



Wisconsin American Ginseng Market

- Tom Hack – International Marketing Consultant representing the Ginseng & Herb Cooperative (GHC) Marathon Wisconsin
 - Ginseng producer. Family owned business.
 - Previous GHC and Ginseng Board of Wisconsin (GBW) Board Director.
 - GBW International Marketing Consultant from 2013 - 2017.
 - Currently providing consulting services to expand the sales of Wisconsin Ginseng.
- GHC is a farmer owned tax-exempt corporation dedicated to the sales of high quality, pure Wisconsin Ginseng since 2001.



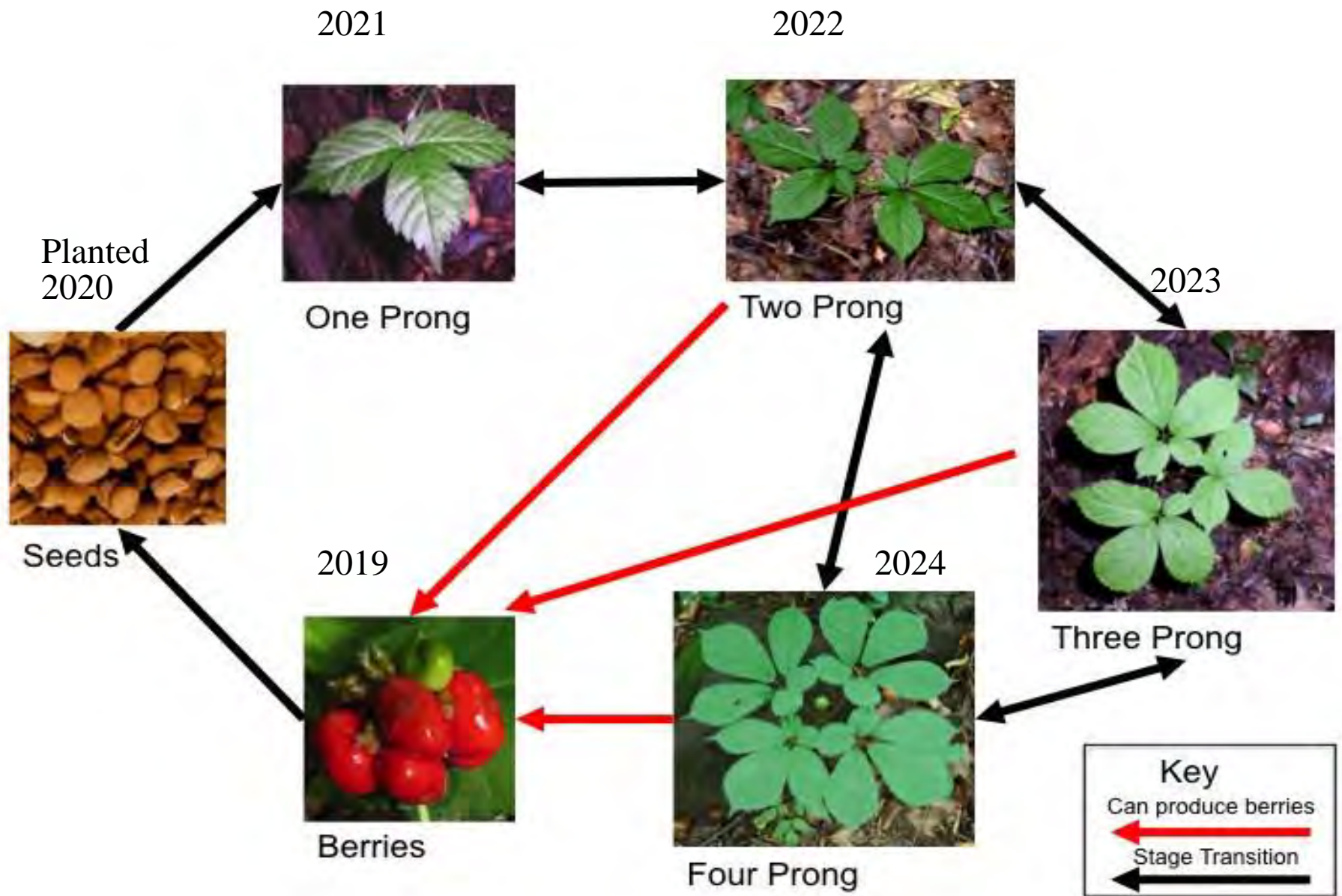
Wisconsin American Ginseng Market

- Glenn Heier – President of the GHC
 - Ginseng producer. Family owned business.
 - Traveled International since 2005
 - Countries we both have traveled include;
 - China, Hong Kong, Macao
 - Taiwan
 - Japan
 - Vietnam
 - Singapore & Malaysia
 - Canada
 - And yes, we take Wisconsin Ginseng every day!



