



# 2009 ANNUAL REPORT

Central America Poultry  
Export Quota, Inc.

**CA-PEQ** Central America Poultry Export Quota, Inc.

## MISSION STATEMENT

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The Central America Poultry Export Quota, Inc. is a not-for-profit corporation established to manage on an open tender basis the tariff-rate quotas (TRQs) for chicken leg quarters granted by El Salvador, Guatemala, Honduras, and Nicaragua to the United States under the terms of the United States-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA). CA – PEQ is also tasked with distributing the proceeds received from the aforementioned tender process for the benefit of the poultry industries of El Salvador, Guatemala, Honduras, Nicaragua, and the United States.

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# CA-PEQ Central America Poultry Export Quota, Inc.

## 1. SECRETARY'S LETTER

I am pleased to report that 2009 was another successful year for the Central America Poultry Export Quota, Inc. (CA-PEQ). Over \$862,000 in revenues were generated from the auctions that were held for Guatemala, El Salvador, Nicaragua and Honduras. Open tender revenues increased 14.2% from 2008. Projects funded amounted more than \$776,000 and were used for the following activities (see Figure A for project funding details):

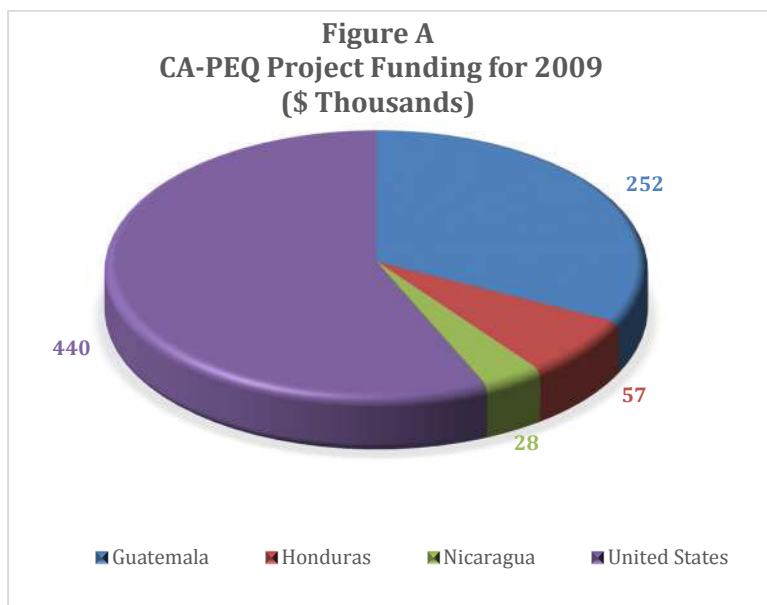
- ❖ Technical and financial support for Sanitary and Phytosanitary national programs (Central America);
- ❖ Support for technical services, marketing, research and economic analysis programs (United States); and
- ❖ Funding for poultry packaging research (United States).

I would like to thank the CA-PEQ Board and the governments of the participating countries for their support and guidance, without which these results would not be possible.

Sincerely,



Kevin Brosch, Secretary



## 2. DIRECTORS AND OFFICERS

Pursuant to CA-PEQ's bylaws and the amended Export Trade Certificate of Review (ETCR) approved by the U.S. Department of Commerce, the members of CA-PEQ are the national trade associations representing the poultry industries of El Salvador, Guatemala, Honduras, Nicaragua, and the United States. An eight-member Board of Directors appointed by these associations governs CA-PEQ.

### DIRECTORS FOR 2009:

- James Hoben, Chairman  
(*USAPEEC – United States*)
- Agustin Martinez, Vice-Chairman  
(*AVES – El Salvador*)
- Alfredo Velez (*ANAPA – Nicaragua*)
- Fernando Rojas (*ANAVI - Guatemala*)
- Carlos Rivera (*FEDAVIH – Honduras*)
- Butch Johnson (*USAPEEC – United States*)
- Nancy Haas (*USAPEEC – United States*)
- James Sumner (*USAPEEC – United States*)

### OFFICERS FOR 2009:

In addition to Mr. Velez who served as Chairman, and Mr. Hoben who served as Vice-Chairman, Kevin Brosch from DTB Associates, LLP, CA-PEQ's Administrator, served as Secretary/Treasurer.

