The Monthly Magazine for Food and Agricultural Exporters

AgExporter

United States Department of Agriculture
Foreign Agricultural Service

October 2001

- Outline the EU's regulatory strategy for food safety
- Design a watertight U.K. label
- Check out Saudi Arabia's potential for U.S. solid wood sales
- Learn market-access tactics that work well in Japan
- Find out about U.S. ag product prospects in Poland

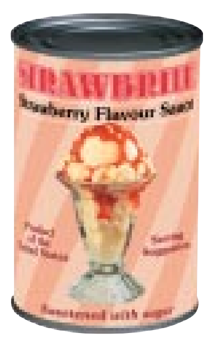
The Magazine for Business Firms Selling U.S. Farm Products Overseas

AgExporter

United States Department of Agriculture
Foreign Agricultural Service

October 2001

Features



Volume XIII, No. 10

Published by
U.S. Department of Agriculture
Foreign Agricultural Service

Editor
Jeanne McLaughlin
Tel.: (202) 720-9441

Writers
Priscilla B. Glynn
Linda Habenstreit
Jill Lee
Jeanne McLaughlin
Don Washington

Proposed EU Food Safety Regulation: What It Means for U.S. Exporters

By Sara Schwartz

In the wake of several recent food scares in the European Union (EU) that have sharply undermined consumer confidence, individual EU member states and the European Commission are reviewing their food safety policies.

As a result, some EU member states have created new food safety authorities and responsibilities. For example:

- The United Kingdom formed a Food Standards Agency to address mounting consumer concerns and, in particular, to publicly separate the regulatory aspects of food safety from the enforcement aspects.
- Belgium created a new Federal Agency for Food Safety to develop food safety and public information policies.
- In Germany, consumer protection responsibilities, previously handled by the Ministry of Food, Agriculture and Forestry, now reside in the newly renamed Ministry of Consumer Protection, Food and Agriculture.

The European Commission also responded to the crisis in consumer confidence by proposing a new regulation to establish procedures for food safety and set up a European Food Authority (EFA).

The commission wants to create food safety legislation and lay down guiding principles and objectives for food law that will apply throughout the EU. In some cases, this will mean new responsibilities and obligations for food and feed businesses. These businesses will need to broadly address the causes of food safety problems and meet new requirements.

FD005153, OS44057

The commission's proposed regulation describes the mission, tasks, organizational structure and scope of the EFA. This authority would concentrate on risk assessments, information gathering, analysis and communication.

Because member states are generally reluctant to relinquish control over food safety issues, the EFA would only serve to advise the European Commission. Unlike the U.S. Food and Drug Administration, it would not make decisions on food safety issues. If member states approve the proposed regulation, the EFA could be in operation by 2002.

Although the EFA's function is advisory, the commission's proposed regulation seeks to harmonize existing requirements among member states and place them in a European context. This proposal is a controversial and dramatic shift away from individual member state control over food safety issues to one of EU-wide law.

Meeting EU Requirements May Get Tougher

As EU food safety regulations evolve, U.S. exporters should keep in mind that their products could come under increasing scrutiny, in some cases requiring new or additional documentation. For now, however, U.S. exporters should be aware of the food safety regulations in place in each EU country.

If the new regulation increases consumer confidence in both domestic and imported foods and is enforced uniformly by member states, all suppliers, including the United States, will benefit.

Of course, having access to detailed information is a matter of great concern to U.S. exporters. The prospect of fragmented implementation and enforcement of procedures by member states is a potential concern, because it could be reflected in possibly higher costs for producers and higher prices for EU customers.

Already, U.S. exporters have felt the impact of legislative attempts by the EU and member states to restore consumer confidence in the food supply.

For example, although bovine spongiform encephalopathy (BSE or "mad cow disease") has never been discovered in the United States, U.S. animal product exporters must meet EU requirements to ensure that the disease does not spread, adding to production costs. In another case, to prevent the illegal use of toxic substances such as dioxin in feed, U.S. feed manufacturers who export to the EU are required to take additional precautions.

Another concern for U.S. exporters is that the new legislation will establish traceability requirements. This means that food products and ingredients must carry documentation so that they can be traced through distribution channels within the EU for as long as five years. Implementing regulations will be developed at a later date, either at an EU-wide or member-state level.

Already drafts of traceability legislation for the products of biotechnology reveal little sensitivity to how commodities are actually distributed. If implemented, the food safety traceability requirements will present difficulties for exporters, importers and processors to put into practice.

Problems Ahead if EU Policy Is Adopted Worldwide

Whether or not U.S. exporters sell their products to the EU, they should carefully review its proposed food safety regulation, since other countries often follow EU regulatory practices. In addition, countries that export processed food products to the EU may adopt similar requirements to ensure that ingredients in those processed products conform with EU regulations.

Recently, the EU began promoting its food safety policies in international organizations, including the United Nations Food and Agriculture Organization, the Codex Alimentarius Commission, the Organization for Economic Cooperation and Development and the International Organization of Epizootics. Many of these organizations are recognized by the World Trade Organization as standards-setting bodies for the global marketplace.

The EU hopes to convince these international organizations to use its domestic policies as a basis for setting international food safety standards.

AA003089, OS44066

OS49076, OS44049

So far, none of these organizations has adopted the EU's proposed food safety standards for international use.

Many countries recognize that parts of the EU's proposed regulation may not necessarily improve food safety. Other potential problems include market access restrictions, arbitrary decision making, and shipping and processing changes that will be expensive for industry to implement and for government to regulate. ■

The author is an agricultural economist in FAS' International Trade Policy program area in Washington, D.C. Tel.: (202) 720-1312; Fax: (202) 720-1139; E-mail: schwartzs@fas.usda.gov

Sound Science, Smart Solutions: FAS Support Makes a Difference

By Andrew Rude

23001

Egypt buys a lot of U.S. wheat–on average, 4 million metric tons a year, making it our biggest wheat customer. So when Egyptian officials raised phytosanitary questions, a Washington, D.C., trade association wasted no time in giving answers–and assurance–thanks in part to a special fund within the Emerging Markets Program run by the Foreign Agricultural Service.

U.S. Wheat Associates, an industry association, brought eight quality control experts from Egypt to show them how the U.S. wheat industry carefully screens its product for shipping overseas. They did this with money from the Technical Issues Resolution Fund, otherwise known as TIRF.

