

Global Food Marketer Newsletter

Export news from the Midwest and Northeast



Food Export
Midwest USA



Food Export USA
Northeast



Food Export's New Brand

As the world has been changing over the past year so have Food Export – Midwest and Food Export – Northeast – from moving activities to virtual, to developing new educational programs, and to redesigning our website and logos. We have given our brand a new look that is relevant and recognizable. Our logos have been refreshed but still retain the foundation of who we are and who we serve, U.S. Suppliers of the Midwest and Northeast.

Along with our new logos and website, we have also introduced the Food Export Program Guide (shown inside). The Program Guide provides an easy way for suppliers to identify the programs and services that are best for their company, whether new to exporting or experienced.

The Program Guide illustrates the three key ways that we continue to support exporters: Export Education, Market Entry and Market Promotion. As your company progresses in exporting, you may find programs from any of these areas useful. The cyclical design of the Program Guide reflects the iterative nature of building an export business. Our programs are ready to assist you at any stage or cycle in your export journey.



Exporter Education

Our Export Education services help suppliers learn about exporting, increase their knowledge of basic exporting terms, and learn more about Food Export's Market Entry activities. Key parts of

this cycle include online learning with webinars, Export Essentials Online, and checking in with the Food Export Helpline™ program.



Market Entry

In the Market Entry phase, Food Export assists suppliers to identify and meet qualified buyers. With product exposure in *US FoodLink* and through utilizing the Trade Lead program, suppliers can have their

products showcased to international buyers. Moving through the process, suppliers may consult with our knowledgeable staff through the Export Advisor program, Virtual Consultations, and the Lead Qualification service. This will help identify key markets for the specific products a U.S.

in this issue



Food Export's
New Brand



Market Focus:
Canada



Food Export
Helpline™ Q/A



Food Export
"Dos" and "Don'ts"

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 Canada

In 2020 U.S. agricultural exports to Canada increased 1% from 2019 with a total of \$20.9 billion exported, second only to China.

USDA's Foreign Agricultural Service (FAS) Office of Agricultural Affairs (OAA) in Ottawa, reports that unparalleled regulatory cooperation, trustworthiness in food safety systems, sophisticated transportation logistics, geographic proximity, similar consumer preferences, and relatively affluent consumers are among the reasons why Canada continues to offer excellent export opportunities for new-to-export small- and medium-sized U.S. companies.

Canada accounts for about 14.4% of total U.S. food and agricultural product exports of \$145.6 billion. Canada remains the top market for U.S. exports of consumer-oriented products. U.S. exports of

confectionery, dog and cat food, prepared/preserved meats, pasta and processed cereals and condiments and sauces.

The United States-Mexico-Canada agreement (USMCA) entered into force on July 1, 2020 and should reduce uncertainty over trade. Canada's recent trade agreement with the European Union (EU), the Comprehensive Economic and Trade Agreement (CETA), is an attempt to reorient more of its trade away from the U.S., towards Europe. It eliminated 99% of tariffs on both sides and has boosted bilateral trade by about 20%.

Retail Sector Highlights: Canada's retail market is mature and consolidated with five major stores commanding 75% of the market share. Ontario, Quebec, and British Columbia represent 74% of



14.4%
of total U.S. food and
ag product exports



\$16.5B
U.S. exports of
consumer-oriented
products in 2020



\$13B
U.S. processed food
exports in 2020

these products to Canada reached a total of \$16.5 billion in 2020, also growth of 1%. This also accounted for 79% of total U.S. food and agricultural product exports to Canada. Canada is also the top market for U.S. processed food exports, totaling more than \$13 billion in 2020, nearly the same as 2019.

Top U.S. processed food exports to Canada in 2020 included food preparations, snack foods, non-alcoholic beverages, chocolate and

Canada's retail market and are the provinces in which most of the convenience, drug, grocery, and mass merchandise stores are located.

Best Product Prospects: Over the next five years, packaged foods are expected to grow by 3.2%, while those products with natural, organic, and/or free from artificial ingredients are projected to grow by 7.5%. Higher growth items include cooking ingredients & meals; baked goods (flat breads); processed fruits & vegetables; pasta, rice

& noodles; processed meat & seafood (meat substitutes); pet food.

Food Service Sector Highlights: The Canadian foodservice sector grew 3% to nearly \$71 billion in 2019. COVID-19 mitigation measures – including the initial closure of non-essential businesses, restrictions on local and international travel, and reduced capacity, phased business re-openings – have dealt a heavy blow to the Canadian hotel, restaurant, and institutional (HRI) sector, with at least 10% of establishments projected to have closed permanently. The national restaurant industry association predicts losses ranging as high as 48% in 2020, with commercial foodservice sales down as much as \$30 billion from 2019.

