

Edible Oil Market

in

Haiti

Prepared

by

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with assistance

from

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Monetization Marketing

ACDI/VOCA PL-480 Title II

Multi-Year Assistance Program - Haiti

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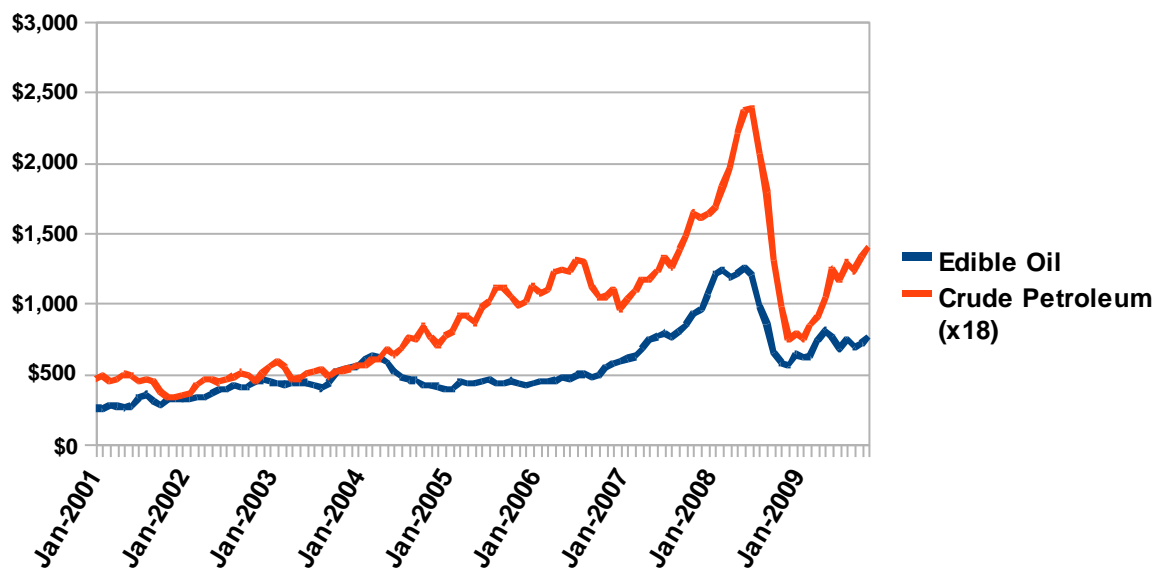
Acronyms

AGD	Administration Générale des Douanes
APN	Administration Portuariale Nationale
BDM	Bureau de Monetisation
CNSA	Commission Nationale pour la Sécurité Alimentaire
CRS	Catholic Relief Services
DR	Dominican Republic
GOH	Government of Haiti
HUNASA	Huilerie Nationale, S. A.
HUHSA	Huilleries Haitiennes, S.A.
MT	Metric Ton
P-au-P	Port-au-Prince
SODEXOL	
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USMAN	Usine à Mantègue S.A.
WV	World Vision

1. Introduction

- 1.1 In 2008, with the approval of USAID Food For Peace officers, ACDI/VOCA initiated preparations for the monetization of a small lot of soy oil. The objective was to launch a pilot project ‘to explore a broadening of the income stream to Title II programs in Haiti’ (Murphy 2009). Because of the subsequent 35% spike in world petroleum costs and the consequent price volatility in agricultural commodities (see Chart 1.1), ACDI/VOCA staff decided to postpone the project from FY’09 to FY’10.

Chart 1.1: Price of Edible Oil by Price of Petroleum
(US dollars per metric ton: years 2001 to 2009)



- 1.2 The approved lot of soy oil, 600 tons, is scheduled to arrive in Port-au-Prince in late February 2010. The present study was commissioned in preparation for the arrival and sale of that lot. The consultant was hired to,
- 1.2.1 review the literature and procedures of monetization of edible oil,
 - 1.2.2 identify issues, risks and improvements related to the sale,
 - 1.2.3 prepare a cost analysis of the oil market,
 - 1.2.4 estimate the viability of the project and the cost recovery,
 - 1.2.5 identify and make contact with buyers at below importer level and identify the means of informing them of the purchasing process,
 - 1.2.6 identify a marketing strategy and company to carry out a publicity campaign

- 1.3 The significant conclusions were,
- 1.3.1 there is no domestic production and therefore we are not having an impact on it,
 - 1.3.2 primary competition is palm oil from Asia and soy from South America; but in the past two years US soy imports have significantly increased,
 - 1.3.3 the stakeholders who will be negatively impacted by the sale are importers and higher level redistributors; but the small relative amount of oil to be monetized makes that impact negligible,
 - 1.3.4 the problem with recovery is that importers are selling at below cost prices, something that could only be made possible by eluding taxes,
 - 1.3.5 ACDI/VOCA sales of the oil at the level of redistribution—meaning selling it to redistributors versus to importers—is not anticipated to be a problem; the problem might come with the bidding process which, depending on our objectives, can be eliminated,
 - 1.3.6 Before carrying on with the sale we have to decide,
 - a) if we are going through with the bidding process,
 - b) if and exactly what route we will take in the publicity campaign,
 - c) if we are going to include missionaries and other humanitarian aid organizations in sales

2. Review of literature and procedures for monetization of edible oil

- 2.1 In 2006 the NGO Save the Children Martial Bailey (2006) to evaluate the impact of and prepare for a pilot sale on the Haitian market of 2,500 metric tons of edible oil. His conclusions include the following,
- 2.1.1 Haiti produces no edible oil,
 - 2.1.2 the principal source type of edible oil on the market is palm oil from Malaysia (65-70%); the rest of the oil on the market is soy oil from Argentina, Brazil, and the United States as well as an undetermined amount of oil coming from the Dominican Republic, a flow that was subsequently reduced via imposition of taxes but appears to have resurged recently,
 - 2.1.3 Huilerie National S.A (HUNASA) and Huileries Haitiennes S.A. (HUHSA) dominate the market with the importation of Malaysian palm oil,
 - 2.1.4 there was no objection among importers or redistributors to the importation of oil destined to be monetized,
 - 2.1.5 the market can bear an annual 6,000 metric tons of monetized soy oil without effecting prices,
- 2.2 Monetization procedures
- 2.2.1 By law, it is the GOH's Bureau de Monetisation (BDM) that handles the sale of aid in Haiti.ⁱ For a specified fee, BDM typically handles the entire process, from receiving the shipment to identifying potential buyers to selling the product. Products are usually sold in bulk to one or a few buyers. An example is wheat, always sold to the owners of Haiti's only flour mill, Les Moulins d'Haiti, consortium of US and Haitian venture capitalists; contributing to the maintenance of a wheat monopoly.ⁱⁱ
 - 2.2.2 edible oil is relatively recent and seldom sold addition to BDM's monetized products--wheat, beans, corn, and petroleum. According to Bailey (2006), in the past decade BDM facilitated the sale of two lots of packaged cooking oil. The most recent was 2,000 metric tons of sunflower oil in fy' 2004/2005; there were 22 responses to the invitation for bids and 6 buyers. Bailey (2006) himself evaluated but never carried the sale of 2,500 metric tons on behalf of Save the Children.
 - 2.2.3 BDM director has proposed an 8% fee for receiving, processing, storing, recruiting buyers, and selling the edible oil. The cost is higher than wheat and other commodities because the small lot sales require higher costs compared to the sale of bulk commodities.
 - 2.2.4 ACDI/VOCA has proposed, and the BDM tentatively approved, taking over part of the process. Specifically, ACDI/VOCA will store, advertize, contact buyers and handle the actual distribution/sales of the oil (see ##).
 - 2.2.5 the BDM also allows for the sale of edible oil to humanitarian agencies and missionaries. The criteria for these groups are less stringent than redistributors.

Figure 2.1: Monetization Tasks : BDM vs ACDI/VOCA

<u>BDM</u>	<u>ACDI/VOCA</u>
1. obtain the customs franchise,	1. take delivery of the containers,
2. process delivery through customs,	2. deposit containers in warehouse,
3. make ‘call for offers’ to distributors and retailers and assure that respondents complete the necessary documentation process,	3. indentify small sellers to buy oil and assist in their instruction regarding the purchase process,
4. select the respondents,	4. assure that respondents complete the necessary documentation process,
5. prepare sale contracts,	5. direct/commission a publicity campaign promoting the oil,
6. submit financial reports to ACDI/VOCA after each purchase and disperse a check,	6. manage the storage and sale of the stock,
7. Deduct and pay the TCA for the Direction Générale des Impôts (DGI)	7. keep daily account of the stock and sales

3. Consumption of Edible Oilsⁱⁱⁱ

- 3.1 Edible oils are a critical component in the human diet: necessary in building cell membranes; regulating hormone, immune, cardiovascular, and reproductive systems; they also impart satiety - the feeling of satisfaction you have after eating--when fat is below 20% of total energy intake, hunger sets in more rapidly.
- 3.2 USDA recommends that daily fat/oil intake not exceed 30% and not fall below 20% of total daily calories fat.^{iv}
- 3.3 As seen in Table 3.1, below, low income countries tend to dip beneath the recommended minimum; given free trade and generally open imports, we can assume that Haiti is among them.^v

Table 3.1: Estimate of Percentage of Calories per day from fat (pop = 8.5 million)

	Calories per day from fat ¹	Total calories per day ²	% of daily calories from fat
North America & EU ³	1305	3,380	0.39
Latin America and the Carib.	711	2,830	0.25
Near East	630	2,910	0.22
North Africa	576	3,180	0.18
East and South East Asia	468	2,660	0.18
Sub – Saharan Africa	405	2,190	0.18
South Asia	405	2,400	0.17
Haiti (unlikely) best case	711	2,830	0.25
Haiti (probable) mid case	405	2,190	0.18
Haiti (possible) worst case⁴	342	2,086	0.16

1 = Total FAT calories per day from FAOSTAT 2003

2= Total Calorie per day from FAO 2001

3 = North America and EU is Average from FAOSTAT 2003

4= From FAO, cited in CRS Report for Congress 2007

- 3.4 Haitian masses are best described, not as ingesting large and unhealthy quantities of vegetable oils, rather as desperately trying to get enough, an observation supported by Haitian culinary strategies.^{vi}
- 3.5 Not only are edible oils physiologically necessary, there are other advantages. These include,
- frying at high heat kills bacteria--certainly a key factor in reducing the risk of food poisoning in the unhygienic street and market environments,
 - edible oils are the most efficient means of ingesting calories: fats contain nine calories per gram vs alcohol at seven and carbohydrates at four,
 - the monetary cost of fats in lower income countries is typically about half their proportionate expenditure on other foods (at 20% of total caloric intake, fats comprise about 10% of the income spent on foods in the lowest income countries).^{vii}

4. Preferred Type of Oil^{viii}

- 4.1 There are two types of edible oil on the popular Haitian market: palm and soy oil.
- 4.2 Cooks in the upper income level of popular Haitian “restaurants” prefer soy oil. They say that it is lighter on the stomach, *li pi leje*. They refer to the semi-processed palm oil sold out of drums as too heavy, *luil doum pi pwes*. They also find aversive the fact that it hardens, *li kaye*.
- 4.3 Those popular restaurants that fall at lower income levels use palm oil as do vendors of deep fried food. The vendors explain that processed palm oil, such as Gourmet, “yields more when it’s hot,” *lè li bouyi li rann*. The oil is not discarded but filtered and reused.^{ix}
- 4.4 These observations are consistent with elite and U.S. cooking oil practices. Crisco and other shortening used for deep frying are mixed with palm oil. The justification is higher smoking points and the production of fewer harmful byproducts.^{x xi}
- 4.5 Whatever the case, in describing the consumption patterns for the great bulk of the Haitian population the best one word is price: the cheapest oils sell most, a point returned to in later sections. But for now, palm is cheapest and it reportedly sells most but in recent years soy has cut heavily into the market.
- 4.6 What all this means for monetization is that there is a popular market for soy oil, but near the lower priced palm oil.