"TIRF was created under the Emerging Markets Program (EMP) as a special funding source for resolving trade concerns related to scientific issues such as plant or animal health," said Doug Freeman who heads the program. "It is one of the tools we offer through EMP to expand U.S. agricultural exports."

TIRF allows U.S. exporters to respond quickly to foreign buyers' concerns. Sometimes a lot of ground work, based on scientific understanding and mutually agreed-upon protocols, needs to be in place before markets open. Other times an immediate, science-based trade concern threatens the flow of existing trade and needs to be resolved at once.

Funding from the TIRF program is flexible enough to serve either purpose. Quick turn-around time for applications allows for lightning-fast interventions. Opportunities for re-application make it possible to build a scientific foundation for long-term market development.

Using TIRF funds, U.S. Wheat Associates arranged for seminars in Washington, D.C., Kansas City, Mo., and Houston, Tex. This tour enabled U.S. wheat industry experts to talk face-to-face with Egyptian grain purchasers and port officials. These officials also had a chance to ask questions and have their phytosanitary issues thoroughly addressed.

Delegation members also met with FAS

How TIRF Opens Doors

TIRF provides money to trade associations, governments and industries so they may overcome trade barriers in emerging markets. The funding mainly supports technical assistance and training.

TIRF funds can be used to address:

- Time-sensitive food safety issues that require quick solutions, such as support for the Egyptian delegation of wheat inspectors.
- Strategic areas of longer term interest, such as the biotechnology workshop for emerging markets in Eastern Europe.

Activities are limited to emerging market countries–those with more than 1 million people, with a per capita income of less than $9,360. These countries must also represent a viable market for U.S. agricultural products.

Proposals may also target multi-country regional groups such as the countries of the Caribbean Basin.

Proposals are evaluated according to their potential for promoting trade in priority emerging markets, addressing a key trade constraint or supporting USDA field offices overseas.

officials as well as researchers with two other USDA agencies, the Grain Inspection, Packers & Stockyards Administration and the Animal and Plant Health Inspection Service.

It was time well-spent; differences over grain standards were resolved and shipments began to flow freely again.

"Our hope for this team was to build confidence in the U.S. system of certification for quality," said Dick Prior, U.S. Wheat Associates vice president for the Middle East. "It shows that different inspection groups really can work together."

In order to build on the progress made from this visit, U.S. Wheat Associates plans to include FAS in its future workshops and training programs.

This success was one of many for TIRF. Since 1996, when the fund was established, over 60 technical assistance, projects, training efforts and workshops have received support.

Fostering Two-Way Trade in China

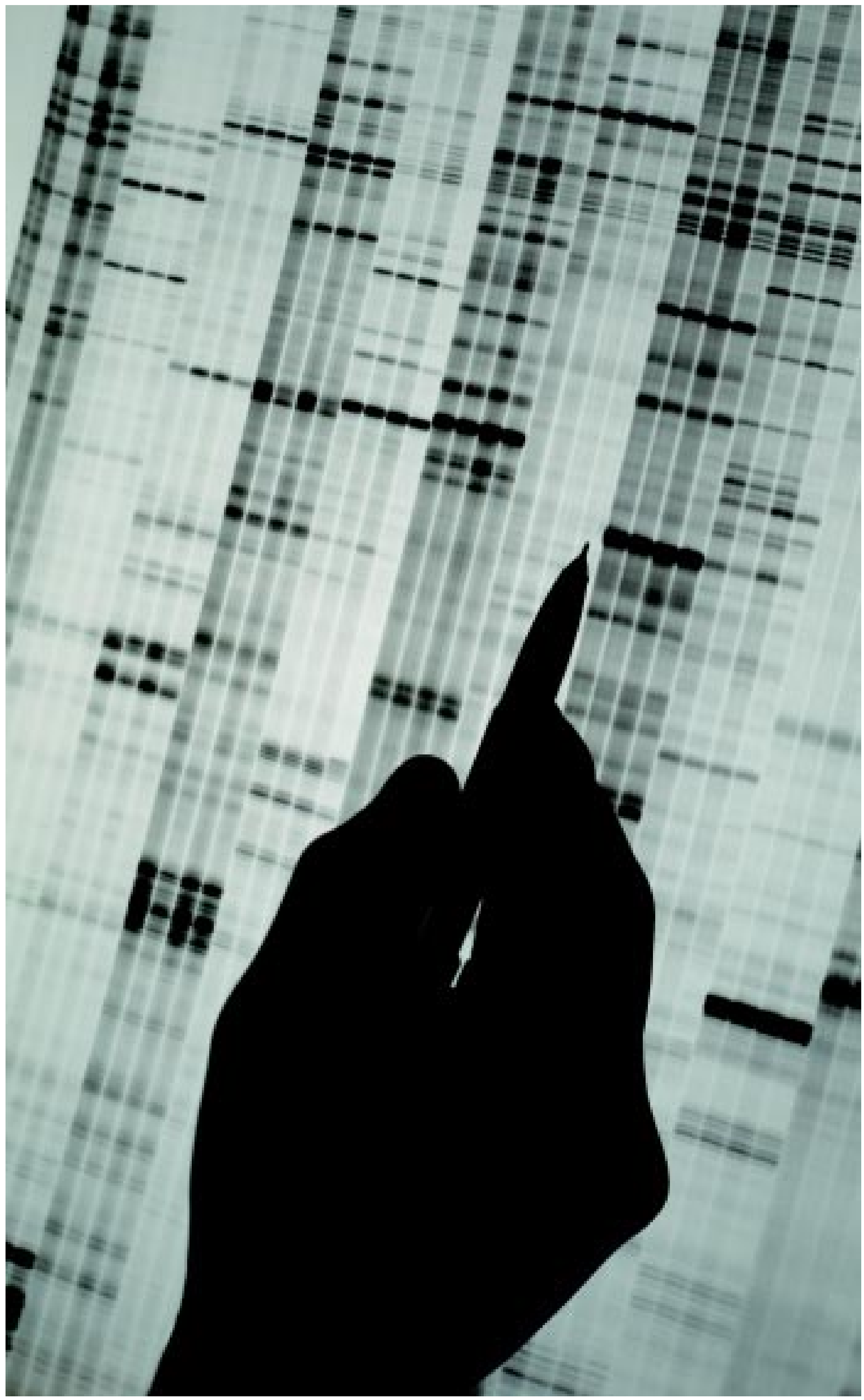
U.S. corn growers may someday see better crops thanks to the TIRF program. They may also enhance their seed trade with China.

