

2021 Annual Report



Central America Poultry Export Quota, Inc.

MISSION STATEMENT

The Central America Poultry Export Quota, Inc. is a not-for-profit corporation established to manage on an open tender basis the tariff-rate quota (TRQ) for chicken leg quarters (CLQs) 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 to fund market development, educational, scientific, and technical projects. In this manner, CA-PEQ fosters the cooperation and integration of the poultry industries of its members.

*** CA-PEQ's mission was established under the terms of an Export Trade Certificate of Review, issued by the U.S. Department of Commerce on January 20, 2006, and published in the Federal Register on February 9, 2006/ Vol. 71, No. 27.**

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March 2022 CA-PEQ Annual Board Meeting in Atlanta, Georgia
(Visit to the Georgia Poultry Laboratory)

1. Chairman's Letter

In 2021, CA-PEQ generated \$1,096,417 in revenues from open-tenders for the allocation of tariff rate quota (TRQ) for chicken leg quarters (CLQs) granted by El Salvador, Honduras, and Nicaragua to the United States under the Dominican Republic - Central America Free Trade Agreement (DR-CAFTA).

Net proceeds from open tenders are used to fund market development, educational, scientific, and technical projects to benefit the participating poultry associations in Central America and the United States. Requested funds for projects in 2021 amounted to \$189,500 from accumulated funds strictly saved for these purposes. Some CA-PEQ members also used remaining funds from previous projects to continue with 2019 and 2020 projects. The following are highlights of funded projects:

- Technical and financial support for national poultry health programs (Honduras, El Salvador and Nicaragua);
- Support for a meal program aimed at reducing child malnutrition (Guatemala);
- Market promotion to encourage consumption of poultry and egg products (El Salvador).
- Funding for technical staff, and participation in technical forums (memberships), (Nicaragua).
- Continuation of construction of USAPEEC's headquarters (United States).

Pursuant to its bylaws, CA-PEQ's chairmanship rotates, on an annual basis, among its members: Asociación de Avicultores de El Salvador (AVES), Asociación Nacional de Avicultores de Guatemala (ANAVI), Federación de Avicultores de Honduras (FEDAVIH), Asociación Nacional de Avicultores y Productores de Nicaragua (ANAPA) and USA Poultry & Egg Export Council (USAPEEC). During CA-PEQ's annual and board meetings in January 2021, the Board appointed Ms. Nancy Haas from USAPEEC as Chairwoman, and Mr. Juan Carlos Pazos from ANAVI as Vice-Chairman. Mr. Mateo Paz-Soldan and Ms. Violeta Gutierrez were confirmed as Secretary and Treasurer, respectively. As further stipulated in the bylaws, the member associations appointed eight directors, four from Central America and four from the United States, for the two-year period 2021 - 2022.

Under my term as CA-PEQ Chairman for the current period 2022, I look forward to working in collaboration with my fellow board members for the benefit of our poultry industry members.

Sincerely,



Juan Carlos Pazos
CA-PEQ Chairman 2022

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2. Directors and Officers

Pursuant to CA-PEQ's bylaws and the 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 2021



Nancy Haas
Chairwoman
USAPEEC - United States



Juan Carlos Pazos
Vice-Chairman
ANAVI - Guatemala



Alfredo Velez
Director
ANAPA - Nicaragua



Agustin Martinez
Director
AVES - El Salvador



Juan Jose Sabillon
Director
FEDAVIH - Honduras



James Sumner
Director
USAPEEC - United States



Eric Tietz
Director
USAPEEC - United States



Steve Anderson
Director
USAPEEC - United States

Officers for 2021

In addition to Ms. Haas, who served as Chairwoman, and Mr. Pazos, who served as Vice-Chairman, Mateo Paz-Soldan and Violeta Gutierrez from the CA-PEQ's Administration, served as Secretary and Treasurer, respectively.



Mateo Paz-Soldan
Secretary



Violeta Gutierrez
Treasurer

3. Open Tender Process and Results

Under the terms of the ETCR, CA-PEQ is tasked with managing the TRQ for CLQs established for each participating country on a yearly basis, as stipulated in the DR-CAFTA.¹ CA-PEQ, through an independent Administrator, manages this TRQ through an open-tender process, or auction, in which certificates for duty-free shipments of CLQs are awarded to the highest bidders, pursuant to ETCR requirements. Notice of each open tender process is published in advance both in the United States and in the Central American country whose TRQ tranche is being auctioned. Bid specifications and contents are included in the notice and published on the CA-PEQ website. Once the open tender period 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 5).

