

GLOBAL FOOD MARKETER™ NEWSLETTER

Export news from the Midwest and Northeast



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EXPORT! AN EXCELLENT WAY TO EXPAND AND GROW YOUR BUSINESS!

OVERSEAS GROWTH: Exports of consumer food products are growing three times faster than U.S. sales. Exports have soared recently in response to consumers' growing purchasing power and lower trade barriers.

OVERSEAS POTENTIAL: 95% of the world's population and two-thirds of total world purchasing power are located outside of the U.S. Imagine the potential as the world becomes more integrated and develops similar likes for products.

SMALL COMPANIES CAN BE SUCCESSFUL EXPORTERS: It's a popular misconception that only large companies can succeed overseas. Indeed, many small companies have found that their competitive advantage lies in some form of technological or creative advantage. Many have "unique" or "niche" products that are always in demand overseas!

INTERNATIONAL MARKETS MORE ACCESSIBLE: Over 20 free trade agreements have been created to help decrease the trade deficit in the U.S. These trade agreements, NAFTA, and WTO have lowered many trade restrictions, giving U.S. exporters unprecedented access to many international markets. These reductions have helped all U.S. agricultural exporters, but in many instances have been particularly advantageous for exporters of value-added food and agricultural products.

EXPORT ASSISTANCE IS AVAILABLE: Many firms shy away from exporting because they don't know how or where to get started. Fortunately, help is available! Food Export-Midwest, Food Export-Northeast, your local state agricultural promotion agency and other export providers can provide your company a wide range of export assistance to help introduce you to the world of exporting.

ECONOMIC GROWTH: Consumer preferences, shaped primarily by incomes, changing lifestyles, and evolving cultural preferences, largely determine the items available in grocery stores in different markets. In developing-country markets, higher

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Export! An excellent way to expand and grow your business!



Market Focus: Peru



Food Export Helpline Q/A



Activities

Register for an Online foodexport.org Account!

Be sure to create an online account at www.foodexport.org to make the most of your customized online experience—it's quick and easy! Just click on Create An Account at the top right corner of our homepage.



MARKET FOCUS: PERU

Peru is rich with different climates and foods – seafood on the coast, ancient grains like quinoa in the mountains, and fruits in the jungle. Originally colonized by Spain, Peru declared its independence in 1821. Since then, immigration to Peru has brought an Asian influence from China and Japan. Immigration creates opportunity for intermingled food and cultural traditions.

The U.S. and Peru signed the United States-Peru Trade Promotion Agreement (PTPA) on April 12, 2006. The Peruvian Congress ratified the Agreement in June 2006 and a Protocol of Amendment in June 2007. On Dec. 14, 2007, the U.S.-Peru Trade Promotion Agreement Implementation Act became law, and the PTPA entered into force on Feb. 1, 2009.

U.S.-PERU EXPORTS

- Peru was the U.S.'s 30th largest export market in 2017.
- U.S. exports to Peru in 2017 were \$8.7 billion, up 9.3% (\$736 million) from 2016 and up 110.3% from 2007.
- U.S. exports to Peru are up 40.1% from 2008 (pre-FTA).



UPCOMING EVENTS

Explore Export Opportunities to Peru with Food Export Focused Trade Mission to Peru Sept. 25-27, 2019

Early Registration Deadline: May 31, 2019 – \$400
Registration Deadline: June 28, 2019 – \$600

The U.S.-Peru Trade Promotion Agreement (PTPA) has been instrumental in boosting bilateral trade in food and agricultural products. Peru is now the 2nd largest market in South America.

The U.S. enjoys some competitive advantages in the Peruvian food market. The PTPA grants duty-free access to two-thirds of all U.S.-origin food and agricultural products, including high-value food products. An active supermarket industry promotes increased demand for high-value food products and growth of new supermarket outlets in Lima's suburbs and other cities.

- U.S. total exports of agricultural products to Peru totaled \$1.2 billion in 2017. Leading domestic export categories include: corn (\$515 million), cotton (\$97 million), wheat (\$94 million), soybean meal (\$90 million), and dairy products (\$75 million).

