

Emerging Market Programs Successes

The EMP funds assessments of the food and rural business system needs in an emerging market, and provides technical assistance to implement subsequent recommendations. The program is intended to enhance the effectiveness of an emerging market's food and rural business systems in order to develop, maintain, or expand markets for U.S. agricultural products. For program purposes, emerging markets are defined as those countries whose per capita income is less than \$12,196 (the current ceiling on upper middle income economies as determined by the World Bank) and whose population is greater than 1 million (may encompass regional groupings, such as the islands of the Caribbean Basin).

EMP and QSP Help Build Soy Markets in Nigeria: The **World Initiative for Soy in Human Health (WISHH)**, a program of ASA, began working in Nigeria two years ago with support from USDA's EMP program. Initial efforts focused on providing technical assistance to targeted food processors and hosting conferences to bring together multiple stakeholders. A QSP request was approved the following year, enabling WISHH to bring samples of various value added soy products into the country to be utilized by targeted companies. In 2009, two beverages using soy were launched on the commercial market, and there is growing interest in using soy in baked goods. Since 2009, commercial sales of isolated soy protein and defatted soy flour have exceeded \$1 million. In addition, approximately \$1 million has been invested by the processor in promoting their soy-based products.

- **EMP and MAP Helps Support Increased Soy Usage in Kenya:** With support from the MAP-funded Global Broad-based Initiative (GBI) program, **WISHH** saw increased sales of value added soy products in Kenya in 2009. WISHH began to work in Kenya with support from USDA's EMP program in 2001, and saw the first commercial sales of value-added soy products in 2006. Since then, sales have increased annually, with current sales values exceeding \$525,000. Efforts to move commercial sales forward have focused on providing technical assistance to food processors, hosting conferences and technical seminars, building a sustainable supply chain, and increasing consumer awareness of the nutritional benefits of soy.
- **EMP, FMD and MAP Helped the American Seed Trade Association (ASTA) Establish the African Seed Trade Association:** A globally competitive and efficient seed sector is a necessary precursor to agricultural development. Sub-Saharan African countries' agricultural development has been impeded by inefficiencies found in its seed sectors. Beginning in 2000, **ASTA** and the World Bank cooperated in devising appropriate seed sector development, regulatory, and regionalization schemes for Sub Saharan Africa. Utilizing EMP funding, ASTA was instrumental in the formation of the African Seed Trade Association (AFSTA) in 2000, and has sustained a long term leadership position with the AFSTA Board of Directors since its inception, assisting in AFSTA's strategic planning, advocacy, and programming. ASTA works with regional seed associations to promote science-based policies, intellectual property rights, and garner acceptance of U.S. seed.
- **California Stone Fruit Sales Grow in China with Support of EMP and MAP:** The **California Tree Fruit Agreement (CTFA)** reports that exports of U.S. stone fruit (including peaches, plums, and nectarines) to China surged in CY 2009, reaching \$3.3 million, a 73-percent increase from the prior year. Since gaining access to the market in 2005, **CTFA** has utilized a variety of FAS programs to support its efforts to establish a foothold in China. Initially, CTFA utilized EMP's Quick Response Marketing Fund to follow-up on conditions agreed upon in the groundbreaking market access negotiations between Chinese plant quarantine officials and USDA/Animal Plant Health and Inspection Service (APHIS) in December 2005. These conditions stipulated a supplemental trapping program for

Mediterranean fruit fly be conducted and a technical visit be mounted by Chinese plant quarantine officials to California in advance of the 2006 stone fruit harvest. More recently, CTFA used MAP to mount a Chinese food media tour to California in conjunction with the stone fruit harvest season. This effort resulted in more than \$100,000 in free advertising in Chinese media (television and food publications) in the key Chinese markets of Shanghai and Guangdong. CTFA indicates that they dedicated \$35,000 in MAP funds to this activity, resulting in a return on investment of three dollars in sales to every one dollar in program funds. CTFA will continue its MAP work in China in 2010 by educating importers, wholesalers, and consumers on the health and quality aspects of U.S. stone fruit.

