

GLOBAL FOOD MARKETER™ NEWSLETTER

Export news from the Midwest and Northeast

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BRANDED PROGRAM: THE NEW WAY OF UTILIZATION

Food Export has adapted and changed the way we approach activities over the past year. We have transitioned many of our supplier/buyer interactions to virtual events and have seen an amazing evolution to virtual activities.

Another big change is the way suppliers are utilizing their Branded Program funds. Without international travel, fund utilization has shifted to five major areas.

IN-STORE PROMOTIONS

Showcase your company products in an international store! Having your U.S. products showcased through an in-store promotion is a great way to use Branded Program funding. If you have an importer in the market, we can also assist with their in-store promotions. This could be done as a highlighted endcap in a store, product samplings, and product giveaways. Most fees associated with these activities are eligible and they are a great way to gain product exposure.

Through photos we have seen some fantastic promotions with company mascots, full product displays, samples shared, and branded company items given away. Product and brand exposure are key to this promotion and getting actual product samples into the hands of consumers is very helpful.

ONLINE PROMOTIONS & WEBSITE DEVELOPMENT

Developing websites and online advertising is extremely popular and convenient during the pandemic. We have seen a major increase in fund utilization from suppliers to update their websites to include foreign languages, videos showcasing products, and even to create virtual tradeshows booth walkthroughs.

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Utilizing Food Export's Branded Program



Market Focus: Australia & New Zealand



Food Export Helpline™ Q/A

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MARKET FOCUS: AUSTRALIA & NEW ZEALAND

Upcoming Food Export Virtual Trade Missions will help suppliers explore export opportunities to Australia and New Zealand.

AUSTRALIA

A prosperous and industrialized nation with a stable economy, open and transparent trade and investment environment, and trade and economic links with emerging economies, particularly in Asia underpin Australia's strength. The U.S.-Australia Free Trade Agreement provides some advantages for U.S. products. Australia's economy continues to expand, and the market presents an excellent opportunity.

2019 U.S. exports of agricultural products to Australia totaled just over \$1.4 billion, growth of 2% compared to the prior year. Australia also ranks 8th in the world for U.S. exports of processed foods, totaling \$940 million in 2019. **Top U.S. processed food exports:** food preparations, processed/prepared dairy products, distilled spirits, dog and cat food, snack foods, processed vegetables and pulses, chocolate and confectionery, processed fruit and condiments and sauces.

Retail Sector Highlights: Retail sales in the packaged food market in Australia reached \$35.4 billion in 2019. By 2024, retail sales in the packaged food market are expected to reach \$44.7 billion, a growth rate of 20.9% and \$7.7 billion. High growth products in the forecast include baby food, ice cream and frozen desserts, ready meals, dairy products, savory snacks, confectionery, sweet biscuits, snacks bars and fruit snacks, and baked goods.

Food Service Sector Highlights: Australia's commercial food service sector is a competitive market and with an aging population, the institutional food service sector continues to grow. An aging population is likely to fuel faster growth in the institutional foodservice sector.

Post recommends that exporters enter the market through a distributor, importer, agent, or broker who has a good understanding of the Australian market and targets specific food categories or merchandise managers at major wholesalers and

major supermarket chains. Specialist distributors or wholesalers may also be approached.

Food Processing Sector Highlights: Australia's food, beverage, and grocery sectors account for over one third of the country's total manufacturing sector. The largest number of companies is in the fresh produce sector, followed by food and beverage manufacturing and grocery (non-food) manufacturing.

NEW ZEALAND

Although New Zealand is a relatively small country; it is still an important and growing market for U.S. agricultural products. It is among the top 10 U.S. export markets for grapes, oranges, pet food, and hops, and is the number two market for U.S. lactose. New Zealand imported a record \$535 million of food and agricultural products (including edible fishery) from the U.S. in 2018, representing approximately 10% of total food imports.

2019 U.S. exports of agricultural products to New Zealand reached \$537.9 million, an increase of 13% over 2018 and a new record high. The U.S. exported \$320 million of processed food products to New Zealand in 2019, growth of 9%. **Top U.S. processed food exports:** food preparations, processed/prepared dairy products, dog and cat food, syrups and sweeteners, distilled spirits, prepared/preserved meats, processed vegetables and pulses and snack foods.

