Ontario Food Exports

Published by the Ontario Ministry of Agriculture and Food Winter 2005

Exporter

INCOMING *buyer mission focused on foodservice; watch for more opportunities to meet US buyers*

A new series of incoming buyer missions offer Ontario exporters more face-to-face meeting opportunities with qualified US buyers

December's incoming buyer mission saw UNIPRO Foodservice Inc., a leading foodservice distribution network in the United States, which has 302 members with combined sales over $28 billion, meet face-to-face with representatives of 15 Ontario companies. "It was an effective format because you really know who you can target your presentation to and it gives you an opportunity to prepare," says Rhonda Richer, President of Thyme and Truffles, a Toronto wholesale manufacturer of specialty frozen food products for the retail and foodservice industries.

—continued on page 7

Understanding the needs of Ontario exporters

Ontario Food Exports (OFEX) extends its thanks to 150 Ontario companies who participated in its latest Export Services Review and shared their time and input on the relevance and effectiveness of OFEX exporting seminars and programs. "We're trying to facilitate sales for our clients and the best way to determine if our program is successful is to go to the clients and ask them," says Dermod Mark, manager of OMAF's Market Development Branch's export marketing program (OFEX). To ensure that the feedback is unbiased and confidential, OFEX

> ***"Building on client feedback, OMAF's Export Marketing Unit has been re-branded to Ontario Food Exports (OFEX)."***

—continued on page 2

OFEX *trade events*

Increase your export sales by participating in an OFEX trade-related event. Our seminars, incoming and outgoing missions and international 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

Virtual Trade Mission to Hong Kong, March 29, 2005 OFEX is working with the Canadian Consulate General in Hong Kong preparing a virtual trade mission focusing on fresh produce and other products from Ontario. Major retail chains and foodservice distributors in Hong Kong are being invited to participate in the video conference. Via this electronic media, Ontario exporters will present their companies and products to the audience in Hong Kong. Contact geographic officer Amos Tin for more information.

Safeway Buyer Mission, Spring 2005 Several buyers from the US retail chain, Safeway (www.safeway.com), will be visiting Ontario as a follow-up to previous trips, including Street Smart. They are returning to follow up on the great potential of private-label suppliers from Ontario. Contact your client account officer for more details.

EU Buyer Mission, April 2005 Buyers representing Selfridges, Select Distributors, CMC The Food Company and Merkar (2 retailers and 2 distributors) will be visiting Ontario in mid-April. These buyers from the UK, Germany and Austria are seeking a range of products with specific interest in private label products for retail. Contact Alan Crawley for more information.

Incoming Buyer from the Philippines, April 11-15, 2005 A buyer from Price Smart (www.pricesmart.com), a warehouse retail chain with operations in Asia, Central and South America will be visiting in April. Currently, there are four outlets in the Philippines 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.

HEB Mexico, April 11-13, 2005 A joint OFEX event with federal partners will bring buyers from HEB Mexico (www.hebmexico.com) to Ontario. Buyers from this major Mexican retailer will meet one-on-one with Ontario companies. Contact geographic officer Diana Campbell for more information.

PRO*ACT Produce Buyer Mission, May 2005 Nationwide US produce buying group, PRO*ACT, (www.proactusa.com), which has 50 US foodservice distributor members, will be visiting the Canadian Produce Marketing Association show in May. OFEX will be scheduling one-on-one visits with PRO*ACT representatives. This event is being organized in response to the interest shown by PRO*ACT member, J.Kings, who attended the September 2004 Street Smart. Contact your client account officer for more information.

Street Smart-US Retail, September 2005 OFEX's popular Street Smart series returns in September with a dedicated session on retail. OFEX will host many large and regional US retail buyers, in a program organized for Ontario suppliers. Watch upcoming issues for more information.

