



EXPANDING YOUR EXPORTS IN THE 21ST CENTURY
OPPORTUNITIES AND CHALLENGES FOR GROWTH



February 9, 2016



- GLOBAL MERCHANDISE TRADE
- GROWTH DRIVERS
- RESULTS & CHALLENGES
- RIDING THE GROWTH TRACK



INTRODUCTION

EUROMONITOR AT A GLANCE

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We are the world's leading strategic consumer insights company.



Our Services

- Syndicated market research
- Custom research and consulting

Expansive Network

- On the ground researchers in 80 countries
- Complete view of the global marketplace
- Cross-comparable data across every market

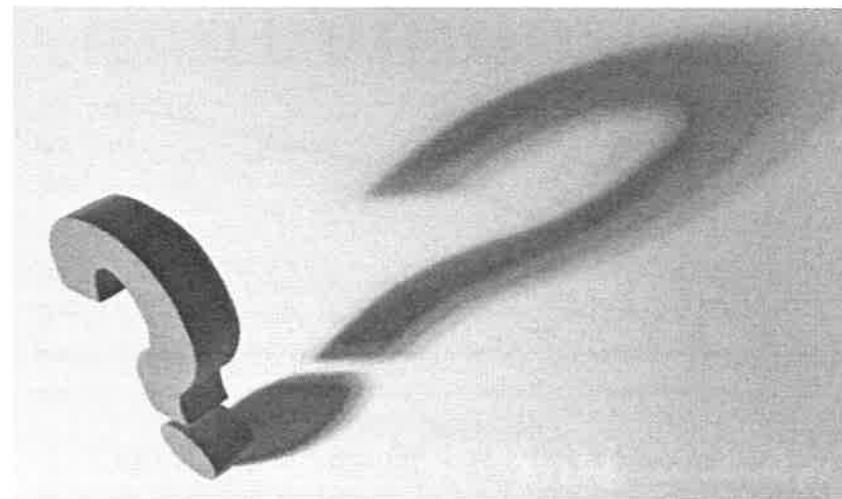
Our Expertise

- Consumer trends & lifestyles
- Companies & brands
- Product categories & distribution channels
- Production & supply chains
- Economics & forecasting
- Comparable data across markets

TRADE INSIGHTS

WHAT'S BEEN HAPPENING IN GLOBAL TRADE?

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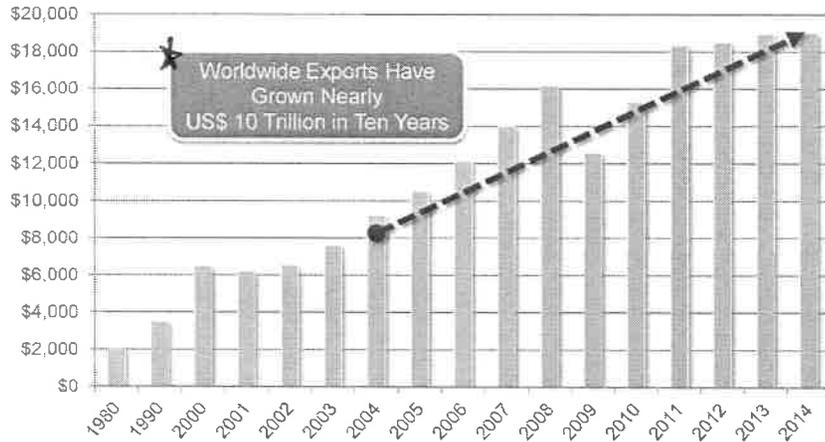