Thank You for the Opportunity

- This presentation is a small representation of the knowledge gained throughout the years of our travels marketing Wisconsin American Ginseng.
- Quick overview on the ginseng life cycle and the Wisconsin American Ginseng Industry along with industry challenges
- Where to start if you are looking to market your product in the country of China.
- What to protect from an IP perspective
- Understand all product touch points and of course tariffs/VAT applied



Most producers harvest the plant once it reaches maturity at the third or fourth stage



Ginseng seedlings on the left and mature 3 or 4 year ginseng plants around August 30th on the right. Ginseng is indigenous to the woods growing environment, so structures are built to simulate the approximate 80% shade.

Wisconsin has approximately 200 producers, representing 95% of the US cultivated American Ginseng Crop. Estimated 80-85% of the crop is exported to Asia



Most Desired Products by Consumers





Marketing challenges for Wisconsin Ginseng

- Ginseng is listed on appendix II of Convention on International Trade in Endangered Species (CITES)
 - This was done to protect the wild source (1975)
 - Requires permits on the US side to export and China side to import
- Ginseng is categorized under Traditional Chinese Medicine (TCM)
 - Companies must be TCM licensed in China to process ginseng into marketable products
 - Most e-commerce companies do not have the necessary license to import nor sell TCM products
 - **Species name of *Panax Quinquefolius* but common name of American Ginseng. Co-mingling is our biggest issue. Product Fraud**
- Well known product of high value susceptible to IP issues



Where to Start (examples from our Wisconsin Ginseng Industry)

- State supported trade missions
 - Programs to assist those looking to export
 - Look to find company matches and set up important interviews
 - Provide translators to assist as needed
 - State entities open doors
- Marketing plan
 - China is a very diverse country. Determine where to market
 - Suggest market analysis. It maybe costly but very beneficial to align with your marketing plans
- Network and become knowledgeable of the State and US International Services available



You've identified a company (s) to work with now what?

- The company (s) you are working with, are they privately or state/government owned. There is a difference on how business is conducted.
- You may hear the term exclusivity. Understand what that may mean
- Establish a contract. Some sticky points may include;
 - Translation most likely needed and which language is binding. Basically there are two contracts signed.
 - Where arbitration will be held if there is a dispute
- Consider hiring an in-country representative
 - Their knowledge will help you greatly in bridging the gap
 - Time zone differences.



Understand all the touchpoints of export/import

- Document all the steps of the export and import process
 - Potentially meet with key agencies identified in the process.
 - Understand the testing requirements at the port of entry
 - What are the possible courses of action if a shipment fails the import tests
 - Consider sending a sample shipment the first time through
 - **Going through this process may help identify potential areas of where product fraud may occur. Establish Controls**
 - What is the amount of value added tax and import duties applied.
 - Prior to the trade war, a 21.5% duty was levied on Wisconsin American Ginseng
 - Today, it at a 51% duty



What to Protect and by Who

- **Protect Everything!!!** And not just the obvious
 - Obvious. Trade & Certification Marks, Patents, Copyrights, Trade Secrets.
 - Work with a legal team to protect your IP in the US along with the country of China
 - Understand the timing to complete filings in the country of China
 - Protect yourself before products hits the selves
 - China does recognize Geographical Indication Trademarks (GI's) US does not
 - Not so obvious;
 - Pictures
 - Who
 - Online Monitoring Companies
 - Legal firms
 - Yourself and/or Distributors. Protect it or potentially lose it.



What our Industry has done to protect the Integrity of Wisconsin American Ginseng - 1

- Filing of Certification marks.
 - Considered GI's. China for the most part has good labeling laws along with compliance in the major markets
- Developed traceability/fingerprinting to determine the country of origin
- Purchase products for testing while visiting or have in-country representative purchase.
 - Challenge of CITES to bring back to the US
- Test for heavy metals and pesticide residues
 - This along with traceability/fingerprinting provides two factor authentication.
 - Looking to established a third level authentication



What our Industry has done to protect the Integrity of Wisconsin Ginseng – 2

- Wisconsin ginseng industry has been success winning trademark infringements including the country of China
- Worked with trade associations to clean up Hong Kong
- Issued Cease and Desist to those not complying
- Story of IP Judges from China visiting Wisconsin



Other Important Items to Note

- WeChat social - media platform
- Purchasing trends in the country of China
- Develop packaging tailored to the Chinese Consumer
- Develop a meaningful and beneficial QR Code
- Letters of Credit has additional costs
- Consider a reverse trade mission to further build that relationship
- Expect great hospitality and maybe a gift. BTW, Wisconsin American Ginseng is a great gift to give. 😊



Ginseng & Herb Cooperative

- Thank You for the opportunity
- Questions?