- **Technical Issues Resolution Fund (TIRF) Helps Maintain U.S. Exports to Mexico:** TIRF is a specialty fund under EMP, established to address technical barriers to trade in emerging markets worldwide by providing technical assistance, training, and exchange of expertise. FAS in Washington and Mexico City used TIRF to avert a disruption of trade when Mexican officials announced in December 2008, that they would ban shipments of imported meat in combo bins. Combo bins are large, octagonal-shaped cardboard boxes capable of holding up to one ton of product. Mexico's justification for the ban included concerns about contraband products and lack of their own ability to inspect the large containers. FAS used TIRF funds to bring Mexican officials to the U.S./Canada border, to view inspections conducted by the United States and Canadian officials for imported meat in combo bins. This visit went well and provided Mexican officials the opportunity to see how NAFTA partners can routinely carry out these inspections. As a result of this trip, Mexico agreed to harmonize import inspection rules for fresh and chilled meats within combo bins, and only ban the import of frozen meat in combo bins, which averted any disruption of U.S. meat and poultry exports. FAS estimated that this proposed regulation had the potential to eliminate upwards of \$600 million worth of poultry, pork, and beef trade annually.
- **U.S. Craft Beer Exports to Brazil Made Possible by EMP and MAP:** In 2009, the **Brewers Association (BA)** utilized EMP funding to conduct comprehensive market research on the Brazilian market for craft beer and determined that there were considerable opportunities for U.S. breweries. As a result of this study, BA invited a delegation of Brazilian trade contacts with a strong interest in U.S. craft beer to attend the Great American Beer Festival (GABF) in Denver, **Colorado**, from September 24-26, 2009. One importer was invited to speak at the event about opportunities in Brazil. MAP funds were used to assist the delegation with their travel to Denver and to cover seminar costs. While attending the GABF, the delegation met individually with U.S. breweries interested in exporting to Brazil, and one importer placed orders with two U.S. craft breweries. Within 6 months of attending GABF, the Brazilian company made ten purchase orders for U.S. craft beer from three American breweries. In total, these orders represent \$151,500 in beer sales. Craft beers from Flying Dog Brewery (Frederick, **Maryland**), Rogue Ales (Newport, **Oregon**), and Anderson Valley Brewing Co. (Boonville, **California**) are now available to Brazilian consumers as a direct result of the BA's MAP and EMP funded export development efforts. Moreover, based on solid consumer demand from the initial shipments, the importer has approached BA about adding other breweries to their portfolio.
- **EMP and MAP Help Move New York and Michigan Apples to Southeast Asia:** New York Apple Sales, a marketing company based in Castleton, NY, shipped its first apples from the East Coast to Southeast Asia, a result of the **U.S. Apple Export Council's (USAEC)** EMP market research conducted in 2007-08 and initial market development activities in 2008-09. The research identified Southeast Asia as a key market for all fresh fruit with relatively stable economies and a strong retail base. Southeast Asian importers and consumers were not aware that apples are grown in the eastern United States – and the distances were considered too great to manage for the East Coast shippers. With 2010 EMP funding, USAEC was able to hire a regional representative to conduct a trade mission and a reverse trade mission, all designed to educate the importers about the USAEC shippers and

products. With MAP funds, USAEC was able to participate in the Asia Fruit Logistica trade show in September 2009.

As a direct result of contacts made during all of these activities, the first shipments of apples from New York were made in the fall of 2009. EMP and MAP funded retail promotions were conducted with the first shipments. Exports continued at a steady pace for the rest of the season from New York as well as Michigan. This new market for New York and Michigan represents \$500,000 in sales and is growing. These small companies would not have had the resources to identify key targets in this region, nor would they have the means to educate the importers about the East Coast industry, were it not for EMP and MAP. Both New York and Michigan shippers hope to continue to expand these markets for years to come.

