

*Export  
News  
From the  
Midwest and  
Northeast*

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## **MARKET YOUR PRODUCTS INTERNATIONALLY ...AND RECEIVE 50% REIMBURSEMENT!**

*Each year, Food Export-Midwest and Food Export-Northeast assist hundreds of U.S. companies with promoting their food and agricultural products in more than 50 countries around the world through the Branded Program. U.S. companies use funds through the program to help offset the cost of overseas advertising, marketing and promotions, attending international tradeshows, public relations, package and label modifications, and more!*

Branded Program funds, made possible through funding from the Foreign Agricultural Service (FAS) of the USDA, are helping U.S. companies grow export sales of their branded products in overseas markets. As a result, in 2013 participating companies in the Midwest and Northeast reported more than \$600 million in actual export sales, and over \$800 million in projected export sales. U.S. companies established more than 1,000 new agent relationships and nearly 200 companies increased sales by 20% or more!

Just ask Nature's One, makers of all natural and organic baby formula. Last July the Ohio company exhibited at the Shanghai International Children Baby Maternity Industry Expo with their distributor utilizing Branded Program funds. As a result of exhibiting at the show, the demand for their product has increased in the Chinese market and they are working through the final stages of a sale that will increase their export sales by more than 20%. According to Pricilla Berger, National and International Sales Manager for Nature's One, "The various Food Export programs, especially the Branded Program have been very beneficial in promoting the



export business of Nature's One for many years. They are instrumental in facilitating some very effective marketing strategies in our targeted foreign markets resulting in measurable increased sales."

### **Making the Branded Program Work for You**

Our programs are designed to work together to help you achieve export success. Through exporter education, market entry, and market promotion strategies, they focus on educating you about the benefits of exporting, helping you explore and enter new markets and remaining successful

..... cover story continued on back cover

# MARKET FOCUS: DOMINICAN REPUBLIC

The Dominican Republic's Gross Domestic Product (GDP) continues to grow, with estimated GDP growth in 2013 at 4.1% and projections of GDP growth in 2014 expected to run from 4.5 to 5%, reports the Foreign Agricultural Service (FAS) of the USDA.

The Dominican Republic (DR) is the third largest market for U.S. consumer-oriented agricultural products in the Western Hemisphere, with \$489 million in imports in 2013. The CAFTA-DR agreement has strengthened the U.S. competitive position in the Dominican market, with consumer-oriented product exports increasing by 70% since the enactment of the agreement. The agreement has also lowered or eliminated duties for nearly 80 percent of products. These duty preferences make U.S. products more competitive in the market, creating important opportunities to be leveraged by U.S. exporters in the DR market.

Furthermore, there are a growing number of consumers demanding higher quality and healthier products; generally they perceive U.S. products as meeting their requirements. In general, the Dominican consumer is greatly influenced by the U.S. culture, and has a positive perception of U.S. products. The proximity of the DR to the U.S. and strong ties throughout the public and private sectors facilitate trade.

## Best High Value Product Prospects

Best high value product prospects for the Dominican Republic include: breakfast cereals; bread, biscuits, other baked products; grape wine; baby food; cheese; potato fries, frozen; apple juice; and beer.

## UPCOMING ACTIVITIES FOR THE DOMINICAN REPUBLIC

### Focused Trade Mission to the Caribbean for Retail and Food Service Products

*October 6-7, 2015, Santo Domingo, Dominican Republic*

*Early Registration Deadline: June 2, 2015, \$400 - Save \$200!*

### Caribbean and Central American Buyers Mission for Retail and Food Service Products

*June 23-25, 2015, Miami, Florida*

*Early Registration Deadline: April 20, 2015*



## Doing Business in the DR

- Personal relationships are essential to building business partnerships in the DR. In general, Dominicans attach great importance to courtesy in all business endeavors. A warm handshake combined with conversation about the person's well-being, family, or other similar topics prior to launching into any conversation related to business is considered a common courtesy. This communication helps Dominican businessmen develop more confidence prior to any commitment.
- U.S. exporters should ensure that every aspect of the business transaction is clearly established between the parties, in writing, and exporters should look for ways to reduce their exposure to fraud.
- A common market entry option is to appoint a distributor in the DR while licensing agreements and franchises can also be successful.
- Because of the DR's proximity to the U.S. and low air travel costs, the optimal market entry method is through a coordinated strategy that includes personally visiting potential partners or distributors in the Dominican Republic.
- U.S. exporters should also be prepared to provide all promotional materials in the Spanish language. Good after-sales service is a pre-requisite of doing business successfully in the country.