Vendor deep-frying sweet potatoes in processed palm oil.



A typical meat sauce, what people from wealthier countries might think of as vegetable-oil stew.

5. Sources of Edible Oils

5.1 Haiti produces no edible oil.^{xii}

5.2 Bailey (2006) reported that 65% of all oil entering Haiti in the years 2001 to 2005 was palm oil from Indonesia imported by HUHSA and HUNASA (see Charts 5.1 and 5.2).^{xiii}

Chart 5.1: Types of Oil Imported

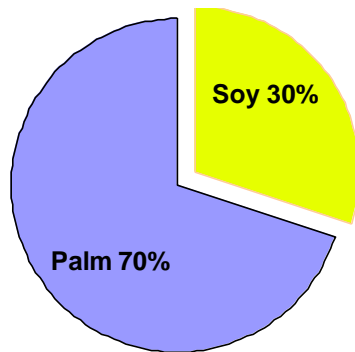
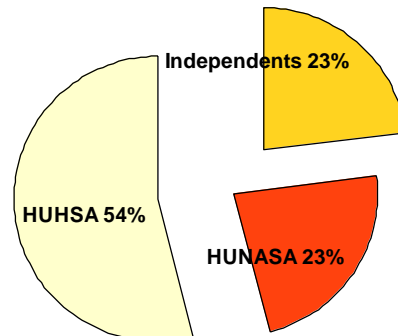


Chart 5.2: Oil Importers Market



Data from Bailey (2006)

5.3 The advantage of palm oil is cost. As explained above (Section 4), Haitian popular preference is principally determined by price. Chart 5.3, below, illustrates the costs of palm versus soy oil. Because of the recent increases in costs, the differences do not appear significant. But note Chart 5.4, on the following page, that illustrates the percentage in terms of cost advantage for palm over soy, i.e. $[(\text{soy} - \text{palm})/\text{palm}]$; the average increase in cost of soy over palm oil is 35 percent and at times has exceeded 100 percent.

Chart 5.3: Cost of Soy Compared to Palm Oil

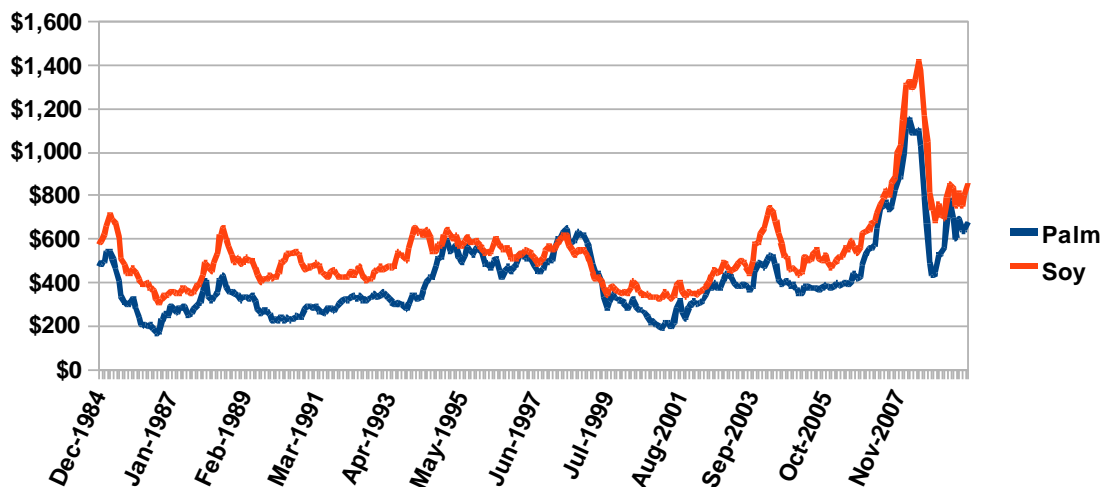
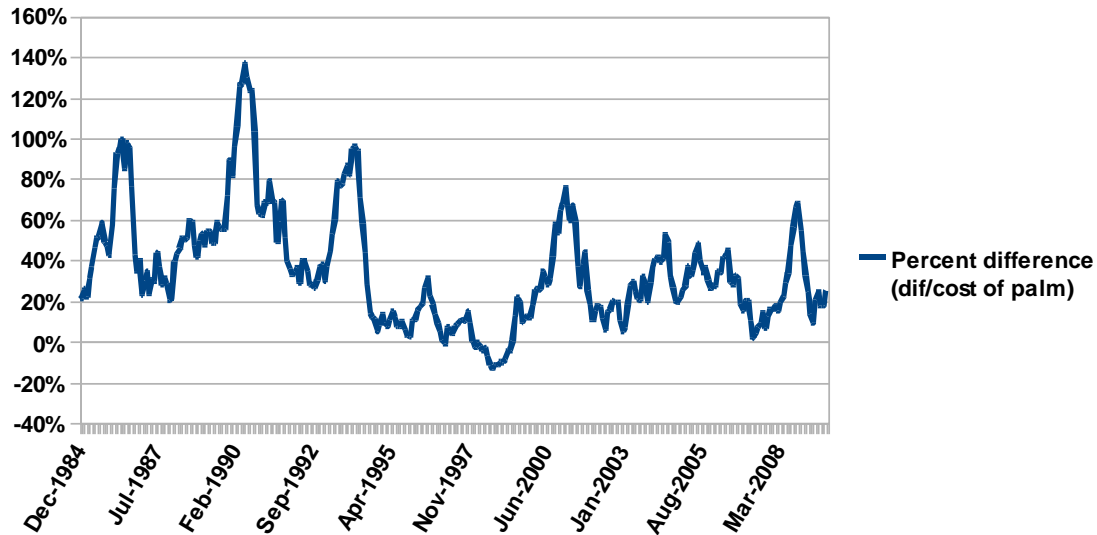
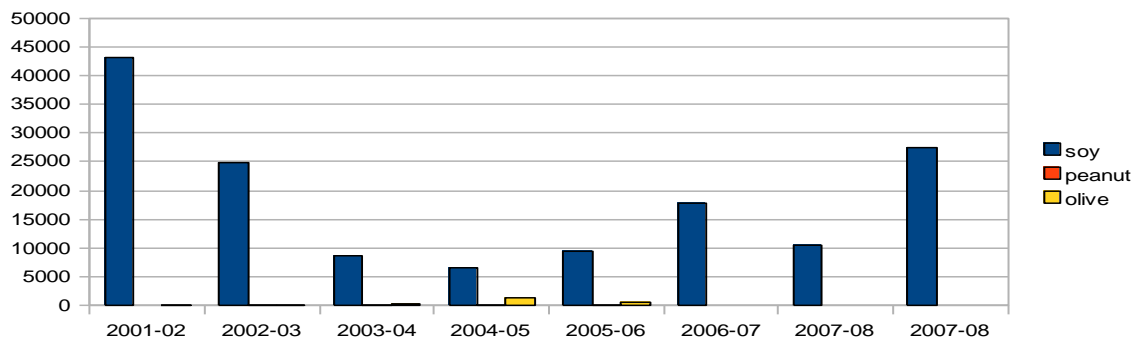


Chart 5.4: Percentage More in Cost of Soy over Palm Oil

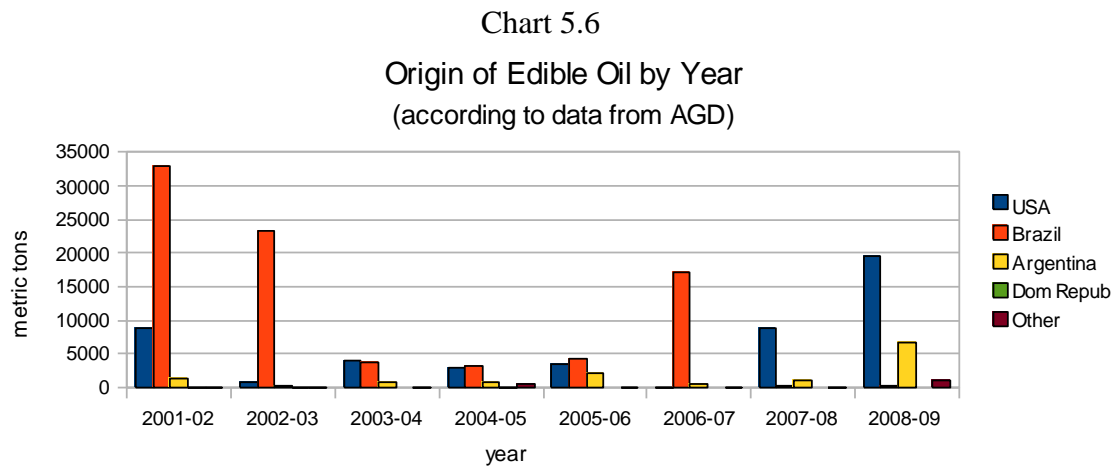


- 5.4 Congruent with its lower per ton price, and based on reports from users and observations in the streets and markets, and reports from informants in rural areas, palm may continue to be the most abundant oil on the Haitian market. But if this is true or exactly how much palm oil is coming into the country is difficult to ascertain. If AGD (Administration Générale des Douanes) is to be believed, there is no palm oil on the Haitian market and very little oil of any kind coming from Malaysia. Their 2001 to 2009 data lists not a single shipment of palm oil. There is only one shipment from Malaysia; 521 tons of olive oil, not palm, in fy005-2006. With the exception of a small amount of peanut and a larger amount of olive oil (see Chart 5.5 below), all edible oil coming into APN is, according to AGD, derived from soy. (not even any of the corn or canola or sunflower seed found in grocery stores).

Chart 5.5:
Types of Edible Oils Imported into APN by Year
(metric tons for years 2001 - 2009)



- 5.5 US soy oil has made major inroads in recent year. This trend is evident in Chart 5.6 below.



- 5.6 The increase in US soy oil may simply be in terms of taking market share from Argentina and Brazil, rather than the unlisted Malaysian palm oil.
- 5.7 The same trend is occurring in the neighboring Dominican Republic where in recent years US soy oil has begun to replace soy oil from Argentina and Brazil.^{xiv}
- 5.8 But note that there is a problem accepting the data, as explained in the section below.

6. Quantity of Oil Imported

- 6.1 The total amount of edible oil consumed in Haiti can be estimated from data on per capita consumption seen in Section Three. Given that there is no domestic oil production, this data can be used to estimate the total amount of oil imported into the country. Table 6.1, below, presents this estimation and compares it to imported data estimates from elsewhere.

Table 6.1: Total Oil Imported Based on Estimated Per Capita Daily Consumption of Calories from Fat (based 2,300 calorie diet per day)

	% fat if 2,300 cal diet	fat cal/day per person	grams/day per person ^{xv}	Total (in MT) imported fat and oils
Haiti (probable) mid case	0.18	405	45	139,655
Haiti (possible) worst case	0.15	342	38	117,895
Bailey 2006	0.20	455	50	157,000
AGD (2001-2005)²	0.15	356	39	123,000
PVOs (2001-2004)³	0.15	353	39	122,000

1= Based on a population of 8.5 million

2= Based on Bailey (2006) report for total imports of oil

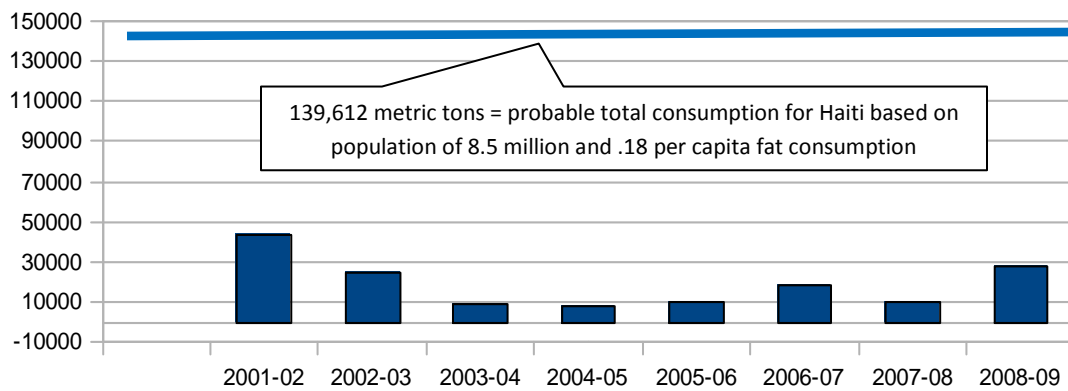
3 = Based on unreferenced Bailey (2006) citation of 2005 study carried by 4 PVOs

- 6.2 Using the consumption figures above and comparing them to official custom imports suggests that a great deal of imported edible oil, about 90%, is coming into the country as contraband. Note that we know that most oil comes in through Port-au-Prince because,
- the prices are lowest there,
 - the major importers are able to beat any other import price.