OFEX seminars and events

PROFIT, September 13-14, 2005, Toronto and Buffalo 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 some 15 speakers, covering topics such as export financing, product labeling, US tax laws, US food brokerage, US food distribution, US Food & Drug Administration and US Customs and Border Protection regulations, and how a customs broker can help with these regulations. 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 25 industry representatives to ensure that each company's questions and challenges are addressed. Contact your client account officer for more information.

Alimentaria Mexico 2005, June 1-3 2005 Canadian Trade Mission to Mexico, May 29-June 3 Alimentaria Mexico (www.alimentaria-mexico.com), hosted in Mexico City, is the premier international food and beverage show in Mexico. OFEX, working jointly with federal partners, is building a focused program around this show, including a visit to Monterrey for store tours and buyer meetings with Mexican retailers such as HEB and Soriana. In addition, a Canadian Pavilion program is also being developed for the trade show. OFEX will partner with Ontario companies interested in participating. Please contact geographic officer, Diana Campbell, for more information.

Understanding the needs...

—continued from page 1

hired third party consultant, Doug Hart of Toronto's Hart & Associates Management Consultants Ltd., to conduct telephone and face-to-face interviews as well as gather e-mail responses and conduct focus groups about its services with the Ontario companies.

The results of the Export Services Reviews, which have been conducted since 1991, also help evolve the nature of the Ontario Food Exports program. "We want to make sure we do things right and we also want to make sure we're doing the right things," says David Clarke, director of OMAF's Market Development Branch. "So it's important for us to get our clients' feedback and we take their comments into consideration as we look at the further growth of the program and the direction it's going in." For example, OFEX recognizes that Street Smart sessions continue to deliver value to many Ontario companies. However, smaller focused missions are a better fit for some clients. So OFEX incorporates both types of incoming missions into the program. "Based on the feedback in the review, we continue to tailor the program to best meet our clients' needs," says Clarke.

Profile

MARCELLO *DiFranco*

Trade Commissioner at the Canadian Embassy in Mexico

As the new trade commissioner at the Canadian Embassy in Mexico City, Marcello DiFranco helps Canadian food exporters navigate the Mexico market. "We try to help them do business here by providing them with several core services," explains DiFranco, "such as finding qualified Mexican buyers, information on the market potential for their products and assistance if they encounter problems."

DiFranco, who took over the position held by Kim O'Neil at the Canadian Embassy in September 2004, brings with him years of experience in agri-food. He spent two years at what was formerly called the Department of Foreign Affairs and International Trade in Ottawa (now International Trade Canada) as a trade commissioner within the Mexico division. There he had various sectors of responsibility including agriculture, biotechnology and the environment, seafood and fisheries and mining. "My position provided me with good knowledge of how embassies function and the services provided by an embassy abroad," says DiFranco, "so when I was posted in Mexico and given the agri-food sector, I was fortunate because I had the contact base and the network already established in the agri-food industry."

Prior to that, DiFranco worked for six years at Agriculture and Agri-Food Canada in Ottawa, where he was responsible for market development in Mexico, Europe, Latin America, South America, Central America and the Caribbean. "My job at Agriculture Canada provided me with the opportunity to visit a lot of Canadian clients, including Ontario clients, and I often met with agri-food exporters to see where their business interests were and to get a better handle on the Canadian food system and Canadian agri-food suppliers," he says. "It provided me with a really strong understanding of the agri-food industry and what its capabilities are internationally."

DiFranco joins a vibrant team at the Canadian Embassy in Mexico City, which includes trade commissioner Murray Pearson, commercial officer Alejandro Ruiz and commercial assistants Adriana Carrillo and Adriana Vega. The Embassy team works closely with the two Canadian consulates in Mexico, planning initiatives with trade commissioner Jean Charles Joly and commercial officer David Valle in Monterrey and commercial officer Juan Carlos Muñoz in Guadalajara. "The trade commissioners at the Embassy and the Consulates in Mexico work in partnership with OFEX to plan and implement trade initiatives that assist exporters in achieving their business goals in the Mexican market," says DiFranco. "The commercial officers all have a network of local contacts and we have contacts here in Mexico City, so when it comes to market development activities, the three posts try to coordinate our efforts so that when Canadian companies come here to market, they're able to take full advantage of the opportunities presented to them. We expect to see a number of such companies taking advantage of the opportunities that we help to provide. One of these opportunities is Alimentaria Mexico" (see page 2 for more details).