Both China and the United States would like to trade in corn seed as breeding stock. By exchanging "parent plants" from overseas and crossing them with native varieties, both nations would gain a better corn crop.

U.S. corn plants stand to benefit from increased genetic diversity. Too much similarity in genetic composition leaves the U.S. corn crop vulnerable to disease. Subtle differences in varieties make it harder for pests and diseases to take hold.

China, meanwhile, would benefit from crossing high-yielding U.S. lines with its current breeding stock.

There are two phytosanitary impedi-



AA040374

ments to such an arrangement. China's corn crop may contain downy mildew fungus species that may not be found in the United States. Conversely, some of the U.S. crop has suffered outbreaks of Stewart's wilt, a disease that, it is claimed, does not occur in China. Neither country wishes to infect the other–such a mishap would reduce yields and profitability all around. Scientists in China and the United States are trying to develop protocols that would allow trade in plant lines without an exchange of disease.

In pursuit of this goal, the American Seed Trade Association (ASTA) has used TIRF money to organize a cooperative industry and government pest risk analysis.

Mark Condon, vice president of marketing with ASTA, encouraged the U.S. seed industry to apply for TIRF funding.

"While the actual direct exchange of seed lines is far off, we hope that ASTA's work–and the work of the U.S. and Chinese scientists and government officials involved–will benefit U.S. seed producers in the future," said Condon.


AA035678

A Forum for the Future Through TIRF

Paul Spencer, agricultural attaché at the U.S. Embassy in Vienna, Austria, used TIRF to support a forum to address public concerns about biotechnology in Eastern Europe and outline what the U.S. government does to ensure safety and quality of products of biotechnology.

Sponsors of the forum, attended by over 100 scientists, regulators, journalists and representatives of consumer groups, included the American Soybean Association and the Slovak Ministry of Agriculture.

Scientists and regulators explained the status of new variety approvals for eight countries in the region. Speakers came from Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia, the European Union and the United States.

"We saw this as an opportunity to educate people about biotechnology and the U.S. regulatory system," said Spencer. "This forum allowed us to demonstrate why we are confident of our regulatory process."

Spencer added that the idea for the forum came from worldwide discourse about the potential of biotechnology–and the need to address questions not only among farmers, but also among end-users.

"Crop science has come a long way in the last decade, but to many consumers, the technology is still very new. We see open discussions as key to building understanding and confidence among everyone involved in this issue," he said. "This was my opportunity to contribute to that understanding." ■

The author is an international affairs specialist with FAS' International Cooperation and Development program area in the Research and Scientific Exchanges Division, Washington, D.C. Tel.: (202) 720-8875; Fax: (202) 690-0892; E-mail: Rude@fas.usda.gov

For further information about the Emerging Markets Program, contact Douglas Freeman, program manager. Tel.: (202) 720-4327; E-mail: freemand@fas.usda.gov.

Potential and Challenges in the Polish Market

60062

Poland stands out as one of the most successful and open transition economies in Eastern Europe. The privatization of small and medium-size state-owned companies, and a law encouraging establishment of new firms, have ushered in rapid development of the private sector, which now generates an impressive 70 percent of the nation's economic activity.

Poland has a broad-based, stable economy. Its industrial pillars include machine manufacturing, coal mining, shipbuilding, food processing, and production of iron, steel, chemicals, glass and textiles.

Poland experienced robust economic expansion throughout most of the 1990s, averaging over 6 percent growth in gross domestic product (GDP). However, despite the expanding economy, Poland does have its problems. GDP is estimated to have slipped to 2-2.5 percent during 2001, while unemployment climbed to a relatively high 15.8 percent.

During 2001, inflation decreased to an estimated 6.1 percent, compared with 10 percent recorded for the previous year. Average monthly pay of Polish consumers increased by 2.6 percent in real terms during the year 2000 and is expected to slightly decrease during 2001. Despite the current situation, the future of the Polish economy does look optimistic, and this biggest market of Eastern Europe could be of great interest to U.S. exporters.

Demographics Driving Demand

The dour unemployment rate notwithstanding, about 30 percent of the population lives in Poland's large cities, where

U.S. SUPPLIERS AND EXPORTERS FACE FORMIDABLE COMPETITION IN THIS MARKET.

employment approaches 100 percent and attracts workers from as far away as 100 kilometers. About 56 percent of urban households have two or more earners.

The openness of the Polish economy, coupled with increasing business and pleasure travel, will likely boost the popularity of Western foods and eating habits.

In addition, demographic changes typical of developing economies–such as general economic improvement, higher per capita income, more women in the workforce and more households with two or more incomes–are prompting changes in consumption patterns and lifestyles that will support further development of food services.

Tourism: Another Market Driver

Poland is the most frequently visited country in Central Europe. The number of foreign visitors between 1994 and 1998 climbed from 82 million to nearly 89 million. The number of tourists and business persons staying overnight rose by 23.3 percent.

Most visitors are from neighboring countries, mainly Germany, the former Soviet Union, the Czech Republic and Slovakia. The number of Polish citizens travelling abroad on business has also grown rapidly.

Trade Constraints

Naturally, the factors that make Poland an attractive possibility to U.S. exporters make it attractive to U.S. competitors as well. U.S. suppliers and exporters face formidable challenges in this market which should not be underestimated.

Poland already obtains most of its imports for the hotel, restaurant and institutional (HRI) sector from the European Union (EU). For the most part, imports

Poland Occupies a Strategically Central Location for Tourism and Trade

from the United States are limited to raw materials and semi-finished products destined for further processing, such as meat products (poultry and beef), seafood, nuts, unprocessed tobacco, protein concentrates, soybeans and soybean meal.

The Polish government is working hard to gain EU membership. Poland and the EU reached agreement on agricultural trade liberalization in September 2000, which could reduce or even eliminate tariffs on most EU products entering Poland. Moreover, Poland's growing integration with EU trade practices and regulations will give food ingredients from the region increasing access.

Poland is itself a major producer of agricultural commodities, and has enacted high tariffs and low quotas to protect its industries. In addition, it has a complicated system for product registration that can delay, or even prohibit, product entry.

