THE ONTARIO Agri-Food Exporter

Fall 2004

STREET SMART *focuses on foodservice; watch for more incoming buyer missions*

A new series of incoming buyer missions has grown out of the popular Street Smart program, offering Ontario exporters more targetted face-to-face meeting opportunities with key US buyers

September's Street Smart session saw 15 US foodservice buyers and distributors from J. Kings Food Services Professionals Inc., Pocono Produce Co. Inc., Progressive Gourmet, Front Row Sweets, Frosty Acres, Topco Asssociates (LLC-Food Services Division), Culinary Specialties, Restaurant Depot and Single Source (Foodservice Distribution) meet face-to-face with representatives of some 60-plus Ontario companies. "It's a very cost-effective and time-effective way to get inroads into the US marketplace," says Dave Brandow of Piller Sausages and Delicatessens Ltd, which produces cured meat products in the European tradition. "I met with six buyers, and outside of this sort of session, it might take me two years to try to contact and arrange trips to the US to meet with that many buyers."

"The response to the Street Smart sessions has been very positive," says Murray Howatson, OMAF's geographic officer for the United States and lead organizer of the event. "As part of our effort to ensure that we're meeting the needs of Ontario exporters most effectively, over the next few months we'll be focusing our efforts on more frequent incoming

— *Continued on page 7*

OMAF *trade events*

Increase your export sales by participating in an OMAF Export Marketing Unit trade-related event. Our seminars, incoming and outgoing missions and trade show participation are all geared to developing and maximizing export opportunities for Ontario companies. Through them, we can help you generate export sales, get in-market exposure, meet buyers face-to-face and gather first-hand information about export markets. If any of these events fit your strategies, contact your client account officer for further details on how your company may participate (see the contact list on page 7).

Incoming trade missions

Mexican Ingredient Buyers, Nov 17-18 Three buyers from FABP, a leading Mexican importer, manufacturer and distributor of food ingredients are scheduled to visit Toronto, including the CIFST show on November 17. FABP already imports from both the US and Europe and is looking for new Ontario suppliers in a broad range of products. Contact Diana Campbell, Sector Officer, for more information.

UNIPRO Buyer Mission, Nov 30-Dec 1 Two senior officers from the leading foodservice distribution network in the United States, UNIPRO Foodservice, Inc. which comprises of over 300 shareholder companies, will be visiting Ontario at the end of November. With a collective sales volume of over $27 billion, the buying power of UNIPRO enables its members to receive enhanced purchasing opportunities, thereby providing better pricing and a vast array of products to their customers. UNIPRO members service accounts in all segments of the foodservice industry, including independent and multi-unit restaurants, healthcare facilities, schools, military feeding and other mass-feeding operations. The nature of this type of business is high volume and value. UNIPRO is interested in a wide range of products including beverages, prepared entrées, produce and hors d'oeuvres. Their main priorities will be the following items, with a preference for organic products where possible:

- carbonated juices
- entrées: frozen, canned, ethnic, and other
- fruits and vegetables: canned, frozen
- tomato products
- hors d'oeuvres and appetizers

Contact your client account officer for more information.

Foodservice Distributor Buyer Mission, January 2005 A leading US foodservice distributor will be in Ontario to meet with interested Ontario manufacturers. More details will follow in upcoming editions of this newsletter. Contact your client account officer for information.

Private Label Retail Broker Mission, February 2005 OMAF will be hosting a small group of private label retail brokers to meet with Ontario exporters. More details will follow in upcoming editions of this newsletter. Contact your client account office for information.

Incoming Buyer from the Philippines, February 2005 Buyers from the Philippine stores of Price Smart (www.pricesmart.com), a warehouse retail chain with operations in Asia, Central and South America will be visiting in February. Currently, they are importing (primarily from the US, by air) frozen bakery items and fresh fruit on a weekly basis. The focus will be on frozen bakery items and snack foods. Contact geographic officer Amos Tin for more information.

Incoming Buyers from Hong Kong, March 2005 The deli/meat buyers of Wellcome (www.dairyfarm.com) will be visiting Ontario to select processed meat items. Contact geographic officer Amos Tin for more information.