## Is the Dominican Republic the Right Market for You?

Food Export provides the services and activities you need to help determine if the Dominican Republic is the right market for your product. 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.

## NEWS STORIES

### PROTEIN TREND IS HERE TO STAY SAYS UK

Food manufacturers have turned demand for protein from a short-term fad to a long-term trend in the UK reports the Canadean. According to their survey, almost half (49%) of British consumers are now “very aware” of the health benefits associated with protein products. Additionally, 16% of respondents said that they were increasing their protein intake by seeking out high-protein groceries, and 8% said that they were using protein supplements. A further 68% of this group said that they would switch to other protein sources such as fortified foods and drinks.



## SUCCESS STORY

### VIENNA BEEF MAKING STRIDES IN MEXICO



In August 2013, Vienna Beef Inc., of Chicago, Illinois, was able to obtain a \$65,000 export order for their beef hot dogs and pickles from a Mexican Buyer. They first met this buyer at the 2012 NRA Show in Chicago. It was through months of negotiation and Vienna Beef’s use of the Branded Program,

that they were able to make the sale happen. The Branded Program enabled Vienna to exhibit at the ExpoHotel Mexico Show in Cancun and the Abastur Show in Mexico City. It was because they were able to travel to the market and work with their distributor that they secured this sale.

According to Youssef Elayyadi of Vienna Beef, “We met our distributor for Mexico at the NRA show in Chicago. Fortunately, Food Export helped us get samples, accommodation, and reimbursement for our trip to the hotel expo in Cancun that resulted in meeting new clients and getting our first order.”

Vienna Beef is a producer of natural meat products and condiments for the food service sector.

## 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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## MARKET YOUR PRODUCTS INTERNATIONALLY CONTINUED

and competitive once in the market by providing 50% reimbursement for the cost of eligible international marketing and promotional activities.

Branded Program funding can assist you with:

- Promoting your products overseas (e.g., advertising, in-store promotions, public relations, product literature, freight costs for samples, package and label modifications)
- Entering new markets (e.g., overseas tradeshows and certain domestic tradeshows with international attendance)

For example, Classic Cake, a Pennsylvania-based manufacturer of premium baked goods, recently engaged a new business partner in Korea with support from the Branded Program. The company cemented the relationship by taking advantage of the 50% reimbursement to change their packaging to new Korean packaging. In addition, they are planning in-store demonstrations with special incentives for their partner.

### Who Is Eligible?

To be eligible for the Branded Program, companies must:

- Be a small company according to the U.S. Small Business Administration (SBA) guidelines or an agricultural producer cooperative, which is exempt from size restrictions.

- Be incorporated in the U.S.
- Have products that are at least 50% U.S. agricultural content by weight (excluding added water and packaging).
- Be headquartered in the Midwest or Northeast regions. A company's headquarters is defined as the physical location of the business' main management/operations office.

Visit [www.foodexport.org/brandedprogram](http://www.foodexport.org/brandedprogram) to start the pre-qualification process to see if your company is eligible.

### Enroll in the Branded Program Today!

The 2015 Branded Program year is currently open for enrollment and demand for funding is high. Applying now provides you with confidence that your 2015 expenses will be eligible and assurance that you can support your new foreign buyers and build your brand.

For companies that are already enrolled in the Branded Program, you may qualify for funds for another market even after you've reached the five-year graduation in one market or many markets at one time. Go to [www.foodexport.org/brandedprogram](http://www.foodexport.org/brandedprogram) to learn more.

Vets Plus, a small, Wisconsin company that produces direct fed microbial supplements and pet treats did just that. Last May, they exhibited at the Interzoo tradeshow in Germany where they met two buyers

## NEW ONLINE EXPERIENCE & VIDEO SERIES

We have completely overhauled the Branded Program online experience and created a much easier and user-friendly process with a brand new look and feel! This includes completing and submitting your pre-qualification form, application and post application claims and forms. You can access all these items by logging in to "My Food Export Portal" and selecting the Branded Program tab.

