

## DateLine Calendar

*Below are upcoming Global Events:*

### Food & Hotel Indonesia

Jakarta, Indonesia  
July 24 - 27, 2019

### China Outbound Trade Mission

Shanghai, Chengdu & Guangzhou  
August 11 - 16, 2019

### Canada Inbound Produce Trade Mission

Maryland & North Carolina  
August 12 - 16, 2019

### Mexico Inbound Trade Mission

Texas & Georgia  
September 2 - 6, 2019

### Seafood Expo Asia

Hong Kong  
September 3 - 5, 2019

### Asia Fruit Logistica

Hong Kong  
September 4 - 6, 2019

### Fine Food Australia

Sydney, Australia  
September 9 - 12, 2019

### Espacio Food & Service Trade Show

Santiago, Chile  
September 10 - 12, 2019

### Hong Kong & Taiwan Outbound Trade Missions

September 16 - 19, 2019

### Scandinavian Outbound Trade Mission

Copenhagen, Denmark  
& Malmö, Sweden  
September 22 - 26, 2019

### India Outbound Trade Mission and Food & Hotel India

New Delhi & Mumbai, India  
September 15 - 20, 2019

### Philippines, South Africa & Brazil Inbound Trade Missions

Miami, Florida  
September 30, 2019

# InSight

**SUSTA**  
Southern United States Trade Association

Global News, Perspectives & Updates  
for the International Agribusiness Trade

A Publication of the Southern  
United States Trade Association

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## DISTRIBUTION CHANNELS IN FOREIGN MARKETS

# From Contact to Contract

By Brian Davis, Alabama International Trade Center, The University of Alabama



Understanding distribution channels and finding the best company to represent your business can make or break the entry into a foreign market. Mapping the path your products will take from your door to the door of the ultimate consumer in a foreign country is a critical step to export success.

The mystery of foreign distribution is easily uncovered through market research. Key items to find include how many types of businesses handle the

product, the margins at each level, and the names of key players in the product category (temperature controlled versus dry goods) and market segment (retail versus foodservice). These items form the basis of an entry plan.

Types of businesses that may represent your company in the market include agents, importers, and distributors. Agents promote products to potential buyers, arrange for sales, and charge a commission (typically 3-5%) for their services. Distributors pur-

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# What Canada's New Food Safety Law Means for U.S. Exporters

In January 2019, a new food safety law went into effect in Canada, known as the Safe Food for Canadians Act (SFCA). The regulations promulgated under the SFCA will be phased in over a period of several years and will replace 14 sets of existing regulations. The new requirements will apply to businesses and individuals importing food, including non-alcoholic beverages, into Canada.

The SFCA is intended to prevent foodborne illness and allow for more efficient recalls of unsafe food. According to the Canadian Food Inspection Agency (CFIA), their food safety focus will shift to prevention of food-borne illnesses, along with speedy removal of unsafe food products from the marketplace, "by focusing on prevention through more rigorous risk management and increasing the focus on traceability."

The law establishes new requirements for licensing, preventative controls, and traceability for food imports and foods shipped or sold across territorial and provincial boundaries. So if you export food to Canada, you are now required to obtain a SFCA license regardless if you already possess an existing import license.

In addition, you are also required to create a preventative control plan (PCP). A PCP is a written document that outlines the measures and controls taken to ensure the food you are importing is safe and fit for human consumption and complies with Canadian requirements. The PCP is

required in order to receive an import license. Importers are required to develop and implement a PCP before applying for an import license and before importing food.

All importers must also maintain traceability records with the ability to

to existing labeling requirements, a lot code or unique identifier.

The SFCA license requirement will be implemented in three phases as outlined below:

• **Phase 1 - January 15, 2019:**

imports of meat, fish, eggs, fresh fruits and vegetables, processed fruits and vegetables, dairy, maple and honey for commercial sale; however, the current licenses will continue to be accepted until they expire.

• **Phase 2 - January 15, 2020:**

SFC license will be required for imports of meat, fish, eggs, fresh fruits and vegetables, processed fruits and vegetables, dairy, maple and honey for commercial sale, unless otherwise exempted.

• **Phase 3 -**

**July 15, 2020:**

SFC license will be required for all commercial food and beverage imports, unless otherwise exempted.