To illustrate the point note that in Cap-Haitien almost no oil comes through the port but rather is trucked in from Port-au-Prince.^{xvi} Thus, we expect that data from the AGD imports into Port-au-Prince would come close to the total for the country. Bailey (2006) noted the same expectation and reported that most observer/experts estimate that 30% of all imports come through other ports or across the border. Importers and exporters I interviewed said the same. But the AGD data and what is expected from estimated total consumption in Haiti differs by a factor of fourteen. This means that there is a great deal of untaxed oil coming into the country. Chart 6.1, on the following page, illustrates the difference between and the total quantity expected based on consumption estimates.^{xvii}

Chart 6.1

Comparison of AGD Total Edible Oil Imported by APN vs Total Consumption for Haiti

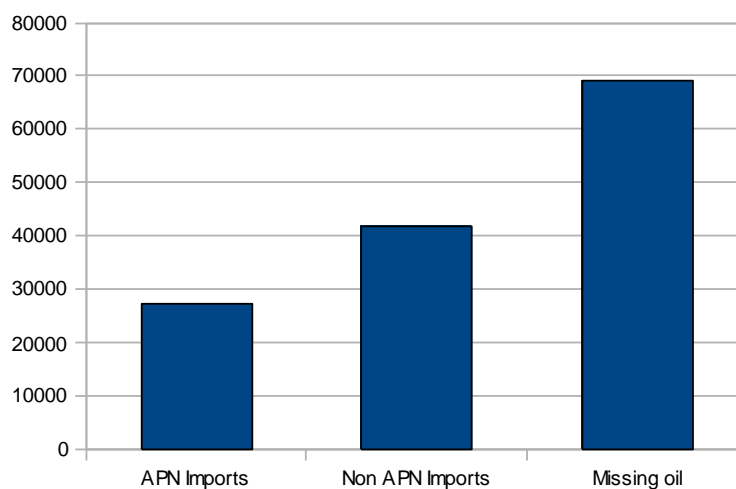


- 6.3 The suggestion is that there is a great deal of “missing oil.” In Section 8 it is seen that evading taxes is the probable reason why wholesalers are able to sell below market price. Here, in Chart 6.2 below, I make a comparison showing the assumed 30% that comes in through other ports and the border;^{xviii} the total AGD reported imports for fy’2009—the first year, according to the AGD employee who extracted the data, that data from all other ports and the border were included.

Chart 6.2

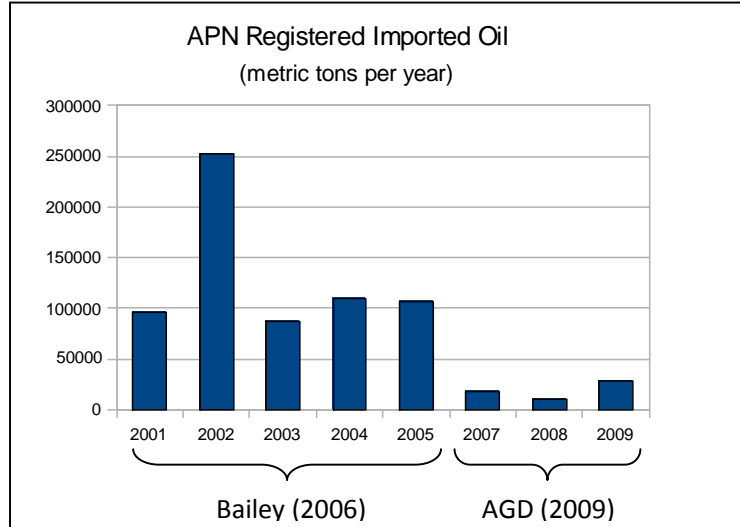
Registered vs Missing Imported Edible Oil

(expected imports = 139,612 mt)



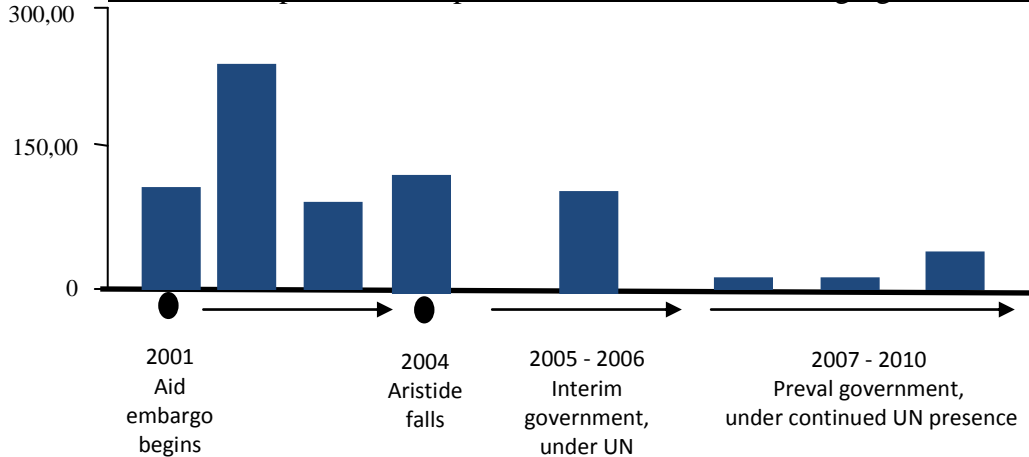
- 6.4 There is, however, some problems with the data. In looking at discrepancies in AGD data with respect to data from Bailey (2006) and trying to understand exactly what the data means, a perplexing trend appears. In Chart 6.3, below, note the inconsistencies with regard to recent data from AGD and that from Bailey for earlier years. Yet, Bailey (2006) received the data from the Commission Nationale pour la Sécurité Alimentaire (CNSA) of the GOH, which got the data from AGD itself. In other words, the data should be identical.

Chart 6.3: Bailey (2006) Compared to Recent AGD Data

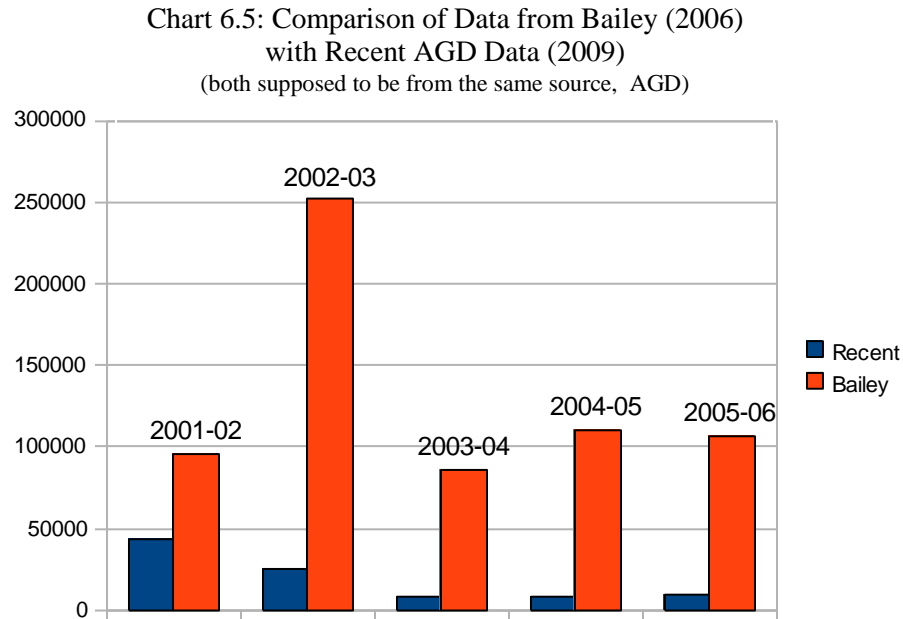


- 6.5 With the one exception is year 2002—inexplicably three times higher than the two years around it --Bailey's AGD data in Chart 6.3, above, is much closer to what we expect based on annual consumption. If the data is accurate, then the decline in reported/taxed oil imports could be related to a change in politics and APN policies that led increased corruption, an expectation congruent with reports from inside observers (see Chart 6.4 below).

Chart 6.4: Reported Oil Imports and Time Line for Changing Governments



- 6.6 Comparing data from AGD, given for the present report, with that from Bailey for the same years, as in Chart 6.5 below, shows that the discrepancy exists for the same data.

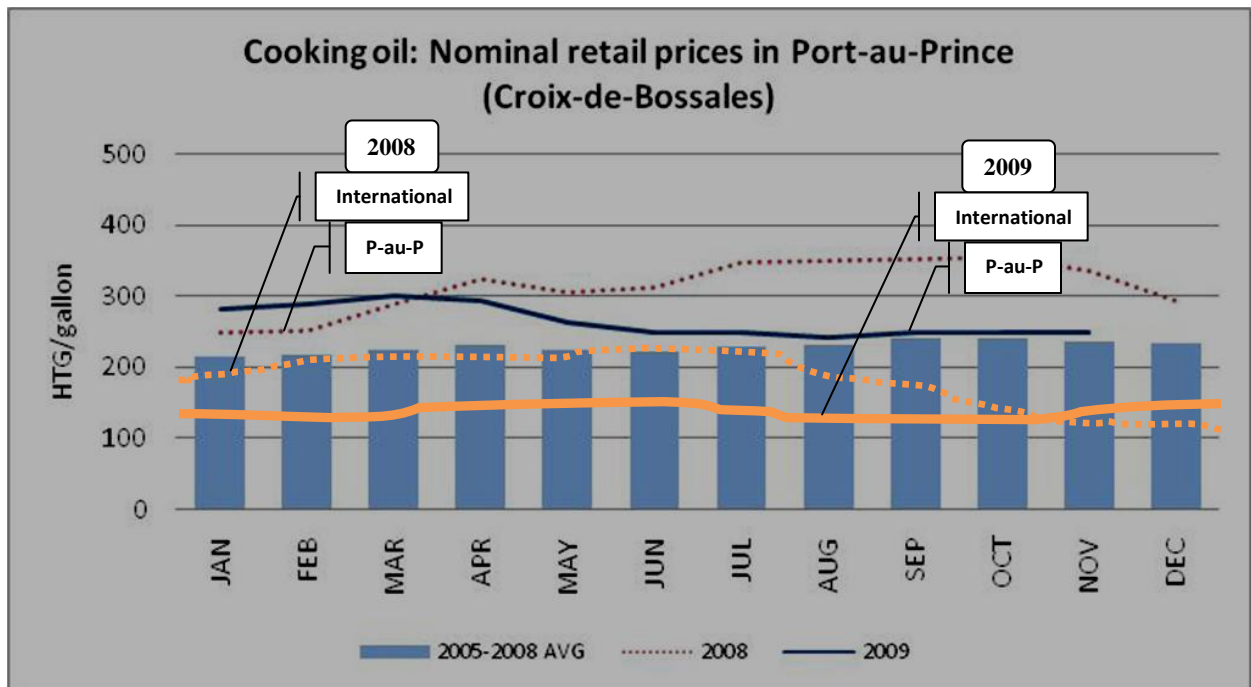


This raises the question, between when Bailey got his data from CNSA in 2006 and when AGD gave it to me in December 2009, “what happened to the data?”^{xix}