Finally, Poland remains a very price-sensitive market. Many shops take this into account and provide a relatively large variety of low-cost products and few high-end products. Major food chains rely heavily on domestic products, further constraining import demand. Lower tariff rates, logistical advantages and more favorable exchange rates often combine to make EU imports less expensive than U.S. products.

Market Conditions

Rising incomes, more women working outside the home, and tourism are all playing their part in stimulating HRI restaurant sales. Market analysts expect overall HRI sales growth to average 7 percent for the next several years.

Food service sales in Poland's HRI sector averaged an impressive 9.8 percent

Poland's Import

In view of the considerable–and intensifying–challenges facing U.S. agricultural exporters in Poland, it may well be asked whether it's a viable market, and what lessons can be drawn from it.

With its expanding economy; developing food processing and service industries; stable, progressive government; and growing, sophisticated urban middle class, Poland would seem an ideal target for hefty sales of U.S. foods and ingredients, with substantial promise of future growth. Yet U.S. agricultural sales in this market have dropped precipitously and continuously for the past several years, plummeting from $197.1 million in fiscal year 1996 to $46.4 million in fiscal 2000.

The case of Poland is significant because it points up the stiff competition the United States faces in former Eastern bloc countries as they prepare for and attain EU membership. It throws into sharp relief the practical consequences of not belonging to a trade group whose members enjoy maximum access to each other's markets and harmonious trade rules and practices. It also demonstrates the necessity of the United States' membership and active participation in international trade organizations and negotiations.

growth rate for 1994-1998. Growth in food service sales for institutions (schools, hospitals and factory or business cafeterias) is expected to average 1-2 percent.

The outlook for sales at hotels, resorts and restaurants is especially bright, with sales expected to rise by 8 to 9 percent. Food service establishments (cafés, bars and restaurants) in the hotel and resort sector alone account for about 25 percent of total HRI sales.

The number of such establishments jumped about 12 percent between 1994 and 1998. The number of restaurants grew fastest, by 14 percent, while the number of bars and coffee shops grew by more than 12 percent.

Restaurants come in all shapes, sizes and price ranges. Warsaw boasts a variety of low-cost eateries "fit for kings." American, Mediterranean, French, Middle Eastern and Asian cuisines are becoming more popular and therefore more readily available. Many Polish families visit traditional and fast food restaurants as a form of entertainment.

American and Western European companies dominate the hotel and restaurant sector. Fast food services are concentrated, and dominated by U.S. companies. McDonald's, Pizza Hut, KFC, New York City Pizza, Telepizza and Domino's Pizza all have a presence. Ownership of hotels, restaurants and resorts is dispersed rather than concentrated among a few market players. The biggest hotels belong to international hotel chains, but most restaurants and resorts are Polish-owned.

Tips and Caveats

To overcome these considerable obstacles, U.S. exporters should obtain the services of a local representative or agent, and establish personal contacts through local exhibitions and trade fairs. A solid market position can be achieved only by working intensively with an experienced local agent–one with a thorough knowledge of current legal, tax and customs regulations, market structures and nontariff barriers.

Relations between an exporter and a local partner should be well established before contracts or long-term agreements are considered. Consulting companies working in Poland can provide prospective exporters with valuable market research.

Advertising is a must in Poland, and television, present in almost every home, is believed to be the best way to reach consumers. Products on television show the greatest sales growth of all advertised items.

Products with Promise

Polish consumption of vegetables, fruit, wine, fish, seafood and beer continue to grow, and sales opportunities for these products are bright. Fast foods like sandwiches, snack foods, fish, meat and vegetable dishes served at shops and bars or delivered to the office or the home have good potential, too.

Products that are not yet best-sellers but that also have favorable prospects include health and organic foods, and low-fat and low-sugar snacks made from natural ingredients. Vegetarian cuisine may also enjoy growing demand.

Almost all Polish households boast modern cooking utilities and refrigerators with freezers; 20 percent have microwaves. Market niches exist for semi-ready food products. Microwaveable and ready-to-cook products may also have favorable prospects, particularly in the institutional sector. ■

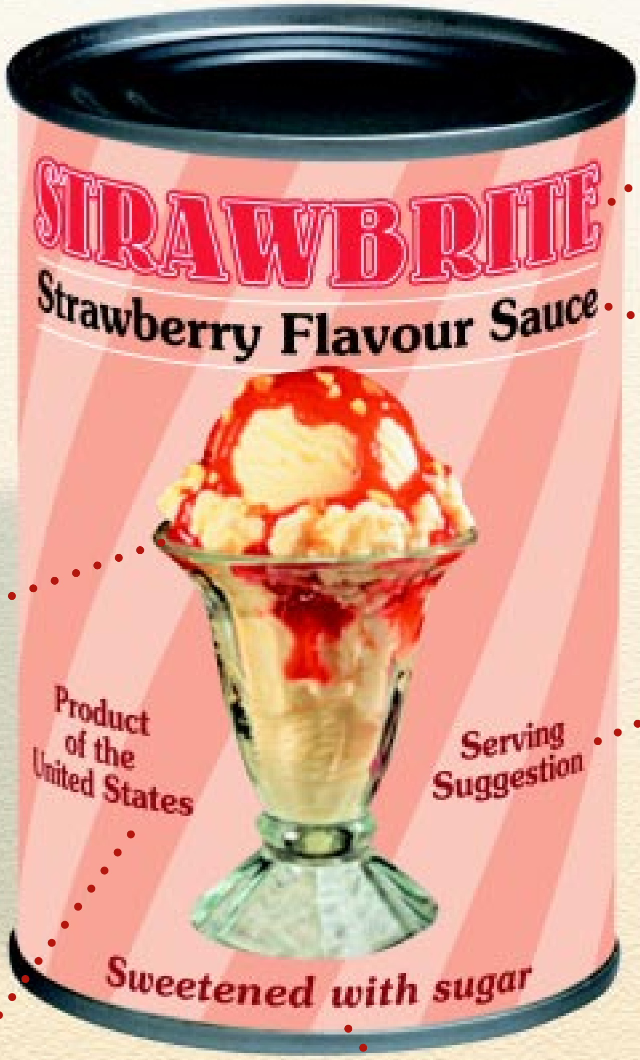
For more information on the Polish market for U.S. agricultural exports, contact: Office of Agricultural Affairs, U.S. Embassy, Warsaw, Poland, Tel.: (011-48-22) 621-3926; Fax: (011-48-22) 628-1172; E-mail: agwarsaw@it.com.pl

For details, see FAS Report Nos. PL0006, PL0033 and PL0038. To find them on the web, start at **www.fas.usda.gov**, select **attache reports** and respond to the dialogue boxes.

