

COULD TEXAS ASSOCIATION'S REALIGNMENT SUGGEST A NEW DIRECTION FOR PMA/UNITED TALKS?

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In political science, it is sometimes said that the states are the laboratories of democracy. In other words, ideas and policies can get tested on a state level, and those that work can then be rolled out nationally. Perhaps that is true of produce associations as well.

The saga over the recent attempt to combine the Produce Marketing Association and the United Fresh Produce Association turned out in a way unsatisfactory to almost everyone. Perhaps, though, as an industry we have been so focused on a merger, we may not have considered alternative approaches, perhaps more fundamental approaches, to dealing with industry issues. The whole focus of the negotiations has been to consolidate when, perhaps, a more effective approach would be to try and *deconstruct*.

The thought comes to mind as we consider the old Texas Produce Association. First, the association recently changed its name to the Texas International Produce Association and then it launched a separate Border Issues Management Program. The BIMP is designed as a public policy group addressing issues related to trade between the United States and Mexico, especially issues related to the border crossings.

Funding for the Border Issues Management Program is separate from dues for the Texas International Produce Association and, in that, we may find suggestions of an alternative path for our national association woes. The BIMP is funded by a voluntary agreement, by which each importer agrees to an \$8 assessment on each trailer crossing from Mexico. The customs brokers are doing the collections and getting paid for their work.

The old Texas Produce Association had been moving in the direction of addressing these trade issues for some time, but the problem was obvious: the Texas Produce Association was founded as a grower group to represent the interests of producers of produce in Texas, and the association revenues came primarily from dues paid by those same growers. Though Texas growers do export produce, these are mostly items such as citrus going overseas via ship.

The cross-border trade in Texas is a very one-way affair, with the volume of product being imported from Mexico far exceeding Texas produce exports to Mexico. So efforts to facilitate that trade are really efforts to facilitate imports. This meant that grower dollars were being invested to facilitate imports. The need for a new funding mechanism was thus obvious.

Indeed, although maintaining one association may have advantages from a management perspective, allowing certain administrative

efficiencies, it wouldn't be shocking if the Border Issues Management Program evolved into a separate association, with a voting membership focused on this one issue.

In the course of discussions over the proposed PMA/United merger, this columnist suggested at one point that the idea of merging the associations wasn't the only approach that could be considered. Since the primary national problem was that PMA owned Fresh Summit, which produced a large part of the financial surplus available to the industry for investment and expenditure, and United was the organization charged with the task of representation in Washington, DC — an obligation of great importance, but one not obviously remunerative — I suggested finding some kind of joint funding mechanism.

It was noted that there are associations where, when one joins, one automatically becomes a member of a local league or subset of the association, and a portion of one's dues can go to the local association. Perhaps a mechanism could be developed whereby when one joined the national produce trade association, one automatically became a member of both United and PMA. In line with its heritage,

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PMA could maintain a board of directors composed of a majority of buyers. United could have a board of directors composed of a majority of grower/shippers. There could be a strict delineation of responsibilities, with United solely involved in domestic advocacy work and PMA doing global networking and marketing. Educational and food safety activity could be done through a joint educational foundation. United would get a set percentage of dues and other revenues to spend on representation in Washington, D.C.

The truth is that just as a produce grower in Texas has different concerns and interests than a produce importer based in Texas, so the interests and focus of a vegetable processor in the United States and a retailer in Australia are really quite different. If we focus on keeping everything in one pot, we may simply guarantee that a significant portion of the membership of the organization is always going to be dissatisfied. If we look for ways to deconstruct and allow different interests to be guided by those who care most about those things, we may have greater success.

If we can go a step further and segregate funding sources as they are doing in Texas, we will probably have more careful attention paid to the results of such expenditures and thus, industry funds will be spent more wisely.

The default position seems to always be that consolidation is more efficient. Sometimes it is. But sometimes a laser-sharp focus on one thing can produce optimum results, and a laser-sharp focus tends to be dulled the more diverse the activities an organization undertakes.

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