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United States Department of Agriculture

USDA's
93rd
Annual

Agricultural Outlook Forum

A New Horizon: The Future of Agriculture

February 23-24, 2017 • Crystal Gateway Marriott Hotel, Arlington, Virginia

Presentation from the USDA Agricultural Outlook Forum 2017

United States Department of Agriculture
93rd Annual Agricultural Outlook Forum
“A New Horizon: The Future of Agriculture”

February 23-24, 2017
Arlington, Virginia



India

Challenging Opportunities

TODD FRYHOVER

WASHINGTON APPLE COMMISSION



DISCLAIMER

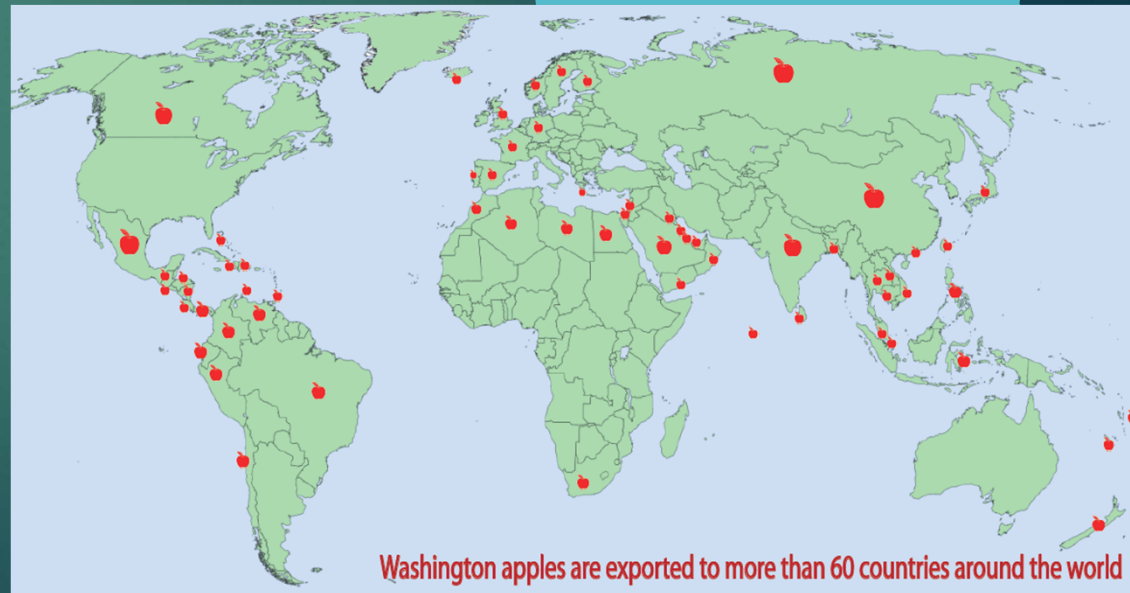
- I'm not an Economist
- I'm not a Marketer
- I'm a sales jockey with a LB mentality
- I've worked in the WA produce industry for 43 years

I love what I do!