Best Product Prospects: Canadian consumers are increasingly wary about food and beverages they consume, particularly in terms of the quality of ingredients and the incorporation of unwanted, unnatural, or artificial agents. Moreover, as consumer awareness of the need for sustainably produced and packaged products increases, they are more inclined to seek organic options. These two trends are particularly relevant to a younger demographic with increasing spending power.

Food Processing Sector Highlights: While the Canadian food and beverage processing sector has faced increased operating costs and lost sales related to COVID-19, the \$89 billion sector remains a steady source of demand for U.S. agricultural raw, semi-raw, and processed ingredients. Continued Government policy emphasis on Canadian value-added production and exports should sustain food and beverage processing growth and import demand over the near term.

Best Prospects: Best prospects for U.S. exporters include most of the materials used to create retail and foodservice products. Although no data exists on the total value of imported inputs / ingredients destined to the Canadian food processing sector, exports indicate that both semi-raw products, selected fresh fruits and vegetables, nuts, and other products and processing inputs not readily grown in Canada are in high demand and continue to be largely imported from the U.S.

A special note of thanks to Dennis Lynch, Food Export Helpline™ Counselor who compiles this market information for Food Export – Midwest's and Food Export – Northeast's annual funding application, the Unified Export Strategy submission.

Canada

Advantages

- Canadian consumers enjoy high disposable income, coupled with growing interests in premium, high-quality products, and global cuisine
- Canada's ethnically diverse population provides opportunities for specialty products. Canadians are exposed to increasingly diverse flavors and cuisines
- Per-capita produce consumption is higher than in the U.S. Foodservice operators rely on imported fruits and vegetables year-round
- Duty-free, tariff-free treatment for over 98% of U.S. products under USMCA (entered into force July 1, 2020)
- U.S. food products are generally aligned with Canadian tastes and are familiar to Canadian consumers

Challenges

- Canada's population is smaller than California and more dispersed, making marketing and distribution costs generally higher than in the U.S.
- Bilingual (English and French) labeling required for retail products
- Retailers are continually looking to reduce prices, improve product quality, and extend their product range with new items
- Tariff rate quotas apply for supply-managed commodities, dairy, poultry, and eggs
- Different chemical approvals/tolerances, as well as food standards, may require special production runs

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.

Tim Hamilton
Executive Director
thamilton@foodexport.org

Greg Cohen
Communications Manager
gcohen@foodexport.org

Adolfo Montelongo
Communications Coordinator – Content
amontelongo@foodexport.org

Laura Buske
Communications Coordinator – Publications
lbuske@foodexport.org

Sarah Larson
Communications Coordinator – Social Media
slarson@foodexport.org

FOOD EXPORT–MIDWEST
tel: 312.334.9200 • www.foodexport.org

Michelle Rogowski
Deputy Director
mrogowski@foodexport.org

Molly Burns
Branded Program Manager
mburns@foodexport.org

FOOD EXPORT–NORTHEAST
tel: 215.829.9111 • www.foodexport.org

John Weidman
Deputy Director
jweidman@foodexport.org

Howard Gordon
Branded Program Manager
hgordon@foodexport.org

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. Persons with disabilities who require reasonable accommodations or alternate means of communication of program information should contact us. Additionally, program information may be made available in languages other than English. Food Export–Midwest and Food Export–Northeast prohibit discrimination in all their programs and activities on the basis of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, familial/parental status, income derived from a public assistance program, political beliefs, reprisal or retaliation for prior civil rights activity. To file a program discrimination complaint, go to <https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer>. Food Export–Midwest and Food Export–Northeast are equal opportunity employers and providers. Food Export–Midwest and Food Export–Northeast do not tolerate fraud and are vigilant in preventing fraud in any of their programs. Food Export–Midwest and Food Export–Northeast reserve the sole right to accept or deny companies into their programs. For complete participation policies and our code of ethics, visit: www.foodexport.org/termsandconditions.