For over a decade, Peru has been one of the world's top performing economies, registering sustained high growth accompanied by low inflation. U.S.-origin food and agricultural product exports to Peru benefit significantly from the PTPA. Despite Peru's 2017 economic slowdown, demand for U.S. consumer-oriented food is forecast to exceed \$250 million in 2018. This will set a record as the highest year in terms of value for this export category since the PTPA's implementation in 2009.

The U.S., with a market share of almost 21 percent, is a top supplier of consumer-oriented food products. Improving economic growth in 2017-19, will further stimulate demand for U.S.-origin product.

ADVANTAGES AND CHALLENGES FOR U.S. EXPORTS IN THE FOOD AND BEVERAGE SECTOR

ADVANTAGES

The U.S.-Peru Trade Promotion Agreement grants duty-free access to two-thirds of all U.S.-origin food and agricultural products, including high-value food products.

An active supermarket industry that is promoting increased demand for high-value food products.

Growth of new supermarket outlets and convenience stores in Lima's suburbs and other cities.

Appreciation for U.S. food quality and culture.

Untapped categories such as refrigerated and frozen products.

Increased health consciousness among the Peruvian population.

Middle-class expansion.

DISADVANTAGES

Consumers prefer to buy fresh produce in traditional markets.

Supermarkets, the main source of imported food products, account for only 25 percent of the retail food market share in Lima and 17 percent in the provinces.

New local food brands are appearing in the market at very low prices.

Provincial supermarkets are supplied by Lima-based companies.

Lack of brand awareness among some consumers.

Market access demands higher marketing costs.

Traditional markets dominate retail sales in secondary cities.

Domestic producers manufacture more affordable products according to local taste preferences.

FOOD EXPORT MARKET BUILDER SERVICES NOW AVAILABLE FOR PERU!

Finding the right market and buyer for your product is the key to exporting success! This one-of-a-kind service offers packages especially designed to an exporter's needs and wants.

WHAT ARE THE BENEFITS?

- Flexible options (Market Scan and Rep Finder can be purchased separately)
- Low-risk way to ascertain the market's climate (favorably or non-favorably)
- Acquire valuable data about import regulations and restrictions to successfully enter the market
- Discover competition and sales potential within a variety of retail and distribution facilities

- One-on-one meetings with pre-qualified and interested buyers
- In-market assistance (introductions, translation and follow-up assistance)
- Cost-effectiveness
- Specific insights to drive export sales
- Market specific/product specific results – customized for you

MarketScan: \$450 | RepFinder: \$550
Market Builder Package: \$800 (includes MarketScan & RepFinder)

For more information visit our website, or contact a Liaison!

FOOD EXPORT ASSOCIATION OF THE MIDWEST USA® AND FOOD EXPORT USA®-NORTHEAST

We are non-profit organizations comprised of state agricultural promotion agencies that use federal, state, and industry resources to promote the export of Midwestern and Northeastern food and agricultural products.

Food Export-Midwest and Food Export-Northeast administer many services through Market Access Program (MAP) funding from the Foreign Agricultural Service (FAS) of the USDA.

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FOOD EXPORT HELPLINE™

Q: By this time next year will have a new NAFTA-like agreement called the U.S. Mexico Canada Trade Agreement (USMCA). What's new, what's different and what's better/worse for food products?

A: The three countries have not yet ratified USMCA (also called "you-sem-kah"), so we must be patient and trust the process. A number of agreements, side agreements and adjustments may have to be made, so information provided here is based on an "at this time" disclaimer. During the negotiations, we hoped they would leave the agricultural sector alone, with a few exceptions including more access to the Canadian dairy market. Currently, there are agreements for those issues and other advancements that are positive for U.S. agriculture exports.

In the meantime, U.S. food and agricultural exporters have other concerns. The USMCA was reached in a "volatile trade policy environment" that will create headwinds for U.S. farmers due to retaliatory measures by Canada, Mexico, and other nations. A new analysis commissioned by Farm Foundation and completed by Purdue University agricultural economists found the benefits of the USMCA do not outweigh the costs of the two countries' reactions to increased tariffs on steel and aluminum imports. Improvements included in USMCA should lead to an expansion of U.S. agricultural exports by \$450 million; dairy exports are expected to increase by 5% and exports of other meat products (mostly poultry) by 1.6%.