¹ See General Notes and Appendix 1 - Tariff Rate Quotas, Annex 3.3 of the text of the DR-CAFTA.

Table 1
CA-PEQ Open Tender Results for 2021

Country/Category	First Tranche Jan 11-22, 2021	Second Tranche July 12-23, 2021	Third Tranche Sept 6-17, 2021	Total
<i>Honduras</i>				
Available TRQ for Auction (MT)	2,015.00	2,014.00	3,745.00	7,774.00
Certificates Awarded (MT)	1,581.00	717.00	40.00	2,338.00
Average Successful Bid (\$/MT)	23.67	23.16	22.04	68.87
Lowest Successful Bid (\$/MT)	23.00	23.00	22.04	68.04
Auction Receipts (\$)	37,425.00	16,605.00	\$881.60	54,911.60
<i>El Salvador</i>				
Available TRQ for Auction (MT)	1,787.00	1,786.00	2,414.72	5,987.72
Certificates Awarded (MT)	1,787.00	1,157.28	311.24	3,255.52
Average Successful Bid (\$/MT)	28.65	27.57	23.00	79.22
Lowest Successful Bid (\$/MT)	25.00	23.00	23.00	71.00
Auction Receipts (\$)	51,199.00	31,907.45	7,158.52	90,264.97
<i>Nicaragua</i>				
Available TRQ for Auction (MT)	2,760.00	1,193.00		3,953.00
Certificates Awarded (MT)	2,760.00	1,193.00		3,953.00
Average Successful Bid (\$/MT)	201.71	330.69		240.64
Lowest Successful Bid (\$/MT)	180.00	330.69		180.00
Auction Receipts (\$)	556,728.00	394,513		951,241.17
Year-to-Date Receipts (\$)				9,546.52
Year Tariff Rate Quota Offered (MT)				17,714.72
TRQ Under CAFTA (MT)				15,355.00
% of TRQ Under CAFTA Awarded				62.17

Note: The last tranche includes Available Quota for Auction (MT) not allocated in previous 2021 auctions: 1) Honduras: 1,731 MT, and 2) El Salvador: 628.72 MT.

* Data compiled from CA-PEQ's audited financial statements and published online at www.ca-peq.org

In 2021, open tender receipts for the right to import CLQs duty free into El Salvador, Honduras and Nicaragua totaled \$1,096,417.74. Total open tender revenues increased 104% from 2020. A combined quota of 9,546.52 metric tons (MT), or 62.17% of the yearly quota of 15,355 MT, was awarded. A rollover TRQ of 1,731 MT from Honduras and 628.72 MT from El Salvador were offered in the corresponding third open tender.

Table 2
2021 CA-PEQ Open-Tender Auction Receipts and Certificates Awarded

Country	Certificates Awarded		Auction Receipts	
El Salvador	3,255.52 MT	34.10%	\$90,264.97	8.23%
Honduras	2,338.00 MT	24.49%	\$54,911.60	5.01%
Nicaragua	3,953.00 MT	41.41%	\$951,241.17	86.76%
Total	9,546.52 MT	100.00%	\$1,096,417.74	100.00%

The list of winners in the open tenders held for 2021 are published on the CA-PEQ website. These winners were:

- Agribusiness Group of Americas LLC, Miami, FL
- Bassett & Walker Int - Wilmington, DE
- Boston Agrex LLC - Norwell, MA
- Cargill Protein, Wichita, Kansas
- Geaux International, Miami, FL
- Intertrade Purchasing & Consulting, Inc., Miami, FL
- Merinter, Inc. - Miami, FL
- Poultry USA, Miami, FL
- Quirch Foods LLC - Coral Gables, FL
- Ronald A. Chisholm (USA) Inc, Linden, MI

4. Reporting and Outreach

As established in CA-PEQ's ETCR, an important part of the corporation's responsibilities includes maintaining the governments of Central American countries and the United States informed of open-tender results, the dates selected for open tenders, and other key issues impacting the corporation. CA-PEQ must also comply with annual reporting requirements before the U.S. Department of Commerce and the U.S. Internal Revenue Service, and with requests for information by Central American or U.S. government authorities. In addition, the Administrator meets government authorities from member countries periodically to provide updates and gather feedback with regard to TRQ management.

5. 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. The Administrator distributes these proceeds to fund capacity building projects in the aforementioned categories, after paying operating expenses at the end of each year. 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 the proceeds were used in 2021.

