

Big Picture Report: April 2019

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In collaboration with World Perspectives, Inc.

In preparing our approach to effectively allocating recently awarded [Agricultural Trade Promotion](#) funds, SUSTA's team re-evaluated a diverse series of global markets where Southern U.S. agri-food products might find strong demand. Among the many indicators that SUSTA analyzed, existing free trade agreements tend to be strong indicators of where small- and medium-sized Southern U.S. agri-food exporters might have success marketing their products.

In the hyper-competitive global market for products produced by SUSTA's companies (generally categorized into six buckets, including finished/baked sweet and savory snacks; horticulture; seafood; produce/raw commodities; sauce/condiment/beverages/dry or wet mixes; and a catch-all titled processed/manufactured/other not from any of the above categories) it can be tempting to focus too heavily on "big" consumer markets such as China and India. While those markets and their massive populations are attractive and certainly hold opportunities, they come with a host of challenges. For example, the U.S. does not have a comprehensive trade agreement with either market!

Our neighboring countries to the south – the diverse, developing markets of Central and South America – are potentially very solid markets for SUSTA companies. For starters, the [Dominican Republic--Central America-U.S. Free Trade Agreement \(CAFTA-DR\)](#) is a comprehensive trade agreement that includes Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, and the United States as signatories. Ultimately finalized over 10 years ago (Costa Rica joined in January 2009) CAFTA-DR was designed to "level the playing field" between the U.S. and the six developing Central American countries. Importantly, the agreement resulted in duty-free access for U.S. agricultural products such as high-quality cuts of beef, soybeans, cotton, wheat, and – of note to SUSTA's southern U.S. companies – fruits, vegetables and ***processed food products***.

Along with the presence of CAFTA-DR, these Central American markets generally exhibit strong indicators of robust demand for SUSTA-region products, such as:

- Foreign Direct Investment (FDI) as a percentage of GDP;
- GDP per capita PPP;
- Inflation, consumer prices;
- Imports as a percent of GDP;
- Food as a percentage of merchandise imports;
- Population demographics (e.g. birth rate, age cohorts, etc.);
- Economic Freedom Indices.

SUSTA's team is very excited to use the CAFTA-DR foundation as a starting point for more focused activities in key Central American countries. Interested companies can explore the

Dominican Republic with SUSTA during an [Outbound Trade Mission](#) to Santo Domingo October 16 – 17, 2019. We are also in the process of organizing an Outbound Mission to Costa Rica and Panama later this year. Stay tuned for more details.

We look forward to seeing you – our Southern U.S. agri-food companies – get involved!