

# Exporting Agri-Food Products to the United States

## A Guide for Lebanese Businesses

### AGRI-FOOD TRENDS AND MARKET OPPORTUNITIES

The United States is considered the world's largest economy with a current GDP of over USD 21.4 Trillion in 2019 (Source: World Bank data, 2020). [The food and beverages sector alone has an estimated market size of USD 7 trillion](#). Despite the setback from the COVID-19 pandemic, the economy is projected to bounce back strongly with real GDP grow rate in 2022 to reach 6% (Source: IMF, 2020).

The United States market is massive and complex. The country has the 3<sup>rd</sup> largest population size in the world with more than 330 people residing in the United States (Source: IMF, 2020).

The most densely populated states are California, Texas and Florida with 39 million, 28 million and 21 million residents respectively. In fact, a substantial part of the population lives around urban centers, especially in coastal states like California and New York (Source: The Food and Beverage Market Entry Handbook, European Union, 2020).

The population of the United States is also highly diverse. Each states' culture and tradition especially in terms of food is heavily influenced by the dominant immigration group that settled in the state. For example, Minnesota is heavily influenced by Norwegian culture, while Pennsylvania is heavily influenced by the German culture and California by the Mexican/Hispanic culture.

A demographic transition is already happening in the country that is expected to have major socio-economic implications with 22 percent of the population expected to be over-65 by 2040, and the number of Americans over-85 is expected to double by 2035 (Source: IMF 2021, Article IV Consultation).

Consumers in the United States are relatively wealthy with a GDP per capita estimated at USD 63.4 thousand in 2020 (Source: World Bank data, 2020). However, income inequality is still persistent, with significant spending disparities. The income per capita in the northeast region is amongst the highest in the country with the states of Maryland and New Jersey being the 1st and 2nd highest respectfully.

According to unofficial estimates, Lebanese Americans living across the US account for around 1 million, mostly distributed between [Michigan, California, Florida, Ohio and Massachusetts states](#).  
*Products with high-growth potential*

#### **Plant-based and meatless products:**

American consumers are adopting lifestyle changes in order to become healthier. This is especially true for the younger population which is more inclined to reduce its meat consumption and try alternatives to meat. There is a growing trend in the emergence of food products that imitate the flavors and taste of chicken and meat in order to help consumers in reducing their meat consumption (Source: GWI US food trends 2021).

#### **Sustainable, ethical food brands:**

Consumers are ready to pay more for food brands that are environmentally and socially conscious (such as companies that support animal welfare, pay fair wages, or support gender equality). The Fair-Trade

label which is issued by [FloCert](#), the main independent certifier for Fair Trade, is highly regarded by US consumers. Consumers are also looking to purchase products with minimal or sustainable packaging made of eco-friendly material such as recycled plastic or recycled paper (Source: GWI US food trends 2021). Certifications that prove such environmental practices include the [Forest Stewardship Council](#) (FSC) label which demonstrates that packaging was sourced from sustainable forest management companies.

#### **Products with traceable ingredients:**

Transparency in the supply chain is becoming more and more important for consumers which are more demanding in getting to know the ingredients they are eating. Based on research by IBM Research insights, [more than 71% of researched consumers indicated that traceability is very important](#) for them and they are ready to pay a premium for it.

#### **Ready-to-Eat food products:**

The ready-to-eat meals product segment is expected to register the fastest [growth with a CAGR of 5.7% from 2021 to 2028](#) as more Americans have a busy and hectic work schedule that does not allow them to cook meals from scratch.

#### **Healthy Beverages:**

Beverages are very popular in the United States and [they constitute the largest market share of the food and beverages industry](#) at 20%, followed by the dairy industry. Healthy beverages that are free from or have reduced sugar and are made with natural ingredients are driving the growth of this segment.

#### **Allergen-free products:**

Allergen-free products are another growing industry due to the rapid rise in allergies especially among kids. Allergy-free food include nuts-free, anti-diabetic foods, gluten-free, Lactose-free, and others. The Food Allergy and Intolerance Products market in the U.S. is [estimated at USD 6.6 Billion in year 2020](#).

