

Food Export USA - Northeast
2007 Annual Report



Programmed for Export Success

Providing programs
and services
designed to help
companies build
their export
business

Exporter Education

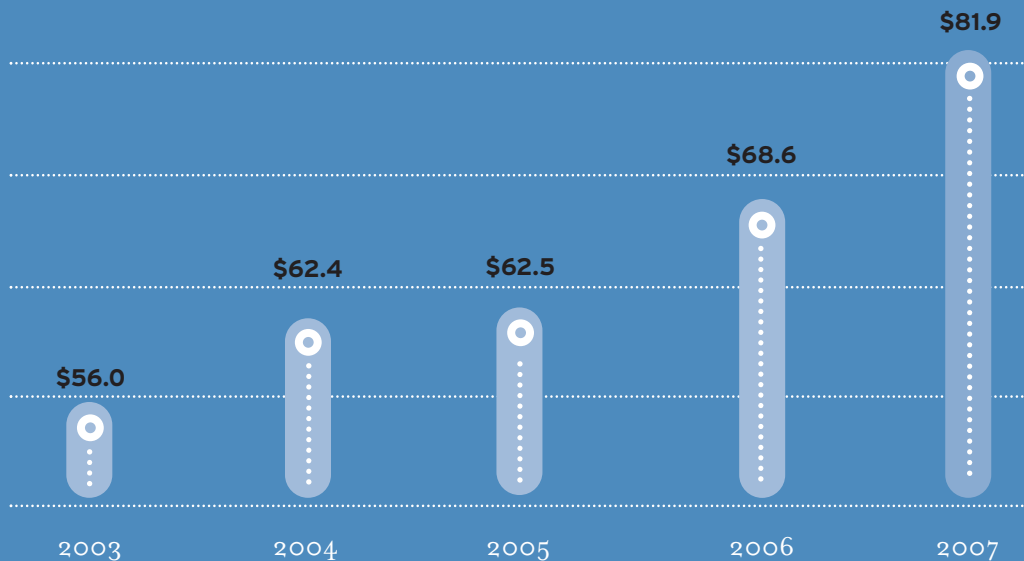
Market Entry

Market Promotion

The Growth of Value-Added Food Product Exports

Consumer preferences, shaped primarily by incomes, changing lifestyles, and evolving cultural preferences, largely determine the items available in grocery stores in different markets. In developing-country markets, higher incomes result in diet upgrades, with increased demand for meats, dairy products, and other higher value food products. These include packaged cereals, pasta, oils, and other items used in meal preparations.

U.S. AGRICULTURAL EXPORTS Year ending September 30, 2007. Values in \$ billion.



Data Source: *Outlook for U.S. Agricultural Trade/AES-57*/February 21, 2008 Economic Research Service, USDA



CHARLES KUPERUS
 President, Food Export –
 Northeast Board of Directors and
 Secretary, New Jersey Department
 of Agriculture



TIM HAMILTON
 Executive Director

DEAR READER:

The global outlook for sales of food and agricultural products is impressive with U.S. export sales forecast to reach a record \$101 billion for fiscal year 2008, up \$19 billion above 2007. Exports of value-added food products suggest a long-term upward trend, as U.S. agricultural exports continue to shift from bulk commodities to consumer-oriented foods.

According to the Foreign Agricultural Service of USDA, foreign economic growth continues to support gains in consumer incomes and the growth in the size of the middle class, particularly in emerging markets. These consumers generally spend more on food as their incomes rise, which includes food imported from the United States. The weaker dollar makes U.S. products very price competitive compared to other suppliers.

As the global market grows, companies can rely on Food Export-Northeast to support their international marketing efforts. Food Export-Northeast offers U.S. food and agricultural producers and processors programs to help them enter into and expand sales in international markets. Last year, over 600

Northeastern companies participated in Food Export-Northeast's programs. A few stories highlighting companies' successes are included in this publication.

