

The Monthly Magazine for Food and Agricultural Exporters

# AgExporter

United States Department of Agriculture  
Foreign Agricultural Service

December 2001

## Experts in the Field Offer Practical Advice on:

- Meeting Japan's  
Market Challenges
- Keeping Up With  
Recent Regulatory and  
Food Safety Changes

# AgExporter

United States Department of Agriculture  
Foreign Agricultural Service

December 2001

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# Know Before You Go: A Primer On Japan's Export Requirements

By Tetsuo Hamamoto

Japan is one of the United States' best customers for farm products, a success that comes in part from the careful attention U.S. exporters pay to the country's import requirements and food laws.

Here are some guidelines on meeting Japan's food and ingredient requirements.

## Testing the Waters: Prior to Export

Before shipping a new product, Japan's Ministry of Health, Labor and Welfare (MHLW) strongly suggests that the exporter work with the importer to ship a product sample.

That sample should be sent to the ministry's port inspectors office for certification of compliance with product regulations. To prevent costly delays at port, exporters should not try to ship their product until these samples clear inspection.

FAS' Office of Agricultural Affairs in Tokyo recommends that the sample be tested by one of the MHLW's officially registered laboratories in the United States, listed in the sidebar to this article.

## The Challenge of Nutraceuticals

Food products associated with special health benefits, called nutraceuticals or functional foods, can present problems when exported to Japan. MHLW classifies a product with implied health claims as a food or a drug.

Examining a sample is necessary, particularly for products that come in tablets or capsules or have pharmaceutical ingredients.



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**HONORING THE REGS AND  
REQUIREMENTS OF YOUR TARGET  
COUNTRY BUILDS CONFIDENCE  
IN YOUR RELIABILITY.**

## Laboratories Approved by Japan

### California Department of Food and Agriculture

#### Chemistry Laboratory Service

3292 Meadowview Rd.  
Sacramento, CA 95832  
Tel.: (916) 262-1434  
Fax: (916) 262-1572

### Oregon Department of Agriculture

#### Export Service Center

Albers Mill Building  
Suite 320  
1200 N.W. Front Ave.  
Portland, OR 97209-2898  
Tel.: (503) 229-6557  
Fax: (503) 229-5933

### ABC Research Corporation

3437 S.W. 24<sup>th</sup> Ave.  
Gainesville, FL 32602  
Tel.: (904) 372-0436  
Fax: (904) 378-6483

### Acts Testing Labs, Inc.

100 Northpoint Parkway  
Buffalo, NY 14228-1884  
Tel.: (716) 505-3300  
Fax: (716) 505-3301

### ANRESCO, Inc.

1370 Van Dyke Ave.  
San Francisco, CA 94124-3313  
Tel.: (415) 822-1102  
Fax: (415) 822-6614

### Bolin Laboratories, Inc.

17631 N. 25<sup>th</sup> Ave.  
Phoenix, AZ 85023  
Tel.: (602) 942-8220  
Fax: (602) 942-1050

### Cargill Analytical Services Laboratory

Crowder Industrial Park  
4301 Doniphane Dr.  
Neosho, MO 64850  
Tel.: (417) 451-5973  
Fax: (417) 451-5478

### Central Analytical Laboratories, Inc.

101 Woodland Hwy.  
Belle Chasse, LA 70037  
Tel.: (504) 393-5290  
Fax: (504) 393-5270

### C.L. Technology, Inc.

280 N. Smith Ave.  
Corona, CA 91720  
Tel.: (909) 734-9600  
Fax: (909) 734-2803

### Columbia Food Laboratories, Inc.

36740 E. Historic Columbia River  
Hwy.  
Corbett, OR 97019  
Tel.: (503) 695-2287  
Fax: (503) 695-5187

### Food Products Laboratory, Inc.

12003 N.E. Ainsworth Cir.  
Suite 105  
Portland, OR 97220-1099  
Tel.: (503) 253-9136  
Fax: (503) 253-9019

### Irvine Analytical Laboratories, Inc.

10 Vanderbilt Dr.  
Irvine, CA 92618  
Tel.: (714) 951-4425  
Fax: (714) 951-4909

### Midwest Research Institute

425 Volker Blvd.  
Kansas City, MO 64110  
Tel.: (816) 753-7600  
Fax: (816) 753-8420

### Michelson Laboratories

6280 Chalet Dr.  
Commerce, CA 90040  
Tel.: (310) 928-0553  
Fax: (310) 927-6625

### The National Food Laboratory, Inc.

6363 Clark Ave.  
Dublin, CA 94568-3097  
Tel.: (510) 828-1440  
Fax: (510) 833-8795

### OMIC USA, Inc.

1200 N.W. Front Ave.  
Suite 100  
Portland, OR 97209  
Tel.: (503) 224-5929  
Fax: (503) 223-9436

### Primus Laboratories

3130 Skyway Dr.  
Suite 308  
Santa Maria, CA 93455  
Tel.: (805) 922-0055  
Fax: (805) 922-2462

### Silliker Laboratories of Illinois, Inc.

1304 Halsted St.  
Chicago Heights, IL 60411  
Tel.: (708) 756-3210  
Fax: (708) 756-2898

### West Coast Food Center

12423 N.E. Whitaker Way  
Portland, OR 97230  
Tel.: (503) 254-5143  
Fax: (503) 254-1452

To sell a food product in Japan that makes a health benefit claim, check with FAS Tokyo on import requirements.