SFCA licenses can be obtained from the CFIA. To find out if a license is needed and how to apply for one, go to the CFIA website ([www.inspection.gc.ca](http://www.inspection.gc.ca)) for the licensing interactive tool. CFIA encourages importers requiring a SFCA license to submit their applications as soon as possible.

track the movement of a food or food ingredient one step backward and one step forward in the supply chain. The records may be physical or electronic, but in all cases must be easily and quickly accessible to ensure the CFIA can view and work with the data if needed. The records must be kept for two years going back. Also, as part of the traceability requirement, food labels must now include, in addition

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**By Patrick Morin, Morsel Law PLC**

*Morsel Law is focused on representing food, beverage and agriculture businesses in a variety of regulatory compliance and commercial matters, including FDA, USDA and TTB compliance, import/export, commercial real estate, finance, commercial contracts, intellectual property protection, and business governance. ■*



# Food and Hotel Indonesia

Indonesia is the world's fourth most populous nation and one of the best-performing emerging markets. Private consumption, which accounts for about 60% of GDP, was an important factor in sustaining growth. Growth of real GDP will average about 5.3% in 2018 and the IMF predicts that Indonesia will be the world's fifth largest economy by 2030.

With a young population, low public debt, large domestic markets and a considerable resource endowment, Indonesia's prospects are bright. Indonesia has a population of 265 million and more than half of the population is in the middle class. Indonesia does not produce sufficient quantities of beef, dairy products, tree nuts, temperate zone fresh fruit and vegetables, and pet food and must import these products. Indonesian consumers are aware of the quality and safety of U.S. products.

Best prospects for the Indonesian markets compose of meat – including poultry and seafood, dairy, fresh and processed fruits and vegetables, prepared foods, snack foods, bakery products, and breakfast cereals. Register with SUSTA and explore the Indonesian food market.



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## Jakarta, Indonesia July 24-27, 2019

### Participation Fee

**Corner Booth: \$1,703**

**Early Bird: \$1,503**

*If you register and pay before February 24, 2019*

**Inline Booth: \$1,553**

**Early Bird: \$1,353**

*If you register and pay before February 24, 2019*

### Fee Includes

- 9m<sup>2</sup> booth and standard furniture package
- Interpreter services
- 100lbs of sample shipping from a consolidation point in the U.S. to the trade show through SUSTA's freight forwarder\*

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

### Registration Deadline

**April 24, 2019**

*No refunds for cancellation after this date*

### 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!

### Industry Focus

Food Service Products, Ingredient, Natural/Health, Produce, Pet Food & Products, Retail Products

### Product Description

Best prospects include but are not limited to: Meat, Poultry, Seafood, Dairy, Fresh and Processed Fruits & Vegetables, Non-Alcoholic & Alcoholic Beverages, Prepared Foods, Condiments & Sauces, Snack Foods, Bakery Products, Tree Nuts, Breakfast cereals, Baby foods





# Espacio Food & Service Trade Show

Chile has a market-oriented economy that is characterized by a high level of foreign trade and a reputation for strong financial institutions that have given it the strongest sovereign bond rating in South America. Real GDP will increase by 2.7% in 2018 after gains of 1.7% in 2017. Some of the benefits for exporting to Chile are due to the Free Trade Agreement that the U.S. has with Chile, which makes U.S. products more competitive. U.S. food products are known for their high quality and low health concerns.

US food products are known for their quality and superior health standards in Chile; these are some of the products with the best sales potential: beer, dairy and dairy products, pet food, pork products, snack foods, and ready-to-eat meals. Register with SUSTA and attend the Espacio Food & Service Trade Show was founded in 2011, is considered one of the most important food industry events in Chile.



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## Santiago, Chile September 10-12, 2019

**Participation Fee: \$1,958**

**Early Bird: \$1,758**

*If you register and pay before April 10, 2019*

### Fee Includes

- 9m<sup>2</sup> booth and standard furniture package
- Market Briefing & Tour
- Sample shipping of up to 100 lbs. of sample shipping (which includes the weight of all packing materials) from a US consolidation point to the show using SUSTA's designated freight forwarder\*
- Interpreter for your booth (please request in advance if needed)

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

### Registration Deadline

**June 10, 2019**

*No refunds for cancellation after this date*

### 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!

### Industry Focus

Food Service Products, Ingredient, Natural, Health, Pet Foods and Products, Retail Products

### Product Description

(Suitable products include, but are not limited to): Gourmet products, Condiments & Sauces, Grains & Cereals, Olive oils, Snacks foods, Health food products, Fruit & vegetable juices, Frozen meals, Confectionary products, Pet Foods