7. Distribution

- 7.1 HUHSA and HUNASA are the remains of the former cooking oil consortium and widely referred to as the “oil monopoly.”^{xx} In section five it was seen that Bailey (2006) cited other sources claiming that the two companies controlled 70% of the Haitian edible oil market. Of the two, HUHSA is far larger, with control of an estimated 54% of the market. The primary reason for maintenance of such a large market share is ostensibly the resources to purchase tankers of oil at optimal prices. In this section it is also seen that the two companies have extensive distribution networks, something inherited from the original Duvalier-era monopoly and that allows the companies to effectively reach central points throughout the provinces and distribute outside of Port-au-Prince, where lives the bulk of the Haitian population.
- 7.2 Despite the negative image, as well as attempts to pre-empt purchasing from the Dominican Republic^{xxi.xxii} these two companies are technically *not* a monopoly in that,
- there is no price fixing,
 - new importers and redistributors freely enter the market, and
 - prices are competitively low, as will be seen in the following pages
- 7.3 In Chart 7.1, below, it can be seen that prices within Haiti respond to world market prices.^{xxiii}

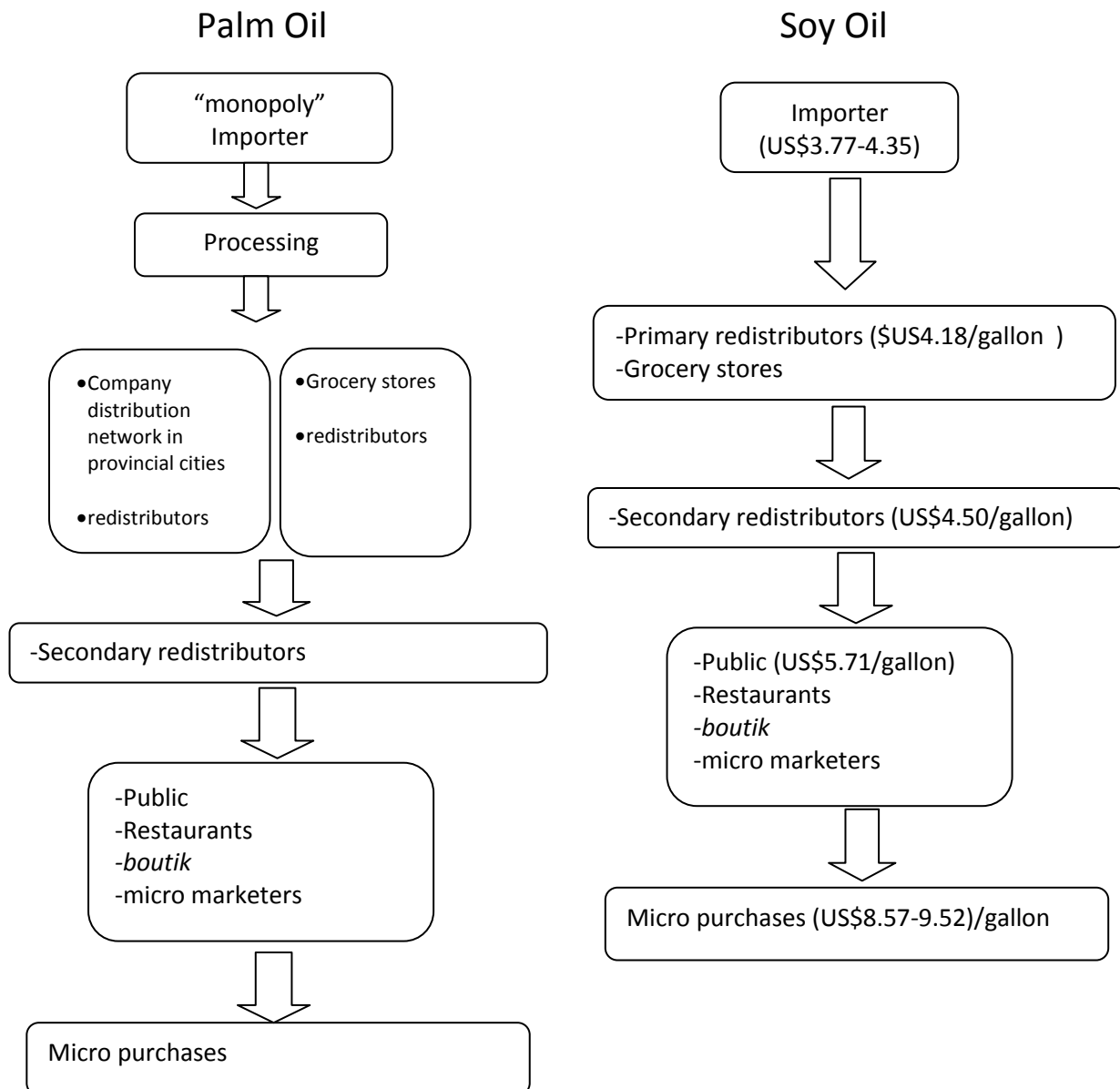
Chart 7.1



USAID Fews Net (2009)

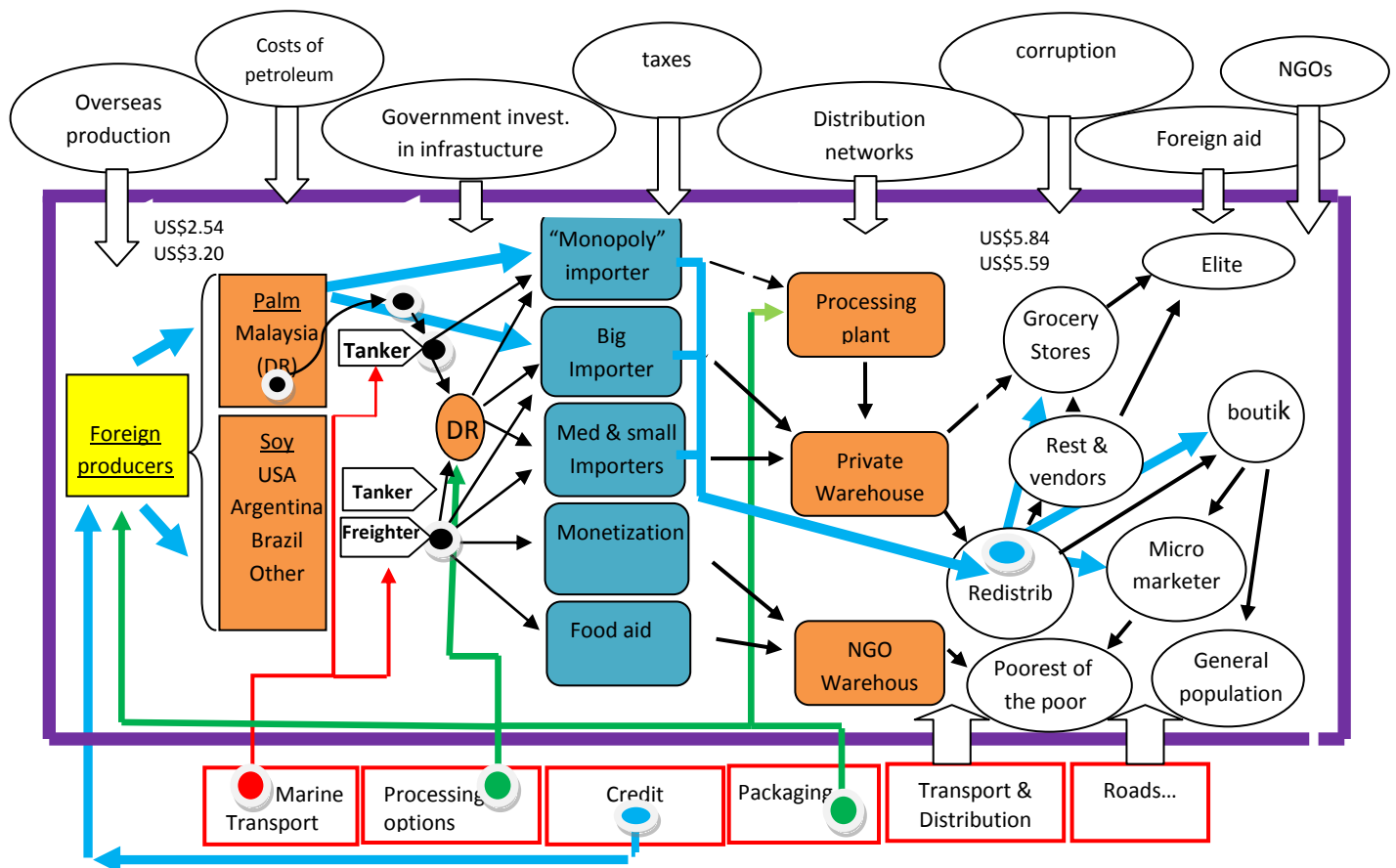
- 7.4 HUHSA and HUNASA as well as other importers and redistributors of oil are able to function because of informal redistribution networks. Private entrepreneurs come to pick up oil in the Capital city of Port-au-Prince. But the larger distributors, particularly HUHSA, redistribute to provincial cities where rural distributors can purchase directly from them, giving them a major advantage over competitors.

Figure 7.2: Distribution of Palm vs. Soy Oil



7.5 A market map delineates how the components in the distribution networks are linked—called a market chain—who the stakeholders are; what variables influence cost and distribution; access to credit; ultimately explaining who is able and disposed to purchase for both resale and consumption. [Note here and in the following cost analyses that the costs of palm oil are not complete. The reason for this is that the cost of a tanker shipment from Malaysia has not been determined. Another shortcoming is that much oil is recently being shipped in through the Dominican Republic where importers report that CIF + Tax (although unverified, the oil is reportedly duty free) is less than half that of Haiti. Oil is also processed in the Dominican Republic.^{xxiv}

Figure 7.2: Market Map for Imported Edible Oil



[The objective of a market map as defined by Albu and Griffith (2005) is to describe the links, processes, and influences in the market chain, from production through the various market channels; with the objective of indentifying opportunities to intervene in favor of impoverished producers. In the case of edible oil in Haiti we have a reverse situation: there is no domestic production. Thus, in the map above I have changed the objective from how to assist impoverished producers to one that highlights assisting impoverished consumers. For those familiar with the Albu and Griffith style of market map, also note that I have reversed the direction of arrows because, a) consumer vs producer role is switched and b) it is intuitively easier to read the flow of goods, credit, and infrastructural change from source to recipient-- rather than the direction from which influence/determination. Ironically, two factors, 1) the evasion of taxes and 2) existence of the so-called Monopoly, by virtue of its massive purchasing power, are arguably the most important variables in favor of the Haitian consumer.

8. Costs And Profits

- 8.1 In this section it is seen that, despite the monopoly (or perhaps, because of it), edible oil sale prices are competitively low.
- 8.2 In Table 8.1, below, it is shown that based on US commodity prices plus US\$0.04 for trucking to port, the importer costs of CIF + Tax for soybean oil, upon arrival in Haiti, should be US\$4.35 per gallon.