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STATE AGRICULTURAL PROMOTION AGENCY CONTACTS

MIDWESTERN STATES

Illinois Kim Hamilton
217.782.5809

Indiana Andrew Carty
317.232.8770

Iowa Brad Frisvold
515.348.6241

Kansas Suzanne Ryan-Numrich
785.564.6704

Michigan Jamie Zmitko-Somers
517.284.5738

Minnesota Jeffrey Phillips
651.201.6220

Missouri Jennifer Kliethermes
573.751.5611

Nebraska Jordan Schlake
402.471.4876

North Dakota Lindsey Warner
701.929.6712

Ohio Wendi Howell
614.466.6811

Oklahoma Jamie Cummings
405.593.2119

South Dakota Brian Pontious
605.773.5425

Wisconsin Lisa Stout
608.224.5126

NORTHEASTERN STATES

Connecticut Amanda King
860.895.3093

Delaware Stacey Hofmann
302.698.4542

Maine Jeff Bennett
207.541.7400

Massachusetts Bonita Oehlke
617.626.1753

New Hampshire Tina Kasim
603.271.8444

New Jersey Christine Fries
609.292.5537

New York Joseph Ganley
518.649.3711

Pennsylvania Laura England
717.783.8462

Rhode Island Katherine Theriau
401.278.9100 ext. 139

Vermont Lauren Masseria
802.505.5413



Food Export Helpline™

Q Our company is getting started both in exporting and in participating in Food Export activities. Is there a list of things to do or to avoid?

A In honor of World Trade Month, let's review some of the top food exporter mistakes.

THINK THAT IT IS EASY OR TOO HARD

It all depends on your attitude, organizational structure, expectations as well as type of products and markets. Complications like stringent regulations for animal products, temperature management and excess paperwork and procedures may make exporting difficult, but not impossible.

WINDOW OF OPPORTUNITY TOO SHORT – EXPECTATIONS TOO HIGH

Globally, the decision-making process moves at a slower pace, and in many areas, it is subject to a lot more discipline and research than the U.S. Business relationships based on person-to-person contact can help companies resolve problems more easily. U.S. companies that feel disappointed after not securing an immediate export sale should consider how they might improve their chances for success, looking at relationships differently and becoming a better exporter rather than giving up too soon.

TOO MUCH EMPHASIS ON “SELLING”

Around the world, building mutually cooperative and beneficial relationships is valued far more than “selling.” If you can reduce the usual theatrics and tactics that go with selling, you can succeed better in international business. Above all, diplomacy reigns.

MISINFORMATION & THE RUMOR MILL

Verify all matters of interest and talk to those who actually know.

CONFUSED BY TRAINING FROM OTHER THAN AGRICULTURE

U.S. food suppliers should obtain their education and training within their industry to account for different regulations, methods of shipment, incoterms, and payment terms; and more. Education and training needs to be focused on the food business.

INABILITY TO TARGET MARKETS/SEGMENTS

Focus on target markets/segments of people and places and events

and not geography, unless there is a very specific reason one country (not a continent) might be the best place for your products.

TRAVEL INCENTIVE MYOPIA

Investigate where the best opportunities are for your products, not the best places to vacation.

DIFFICULTY APPRECIATING CULTURAL NUANCES

Study the business culture of targeted markets and be prepared to “go with the flow” when needed. The buyers will respect you for it. Be comfortable even when you do not exactly know what is going on, why a prospective business partner said or wrote something or made a gesture you do not understand.

CANNOT GRASP EXPORT PRICE ESCALATION

International customers have more expenses than their domestic equivalents, adding pressure on the cost of their imports. Buyers are well aware of their transport costs, duties, taxes, and customs brokerage fees and often will share what the price needs to be in order to succeed.

FAILURE TO DELEGATE RESPONSIBILITY

Smaller businesses usually have a founder who is often involved in every decision and action, including export efforts. There are sometimes challenges when they realize how much time is required to succeed. If they could learn to delegate the non-decisive steps such as research and training, they would have better opportunities.

THE “EXPORT READINESS” CONCEPT

A balance between export marketing, promotion of products and competence in export operations, export readiness means you could be the best marketer of products for export but if you can't speak the language of international trade and actually be good at exporting you will not be successful. If you think of yourself as an importer of food products, what would you expect of your suppliers? On time, intact, properly documented, and insured shipments that clear customs without problems.

Read about Export “Dos” and “Don’ts” inside.

Food Export “Dos” and “Don’ts”

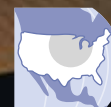
Success depends on realistic expectations and ample time to develop skills, potentially repeating the steps over and over to learn.

Export “Dos”

- > **Remember that target markets are not wide geographical swaths** but are actually types of people within a consumer industry – different end uses, and end users will be similar wherever they are located.
- > **Focus on building relationships** that are mutually beneficial and cooperative.
- > **Consider diplomacy first when communicating** and look for nuances and contexts of how some things are expressed. Appreciate the cultural differences and celebrate them.
- > **Make education part of an annual agenda** in order to keep up with changes in international trade and within markets.
- > **Develop an appreciation for export price escalation** and remember to construct a price that voids domestic overhead expenses that do not apply to international sales.
- > **Avoid the rumor mill** and get your information on markets and procedures from within the industry.
- > **Subscribe to distribution lists** from organizations that support food and agricultural exports at the federal, state, and local level. The Foreign Agricultural Service (FAS) emails specific reports daily through the Global Agricultural Information Network (GAIN).
- > **Visit www.fas.usad.gov regularly** to track FAS updates.
- > **You (or someone on staff) must be able to read reports and data**, instructions, communications, and documents in order to export properly, period.
- > **Delegate responsibility** to analytical staff where appropriate to help analyze and streamline information and to free up your time.