Sincerely,

CHARLES KUPERUS
 President, Food Export–Northeast
 Board of Directors and Secretary, New Jersey
 Department of Agriculture

TIM HAMILTON
 Executive Director



CAFTA-DR opens the door to the Dominican Republic for New York Supplier

Iron Horse Beverage began producing their line of premium energy drinks for sale in the U.S. in 2004. Today, they export to Latin America, Mexico, and the Caribbean. Their product line includes Huracan Orange and Lemon-Lime beverages, which are made with real juice and have the kick of an energy drink.

Reduced duties on U.S. products thanks to the Central America-

Dominican Republic-United States Free Trade Agreement (CAFTA-DR) enabled Iron Horse Beverage of Melville, New York, to offer a competitive price on their premium energy drinks and, ultimately, land a new sale. Since December 2007, the beverage maker has sold 4,000 cases of their energy drink to the Dominican Republic, resulting in approximately \$50,000 in sales. The company anticipates exporting an additional 70-100,000 cases to the same customer this year alone totaling \$800,000 in sales and a 100 percent increase in revenue from exports. This opportunity also means new jobs within the community. The New York

company anticipates an expansion to keep pace with international sales to the Dominican Republic by adding three to four new employees.

Introduced in the U.S. in 2004, the company found that their Hispanic/Latino consumers were their fastest growing market.

Exporting to the Dominican Republic, El Salvador, Honduras, and Guyana followed in 2007.

In the future, they expect to enter Guatemala, Jamaica, Costa Rica, Panama, Nicaragua, Turkey, and possibly South Africa.

EXPORTER EDUCATION

Entering the export market takes know-how. Exporter Education programs provide information and education in a variety of formats such as a helpline, printed materials, seminars, and online resources.

Food Export Helpline™

This one-on-one service provides export assistance on a wide variety of topics. This service helps both the novice and experienced exporter by answering export-related questions, providing insights needed to succeed, and identifying the top 25 export markets for your product(s).

Export Essentials Online

Simplifying the complex steps of exporting in ten online modules, this education center helps you determine your export readiness, research and target top markets, and create an export marketing strategy.

