The Monthly Magazine for Food and Agricultural Exporters

AgExporter

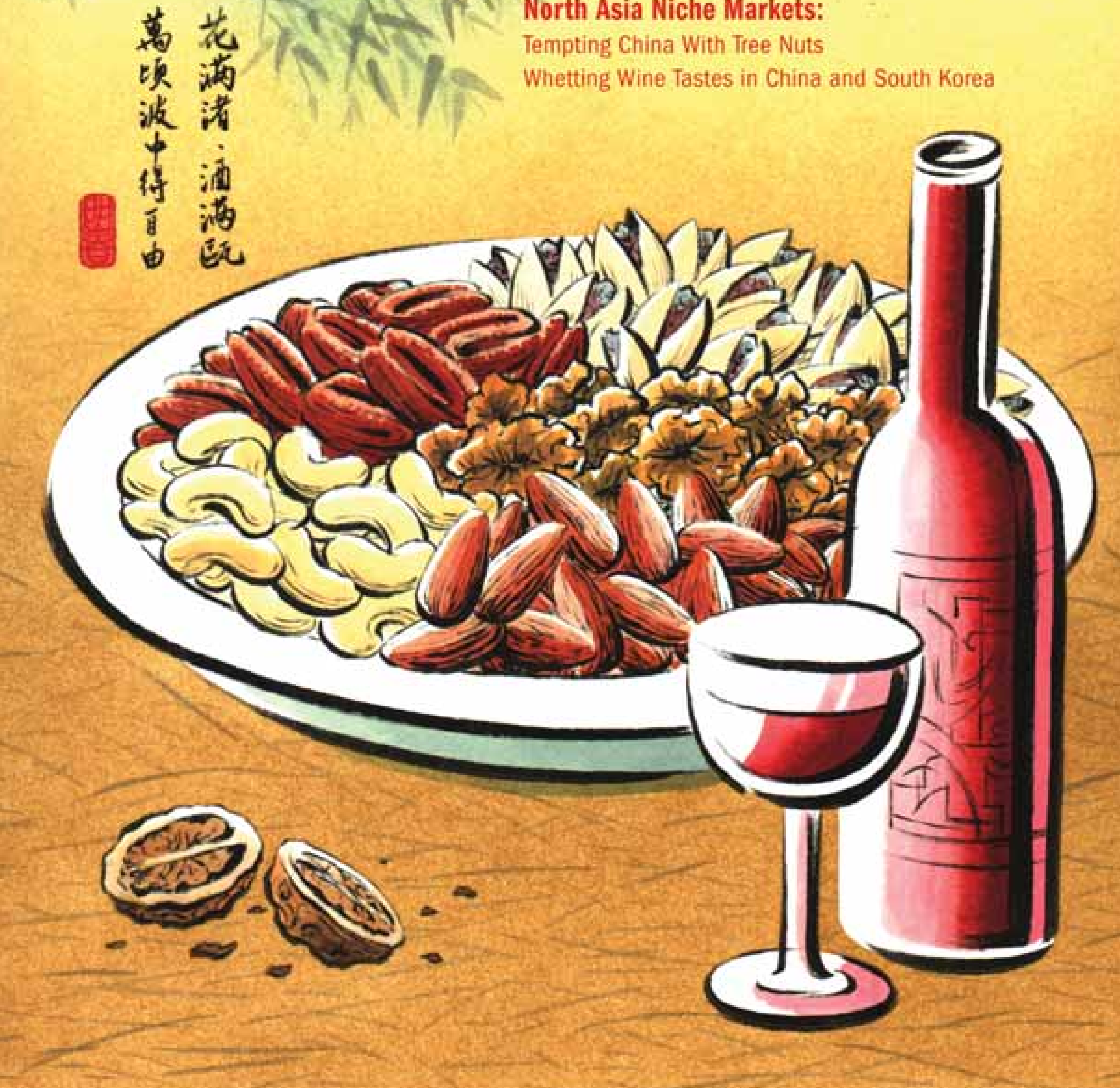
United States Department of Agriculture
Foreign Agricultural Service

April 2004

North Asia Niche Markets:

Tempting China With Tree Nuts

Whetting Wine Tastes in China and South Korea



TRADE SHOW OPPORTUNITY

SIAL 2004

PARIS, FRANCE

The Show: The SIAL International Food Products Exhibition in Paris, France, a biennial event, is one of the world's largest food and beverage expositions. SIAL 2002 welcomed 5,240 exhibitors from five continents, and attracted more than 135,000 buyers and 1,300 journalists from 58 countries.

Dates: Oct. 17-21, 2004

Location: Parc des Expositions de Paris Nord Villepinte

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Join Us: Exporters of U.S. agricultural products have always enjoyed participating in this show, and we hope *you* will consider joining us in Paris at this USDA-endorsed event!

