

U.S. Horticultural Industry Takes Advantage of the Export Toolbox

By Ingrid Mohn

FAS offers a variety of tools in its “toolbox” for exporters, and horticultural exporters really know how to use them. In fiscal 2002, commodity groups put \$40.2 million from USDA’s export programs to work in bringing U.S. horticultural products to kitchens and dining tables around the world. Let’s take a look at some of the successes U.S. horticultural groups have had with these programs.

Quality Samples Program

The QSP (Quality Samples Program) helps U.S. agricultural trade organizations provide small samples of their products to potential importers in emerging markets. Focusing on industry and manufacturing rather than end-use consumers, it permits potential buyers to experience first hand the quality of U.S. products. It also allows foreign manufacturers to assess how U.S. food and fiber products can best meet their needs. In fiscal 2002, USDA provided \$1.34 million in QSP funds to trade associations and state agricultural organizations.

Cranberry Marketing Committee Makes QSP Work

With the help of QSP funds, CMC (Cranberry Marketing Committee) paid for the first shipment of cranberry concentrate to Huiyuan, China. The shipment enabled a food processor to experiment with the concentrate to achieve the ideal product formulation. Cranberry juice cocktail, cranberry and strawberry juice



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drink, and cranberry and apple juice drink are now available in one-liter, slim paper packages with limited distribution in Beijing, Shanghai, Guangzhou, Shenzhen and a few other cities.

According to Mike Rucier, the account manager who handles CMC’s export programs, “Our experience has been that use of these federal funds greatly reduces the risk of introducing a product to an unfamiliar market.

“It also enhances the chances of the product succeeding, because we have adequately researched distribution channels, and consumer preferences for taste, packaging, retail placement and reaction to advertising messages. QSP is one key part of a big plan to introduce cranberry juice to emerging markets.”

With a total consumer target of 40-50 million people, the U.S. cranberry industry estimates that China could absorb 10-20 million liters of cranberry juice per year, valued at \$15-\$35 million.

The cranberry industry has followed virtually the same market progression in Mexico, and expects Wal-Mart and Sam’s

Club outlets in that country to carry cranberry juice soon.

Market Access Program

The MAP (Market Access Program) encourages the development, maintenance and expansion of commercial export markets for U.S. agricultural commodities. The MAP helps U.S. producers, exporters, private companies and other trade organizations finance such promotional activities as consumer promotions, market research, technical assistance and trade servicing. In 2001, 35 commodity groups received \$34 million in MAP funds to promote exports of 42 U.S. horticultural commodities.

Fresh stone fruit exports continue to be one of the stars among U.S. horticultural exports, with volume increasing 17 percent in fiscal 2001. Through successful implementation of generic market development activities, funded with Section 108 and MAP money, fresh peach, plum, prune and nectarine exports posted record value gains and exceeded \$23 million.

U.S. Pear Exports to Mexico Continue To Rise Using MAP

Oregon and Washington pear exports to Mexico surpassed 3 million boxes valued at \$35 million in the 2001/02 marketing year (September 2001–August 2002), establishing a new record for this country, the industry's top export market.

Since 1996, pear exports to Mexico have increased over 230 percent. Jeff Corea, international marketing director of the Pear Bureau Northwest, attributes this sharp increase “directly to the MAP-funded promotion program in Mexico. More important, Mexico now readily accepts four different pear varieties.” In 2001/02, the Pear Bureau used MAP money to fund consumer advertising and public relations activities, which spurred U.S. pear exports to Mexico to \$44 million, up more than 5 percent from the previous year and more than 190 percent from 1996.

Emerging Markets Program

The EMP (Emerging Markets Program) assists U.S. organizations in improving market access opportunities for agricultural products in low- to middle-income countries likely to emerge as

promising export markets. The program supports activities of small- to medium-sized U.S. agricultural firms that may need assistance in obtaining or maintaining access to foreign markets.

EMP Gave Almonds a Great Opportunity

ABC (Almond Board of California) recently obtained EMP funds for market research and other activities in Russia—a country with great potential but many unknowns as to how to reach the trade and consumers.

As a first step toward capitalizing on growing market opportunities, ABC exhibited at World Food Moscow in September 2002 using EMP funds. The show was highly successful, resulting in numerous quality contacts, including major confectionery, snack and ingredient buyers. Several trade leads have also been received as a direct result of participation. The research part has just begun.

According to Julie Adams, ABC's director of international programs, “EMP funds will give us the opportunity to explore how to enter this complex marketplace and maximize our marketing power.” The industry has great hopes for success in future years in Russia, all

through the springboard of EMP-funded activities. ABC estimates that the Russian almond market could be as large as 12-14 million pounds per year.

Section 108 Foreign Currency Program

In the past few years, the Section 108 Foreign Currency Program has provided cost-sharing assistance in foreign currencies for the development, maintenance and expansion of long-term export markets for U.S. agricultural products. Most Section 108 funding has been used for promotions that focused on generic U.S. commodities rather than individual brand-name products.

California Tree Fruit Agreement and Section 108 Are Successful Partners

CTFA (California Tree Fruit Agreement) promotes U.S. peaches, plums and nectarines in Latin America using Section 108 funds. According to David Miller, CTFA's international marketing director, Section 108 funds have mitigated a variety of constraints that had inhibited sales.

In Central America, CTFA aims to increase product awareness and improve handling techniques. In South America, where supermarket chains continue to expand and modernize, CFTA is helping to meet the growing need for information on handling and ripening techniques. In Mexico, CTFA continues to emphasize introduction of new products, such as California Summerwhite nectarines and peaches, and varieties of plums. ■

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