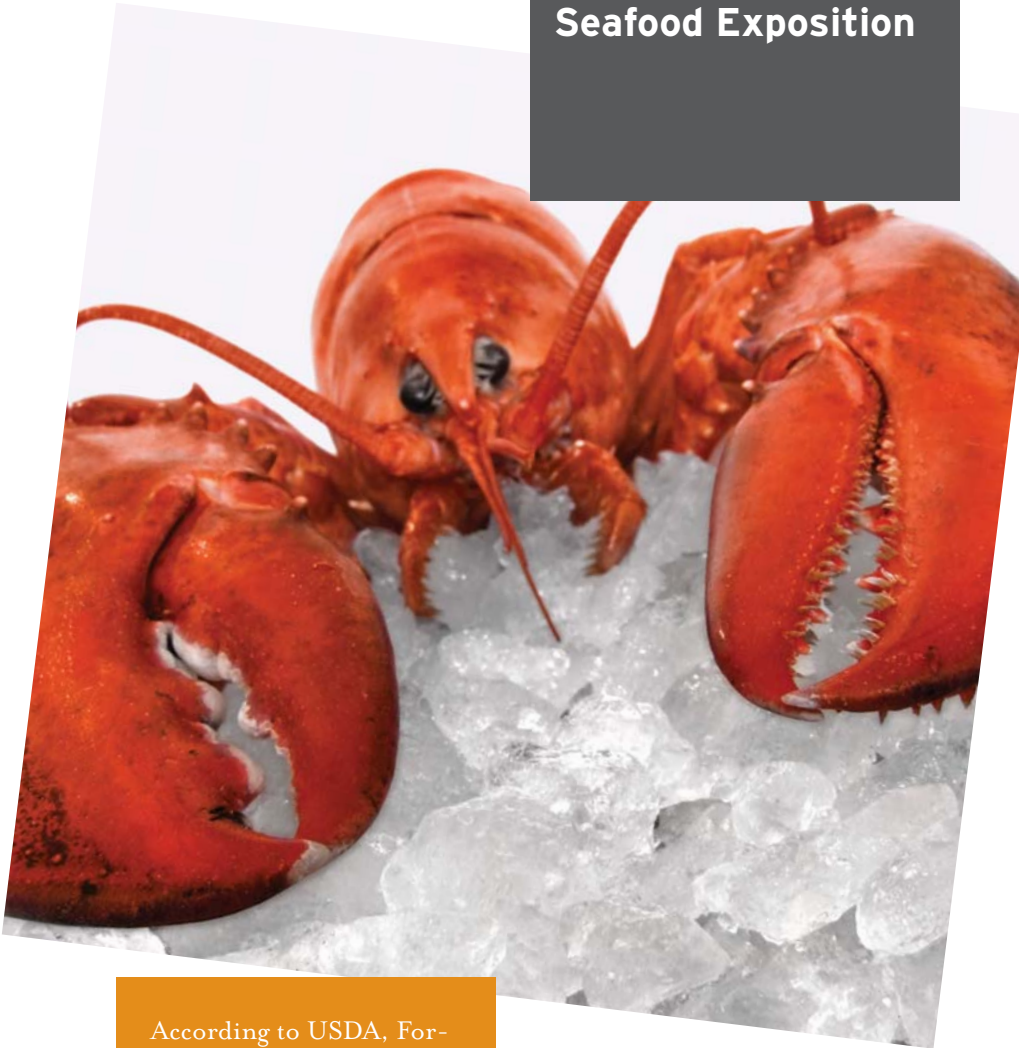
Global Food Marketer™

This newsletter and e-bulletin contain information about upcoming activities, export basics, industry news, and opportunities abroad.

Educational Seminars and Workshops

Staff members from Food Export-Northeast, as well as their network of international marketing executives, share their extensive experience and expertise in seminars held throughout the year in various locations.

Northeast seafood firms project sales of \$171 million from the 2007 European Seafood Exposition



According to USDA, Foreign Agricultural Service, total U.S. seafood exports reached a record US\$4.1 billion in 2007. Existing and potential markets for the Northeast region's seafood products span the globe. The fish and shellfish industry represents the one major food industry that is common to the greatest number of Food Export - Northeast member states and for several states, it is the largest food industry within that state.

The Food Export-Northeast Pavilion at the 2007 European Seafood

Exposition, held in Brussels, Belgium, is regarded by the Northeast U.S. seafood industry as the best opportunity to showcase products and to meet European buyers. The Food Export-Northeast pavilion was expanded by 25% in 2007 to accommodate increasing seafood industry interest in developing foreign market sales.

The 14 seafood companies that exhibited in the pavilion made a total of 410 serious buyer contacts during the three-day show. Seven northeast seafood companies made sales during the show totaling more than \$2.5 million to 26 European buyers, and nine of

these sales were first-time sales to a country market. In total, the participating northeast seafood firms project \$171 million in new sales over the next 12 months as a result of show participation. The Food Export-Northeast Pavilion will expand again in size in 2008 by 14% due to continuing growth in industry demand for participation.

MARKET ENTRY

Exporting is competitive, and making the most of your marketing time and dollars takes expertise. Market Entry services help U.S. suppliers find the right markets and reach the right buyers and importers.

Market Builder

This service provides customized, in-market research to help you determine if a market is right for your product. Industry insights about the distribution process for the market; the country's import regulations and restrictions; and a list of potential importers/distributors are provided. In addition, companies looking to export retail products can receive intelligence on competitive product pricing and positioning and feedback from importers about your product's packaging, taste, appearance, and labeling. Food ingredient companies can receive translation of up to four pages of technical information and feedback on manufacturing and processing applications, technical specifications and minimum order size. Both retail and food ingredient suppliers can take advantage of support from our in-country food industry marketing executive. The executive can schedule meetings with targeted buyers, arrange for interpreters and accompany you to meetings, if desired.