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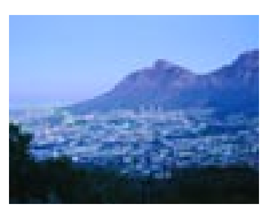
Features



FAS Trade Show Opportunities

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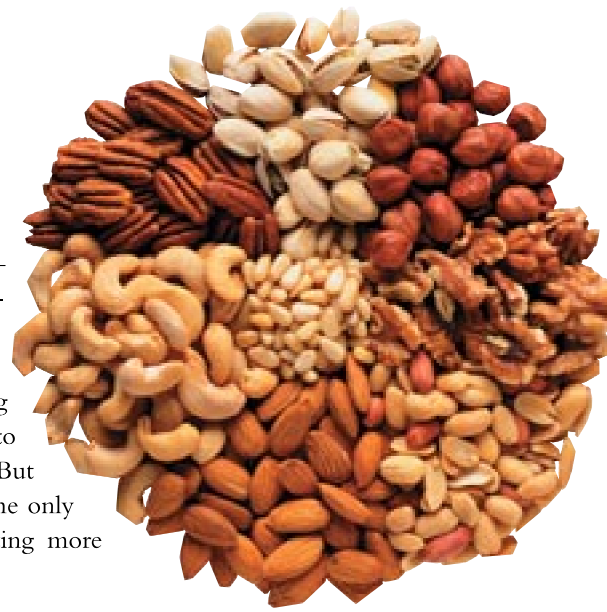
In-shell or Out, China's Nutty for U.S. Tree Nuts



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By Adam Branson and WuXinping

U.S. export figures show U.S. tree nut exports to China booming from $2.3 million in calendar 1998 to $15 million in 2003. Greater urban affluence is altering consumer tastes for varied foods and should assure rising demand for almond, pistachio, hazelnut, pecan, cashew, macadamia nut and walnut imports.

Several factors have accounted for this remarkable growth. Before China's 2001 accession to the WTO (World Trade Organization), tree nut tariffs averaged 26 percent. China reduced its tariff rates for tree nuts an average 5.25 percent as of 2003. By 2004, rates dropped about 7.88 percent, making them even more attractive to importers and consumers. But lower prices have not been the only reason that China is importing more nuts.

Consumers Weighing In

Traditionally considered a health food, the nutritional benefits of tree nuts are taking a back seat to new consumer perceptions of nuts as snack foods.

Targeted promotions, especially in larger Chinese cities like Beijing, Guangzhou and Shanghai, have helped raise the profile of tree nut snacks for the average consumer. Bakers and confectioners have been trained in the use of nuts as ingredients for baked goods and candies.

Although price sensitivity bars some U.S. high-quality nuts from sales in China, the United States is an important supplier of almonds, hazelnuts and pistachios for the Chinese ingredients marketplace.

Bakeries need high-quality ingredients. Since lower import tariffs have made tree nuts more affordable, China is importing more shelled than in-shell tree nuts for the first time in MY (marketing year) 2002/03 (October-September). Walnuts are especially popular in breads, and hazelnuts and almonds in chocolate candy.

Chinese companies are also processing more imported tree nuts for the re-export market, particularly almond, pistachio and macadamia products.

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Three U.S. Nuts Popular

The United States, Turkey and Pakistan are the three largest suppliers of in-shell almonds to China. During MY 2002/03, U.S. in-shell almonds accounted for 1,348 metric tons out of the total 2,159 tons imported.

The United States is the predominant supplier of shelled almonds to China, with 516 of the 548 tons imported in MY 2002/03. Guangzhou and Shenzhen have traditionally been the largest entry ports for shelled almonds. However, since lower tariffs have come into effect following China's accession to the WTO, Beijing and Shanghai are importing larger volumes as well.

Turkey surpassed the United States as the largest supplier of in-shell hazelnuts and accounted for nearly all of China's shelled hazelnut imports during the first nine months of MY 2002/03. Turkey's lower prices and a nationwide advertising campaign have helped boost sales. However, fourth-quarter gains enabled the United States to recoup its No. 1 status for the marketing year as a whole.

In MY 2002/03, Iran accounted for 56 percent (5,632 tons) of pistachios imported by China, followed by the United States with 41 percent (4,111 tons).

As high-quality U.S. nuts are more expensive than other imports, processors often blend Iranian and U.S. nuts, packaging and labeling them as U.S. products.

Vietnam is the largest supplier of cashews (in-shell and shelled) to China.

Southern hemisphere and equatorial countries dominate the market for macadamia nut exports to China. Australia, South Africa, Kenya and Brazil supplied 97 percent of China's total 6,877 tons imported during MY 2002/03.

China exports many tree nuts, the bulk of which are re-exports, with pistachios, almonds and macadamias shipped in the largest volumes. Products imported into the country for re-export can enter free of tariffs and value-added taxes.

Marketing Concerns

In promoting their products, tree nut exporters should address several consumer concerns: taste, sanitation of packaged products, consumer-ready sizes and pricing.

Nut Trees Planted

Although China does produce some tree nuts, notably walnuts, it is not yet a commercially viable producer of most varieties.

However, China's domestic production has been increasing as acreage planted over the past decade has begun bearing nuts.

Growers have been encouraged to switch from traditional agricultural crops to high-value and more ecological crops such as tree nuts, mostly walnuts, with some pecan and other varieties where ecologically suited.