### Watch Your Additives

The Japanese operate on a positive approval system, meaning that approved additives, both artificial and natural, appear on a list. If a substance is not on the list, it cannot be used. You can obtain a copy of the list online at: [www.ffcr.or.jp/zaidan/FFCRHOME.nsf/pages/e-info-foodchem](http://www.ffcr.or.jp/zaidan/FFCRHOME.nsf/pages/e-info-foodchem)

Many additives that are commonly used in the United States, such as some food colorings, cannot be sold in Japan. Foods containing even traces of these ingredients will be stopped at the dock and denied entry.

Japan's MHLW restricts the use of additives in all food products. The ministry's goal is to limit the amount of additives consumed in a normal diet.

Exporters may be frustrated that an additive is allowed for some products, but not others. However, a company may petition the MHLW for approval to use an additive





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in its products—provided the company can make the case that the use of the additive causes no harm to human health.

To ensure expedited clearance through customs at port:

- **For synthetic additives** that have limits set by the MHLW, chemical names and contents must be listed.

- **Artificial colors** must be identified by their chemical names and international color index numbers. U.S. color descriptions must also be provided.
- **Artificial flavors** must be identified by their chemical names as they appear on the Japanese approved additive list.

and signature of the company representative and a product description.

Japan requires labels on biotechnology products and allergens. Japan also has certification and labeling requirements for organic products that suppliers must fulfill.

### Use FAIRS-To Be Sure

FAS provides detailed reports on regulations for exporters in many target markets, including Japan. You can access these documents, called Food and Agriculture Information Reports (FAIRs), from the FAS home page: [www.fas.usda.gov/itp/ofsts/fairs\\_by\\_country.asp](http://www.fas.usda.gov/itp/ofsts/fairs_by_country.asp)

For more details on requirements for exporting foods and ingredients to Japan, consult FAIR No. JA8063, or visit FAS Japan's Web site: [www.atojapan.org/intro.html](http://www.atojapan.org/intro.html) ■

### Taking Care of (Produce) Business

Shipments of fresh fruits, vegetables and unprocessed grain products must include a phytosanitary certificate from the U.S. Department of Agriculture (USDA). In addition, some fresh fruits and vegetables are currently prohibited under Japan's quarantine regulations, including apricots, bell peppers, cabbage, chilies and eggplant.

A certificate from USDA's Agricultural Marketing Service must accompany shipments of frozen fruits and vegetables that are prohibited entry as fresh products.

All other frozen fruits and vegetables may be self-certified by the U.S. processor, exporter or state department of agriculture. The shipper's invoice should include the date and temperature of freezing, the name



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# Exporter Alert: Regulation News You Can Use

Exporting goods overseas can be a risky business. One of the factors increasing a business owner's liability is how rapidly exporting regulations can change. Often they change

as quickly as the news headlines, though you may not find out about them just by picking up a newspaper.

There is one way exporters can keep abreast of changes in their markets. FAS' worldwide network of offices can provide up-to-the-minute information on regulations—even reporting on changes that are still being considered by foreign gov-

ernments. Exporters can check FAS' Web site regularly for these updates: [www.fas.usda.gov](http://www.fas.usda.gov)

Here are a few examples of recent changes in export regulations.

## Australia Issues a New Standard

Australia's government has approved new labeling requirements for food pro-





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duced using biotechnology that come into effect Dec. 7, 2001.

U.S. manufacturers currently exporting, or wishing to export, their products to Australia should make themselves familiar with these requirements.

The standard requires that all foods produced using biotechnology be assessed and approved before sale. Food products, as defined in the standard, must be labeled “genetically modified.”

Products that contain novel DNA or

novel protein in the final food, or have altered characteristics, come under this standard.

To assist companies in interpreting this standard, the Australia New Zealand Food Authority (ANZFA) has a user guide on its Web site: [www.anzfa.gov.au/foodstandards/userguides/index.cfm](http://www.anzfa.gov.au/foodstandards/userguides/index.cfm)

The user guide, unlike the standard itself, is not legally binding. Exporters who have questions about interpreting the standards should seek independent legal advice.

### Canada Proposes Voluntary Labeling

Canadian officials have proposed a new standard for labeling foods produced from products modified with biotechnology. Under this proposal, however, the labeling will be voluntary.

The new standard is being developed by the Canadian General Standards Board. It's intended to provide guidelines for companies that want to indicate whether their products contain bio-engineered altered characteristics.