## What does the United States import? And from where?

The top imported agri-food products in 2020 in the US from the world were (Source: International Trade Center, Trade Map, 2020):

- **Beverages, spirits and vinegar** – accounting for 28% of the bulk of agri-food imports. These were mainly imported from Mexico (29%), France (17%) and Italy (11%). Imports of beverages, spirits and vinegar stood at 26 billion USD in 2020, with the highest imports for undenatured ethyl alcohol of an alcoholic strength of < 80% (33%).
- **Miscellaneous edible preparations** – accounting for 21% of the bulk of agri-food imports. These were mostly imported from Singapore (33%) and Canada (16%). Imports of miscellaneous edible preparations stood at 7 billion USD in 2020, with the highest imports for food preparations (67%).
- **Preparations of cereals, flour, starch and milk** – accounting for 21% of bulk of agri-food imports. These were mainly imported from Canada (42%) and Mexico (17%). Imports of preparations of cereals, flour, starch and milk stood at 5 billion USD in 2020, with the highest imports for bread, pastry, cakes, biscuits and other bakers' wares (67%).

## US – Lebanon Trade

The US was the second most important destination for Lebanese exports in 2019 after Saudi Arabia (Source: Lebanese Customs).

Lebanon's top exported products to the US in 2020 were:

- Prepared vegetables, fruits and nuts (e.g. “mouneh” products) – 35% of total exported agri-foods.
- Miscellaneous edible preparations – 27% of total exported agri-foods.
- Animal and vegetable fats and oils and their fractions (e.g. olive oil) – 13% of total exported agri-foods.
- Beverages, spirits and vinegar (e.g. water, beer and wine) – 12% of the total exported agri-foods.
- Sugar and sugar confectionary – 6% of total exported agri-foods.

(Source: Lebanese Customs, 2020)

Based on ITC data, Lebanon’s greatest export potential to the US market lies in multiple product segments, namely:

- Nuts and seeds,
- Virgin olive oil and its fractions,
- Wine of fresh grapes,
- Prepared and preserved vegetables,
- Water,
- Prepared food.

## MARKET ENTRY AND DISTRIBUTION CHANNELS

### Supply Chain Partners

The United States Food and beverages sector usually involves a whole range of players and stakeholders. Exporters need to rely on a network of supply chain partners to move their products into the US and they may need to have different partners targeting different regions within the US or different channels (E-commerce vs. retail shops).

As a first step to exporting to the US, an exporter needs an **Importer of Record (IoR)** who is responsible for getting the products into the US. The Importer of Record usually works with a licensed customs broker or can act a customs broker himself. An Importer of Record provides the local address and phone number needed to import goods into the US.

For large manufacturers, many find it useful to establish their own branch in the US and import their own products to reduce on fees, as Importers of Record usually take a margin on shipped and imported products (ranging between 5 to 20% of the product value).

Exporters new to the market usually also hire a **broker** who helps them meet distributors and retailers and advise on their go-to-market strategy. Brokers are usually paid by commission. These do not include shipping costs, or any sales programmes offered to the retailer. Some brokers prefer to be paid a retainer fee at the beginning, in addition to commission on sale. Usually, commission on sales hovers at 5% of total sales. When dealing with brokers, it is important to understand their specialty and niche. Many would focus on specific products or specific regions.

**Distributors** take ownership of the product. They warehouse, collect and deliver orders, and give exporters the ability to get shelf placement in multiple stores at once. There are both regional and national distributors. Distributors typically add a 25-30% margin on landed cost which is the wholesale price. Retailers typically add a 40% margin on wholesale price, although most will receive a volume-based discount from the distributor.

Major food distributors for ‘natural’ products in the US are [UNFI](#), [KeHE](#) and [DPI Specialty Foods](#). They usually do not perform sales and marketing functions which is mainly done by the brokers or on the ground sales team in the US for the exporter.

In case an exporter doesn't want to be involved in marketing and promotion of their brand in the US and have capacity to accommodate large orders, they opt for the private label channel or selling bulk for companies in the US that re-package their products there and sell them to retailers.

## Main Supermarket Chains

The US has a well-established food and beverages retail sector, with an abundance of hypermarkets, supermarkets, convenience stores, specialized stores, food markets, and other type of retail outlets. For brands to succeed with these stores, there are costs to be taken into consideration to establish long term relationship. This includes costs for advertisement programs and promotional programs to introduce the brand to consumers, slotting fees to secure products on the grocery store shelves and other deductions for distributors and retailers.

