Each year the Branded Program, made possible through Market Access Program (MAP) funding from the USDA, Foreign Agricultural Service (FAS), helps thousands of small U.S. food and beverage companies market their products internationally and increase export sales. In 2011, companies who participated in the program made $639 million in actual export sales through Branded Program assistance and $860 million in projected export sales. More than 700 new distributor relationships were formed, 201 companies made their first export sale in a new market, and 150 companies increased their export sales by 20% or more!

Just ask Stonewall Kitchen, located in York, Maine, who took advantage of the Branded Program to advertise its specialty food products in print ads throughout Germany last May and November. As a result, the company expanded its export sales to Germany by more than 50% in the last two years.

“The Branded Program allows us to offer increased marketing support to our distributors. Without this funding, we wouldn’t have the money needed to promote and advertise our products abroad. The Branded Program helps stretch our international marketing dollars and allows for increased brand awareness, which is critical when entering new markets,” explained Carol Deeney, International Sales Manager for Stonewall Kitchen. “The Branded Program has helped us position our brand as a premium import in the German market, where we have promoted our products in the most notable culinary magazine.”

NEW ELIGIBLE REIMBURSEMENTS FOR 2013

Thanks to new regulations, U.S. companies may now be eligible for the following reimbursements through the Branded Program:

- Website development, servicing, and updating that specifically targets a foreign audience
- Electronic marketing through email, internet, podcasting, and text messaging
- Travel and lodging to eligible international tradeshows and trade missions are now eligible for reimbursement for up to two company representatives, which are now defined as: company employees, brokers, consultants, and/or marketing representatives contracted by the company
- Expenses related to international seminars designed to educate an international audience about your products can now be conducted in the U.S.
MARKET FOCUS: INDIA

With a population of nearly 1.2 billion, India is the world’s second most populated country after China, reports the USDA, Foreign Agricultural Service. India is also one of the youngest countries in the world with a median age of 25 and nearly 60 percent of the population under the age of 30. However, declining birth rates suggest that the population will age over the next ten years with the fastest growth occurring among those aged 30 and above, a group that comprises the highest earners.

India is a small but growing market for imported consumer food products. Food exporters face high tariffs, effective bans on some products and strong competition from domestic producers, but opportunities are emerging for certain products. Young and higher income consumers are becoming increasingly open to consuming processed food products, eating out, and trying foreign cuisines. In addition, India’s small modern retail sector is expanding.

Furthermore, India has one of the world’s fastest growing large economies and, by some estimates, is projected to become the world’s third largest economy by 2025. India’s agricultural imports jumped from $7.2 billion in 2007 to $17.3 billion in 2011. Imports of consumer-ready foods, led by nuts and fresh and dried fruits have doubled since 2008 to $2.0 billion

Food Purchasing Behaviors

Food purchasing behaviors, particularly for upper income consumers, are beginning to change with the emergence of cafés, fast food restaurants, supermarkets, processed foods, larger refrigerators, 24-hour television food channels, easier access to imported foods, women working outside the home, rising numbers of nuclear families, and the introduction of foreign cuisines. Over the past five years, small but growing numbers of India’s consumers have started to eat out more, try new cuisines and ingredients, buy more convenience and processed foods, focus more on health and nutrition, and shop at supermarkets and other modern food retail platforms.

Total spending on food and non-alcoholic beverages increased 94 percent between 2006 and 2011 to an estimated $280 billion. Demand for specialty and high value foods such as chocolates, nuts and dried fruits, cakes, fresh fruits and fruit juices peaks during the fall festive season, especially at Diwali—the Hindu festival of lights which occurs during October or November depending on the lunar calendar. This is also the best time to introduce new-to-market food products in India.

Consumer Food Preferences

The acceptance of packaged, convenience, and ready-to-eat food products is increasing, especially among younger consumers and the urban middle class. Typical imported food items that can be spotted in retail stores in major cities include dry fruits and nuts, cakes and cake mixes, pastries, chocolates and chocolate syrups, seasonings, biscuits, canned fruit juices, canned soups, pastas, noodles, popcorn, potato chips, canned fish and vegetables, ketchup, breakfast cereals, and fresh fruits such as apples, pears, grapes, and kiwis.

Doing Business in India

Indian importers often attend major international food shows in search of new products. In addition, the USDA, Foreign Agricultural Service has endorsed two annual food shows in India—AAHAR and Annapoorna. Exporters looking to establish a presence in India should first determine if your product has market access and then be prepared to be patient, start small, and comply with special labeling requirements.