Washington Apple Commission

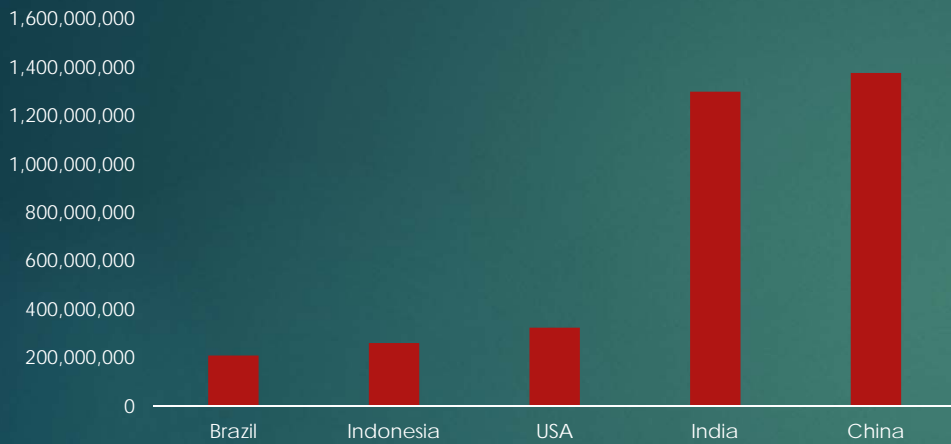


- ▶ Established 1937 to promote Washington apple brand
- ▶ Represents approximately 1,450 growers in WA
- ▶ Protect WA apple logo
- ▶ Develop and implement promotions in over 25 international markets
- ▶ Industry exports to 60+ countries worldwide
- ▶ USDA MAP program participant

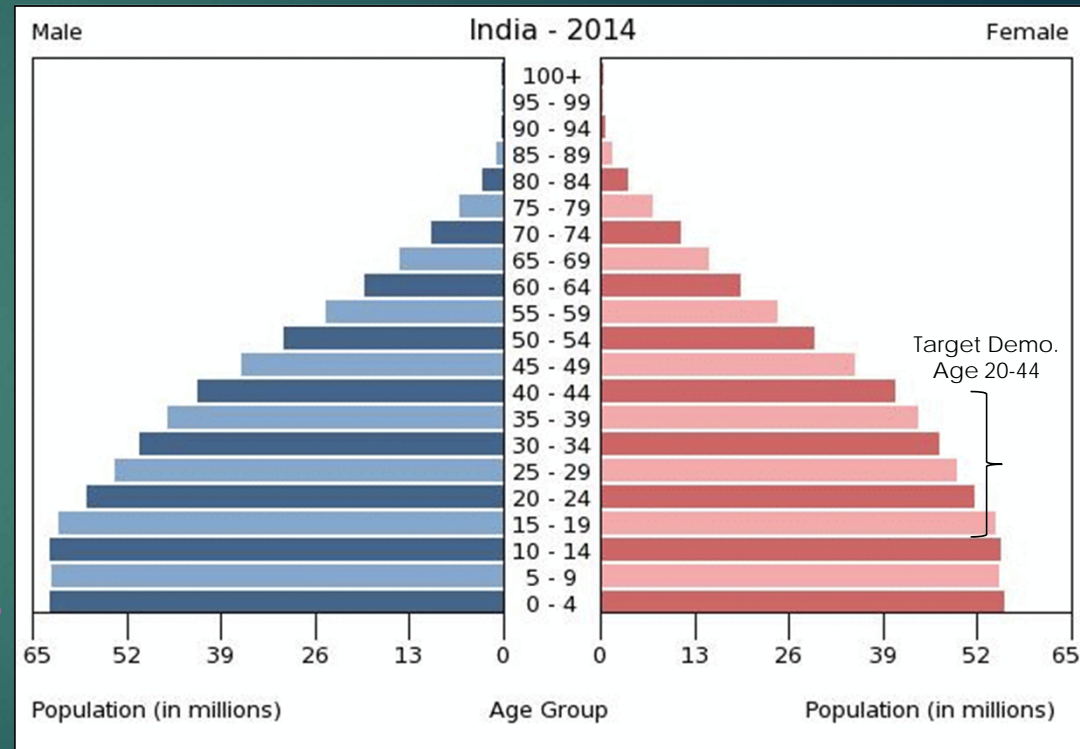
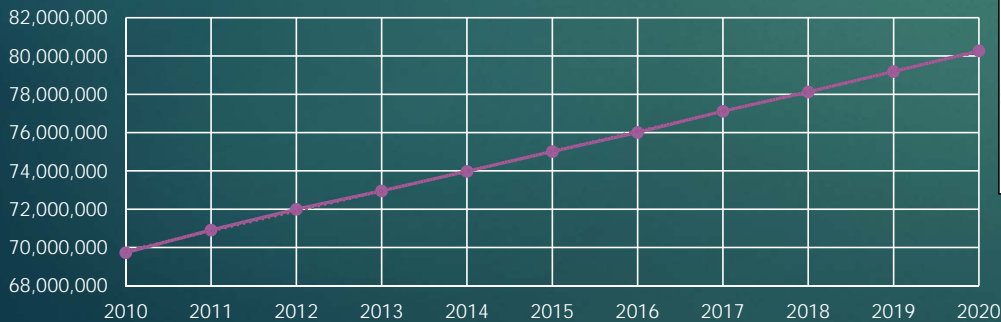


Why India?

