

*Export
News
From the
Midwest and
Northeast*

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EXPERIENCE MARKETS FIRST-HAND THROUGH FOCUSED TRADE MISSIONS... AND GET AN EDGE ON YOUR COMPETITION

Food Export programs are designed to educate your company on the benefits of exporting, help you explore and enter new markets, and remain successful and competitive once you're in the market. Focused Trade Missions make up an important piece of this overall program to help you drive results.

Offering U.S. companies both a sales opportunity and an educational experience, Focused Trade Missions give you a lot of bang for your marketing buck. The missions bring companies to a country to learn first-hand about the market and meet face-to-face with local pre-qualified buyers. They are well-organized trips with services to help you navigate a different culture and assist with business meetings.

Services provided during Focused Trade Missions vary, but most often include:

- Custom pre-event market research for one of your products
- Market briefings by local USDA, Foreign Agricultural Service staff
- Scheduled one-on-one buyer meetings
- Retail/site tours
- Tabletop showcase and trade reception
- Transportation coordination
- Interpreter present throughout mission
- On-site assistance at buyer-seller meetings and tours by Food Export's In-Market Representative
- Inclusion in mission brochure containing your company profile, contact details and product lines

- Importation of samples into the target market

Each year, companies take advantage of these well-organized trips and have reaped the benefits—reporting over \$78 million in projected export sales in 2012.

Following are the success stories of just a few of these companies...

Focused Trade Missions bring small groups of U.S. suppliers to a country with the goal of building participants' export businesses.

Grovara, a premium health food distribution group located in Pennsylvania, is experiencing significant growth in their export business as a result of their participation in the 2013 Focused Trade Mission to Guangzhou. The company completed their first-time export sale to Southeast Asia after meeting face-to-face with a Hong Kong buyer during the Focused Trade Mission. Peter Groverman, CEO, explained, "We would not have completed this export sale if it weren't for the opportunity we had to go to China through Food Export and meet face-to-face with buyers. During the mission we met with 17 buyers and we expect five of these to turn into actual export sales in the coming year."

.....cover story continued on back cover

MARKET FOCUS: POLAND

Poland has been described as an oasis of economic stability in a turbulent Euro zone, reports the USDA, Foreign Agricultural Service. This region highly regards its American connection and proudly displays those links with an American flag or geographic identifier.

Poland is the only country not to experience a fall in GDP throughout the economic crisis. However in 2012 the growth slowed down, amounting to 2.0 percent. In 2013 and 2014 GDP growth is expected to remain stable and account for 1.9 and 3.0 percent, respectively. The trade balance is forecast to worsen, meaning Poland will look to import products to satisfy internal demand: in 2012 imports accounted for 150.1 billion euro and are expected to increase to 178.4 billion euro in 2014.

Poland's population of 38.3 million is increasingly concentrated in cities with 61 percent living in urban centers. The median age is 38 years old and increasing. A trend toward smaller families is becoming more apparent in Poland's 13.3 million households, with an average household size of 3.07. Polish families eat together and households buy for only a few days to stock the house. Convenience foods are growing more popular, but traditional women roles to shop and cook remain in place. The Polish consumers are becoming more sophisticated and increasingly value variety and availability of food products. Imports are rising steadily to cater to such demands and compensate for Poland's seasonal production.

The regions' HRI and Food Processing sectors are expanding, providing room for investment by American companies and opportunities for U.S. suppliers of a wide variety of ingredients. Many consumer-ready and high-value food products, such as confectionery products, are performing well. The country also imports baking



ingredients, seafood, wine and spirits, pet food, almonds, pistachios, sunflower seeds, protein isolates, grapefruit, raisins and cranberries in large quantities.

Best Product Prospects

Best U.S. product prospects include: nuts, wine, whiskey, distilled spirits, salmon, Alaskan pollock, soybean oilcake, dried fruit, cranberries, protein isolates, grapefruit, and seafood.

Doing Business in Poland

The best way to understand the Polish market is to visit and speak to importers and distributors in order to prepare the best entry strategy for your product. Personal contact is considered very important when conducting business in Poland as most purchases are made after meeting an exporter or their representative in person. English is increasingly common as the

language of commerce, but it is important to check in advance to see if translation service may be necessary.

Business attire is formal, including a suit and tie for men and a suit or dress for women.

Is Poland the Right Market for You?

Food Export provides the services and activities you need to help determine if Poland is the right market for your product. In fact, Food Export is hosting a Focused Trade Mission in October, which would be a great opportunity to experience the market first-hand and meet buyers face-to-face.

