



Merger Mania

With the regularity of the tide, this industry often turns to discuss the possible combination of its two national trade associations, the United Fresh Fruit and Vegetable discussion has occurred so frequently that one is tempted to ignore the latest talk as just more babbling about which nothing will ever be done.

This time, it's different. When United's leadership reached out to PMA to discuss a possible combination of the associations, the very public nature of the outreach showed how times have changed.

Recently, the PMA Executive Committee defined a framework within which PMA can address United's approach. Basically, aside from government relations, the framework prescribes that PMA can be the association for the whole industry. The basic proposal would allow such niceties as permitting United's members to join PMA with membership starting dates reflecting their original date as a member of United. The structure of PMA, though, would not change.

This makes a lot of sense. After all, PMA has been enormously successful. When I was a little boy, my parents used to fly off every February to go to the United convention. PMA wasn't a blip on the radar screen. By the time I entered the business, my family's company was sending more people to PMA than United.

PMA, though, has one rule that, if United was stronger, would be a bone of contention. PMA bylaws require that 60 percent of its board of directors come from the buying end of the industry. This year, PMA is fortunate that Jeff Gargiulo of NTGargiulo, L.P., the large grower, packer, shipper, happens to be Chairman of the Board. Jeff has explained that even though he is on the production end of the trade, he likes the 60/40 ration in favor of buyers he feels it keeps the association's focus on the retail/ foodservice consumer who drives the produce industry.

This ratio really is not a problem as long as the focus of the association is on marketing. Retailers, foodservice operators and growers have the same interest to boost produce sales to consumers and drive cost out of the system.

A separate question will be how a combines association would deal with government relations. It is obvious that when it comes to government relations, there is often a conflict of interest between different sectors of the produce trade. Retailers have their concerns, wholesalers have their interests, and growers their own perspective. The answer, though, is that the solution has already developed.

Retailers seem perfectly happy to have FMI, the Food Marketing Institute, represent their interests. A few years ago, many leading wholesalers, though strong United members, recognize that United had a conflict in representing both wholesalers and shippers, so they founded NAPAR, the National Association of Perishable Agricultural Receivers. NAPAR could be strengthened to serve as the principal government relations arm for the wholesale trade.

For the grower/shippers, the answer is suggested by the many strong regional associations, such as the Western Growers Association, the Florida Fruit and Vegetable Association and the Texas Citrus and Vegetable Association. These and other regionally based groups are the real representatives of the growers.

Many of these associations already have representation in Washington. It seems that a joint office of "The League of State and Regional Fruit and Vegetable Growers Associations," set up to provide a national umbrella for these groups to have a common banner to march under, when appropriate, could be an effective answer to the question of grower representation in Washington.

The big problem here comes down to financing, and it is not so much a problem as a real test of industry priorities. United has funded its government

relations program, not solely by dues or donations, but by running a profitable convention and trade show.

One of the major driving forces behind the effort to unify the associations is the waste that many exhibitors feel in exhibiting at two trade shows each year. If the second trade show were eliminated, the money that supports the government relations program would be gone. This would not be a tragedy, however. It is probably the only way we will find out what the industry really wants.

If, in fact, industry members want lobbyists, the members should be asked to contribute to the groups that will lobby for them. I don't see any reason to start a business, like running a convention, in order to fund government relations. The regional grower

groups could use their enhanced national role to justify a minor dues increase to fund and expanded Washington presence. NAPAR should be able to substantially increase membership if United closes, and FMI has plenty of money for lobbying.

United has some assets, particularly a building in Virginia, which should be sold. The assets of United could be merged into PMA or be used to stake the government relations efforts of NAPAR and the new growers organization. Or, the money could be put in a trust fund to provide scholarships to students looking to get into the business.

PMA has proposed that United's annual convention continue as a February industry meeting, without a trade show. I think they should take another look. As a vertically integrated association, PMA should look at providing services up and down the distribution chain. Why not run the February meeting as one focused on the production end of the trade with an exhibition focusing on the equipment and transportation lines? Seminars and workshops could be similarly focused on the needs of producers.

These items don't really fit into the October PMA convention and, in any case, the producers who attend are too busy pursuing retailers to take care of their own educational, training and procurement needs. If you are in a booth selling all day, when would you be able to go study the potato packing machinery? Maybe a show devoted to the production end of the trade could provide value to members while staying in the black. **pb**

No problems are insurmountable in bringing the PMA and United associations together.