- **EMP and MAP Help Pennsylvania Apples Break Into Indian Market:** Hess Brothers Fruit Company, a small apple marketing and packing company based in Leola, PA, has developed a strong business in India – and together with a few other shippers have made sales in excess of \$1.5 million so far this season (July 2009 –February 2010). Since 2007, Hess Brothers has monitored the market carefully as **USAEC** conducted market research, hired an in-country representative to help identify appropriate targets, and educated the apple importers and retailers in India about the quality and varieties of the apples grown on the East Coast of the United States. Hess Brothers, along with several other members of USAEC, see this new market as one that they hope to continue to expand – taking advantage of competitive shipping routes off of the East Coast. In addition to importing from Pennsylvania, India is beginning to show a strong interest in **New York** apples as well. All of this new interest and subsequent sales can be directly traced to the impact of the EMP-funded research in 2008, initial market development activities, and MAP-funded trade show presence from 2007-2010. These small businesses in Pennsylvania and New York view the Indian market as a key element to the long-term success of their businesses – and just 2 years ago these growers and shippers believed no shipments would ever occur to this market.



USAEC Reverse Trade Mission; courtesy of U.S. Apple Export Council

- **EMP and TASC Funding Help Peanut Industry Build New Markets for Plumpy'Nut:** In 2007, **American Peanut Council (APC)** began to develop a program to support the production and use of Plumpy'nut, a peanut-based Ready to Use Therapeutic Food (RUTF) currently being used for international food aid. Interest in the use of U.S. peanuts for food aid developed after APC had participated in collaborative activities with WISHH and the U.S. soybean industry in **Sub-Saharan Africa**, working with PVO's and NGO's in Africa. APC estimated that Sub-Saharan Plumpy'nut market could represent approximately \$550,000 in U.S. peanut sales, and looking more broadly at opportunities across Africa and in the Caribbean, these could represent a combined market of almost \$9 million or potentially 3 percent of U.S. exports.

U.S. industry interest grew when a clip from the television show "60 Minutes", showcased Doctors Without Borders administering Plumpy'nut to children in Niger, was aired during an APC meeting in December of 2007. The U.S. peanut industry raised over \$25,000 from all segments of the peanut industry (growers, shellers, and manufacturers) to begin a Plumpy'nut program. APC used these industry funds and EMP funds to conduct a feasibility study and a technical seminar in Nigeria. In 2009, in partnership with Counterpart International, APC supported a feasibility study to consider the development of a Plumpy'nut facility in Senegal (paid for by Citibank International), and conducted research to determine where new production facilities might be best located and developed. These new facilities will use a mixture of local peanuts and imported U.S. peanuts to create the final product.

During 2009, APC also utilized TASC funding to ship U.S. peanuts to **Malawi** and **East Africa**, and is planning another trade mission/tour of **West Africa** in 2010 to conduct feasibility studies for local production.

This is a long-term commitment for the U.S. peanut industry. Facilities are currently in the planning stages and not yet in production. However, once on-line, increased Plumpy'nut production will not only help alleviate malnutrition in children and provide economic stimulus for the local economies, but will also build new markets for U.S. peanuts.