To speak to representatives at the Canadian Embassy in Mexico City call (011) 52 55 5724 7900 or email mexico.commerce@international.gc.ca .

To contact the Canadian Consulate General in Monterrey call (011) 52 81 8344 3200 or email monterrey@international.gc.ca.

To reach the Canadian Consulate General in Guadalajara call (011) 52 33 3616 5642 or email gjara@international.gc.ca.

BSE UPDATE: *USDA final minimal risk rule*

US ban to be lifted for certain Canadian livestock

On January 4, 2005, the USDA (United States Department of Agriculture) published a final version of the rule to resume trade in certain Canadian ruminants and ruminant products. Since Canada first announced a positive incidence of BSE (bovine spongiform encephalopathy) in May 2003, the US has implemented BSE restrictions, which include a total ban on ruminant livestock. "If the final rule doesn't encounter any obstacles, the USDA has suggested implementation will take place on March 7, 2005," explains Bobby Seeber, senior policy advisor in agricultural trade for OMAF. "That means that for the commodities it specifies within the rule, trade to the US will again be possible."

If the USDA rule is implemented, it will allow for younger cattle as well as beef from younger cattle to enter the US under certain conditions. To comply with the rule, cattle entering the US must be under 30 months of age, and either go for immediate slaughter or be transported to a single feed lot under the proviso that they are slaughtered before they turn 30 months of age. Those entering as feed cattle must bear permanent markings or brands, be ear tagged and be accompanied by specific documentation detailing age, certification of health, and particulars on origin and destination.

Similar conditions apply for sheep and goats with respect to the requirement that they be shipped either for immediate slaughter or to a single feed lot before slaughter. For sheep and goats, the specified age threshold in the rule is 12 months of age. "If the final rule is implemented in March, the US is in a position to accept live cattle under 30 months of age. However, the rule does not address trade in older cattle, breeding and show stock, or dairy heifers," says Seeber. "Trade in younger cattle and the beef from those animals represents about 85-90% of the trade we had before May 2003, so everyone is anxious that the US carry forward with implementation of the rule. We will be looking to USDA to consider a separate rule in the near future to address the commodities not covered in the minimal risk rule," adds Seeber.

For further information on this issue, refer to the Canadian Food Inspection Agency's website (www.inspection.gc.ca).

TREND *Watch*

GROWING DEMAND *for agri-food products in the US creates an opportunity for Ontario food manufacturers*

Despite sales losses due to BSE and stricter border regulations, the US is a market of opportunity for Ontario food exporters, especially in private-label, specialty and convenience foods.

With its huge population, improving economy and increased consumer confidence, the US continues to be a market of opportunity for Ontario exporters, with sales totalling over $7.2 billion in 2003. While exporting to the US presents several challenges, such as complying with stricter border regulations and labelling requirements and navigating complex tax laws, with OFEX's help, Ontario suppliers can capitalize on growing agri-food opportunities.

Identifying the latest agri-food trends

According to Joseph Senft, OFEX's trade advisor in the eastern US, specialty foods are becoming more popular in the US. Growing interest in the healthfulness of foods has led to more consumer interest in "natural" and "organic" foods in specialty and traditional grocers. Traditional supermarkets have expanded their offerings of organic and natural products and there are also opportunities for Ontario suppliers with organic, natural food retailers, such as Whole Foods and Wild Oats, which have experienced meaningful growth. "Fortunately, we have a number of clients in Ontario who offer quality products that respond to this trend," says Senft.

