



THE COMPETITION IN 1997

***U.S. AND COMPETITOR EXPENDITURES
ON EXPORT PROMOTION AND EXPORT SUBSIDIES
FOR AGRICULTURAL, FORESTRY AND FISHERY PRODUCTS***

**Foreign Agricultural Service
U. S. Department of Agriculture
Washington, D.C. 20250**

June 30, 1998

TABLE OF CONTENTS

Introduction	1
Major Export Market Promotion Activities	2
Export Subsidies	2
Countries Chosen for the Study	3
Estimated Market Promotion and Direct Export Subsidy Expenditures	3
Other Export Assistance Policies Not Included in This Report	5
Table 1	5
EXPENDITURES AND ACTIVITIES BY EU MEMBER COUNTRIES	
Denmark	7
France	9
Germany	12
Greece	14
Ireland	15
Italy	17
The Netherlands	20
Spain	22
The United Kingdom	24
EXPENDITURES AND ACTIVITIES OF OTHER COMPETITOR COUNTRIES	
Argentina	26
Australia	28
Brazil	32
Canada	35
Chile	38
China	39
Hong Kong	42
India	45
Japan	48
Korea	50
Malaysia	52
Mexico	55
New Zealand	57
Norway	61
Singapore	62
South Africa	64
Switzerland	66
Taiwan	67
Thailand	69
Turkey	70
United States	72



THE COMPETITION IN 1997:

U.S. AND COMPETITOR EXPENDITURES ON EXPORT PROMOTION AND EXPORT SUBSIDIES FOR AGRICULTURAL, FORESTRY AND FISHERY PRODUCTS

Most agricultural exporting countries use public export promotion to enhance their position in foreign markets. There are nearly as many methods for financing these activities as there are countries conducting them, and there is no uniform definition or accounting method for these expenditures. However, information can generally be found on how much is financed by government budgetary outlays and how much is financed by contributions from industry sources. Industry contributions are often derived from levies on producers and processors or on exports of the products eligible for export promotion. Several countries, including the United States, also use export subsidies to aid in the marketing of their agricultural exports. Table 1, which appears on page 6 of this report, summarizes the results of our survey of these expenditures for 1997. These figures show that for export promotion and export subsidies the United States is outspent by more than 20:1 by our competitors. Total foreign expenditures were nearly \$8.7 billion dollars compared to U.S. expenditures of \$432 million. The biggest competitor was the European Union which spent over \$7.5 billion, 96 percent of which was used for direct export subsidies. Looking only at market promotion expenditures, our competitors spent \$924 million compared to U.S. expenditures of \$311 million. About 10 percent of foreign market promotion funding is devoted to

activities in the U.S. market.

Introduction: U.S. exports of high-value and consumer-ready foods have increased steadily in recent years, but will continue to face stiff competition in major importing markets. Many exporting countries have announced ambitious export goals and have oriented their export programs to attract larger numbers of small- and medium-size firms to exporting. The chief export policy tools employed by exporting countries are: direct export subsidies, export market promotion (development) programs, export credit and credit guarantee programs, and statutory marketing boards.

This report focuses on other countries' market development programs and activities which are similar to those of the U.S. Department of Agriculture's programs such as the Market Access Program (MAP) and the Foreign Market Development (FMD) Program. Because of their continuing impact on the marketing environment for agricultural products, the direct export subsidies of major subsidizing countries such as the European Union are also addressed in this report.

Major Export Market Promotion Activities: Export market promotion activities are widespread in developed and, to a lesser extent, middle-income countries. In many countries, governments work as

partners with agricultural, timber and fish producers and food processors. In some countries, producers finance the bulk of the promotions, while in others, the government is more active in financing the promotions. Often, producer financing is accomplished through statutory fees on sales or exports. Government assistance to export market promotion is “green box” (not subject to discipline under the WTO Agreement on Agriculture).

Export market promotion encompasses a wide range of activities, including:

1. **Advertising** on radio, television and in print media. This includes generic ads designed to reinforce an image for all products from a country, such as New Zealand’s campaign promoting its food as natural, and ads for individual commodities and products. This activity often includes compilation and printing of major national "Supplements" in target countries at special occasions such as the "National Day" or the visit of the head of state or similar high level dignitaries.
2. **Trade show** participation. These include major international shows such as ANUGA or FOODEX as well as smaller exhibitions sponsored by individual countries in a foreign market. Trade show participation is an important way to introduce new products to a lot of buyers and make new contacts. Most countries facilitate the participation of their exporters and producer associations in trade shows, often absorbing some of the costs.
3. **Public relations**, including food editors’ columns, event sponsorship and other “free” advertising.
4. **National branding**. This involves promotion of a national brand name, such as “Australia Fresh” which independent exporters are allowed to use on their products, usually for a fee. Often, these are associated with specific standards which must be met before the brand name can be used.
5. **In-store and menu promotions and tastings**. This includes activities geared to food retailers and wholesalers or restaurants in the importing country, including the provision of promotional and display materials and recipe guides. Samples are often given out in supermarkets. Wine tastings are a common promotion tool for wine.
6. **Trade missions and reverse trade missions**. Trade missions are visits by exporters to the importing country. Reverse trade missions are invitations to foreign buyers, including trade delegations to the exporting country to visit producers, processors or packers and to visit with important public or private sector officials.
7. **Technical assistance**. This can range from invitations to specialists to attend training courses or related technical seminars in the exporting country to demonstrations in the importing country to facilitate the use of a specific commodity. Examples include baking or meat cutting seminars.

Export Subsidies: Under the Uruguay Round Agreement, direct export subsidies (price reductions) were disciplined. The United States, the European Union (EU), and other developed countries must reduce their export subsidies over 6 years by 36 percent of a 1986-90 base period subsidy value and 21 percent of base period volume. However, the EU retains a very significant advantage in its budgetary ceiling for export subsidies. The EU budget for export subsidies of \$7.1 billion in 1997 reflects continued low export subsidies for grains, but stable subsidies for other products.

Countries Chosen for the Study: 28 foreign countries were chosen for this study. The traditional exporters of the EU were included: Denmark, France, Germany, Greece, Ireland, Italy, the Netherlands, Spain, and the United Kingdom. Other competitors included in the study are: Argentina,

Australia, Brazil, Canada, Chile, China, India, Japan, Korea, New Zealand, Norway, South Africa, Thailand and Turkey. New additions this year are Hong Kong, Malaysia, Mexico, Singapore, Switzerland and Taiwan. Japan, Hong Kong, Mexico, Singapore and Taiwan are major importers and are included to provide insight into competitor practices in the market place. For the same reason, a section has been added to most of the country reports describing competitor activities in that market. Finally, a section on the United States has been added which highlights key USDA programs as well as foreign promotion activities in the United States.

Estimated Market Promotion and Direct Export Subsidy Expenditures: Expenditures on market promotion activities for agricultural product exports by 28 agricultural nations studied are estimated at just over \$924 million in 1996/97. Government allocations account for about 32 percent of promotion expenditures, while producer and industry assessments and other fees make up the remaining 68 percent (\$624.8 million). Market promotion by EU countries is estimated at \$364.6 million in 1996/97, while expenditures for other major exporting countries totaled an estimated \$559.3 million. Direct export subsidies for 1996/97 were estimated at \$7.734 billion.

EU export subsidies: The member countries of the EU compete with the United States in the broadest array of agricultural products. Many EU agricultural product exports benefit from the EU's direct export subsidies and compete for market share through price. The EU's 1997 budget allowed for export subsidies for meat and poultry (\$2.3 billion), dairy products (\$1.9 billion), sugar (\$1.5 billion), processed foods (\$630 million), grains including rice (\$466 million), fresh fruits and vegetables (\$89 million), wine (\$57 million) and olive oil (\$50 million).

EU export market promotion expenditures: This year's report shows a similar distribution between government and industry financing as last year's report; about 41 percent government and 59 percent industry. Total export promotion funding, not including export subsidies, is also similar; \$364.6 million this year compared to \$350.2 million last year. An increase in the reported level of promotion spending for Italy offsets a reduction in the reported spending level for France compared to last year's report. However, both of these changes are due to changes in reporting methods, rather than any major change in European budgets. Italy is higher because estimates of total expenditures are being used instead of just the national budget. France is lower because government expenditures for overhead costs for export promotion have been excluded this year, but were included last year. The central marketing and promotion associations in European countries such as Germany and the Netherlands France are financed primarily by producer/marketer assessments and user fees. Market promotions by Spain and Greece are predominantly government-financed. UK and Italian government expenditures, both national and regional, are on a similar level with those of agribusiness in the financing and development of export promotions. UK promotions were down from last year primarily because of the limits on British beef exports due to BSE concerns. Brussels reported that the EU market promotion budget exceeded \$100 million in 1997. However, the bulk of that funding was designated for generic promotions with the EU and was not included in Table 1.

Other exporters' market promotion activities: Among the other exporters, Australia, Canada and New Zealand have strong national government promotion agencies and rely heavily on their statutory marketing boards to carry out market development activities for producers of specific agricultural

products. These quasi-governmental agencies generate most of their promotion funds from producer and industry levies and from retained earnings, but also receive some funding from their respective governments. Australia and New Zealand have significantly increased their export promotion expenditures in recent years, particularly in Asia and in Latin America. The Australian government continues its support for small- and medium-size firms through its Export Market Development Grants Scheme. The Canadian national and provincial governments also are marshaling scarce funds to assist producer boards and smaller companies. Switzerland and India's governments cover most of the costs of their export promotion activities. Malaysia's palm oil and forest products export committees are funded by producer assessments on palm oil and export taxes on forest products. Norway's Seafood Export Council is funded by the export registrations and assessments on fishery products collected by the Norwegian Customs Authority. Government assistance for export market promotion of agricultural products is relatively low in Argentina, Brazil, Chile, China, Japan, Korea, Thailand and Turkey.

Other exporters' direct export subsidies: The EU remains the chief user of export subsidies in world markets. However, the governments of Canada, Norway, Switzerland, Taiwan and Turkey also subsidize their agricultural exports, albeit at much lower levels than the EU. Switzerland spent more than \$300 million to subsidize its exports of dairy products and beef in 1996, while Canada, Norway, Taiwan and Turkey spent an estimated \$115.6 million, \$72 million, \$15 million, \$21 million, and \$50 million, respectively, in 1996/97 for direct export subsidies.

Chief countries and commodities targeted for competitors' promotions: A general review of the information provided by FAS posts and other sources indicates that the United States' major competition for consumers' food budgets in Western Europe is other European countries, while Australia, Canada and New Zealand, and other Asian countries are the chief competition in Japan, Korea, Hong Kong and other major Asian countries. Based on the information provided, European competitors promote a wide range of products in Europe, although processed meats, dairy products, wines, fruits and vegetables and other processed products are important in European markets. Meats, grains, wine, fresh fruits and dairy products are the most important products promoted in Asia. However, both European countries and Australia and New Zealand have directed more export promotion resources towards Asia and Latin America in recent years.

Future directions for export promotion: European countries are increasing their promotion activities in Asia and Latin America, as well as in Eastern Europe. In the case of Latin America, this strategy is complemented by efforts to negotiate free trade agreements. Recently announced changes to the laws governing New Zealand's corporations and promotion boards could encourage the boards to be more accountable to their producers. South Africa is developing a new export promotion strategy now that its export subsidies have ended.

In spite of the EU's large expenditures for export subsidies, their reduction under the GATT 1994 is causing some EU member countries to rethink their price-based marketing strategies. For example, Denmark has developed a marketing strategy which extolls the quality of its products and the ethical treatment of their animals and of the people working in their food processing industries. This strategy is reflected in brochures and other promotional materials.

Some countries have established new authorities to help their businesses compete in export markets. Thailand is working on a new food law which will help to ensure that its exported food products are up to international standards.

Other Policies Used to Encourage Exports: The authorities and export-related practices of statutory marketing boards and export credit/credit guarantee programs also are important policy tools for exporting countries. These programs are noted in the country summaries and their importance in relation to export market development is discussed when information is available. No expenditure estimates for these policies were included in Table 1.

Export marketing boards: The producers of exporting nations such as Australia, Canada, and New Zealand sell many of their agricultural products through marketing boards. Many of these boards have exclusive control over the export marketing of their designated products. Some also are authorized to make long-term sales contracts with the governments of importing countries. Some of the Australian and New Zealand boards are authorized to enter into joint ventures with firms in importing countries. For example, the Australian Wheat Board invested in a flour mill in Shenzhen, China, and helped to finance a flour mill to be built by the government of Vietnam. Most of the statutory marketing boards also conduct advertising and promotion activities and are particularly effective at melding generic promotions (advertising and retail promotions, trade servicing and technical assistance) with the typical sales activities such as retailer discounting, negotiation of shelf space in retail stores, sales agreements with millers and processors, and credit financing.

Export credit guarantees: Many nations offer or guarantee financing for agricultural products. The report touches on government or quasi-government credit financing where information is available.

Export bans and export taxes: Several countries have used export disincentives for primary products to reduce the cost of raw materials in their domestic market, making their exported processed products more competitive. Examples are differential export taxes in Argentina and Brazil, which have largely been eliminated in recent years, and Indonesian restrictions on log exports.

Table 1 summarizes competitor market promotion and direct export subsidy expenditures by country. The market promotion expenditures presented in Table 1 attempt to replicate U.S. expenditures for the USDA Foreign Market Development and Market Access Programs. Unless expressly stated, the market promotion expenditure estimates exclude expenditures for the operation of overseas offices and the statistical reporting-type activities of foreign government agencies involved in export promotion. Market promotion expenditures generally do not capture the costs associated with regional or local government promotions because this information usually is unavailable to the FAS Posts. Table 1 also includes estimates of direct export subsidies for the EU, Canada, Norway, Switzerland, Taiwan and Turkey. Direct export subsidies in Table 1 are estimated at \$7.734 billion compared with market promotion expenditures of an estimated \$978 million.