- **EMP Helps Train **Swaziland** Officials in World Trade Organization (WTO) Notification Obligations:** Many developing countries have little or no experience with the regulation, policy, legislation, enforcement, or coordination necessary to fulfill their obligations under the WTO Agreements on Sanitary and Phytosanitary (SPS) Measures and Technical Barriers to Trade (TBT). Specific issues facing these countries are often similar, such as: vertical and horizontal integration of SPS agency roles; national treatment; standards notification; regulatory transparency; and SPS risk mitigation. Market access for the United States is threatened if acceding countries lack sufficient understanding of these concepts and agreements, since their regulatory decisions may be unstructured and capricious. At a recent meeting of the WTO-SPS Committee, the United States was asked to “mentor” Swaziland to improve the functioning of their WTO Enquiry Point. U.S. agricultural exports to Swaziland are valued at \$2.9 million – a small but emerging market. FAS received EMP funds to train Swaziland officials in understanding and implementing WTO notification obligations, providing regulatory transparency to decisions that impact the import of U.S. goods. Within 2 weeks following the training, Swaziland submitted its first SPS notification to the WTO. The notification was a direct result of the \$4,500 EMP-funded project.
- **EMP Helps Establish United States–**China** Pesticide Regulatory Partnership:** China has faced several food safety crises in recent years. At the root of many of these problems is a federal regulatory system that lacks coordination, clear lines of responsibility, and an understanding and adoption of international standards. This has created an unstable trade environment for U.S. agricultural exports. As concern grows globally over the safety of pesticide residues on agricultural products, U.S. exports face increasing scrutiny at foreign ports. With U.S. agricultural exports to China valued at approximately \$12 billion (2008), it is critical that China utilizes sound, science-based, pesticide standards when inspecting and assessing U.S. agricultural products.

In this regard, FAS used a \$104,000 EMP-project to facilitate a series of technical and policy exchanges on pesticide regulations between the U.S. Environmental Protection Agency (EPA) and their Chinese counterparts, ICAMA. This exchange program between EPA and ICAMA has gathered substantial strength over the past two years, becoming a model program for establishing meaningful relationships between U.S. and Chinese government agencies. FAS worked with the two agencies to develop a near-term (three-year) cooperative work plan, and also implemented a total of 16 exchanges between the two agencies during FY 2008-09. Both the EPA and ICAMA have released promotional documents highlighting their relationship and the importance of international cooperation on pesticide issues, demonstrating the sincere commitments from both agencies. Additionally, the EPA document highlighted a set of new International Program Strategic Goals that included language to help “minimize unnecessary technical barriers to trade” – a significant expansion in EPA policy. This new relationship with China’s pesticide regulatory agency, and the expansion of EPA’s goals to include agricultural trade are direct results of the EMP-funded project.

- **EMP Strengthened Relationship with Chinese Inspectors, Helped to Maintain Trade:** In October 2009, the **China** Inspection Quarantine (CIQ) in Shanghai announced that it would strictly enforce existing import regulations on U.S. poultry products arriving at Shanghai port due to concerns on the authenticity of official shipping documents. The effect could have

been a significant disruption to U.S. exports. Due to the communication and trust established through the EMP-funded technical capacity building exchanges between U.S. regulatory agencies and Chinese food safety and inspection officials, FAS was able to negotiate an agreement with CIQ whereby the United States verified certain information on questionable shipments and CIQ accepted the U.S. poultry and poultry products. This agreement has allowed more than 60 containers to enter commerce in China, worth \$750,000. Maintaining this trade with China is a direct result of the \$100,000 EMP-funded project.

- **EMP-Funded Western Hemisphere Meeting Facilitated Consensus on Key Codex Issues:** In August 2009, EMP funded the first Western Hemisphere Codex Delegates Colloquium in Miami, **Florida**. This meeting provided U.S., Latin American, and Caribbean delegates the opportunity to build coalitions and consensus on key issues pending in Codex. As a result, delegates from Latin America and the Caribbean agreed to support the U.S. position on numerous items before the Codex committees including the U.S. position on the Codex Revised Apple Standard. The Codex Apple standard had been at an impasse for 12 years. Europe had been dominating the drafting of the standard, and the inclusion of Eurocentric apple grading systems would have had a negative effect on the \$737 million U.S. apple export market (2008 value). The support of **Latin American** and **Caribbean** delegates would enable the United States to uphold the inclusion of the U.S. apple grading systems. The delegates also agreed that the U.S. method of tolerances for decay within shipments should be used in all Codex Fresh Fruit and Vegetable Standards, which would decrease the number of U.S. export shipments that are downgraded from the more lucrative classes (Extra fancy) to a lower quality class.