Japanese Food Service Workshop and Incoming Buyers Mission, February 2005 This is a joint event with CFEA and the AAFC Ontario Regional Office. Ontario exporters will be able to participate in a half-day workshop to learn about the strategy to penetrate the Japanese food service market. One-on-one meetings will be arranged in the afternoon to meet with the visiting Japanese buyers. Contact geographic officer Amos Tin for more information.

OMAF seminars and events

PROFIT, Feb 1-2, 2005, Windsor and Detroit With hundreds of graduates and now in its 21st year! PROFIT (Program to Raise Ontario Food International Trade) is a hands-on two-day orientation on exporting to the United States, covering the basic requirements for food exporters. The program features 15 speakers, covering topics such as export financing, product labeling, trademarks, US tax laws, US food brokerage, US food distribution, US Department of Agriculture, US Food & Drug Administration regulations, US Customs and US customs brokerage. This unique and affordable course focuses exclusively on food and beverage exports. It is ideal for skills upgrade and development for new marketing staff, inside and outside sales staff, shipping and logistics staff, and marketing/sales support staff. Participation is limited to 20 industry representatives to ensure that each company's questions and challenges are addressed. Contact your client account officer for more information.

Trade shows

International Food and Drink Exhibition, March 13-16, 2005, London, England IFE is one of the top five food exhibitions in the world and the largest food and beverage event in the UK. Past shows have attracted over 1,400 exhibitors and 23,000 visitors from around the world. OMAF will be participating in the Canada Pavilion in cooperation with the High Commission in London and Agriculture and Agri-Food Canada. For the first time, IFE will be structured according to geographic groups, so Canada will join America and other countries to create a new "Americas" area, resulting in increased positioning for Canadian exhibitors. If you are interested in participating in the Canada Pavilion, contact your client account officer for more information.

Profile

BOBBY *Seeber* OMAF senior trade policy advisor

As senior policy advisor dealing in agricultural trade policy for OMAF, Bobby Seeber focuses on facilitating the flow of products from Ontario to the US. "Essentially, my role is to make it easier for Ontario companies to trade their goods," he says. "I deal with trade rules and how to work with those rules or change them."

Before he began working with OMAF five years ago, Seeber earned a law degree from Queen's University, at that time specializing in criminal and constitutional law. He's gained extensive experience in trade law since joining the ministry and puts that experience into practice when Ontario products encounter difficulties in foreign jurisdictions. "Often that involves trade litigation," explains Seeber. "This can arise where Ontario producers are being scrutinized for dumping products on foreign markets, or government programs are being investigated for illegal subsidies, or Canada is being challenged for not meeting its trade obligations either under the NAFTA or the WTO."

He provides ministerial support to bilateral, regional and trinational initiatives involving Canadian provincial ministers, US and Mexican state commissioners and secretaries of agriculture. Examples of established forums meeting annually include the Great Lakes Regional Forum on Agriculture and the Canada-US-Mexico Trinational Agricultural Accord Conference. "These forums allow government officials to deal with trade irritants before they become full-fledged disputes," says Seeber. At the last Great Lakes Regional Forum held in February 2004, for example, provincial and state officials from both sides of the border tackled the BSE situation. "We've had some very good joint activity," recalls Seeber. "The Ontario Minister of Agriculture and Food, the Honourable Steve Peters was able to get his counterparts in the north-eastern states to sign on to a declaration that called for early resumption of trade in Canadian livestock. While obviously we didn't get the border to open up immediately, we did get key state partners within the US asking the US administration to push for the policy that certainly favours the interests of Ontario producers and exporters."

FDA UPDATE: *Prior notice now in full enforcement*

A temporary stay on full enforcement of prior notice has now ended.

A temporary stay on full enforcement of prior notice, the new regulation requiring all foreign food manufacturers, processors and packers to provide advance notice of their goods before exporting them to the US, has now ended and full enforcement is in effect. Imposed under last year's Bioterrorism Act, the border regulations give the Food and Drug Administration (FDA) new authority to protect the US food supply from deliberate or accidental contamination.