**TABLE 1: COMPETITORS' 1997 EXPENDITURES ON
AGRICULTURAL EXPORT PROMOTION AND EXPORT SUBSIDIES**

Country	Gov' t Funding	Industry Funding	Gov't/Indust Promotion in the U.S.	Export Subsidy	Total
			-----\$1,000-----		
European Union 1/	6,000	0	N/A	7,158,000	7,164,000
Denmark	5,100	8,900	N/A	0	14,000
France 2/	10,300	50,100	4,802	0	60,400
Germany 2/	0	31,614	3,000	0	31,614
Greece 2/	16,000	3,000	4,000	0	19,000
Ireland 2/	19,993	9,720	N/A	0	29,713
Italy	39,600	27,700	10,800	0	67,300
Netherlands 2/	5,400	78,800	200	0	84,200
Spain	40,000	0	8,000	0	40,000
United Kingdom 2/	5,810	6,550	N/A	0	12,360
EU TOTAL	148,203	216,384	30,802	7,158,000	7,522,587
Argentina 2/	2,000	0	1,000	0	2,000
Australia 2/	56,800	120,135	5,967	0	176,935
Brazil	1,350	1,930	900	0	3,280
Canada	11,300	13,000	5,700	115,600	139,900
Chile	9,900	7,200	2,300	0	17,100
India 2/	12,400	1,200	3,180	0	13,600
Japan	2,000	0	578	0	2,000
Korea	3,500	0	150	0	3,500
Malaysia 2/	0	23,422	315	0	23,422
New Zealand	5,200	217,570	42,440	0	222,770
Norway 2/	0	15,000	1,000	72,000	87,000
Switzerland 2/	44,500	0	N/A	317,500	362,000
Taiwan	1,000	1,300	N/A	21,000	23,300
Turkey	800	7,700	N/A	50,000	58,500
NON-EU TOTAL	150,750	408,457	63,530	576,100	1,135,307
TOTAL FOREIGN	298,953	624,841	94,332	7,734,100	8,657,894
U.S. COMPARABLES	135,020	175,663		121,462	432,145

1/ Includes funds for promotion in third countries. Another \$100 million is used for promotion within the EU.

2/ FY or CY 1996 expenditures.

These figures are based on the best information available. They may not include all government spending at the national and regional levels, or additional expenditures by industry groups. Industry funding in many countries is based on legislatively mandated contributions by producers, processors, handlers or exporters.

EXPENDITURES AND ACTIVITIES OF MAJOR EUROPEAN UNION (EU) MEMBER COUNTRIES

DENMARK

Principal Danish promotion organizations include the Agricultural Marketing Board, the Danish Dairy Board and the Federation of Danish Pig Producers and Slaughterhouses. Pork and dairy products -- which account for about 60 percent of Denmark's agricultural exports -- receive the bulk of export promotion funding. Promotional funds are spent in such principal markets as the United Kingdom, Germany, Russia, Austria, Sweden, Finland, the Middle East, and Japan and South Korea. Total government allocations to export market promotion in 1997 were \$5.1 million and industry expenditures by the commodity boards were \$8.9 million. These are slightly less than 1996 expenditures in dollar terms, but about the same in Danish kroner. Individual companies spent substantially more on export promotion, but no information is available on these expenditures.

Danish Promotion Activity:

Market promotion activities are funded primarily from producer levies and supplemented by returned land, pesticide and CO2 taxes, as well as a small appropriation from the legislature. These funds, which total about \$80 million are used primarily for domestic promotion. About \$14 million is used for export promotion. Approximately \$2 million of this amount is used to support activities of the Agricultural Marketing Board (AMB), which operates an office in Tokyo and coordinates Danish participation in international trade fairs. AMB is a private-sector organization which is a subdivision of the Danish Agricultural Council. In 1996, AMB's expenditures of \$7.8 million were financed from the contributions mentioned above as well as user fees and interest.

The commodity boards represent both the cooperatives and other producer and industry groups. They act as coordinating channels and have as their objective the development of agricultural export markets for bacon and pork, dairy products, beef and horticultural products. In addition to market promotion, they coordinate marketing and related measures within the sectors, including administration and distribution of the revenue obtained from production levies, price leveling activities, and sales to state trading countries. They receive no direct government grants or funds, but since 1978 have administered certain transfers of the tax revenues mentioned above. The following boards are involved in export promotion: the Danish Dairy Board, the Federation of Danish Pig Producers and Slaughterhouses, the Danish Livestock and Meat Board (covers beef and veal), and the Danish Commercial Horticultural Association. As the dairy and pork industries have consolidated, the role of these boards in market promotion has declined. For example, in the dairy sector there is only one big company now, MD Foods, and in the pork sector there are four main companies, Steff-Houlberg slaughterhouses, Vestjyske Slagterier, Danish Crown and Tulip International. These companies do most of their own market promotion, including advertising, in-store promotions and participation in trade shows.

Export promotion activities of the commodity boards include television advertising and in-store promotions, study tours in Denmark for foreign journalists, quality guarantees and labeling programs. Since 1995 the Danish Dairy Board only promotes butter to the UK, Germany and Middle East. Other dairy promotion, particularly for cheese, is conducted by MD Foods. Another tool used to increase awareness of products is trade missions associated with visits by the Danish royal family and government ministers. For example, the Danish Minister of Agriculture led a high-profile trade mission to Malaysia and the Philippines in late August

1996. The mission included 30 Danish industry officials, 20 officials from farm organizations and the Ministry of Agriculture and 15 journalists. In October 1997 the Crown Prince and the Minister of Industry visited Japan accompanied by representatives of the Danish pork industry.

The Danish pork exporters' association is continuing to work with the EU to obtain EU financing for market promotion. Denmark first sought the funds last year to compensate its producers for reductions in EU export subsidies, but has not yet succeeded in establishing a market promotion fund.

Competitor Activity:

Denmark is a major agricultural exporter and imports of most agricultural products are limited. 1977 competitor expenditures in Denmark are estimated at \$5.7 million, half of which is for wine and fruits and vegetables. The most active competitor in the Danish market is France's SOPEXA, which promotes French cheese and poultry as well as wine and fruit. Other countries promoting wine in Denmark include Germany, Italy, Spain, Portugal, Austria, Bulgaria and Australia. In the fruit and vegetable sector, France and Italy mainly promote apples and pears while South Africa, New Zealand and Israel promote citrus and other exotic fruits and vegetables. Denmark is the single most important market for Norwegian seafood. The Norwegian Seafood Export Council conducts promotional activities in this market.

FRANCE

France is a world class competitor in agriculture products and food processing and clearly intends to maintain that position. France's major promotion organizations include the Societe pour l'Expansion des Ventes des Produits Agricoles et Alimentaires (SOPEXA) and the Centre Francaise du Commerce Exterieur (CFCE). In addition, the Compagnie Francaise d'Assurances pour le Commerce Exterieur (COFACE), France's export credit insurance agency, offers credit guarantees to exporters for market research and promotion, including participation in trade fairs in countries outside the EU. Total French government allocations to export market promotion by SOPEXA for 1996 are estimated at \$10.3 million; industry contributions to SOPEXA's international promotion budget totaled \$50.1 million.

French Promotion Activity:

During 1996 the Ministry of Agriculture and SOPEXA reinforced the use of point-of-sale tastings in foreign countries for dairy products, wines and spirits and promoted the image of the "French Style of Living" and "French Cooking" through "French weeks" in foreign restaurants. The biggest event of the year was the wine waiter contest which involved 3,000 wine waiters from 24 countries. These waiters competed for a prize by demonstrating their knowledge of French wines.

SOPEXA is a semi-private organization owned by various French agricultural and food organizations and the Government of France. SOPEXA's funding comes from industry contributions (in some cases, generated from producer assessments) and the French government. SOPEXA's total 1996 budget for promotion in the domestic and international markets was \$119 million, including FF305 million (\$60 million) for international promotion. The French government contributed 17.6 percent of SOPEXA's export promotion funds, or \$10.3 million. The remainder of SOPEXA's export promotion funds come from commodity associations and food industry contributions.

SOPEXA represents first and foremost a worldwide network with offices in 33 countries. 65 percent of SOPEXA's international promotion funds are targeted to EU countries, including 25 percent for Germany and 20 percent for the United Kingdom. (This percentage mirrors the percentage of French processed food exports to other EU countries. Other major markets are the United States (12 percent) and Japan and other Asian countries (12 percent). (SOPEXA is one of the few European promotion agencies to promote actively in Asia, including China.) SOPEXA also maintains a delegation to the European Commission. SOPEXA's promotional activities include organizing in-store promotions, media events, developing promotional material, organizing international exhibits, trade missions and seminars, for the promotion of French wine and spirits, fresh and processed fruits and vegetables (including fruit juices and frozen foods), dairy products, fish and seafood, and meat and poultry products.

A number of industry associations conduct promotion activity domestically. They usually provide funds to SOPEXA for export promotion activities. These associations are funded by the contributions from their members, and in many cases by the French Government. Such organizations include: the French Association for Fresh Fruits and Vegetables and Nursery Products (ONIFLHOR); the Fresh Fruits and Vegetables Associations (INTERFEL and AFCOFEL); the National Office for Wines and Vines (ONIVINS); the Interprofessional Association for Dairy Products (CNIEL); the French Interprofessional Association for Fish Products (FIOM); the French Prune Board (BIP); the French Meat Office (OFIVAL). Forest products are promoted separately by the French Wood Association (FNB). No budget information is available for the FNB.

As noted above, most of SOPEXA's promotion activities were carried out in other EU countries. The most substantial promotion effort outside of the EU is for wine and spirits. In 1996 a special effort was made to recoup lost market share following the end of a boycott to protest French nuclear testing. This effort was

focused on Northern Europe and the Asia and Pacific regions. Branded promotions for wine and spirits were conducted in North America and Japan while generic promotions were conducted in Hong Kong and China. Marketing studies and education seminars were also conducted in North America and Southeast Asia.

Fruit and vegetable promotion outside of the EU included promotion of apples in supermarkets in Russia, Asia and the Middle East as well as pears in Russia. Processed fruits and vegetables were promoted primarily through participation in trade shows in the EU, U.S. and Middle East.

Dairy and meat product promotion outside of the EU is directed mainly at Eastern Europe, although some activities were conducted in the United States during the year. Marketing activities, primarily trade show participation, were also conducted for biscuits and confectionery in the United States and in Europe. SOPEXA spent approximately \$2 million on trade shows during 1996.

CFCE is a quasi-governmental organization established in 1943, with a mandate to increase French exports of industrial and agricultural products by providing statistical information, market studies, and consulting services to French exporters. Within the CFCE, the Office of Food and Agricultural Products (DPA) is responsible for the expansion of agricultural exports. Markets targeted by CFCE in order of priority are: EU countries; OECD countries (non EU-Europe, the United States, and Japan in particular); and Southeast Asia. While CFCE contributes to France's agricultural export promotion efforts, its funding is not included in Table 1 of this report because its activities are more akin to the statistical activities carried out in government agencies in other countries.

COFACE, France's export credit insurance agency, offers credit guarantees to exporters for market research and promotion, including participation in trade fairs in countries outside the EU. COFACE became a private company in 1994, but may continue to provide government-assisted financing to riskier agricultural markets. In 1996 the French insurance group AGF became COFACE's leading shareholder. COFACE's costs of extending credit are not included in Table 1.

Other French government programs provide assistance to the French food industry and indirectly to exports, but are not included as export promotion assistance. The French Ministry of Agriculture annually supports special market studies, new agribusiness development, consumer food/health studies, and industry research and development, including the development of new food products which indirectly aid exports. The French Ministry of Agriculture also funds agricultural product promotions and certification policies by financing the INAO (French Office for Appellation of Origin). Expenditures for these specific activities are not available.

Competitor Activity:

Nearly all of the other EU countries conduct some form of market promotion in France. Products such as fresh or preserved fruits and vegetables, wine, beer, fish and meats are commonly promoted through participation in trade shows as well as public and trade advertising and supermarket promotions. Countries that do not have export promotion agencies often use their local embassies to conduct their promotion activities. Normally, British promotion would include a substantial focus on meat. However, with import restrictions on British beef due to BSE, little or no promotion was carried out for beef.

Non-EU countries promoting agricultural products in France include Norway, Israel, Morocco, South Africa, Argentina, Brazil and Canada. Israel and Brazil market primarily fresh fruits and vegetables and fruit juices. South Africa also markets fresh fruits as well as wine. All three of these countries conduct market promotions directly through their French importers. Argentina and Canada promote a wider variety of products, including meat and milk powder from Argentina and maple syrup, honey, horsemeat, lobsters, mustard seed, pulses, canola and wheat from Canada. Both use their embassies to organize trade show participation and other types of promotion. Morocco promotes fresh, preserved and dried fruits and

vegetables as well as fish, spices, juices, wine beer, biscuits and candies through the Moroccan Center for Export Promotions (CMPE). CMPE is a public agency funded by the Moroccan government. Its main activity in France is participation in the major French trade shows.

GERMANY

Germany is the world's largest importer of food and agricultural products. The Government of Germany does not maintain an official export promotion system for agriculture. However, agricultural export promotional activities are conducted by a quasi-governmental agency, the German Central Marketing Agency for Agriculture (Centrale Marketing-Gesellschaft der Deutschen Agrarwirtschaft or CMA) and by private sector wine promotion organizations. Total funding for CMA and the private sector wine promotion organizations was \$29.5 million in 1996.

German Promotion Activity:

CMA was established under the auspices of the 1972 Agricultural Sales Promotion Act, which stipulates that the German food industry (producers and processors) must contribute a certain portion of their proceeds to the promotion agency. In 1993 this law was revised to increase the contributions for producers of some products. Most of CMA's funds come from producer checkoffs. Approximately three-quarters of CMA's estimated \$104-million budget is dedicated to domestic promotion activities. About 70 percent of CMA's funds come from the meat and dairy sectors. A major component of CMA's marketing efforts remains the emphasis on food quality with its CMA Seal of Quality for German food products.

CMA's funding for export promotion in 1996 was \$25.5 million. CMA's export promotional efforts primarily focus on other EU markets (approximately 70 percent of German agricultural exports are sold to other EU countries). Its export activities include arranging trade shows, seminars and advertisements, finding foreign importers, offering subsidized booths at trade shows and subsidization of a clearing house to connect firms to distributors overseas. Its export efforts in general are concentrated on promoting meat, dairy products, bakery products, sweets, juices, beer and wine.

CMA maintains foreign offices in Belgium, France, Great Britain, Greece, Italy, Japan, Spain, and the United States. It is looking increasingly at Brazil, China and Eastern Europe. CMA promotes all agricultural products except wines, forest products, and fish. Major promotional tools employed by CMA include: in-store promotions, advertising, and participation in agricultural, food, and beverage trade fairs.