Is India the Right Market for You?

Food Export—Midwest and Food Export—Northeast provide the services and activities you need to help determine if India 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.

UPCOMING ACTIVITY
IN INDIA

Focused Trade Mission to India
September 22-26, 2013,
New Delhi and Mumbai, India

Visit our website at www.foodexport.org
FAS SETS GOAL TO INCREASE U.S. ECONOMIC ACTIVITY $89 BILLION BY 2016

For U.S. agriculture to continue to thrive, access to foreign markets must continue to be opened, expanded, and maintained where 95 percent of the world’s consumers live. That’s why the USDA, Foreign Agricultural Service (FAS) works around the globe to build new markets, sustain and expand existing ones, improve the competitive position of U.S. agriculture, and ensure food security and build agricultural capacity in the developing markets of tomorrow.

In support of the USDA Strategic Plan and the Administration’s top economic priority of job creation, the FAS Strategic Plan for 2012-2016 has one goal: to help generate an additional $89 billion worth of U.S. economic activity by the end of FY 2016. This will be accomplished through market development programs, tradeshows, prevention/resolution of market access issues, trade capacity building, and market-expanding trade agreements—all of which benefit U.S. exporters.

SUCCESS STORY

MAINE SEAFOOD COMPANY EXPORTING TO HONG KONG THANKS TO BUYERS MISSION

Look’s Gourmet Food Company, Inc. d.b.a. Bar Harbor Foods, located in Whiting, Maine in Congressional District 2, participated in the Food Export-sponsored Specialty Foods Buyers Mission at the 2013 Winter Fancy Food Show and landed a first-time sale to Hong Kong. According to Cynthia Fisher, Vice President of Marketing and Quality Assurance, “Through one-on-one meetings with qualified buyers arranged through the Buyers Mission, we met with a new buyer from Hong Kong who ordered a half container of our Maine seafood soups and meats totaling $27,000 in new export sales. We expect these sales to grow and become regular business for our company providing an estimated increase in gross revenues of approximately $75,000 annually.”

During the event the company also met a distributor from Germany. “The new contact we made in Germany looks promising and could open up the United Kingdom for our products,” explained Cynthia. “Food Export-sponsored Buyers Missions are beneficial for U.S. suppliers because for a small investment, they bring qualified buyers to you that are interested in your products.” As a new participant to Food Export programs and services, “We found the program to be a very efficient, cost-effective method of meeting with potential international customers since all parties came prepared, knowing exactly what to expect during these meetings,” added Cynthia.

STATE AGRICULTURAL PROMOTION AGENCY CONTACTS

Visit our website at www.foodexport.org
How Does the Program Work?

Through exporter education, market entry, and market promotion strategies, Food Export-Midwest and Food Export-Northeast help companies understand and discover new exporting opportunities by providing 50% reimbursement for the cost of eligible marketing and promotional activities. These activities include:

- Creating your export marketing plan
- Identifying your export goals
- Funding assistance to promote 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)

Food Export-Midwest and Food Export-Northeast hold events throughout the year that may qualify for Branded Program reimbursement. If you’re interested in growing sales internationally, go to the Programs & Activities page on our website to view our 2013 Activity Calendar.

1-2-3 Gluten Free, Inc, located in Cleveland, Ohio, used Branded Program support to exhibit at the 2012 SIAL Canada tradeshow and promote their line of gluten free, wheat free, nut free, and peanut free baking mixes.

“The Branded Program funds helped us with travel and booth costs, translating and printing our company flyer, and bilingual label changes. During the tradeshow we met new distributors in the region and, to date, have grown our export sales to Canada by $80,000,” explained Kimberlee Ullner, Founder and President of 1-2-3 Gluten Free, Inc. The company expects this number to grow each year by 30% for the next few years. Kimberlee continued, “We would not have been able to concentrate both manpower and funds to developing foreign markets to the extent we have without the support of Food Export through funding programs such as the Branded Program.”

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 our website at www.foodexport.org to start the application process to see if your company is eligible.