2016 World Populations



Middle Class Households



India has 53 cities with a population of 1M+

India's Importance = Varietal Displacement

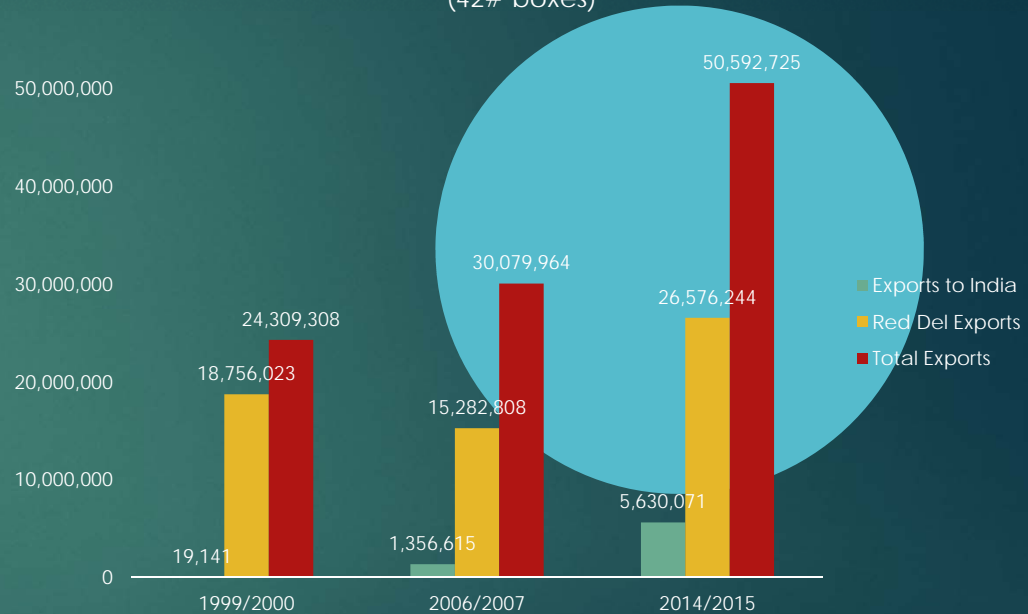
Washington Red Delicious Shipments
(42# boxes)



Total Value of Exports
 1999/2000: \$238,114
 2006/2007: \$23,984,953
 2014/2015: \$89,687,031

First Year of Shipments
 1999/2000:
 19,141 boxes

Washington Exports
(42# boxes)



India % of Red Del Exports:
 1999/2000: 0.10%
 2006/2007: 8.9%
 2014/15: **21.2%**

Red Delicious: Familiar & Robust



Indian Red Delicious



WA Red Delicious



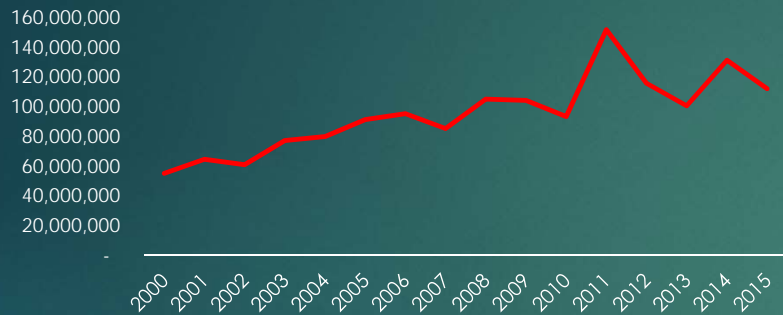
A familiar product:
Red Delicious
known to Indian
consumers.