There are also growing opportunities for Ontario companies in private-label, whose demand continues to grow in supermarkets, wholesale clubs, specialty retailers and foodservice distributors. "Customers are looking for unique, high-quality products that can help them differentiate themselves from their competitors and continue to satisfy changing and existing consumer needs," explains Senft. "The key for Ontario manufacturers will be their ability to offer unique items, have sufficient capacity and be able to ship product in a timely fashion."

Convenient meal solutions at both supermarkets and foodservice locations are experiencing an increase in demand due to consumers' busy work schedules and active lifestyles. "Grab and go" foods will continue to grow in popularity, says Senft, which will feed growth in convenience stores, foodservice and vending. Because of changing lifestyles, the demand for convenience and unique offerings that make eating out a way of life, foodservice continues to outpace the growth of traditional retail establishments and capture an increasing share of the consumer dollar. As a result, Senft predicts "the foodservice sector will offer the greatest opportunity for Ontario exporters in the long-term."

Seizing US market opportunities

The demands of the US market fit well with Ontario agri-food manufacturers' capabilities. Yet penetrating the huge market still presents challenges, from meeting border regulations to making contact with interested buyers. OFEX can help Ontario companies on both fronts. Through its PROFIT program, OFEX provides Ontario companies with the basics on exporting to the US, such as how to comply with border regulations stemming from the Bioterrorism Act and satisfy new nutrition labelling requirements. "The US is a big complex market. We work with Ontario exporters through PROFIT seminars and help them understand it," says Murray Howatson, OFEX's US geographic specialist. OFEX also provides connections between US buyers and Ontario suppliers. "We have a strong series of buyer missions that bring in qualified buyers, brokers and distributors to meet Ontario food suppliers." Later this spring, US retail chain Safeway will meet with Ontario private-label suppliers. And the upcoming Street Smart session will connect many large and regional US retail buyers with Ontario companies. (For more details on PROFIT and incoming buyer missions, see OFEX trade events, page 2.)

The OFEX team is also available to help Ontario companies understand the US market and seize agri-food opportunities. "The five sector officers are experts on clients within their particular sectors," explains Howatson. For example, Karen Moore is the sector officer for frozen and bakery food so she gets to know the Ontario frozen and bakery food suppliers and their capacities, needs and abilities and helps give them a better understanding of how to get their product ready for export and what is available to support their efforts. (For contact information for your sector officer, see page 7.) As geographic specialist for the US, "I work in concert with the sector officers to match supplier needs and abilities with appropriate US buyers," says Howatson.

OFEX trade advisors, based in the US, are also available to help Ontario exporters develop focussed export plans and qualified buyer leads. They know the US market and they understand Ontario clients. With a strong private sector background in the US foodservice and retail markets, Joseph Senft is working to increase opportunities for Ontario exporters in the eastern US. As OFEX's advisor for the central US, which contains six of the top eight export states from Ontario, Rick Tuma brings 20 years of experience in the food industry, including grocery retail and wholesale, private label and institutional food distribution. Contact Senft and Tuma to discuss opportunities for your company in the US. (See page 7 for contact information.)

PROFIT UPDATE: *Advance export market planning is key to US success*

If you're planning to export to the US, develop a concrete strategy before you dive in.

With a population about 10 times the size of Canada's, the US market holds the promise of larger sales volumes for Ontario agri-food companies. Hundreds of Ontario companies already successfully export agri-food products to the US on a regular basis, yet others have failed to succeed. "Many companies begin exporting activities haphazardly, without carefully screening markets," explains Dean Post, OFEX Client Information Officer and PROFIT coordinator. "If their initial exporting efforts are not successful as a result of poor planning, they may be misled into abandoning a market or exporting altogether."

"The US market is bigger but with bigger opportunities come bigger costs and challenges," says Geoff Acheson, business development consultant at Diversified Brands, a Whitby based company, which helps small food manufacturers grow their businesses and export to the US. "The market is 10 times bigger and so is the work. Most small business owners have worked very hard to get their business off the ground in Canada so whatever time and effort they put into their business here, it takes 10 times more to get into the US."

