

Try Before You Buy: FAS' Quality Samples Program

By Mark Slupek

Lane Willard, executive director of the Mohair Council of America, represents 3,000 mohair ranchers in Texas. He serves a 10-member board of ranchers, with a mission to increase sales and make their work profitable.

Things are going well right now.

Mohair sold for \$3.50 a pound last year; it is selling for \$10 a pound right now.

Moreover, Willard has opened new markets in Peru, Indonesia and the United Kingdom, thanks in part to FAS' Quality Samples Program (QSP).

"Actually, providing samples on a limited scale to develop new markets is not new to us," said Willard. "What QSP did was allow us to scrape out more marketing efforts for our ranchers from their membership dues."

Better still, the sample program makes sales—\$75,000 in start-ups this year.

"Considering that some buyers imported no mohair prior to our providing samples, that's dramatic—and positive change. Our efforts have been hard work, but with the sample program, we transformed those textile firms from complete unawareness to a growing sales market."

Trying Trade on Three Continents

When a Peruvian yarn maker with three mohair yarns tried samples through the QSP, Willard hoped the samples would

allow him to build a long-term customer. It worked.

And once the Latin American company processed the samples, they were sent to a carpet maker in Indonesia who would manufacture a final product for test purposes. Both of these potential customers had good things to say about the product—and about the QSP.

"They liked the idea they could try a quality product with less risk," said Willard.

"I feel sure it gave us an advantage over our competition."

Willard also used QSP to provide samples to a company in the United King-



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dom. The British carpet company also received two types of Texas mohair to test through the manufacturing process.

Real Work, Not a Free Ride

The Quality Samples Program is similar to efforts in other countries to support agricultural exports through sampling. This USDA program works to support U.S. farmers, demonstrating the quality of their products while honoring fair trade commitments.

"This program still expects the producers and trade groups to go the extra mile in servicing their products—we simply jump

start the process," said program manager Denise Huttenlocker. "It is a very targeted program—you also have to demonstrate you have a viable marketing plan for the country you choose, and that's just the start."

QSP proposals must contain complete information about the proposed sample projects as outlined in the program announcement. Click on the FAS' website: www.fas.usda.gov/mos/programs/qsp.htm for more details or see contact information below.

Under QSP, U.S. exporters must buy the commodity samples, export them and provide technical assistance on their use to importers. When the project is finished, USDA will reimburse the cost of procuring and exporting the samples. QSP focuses on projects that benefit whole industries, rather than individual companies.

FAS administers the program under the authority of the Commodity Credit Corporation Act.

Awards under the program are competitively determined, based on several criteria, including proposal quality, applicant experience and commercial sales potential for the product.

Rice Is Right for QSP

Jim Willis, who implements international programs for the U.S. Rice Produc-



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ers Association, Houston, Tex., is also a believer in the QSP.

Some of his member rice growers in southern Missouri planted Baldo, a rice variety normally found in Turkey and Italy. They took a big chance; this tall variety requires a lot of care, and a bad wind storm can ruin an entire crop. Nevertheless, its world-renown flavor puts it in high demand.

The U.S. farmers knew this rice was difficult—even risky—to grow, but they felt they could make a good profit by exporting it to Turkey, where farmers produce it but can't keep up with demand.

The farmers believed that Baldo rice in the world market would let command a price that would pay off handsomely, justifying their extra sweat generated both by hard work and anxiety over the risk of crop damage.

It did. A supplier in Turkey is now talking with the farmers—and others in the United States—about a contract that could be worth millions. It would provide an economic boost not only to the farmers, but to the surrounding communities whose small businesses depend on the success of agriculture in the region.

The Turkish customer will sell the rice to other suppliers throughout his country, so even more businesses there become acquainted with U.S. quality.

“We were pretty excited about the QSP—it was a vital link to our success with Baldo rice,” Willis said. “We got a partner who we think will build a strong trade partnership.”

Willis adds that this growing international trade would help farmers gain financial strength and could ultimately reduce their dependence on other supports.