### 3. OPEN-TENDER PROCESS AND RESULTS

Under the terms of the ETCR, CA-PEQ is tasked with managing the TRQs for the CLQs established for each participating country on a yearly basis, as stipulated in the DR-CAFTA.<sup>[1]</sup> CA-PEQ administers these TRQs through an open tender process, or auction, with certificates for duty-free shipments of CLQs awarded to the highest bidders, pursuant to ETCR requirements. Notice of each open tender process is published in advance both in the U.S. and in the Central American country whose TRQ tranche is being auctioned. Bid specifications and contents are included in the notice and also published on the CA-PEQ website. Once the open tender closes, results are audited and bidders are notified of the disposition of their bids. The complete results are sent to the governments and consolidated results are made available to the member poultry associations, and to the public on the CA-PEQ website. Open tender proceeds are then maintained in an interest-bearing bank account until funding requests of participating member associations are approved by the CA-PEQ Board (see Section 4).

In 2009, total open tender receipts for the right to import CLQs duty free into El Salvador, Guatemala, Honduras and Nicaragua totaled \$862,301. Total open tender revenues increased 14.2% from 2008. A combined quota of 21,811 metric tons (MT) was offered for auction, of which 81% was awarded. On a country by country basis, awarded certificates corresponded to: Guatemala (88%); El Salvador (2%); Honduras (6%); and Nicaragua (4%), while their respective open tender revenues amounted to 61%, 7%, 23%, and 9% of the total. The highest average successful bid was \$199.40/MT and the lowest successful bid \$22.10/MT. See Table 1 on page 7 and Table 2 on page 8 for more information.

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<sup>[1]</sup> General Notes and Appendix 1 - Tariff Rate Quotas, Annex 3.3 of the text of the DR-CAFTA

# CA-PEQ Central America Poultry Export Quota, Inc.

**Table 1**  
**CA-PEQ Open-Tender Results for 2009**

Country/Categories	First Tranche	Second Tranche	Third Tranche	Fourth Tranche	Total
<b>Guatemala</b>	Dec 1 - 12	Mar 2 - 13	Jun 1 - 12	Aug 24 - Sept 4	
Available Quota for Auction (MT)	4,795.00	4,795.00	4,795.00	4,794.00	19,179.00
Certificates Awarded (MT)	4,795.00	4,795.00	4,795.00	1,304.82	15,689.82
Average Successful Bid (\$/MT)	\$23.77	\$31.92	\$41.49	\$43.40	\$33.31
Lowest Successful Bid (\$/MT)	\$22.10	\$27.62	\$40.79	\$24.25	\$22.10
Auction Receipts	\$113,953.70	\$153,037.47	\$198,954.00	\$56,629.19	\$522,574.36
<b>Honduras</b>	Jan 26 - Feb 6				
Available Quota for Auction (MT)	1,069.00				1,069.00
Certificates Awarded (MT)	1,069.00				1,069.00
Average Successful Bid (\$/MT)	\$184.87				\$184.87
Lowest Successful Bid (\$/MT)	\$132.28				\$132.28
Auction Receipts	\$197,622.00				\$197,622.00
<b>El Salvador</b>	Mar 13 - 27	May 15 - 29	August 17 - 28		
Available Quota for Auction (MT)	300.00	300.00	328.00		928.00
Certificates Awarded (MT)	300.00	0.00	19.05		319.05
Average Successful Bid (\$/MT)	\$199.40		\$181.88		\$199.40
Lowest Successful Bid (\$/MT)	\$177.00		\$181.88		\$177.00
Auction Receipts	\$59,822.41	\$0.00	\$3,454.81		\$63,277.22
<b>Nicaragua</b>	Dec 22 - Jan 8				
Available Quota for Auction (MT)	635.00				635.00
Certificates Awarded (MT)	635.00				635.00
Average Successful Bid (\$/MT)	\$124.14				\$124.14
Lowest Successful Bid (\$/MT)	\$112.99				\$112.99
Auction Receipts	\$78,827.76				\$78,827.76
<b>TOTAL RECEIPTS</b>					\$862,301.34
<b>YEAR-TO-DATE TONS AWARDED</b>					17,712.87

\*Data compiled from audited financial statements and published information at [www.ca-peq.org](http://www.ca-peq.org)



# CA-PEQ Central America Poultry Export Quota, Inc.

**Table 2**  
**CA-PEQ Open-Tender Auction Receipts and Certificates Awarded for 2009 (%)**

Country	Certificates Awarded		Auction Receipts	
	Quantity	Percentage	Amount	Percentage
Guatemala	15,689.82 MT	88.58%	\$522,574.36	60.60%
El Salvador	319.05 MT	1.80%	\$63,277.22	7.34%
Honduras	1,069.00 MT	6.04%	\$197,622.00	22.92%
Nicaragua	635.00 MT	3.58%	\$78,827.76	9.14%
Total	17,712.87 MT	100.00%	\$862,301.34	100.00%

