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USPB PROGRAM SPURS NEW SALES IN MEXICO DESPITE MARKET TROUBLES

DENVER (October 22, 2010)—International marketing programs like those of the United States Potato Board (USPB) aim to increase export sales for US potato growers, but they serve a valuable purpose during a market downturn as well: maintaining a position for US potato products so exports do not decline even further. The past year's experience in the Mexico market for frozen potato products demonstrates the value of effective marketing strategies during a major market downturn.

In Mexico, US exports were heavily impacted last year by the imposition of a 20 percent retaliatory tariff on US frozen potato products. This was in response to the cancellation by the US government of the NAFTA-mandated pilot program allowing Mexican trucks to operate in the US.

At the same time, Mexico was experiencing economic troubles that made it difficult for former customers to continue purchases at previous levels, particularly now with the new tariff resulting in large price hikes. These factors reduced US exports to Mexico by 41 percent to 45,301 MT during the USPB's July 2009-June 2010 marketing year. It is a credit to the USPB and US industry's persistent efforts in the market that US exports did not fall even further given the pressures on them.

A case in point: over the past couple years, the USPB conducted visits and regular trade contact with Wendy's to persuade them of the benefits of using US frozen potatoes. This bore fruit in July 2009 when Wendy's switched from Canadian to US fries, even though Canadian fries enjoyed a huge price advantage. Wendy's has 12 outlets in Mexico, and uses approximately 1

million pounds a year of two varieties of frozen potato products. This equates to 454 MT in new sales of US frozen potatoes during the USBP's July 2009-June 2010 marketing year.

In another example, Domino's Pizza introduced a "US Potato Soccer Ball" in June 2010 which was a huge hit with customers. Taking advantage of the popularity of the FIFA World Cup, the product was a special launch for this event and was sold under a promotion called "Botaniza," ("Snacking"). It consisted of a pizza combined with four different sides, among them "potato soccer balls" that were US frozen potato appetizers. Offered in nearly 600 outlets, the promotions exceeded expectations. Domino's went through 6,500 boxes of this product, equating to nearly 60 MT, during the month of June alone.

For the future, the reduction of the retaliatory tariff on US frozen potatoes by Mexico to 5 percent should help US exports recover. Successes like those with Wendy's and Domino's will also aid in this recovery because these ensure US potato products are maintaining a high profile despite the market situation.

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