### The Philippines Protects Animal Products

At the end of September 2001, concerns over bovine spongiform encephalopathy led the Philippine government to maintain its temporary ban on imports of meat products and bone meal. There is some good news, however, for countries that have not had documented cases of the disease in their animal populations. The Philippine ban does not apply to products coming from these countries—as long as the product was shipped on or before July 18, 2001. Nor does it apply to poultry-derived meals.



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This date must be shown in the bill of lading, and the shipment will need an International Veterinary Certificate to show that the meat came from healthy animals.

Furthermore, importers of items destined for animal feed must certify that their U.S. products will be distributed only to poultry and swine farms in order for the shipments to be released. The importer must also submit a report to the Philippine government on the actual distribution of the imported feed ingredients.

The United States is working with the Philippine government to demonstrate the safety of U.S. meat and bone meal to regain full access for these products.

### **New Organic Certification in Poland**

The Polish Parliament approved legislation in March 2001 requiring certificates of compliance for production and trade for organic products. This regulation went into effect in October 2001 and covers all imported products, including those certified as organic by the European Union (EU). All such products need to be recertified in Poland. Once Poland becomes an EU

member, however, the recertification will no longer be necessary. It could become an EU member as early as January 2004.

Analysts predict the number of organic farms in Poland will increase tenfold by 2009. Poland subsidizes organic production up to \$150 per hectare.

### **Romania Requires Meat Certification**

The United States has until Jan. 1, 2002, to comply with new Romanian veterinary health certificates for U.S. exports of poultry, pork and casings. USDA's Food Safety and Inspection Service (FSIS) requested and received an extension until that date. This extension was granted officially on Sept. 18, 2001, when FAS' Office of Agricultural Affairs in Bucharest received official written approval for the extension.

FSIS can continue to certify shipments to Romania using the currently approved Romanian veterinary certificates until Dec. 31, 2001. USDA representatives are meeting with the Romanian veterinary authorities to determine compliance with the new certificates.

The new certificates were recommended by the EU as part of the harmonization process of candidate member states, and relate to EU directives.

The current veterinary certificates for meat, poultry, fish and dairy products have been in effect since 1992. ■



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## A Directory for Export Advice

### Links to Posts Abroad

For more information about these requirements and others, contact the FAS posts featured in this story:

#### In Australia:

Office of Agricultural Affairs  
U.S. Embassy  
Canberra, Australia  
Tel.: (011-61-2) 6214-5854  
Fax: (011-61-2) 6273-1656  
E-mail: agcanberra@fas.usda.gov

#### In Canada:

Office of Agricultural Affairs  
U.S. Embassy  
Ottawa, Canada  
Tel.: (1-613) 688-5267  
Fax: (1-613) 688-3124  
E-mail: agottawa@fas.usda.gov

#### In the Philippines:

Office of Agricultural Affairs  
U.S. Embassy  
Manila, the Philippines  
Tel.: (011-63-2) 887-1137  
Fax: (011-63-2) 887-1268  
E-mail: agmanila@fas.usda.gov

#### In Poland:

Office of Agricultural Affairs  
U.S. Embassy  
Warsaw, Poland  
Tel.: (011-48-22) 628-3041  
Fax: (011-48-22) 628-1172  
E-mail: agwarsaw@fas.usda.gov

#### In Romania:

Office of Agricultural Affairs, U.S. Embassy,  
Bucharest, Romania  
Tel.: (011-40-1) 210-4042  
Fax: (011-40-1) 210-0395  
E-mail: tonyp@usembassy.ro

### Other Important Contacts

Exporters should know which agency to call for the information they need on meeting standards for world trade. Here is a partial list to get you started.

#### Certificates and Shipping Documents

##### For exporting flour and grain:

Grain Inspection, Packers and Stockyards  
Administration  
Tel.: (202) 720-0226  
Fax: (202) 720-1015

##### For exporting meat and poultry:

Food Safety and Inspection Service  
Tel.: (402) 221-7400  
Fax: (402) 221-7479

##### For exporting dairy products:

Agricultural Marketing Service  
Tel.: (630) 790-6920  
Fax: (630) 790-6948

##### For exporting fish and seafood:

U.S. Department of Commerce  
Tel.: (301) 713-2355  
Fax: (301) 713-1081

##### For exporting alcohol:

Bureau of Alcohol, Tobacco and Firearms  
Tel.: (202) 927-8110  
Fax: (202) 927-8605

#### Certificates of Animal and Plant Health

##### For plants:

Animal and Plant Health Inspection Service  
Tel.: (301) 734-8537  
Fax: (301) 734-5007

##### For live animals:

Animal and Plant Health Inspection Service  
Tel.: (301) 734-8364

##### For animal products:

Animal and Plant Health Inspection Service  
Tel.: (301) 734-3277  
Fax: (301) 734-6402



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#### Transportation and Shipping Documents