The list of winners in the open tenders held for 2009 are published on the CA-PEQ website. These winners were:

- Bassett & Walker, Inc. - Wilmington, DE
- Cargill Food Distribution, Wichita, KS
- Interra International, Inc. - Atlanta, GA
- Merinter, Inc., Miami, FL
- Northwestern Meat, Inc. - Miami, FL
- SeaSun International Inc., Miramar, FL
- South Florida Foods International, Inc. – Miami, FL

## 4. DISPOSITION OF PROCEEDS

One of the main purposes of CA-PEQ under the ETCR is to distribute net proceeds generated by the open tenders to fund projects in export market development, educational, scientific, and technical categories for the benefit of the poultry industries of El Salvador, Guatemala, Honduras, Nicaragua and the United States. After paying operating expenses at the end of each year, the Administrator distributes the remaining proceeds to fund capacity building projects in the abovementioned categories.

As established in the ETCR, proceeds are distributed between USAPEEC (50%) and the poultry industries of El Salvador, Guatemala, Honduras and Nicaragua (50%), based on the TRQ allocated to each Central American country. The following is a country by country overview of how these proceeds were used in 2009.

## CA-PEQ Central America Poultry Export Quota, Inc.

Country	CA-PEQ Funded Activities by Category
Honduras	<p><u>Project 1</u>: “Keeping Honduras free of Newcastle and Avian Influenza Diseases”  <u>CA-PEQ funds</u>: \$56,625.32</p> <p style="text-align: center;"><b><u>Total CA-PEQ funds for 2009: \$56,625.32</u></b></p> <p><u>Activities funded by category</u>:</p> <ol style="list-style-type: none"> <li>FEDAVIH signed an agreement with SENASA, the Ministry of Agriculture’s sanitary and phytosanitary agency, to keep Honduras free from Newcastle’s, Avian Influenza and other avian diseases in order to facilitate the export of poultry products to the U.S. and Central America. For 2009, funds were used to buy diagnostic tests and laboratory equipment; conduct laboratory analysis; purchase vaccines and pathogen free fertile eggs; and support the national poultry geographic reference program.</li> </ol>
Nicaragua	<p><u>Project 1</u>: “Formal Declaration of Nicaragua as a Free Country of Newcastle Disease”  <u>CA-PEQ funds</u>: \$27,519.49</p> <p style="text-align: center;"><b><u>Total CA-PEQ funds for 2009: \$27,519.49</u></b></p> <p><u>Activities funded by category</u>:</p> <p><i>Educational, Scientific and Technical</i></p> <ol style="list-style-type: none"> <li>CA-PEQ funds helped finance the National Poultry Surveillance Program, a joint program between ANAPA and the Ministry of Agriculture and Forestry (MAG-FOR), which aims to keep Nicaragua free of Avian Flu, Newcastle, Avian Infectious Laryngotracheitis, Fowl Typhoid and Pullorum diseases. For 2009, 8,000 field samples were provided and laboratory analysis activities were conducted to protect the national poultry status on animal health and to facilitate poultry product exports.</li> </ol>
Guatemala	<p><u>Project 1</u>: “Technical and financial cooperation program for a healthy poultry industry - PROSA”  <u>CA-PEQ funds</u>: \$252,237.67</p> <p style="text-align: center;"><b><u>Total CA-PEQ funds for 2009: \$252,237.67</u></b></p>

# CA-PEQ Central America Poultry Export Quota, Inc.

Country	CA-PEQ Funded Activities by Category
Guatemala	<p><u>Activities funded by category:</u></p> <p><i>Educational, Scientific and Technical</i></p> <ol style="list-style-type: none"> <li>1. The PROSA Program is conducted in partnership between ANAVI and the sanitary authorities of the Ministry of Agriculture, Cattle Breeding and Feeding (MAGA). Activities supported in 2009 included: field operations for epidemic surveillance and vaccination campaign in the Guatemala-Mexico border during a bird flu outbreak; preparation of a comparative study to diagnose Avian Infectious Laringotraqueitis; updated registration for poultry farms and their sanitary status; provide technical sanitary education and training regarding the prevention of avian diseases to poultry producers in the country.</li> </ol>
United States	<p><u>Project 1:</u> “USAPEEC Programs Assistance” CA-PEQ funds: \$400,000</p> <p><u>Project 2:</u> “USAPEEC Packaging Research Project” CA-PEQ funds: \$40,000</p> <p style="text-align: center;"><b><u>Total CA-PEQ funds for 2008: \$440,000</u></b></p> <p><u>Activities funded by category:</u></p> <p><i>Export Market Development</i></p> <ol style="list-style-type: none"> <li>1. Continued support for USAPEEC’s Marketing Programs by helping fund the oversight of marketing programs in over 70 countries worldwide. Project included funding for five personnel.</li> </ol> <p><i>Educational, Scientific and Technical</i></p> <ol style="list-style-type: none"> <li>2. Partial funding for a Michigan State University research for better poultry packaging and shipping/freezing process to a foreign destination.</li> <li>3. Sustained funding for USAPEEC’s Technical Services Program, a program that is key to resolve scientific or technical barriers to trade, and includes two staff position.</li> <li>4. USAPEEC’s Research and Economic Analysis program was partially funded by CA-PEQ. Use of funds included hiring a full-time expert for economic analysis in target markets worldwide.</li> </ol>

