they tend to seek the closest supplier at the most crucial time. It is therefore critical to keep close to the buyers at all times.

Working with Middlemen

The ‘middleman’ has always been perceived as the bad fella and the cause of farmers’ poverty. However, in the modern day delivery chain, buyers do not want to work directly with exporters. The buyers are far too busy to deal with many individual suppliers from many countries and so market intermediaries are needed to perform such delivery activities.

Creating opportunities

Markets and demand are not always there for the taking. More often they are created, or at least when the environment is right, the marketer can take advantage of the situation. It is sheer fantasy to make claims about the superiority of one’s fruit and imagine that everyone would want to consume it. There is no fruit that consumers cannot do without, except perhaps the forbidden one.

Chap Goh Mei is the 15th and final day of the Chinese Lunar New Year celebration, which is also known as Chinese Valentine’s Day. Tradition dictates that young, unattached women throw mandarin oranges into the river in the hope of finding husbands. Downstream, young, unattached men will collect the oranges in the hope of finding wives.

In our digital world today, phone numbers, email addresses and Facebook IDs are written on the oranges to facilitate more effective matchmaking. The idea of leveraging on this tradition is an excellent one, especially if an imported Kinnow mandarin is used.

Kinnow mandarin is a cross between the ‘King’ & ‘Willow-leaf’ species of citrus fruits, created after successful experimentation at the Citrus Research Centre, University of California, USA in 1951. Both of these parent breeds have Indo-China origins. According to the Trade Related Technical Assistance (TRTA II) Programme of the United Nations Industrial Development Organization (UNIDO), there are around 250 Kinnow processing enterprises in Sargodha. Currently, 37 of these enterprises have gained international certifications including Global GAP, HACCP and BRC.

(Source: TRTAPakistan.org)
Seeking what consumers want from their rice
by Juejan Tangtermthong

An International Seminar on Consumer Preferences in Rice was recently convened by the Agricultural and Food Economics Research Unit, Faculty of Economics, Kasetsart University, in association with the Knowledge Network Institute of Thailand and the Thailand Research Fund. The event was attended by leading experts in the rice industry, university researchers, development agencies and think-tank organizations.

Subramanian Venkatram from the Rice Trader provided participants with an overview of the market situation for Basmati and fragrant rice. In particular, he emphasized the market trends for exports from Thailand, Vietnam and Cambodia. Exports of fragrant rice from Vietnam and Cambodia have been increasing since 2011, contributing to the growth of fragrant rice markets around the world. Supply has grown from 1.7-1.9 MMT in 2005-2007 when Thailand was almost the sole exporter to just under 2.7 MMT in 2014. China and the African continent are the top importers of rice from Vietnam, but the United States is the biggest importer of Thai fragrant rice, importing 235 Thousand MT in 2014. The major market for Cambodian fragrant rice is Europe.

Although exports from Cambodia are currently ranked third in terms of volume, according to Martin Albani, International Finance Corporation, their premium Jasmine rice is equal to the quality of Thai Hom Mali with the DNA fingerprint. However, because of the very small volumes traded, Cambodia does not yet present a major threat to other exports. Martin Albani then shared his experiences in promoting Cambodian rice for export. Initially, there was no target, no defined customers, and no strategy to differentiate the product in the market: Cambodia competed entirely on price.

Funded by the IFC, the project first established a Cambodian Rice Export Portfolio, which provided defining information about each variety for the consumer and trade. Market research was undertaken by visiting supermarkets, talking with restaurants and distributors to identify customer demands and consumer preferences. The flagship product, Cambodian Premium Jasmine Rice is a group of varieties which have an extra-long grain, a strong natural scent, and a soft tender-fluffy texture when cooked. The varieties included in the group are Pkha Malis, Pkha Rumduol, Pkha Romeat and Neang Malis. The first Cambodian Milled Rice Standards were established and promulgated. The project also included the establishment of a seed production programme to produce higher quality and uniform grain. A Cambodia Rice Federation has been recently established. Details about their activities can be found at www.crf.org.kh

IRRI has been undertaking consumer research to provide a guide for their breeding programmes. Claire Custodio, IRRI’s Consumer Specialist presented a part of their on-going research on Consumer Preferences for Rice in Asia. Face-to-face interviews with 2150 households in Southeast Asia and 3018 households in South Asia were conducted. Consumers in Southeast Asia prefer a soft texture and more aromatic rice whereas consumers in South Asia prefer a slender shape. The preference for aromatic rice in South Asia is more evident in urban areas. Although, a net importer like the Philippines prefers non-aromatic ‘Sinandomeng’, Jasmine rice is also preferred among the upper middle class.