If you're interested in developing potential sales, market education, meeting global buyers, or qualifying for funding assistance in marketing your products overseas, contact us.

UPCOMING ACTIVITY IN POLAND

**Focused Trade Mission to Poland for
Retail and Food Service Products**

*October 15-17, 2014, Warsaw and Gdansk,
Poland*

NEWS STORIES

U.S. MAKES PROGRESS WITH CHINA AT THE U.S.-CHINA JOINT COMMISSION ON COMMERCE AND TRADE

Late last year, Agriculture Secretary, Tom Vilsack, reported progress on a number of trade issues with China as a result of the 24th U.S.-China Joint Commission on Commerce and Trade (JCCT), which took place in Beijing. The JCCT is the highest level bilateral forum for the resolution of trade and investment issues between the United States and China. According to Vilsack, his discussions with Premier Li Keqiang and other Chinese leaders laid the groundwork for future cooperation related to our shared interests in food security, food safety, and sustainability, as well as the expansion of export opportunities for American farmers and ranchers. Furthermore, a number of high-priority issues for agriculture were discussed, including access for beef and horticultural products, the approval process for biotechnology products, and import suspensions for four states related to avian influenza.

The two countries also committed to hold a second High Level Agricultural Symposium in 2014.

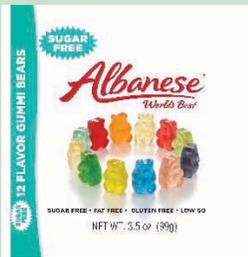
SUCCESS STORY

FIRST-TIME BUYERS MISSION PARTICIPANT MAKES SWEET DEAL IN VIETNAM

In May 2013, Albanese Confectionery Group, Inc., located in Merrillville, Indiana, participated in their first Food Export-sponsored Buyers Mission held in conjunction with the Sweets and Snacks Expo. Through one-on-one meetings with qualified buyers, the company was introduced to a buyer from Vietnam. According to Bill Thurner, Director of Sales and Marketing for Albanese Confectionery, "We just completed a new export sale to Vietnam for \$40,000 of branded consumer packaged gummies and we expect they will order again. This is a first-time export sale to the country for us. I doubt the sale would have resulted without the one-on-one buyer meeting. With continued follow up with buyers we met during the one-on-one meetings, we hope to have more success."

Albanese Confectionery is a U.S. manufacturer of The World's Best Gummies, Gold Label Chocolates, and other tasty confections. Founded in 1983, the company uses only the highest quality food ingredients.

Food Export is once again conducting a Buyers Mission, May 19-21, in conjunction with the Sweets and Snacks Expo. Register online today to secure your spot!



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.

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Food Export-Midwest and Food Export-Northeast do not tolerate fraud and are vigilant in preventing fraud in any of our programs. Food Export does not discriminate, and we reserve the sole right to accept or deny companies into our programs. For complete participation policies and our code of ethics, visit: www.foodexport.org/termsandconditions.

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COVER STORY CONTINUED

In fact, just four weeks after the Focused Trade Mission, the company made an initial export sale to Hong Kong for \$40,000 of a variety of their health food products. They expect these sales to grow to \$150,000 in the next year. In addition, the company expects new sales from all five new accounts they established at the Trade Mission to reach \$400,000 in 2014 and grow into the millions in the next couple years—All as a result of one Focused Trade Mission!

See the market dynamics first-hand, and discover your products' potential in the market.

After being introduced to a Canadian broker during the 2012 Focused Trade Mission to Canada for Specialty and Natural Products, Gagne Foods completed their first-time export sale to Canada. Somerset Gagne, Sales Director, explained, “We would not be doing these export sales if it weren’t for the Focused Trade Mission. I didn’t know a lot about the Canadian market before the event and learned a great deal through the retail tours, speakers, and the Food Export In-Market Representative. She provided a wealth of knowledge to help us successfully complete our first export sales to Canada.”

The sale was completed in January of 2014 totaling \$50,000 of their private label frozen biscuits as well as a second order of biscuits for \$40,000 to



a distributor they met through their new broker. The Maine company expects these sales to reach \$300,000 in 2014. In addition, their broker put them in touch with two other distributors that should result in more export sales in 2015.

Meet face-to-face with buyers to build and solidify relationships.