# India Outbound Trade Mission and Food & Hotel India Show In collaboration with USAPEEC

India is one of the world's fastest growing large economies and is projected to become the world's third largest economy by 2026. India's per capita GDP growth will increase by 61 percent and overall economic growth is predicted to accelerate to 7.7 percent in 2018. There has been an increase in purchasing power, and as a result, upper income consumers are changing their preferences of shopping at smaller markets for fresh ingredients to prepare foods at home to going out to restaurants and purchasing prepared foods. Similarly, India is a growing market for processed food imports, which are becoming more popular with the younger population, especially in urban areas. Imports of consumer-oriented foods, led by tree nuts and fresh and dried fruits have doubled since 2009 to \$4.5 billion. Demand for specialty and high value foods, including imported, such as chocolates, almonds and other dried nuts, cakes and pastries, exotic fruits, fruit juices, and Indian sweets peaks during the fall festive season, especially at Diwali - the festival of lights. This is also the best time to introduce new-to-market food products in India.

SUSTA in collaboration with USAP-EEC is offering an outbound mission and trade show opportunity to southern exporters. The mission will include market tours, one-on-one meetings with pre-vetted buyers, and booth space at the Food & Hotel India trade show. The inaugural Food & Hotel India 2018 had 78,000 attendees and 4,000 exhibitors. The 2019 show is anticipated to expand on those numbers, offering great opportunity for companies to meet the keys buyers in the food and hospitality industry.



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**New Delhi – September 15-17**  
**Mumbai – September 18-20**

**Participation Fee: \$600**

**Early Bird: \$400**

*If you register and pay before April 23, 2019*

## Fee Includes

- Booth Space at Food & Hotel India 2019 (Trade show dates are September 18 - 20 in Mumbai)
- Reimbursement of airfare OR lodging within the Federal per diem rate for one company representative with submittal of required supporting documentation
- Market Briefing & Tour and One-on-One Meetings in New Delhi; (September 15 - 17)
- Market Briefing & Tour and One-on-One Meetings in Mumbai; (September 18 - 20, concurrent with trade show)
- In-country transportation to meeting locations;
- SUSTA will reimburse shipping for up to 50 pounds of product samples with proper documentation

## Registration Deadline

**June 23, 2019**

*No refunds for cancellation after this date*

## 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!

## Industry Focus

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

## Product Description

Juices and non-alcoholic beverages, Sugar-free products, Sauces and condiments, Snack foods, Canned fruits, Confectionery products, Tree nuts, Dairy and dairy products, Poultry products, Wine, and Fresh blueberries





# Scandinavian Outbound Trade Mission

**D**enmark is a small country in Northwest Europe and totals only one percent of total EU population, but it has one of the highest GDP's in the world and low unemployment and inflation rate. Due to its small size and climate, Denmark depends on imports for items such as fresh produce. The economy is highly dependent on foreign trade, with exports comprising the largest component of GDP. The United States is Denmark's third largest trading partner and its largest non-European trading partner. With an increasing interest in Denmark in living a healthier lifestyle, there is also a growing demand for fresh and processed food products, and organic and sustainable products. With the favorable view of U.S. products mixed with the interest in trying new and innovated products, more opportunities are available to Southern companies.

As the largest country in the Nordic region and with a population totaling almost ten million, Sweden relies heavily on imports due to the severe winters and short growing season. The Swedish economy has experienced growth over the past few years, specifically in 2015 experiencing a 4.1% GDP growth, with an expected growth of 5.2% in 2016. Almost 60 percent of the imports came from Norway, Denmark, the Netherlands and Germany. The Swedish market is sophisticated with affluent and well-educated consumers that have a favorable outlook on U.S. goods and products. With greater interest in maintaining a healthy lifestyle, and interest in trying new and innovative products which are fresh and organic, the Southern region has many options to offer to the Swedish consumer.



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## Copenhagen, Denmark & Malmö, Sweden September 22-26, 2019

### Participation Fee: \$200

#### Fee Includes

- Reimbursement of airfare OR lodging within the Federal per diem rate for one company representative with submittal of required supporting documentation;
- Interpreter services as needed;
- In-country transportation to meeting locations;
- Up to \$500 reimbursement for shipping product samples with proper documentation

#### Registration Deadline

**June 22, 2019**

*No refunds for cancellation after this date*

#### 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!

#### Industry Focus

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

#### Product Description

Juices and non-alcoholic beverages, Tree nuts, Prepared foods, Seafood and meat, Beverages, Health products, Condiments & Sauces, Specialty foods, Breakfast cereals, Poultry, Wine

# From Contact to Contract

*Continued from page 1*

purchase products, resell to customers, and offer warehousing and delivery services. Importers provide services to bring 'foreign' products into their country such as clearing customs, paying tariffs and taxes, and arranging for import permits, product registrations,

**USDA's Foreign Agricultural Service provides excellent reports that identify the distribution structure for the retail and foodservice market segments in foreign countries.**

and ingredients testing. Some firms may provide the functions of both importer and distributor under one roof.