The promotion of German wines is carried out independent of CMA by two organizations, the "Deutscher Weinfond" (German Wine Fund) and the "Deutsches Weininstitut" (German Wine Institute). The activities of the Deutscher Weinfond and the German Wine Institute are conducted on a generic basis. The two organizations coordinate their activities and are managed jointly by two executive directors. Export promotion funds for the two organizations totaled \$4 million in 1996.

The Deutscher Weinfond was established in 1961 by a Federal Act on "Wine Industry Affairs" that was last amended on October 18, 1990. It is supported by the German wine industry and legally accountable to the Federal Ministry of Food, Agriculture and Forestry. Wine growers pay DM 130 (about \$80) per hectare of vineyard area; wine traders, producers, and bottlers pay DM 130 per hectoliter of grape must or wine.

The Weinfond is primarily responsible for non-profit industry related activities and supports programs such as the use of advertising and public relations agencies. The Weinfond has created an international network of press offices located in public relations agencies or bilateral Chambers of Industry and Commerce in most important export markets for German wines, including the United Kingdom, Ireland, the Netherlands, Belgium, France, Italy, Sweden, Japan, the United States, Canada, Brazil and Mexico.

The German Wine Institute was founded as a private company in 1949 under the name "Deutsche Weinwerbung" (German Wine Promotion). Its current shareholders are the German Wine Growers

Association, the Federal Association of German Wine and Spirits Merchants and the Deutscher Weinfond. The Institute's overall strategy is developed by the shareholders and monitored by a supervisory board. The German Wine Institute is financed by income generated from its activities and by contributions from both the Deutscher Weinfond and individual wine-producing states.

The Institute conducts activities with an independent staff. Export marketing activities sponsored by the Institute include: public relations and advertising, international trade fair participation, special events, information services and communication, sales promotion and development, and development of point-of-sale materials. The Wine Fund has created an international network of press offices at public relations agencies or bilateral Chambers of Industry and Commerce in important export markets for German wines. Wine promotion activities have taken place in such countries as Great Britain, Japan, the United States, Canada, the Netherlands, Belgium, the Nordic countries, Denmark, France, Brazil, Ireland, Mexico, South Korea, Southeast Asia, Eastern Europe and the Baltics.

Competitor Activity:

Most competitor activity in Germany is by other EU member states. For example SOPEXA, the government funded French market promotion organization, has an office with a staff of 25 in Dusseldorf. Its promotions focus on wine, cheese, meat, fruit, vegetables and seafood. In 1996 this office spent \$9.4 million on advertising, public relations, supermarket promotions, trade shows and the promotion of wine on the Internet. Bord Bia, the Irish food promotion agency, also has an office in Dusseldorf which primarily promotes Irish meat. Its funding is from both government appropriations and producer contributions. The Dutch meat and horticultural bureaus, funded exclusively by producer levies, are also active in Germany. Italy and Spain promote their agricultural products in Germany, as well. The Norwegian Seafood Export Council recently launched a major promotional effort in cooperation with Germany's largest seafood wholesaler. This is a year-long campaign involving retailers and caterers.

GREECE

The Hellenic Foreign Trade Board, a quasi-government organization, includes marketing and promotional activities in its annually submitted business plan. Three-fifths of the Board's annual budget covers promotional activities; two-fifths covers exhibitions. In 1996 the Board spent approximately \$16 million on these programs. Twenty percent of the Trade Board's funding comes from the private sector, and eighty percent from EU regional support (infrastructural) funds aimed at the less affluent Target 1 countries such as Greece and Portugal. The Ministry of National Economy has overall control of the funding. The action plan of the Board includes promotion of products and services, market surveys, support and counsel of exporting firms, and training. In 1996 the Trade Board promoted olive oil, marble, jewelry, pasta, wine and ouzo. Beginning in 1997 it expanded its promotions to include farm-raised fish, and horticultural and dairy products. In addition to Trade Board programs, Greek agricultural exporters spend about \$3 million on export promotion.

Greece is the chief EU producer of extra virgin olive oil and ranks third, after Spain and Italy, in total olive oil production. Hellenic Board activities to promote olive oil involve improved packaging and targeted promotion of olive oil in the United States, where Italy, Spain and Turkey dominate the market. Greece hopes to increase its current 5-percent share of the U.S. olive oil market. The budget for the U.S. olive oil campaign is \$4 million dollars annually for 3 years (1996-98) In the future, Australia and England will be included in the program. In addition, pasta, olives, dairy and confectionery products were promoted in the United States in 1997.

Greek wine producers have targeted Germany for wine promotions. Campaign costs are estimated at \$2 million annually for a 3-year advertising campaign (1994-1997). Germany is also the target market for ouzo with \$1.5 million budgeted annually for a 3-year promotional and advertising campaign (1994/97).

The Hellenic Trade Board also coordinates Greek participation in exhibits abroad. In 1996, the Board spent \$7.8 million, of which 55 percent was covered by the Board's funds and the remaining 45 percent by individual companies which participated in the Board's pavilion. About \$5 million of this amount was spent on agricultural and food-products and was included in Table 1.

The Trade Board also operates a training program for employees of companies involved in exporting and for unemployed university graduates. This program is financed by EU funds provided through the Ministry of Labor. In 1996 it was budgeted at \$1.1 million. This amount is not included in Table 1 since it is not a direct expenditure on promotion.

IRELAND

Ireland's market promotion activities are carried out through a government promotion board, the Irish Food Board, and by producer organizations. Government allocations to agricultural export promotion for 1996, including money from EU regional support funds, totaled \$20 million; producer contributions are estimated at \$9.7 million.

Governmental Promotion Activities:

In 1994, the government of Ireland created the Irish Food Board - An Bord Bia (ABB), to coordinate export marketing opportunities for Irish agricultural and food products. ABB has assumed the responsibilities of the Irish Meat and Livestock Board (CBF), the overseas promotion and market development functions of the Horticultural Board - An Bord Glas (ABG), the food section of the Irish Trade Board (ABT), and may someday assume the marketing functions of the Fisheries Promotions Board (BIM). Funding for ABB's activities come partly from the Irish government, partly from the EU infra structural support funds, and partly from assessments on Irish producers, particularly livestock producers. The Irish government share of ABB funding was IRP 4.3 million (US\$6.9 million) for the 1996 calendar year. It is estimated that about 80 percent is for export promotion (US\$5.5 million). The EU contributed \$14 million in 1996 from its regional support funds for the less affluent regions and countries of the EU to help Irish farmers market their products through the ABB. For 1997 the contribution from the Irish government is estimated to rise to a little over IRP 8 million (US\$12 million), but no EU structural funds have been allocated to ABB.

In addition, funding for ABB is supplemented by producer levies, mainly from the livestock sector. In 1996 \$6.4 million in producer levies was contributed to the ABB budget. It is estimated that about 80 percent of this amount was used for export promotion (US\$5.1 million). Individual companies that participate in trade shows with ABB pay a participation fee to cover the costs of larger group exhibits.

ABB proposes to expand Irish food exports by one-third over a five-year period. ABB describes its vision of the food industry in the year 2000 as innovative, consumer-oriented and responsive to rapidly changing consumer demands. Irish food processors are expected to broaden their product ranges, produce more value-added products, and develop partnerships and alliances both in Ireland and in export markets. The quality perception of Irish food is expected to be fully exploited.

ABB's strategy recognizes that the domestic and Northern Irish markets are important to the development of the Irish food industry. ABB used Ireland's biannual food and drink exhibition, IFEX96 as a showcase for Irish-produced food, including northern Irish food. Other important markets for ABB promotions have been the other EU countries. ABB maintains overseas offices in London, Dusseldorf, Paris, Milan, Madrid and, since 1996, in Moscow. Its market development activities include participation at the main EU-based trade shows and hosting trade missions to Ireland from all over the world. ABB provides market intelligence to food companies; helps them establish links with buyers; helps firms develop quality improvement programs; and conducts promotions with companies. ABB plans to provide financial assistance to companies to cover up to 50 percent of specified marketing improvement initiatives. In addition, the government of Ireland has directed Irish embassies and diplomatic missions worldwide to promote Ireland as a place where good, high quality food is produced.

The primary function of the Irish Horticultural Board (ABG) is to assist and encourage all aspects of horticulture to increase output and exports. ABG's promotional activities are now conducted by ABB, although ABG continues to conduct export market research. In 1996, ABG received government grants of IRP 1.6 million (U.S.\$2.5 million), which was spent on general research and production-related activities such as education and producer workshops, and not directly as export promotion funds. It is expected to receive a similar amount for 1997.

The Irish Fisheries Board (BIM) is a state agency with responsibility for the overall development of the Irish fishery industry. BIM aims to develop and expand both the domestic and export markets for Irish fish and fish products. BIM does not export directly, but it can be involved with individual exporters from initial contact through final sale. BIM often attends trade shows, mainly in the EU, in conjunction with exporting firms. BIM's overall grant from the government was IRP 4.8 million in 1996, of which about IRP300,000 (about \$473,000) is tagged for export market development. The export market development funds cover market research as well as trade show participation. Its government grant is budgeted to grow to IRP 5.2 million (US\$7.8 million) for 1997.

Industry Promotion Activities:

The Irish Dairy Board (IDB), the Cereals Association of Ireland (CAI), and the Irish Forestry Board (IFB) are not included under the ABB. Their funding comes from industry funds and sales.

The IDB was converted into a cooperative made up of member Irish dairy cooperatives following Ireland's accession into the then-EC in 1972. In recent years, some of its member cooperatives have opted to export their own products. The IDB now claims to be responsible for the export of about 60 percent of Irish milk production. The IDB is self-funding. In addition to financing its operations based on profits from export sales, the IDB charges its members administration and market development levies based on the members' milk intake. The Irish government does not have any involvement in the setting or collection of these levies, although, as a cooperative involved in exporting, the IDB benefits from a number of tax breaks. Producer contributions to the IDB for promotion totaled \$4.6 million in 1996, although it is difficult to determine what share of the assessments went to export promotion.

IDB uses a number of trade promotional activities worldwide to promote its products, which retail under the "Kerrygold" brand name. These promotions range from trade shows, consumer tasting, and competitions to in-country TV advertising. In addition to being the largest exporter of Irish dairy products, the IDB also owns a number of subsidiary companies in Europe and the United States. The turnover of the group was IRP 1.3 billion (US\$2.1 billion) in 1996.

CAI is an association that represents both cereal growers and the grain trade in Ireland. It is self-funding and non-profit. IFB is a semi-state agency established to manage state forests and related commercial activities. It aids lumber exporters with market research. No information is available on the expenditures or export promotion activities of these organizations.

ITALY

Traditionally, almost all federal promotion funds have been handled by the Institute for Foreign Trade (ICE). However, in a move toward more regional autonomy, as opposed to federal management, ICE is being restructured and has seen some of its power transferred to the regions. Industry consortia also have been very active in export markets. Although it is difficult to verify exact expenditure levels because of the complicated funding process used for these programs, it is estimated that \$39.6 million was spent during 1997 by public institutions at the national and regional levels. Of this amount, a little over \$16 million is contributed by the Ministries of Commerce and Agriculture and the rest comes from the individual regional governments. Additional industry expenditures, usually on a matching basis, are estimated to be nearly \$28 million.

Italian Promotion Activity:

ICE: ICE devotes most of its resources to trade show participation and ad campaigns with a main slogan focusing on "quality of life". It's traditional promotional activities focus on maintaining/increasing Italy's market share in Europe for horticultural products, meats and cheeses and in the United States for traditional Italian food exports such as wine, cheeses, olive oil, cured meats, and confectionery products.

Most of ICE's funding comes from the Ministry of Commerce which is obligated to provide a portion of its promotion budget to agriculture. For calendar year 1997, this amounts to 8.8 billion lire (USD 5 million). In the past, ICE received around 15 billion lire (USD 8.5 million) from the Ministry of Agriculture, but, after this year, the money will be given directly to the regions for promotion activities. Approximately 15 billion lire (USD 8.5 million) is distributed among the regions based on their population and amount of agricultural trade. For 1997, ICE received only 5 billion lire from MinAg (USD 2.8). Now that the regions have their own promotional funds, they have discovered that they do not have the staff or expertise to run international promotional activities. As a result, many regions are returning to ICE for help, passing back some or most of their funding to ICE. Sicily and the Veneto region were cited as examples returning 5 billion lire (USD 2.8 million) and 3.3 billion (USD 1.8 million) respectively. All of these funds are to be used for co-financed promotions, similar to USDA's FMD and MPP programs. The cooperating group is usually a producers' association, consortium, or regional government and the promotion is always generic, never branded. However, "regional" products can be promoted, such as "Parma" ham. For promotions done within the European Union (EU), ICE covers 50% of the cost, but for activities outside of the EU, ICE pays 2/3 of the cost. Total funds available for ICE were estimated at the beginning of the year to be 28.2 billion lire (USD 15.9 million).

For 1997, ICE has budgeted 78.7% (USD 12.5 million) of its funds for the promotion of general food products, 6.8% (USD 1.1 million) will be used for the promotion of wine, and 14.5% (USD 2.3 million) will be used for horticultural products. Horticultural products are marketed almost exclusively in the EU and wine is promoted in both North America and the EU. Food products are promoted much more widely, but the bulk of the money is spent in the EU and North America. Presently, there are about 80 ICE offices abroad (4 in the United States). The offices are staffed by local employees but work closely with the Italian Embassies and Consulates.

In addition to its activities in Europe and North America, ICE is beginning to focus on new markets such as Asia (Japan, Korea, Singapore, and China), Eastern Europe and Russia, and Latin America (Argentina and Brazil). In November 1997, the government of Italy sponsored a large, "Made in Italy" promotion in Beijing where ICE played a big part promoting food and agricultural products. Part of their promotions are based on the increasing demand for authentic Italian restaurants in China and the rest of Asia. ICE hopes to use these venues to expand exports of many traditional Italian products. A similar "Made in Italy" promotion is also scheduled for Argentina in 1998.

Regional government promotions: The Italian regional governments are beginning to play an increasing role in export promotion, given that 85 percent of federal agricultural allocations now are under their control, rather than under the federal Ministry of Agriculture. Through grants and subsidies from the Italian state, the Italian regions are given free or reduced-cost space at all national food and agricultural shows. In general, the 20 Italian regions use the same criteria to allocate funds as ICE. Italian regional funds are channeled through consortia or cooperatives for advertising campaigns or trade show participation to promote “typical” or “denomination-controlled” Italian products such as Parma ham or Parmigiana Reggiano. Recipients of regional funds must demonstrate and document their ability to promote exports. The amount devoted to export promotion varies by region and year.

