

AUTHORIZATION REQUEST FOR FY 2011

AR Title: ASEAN PROMOTIONAL CAMPAIGN

Name of Contractor: United States Meat Export Federation

CBB Budget Component: Foreign Marketing

I. OVERVIEW

A. AR Description:

This Authorization Request describes USMEF's marketing plan for the ASEAN region, with a focus on increasing purchases of U.S. beef by demonstrating its profit potential through education and promotions primarily in Singapore, the Philippines, Indonesia, Thailand, Malaysia and Vietnam.

U.S. beef/beef variety meat (bvm) exports to the ASEAN region in 2009 were up 26 percent, totaling 67,172 mt valued at \$201.9 million, an increase of 22 percent. By the end of 2009, U.S. beef in the ASEAN represented approximately 12 percent of the imported beef market. For the year, exports to Vietnam increased by 31 percent in volume (to 53,675 mt) and 29 percent in value (to \$168 million). Exports to the Philippines fell 2 percent to 8,008 mt valued at \$21.55 million (down 3 percent), while exports to Indonesia increased 46% to 4,328 mt worth \$5.859 million.

In the HRI sector, U.S. beef has maintained a high-quality image, and 5-star hotels use and identify U.S. beef in their restaurants to maintain their upper-class market status. To capitalize on this, USMEF works with many upscale establishments using rib and loin cuts as part of their high-quality image, however a large focus has been on educating chefs and HRI operators about the quality, versatility and variety of U.S. beef cuts, and how to incorporate moderately priced underutilized cuts into restaurant concepts to compete against larger importing countries for reasonably priced beef. USMEF has found retail sector opportunities concentrated mainly in Singapore, the Philippines and Vietnam, though it sees room for expansion with increased meat importation into Indonesia and more approved U.S. exporters. While U.S. beef can be found on the shelves of not just upscale retail outlets, but also some midrange retail stores across the region (using lower grade or underutilized products), the ASEAN retail sector is challenging due to the strong presence of local and other lower cost imported beef and the expense of shipping U.S. chilled beef to the region. Vietnam's retail sector is expected to develop dramatically over the next two to three years with the appearance of modern retailing, including shopping centers and large-sized supermarkets, as foreign investment continues to pour in.

Export forecasts for 2010 and 2011 are 79,000 mt valued at \$243,869,728, and 28,000 mt valued at \$57,800,000, respectively.

B. Costs Requested from this AR:

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 58,815	\$ 58,815	\$
Federation of SBCs (FSBCs)	\$ 30,514	\$ 30,514	\$
Other Sources (<i>describe</i>)	\$ -	\$ -	\$
Total Funds Requested	\$ 89,329	\$ 89,329	\$

C. Disclosure of Implementation Costs Requested in Separate AR:

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$ 113,640
Federation of SBCs (FSBCs)	\$ 11,360
Other Sources (<i>describe</i>)	\$ -
Funds Requested in AR FM-13-2011	\$ 125,000

D. Start date: October 1, 2010**Completion date:** September 30, 2011**II. PLANNING INFORMATION FOR THIS AR****A. FY 2011 Priorities Addressed by This AR:** Develop and Expand International Markets**B. Committee That Reviewed This AR:** Joint International Markets Committee**C. Committee Recommendations for This AR:** The Joint International Markets Committee recommends to the Operating Committee that this AR be approved for funding in FY2011.**III. PROGRAM INFORMATION FOR THIS AR****A. Strategy 1: International Marketing – ASEAN****Strategy 1 Proposed Cost:** \$89,329**Specific Tactic Information:****Tactic 1A: Market Development –**

Educate key accounts about the quality and value of a wide range of U.S. beef products to mitigate the perception that U.S. beef is not price competitive and to encourage expanded purchases among trade, HRI and retail accounts, while maintaining relationships with existing buyers.

Trade Servicing/Account Development: USMEF will provide targeted importers with information on new products, meat industry trends in the U.S., food safety, and meat handling techniques. The activities will include relationship building, product education, market monitoring, strengthening customer relations, and distribution of educational materials through desk-side and in-house meetings.

Trade Shows: USMEF will use trade shows to communicate and reinforce the safety and profitability message by providing information to targeted segments on U.S. production practices, the U.S. grading system, U.S. meat inspection and food safety systems, and the variety of cuts and items available from the U.S. USMEF will also use the shows to identify new buyers and reinforce relationships with existing buyers. USMEF plans to exhibit in the U.S. Pavilion at the following shows: Food & Hotel Jakarta - Indonesia; Food & Hotel Malaysia; Food & Hotel Thailand; World Food Expo Philippines; and Food & Hotel, Ho Chi Minh City - Vietnam.

Trade Teams: USMEF will communicate and reinforce the safety and profitability message of U.S. beef by providing information on U.S. production practices, the U.S. grading system, U.S. meat inspection, and food safety. Teams will also visit various supermarkets and department stores to observe merchandising techniques. USMEF may conduct a team to Japan and/or Korea to demonstrate how leading retailers and restaurateurs are profiting from prominently featuring U.S. beef. USMEF may also have a retail specialist from another USMEF office conduct training in various ASEAN countries. Two teams with 7 buyers each are planned.

