**More Green From Green Beans By packaging ready-to-eat veggies at the airport--and overnighting them to Europe--Kenya's farmers are reaping healthy profits.**

**By G. Pascal Zachary**

August 1, 2004

(Business 2.0) – Every day, dozens of flights touch down at Kenya's Nairobi Airport, unloading scads of tourists with their bulging bags. But when some of those same KLM and Kenya Airways aircraft line up on the runway for the late-night trip home, they're carrying far more than weary travelers returning from African safaris. Their bellies are crammed with an average 25 tons apiece of fresh beans, bok choy, okra, and other produce that was harvested and packaged just the day before. It's all bound for eager--and growing--markets in Brussels, London, Paris, and other European cities.

Those flights are integral parts of an innovative supply chain that might make Michael Dell envious. Vegpro Kenya, one of the nation's top produce exporters, operates seven farms within a two-hour drive of the airport. Every morning, trucks full of just-picked veggies--30 varieties in all--dash to the airport. There, inside Vegpro's 27,000-square-foot air-conditioned cargo bay, more than 1,000 workers wash and sort the vegetables before they are rushed onto planes, ensuring that there's no break in the "cool chain" before the produce arrives in European stores the next day.

Aside from its obvious efficiency, this frenzied homage to freshness is helping Vegpro break some fertile ground in the retail grocery business. It and several other Kenyan firms are cashing in on the burgeoning consumer demand for ready-to-eat fresh produce. That's why its airport workers don't just wash, sort, and box; they also slice and dice some of the goods, then seal them in cellophane-wrapped assortment packs. Sales of Vegpro's "stir fries," for example--10-ounce variety packs of baby carrots, sugar snap peas, baby corn, and spring onions that go for $3.50 or more in high-end London markets--are growing at 35 percent annually. The 25-year-old company's revenue topped $40 million in 2003. "Everything we do goes out already packed, labeled, bar-coded, and priced," says Vegpro's produce director, James Cartwright, who regularly visits European supermarkets to brainstorm about new ready-to-eat products.

Europe's grocers love the stir fries because they don't have to sort or stack the produce and the prepackaged ingredients last longer. Health-conscious consumers fancy them for their fresh-from-Kenya novelty and ready-to-cook convenience. "Shoppers don't want to chop and dice; they don't have time," says Steven Jaffee, a World Bank economist who studies agriculture in developing countries. Vegpro "adds value by preparing fresh produce so shoppers thousands of miles away can just take it out of the bag and cook."

Of course, because European stores promise that the veggies can be eaten right out of the bag, Kenyan packers must master the latest hygiene standards, including laborious washing of the produce. In Europe that kind of handling would eat into profits, but not in Africa, where wages are $2 a day and, consequently, producers' margins are high. Says Jaffee, "The growth potential for Kenya on the mainland of Europe is enormous."

While farmers' markets have sprouted up in most major U.S. cities, bringing higher incomes to producers of specialty fruits and vegetables, mainstream grocers haven't fully learned the lesson from Nairobi--that they can find new profits by working with foreign farmers to package fresh foods close to the fields and slap them with store-brand labels. Most U.S. grocers rely on the traditional model of selling produce brought to them in bulk from major distributors. The only similar American products are fresh-cut salad blends like those marketed by Dole and Ready Pac. Those prewashed mixes, sold in plastic bags, are among the fastest-growing grocery categories. But Cartwright says they're just the beginning. "The U.S. is miles ahead of the world in most types of retailing," he says. "But fresh produce is one area where Americans can profitably play catch-up."

For U.S. grocers, the likeliest future partners are growers in the Dominican Republic and Latin America. "I don't think the Africans can overcome the air-cost disadvantage unless labor costs go wild in Latin America," says Steven Haggblade, an agricultural economist based in Zambia, another African country trying to export produce.

Nonetheless, Vegpro is confident enough in its model that it's begun a trial with a Texas supermarket chain to sell fresh-cut roses. Already the company air-ships flowers to Europe, where it's reaping another benefit of the "cool chain"--an unusual guaranteed vase life of seven days.

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