

GACC Provides Guidance to Bavarian Food Manufacturers on Entering the US Market

Last month, the GACC New York, in cooperation with the Canadian German Chamber of Industry and Commerce, Inc., held an informational seminar for Bavarian food manufacturers interested in the North American market.

The seminar was conducted on behalf of alp Bayern and took place in the Bavarian Ministry of Food, Agriculture and Forestry in Munich. As part of the half-day event, participants were introduced to both the US and Canadian food markets and identified market opportunities. In particular, legal framework conditions in both markets were discussed.

Food market in the USA

Michaela Schobert, Director Consulting Services at the GACC South provided a presentation on the US food market. In 2017, the US food industry generated more than \$ 819 billion, making it one of the most powerful food industries in the world.

The biggest sales drivers are meat, poultry and fish products, followed by dairy products. In all, growth in the food industry is expected to increase by up to 4% per year by 2022 due to increased demand, volume growth and price increases. Above all, the demand for organic food is huge: the US is the world's largest market for organic food with more than \$ 45 billion in total sales. In particular, fruit and vegetable products are popular with consumers in the form of dried snacks.

As part of the "Fresh Snacking" and "Free From" trends, US consumers also value conventionally-produced snacks and other foods with products that are made from natural ingredients, made with as few ingredients as possible, or even specific ingredients, i.e. gluten free.

If you have any questions, please contact Michaela Schobert: (404) 586-6804 or email mschobert@gaccsouth.com.

Legal Framework USA

Food manufacturers who need to export to the US must follow the registration and labeling requirements of the Food and Drug Administration (FDA). A manufacturer registration can be performed online. To assist in this process, the GACC New York offers an FDA agent service. The advance registration of the individual food imports can be executed this way via the FDA's website.

Labeling must include: the correct nutritional information, any potential allergens and other potential health risk factors. Such claims usually must be substantiated by scientific studies and, in extreme cases, may lead to classification as a drug.

Depending on the type of food, other specific requirements must be considered. For dairy products (especially cheese), U.S. Pat. Department of Agriculture (USDA) imports applies a quota system. Each year, only a limited number of import licenses are granted per product group and export region. Without such a license, import into the United States is possible, but usually with high duties.

When importing alcohol, it is advisable to work with an importer already established in the US. Otherwise, in addition to starting a business in the US, obtaining an import permit from the Alcohol and Tobacco Tax and Trade Bureau (TTB) and releasing the labels will also be required.

Susanne Gellert, Vice President and Head of the GACC New York Legal Department, also reported on the opportunities to effectively minimize product liability risk and how to start a US business.

If you have any legal questions about the US market, FDA agent service, product liability or company formation, please contact Susanne Gellert at: (212) 974-8846 or by email legalservices@gaccny.com

The Canadian food market and legal framework

Following a general introduction to the Canadian market by Andrew Haswell of the Canadian Consulate in Munich, Thomas Beck General Manager of the Canadian German Chamber of Industry and Commerce, Inc., commented on the food market in Canada and provided a legal framework for food manufacturers.

Although Canada is itself a very important agricultural producer and the world's fifth largest exporter of agricultural products, Canada imports nearly \$ 44.5 billion worth of food every year. A large part of these imports comes from the USA, but that is shrinking thereby creating German food exporters to Canada. The CETA free trade agreement between Canada and the EU also creates new opportunities, notably through protected designations of origin and increased quotas, e.g. for cheese.

In general, Canadian consumers value quality and follow global trends such as organic, halal and convenience products. The food retail sector is characterized by some big chains; supermarkets tend to grow larger, and competition on the Internet is growing.

If you have any questions about the Canadian market and regulatory environment, you can contact Yvonne Denz, Vice President, Canadian German Chamber of Industry and Commerce, Inc., Toronto: (416) 598-7088 or yvonne.denz@germanchamber.ca.