Food Service Sector Highlights: Tourism continues to grow and is fueling demand for food and agricultural products. The U.S. supplied \$261.3 million of consumer-oriented products to New Zealand in 2019. Expanding sectors such as tourism, food service and hospitality are driving demand for consumer oriented products, particularly food preparations which are used to process meat-based foodstuffs, baked goods, sauces, wine, and confectionery.

Due to the limited production of high-quality food inputs and ingredients, New Zealand food manufacturers are increasingly turning to international suppliers.

Food Processing Sector Highlights: A prosperous country, heavily reliant on trade, New Zealand is also dependent on the primary sector with food and agricultural products accounting for approximately 41% of total exports. New Zealand exports an estimated 80% to 90% of primary production. Dairy remains New Zealand's largest exported product.

New Zealand's food processing sector comprises an estimated 8% of the country's food sector and is valued at more than \$23 billion. A large percentage of New Zealand's exports are produced using a variety of inputs not readily available in the country. This lack of capacity provides opportunities for exporters.

AUSTRALIA

Opportunities

- U.S. culture well accepted.
- No language barriers.
- U.S. products have excellent image and acceptance.
- Northern hemisphere seasonal advantage for fresh foods, e.g., fruit and vegetables.
- The U.S./Australia Free Trade Agreement enables a majority of U.S. products to enter Australia tariff free.
- Consumers seeking new tastes and cuisines.
- Strong dining out culture provides opportunities to supply the consumer foodservice sector with new products.

Challenges

- Strict quarantine requirements for fresh products; and import permits are required for fresh produce; some products prohibited.
- Australia is a significant producer of a similar variety of agricultural products.
- Australian labeling and advertising laws are different from the U.S. which may require some changes to food labels.
- "Buy Australian" campaign is significant.
- A focus on purchasing fresh local food by many restaurants and cafés provides advantages to local producers and suppliers.

NEW ZEALAND

Opportunities

- U.S. products are high quality and are increasing in their presence.
- Low tariffs ranging between zero and 5%.
- Market U.S. fresh products during New Zealand's countercyclical seasons.
- Some supermarkets make individual buying decisions, and this allows importers to approach them directly.
- Ease of doing business and size of market make it a good fit for new-to-export and small-to-medium U.S. companies.
- New Zealand practices a science-based approach to trade, thus, open to exploring innovative products.

Challenges

- Growing competition from Australia, European Union (EU) India, and China for consumer-oriented food products.
- Strict phytosanitary/sanitary regulations regarding fresh produce and meats.
- Consumer foods imported from Australia are duty free, while U.S. products are assessed tariffs between zero and 5%.
- New Zealand's retail market is highly consolidated, dominated by two supermarket chains.
- Distance from U.S. results in high transportation costs.

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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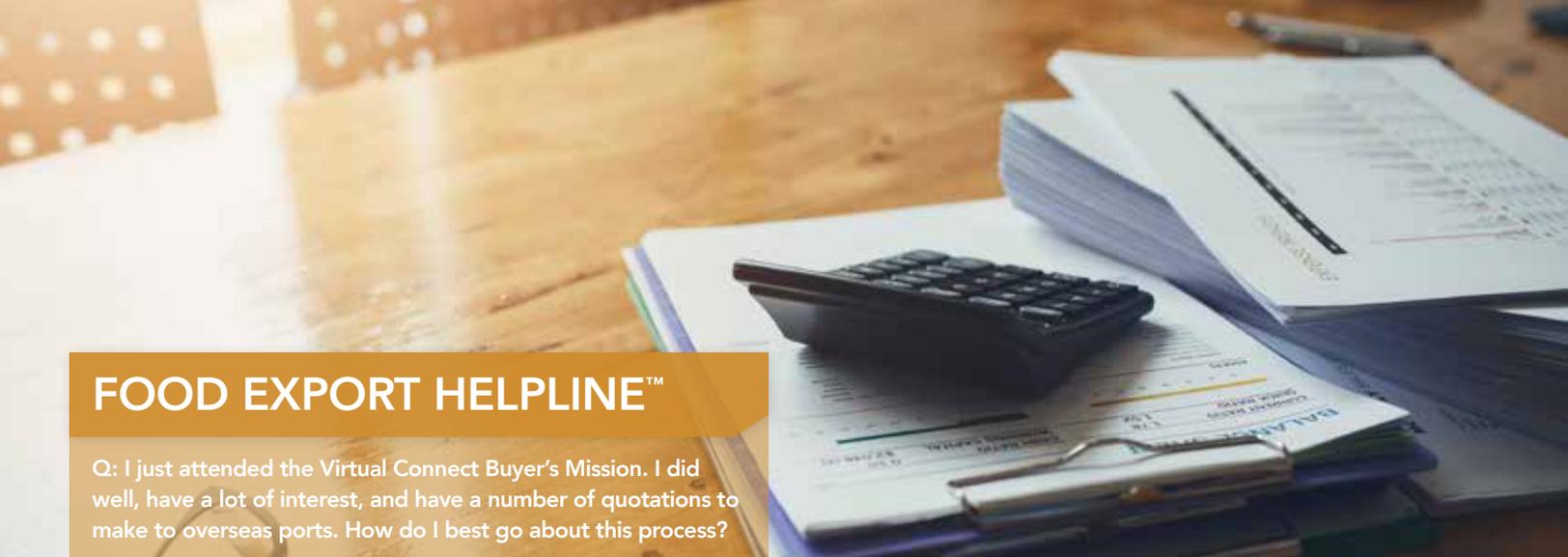
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FOOD EXPORT HELPLINE™