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WORLD'S MERCHANDISE EXPORTS ABOVE \$19 TRILLION

5

Worldwide Exports in US\$ Billions

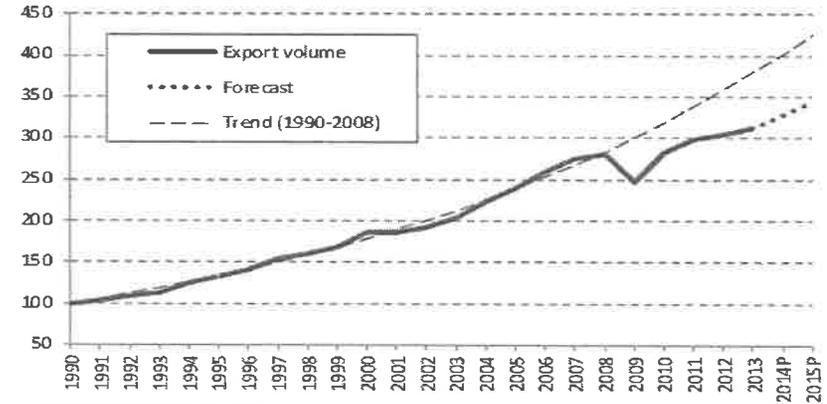


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WTO VOLUME TREND AND FORECAST

6

Volume of world merchandise exports, 1990-2015 Indices, 1990=100



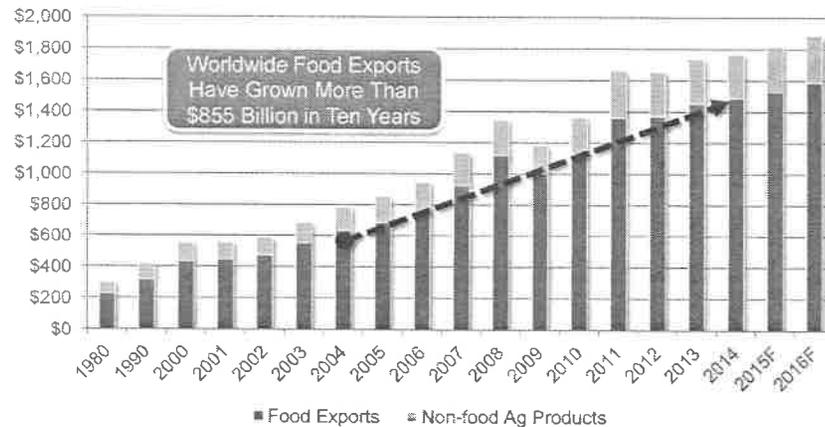
Figures for 2014 and 2015 are projections.
Source: WTO Secretariat

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WORLD AG EXPORTS EXPECTED TO TOP \$1.8 TRILLION

7

World Exports of Food and Non-Food Ag Products in US\$ Billions



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FORECASTS FROM HSBC COMMERCIAL BANKING

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EMERGING MARKETS CONTINUE SHIFT TO CONSUMPTION MODE

(According to Euromonitor, volatility is present with uneven but overall upward growth expected through 2026.)



2014-2026: WORLD TRADE VOLUME TO GROW MORE THAN 80%

(Volume growth exceeded 30% from 2005-2013 and saw export value growth of more than \$9 trillion.)



AVERAGE TRADE VALUE GROWTH RATE OF 8% ANNUALLY TO 2030

(Euromonitor expects average growth of 2.75-3% through 2017.)