## 5. AUDITED FINANCIAL STATEMENTS

## A. Statements of Financial Position / December 31, 2009

<b>Assets</b>	
Current Assets	
Cash in bank	\$ 1,767,187
Accounts receivable	25,479
Prepaid project costs	<u>1,036</u>
Total Current Assets	<u>\$ 1,793,702</u>
<b>Liabilities and Net Assets</b>	
Current Liabilities	
Deferred auction revenue	<u>\$ 313,965</u>
Net Assets	
Temporarily Restricted Funds	
Project Funds-Central America	
El Salvador	53,127
Guatemala	554,966
Honduras	69,595
Nicaragua	26,369
Project Funds-United States	<u>775,680</u>
Total Net Assets	<u>1,479,737</u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 1,793,702</b></u>

\*Information in this annual report is compiled from audited financial statements.

# CA-PEQ Central America Poultry Export Quota, Inc.

## B. Statement of Activities and Changes in Net Assets / Year ended December 31, 2009, Including Operating Expenses

	General Operating Fund	Temporarily Restricted Funds					Total
		El Salvador	Guatemala	Honduras	Nicaragua	United States	
<b>Revenues</b>							
Auction revenues							
El Salvador	\$ 63,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,287
Guatemala	522,578	-	-	-	-	-	522,578
Honduras	197,623	-	-	-	-	-	197,623
Nicaragua	78,828	-	-	-	-	-	78,828
Total Auction Revenues	862,315	-	-	-	-	-	862,315
Membership fees	25,000	-	-	-	-	-	25,000
Investment income	-	32	4,165	106	63	6,431	10,797
Total Revenues Collected	887,315	32	4,165	106	63	6,431	898,112
<b>Expenses Paid</b>							
Accounting and auditing	7,738	-	-	-	-	-	7,738
Advertising	18,316	-	-	-	-	-	18,316
Bank fees	4,053	-	-	-	-	-	4,053
Consulting and management fees	152,595	-	-	-	-	-	152,595
Licenses and filing fees	371	-	-	-	-	-	371
Meetings	2,907	-	-	-	-	-	2,907
Office supplies	53	-	-	-	-	-	53
Postage and delivery	1,977	-	-	-	-	-	1,977
Printing and reproduction	465	-	-	-	-	-	465
Project costs	-	-	252,238	56,625	27,519	440,000	776,382
Telephone	373	-	-	-	-	-	373
Travel and entertainment	2,491	-	-	-	-	-	2,491
Website expenses	5,456	-	-	-	-	-	5,456
Total Expenses Paid	196,795	-	252,238	56,625	27,519	440,000	973,177
Change in Net Assets	690,521	32	(248,072)	(56,519)	(27,457)	(433,569)	(75,065)
Transfer from general to temporarily restricted funds	(690,521)	23,564	210,448	80,122	31,127	345,260	-
Net Assets, Beginning of Year	-	29,532	592,590	45,993	22,698	863,989	1,554,802
Net Assets, End of Year	\$ 0	\$ 53,127	\$ 554,965	\$ 69,595	\$ 26,369	\$ 775,680	\$ 1,479,737

\*Information in this annual report is compiled from audited financial statements.

## CA-PEQ Central America Poultry Export Quota, Inc.

### C. Statements of Cash Flows / Years ended December 31, 2009

<b>Cash Flows From Operating Activities:</b>	
Net change in net assets	\$ (75,065)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable	(52)
Prepaid Projects	(1,036)
Increase (decrease) in:	
Deferred auction income	<u>200,012</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	123,858
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,643,328</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,767,187</u>

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**CA-PEQ** Central America Poultry Export Quota, Inc.

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