We're helping your company navigate the program: digitally. The Branded Program Video Series covers topics such as *What Is the Branded Program?* and what promotional activities qualify for 50% reimbursement. View the complete series on our website.

from Hong Kong. Since then, the company achieved a sale of their pet products to the Hong Kong market in August and another in November. Reimbursement funds through the Branded Program allowed the company to receive 50% of the cost to exhibit at the show.

# 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/brandedprogram](http://www.foodexport.org/brandedprogram) 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.

- **Value-Added Feed Ingredients Buyers Mission** •  
*June 1-2, 2015, Kansas City, Kansas*  
Early Registration Deadline: April 1, 2015
- **Value-Added Feed Ingredients Buyers Mission at the World Pork Expo** • *June 3-4, 2015, Des Moines, Iowa*  
Early Registration Deadline: April 1, 2015
- **Food and Beverage Buyers Mission at the Food Marketing Institute Connect Show** • *June 8-9, 2015, Chicago, Illinois*  
Early Registration Deadline: April 7, 2015
- **Caribbean and Central American Buyers Mission for Retail and Food Service Products** • *June 23-25, 2015, Miami, Florida*  
Early Registration Deadline: April 20, 2015

## 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 El Salvador for Retail and Food Service Products** • *July 9-10, 2015, San Salvador, El Salvador* • Registration Deadline: April 16, 2015
- **Focused Trade Mission to Hong Kong for Food Service Products** • *July 13-14, 2015, Hong Kong*  
Registration Deadline: April 22, 2015
- **NEW! Focused Trade Mission to Northern China for Food Service Products** • *July 15-17, 2015, Shen Yang and Beijing, China* • Registration Deadline: April 22, 2015
- **Focused Trade Mission to Mexico for Private Label and Retail Products** • *August 11-13, 2015, Mexico City, Mexico*  
Early Registration Deadline: April 7, 2015

## 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 Feria Alimentaria Guatemala** •  
*July 13-15, 2015, Guatemala City, Guatemala*  
Early Registration Deadline: March 23, 2015  
Shared Booth Package Available!
- **Food Show PLUS!™ at Food Ingredients Asia** •  
*September 8-11, 2015, Bangkok, Thailand*  
Early Registration Deadline: May 19, 2015
- **Food Show PLUS!™ at the Seafood Expo Asia** •  
*September 8-10, 2015, Hong Kong*  
Early Registration Deadline: May 13, 2015
- **Food Show PLUS!™ at ANUGA** •  
*October 10-14, 2015, Cologne, Germany*  
Early Registration Deadline: June 19, 2015

## Find Export Success. Call Us. We're Here to Help.

Visit [www.foodexport.org](http://www.foodexport.org) to get complete details and register online. Or call your Food Export Liaison to answer any questions.

### Food Export-Midwest Liaisons

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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.

**MARKETSCAN: \$450. REPFINDER: \$550.**

## MARKET BUILDER IS OFFERED IN

### North & South America

Argentina, Brazil, Canada, Caribbean, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Uruguay

### Europe

Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Poland, Portugal, Romania, Sweden, Switzerland, Turkey, United Kingdom

### Middle East

Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates

### Asia

China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam.

**FIND EXPORT SUCCESS. CALL OR EMAIL US. WE'RE HERE TO HELP.**

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

E-mail: [info@foodexport.org](mailto:info@foodexport.org) | [www.foodexport.org](http://www.foodexport.org)



**Make your market.™**

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. 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](http://www.foodexport.org/termsandconditions).

**Q: I just read that the export data for 2014 has been released. I have conflicting information that says it was not a very good year for U.S. Food and Agricultural Exports. Other sources said it was another record high and banner year. I am sure most readers of the *Global Food Marketer* are quite interested in knowing how the U.S. did last year. Can you break it down for us?**

**A: A timely question indeed as, yes, the 2014 calendar year data was just released on February 6, 2015, so it is hot off the press. So how can data differ? Many sources of export data use the fiscal year, which runs October through September and that will, of course, not match that of a calendar year. But exports of food and agricultural products have many other variables, such as currency fluctuations, overall industries and sectors, and specific products too. There are also geopolitical events such as Free Trade Agreements and, in some cases, embargoes of some or most of food and agricultural products which can change the results quickly, both positively and negatively. Also with commodity exports you have issues of weather and supply that cause variance in supply and demand disrupting trade patterns both positively and negatively. 2014 was certainly no exception to any of these events.**

So let's review the 2014 data. All information comes from the Global Agricultural Trade System, or "GATS", found on the Foreign Agricultural Service or FAS website at [www.fas.usda.gov](http://www.fas.usda.gov).

