

U.S. DEPARTMENT OF COMMERCE

International Trade Administration

Beauty and Cosmetics Trade Mission to India

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service (CS) is organizing a Beauty and Cosmetics Trade Mission to India (New Delhi, Mumbai and Bangalore), November 15-19, 2010. Led by a Department of Commerce official, the mission will assist U.S. beauty and cosmetics companies to identify prospective representatives, distributors, partners, and end-users in the vibrant Indian market. The cosmetics/beauty industry is one of the booming retail sectors in India with very strong potential for new-to-market (NTM) U.S. companies. U.S products are perceived to be very high quality in India and are in high demand. Mission participants will have a first-hand opportunity to assess market potential in India and to meet key decision makers. Trade mission participants will have customized meeting schedules to meet with potential partners, professional end-users, major retailers and key government and regulatory officials.

COMMERCIAL SETTING

The emergence of a young urban elite population with increasing disposable income in cities, including an increase in the number of working women increase looking for lifestyle-oriented and

luxury products is the main driver of demand for imported cosmetics products. Indian consumers tend to look towards international brands as lifestyle enhancement products.

The total size of the Indian retail beauty and cosmetics market is currently estimated at \$950 million. The overall beauty and wellness market, which includes beauty services, is \$2.68 billion. The cosmetics market in India is growing at 15-20% annually, twice as fast as that of the United States and European market. Premium global brands are gaining sales as Indian consumers gain exposure to the global media and move from functional items to advanced and specialized cosmetic products. With the beauty service industry growing rapidly in India, the spa segment in India is also attracting a lot of attention. The spa industry over the last five years has shown tremendous growth, not only in the number of spas, but also in the diversity of spas and products available. The spa and body treatment segment is estimated to be approximately \$772 million over the next five to eight years.

Now is the time for U.S. beauty and cosmetics firms to enter the Indian market. European competitors have already been very aggressive. U.S. products viewed as high quality but awareness levels are low for smaller U.S. brands. Even with a good growth rate, penetration of cosmetic and toiletries is very low in India. With a 15-20% growth rate in this sector, this translates into tremendous potential for U.S. companies.

Recruitment efforts for the trade mission will focus on the dynamic growth opportunity areas such as color cosmetics, fragrances (fragrance is the most popular import purchase), specialized skin care and hair care products, professional salon products, nail care products, and spa equipment and products.

Additionally, the trade mission will allow the participating U.S. companies to learn about potential regulatory changes that would require all foreign cosmetics companies to register their products before being allowed to sell (Note: Indian companies are already required to register; so far foreign companies have been exempted from this requirement). If this proposed change to the Indian Drugs and Cosmetics Act of 1940 passes, foreign companies importing products would receive certificates with three years' validity, whereas companies manufacturing in India would have certificates valid for five years. Moreover, the trade mission participants will learn about India's labeling requirements. While not especially onerous, the labeling requirements must be adhered to in order for U.S. companies to sell in India.

MISSION GOALS

The goals of the Beauty and Cosmetics Trade Mission to India are to: 1) introduce U.S. mission participants to the vibrant Indian market, especially in the three large metropolitan cities of Mumbai, New Delhi, and Bangalore, to assess business opportunities; 2) establish valuable contacts with prospective agents, distributors and retailers; and 3) meet with Government regulators to understand the policy and regulatory framework and to explain American industry experience and best practices.

MISSION SCENARIO

Participants will visit three of the India's key metropolitan centers. The mission will have access to major countrywide markets, as well as Indian government officials and U.S. Embassy staff for regulatory and business climate briefings.

New Delhi – the capital city of India where participants can meet with government officials to learn about policies and regulations, particularly current labeling requirements and potential registration issues, which would impact all U.S. beauty/cosmetics companies.

Mumbai – the business and financial capital of India where there will be meetings with appropriate customs and government officials, industry associations, networking reception and site visits.

Bangalore – a booming city with an organized retail market and the first destination of many global consumer brands, especially luxury labels.

During the trade mission participants will receive: A) briefings on beauty and cosmetic markets in India; B) one-on-one meetings tailored to each firm’s interests; C) introductions to potential agents/ distributors, facility administrators, and purchasing managers through group events; D) site visits if applicable; and E) meetings with local business representatives and government officials, as appropriate.

PROPOSED MISSION TIMETABLE

Day of Week	Date	Activity
Sunday	November 14 New Delhi	Arrive in New Delhi <i>Informal no-host dinner and greeting by U.S. Commercial Service staff</i>
Monday	Nov. 15 New Delhi	Mission meetings officially start Morning – Embassy Briefing Afternoon - One-on-one meetings Networking reception hosted by the Minister Consular for Commercial Affairs

Tuesday	Nov. 16 New Delhi/Mum bai	On regulations - Meetings with GOI /consultant One-on-one meetings Networking lunch Site visit to a Spa/Retail outlet Late evening depart for Mumbai
Wednesday	Nov. 17 Mumbai	Breakfast briefing One-on-one meeting Network lunch hosted by Chamber of Commerce/Industry Association One-on-one meetings Networking reception hosted by the Consul General
Thursday	Nov. 18 Mumbai/ Bangalore	Mall/Retail tour/Trade fair visit Evening depart for Bangalore
Friday	Nov. 19 Bangalore	One-on-one meetings followed by Networking lunch Afternoon - Site visit to a Mall/Retail Tour/Spa or U.S. Cosmetics Trade Day in association with a major local retailer (TBD) Trade Mission Officially Ends

The final schedule and potential site visits will depend on the availability of local government and business officials, specific goals of mission participants, and air travel schedules.

PARTICIPATION REQUIREMENTS

All persons interested in participating in the beauty and cosmetics trade mission to India must complete and submit an application package for consideration by the Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 10 and a maximum of 20 companies will be selected to participate in the mission from the applicant pool. U.S. companies already doing business in India as well as U.S. companies seeking to enter the region for the first time are encouraged to apply.

Fees and Expenses:

After a company has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee will be \$4,600 for large firms and \$3,900 for a small or medium-sized enterprise (SME¹), which includes one principal representative. The fee for each additional firm representative (large firm or SME) is \$750. Expenses for lodging, some meals, incidentals, and travel will be the responsibility of each mission participant.

Conditions for Participation:

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the U.S. Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.
- Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content of the value of the finished product or service.

Selection Criteria for Participation:

Selection will be based on the following criteria:

¹ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardtopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing schedule reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (for additional information see <http://www.export.gov/newsletter/march2008/initiatives.html>).

- Consistency of the applicant's goals and objectives with the stated scope of the trade mission
- The suitability of the company's products or services to the Indian cosmetics and beauty market
- Applicant's potential for business in India, including likelihood of exports resulting from the mission

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar (<http://www.ita.doc.gov/doctm/tmcal.html>) and other Internet web sites, press releases to general and trade media, direct mail, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. CS India will work in conjunction with the U.S. Export Assistance Centers, which will serve as a key facilitator in establishing strong commercial ties to the U.S. companies in the targeted sectors nationwide.

Recruitment for the mission will begin immediately and conclude no later than Friday September 10, 2010. The U.S. Department of Commerce will review all applications immediately after the deadline. We will inform applicants of selection decisions as soon as possible after September 10, 2010. Applications received after the deadline will be considered only if space and scheduling constraints permit.

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Global Trade Programs

Commercial Service Trade Missions Program

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