Export markets are unique and require careful evaluation and a separate marketing plan to help analyze your company's viability and exporting potential. "Creating an export marketing plan can increase the odds of succeeding in foreign markets," according to Post. "A good plan increases the chance that you'll choose the best options, use your resources effectively and ultimately achieve success."

Developing an export marketing plan helped Toronto's Tiffany Gate Foods Inc. succeed in exporting. "The US is such a different market—they do things differently," says Josie Togneri, V.P. of Business Development at Tiffany Gate Foods, a manufacturer of upscale prepared foods and salads. "You can't dive into it or go into it part-time." The company learned the basics of developing an export marketing plan through OFEX's PROFIT program. "That said, exporting to the US is not that difficult once you have a routine, know what's involved and what the rules are. Then it becomes an everyday thing, just like shipping to another province. But you need that commitment first in developing and executing an export marketing plan."

Is your company ready to export?

"To determine your readiness to export, start by looking at the big picture and assessing your company," suggests Post. Ask yourself questions such as: Are you prepared to make a long-term commitment to exporting? Can your company withstand two or three years of export-related losses? How much product is available to export? Next, assess your product. Is there a market for it in the US? Can it be produced and delivered competitively and profitably? Does your quality control meet international standards? Do you know who the competition is? Lastly, focus on the end user. Do you know who the end users are? Why do you think they would buy your product at retail?

If my product is a success in Canada will it succeed in the US?

Not necessarily. You may have to modify it to suit American tastes. And your ability and willingness to adapt your product may be critical for penetrating the US market. Also, "if you've got another 'me-too' product, there are multinationals of larger size and scale in the US—because of the size of the market—that are completely unknown up here so you've go to pick your market carefully and assess what you're going to be competing against," says Acheson.

After careful analysis, you may discover that the US market is not suitable for you. "It may make more sense to grow your domestic business," says Post. "Or your product may be more suitable to other foreign markets, such as Europe, Latin America or Asia."

Can I afford to export to the US?

"What small businesses often overlook is whether or not their existing Canadian business is generating sufficient cash flow to support that US market entry," says Acheson. "I generally counsel people to analyze their domestic business to make sure it's well in hand and make sure they have a firm handle on what their margins really are. Once that is well-established and secured, they can begin to determine the amount of money that they can afford to invest in their expansion south of the border."

How can I learn more about creating an export marketing plan?

Take part in OFEX's highly regarded PROFIT program, which provides hands-on orientation on exporting food products to the US, including instruction on export market planning for Ontario suppliers. The next PROFIT will take place in Toronto and Buffalo September 13-14, 2005. Contact your client officer for details (see contact information on p. 7).

Economic Development Officers contribute to PROFIT success

Fifteen Ontario companies recently graduated from OFEX's PROFIT program. The two-day event was held February 1-2, 2005 and was moved from the usual Toronto and Buffalo locations to Windsor and Detroit. The event featured 15 speakers, covering topics such as product labeling, transportation and logistics and US tax laws. A tour of the customs inspection station was particularly informative for participants who got a first-hand look at the procedures and challenges involved in crossing the Windsor/Detroit border.

The latest PROFIT program was a success, thanks in part to partner Tom Quinn, Commercial Officer at the Canadian Consulate General, Detroit. OFEX also extends its thanks to Jim Glasier, Manager, Business Attraction for the Windsor-Essex County Development Commission and Anne Miskovsky, Economic Development Officer at The Corporation of the Municipality of Leamington, who both assisted in promoting PROFIT to local exporters.

IN GOOD COMPANY: *Quick response to changing market needs is key to US success for Ontario frozen food producer*

This Ontario exporter survived the negative impact of September 11, 2001 on the hospitality industry thanks to its ability to respond to changing market needs. With OFEX's help, they've found success in the US foodservice and retail markets.