An example of a region with an active export promotion program is that of Emilia Romana, which had a promotion budget of \$4 million in 1997, most of which was matched by private funds. The region is prohibited from providing more than 50 percent of the budget for a particular activity, and regionally funded activities cannot receive other public funds, although they can be linked to other programs funded by other organizations such as ICE. More than one third of the region’s budget was spent on promotion of fruits and vegetables, while another quarter of the budget was used to promote wine. Parma ham and Parmigiano-Reggiano cheese each received allocations of between 5 and 10 percent of the regional budget. Chief promotion activities are trade shows, in-store tastings, public relations aimed at the food press.

Producer consortia: Some examples of active producer groups, consortia, include the cheese, rice, meat, confectionery and wine consortia. The consortia work on their own, in conjunction with regional governments and ICE, and together to promote their products in major EU markets, as well as in North American.

The Pecorino Romano (Cheese) Consortium regularly funds a multi media advertising campaign (radio, television, and magazines) in Europe and the United States. In addition to the ad campaign, they participated in the Fancy Food show in New York and plan on attending ANUGA in Germany. All of these activities are cost-shared through either ICE or their regional government in Sardinia. Currently, the Consortium is focusing more attention on the German market, using a public relations campaign and in store taste tests.

The Italian Association of Rice Producers (Ente Risi) promotes consumption of rice in the Italian market and in a few, select European Union markets. The USA Rice Federation has a long standing cooperative effort with Ente Risi for the generic promotion of rice consumption in the United Kingdom. Ente Risi is funded partly by producer check-offs and partly by mandatory processor check-off funds.

The Parma Ham Consortium is extremely well organized and competitive and has several promotional activities in Europe and the United States each year. In France, the Consortium worked with ICE on a multi- year project to promote a basket of Italian food products which included large ads in leading consumer magazines. The consortium also produces brochures on how to use and preserve Parma Ham and point-of- sale materials including store posters and meat counter displays.

The Confectionary Industry Association (AIDI) works with ICE by participating in food shows and by publishing an ad campaign for traditional Italian products such as panettoni, torroni, and a variety of chocolate candies, etc.

The Chianti Classico Consortium is 100 percent member financed (600 members in total, of which approximately 200 are bottlers). The Consortium export about 70 percent of its production, mainly to Germany, the United Kingdom and the United States. The Consortium participates in food shows and holds about 10 events per year in the larger cities of the importing countries. These events consist of press conferences, seminars for importers and distributors, and wine tastings.

Competitor Activities:

The most active, broad based competitor group in Italy is the Society for the Promotion of French Agricultural and Food Products (SOPEXA). The Milan based office is one of the largest in the EU and is staffed by 10 full time employees and up to 10 part time consultants. SOPEXA/Milan handles five major commodity promotions: meats, seafood, prunes, nuts, wine/cheese. In addition, SOPEXA works with other French producer groups upon request and with the approval of their Paris headquarters. Activities include on-going PR and advertising contracts, trade show pavilions, trade promotion gifts/gadgets and representational events.

The French (via SOPEXA) are beginning to change their foreign marketing strategy to focus on single brands or labels of product, rather than providing the generic promotions such as USDA provides. The French believe that by focusing on a single product or brand they can provide greater opportunities in the overall Italian market. Products they are focusing on include Emmenthaler cheese, prunes, Beaujolais Nouveau wine and Belgian endive. France is also promoting its beef as safe, with BSE strictly under control in France.

The Spanish are also pushing niche markets for their products similar to the already well established Spanish ham (jamon seco) and white tuna which are sold through specialized distributors. They are also taking advantage of the concern over BSE in English beef such that their beef has become the fourth largest Spanish export item to Italy behind olive oil, fresh fruit, and fresh and frozen fish. The Spanish are also pushing their vegetables to complement the Italian fresh vegetables. They will be present in CIBUS with over 30 companies and will also be present in VinItaly.

Many countries are cutting back on their promotional activities due to overall budget constraints. As with the French and Spanish, many of these countries, such as Great Britain, and Australia are targeting niche markets where they feel they can make a greater impact with fewer dollars.

THE NETHERLANDS

The Ministry of Agriculture, Nature Management, and Fisheries is the only government agency promoting Dutch agricultural products with a 1996 budget estimated at US\$5.4 million, the same level as in 1995. Almost half of the Ministry of Agriculture's budget is used to organize agricultural product exhibitions, primarily trade fairs, while advertising and in-store promotions account for about 15 percent. Other activities include buyers' missions, trade contact meetings, market research and publications. There are dozens of other private and publicly supported trade organizations that carry out export market promotion activities. The total budget of these nongovernment organizations is estimated at \$78.8 million for 1996.

Dutch Export Promotion:

The promotional outlays by the marketing boards or industry associations are financed primarily through producer or processor check-offs and levies. Dairy and horticultural products receive the majority of promotional support, reflecting the importance of these industries to the Dutch economy. While the bulk of the organizations' export promotions are aimed at other EU countries, organizations for meat, poultry, eggs, and flowers conduct significant promotion campaigns in Asian countries as well.

The Dutch Dairy Bureau is by far the largest of the Dutch agricultural export promotion organizations. The Dutch Dairy Board, a quasi-governmental commodity association, is financed by producer checkoff funds. The Board passes some of these funds to the Dutch Dairy Bureau for export promotion. The Dairy Bureau promotes primarily cheese, but also has a small budget for butter. Most of the export promotions are directed toward other EU member states.

Until recently, the Central Bureau for Horticultural Auctions promotes the sale of fresh fruit and vegetables. However, in late 1996, this organization was disbanded and replaced by the Greenery International. The Greenery International has an annual turnover of \$1.5 billion, 13,000 grower members, and controls over 75 percent of the Dutch fruit and vegetable auction sales. It has the second largest promotion budget of all the Dutch commodity organizations. Revenues originate from levies on producers computed at the various fruit and vegetable auctions throughout the Netherlands. Germany and the United Kingdom are the primary target markets for the Bureau, which stresses the quality and freshness of the products in its advertising and trade promotions. About one-third of the budget is used to promote tomato exports. A few months after the Greenery was launched, it announced a reorganization involving 350 auction job losses and 110 new hires in its information technology and marketing departments. The Greenery is working hard to improve the perception of the Dutch tomato among foreign consumers and to regain market share that has been lost to other producing countries, especially Spain, Italy and Morocco.

The Information Bureau for Meat promotes the export of Dutch fresh and canned meats, as well as meat by-products. The Product Board for Meat and Livestock obtains its funds through levies on animals as they are slaughtered. Most of its budget is used for generic promotion of Dutch meats. Trade missions are the most common form of promotions. Nearly all of its budget is spent in other EU member states, particularly in Germany.

The International Flower Bulb Center receives its export funding from the Product Board for Ornamental Products. The funds are raised by levies on the growers and traders. The Center's budget is used primarily for public relations, trade advertising, and exhibitions and is spent in other EU member countries, Norway, Japan, South Korea, Hungary, and Poland.

The Flower Council of Holland also receives its export funding from the Product Board for Ornamental Products. The funds are also generated from levies on growers and traders. Most of its promotion budget is spent in Germany, France, Italy, Belgium, and the Netherlands. Promotion activities consist of consumer

advertising, trade promotion, and public relations. Markets of growing interest are Italy, Austria and Switzerland.

Competitor Activity:

Several EU member states, especially France, Germany and Italy have active food promotion campaigns in the Netherlands. The German CMA promotes German food and beverages in the Netherlands through its office in Brussels while France's SOPEXA promotes traditional French products such as wine, cheeses, fruits and vegetables.

The most visible product-specific promotional campaigns by competitor countries are for wine. France holds approximately 43 percent of the Dutch wine market. Its generic wine promotion activity has declined over the past year or two, but it continues to support promotions in cooperation with larger Dutch retailers. German wines account for 12 percent of the Dutch market. The German and Spanish wine industries conduct a number of wine tastings and fairs each year, as well as wine trips to Germany and Spain. The Germany Wine Institute offers top quality promotional materials which can be adapted to meet a particular retailer's needs.

In addition to wine, there are also a number of fruit and vegetable products that are regularly promoted in the Netherlands, usually with the assistance of foreign marketing boards. Products typically promoted include New Zealand kiwifruit; South African apples, table grapes and citrus; Israeli citrus, fruits and vegetables; Chilean apples, pears and table grapes; French fruits and vegetables; and citrus from Spain and Morocco.

SPAIN

The Spanish Foreign Trade Institute (ICEX), an Agency of the Ministry of Commerce and Tourism, is responsible for diversified government-funded foreign market promotion programs for food and agricultural products, as well as for promotion of other non-food and agricultural items such as industrial products, consumer goods, and designer clothing. In addition, some of Spain's regional autonomous governments have trade promotion offices that cooperate with ICEX. The government of Spain has maintained its overall budget for trade promotion of food products at about \$40 million for 1997. While this is a reduction from 1996 in dollar terms, the budget in terms of Spanish peseta was unchanged. Government funding for ICEX includes fixed and operating costs.

Spanish Promotion Activities:

ICEX promotional activities for agricultural products include sponsorship of and participation in trade fairs, point-of-sale promotions, market research, trade missions, training, and direct assistance to exporters. The Institute's promotional activities abroad are supported by 11 promotional centers, seven of which promote food and beverages. These organizations are located in New York, Toronto, Dusseldorf, The Hague, London, Paris, and Milan. In addition, ICEX promotes agricultural products through 80 trade offices around the world. ICEX has strengthened itself by forming a consortium with five firms in the food and agriculture sector in an effort to consolidate sales strategy and advertising efforts.

One of ICEX's strategies to promote exports is to encourage groups of small companies to form Export Consortia. These groups must meet certain threshold requirements and are eligible for ICEX funding for four years. An example of such a consortium is an association of Spain's pork processors. Given the large number of small firms that make up Spain's food industry, this program has proved to be very successful. Recent ICEX activities in cooperation with private sector commodity associations include the 1996 promotion campaign by the Rioja Wine Exporters Group to promote wine in five EU countries and two non-EU countries, and the campaign with Asoliva, an olive oil exporters association, to promote olive oil in the United States, Australia, Japan and Canada.

In 1997, ICEX participated with official pavilions in 14 international food promotional events around the world, including the U.S. Fancy Food Fair in New York, ANUGA in Germany, FOODDEX in Japan and SIAL-MERCOSUR in Argentina. Other ICEX activities in 1997 included a number of trade missions in the dairy, meat, and canned fruit and vegetable sectors. Advertising and point-of-sale promotions are employed for fresh fruits and vegetables and for olive oil. During 1997, the ICEX budget emphasized promotion activity for meat and poultry, wine, processed foods (mainly canned fruits and olives), fish, fresh fruits and vegetables, dairy products, olive oil and nuts.

The Spanish Foreign Cooperation Association (ACEX), a leading private export promotion group, was created in 1992 with the objective of opening additional markets in emerging countries. ACEX is mainly comprised of food industry members. ACEX members create and share information on international food markets. Its current emphasis on expanding distribution centers in Russia and expanding to other East European markets. It does not receive any funding from the government.

In addition, the Madrid-based International Olive Oil Council (IOOC), primarily focuses on promotion of olive oil and table olives for all olive producing countries. Although the IOOC is an international organization, the Spanish olive industry directly benefits from IOOC worldwide marketing programs that are funded in part by the Government of Spain through payment of its IOOC membership dues. No funding information is available for the IOOC.

Competitor Activity:

Most competitor activities, including trade missions, food fairs and seminars, are conducted by other European countries. France promotes dairy products, meat, fruits and vegetables, fish, and wine through SOPEXA, while French grain is promoted by EONIC. Italy's ICE promotes processed foods, fresh fruits and vegetables and wine. Great Britain promotes grains through British Cereal Exports, potatoes through the U.K. Potato Marketing Board and processed foods and fish through Food from Britain. The Netherlands promotes cheese, veal, fish and potatoes. Ireland promotes meat and Germany's CMA promotes cheese. Portugal promotes wine and processed foods. Forest products are promoted by Canada and the Scandinavian countries. Fish are also promoted by Denmark, Iceland, Norway, Sweden, the Faeroes Islands and the Falkland Islands.

THE UNITED KINGDOM

UK efforts to promote domestic and export sales of agricultural products are coordinated by Food from Britain (FFB), a quasi-governmental agency established in 1983. It employs about 65 full-time staff -- 25 in London and the rest in its overseas offices. Food from Britain spent about \$12.4 million in 1995/96 of which about 56 percent came from the government (about \$6.9 million). Industry membership fees, consultancy fees, publication sales, and exhibition fees account for the remainder of FFB's budget. About \$5.8 million is spent on promotional activities. The rest is used to cover overhead expenses such as office space and salaries.

U.K. Promotion Activity:

UK government promotion: Food from Britain maintains offices in Belgium, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain and North America (Marietta, Georgia). About 70 percent of Food from Britain's budget is directed toward export markets in the EU, North America and Asia. The offices in Denmark and Japan were opened late in 1995.

Food from Britain offers export marketing and promotion services to the UK's value-added food products industry. Such services include market intelligence reports, trade missions, participation in Food from Britain pavilions at international trade exhibitions, advice on advertising and public relations in export markets, and putting exporters in contact with retail outlets for in-store promotions.

Food from Britain receives financial support from the United Kingdom's Department of Trade and Industry (DTI) for its pavilions at international trade shows (about 50 percent of space rental costs and 40 percent of pavilion construction costs). No set annual budgeting is provided by DTI, but funds are allocated upon request. Food from Britain's trade show participation charges are structured to achieve a full-cost recovery on those costs not subsidized by DTI.

The UK Ministry of Agriculture, Fisheries and Food (MAFF) also conducts some trade promotion activities such as overseas fact-finding tours, trade fairs outside the EU and Ministerial trade missions. No expenditures were available for MAFF agricultural product activities.

Producer promotion organizations: The Meat and Livestock Commission (MLC) promotes beef, pork, lamb and other red meats. MLC's promotion budget was estimated at \$18 million in 1996/97, although only about \$250,000 was spent on export promotions. MLC is funded almost entirely through producer levies. MLC's export marketing program has been severely curtailed because of BSE-related import bans in its major beef markets. During this past year, it provided promotional materials to supermarkets in France and Spain which were running UK lamb promotions and assisted UK pork traders in making contacts with Japanese buyers.