Companies experience the value of attending more than one Focused Trade Mission to a region to help reinforce their initial introduction to a buyer. Fornazor International attended the Focused Trade Mission to Dubai and Qatar in 2011. The mission allowed the Michigan company to make some valuable new connections. Then at the Gulfood Show in February 2012, they were able to follow up face-to-face with one of the contacts they had previously met. According to Susan Rosenthal Jay, Business Development Manager for Fornazor, “Because of several repeated interactions with people on the ground in the Middle East, we were able to make a new export sale

to the region. October 2013, we exported a \$35,000 order of eggs to the region and expect these sales to continue and grow.”

Explore opportunities in emerging markets for a minimal investment.

During the 2013 Focused Trade Mission to Brazil and Chile, Sugardale Foods met face-to-face with a buyer from Chile. “The Focused Trade Mission allowed us to solidify a relationship with the buyer through face-to-face meetings. As a result, we walked away with our first-time export sale to Chile. We expect our monthly sales of 50,000 lbs of our processed products to grow by 50% in 2014,” explained Hiram Cardenas, International Business Manager.

The Ohio company plans to take advantage of other Food Export-sponsored Focused Trade Missions that are taking place in emerging markets for their type of products. Hiram added, “The missions are very professional. Food Export does all the homework for us to make arrangements for our company to meet with quality buyers. The level of potential customers that we meet is very high.”

Where Will Focused Trade Missions Be Offered in 2014?

Now is a great time to investigate where Focused Trade Missions will be offered in the coming year to help you decide which markets you want to explore and connect with potential buyers. Visit our website at www.foodexport.org/focusedtrademissions to plan your next trip.

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.

Buyers Missions—International Buyers — Here at Home

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.

- **Food Service Buyers Mission at the National Restaurant Association Show** • *May 17-20, 2014, Chicago, Illinois* • Registration Deadline: April 4, 2014
- **Sweets and Snacks Buyers Mission at the Sweets and Snacks Expo** • *May 19-21, 2014, Chicago, Illinois* • Registration Deadline: April 7, 2014
- **Value-Added Feed Ingredients Buyers Mission at World Pork Expo** • *June 2-6, 2014, Minneapolis, Minnesota and Des Moines, Iowa* • Registration Deadline: April 21, 2014
- **Caribbean and Central American Buyers Mission** • *June 3-5, 2014, Miami, Florida* • Registration Deadline: April 25, 2014
- **Food and Beverage Buyers Mission at the FMI Connect Show** • *June 10-11, 2014, Chicago, Illinois* • Registration Deadline: April 30, 2014

Focused Trade Missions—Total Market Immersion

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 Vietnam for Retail and Food Service Products** • *June 6-7, 2014, Ho Chi Minh City, Vietnam* • Registration Deadline: March 14, 2014
- **Focused Trade Mission to Mexico for Technical Food Ingredients** • *July 8-10, 2014, Mexico City, Mexico* • Registration Deadline: April 15, 2014
- **Focused Trade Mission to Panama for Value-Added Feed Ingredients** • *July 23-24, 2014, Panama City, Panama* • Registration Deadline: April 28, 2014
- **Focused Trade Mission to Colombia for Value-Added Feed Ingredients** • *July 25-27, 2014, Bogota, Colombia* • Registration Deadline: April 28, 2014
- **Focused Trade Mission to Mexico for Snack Food** • *July 29-31, 2014, Mexico City and Guadalajara, Mexico* • Registration Deadline: May 7, 2014

Food Show PLUS!™—International Tradeshow Success

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 Brazil** • *June 24-28, 2014, Sao Paulo, Brazil* • Registration Deadline: April 1, 2014
- **Food Show PLUS!™ at Abastur International Hotel & Catering Show** • *September 1-4, 2014, Mexico*
- **Seafood: Food Show PLUS!™ at the Seafood Expo Asia** • *September 2-4, 2014, Hong Kong*
- **Food Show PLUS!™ at Food Ingredients Asia** • *October 14-17, 2014, Jakarta, Indonesia*
- **Food Show PLUS!™ at SIAL Paris** • *October 18-23, 2014, Paris, France*

Customer Service to Serve You!

Visit www.foodexport.org to get complete details and register online. Or call our Outreach and Customer Service staff to answer any questions.

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Connecticut, Maine, Massachusetts and Rhode Island, Anna Tranfaglia 215.599.9749

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

MARKETBUILDER

INDUSTRY INSIGHTS ■ MARKET INTELLIGENCE



Whether you are new to the **Market Builder** Program or an existing user looking to enter a new market, this is a great opportunity to drive export sales. You can use both **MarketScan** and **RepFinder** or just one component.