Agricultural Marketing Service  
Tel.: (202) 690-2325  
Fax: (202) 690-1498

#### Tariffs, Duties and Non-Tariff Barriers

##### In Australia, Asia and the Americas:

FAS International Trade Policy Area  
Tel.: (202) 720-1289  
Fax: (202) 690-1093

##### In Africa, Europe and the Middle East:

FAS International Trade Policy Area  
Tel.: (202) 720-1340  
Fax: (202) 690-2079

#### Foreign Import Regulations

##### For labeling and packaging:

FAS Food Safety and Technical Services  
Tel.: (202) 720-9408  
Fax: (202) 690-0677

##### For pesticide tolerances:

FAS Food Safety and Technical Services  
Tel.: (202) 690-4898  
Fax: (202) 690-0677

#### Financing

##### Through commercial credit programs:

FAS Export Credits  
Tel.: (202) 720-6211  
Fax: (202) 720-0938

##### Through marketing programs:

FAS Marketing Operations Staff  
Tel.: (202) 720-4327  
Fax: (202) 690-4374

# On the Mark: U.S. Thoroughbreds Impress Middle Eastern Buyers

By Ronald Verdonk

Consider it a homecoming of sorts: in 2000 alone, the United Arab Emirates (UAE) imported \$80 million worth of horses from the United States. According to UAE government data, 240 U.S. horses were bought.

That's not bad considering that the Middle East is widely considered to be the birthplace of the Arabian breed. This breed dates from roughly 2500 B.C.—somewhere in the Fertile Crescent, the region that is now Syria, Iraq, Iran and part of the Arabian Peninsula.

## A Market Made for Exporting

"The UAE and the Middle East in general are import-dependent when it comes to agriculture," says Hovaguim Kizirian, an FAS senior agricultural marketing specialist studying the thoroughbred fever gripping the UAE. "Thoroughbred horses happen to be the crown jewels of U.S. agricultural exports."

And what was on the shopping list of UAE buyers?

- Thoroughbreds in training: colts and fillies 18 to 21 months of age, though a smaller group of older horses—30 to 33 months of age—were imported for winter training.
- Thoroughbred mares imported for breeding purposes, ranging in age from 4 to 12 years.
- Pure-bred Arabians from 3 to 5 years old, imported for racing.
- Seasoned racers, ranging in age from 4 to 10 years, for long-distance events.

## Royal Support for U.S. Breeds

One reason importers in the UAE know and appreciate U.S. racehorses is that the country's leadership has seen first-hand what U.S. thoroughbreds can do.

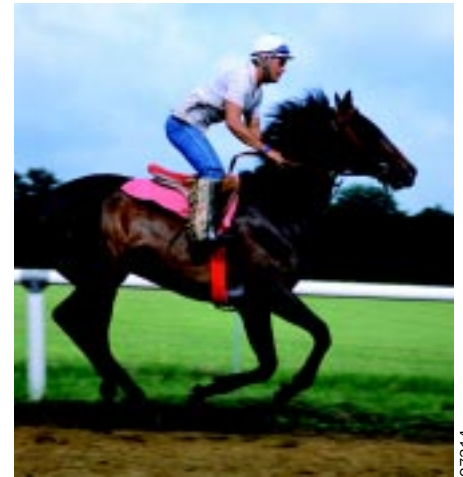
Dubai ruler Sheikh Maktoum bin Rashid Al Maktoum, Deputy Ruler Sheikh Hamdan bin Rashid Al Maktoum and Dubai Crown Prince Sheikh Mohamed bin Rashid Al Maktoum own large, state-of-the-art horse farms in Kentucky, in addition to several others in the United Kingdom (U.K.). They train and race, and have been doing so since the 1970s.

**QUICK, NAME THE MOST VALUABLE U.S. AGRICULTURAL EXPORT TO THE UAE! NOT LEATHER, NOT SNACKS. DID SOMEONE SAY THOROUGHBREDS?**

There is another reason why U.S. horses are gaining popularity in the UAE, a factor that motivates buyers more than any other: the crown jewels of American horse racing, the three races that make up the Triple Crown.

The allure of capturing the Kentucky Derby, U.S. horse racing's most prestigious title, has propelled the Al Maktoum family and others in the UAE, as well as the greater Arabian Gulf region, to invest heavily in U.S. thoroughbreds.

This year in fact, Express Tour, the entry of the UAE ruling family's premier stable, placed fifth at Churchill Downs.



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Point Given, the winner of the 2001 Preakness and Belmont Stakes, is owned by Prince Ahmed bin Salman of Saudi Arabia.

Aspirations of a Kentucky Derby victory—or even a Triple Crown—have spurred purchases of U.S. racehorses from just \$1 million in 1997 to the \$80 million registered in 2000.

## What Are the Long-Run Odds?

The reputation of U.S. thoroughbreds and the status of U.S. competitions should cause this market to grow. The United States still has to outpace Europe, though. The UAE imported 331 horses from the U.K. in 2001, and 318 from France.