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GLOBAL MERCHANDISE TRADE

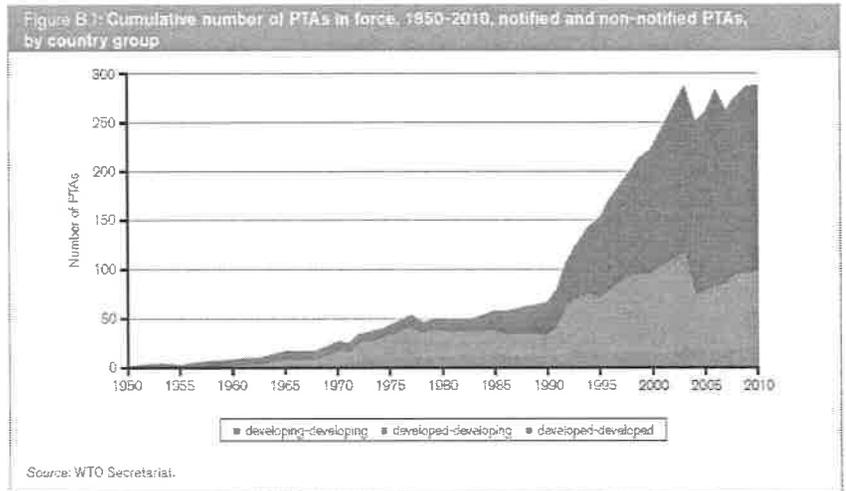
GROWTH DRIVERS

RESULTS & CHALLENGES

RIDING THE GROWTH TRACK

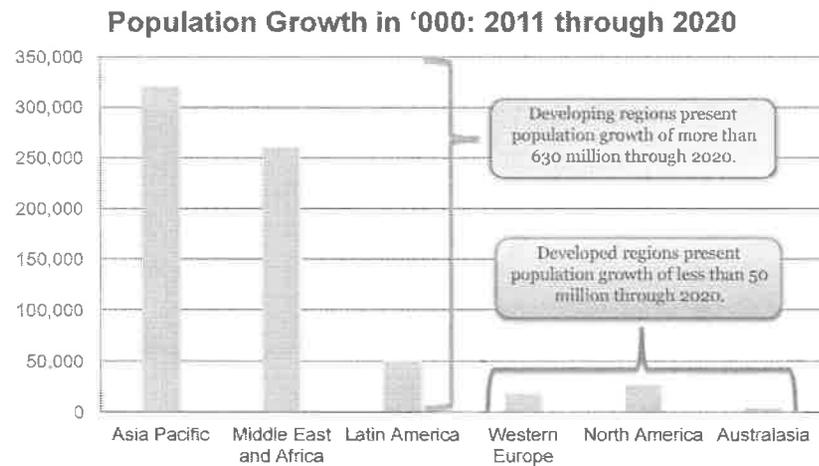


INCREASE IN PTAS SUPPORTING DYNAMIC TRADE GROWTH 10



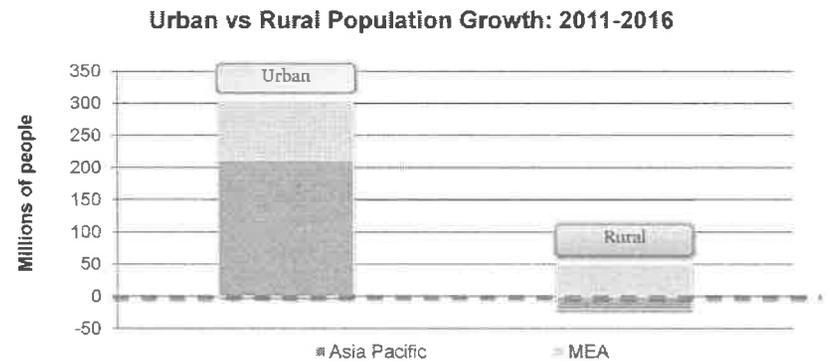
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POPULATION ANOTHER DRIVER OF TRADE GROWTH 11



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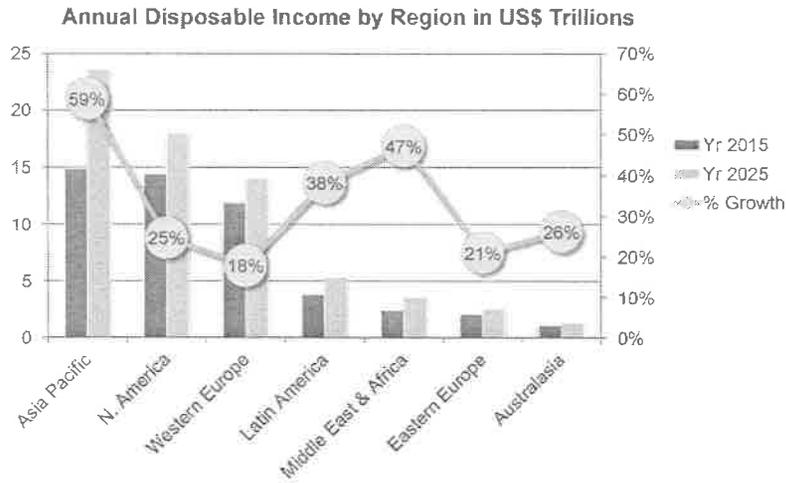
POPULATION GROWTH IN AREAS SERVED BY TRADE 12