Table 8.1

Estimated Cost for Importer Who Pays Taxes (November 2009 commodity prices)

<u>Cost before import</u>		<u>Cost freight</u>		<u>Insurance (.05xC&F)</u>		<u>Tax (0.1581xCIF)</u>		<u>Packaging</u>		<u>Cost</u>	
Gallon	ton	gallon	ton	gallon	ton	gallon	ton	gallon	Ton	gallon	ton
3.20	865.04	0.34	92.36	.018	47.87	0.58	157.13	.05	13.50	4.35	1175.84

Based on .4 cents per gallon over the November commodity index
Shipping and insurance which is from Prestige Shipping^{xxv}

- 8.3 The problem with the estimated costs in Table 8.1, above, is that large importers report selling at below cost prices yielding, as seen in Table 8.2 below, negative profits (-4%),:

Table 8.2

Estimated Profits for Importers Who Pay Taxes and Resells at Lowest Wholesale Price

<u>After import cost to Wholesaler</u>		<u>Sales price to highest level redistributors</u>		<u>Profit for Wholesaler</u>	
gallon	ton	gallon	ton	gallon	ton
4.35	1175.84	4.18	1,128.60	-0.17 (4%)	-47.24 (4%)

- 8.4 Selling at below cost probably means that not all taxes are being paid. This point was suggested in Section Six where it was shown that large discrepancies exist between reported and probable imports. Bailey relies on information from informants to argue that the “savings” from contraband soy oil was being used to lure buyers away from palm.^{xxvi} But, the data from AGD shown in Section Five suggests that palm oil is not being reported, and hence not taxed, at all.
- 8.5 Because the current popular retail sales price per gallon of palm oil is only slightly lower (about 5%) than soy, while the wholesale price only 46% that of soy (US\$2.50 versus US\$3.16), the savings does not appear to be getting passed on to the consumer. A detailed analysis is not possible because the freighter costs of palm from Malaysia were not readily available; nor is it important here. What is important is that Soy exists on the market and it is with the existing soy that ACDI/VOCA oil will compete. For these reasons subsequent analyses focus on soy imports.^{xxvii}

- 8.6 In Table 8.3 the cost for those soy importers who pay no taxes is calculated (US\$3.77/gallon); and then in Table 8.4 calculations are presented for their profits (11%):

Table 8.3
Cost of Oil Without Taxes (November commodity prices)

<u>Cost before Import</u>		<u>Cost freight</u>		<u>Insurance (.05xC&F)</u>		<u>Tax (0.1581xCIF)</u>		<u>Packaging</u>		<u>Cost</u>	
gallon	ton	gallon	ton	gallon	Ton	gallon	Ton	gallon	ton	gallon	ton
3.20	865.04	0.34	92.36	.018	47.87	00.0	00.0	.05	13.50	3.77	1018.71

Based on US\$0.04 per gallon over the November commodity index
Shipping and insurance which is from Prestige Shipping

Table 8.4
Scenario for Those Who May Not be Paying Taxes at All

<u>After import cost to Wholesaler</u>		<u>Sales price to highest level redistributors</u>		<u>Profit for Wholesaler</u>	
Gallon	Ton	Gallon	Ton	Gallon	Ton
3.77	1018.71	4.18	1,128.60	0.41 (11%)	109.89 (11%)

9. Recovery

9.1 Table 9.1 presents the recovery rates for a range of costs per metric ton.

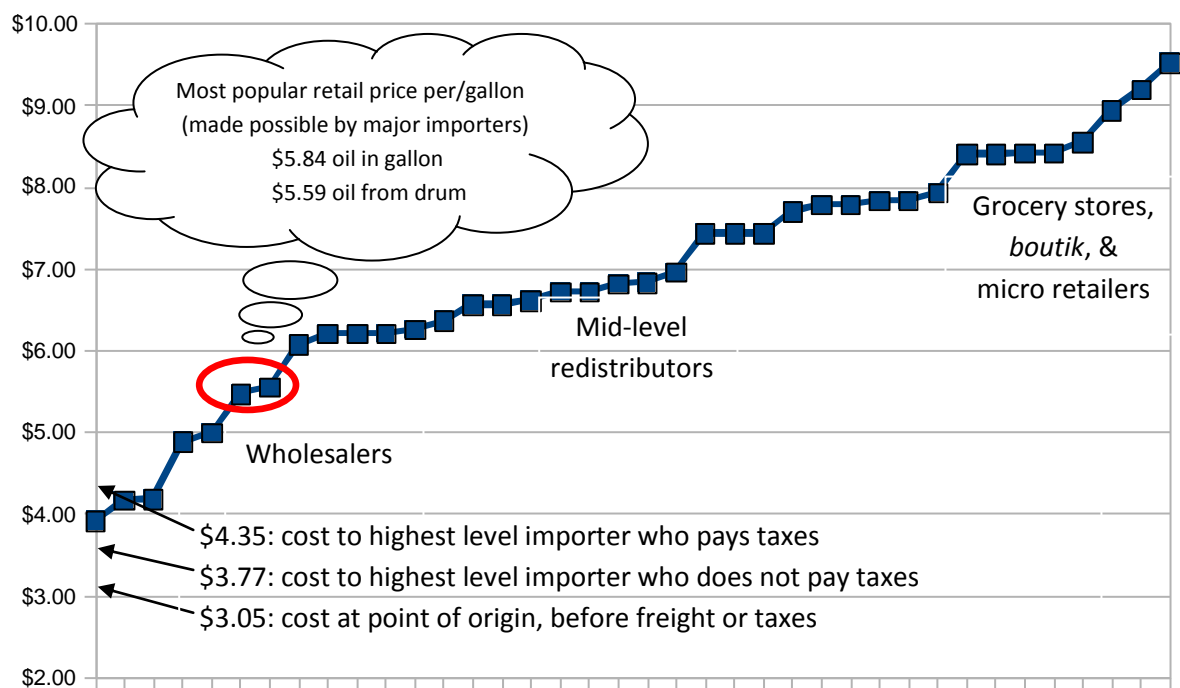
Table 9.1
Recovery Rate if Purchased at Specific Price (in US dollars)

Sales Price		Purchase Price per Ton								
gallon	ton	\$1,162	\$1,262	\$1,362	\$1,462	\$1,562	\$1,662	\$1,762	\$1,862	\$1,962
\$4.00	\$1,080	93%	86%	79%	74%	69%	65%	61%	58%	55%
\$4.10	\$1,107	95%	88%	81%	76%	71%	67%	63%	59%	56%
\$4.20	\$1,134	98%	90%	83%	78%	73%	68%	64%	61%	58%
\$4.30	\$1,161	100%	92%	85%	79%	74%	70%	66%	62%	59%
\$4.40	\$1,188	102%	94%	87%	81%	76%	71%	67%	64%	61%
\$4.50	\$1,215	105%	96%	89%	83%	78%	73%	69%	65%	62%
\$4.60	\$1,242	107%	98%	91%	85%	80%	75%	70%	67%	63%
\$4.70	\$1,269	109%	101%	93%	87%	81%	76%	72%	68%	65%
\$4.80	\$1,296	112%	103%	95%	89%	83%	78%	74%	70%	66%
\$4.90	\$1,323	114%	105%	97%	90%	85%	80%	75%	71%	67%
\$5.00	\$1,350	116%	107%	99%	92%	86%	81%	77%	73%	69%
\$5.10	\$1,377	119%	109%	101%	94%	88%	83%	78%	74%	70%
\$5.20	\$1,404	121%	111%	103%	96%	90%	84%	80%	75%	72%
\$5.30	\$1,431	123%	113%	105%	98%	92%	86%	81%	77%	73%
\$5.40	\$1,458	125%	116%	107%	100%	93%	88%	83%	78%	74%
\$5.50	\$1,485	128%	118%	109%	102%	95%	89%	84%	80%	76%
\$5.60	\$1,512	130%	120%	111%	103%	97%	91%	86%	81%	77%
\$5.70	\$1,539	132%	122%	113%	105%	99%	93%	87%	83%	78%
\$5.80	\$1,566	135%	124%	115%	107%	100%	94%	89%	84%	80%
\$5.90	\$1,593	137%	126%	117%	109%	102%	96%	90%	86%	81%
\$6.00	\$1,620	139%	128%	119%	111%	104%	97%	92%	87%	83%

- 9.2 At what price ACDI/VOCA sells soy oil depends on where it enters the market chain. In Chart 9.1 illustrates the market chain prices and the recommended entry price.

Chart 9.1

Price Range of Edible Oil Sales Prices
(per gallon)



10. Recommendations

How and at what price the oil is sold depends on our priority.

- 9.1) If the priority is to maximize recovery, then we should,
- 1) put a fixed priced per gallon,
 - 2) put both a ceiling and a floor on lot sizes,
 - 3) contact not only redistributors and grocery stores, but humanitarian aid missions and missionaries
 - 4) carry out an advertizing awareness campaign to promote USA soy oil (see Annex ##)
- 9.2 If the objective is to accustom mid and lower level redistributors to the process of offering tenders and to share with them the opportunity to buy low priced monetized food, then we should
- 1) stick to the bid system and contact only commercial redistributors,
 - 2) carry out an advertizing awareness campaign to promote USA soy oil (see Annex ##)

Annex A: Contacts

A1. Contacts and People Interviewed

In the course of research I visited dozens of *boutik* (small stores), *maket* (grocery stores), *maché* (markets); I spoke with personnel and owners of the latter as well as over one hundred vendors, importers, distributors, restaurant owners, and consumers. Listed below are a few of the more important institutional contacts, a by no means exhaustive list of distributors and super markets visited, and a email list of missionaries and humanitarian institutions as well as a summary of those missionaries and PVO representatives who have responded to the email.

A2. Institutional Contacts

Mme Florence Cadet , USAID

Mme. Magalie Rigaud, Catholic Relief Services

Jean Ralph Caze, Directeur Commercial AGD, rcaze@yahoo.com,
rcaze@bureaudegestion.gouv.ht

Jymino Guerisma, Coordonateur Adjoint BND, Jyminoig@yahoo.com

Dennis McCarthy, USAID, Food for Peace Officer, dmccarthy@usaid.gov

Jerry Martino, Importer/exporter, Mamina, Stepover1@aol.com

Luc-Ralph Paul, lucralphpaul@gmail.com,

Toussaint Toubert, Sub-director of the Customs at Malpasse, 3 724 5591

Luca Guillermo Ramirez, Administrador Aduana, Jimani, RD

Patrick Delorme, Former sub-director MSPP

Patrick Belliard, Importer/Exporter , Co-Owner of Belliard Shipping belships@aol.com

Myrtha Durand" mdurand@acdivoca-haiti.org

Fred Belliard, Importer/Exporter, Co-Owner of Belliard Shipping ginsahaiti@aol.com

Dimitri ## , Port , Cape Haitian

Jacques, Valentin. Directeur General AGD

Couseillant Marc-Gregoire, AGD, 3 489 8433, Cougmarc@yahoo.fr

Dorcha Williamson, AGD, Dorchawilly@yahoo.fr

Payen Yolene, Yolene-payen@yahoo.fr

Jeanine Angrand , AGD, 2 299 1773, 2 246 4661, 246 4661

Martial Bailey, Save the Children, Mbailey@savechildren.org, Martialbly@yahoo.com

Steve Gittings. Merchant, sgittings77@hotmail.com, sgittings77@yahoo.com,

Féold Clerval, Commodity Manager, ACDI VOCA, Fclerval@acdivoca-haiti.org

Murphy, Emmet, ACDI/VOCA, Country Director emurphy@acdivoca-haiti.org

A3. List of distributors

SYKRIS S.A., Santo 17, Impasse Culligan #4, Port-au-Prince, 3 772 5858, Sykris2@aol.com
 HULIERIES HAITENNES S.A., Route d'Aéroport, Entrée Acierie d'Haiti, PO Box 2583, PauP
 2 229 1500, huhssadir@gbgroup.net
 Ets Barthony Vieux & Fils, 191 Route-des-Dalles, PauP, 2 2223 0014, Etsbvieux@yahoo.fr
 REBO S.A., 4 Jean Gilles, Avec Toussaint Louverture, Route de ;'Aéroport, PauP
 2 229 6330, info@rebo.ht
 Agences Naco. Rue Bonne Foi #31, PauP, 2 813 1010, mainsocarlstroem@aol.com
 Agreco, Rue du Centre #196, 2 222 9642
 Associated Food Distributors, Rue J. Juste #3, 2 249 0634
 Chouchoune, Boulevard Dessaline #563 , 22 23 07 58
 Cogesa, Delmas 31, Rue Elie Dubois, 22 46 24 70
 E'adesky Import Export S.A. , Bas de Delmas #3, PauP, 25 14 24 99, ddadesky@dadesky.com
 Salemsa, Salemsa37@yahoo.fr
 Food Depot, Shodecosa 33 , 37 06 82 98
 Hiesa , Public Plasa Canapé Vert, 25 10 77 20
 Isha Food Co. Rue Capois, Sales@ishafoodsco.com
 Kay Mario Martineau, Santo 7, #17, 37 55 33 81
 Marche Titony, Shodecosa # FS et 66 rue des Fronts Forts, 37 01 14 59,
Jolouis509@hotmail.com
 Nyka Import Export, Shodecosa #40 et 60, Rue des Front Forts, 25 12 75 34
nykaimportexport@yahoo.com
 Provalsa, Rue du Quai # 16 Entrée Bretelle Aéroport, 22 22 11 56
 Provi Plus , Rue Magny #9, Petionville, 22 22 65 94
 Reke Trading, Rue du Quai #30
 Rh Carlstroem, Rue Bonn Foi #31, 22 22 24 17
 Saisonex, Rue du Peuple # 113 et Rue de Felix-la-Chapelle #55
 Saint Jacques Provisions. Face Saint Jean Bosco, Petion Ville, 22 56 67 37
 Societe Distribution General , Clercine, 22 50 71 02
 Sodisa, Blvd Dessalines # 322, 22 23 21 44
 T & S Trading, Angle Rue Nason #13 et Condado, 22 49 45 31
 Tchako S.A. , Shodecosa, Building 32 B, 2221 2007, riceco@hughes.net
 Reginald Julien, Shodecosa B10, 3 713 9847
 Matant Eliana Pierre, Bldng B11, 3 715-7491
 Rochèl Fortuné, 3 734 23 11
 Big Star Super Market, Petion Ville
 Olympic Super Market, Petion Ville
 Ryal Market , Petion Ville
 One Stop, Delmas

A4. Letter to Missionaries

To all Aid Workers, Missionaries, and NGO workers in Haiti,

You are eligible to purchase high quality USA soybean oil at wholesale import prices.

