

AUTHORIZATION REQUEST FOR FY 2011

AR Title: CENTRAL/SOUTH AMERICA 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 Central and South America region, with a focus on educating importers and HRI operators about the profitability of U.S. beef value cuts primarily in Guatemala and Costa Rica, while also exploring opportunities in Panama.

In 2009, U.S. beef/beef variety meat (bvm) exports to Central/South America increased by 3 percent to 11,148 mt, though value fell 3 percent to \$25.4 million. The top markets were Peru, Guatemala and Ecuador. U.S. beef/bvm export volumes to Guatemala and Ecuador were up 8 percent and 63 percent, respectively, while U.S. beef, especially variety meats, became less price-competitive in Peru with the strengthening dollar, and volume declined 7 percent. U.S. beef exports to Central/South America represented an estimated 2 percent of the total imported beef market for the region in 2009.

The CAFTA-DR free trade agreement provides duty-free access for a limited quantity of U.S. beef exports to Guatemala, one of the largest import markets in the Central America region. The Peru Free Trade Agreement also provides further opportunities for the U.S. beef industry, with the largest impact on beef variety meats which receive a 10,000 mt duty-free quota. Additionally, the region saw some notable breakthroughs in market access in 2009. Costa Rica and Nicaragua eliminated BSE-related age and product restrictions on U.S. beef, and will now accept product in accordance with OIE guidelines. A market access milestone was also achieved with Chile, as shipments of boneless beef cuts from cattle less than 30 months of age are now allowed for the first time since 2003. However, awareness of U.S. beef products in the marketplace is still low, and USMEF is trying to increase buyer knowledge through the promotion of beef value cuts at the HRI level and beef variety meats at the retail level, while also working to educate importers and distributors on the range of U.S. beef products available.

Export forecasts for 2010 and 2011 are 14,600 mt valued at \$36,473,410, and 15,200 mt valued at \$38,266,000, respectively.

B. Costs Requested from this AR:

Source of Funding	Total	Direct Costs	Implementation
Beef Board/BPOC	\$ 80,204	\$ 80,204	\$
Federation of SBCs (FSBCs)	\$ 41,611	\$ 41,611	\$
Other Sources (<i>describe</i>)	\$	\$	\$
Total Funds Requested	\$ 121,815	\$ 121,815	\$

C. Disclosure of Implementation Costs Requested in Separate AR:

Source of Implementation Funding	Implementation
Beef Board/BPOC	\$ 10,565
Federation of SBCs (FSBCs)	\$ 1,060
Other Sources (<i>describe</i>)	\$ -
Funds Requested in AR FM-13-2011	\$ 11,625

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 – Central/South America****Strategy 1 Proposed Cost:** \$121,815**Specific Tactic Information:****Tactic 1A: Market Development –**

Communicate the profit potential of U.S. beef to buyers by introducing them to U.S. beef value cuts and identifying options for adding value to U.S. beef variety meats.

Trade Servicing: USMEF will meet with in-country partners and U.S. suppliers interested in selling U.S. beef products in the region and will provide industry and product information to the trade and other buyers.

USMEF will also gather market information from the in-country buyers and U.S. packers.

Teams: Buyers may be invited to travel to the U.S. to see the U.S. beef industry and products, and to discuss the best business and marketing approach in the region. Two teams with 8 buyers each are planned.

Seminars: Presentations on various aspects of U.S. beef will be conducted, possibly including sales force training. Six seminars are planned.

Marketing/Communication: USMEF will coordinate the development of advertisements, PR, promotions and POS materials as needed.

Regional Consultant: USMEF may contract with a consultant to assist in strategic development and program implementation in the region.

- **Measurable objectives:**
 - 16% of targeted importers/distributors and retailers will consistently source and successfully promote U.S. beef to their downstream customers.
 - 25% of targeted processors will consistently and successfully adopt USMEF recommendations with respect to packaging, fabrication and branding.
- **Proposed cost:** \$120,815

Tactic 1B: Market Access –

Contribute to and support initiatives to eliminate trade-restrictive policies and requirements in the Central & South America region and keep the U.S. industry informed of critical changes in Central/South American government requirements and emerging consumer issues. Noteworthy issues include a) BSE-related restrictions on U.S. beef imports, particularly in those countries with the most potential for imports; and b) full and timely implementation of the provisions of free trade agreements throughout the region.

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, including labeling regulations in Chile.
 - 80% of USMEF members will report that they receive the information they need from USMEF related to market access.
- **Proposed cost:** \$1,000

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	\$ 120,815	\$ 79,546	\$ 41,269	
Market Access	USMEF	9/30/11	\$ 1,000	\$ 658	\$ 342	
Central South America Totals			\$ 121,815	\$ 80,204	\$ 41,611	
AR Totals			\$ 121,815	\$ 80,204	\$ 41,611	

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:**

Ogilvy & Mather	Advertising
Tech de Monterrey University	Seminars
Tony Mata	Meat Science Consultant

- 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 (NBCA Books as of 5/31/10)		
	CBB/BPOC	FSBCs	Total	CBB/BPOC	FSBCs	Total
Market Expansion	\$ 44,876	\$ 21,000	\$ 65,876	\$ 22	\$ 10	\$ 33
Issue Management	\$ 700	\$ 300	\$ 1,000	\$ 0	\$ 0	\$ 0
AR Totals	\$ 45,576	\$ 21,300	\$ 66,876	\$ 22	\$ 10	\$ 33

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
CS America	\$ 80,400	\$ 108,000	\$ 125,000	\$ 80,107	\$ 108,000	\$ 124,894
AR Totals	\$ 80,400	\$ 108,000	\$ 125,000	\$ 80,107	\$ 108,000	\$ 124,894