Take Time To Write the Label:

By Jennifer Jones

Meeting the United Kingdom's label requirements is a must. Not only is it the law, but proper labeling helps "translate" your product. U.K. consumers will be more likely to try a new U.S. food if they can recognize and understand its label. Use labels so your product's first impression on the U.K. consumer is the right one.



The name of the food, or a description, must be clearly stated. Identifying the product's trade name, "Strawbrite," is not enough. The company must clearly distinguish its product from similar ones–say "strawberry pie filling."

Labels must be printed with British spelling. That means "colour," "flavour" and other subtle Briticisms–watch out for them!

If you use a food name in a product description, be sure the flavoring is mainly derived from that food. Otherwise, use the word "flavour"–and remember that spelling. Moreover, an illustration representing the flavor of the food may appear only if that flavor is derived mainly from the food depicted–hence no strawberries on this can. A dish of ice cream with sauce is shown instead.

The term "serving suggestion" is not illegal, as long as it doesn't mislead about the nature of the product. This is ice cream sauce, so the picture works fine.

Imported goods must be clearly marked, indicating their country of origin.

Keep it short and sweet.

- A product with permitted sugars and sweeteners should have a label that says "with sugar" or "with sweetener."
- A product containing aspartame must state "contains a source of phenylalanine" on the label.
- A product with more than 10 percent polyols (a class of sugar-free sweeteners including sorbitol) should state, "excessive consumption may produce laxative effects."

A Guide for U.S. Exporters

The United Kingdom has a regulation known as PARNUT–or Foodstuffs for Particular Nutritional Purposes. Foods falling under PARNUT must follow special labeling rules. First, nutrients should be expressed in measurements of per 100 grams or 100 milliliters–***do not use*** the U.S. language which typically says "per serving." Second, nutritional labeling is compulsory with these foods. Give nutritional information and specify what in the manufacturing process gives the food its special nutritional or dietary-related characteristics.

If the food is prepared for a special group of people, the label must describe how the product would serve their needs. Health claims based on such relationships as sodium and hypertension, fresh produce and cancer avoidance, and calcium and osteoporosis avoidance are not allowed.

Write Your Label Right. . .

All food or food ingredients containing genetically modified (GM) soybeans or corn must be clearly labeled, under a U.K. regulation that became law in 2000. However, ingredients obtained from GM crops but which themselves do not contain novel DNA or protein do not have to be labeled.

For example, snacks made entirely from whole, roasted GM soybeans would need to say so on the label. If the snacks were made from flour that might have some GM soy or corn in them, they would probably not.

If a special emphasis is placed on a particular ingredient–as in this example, soybeans–the amount of the ingredient, as a percentage, must be next to the name of the food or near the name of the ingredient in the ingredient list. This requirement is enforced by the EU Directive on Quantitative Ingredients Declaration or QUID. QUID does not apply, however, to things that are naturally present in foods–such as caffeine in coffee or vitamins in fruit juice.

The United States uses Universal Product Codes (UPC) with 12 digits and the United Kingdom uses an Electronic Article Number (EAN) with 13 digits. The good news is, U.S. bar codes work perfectly in the United Kingdom, since the EAN system was designed around the UPC.

Net quantities of prepackaged foodstuffs must be given in metric units. Imperial equivalents can be added as well, but the metric measure must come first. Note that no pluralizing "s" follows the metric abbreviation, even though it is 10 grams of product.

. . . for U.K. Export Success

A statement of minimum durability is required. In the case of highly perishable foodstuffs, such as yogurt, the words “use by” should precede the expiration date printed as the day, month and year. For products that need to be consumed within six weeks, the label should read, “sell by...” followed by the day and month. For foods with a shelf life of less than three months, use the words “best before” with day and month. For foods with a shelf life of more than three months, use “best before end....” followed by month and year only.

Questions? The United Kingdom’s Food Standards Agency has published guidelines at **www.foodstandards.gov.uk**

There must be an address on the label for product return. It can be the address of the manufacturer, packer or seller and it can be a U.K. company or one in the United States. Just be sure to include one.

These are only a few examples of labeling requirements in the United Kingdom. For more details, check FAS’ GAIN report UK1030, available online at ***http://www.fas.usda.gov/itp/ofsts/fairs_by_country_results.asp?Cn*** Contact FAS’ United Kingdom office at the address below.

Any special storage conditions or conditions of use should be stated. Instructions for use should be given, if needed.

Jennifer Jones is an agricultural marketing specialist with FAS’ Office of Agricultural Affairs at the American Embassy, London. Tel.: (011-44-20) 7894-0464; Fax: (011-44-20) 7894-0031: E-mail: aglondon@fas.usda.gov

Saudi Arabia's Growing Penchant for U.S. Hardwood

By Derek S. Lieberman

Saudi Arabia's construction boom of the 1980s resulted in a huge demand for softwood imports. While construction of offices and residences continues, demand for softwood lumber has steadily declined since 1991.

However, the hardwood story is another matter. During the same period, hardwood imports have remained steady due to an expansion in local manufacturing of furniture, cabinets, doors and windows.

In 2000, Saudi Arabia imported about 100,000 cubic meters of hardwood lumber, with up to 5,000 cubic meters destined for re-export to the neighboring markets of Bahrain, Qatar and Yemen.

Of this, over 28,000 cubic meters was imported from the United States, an increase of more than 27 percent from 1999. Other major suppliers include Cameroon, Canada, Malaysia, Burma and Romania.

While overall demand for hardwoods has changed little, U.S. hardwoods have begun to displace the more traditional imported species. With a growing population, a continuing need for housing and an increase in local manufacturing of furniture and cabinets, wood imports are expected to increase over the next few years.

BS22040

Saudis Soften to Hardwoods

Many Saudis are willing to invest considerably in construction and furnishing of their homes. As a result, some of the most significant applications for hardwood (as well as some softwood) include joinery and interior moldings, furniture and cabinetry.