Since the new regulations were announced, Canadian exporters have been voicing their opinions about the negative implications of the prior notice requirements. "We understand the security objectives," says OMAF senior trade policy advisor Bobby Seeber, "but want the US to ensure that the new border protocols are as least trade restrictive possible." There's good reason for Canada's concern: with about $1.2 billion in two-way goods and services trading daily, Canada is the US's largest trading partner.

Nonetheless, the FDA delay in fully enforcing the rules—full enforcement was delayed by more than three months—may have had little to do with the outcry from exporters, Seeber says. "The FDA and US Customs and Border Protection understood that there was so little uptake of prior notice that they would have been holding everything up at the border if there was strict enforcement and they lacked the resources for full enforcement at every port of entry into the US. They wanted to allow enough of a transition period to get exporters up to speed on the new requirements, as well as to have the border crossing points sufficiently staffed and equipped."

Although the temporary stay on implementing prior notice gave Ontario exporters more time to adapt their businesses to meet the prior notice requirements, they shouldn't be lax about complying with the regulations now. "You're required to give prior notice," says Seeber. "Border officials aren't ignoring these requirements—they'll be monitoring each shipment to make sure it's in compliance." If an exporter registers a number of breaches and appears to be flagrantly in violation of prior notice regulations, the FDA or US Customs and Border Protection may choose to be stricter with a particular exporter. "They may not be inclined to turn a shipment around the first time, but they'd certainly inform the party where there is an issue about the advance notification."

Teaming up to help Ontario exporters tackle trading issues

Coordinated efforts are the key to success as two key OMAF departments work together for Ontario exporters

By working together, OMAF's Export Marketing Unit and Trade Policy Department keep Ontario exporters up to speed on the key issues of trading products abroad. "We sponsor information-sharing initiatives, such as seminars and conferences that deal with issues of the day," says OMAF senior trade policy advisor, Bobby Seeber. "For example, in the past we've held conferences on the difficulties of trading to the US which cover both practical and policy concerns to help expand exporters' capacity to deal with those issues."

By raising exporters' awareness of key trade issues, such as the new prior notice regulations, both units provide Ontario companies with the tools needed to voice their concerns. "We want to ensure exporters understand the issues so they're in a better position to let their perspectives be known when they're called upon," says Seeber. "When the U.S. bioterrorism protocols were developed, there was a call for interested parties to share their views. So we made an effort to raise awareness amongst exporters by bringing in speakers from the US to talk about what was going on. That put exporters in a better position to provide submissions to US authorities."

In the end, the comments solicited from exporters by OMAF were joined to the federal government effort to influence US policy-makers, and helped lead to amendments to the proposed rules in Canada's favour. "I think that was very successful. We had a number of revisions to the advanced notice requirements that in their original form would have presented serious trade obstacles," says Seeber. "And we presented sound arguments around why implementation of the protocols could be less restrictive and still meet the security concerns of US border officials."

TREND Watch

NUTRITION LABELING *changes create an opportunity for Canadian food manufacturers*

New Canadian and US labeling requirements regarding trans fats will present challenges for Canadian food manufacturers, especially in the bakery industry. But with those challenges could come opportunities as well say industry insiders.

By 2005, most Canadian food manufacturers will be required to list trans fat content on food labels. Starting January 1, 2006, the US Food and Drug Administration will also require food manufacturers to declare trans fat on the labels of foods containing at least 0.5 grams per serving.

Trans fat is made when manufacturers add hydrogen to vegetable oil during a process called hydrogenation. Found in processed foods such as crackers, cookies and baked goods, trans fat creates a more desirable texture and extends a food's shelf life. However, the use of these partially hydrogenated oils has fallen out of favour since research revealed that they increase "bad" LDL cholesterol levels in the blood and decrease "good" HDL cholesterol, resulting in a boost in the risk of heart disease.

The new labeling requirements present a challenge for Canadian food manufacturers, particularly in the baking industry, which exports $1.2 billion annually. However, they also present some unique opportunities. "Canadian food manufacturers will be required to list trans fat on most of their products a year before the US regulations kick in so Ontario exporters will be up to speed earlier than their US competitors," says Jim Berry, OMAF Export Marketing Unit client account officer specializing in beverages, confectionery and snack foods. "That may give them an edge among health-conscious consumers in the US."