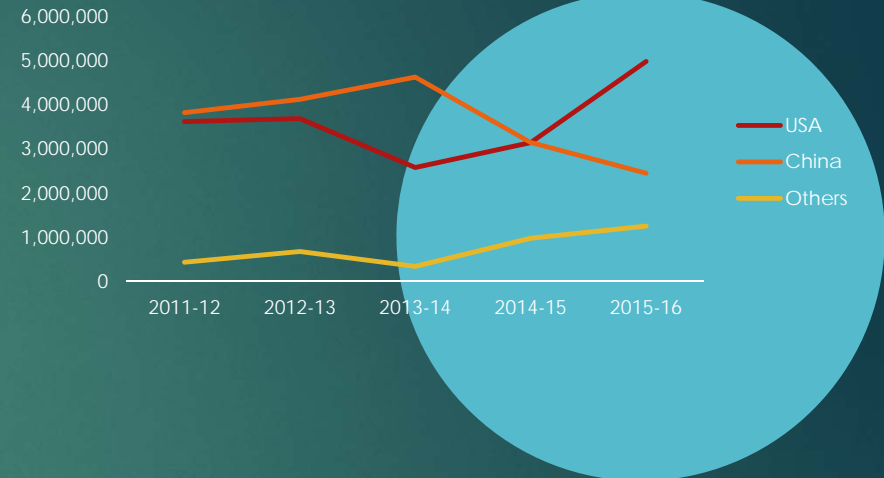
WA Red Delicious
stays fresh in hot &
humid temperatures.

Market Potential

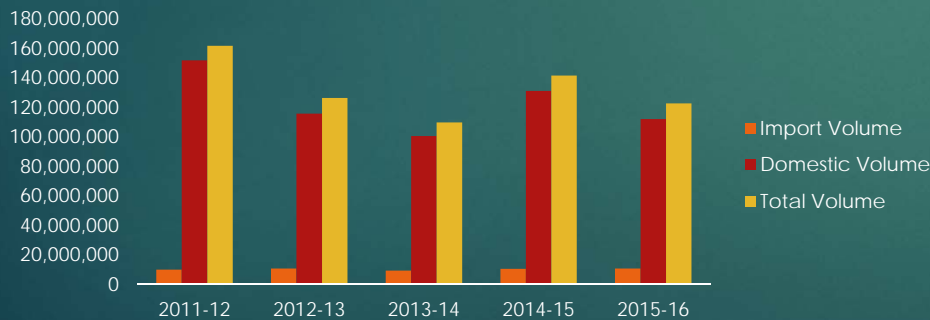
India Apple Production
(42# boxes)



Northern Hemisphere Imports
(in 42# boxes)



Total India Market Size
(in 42# boxes)



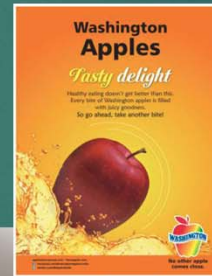
- Per capita consumption 2.0 kg – U.S. = 7.6 kg
 - Room to grow
- Cold Chain limitations (capacity)
- Distribution Challenges (refrigerated trucks)

India: A Unique Approach

- ▶ 15% Modern Retail
- ▶ 25% Stand-Alone Retail / Neighborhood Shops
- ▶ 60% Roadside Stands



- WAC Pathways to consumers:
- POS Materials (Brand Awareness)
 - Signage (Importer Support)
 - Social Media (50k+ Facebook Fans)
 - Cooking demos (High income)
 - WAC Roadshow (Geographical expansion)



