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Global Food Marketer[™] Newsletter

Export news from the Midwest and Northeast



**Food
Export**
Midwest USA



**Food
Export USA**
Northeast



Tips for Communicating with International Business Contacts

If you are a U.S. company that is looking to export and work with international importers, or if you already are an experienced exporter, there are many nuances and other things you should consider when communicating. Following are some of those important issues to keep in mind.

Language/Word Choice

- Write or speak with awareness that non-native English speakers and non-U.S. audiences may be reading or listening.
- Keep abbreviations, jargon, and slang to a minimum.
- If giving a presentation that is being translated, be mindful of pace and whether interpretation is simultaneous or consecutive.

Abbreviations and Acronyms

- Before using an acronym, the full term should be spelled out in its first use with the acronym in parentheses following the mention.
- All subsequent mentions in the piece may use the acronym without parentheses.
 - Example: “Thanks to the helpful market overview we received from the United States Department of Agriculture (USDA) while on a recent trade mission we were able to understand the local retail landscape better than before. The USDA has many helpful programs for U.S. suppliers looking to expand their international presence.”
- Avoid using U.S. state abbreviations that won't be widely known to those outside the U.S. (ex. use “Massachusetts” versus “MA”).

Names and Titles

- In some cultures, the person's surname (aka last name or family name) is written first and a person's given name (first name) written second (ex. China, Korea, Japan and Vietnam).
 - This is opposite how most people in the U.S. write their names.
- Some cultures traditionally have two surnames.

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Tips for Communicating with International Business Contacts



Market Focus: United Arab Emirates & Saudi Arabia



Food Export Helpline™ Q/A



Branded Program

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Market Focus United Arab Emirates & Saudi Arabia

The Middle East regional market covers the Gulf Cooperation Council (GCC-6) members Bahrain, Kuwait, Oman, Qatar, the United Arab Emirates (UAE), and Saudi Arabia. In 2020, the UAE and Saudi Arabia remained the 16th and 21st largest markets respectively from the U.S. for consumer foods and are frequently in the top 20 of most major processed food export categories. Consumer food exports from the U.S. to the GCC-6 members decreased 14% to \$1.6 billion in 2020. Top U.S. processed food exports to the region in 2020 included processed/prepared dairy products, food preparations and ingredients, snack foods, condiments, sauces, jams and jellies, fats and oils and processed vegetables and pulses.

UNITED ARAB EMIRATES

The UAE is the major regional trade hub for the Middle East and North Africa due to a favorable geographic location and modern infrastructure. The UAE is also a member of the Pan-Arab Free Trade Agreement (PAFTA), which has eliminated nearly all tariffs among its signatories, and is a founding member of the GCC. Economic-friendly regulations, low duties, and extensive free trade zones throughout the country have enabled the UAE to become one of the world's leading re-export hubs.

Food Retail Sector Highlights: Retail sales in the UAE packaged food market were \$5.9 billion in 2020, an increase of 20.1% and just over \$1 billion from 2016. Sales of packaged food are forecast to reach nearly \$7.3 billion by 2025. High-growth products include pet food, sweet spreads, processed meat and seafood, soup, sauces, dressings, condiments, processed fruit and vegetables, baked goods, and sugar confectionery.

Best Product Prospects: The market is highly competitive, but there is great potential for U.S. export growth, including in dairy products, prepared food, fresh fruit, poultry, tree nuts, and beef products.

Foodservice Sector Highlights: In 2019 travel and tourism accounted for 11.9% of the UAE's gross domestic product (GDP) and employed roughly 10% of the UAE labor force or 745,000 workers. COVID-19 came at a bad time for the HRI sector. The foodservice sector struggled to maintain targets and profit margins; options like food trucks, cloud kitchens, and online sales replaced more traditional and expensive physical outlets.

Best Product Prospects: In 2019, imports of bulk and intermediate agricultural products totaled \$2.5 billion, 11% (\$273 million) of these imports came from the U.S. They included dextrans, peptones, & proteins, vegetable oils, sugars, sweeteners and beverage bases, soybean oil, essential oils and milled grains and products.

SAUDI ARABIA

Saudi Arabia is a significant market for U.S. food and agricultural products with direct U.S. exports of \$1.3 billion in 2019. There was a decline of 7% to \$1.2 billion in 2020 despite some hiccups related to COVID-19 and lower oil prices in Saudi that depressed overall sales. However, there are still plenty of opportunities for a wide range of new U.S. products to enter Saudi Arabia, especially healthier products aimed at a generation with more disposable income. Unfortunately, there are also significant impediments to trade including several halal-related restrictions on meat and poultry products. U.S. food products are generally viewed as higher quality and are well positioned to meet Saudi Arabia's changing dietary habits over the next several years.