In order to appeal to consumers concerned about trans fat, some food manufacturers are also reformulating their products. Voortman Cookies Limited has done just that, positioning itself as the first major cookie company to remove the unhealthy trans fats from its products. Since April 2004, the Burlington, Ont. company has boasted that its products are now being produced completely trans fat free.

Developing the new food labels

Technical services are now available to help Ontario companies comply with the new labeling requirements and reformulate their products. In partnership with Legal Suites and Maxxam Analytics, Guelph Food Technology Centre (GFTC) offers the following services:

- Developing scientific sample plans
- Determining analytical requirements
- Generating compliant labels from validated data
- Recommendations on nutrient content and health claims including suggestions of possible health claims a company may not have considered and phrasing claims according to regulations
- Reformulating products to make it possible to reduce the amount of "unfriendly ingredients" such as trans fat or increase health-building ingredients, such as fibre, thereby increasing a product's appeal to health-conscious consumers
- Complete label verification

GFTC also offers courses to help food manufacturers understand the process of developing nutrition label and health claims for their products. For more information about programs or technical services, contact Guelph Food Technology Centre (GFTC), Tel: (519) 821-1246. E-mail: gftc@gftc.ca Web: www.gftc.ca

PROFIT UPDATE:
US tax obligations for Canadian exporters

If you export goods to the US, you need to be aware of your US state and federal tax obligations. Failing to collect taxes could bring harsh penalties.

Tax laws in the US haven't changed, but attitudes to enforcement have says Jonathane Ricci, a US lawyer specializing in tax at Juroviesky & Ricci LLP in Toronto and a frequent speaker at the PROFIT seminars. "US taxing authorities are starting to enforce some of the tax laws that have always been on the books, particularly state sales tax," explains Ricci, who provides updates on current US tax regulations at PROFIT. "If you have US customers who purchase your goods, most states would like to impose a sales tax on those goods." However, many Canadian companies who sell their goods and services to customers in the US are not collecting and remitting sales tax. And they could face harsh consequences, explains Ricci: "If you sell goods to the US that are subject to state sales tax and the state in question connects you in some way to that state—maybe you have some property there or go into the state with one of your salespersons—and you have not been collecting the proper sales tax and remitting it, the government can back tax you on your sales."

How do I know if my products are subject to US state sales tax?

Many food products are exempt from sales tax but different states have different rules about which goods and services are taxable. And sales tax rates vary from state to state, ranging from 1% to 7%. "A good starting point to find out which goods are subject to sales tax is individual states' tax Web sites," says Ricci. "And you should consult with a lawyer or accountant who is familiar with US state tax laws and understands what the states can and cannot do with respect to the sales tax so you understand exactly what your company's position is."

Even if your product is taxable in a particular state, whether or not you will owe sales tax depends on your level of activity in that state. "There has to be a certain level of connection, which they call a nexus, between your company and the US state for them to have an argument against your company," says Ricci. If you go to a trade show three times a year, that could be enough to establish nexus. But if you don't have nexus, "you could sell $1 million worth of product in that state and still be okay," says Ricci.

To ensure that your company is in the clear when it comes to collecting and remitting state sales tax, you must get an exemption certificate from US buyers. Often, the best approach is to charge sales tax to your US customers. When the customer says they don't pay sales tax on that product in that state, ask them for an exemption certificate, which states that the buyer has told you that you don't need to collect or remit sales tax on the item. "You need to have an exemption certificate on hand," says Ricci, "in case the state says, 'How did you know it was exempt? Do you have anything in writing?'"

Am I obligated to file a US federal income tax return?

The answer is yes if your company sells products to US customers on a regular or semi-regular basis. "That doesn't mean you have to pay US federal tax," explains Ricci. "There's a tax treaty between the US and Canada which states that if Canadian companies don't have enough activity or 'permanent establishment' on the US side, then they should not be subject to US federal tax." However, even if you don't have to pay US federal tax, you need to file to tell the IRS that you don't owe tax but you do sell to US customers. Not filing a return could be detrimental for your company. "Even if you don't owe federal income tax but you forget to file with the IRS and they catch you later, there are penalties for not filing," says Ricci.