The company: Thyme and Truffles Inc. in Toronto

The challenge: Introducing an unknown frozen product category to US distributors a decade ago

How OFEX helped: Participation in OFEX events, such as PROFIT and Street Smart, helped the company understand exporting requirements and connect with US buyers

Words to grow by: "You have to be tenacious to be successful at exporting," says Rhonda Richer, president of Thyme and Truffles. "We have a good product, we keep pounding the pavement, follow new leads and always try new things."

Create an innovative product, provide good service and then experiment with different sales approaches: that's how Rhonda Richer, president of Thyme and Truffles, describes her company's strategy for success in selling its frozen food products to the US. Since 1993, the Toronto wholesale manufacturer of hors d'oeuvres, canapés and vegetarian main dishes, has been exporting its products to US buyers. "We sell to foodservice distributors who ultimately sell to hotels, restaurants, caterers, airlines and universities." While customers in foodservice represent 50% of Thyme and Truffles business, the other 50% is focused in the retail sector, particularly high-end specialty stores. The company, which has a 20,000 sq. foot manufacturing facility, also does private- and branded-label products for US retail supermarket chains such as Wegmans and Costco.

While Thyme and Truffles has achieved success in the US market, they've adopted a slow and steady approach since they began exporting. "When I started the business 18 years ago, there weren't a lot of high-end appetizers available on the market so most distributors didn't have it as a category," recalls Richer. "So our challenge was to introduce the product and convince people to use it." Richer took it one step at a time, by first learning about US exporting requirements. "We took part in PROFIT, OFEX's introductory seminar on exporting about 10 years ago. That was certainly beneficial. Then we started small with one distributor in Buffalo who used to actually come up here to pick up product in Toronto. From there we started to slowly move into the foodservice sector in the US by contacting small family-run specialty distributors. We made a lot of end user calls to develop the market and then once customers wanted it they would go to their distributors and say 'you need to carry it.'"

Over the years, the company's representatives have participated in OFEX buyer missions, such as Street Smart, which helped put them in touch with various US buyers. "We weren't familiar with US distributors and how to break onto their shelves," recalls Richer. "We participated in trade shows and as we gained more confidence we started traveling more in the US and tried to pick up additional distributors."

Foodservice made up virtually 100% of Thyme and Truffles' business in the early years, with just a few retail packages in high-end specialty stores, however, the company gradually expanded into retail thanks to improvements in packaging. "When we first started out we had these small plastic containers we used for stores here in Toronto. As we grew we changed to the type of packaging that could be labelled and shipped around North America. When our packaging became more sophisticated we were able to expand that to the larger food stores."

The company's gradual expansion into retail in Canada and the US really paid off when it faced a major exporting setback. As a hospitality-oriented business—Thyme and Truffles' hotel catering customers use their product for conferences, conventions and parties— the events of September 11, 2001 had a huge impact on foodservice sales. "Prior to September 11th we were building up a fairly substantial amount of US distributors and doing a reasonable amount of business down there," says Richer. "But we took a major hit right after. The whole travel industry to this day has not recovered. Who was having a big fancy Christmas party in December of that year?" To bounce back from the drop in foodservice exports, Thyme and Truffles did a lot more retail business, says Richer. "Instead of going to big parties at hotels, people were entertaining at home and cocooning. The foodservice business was down but we were able to sustain our sales by the fact we had an increase in the retail sector. Fortunately we had a lot of retail products and packaging available so we were able to respond to the increase in demand from the retail sector."

While the company has recovered from the impact of 9/11, Thyme and Truffles is now combating the major challenge affecting most Canadian exporters today: the high Canadian dollar. "In the last year, we've taken a real beating on the foreign exchange," says Richer. "Because the cost of shipping is so much higher for us, we have to have that lower Canadian dollar. What we have lost in revenue as a result of that exchange is just mind-boggling. I'm quoting

—*continued on page 7*

In Good Company…

—continued from page 6

prices all year long for something that's going to go months and months down the road. Who could have anticipated things would have changed that fast? We had a lot of product out and already quoted a price so when we delivered it, we were losing margin." This year, Richer has a new strategy for handling dollar fluctuations: "I went in saying, this is my preliminary price but given the major fluctuations, I can't commit now to a price for next Christmas. I tell customers that I will probably be able to commit to a price in September."