Export “Don’ts”

- > **Do not misuse Incoterms** and make sure you weigh and measure all cargos in the metric system. Be both timely and accurate in effecting export quotations.
- > **Don’t use inappropriate, overly familiar correspondence.** Be diplomatic and respectful, follow the buyer’s lead to a more informal relationship.
- > **Don’t use a “cookie cutter” approach to markets** They are all quite different – even Canada and Mexico.
- > **Don’t assume “Free Trade” is really free.** You still need to meet all labeling requirements and compliance steps. Free Trade Agreements lower and/or eliminate tariffs, either upon entry into force or on some reduction Schedule.
- > **Don’t discount the individual steps** in the export process – all are of equal importance. Emphasizing one step makes overall success more difficult.
- > **Don’t wait to learn** about exporting until after getting an order.



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Program Guide



**Food
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Midwest USA



**Food
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YOUR CONNECTION TO GROWTH™

The 3 Tracks to Export Growth

Our three program categories enable new and established suppliers to pursue international market opportunities and fuel long-term growth.



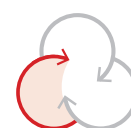
Exporter Education

Enhance your export expertise with ongoing education programs for all experience levels.



Market Entry

Identify opportunities in international markets and meet potential buyers.

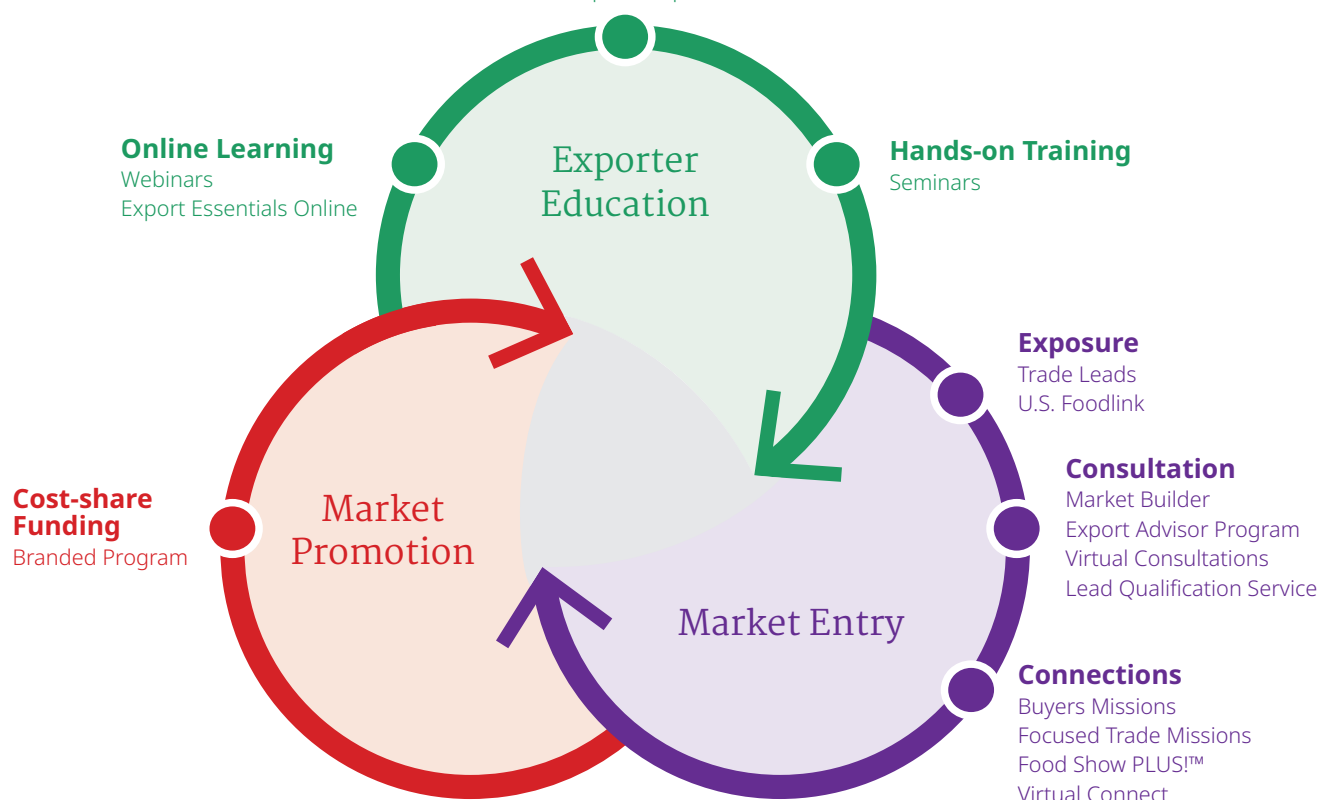


Market Promotion

Strengthen your international presence through the Branded Program.

1 on 1 Assistance

Food Export Helpline™



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Exporter Education

Webinars

Learn about the export process and the resources available to help expand your business

Food Export Helpline™

Personalized one-on-one assistance from a leading industry expert for exporters of all experience levels

Export Essentials Online

Comprehensive online learning modules on the exporting process

Seminars

Live seminars based on key export topics and regional subjects of interest



Market Entry

Trade Leads

Receive targeted trade leads from qualified buyers via our overseas network at no cost

Market Builder

Customized market research from our In-Market Representatives and importer feedback on your product

Virtual Consultations

Video chat with an In-Market Representative to get first-hand feedback from our industry experts

Buyers Missions

Meet with qualified buyers and promote your products without leaving the U.S.

Food Show PLUS!™

Maximize your trade show success with on-site assistance, market knowledge, and access to qualified buyers

U.S. Foodlink

Showcase your products and gain exposure with buyers in our internationally-distributed newsletter

Export Advisor Program

Year-long assistance from experienced advisors to help your company kick start or improve exporting efforts