Buyers Missions

Foreign buyers come to the U.S. to meet with suppliers like you during Buyers Missions. You can learn more about your products' export potential and build relationships with key industry buyers without the time and expense of overseas travel.

Food Show PLUS!™

This tradeshow enhancement service prepares you for and maximizes your international tradeshow experience. Services are customized for each show but may include pre-show feedback on competitive products, translation of your company's marketing material, on-site food industry interpreters, scheduled meetings with potential buyers, site visits to local retailers, in-market seminars, and follow-up assistance.

Focused Trade Missions

Trade Missions bring U.S. suppliers to a country to meet with foreign buyers and learn about the market. The missions can include a market analysis of your product prior to a visit, an in-market briefing, tours of supermarkets and foodservice providers, buyer meetings, product showcases, assistance with lead follow-up, and a networking reception.

Online Product Catalog

The Online Product Catalog is a web-based catalog of U.S. companies and their products, giving U.S. companies the opportunity to showcase their products to buyers around the world. The Online Product Catalog streamlines the process for linking buyers and suppliers, ultimately leading to export sales.



**Export success
to England because
of advertising
made possible
through the
Branded Program**

The Northeast Group Inc. helps suppliers source products from the U.S. They are the exclusive international Kosher distributor for several companies within various countries. With years of international distribution experience, they make shipments to any airport around the world.

To U.S. suppliers like the Northeast Group Inc., based in New

York, the Branded Program assistance is invaluable. "We began advertising in England's trade press only after we started working with the Branded Program. The trade press advertising helped us triple our sales to the country. We would not have been able to do this without Branded Program support," explained Henry Weiss, President of the Northeast Group Inc.

The Northeast Group Inc. also exports to France with the assistance of the Branded Program. Weiss explains, "We attended a tradeshow in France two years in a row using Branded Program funds. We ended

up landing a sale with a customer whom we saw again at the Northeast Buyers Mission. The deal adds up to approximately \$250,000 a year in new sales." Weiss believes that by attending several events, foreign buyers become more familiar with you and build a comfort level. "They often want to see you a few times before making a deal."

MARKET PROMOTION

Once in export markets, these services help U.S. exporters increase sales by offering financial and promotional support to help create awareness of products made in the U.S.A.

Branded Program

The Branded Program provides 50% cost-reimbursement for a wide variety of international marketing activities including:

- Package and label modifications
- Advertising
- In-store promotions and product demonstrations
- Fees for exhibiting at some overseas tradeshows and selected domestic tradeshows
- Public relations
- Marketing and point-of-sale materials
- Freight cost for samples

(Only small companies, as defined by the U.S. Small Business Administration, and agricultural producer cooperatives are eligible to participate.)

In-Store Promotions

Each year, Food Export–Northeast sponsor promotional displays and product demonstrations in international supermarkets, restaurants, and hotels that feature U.S.-made processed foods and agricultural products.

FOOD EXPORT USA - NORTHEAST**STATEMENT OF ACTIVITIES** Fiscal Year ended September 30, 2007**REVENUE**

	OPERATING FUNDS	PROGRAM FUNDS	TOTAL
Federal Program Reimbursements	\$ 442,499	\$ 7,180,683	\$ 7,623,182
Industry Administrative Fees	\$ 370,632	\$ 0	\$ 370,632
State Membership Dues	\$ 50,100	\$ 0	\$ 50,100
Interest Income	\$ 15,034	\$ 0	\$ 15,034
Fees and Other Income	\$ 216,326	\$ 0	\$ 216,326
Total Revenue	\$ 1,094,591	\$ 7,180,683	\$ 8,275,274