Besides adopting strategies for coping with setbacks, such as the high Canadian dollar, Thyme and Truffles continues to build its exporting business by constantly seeking out new opportunities in the US. Last December, the company participated in OFEX's incoming buyer mission and was one of 15 Ontario suppliers who met with UNIPRO Foodservice Inc., the leading foodservice distribution network in the United States. "It was an excellent opportunity in that I probably wouldn't have gone down there and met with the President," says Richer. "We have a subsequent follow-up meeting with UNIPRO where we will be going to their head office in Atlanta to do a one-on-one presentation where there will be additional discussion. Because they've indicated their interest level and want us to come down, we have deemed the opportunity to meet with them here as very successful."

Incoming buyer…

—continued from page 1

Ontario Food Exports (OFEX) incoming buyer missions also save Ontario exporters time and money. "It's really a one-on-one approach. We were able to meet with probably a higher level than we may have had we made the cold-call to go see them directly. And we had a captive audience because they were brought here by OFEX so you really had their full attention."

UNIPRO also deemed the mission a success. "We were pleasantly surprised by the results," says Ray Goldman, UNIPRO Senior Vice-President, Procurement. "Out of the 15 suppliers we met, we've invited seven back to Atlanta for further discussions. The issue of beef impacted two or three suppliers who are not in a position yet to ship. So once those issues are resolved, the list could grow from 7 to 10 out of the 15."

The series of OFEX incoming buyer missions planned for 2005 will include a cross-section of different distribution channels, from large retailers to small specialty chains to mid-size and large foodservice distribution organizations. In February, representatives from Vision, a US sales and marketing company, met one-on-one with Ontario exporters. "These buyer missions allow our Ontario clients to make an uninterrupted presentation in friendly surroundings where they will have the full attention of the buyer from the US and get a fair shake at making a sale," says Murray Howatson, OFEX's US geographic specialist.

In September, OFEX will host another Street Smart, which delivers qualified US buyers in a larger forum. The event will focus on private-label retail and connect Ontario suppliers with sales brokers, retailers and wholesalers from the US. (For details on this and more upcoming missions, see OFEX trade events, page 2.)

Ontario Food Exports

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

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
(Contact Alan Crawley)

Diana Campbell
Geographic specialist - Latin America
519-826-3982 diana.campbell@omaf.gov.on.ca

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, Ontario Food Exports
519-826-3693 dermod.mark@omaf.gov.on.ca

David Clarke, Director,
Market Development Branch
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 Food Exports: 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 Food Exports: 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 Food Exports: Western US
(Contact Murray Howatson)

ONTARIO *exporters seize agri-food opportunities in Mexico*

With a growing population and increasing demand for high-quality products, Mexico promises huge exporting opportunities for Ontario companies.

With various factors, such as the strong Canadian dollar, driving interest in opportunities outside the US, Ontario companies are seeking out new export markets. For many food exporters, Mexico is the next logical market after the US. It's a NAFTA partner with few tariff barriers and it's accessible via all modes of transport so it's much easier for Canadian exporters to reach than other markets such as Europe or Asia. And thanks to a growing population, and increases in supermarket sales and retail chain sizes, Mexico is a huge and growing market for Canadian agri-food. "This year we'll have over $1.3 billion of Canadian agri-food exports to Mexico," says Marcello DiFranco, trade commissioner at the Canadian Embassy in Mexico City. "It's substantial growth over last year and the year before so there are more and more opportunities for Canadian exporters."