RIBUS, located in St. Louis, Missouri, is using Branded Program funding to become a global supplier of their food and dietary supplement ingredients. According to Steve Peirce, President of RIBUS, “The 50 percent cost-share reimbursement through the Branded Program has allowed us to exhibit at international tradeshows in Mexico, Australia, Singapore, Thailand, and several countries in Europe. With this support, we’ve built a team of nine distributors covering more than 22 countries, and today export sales account for approximately 30 percent of our business. The Branded Program and the associated matching funds made it possible for our company to become a global supplier in a short period of time.” In February 2012, Governor Jay Nixon named RIBUS as the Agriculture Exporter of the Year for the State of Missouri.

Enroll in the Branded Program Today!

The 2013 Branded Program year is currently open for enrollment. If you meet the qualifications previously mentioned and have value-added agricultural products ready for export (i.e., food ingredients, consumer food products, diversified agricultural products, foodservice products, seafood, and feed ingredients), visit the Branded Program page on our website today to see if you pre-qualify.
Q: Thanks for the information on preparing for the upcoming “Triple Trade Missions” to Colombia, Costa Rica, and Guatemala. The export market overview, product specifics, competing countries, and retail market information were helpful. You mentioned some points on other market research including regulations, as well as Free Trade Agreements the U.S. has with these countries. Since these would close the loop on our trade event preparation, can you walk us through them as well? Remember this is for U.S. grown potatoes from which we make frozen French and cottage fries and hash browns.

A: The overriding theme of the last article was that despite the type of trade event you are preparing for, whether it is a Focused Trade Mission, Tradeshow, Rep Finder, or Buyers Mission, it is best to hit the ground running with advance information. The importance of preparation and export readiness for any given market is crucial to success. To complement the initial steps, let’s begin with market research sources, including regulations and documentation. Then we can cover the Free Trade Agreement (FTA) issues including qualifying your product, rules of origin, and duties and taxes.

Market Research From FAS

The best resource for researching food export markets is at the website of the USDA, Foreign Agricultural Service (FAS). FAS provides a link between U.S. agriculture and the world to enhance export opportunities and has a global network of nearly 100 offices covering over 150 countries. These offices are staffed by American agricultural attaches and locally hired staff that are the eyes, ears, and voice for U.S. agriculture around the world. FAS staff identify problems, provide practical solutions, and work to advance opportunities for U.S. agriculture. Most of their public reporting is published in GAIN Reports, which stands for Global Agriculture Information Network. The GAIN system is located at www.fas.usda.gov. On the top right column you will see the header “Read Attaché Reports” (GAIN). Select this header and you are in the GAIN system.

The most practical start is by selecting “Search Reports.” Use the “Custom Date” to go back at least two years from the date you go in. Under Categories, select “Exporter Assistance” and then under the alphabetical list of countries, select Colombia. Available reports will include the most recent “FAIRS” report, which stands for Food Service or “HRI” sector, which stands for Hotel Restaurant and Institutional, and a report on the Retail Food Sector. The FAIRS contains important information on labeling, product registration, documentary requirements, and import procedures. The HRI report contains information on market structure and trends, entry strategy, sub-sector profiles, and best product prospects. The Retail Sector Report includes information on market structure and changes, an overview of importers and distributors, market entry strategy, sub-sector profiles, and best product prospects.

Scroll down and select Costa Rica and run the same set of data. Their reports have been recently updated and are more populated. They include one on the Food Processing and Ingredients Sector, the HRI and Retail Sectors, an Export Certificate Report, a FAIRS, and an Exporter Guide. Exporter Guides serve as an overview of the entire food market and provide details on business customs, tips and trade, economic and demographic details, and consumer tastes and preferences. The Food Processing report includes information on what food products they produce and what imported ingredients they use for certain products, company profiles, a roadmap for market entry, sector trends, and competition. Although all FAIRS reports provide documentary requirements, the added value of the Certificate Report has a matrix of required documents based on products, the reason for the requirement, attestations, and requesting ministry.

If you scroll down to Guatemala, you will find a similar set to that of Costa Rica. There are FAIRS and Certificate reports, an Exporter Guide, and an HRI and Food Processing report. Food Export’s website has a recently recorded webinar on “Tapping into the Central American Market.” The webinar, conducted by an In-market Representative in the region, provides an overview of Central American market trends and procedures as well as a lengthy Q&A which could prove invaluable. The type of product, market, and end user will steer you toward the most appropriate reporting. For any country, if you want to capture more you can go back further, and if you make this a favorite you can check each day for new updates.

