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## **PROCESSING or FRESH - WHICH IS BETTER?**

(The article is discussing Global Problems while often using Africa as a Case Study)

### **FALLEN APPLES**

I grew up in Israel in a kibbutz (a commune whose livelihood was based on agriculture), where the apple orchards accounted for a large part of the annual income.

During the apple-picking season, we, the kids, were responsible for collecting fruits that were dropped. These fruits were later sent to a fruit processing plant.

In those days, the amount of dropped fruits was so great that almost every day we sent a huge truck to the food processing plant.

And how is it today?

Nothing is sent to a processing plant. **ZERO!!**

Such a dramatic change!

Why and how did it happen, and how is it related to the economy of the agri-industry in developing countries?

### **FRESH FRUITS VS. PROCESSING**

This story brings up a basic dilemma that many fruit growers face:

*what is better for me; selling my fruits to a Processing Plant or consumers, as Fresh Produce?*

In other words, which of the two options hold the potential to give me (the fastest) and the best ROI (Return on Investment)?

To answer this question let's look deeper into the events that caused our fruit growers to completely stop selling fruits to Processing and focus only on the Fresh Produce market.

# THE SIMPLE MATH

Two events brought that change:

**First**, the processing plants enforced new quality regulations, imposing higher standards.

It meant that they were not ready to accept any more fruits with cuts, bruises, decays, fruit flies, chemical residues, etc. This greatly reduced the income potential and profitability of this marketing channel.

**Second**, we found out that from every kilogram of fresh produce going to a high-quality market we make profit ten times (X10!!) more than from a kilogram of produce going to the processing plant.

At that point, we realized that it pays us to invest more in increasing the fruit quality so we can sell it all as fresh produce to the best markets for the highest price AND the buyers preferred to buy our high-quality products (read less competition).

**Note**, that this change took place because we, the farmers, changed our business perception and concept due to a better understanding of the high-value Market demands and opportunities. It had nothing!! to do with technology.

Our business mode-of-thinking **before** The Change was – *Grow More Make More* (money).

Our business mode-of-thinking **after** The Change becomes – *Higher-Quality is Higher-Income*.



# THE ECONOMY OF PROCESSING VS. FRESH PRODUCE

Here is a short economic comparison between marketing your produce as Fresh versus Processing.

To run this comparison we will assume that you are the farmer and you have only 10 kg of mango. Your target is to maximize your income from selling those fruits.

To understand how much money you (the farmer) can potentially get per kg, we will have to understand the economics of the buyers.

**Processing**– to produce 1 kilogram of mango juice or dried mango, it requires the processor to use 10 kg of fresh fruits. Hence, the production ratio is 1:10.

However, in countries affected by fruit flies (most of Africa and Asia), about 50% of the produce is infested and therefore does not go to the processing plant. About 20% of the produce that arrives at the plant is then rejected due to quality issues.

Hence, the production ratio is growing to 1:22, meaning that the farmer needs to grow 22 kg of mangoes so there will be a production of 1 kg of juice or dry mango.

**Fresh Produce** - To export one kilogram of fresh mango there is a need for only one kilogram of mango.

Exported fruits must be completely free of fruit flies. Therefore, we should assume that fruit loss due to fruit flies is zero or close to zero. What once was merely a dream is now simple, achievable and possible using the *FreeDome* protection.

In the packinghouse, during the transport, sorting, and packaging, ~30% of the fruits are rejected. Hence, the production ratio is 1:1.5.

## NOW YOU KNOW

As a farmer, you have to grow over 20 kg of mangoes just to produce 1 kg of dry mangoes or grow 1.5 kg of mangoes to export 1 kg.

Under such constraints, which business direction do you think is better? Which buyer do you think is in a better position to pay better to the farmer?

You see, if the cost of 1 kg of processed produce had been over 10 times higher than fresh fruits, then there would be no different.

However, this is not the case.