- Consumers buying their food rather than growing/producing their own
- Convenience becomes more important to consumers
- Food manufacturers able to reach more people
- Increased consumer wages and spending power in urban areas

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DISPOSABLE INCOME EXPECTED TO POST SOLID GAINS



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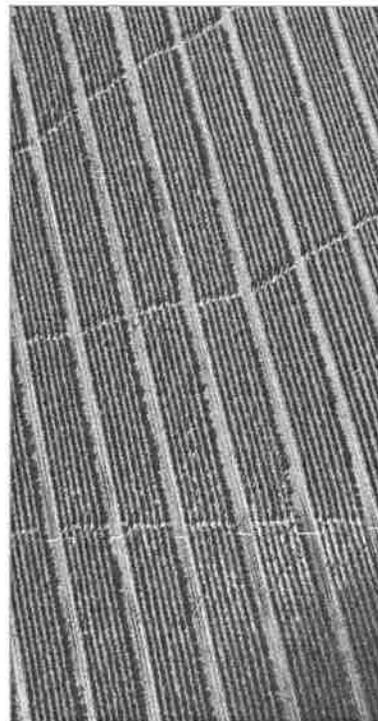
PTAs, DEMAND, PURCHASING POWER, POPULATION...



THIS NEW GLOBAL SUPERMARKET IS OPEN AND EXPANDING

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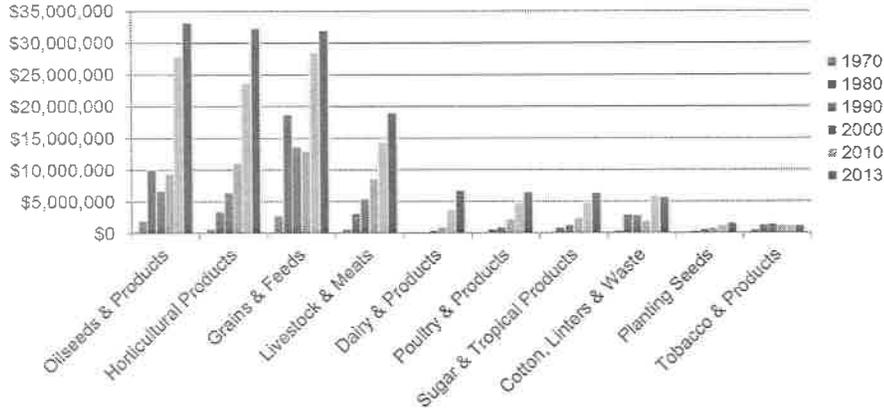
U.S. SET ANOTHER AG EXPORT RECORD IN 2014

OVER \$150 BILLION

NOTE: A drop of 10-15% in export value expected for 2015 on increased valuation of the U.S. dollar and economic challenges in numerous markets – this will impact Michigan too.