**********continued on back**************
Navigating Free Trade Agreements

It is also important to have some idea about the tariff and tax structure of imported foods in the market. With countries the U.S. has a Free Trade Agreement (FTA) with, this is especially important. An exporter has extra steps to take in order to make sure the product qualifies for the agreement and the buyer is able to take advantage of the preferential tariff treatment allowed by the FTA. The U.S. has two FTAs which cover the three countries in this Focused Trade Mission. Costa Rica and Guatemala are in the United States Central America Dominican Republic FTA, U.S. CAFTA-DR, and Colombia is in the United States Colombia Trade Promotion Agreement, CTPA. Details are available at www.export.gov. Select “NAFTA Certificate,” then “Learn to Benefit from FTAs.” Food Export also has two recorded webinars on FTAs, as well as a number of previous Global Food Marketer articles in 2012 on how to navigate them, located at www.foodexport.org.

Colombian CTPA

When you select Colombia, all of the relevant FTA resources open. The first step to take is to see if your product qualifies for the agreement, so the buyer can benefit from the reduction in duties. Step one says “Determine your products classification code.” We already determined this in the previous article as 2004.10. For any other readers who need to accomplish this, you can open up the link and follow the instructions. Step two says “Determine whether there is an advantage to claiming preferential tariff treatment.” Open this and you see the Customs Info Database. Create a quick account with your email. Use the drop down for Colombia and enter 200410 under Tariff Number. The tariff extends the HS code to 2004100000. Select the “Money” icon and then calculate. The duties come up and you will see the General (Most Favored Nations or “MFN”) rate is 20% and the CTPA rate is “Free,” which means, of course, you want to qualify the product. Note: there is also a Value Added Tax (VAT) of 16% calculated on the (Cost Insurance Freight) CIF + Duty amount. In this case an additional 16% on CIF.

Back up one page to the Rules of Origin link. Step three says “Identify the Rule of Origin under the U.S.-Colombia TPA.” Open this and it explains how you can claim preferential tariff treatment for your products if they qualify for the CTPA. Not all products do qualify, so this is a necessary step in order to assist the importer in their claim and save them the duty. Select 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 heading of 2004. The rule of origin says, “A change to heading 20.04 from any other chapter, except from heading 07.01, and provided that goods have been prepared by freezing (including processing incidental to freezing) shall be originating only if the fresh goods were goods wholly obtained or produced entirely in the territory of one or more of the parties.” Heading 07.01 is for fresh potatoes, so it means they can only be grown in and be processed in either the U.S. or Colombia. Your potatoes are grown in the U.S., so as long as you don’t process them in another country except for Colombia your product qualifies for the agreement.

CAFTA-DR

On the left side of the page, all the FTA countries are listed. Select CAFTA-DR so you can go through the same process for Costa Rica and Guatemala, although the pages and the process are a little different from Colombia. The Customs Info link is not present in this section, so you will need to access it from the Colombia page. Open it up and select Costa Rica and enter the HS code. It extends to 200410090 and is under “Other.” The MFN duty rate is 41% and the CAFTA-DR rate is Free. There is a VAT of 13% on CIF + Duty. Now just change the country to Guatemala and click again. The HS code extends to 20041000, “Potatoes.” The MFN rate is 15% and the CAFTA-DR rate is again Free. There is a VAT of 12% on CIF + Duty.

Not all CAFTA-DR countries entered the agreement into force at the same time, so you have to investigate them individually for tariff elimination. But the Rules of Origin are the same so this is the last step. Select “Rules of Origin” and then open up the hyperlink of Annex 4.1 Specific Rules of Origin. Scroll down to chapter 20 and you will find the heading 20.04. The Rule of Origin is the same as Colombia and your products therefore qualify for all three trade agreements. Now you have all the information you need to document the origin for the importer, but you can wait on that until you have an order.

Summary

Between the two articles, you and hopefully many other U.S. food exporters will be able to accomplish a lot. You have…

• Established the HS code for your products and extended it to Schedule B.
• Obtained export data based on those codes to your targeted export markets.
• Identified what the top U.S. processed food exports are and what the overall growth rate is.
• Learned that the HS is integral to Free Trade Agreements and is extended differently into other countries’ tariffs, where you have learned how to access the duties and taxes.
• Learned how to qualify your product for an FTA and where all the resources for that are located.
• All of the information you need to document origin, if necessary.
• Found what other countries your targets have FTAs with and who the main competitors are.
• Learned about the retail markets for your products including the overall size and growth rate as well as that for the top products, which happen to include frozen processed potatoes.
• Learned how to access FAS Attaché Gain reports and how to navigate the programming.
• Gained an understanding of what different types of reports there are including retail, food service, food ingredients, regulatory and export certificates.