RETAIL SUPPLIERS

MarketScan includes:

- **Store Check and Distribution Analysis:** Offers the brand names, packages, sizes, regular retail prices, current price specials, and shelf space allotments for similar products.
- **Competitive Product Shopping:** First-hand information and samples of similar and competing products sold in the market.
- **Importation Analysis:** Import regulations and restrictions affecting the importation of your product into a country.
- **Distributor Referrals:** Importer feedback on package size, labeling, taste, appearance, price, and marketability.
- **Target Importer List:** Includes contact names/information and a brief summary of importers' profiles.

RepFinder includes:

- **Distributor Referrals:** Importer feedback on package size, labeling, taste, appearance, price, and marketability.
- **Target Importer List:** Includes contact names/information and a brief summary of importers' profiles.
- **In-Market Assistance:** A minimum of three one-on-one appointments will be arranged with participating companies and targeted importers. An International Marketing Executive will assist in communication and interpretation and moderate meetings.

INGREDIENT SUPPLIERS

MarketScan includes:

- **Store Check and Distribution Analysis:** Provides examples of product applications in the market, where in the supply chain the participant's product is needed, and whether the product is imported directly or through specialized intermediaries.
- **Translation** of up to four pages of technical information.
- **Importation Analysis:** Import regulations and restrictions affecting the importation of your product into a country.
- **Distributor Referrals:** Importer feedback on manufacturing and processing applications, technical specifications, minimum order size, and price.
- **Target Importer List:** Includes contact names/information and a brief summary of importers' profiles.

RepFinder includes:

- **Distributor Referrals:** Importer feedback on manufacturing and processing applications, technical specifications, and minimum order size.
- **Target Importer List:** Includes contact names/information and a brief summary of importers' profiles.
- **In-Market Assistance:** A minimum of three one-on-one appointments will be arranged with participating companies and targeted importers. An International Marketing Executive will assist in communication and interpretation and moderate meetings.

MARCH/APRIL GFM 2014

MARKET BUILDER IS OFFERED IN

Argentina, Austria, Bahrain, Belgium, Brazil, Bulgaria, Canada, Caribbean, Chile, China, Colombia, Costa Rica, Czech Republic, Denmark, El Salvador, Finland, France, Germany, Guatemala, Honduras, Hong Kong, India, Indonesia, Italy, Japan, Korea, Kuwait, Malaysia, Mexico, Netherlands, Nicaragua, Norway, Oman, Panama, Paraguay, Philippines, Poland, Portugal, Qatar, Romania, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, United Arab Emirates, United Kingdom, Uruguay, and Vietnam.

MARKETSCAN: \$400.

REPFINDER: \$500.

MARKET BUILDER PACKAGE: \$750.



CUSTOMER SERVICE

Food Export Outreach & Customer Service staff have answers to your questions. Want more information or to register? **We're here to help.**

www.foodexport.org

Call: (312) 334-9200 or (215) 829-9111

E-mail: info@foodexport.org



Make your market.™

WHO ARE WE

Food Export Association of the Midwest USA and Food Export USA–Northeast are nonprofit organizations composed 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 USDA, Foreign Agricultural Service.

FOOD EXPORT HELPLINE™: AGRICULTURAL TARIFF TRACKER

Q: Our Company produces a line of chips in various flavors that are made from Maine potatoes with some imported seasonings. We are trying to target Central and South American markets that the U.S. has a Free Trade Agreement with, but we have had a hard time figuring out what the duties on the products are in each country. It seems like every source we come across has a different rate. Is there one location for timely and accurate duty information on these countries?

A: Navigating Free Trade Agreements, FTAs, has always been a challenge for many food and agricultural exporting companies, per product and per market. It takes a few different steps and multiple resources to compare, contrast and confirm tariff treatment on products. The good news is, as announced in Food Export's August 2013 webinar on FTA updates, there is a new resource available that was recently introduced and does some of the math for you, and provides other valuable information and resources.

To help exporters obtain information about tariff reductions resulting from these FTAs, the Foreign Agricultural Service recently launched the Agricultural Tariff Tracker. "The tracker was developed in response to requests from the agricultural export community for more detailed information about export opportunities resulting from FTAs," said Jeff Jones, a senior policy advisor with FAS. Jeff added that "though we've seen significant expansion in U.S. agricultural exports as a result of our trade agreements, there will be even more opportunities for U.S. agricultural exporters in the future as tariffs continue to fall throughout implementation."