AN EXPORT SURGE FOR MOST BROAD AG GROUPS

U.S. Ag Exports: Broad Category Historical Value Sales in US\$ '000



© Economist Intelligence Unit

U.S. EXPORTING HEAVILY TO DEVELOPING MARKETS



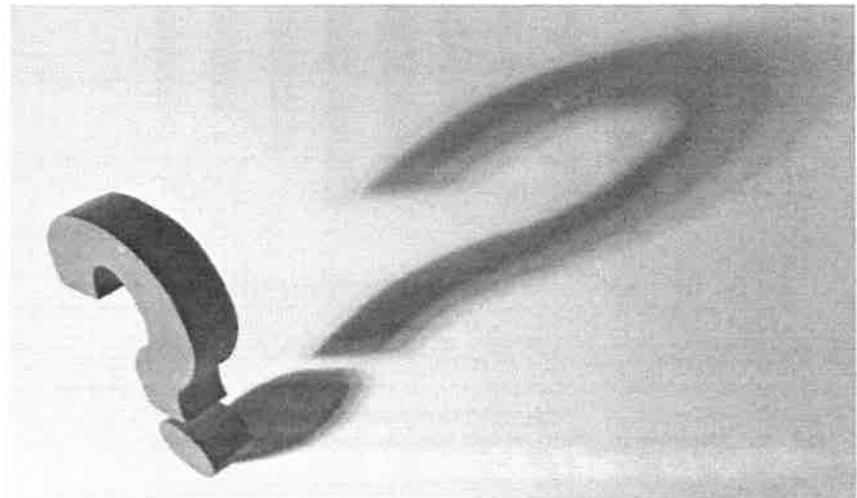
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THE WORLD IS DEMANDING MORE



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HOW HAVE EXPORTS FROM MICHIGAN PERFORMED?



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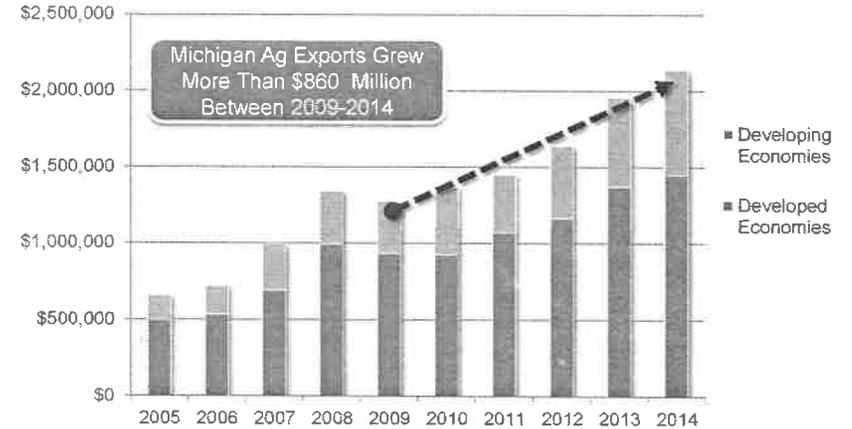
MICHIGAN EXPORTS SET STATE EXPORT RECORD IN 2014 21



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SHARE OF EXPORTS TO DEVELOPING ECONOMIES IS UP 22

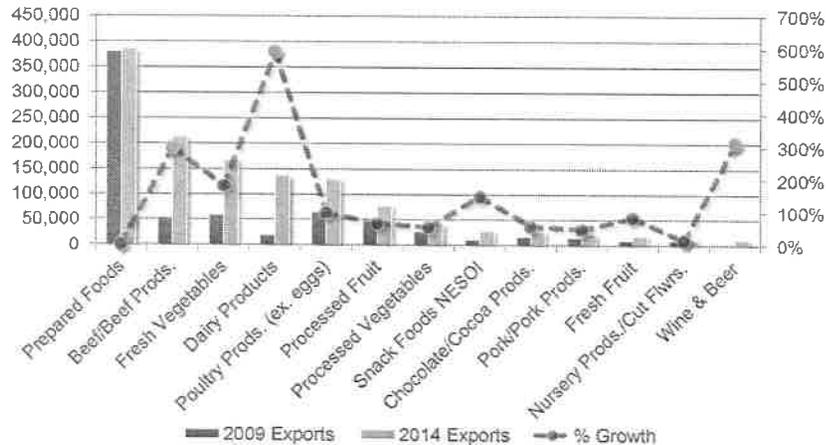
Michigan Ag Exports to "Developed" and "Developing" Countries in US\$ '000