For the foreseeable future, given its nascent agricultural economy, the UAE will be dependent on imported horses, feed and other inputs. Hopefully, U.S. suppliers will be even more responsive in answering the bell! ■

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# Fishing for Exports? Try Surimi in France

By Marie-Cécile Henard

**S**urimi, meaning “washed fish,” first appeared four centuries ago in Japan. The recipe was simple enough: fish fillets were crumbled, rinsed in fresh water, salted and shaped into little cakes that were steam-cooked.

Most U.S. consumers know the descendant of Japan’s original surimi as imitation crab meat made of whitefish.

Dieters and other consumers in the United States and France alike know surimi is a good source of protein, minerals and vitamins. It is recognized as a healthy food product that is low in fat. This *faux* fish may never be considered *haute cuisine*, but many find it more satisfying than conventional diet fare. French consumers, now more health-conscious than ever, are increasingly making surimi a part of their meals—and they import a lot of it from the United States. In the last 10 years, surimi consumption in France has tripled, overtaking sales of smoked salmon.

## Factors Favoring Surimi

Beyond its healthy aspects, surimi appeals because it is a snack that is as easy to carry and store as it is healthy.

This convenience is a big help to busy two-income French families. Four out of 10 households consume surimi. Households with three to five people—typically families with children—are the greatest consumers. The average surimi consumer often has a lower-middle income.

In the first 10 months of fiscal 2001, the United States exported more than 8 million metric tons of surimi—that’s the



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**IT'S NO FISH STORY—  
IT'S A FACT. IN INCREASINGLY  
HEALTH-CONSCIOUS FRANCE,  
SURIMI SELLS!**

highest level since at least the 1970s. It’s also a 167-percent increase over exports for the same time period in 2000. Incidentally, the United States supplied 46 percent of France’s total surimi imports in 2000. Most of it was purchased by households as opposed to restaurants or hotels.

French consumers buy mainly fresh surimi products. In 1999, sales of frozen surimi items were 1,555 tons, valued at \$5.6 million. Much of that surimi was made in

a decidedly non-dietary fashion to make meals fast and snacks speedy. In fact, a quarter of France’s surimi buyers surveyed said they use it as a between-meal snack.

Another factor is favoring U.S. sales. French producers cannot seem to meet demand, even though they produce almost 20,000 tons a year. It’s easy to see why: it takes 4 to 5 kilograms of fish to produce 1 kilogram of surimi.

## Yummy, Fun Surimi for Kids

It’s important for U.S. exporters to remember that surimi in France serves two purposes: a diet food and a fun, flavorful snack for children.

Surimi sticks have the biggest sales, amounting to 10,550 tons in 1999, up 23.5 percent in one year. Sales of innovative products such as mini-sticks went up 29.3 percent. They are particularly popular in households with children.

## THE U.S. SUPPLIED ALMOST HALF OF FRANCE'S SURIMI IMPORTS IN 2000, AND COULD SELL MORE WITH A LITTLE CULINARY CREATIVITY.

Sticks are sold in transparent plastic bags or day-packs (soft plastic packs that stand on a rigid base). They include dipping condiments such as mayonnaise, ketchup, and Tex-Mex and cocktail sauces.

### Taking Surimi Somewhere New

French consumers are pragmatic, so naturally they appreciate surimi's value with the younger generation. But don't forget that this is also the country that has set the standard for cutting-edge culinary excellence for generations. Some French chefs plan on teaching surimi a new trick or two. They will probably need a reliable supplier—and it might as well be the United States.

For example, surimi for the French market now comes in several flavors, such as crab, lobster and scallop. The 2000 *Salon International de l'Alimentation* (SIAL) trade show in Paris saw the debut of *kamaboko*, a

steam-cooked, shrimp-flavored product. There is a great deal of research going on in the use of natural flavors to make surimi something special.

The company Activ International has created a range of natural concentrates from crab, lobster, shrimp, scallops, crawfish and salmon to improve surimi flavors.

Food retailer Cuisimer has responded to demand by creating party appetizers called "sticks of the sea." The product consists of three joined surimi sticks that make a three-pointed star when sliced.

Fleury Michon, another French company, has come out with innovative products such as "*les petits bouchons de surimi panés*" and "*fingers de surimi panés*," breaded surimi pieces sold in servings of 7.5 ounces with a little cup of ketchup. These snacks are generally placed next to more conventional breaded fish items in supermarkets.

Fleury Michon also sells cubes of surimi in 5.3-ounce bags, allowing the pieces to remain perfectly shaped in salads and other preparations. To replace tuna in salads, the company sells crumbed pieces in servings of 3.57 ounces that may also include real crab.