British Cereal Exports (BCE) promotes exports of British cereals. It is estimated that BCE spent \$660,000 on export promotion in 1995/96. BCE continues to promote exports of malting barley under a 3-year program sponsored by the Department of Trade and Industry. BCE's officials accompanied the Agricultural Minister on a trade mission to China in late April 1996. One of the mission objectives is to seek a share of the large Chinese market for malting barley.

A new promotion effort, the Horticultural Export Bureau, was opened in Louth, Lincolnshire, in July 1996. The Bureau is funded by a grant from the Ministry of Agriculture, Food and Fisheries of \$225,000 annually for 3 years. Industry members match this amount with their own contributions. The Bureau conducts trade servicing through a database of UK producers/exporters and overseas customers and will collect market intelligence for dissemination to the horticultural industry. In its first year of operations, the Bureau concentrated on export expansion of vegetables, salad and processed salads. Fruits will be introduced next.

year, followed by flowers and plants in the third year. Initially, the Bureau's efforts are focused on other EU countries.

The Scottish Salmon Board promotes Scottish salmon in the U.K. and abroad. In 1996 its promotion budget was approximately \$2.5 million, \$910,000 of which was spent outside of Great Britain. The board conducts promotional campaigns aimed at retailers and wholesalers. Scottish salmon producers are under pressure from imported Norwegian salmon. This will lead to a reduction in funding for the board. The June 1997 agreement between the EU and Norway to resolve a dumping/subsidy complaint against Norwegian salmon will not alleviate this pressure because the agreed minimum import price is still below Scottish production costs.

Competitor Activities:

Most of the European, and many other promotion groups are active in the U.K. market, especially with wine, meat and fruit promotions. No budget information is available but direct advertising expenditures are available from a British media consultant. French wine exporters spent about \$4.5 million on advertisements, while Australia, Bulgaria, Italy and Germany also promoted their wine with smaller expenditures. Denmark and New Zealand each spent about \$1.4 million promoting pork and lamb, respectively. The Netherlands also promotes its pork in the U.K. France, New Zealand the Netherlands and South Africa each spent over \$500,000 advertising their apples, pears, citrus and other fruits and vegetables and Israel's Citrus Marketing Board also has a substantial budget for promotion activities in the U.K. Most of these expenditures are producer financed. All of these countries also participate in trade shows, and some, such as Canada, France, Chile and Israel also use in-store promotions. Most of the wine promotions include trips to the host country wineries for local journalists.

A number of countries also promote forest products in the U.K. These include the Malaysian Timber Council which has an office with more than 5 people, the Timber Export Development Board of Ghana, three Canadian provincial associations, the Nordic Timber Council which spends more than \$400,000 per year and the French Office du Bois which is a major competitor in the market for temperate hardwoods.

EXPENDITURES AND ACTIVITIES OF OTHER COMPETITOR COUNTRIES

ARGENTINA

The Government of Argentina continues its involvement in market promotion through public/private sector partnerships for trade fairs and trade missions, as well as providing market information. The chief government-assisted programs include PROMEX (Non-Traditional Agricultural Exporters' Program), PROCAR (the Beef Export Promotion Program of the Argentine Secretary of Agriculture) and Export-AR (A Foreign Ministry program to encourage exports by small firms). Together, promotion funding for these programs was \$7 million for 1996. Approximately \$2 million was spent on direct promotional activities with the remainder on administration and other costs such as maintaining overseas offices, training and some travel expenses. Major markets for export promotions are in Southeast Asia, Europe and the United States. This year, Argentina is forging a new strategy to capitalize on increased consumer interest in wholesome foods by promoting its products as "natural". That is, showcasing the natural goodness and health aspects of its products. Argentina has developed the marketing theme "Argentine Food-A Natural Choice" which it is now using in most of its promotional activities. Information on private sector funding is not available.

Argentine Export Promotion:

PROMEX, a branch of the Argentine Secretariat of Agriculture, was created in March 1992 with the purpose of increasing Argentina's exports of non-traditional agricultural products in foreign markets such as fish, spices, fruits and vegetables, flowers and animal products by offsetting travel costs (up to 50 percent of per diem and tickets), attendance in international fairs (the government purchases space and allocates it to exhibitors), and providing market information. Other things being equal, small industries receive priority. This program has received loans from the World Bank and the Interamerican Development Bank during the 1992-1997 term, but the program period has expired, and PROMEX is currently funded directly by the Argentine government until additional international money is secured. Funds are allocated to those industry groups or individuals who express interest and pass a competitive cost/benefit evaluation based on international market information and in-house research. The program is administered by a private/public sector committee, chaired by the Secretariat of Agriculture, and supported by a staff of 12 people in Buenos Aires.

PROCAR, the Beef Export Promotion Program of the Argentine Secretary of Agriculture, was created in 1993 with the objective of expanding Argentine beef exports through the opening of new markets, strengthening old ones, product diversification, and the launching of new products by emphasizing their natural, excellent quality. It receives funds from the Argentine Government and a loan from the Inter-American Development Bank, and is administered by the Secretariat of Agriculture. Its operation and procedures are similar to PROMEX. PROCAR works in two main channels: a) an Information System, which publishes Argentine export statistics, lists of cattle prices in different regions, lists of beef importers, market briefs, etc.; and b) the organization of trade missions/fairs to different parts of the world such as (based on 1997's activity schedule): Green Week in Berlin, Foodex in Japan, Internorga in Hamburg, National Restaurant Association in Chicago, Food Moscow, Stand Hotel Saudi Arabia, Hofex 97 in Hong Kong, Fancy Food in New York, ANUGA in Germany and the American Meat Institute Exposition in Chicago. Apart from this, PROCAR has financed a promotional campaign in Germany, the largest market for Argentine beef, which has been affected by the BSE crisis. PROCAR encouraged specialized German journalists to get acquainted with the Argentina's beef industry.

The Ministry of Foreign Relations funds and administers EXPORT-AR, a program to promote Argentine

exports from small- and medium-size companies. The services that Export-AR provides to exporters include the following: a listing of commercial opportunities, a Mercosur report, market briefs, lists of foreign buyers, export opportunities, foreign trade assessments, foreign trade data, and participation in shows, fairs and trade missions. There are 36 Export-AR offices throughout Argentina, with market database links to 120 diplomatic offices overseas, as well as 6 Export-AR offices covering the United States, Europe and Brazil. Agriculture-related events during 1997 include officially sponsored pavilions (15 fairs, of which 5 are in the U.S.), stands (5 total fairs, of which 3 are in the U.S.) and commercial trade missions (15 markets, of which 2 went to the U.S.). According to staff, the priority markets for this program are Asia and Brazil. The key marketing tools used by this program are trade fairs, trade missions, training seminars, and national exporters meetings. At trade shows, Export-AR only purchases space for exhibitors, and does not provide assistance for travel, lodging or per diem.

Although the government of Argentina does not use direct export subsidies to subsidize its agricultural exports, it does administer a form of transportation subsidy to promote investment in the poor and desert-like region of Patagonia. However, the total amount of this subsidy is unknown.

The government of Argentina also offers credit lines for production, export pre-finance, and trade fair participation. Interest costs of government-offered loans are not subsidized. Other credit lines encourage the production of forest plantations. Information on program levels for export financing are not available.

Argentine oilseeds and hides exports are taxed to encourage domestic processing (oilseeds at 3.5% and hides at 10%). All products exported (with the exception of those going to Mercosur members) benefit from tax rebates. Rebates vary from 1.5 to 15 percent. The total value of these rebates also is not available.

Competitor Activity:

Argentina traditionally has not been a significant target for market promotion activities for food products by foreign countries. However, with the opening of the market in recent years and development of regional trade opportunities resulting from Mercosur, promotional activities by foreign countries are rising. Argentina has one of the highest GDP's in South America at nearly \$9,000 per year, and the economy is projected to grow by six percent in 1997. The food distribution sector is modernizing rapidly which is allowing greater introduction of imported food products.

The most active countries with market promotion organized by government or quasi-government organizations are several of the members of the European Union. Spain is the most active, followed by France, Italy, and Germany. Other countries include Canada and Argentina's fellow members or associate members of Mercosur, mainly Brazil, Uruguay and Chile. However, promotion by the Mercosur countries tend to be more carried out by the private sector, in part because they are closer and less in need of centrally organized activities.

Trade missions and supermarket promotions are tools used by some competitors, particularly Spain, France and Germany. However, trade show participation is the most common and effective mechanism being used for introducing and expanding the presence of imported foods in Argentina. During 1996 France, Spain and the United States put on solo trade shows. In August 1997 a new international show called SIAL Mercosur Food and Beverage Exposition was organized in Buenos Aires. This was a major show with over 500 exhibitors from 21 countries and more than 17,000 visitors. By accounts of both exhibitors and visitors, this show was very successful in providing an opportunity to promote their products and develop business contacts. The success of this show is indicative of how dramatically the situation has changed in Argentina and Mercosur regarding trade in food and beverage products.

AUSTRALIA

Market development support for Australian exports is widespread. Most agricultural export promotion is conducted by producer organizations funded by mandatory assessments collected under statutory authority. The funding for these producer organizations is estimated at \$129.5 million in 1995/96. In recent years, the Australian government increased its support for export market promotion, particularly for high-value agricultural products, although government funding will be reduced in future years. Australian government grants for agricultural export market promotion are estimated at \$56.8 million.

Major Australian producer promotion boards include the Australian Wheat Board, the Australian Dairy Corporation, the Australian Meat and Livestock Corporation, the Australian Dried Fruit Board, the Australian Horticultural Corporation, the Australian Wine and Brandy Corporation, and the Australian Wool Research and Promotion Organization.

Australian government support: The Australian government supports export promotion directly for all industries through the Australian Trade Commission (AUSTRADE) which has domestic offices and offices in 67 foreign countries. (Funding for AUSTRADE offices is not included in Table 1).

Key Australian government export promotion programs include the Export Market Development Grants Scheme (EMDG) and the Innovative Agricultural Marketing Program (IAMP). The EMDG allows companies to obtain a grant of up to A\$250,000 (\$195,000) a year to offset marketing costs incurred when entering or developing export markets. This maximum grant level was reduced to A\$200,00 (\$156,000) as of July 1, 1996. To be eligible, companies must be generating less than A\$25 million (US\$19.5 million) in exports and have incurred at least A\$30,000 (US\$23,400) in costs. The EMDG paid A\$219.5 million in such grants in 1995/96, of which an estimated 20 percent (about \$34.2 million) went to agricultural firms. This is slightly more than EMDG grants in 1994/95.

The IAMP provides financial assistance to producers, processors, manufacturers and marketers in the agricultural forestry and fishing industries who have innovative projects with sound potential. Much of the funding goes to market research and business-oriented activities. During 1995/96, 13 projects were supported with committed funding of A\$4.14 million (\$3.13 million). Funding for this program was terminated as of July 1, 1996.

In September 1996 a new program, called "Supermarket to Asia" was launched. It will be implemented by the Supermarket to Asia Council which will work across all major food sectors, focusing on production, transportation, distribution, packaging, marketing and trade to make Australian food products more competitive in Asian markets. For the three years from 1996/97 the Council will receive government funding of \$8.9 million. The group's mandate is "to develop a globally-competitive Australian agri-food industry with an aggressive export culture, resulting in significant and ongoing growth in exports to the Asian region over the next decade." The Council will help identify markets and production, packaging, distribution and marketing strategies to help Australian exporters attain this goal. On the marketing side, the Council will develop and promote a "Quality Food Australia log and certification program and will encourage coordinated promotions at both the retail and food service levels throughout Asia.

The Australian Wheat Board (AWB): The AWB is a statutory marketing board with authority through 1999 to sell all wheat for export. The AWB handles 60-80 percent of Australian domestic wheat production. Funding for the Board, comes primarily from domestic and export sales, although the AWB's investment fund, the Wheat Industry Fund, is financed by a levy on producers of 2 percent of the farm gate value of sales. The Australian government contributes funding of up to 0.5 percent of the gross value of wheat production for research. (This government expenditure is not included in Table 1 because it assists commodity research rather than promotion.)

The AWB's major product development objective throughout 1995/96 was to continue to develop an implementation of the strategy of tailoring the Australian wheat crop to meet the precise needs of customers. Product teams covering soft wheat, noodle wheat and feed grains were established during the year, with the aim of interpreting consumption trends, converting them into wheat quality needs and devising varietal development and segregation strategies to deliver them. The AWB encourages production of wheat specifically for Asian markets through special producer pools and premia. The AWB is committed to the task of increasing support for the purchase and use of AWB products and services amongst customers and those who influence the buying decisions of customers. They believe that by building the understanding of the AWB as a reliable supplier of 'Quality grain made to order!' the AWB's competitive positioning and business relationships with key customers will be strengthened.

The AWB actively promotes its wheat through technical training, orientation visits, off-shore consumer servicing and other promotional activities. This program is centered around the Asian Food Research Center at the Academy of Grain Technology in Melbourne, which uses the unique facilities of the AWB's noodle pilot plant and the Bread Research Institute to screen wheat varieties and to refine processing techniques. It also has external links to other research facilities, such as the Bakery Industry Training Center in Singapore.

A number of market promotion activities were carried out during the year, including "Growing Together", a business forum for milling customers in Southeast Asia; "Prosperity through Quality", a series of seminars for millers in the Middle East; and "Golden Opportunities", a forum to promote AWB products and services in China. Expenditures for market promotion were nearly \$1.7 million in 1996.

The Wheat Industry Fund (WIF), funded by a 2-percent levy on wheat sales to the AWB, provides a capital base which is used to diversify AWB business activities and could become the capital base to support AWB borrowing when the government borrowing guarantee expires in 1999. WIF investments include shares in flour mills in Egypt, Vietnam, and China. More than \$5 million was invested in two Chinese mills during 1996. In addition, a consortium led by the AWB won a \$7.6 million contract to build a grain terminal at Fang Cheng in China's Guangzi region. This facility is an important part of China's plan, financed by the World Bank, to modernize its grain handling system.

In addition to its marketing and market development activities, the AWB offers export credits guaranteed by government export credit insurance agency. During 1996 the Wheat Board paid \$13 million in premiums for Export Credit insurance.

The Australian Dairy Corporation (ADC) is authorized to export dairy products and develop markets for dairy products at home and overseas. The ADC issues export licenses to private companies and dairy cooperatives, but sells cheese itself to Japan and the EU. The ADC's market development activities are funded by assessments on dairy producers. ADC received some funding through the Australian government's Export Market Development Grant scheme for coordinated advertising and promotion activities in the Asia/Pacific. The Australian government contributes funding of up to 0.5 percent of the gross value of dairy production for research. (This government expenditure is not included in Table 1 because it assists commodity research rather than promotion.)