Industry analysts note that color is important in the Saudi market, where customers traditionally prefer red or dark colors, despite a growing trend toward light hardwoods for residential and office interiors. In applications where Malaysian red meranti and Swedish redwood were used, red oak from the United States has become the preferred species–especially in upscale residences and offices.

Twenty years ago, Western-style kitchens were virtually unknown in Saudi Arabia, but now wooden "American-style" kitchen cabinets are found in many newly built upscale villas–and demand is increasing.

Plywood is used for interior partitions, paneling and a host of other items.

Veneers–either imported or produced locally from imported logs–are used in offices and residential decor. At least two Saudi companies, United Wood, Inc., and Abdellatif & Mohamed Al Fozan Company, import high-quality logs for veneer from North America and Africa. ■

The author is an economics graduate student who is training with the FAS Forest and Fisheries Products Division. Tel.: (202) 720-3567; Fax: (202) 720-8461; E-mail: lieberman@fas.usda.gov

Logistics, Logs and Lumber

Depending on the species, lumber is shipped to Saudi Arabia from both the East and West Coasts of the United States:

- Shipments from the East Coast take 20 to 25 days, arriving via the Suez Canal to Jeddah port on the Red Sea.
- Lumber exports from the West Coast take 45 days, arriving at Dammam port on the Arabian Gulf.

Raw lumber and logs are transported as general cargo. The Saudi government does not allow lumber to be shipped in containers.

Generally, importers of hardwoods prefer to deal directly with exporters. In many instances, wood importers have offices in supplying countries like the United States or Canada, where representatives purchase, consolidate and ship to the kingdom. In other cases, local procurement agents act on behalf of Saudi lumber merchants or specific suppliers to arrange consolidated orders from foreign suppliers.

Major importers maintain their own distribution network, supplying wood directly to their own factories, other manufacturers, joiners, retailers and clients in the construction sector. Others sell to local lumber merchants.

A flat tariff rate of 12 percent *ad valorem* is applied to imports of sawn lumber and logs. However, since most wood is transformed into value-added products, about 90 percent of wood imports are exempted from the customs duty.

Saudi Arabia also requires a phytosanitary certificate from the country of origin. USDA's Animal and Plant Health Inspection Service issues these certificates at the request of the shipper, certifying that the wood products conform to Saudi quarantine and import requirements.

OS42108

U.S. Exports to Asia: Making Sales a Snap With MAP

- One of Tokyo's top pizza producers has given U.S. tomatoes a starring role in its pies.
- In Taiwan, a fictional character named "Ms. Peach" is winning consumers' hearts and minds for California stone fruits.
- U.S. blueberries for muffins and other treats are on bakers' minds in Japan.

AA023015

None of these market-cracking developments happened by chance. Rather, each is the result of hard work by U.S. trade associations, promoting their wares with funding assistance from FAS' Market Access Program (MAP).

Each success story is unique, and all illustrate the program's versatility and power.

She's a Peach of an Export Promoter

California's fresh peach, nectarine and plum growers saw exports to Taiwan increase to record levels in 2000, thanks to a strong consumer marketing effort that has increased product awareness and sales. But having the right spokesperson certainly didn't hurt.

In 1999, the growers' marketing association, the California Tree Fruit Agreement (CTFA), retained a local Taiwanese celebrity spokesperson on a two-year contract to appear in media ads and printed material. Her name, Tao Tzu, translates from Mandarin as "Ms. Peach."

This turned out to be a terrific strategy; Ms. Peach garnered exceptional consumer recognition in ads and on point-of-sale pieces while scoring other significant dividends.

"This was the kind of response marketers dream about," said David Miller, CTFA's International Programs Director.

"Consumers liked her, traders wanted materials that featured her and her presence yielded enormous returns to our MAP-funded media investments."

In just two seasons, the newly introduced "California Tao Lee" brand is recognized by more than 80 percent of Taiwan's consumers, according to the CTFA. Even better, over 90 percent of them know that this brand represents three California commodities–peaches, nectarines and plums. That's important to ensure that the association's three groups all share in the benefits of promotional activities.

CTFA estimates that the effort has thus far yielded returns of $106 for every dollar invested. In 2000, nearly $53 million in peaches, plums and nectarines were shipped to Taiwan, representing 8 percent of California's stone fruit production.

In fact, the promotion has been such a hit that the CTFA has extended Tao Tzu's appearances into the 2001 season.

CALIFORNIA TREE FRUIT AGREEMENT

Strawberries Make Firm Sales in Japan

The California strawberry industry achieved an 8-percent increase in its exports of fresh strawberries to Japan this past season as a result of another MAP-funded marketing effort.

The California Strawberry Commission's strategy has been to position its strawberries as different from Japanese berries, which are typically quite soft. The promotion emphasized the firmer texture and tangier flavor of California berries, and suggested unfamiliar serving ideas, such as toppings for salads and desserts.

The innovative suggestions were a hit. Retailers and restaurants alike were impressed by the results of surveys indicating that one in three consumers loved the new menu suggestions. More than 30 retailers now sell and promote California strawberries–up from only nine the prior year.

How MAP Works for Exporters

FAS' Market Access Program is designed to promote U.S. agricultural products overseas by providing $90 million in annual funding for export promotion in targeted markets worldwide.

Under MAP, USDA uses Commodity Credit Corporation funds to enter into agreements with U.S. agricultural trade organizations, state regional groups and cooperatives to share the costs of overseas marketing and promotional activities. MAP funds are funneled through these groups to assist small companies and other agribusinesses.

Most MAP funds are earmarked for generic promotions to advertise a general commodity overseas, such as U.S. stone fruits, rather than one specific farm or company.

All program applicants undergo a competitive review process based on four weighted criteria: the extent to which the applicant contributes resources to the program, historical export performance, projected export goals and accuracy of past export goals.

MAP can fund studies to show where key markets or trade barriers may be in particular countries. Funds may also be used for travel to overseas trade shows.

Bakers "Knead" More U.S. Blueberries

Recipes were also a key MAP strategy for the North American Blueberry Council (NABC) to capitalize on the increased Japanese interest in blueberries. However, this trade group focused on professional bakers instead of consumers.

The NABC used MAP funds with industry contributions to introduce Japanese bakers to the quality and versatility of U.S. highbush (cultivated) blueberries.

Onsite information meetings led by a professional baker from the United States, combined with advertisements and brochures, provided blueberry information and recipes to Japanese bakers.