This is a trial program that makes high quality US food available to organizations helping the most needy people.

If enough humanitarian AID organizations respond, we will include you in future offers of corn and wheat sales.

You may purchase as few as five cases (30 gallons) and still benefit from the price savings.

The warehouse is in an easily accessible SHODECOSA depot, in Port-au-Prince.

To participate you must respond to this email so that ACDI/VOCA (located at CARE's Port-au-Prince headquarters) can register your organization for purchases.

If this email has reached you by mistake or you are not interested but know an aid worker in Haiti, please pass the word.

Thank you.

Department of Food Security and Monetization.
ACDI/VOCA, Haiti.

A5: Responses to Email to Missionaries

To date (2-01-10) we have received 10 responses from missionaries. This is not a large percentage given that we sent 243 emails; 20 were incorrect or defunct addresses and an unknown certainly ended in junk mail boxes.

But the tone of response demonstrates that there is a potential market with the humanitarian aid agencies and if we satisfactorily meet demands then it should expand. Below are the actual email responses.

@@

Hello,

We are located in a remote area of Caneille between HInche and Thomassique. My husband is a native Haitian and I am American. My husband is the pastor of Calvary Chapel Caneille. We also have a school of over 100 students grades one through 6 on site. It is a very poor area and we would so appreciate ways to get food for distribution at better prices.

We are interested in knowing more about how to purchase food at wholesale prices. What foods are available and what is the cost and amount required to purchase? Our greatest need is corn, rice, beans, and oil. but we are interested in knowing of other resources as well.

Thank you so much!

Bon Anè!

Betty Bastia

@@

Gentlemen:

We have learned from Corbett's Haiti List of our eligibility to purchase high quality USA food (including soybean oil) at wholesale import prices for the needy in Haiti.

We are a 501 c3 non profit Organization with permit to function in Haiti. We would like to register with you to take advantage of that offer. The Fondation Toussaint Louverture pour le Development Humain operates in Haiti under the Toussaint Louverture Historical Society, which has been established in Washington D.C for the past nine years. Hoping you will give the matter your favorable attention, we remain

Yours truly,

Gladys Racine

Executive Director

@@

Annex B

Publicity/Marketing Company

B1

Marketing Company

(Provided by Mediacom)

Email: services@mediacom-ht.com;
imc@mediacom-ht.com;
imchanel11@hotmail.com

Person of contact: Ives Marie Chanel

MEDIACOM, identified under the Registration Number (NIF) 000-003-314-1, is a Haitian firm founded in August 1997 and a service provider in the fields of communications and mass media. Mediacom possesses an expertise in social marketing, planning and projects conceptualization in the domain of communication and mass media. Mediacom has developed a solid partnership with 40 community radios, 100 private radios and 30 private television stations across the capital and the provinces. These various professionals and technicians have a proven experience in the domain of management, training, popular and civic education, broadcasting, communication and journalism. Besides its administrative personnel, Mediacom has at its disposal a distribution network composed of 10 people whose mission is to ensure timely distribution and follow up on the fields. This network is linked with Mediacom headquarter that uses the Internet, telephone, the road and aerial networks to reach the most isolated radios of Haiti. Those distribution points are located in the 10 departments of Haiti.

B2: Costs

Qte	Description	Length of Spot	Period	days per month	No. of radio stat.	Spots per day	Spots Per month	Price per spot	Sub Total	Total Price USD
1.0	Spot Promotion radios									
1.1	Radios Commerciales PAP (Ginen-Kiskeya-Caraibes-Métropole -Vision 2000-Ibo)	Spot 35 sec	1 mois	26	5	3	390	\$45.00	\$7,020.00	\$7,020.00
1.2	Radios Commerciales Provinces	35 sec	1 mois	26	17	4		\$4.00	\$7,072.00	\$7,072.00
1.3	Diffusion spot 3 TV PAP (TNH/GINEN/Caraibes)		1 mois	26	3	2	156	\$60.00	\$9,360.00	\$9,360.00
1.4	Diffusion spot 3 TV Cap Haitien	35 sec	1 mois	26	2	2	104	\$8.00	\$832.00	\$832.00
	Sous total spots promotion				22	7	390		\$14,092.00	\$24,284.00
2.0	Production audio/ Conception graphique									
2.1	Production de spots				2			2,000.00	\$4,000.00	\$4,000.00
2.2	Production de Jingle				1			3,000.00	\$3,000.00	\$3,000.00
2.3	Production Spot TV				1			4,000.00	\$4,000.00	\$4,000.00
										\$11,000.00
	Grand Total								\$18,092.00	\$35,284.00

Achté Luil Pou Fe Manje

Achté luil USA pa gallon
PI MEYÈ MACHÉ A

Luil USA
“Se manje
byen,
Viv byen”



Tout benefis
se pou sipoté
kiltivatè
d'Ayiti yo!

Moun ki achte, fok yo nan
ONG, Legliz kap fe byen, obyen yon biznis kap van pwodwi alimantè

Fok komèsan yo genyen:

- 1) Kat Fiskal
- 2) Kat Idantite Pwofesyonnel
- 3) Patant Komèsyal

Si'w gen bagay sa yo, Ou KALIFIKE, rele,

Fenold: 3-774 -1194

Rigaud: 3-729- 2075

ACDI/VOCA Haiti
92, Rue Grégoire
P.O. Box 15222, HT 6140
Petion-Ville, Haiti

*Si 'w pa jwen moun,
kite yon mesaj ak
non pa w, ak
numewo; epi pale
dousman y byen klè
nan mesaj la pou
nou ka tande w*

UsaVegOil@acdivoca-haiti.org

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Notes

ⁱ For those unfamiliar with the process, from page 3 of Murphy:

BDM has prior experience in small lot commodity sales for the Chinese (Taiwan), French, Japanese and Spanish governments. Its largest funding stream at the moment is petroleum monetization from Venezuela – Petro Caribas. The Director of BDM recommended further discussion on the sales methodology. He suggested that a price floor be established to avoid below market prices which could be perceived as dumping. The sale methodology can be discussed at greater length with BDM and USAID per USG objectives in this endeavor.

ⁱⁱ The flour mill appears from a distance to have been an exercise in corporate inside maneuvering. It was privatized in 1997 amid a flourish of political turbulence, including the resignation of the Prime Minister who was protesting delays in the promised privatization of some 36 State owned enterprises—including the oil processing plant. In a process that Haiti Progress called “no transparency at all,” seventy percent interest in the mill was sold for US\$9 million to a consortium of venture capitalists; specifically, Haitian finance group, Unifinance—comprised of some of Haiti’s wealthiest elite--and two “mega-agribusinesses,” Continental Grains, and Seaboard Corporation of the United States. The actual sale occurred three days before the US secretary of State, Madeline Albright visited Haiti. The mill was insured by OPIC and proved to be an immediate bonanza. Mill executive David Daines described the consortium’s great fortune as early as 2000 when in a meeting of the Caribbean Millers Association,

He observed that the market in Haiti is a big one by Caribbean standards. There are about 7 million people and the mill grinds about 200,000 metric tonnes of wheat per year.

Flour, as compared to other food stuffs is declining in price but the market in Haiti has expanded far beyond expectations. There is need for expansion of the flour mill which is now operating at 650 tonnes per day, but that they expected to achieve 750 M.T. by March. He said the mill would need another 100 tonnes capacity to fully supply the market. He also observed that the bran market had increased. He said although there had been some imports, primarily from the Dominican Republic, the market was large enough to absorb this.

The mill also produces animal feed. Mr. Daines said that the year commenced with a basic livestock feed mix of soybean, corn, vitamin, mineral and bran.

ⁱⁱⁱ The oldest evidence of the extraction of oils from plants is 4,000 years in Indiana’s Charlestown State Park, archaeologist Bob McCullough (Archaeo News 2006)

^{iv} According to the 2005 USDA Dietary Guidelines for Americans, “A low intake of fats and oils (less than 20 percent of calories) increases the risk of inadequate intakes of vitamin E and of essential fatty acids and may contribute to unfavorable changes in high-density lipoprotein (HDL) blood cholesterol and triglycerides.” For children the recommendations are 25 to 35 percent.

^v In a WHO (2009) summary: The richer a country the more fat its people consume. Of the 24 countries found above the maximum recommendation of 35%, the majority of were in North America and Western Europe. The population of the only 19 countries on earth that consume an average of less than 15% fat in their diet were in sub-Saharan Africa and South Asia. Much of the population of Haiti would fall in this latter group.

How FAO arrives at per capita consumption and how they arrive at recommended per diem fat consumption is beyond the scope of this report. It is assumed that the prevailing methodologies are logical and sufficiently supported by academic research.

^{vi} The best way to describe Haitian treatment of edible oil is ‘trying to inject as much oil as possible.

The standard rice, beans and meat sauce illustrates the point. Meat, such as chicken, is first boiled in water and oil; when the meat is cooked they then fry it in oil. The original water together with the vegetable oil and the animal fat is not discarded but used to boil rice and or make bean sauce. In both cases additional oil is added and before rice is completely cooked the chef will often *wouzé* (sprinkle) more oil on the rice, and then *toufé* (smoother) the rice (meaning seal the pot with a plastic bag) for the final 5 to ten minutes of cooking.

Meat sauce takes the case even farther: literally swimming in oil, Haitian sauces are best described not as meat, spices, and onions heavily embedded with oil but oil embedded as much as possible into the oil (point being that oil is the primary component)

Treatment of spaghetti also supports the point. Haitians informants consistently said, “spaghetti doesn’t like oil” (*spaghetti pa reme lui*). By which they mean that noodles will not absorb much oil.

Eggs are literally drenched in a soup of oil; doe (*patay*), sweet potatoes, bread fruit, plantains, and pork are all deep fried in oil and are street and bus stop favorites in Haiti.

This lack of oil in the diet and attempt to inject as much as possible into food leads many observers—myself included before this research—to think that Haitians are getting too much oil in their diet. Bailey (2006:6) generalized this observation to conclude that, “Haitian cuisine traditionally makes a liberal use of cooking oil, especially for meat and fish products, well beyond the daily caloric intake requirement... as much as family income permits.” However, as stated in the text, if USAID nutritional requirements can be accepted, the impoverished Haitian masses are best described not as ingesting large and unhealthy quantities of vegetable oils, but rather as desperately trying to get enough. Short of guzzling it—something that would present other gastronomic problems—the only way to do this is to saturate foods.