All of these steps add credibility to your company and value to the potential importer. You are now export ready for any trade event.
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 or check the box below for more information.

Buyers Missions—Bringing the World to You
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 NRA Show • May 18-19 & 21, 2013, Chicago, Illinois
- Sweets and Snacks Buyers Mission at the SWEETS AND SNACKS EXPO • May 20-22, 2013, Chicago, Illinois
- Value-Added Feed Ingredients Buyers Mission at World Pork Expo • June 3-6, 2013, Minneapolis, Minnesota; Des Moines, Iowa
- Caribbean/Central American Buyers Mission • June 19-21, 2013, Miami, Florida
- Summer Fancy Foods Buyers Mission • June 29-July 1, 2013, New York City, New York
- Food Ingredients Buyers Mission at the Institute of Food Technologists Show • July 15-16, 2013, Chicago, Illinois

Focused Trade Missions—Experience a Market First-Hand. Build Your International Business.
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 Mexico for Food Service • June 17-20, 2013, Mexico City and Cancun, Mexico
- Focused Trade Mission to Colombia for Value-Added Feed Ingredients • July 1-3, 2013, Bogota, Colombia
- Focused Trade Mission to Brazil and Chile • August 5-9, 2013, Sao Paulo, Brazil and Santiago, Chile
- Focused Trade Mission to Mexico for Technical Food Ingredients • August 13-15, 2013, Mexico City, Mexico
- Focused Trade Mission to Hong Kong for “Better for You” Products • August 15-18, 2013, Hong Kong
- Focused Trade Mission to Japan for “Better for You” Products • August 20-23, 2013, Tokyo, Japan
- Focused Trade Mission to Korea for “Better for You” Products • August 25-28, 2013, Seoul, Korea

Food Show PLUS!™—Tradeshow Enhancement to Increase Your Potential for 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, 2013, Sao Paulo, Brazil
- Food Show PLUS!™ at the Asian Seafood Expo • September 3-5, 2013, Hong Kong
- Food Show PLUS!™ at ANUGA • October 5-9, 2013, Cologne, Germany
- Food Show PLUS!™ at China Fisheries Show • November 5-7, 2013, Dalian, China
- Food Show PLUS!™ at Food and Hotel China • November 12-15, 2013, Shanghai, China
- Food Show PLUS!™ at SIAL Middle East • November 18-20, 2013, Abu Dhabi, UAE

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.

Food Export-Midwest Customer Service
Indiana, Minnesota, Missouri and Nebraska, Molly Burns 312.334.9219
Illinois, Iowa, Kansas and Ohio, Brian Fisher 312.334.9217
Michigan, North Dakota, South Dakota and Wisconsin, Paul Weiss 312.334.9221

Food Export-Northeast Customer Service
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Connecticut, Maine, Massachusetts and Rhode Island, Marco Herbas 215.599.9749
New Jersey, Pennsylvania and Vermont, Jason Knudson 215.599.9747

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.
Promote Your Products to International Buyers . . . Without Leaving Your Desk

By including your products in this virtual directory, overseas buyers can easily locate your company and learn about the products you have to offer. It’s targeted promotion to help build your export business.

How to Use and Benefit From the Online Product Catalog

Upload your product information and photo into the online product catalog within our Export Marketing Resource System. You can change or create a new posting if you introduce a new product, line extension, or flavor. Each of your products can have a separate entry. It’s simple and there’s no charge.

Our International Marketing Representatives promote the online product catalog to qualified buyers around the world. Buyers search the system based on product category, company name, brand name, label claims, market segment, or other criteria. Upon finding a product of interest, the system generates an email sent directly to you with an easily identifiable subject line.

The Online Product Catalog is an easy way for you to receive trade leads and expand your marketing reach. Don’t wait!

You can easily register online for the Online Product Catalog service on our Programs & Activities page at www.foodexport.org.

For Additional Information

Fax this back to 312.334.9230. (Note: This is not a registration form.)

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PRODUCTS

☐ Check this box if you no longer want to receive faxes or e-mails from Food Export–Midwest and Food Export–Northeast. Please provide your company name, fax number, and e-mail address and fax this form back to 312.334.9230.

Who We Are

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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–Northeast and Midwest 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.