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be trapped in a reliance on subsidies,” he said.

QSP: Part of a Survival Strategy

Willis said on an important aspect of QSP is that it addresses a reality of modern farming: farmers who grow the world's rice must now also know something about marketing it.

The United States cannot compete by outproducing other countries anymore, Willis contended. The days of agricultural brute force are gone, brains are key. There is always somebody who will have cheaper labor or more land for production.

Today, you have to produce a product that other people want yet one that can't be grown as well or better somewhere else. You have to look both at demand and your regional advantages, he said.

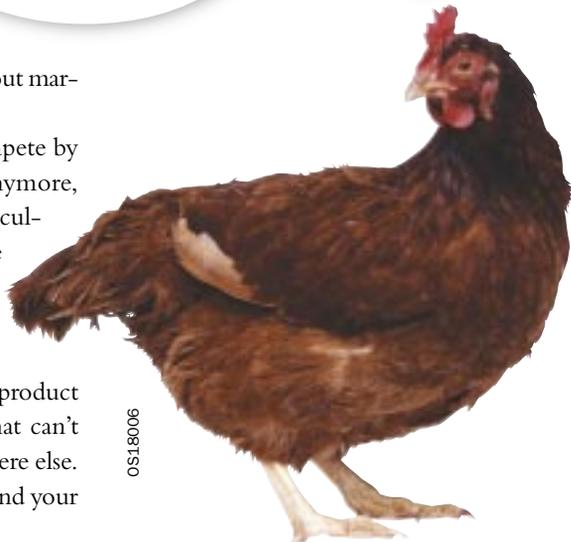
“Farmers like to be independent. They don't want someone to tell them what to grow, but if they don't listen to the market—and their international customers—they will have problems competing.”

QSP helps absorb the risk of trying new crops that international consumers crave. It also encourages importers to purchase these specialized U.S. items. The QSP is adaptiveness in action.

Asian/African Sorghum Samples

Sorghum originated in Africa, but varieties produced there mainly feed people, not poultry. So poultry farmers in South Africa are dismayed by the high levels of tannin in domestically produced sorghum. While the tannin doesn't bother people, it makes it harder for their birds to absorb the nutrients in feed.

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SORGHUM,
YOU SAY?
WORTH PECKING
AT, I SAY.*



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SO WHO SAYS
IT'S JUST
CHICKEN FEED?

in less developed markets, McKinney finds he must plan transportation well in advance.

Still, he appreciates how the QSP has allowed him to institute more feed trials, with the goal of increasing U.S. sales.

Making the Case for Quality

Brent Babb, Europe marketing manager for the American Soybean Association, says that part of what QSP does is open dialogue on trade.

“A country, or a company, ordinarily does not change its purchasing habits overnight. Each needs a reason to switch—and QSP helps us show them why they should.”

In South Africa, for example, poultry producers favor South American soybean meal because it is usually about \$15 cheaper than U.S. soybean meal. The only problem is, South American soybean meal tends to

U.S. sorghum varieties, low in tannin, are tailor-made for chicken feed. Thanks to the QSP and the U.S. Grains Council, South African farmers are finding out firsthand what low-tannin sorghum can do for them.

The U.S. Grains Council’s managers of international operations, Gary McKinney and Dianne Henry, used the program to provide sorghum samples to feed makers in South Africa. The feedmakers are interested in two things: how well U.S. sorghum meets their manufacturing needs, and if the product satisfies their customers—South African poultry farmers. That’s why a feed trial at local farms is part of the plan.

“What you feed poultry affects the color of their meat,” said McKinney. “Since South African consumers prefer lighter meat, low-tannin sorghum is a good bet for this market.”

McKinney manages another QSP project to provide low-tannin sorghum to

pork feed producers in China on a similar test basis.

One challenging aspect of the program is shipping; the program requires that samples travel on U.S. cargo ships. Since shipping sizes are small and destinations are



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have less protein, so the African farmer often has to purchase feed additives.