WAC Roadshow

Focusing on Geographical Expansion

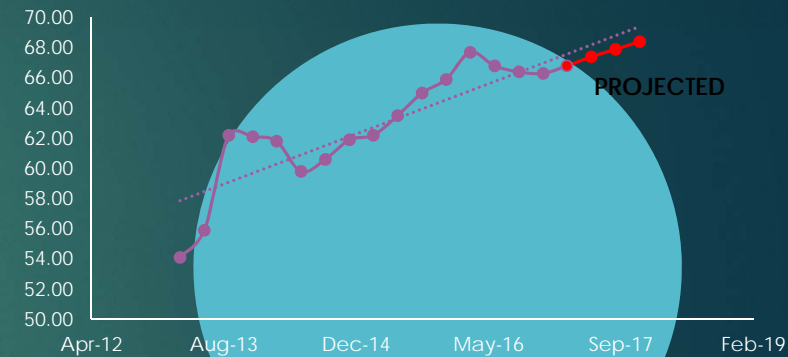
- ▶ Target 70 Tier II and III cities
- ▶ April-May timeframe (extending the market)
- ▶ 232 promotion days (2-3 stops/day)
- ▶ 4 million total consumers engaged
- ▶ Media Events in 23 cities - \$1.1 million PR Value
 - ▶ (Press Conference, Lunch, Tea)



Opportunities & Challenges Interwoven

- ▶ High Duty (Barrier to Trade): $\$23 \text{ CNF} \times 50\% \text{ Duty} = \$34.50 \times 3\% \text{ aggregate duties} = \35.54 landed
- ▶ Red Delicious known and robust
 - ▶ Holds up well in hot and humid climate
 - ▶ Indian consumers familiar with variety
- ▶ U.S. Reputation for High Quality & Food Safety
- ▶ Strong US\$ versus Rupee
- ▶ Geography: huge country, challenging inland distribution and limited cold chain
- ▶ Competition increasing: China, EU, SH, etc.

INDIA RUPEE vs. USD

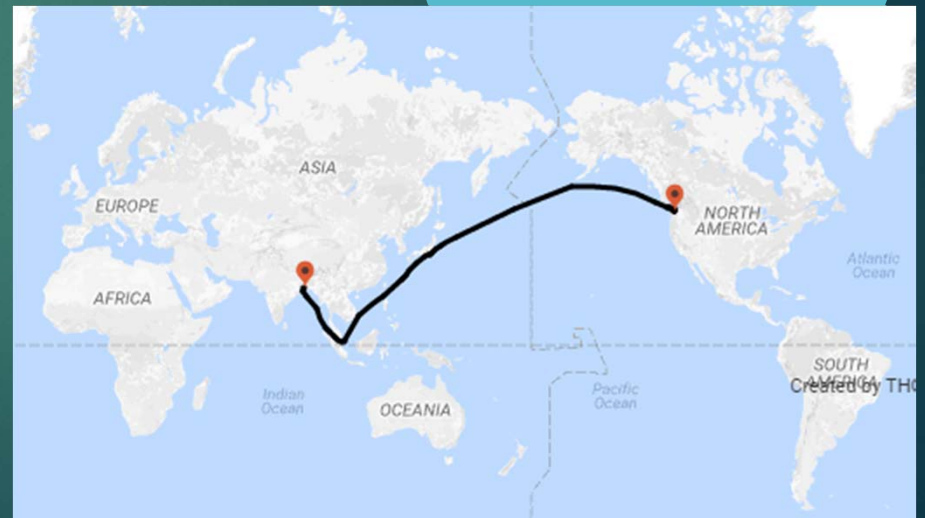


WA Exports to India
(42# boxes)



Opportunities & Challenges Interwoven

- ▶ Ocean Transit = 45 days
 - ▶ Food Safety Regulations = 'Test and Hold' = can add up to 7 days
- ▶ 29 States often operate somewhat independent of Federal Government
 - ▶ More difficult to push back against unfounded PR – wax
 - ▶ Easier to implement protectionist measures (Port Closure)
 - ▶ 22 official languages



Together we're Better!



Keith Sunderlal – WAC India



Scott Sindelar Minister Counselor & Ambassador Verma



India

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