

EMP Proposal

Proposal Title: PK: US High Value Soy Food Product Promotion

Market: PK **Commodity:** ALLHS

Current conditions in the target market(s) affecting the intended commodity or product:

The US annually exports over \$510 million of value-added soy protein products such as soy isolates, concentrates, and flour. Pakistan currently imports a meager \$100,000 worth US value added soy products. However the potential is much greater with Pakistan's growing economy, focus on improved nutrition, and higher animal protein prices. Also, Pakistan doesn't produce soybeans to process into these high value products. The Pakistani economy is growing at an annual rate of approximately 7.5 percent and the middle class population in this country of 170 million people is expanding rapidly. While the purchasing power of this middle class is not on a par with the middle classes of the United States or Europe, it is nonetheless true that this population has increasing disposable income and is increasing the amount of money spent on more and better quality food. The middle class on the whole is expected to grow by 5 to 10 percent annually. High Value Soy-based Foods Virtually until two years ago, no soy-based or soy-containing food products available to Pakistani consumers. ASA-IM started promoting soy-based food products. This involved working one-on-one with food manufacturers to convince them that their bottom line profitability could increase by using soy products at the same time they would bring to the market products with improved nutritional profiles. The situation today is changing and few food processors and importers started introducing soy-based products into this market. Currently available soy-based food products include: 1. Soy milk aqueous soybean extract consumed as a healthy beverage 2. Protein supplements 3. Soy-based bakery products 4. Soy protein isolates in sausages The challenge now is to aggressively build demand for US soy products in this market. Presently, there are a few US companies that are selling soy product into this market but overall it is still largely untapped. The few US high-value products on the market include: 1. Soy-based bakery products 2. Soy protein isolates in sausages Pakistan also continues to have a vast 'under class' of economically deprived citizens (income of less than \$400 per annum), estimated at up to twenty nine percent of its population. That is, this population amounts to about 50 million people and is currently about the same size as the middle class population. (However, the middle class is growing with fairly rapid economic expansion while this economically disadvantaged class is shrinking.)

Description of problem(s), i.e., constraints, to be addressed by the project - inadequate knowledge of the market, insufficient trade contacts, lack of awareness by foreign officials of U.S. products and business practices, impediments: infrastructure, financing, regulatory or other non-tariff barriers, etc.:

Constraint/Opportunity: In Pakistan, limited experience with US soy products and, in the US, limited experience in this rapidly changing market In Pakistan itself, there is still very limited experience on the part of both processors with US soy products. For example, with regard to processors, there is keen interest in semi-finished products such as US food grade soybeans and defatted soy flour. There are no food grade soybeans and soy flour produced in Pakistan. In this rapidly changing market, these processors are eager to try new inputs that will add quality to their products and profitability for their companies. In response, ASA-IM will give these processors opportunities to utilize US soy products including training and technical assistance to assure that products are being utilized to maximum advantage in adding value to finished products. Another

major constraint is that US soy processors who are marketing soy products have very limited experience in the Pakistani market, even though they have a general sense that opportunities exist in Pakistan. ASA-IM will address this constraint by working with US companies during their entry phase into the Pakistani market.

Project objectives:

The development of the market in Pakistan for semi-finished US products (e.g., isolates, concentrates and soy flour) and finished products (e.g. tofu, soymilk, nuts) will target both the 'high end' and middle consumer class. Examples of US companies that ASA-IM may work with that offer high value soy products: 1. The Solae Company (large-sized) 2. ADM (large-sized) 3. Cargill (large-sized) 4. Microsoy (medium-sized) 5. Sinner Brothers and Bresnahan, ND (small-sized) 6. Latham Farms, IA (small-sized) Examples of US companies that ASA-IM may work with that offer high value processed soy products: 1. US Soy 2. White Wave Foods 3. Morinaga Nutritional Foods, Inc. 4. Peanotz, Inc. 5. Genisoy Examples of Pakistani companies and public sector entities that are potential buyers / users: 1. Bake Parlor (Pvt.) Ltd. 2. Supreme Flour Mills 3. Cakes and Bakes (Pvt.) Ltd. 4. Euro-Frankfurter 5. Season Foods 6. Classic Bread 7. Ayesha Foods (Pvt.) Ltd. 8. Ashrafi Foods 9. Freshmate Co. The key elements of ASA-IM assistance would be as follows: 1. Technical training for Pakistani soy industry technical people on benefits and application of US soy complex 2. Exposure to availability of US product for processors and traders 3. Assisting US processors in meeting with Pakistan importers An understanding will be established with Pakistani processors that they will give preference to direct purchases of U.S. soy-based products whenever reasonably possible.