The analysis estimates that the retaliatory measures will cause U.S. agricultural exports to our NAFTA partners to decline \$1.8 billion. Additionally, retaliatory tariffs from the European Union and China could create a decline in agricultural exports of nearly \$8 billion.

MARKET ACCESS AND DAIRY OUTCOMES

America's dairy farmers will have increased export opportunities in Canada, including fluid milk, cream, butter, skim milk powder, cheese, and other dairy products. It will also eliminate its tariffs on whey and margarine. For poultry, Canada will provide new access for U.S. chicken and eggs and increase its access for turkey. Under a modernized agreement, all other tariffs on agricultural products traded between the U.S. and Mexico will remain free from duty.

Canada and Mexico were our first and third largest export markets for U.S. food and agricultural products, 28% of total food and agricultural exports in 2017, supporting more than 325,000 jobs.

KEY ACHIEVEMENT: CANADA'S MILK CLASS PRICING SYSTEM

The top priority for the U.S. dairy industry was for Canada to eliminate the program that allows low-priced dairy ingredients to undersell U.S. dairy in Canada and other export markets. Canada will also apply export charges to its skim milk powder, milk protein concentrates and infant formula at volumes over agreed threshold, allowing U.S. producers to expand sales overseas.

Full Helpline response at:
<http://www.foodexport.org>

EXPANDING POULTRY AND EGGS MARKET ACCESS

In addition to \$561.5 million of poultry and egg products that the U.S. exported to Canada in 2017, Canada will provide new tariff rate quotas and has agreed to allow 30% of import licenses for shell egg imports to be granted to new entrants as well.

Canada has agreed to provide the U.S. and other country members of the WTO access equivalent to no less than 3.5% of the previous year's total Canadian turkey production, allowing the U.S. to export additional turkey products each year for the next 10 years, potentially more thereafter. The U.S. will also maintain current access for broiler hatching eggs.

EXPANDED MARKET ACCESS

The USMCA specifically addresses agricultural biotechnology to support innovations in agriculture, including new technologies such as gene editing. Specifically, the U.S., Mexico, and Canada have agreed to provisions to enhance information exchange and cooperation on agricultural biotechnology trade-related matters.

In the Sanitary and Phytosanitary (SPS) Measures chapter, the U.S., Mexico, and Canada have agreed to strengthen disciplines for science-based SPS measures, while ensuring parties maintain their sovereign right to protect human, animal, and plant life or health.

The three countries also agreed to non-discrimination and transparency commitments regarding sale and distribution, and labeling and certification provisions to avoid technical barriers to trade in wine and distilled spirits.

To meet technical regulations and standards related to prepackaged food and food additives, governments may require information from companies relating to the companies' proprietary formulas. The countries agreed on the Annex on Proprietary Food Formulas, requiring each Party to protect the confidentiality of such information in the same manner for domestic and imported products.



Food Export Helpline™ Counselor

Dennis Lynch, M.I.B.A., CGBP, is a 34-year veteran of international trade who has held a variety of positions in the public and private sectors. He has been directly involved in monitoring, troubleshooting and facilitating export transactions for more than 25 years.

As the export counselor behind Food Export-Midwest and Food Export-Northeast's Food Export Helpline™ Dennis provides customized technical export assistance to a variety of food and agricultural firms. He is a dynamic and informative speaker who speaks regularly at educational seminars throughout our organizations' Midwest and Northeast regions. Dennis is a "Certified Global Business Professional" and a member of "NASBITE," the National Association of Small Business International Trade Educators.