The key to the online tool is that it provides information in a very user-friendly format. This allows food and agricultural exporters to search for product tariffs, tariff-rate quotas and information on safeguards, which countries use to protect against import surges. In addition the system also allows users to download and save search results to conduct further analysis. The Tracker helps exporters identify new opportunities as well as challenges. It simplifies the search for product tariffs so that exporters can make more informed decisions about what potential each FTA market may have for their companies.

What We Used to Do

Before the FTA Tariff Tracker was introduced, U.S. food and agricultural exporters had a number of other steps to take. This included verifying the advantage of making an FTA claim for your product,

as well as locating the appropriate HS code in the Tariff Elimination Schedule (Annex 1) of the specific country of interest, checking the base rate of duty and determining what the corresponding staging category letter in the schedule meant by going into yet another section of the legal text (Annex 3.3).

The best location to accomplish this is the platform with the most coverage and links to a number of individual sites for the U.S. Free Trade Agreements, www.export.gov on the front page click on "NAFTA Certificate." On the second page click on "Learn to Benefit from FTAs," and on the third page you will find a list of current trade agreements.

In some cases there may not be an advantage to claiming a preferential tariff for the product. It might be lower under the Most Favored Nations, MFN, rate or it might even be free from duty anyway. Reasons for this include the fact that the "base rate" that some trade agreements start from is higher than the MFN rate, and that products not produced in a country are likely to be free over tariff eliminations as a member of the World Trade Organization, WTO, and the source of the MFN rates.

There are two options in this link, the "What's My Tariff" tool and the Customs Info Database. The Agricultural Tariff Tracker was designed to complement the tariff tool as it does not have processed food data so you can use Customs Info to verify the advantage of the FTA duty rate over the MFN rate as allowed by the WTO. Register with your email and then select the appropriate countries and type in 200520, the HS code for potato chips. It appears there is an advantage for all of your targeted countries, but there is no elimination schedule in Customs Info, other relative trade information, or save information or relevant links, which is now available in the Ag Tariff Tracker. And you still have not confirmed the tariff in the legal text of the agreement.

To confirm the tariff you needed to go to the Legal Text of the agreement. You needed to close the Customs Info window, and back up to the main CAFTA-DR

RECORDED WEBINARS RELATING TO FTAs

Food Export offers the following recorded webinars relating to Free Trade Agreements at www.foodexport.org:

Export Essentials: Navigating Free Trade and Trade Promotion Agreements
Updated August 2013

Export Essentials: Free Trade Agreements:
How to Track Tariff Reductions and Quotas

The Impact of the U.S. – Korea Free Trade Agreement

for example, and click on "CAFTA-DR Legal Text" which opens up the entire text including the tariff elimination schedule. For starters, open up the Costa Rican Tariff Schedule for Agricultural Goods. Scroll down to 200520 and you will find the product "Patatas" (Potatoes). Like many of the countries of interest, Costa Rica's tariff codes are 8 digits as they have added a 00 onto the end of the HS code of 200520. This is why the importer and customs does not need the last four digits from the U.S. side, which is the Schedule B number of 200520.0020.

You will find the base rate of the agreement was 41% so it was the same as the MFN/WTO rate in Customs Info. Then you needed to go into another link called "National Treatment and Market Access for Goods." The tariff elimination schedule number is "D" which means the product is on a fifteen, five year phase out to become free from duty. For 2014 the duty is 16.4% and on January 1, 2020 potato chips will be free from duty from the U.S., if they qualify for the agreement. Then you needed to do the math and figure out when the agreement entered into force and what the reduction would be in the current year. It was quite an effort and may have discouraged many from using all these sources and links.

What We Can Do Now With Ag Tariff Tracker

Currently, the tracker has information for trade agreements with 10 FTA partners. Information for other FTA partners will eventually be uploaded along with new

.....continued on back

tariff codes as they become available. The countries loaded into the database are: Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Korea, Nicaragua, Panama and Peru. In your target market only Chile is currently unavailable, as well as Australia, Bahrain, Israel, Jordan, Morocco, NAFTA countries of Canada and Mexico and Singapore. The elimination schedules of many of these countries have matured over the years and are much easier to navigate than newer ones, so they were not first in line to add in.

The website of the Ag Tariff Tracker is: <http://apps.fas.usda.gov/agtariiftracker> Once in the website, you will see links in the top right which lead to a number of valuable FAQs as well as links to external websites including FTA customs locations, U.S. Government websites which include FTA information and the link to Food Export–Midwest and Northeast.