#### **2014 Agricultural Totals: Markets & Products**

Overall, U.S. exports of agricultural products grew 4% in 2014 and reached a new record high of just over \$150.4 billion. Total agricultural exports have risen 145% since 2004 when they were \$61.4 billion. They have more than doubled since 2006 when they totaled \$70.9 billion.

**The top export markets for agricultural products** are led by China at \$24.5 billion (-4%), Canada at \$21.9 billion (2%), Mexico with \$19.3 billion (7%), Japan totaling \$13.1 billion (8%), and South Korea with a tremendous growth of 31% from 2013 totaling nearly \$6.9 billion. Much of that growth would be attributed to the continued

tariff elimination under the U.S. Korea Free Trade Agreement, KORUS.

Rounding out the top ten markets, we also have Hong Kong at nearly \$4.1 billion (6%), Taiwan totaling \$3.5 billion (14%), Indonesia imported \$2.7 billion (9%), and the Philippines which continued their strong growth with imports of also \$2.7 billion (9%). The newest entry into the top ten destinations for U.S. agricultural exports is Colombia. Exports grew a whopping 60% and reached a new record high of over \$2.4 billion. This also shows the U.S. Colombian Trade Promotion Agreement, CTPA, has had a direct impact on U.S. exports.

**The top agricultural and food exports** in 2014 were led by soybeans (mostly edible) at \$24.2 billion (12%), corn (mostly U.S. #2) at \$10.6 billion (up 66% after the drought but at lower prices), tree nuts at \$8 billion (6% with about 44% being fresh/dried shelled almonds), wheat at \$7.6 billion (almost all edible and down 26%) and beef and products at \$7.1 billion (16%).

Rounding out the top ten agricultural export categories include dairy products at 6th and \$7.1 billion (30% of which was Nonfat Dried Milk or NFDM), pork and pork products at \$6.5 billion (10 %) other intermediate products (food flavorings, ingredients 5%). What GATS refers to as "prepared food" totaled \$5.9 billion (1%) consists of many products from HS 210690, which is miscellaneous edible preparations that do not have their own specific classification. The 10th top agricultural export is poultry meat and products totaling \$5.5 billion, which remained the same as in 2013 and consists of about 62% frozen chicken cuts and offal.

So with the exception of wheat exports, all of the top categories had good growth in 2014. And with the exception of China, down 4% overall, the top export markets all had good growth as well. Other larger

markets showing an overall decline in 2014 include Brazil, which was off by 25%, Venezuela down 17% and Russia down 25%. China's decline was widespread and included pork, poultry, tree nuts, wheat, and corn. But they were also offset somewhat by significant increases in U.S. exports of coarse grains, animal feed, snack foods, distilled spirits, and soybean meal.

Agricultural exports to Brazil grew 263% from 2012 to 2013 and would not be sustainable. Most of the growth was in wheat (over 9000%), cotton, tobacco and other bulk commodities they actually produce themselves, so it was more of a supply issue rather than driven by politics or economics. In 2014 the bulk agricultural export total dropped 39% which is the same decline in wheat and also dropped in the other commodities. Euromonitor reports that Venezuela has the highest rate of inflation in the world estimated at over 60% in 2014 and consumer spending dropped 11% as the currency devalued and food shortages began to impede the ability of consumers to make purchases at any price. So it is no surprise that most of the decline to Venezuela is in the consumer oriented food sector, unlike Brazil which was bulk commodities. Recovery is not expected in Venezuela for some time.

In Russia, the decline is mostly attributed to the partial food embargo enacted against the U.S. and others in August 2014 as a reaction to the sanctions put upon them for political reasons. They had also already banned certain commodity sectors in advance of that as well. Bulk exports (mostly soybeans) actually rose to Russia in 2014 but intermediate and consumer oriented products decline steeply as many were specific targets of the embargo. You can read more about the specifics in the January/February issue of the *Global Food Marketer*, which is available at [www.foodexport.org](http://www.foodexport.org).