Exporters sometimes think it's possible to sell directly to retailers and by-pass importers and distributors. While some large retailers may import directly from foreign suppliers, more often than not, they employ specialized importer companies that handle the details of logistics and the maze of regulations on food products. These services are critical for sales of imported products.

Finding potential distribution companies is not challenging. Often, exporters meet potential partners by happenstance at a U.S. or overseas

trade show. It's best to know before going to an event by checking on-line market research, trade publications, and previous show exhibitors and attendees for relevant contacts. Keep in mind, importers and distributors may already represent your competitors. It's better to find this out sooner rather than later.

Be prepared to evaluate potential partners before securing an agreement for representation in the market. Use questionnaires or distributor application forms to gather pertinent company information: territory coverage in the country, products handled, physical facilities, staff capabilities, delivery services, bank references and names of U.S. suppliers represented. But nothing beats on-site visits to verify information collected and establish initial relationships to help with the selection process.

At some point, you will need to make an agreement with a potential partner. This will mean navigating the country's employment laws. Consult with legal professionals experienced in foreign distribution agreements before stepping off on your own.

Distributor agreements typically contain provisions for: territory (Mexico City vs. the entire country), exclusive or non-exclusive representation, minimum sales targets, payment for promotion and samples, dispute

**SUSTA's inbound trade missions – which bring foreign importers and distributors to visit U.S. trade shows – are ideal to meet potential partners without traveling overseas. SUSTA's in-country consultants can also help to set up meetings abroad.**

resolution, legal jurisdiction, conditions for termination, and terms for credit and payments.

Employment laws and practice vary by country. A detailed written contract may work in one country but not in another one where a simple letter of agreement with basic provisions is standard practice.

Remember, getting into an agreement is easier than getting out of one. Doing homework on key distribution issues before traveling overseas can really pay off and help avoid costly mistakes.

*For more information, see these two reports - ICC Guide to Export Import Basics; and Model Contract on Distributorships - and other publications available from the International Chamber of Commerce bookstore: <http://store.iccwbo.org/> ■*

**S**USTA was awarded Agricultural Trade Promotion (ATP) funding earlier this year to help our participants identify new markets and overcome the adverse effects of tariff and non-tariff barriers. Using ATP funds, we have Global Events planned in several new markets. Go to our [susta.org/events](http://susta.org/events) to learn more about our Scandinavian Trade Mission to Denmark and Sweden (9/22 - 9/26), as well our Philippines Inbound Trade Mission to Miami (9/30).

If you are applying for CostShare, it is important that you let us know if you want the funds to come from

## Accessing ATP

through ATP will not count toward your graduation from a market, and you can apply for funds in markets from which you already graduated. With MAP you are only allowed to be reimbursed for marketing and promotional activities in a country for five years; after five years you are graduated and can no longer receive MAP CostShare funds in that country. Contact Deneen Wiltz ([Deneen@susta.org](mailto:Deneen@susta.org)) with questions. ■

ATP or our traditional Market Access Program (MAP). A key difference to keep in mind is that under ATP there is no five year graduation rule. Reimbursements





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#### Return Service Requested

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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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## Long-term Strategy in Europe a Success for Louisiana Nursery

**Y**ou may not be familiar with the name liriope, but you know the plant when you see it. It's the flowering ornamental border grass usually with purple or white blooms.

The world's top producer of Liriope is located in the central Louisiana community of Forest Hill.

Manfred Robert, General Manager of the Liriope Factory Sales, produces 18-different varieties of Liriope and sells the bare-root plants to customers across the globe.

Exporting nursery products to a foreign country can be a daunting endeavor. How did he do it?

Robert began working with the Southern United States Trade Association (SUSTA) about 15 years ago to help him tap into the European market. He said he could not have accomplished what he has without the help of SUSTA. "I couldn't develop the European market without SUSTA because it would be too expensive. The SUSTA organization also gives your company more creditability with potential customers."

At the recent IPM trade show in Essen, Germany, the world's largest horticultural trade show, Liriope Factory Sales exhibited in the SUSTA pavilion. This year he sold 222,000 plants to customers in Italy, Netherlands, Spain and Belgium.

"The first year there (IPM) we had some potential leads and we saw a future to start selling into the European market," Robert said. "The first couple of years my sales were very, very small. After the third year, we created a presence at IPM. Customers started seeing us every year and we started building relationships." ■