**Conventional grocery stores** are traditional supermarkets. Some of the most popular ones include [Trader's Joe](#), Kroger, Wegmans, Safeway, Publix and HEB. There are also popular European ones like Aldi and Lidl. However, some supermarket chains are not available in all the country. For example, in California, popular regional supermarket chains include [Smart & Final](#), while [Market Basket](#) is popular in New England and [Food City](#) in the Southern region.

**Specialty stores** are also known as gourmet. They sell premium products and artisanal food. They are maybe eat-in restaurants, like Eataly, that also sell specialty food products or grocery stores focused on premium and organic products, such as The Fresh Market and Fairway Market.

**Natural or organic stores** are a fast-growing retail segments focused on selling minimally processed food without artificial additives. Whole Foods, Safeway and Sprouts are some of the major players in this segment.

**Mass Retailers** or hypermarkets sell a wide variety of goods, from groceries to clothes to electronics. Walmart, Target and Best Buy are the most widespread and popular.

**Wholesale Club stores or discounters** have very low prices due to minimum service offered in the stores and customers may have to pay annual membership fees to shop in club stores. Sam's Club, Bargain Hunt, Fred Meyer and Costco are leading examples. They usually sell in bulk and large quantities formats.

**Chain drug stores** like Walgreens and CVS are pharmacies that also sell food products.

**Convenience stores** are small neighborhood stores that are growing and spreading across all regions. There are currently around 150,000 convenience stores operating in the US. [7-Eleven](#) is the biggest national chain.

## E-commerce

Many brands find it useful to pilot their market entry first through online stores or e-commerce platforms rather than directly going to brick and mortar stores. [In 2020, during the pandemic, online grocery sales jumped by 54% reaching over USD 95 billion.](#) Grocery online shopping is especially popular among consumers looking for organic, natural food.

Although e-commerce is growing, it still represents a fraction of total sales. Physical stores still account for more than 80% of total sales in 2020, with bulk of sales made in mass market shops while specialty shops made up 25% of retail sales.

Amazon Fresh dominates the e-commerce grocery ecosystem in the US. There are other specialized food grocery e-commerce platforms, such as [Thrive Market](#), and these operate like online versions of traditional retailers.

Other top grocery online shops and delivery apps in the US include Shipt (which is an online same-day delivery service of groceries), Home-chef, Fresh Direct and [Instacart](#).

## Private Label

The private label industry is growing in the US with private label sales growing by 125% between 2016 and 2017 according to Nielsen research. Moreover, [the growing trend towards affordable but healthy products is driving the private label market](#).

## Practical Tips for Market Entry in the US

- Attend high-profile food trade shows taking place in the US, such as the [Summer Fancy Food Show in New York](#) or the [winter edition](#) which is happening in 2022 in Las Vegas, or the [Natural Products Expo West](#) in Anaheim or the [Expo East](#) in Philadelphia. All those events offer you the opportunity to meet distributors, influencers, buyers and players in the market.
- Contact existing retailers, importers and distributors of Lebanese food brands to introduce them to your products and discuss potential collaboration opportunities. Such companies include [Sahadi's](#), [Middle East Market](#), [Ziyad Brothers Importing](#), [Karabetian Import and Distribution](#), [Hachems Roastery & Market](#) and [Kalustyan's](#),
- Develop an e-commerce strategy to identify the platforms through which you can sell your products. You can either try to deal with large platforms such as Amazon, which already sells Lebanese food brands or you can list your products on more specialized e-commerce platforms dedicated for ethnic Middle Eastern food, like the [Lebanese Food Market](#), an online platform specialized in Lebanese food products or [us](#). A new e-commerce platform dedicated for gourmet Lebanese products was recently launched called [Zaatar Road](#) that will only sell premium Lebanese products in the US.
- Try to look for Lebanese executives in leading food importing and distributing companies in the US, and contact them to pitch your company's profile and products. LinkedIn could be a good starting point.
- Network and meet potential partners and buyers through the [Lebanese American Business Council](#).