Q: I just attended the Virtual Connect Buyer's Mission. I did well, have a lot of interest, and have a number of quotations to make to overseas ports. How do I best go about this process?

A: Proper preparation is critical to the success of your food export quotation. Before you call on an international freight forwarder or other transportation specialist you should have checked boxes on a number of questions commonly needed to determine the price and service level of the shipment. As you move forward, you will need the information over and over, so why not just organize it in advance?

YOUR PRODUCT: *Is it perishable or non-perishable? Is there temperature management or special handling? Be able to describe your product in detail.*

HS CODE/SCHEDULE B NUMBER: *What is the Harmonized System (HS) and/or Schedule B number for the product? This commodity identification code is used by ocean freight forwarders to establish the freight rate, as they classify rates by products.*

It is also used to file the export electronic information (EEI), a customs clearance document filed as the shipments leave the country. The HS is also used at the destination for customs clearance and application of duties and taxes. A searchable data base is available at the Bureau of Census, <https://www.census.gov/foreign-trade/schedules/b/index.html>

METHOD OF TRANSPORTATION: *Are you shipping by air, ocean, truck or rail? There are significant differences in prices and transit times and handling in all modes, based on what type of quote the buyer requested. With smaller shipments, or those with "high value-to-weight ratios" it may be best to use air freight.*

ORIGIN AND DESTINATION: Export quotations are based on geographic locations, so the actual origin and destination are important. A chosen port of export (and perhaps import) need to be considered if the ultimate destination is beyond a port of import. Many mistakes are made in quotations for overlooking the "little things" such as a proper address, city, state and country of destination. The information must be as specific as possible and include all the details regarding the destination port.

TERMS OF SALE: *All quotations should have an origin and a destination but what are the terms of sale between them? Risk of loss, damage, responsibility for payment of charges and customs formalities need a pinpoint location. We suggest using Incoterms 2020 – International Commercial Terms of Sale.*

PREPAID OR COLLECT: Using Incoterms or any term of sale should indicate which charges are being pre-paid and which are

collect. Many forwarders do not extend credit terms internationally to foreign buyers and will only accept pre-payment by the shipper. If the shipment is "routed" by the buyer (meaning under their control), they would make the freight arrangements and will have the goods picked up at your facility or at another point within the U.S.

MARINE CARGO INSURANCE: Two Incoterms designate responsibility for obtaining marine cargo insurance. CIF stands for Cost, Insurance and Freight, meaning your quote is for all three aspects and is prepaid to the port of import. CIP stands for Carriage and Insurance Paid and would be most common for value-added food exporters as it is designated for multi-modal shipments. The forwarder would need to know if you are paying for insurance and what the insurable value is.

METHOD OF PAYMENT: If you are being prepaid for your export sale by a wire transfer the forwarder will not be involved. However there are some export payment scenarios, such as using a documentary draft or letter of credit for payment, that could become part of the quotation. If the forwarder is involved in the process, they may make the quote and do the shipment, and controlling the paperwork that is presented to the bank.