Tree nut production has been considered an important part of the Sloped Land Conversion Program, an effort to alleviate rural poverty by converting land to more productive uses. As farmers implement scientific methods for improving production, output will be further enhanced.

By 2012, China hopes to have 2.4 million acres of newly planted walnut trees and 1.09 million acres of walnut trees improved through grafting.

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Retail outlets, especially hypermarkets and supermarkets, have increased the number of branded and packaged tree nut products they sell. Many walnuts and, recently, almonds are sweetened, glazed or sprinkled with seeds. Packages usually range from 90 to 400 grams.

Price is still a major consideration for the consumer. Packages priced up to $2 are considered affordable. Many large stores carry tree nuts, in-shell and out, in more economical plastic containers weighing between 300 and 500 grams.

Bulk bin sales of shelled and in-shell almonds, walnuts, pistachios and cashews have been strong in larger stores. Many consumers prefer in-shell bulk bin nuts because of lower prices, and often consumer-shelled nuts are cleaner. ■

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For details, see FAS Report CH3120. To find it on the Web, start at **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.

New Opportunities in China for U.S. Wine Producers

The Latin proverb *in vino veritas* means "in wine there is truth," but there may be more in wine than just truth—like profits. In 2003, China imported 1.2 million liters of U.S. wines, making it the 24th largest market for U.S. wine exports. Although Taiwan, Singapore and Hong Kong each buy more U.S. wines than China, few countries can boast the long-term potential that its largely undeveloped market represents.

Bulk Versus Bottled

Over the past few years, U.S. bulk and bottled wines have followed divergent paths in China. While imports of U.S. bulk wines plummeted between 2000 and 2002, imports of U.S. bottled wines increased 68 percent, according to China customs data. Imports of inexpensive U.S. bulk wines have been undercut by growth in China's own wine production, while lower tariffs and growing disposable income have smoothed the way for bottled wine imports.

U.S. exporters may find a greater comparative advantage in selling mid- and high-range bottled varieties than bulk wines. However, this trend may be changing, as some U.S. exporters have begun shipping higher quality wines in bulk to be bottled in China.

Market Shifts to Shanghai Suppliers

Although no single data source fully captures China's market for imported wines, certain trends have become evident. In the last several years, China's wine imports have shifted from indirect shipments through Hong Kong to direct shipments into Shanghai, due to improvements in both the quantity and quality of import and distribution options and infrastructure available to U.S. bottled wine producers.

China's demand for wines is growing even faster than its steadily rising production, creating a shortfall that has led to the blending of inexpensive bulk foreign wines with local ones, so most wines labeled as Chinese contained 30-40 percent imported product.

The Domestic Wine Industry

China's grape-growing area expanded 40 percent between 1997 and 2002 and is expected to grow at an annual average of 12 percent through 2007. In 2002, China had about 461,127 acres planted with grapes.

The top wine-producing provinces are Hebei and Shandong in North China and Xinjiang in the far west. Although China's wine output has grown rapidly, its exports have declined steadily during the last few years as its domestic consumption has increased.

Import Taxes

Under China's World Trade Organization accession agreement, wine tariffs are declining from 24.2 to 14 percent in 2004. But if foreign wines gain market share, consumption taxes may be raised. Since these taxes are assessed on value, they would affect bottled imports more than domestic wines.

Bottle Labeling—Accept No Substitutions!

China's food labeling law applies to all prepackaged food and beverage products, such as bottled wines. Labels must include: name or brand, net fluid, alcoholic, sugar and other ingredient content, production date, name and address of packer, distributor or importer, must content (expressed juice before and during fermentation), country of origin and quality guarantee or storage period date.

Standard required documents include certificates of origin and health. Bottling companies and wineries often provide certificates of analysis and origin.

Many imported wines continue to have original labels on the front of the bottle, with Chinese language stickers on the back. While customs officials have said that they would enforce the labeling law more strictly beginning in March 2003, wine imports continue to enter with stickers.

Producers are advised to develop

Shanghai Bottled Wine Imports: The United States Ranks Second Among the Top Five Suppliers

Country	$ Million			% Market Share			% Increase
	2000	*2001*	*2002*	*2000*	*2001*	*2002*	*2000-02*
France	0.608	0.955	1.605	31.50	41.56	35.04	68.05
United States	0.298	0.455	1.021	15.46	19.82	22.30	124.25
Australia	0.170	0.265	0.716	8.81	11.54	15.65	170.19
Italy	0.417	0.195	0.350	21.63	8.50	7.63	79.11
Spain	0.055	0.171	0.254	2.88	7.44	5.54	48.45
World Total	**1.929**	**2.298**	**4.579**	**100**	**100**	**100**	**99.31**

Chinese language labels in anticipation of full enforcement of the law. Such labeling will also help to support promotional efforts and to differentiate genuine products from imitations.