In summarizing, would warrant repeating that in contrast to the caveats of other Westerners who tend to be appalled by the copious amounts of oil used in the cuisines of impoverished Haitians, most Haitians are in much greater danger of not getting enough fats and oils in their diets rather than getting too much. Atherial Schlerosis and ... are afflictions developed world afflictions associated with what is called the epidemiological transition—the transition from low life expectancies where people are killed by infectious and contagious viral agents –to one where people are long-lived by plagued by chronic diseases. In Haiti heart disease... is arguably an affliction of the successful few and overweight “big men” and *marchann*.

^{vii} This observation is based on data from India. See, National Accounts Statistics, CSO:
http://mospi.nic.in/mospi_cso_rept_pubn.htm

^{viii} Conclusions were based in part on the small survey presented in Table ##, below, but complemented by more in depth studies at Haitian restaurants. Note the following qualifications.

- a) I suspect that the actual number of *glos* (100 ml) oil, used per *godè* (2 US cups) of rice and/or beans, is a culinary rule and more consistent than shown; this is supported by the facts that men, who as a cultural rule seldom cook, responded readily and gave responses in the same range as the women. The discrepancy among responses in the tale, I believe, comes from the process of explaining and getting accurate information from informants. I think, based on other qualitative interviews that it is 1 *glos* per 1 *godé* of rice and .5 *gloss* for beans.
- b) Many respondents used the designation “olive oil” (*luil d’oliv*) for edible oil, and in every case they were not talking about real olive oil (see endnote xi).
- c) I do not think that the brands people favor or the reasons why they favor them are the chief determinant what they purchase. My impression is that they favor certain brands within their price range—i.e. the lowest priced oils—and that most of their responses were ‘cliché’ rather than supported by thought out

logical process. This doesn't mean they do not have preferences. In the more in depth qualitative investigations palm came out as favored for deep frying and soy for cooking rice and beans and meat.

- d) Glos = 100 milliliters, godé = 0.9 lbs,
- e) The Creole to English designations for why individuals preferred a particular oil are as follows, "light on stomach" comes from the response *lejè*; "don't like semi-processed palm oil" comes from the response *pa reme doum*; "taste" comes from *gou*; "price" comes from the responses *pri* and *sa m jwen*.

Table EN1: Amount of Oil (per *glos*) used in Food as Reported by Haitian Women

number of glos of oil used per measure of food			Brand of Oil	Why?
1 godé rice & 1/2 godé beans*	Meat sauce	Spaghetti (350-400 g rams)		
1	0.5	0.25	luil d'oliv	-
1.5	1	0.1	Alberto, Rika, Ti Malice	Light on stomach
1	1	0.5	Rica, Bongu	Taste
1	1	0.5	Alberto	Light on stomach, low cholesterol
1.5	1.5	0.5	Alberto	Light on stomach
1.5	0.5		Crisol	Cholesterol
1	0.5	0.5	Alberto	Don't like semi-processed palm oil
1	0.5	1	Crisol	-
1.5	1.5	1.5	Ti Malice, Rika, gourmet	Cholesterol
1	0.5	0.5	Mazola	Ligh on stomach
1	0.5	1	0	Price
0.5	0.5	0.5	Rika	no cholesterol
1.5	0.5	0.5	luil d'oliv	Price
2	1	0.5	Rika	Taste
2	1	1	Alberto	Whatever is available

^{ix} A primer for Soy Oil comes from Morgan (1993)

The United States is a major player in world export markets for soybeans and meal, accounting for 66 percent of world trade in soybeans and 20 percent of soybean meal. But the U.S. share of world markets for soybeans and products--meal and oil--has eroded significantly since the 1970's. While the volume of U.S. soybean and soybean meal exports remained relatively high over the 1980's, increased competition--particularly from Brazil and Argentina--reduced the market share of both U.S. soybean and meal exports by around 16 percent. Similarly, U.S. exports of vegetable oils, mainly soybean oil, have declined substantially since the early 1980's, dropping from 15 percent of the world market in 1978 to an estimated 6 percent in marketing year 1993/94.

See also Reuters (2009)

^x A primer for Palm Oil comes from Wikipedia,

Since the turn of the century, palm oil is increasingly incorporated into the global commercial food industry because it remains stable when deep fried or baked in extreme high heat and for its high levels of natural antioxidants. Malaysia and Indonesia produce about 85 percent of world supplies of palm oil and account for the bulk of the global exports.

Health concerns about the high level of saturated fat have caused the United States to reduce imports of palm oil. Allegations that tropical oils (such as palm) are detrimental to health resulted in numerous U.S. food companies replacing tropical oils in their products. U.S. imports of palm oil dropped from a high of 277,000 tons in 1985 to an estimated 105,000 tons in 1992/93. The EC continues to be the major importer of palm oil.

However, developing countries are hampered by foreign exchange constraints and thus continue to buy palm oil, which is less expensive. Consequently, palm oil's market share has expanded from 26 percent of total world vegetable oil exports in 1975 to over 40 percent in 1992/93.

Despite this, perhaps all is not as it seems. From Ooi Tee Ching (2009):

A 2001 parallel review of 20-year dietary fat studies in the United Kingdom, the United States of America and Spain' concluded that polyunsaturated oils like soya, canola, sunflower and corn degrade easily to toxic compounds when heated up. Prolonged consumption of burnt oils lead to atherosclerosis, inflammatory joint disease and development of birth defects.

Also, from Jit Kang (no data provided)

Palmitic acid does not behave like other saturated fats, and is neutral on cholesterol levels because it is equally distributed among the three "arms" of the triglyceride molecule. Studies have indicated that palm oil consumption reduces blood cholesterol when compared to other sources of saturated fats like coconut oil, dairy and animal fats. Also, palm oil can withstand high heat without smoking and resists oxidation (which contributes to a longer shelf-life with no change in color or odor).

^{xi} Oils high in polyunsaturated fats, such as soy, are typically preferred as food additives and in sauces; those high in saturated fats such as palm and coconut oil are preferred for frying. Conventional wisdom is that the former tend to breakdown more quickly when exposed to high heat yielding undesirable, including carcinogenic, byproducts. But note the following from What's Cooking America,

Oils that are suitable for high-temperature frying (above 230 °C/446 °F) because of their high smoke point include:

- Canola oil (marketed as "rapeseed oil")
- Corn oil
- Mustard oil
- Olive oil, pomace
- Olive oil, extra light
- Palm oil
- Peanut oil (marketed as "groundnut oil" in the UK)
- Rice bran oil
- Safflower oil
- Sesame oil (semi-refined)
- Soybean oil
- Sunflower oil

Oils suitable for medium-temperature frying (above 190 °C/374 °F) include:

- Almond oil
- Ghee, Clarified Butter
- Cottonseed oil`
- Grape seed oil

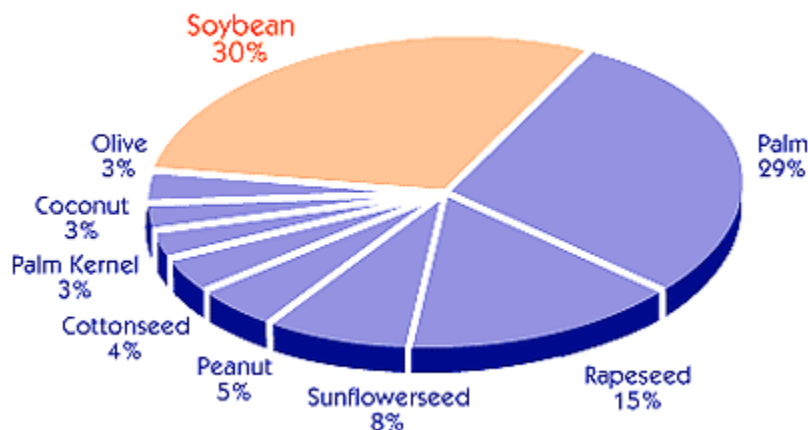
Lard
Olive oil (Virgin, and refined)
Walnut oil
Mustard oil

^{xii} Bailey (2006) says, “the animal substitute that used to exist in the rural areas up to the Swine Eradication Program of the late ‘70s, has never recovered.” He also notes that up until the 1970’s, coconut oil was produced domestically in rural areas but not for sale.

In my own research people have talked about how the native Caribbean olive was used to make oil. Interesting many respondents in the surveys called edible oil, “luil d’olv.” This designation has nothing to do with whether the oil is truly from olives and might a) reflect the fact that the Caribbean Olive may have been widely used source of cooking oil and b) explains why ‘luil d’oil’ appears so often on APN manifests, i.e. the customs agents are simply using the Creole term for edible oil.

^{xiii}

Chart EN1: World Vegetable Oil Consumption 2004



Soy Stats 2005 The American Soybean Association.

^{xiv} USDA’s Gain report for the 2001 does not even mention the US as a source of oil in the Dominican market; yet a look at current shelves in the DR suggests a major presence.

^{xv} World average consumption per day is 49 grams; The developed western world has a per capita consumption of 126 grams.

^{xvi} The observation that little to no oil comes into the Cape Haitian port comes from people working at the port , executives at the largest import company in Cape Haitian, and manifests—for whatever they are worth. The point is that despite being closer to Miami and having large and well maintained port facilities, Cape Haitian is not able to compete with P-au-P in the edible oil market. This is because, a) P-au-P merchants are purchasing large tankers of oil at wholesale commodity prices and/or b) Cape Haitian authorities are stricter in applying and collecting taxes (or payoffs). Also interesting in this respect is that during the commodities price crunch of 2008, of all non-P-au-P ports and cities, Cape Haitian experienced the highest rise in prices (see Chart ## on page).

^{xvii} The absurdity of the AGD data is clear if we revert to a comparison of per capita fat consumption, a level that in only 19 countries on earth dips below 15%.

Table EN2: AGD data in lieu of recommended daily allowance of fats and oils

Year	Total Imports	Kilograms yr/person	Grams day/person	Cal day/person	% fat person/day
2001-02	43247	5.09	13.94	125.45	0.05
2002-03	24845	2.92	8.01	72.07	0.03
2003-04	8834	1.04	2.85	25.63	0.01
2004-05	7838	0.92	2.53	22.74	0.01
2005-06	9890	1.16	3.19	28.69	0.01
2006-07	17872	2.1	5.76	51.84	0.02
2007-08	10286	1.21	3.32	29.84	0.01
2008-09	27614	3.25	8.9	80.11	0.03

^{xviii} The estimate that 30% of all contraband and imports comes through non-P-au-P channels qualifies as a rule of thumb among importers.

^{xix} There is the possibility that AGD has done something unknown to the data, or that I am simply misinterpreting it. One prospect considered is that the data should somehow be multiplied by ten. That would put some estimates closer to expected levels (specifically, 2001, 2003) but others absurdly out of range. Another possibility is that Bailey was multiplying by an unnecessary factor of ten; that would put all the data in the very low range, make it more consistent with the data that AGD gave me, and explain the nearly impossible high 252,159 metric tons in 2002. The fact remains however, that Bailey's data is much closer to what should be the case.

^{xx} As I pieced the story together from informants, internet articles, and Bailey (2006): Gilbert Bigio founded HUHSA in 1981. Haitian born son of a Jewish immigrant from Lebanon, and subsequently Israel consulate in Haiti, he gained favor with the GOH by brokering arms sales with Israel. In 1981, under then dictator Jean Claude (Baby Doc) Duvalier, he was granted the oil monopoly. From HUHSA webpage,

Huileries Haïtiennes, S.A. (HUHSA) was founded in 1981 as an edible oil processing plant [then it was called SODEXOL]. Through experienced sales staff and national distribution, HUHSA has grown steadily and is today the leader in the edible oil market in Haiti.

To address all sectors of the market, the company sells in bulk containers as well as in smaller, consumer sized packaging. Product is distributed nationally through a well-defined transportation network, delivering within 24 hours of order placement.

HUHSA constantly strives to win the dedication and respect of the Haitian consumer. Its long-standing position within the Haitian community has earned it the recognition as one of Haiti's largest and most well run consumer products companies.