- Contact the [American Lebanese Chamber of Commerce](#) to list your services and find new buyers.
- Contact Non-Governmental Organizations (NGOs) and associations led by people from the Lebanese diaspora to help you find contacts. Relevant NGOs include the [Social and Economic Action for Lebanon \(SEAL\)](#) and [Rene Moawad Foundation USA \(RMF USA\)](#).
- Join active sector-specific associations related to food and drinks in the US to be able to meet other members and become a supplier for one of the existing manufacturers there. One example of such associations is [The Specialty Food Association](#) or the [Food Industry Association](#).
- Create a profile on [ITC Trade Map](#) and find list of buyers by products and sectors in specific countries. This service is available for free for users from Lebanon.
- Try to contact Lebanese restaurants in the major cities in the US to introduce them to your products and discuss the potential to supply them with premium food ingredients from Lebanon. Leading Lebanese restaurant chains include [Lebanese taverna](#) and [Ijili restaurants](#)

## LEGAL REQUIREMENTS

The US has a complex regulatory system in order to ensure that food products in the country meet high safety standards. There are 2 government agencies that are responsible for ensuring compliance of imported food products to general food safety regulations. The Food and Drug Administration (FDA) regulates most processed food including dairy while the United States Department of Agriculture (USDA) regulates mostly meat, poultry, eggs and fresh fruits and vegetables. However, this split in tasks is not always very evident. For example, while the USDA regulates egg products, FDA regulates whole eggs with their shells. The US Customs and Border Protection oversees the entry of goods to the US and collects applicable duties.

The Alcohol and Tobacco Tax and Trade Bureau (TTB) is responsible of alcoholic beverages, namely wine, spirits, and beer. Additionally, the Customs and Borders Protection (CBP) is the body in charge of the general controlling of imports.

Since the enactment of the Food Safety Modernization Act (FSMA) in 2011, foreign manufacturers and exporters are obliged to register with the FDA and take part in the Foreign Suppliers Verification Program (FSVP) to ensure their products follow the US food safety standards.

Companies that want to export to the US need to prove as part of the verification program, that they are implementing a food safety system that identifies foreseeable hazards, re-evaluates risks every 3 years, and have an appropriate corrective action plan in place.

A certification by a globally recognized body under globally recognized standards such as ISO, HACCP is usually expected from suppliers in the US (especially if the exporter wants to enter the mainstream market not the ethnic stores only). If exporters do not have already certification in hand, they must demonstrate that they have a HACCP plan and quality management documents in place and are in the process or intending of obtaining a BRC or equivalent certificate very soon. They should also provide pre-shipment samples for analysis and a qualified copy of a Certificate of Analysis for the products to be sold.

Certified organic products are regulated by the Agricultural Marketing Service (AMS), also part of the USDA. The organic certificates issued by EU authorities are not recognized in the US, so exporters need the USDA organic certificate to reap the full benefit of organic products.

# Import Documentation

When exporting agri-food products to US, the following documents are needed for the shipment:

- Original commercial invoice attested by the Chamber of Commerce, and which must state the country of origin, name of the carrier, brand and quantity of goods, and description of the goods including weight and value. The commercial Invoice needs also to list the full contact of the Importer of Record, Ultimate Consignee, Manufacturer and Shipper.
- A bill of lading or airway bill.
- Pre-approval from the Ministry of Economy and Trade for certain products that were subject to government subsidies.
- Insurance documents, if shipments are sent CIF.
- Packing list.
- Health certificate issued by the Ministry of Agriculture.
- Phytosanitary certificate for plant-based products such as fresh fruits and vegetables issued by Ministry of Agriculture.
- Certificate of Free Sale for novel food issued by the Ministry of Agriculture.

Any exported product into the US needs prior notice of incoming shipments to the FDA. It is advised to work with a customs broker in the US to make sure products are compliant with all regulations before shipping them. Shipping agencies and freight forwarders in Lebanon also can help in the documentation and ensuring that all products have all the right paperwork to be cleared abroad.

# Labelling Requirements

There are mandatory and voluntary labelling requirements for all imported food products to the US:

- Labelling must be in English. A foreign language can be used on the label however all required statements must be in English.
- The generic description of the product or name of the food must be prominent on the package and it should reflect the product's composition and characterizing ingredients. For example, raspberry flavoured juice drink from concentrate.
- The net quantity of food in a package, defined by net weight, volume, units... must be both in metric (grams, liters...) and US customary (ounces/pounds...).
- Nutrition facts label is a must for all products. However, this is exempted for instant coffee, spices and products sold below a certain price.
- Each ingredient must be listed in descending order by weight. This section must include an allergen statement if the product contains any of the eight foods identified by the FDA as major allergens: milk, eggs, fish, shellfish, tree nuts, peanuts, wheat and soybeans. Sesame will join this list in January 2023.
- The name and address of the manufacturer, packer or distributor must be clear on the package. Unless the name given is the actual manufacturer, it must be accompanied by a qualifying phrase which states the firm's relation to the product (e.g., "manufactured for" or "distributed by").
- Country of origin is not mandatory to mention however most of the products have it on their package.
- Storage and handling instructions are only required for products regulated by the USDA.
- Barcodes are highly recommended and must be US compatible. The UPC (Universal Product Code) is the most common barcode in the US