Am I obligated to pay US state income tax?

Maybe. Because the tax treaty is between the Canadian and US federal governments, individual states aren't party to it. So an individual state may determine that you should pay state income tax, which ranges from 1% to 12%, based on volume and your company's level of activity in or connection to their state. "If they say you owe them state income tax and you've never filed anything, there could be consequences to you as a Canadian business," says Ricci.

How can I stay current on US tax regulations?

"Sit down with a US lawyer or CPA who is familiar with US state and federal income tax laws to find out if there's any exposure for your company," says Ricci, who will be speaking at the next PROFIT session, scheduled for February 2005. For details on registering, see page 2 and talk to your client account officer.

IN GOOD COMPANY: *Rapid response to changing market needs is key to US success for Ontario deli meat producer*

This Ontario exporter survived the BSE crisis thanks to its hands-on management philosophy. With OMAF's help, they're now gaining a foothold in the US foodservice and retail markets

Develop a unique product and then be flexible enough to fine-tune it to meet the demands of the US market: that's how Dave Brandow, director of sales and marketing of corporate food service and export at Piller describes his company's strategy for success in selling its deli meats to the US. For the past decade, the company, which produces deli meats in the European tradition, has been exporting its unique product line of salamis and dried cured hams to US buyers who distribute them to independent European-style delis. "Our dried cured products are a little different from the typical Mediterranean and Italian-style products that US consumers are familiar with," says Brandow. "Our meats are smoked first and then air-dried which gives them a whole different flavour profile and a lot of our recipes have been handed down from sausage meisters from the capitals of central Europe, such as Poland, Russia, Germany and Hungary."

The company:
Piller Sausages & Delicatessens Ltd. in Waterloo, Ont.

The challenge: To maintain US sales despite restrictions on beef imports and penetrate the US foodservice and specialty retail markets

How OMAF helped: Participation in OMAF-organized events, such as Street Smart, helped the company understand the product needs of US buyers

Words to grow by: "You have to be flexible enough to adapt to your customers' needs and changing exporting regulations," says Dave Brandow, director of sales and marketing of corporate food service and export at Piller. "Being able to turn things around quickly gives us the competitive advantage."

Despite the company's pride in its unique products, Piller didn't think twice about reformulating its line of half a dozen salamis that contained a mixture of pork and beef when the US Department of Agriculture (USDA) imposed a ban on Canadian beef imports because of the BSE crisis in May 2002. "When that happened, everything stopped as far as crossing those products at the border," says Brandow. So Piller reformulated the salamis so they didn't contain beef, got the required USDA approvals on the new products and was shipping them to the US again within two months of the ban. "We had two months of no sales of those products, which had a profound effect on us but it could have been a lot worse. Being able to adapt and turn things around quickly gave us a competitive advantage."

How did Piller respond so rapidly to the crisis? "Our senior management team is very hands on and we were able to huddle together and decide what changes we needed and then quickly developed an action plan and put it into place in our production facilities," says Brandow. The fact that Piller limits the size of its production plants to about 100,000 square feet also made a difference. "Our experience has been that once a plant attains a certain size, it's better to specialize the plant and open another facility allowing it to specialize in the products moved from the existing plant," says Brandow. "In this manner, we maintain our hands-on management philosophy that accentuates time-honoured old-world values such as craftsmanship, honesty and a dedicated work ethic."

The company's adaptability will once again be an asset as it prepares to penetrate a growing market segment: US gourmet specialty food markets, such as Bristol Farms and Dreagers. "A recent report projects that the gourmet specialty food market segment is going to top $27 billion US in 2005," says Brandow. "We understand that we're going to have to take our whole-piece salami and put it into package formats that

— *Continued on page 7*

In Good Company…

— Continued from page 6

will be easier for these US retailers to sell to the consumer so we'll work with US retailers to develop some sliced packaging formats for the grab-and-go customer."

Participating in OMAF's trade events has provided the company with insight into what US buyers are looking for in terms of packaging. "Working with OMAF is invaluable for understanding the buyers," Brandow says. "Even if I don't get a sale, invariably I bring something back to Piller that I can use for future development. Attending Street Smart and other OMAF trade events keeps us in the loop of where we need to be in terms of product development and packaging our products in a manner that's going to be more accepted in the US or other countries. It's a very cost- and time-effective manner of meeting directly with buyers about real opportunities for our products."