Import and Distribution Channels

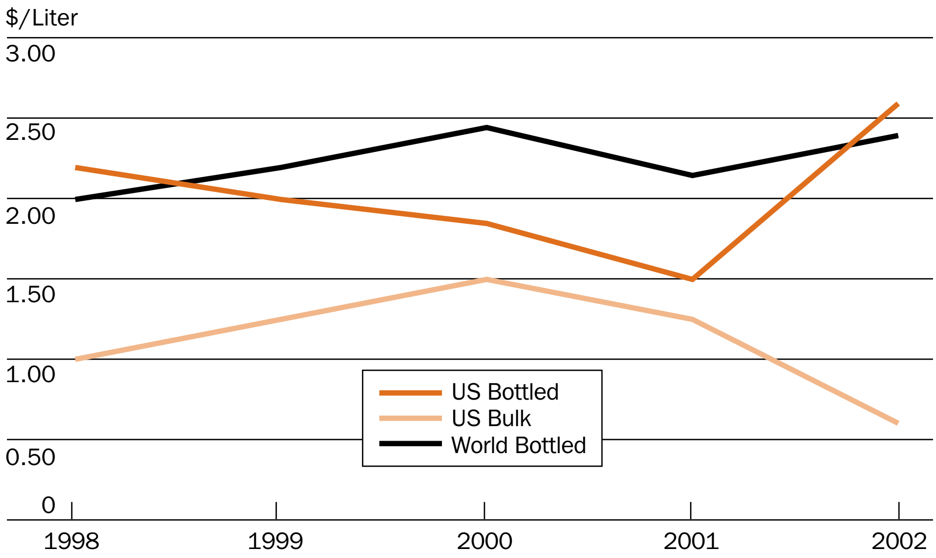
Typically, wines enter China's importer and distributor network through three channels:

- CEROILS (China National Cereals, Oils & Foodstuffs Import and Export Corporation), the state monopoly wholesaler and distributor of alcoholic beverages. Most private importers and distributors bring product into the country under the auspices of CEROILS.
- Joint venture and foreign-owned hotels and duty-free stores under China Travel Services. This is a somewhat limited channel, as products are restricted from general distribution.
- The gray channel of Hong Kong and Guangzhou. This channel is declining in importance as duties fall and enforcement of regulations becomes more rigorous.

As the dominant port of entry, Shanghai offers several foreign-run, fully integrated import and distribution options; however, importers in Shanghai are often reluctant to carry new products.

Some importers and distributors offer a full range of sales and marketing services, including climate-controlled warehousing, trade education, market promotion, sales and delivery. Most successful importers and distributors obtain a sublicense from CEROILS, and then handle marketing and distribution themselves, an arrangement that allows them more control over brand development, handling and storage.

Average Prices for U.S. Bottled and Bulk Wines Are Competitive



The Bouquet of Success

Roughly two-thirds of wines consumed in China are purchased in hotels and restaurants. Networking with distributors and clients and participating in promotions and trade shows are the best ways to learn the retail and food service sectors.

It is vital for producers to have good relationships with their importers and distributors to ensure that the entire supply process works smoothly. Extensive marketing and educational activities are essential to reach beyond the business traveler and expatriate segments and develop a critical base of Chinese consumers.

Many importers and distributors may not have marketing and education services, so unless new products are competitively priced or introduced through comprehensive educational promotions, they may fail, even in relatively developed coastal markets.

Another influential factor is pricing. In Shanghai, the market price for a 0.75-liter bottle (1 liter=1.0567 quarts) of imported wine hovers around 55 renminbi (about $7.00), compared to 35 renminbi for a domestic dry red wine.

Those producers who identify a market niche and establish solid relationships with importers and distributors are most likely to succeed. Education, aggressive marketing and a long-term approach are critical to successfully export bottled wines to China. ■

The story is based on reports prepared by an external contractor in conjunction with the FAS Agricultural Trade Office in Shanghai, China. For more information on this market, contact that office at: Tel.: (011-86-21) 6279-8622; Fax: (011-86-21) 6279-8336; E-mail: atos@public.sta.net.cn

For details, see FAS Reports CH3802 and CH3803. To find them on the Web, start at **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.

Competition Strong for South Korea's Robust Wine Market

By Sangyong Oh

More and more Koreans are favoring diets that reflect health-consciousness and include Western foods. And with that, the popularity of drinking wines with meals is growing.

Virtually all wines consumed in South Korea are imported. Domestic vineyards and wine production have almost disappeared due to their lack of price and quality competitiveness against imports. Only two local liquor manufacturers are bottling wine locally, mainly using imported bulk wines.

In calendar 2003, the United States was the second largest exporter of wines to South Korea, setting record-high sales at $9.43 million, a 54-percent increase over 2002. But France continues to dominate the market. Italy, Chile, Australia and Spain increased their market shares in 2003, narrowing the gap with the United States. In short, the competition is keen.

The reputation of and demand for U.S. wines are growing rapidly. There is a large Korean population residing in or traveling to the United States, creating taste and brand loyalty.

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The Market Is Still Developing

In South Korea, consumption of alcoholic beverages is considered an extremely important part of social culture and is often suggested on social occasions. But wines remain relatively new to most Koreans. Beer and Korean vodka (*soju*) still rule the market. Currently, wines comprise less than 1 percent of the total market for alcoholic beverages.