EL SALVADOR

In 2021, the Poultry Association of El Salvador (AVES) did not request funds from CA-PEQ. AVES used remaining balance from previous projects in the amount of \$167,095 to continue the following project: “Strengthening the Marketing and Communication strategy to increase poultry products consumption; and technical and financial cooperation to improve the National Poultry Health Surveillance Program; and the process of market access of poultry products to other countries in support of the Ministry of Agriculture and Livestock (MAG).”

Activities funded under the 2021 project are included in the following ETCR categories:

Market Development

1. **Continuation of a market promotion and communication strategy under the slogans "Chicken and egg: a thousand ways to say I love you" and "We like you healthy"** using television, radio, events, and social media. This strategy emphasizes the benefits of poultry products as the best source of protein and for health under AVES' four strategic pillars: 1. Nutrition and Healthy Eating; 2. Sports and Healthy Lifestyle; 3. Culinary Creativity; and 4. Family Economics. See Figure A.

Scientific and Technical

2. **Continued strengthening of the National Poultry Health and Food Safety Program, in collaboration with the MAG.** The project promoted food safety with the issuance of diagnostic tests and poultry health monitoring activities, training for technical personnel in associated areas, and support to MAG activities related to the process of admissibility of poultry products to other markets.

Figure A Market Development Activities for El Salvador in 2021

Pillar 1: Nutrition and Healthy Eating



Egg Tasting at Cuscatlan Park

Nutrition



Pillar 2: Sports and Healthy Lifestyle – “Balance” Sports Program from “Team AVES”

“Balance” Seminars



Radio Interview



Pillar 3: Culinary Creativity – Food Preparation

“Bread and Eggs” Minibus at Egg World Day



Creative Publicity and Recipes



Pillar 4: Family Economics: “There is Always a Reason to Give Thanks” (Thanksgiving Day)



Source: AVES Facebook page

GUATEMALA

In 2021, the Poultry Association of Guatemala (ANAVI) requested funds in the amount of \$14,000 to continue the implementation of a project entitled: “The use of poultry products to reduce malnutrition in Guatemalan children.” The following is a summary of this project that falls under the ETCR category of Market Development:

Market Development

1. **The continuation of a project to reduce malnutrition**, aimed at indigenous communities in vulnerable economic situations, to contribute to alleviating child malnutrition in Guatemala. In 2021, this project provided complementary eggs to daily meals distributed by the Guatemalan Ministry of Education to 400 young children attending public school in the rural areas of Barberena, San Juan Alotenango, Cuilapa and Escuintla. Meals were delivered directly to their homes as classes remained virtual due to the COVID pandemic. In addition to meals, the project facilitated the donation of computer equipment and a school agricultural laboratory.

Figure B
Market Development Activities for Guatemala in 2021

Donation of Computer Equipment (Escuintla)



School Agricultural Laboratory (Escuintla)



Food Distribution (Barberena)



Food Distribution (Cuilapa)



Source: ANAVI

HONDURAS

In 2021, the Poultry Federation of Honduras (FEDAVIH) did not request funds. Remaining funds from CA-PEQ were used to continue the implementation of a 2019 project entitled: “Keep Honduras free from Newcastle and avian influenza diseases; comply with the U.S. Department of Agriculture (USDA) requirements to export poultry meat to the U.S. and other countries; and educational programs for professionals in related fields.” Activities under this project are highlighted in the following ETCR categories:

Scientific and Technical

1. **An ongoing collaboration between FEDAVIH and SENASA-SAG**, the Honduran Ministry of Agriculture’s sanitary and phytosanitary (SPS) agency, for the National Poultry Program, to keep Honduras free from avian diseases, and to comply with USDA requirements to access the U.S. market. Funds were used to provide equipment for polymerase chain reaction (PCR) testing. See Figure B.