- Gluten-free claims can be included on labels for products containing less than 20 parts per million (ppm) of gluten. Compliance is enforced by the FDA, which does not endorse any third-party gluten-free certification programmes.
- Vegan and vegetarian claims on product labels are not explicitly regulated. To be credible, there are third-party certifiers in the US such as the Vegan Action Foundation and the American Vegetarian Association which their logos can be added on the package and are recognized by US consumers.
- Certain states have their own labelling requirements in addition to federal requirements. For example, California's Proposition 65, known as Prop 65 requires all food labels to inform consumers if products contain any of 65 chemicals identified as carcinogenic.
- Best before, expiration and sell-by dates are required by some states for certain foods. To be on the safe side it is advised to always include them.
- Health claims on the package of products are strictly regulated to ensure US consumers are not deceived. Companies are allowed to add on their package health claims if there is broad scientific consensus behind these claims such as "low sodium diets may reduce the risk of high blood pressure". Moreover, you are allowed to use the words "high in X" or "rich in X" only if you use a certain amount of x in the product. Claiming the product is healthy is only allowed if the product meets specific criteria.

The FDA has a comprehensive [food labelling guide](#) with chapters on ingredients, health claims wording, nutrition thresholds, required disclosures, and placements. It is highly recommended to read this guide when developing labels for the US market.

## FREE TRADE AGREEMENTS AND RULES OF ORIGIN

Lebanon [doesn't have a free trade agreement](#) or a bilateral investment treaty with the US. On December 2006, Lebanon and the US governments signed a Trade and Investment Framework Agreement (TIFA) where they pledged to foster an attractive climate for mutual trade and investment. The TIFA entails the establishment of a Council on Trade and Investment between the two parties, which meets at least once a year to consult on trade and investment relations and works towards removing the barriers to trade and investment. However, the agreement has not entered into force yet.

However, Lebanon is part of the [US Generalized System of Preferences \(GSP\)](#) which is a trade preference program promoting Lebanon's economic growth, and strengthening the commercial relationship between the two countries. GSP allows around 3,500 Lebanese products to enter the US duty-free, including agri-food produce, hence giving them a competitive advantage in the US market. The program was [reauthorized in 2017](#) and the Lebanese Government is currently in negotiations to reauthorize its again in 2022 after it lapsed since 2018.

## TRANSPORT AND LOGISTICS INFRASTRUCTURE

The transportation and logistics infrastructure in the US is an essential pillar to support the imports and exports in the country. However, it is important to note that transportation costs within the US are relatively high due to the large geographic size of the country. Therefore, any export strategy should take into consideration this cost while pricing for products.

### Air Transportation



The largest cargo airport in the US and in the world is Memphis International Airport. This airport is centrally located and is the operational hub of and headquarters of FedEx, one of the largest transportation and logistics companies in the world.

Anchorage International Airport (Alaska) is the second busiest cargo airport in the country and works as transit hub for goods being sent between Asia and the USA.

## Sea Transportation

The largest port in the US is the port of Los Angeles which handles all American pacific trade. Other large ports in the US include the port of Long Beach on the West Coast and the ports of New Jersey and New York as well as the port of Virginia on the East Coast.

## Land Transportation

The port of Laredo in Texas along the US-Mexico border, and the Ambassador Bridge connecting Detroit, Michigan, with Windsor, Ontario and Canada [are the top two border crossings in the US](#).

In addition to road freight, rail freight is an important mean of transportation and distribution of goods in the US. The largest rail freight companies in the US are BNSF, CSX Transportation and Amtrak.

Chicago is the biggest rail hub and acts as a major [transit zone for freight coming from the east to the west of the country](#).

### ***Disclaimer***

This document was prepared by the United Nations Development Program (UNDP) and the United Nations Industrial Development Organization (UNIDO) in collaboration with the Investment Development Authority of Lebanon (IDAL). This report was drafted under the Productive Sectors Development Program – a joint UN program to support the Agri-food and Agriculture sectors in Lebanon.

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the UNDP or UNIDO concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” or “developing” are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNDP or UNIDO.