The result was a wide variety of new products as bakers learned that blueberries could add value to baked goods.

The three-year promotion effort has fostered blue-ribbon results. Between 1998 and 1999, the trade association recorded record shipments to Japan.

Shipments of U.S. fresh and frozen highbush blueberries totaled 3,029 tons in 1999, a 6-percent increase over the previous year's record of 2,849 tons.

Demand grew again in 2000, with shipments totaling 3,159 tons, with the total being a combination of 776 tons of fresh U.S. highbush blueberries and 2,383 tons of frozen U.S. highbush blueberries.

AA040163

Strawberry (Pizza) Cones Forever

California tomatoes are also making great strides in Japan thanks to MAP, enabling the California Tomato Commission to add fresh California Roma tomatoes to the menu of Strawberry Cones, one of Tokyo's largest pizza chains.

A $1,000 MAP investment was used to create a one-time menu promotion for fresh California Romas. The result was tremendous. During the month-long promotion, Strawberry Cones purchased $15,000 worth of product.

More importantly, based on the success of the initial promotion, Strawberry Cones then chose to replace local canned tomatoes with fresh California Romas in all of their outlets. The net result was $45,000 in sales of California Roma tomatoes per month to the chain for the duration of seasonal availability and renewed orders for the following growing season. ■

For more information about the Market Access Program, contact the FAS Horticulture and Tropical Products Division in Washington, D.C. Tel.: (202) 720-7931; Fax: (202) 690-3346; Homepage: http://www.fas.usda.gov/export.html

FOREIGN AGRICULTURAL SERVICE PUBLICATIONS

The publications listed below present timely and reliable information on U.S. and world production, supply and demand, and trade for many different commodities. All these publications can be subscribed to through the National Technical Information Service (NTIS) of the U.S. Department of Commerce. To order, call NTIS at 1-800-363-2068, (703) 605-6060 or (703) 487-4639 for TDD (hearing impaired only). A subscription form is provided on the reverse side.

Tropical Products: World Markets and Trade
Issued four times a year. Provides information on the world production and supply and demand situation for coffee and tea. Presents U.S. trade data on spices and essential oils.

Cotton: World Markets and Trade
Monthly report provides statistics and other information on U.S. and world production, supply and demand, and trade for cotton. Covers crop conditions, the latest trade policy developments, and export market information.

Dairy Monthly Imports
Monthly report of imports of cheese and other quota dairy products subject to licensing, as well as imports under the quota not subject to licensing.

Livestock and Poultry: World Markets and Trade
Semi-annual publication provides information on U.S. and world production, use and trade of livestock and poultry products, trade policy developments, and export market information.

Grain: World Markets and Trade
Monthly publication provides information on U.S. and world production, supply and demand, and trade for a variety of grains. Covers crop estimates, the latest trade policy developments, and export market information.

World Horticultural Trade and U.S. Export Opportunities
Monthly publication provides information on the world situation and outlook for horticultural products. Covers export competition, foreign market import potential, and export opportunities for U.S. horticultural products.

Oilseeds: World Markets and Trade
Monthly publication provides data and analyses on U.S. and world production, supply, use, and trade of a variety of oilseeds and products. Covers production estimates, latest trade policy, commodity prices, and export market information.

Sugar: World Markets and Trade
Semi-annual publication provides information on the world production and supply and demand situation for sugar. Includes in-depth special country features.

Tobacco: World Markets and Trade
Quarterly report provides information on U.S. and world production, supply and demand, and trade for tobacco. Covers crop estimates, the latest trade policy developments, and export market information. The March issue contains complete U.S. tobacco trade data for the preceding calendar year.

World Agricultural Production
Monthly report provides information on U.S. and world production of major agricultural products, including crop, weather and production briefs, and special articles of interest to the trade.

Wood Products: International Trade and Foreign Markets
Issued five times a year. Provides information on the production, trade, and supply and demand situation in countries around the world for wood products. Highlights the latest trade policy developments, export statistics, and market information of interest to U.S. exporters.

Monthly Summary of Export Credit Guarantee Program Activity
Monthly summary report shows fiscal year commitment figures for the Commodity Credit Corporation's Export Credit Guarantee Program (GSM-102) and Intermediate Credit Guarantee Program (GSM-103).

U.S. Export Sales
Weekly report based on reports submitted by private exporters. Outstanding export sales as reported and compiled with other data give a snapshot view of the current contracting scene. All countries with outstanding sales or accumulated exports are included for each class of wheat, all wheat, wheat products, corn, soybeans, soybean cake and meal, American pima cotton, all upland cotton, whole cattle hides, and wet blues.

AgExporter Magazine
Monthly magazine for businesses selling farm products overseas provides tips on exporting, descriptions of markets with the greatest sales potential, and information on export assistance available from the U.S. Department of Agriculture. The audience is U.S. agricultural producers, exporters, trade organizations, state departments of agriculture, and any other export-oriented organization.

Dairy: World Markets and Trade
Semi-annual publication provides information on U.S. and world production, use and trade of dairy products, trade policy developments, and export market information.

Food and Agriculture Directory
Directory features up-to-date listings of federal and state agencies, trade associations and a host of other organizations that can help you penetrate foreign markets. Includes phone and fax numbers.

NTIS Foreign Agricultural Service
Trade Publications Order Form

U.S. DEPARTMENT OF COMMERCEÄ
Technology AdministrationÄ
National Technical Information ServiceÄ
Springfield, VA 22161Ä

To order subscriptions, call 1-800-363-2068 or (703) 605-6060.
TDD (for hearing impaired only), call (703) 487-4639.

SHIP TO ADDRESS

CUSTOMER MASTER NUMBER (IF KNOWN)	DATE	
ATTENTION/NAME		
ORGANIZATION	DIVISION / ROOM NUMBER	
STREET ADDRESS		
CITY	STATE	ZIP CODE
PROVINCE / TERRITORY	INTERNATIONAL POSTAL CODE	
COUNTRY		
PHONE NUMBER ( )	FAX NUMBER ( )	
CONTACT NAME	INTERNET E-MAIL ADDRESS	

1-800-363-2068 or (703) 605-6060
Fax this form to (703) 605-6880
To verify receipt of your fax order, call (703) 605-6060.

