

# Latin American Trade Mission Brings Export Opportunity

Last September, Judge Stephens, Jr., boarded a Miami-bound flight with barbecue on his mind. It wasn't that he wanted lunch. Stephens, CEO of the whimsically named barbecue sauce firm, U.B. the Judge, Inc., had an appetite for making sales in Latin America.

The Alabama CEO would be joining 30 U.S. business owners on an FAS trade mission to Latin America. Not only was the four-country tour a chance for U.S. firms to share their wares with potential clients in Argentina, Colombia, Venezuela and Costa Rica—it also gave FAS employees a chance to talk about their export-support programs.

"This mission confirmed what I knew all along, that people all over the world like some form of barbecue; they just need a great-tasting sauce to go with it," said Stephens.

To get the most out the trade mission, Stephens did a lot of preparation, joining trade associations and participating in the FAS export readiness program.

"The Alabama International Trade people had prepared and worked with me," said Stephens. "So when this trip came along, I was ready to take the plunge."

Stephens said the Southeastern United State Trade Association was also an invaluable resource.

## High Marks for an Unsung Market

The participants met with importers who were ready and able to talk business. The visiting companies learned first-hand what U.S. products would appeal to Latin Americans.

Max Israel is president of Bridgehouse



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Foods in Seattle, a company specializing in industrial bakery mixes and frozen dough.

Israel's goal for the mission was to establish distributors for Bridgehouse Foods' products. In each country, he met with several potential distributors and narrowed the

list down to the top two candidates after meeting with management and visiting facilities.

"It was a tough call in all four countries. The companies that the FAS invited were extremely well qualified," he said.

“They had already been briefed on Bridgehouse Foods and our products, so they were very appropriate to our product and type of business.”

Judge Stephens found all of Latin America to be a good target market.

“The people in Latin America really love fresh meats,” said Stephens. “Argentina was the first to try our product, but now we are in the process of selling to that country as well as to Colombia and Venezuela.”

For Bridgehouse Foods, negotiations are underway with potential distributors in Argentina, Venezuela, Colombia and Costa Rica. His company expects to sign distributor agreements with at least two of these countries soon.

Israel felt the FAS staff stationed at the embassies in each country contributed a great deal to the mission’s success.

“This trade mission was time well spent. Each country’s USDA team provided a potent mix of in-depth local intelligence and clout that made for very productive meetings.”

Stephens also appreciated how everyone in the host country—from the importers to the government officials—extended their welcome to U.S. businesses, and said he would recommend the program to any small business owner.

“This is a great opportunity. Now we are planning a reverse trade mission. We’ll be hosting some of the importers we met on our trip on a visit to the United States,” he said. “Moreover, I’ve also made plans to attend U.S. trade shows targeting the Latin American market. I’ll also be hiring staff for an international department.”

Another trade mission participant, Scott Hansen, international director of Diversified Foods in New Orleans sees sales in the millions if things go right.

“This was one of the best FAS activities I had ever participated in,” he said. “We have many opportunities for business.”

Mattie R. Sharpless, FAS Special Envoy to Emerging Economies, (currently serving as FAS Acting Administrator) said that the trade mission not only provided support to the companies, it also served as a forum for spearheading discussions on trade issues with the host governments. Sharpless agrees with Stephens that Latin America is a region with potential.

She also said that consumers there tend to buy U.S. foods even before they buy from their neighbors. The key is a reputation for quality.

“We should to be developing a long-term strategy for dealing with our markets in that part of the world,” she said. “The money is there; and there are consumers who want to buy U.S. products.”

### Supermarkets: A Pulse for Trade

This was a mission with a clear focus on retail markets; each stop on the itiner-

ary included a visit to a supermarket. U.S. companies were able to see first-hand how their products would be handled and displayed.

“It was my first trip to the region, and I must say that I was extremely impressed with the potential. Everywhere you looked, you saw U.S. products and U.S. brands,” said Sharpless. “The supermarkets in Caracas gave you the feeling of being in a supermarket in the United States.”

At each place, the up-to-date retailing operations made an impression.

“I was quite surprised to see the supermarkets open on Sunday. And in San José, Costa Rica I saw samples being taste-tested in every aisle,” said Sharpless.

### Making Gains in the Cold Storage Chain

Ellen McCloskey, of FAS’ International Cooperation and Development office, linked up with the trade mission in Bogotá, Colombia, to give a brief overview of an FAS project to improve cold-chain storage in Latin America. She said that, although



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some stores in the region are already on a par with major supermarket chain stores, others have further to go.

“Sometimes importers report product losses as high as 50 percent,” McCloskey said. “Superficially, these stores look quite modern, but if you look in the chill cabinets, often the thermometers aren’t working and you can see water droplets forming on the edges of cases where frozen food is displayed.”

By the time consumers carry their purchases home, the product will tend to be off-flavor. For the supplier, that means no return business.

Education of warehouse staff, truck drivers and others along the cold-storage chain is very important, McCloskey affirmed.

### **Making Way for Trade**

Transportation specialist Heidi Reichert with the Agricultural Marketing Service shared her expertise with FAS and trade mission delegates.

“Transportation itself isn’t as much of a barrier in Latin America as with other nations,” she said. “A lot of money is being put into infrastructure in these countries, so efficiency is up.”

Even so, shipping to Latin America is more expensive than to Asia or Europe, she said.

“There is not a lot of competition. One reason rates are so high is that three to four shipping lines hold most of the market share for this route,” she said. In contrast, 10 or 12 lines ship to Europe.”

As trade increases and more shipping lines go into Latin America, costs may go down.

There are, however, other challenges.

“One big headache for shippers is customs clearance,” said Reichert. “In Colom-

bia, for example, one little typo in your paperwork can stop the entire process. Documentation is also a big issue in Venezuela.”

The exception is Costa Rica, where most customs processing is now done electronically. This modern country made a good impression on Susan Hannah, vice president of Pacific Valley Foods in Bellevue, Wash., a producer of frozen vegetables and french fries.

“Costa Rica, I think, might have the biggest initial potential and may be a good indicator of how South America might work out for us,” she said. “This country was by far the most lucrative in terms of contacts and viable companies.”

### **Export Credits Building Bridges**

The FAS trade mission did more than educate U.S. business owners on what to expect from Latin America. FAS staff also provided information to Latin American importers on export credit programs to facilitate trade. Ann Murphy, with FAS’ Export Credits Division, told importers about the GSM-102 and 103 programs, which provide basic backing for export sales.

“I found that there was a lot of interest in the newer Supplier Credit Guarantee Program, especially in Argentina,” she said. “I also described the Facility Guarantee Program, which can be used to finance port or warehouse upgrades.”

### **Talking About Future Trade**

In addition to providing Latin American importers with information about financing options, Sharpless discussed trade issues with government officials in each country.

“We met with everyone—from the Ministers of Agriculture to Vice-Ministers of Trade, and in some countries, Vice Ministers of Foreign Affairs,” said Sharpless.



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William Clark, president of Foodtown International, is a New Jersey wholesaler handling several private label products. He expects as much as \$75,000 in business in Latin America in the near future, depending on import registration policies in Colombia and how other trade negotiations progress. He is cautiously optimistic.

“It may take an effort to break into these markets, but it’s doable,” he said.

“As far as I’m concerned the market door to this region is open to U.S. products,” Sharpless said. “Our companies need to get down there and do the business,” said Sharpless. “If we put more products—especially more of the right products—on the shelves, the trade will happen.” ■

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