But with new consumers being added every day, the Korean wine market has good potential for imported wines at all price and quality levels. Mass retailers, such as hypermarkets, supermarkets and convenience stores, have become the major distribution channel for low- to mid-priced wines, while specialty retailers, mainly independent liquor stores, are concentrating on mid- to premium-priced wines. A typical mass retail store features anywhere from 50 to 100 wine varieties in a separate section.

Approximately 60 percent of wine consumption occurs in the home, with the other 40 percent taking place in restaurants. Wine sales increase during traditional Korean gift-giving holidays such as *Chusok* (September), Christmas and Lunar New Year's Day. Wine gift sets are becoming increasingly popular, replacing gift sets of liquors.

Currently, red wines are making up 70 percent of the market share, but sparkling and other white wines have room for growth.

With the growing popularity of wines in South Korea, the country now has wine schools, Internet-based wine organizations, wine bars and wine exhibitions. The popular press has run numerous stories extolling the health benefits of moderate wine consumption with meals.

Le Seoul, a quarterly magazine, delivers news of the wine industry. The Korean California Wine Importers Association, organized in 2002 by 16 local wine importers, offers a targeted marketing channel for California wines. The Seoul

WINE IMPORTS WILL SHOW DOUBLE-DIGIT GROWTH FOR YEARS TO COME.

Opportunities and Challenges of the Korean Wine Market

Opportunities:

- South Korea is one of the world's biggest markets for alcoholic beverages.
- U.S. wines have a growing reputation against European products.
- Korean consumers have knowledge of English and products labeled in English.
- Young consumers are leading the expansion of wine drinking.
- Import prices of European wines have increased significantly in recent years due to continuous appreciation of the euro against the Korean won.

Challenges

- There is still a lack of consumer awareness about wines.
- U.S. wine exporters have little understanding of the Korean wine market and culture.
- South Korea has complex labeling and tax requirements.
- Marketing and promotional efforts by U.S. wine suppliers are limited.
- Many Korean opinion leaders believe French wines are superior to U.S. wines in quality and value.
- Emerging suppliers, especially Australia and Chile, are expanding their market shares in medium- to low-priced wines, while France and other European countries are gaining in high-priced product categories.

Wine Expo, an annual trade show, is an excellent marketing tool to introduce new wines to potential consumers.

U.S. wine suppliers would benefit by employing some of the export-oriented marketing tactics used by competitors from Europe and other regions. Tasting seminars, invitations to the Korean wine trade press to attend overseas wine exhibitions, cultural events coupled with wine promotions, trips to wineries and local food shows and wine schools would all help Korean importers build long-term business relationships with U.S. wineries.

Rules of the Road

Since 1988, wine imports have been liberalized in South Korea. Any licensed importer can now import liquor products, and there is no significant barrier to earning a license. There are about 160 liquor import licensees in South Korea, but only about 25 of them import on a regular basis.

Most importers also have a liquor wholesaling license, which allows them to distribute directly to retailers and restaurants. Some importers operate their own retail liquor stores under a separate business license.

The Korean Liquor Act prevents a distributor from purchasing liquor products from another distributor on the same level or below (for example, retailers from retailers or wholesalers from wholesalers) for resale. In 2001, the Korean government abolished a restriction that had prevented local liquor manufacturers from importing liquor products directly.

In South Korea, consumer prices for wines are quite high. A combination of import duties, taxes, large distribution costs and markups results in retail wine prices two to four times those in the United States.

For example, wines imported into South Korea are subject to a 15-percent tariff, a 30-percent liquor tax and a 10-percent education tax. When importer and retail markups are added in, a bottle of wine costing $10 in the United States will sell for $23-25 in Korean discount stores, and even more in other retail outlets.

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Imported wines must have Korean language labels. In many cases, the importer attaches the label when the shipment arrives, before customs clearance.

All foods and beverages are subject to Ministry of Health and Welfare/Food Quarantine inspection. The first shipment of a product requires a detailed chemical analysis test. Subsequent shipments are subject to visual and documentation inspections. Established importers are the best source of current labeling and inspection information. ■

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For details, see FAS Report KS3051. To find it on the Web, start at **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.

The Bahamas Appeal to U.S. Tourists' Dollars

By Joanna Apergis

Its proximity to the United States not only affects island culture, but also provides the Bahamian Island group with a major proportion of its largest industry—tourism. It is not surprising that $128 million, or 85 percent, of the islands' agricultural imports each year come from the United States.

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Tourism Leads Island Industries

The Bahamas' 700 islands and 2,000 cays support a population of 308,000. Last year, 4.4 million tourists visited the islands, accounting for 60 percent of the national GDP (gross domestic product) and two-thirds of all jobs.

Offshore banking lends another 15 percent to the country's GDP, and shipbuilding also buoys the economy.

With the third highest number of tourist stopovers in the Caribbean and two other strong industries, Bahamians enjoy high per capita income.

Most residents live on the islands of New Providence (around the nation's capital, Nassau) or Grand Bahama (around Freeport).

Characteristics of the Retail Sector

Between 65 and 80 percent of the islands' retail food supply is imported from the United States. Most significant U.S. food products and labels are already represented in the market and compete favorably with local goods.