PIECES, WEIGHTS & MEASURES: The forwarder will want to know how many cartons you plan to ship. Provide measurements in metric and in both linear dimensions (including height, length, and width) and cubic meters.

You might have enough cargo to fill a container, which come in standard 20' or 40' lengths. Your forwarder can advise. If you have less than a container load (LCL) shipment it will be consolidated with other food grade products headed to that same port.

COMPLIANCE: Export documentation required for a food export may vary depending on the product and the destination but legally forwarders are not allowed to ship products lacking various USDA or NOAA (for seafood) certifications without appropriate permits, by federal law.

SUMMARY: Once all of the details have been processed you should not have to wait very long for a quotation. Consider getting more than one or even a few quotes based on the same details.

Get a reference or confirmation number and be clear on how long the quote is good. Obtaining quotations for export shipments is an important part of an overall export strategy.

Upcoming Virtual Events

VIRTUAL AND REMOTE EVENTS	DATE	PLATFORM / LOCATION
Virtual Buyers Mission: Healthy, Natural and Organic	Apr. 13-15	Online
Virtual Buyers Mission: Beer, Wine and Spirits	May 4-5	Online
Virtual Trade Mission to New Zealand	May 10-13	Online
Virtual Trade Mission to Australia	May 10-13	Online
Food Show PLUS!™ Showcase at FIGAP	May 4-7	Guadalajara, Mexico
Food Show PLUS!™ Showcase at HOFEX	May 12-14	Hong Kong
Food Show PLUS!™ Showcase at SIAL China	May 18-20	Shanghai, China
Food Show PLUS!™ Showcase at Interzoo	May 31-June 4	Nuremberg, Germany
Food Show PLUS!™ Showcase at Free Form Functional Food Expo	June 1-3	Amsterdam
Food Show PLUS!™ Showcase at Alimentec	June 8-11	Bogota, Colombia
Food Show PLUS!™ Showcase at Food Taipei	June 16-19	Taipei, Taiwan
Food Show PLUS!™ Showcase at Expo ANTAD & Alimentaria	June 22-25	Guadalajara, Mexico
Food Show PLUS!™ Showcase at Seoul Food & Hotel	July 27-30	Seoul, South Korea



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



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BRANDED PROGRAM (CONTINUED)

Some examples of costs we reimbursed for this past year:

- Domain, maintenance, translation, new banners, landing pages for websites targeting a foreign audience
- Social media advertisement including product plugs by influencers or KOLs, Facebook ads, a social media manager to plan and design your posts, a Facebook, Instagram, or other platform page dedicated to an international audience
- Search Engine Optimization (SEO) costs
- Banners or advertisements for your product placed on another website (Amazon, Momo, TMall, Alibaba)
- Videos and content development for social media, websites, etc.

FOREIGN-COMPLIANT PACKAGING & LABELING

A common eligible expense that often goes overlooked is updating your labels/packaging to be compliant with another country's import regulations.

Some of the related costs Food Export can cover are:

- Translation of labels or stickers
- Graphic design work
- Plate fees
- Labor costs required to relabel your products

SAMPLE SHIPMENTS

The expense of shipping product samples to potential buyers

can be costly. The Branded Program realizes the ability to get samples into the hands of buyers is an extremely important factor in their determination of the product's market viability and placement. Suppliers can utilize allocated funds to defer the costs associated with the expense of sending samples overseas.

Claiming this expense is easy as long as suppliers have the correct documentation including a vendor invoice detailing the shipment (departure/arrival locations, shipper name, recipient name, shipment date, and cost), and proof of payment. Typically claims for sample shipments require less documentation than other Branded Program claims! Also, review all your invoices for sample shipments to vendors; anytime you ship product samples internationally you can typically file a claim for reimbursement. Even if that country is not currently part of your Branded Program country market plans. Sometimes you may ship your samples to a consolidator in the U.S., who sends it onto the foreign country; we can reimburse this domestic shipping cost too. In addition to the documentation listed above, you will need to provide the shipping information for the international shipment.

Another great change to the Branded Program is that Food Export now accepts credit cards for payment of administrative fees!

If you are unsure if your ideas for fund utilization are covered also feel free to contact a Branded Program Staff Member or a Food Export Liaison. All can still be contacted by their main Food Export office phone number or via email.