FOOD EXPORT–MIDWEST AND FOOD EXPORT–NORTHEAST ACTIVITIES

Branded Program: Did you know that you might be eligible for up to 50% reimbursement on travel and exhibition fees for some of these activities? **Visit www.foodexport.org for more information.** **ERD** Early Registration Deadline **RD** Registration Deadline

BUYERS MISSIONS

Buyers Missions bring buyers from all over the globe to U.S. cities. U.S. food and beverage suppliers meet one-on-one with pre-qualified, international buyers to generate sales leads. Imagine meeting with numerous buyers from multiple countries all in one day.

Natural Products Buyers Mission at Natural Products Expo West

March 7-8, 2019 Anaheim, CA
RD Jan. 25, 2019

Pet Food Buyers Mission at the 2019 Global Pet Expo

March 19, 2019 Orlando, FL
ERD Jan. 15, 2019 **RD** Feb. 5, 2019

Beer Ingredients Buyers Mission at Brew Expo 2019

April 9, 2019 Denver, CO
ERD Feb. 5, 2019 **RD** Feb. 26, 2019

Pet Food Buyers Mission at Petfood Forum

May 1, 2019 Kansas City, MO
ERD Feb. 27, 2019 **RD** March 20, 2019

Food Service Buyers Mission at National Restaurant Association Show

May 18-20, 2019 Chicago, IL
ERD March 15, 2019 **RD** April 5, 2019

Beer, Wine, & Spirits Buyers Mission at the BAR Show

May 20, 2019 Chicago, IL
ERD March 18, 2019 **RD** April 8, 2019

Sweets and Snacks Buyers Mission at the Sweets and Snacks Expo

May 20-22, 2019 Chicago, IL
ERD March 18, 2019 **RD** April 8, 2019

Food Ingredients Buyers Mission at the Institute of Food Technologists Show

June 2-3, 2019 Chicago, IL
ERD April 1, 2019 **RD** April 22, 2019

SEAFOOD ACTIVITIES

Food Export-Northeast is widely known for the foreign market development activities and cost-share assistance we provide to the region's seafood industry. We also provide a variety of support activities on behalf of the industry to continuously uncover new market opportunities and to create greater foreign market awareness and demand for the region's seafood products along with our Seafood Export Promotion Program that includes market briefs provided by our in-market representatives in Brazil, France, Germany and China.

Seafood Buyers Mission at 2019 Seafood Expo North America

March 16, 2019 Boston, MA
RD Feb. 1, 2019

Seafood Tradeshow at Seafood Expo Global

May 7-9, 2018 Brussels, Belgium

FOCUSED TRADE MISSIONS

Focused Trade Missions bring small groups of U.S. suppliers to a country with the goal of building participants' export businesses. You're able to see the market dynamics first-hand, meet and build relationships with interested importers, and discover your products' potential in that market.

Focused Trade Mission to Toronto for Specialty and Natural Products

April 1-5, 2019
RD Jan. 18, 2019

Focused Trade Mission to Mexico for Private Label, Food Service, and Retail Products

July 16-18, 2019
ERD March 15, 2019 **RD** April 22, 2019

Focused Trade Mission to China for Retail Products (Beijing and Hangzhou)

Aug. 11-14, 2019
ERD April 8, 2019 **RD** May 13, 2019

Focused Trade Mission to Hong Kong

Aug. 15-17, 2019
ERD April 8, 2019 **RD** May 13, 2019

Focused Trade Mission to Chile

Sept. 23-24, 2019
ERD May 31, 2019 **RD** June 28, 2019

Focused Trade Mission to Peru

Sept. 25-27, 2019
ERD May 31, 2019 **RD** June 28, 2019

FOOD SHOW PLUS!™

Food Show PLUS!™ provides the logistical assistance you need to be a more effective exhibitor. Services may include registration assistance, pre-show product research, translations of booth and sales materials, technical interpreters at your booth, local industry tours, on-site show assistance from food marketing experts, and much more!