Bahamians usually buy their basic foods from supermarkets. And they tend to adhere to their traditional diet that includes rice, beans, evaporated milk, corned beef, flour for conch fritters and homemade macaroni and cheese.

Trendy retail items include processed chicken pieces, hot dogs and salty snacks. Individually packaged cookies and candies are popular in school lunch programs.

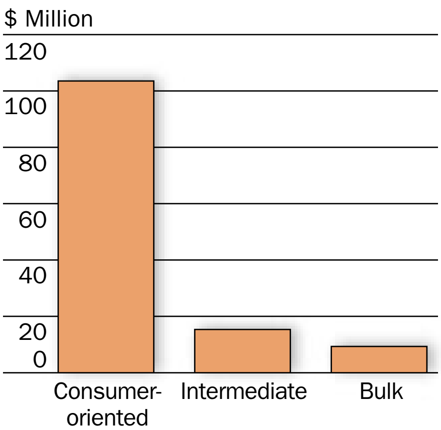
Two major supermarket chains, more than 200 small independent grocers, two hypermarkets, two club stores, several mom-'n'-pop chains and a growing number of gas marts make up most of the retail sector.

Although larger chain supermarkets are slowly gaining numbers, independent grocers will likely always maintain a presence on the islands in areas where market demand is insufficient for large-scale investment. However, as disposable income increases and spare time becomes more limited, more consumers are purchasing convenience foods at gas marts.

While convenience foods and meals are gradually increasing in popularity, organic and health foods have been slow to catch on. But this may change as consumers' incomes rise and their health consciousness grows. For now, tofu and soymilk lead health food sales.

The only food items consistently coming from countries other than the United States are: flour from Canada,

In Fiscal 2003, Consumer-Oriented Products Dominated U.S. Agricultural Sales to the Bahamas



lamb from New Zealand, pork from Venezuela, canned beef from Argentina and certain jams and cookies from the United Kingdom.

In fiscal 2003, even with competition from other countries and local production, the United States had almost all of the market share for fresh fruits and vegetables, poultry, red meats, processed fruits and vegetables, salmon and several other food and beverage products.

Entry Strategy

With many U.S. products claiming an entrenched clientele, new entrants should search for a niche market, develop a customized marketing plan and work with an established local distributor. Many local wholesalers and distributors have proven track records.

Travel to the Bahamas is highly recommended, with Nassau being a good place to start as it is home to the highest number of retail outlets.

It is likely that distributors will continue to dominate the retail import industry, due to the limited population it serves. The club warehouse stores and two largest supermarket chains do, however, buy directly from U.S. suppliers.

Independent grocers, mom-‘n’-pop stores and wet market vendors, with limited purchasing power, buy mostly from local wholesalers and farms, and sometimes grow their own products.

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Market Opportunities

Products with the strongest sales potential in the Bahamas include:

- Beef
- Poultry
- Pork
- Dairy products
- Produce
- Fruit juices
- Specialty and seafood products

Products with good potential include:

- Soymilk
- Tofu
- Other soy-based products

Import Policies

U.S. suppliers find Bahamian import policies and procedures similar to those in the United States.

However, in an effort to protect local industry, the Bahamian government imposes tariffs and/or stamp taxes on fruits and vegetables, soft drinks, bottled water, juices, fresh poultry meat, eggs, live fish, nuts, some seafood, prepared meats and spirits.

As local production of these commodities falls short of meeting demand, consumers often must buy higher priced imports. ■

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For details, see FAS Report C13015. To find it on the Web, start at **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.

The South African Market Is Booming

By Margaret N. Ntloedibe

South Africa has a market-oriented agricultural economy and is a net exporter of agricultural products. Although South African agricultural production has almost doubled in the past 30 years, erratic weather can cause significant production variations from year to year. The country is self-sufficient in primary foods with the exceptions of wheat, oilseeds and rice. From the United States, South Africa imports primarily rice, planting seeds, hardwood, wheat and animal fats.

A Market Growing in Sophistication

The South African food and beverage market is becoming increasingly sophisticated, supplied by both local and imported products. South Africa is aggressively marketing local products and also has the "Proudly South African" campaign, which promotes the country's products and services to consumers. Surveys show that recognition of the "Proudly South African" logo has grown from 10 to 64 percent of the population.

South African consumers now enjoy access to organically grown fruits and vegetables, while having more brands to choose from on grocery shelves. The majority of consumers, however, remain very price conscious. As a result, in supermarkets and grocery stores, more inexpensive store brands usually lead in sales. Store brands dominate the market in all categories except toiletries and confectionery.