EXPENSES

	OPERATING FUNDS	PROGRAM FUNDS	TOTAL
Reimbursable Program Expenses	\$ 0	\$ 7,180,683	\$ 7,180,683
Personnel	\$ 497,453	\$ 0	\$ 497,453
Travel and Meetings	\$ 54,819	\$ 0	\$ 54,819
Professional Fees	\$ 236,931	\$ 0	\$ 236,931
Other General and Administrative	\$ 242,688	\$ 0	\$ 242,688
Total Expenses	\$ 1,031,891	\$ 7,180,683	\$ 8,212,574
Increase in Net Assets	\$ 62,700	\$ 0	\$ 62,700
Net Assets - October 1, 2006	\$ 809,328	\$ 0	\$ 809,328
Net Assets - September 30, 2007	\$ 872,028	\$ 0	\$ 872,028

STATEMENT OF FINANCIAL POSITION Fiscal Year ended September 30, 2007**ASSETS**

	OPERATING FUNDS	PROGRAM FUNDS	TOTAL
Cash and Investments	\$ 448,997	\$ 378,290	\$ 827,287
Interfund Accounts	\$ 597,688	-\$ 597,688	\$ 0
Receivables	\$ 34,515	\$ 675,326	\$ 709,841
Furniture and Equipment (net of depreciation)	\$ 117,381	\$ 0	\$ 117,381
Other Assets	\$ 15,821	\$ 13,688	\$ 29,509
Total Assets	\$ 1,214,402	\$ 469,616	\$ 1,684,018

LIABILITIES AND FUND BALANCES

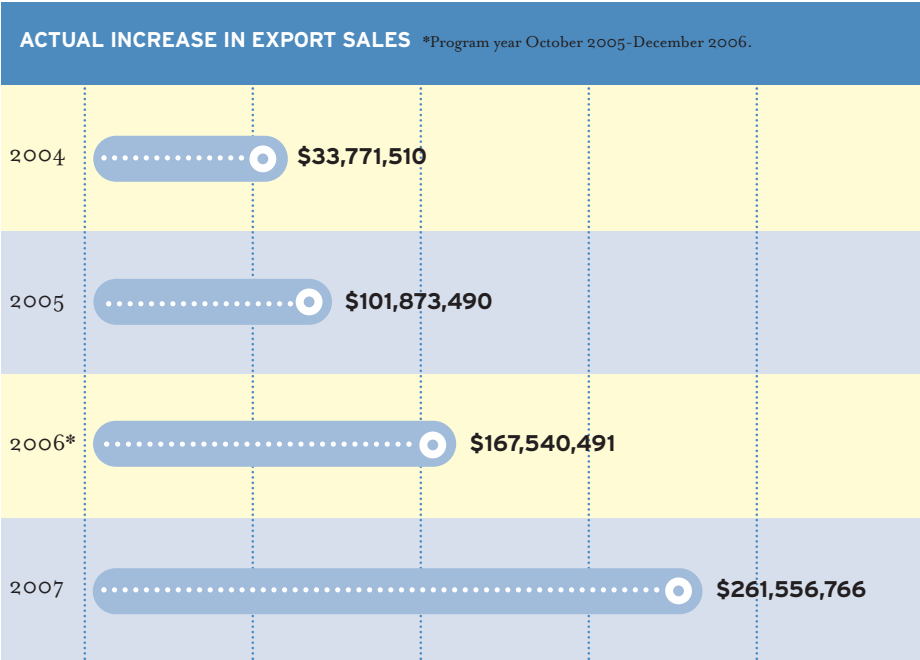
	OPERATING FUNDS	PROGRAM FUNDS	TOTAL
Accounts Payable and Accrued Expenses	\$ 300,618	\$ 0	\$ 300,618
Federal Program Claims Payable	\$ 0	\$ 185,893	\$ 185,893
Advances Due to Funding Source	\$ 0	\$ 283,723	\$ 283,723
Deferred Revenue	\$ 41,756	\$ 0	\$ 41,756
Total Liabilities	\$ 342,374	\$ 469,616	\$ 811,990
Net Assets	\$ 872,028	\$ 0	\$ 872,028
Total Liabilities and Net Assets	\$ 1,214,402	\$ 469,616	\$ 1,684,018

2007 PROGRAM RESULTS

Food Export USA-Northeast

provides a broad range of programs and services designed to promote Northeastern food and agricultural products. Our dedication to developing agricultural product expansion into international markets is highlighted here.