Performance measures: benchmarks for quantifying progress in meeting the objectives:

Description	2007	BL	2008	2009	2010	2011	2012	2013	2014
Aware of potential for US SB in products	3	6	8	10	15	20	25	25	25
Use high value US Soybean products	2	4	6	8	12	15	20	25	25
Use US soybeans (000 MT SBE)	0	1	2	3	4	5	7	10	10
High value US Soybean products (000 MT SBE)	0	0.5	1	1.5	2.5	5	10	15	15
US soybean use (000 MT)	0	0.1	0.5	1	2	4	7	10	10

Rationale: Explanation of the underlying reasons for the project proposal and its approach, including especially the anticipated benefits, and any additional pertinent analysis:

The growing and rapidly changing Pakistani market provides unexplored opportunities for the sale of US high value soy products into this market. The intention of the project is to assure that this opportunity is exploited to the maximum advantage of US companies and the US soy industry generally.

Clear demonstration that successful implementation will benefit a particular industry as a whole, not just the applicant(s):

In FY05, the sale of US soy product into the Pakistani market was \$27,000. In FY07, it was \$100,000. This growth is relatively slow and can be increased significantly by promotional efforts indicated here. The target is to establish / impact the sales in Pakistan of no less than 10 US companies.

Explanation as to what specifically could not be accomplished without federal funding assistance and why participating organization(s) are unlikely to carry out activities without such assistance:

Without this assistance, the growth in sales of US soy-based products into this market will be slow and there is the risk that South American or Chinese product could capture large parts of the market.

Activity Totals

Activity Requests Total: \$45,000

Budget Line Item Totals

Request: \$45,000

Applicant Cost Share: \$56,400

Third Party Contributions: \$0

Activity Information

Activity Code: E09MX16705

Activity Title: PK: US High Value Soy Food Product Promotion

Request: \$45,000

Activity Description: Defatted Soy Flour Utilization Training

US defatted soy flour has certain functional advantages in processed food products. Inclusion levels also vary from 3 percent to as high as 40 percent. A number of training sessions will be conducted to various food processors (bakers, snack food manufacturers and traditional food manufacturers) to and demonstrate functional and economical benefits of using the US defatted soy flour. Also, in-house training programs, on effective use of US soy protein products, will be conducted with those food processors that will be using these products.

ASA-IM has successfully proven in other regions of the world the advantages of utilizing soy flour in baked goods. For example, the inclusion of 3-5% of soy flour in bread leads to multiple benefits including: reduced costs for the baker, longer shelf life for the bread, improved color and appearance of bread, and improved nutritional benefits.

Marketing US Product Training

In-house marketing training sessions will be conducted on successful marketing of soy food products made from the US soy protein products will be conducted to food processing personnel.

Seminars

It's expected five US soy food seminars will be conducted throughout the program period. These programs will be conducted in association with the US as well as Pakistani soy food industries. Target audience will be food and pharmaceutical industry representatives, health care professionals and/or key decision makers in various relevant sectors of the society.

Trade Tours and Training Programs in the US

Potential food processors will be taken to US soy food companies to educate the participants on scope for US soy food products. In addition, food processing industry representatives will be taken to the US to attend training/short course on use of US soy protein products.

Information on similar activities that are or have been previously funded with USDA

sources (e.g. under MAP and/or FMD programs): Limited activities similar to the proposals have been conducted in the past with a combination of USDA (FMD and MAP) funds. This led to development of a niche market for US soy food products. Follow-up activities with concentrated efforts will help in developing this market to its potential as one of the key markets for US soy protein products.

Activity Timeline:

Programs/training will take place from October 1, 2008 to September 30, 2009. It is foreseen that the program should be multi year in order to fully exploit the potential of this market. Start: 10/1/2008 End: 9/30/2009

Budget Year Data:

Budget Description	Cost Category	Request	Participant(s) Cost Share	Third Party Contributions
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			Contributions	(Foreign)
International expert, local experts, organizers	Consultant	12,600	6,400	0
Accounting, operations, banking/financial	Direct Admin Cost	2,000	0	0
Communications (telephone, fax, and postage)	Indirect Costs (Overhead)	0	7,000	0
Training material: translation, production, etc.	Publications-Training Materials	1,700	0	0
Program manager	Salaries and Benefits	0	20,000	0
Exhibitions/Seminars	Seminar, Conference Facilities	7,500	0	0
International expert travel, demonstrators' travel, trade team travel	Travel	21,200	23,000	0
Total		45,000	56,400	0