ADC's international promotions in 1995/96, estimated at a cost of \$3.9 million, featured retail in-store tasting of dairy products, participation in trade shows, television advertising, educational videos and brochures promoting dairy consumption for nutrition, and most recently buyers guides and a magazine targeted at that food manufacturing industry. ADC is successfully using the "Australian Dairy Mark" as marketing tool. The majority of Australian dairy export sales are licensed to use the mark as are 27 foreign companies, mainly in Japan.

The Australian Meat and Livestock Corporation (AMLC) operates to maximize returns and profitability

of the industry through domestic and international activities designed to secure and protect market access; to persuade customers of the desirable characteristics of Australian meat; to provide mechanisms to insure the best possible delivery of the product; and, finally, to provide market intelligence. AMLC is funded entirely by industry levies. The Australian government contributes funding of up to 0.5 percent of the gross value of cattle, pig and sheep production for research. (This government expenditure is not included in Table 1 because it assists commodity research rather than promotion.)

AMLC export market expenditures for 1996, estimated at \$26.8 million, continued to focus on North Asia, which accounts for 62 percent of promotion expenditures, followed by the Americas (22 percent), Other Asia and Europe (12 percent) and the Middle East (5 percent). In Japan, AMLC advertising continued to concentrate on the "Aussie Beef" theme which it has directed primarily at consumers, including television advertisements reinforcing the Aussie Beef mark. Individual exporters have been able to operate under the Aussie Beef umbrella using its logo and its associated marketing benefits while promoting their own brands. To increase consumer acceptance of Australian beef, AMLC has developed a grading system known as the Voluntary Standards System or VSS. Research has shown that the VSS has the potential to positively influence trade attitudes, so participation is being expanded. Currently eight Australian companies, representing nearly half of Australian beef exports to Japan are using the system. In Korea AMLC has adapted its specifications for grassfed fullsets to better reflect the demand in the Korean market and has actively promoted its chilled beef.

The Australian Horticultural Corporation (AHC) oversees an industry goal of raising exports from A\$700 million (\$518 million) to A\$2 billion (\$1.48 billion) by the year 2000. AHC and individual commodity exporters covered by the umbrella organization undertake export promotion activities. AHC is funded by industry levies and government matching grants. In 1995/96 apples and pears received 55% of total AHC export promotion expenditures (both industry and government funds), a substantial increase over previous years. Dried fruits received 26% of AHC's expenditures and citrus received 18%. Macadamias and Nashi pears received the remainder, while export promotion for honey and avocados was discontinued. Dried fruits and honey promotions are conducted by the Australian Dried Fruits Board and Australian Honey Bureau, which also have authority to issue export licenses for their respective products.

Government grants to the AHC have been used since the AHC's inception in 1988 to supplement the industry levies and to support "change" in the Australian horticultural sector. This grant is estimated to have been about \$600,000 in 1996/97, the last year it was provided. These government grants have been terminated. Since this money is not specifically dedicated to export promotion, it is not included in Table 1. AHC and individual commodity boards also receive Export Market Development Grants. In 1995/96 the AHC received \$29,260 from this source and the dried fruit board received a grant of \$121,740.

Specific activities of AHC and its members in the export area include: market access and development and industry marketing. Market access activities are primarily technical assistance to the Quarantine Inspection Service to identify and seek the elimination of phytosanitary import barriers. Industry marketing activities have been undertaken in Singapore, Malaysia, Hong Kong, New Zealand, Indonesia, Taiwan, and the United States. The majority of export promotions have focused on demonstrations and publicity at the store level and general media activity. A major program for AHC is the Australian Fresh logo and banner which is used to build market presence for Australian fresh fruits and vegetables as safe, healthy, high-quality produce. Industry support for this program is strong with over 25 apple and pear exporters, growers and packers participating in the launching of the 1996 promotion season in Singapore, Malaysia and Indonesia. Thirty key exporters are licensees under this scheme bringing its financing up to about \$2.3 million.

The Australian Wine and Brandy Corporation (AWBC) is chartered to promote and control the export of grape products from Australia through the promotion of products both in Australia and overseas. Specific missions of the AWBC include the achievement of an international reputation for Australian wines and the improvement of knowledge about Australian wines in selected export markets. The AWBC also issues

licenses to exporters and compliance certificates for each wine shipment. The AWBC inspects wines intended for export to ensure that quality standards are met and that the wines meet importing country requirements. The AWBC also administers a Label Integrity Program. Under the AWBC is the Australian Wine Export Council which coordinates objectives and budgets of exporter committees that exist in the U.K., Mainland Europe, U.S., Sweden, Asia and Canada. The AWBC spent a total US\$1.4 million on export promotion in the following countries: the United Kingdom (47 percent), the United States (18.5 percent), Europe (15.5 percent), Scandinavia (11 percent), Canada (5.5 percent), Japan (1 percent) and other countries (1 percent). An additional \$580,000 was spent on overhead costs such as staffing and office maintenance. Most of these funds have come from either national or regional grants. However, the industry recently agreed to establish and ad valorem export tax to fund the Corporation's activities.

The Australian Wool Research and Promotion Organization (AWRAP) was formed on December 1, 1993, from the merger of the Australian Wool Corporation and the Wool Research and Development Corporation. In June, 1994, the operations of AWRAP and the International Wool Secretariat were merged in order to form one customer-focused international marketing and research organization. The AWRAP Board is involved in operational issues, particularly technical and research and development matters and Australia-specific issues, while the IWS Boards addresses policy issues related to funding, the Woolmark brand and other branding strategies, and generic promotion. AWRAP/IWS conducts industry studies, consumer trade and retail promotion and provides technical service and expertise to the early and later stage processing industry around the world. Funding for AWRAP comes primarily from a 3.5-percent wool tax levied on the value of the wool shorn. More than 90 percent of the funding for the IWS comes from these levies on Australian wool. This is further supplemented by license fees for worldwide use of the Woolmark trademark which raised \$4.5 in 1995/96. During this year the IWS spent \$94 million on marketing activities.

The Woolmark is one of the world's most recognized apparel labels. Research shows that consumers in major markets are prepared to pay more for clothing which carries the Woolmark label. In 1995/96 the global design of Woolmark tags, labels and merchandising was updated as part of the successful Woolmark commercialization launch. The concept was expanded to meet the needs of specific uses. For example, the Woolblendmark has been used for some blends of wool and other fibers. This year Woolplus branding was launched as part of the partnership between the IWS and Du Pont to promote Wool plus Lycra. The IWS conducts strict quality assurance and integrity control on use of these trademarks, including testing and inspection visits of licensees. The IWS also develops and promotes products on a global basis, working with key industrial partners at all stages of production, including spinners, weavers designers and manufacturers. Its regional branches carry out local industry interface activities including consumer and retail promotion, quality control and public relations.

BRAZIL

Export promotion is becoming a higher priority for the Brazilian government as the value of the currency has stabilized and the market has become more open. While it is difficult to isolate expenditures on agricultural products from total expenditures, it is estimated that the portion of Brazilian export promotion budgets which applied to the agricultural sector amounted to \$1.35 million in 1997.

Government/Quasi-Government Export Promotion Programs:

Export promotion activities in Brazil are the responsibility of the Department of Commercial Promotion (DPC), Ministry of Foreign Affairs (MRE). In addition to market promotion in other countries, the DPC/MRE is responsible for promoting investment opportunities in Brazil. DPC/MRE is responsible for promotion of capital or industrial goods as well as agricultural and food products. It plans and executes export promotion programs utilizing staff in 117 Sectors of Commercial Promotion (SECOMs) in more than 90 Brazilian Embassies and Consulates overseas. These programs include participation in overseas trade shows and the support of trade missions, as well as training seminars on export promotion. DPC also provides market research, sector studies and statistical data on world markets for Brazilian products. The annual budget of DPC/MRE dropped from US\$10 millions in the 70's to US\$3.4 million in 1996. For 1997 the Brazilian Government allocated US\$11.4 million for DPC activities, but private analysts believe that less than US\$6 million will be actually released due to budget restrictions. In 1998 the government plans to introduce a new National Program of Commercial Promotion. The details of this plan are still being worked out.

The Ministry of Industry, Commerce and Tourism (MICT) also plays a major role in the export promotion programs of the Brazilian Government, although its functions are more on the domestic side, such as identifying potential sectors that need export assistance, including financing, as well as preparing market studies and providing training. MICT through the Office of Foreign Trade (SECEX) provides the following services: a) export logistics; b) export financing; c) export data; d) export/import directories; e) export insurance; f) total quality program, and g) market information for Brazilian exporters. The portion of MICT budget that is directly allocated to export services and promotion is not available, but it is estimated by private analysts to reach US\$5 million, not including export financing.

Export promotion programs are also becoming the focus of some quasi-government agencies, state promotion boards, and other private sector associations. The most aggressive of these marketing organizations is the National Small Business Service (SEBRAE). A non-profit organization, SEBRAE was established in 1990 and is financed by a deduction by the government of 0.3 percent of company payrolls. Delegates from the government and the private sector make up SEBRAE's National Deliberative Board. It is organized as a system, with the headquarters in Brasilia and 27 other units in each state. The agricultural sector is represented in the national board through the National Agricultural Confederation (CNA), similar to the Farm Bureau in the United States, and by the National Industry Council (CNI), which represents the Brazilian food industry. SEBRAE's goal is to increase the number of small and medium-size companies involved in exporting to a level of 26,500 firms in the next two years. In view of this, SEBRAE is very aggressive in training, financing and subsidizing the participation of these companies in trade shows overseas, such as the ANUGA show. SEBRAE encourages companies to participate in such shows by providing a booth at low cost and subsidizing airfare. In addition to trade shows in targeted foreign markets, SEBRAE also participates with large pavilions in national foods shows. It also provides customized market research for small companies entering the export market.

Another important quasi-government agency is FRUPEX. It is linked to the Ministry of Agriculture and the main target is fruit production for exports. Recently, the Brazilian government launched a regional program for the Northeast of Brazil, which includes long-term financing of US\$1.5 billion to finance the incorporation of

150,000 hectares of irrigated land in the semi-arid back lands of the Northeast to cultivate grapes, papaya, melons, mangoes, and other fruits for exports. Currently, Brazil exports about US\$120 million in fruits, and the goal is to triple this value in the next two years.

Some state governments are beginning to play an increasing role in export promotion. Some of these governments maintain state export boards, which are basically financed by local governments to promote their products in selected markets overseas, and by attracting foreign investments to that state. These state export promotion boards are responsible for several annual sales missions overseas, which usually include the governor as the head of the team. The states of Sao Paulo, Rio, Parana, Bahia, Rio Grande do Sul and Goias have been particularly aggressive in this type of marketing promotion. Products from Sao Paulo are mostly manufactured goods, but agricultural and food products such as orange juice, fruits, processed meats, coffee, sugar, nuts, and consumer-oriented products also represent a major portion of marketing activities depending on the state.

Producer/Industry Market Promotion Organizations:

Approximately 250 large Brazilian companies account for 85 percent of Brazil's total exports, including some large Brazilian food companies. Although the branded promotion programs remain as the primary focus of international market development activities of these companies, they are increasingly reorienting their policies to strengthen their trade organizations to become more involved in market promotion and are pouring more resources into these activities. Traditionally, these organizations were charged with lobbying the federal and state government. Today, they are more concerned with market access for their products, providing technical and financial support to Brazilian trade negotiators to fight unfair competition and non-tariff barriers.

The most active Brazilian export market development trade organizations are: the Association of Brazilian Oilseed Crushers (ABIOVE), the Association of Brazilian poultry Exporters (ABEF), the Association of Brazilian Pork Exporters (ABECS), the Brazilian Association of Beef Exporters (ABIEC), the Association of Brazilian citrus Processors (ABECITRUS), the Brazilian Association of Food Industries (ABIA), the Brazilian Association of Plywood Industry (ABIMCI) and the Brazilian Association of Supermarkets (ABRAS). The Brazilian Wine Industry Association (UVIBRA), and the Brazilian Coffee Exporters (ABEC).

In the past, the Brazilian government has funded the participation of Brazilian commodity groups in trade shows, mostly in the European market. However, because of budget constraints, these organizations have taken up more marketing responsibilities, such as organizing trade missions to target foreign markets, such as the European Union, China, and Japan. Reverse trade missions have also become the focus of these organizations, by which the Brazilian companies try to influence foreign government officials to change regulatory requirements affecting market access for their products. For example, one group recently hosted a visit to Brazil of Russian officials which contributed to open the Russian market to Brazilian pork. These organizations are also organizing trade missions to major export markets. Recently, the beef exporters association planned and subsidized the trip of major exporters and government officials to China to participate in the World Meat Congress, and to travel to other countries in Asia to develop export markets for Brazilian beef.

It is virtually impossible to obtain reliable financial data on these trade organizations' export market development expenditures. The best estimate available for 1997 spending in export marketing activities by industry association organizations is US\$1.9 million.

Export Financing Programs:

The Brazilian government offers a variety of tax and tariff incentives to encourage export production (such as tropical fruits in the Northeast region of Brazil) and to encourage the use of Brazilian inputs in exported products. In addition, the exemption of state value added tax (ICMS) on exports was finally extended to primary products, such as soybeans, and other agricultural products on January 1, 1997. The semi-processed and processed food products already benefited from the exemption of ICMS tax.

An export credit program, known as PROEX, established in 1991 gained new financial strength since 1996. Under the program, the Brazilian government provides interest rate guarantees to commercial banks which finance export sales, thus ensuring Brazilian exporters access to financing at rates equivalent to those available internationally. Most products eligible for financing under the PROEX program are capital goods, but some semi-processed agricultural and food products can also be eligible. BNDES, the government national development bank, is the primary Brazilian source for longer-term credit. Since 1996, BNDES is becoming more aggressive in providing export financing for Brazilian firms. In 1996, BNDES released US\$390 million for financing export operations in general. It is estimated that only 20 percent were for agricultural and food products. During Jan-Aug 1997, BNDES already financed US\$612 million in exports. Finally, the Bank of Brazil, a quasi-government bank is the principal arm of the federal government involved in commercial export financing. It is estimated that nearly \$550 million in loans for agricultural exports were made using government funds in 1997.