Therefore, a farmer who is facing the option of selling his produce to processing or export markets should choose to export.

Export of high-value produce, such as mango, avocado, citrus, etc. will almost always get a much better price (and bring you more income) if sold as fresh fruits for high-quality export, rather than for processing.

## LESSON FOR THE FUTURE

If the story above sounds familiar, it is not by a chance. To this day most experts, advisers, and farmers in developing countries believe the way to increase farmers' income is by Growing More or implementing technology or by selling fruits for Processing.

However, life itself shows that only by Growing More (low quality) produce does not help to bring high income and pull farmers away from poverty.

There is one way of getting out of poverty, and that is by Making More Money / Increasing Income, to purchase food, clothing, education, etc.,

As we learn from the example, farmers' need to earn more, does not necessarily mean producing more. It means, produce well and sell high-quality at high-price.

## THE ORIGINE OF A MISCONCEPTION

Today it is obvious that even leading and advanced farmers in developing countries, which send all their produce to processing, do not manage to escape lower-income (or even poverty). That means that there is something wrong with the **concept**, not with the farmers.

Here are two explanations of the misconception that lead developing countries to channel fruit production, such as mango, to market through processing plants.

**Explanation 1 –“easy money”**. Believing that processing creates greater value than fresh fruits do.

Often developing countries focus on growing Extensive Crops, such as coffee, tea, cocoa, and cashew. The value of such crops is low, but jump high after processing, and the buyer is making the profit.

In this case, the processor is the one who is making the money. Yet, as we will see, overall it is still inferior to other options.

That may have created the notion that the same is true with High-Value Intensive Crops, such as mango.

However, as explained above, the opposite is true with crops, such as apples, mango, and avocado, that reach the best price when sold as is **fresh** to the end consumer.

**Explanation 2**—An average of 50% fruit infestation by fruit flies practically blocks the option of marketing/exporting fresh produce while processing plants can still receive infested produce.

This been going on for so many years that many got used to it and started to believe, that processing is simply the best economic option and there is no need to get rid of fruit flies. Some just gave-up the option of improving their life and wellbeing.

## **A FARMER'S BEST STRATEGY TO INCREASE INCOME**

Three tips for a farmer that has limited land and wishes to maximize his income per kg or hectare

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1\* Grow intensive high-value crops (such as mango, avocado, and citrus), instead of extensive crops (such as rice, cotton, and coffee). The potential income from high-value crops is always higher compared to extensive crops.

2\* Focus first on the quality, and only then on the yield (quantity).

3\* Whenever possible, market your produce to EXPORT instead of PROCESSING.

*For a greener world  
Free of sprays  
Full of joy*

See you soon,  
Nimrod



**Biofeed**  
**Better produce...**  
**Better income...**  
**Better future...**

**P.S.**

That is it, there is no more space to deal with *Green Valley* projects in 2020.

Thanks to all the applicants for contacting us and your patience when things took longer than we wanted. This is what happens when you have a small, high quality, professional team.

Additional inquiries received from now on will be reviewed, discussed and considered for the 2021 season.

**P.P.S.**

For information about *the Green Valley National Export Project* [read this article](#) or contact me at [nisraely@biofeed.co.il](mailto:nisraely@biofeed.co.il) or send me a text message by WhatsApp + 972-5423425.

**P.P.P.S.**

I invite you to FOLLOW me on [LinkedIn](#) to see many more posts and the most recent updates.

**P.P.P.P.S.**

On YouTube, you can find the historical series [The Agricultural Gap](#). In short videos, usually 3-4 minutes, I tell the 11,000 years history of agriculture and the reasons for the gap that we see today between different peoples. The series is still in progress with more chapters to come.

Remember to SUBSCRIBE to be notified of the future video release, and of course to share it with a friend who needs to see it

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***Change Begins With A Decision  
That The Existing Reality Is A Choice  
And Not A Decree Of Fate***