To begin you need to do a little programming. It asks if you are “Exporting or Importing” but is defaulted to exporting, so you can leave it there. Below this it requests a selected country and you will find all of those listed above as available. The first one in alphabetical order is Colombia, so click on that. Your next choices are to select by an HS code or commodity group which is an aggregate list of like products. If you enter the HS code of 200520, the tariff treatment for Colombia will display. According to the Tracker HS code 20052000, “Patatas” was free from duty when the agreement entered into force in May 2012.

If you looked in the tariff elimination schedule in the legal text, you would find the letter “A” indicating immediate duty free access. The advantage is now that step is not required; the Tracker has done the math for you. If you would like to save the information there are icons for both PDF and Excel. If you have a line of snack foods instead of just one type, you can use the commodity group selection. All products which have direct or even indirect relation to a snack food, such as ingredient, will be displayed. They include popcorn, gum and candy, cookies, prepared nuts and seeds, tortilla chips and extruded snacks. You might not recognize the other descriptions or codes and many of these aggregates

are also in Spanish, so you may need to interpret them for more specifics.

The Tracker also has valuable information on Tariff Rate Quotas and Safeguard Measures. Tariff Rate Quotas or “TRQs” as they are known are limits to the amount of sensitive products such as dairy, poultry, red meats and fruits and vegetables. The products are often free from duty to importers with the ability to access them until they reach a certain volume. Once that threshold has been reached, the duty is applied and it is quite often prohibitively high. An example in Korea would be the HS code 040690 which is for “other cheese including mixtures.” You will see the duty is free under access which is 7246 metric tons in 2014. After that the duty shoots up to 28.8% until the following year. Each year though the allowable weight goes up and duty comes down until 2026 when the duty is free and the volume weight unlimited.

Safeguards are another stop gap measure designed to stop floods of imports from affecting the local industry. Sometimes they overlap with quotas as well, but they do stand on their own. An example would be onions in Korea, which have a duty rate of 108% in 2014, and will not be free from duty until year 15, in 2026. There is no duty free access within access like a quota, but the threshold for an additional safeguard duty of 135% kicks in once the volume has been reached, which is only 3319 metric tons in 2014. When reviewing these tariffs, remember to check to see if there are additional line items, which in many cases there are with food products. If you look at the tariff for onions, you will see a #2 option with a “next” arrow. If you click on it you will find the tariff for shallots, which was free from duty the day the agreement entered into force, March 15, 2012.

What We Still Have to Do

The FTA Ag Tariff Tracker is a welcome addition and very valuable for all of those involved in the export of food and agricultural products. But as far as each FTA goes, we still need to check the product specific rule or origin to see if the product qualifies for the agreement. We also need to be sure to document that appropriately so the buyer can legally take advantage of the preferential tariff, whatever the rate may be. For those issues go back into www.export.gov and

into the specific FTA you are working on. Let’s use Panama as an example.

On the Panama TPA main page, click on the “Rules of Origin” link. It explains the various conditions of product and how you can claim preferential tariff treatment for them if they qualify for the agreement. Not all products qualify, so this is a necessary step in order to assist the importer in their claim and save them the duty. In the legal text, click on the hyperlink that says “Annex 4.1 of the Agreement.” These are the product specific rules of origin and sorted again by HS code. Scroll down to chapter 20 of the rules and then to the section of 20.02 to 20.05.

The rule of origin says: “A change to heading 20.02 through 20.05 from any other chapter, except from heading 07.01.” HS code 0701 is for potatoes, so this means your main ingredient needs to come from the U.S. or even Panama, which is not likely. If you used Canadian potatoes for example, the product would not qualify for preferential tariff treatment. But if your potatoes are from Maine your claim of origination is satisfied based on an appropriate tariff shift of your imported ingredients into the final product. The product is indeed free from duty for your customer.

Now you can close the Rules of Origin file and go back to the Panama website. While on the same page, click on the link, “Documenting Origin.” You will see the Panama TPA has no official certificate of origin requirements. The responsibility for claiming origin is also placed upon the importer and not the exporter as with NAFTA or any other FTA where a certificate of origin is required. When a certificate of origin for an FTA is mandatory, of course you need to submit it. When it is optional it is recommended to produce one. And when there is no requirement for a form letter, based on this rule of origin exercise using a certificate template would be appropriate. The August 2013 webinar on “Navigating Free Trade Agreements” has more detail on that process.

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