Competitor Activities:

Brazil and other MERCOSUL countries are increasingly targeted for export promotion by competitor countries, particularly EU member states such as France, Germany, Great Britain, the Netherlands, Spain and Italy. These countries primarily use trade shows to promote their products. Many have held solo shows to promote both their manufactured and food products. Foreign participation in established Brazilian trade shows is also increasing. A major focus of European countries has been the use of diplomatic trade missions to increase interest in trading and investing in Brazil. These have included visits by government leaders such as French President Chirac in March 1997 and German Chancellor Kohl in September 1997, accompanied by huge contingents of business executives. Such activities are complemented by the EU's initiative to negotiate free trade negotiations with MERCOSUL beginning in 1999. In the last two years European countries have made significant inroads into the Brazilian market.

Foreign countries, particularly Canada, also use reverse marketing trips, inviting Brazilian officials to visit the host country. This strategy is especially useful to familiarize Brazilian regulatory officials with host country practices and conditions to encourage acceptance for such products in Brazil. Branded promotions in Brazil are most common for Italian pasta, French frozen vegetables and German wine. It is estimated that more than \$1 million is spent for such promotions by these companies.

CANADA

The Canadian government funds agricultural export market development through a number of programs which are operated cooperatively between Agriculture and Agri-Food Canada (AAFC) and the Department of Foreign Affairs and International Trade (DFAIT) to benefit the agriculture, fishery, and forestry sectors. Other Canadian government agencies and provincial governments also fund export market promotion. Federal and provincial export promotion funding for 1996/97 was estimated at \$10.3 million. The Canadian Wheat Board, a Crown Corporation, helps fund export promotions through the Canadian International Grains Institute. It is estimated that the Canadian government provides about \$1 million to the Canadian Grains Institute. Industry funding for all export promotion was estimated at \$13 million for 1996/97. Government, producer and industry funds totaled \$24.4 million. The primary target areas for Canadian agricultural export promotions are the NAFTA countries and Asia (Japan, South Korea, and ASEAN countries).

Canadian Government Activities:

Agriculture and Agri-Food Canada's (AAFC) Market and Industry Services Branch (MISB) takes the lead in developing Canada's agricultural trade. In 1995/96, the Canadian government set a goal of Can \$20 billion (US\$15 billion) in agricultural exports by the Year 2000, an increase of 15 percent from 1995 exports. This goal was exceeded in 1997. In spite of massive budget reductions, the Canadian government restructured its export promotion of agricultural products and increased funding for the promotion activities to help boost exports. AAFC also operates information, intelligence and analysis services for Canadian agricultural exporters, including an electronic Commodity Bulletin Board, electronic trade leads, and market assessment and advisory reports.

To be eligible for export promotion funding under any of several Canadian government programs, private companies must participate through non-profit agri-food associations representing a majority of the exporters in a particular sector either on a national or regional basis. These associations must participate in the Agri-Food Market Strategies or AIMS process. Under AIMS, associations are required to develop a long term export market strategy that is reviewed by an interdepartmental (usually AAFC & DFAIT) Steering Committee. Branded promotion applicants require an export strategy acceptable to the AIMS Steering Committee which must demonstrate that the industry represented is being disadvantaged by brand promotions supported by the U.S. MAP, or similar programs of other exporting countries.

Export promotion funds are available through four main programs. The Program for Export Market Development (PEMD) is administered by DFAIT for exports of all Canadian products, including agricultural products. AAFC administers three other programs dedicated to agricultural products: Agri-Food Trade 2000, the Post-Initiated Agri-Food Fund (PIAF) and the Regionally Initiated Agri-Food Fund (RIAF)

PEMD is a financial risk-sharing program which includes access to international market information and services in facilitating export links. Financial outlays are allocated as individual proposals are approved. If export sales result from a PEMD plan or mission, the companies are required to reimburse a portion of the PEMD contribution. Each agreement contains a repayment clause that stipulates the terms under which the applicant will repay the Government of Canada. One element of the PEMD is the Special Activities plan directed at agricultural trade associations. It is estimated that 60-70 percent of the PEMD agriculture budget is directed under the Special Activities Program. Activities by these associations must be for the benefit of their members and may include the generic promotion of the association's products or services. Funds allocated to trade associations are not repayable. PEMD provides financial assistance of 50 percent on selected travel, trade fair participation, and other export- and export promotion-related costs. PEMD also includes a very small branded cost-share promotion program.

Agri-Food Trade 2000 is also a cost-shared funding program aimed at helping Canadian agri-food industry associations carry out a wide range of marketing and trade activities. PIAF is a fund available to agri-food

trade officers in foreign embassies to implement export promotion initiatives which cannot be paid for under other programs. RIAF is a fund for use by MISB's regional offices to support regional market development activities such as exporter seminars, trade missions and market research. For 1997-98, priority is being given to activities to promote exports to the United States which are implemented most effectively at a regional level.

Provincial governments also operate export promotion programs. For example, the Quebec Food Product Exporters (Quebec Export Club) published a Gourmet Export Directory, a full index of Quebec food products for export and helped sponsor group participation in international food shows (SIAL, ANUGA, etc.). Some Provinces, such as British Columbia, maintain offices in important foreign markets like Japan to promote their products. Several provinces operate industry specific promotion organizations. For example, British Columbia's Coast Forest and Lumber Association (CFLA) is active in Japan where it promotes the use of Hemlock lumber as a building material.

Canadian Wheat Board:

The Canadian Wheat Board (CWB) is authorized under the Canadian Wheat Board Act of 1935 to control the export marketing of Canadian wheat and barley. The CWB exports all western Canadian wheat and barley (Manitoba, Saskatchewan, Alberta, Peace River area of British Columbia) and issues export licenses for wheat produced in other regions of Canada (the Ontario Wheat Producers Marketing Board). Seventy-five percent of Canadian wheat and 20 percent of Canadian barley is exported.

The CWB offers its producers and foreign buyers a host of services. Price pools ensure the same price for all types of wheats. The CWB controls the procurement, storage, and shipment of grain for export. For foreign buyers, the CWB extends loans guaranteed by the Canadian government and negotiates long-term agreements with foreign import monopolies.

The Canadian Wheat Board's (CWB) market development staff works with overseas customers to develop new demand for prairie grain. To support its goal, the CWB organizes technical missions to customer countries and introduces new varieties to foreign customers, such as AC Karma, a Canada Prairie Spring (White) wheat developed for Asian noodle manufacture. In past years, the CWB arranged for 14 mills in five Asian countries to fully assess the new variety.

The CWB's partners in market promotion are the Canadian Grain Commission (CGC) and the Canadian International Grains Institute (CIGI). Responsible for grain quality standards, the CGC also provides scientific and technical expertise to develop the understanding of end-use grain quality and the marketability of Canadian grain around the world. International programs are the core of the CIGI's activities. The CIGI holds training sessions (incoming and outgoing) for customer countries which primarily focus on handling and processing methods and technology. The CIGI works closely with participating countries. In March 1998, for example, the CIGI received incoming missions from Tanzania and Lithuania.

Industry Promotions:

Some important commodity groups and organizations are active in export market development and fund their own activities. Others are covered, at least in part, by the federal PEMD umbrella. Producer and industry groups promote the following Canadian agricultural products in export markets: canola, flax, soybeans, pulses, special crops, pork, furs, beef, dairy and livestock genetics, certified seed and wine and specialty beers. Forest products are promoted by the Council of Forest Industries (COFI). Agricultural industry funding was estimated at \$13 million for 1996/97, a slight increase over year-earlier funding.

Some industry associations maintain offices abroad. For example, the Canadian Beef Export Federation has offices in Tokyo, Hong Kong and Korea. These offices coordinate participation in foreign food shows as well as organizing trade missions of foreign buyers to Canada. Other organizations work through the local Canadian Embassies and Consulates.

In addition to the normal promotion activities, some Canadian organizations work with foreign governments to remove technical barriers for their products. For example, in 1997 COFI activities included securing fifteen new certifications of Canadian mills under Japanese standards (JAS). COFI successfully participated in the re-drafting of the new JAS 111 for structural glulam products, and lobbied for the easing of other lumber grade related trade barriers.

Competitor Activity:

The major market development activity used by competitors is trade shows, but Colombia, Iran and Morocco have used television commercials to increase Canadian consumer demand for their products. Most other have used print media advertising.

All of the major wine producers are active in the Canadian market, including France, Italy, Spain, Australia, Chile, South Africa and New Zealand. Chile also promotes its fresh produce, as do Mexico and the Netherlands. South Africa and Morocco emphasize fresh fruit, while tomato products are promoted by Italy and Romania, as well as Morocco. Meat promotion is primarily Australian beef and New Zealand lamb. A number of countries promote cheese, including Italy, the Netherlands, and Switzerland. Processed foods are the most import products for Germany, Austria, and the U.K. Italy and Greece also promote olive oil while Colombia advertises coffee and Iran advertises dried dates.

CHILE

Chile's agricultural sector (including forestry and fisheries products) now accounts for over 35 percent of total export earnings. During 1997 direct government support to export promotion was estimated at \$9.9 million. Private sector contributions to the Export Promotion Fund and to the Chilean Exporters Association are estimated at \$7.2 million.

In general, export promotion programs are carried out through the government agency, PROCHILE, whose operations are divided into 10 sections, of which 3 are related to the agricultural complex. PROCHILE's focus is increasingly directed toward new or emerging markets, particularly in Latin America and Asia. PROCHILE's activities benefit all agricultural products. PROCHILE provides information and trade leads to exporters; conducts trade missions; and manages Chile's participation in international trade fairs. From its general budget, PROCHILE operates 39 trade offices abroad, of which four are located in the United States. In addition, PROCHILE operates 13 offices in Chile to provide local industry with improved access to the export market.

The government of Chile initiated an Export Promotion Fund for agricultural export promotion in 1995 to assist agricultural groups to develop either new markets for traditional products, or to promote new-to-market products. In 1997, this fund totaled \$17.1 million, with contributions from the government and the private sector as noted above. The fund provides grants for export promotions based on applications from producer and exporter associations or regional associations or governments. Agricultural products that benefit from the fund include fresh fruit, agro-industrial products, wine, and processed foods. For 1997 the projects accepted for funding will emphasize diversification of exports and promotion of new products, and a major emphasis is being placed on projects from Regions outside the Santiago Metropolitan Region.

A new administrative mechanism was also piloted in 1997; providing funds directly to private sector organizations which are then responsible for managing promotion activities, instead providing funds on a project-by-project basis. One of these pilot programs was with the Federation of Chilean Food Processors and Agro-industrialists (Fepach). Fepach received about \$1 million which it used to promote frozen and dehydrated products in Europe, juices and canned products in North America and Asia and dehydrated and canned products in Latin America. It used trade missions and international trade fairs as its primary promotional tools.

Among PROCHILE's agricultural projects thus far are generic promotional campaigns for fruits in the United States and European. Fruits promoted include kiwifruit, berries and papaya. Wine is also promoted in a number of countries and dairy products are promoted in Peru and Venezuela.

Another device Chile uses to encourage exports by small and medium sized companies is a simplified duty drawback system designed to refund duties paid on imported inputs without creating an excessive documentation burden. "Non-traditional" products with total export value under \$21 million are given a refund of between three and ten percent of the FOB value of their exported merchandise. As the total export value for a product approaches \$21 million the percent refunded declines. It is eliminated once annual exports exceed the \$21 million level. In 1995, rebates for agricultural products totaled approximately \$30 million. Chile has agreed to eliminate this program in 2003 as part of its Uruguay Round commitments.

CHINA

China's exports of agricultural, forestry, and fishery products are an important component of overall trade. China does support the production and processing of major agricultural products directly and through support for investment projects, but does not have coordinated, focused, or centrally directed market development programs to expand exports of these commodities. Government export and promotion activities do occur at the county and provincial level (where most Chinese government expenditure takes place). However, no estimates of national or local funding for market promotion are available.

Various government organizations are often involved in China's export promotion efforts. The China Council for the Promotion of International Trade (CCPIT), its sub-councils at the national level (including one for agriculture), and the provincial and municipal branches of these sub-councils sponsor trade fairs in China and in foreign countries in order to attract investment and to promote exports, including agricultural and food items. CCPIT receives funding from the central government for its activities, and the agriculture sub-council is part of the Ministry of Agriculture.

At the provincial and municipal level, foreign trade commissions may be involved with export promotion activities. Nominally part of the Ministry of Foreign Trade and Economic Cooperation, these commissions serve the interests of local governments. Local trade fairs and occasional trade missions to other countries are typical activities. The Canton (Guangzhou) Trade (Export) Fair, a twice-yearly event, is one such venue for China's exporters of agricultural, food, fish and wood products to promote their items. The state group that exports China's walnuts completes a significant portion of their yearly sales at this fair. Modeling the success of this export fair, other provinces in China are also establishing trade fairs for the sole purpose of exporting a wide variety of products, including agricultural, food and forestry products.

Despite the recent reforms that have contributed to a more open market environment, state trading enterprises still dominate the agricultural, food and fiber sectors. China's exports of bulk commodities and traditional products like tea and silk are handled by state trading corporations. The principal state trading corporation in the agriculture sector is the China National Cereals, Oils and Foodstuffs Import and Export Corporation (COFCO), formerly known as CEROIL. No expenditure information on promotions by these organizations is available. The Agricultural Trade Officer in Korea reported the presence of a grain marketing office run by COFCO. Staff in this office provide trade services and market information to Korean buyers of China's grain.

Developing export markets for Chinese products also is the goal of investment projects designed to increase the quality of agricultural and food commodities. These are most often local initiatives that target a specific industry or potential market. Zhejiang Province, for example, earned \$400 million from exports of agricultural products following the introduction of improved seed strains, advanced technology, and the establishment of high-quality production zones. Many of these projects involve foreign investment and are set up explicitly for export, often using the foreign partner as the conduit. If market promotion activities are conducted, they will likely be handled by the foreign partner or other private entities.

Competitor Activity:

China is a major importer as well as an exporter of agricultural, food and wood products. Foreign competitors have stepped up their market promotion activities over the past few years in the Chinese provinces of Guangdong, Jiangsu, Hebei and others, including the cities of Beijing, Tianjin and Shanghai. This is most evident by the increased presence of EU, Australian, New Zealand, Canadian, and Asian companies and government trade promotion agencies at food and beverage shows and timber expositions. High profile national pavilions at such shows often are government-assisted. Competitors are also stepping technical and training programs in China or in their home countries aimed at encouraging Chinese purchases of their products.

