



InSight

Global News, Perspectives & Updates
for the International Agribusiness Trade

A Publication of the Southern
United States Trade Association

DateLine Calendar

Below Are SUSTA's Upcoming
Global Events:

Canada Inbound

Horticulture Trade

Mission to MANTS

Baltimore, Maryland

January 7, 2020

IPM Essen

Essen, Germany

January 28-31, 2020

Fruit Logistica

Berlin, Germany

February 5-7, 2020

Gulfood

Dubai, United Arab Emirates

February 16-20, 2020

FoodEx Japan

Tokyo, Japan

March 10-13, 2020

Expo Antad

& Alimentaria

Guadalajara, Mexico

March 31-April 2, 2020

Food Hotel Asia

Singapore

March 31-April 3, 2020

Seafood Expo Global

Brussels, Belgium

April 21-23, 2020

Canada Inbound Beer,

Wine and Spirits

Trade Mission

Raleigh & Charlotte,

North Carolina and

New Orleans, Louisiana

May 6-9, 2020

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SHOW ME THE MONEY

Getting Paid and Obtaining Financing

By Brian Davis

Alabama International Trade Center, The University of Alabama

Export payments and financing can be a deal maker or breaker. Proper use of payment terms and export financing tools wins orders, gets cash in the bank, and helps the business owner sleep better at night.

Assess commercial and country risk

As a first step, assess the commercial risk on a potential export transaction. Before quoting – stop – find out the ability of the customer to pay. Do homework on the company's financial background and ask for bank references and third country supplier references.

Check the country risk, that

is, macroeconomic conditions and government import regulations in a foreign market that may negatively impact the transaction. The conditions for exporting to Iraq are quite different from Iceland. A customer in Argentina may be unable to obtain U.S. dollars to pay for your products because the government enacted foreign exchange controls on all imports.

Other variables that impact the payment risk on your company's financial position include the size of the order, what payment terms the competition is offering, local customs and industry norms. Risk assessment

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The Global Marketplace Starts with the States

By Dr. Barbara P. Glenn, CEO

With headwinds facing the farm economy and uncertainty in the global marketplace, U.S. agriculture exports are more critical than ever. The National Association of State Departments of Agriculture (NASDA) is leading efforts to expand market access and promote new trade agreements that will benefit rural economies for years to come.

According to a Feeding the Economy report, America's food and agriculture sector powers one-fifth of our country's economy. If we look at

the benefit beyond our borders, 20 cents of every dollar in farm revenue is attributed to exports. The U.S. Department of Agriculture (USDA) estimated

NASDA

that in 2015, every \$1 billion of U.S. ag exports, supported roughly 8,000 jobs. \$133.1 billion in U.S. ag exports translates to one

million full-time civilian jobs.

State departments of agriculture promote their states' agricultural commodities and value-added food and agricultural products by leading trade missions around the world, as well as trade shows both domestically and internationally to create and enhance export opportunities for

farmers, ranchers, and food manufacturers.

Our partners at SUSTA are critical to the success of this work.

One thing is certain: our competitors are not standing still

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SHOW ME THE MONEY

Getting Paid and Obtaining Financing

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is the starting point to determine which method of payment is the best option in a specific country and for a specific customer.

Select a Method of Payment

The top three methods of payment are cash in advance, letter of credit, and open account or credit terms. The payment method selected is a trade-off in terms of when the goods are available (to the buyer) versus when payment is made (to the seller). The method of payment determines your competitive ness and sets a precedent for future sales. It may also depend on country and industry accepted norms. Asian markets prefer letters of credit while Europe prefers credit terms.

Cash in advance is often used in relationships with first-time customers, or in markets where other methods of payment are not advisable. It is best for the



exporter and least attractive for the buyer. While getting cash in advance before making shipment is preferable, your competition may offer better payment terms.

The letter of credit method uses the banking industry to guarantee and facilitate payment between the buyer and seller. A letter of credit is opened by the buyer's bank based on the transaction details of the shipment and adds the bank's promise to pay. A letter of credit allows the seller to get paid shortly after making shipment and enables the buyer to obtain access to the merchandise and pay its bank later. The exporter or beneficiary is required to comply with all terms and conditions spelled out in the letter of credit document. This means the exporter needs a solid understanding of INCOTERMS and the role of the bill of lading in the transfer of title to the goods sold.