Another company in the French market, Meralim, has created a new line of surimi products: imitation crab claws, shaped products with lobster flavor and gambas (also known as Mediterranean prawns). ■

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For details, see FAS Report FR1017. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



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# The Dutch Taste for "New World" Wines Grows

By Wendalin Kolkman

**U.S.** wine sales are gaining momentum in the Dutch market, and demand is expected to continue to grow. Dutch per capita wine consumption is rising, and younger consumers seem willing to give American wines a try. As a result, U.S. wine consumption in the Netherlands is rising slightly, taking some market share from traditional suppliers such as France, Germany, Italy and Spain. While U.S. wines can compete in both price and quality, they still have to overcome lingering consumer perceptions that they are inferior to European wines.

French wines dominate the Dutch market, with a 53-percent market share. However, the market share of U.S. wines increased 31 percent from 1999 to 2000 and now stands at 1.7 percent. More and more frequently, U.S. wines are found on liquor store and supermarket shelves.

## Consumption Trends

In the Netherlands, wines are consumed primarily at home. An increasing number of Dutch consumers drink wine during dinner. Wines are also consumed in place of beer and spirits, reducing sales of those items.

The number of Dutch who drink wines on special occasions increased from 3.3 million in 1978 to 9.2 million in 2000. Therefore, wine is evolving from its perception as an elitist beverage to a generally popular drink. Dutch per capita wine consumption reached 18.8 liters per person in



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2000. In comparison, U.S. per capita wine consumption is about 7 liters. By 2005, forecasters expect Dutch consumption will rise another 5 percent, with an increasing demand for a higher quality product.

According to Jacqueline Snoeker, wine manager for supermarket chain Albert Heijn (owned by supermarket giant Ahold), the Dutch drink more red wines than white because of the cool climate. In addition, the Netherlands is a meat-eating country, and red varieties are traditionally chosen to accompany meat entrées. Red wines also are preferred with Dutch cheeses and sausages, which are often served during cocktail hours. White wines and rosé or blush wines are preferred at the increasingly popular outdoor cafés. Rosé demand increased 20 percent from 2000 to 2001.

Many consumers in their twenties and thirties are breaking away from the drinking patterns of their parents and grandparents and seem eager to try U.S. wines at store promotions and wine festivals. The

mainstream market remains more difficult to crack.

However, consumer studies show that about 75 percent of Dutch customers do not know which wine they are going to purchase when they enter a supermarket or liquor store. Consumers often have only a preference for red or white wine.

## Prices and Production

The Dutch seem to be willing to pay higher prices for their wines, if they are sold on the quality. Rising incomes, greater knowledge of wines and a willingness to experiment with new varieties have led to an exploration of U.S. wines. German wines have low prices, and also an image of low quality.

Dutch wine production is minuscule, so most wines are imported. With more and more people drinking wines, the prospects for wine companies in the Netherlands are bright.

## Trade Regulations

The United States and the European Union (EU) are currently negotiating a bilateral agreement on wine. Discussions have focused primarily on differences in wine-making practices and the use of generic names such as burgundy or champagne. Many U.S. vintners are moving away from

## Labeling Requirements

- The word "wine"
- Geographic origin
- Net contents of the bottle, in milliliters, centiliters or liters
- Importer or bottler in the EU
- Country of origin
- Alcohol content
- Product identification number

**WITH CONSUMPTION GOING UP  
AND PRODUCTION LOW, THIS  
MARKET OFFERS EXPORTERS  
BRIGHT PROSPECTS.**

## Important Contacts

### Product Board for Wine

Mr. W.F. de Graaf, Secretary General  
PO. Box 29739  
NL-2502 LS, The Hague, Netherlands  
Tel.: (011-31-70) 370-8328  
Fax: (011-31-70) 370-8408  
E-mail: pw@wijninfo

### Dutch Wine Information Center

Ms. Cobi Bish, Wine Expert  
Stadhoudersplantsoen 12  
NL-2517 JL, The Hague, Netherlands  
Tel.: (011-31-70) 370-8326  
Fax: (011-31-70) 370-8408  
E-mail: wic@wijninfo.nl  
Internet: www.wijninfo.nl

### Wine Institute of California

Mr. Paul G. Molleman, Director Europe  
PO. Box 208  
NL-2400 AE, Alphen aan den Rijn  
The Netherlands  
Tel.: (011-31-70) 471571  
Fax: (011-31-70) 475545  
Internet: www.wineinstitute.org

### Royal Association of Dutch Wine Merchants

Mr. R.B.J. Wallast Groenewoud  
Secretary General  
Van Eeghenlaan 27  
NL-1071 EN, Amsterdam, Netherlands  
Tel.: (011-31-70) 673-0331  
Fax: (011-31-70) 664-5466  
E-mail: knw@xs4all.nl

using European geographic labels. The United States hopes the result of these negotiations will be reduced tariffs and subsidies.

Any U.S. wine exported to EU countries must be accompanied by documentation that certifies its geographic origin and its fulfillment of EU standards. EU labeling regulations allow a U.S. wine to be blended from two vine varieties, provided the wines are made exclusively from those vines. Both varieties must be listed using the same print,



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with the variety making up the larger share of the content topping the list.