Figure B SPS Activities under FEDAVIH – SENASA Collaboration Agreement

Vaccinations against Avian Influenza



Simulation Exercise in case of Emergency



Source: FEDAVIH at <https://vimeo.com/684276415>

NICARAGUA

In 2021, the National Association of Egg, Poultry, and Animal Feed Producers of Nicaragua (ANAPA) received from CA-PEQ a total of \$175,500 to fund the following components of the following projects entitled: 1) “Annual national surveillance and food safety cooperation agreement between ANAPA and IPSA (Nicaragua’s SPS Agency); diagnosis of the Nicaraguan avian health status and poultry processing plants for exporting chicken meat to the United States; ANAPA’s participation in regional and international poultry association forums, technical regional meetings, training events on poultry health and food safety and meetings to follow up with the agenda of the DR-CAFTA Agriculture Review Commission; and facilitation of technical and legal matters related to poultry regulatory affairs” (2020 project); 2) “The impact of COVID-19 in the poultry and egg Nicaraguan market” (2020 project); and 3) “Enhancing ANAPA’s technical and legal capacities for market development and market access, modernizing regulations on Animal Health and Food Safety, and following up on Poultry Trade under CAFTA-DR” (2021 project).

The following is a summary of the components funded under this project:

Market Development

1. **Humanitarian aid to the victims of hurricanes ETA and IOTA**, who were located in the northern part of the Atlantic coast of Nicaragua. As part of ANAPA’s social responsibility program, funds were distributed through humanitarian institutions to serve the needs of these victims.

Scientific and Technical

2. **Continuation of the National Poultry Health and Surveillance Program**, a joint program between ANAPA and the Animal Health and Protection Agency (IPSA). This program aims to keep Nicaragua free of avian influenza, Newcastle disease, avian infectious Laryngotracheitis, and Salmonella Pullorum-Typhoid in order to strengthen surveillance, food security and improve production in local and export markets.

3. **The continued participation of ANAPA in regional forums**, including funds to cover membership dues, such as Latin American poultry forums and the International Poultry Council (IPC). ANAPA participates in the Avian Health Regional Technical Committee under the Regional and the International and Regional Organization for Plant and Animal Health (OIRSA), and the Central American Economic Integration Consulting Council (CCIE) of the Central American Customs Union. ANAPA is also part of the Avian Technical Committees in Latin American poultry forums, where the regional poultry sector explores relevant avian health and food safety issues.

4. **The continued support to the office for technical and legal regulations and standards**, by funding two full-time experts that are responsible for organizing the work of the National Avian Health Technical Commission, managing the national poultry program's funds, facilitating communication between government authorities and regional and international organizations, and proposing and reviewing technical and legal recommendations regarding avian health, food safety, environment, trade, among other matters.

USAPEEC

In 2021, the USA Poultry & Egg Export Council (USAPEEC) did not request funds. USAPEEC used remaining funds to finalize the implementation of 2019 project entitled: "USAPEEC Home Office Building Fund," This project falls under the ETCR area of Market Development and consisted on the expansion of an existing office building of the US Poultry and Egg Association (USPEA) to house USAPEEC's new headquarters. This building houses USAPEEC staff and consultants undertaking research on scientific, consumer, market development, and trade issues.

Audited Financial Statements

Statements of Financial Position

December 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,813,715	\$ 4,283,524
Accounts receivable	20,067	20,052
Prepaid expenses	4,681	3,750
Total Current Assets	4,838,463	4,307,326
 TOTAL ASSETS	 \$ 4,838,463	 \$ 4,307,326
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 3,203	\$ 3,203
Accrued expenses	3,242	2,122
Deferred auction revenue	316,244	556,728
Total Current Liabilities	322,689	562,053
 Net Assets Without Restrictions	 4,515,774	 3,745,273
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,838,463	 \$ 4,307,326

*The information on this annual report is compiled from audited financial statements.

Statement of Activities and Changes in Net Assets For the Year ended December 31, 2021