The exporter's bank can function as a confirming bank, adding a second bank's promise to pay. Banks charge

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Fruit Logistica 2020

The European produce market continues to grow for exports of US fresh produce. With increased consumer concerns about food safety, food miles and obesity, the outlook for expanded consumption of such products is good. Sales of pre-cut fruits (frozen and fresh) and vegetables are expanding as well, as European consumers look for convenience in their purchases of food products. Government health authorities continue to conduct campaigns promoting healthy eating. Fresh fruit and vegetable consumption are highest in southern European countries, but rapidly increasing in Scandinavian countries as well as Ireland and the UK.

In 2019, Fruit Logistica hosted 3,200 exhibitors from 90 countries and over 78,000 trade visitors from 135 countries. The Fruit Logistica covers the whole Berlin exhibition center with almost 30 large halls. A great number of fresh produce buyers from the European continent attend this tradeshow and in recent years the show's popularity has extended to other regions. Fruit Logistica does not only cover the large German market for fresh produce but other countries within Europe, as well as the Middle East. Fruit Logistica covers 25 exhibition halls and is considered the largest fresh produce event in the world. Fruit Logistica covers every single sector of the fresh produce business and provides a complete picture of the latest innovations, products and services at every link in the international supply chain. It thus offers superb networking and contact opportunities to the key decision-makers in every sector of the industry.



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Berlin, Germany February 5-7, 2020

Participation Fee

4.5m² Booth: \$2,025

Early Bird: \$1,825 if you register and pay by September 5, 2019

Fee Includes

- 4.5m² booth and standard furniture package
- Chef present on-site to prepare food samples
- Up to \$500 reimbursement for shipping product samples with proper documentation

Registration Deadline

November 5, 2019

(No refunds for cancellation after this date)

Industry Focus

Fruit and Vegetable

Product Description

(Suitable products for event): fresh fruit and vegetables, Mushrooms, Potatoes, Sweet Potatoes, Blueberries, Nuts, dried fruit, Fresh convenience products, Fresh herbs, sprouts, spices, Flowers, plants, Organic products, Fair trade products, Frozen fruits and vegetables

50% CostShare

[Apply now](#) for SUSTA's 50% CostShare to request 50% reimbursement of participation fee, travel costs for up to two company representatives (flight, hotel, meals and incidentals), promotional giveaway items, point of sale materials and more!



Gulfood 2020

The United Arab Emirates is a very attractive market for SUSTA region companies. Since 2005 SUSTA has organized activities in this market. More recently in 2019, SUSTA had 19 exhibitors at Gulfood, which welcomed more than 100,000 visitors from 200+ countries! One of the richest countries in the world, the UAE is also a major transport hub in the region thus offering great sales opportunities across the Gulf region for US suppliers. The excessive number of tourists and businesspeople coming into the country make this market attractive.

The United Arab Emirates and other neighboring countries (Gulf-Cooperation Council 4) import nearly 90 percent of their food and feed needs, including raw materials for further processing. All value-added food categories have potential in this market. These are some of the products with the best sales potential: almonds, beef, poultry, snack foods, health foods, edible oils, cheeses, fruit and vegetable juices, condiments, sauces, breakfast cereals, confectionary products, frozen vegetables, pulses, planting seeds, sweeteners, beverages (non-alcoholic), pet foods, and rice.



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Dubai, United Arab Emirates February 16-20, 2020

Participation Fee

9m² Corner Booth Space: \$9,929
Early Bird: \$9,729 if you register and pay by September 16, 2019

9m² In-Line Booth Space: \$9,257
Early Bird: \$9,057 if you register and pay by September 16, 2019

6m² Corner Booth Space: \$6,329
Early Bird: \$6,129 if you register and pay by September 16, 2019

Fee Includes

Includes reimbursement of up to \$500 in sample shipping costs, with proper documentation.