Food Show PLUS!™ at SIAL Canada

April 30 – May 2, 2019 Montreal
ERD Feb. 1, 2019 **RD** Feb. 22, 2019

Food Show PLUS!™ at SIAL China

May 13-16, 2019 Shanghai
ERD Feb. 15, 2019 **RD** March 8, 2019

Food Show PLUS!™ at Seoul Food & Hotel

May 20-24, 2019
ERD Feb. 22, 2019 **RD** March 15, 2019

Food Show PLUS!™ at Seafood Expo Asia

Sept. 3-5, 2019
ERD May 14, 2019 **RD** June 11, 2019

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Call: (312) 334-9200 or (215) 829-9111 E-mail: info@foodexport.org | www.foodexport.org



Make your market.™

Please note: Dates and locations are subject to change and upcoming activities are pending funding from the Foreign Agricultural Service (FAS) of the USDA. Visit our website for more event information.



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EXPORT! AN EXCELLENT WAY TO EXPAND AND GROW YOUR BUSINESS! (CONTINUED)

incomes result in diet upgrades, with increased demand for meats, dairy products, and other higher value food products, including packaged cereals, pasta, oils, and other meal preparations.

U.S. COMPETITIVE ADVANTAGE: Another contributor to the growth in value-added food exports is U.S. food exporters' competitive advantage in food processing. U.S. and Western Europe are considered to have the largest numbers of food and manufacturing centers. Many U.S. firms lead the way in adopting new technologies and in meeting the ever-changing consumer demand and trends, making them better able to customize their products for foreign consumers. Many are able to supply the types of foods products that are most in demand, including convenience foods like home meal replacement items, private label products, and niche-type products such as organic and functional products.

Benefits of Exporting – For You!

INCREASE SALES AND PROFITS: If your firm is succeeding domestically, expanding overseas will likely improve overall profitability as well. Average orders from international customers are often larger than they are domestically, since importers overseas stock by the container rather than by the pallet. Furthermore, increased sales tend to increase productivity by lowering per unit fixed costs.

SHORT-TERM SECURITY: By expanding into international markets and spreading risk over a wider customer base, companies become less dependent upon the ups and downs of the domestic economy and the likes/dislikes of the American consumer.

LONG-TERM SECURITY: The U.S. is a large market with a wealth of opportunity, but it is also a mature market with intense competition from domestic and increasingly foreign competitors. (The U.S. National Foreign Trade Council estimated that about 80% of all U.S. industry now faces international competition – many of it right here in our own backyard!) We are approaching the day when we will be doing business in a single “global market” instead of foreign and domestic markets. For most food and agricultural

companies, exporting isn't just a way to maximize profits today, it also represents the future of their business tomorrow.

ENHANCE COMPETITIVENESS: Repeated studies have shown that exporting improves companies' competitive advantage. Establishing your company overseas will provide a new global perspective and can facilitate improvements with existing and new products. Often companies discover an innovative product developed for an overseas market that turns out to be a success domestically, too. In addition, exporting can help you compete more effectively against foreign competitors here in the U.S.

ECONOMIES OF SCALE: Exporting is an excellent way to enjoy pure economies of scale with products that are more “global” and have a wider range of acceptance around the world. This is in contrast to products that must be adapted for each market, which is expensive and time consuming and requires more of an investment. The newer the product, the wider range of acceptance in the world, especially to younger customers, often referred to as the “global consumer.”

Benefits of Exporting - for the U.S. Economy

JOBS/ECONOMIC ACTIVITY: The U.S. exported \$140.5 billion worth of agricultural products in 2017, up \$10.9 billion from FY 2016. Top export markets include China (\$22 billion), Canada (\$20.4 billion), Mexico (\$18.6 billion), Japan (\$11.8 billion), European Union (\$11.6 billion), and South Korea (\$6.9 billion). Top U.S. exports include Corn (\$9.7 billion), Beef (\$7.1 billion), Pork (\$6.4 billion), Wheat (\$6.2 billion), Prepared Foods (\$6.0 billion), Dairy (\$5.3 billion) and Fresh Fruit (\$4.7 billion). (Source: USDA-FAS Global Agricultural Trade Systems)

EXPORTS FACILITATE SECURITY: Small and medium-sized firms account for the vast majority of growth in new exporters. The U.S. agricultural economy is becoming increasingly dependent on exports – about one in every five factory jobs or 20 percent of all jobs in America's manufacturing sector depends on exports.