Food Retail Sector: Estimated 2020 retail sales in the Saudi packaged food market are \$20.6 billion, an increase of 12.6% and nearly \$2.3 billion from 2016. Packaged food sales are forecast to reach \$26.3 billion by 2025. High-growth products include baby food, pet food, processed meat and seafood, rice, pasta, noodles, baked goods, breakfast cereals, savory snacks, and soup.

The traditional retail sector is being displaced by hyper and supermarkets, and demand for packaged food continues to increase. Major drivers include increasing disposable income, a growing population and the creation and expansion of urban centers. In 2020, total retail sales in Saudi Arabia were estimated at approximately \$37 billion, and 59% was generated through traditional grocery stores.

Best Product Prospects: Currently, more consumers in Saudi are seeking healthier lifestyle products (diet foods, organic etc.), beef, poultry meat, beverage ingredients, non-alcoholic beer, tree nuts, dairy products, plant-based meats, fresh fruit and vegetables, processed fruits and vegetables, fruit and vegetable juices, honey, and snack foods.

Foodservice Sector Highlights: In 2019, total consumer food service revenue was approximately \$21.7 billion, but the market experienced a sharp contraction in 2020 due to COVID-19 and lower oil prices. While demand at quick service restaurants has largely rebounded, partly due to home delivery apps, fine dining establishments have been slower to recover.

Best Product Prospects: The Saudi HRI sector is constantly seeking suppliers for high quality and competitively priced high-value and intermediate food products such as dairy products, fresh fruit, fresh vegetables, red meats, condiments and sauces, beverage and other coffee shop ingredients, baked frozen pastries, and frozen sandwich bread.

Best Product Prospects: There's high export potential in the Saudi food processing market for: poultry meat, beef, skimmed milk powder, full cream milk powder, block cheese, butter, milk protein concentrate, anhydrous milk fat (AMF), butter oil, and whey powder.

Other food processing ingredients in demand include margarine, vegetable oil, vegetable fat, grape leaves, spices, fruit pie fillings, seasonings, shortenings, sauces, chocolates, cooking oil, vegetables, dehydrated chicken powder, jam ingredients, tree nuts, tomato paste, legumes, pulses, french fries, wheat, rice, beverage ingredients, bakery and pastry ingredients, juice concentrates, ice cream ingredients, chili sauce and specialized flours.

United Arab Emirates

Advantages

- A wealthy consumer market with high per capital incomes.
- UAE is a modern transit hub for the broader region.
- Import regulations are transparent and non-complex.
- Excellent infrastructure, facilities, and state-of-the-art ports.
- USA brand recognition is prevalent among consumers.
- Product visibility through market promotion is widely available.
- American products are considered high quality by UAE consumers.
- The UAE dirham is stable, secure, and pegged to the US dollar.
- UAE importers are frequently searching for new to market products to update portfolio.
- Well-established trade relationship with major UAE retailers.

Challenges

- Expats have access and preference to their home country products.
- Specialized labeling and restrictive shelf-life requirements.
- Developing rules, subject to change without prior notice.
- Other international and local food brands are available at competitive prices.
- Competitors dedicate significant resources for product branding and marketing.
- Suppliers often required bearing the cost of market promotions.
- Long shipping time and high freight cost.
- Saturated market and highly competitive.
- Unwillingness of U.S. supplier to provide small product quantities due to limited size of the UAE market.

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 We have a domestically, well-received product; how do I determine if it will do well internationally?

A Great question! The steps are very similar for most processed products and other companies can use the information and resources as well.

You have a nice line of soups! U.S. soups and broths of all kinds are popular around the world and a significant export, adding up to \$625.8 million in 2020, growth of 12% from the prior year. U.S. soup exports have been growing for years; in fact, since 2016 they have grown 47% and just over \$200 million.

IT'S NOT ALWAYS ABOUT THE PRODUCT

The product needs to be priced right for export. Buyers are professional importers and will expect you to be competent in export skill and knowledge. You should be involved in export training and education. Food Export's "Export Essentials Online" (EEO) was designed to cover nearly every step you need to take to be successful. Watch recorded webinars complimentary to each EEO Module.

ESTABLISH THE "HS" CODE

Classify the products for export and run export statistical data so you can see the value and volume of like products going into different markets. Use EEO Module 2 – "Classify Your Products for Export" to learn all about the importance and uses of the Harmonized System (HS). The HS is also used for qualifying products for Free Trade Agreements (FTAs), analyzing duties and taxes, clearing goods for export and other forms of market research.

EEO Module 3 – "Use Market Research for Competitive Advantage" and assorted recorded webinars can show you how easy it is to access quality market research. Access the Foreign Agricultural Service (FAS) marketing research reports in the Global Agricultural Information Network (GAIN) database. You'll find Exporter Guides for each country of interest as well as Retail, Foodservice and Food Processing segment reports. <https://www.fas.usda.gov/data>

TAKE A LOOK AT EXPORT DATA

The Global Agricultural Trade System (GATS) provides access to export data on commodity aggregates such as "soups" or the specific schedule B numbers.