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MANY MAJOR EXPORT CATEGORIES SHOW LARGE GROWTH 23

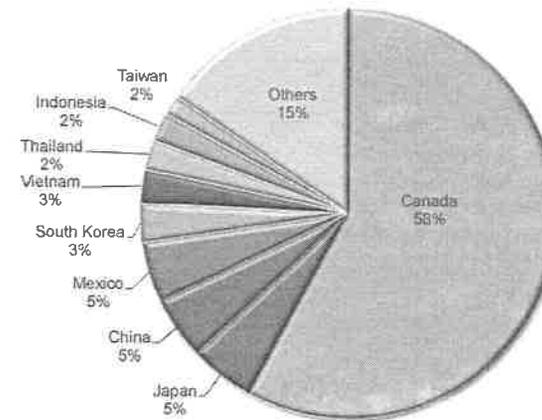
2009 & 2014: Michigan Exports by Ag Sector in US\$ '000 and Period Growth



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MOST AG EXPORTS HEADED TO N. AMERICA & ASIA PACIFIC 24

2014: Share of Michigan Ag Exports by Trade Partner



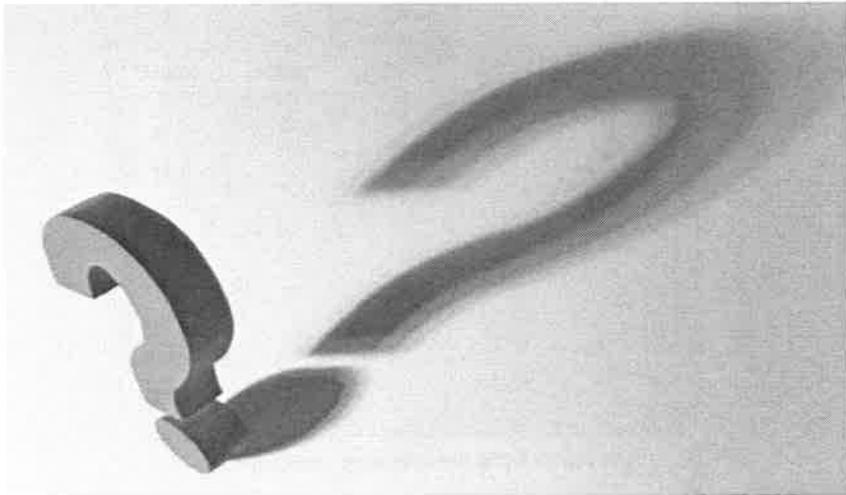
From Jan-Nov 2015, Michigan exports to the following markets are significantly up over the same period in 2014:

1. **Brazil (up 110%)**
2. **Thailand (up 61%)**
3. **Malaysia (up 46%)**
4. **S. Korea (up 16%)**
5. **Mexico (up 13%)**

Brazil may break into the top 10 largest export markets for Michigan for the first time in 2015.

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ARE THERE ANY DOWNSIDES TO ALL OF THIS?



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NOTABLE CHALLENGES



**INCREASED VALUE OF U.S. CURRENCY
UPPING COSTS FOR IMPORTS FROM U.S.**



**DEPRESSED OIL PRICES NEGATIVELY
IMPACTING TRADE NUMBERS &
CONSUMERS IN OIL-DEPENDENT MARKETS**



**SLOW OR REDUCED ECONOMIC GROWTH
IN MANY MARKETS AROUND THE GLOBE**

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OTHER NOTABLE CHALLENGES



**CONSTANT COMPETITION FROM LOWER
COST AND LOWER QUALITY PRODUCTS**



**FRESH EXPORTS CHALLENGED BY MARKET
CLOSURES ERRONEOUSLY RELATED TO
SANITARY AND PHYTOSANITARY ISSUES**



**CHALLENGE OF ENSURING FARE ACCESS
AND OPENING NEW MARKETS**
(TTP and TTIP expected to help overcome some of these challenges.)