FRAGRANT RICE HISTORIC EXPORTS SINCE 2005 (MMT)

1 Pkha Romeat shows a 100% identical DNA pattern with the famed Thai Hom Mali (™) based on 18 distinct markers for alleles expressing fragrance of Jasmine rice, but the other Jasmine rice ‘Pkha Rumduol’ and ‘Pkha Rumdeng’ are not 100% identical with Thai Hom Mali, it differs in one position of their 18th markers (Source: www. www.TheWorldsBestRice.com)
In the afternoon, an FAO project discussed Geographical Indications (GI) and the opportunities to use GI to promote products from specific regions and to generate premium prices. The use of GIs started in France, then spread to Europe before expanding to other parts of the world. It started from a need to protect famous local products, many which date back to the first law in 1905, when GI were first used in the wine industry. In 1994, the definition of GI was accepted by the WTO and incorporated into international agreements under the Trade-Related Aspects of Intellectual Property Rights. A GI is the name of a region or locality which designates that a product originates in that region or locality. Key elements of GI is that it links to traditional practices or a perceived reputation. Stephane Passeri, Project Coordinator, shared his experience in Southeast Asia with Kampot pepper from Cambodia, Khao (rice) Hom Mali Surin and Khao (rice) Hom Mali Thung Kula Rong Hai from Thailand. In my opinion, many cases in Southeast Asia, GI products are not recognized by consumers because the GI logo is unfamiliar and some products have yet to gain enough reputation for its superior quality.

Research on the consumers willingness to pay was presented by Rodolfo Nayga from the University of Arkansas – Tradeoffs between GHG Emissions, Food Miles and Origin of Production, Doo Bong Han from Korea University – Assessing Korean Consumers’ Valuation for Domestic, Chinese and US Rice: Importance of Country of Origin and Food Miles Information, and Matty Demont from IRRI – Preferences of African Consumers for Rice Quality Attributes. All presentations can be viewed from the link at the Department of Agricultural and Resource Economics, Kasetsart University http://agri.eco.ku.ac.th/event_images/Conferences_&_Trainings_23.html

Members’ News (continued from page 7)

‘Bigas’ for food security of the Philippines

The new Administrator of the National Food Authority, Philippines, Mr. Renan B. Dalisay was appointed in November 2014. He intends to set a new direction for the agency by adopting the word “bigas” which means rice grains in Filipino as a blueprint to pursue his mission. He seeks to create an improved work ethic and outlook among employees in the agency, which preserves and redefines NFA’s main mission of ensuring the country’s food security. “B” is for bigger community, “I” is for internal reforms and modernization, “G” is for global competitiveness, “A” is for available, affordable and accessible, and “S” is for sustainable development.

Source: Philippine Daily Inquirer, 20 February 2015
AFMA organizes Agro-Marketing Forum back-to-back with SIMA ASEAN

AFMA has signed a contract with IMPACT Exhibition Management Co. Ltd. to jointly hold an “Agro-Marketing Forum” on 17-18 September 2015 to share experiences among marketers in Asia and the Pacific. The two day forum will be under the roof of “SIMA ASEAN 2015” which will be held in Southeast Asia for the first time at the IMPACT Exhibition and Convention Center, Bangkok, Thailand from 17-19 September 2015.

More information on Agro-Marketing Forum will be updated on our website.

New silver member

Daya Group, a conglomerate from Sri Lanka has rejoined AFMA this year as a silver member. The company started out initially as a construction company, later on expanding into apparel manufacturing, logistics, garments, micro-banking, household and consumer appliances, agricultural plantations, plastics, packaging, printing, aviation and tourism. One of agri-business products under the Daya Group is Olympus Tea. As it is the only organization from Sri Lanka in AFMA, Mr. Daya D.K. Gamage, Chairman of the Daya Group, will be the representative for Sri Lanka on AFMA’s Executive Committee. For more information about the group, please visit http://dayagroupofcompanies.com/

(Continued on page 6)

Upcoming Activities

SIMA ASEAN
17-19 September, Bangkok, Thailand

SIMA is an international agri-business show and is one of the ten biggest events in France. Every two years, SIMA brings together 1,740 companies and 250,000 professional visitors from 145 countries. From their records, 70 percent of the visitors in 2013 were farmers and 14 percent were from agricultural and forestry related businesses. The show presents a comprehensive range of products to meet all the needs of a modern farm operation such as equipment for tropical and special crops, harvesting and post-harvesting equipment, breeding equipment, dairy and milking products etc. More information can be found on the official website of SIMA ASEAN www.sima-asean.com.
The Fifth edition of the Commodity Association Directory contains an updated list of all groups and associations involved in agricultural production and linkages between chain actors in Asia and the Pacific. The Directory is updated and published annually as a useful source for all marketers and producers. AFMA Secretariat would be pleased to receive any additional information that will enable us to make further improvements to the Directory for 2016. All contributions will be credited in the acknowledgement. This publication can be viewed at www.afmaasia.org/Directory/index.html.