Lead Qualification Service

Get help qualifying foreign buyer leads following an event or via online introduction

Focused Trade Missions

Travel and explore a market to experience the local food industry landscape and meet with prospective buyers

Virtual Connect

Connect virtually with qualified buyers and promote your products



Market Promotion

Branded Program

Receive 50% cost reimbursement on an assortment of international marketing activities including advertising, demos, website development, international trade shows, and more

**Find Export Success
at Your Fingertips.**

Midwest 312.334.9200

Northeast 215.829.9111

E-mail info@foodexport.org

Visit www.foodexport.org





PRESORT STD
 U.S. POSTAGE PAID
 Permit 433
 BISMARCK,
 ND 58501

Food Export Association of the Midwest USA
 309 W Washington St, Ste 600
 Chicago, IL 60606
Address Service Requested



Food Export's New Brand (continued)

Supplier has for distribution. Now armed with key information and resources, a supplier starts to make connections utilizing Food Export's Buyers Mission, Focused Trade Missions, Food Show PLUS!™ and Virtual Connect programs.



Market Promotion

The Branded Program represents the Market Promotion part of the cycle. This cost-share

funding program helps suppliers market their U.S.-made products in international markets. The program provides 50% cost reimbursement for a wide variety of international marketing activities, including new allowable activities based on the virtual dynamics needed to promote products in this reduced-travel environment.

Food Export continues to assist U.S. Suppliers at every level and at any point of their export journey. Suppliers can begin the cycle at any point and continue to use the Guide as needed to enhance their education, experience, and exports.

And remember, outside of the Program Guide we also have a team of staff to continue to support, assist, and answer all your questions.

The Liaison team at Food Export–Midwest and Food Export–Northeast is here to help!

Whether you are a new supplier who needs assistance becoming acquainted with our various Programs and Services or an active participant who has been attending events and utilizing our programs for years, your Liaisons will be your primary contact at Food Export. They are always available by phone and email to answer questions and to provide specialized guidance.

Food Export–Midwest Liaisons

Indiana, Iowa, Minnesota, Missouri and Oklahoma

Jeremiah Jaimes: 312.334.9229 | jjjaimes@foodexport.org

Illinois, Nebraska, North Dakota and Ohio

Matthew Lorenz: 312.334.9225 | mlorenz@foodexport.org

Kansas, Michigan, South Dakota and Wisconsin

Paul Sorenson: 312.334.9217 | psorenson@foodexport.org

Food Export–Northeast Liaisons

Delaware and New York

Ryan Carr: 215.599.9748 | rcarr@foodexport.org

New Hampshire, New Jersey, and Pennsylvania

Deborah Ingravallo: 215.599.9747 | dingravallo@foodexport.org

Connecticut, Massachusetts, Maine, Rhode Island and Vermont

Apryl King: 215.599.9753 | aking@foodexport.org