More incoming missions…

— Continued from page 1

missions with individual appointments for Ontario suppliers to meet with targetted buyers, and working on a larger Street Smart session for September 2005."

"Participating in OMAF sessions is a worthwhile investment for us," says Nick Lucchese of Dorgel Gelati & Frozen Desserts. "Even if we get one or two buyers interested, we deem it a success."

Incoming missions slated in the next few months include the UNIPRO buyer visit at the beginning of December, featuring the leading foodservice distribution network in the United States. UNIPRO Foodservice Inc. comprises over 300 shareholder companies with collective sales of over $27 billion. These companies service accounts in all segments of the foodservice industry, including independent and multi-unit restaurants, healthcare facilities, schools, military feeding and other mass-feeding operations. The nature of UNIPRO's business is high volume and value. Based on their final selection, UNIPRO buyers will meet in 30-minute sessions with export-ready Ontario companies.

Other incoming missions will include another foodservice distributor in January and a private label retail broker in February. (For more details on these missions, see OMAF trade events, page 2.)

Export Marketing

MARKET DEVELOPMENT BRANCH

Ontario Ministry of Agriculture and Food
1 Stone Road West, 5 SE, Guelph, ON, N1G 4Y2, Canada
Telephone: 519-826-4210 Toll free: 1-888-466-2372
(in Ontario only. Ext. # is last five digits of applicable direct dial #)
Fax: 519-826-3460 Website: www.gov.on.ca/omaf

SECTOR SPECIALISTS

Jim Berry, Client account officer
Beverages,confectionary & snack foods, processed meats
519-826-3767 jim.berry@omaf.gov.on.ca

Diana Campbell, Client account officer
Prepared & dry ingredients, fruits & vegetables, horticulture
519-826-3982 diana.campbell@omaf.gov.on.ca

Paul Chessman, Client account officer
Meat, fish, poultry, game, primary agriculture
519-826-7765 paul.chessman@omaf.gov.on.ca

Kathryn Liotta, Client account officer
Specialty/gourmet, health food, dairy, pet food, delicatessen
519-826-4018 kathryn.liotta@omaf.gov.on.ca

Karen Moore, Client account officer
Bakery, cereals, prepared frozen foods
519-826-3686 karen.moore@omaf.gov.on.ca

GEOGRAPHIC SPECIALISTS

Vacant
Geographic specialist - Europe/Latin America
(Contact Alan Crawley)

Murray Howatson
Geographic specialist - United States
519-826-3790 murray.howatson@omaf.gov.on.ca

Amos Tin, Geographic specialist - Asia/Pacific
519-826-3489 amos.tin@omaf.gov.on.ca

EXPORT SERVICES

Dean Post, Client information officer
Communications, events, education
519-826-4477 dean.post@omaf.gov.on.ca

Karen Edwards, Marketing assistant
Market research, library
519-826-3768 karen.edwards@omaf.gov.on.ca

Alan Crawley, Supervisor
Marketing communications, research and events
519-826-3564 alan.crawley@omaf.gov.on.ca

Dermod Mark, Manager
519-826-3693 dermod.mark@omaf.gov.on.ca

David Clarke, Director
519-826-3510 david.clarke@omaf.gov.on.ca

ADMINISTRATIVE SERVICE REPRESENTATIVES:

Tracey Kiley 519-826-3795
Pat Passmore 519-826-3713
Aida Valois 519-826-3532

REPRESENTATIVES BASED OUTSIDE OF CANADA:

Joseph Senft, Ontario FoodLink: Eastern US
10 Pewter Lane, New Providence, New Jersey, USA, 07974
Phone: 908-790-0156 Fax: 908-898-1075
E-mail: joesenft@att.net

Rick Tuma, Ontario FoodLink: Central US
1006 Park Hill Circle
Aurora, Illinois, USA 60504
Phone: 630-820-7144 Fax: 630-820-7144
E-mail: tumarick@aol.com

Vacant,
Ontario FoodLink: Western US
(Contact Murray Howatson)

BORDER *Clearance Program continues to help Ontario exporters to Mexico*

Ontario companies interested in exporting to Mexico now have more time to take advantage of the Border Clearance Representative (BCR) program, as the program is extended to at least March 31, 2005.