Actual increase in export sales	\$261,556,766
Projected increase in export sales.....	\$379,697,867
Number of U.S. companies participating in programs	637
Number of new U.S. companies participating in programs.....	154
Number of companies increasing sales by 20% or more.....	107
Companies with a first-time export sale in a market	141
Number of new distributor relationships established	934



BOARD OF DIRECTORS

PRESIDENT

Charles Kuperus, *Secretary*
New Jersey Department of Agriculture

VICE PRESIDENT

Dennis Wolff, *Secretary*
Pennsylvania Department of Agriculture

SECRETARY/TREASURER

F. Philip Prelli, *Commissioner*
Connecticut Department of Agriculture

MEMBER

Roger Allbee, *Secretary*
Vermont Agency of Agriculture, Food and Markets

Kenneth Ayars, *Chief*
Rhode Island Division of Agriculture

Seth H. Bradstreet, *Commissioner*
Maine Department of Agriculture, Markets and Food

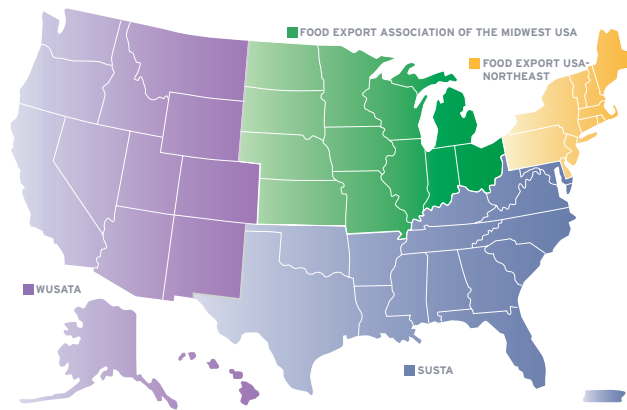
Patrick Hooker, *Commissioner*
New York State Department of Agriculture
and Markets

Lorraine S. Merrill, *Commissioner*
New Hampshire Department of Agriculture,
Markets and Food

Douglas Petersen, *Commissioner*
Massachusetts Department of Agricultural Resources

Michael Scuse, *Secretary*
Delaware Department of Agriculture

STATE REGIONAL TRADE GROUPS (SRTGS)



Food Export – Northeast is one of four non-profit state regional trade groups (SRTGs) that promote the export of food and agricultural products from their respective regions of the United States. The SRTGs were first created as a cooperative effort between the State Agricultural Promotion Agencies and the United States Department of Agriculture’s Foreign Agricultural Service. The SRTGs work in conjunction with their member states to provide a wide range of services to facilitate trade between local food companies and importers around the world.

Other State Regional Trade Groups

Food Export Association of the Midwest USA

309 W. Washington Street, Suite 600
Chicago, IL, 60606 USA
T: 312.334.9200 F: 312.334.9230
www.foodexport.org

The Southern U.S. Trade Association (SUSTA)

2 Canal Street, Suite 2515
New Orleans, LA, USA 70130
T: 504.568.5986 F: 504.568.6010
www.susta.org

The Western U.S.A Trade Association (WUSATA)

4601 NE 77th Avenue, Suite 120
Vancouver, Washington, USA 98662-6730
T: 360.693.3373 F: 360.693.3464
www.wusata.org



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1617 JFK Boulevard, Suite 420
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www.foodexportusa.org

Food Export – Northeast prohibits discrimination in employment and services. For persons with disabilities who require alternative means of communication or those interested in our full non-discrimination policy, please contact us.

Food Export – Northeast administers many services through Market Access Program (MAP) funding from the USDA Foreign Agricultural Service.