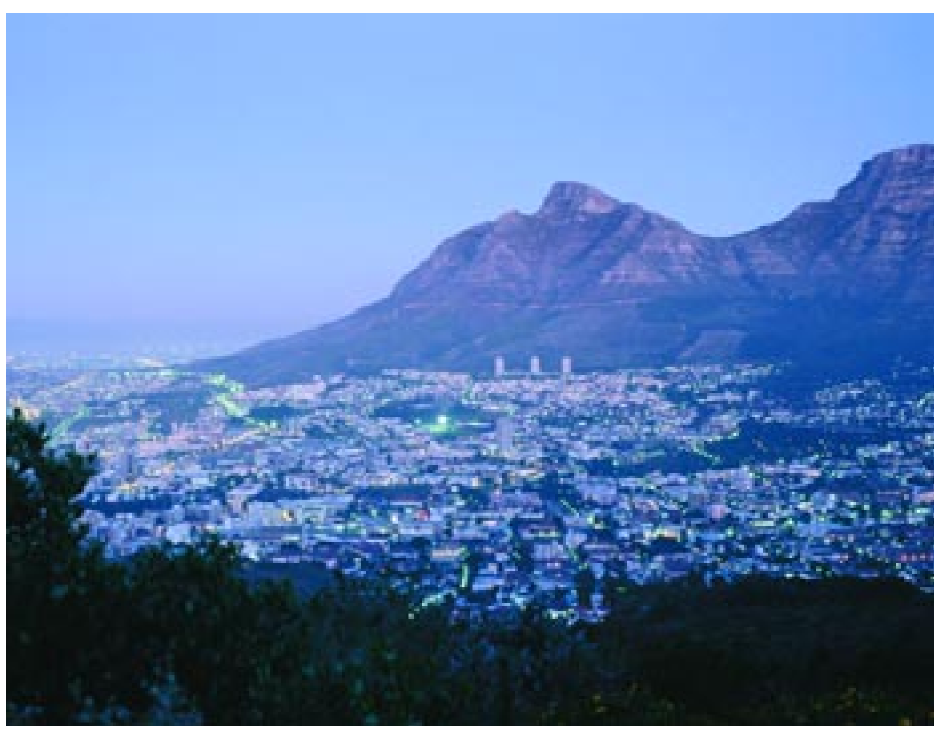
South Africans have always been big red meat eaters, with fish often a distant second protein choice. Market research indicates that the retail frozen fish market is primarily driven by the coated hake subcategory, which accounts for more than one-third of all fish sales. Prepared frozen fish dinners are also gaining in popularity. More consumers are eating fish as a healthy alternative to meat.

Overall, the primary competition for the United States in the South African food market comes from Argentina, Brazil, the United Kingdom and Australia. There are definite opportunities for U.S. suppliers of many products to increase market share. South African consumers generally view U.S. products as high quality. Educating consumers about the variety and quality of U.S. products could significantly increase sales.

The growing retail industry needs more imported foods and beverages. Opportunities also exist for niche products. South African importers are seeking reliable suppliers who can deliver quality products at competitive prices, another opportunity for U.S. companies that can meet these criteria. In addition, the trading climate with South Africa is improving, thanks to transparent import regula-

South African Currency

South Africa's economic situation and the strength of its currency, the rand, have improved considerably since 2001. The rand declined from an average of R4.30 per U.S. dollar in 1996 to briefly touch R13 per dollar in late 2001. It strengthened considerably to R6.5 per dollar in early 2004. U.S. exports had been negatively impacted by the rand's depreciation, but the changed situation has made U.S. products more affordable for South African consumers.



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A Diversified Retail Sector

South Africa has an increasingly diversified retail sector. While the number of supermarket chain stores has increased slightly (2,028 stores in 2003 versus 2,009 in 2001), the major growth has been in stand-alone convenience stores (158 stores in 2003 versus 80 in 2001), forecourt stores (gas station convenience stores) and franchises selling convenience meals and fast foods. These are all good venues for imported products, and provide more convenience and accessibility to a nation increasingly on the go.

tions combined with a steady decline in tariff levels for most products.

With all the optimism, however, there is a note of caution–a large portion of the South African population still has very limited disposable income. That being said, the average South African consumer is increasingly demanding a wide range of products on supermarket shelves. As a result, supermarkets are carrying more and more imported and specialty items. In addition, the growth of tourism in South Africa has increased demand for Western-style foods and consumer-ready products.

Getting Products to the Customer

Retail trade outlets in South Africa represent the full spectrum of what is available in the United States–neighborhood convenience stores, specialty stores, boutiques, chain stores, department stores and large wholesale and retail outlets. There are also cooperative stores serving rural areas. A major phenomenon in South Africa is the evolution of hypermarkets that sell large quantities of consumer goods on a self-serve basis.

South African importers are generalists who import a wide range of food products. It is important for an exporter to work with someone locally who knows the market well.

SOUTH AFRICA HAS REDUCED ITS AVERAGE TARIFF RATE FROM MORE THAN 20% TO 7%.

Continued interaction between U.S. suppliers and South African food importers and consumers through trade shows, trade missions and in-store promotions is key to increasing U.S. exports to the country.

Ready for Regulations

All food imports are subject to random checking at points of entry. International freight forwarders normally handle documentation with local authorities.

Since 1994, South Africa has reformed and simplified its tariff structure in order to comply with its WTO (World Trade Organization) commitments. It has reduced tariff rates from an average of more than 20 percent to 7 percent.