### Trade Trends

While U.S. wines face stiff competition in the Netherlands from European and even South African wines, they are making gains. The growth in recent years is partly due to greater sales of American wines in Dutch supermarkets and liquor stores, as well as U.S. wineries increasingly using the Netherlands as their distribution center for the entire West European market.

Currently, more than 50 Dutch importers handle U.S. wines, and more than 100 U.S. wineries are represented in the Dutch market. About 600 different U.S. wines can be bought in the Netherlands.

An estimated 95 percent of U.S. wine exports to the Netherlands originate from California, and the state's winemakers are extremely active in promoting their products here. The Wine Institute of California's European office is located in Alphen aan den Rijn, Netherlands, and every year this office participates in tastings and festivals

For details, see FAS Report NL1064. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.

throughout the country to promote U.S. wines. For example, in March 2001, the Institute organized a California Wine Festival that attracted more than 55 Dutch wine importer companies eager to sample what California has to offer.

Rising consumption and limited production mean that the prospects for wine exporters in the Netherlands remain extremely bright. With effective packaging, good quality and competitive prices, U.S. wines are set to claim an increasing share of the market. ■

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# Big Changes for the Netherlands' Organic Industry

By Wendalin Kolkman

Concerns over a series of food scares are prompting Dutch consumers to turn to organic foods. Their concern translated into estimated sales of \$293 million for 2001. Part of that total, the turnover of organic foods at natural food stores, is estimated at \$147 million.

But this industry is still on the rise. At the moment, there are about 200 natural food stores in the Netherlands, but only 25 can boast a floor space of more than 200 square meters. Within the next 10 years, however, organic food stores are expected to grow from small shops to stores with floor space of 500 to 1,000 square meters.

## Opportunities for U.S. Organics

What are the best organic options for U.S. exporters? Dried fruits and tree nuts are popular, as the story on the next page demonstrates. In fact, the Netherlands has the highest per capita consumption of tree nuts in the European Union (EU).

Other products in demand and therefore of interest to U.S. exporters are vegetable oils and fats, dried beans, rice, wine, breakfast cereals and honey. As the demand for manufactured organic food products increases, the opportunities will expand.

Current demand for organic fresh produce among the Dutch far outstrips that for processed organic food items. Unfortunately for U.S. exporters, a significant proportion of these fresh products comes from other EU members, with their geographic and trade advantages, rather than from countries outside the union.



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**MORE CONSUMERS ARE  
CHOOSING ORGANICS—  
CHANGING THE WHOLE  
INDUSTRY.**

## The Netherlands' Organic Renaissance

The Dutch organic food industry is getting stronger through restructuring and consolidation, and these changes could benefit U.S. exporters.

For example, the Laurus Group of supermarkets has announced a project to increase the number and type of organic products in its stores. Laurus plans to introduce a private label to rival supermarket competitor Albert Heijn, a chain that has also announced an aggressive organic promotional campaign.

Supermarket chain Konmar, owned by Laurus, has been widely regarded as the pioneer in organic food retailing; it first started stocking organics in 1991. But so far its share of the Dutch market has been limited due to a small number of outlets.

## Boutiques vs. Supermarkets

Other industry players are benefitting from consolidation as well. The result should be a wider variety of products within the natural food store sector, since these new, larger chains will have more purchasing power.

The natural food store chain Natuurwinkel has swallowed rivals Groenewinkel and Gimsel. As a result, over 100 natural food stores are being refurbished and standardized in the Natuurwinkel image. Natural food stores were the principal outlet for organic foods before the entry of Albert Heijn.

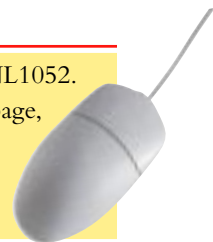
While Natuurwinkel saw a big boost in its number of stores during 2000, supermarkets already accounted for 45 percent of total organic food sales, and their market share is still climbing.

Like bakers and butchers, natural food shops will increasingly be hit by the trend of one-stop shopping that draws customers to large retailers.

Supermarket sales of organic foods are expected to reach \$132 million in 2001. By 2010, organic foods will account for 2.4 percent of supermarket sales, up from 0.6 percent in 2001. Supermarkets that actively promote organic products could boost that share to 5 percent. ■

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For details, see FAS Report NL1052. To find it on the FAS home page, go to **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.



# The Dutch Market for Nuts

By Wendalin Kolkman

While exports of U.S. tree nuts to the Netherlands have declined in recent years, the future of the market is bright. Because of their premium quality, U.S. nuts play an important role in Dutch imports of almonds, pistachios, pecans, walnuts and peanuts.

## Consumer Purchasing Habits

The private label market in the Netherlands is showing significant signs of growth. Many Dutch shoppers want a wider variety of private label products in supermarkets, especially in peanuts and other nuts. There is a clear trend toward growth of name brands.