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### 2014 Processed Food Totals: Markets & Products

There is a distinction between the aforementioned consumer ready food products and processed foods as a category. Many consumer ready products are fresh fruits and vegetables, meats and eggs and the like which have not been manufactured or had little value added to them other than packing. This would include many “bulk” products as well. According to USDA the definition of “processed food” is a combination of high-value agricultural products for retail, institutional, and ingredient market segments that go beyond what the USDA classifies as agricultural products.

The category includes processed fish and distilled spirits along with the other processed food and beverages that are normally classified as agricultural products. For example, fresh/dried almonds are consumer ready but not processed whereas “roasted” almonds would be processed food. The category is provided as a convenience to the food and beverage industry and the public. This is more of a focus for many readers and participants in Food Export programs and services.

**U.S. exports of processed foods** grew a modest 2% in 2014 reaching a new record high of \$46.2 billion. That represents close to 31% of the agricultural total. Processed

food exports have grown 148% since 2004 when they were \$18.6 billion, also over 30% of the agricultural total. They have consistently been an important part of U.S. agricultural exports. Growth in individual product categories has been phenomenal, including butter (1,748%), yogurt and dairy drinks (714%), prepared/preserved beef (540%), cheese (763%), and dried eggs (443%), among many others.

**The top U.S. export markets for processed foods** are somewhat similar to the overall agricultural total with some variance. Our NAFTA partners, Canada and Mexico, rank 1-2 and imported \$13.4 billion (3%) and \$6.2 billion (1%), respectively which accounted for over 42% of the processed food total. Japan was 3rd at nearly \$6.2 billion (1%), followed by China again with a slight decline of 3% at \$2 billion, and South Korea at \$1.8 billion showing good growth at 10% over the previous year. Rounding out the top ten markets for U.S. processed product exports has the Philippines in 6th at \$1.2 billion (2%), United Kingdom at \$1.1 billion (5%), Australia at just over \$1.1 billion (10%), Netherlands which grew 4% to \$957.3 million, and Hong Kong in 10th place at \$813.9 million which declined 5%.

**The top processed food product commodity aggregates** show “other processed foods, ingredients, and beverage

bases” as the leading export at nearly \$5 billion (2%). These include many of the “prepared foods” aforementioned from HS 210690. Following that is baking inputs and mixes and dough’s at \$2.6 billion (-7%), which include flours, extracts, starches, and bakers wares. Cream and powdered condensed milk is 3rd at \$2.3 billion (2%) which is mostly NFDM mentioned previously. Baked snack food such as pretzels and pastries followed that at just over \$2 billion (3%) and chocolate was 5th at nearly \$1.8 billion (5%), mostly confections for retail sale.

Cheese is 6th on the list with record exports of nearly \$1.8 billion and significant growth of 26% from 2013—42% of that is varietal types with no specific code. Cheese is followed by distilled spirits at \$1.5 billion (5% and mostly bourbon), followed by wine at \$1.4 billion which declined 6% from 2013. Bottled drinks are 9th at nearly \$1.4 billion (7%) and include soda, juice, and mixtures such as energy drinks and protein shakes. Rounding out the top ten processed food exports are cooked and prepared shellfish at \$1.3 billion and solid growth of 14%.

**Other high growth export markets for processed food** include Vietnam at \$657.8 million (19%), and Colombia, which now ranks 15th as a market at nearly \$492 million with growth of 24%, Thailand at \$480.2 million (21%), and United Arab Emirates at \$436.1 million (22%). Chile totaled \$368.7 million (14%), Peru also grew 52% to 262.4 million, and Guatemala imported \$276 million and grew 18%.

### Stay Up-to-Date on Trends and Developments With the GATS System

It certainly pays off to stay up-to-date on trends and developments within export markets. 2015 may add others to the mix, perhaps related to the growing strength of the U.S. dollar against other currencies. If you’re interested in learning how to navigate the GATS system, you can view the recently recorded webinar on “Online Resources for Export Market Research” on [www.foodexport.org](http://www.foodexport.org) under the “Webinars” tab. The GATS system can be accessed at [www.fas.usda.gov](http://www.fas.usda.gov), open “Data & Analysis” and then enter the program.