The South African Directorate of Plant Health and Quality of the National Department of Agriculture sets standards for agricultural products, including requirements for composition, quality, packaging and labeling. Fish products require a special import permit. Irradiated meats are banned. ■

The author is an agricultural marketing specialist at the Office of Agricultural Affairs at the U.S. Embassy in Pretoria, South Africa. For more information on the South African market, contact that office at: Tel: (011-27-12) 342-1891; Fax: (011-27-12) 342-2264; E-mail: agpretoria@usda.gov

For details, see FAS Reports SF3031 and SF3043. To find them on the Web, start at **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.

TRADE SHOW OPPORTUNITY

GULF FOOD 2005

DUBAI, U.A.E.

The Show:

Dubai, the U.A.E. (United Arab Emirates), is strategically located at the crossroads of Asia and Africa, and serves as a gateway to markets of close to 2 billion people in the Middle East, East Africa and India. Firmly established as the Middle East's business, financial and commercial center, Dubai has a highly developed transportation infrastructure that includes the world's largest manmade port, Jebel Ali, plus global and regional air cargo links. Dubai is situated as the ideal trade and distribution center for the Middle East region, especially to the U.A.E.'s fellow members of the Gulf Cooperative Council (Bahrain, Kuwait, Oman, Qatar and Saudi Arabia).

The U.S. pavilion will consist of 50 booths, including 45 exhibitor booths, a trade lounge and an information center, built around a "Main Street USA" central theme. Gulf Food 2003 attracted over 10,000 registered traders from around the world, the largest number at any Gulf Food show ever, most of whom visited the U.S. pavilion.

Location:

The U.S. pavilion at Gulf Food 2005
The World Trade Center, Dubai, U.A.E.

Dates:

Feb. 20-23, 2005

Deadline:

November 2004 (Tentative)

Contacts:

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Trade Notes...

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USDA Opens New Trade Offices in China and Philippines

FAS has opened new ATOs (Agricultural Trade Offices) in Manila, the Philippines, and Beijing, China. The opening of these offices is timely as agricultural trade between the United States and Asia is rapidly expanding. U.S. exports of agricultural products to China are forecast to reach $5.4 billion this fiscal year, compared with $3.5 billion in 2003 and $1.8 billion in 2002. China is the fourth largest export market for U.S. agricultural products and has recently become a strong market for U.S. soybeans. In addition to the new Beijing ATO, FAS operates ATOs in Shanghai and Guangzhou. The Philippines is also a growing and dynamic market that is very important for U.S. agriculture. With U.S. exports of agricultural, fish and forest products totaling $677 million in fiscal 2003, the Philippines ranks among the top 20 U.S. markets.

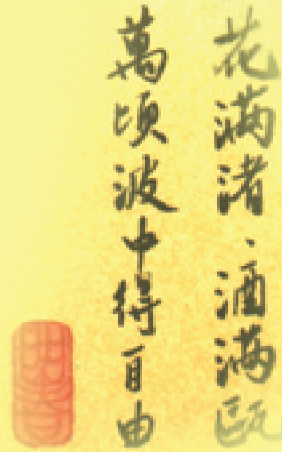
FAS has many agricultural affairs and trade offices covering countries around the world. Trade offices in key markets function as service centers for U.S. exporters and foreign buyers seeking market information. U.S. agricultural trade offices and attaché offices provide foreign buyers with information on potential suppliers in the United States. They also assist U.S. exporters in launching products in markets with diverse food preferences, social customs and marketing systems.

The Beijing ATO is located at No. 1 Guang Hua Lu, Cahoyang District, Kerry Center 24F, Unit Number 2425, Beijing 100020, China. Tel.: (011-86-10) 8529-6418; Fax: (011-86-10) 8529-6692; E-mail: atospublic.sta.net.cn. The mailing address for the Beijing ATO is Agricultural Trade Office, U.S. Embassy, Beijing, China, PSC 461 Box 50, FPO AP 96521-0002.

The Manila ATO address is Agricultural Trade Office, 25th Floor, Ayala Life-FGU Center, 6811 Ayala Avenue, Makati City 1203, Philippines. Tel.: (011-63-2) 894-5381; Fax: (011-63-2) 812-5430; E-mail: agmanila@usda.gov. The mailing address for the Manila ATO is Agricultural Trade Office, Manila, Philippines, PSC 500, Box 31, FPO AP 96515-1000.

USDA Grants Assistance to Alabama Shrimp Producers Under Trade Adjustment Assistance

FAS has certified a petition from shrimp producers in Alabama under the TAA program (Trade Adjustment Assistance for Farmers). These producers are now eligible to apply for TAA benefits. Under the TAA program, USDA provides technical assistance and cash benefits to producers if an increase in imports of a like commodity has contributed importantly to a decline in price and a loss of income. FAS determined that, during January-December 2002, increased imports of farmed shrimp contributed importantly to a decline in domestic prices for producers in Alabama when compared with the previous five-year average. After producers submit their applications, they will be contacted regarding technical assistance and training. Financial payments will not be made until after applications are certified.



Also in This Issue:

- The link between tourism and agricultural trade in the Bahamas
- A profile of South Africa's market
- Trade show opportunities in France and the United Arab Emirates

And Next Time, Turn to AgExporter for:

- Austria's food sector
- Argentina's market for value-added products and ingredients
- Chile's hotel, restaurant and institutional sector

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Washington, DC 20250-1000