Launched in September 2001, the innovative Border Clearance Program was developed by OMAF with federal and provincial partners to help agri-food exporters get their products into Mexico. Agriculture Canada has committed to continue funding the program until at least March 31, 2005.

"The program has helped many new and established exporters in their dealings with Mexico," says Alan Crawley, supervisor of OMAF's Export Marketing Unit (EMU). "It's a valuable service to have available to Ontario exporters because for many, Mexico is the next logical market after the US. It's a NAFTA partner with few tariff barriers. And it's a market where the US accounts for the vast majority of imported foods from the same companies that Ontario exporters already compete with successfully."

The BCR program is helping Canadian agri-food exporters overcome some of the unique challenges of exporting to the Mexican market. "Ontario companies assume the process will be the same as exporting to the US," says Crawley. "But there are significant differences in the way products are cleared for lawful entry into Mexico." For example, trucks entering the US from Canada drive over the bridge and then go through their customs clearances whereas trucks must be cleared by all authorities on the American side of the bridge before driving across the Mexican border or they're breaking the law.

As border clearance representative for Canadian agri-food products, Luis Perez is stationed in Laredo/Nuevo Laredo—where the majority of products pass into Mexico—to ensure that Ontario food exporters understand the process of clearing Mexican customs and have their documents properly prepared. Before the BCR program was in place, Canadian exporters sometimes had trouble once their products reached the border, says Perez. "Only then would they find out that documents needed for export had not been issued in the proper way." Even companies that have been exporting to Mexico for years may encounter problems because rules that are in place for products crossing into Mexico today may be different tomorrow, he explains. "Sometimes the rules change because Mexico issues a new policy for a product without giving notice to Canadian authorities." Perez stays abreast of the information the exporters need and can advise

them on the best points of entry for their products to meet with Mexican customs clearances. For example, apples cannot arrive in Guadalajara by air and recently the Mexican government announced some restrictions on the points at which meat products can enter the country legally.

By consulting the BCR in advance, exporters are able to have their pro forma documents screened before their shipment leaves Canada. Perez reviews the documents and may consult with the exporter's customs broker, transport companies, Mexican customs and the Mexican Ministry of Agriculture (SAGARPA) to ensure that everything is in order. "That way we can be sure the product won't have any problems crossing into Mexico." In the meantime, if the shipment arrives at the Mexican border, the BCR can effectively advise on any problems that may be encountered because he's aware in advance of the shipments and the documents involved. "With agri-food products, we're dealing with perishable items. So sending a shipment back is not an option because it will spoil," says Perez.

"It has to get into Mexico right away. That's why our objective is to act immediately to fix the problem."

Ontario companies such as Maple Leaf Foods International have taken advantage of the program. "We'll call Luis periodically when we're looking at sending new products into the Mexican market and he's very helpful," says Peter Hernandez, account manager for exports to Mexico and Latin America. "He advises us of any import requirements for those specific products which prevents delays on the import side."

R.A. Chisholm, a commodity trading company in Toronto has also benefited from using the BCR. "It's a great advantage to have a person on the ground dealing with the different issues that arise with the Mexican authorities," says Max Biella, sales rep for Latin America. "Luis has intervened when the Mexican authorities wouldn't allow a product to be imported and managed to get it in. I wish we had the program at all major border crossings."

It's clear that the BCR program is facilitating the smooth flow of goods into Mexico from Canadian agri-food exporters. "We've been involved in more than 600 cases," says Perez, "and we've helped more than $10 million worth of products pass into Mexico from Canada."

"There's no other market in the world where Canada has an individual based at the major border crossing to assist Canadian exporters in dealing with the intricacies and unique challenges they face," says EMU's Crawley. "It's a fantastic service and more companies should be looking at whether or not this fits their expansion plans and taking advantage of the service while it's there for them to do so."

ISSN 1481-2436