METHOD OF PAYMENT

☐ VISA ☐ MasterCard ☐ American Express ☐ Discover

CREDIT CARD NUMBER	EXPIRATION DATE
CARDHOLDER'S NAME	

☐ NTIS Deposit Account Number:

☐ Check/Money Order enclosed for $ (PAYABLE TO NTIS IN U.S. DOLLARS)

ALL SALES ARE FINAL

NTIS electronically stores our collection of almost 3 million items and custom-reproduces a single copy specifically for your order. Therefore, NTIS does not accept cancellations, requests for modifications, or returns for credit or refund. All sales are final. If you believe the item you received is defective or if we made an error in filling your order, please contact our Customer Service Department via e-mail at info@ntis.fedworld.gov or by phone at 1-888-584-8332 or (703) 605-6050.

SINGLE COPIES

To order, call NTIS Sales Desk 1-800-553-NTIS (6847) or (703) 605-6000;• fax to (703) 605-6900; or E-mail to: **orders@ntis.fedworld.gov.Ä**
For single copies, add $5 handling fee per total order for U.S., Canada,• Mexico; $10 per total order for all other countries. RUSH service is available• for an additional fee; please call the NTIS Sales Desk for details.•

Please PRINT or TYPE

NO. OF SUBSCRIPTIONS	ORDER NO.	TITLES	PRICES* DOMESTIC	INT'L	TOTAL PRICE
________	SUB9707LJX	Tropical Products (Coffee, Spices, Essentials Oils) (4 issues)	$60.00	$120.00	$
________	SUB9708LJX	Cotton: World Markets & Trade (12 issues)	120.00	240.00	
________	SUB9710LJX	Dairy Monthly Imports (12 issues)	108.00	216.00	
________	SUB9711LJX	Livestock & Poultry: World Markets & Trade (2 issues)	24.00	48.00	
________	SUB9713LJX	Grain: World Markets & Trade (12 issues)	132.00	264.00	
________	SUB9714LJX	World Horticultural Trade & U.S. Export Opportunities (12 issues)	132.00	264.00	
________	SUB9715LJX	Oilseeds: World Markets & Trade (12 issues)	132.00	264.00	
________	SUB9717LJX	Sugar: World Markets & Trade (2 issues)	28.00	56.00	
________	SUB9718LJX	Tobacco: World Markets & Trade (4 issues)	60.00	120.00	
________	SUB9719LJX	World Agricultural Production (12 issues)	132.00	264.00	
________	SUB9734LJX	Wood Products: International Trade & Foreign Markets (5 issues)	62.00	124.00	
________	SUB9735LJX	Monthly Summary of Export Credit Guarantee Program Activity (12 issues)	108.00	216.00	
________	SUB9736LJX	U.S. Export Sales (52 issues)	312.00	624.00	
________	SUB9737LJX	AgExporter Magazine (12 issues)	60.00	120.00	
________	SUB9739LJX	Dairy: World Markets & Trade (2 issues)	24.00	48.00	

Prices are subject to change.

* Prices include first-class delivery or equivalent service for domestic (U.S., Canada, and Mexico); airmail delivery for international (all other countries).

GRAND TOTAL $

Thank you for your order!

Trade Notes...

FAS public affairs specialist
Don Washington is at (202) 720-3101;
E-mail: washington@fas.usda.gov

U.S. Fishery Product Exports Exceed $1.9 Billion

U.S. fishery product exports for fiscal 2001 are 13 percent ahead of last year's pace with sales for the first eight months at $1.9 billion. Exports of Alaskan pollock fillets to the European Union and Korea as well as Alaskan pollock roe to Japan and Korea show significant growth.

Increased Alaskan pollock roe and fillet exports are a result of an allowable catch increase of 23 percent for Alaskan pollock and reduced supplies of pollock from Russia. Mad cow (BSE) and foot-and-mouth disease concerns are expected to continue to enlarge demand for imported seafood in the European Union. Alaskan pollock exports account for 97 percent of the 13-percent increase. May exports of $213 million were up 10 percent over the same month in 2000. Strength in Alaskan pollock, fish roe and surimi exports keeps the United States on track to achieve or exceed the current forecast of $2.9 billion in fishery exports for fiscal year 2001.

U.S. Orange Exports to Korea Continue To Be Bright Spot

Despite a quota and high duties, U.S. orange exports to Korea remain a bright spot for the U.S. citrus sector. U.S. exports of oranges to Korea during January-May 2001 totaled 67,745 tons, nearly 41 percent above the same period last year. U.S. orange exports have benefitted from the continued lowering of the out-of-quota duty.

Under the terms of the Uruguay Round Agreement, Korea established a 15,000-ton quota on January 1, 1995. The agreement provided for the quota to be increased by 5,000 tons in both of the following two years, increasing after that by 12.5 percent annually until the year 2004. The import quota for 2001 is 40,046 tons with an in-quota tariff rate of 50 percent. In addition, on July 1, 1997, Korea began permitting out-of-quota imports, which were assessed a duty of 89 percent.

The out-of-quota duty is being phased down until it reaches the in-quota rate of 50 percent in the year 2004, effectively terminating the quota regime. As the in-quota duty and the out-of-quota duty have come closer together, U.S. orange exports to Korea have jumped. During calendar year 2000, Korea's out-of-quota imports exceeded in-quota imports for the first time, even though the duty was 69.6 percent.

U.S. Apples to Russia Under Food for Progress Program

USDA will donate 2,000 tons of fresh apples to the Global Jewish Assistance and Relief Network (GJARN) under USDA's Food for Progress Program. This is the first time that a fresh fruit has been approved under this program. The GJARN plans to implement a 12-month feeding program to distribute food to approximately 1 million of the most vulnerable people in Russia. GJARN has arranged for refrigerated warehouses for storage. A special Russian language booklet with nutritional information, sample recipes and other information will be disseminated. The apples will be distributed between November 2001 and March 2002.

Inside This Issue:

- **Prepare to take notes. The European Union is proposing new food safety regulations that could have a major impact on trade.**
- **Memorize these acronyms: MAP and TIRF. They're short for Market Access Program and Technical Issues Resolution Fund. Both programs advance the interests of U.S. firms doing business abroad.**
- **If you're selling packaged consumer goods to the United Kingdom, be sure to do your homework. There will be a test.**

... And More

United States €
Department of Agriculture€
Washington, DC 20250-1000€