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PRODUCTION AND FOOD SECURITY ISSUES



**2010-2012: 870 MILLION SUFFERED
FROM CHRONIC UNDERNOURISHMENT**



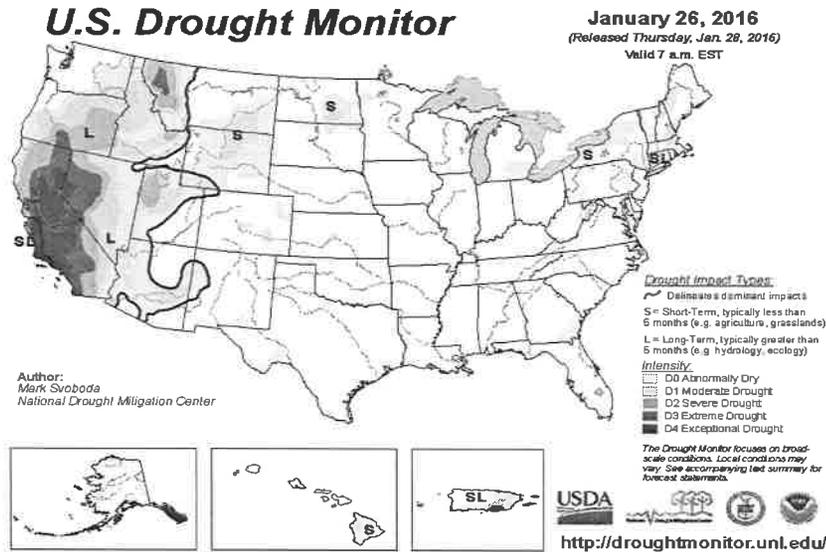
**WEATHER VARIABILITY OR CLIMATE
CHANGE – CHOOSE ONE**



**ALL OTHER DISRUPTORS OF FOOD
PRODUCTION AND TRADE**
(War, civil strife, tariff and non-tariff barriers, etc.)

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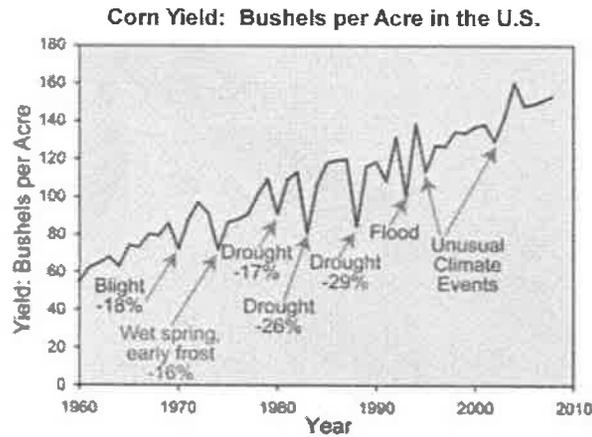
MEANWHILE MAJOR DROUGHT IMPACTING PRODUCTION



DROUGHT HELPS E.U. CLAIM #1 AG EXPORTER MONIKER



WEATHER – WET, DRY, HOT, COLD – AFFECTS PRODUCTION



Source: US Global Change Research Program

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“LESS THAN FORTY YEARS AWAY...”



2014: CLIMATE CHANGE WILL LEAD TO BATTLES FOR FOOD

(Statement from Jim Yong Kim, President, World Bank)



FOOD ISSUES COULD BECOME AS POLITICALLY DESTABILIZING BY 2050 AS ENERGY ISSUES ARE TODAY

(Dr. Fred Davies, scientist in food security at USAID)



WILL IT REALLY BE THIS BAD...? WHO REALLY KNOWS?

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A FEW REAL, RIGHT-NOW THINGS TO CONSIDER

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DEMAND DOESN'T DRIVE SALES WITHOUT PRODUCT



GLOBAL SUPERMARKET NEEDS A DIVERSE, INFORMED, AND RESPONSIVE SUPPLY CHAIN TO HELP MITIGATE DISRUPTIONS



GLOBAL SUPPLY SYSTEM WILL CONTINUE TO EXPERIENCE SHOCKS
(This includes such things as health/food safety, weather and civil strife.)