Babb wanted to prove to South Africa's top poultry and feed producers that U.S. soybean meal, while more expensive up front, was a better long-term bargain. He used QSP to give one such producer about five tons of meal for a poultry feeding demonstration run by a South African University.

"A leading animal nutritionist said that the results of the feeding demonstration proved they had been undervaluing the U.S. product with its high protein content," said Babb.

The skeptical farmer and feedmaker was so pleased with what he saw, so much so that he will now try the feed on his poultry farm. If the results are



equally good, he will open his doors to U.S. product—and sell it to his customers.

"The fact that the farmer would be open to trying U.S. soybean meal and consider the cost benefit of not having to add protein—that in itself speaks well for the QSP," said Babb. "We've been trying to promote this idea for a long time—but now the farmers are able to take samples and see for themselves."

Babb also sent along soy flour for human consumption. Soy flour bread is good for South African bakers. It lets them cut costs by using less flour since soybean-based flour absorbs water faster than wheat. Bread from soy flour has more protein and carries a longer shelflife, important in Africa, where transportation and storage can be a challenge.

"There is soy flour production in South Africa, but it's not as good as U.S. product," said Babb. "Everyone in South Africa kept saying, 'This isn't soy flour, it can't be.' They just couldn't believe the quality."

More Help for High Value

Dianne Henry has also been working with the QSP's human side. They have been providing beer and snack food makers in the Asian market with a taste of U.S. quality.

One project is to supply white sorghum to snack food makers in Japan for new product development.

"White sorghum is very versatile for flavor," she said. "The company has tried flavoring with spinach, which seems to be popular."

In China, Henry has had similar success with malting barley.

"We sent 10 containers of barley to brewers in China for the malting and then brewing process. Although the brewing process is not yet complete, the Chinese were very pleased with the malt analysis. We also plan to send a brew master later on to aid in evaluating the beer quality," Henry said.

Henry added that one brewery is already making inquiries about shipping as much as 50 metric tons of barley, based on the outcome of QSP tests.

In addition, she has used QSP funds to ship already-malted barley to Trinidad for breweries where brewers hope to expand their product line to appeal to U.S. tourists' tastes.

"The good thing about the Trinidad beer project is that it actually allowed us to provide samples of processed product to U.S. producers," Henry said. "By giving samples of a value-added product, we were



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able to share the benefits of the QSP with U.S. processors.”

“The great thing about the QSP is the exposure it gives U.S. products,” said Henry. “It also gives foreign factories a chance to do a trial run to learn about characteristics of U.S. products and any special production requirements. It’s a win-win situation.”

The Changing, Growing QSP

The Quality Samples Program began as a pilot project. Now in its second year, FAS would like to expand the number of participants, since it was limited to ten previously.

To increase the number of people the program helps, this year’s projects will be limited to \$50,000 of QSP reimbursement. In addition, the number of countries which an organization can target will be limited. Participants will be allowed no more than three projects overall. Costs incidental to purchasing and shipping samples will no longer be eligible for reimbursement.

There will, however, also be new opportunities under the program. In a change from last year, funds can be used to purchase and ship samples to be used in technical seminars. The objective is to acquaint importers with proper preparation or use of the sample in the creation of the end product.

Projects comprised of this type of technical preparation seminars will be limited to \$10,000 of QSP reimbursement.

As in the previous year, sample commodities provided in a QSP project may not be directly used in retail promotions or supplied directly to consumers.

However, the end product—manufactured from sample materials—may be provided to end use consumers for the purpose of evaluation.

A Focus on Developing Nations

While the initial QSP pilot program placed no priority on targeted countries, this year, countries will be given priority if they meet either of the following criteria:

- Projects in countries with per capita income of less than \$9,360 and populations greater than 1 million. These proposals may also target multinational regions such as the Caribbean Basin.
- Projects targeting regions where the U.S. market share of imports of the proposed commodity is 10 percent or less. ■

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