Current consumer trends indicate that buying decisions are increasingly based on quality, and here is where U.S. nut products have a definite advantage. The Dutch

consumer interest in organic products is growing. According to the U.S. Organic Trade Association, the Netherlands has the highest per capita consumption of edible nuts in Europe. As a result, demand is higher for all sorts of edible organic nuts, especially peanuts, almonds, hazelnuts and walnuts. This is partly due to the Dutch inclination for Indonesian and Chinese cuisine, where these items have an important place.

The Dutch primarily consume nuts as snacks. Salted peanuts are the most popular, and supermarkets are the most popular outlets for these snack products.

## Packaging Industry for Nuts

Because of mergers, only a few nut packaging companies are left in the Netherlands. The Dutch-based Nut Company B.V. is the European market leader in the sector. This market includes nuts that are processed in various ways and nut-based products. The three major segments of this market are consumer brands, private label products and ingredients. The Nut Company is active in all of these segments and

## THE NETHERLANDS HAS THE HIGHEST PER CAPITA CONSUMPTION OF EDIBLE NUTS IN EUROPE.

has production operations throughout Europe.

The Dutch company Duyvis B.V. is the main processor of coated and salted packed peanuts in the Netherlands. In this product category, Duyvis is the only premium quality brand in the country.

## Future Prospects

As a result of outbreaks of bovine spongiform encephalopathy, and foot and mouth disease and consumer concerns about high dioxin and polychlorinated biphenyl levels in North Sea and Baltic Sea fish, Europeans are eating less meat and fish. Nuts have good prospects in the European market in general—and the Dutch market in particular—as an alternative source of protein. Therefore, good export possibilities are expected in this market for U.S. nuts. ■

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For details, see FAS Report NL1060. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



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TRADE SHOW OPPORTUNITY

# AAHAR 2002

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## NEW DELHI, INDIA

**The Show:** **AAHAR 2002** is the premier food and beverage trade show in India. In 2001, more than 200 exhibitors and 20,000 visitors participated in **AAHAR**.

**Location:** Pragati Maidan Fair Grounds, New Delhi, India

**Dates:** March 6-10, 2002



**Deadline:** **January 15, 2002.** Booth space cannot be guaranteed after this date.

**The Booth:** A standard booth measures 12 square meters (3 meters x 4 meters) and includes a display board with your firm's name, floor covering, a display counter with bar stools, a round table with chairs, display shelves, two spotlights, one power point, lock cabinet and trash cans. Regular cleaning, maintenance and around-the-clock security are included. Custom booth design is available at an additional cost.



**Support:** The Office of Agricultural Affairs, U.S. Embassy, New Delhi, will sponsor a U.S. Pavilion at **AAHAR 2002** and provide U.S. exhibitors with on-site support services. The USDA Trade Show Office in Washington, DC has endorsed **AAHAR 2002**. If you have any questions, please contact us.

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# Trade Notes...

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## French Wine Producers Chart New Export Strategy

To regain sales lost due to increased competition from Argentina, Australia and Chile, French wine growers are developing strategies to stop the erosion of their share of the world wine market. The French share of world market volume decreased from 29 percent in 1990 to 22 percent in 2000. The French Wine Producers Organization (ONIVINS) reported that one problem is the lack of an export strategy for some small to medium-size wine producers and companies.

## Korean Market for Pet Food Looking Good

The Korean market for pet food has increased 600 percent over the past 10 years, as pet ownership—mainly of dogs—has become more common, and pet owners more frequently buy commercial food. The United States supplied 64 percent of the \$14 million in pet food imported by Korea in 2000. Over the next few years, the pet food market is expected to grow 15 to 20 percent annually, and U.S. products have an opportunity to take a bigger bite of the market.

## MIATCO Takes Illinois Governor's Export Award

Illinois Governor George H. Ryan has chosen the Mid-America International Agri-Trade Council (MIATCO) as a recipient of the State's Export Award for the year 2001. During 2001, MIATCO raised more than \$500,000 in matching funds to help Illinois agricultural companies export their products. The group's return-on-investment for each promotional dollar spent has been an impressive \$146.

## Market for Ice Cream Business Constantly Improving in Korea

The market for imported premium ice cream in Korea has grown by an average of 80 percent annually over the past 10 years. The United States dominates this small but dynamic market, with over \$5 million in sales to Korea in the year 2000. The hosting of the World Cup soccer games in 2002 should provide a platform for continued strong growth in the ice cream market.

## International Scientific Cooperation Benefits Iowa

Iowa State University researchers are collaborating with overseas scientists to help solve mutual food, agricultural, environmental and trade-related problems under the FAS-funded Scientific Cooperation Research Program. Among these projects, Iowa State University is working with scientists in New Zealand on an innovative approach to reduce the use of stored feed by having livestock graze on corn crop residues. This could save cattle producers in Iowa over \$140 million annually. The University is also cooperating in Bolivia, Colombia, Ecuador and Peru with the International Center for Tropical Agriculture to identify natural enemies of the costly potato beetle.