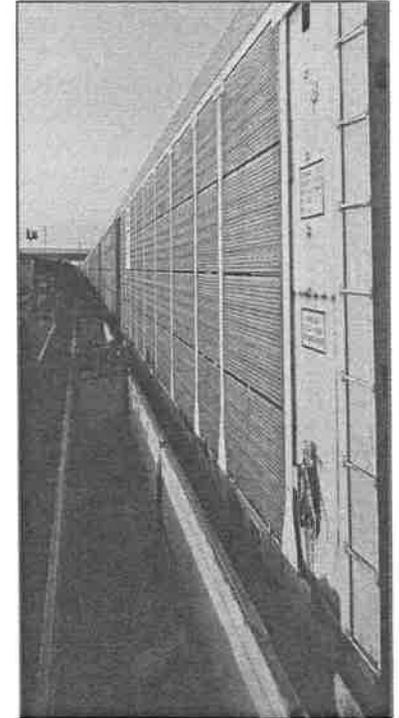
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GLOBAL MERCHANDISE TRADE

GROWTH DRIVERS

RESULTS & CHALLENGES

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DEVELOPING MARKETS ARE IMPORTANT TO EXPANSION

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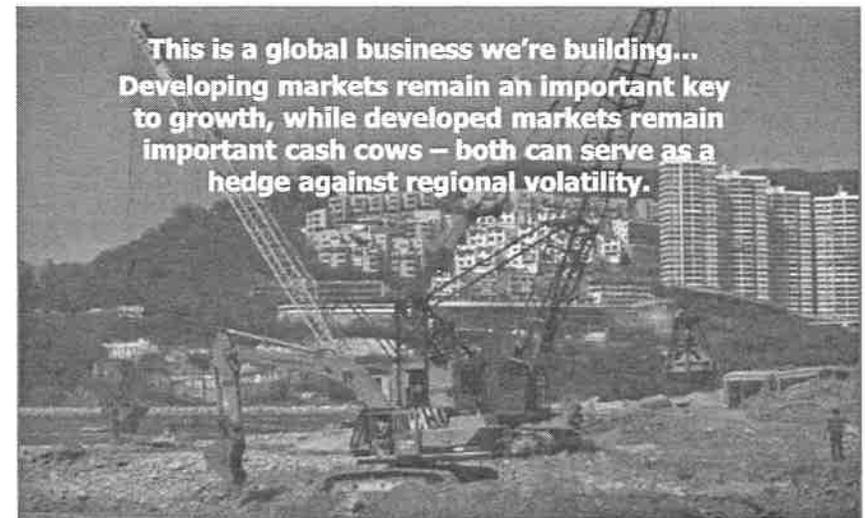
WHY? To name a few...

- ✓ Relatively rapid growth in population & income
- ✓ Massive increase of middle class
- ✓ Improving infrastructure and distribution
- ✓ Emphasis on trade and Preferential Trade Agreements
- ✓ Further diversifies portfolio of trade partners
- ✓ Growth in overall "size of the pie"

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BUILD BOTH IN DEVELOPED AND DEVELOPING MARKETS

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CAPTURING GREATER GROWTH



THINK AND COMPETE GLOBALLY



TAKE STEPS TO START (OR EXPAND) EXPORTING TODAY



DON'T GO IT ALONE – GET HELP TO AVOID MISTAKES

MDARD IS LAUNCHING EXPORT OPPORTUNITY REPORTS



REPORTS AVAILABLE FOR NO CHARGE – JUST ASK!



Available Product/Commodity - Export Reports

- | | |
|--|---|
| <input type="checkbox"/> Alcoholic Beverages | <input type="checkbox"/> Honey |
| <input type="checkbox"/> Dairy Products | <input type="checkbox"/> Hops |
| <input type="checkbox"/> Energy/Breakfast Bars | <input type="checkbox"/> Pickled Products |
| <input type="checkbox"/> Snack & Savory Foods | <input type="checkbox"/> Popcorn |
| <input type="checkbox"/> Apples | <input type="checkbox"/> Potatoes |
| <input type="checkbox"/> Blueberries | <input type="checkbox"/> Tart Cherries |
| <input type="checkbox"/> Dry Beans | <input type="checkbox"/> Wine |

EXPLORE THE POSSIBILITIES & EXPAND YOUR SUCCESS





**EUROMONITOR
INTERNATIONAL**

THANK YOU FOR LISTENING

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