Seminars/Training/Communications: USMEF will hold seminars to communicate and reinforce the safety and profitability message to targeted importers, traders, foodservice operators, chefs and retail managers. The seminars will also demonstrate proper handling, popular cuts/products, and new and underutilized products. USMEF will also hold in-house seminars with individual companies to assist them with personalized buying programs. Other meetings will be coordinated through the Singapore Culinary Training Program. Six seminars and trainings are planned.

Educational & POS Materials: This activity includes development and production of POS and educational materials to supplement promotions to communicate the safety and high quality attributes of U.S. beef. POS materials will help encourage outlets to hold promotions for U.S. beef, and to convey the “good eating experience with U.S. beef” message to the public.

HRI & Retail Promotions: USMEF will conduct menu promotions that support the introduction of new cuts and beef items. These promotions will carry the message of the safety of U.S. beef and also demonstrate the profitability of U.S. beef to chefs and how the upscale image and versatility of U.S. beef enhances their menus and profits. The targeted outlets will be

fine-dining, upscale indigenous, western-style, Chinese, Japanese, Korean-style and local restaurants. USMEF will also conduct retail promotions to convey the safety message and introduce new items to meat buyers to demonstrate the profitability of merchandising these products. Six promotional activities are planned at 15 outlets.

American Beef Club Branding: USMEF will continue to recognize fine restaurants and upscale supermarkets that serve U S beef. The selection will be based on those outlets that have participated in USMEF educational programs. This activity will increase the visibility for U.S. beef in the foodservice and retail industries.

- **Measurable objectives:**
 - 80% of targeted trade accounts will understand the profit potential of and have a favorable attitude towards U.S. beef based on information provided by USMEF.
 - 77% of targeted HRI/retail accounts will regularly feature/promote U.S. beef on their menus. (up from 69% in 2010).
 - 77% of targeted retail accounts will regularly stock U.S. beef.
- **Proposed cost:** \$89,329

Tactic 1B: Market Access –

Contribute to and support initiatives to eliminate trade-restrictive policies and requirements in the ASEAN region and keep the U.S. industry informed on critical changes in ASEAN government requirements and emerging consumer issues. Noteworthy issues include a) Vietnamese revised acceptable residue levels for selected chemical compounds in meat could impede U.S. beef exports and b) BSE-related restrictions on imports of U.S. beef in Singapore, Thailand and Vietnam.

USMEF will carry out Issue Monitoring, Analysis & Reporting, Government & External Relations and Technical Support as described in the Prologue section.

- **Measurable objectives:**
 - USMEF will contribute to and support initiatives to eliminate trade restrictive policies, particularly in Thailand and Singapore.
 - USMEF will provide technical information to the Vietnam government demonstrating that U.S. standards meet Vietnam's requirements.
 - 80% of USMEF members will report that they receive the information they need from USMEF related to market access.
- **Proposed cost:** \$0

IV. DETAILED BUDGET SUMMARY

Strategy & Tactic	Program Manager	Completion Date	Total FY 2011 Budget	Budget by Funding Source		
				CBB/BPOC	FSBCs	Other
Market Development	USMEF	9/30/11	\$ 89,329	\$ 58,815	\$ 30,514	
Market Access	USMEF	9/30/11	\$ 0	\$ 0	\$ 0	
ASEAN Totals			\$ 89,329	\$ 58,815	\$ 30,514	
AR Totals			\$ 89,329	\$ 58,815	\$ 30,514	

V. SUPPLEMENTAL INFORMATION

A. Changes from FY 2010 Approved AR:

- USMEF has combined its Buyer Loyalty and Market Expansion strategies under the name "Market Development," and has renamed its Issue Management strategy "Market Access."

B. Subcontractor information:

- Name of proposed subcontractors:**

Exclamation Graphic	POS Production
Usaha	Travel Agency

- Subcontractors are selected using USMEF competitive bidding and vendor selection policies and procedures that include bidding all contracts greater than \$25,000 at least every three years. Selection is based on qualifications and reasonableness of cost for similar services.

C. Identify any relationships between this AR and projects previously funded by the Operating Committee:

- This AR is a continuation of the strategy and tactics currently underway.

D. Summary of Prior Year AR Budgets and Expenses:

Strategy	FY 2010 Approved Budgets			FY 2010 Actual Expenses (NCBA's Books as of 5/31/10)		
	CBB/BPOC	FSBCs	Total	CBB/BPOC	FSBCs	Total
Market Expansion	\$ 60,768	\$ 28,400	\$ 89,168	\$ 20,774	\$ 9,709	\$ 30,483
Issue Management	\$ -	\$ -	\$ -			\$ -
AR Totals	\$ 60,768	\$ 28,400	\$ 89,168	\$ 20,774	\$ 9,709	\$ 30,483

E. Historical Summary of Budgets and Expenses:

	Total Approved Budgets			Total Actual Expenses		
	FY 2009	FY 2008	FY 2007	FY 2009	FY 2008	FY 2007
ASEAN	\$ 99,160	\$ 160,000	\$ 125,000	95,796	\$ 156,617	\$ 113,429
AR Totals	\$ 99,160	\$ 160,000	\$ 125,000	\$ 95,796	\$ 156,617	\$ 113,429