	Net Assets Without Restrictions						Total
	General Operating Fund	Board Designated Funds					
		El Salvador	Guatemala	Honduras	Nicaragua	United States	
Revenues							
Auction revenues							
El Salvador	\$ 90,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,265
Honduras	54,912	-	-	-	-	-	54,912
Nicaragua	951,242	-	-	-	-	-	951,242
Total Auction Revenues	1,096,419	-	-	-	-	-	1,096,419
Membership fees	20,000	-	-	-	-	-	20,000
Investment income	6,550	860	62	660	10,214	6,382	24,728
Total Revenues Collected	<u>1,122,969</u>	<u>860</u>	<u>62</u>	<u>660</u>	<u>10,214</u>	<u>6,382</u>	<u>1,141,147</u>
Expenses Paid							
Accounting and auditing	10,888	-	-	-	-	-	10,888
Advertising	21,352	-	-	-	-	-	21,352
Bank fees	2,970	-	-	-	-	-	2,970
Consulting and management fees	126,000	-	-	-	-	-	126,000
Insurance	7,786	-	-	-	-	-	7,786
Legal fees	168	-	-	-	-	-	168
Licenses and filing fees	535	-	-	-	-	-	535
Postage and delivery	4,107	-	-	-	-	-	4,107
Project costs	-	-	14,000	-	175,500	-	189,500
Telephone	86	-	-	-	-	-	86
Website expenses	7,255	-	-	-	-	-	7,255
Total Expenses Paid	<u>181,147</u>	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>175,500</u>	<u>-</u>	<u>370,647</u>
Change in Net Assets Without Restrictions	941,822	860	(13,938)	660	(165,286)	6,382	770,500
Transfer from general fund to board designated funds	(935,272)	14,641	224	3,110	440,363	476,934	-
Net Change After Transfer	<u>6,550</u>	<u>15,501</u>	<u>(13,714)</u>	<u>3,770</u>	<u>275,077</u>	<u>483,316</u>	<u>770,500</u>
Net Assets, Beginning of Year	<u>51,359</u>	<u>240,488</u>	<u>239,835</u>	<u>243,370</u>	<u>1,961,368</u>	<u>1,008,854</u>	<u>3,745,274</u>
Net Assets Without Restrictions, End of Year	<u>\$ 57,909</u>	<u>\$ 255,989</u>	<u>\$ 226,121</u>	<u>\$ 247,140</u>	<u>\$ 2,236,445</u>	<u>\$ 1,492,170</u>	<u>\$ 4,515,774</u>

*The information on this annual report is compiled from audited financial statements.

Statement of Activities and Changes in Net Assets For the Year ended December 31, 2020

	Net Assets Without Restrictions						Total
	General Operating Fund	Board Designated Funds					
		El Salvador	Guatemala	Honduras	Nicaragua	United States	
Revenues							
Auction revenues							
El Salvador	\$ 80,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,656
Honduras	69,800	-	-	-	-	-	69,800
Nicaragua	387,138	-	-	-	-	-	387,138
Total Auction Revenues	537,594	-	-	-	-	-	537,594
Membership fees	20,000	-	-	-	-	-	20,000
Investment income	13,233	2,184	207	1,529	24,565	16,870	58,588
Total Revenues Collected	570,827	2,184	207	1,529	24,565	16,870	616,182
Expenses Paid							
Accounting and auditing	12,773	-	-	-	-	-	12,773
Advertising	24,008	-	-	-	-	-	24,008
Bank fees	2,468	-	-	-	-	-	2,468
Consulting and management fees	126,000	-	-	-	-	-	126,000
Insurance	6,619	-	-	-	-	-	6,619
Legal fees	161	-	-	-	-	-	161
Licenses and filing fees	401	-	-	-	-	-	401
Postage and delivery	3,580	-	-	-	-	-	3,580
Printing and reproduction	459	-	-	-	-	-	459
Project costs	-	88,030	-	-	322,483	1,250,000	1,660,513
Telephone	134	-	-	-	-	-	134
Website expenses	7,539	-	-	-	-	-	7,539
Total Expenses Paid	184,142	88,030	-	-	322,483	1,250,000	1,844,655
Change in Net Assets Without Restrictions	386,685	(85,846)	207	1,529	(297,918)	(1,233,130)	(1,228,473)
Transfer from general fund to board designated funds	(373,452)	12,909	224	5,625	158,670	196,024	-
Net Change After Transfer	13,233	(72,937)	431	7,154	(139,248)	(1,037,106)	(1,228,473)
Net Assets, Beginning of Year	38,125	313,425	239,404	236,216	2,100,616	2,045,960	4,973,746
Net Assets Without Restrictions, End of Year	<u>\$ 51,358</u>	<u>\$ 240,488</u>	<u>\$ 239,835</u>	<u>\$ 243,370</u>	<u>\$ 1,961,368</u>	<u>\$ 1,008,854</u>	<u>\$ 3,745,273</u>

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Statement of Cash Flows

For the Years ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities:		
Net change in net assets	\$ 770,500	\$ (1,228,473)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(15)	(16)
Prepaid expenses	(931)	(364)
Increase (decrease) in:		
Accounts payable	-	91
Accrued expenses	1,120	1,823
Deferred auction income	(240,484)	556,728
Net Cash Provided (Used) by Operating Activities	530,191	(670,211)
Cash and Cash Equivalents at Beginning of Year	4,283,524	4,953,735
Cash and Cash Equivalents at End of Year	\$ 4,813,715	\$ 4,283,524

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