TAKE ADVANTAGE OF FREE TRADE AGREEMENTS

Qualify your products for FTAs in order to help lower the landed cost and make them more attractive to importers. Use EEO Module 4 and watch recorded webinars on the USMCA and U.S. Japan Free Trade Agreements. Run your HS code in the "What's My Tariff" program located at <https://beta.trade.gov/fta/tariff-rates-search>.

LOCATE OTHER DUTIES TAXES

Not all markets are in FTAs, and those that are may have additional taxes, such as value added (VAT) and other fees you might want to evaluate. Use "CustomsInfo" located at <https://export.customsinfo.com/GlobalTariffs/Default.aspx> A free registration for new users allows to you plug in the HS code and select a specific country.

METRIC WEIGHTS & MEASURES

Before quoting export prices, it is important to weigh and measure all potential cargo in the metric system. Each individual unit is measured in grams, and then cases or cartons in kilograms (2.2046 pounds).

QUOTING, PRICING & TERMS OF SALE

The timely and accurate issuance of a pro forma invoice is expected and impacts export success. Understand the International Commercial Terms of Sale (Incoterms). Refer to EEO Module 5 on developing an export price and EEO Module 6 on international terms of sale, as well as recorded webinars on export pricing and quoting.

NAVIGATE FOOD EXPORT REGULATIONS

You can use EEO Module 8 on navigating export regulations, as well as Module 9 on commercial documentation and a number of recorded webinars which support both modules.

CALL TO ACTION

Attending a Buyer's Mission is the most efficient and lowest-cost way to get primary feedback and to get a feel for product specifics and your marketing mix. If you will be exhibiting at trade shows, welcome discussion from foreign buyers. Enter your products in the Online Product Catalog (OPC) and Trade Lead Program on the Food Export website. Read EEO 11 on "Preparing to Meet Foreign Buyers" and supporting recorded webinars for further details.



Market
Promotion

Branded Program

Now is a great time to start thinking about your 2022 international marketing plans!

Submitting your Branded Program pre-qualification is the first step. It's free and a quick, easy process that will determine if you are eligible. Once approved, use the application as a guide to plan 2022 expenses.

The 2022 Branded Program will open August 2, 2021.

Is your company eligible to participate in the Branded Program?



A company headquartered in the U.S. Midwest or Northeast regions



Meet SBA Guidelines of a small business



Promote brand name products with at least 50% U.S. agricultural content by weight

Double your budget with 50% cost reimbursement!

Unsure what expenses to plan for on your application?

Focus on online and ongoing expenses such as:

- Export packaging/labeling
- Website development/e-commerce
- Advertising and public relations
- Social media
- In-store promotions, product demonstrations, and displays
- Online advertising and SEO
- Importer marketing expenses
- Virtual Tradeshows and Events
- Videography
- Fees for exhibiting at select overseas and domestic trade shows
- Marketing and point-of-sale materials
- Freight costs for product samples



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Tips for Communicating (continued)

- Some individuals may ask to be called by a preferred English name – ex. “Daisy” – over their given name.

Addressing New Contacts

- It is recommended to ascertain the preferred honorific (title) of new contacts so as to avoid any embarrassing assumptions; providing your own title may also be helpful in certain settings.
- Many cultures outside the U.S. are more formal in how they address business contacts in writing and in person. Start by addressing new contacts formally (ex. Dear Ms. Greenfield/Mr. Greenfield) and follow their lead for when to relax to a more casual form of address.
- When handing out or being handed a business card, do so with both hands; this is particularly important in Asia.

Dates

- When communicating with anyone outside the U.S., dates should be formatted as follows: Day-Month-Year, rather than Month-Day-Year.
- To avoid any potential miscommunication, spell out the month and include the day of the week – Tuesday, January 12, 2021 or Tuesday, 12 January 2021, rather than using all numbers.

Times

Some countries use the 12-hour clock (am and pm) and some use the 24-hour clock (military time). Include am or pm if using the 12-hour clock.

Time Zones

- When scheduling a call or meeting with people across different time zones, be sure to check the time of all participants. When sending an invitation, clearly state the time in all participants’ time zones. If the time zone spans days, be sure to include that.
- When joining the call, recall the time of day and greet participants according to the time of day in their location, rather than yours.
- Daylight Savings Time
 - When scheduling an international call or meeting in late February/March or October/November, check when the time change will happen in the relevant countries to avoid confusion.

Currency

- When referring to U.S. currency, use the U.S. abbreviation before the dollar sign – US\$ to avoid confusion with other currencies.
- In many English-speaking countries, the comma is used as a place holder between thousands and the period used to separate decimals. \$1,234,567.89. While in most non-English speaking countries the comma and period are reversed. €1.234.567,89

This is by no means an exhaustive list; it is intended to aid suppliers in avoiding common areas of miscommunication. Keeping differences in mind will help make the best possible impression with buyers.