Mexico is Canada's fourth largest agricultural export market. The Canadian Embassy reports that 63% of the country's population is between the ages of 15 and 64. This is a growing population that is moving to the cities in greater numbers and buying a larger proportion of its food at large retail supermarkets and convenience stores. Approximately 5,800 retail stores in Mexico, such as HEB, Soriana, Wal-Mart, and Comercial Mexicana, currently sell food and beverages.

The combination of population growth and consolidation of retail and foodservice operators into chains is driving demand in the market. Mexican companies are looking for Canadian food imports, which are recognized as high-quality, in order to broaden product lines and increase profitability. There is growing demand for value-added processed foods in retail and foodservice channels, in both manufacturers' brands and private-label formats. "There are lots of opportunities in the value-added sector," says DiFranco. "We're targeting middle and upper-middle class consumers—basically 25% of the 100 million people who live in Mexico—who purchase value-added food products. Canadian exports of consumer-ready food products to Mexico grew by 125% in the first nine months of 2004"

While Mexico is a land of opportunity for Ontario food companies, some may be intimidated about breaking into the market because of perceptions of border inconsistencies. Indeed, shipping exports to Mexico does present some unique challenges. "Ontario companies assume the process will be the same as exporting to the US," says Diana Campbell, Mexico geographic officer for OFEX. "But there are significant differences in the way products are cleared for lawful entry into Mexico." For example, trucks must be cleared by customs on the American side of the bridge before driving across the Mexican border.

The rules that are in place for products crossing into Mexico can change with relatively short notice to Canadian authorities and Mexican authorities are very particular about paperwork and may hold up shipments if they detect even a minor error. To help Ontario food suppliers get their products into Mexico smoothly, the Border Clearance Program (BCR) was launched in 2001. Border clearance representative Luis Perez is stationed in Laredo/Nuevo Laredo to ensure that Ontario food exporters understand the process of clearing Mexican customs and have their documents properly prepared. By consulting with the BCR in advance, in addition to working with Mexican importers, Ontario suppliers can have their pro forma documents screened before their shipment leaves Canada so it won't have any difficulty crossing into Mexico. "The BCR program has been involved in over 600 cases of Canadian agri-food exports," says Perez, "and we've helped more than $10 million worth of products into Mexico from Canada."

Knowing what's needed to clear customs is critical for doing business with Mexico. Finding qualified buyers is also essential but may be challenging for Ontario exporters who lack knowledge about the Mexican market. Diana Campbell can help Ontario companies make better decisions about whether or not they should be in the Mexican market. "We can give them an overall sense of the market potential for their product, giving them initial feedback on what we think may or may not be opportunities for them." If a company is looking for key contacts, Campbell can work with the Canadian Embassy in Mexico City to provide them with a list of qualified buyers. "If an Ontario food company has identified a Mexican importer that they want to do business with, we can provide information on that company and follow-up with them to make sure they're qualified."

In order to succeed in the Mexican market, Ontario exporters must also take into account important cultural differences in the way business is conducted in Mexico. "We advise our clients on the importance of a relationship with the buyer—that's the key for doing business in Mexico," says DiFranco. "If there isn't a personal relationship between the Canadian company and the Mexican buyer, it's likely there won't be any business. You have to establish a strong personal relationship and then business will likely follow. We recommend clients come to the market and meet with potential Mexican buyers."

Companies interested in investigating the Mexican market should contact OFEX's Diana Campbell to co-ordinate the provision of market intelligence on the agri-food sector, assess the potential for their Ontario food products in Mexico and help to establish the necessary contacts. Once that has been done, participating in a trade show is an affordable way to connect with Mexican distributors and buyers and become familiar with local competition. Alimentaria Mexico 2005, the largest food and beverage trade show in Mexico, attracts key players from the retail and foodservice sectors. "There will be a Canadian pavilion at Alimentaria and we'll be arranging an Ontario presence at this key event," says Campbell. (For more details about Alimentaria Mexico 2005, see OFEX trade events, page 2.)

 ISSN 1481-2436