Registration Deadline

November 16th, 2019

(No refunds for cancellation after this date)

Industry Focus

Food Service Products, Ingredient, Natural/Health, Organic, Retail Products

Product Description

Beverages and Juices, Breakfast Cereal, Canned and Process Seafood, Certified Halal Foods, Condiments and Sauces, Processed Fruit and Vegetables, Meat Products, Nuts, Snack Foods and Sweets

50% CostShare

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FOODEX Japan 2020

The US is the largest foreign supplier of food and agricultural products to Japan (22% of the market share) and Japan in the 4th largest market of US Ag exports, accounting for \$11.9 billion in 2017. Japan is the world's third largest economy, behind the United States and China. The market is continually evolving, with current trends that are focused on functional, healthy, and nutritious foods. Traditional menus and tastes are what guide the Japanese consumer's consumption habits, but other cuisines are impacting the market. Consumers in Japan are accepting of high prices for quality and convenience, but also want good value. Japan is dependent on imported foods, accounting for over 60% of its caloric intake, as they do not produce enough food to sustain their population. Japan is one of the wealthiest countries in the world with the United States as one of its top trading partners. Although traditional menus and tastes are still favored by the Japanese customers, Western and other Asian ethnic cuisines are making a major impact in the market.



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Tokyo, Japan March 10-13, 2020

Participation Fee:

Corner Booth: \$2,388
Early Bird: \$2,188 if you register and pay by October 10, 2019

In-Line Booth: \$2,221
Early Bird: \$2,021 if you register And pay by October 10, 2020

Fee Includes

- 9m² booth and standard furniture package
- Interpreter services (please request in advance if needed)
- Exhibitors receive a reimbursement of up to \$1,000 for sample shipping cost to the show (with proper documentation)

Registration Deadline

December 10, 2019
(No refunds for cancellation after this date)

Industry Focus

Food Service Products, Ingredient, Natural/Health, Organic, Produce, Retail Products

Product Description

(Suitable products consist of food and drink, including but not limited to): Sweets & Snacks, Produce, Seasonings, Organic and Fair Trade, Processed Seafood, Canned Seafood

50% CostShare

Apply now for **SUSTA's 50% CostShare** to request 50% reimbursement of participation fee, travel costs for up to two company representatives (flight, hotel, meals and incidentals), promotional giveaway items, point of sale materials and more!



EXPO Antad & Alimentaria 2020

Mexico ranks as the 12th most populous country, with a population of 123 million inhabitants. Seventy-nine percent of its population lives in urban areas, with 10% of the Mexican population considered wealthy and 43% considered middle class. Mexico continues to be a strong and consistent market, representing one of the largest consumer markets in the world for U.S. products. The United States has a geographic competitive advantage in trading with Mexico. Sharing a 2,000-mile-long border with over 45 border crossings, the United States is the natural supplier to its southern neighbor. The proximity and economic development of the region make the tourism and restaurants sectors a dynamic market for U.S. food exports. Most international tourists visiting Mexico are from the United States or Canada. To a large degree, these visitors like to consume products they are used to buying at home.

U.S. consumer-ready exports to Mexico have grown across multiple product categories. This activity focuses on a selection of these categories, such as processed fruit and vegetables, breakfast cereals and mixes, condiments, processed meat products, snack items and alcoholic beverages. The interest in healthy options in many categories is also on the rise.

Guadalajara, Mexico March 31-April 2, 2020

Participation Fee

Corner Booth: \$1,401

Early Bird Special: \$1,201 if you register and pay by October 31, 2019

In-Line Booth: \$1,161

Early Bird Special: \$961 if you register and pay by October 31, 2019

Fee Includes

- 9m² booth and standard furniture package
- Interpreter services (must be requested in advance)
- Pre-arranged one-on-one meetings
- An allowance of up to 50lbs of sample shipment costs for samples from a US consolidation point to the show using SUSTA's designated freight forwarder*

* Fresh/frozen/chilled products may be subject to separate allowances.

Registration Deadline

December 31, 2019

(No refunds for cancellation after this date)

Industry Focus

Ingredients, Natural/Health, Organic, Retail Products

Product Description

Alcoholic Beverages, Breakfast Cereals, Condiments and Sauces, Fresh Fruit & Vegetables, Health & Convenience Foods, Processed Fruits and Vegetables, Processed Meat Products & Snack Foods

50% CostShare

[Apply now](#) for **SUSTA's 50% CostShare** to request 50% reimbursement of participation fee, travel costs for up to two company representatives (flight, hotel, meals and incidentals), promotional giveaway items, point of sale materials and more!



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Getting Paid and Obtaining Financing

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for processing letters of credit and for making amendments, but those costs can be incorporated into the export price quotation.

Open account, or selling on credit terms, is usually reserved for long-standing customers and in stable markets. This method is best for the buyer, allowing access to the goods with the option of paying later. Open account transactions affect the cash flow cycle of the exporter. Export credit insurance can be used to insure the foreign receivable and is readily available from the private sector and from the EXIM Bank.