As the story goes, several years after gaining the Oil monopoly, Bigio sold it for a rumored 36 million dollars. He recently bought HUHSA back and has become the dominant figure in what, after the fall of Duvalier, was a consortium. From Bailey (2006),

After the demise in 1986 of SODEXOL, a Haitian monopoly backed by Israeli interests that used to process bulk imports of crude degummed and semi-refined soybean oils for local distribution, a consortium emerged made up of the three other bottlers of bulk cooking oil: the Brandt Group (USMAN-Usine à Mantègue S.A.), the Madsen/Verway Group (HUNASA - Huilerie Nationale, S. A.), and Jean ACKMED Enterprises. A few years later, the consortium was rejoined by the Haitian portion of the defunct

SODEXOL, the BIGIO/BEYDA Group, under the newly created Huileries Haitiennes, S.A. (HUHSA) denomination, while Jean Ackmed retired from the cooking oil activity.

^{xxi} While I could not verify the details or that it even occurred, several informants in both the Dominican Republic and Haiti mentioned a lawsuit against HUHSA/Bigio and/or against the Dominican edible oil monopoly Mercasid. As the story goes, Gilbert Bigio, owner of HUHSA, paid five million dollars to Mercasid for the exclusive right to purchase oil. The intent was not to buy oil from the Dominican company but to pre-empt others from buying it. There was, apparently, a lawsuit against Mercasid and the exclusive was rescinded. Currently Lakay oil is processed in Santiago, DR by Fabril S.A (also by MERCASID); Bongu oil from Argentina is processed there as well.

Note with respect to this that it is reportedly US\$1,000 per container less expensive to import through to the Dominican Republic than to Haiti; largely because of the taxes, there are none (not confirmed but grocery prices are ###). Bailey too mentions the significance of the less expensive oil from the DR and reports that the Haitian government responded by taxing the oil.

As a case in point, measures put in place in January 2006 in the border town of Malpasse to properly enforce the collection of customs duties on imports from the Dominican Republic had increased revenues fourfold by the month of May. In response, charging “excessive taxation”, the Truckers Union and interested groups in that area have staged a strike which has incapacitated trade between the two countries since mid-July 2006 and significantly affected the level of GOH revenues. A major trader in the Belladère area, another border town north of Malpasse, indicated that the brisk import of CRISOL has stopped since the Haitian authorities started to impose “abusive taxes”. [Bailey 2006:5]

The Dominican monopoly, like it’s Haitian counterpart was patronage from the then dictator, in this case Ralph Leonidos Trujillo. Note that it began as a buyer of peanuts from Dominican farmers. The peanuts were converted to oil and the oil sold to the Dominican population. With the decline of the dictatorship, subsequent invasion and occupation of the Dominican Republic by the United States military, the monopoly moved from one that purchased and processed the raw products to one that primarily redistributed and/or processed imported products. A synopsis of the history of the Dominican cooking oil monopoly comes from ##www.mercasid.com.do

Sociedad Industrial Dominicana, C. por A., was founded in the city of Santo Domingo, Dominican Republic, on July 1, 1937 by Jesús Armenteros Seisdedos and José María Bonetti Burgos, as a company committed to producing cooking vegetable oils.

Through the years, La Manicera, as it more commonly become known, began to expand the array of products it offered the Dominican consumer, introducing to the market new varieties of oils, margarines and detergents. On June 1, 1971 it signs with Unilever Export Limited an Agreement of Technical Assistance and Distribution (Royalty Agreement) and in the decade of the 1980s it begins developing agro industrial projects with oil palms, flowers and citric fruits.

In the commercial realm, SID becomes during in the 90s a distributor for the Dominican Republic of renown brands such as Kellogg’s, Kimberly Clark, Hershey’s, Eridania-Behim Say (Koi), Haagen Dazs, General Mills, Novartis, among others.

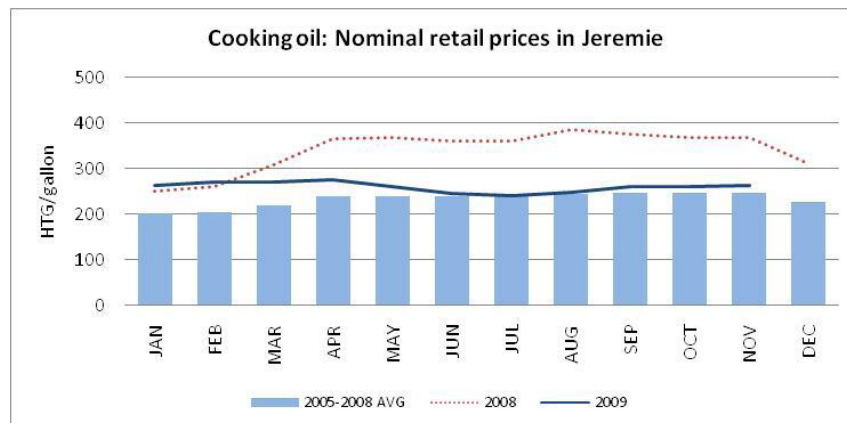
In 1999 SID merges with another large Dominican food producing company, Mercalia, S.A., and thus MERCASID, S.A. is born.

^{xxii} According to the sub-director of customs at the major border crossing, Jimani, it is currently the brand of soy oil called “Lakay”—a Haitian Creole term that implies the oil is made locally, in Haiti, and it is in fact commissioned by “Lakay,” purchased in Chapel Hill, N.C. and then shipped to the DR where it is processed by Crisol, the DR equivalent of the Haitian “Monopoly”—that is being imported. It is in cases of six, one gallon bottles; jugs of four gallons; two thousand cases to the 40 foot container. In the past Crisol was communally imported and a generic type

of olive oil (whether this is really olive is questionable; four impoverished Haitian informants reported preferring Olive oil. Perhaps there is a connection). The sub-director said that no palm oil comes through.

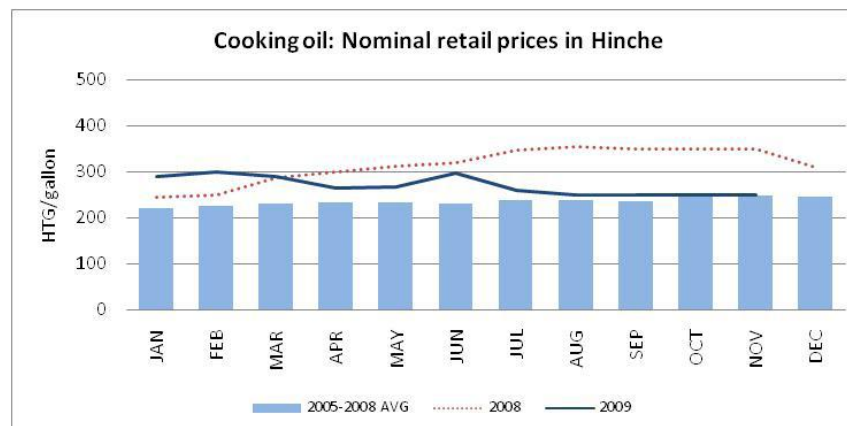
xxiii The following charts give data for five provincial towns. They illustrate two factors: the fact that most oil is coming through PauP and the impact of being remote from the central point of distribution. Interesting is the heightened impact of Cap-Haitien, closer to Miami, with and excellent point. Arguably this is a case for the utility of the so-called monopoly, i.e. the monopoly is able to keep prices lower than smaller competition, thereby excluding the Cape from importing edible oil.

Chart EN2



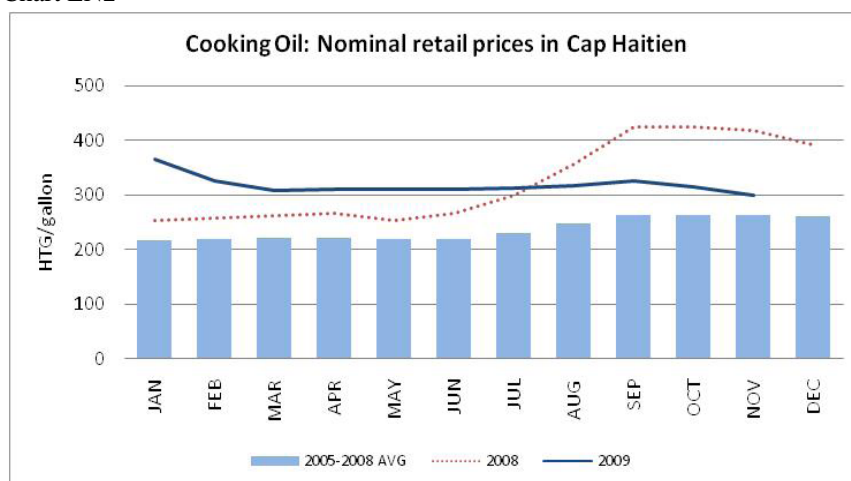
USAID (2009)

Chart EN3



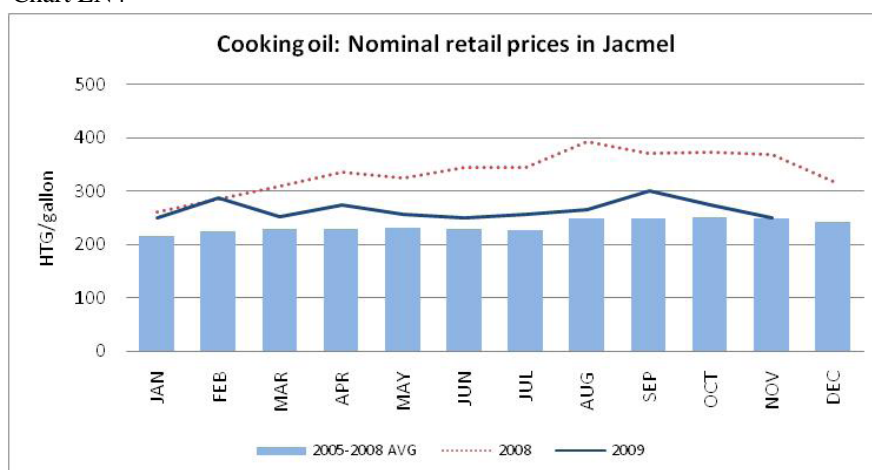
USAID (2009)

Chart EN2



USAID (2009)

Chart EN4



USAID (2009)

^{xxiv} Little support for the suggestion that edible oil is cheaper in the DR comes from shelf price. The cost to a Haitian importer, who pays taxes, for a gallon of oil is US\$4.35. The shelf price in DR redistribution at the bottom end of the wholesaling chain is US\$6.25, 48% more. Indeed, the sale prices for edible oil on both sides of the island, in general, are identical.

^{xxv} The shipping price is US\$1,800 per container. A container holds 877 cases of oil; 5,262 gallons. Note that if one want to ship only a few containers then the price from Miami is about \$6 per case (\$1 per gallon), which is three times the costs to a large importer who fills a container (\$5,262)

Insurance cost is an average of 0.50% of CF value.

^{xxvi} Bailey too notes both the increase in soy oil and that evasion of import duties allows importers to sell soy oil below what should be cost. The following as excerpt from Bailey (2006:6),

In the last several years, aggressive marketing by overseas suppliers of packaged presentations of soybean oil, overwhelmingly 1 gallon plastic bottles, and by their local representatives/customers has gradually eroded the severity of that commanding lead. That shift has been exacerbated over the last 3 to 4 years with the breakdown of law and order and corresponding laxity in the collection of port fees and customs duties at provincial points of entry where most of the packaged soybean oil import is directed, as well as, lately, the bail of the Brandt Group out of the cooking oil import and bottling activity. Industry observers comment that the attractive wholesale and retail prices at which packaged soybean oil is marketed do not reflect normal import transaction costs and that at least part of the “savings” is passed on to consumers in order to lure consumers away from palm oil.

^{xxvii} Note that the implications is that, because price is the primary determinant of use in Haiti, the “monopoly” is a) making huge profits while still allowing soy importers to compete (indeed, importing its own soy as well) and b) could crush the competition any time it pleases by dropping the bottom out of the price.