Secure Export Financing

Recurring orders create a demand for working capital to stabilize the cash flow cycle between generating export orders and the timing of payments. In the banking world, export working capital financing fills that need. An export working capital line of credit can be used to buy materials, labor, inventory, and goods for export. It can

support a single transaction or multiple transactions. Banks typically want to secure the export line of credit with personal guarantees, assets or accounts receivable. Terms are generally for one-year and can be on a revolving basis. Loans are normally made to financially stable, established businesses.

Banks may elect to use government guaranty loan programs from the U.S. Small Business Administration (SBA) and the U.S. Export Import Bank (EXIM). The guaranty programs provide an incentive for the lender to extend credit to small businesses for export purposes.

The bottom line - seek help with payment options and finance strategies. Find a bank experienced in export financing and international payment services. Representatives from the SBA and EXIM Bank help exporters and lenders access the loan guaranty programs to support your export growth. The SBDC, an SBA resource partner in each state, has experienced trade advisors to help navigate the world of export payments and financing. ■

Resource Links

U.S. Department of Commerce International Trade Administration Trade Finance Guide
<https://www.export.gov/TradeFinanceGuide>

U.S. Small Business Administration
<https://www.sba.gov/business-guide/grow-your-business/export-products>

U.S. Export Import Bank
www.exim.gov

EXIM Bank - Country Limitation Schedule
<https://www.exim.gov/tools-for-exporters/country-limitation-schedule>

Check EXIM's Country Limitation Schedule to see if EXIM Bank programs are available in a foreign market. On-line reports are available to monitor country risk in world markets from providers Dun & Bradstreet and Fitch Solutions.

The Global Marketplace Starts with the States

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as they ink new trade agreements in key markets. Without new market access, U.S. agriculture could find itself at a competitive disadvantage. The U.S. should aggressively pursue bilateral and regional trade agreements, especially in the Asia-Pacific region, to lower tariffs while also writing the "rules of the road" for international trade.

NASDA is building momentum by working closely with the Administration to ratify the U.S.-Mexico Canada Agreement, develop a bilateral trade deal with Japan, and respond to unjustified retaliatory tariffs on

agricultural producers. This includes promoting exchanges with a diverse set of trading partners, including Brazil, Chile, and the United Kingdom.

We are also seeing major market disruptions as a result of trade turmoil with China. U.S. producers have faced unjustified retaliatory tariffs, adding insult to injury after years of unscientific trade barriers imposed by Beijing. While challenges and barriers currently exist to fully accessing the Chinese market, China was still the fourth largest export market for U.S. agricultural products

in the first half of 2019. NASDA hopes that President Trump and Chinese President Xi Jinping can ultimately reach an agreement that restores U.S. agriculture exports and avoids further tariff escalation.

Whether they're selling here at home or across the globe, farmers, ranchers, and value-added food producers make integral contributions to the American economy. NASDA will continue to be the unifying voice to elevate the need for diverse agriculture markets to feed a healthy, job-producing economy in every state of our country. ■

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InSight is a publication of the Southern United States Trade Association. SUSTA is headquartered in New Orleans and works to promote the export of agricultural and food products from 14 southern states and Puerto Rico. The organization helps food and agricultural producers and distributors target potential overseas markets and assists their marketing efforts by administering federal funds for international market development.

SUSTA Member States

Alabama • Arkansas • Florida • Georgia • Kentucky • Louisiana • Maryland • Mississippi • North Carolina • Puerto Rico • South Carolina • Tennessee • Texas • Virginia • West Virginia

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China is A-Buzz for Texas Cocktails

SUSTA first met the owners of BuzzBallz, a small business based in Carrollton, Texas, at SIAL China in 2018. The company, which makes ready-to-drink cocktails, has an aggressive international marketing strategy and joined SUSTA immediately after that trade show.

Since then, they have exhibited in SUSTA pavilions at trade shows in Mexico, Hong Kong, India and China. They are also active participants in the 50% CostShare program, which allows them to double their international marketing budget.

Not surprisingly, this family-owned and operated business has seen export sales grow by over 100% since utilizing SUSTA's Market Access Programs. "SUSTA's Global Events program and CostShare program make international trade shows easy to manage and execute. The assistance provided with lead generation and education on exporting has been a fantastic resource for BuzzBallz," said a company representative. ■

Do you have a success story to share?
Contact Danielle@susta.org