Canada is a major supplier of wheat to China. The Canadian Wheat Board (CWB) works in conjunction with Canada's International Grains Institute (CIGI) and the Canadian grains industry to promote Canadian grains and grain products in China. The CWB conducts seminars in China and in Canada for Chinese end-users of wheat and barley to familiarize them with, and hopefully establish a preference for, Canadian grains. The CWB maintains an office in the new COFCO office building in Beijing with a staff of two local Chinese. Canada has also put considerable effort into opening the Chinese market to Canadian livestock and meats. Protocols have been signed to permit imports of cattle and swine, as well as beef and pork, and work has begun to get approval for Canadian poultry. Recently, an agreement was announced that will reportedly result in the export of 10,000 head of Canadian beef cows to Inner Mongolia over the next several years. Promotion activities for beef and pork have been increased in 1997 with the Canadian Beef Export Federation spending about \$50,000 on trade shows, advertisements in trade journals and in-store promotions. Canadian pork producers spent about \$15,000. Canada recently set up an office in Shanghai to promote agricultural products in that region, similar to the USDA ATO office.

The Australian Wheat Board (AWB) and other Australian producer boards also are active in China. The AWB maintains its interests in the Chinese market through a combination of investments, market promotion and a long-term agreement. It conducts many of the same types of activities as the Canadian Wheat Board, but it also has substantial investments in Chinese grain processing. More than \$5 million was invested in two Chinese mills during 1996.

The AWB has been central in bringing together a consortium of Australian companies to bid for major projects to upgrade China's grain handling and storage infrastructure. The World Bank is providing almost \$500 million in financing over a period of five years towards \$1 billion worth of projects. A total of 28 project tenders will be called. In 1996, the consortium won a \$7.6 million contract to build a grain terminal at Fang Cheng in China's Guangzi region. While the AWB is aiming for an immediate financial benefit from successful tendering, it is also seeking marketing opportunities in China in the longer term. With the likely deregulation of the grain industry in China, the AWB sees it necessary to develop alliances at the provincial level, where grain import decision will be made in future.

Australia has also been aggressive in gaining access for and promoting its meat exports. 1997 marketing expenditures are estimated to be around \$80,000. The Australian government export promotion agency, Austrade, has an office with two Australians and several local staff in the Australian Embassy in Beijing. This office provides assistance to Australian companies doing business in China and assists them in promoting a wide range of products, including meat, seafood, dairy products, processed grocery products, fruits, juices, beer and wine. Promotion activities include participation in trade shows and Australian food promotions, including in-store demonstrations and public relations.

France considers China to be a "priority" country for trade promotion. The French Cereal Board maintains an office with two local employees in Beijing and conducts activities similar to those of the Canadian and Australian Wheat Boards. French seed companies have worked with their counterparts in China to promote joint projects to encourage sales of French planting seeds. In addition, the French cognac industry is reported to spend up to \$20 million annually for promotions in Guangdong province. (These are not included in Table 1 because they represent the efforts of individual corporations.)

Argentina has also worked to attain access to the Chinese market for its meats. A veterinary agreement was signed this year and promotional activities have been conducted, including trade fair participation and trade servicing trips to China by Argentine exporters. Total Argentine expenditures on beef promotion for 1997 are estimated to be \$50,000.

Norway is very active in China, conducting promotion activities for salmon at trade shows, hotels, and other similar venues.

Several countries provide bilateral development assistance to China, mainly through the Ministry of Agriculture, but sometimes through provincial governments. There are currently thirteen foreign investment and assistance projects in the agricultural sector with total expenditures for 1996 of \$8.6 billion. Most of these are aimed at expanding production for domestic consumption, often using imported inputs, such as animal genetics, from the sponsoring country. Several of these are run by the Netherlands or the EU for dairy, buffalo and horticultural production. These European projects account for more the 80 percent of the foreign expenditures in this sector. The biggest single project is the EU Milk Industry Development Project. Australia and Canada also operate a number of projects for the dairy and horticultural sectors and Israel operates a demonstration farm.

HONG KONG

While Hong Kong is not a significant agricultural producer or exporter, it is one of the most commercially vibrant trading centers in the world and the premiere business hub in Asia. It plays an important role as an international financial, communications and trading center, serving the needs of the region. Consequently, many countries establish a presence there as a springboard for expansion into China and other markets in the region. The Hong Kong itself is a premium and highly competitive market which attracts trade from all around the world. The FAS office in Hong Kong has identified a dozen countries as core competitors for about 40 food and agricultural products. These core competitors include China, Canada, Australia, New Zealand, the Netherlands, Thailand, Vietnam, Indonesia, India, Japan, Brazil and Argentina.

Hong Kong is primarily a market for consumer foods, since there is very little livestock raised in this Special Administrative Region of China. Horticultural products, meat and processed products are the biggest agricultural import categories with oilseeds, dairy and grains imported in smaller amounts. Hong Kong is also a big importer of fish and forest products.

Horticultural Products: The United States is a major supplier of horticultural products to Hong Kong. A substantial portion of U.S. horticultural products are re-exported to China. Fresh and dried fruit exports include for oranges, apples, grapes, canned fruit and raisins. Nuts, vegetables and beer and wine are also important U.S. exports.

Australia and South Africa are major competitors for oranges. The Australian Horticultural Corporation and the Australian Chamber of Commerce have devoted considerable resources to promoting Australian oranges, including in-store promotions and trade services, as well as organizing visits to Australia for trade delegations of Hong Kong fruit importers. South Africa is liberalizing its trade regime which may result in a larger number of companies getting involved in citrus exports.

U.S. Red Delicious apples have long been preferred by Hong Kong consumers, but New Zealand and China are making inroads with their Gala and Fuji apples respectively. The New Zealand Fruit Board has an office in Hong Kong and spends \$150,000-200,000 a year on promotion campaigns, including television advertising and distribution of point-of-sale materials. France's SOPEXA also actively promotes apples in Hong Kong using seminars for fruit importers to educate them about French apples.

The United States, Chile and to a lesser extent, Australia are the major suppliers of fresh grapes to the Hong Kong market. A significant portion of these imports are re-exported to China. Chile and Australia are not directly competitive with U.S. grapes because of seasonal differences. Turkey, Chile, South Africa, China and Iran are major competitors for U.S. raisins, although the United States is the dominant supplier.

The United States is also a major supplier of nuts to Hong Kong. About half of all U.S. exports are in-shell pistachios. These are generally re-exported to China where they are roasted and then sold in China, Hong Kong and other Asian markets. Iran is a substantial major competitor, but currently has a very small market share. Almonds and roasted nuts are also important U.S. exports, although they also face competition from China.

The United States supplies about one-fourth of Hong Kong's vegetable imports which total about \$400 million annually. Our main competitor is China, which supplies half of Hong Kong's vegetable imports, Australia, and to a lesser degree, New Zealand and Thailand. The United States supplies most of Hong Kong's frozen vegetables and lettuce, as well as substantial portions of its imports of cabbage, potatoes and onions. There is very little promotional activity specifically for vegetables. Instead, there is frequent contact between suppliers and Hong Kong buyers. Often, country consulates facilitate these meetings when their national exporters visit Hong Kong.

The United States is also a substantial exporter of beer and wine to Hong Kong. It is second only to the Netherlands for beer, although the Netherlands market share is growing. France is by far the biggest supplier of wine to Hong Kong, with more than half of the market. The United States, Australia, each have less than 10 percent shares. Japan and China are major suppliers of fermented beverages other than wine. Demand for wine in Hong Kong and for re-export to China is growing rapidly. It is estimated that France spends about \$500,000 a year to promote its wine in Hong Kong while Australia spends about \$300,000, Italy spends \$120,000 and Chile and New Zealand each spend less than \$100,000. Typical promotion activities include participating in trade shows, sponsoring wine tastings, special promotions and education seminars. Some countries sponsor trips for buyers to their home countries. France also uses advertising.

Meat: The United States is a major supplier of meat to Hong Kong, accounting for nearly two-thirds of its poultry imports and more than one-third of its beef imports. China, and Brazil are important competitors for poultry and the main suppliers of pork to Hong Kong. China, New Zealand, Australia, Brazil and Argentina are the major competitors in the beef market. A significant part of Hong Kong's imports of beef and pork offal is re-exported to China. Hong Kong's poultry imports are primarily feet and wing tips, rather than muscle meat and more than half is re-exported to China.

Hong Kong's beef market is supplied entirely by imports and is one of the most competitive in the world. Most competitor promotion activity in the meat sector is directed at the beef market. Australia, New Zealand and Canada have active promotion campaigns which utilize trade shows, in-store and restaurant promotions. Australia also conducts advertising campaigns and hosts foreign buyers visits to Australia. Australia has hired a local public relations firm to conduct its promotions for beef and other products. The New Zealand Meat Producers Board and the Canadian Beef Export Federation conduct promotion activities through their Hong Kong offices.

Processed Products: Hong Kong's processed food market, fueled by high disposable income and a well developed distribution system, is also very competitive. Aside from dried and canned fruit, which are discussed above, the United States supplies mainly prepared and preserved meat and snack foods in this category. The high quality of U.S. processed or snack foods is well received by Hong Kong consumers, who are willing to pay higher prices for quality products.

Heavy marketing campaigns including advertising of branded products, sample distribution and in-store promotions are the main tools used to promote these foods. Canada and Australia have the most active promotion efforts. Agriculture and Agri-Food Canada (Canadian agriculture ministry) operates out of the Canadian Consulate. It conducts market research and arranges appointments for exporters to meet local buyers and sponsors Hong Kong buyers at Canadian food shows. Australia is represented by its national marketing agency, Austrade, as well as by provincial offices in Hong Kong. They also utilize the type of promotion tools mentioned above.

Dairy: The Netherlands, New Zealand, the U.K, Australia and China are our major competitors in Hong Kong's dairy sector. The United States is not a big supplier of bulk dairy products such as milk powders, butter, cheese or UHT milk. However, the United States is the main supplier of ice cream to Hong Kong. Per capita consumption of cheese in Hong Kong is very low, but is rising as foods such as pizza become more popular. Australia is the major cheese supplier, including U.S. companies based in Australia. Promotion activities are limited to in-store promotions and advertising.

Grains and Oilseeds: As China has improved its port and transportation facilities for handling bulk

commodities, the importance of Hong Kong as an entry point for U.S. grains has declined. The local market is dominated by Thailand for rice and Australia for wheat, although some U.S. wheat is still imported. Hong Kong is an important showcase for introducing new wheat based consumer products to China, such as croissants, pizza and hamburger and hot dog buns. It is also a good base to work from for promotion efforts into China. Therefore the Australian and Canadian wheat boards have offices there which run training seminars for the industry and conduct other promotion activities. It is estimated that the Australian Wheat Board office in Hong Kong has a budget of over \$500,000 and that the Canadian Wheat Board spends about \$250,000 there.

Hong Kong has no crushing facilities for oilseeds and imports only vegetable oil, primarily peanut oil. China is the major supplier with the United States and Canada the other major players. Corn and soybean oil are becoming more popular. There is very little promotional activity for vegetable oils in Hong Kong.

Fish: The biggest suppliers of seafood to Hong Kong are Japan, China, Australia and Thailand. The United States is developing niche markets in the shellfish, dried/salted and frozen fish sectors, but still supplies less than 10 percent of Hong Kong imports in these sectors and less than 5 percent of total seafood imports. The biggest barriers faced by U.S. exporters are freshness and price. Of our competitors, only Norway conducts consistent market promotion activities, including menu-promotions, in-store promotions and advertising.

Forest Products: Hong Kong imports of forest products have increased rapidly in recent years. The biggest suppliers are China, Malaysia and Indonesia. The United States and Taiwan are also significant suppliers but each account for less than 10 percent of imports. The United States is the primary supplier of oak logs and lumber to Hong Kong and is a major supplier for particle board and fiber board, although these sectors are very competitive. Other suppliers in these categories include Malaysia, Canada, New Zealand, Italy and China. Promotional activities include trade missions and trade fairs, distribution of literature and publications, trade servicing, conventions, conferences, seminars and technical assistance programs.

INDIA

The government of India assists agricultural export promotion through the Agriculture and Processed Foods Export Development Authority (APEDA) and the Marine Products Exports Development Authority (MPEDA). Together, government grants from export fees to these agencies were \$6.1 million for 1995/96. India continues to operate quasi-governmental marketing boards under the Ministry of Commerce for tobacco, tea, coffee, and spices. Government funding from export taxes for the commodity boards is estimated at \$5.2 million. Industry funding for APEDA, MPEDA and the commodity boards is estimated at \$1 million in 1995/96. In addition, several private trade organizations are involved in export promotions, although promotion expenditures for these organizations are not available.

India continues its relatively high degree of intervention in agricultural trade, although it maintains a very low level of direct export subsidies. The government of India administers export quotas for many commodities, including wheat, coarse grains, sugar, cotton and dairy products. Until recently, imports of vegetable oils and grains were controlled by government monopolies. The State Trading Corporation of India (STC) is now the sole importer of vegetable oil and wheat for government programs, but the private trade is allowed to import non-tropical vegetables oils and private millers (but not traders) are allowed to import wheat.

In the early 1990s the government of India began to encourage the development of the agricultural sector by subsidizing inputs, eliminating taxes, allowing duty-drawback for food processors and maintaining import restrictions on most food products.

The government of India does not support its exports with direct export subsidies, but, in late 1995, reinstated a transportation subsidy for fruits and vegetables. The subsidy is valued at the lesser of \$175 per metric ton or 25 percent of the air freight rate for fresh fruits or vegetable exports to the Middle East or Southeast Asia. For exports to Europe or the United States the subsidy is the lesser of \$290 per metric ton or 25 percent of the air freight. Total subsidy spending was \$742,000 in 1995/96 and \$2.1 million for 1996/97.

The government of India also charges fees to exporters of agricultural products. The fees are credited to the Consolidated Fund of India (the Treasury). The Ministry of Commerce then awards grants to Indian promotion organizations such as APEDA, MPEDA and the Tea Board.

Government Agencies:

The principal government agencies involved in the development of agricultural exports are APEDA and MPEDA. Until a few years ago, APEDA, established in 1986, was a small agency which had very little impact on the development of agricultural exports. However, under new leadership and with a growing budget, APEDA has become a stronger advocate for overcoming domestic hurdles to exports and promoting India's products abroad. APEDA assists promotions of floriculture, fresh fruits and vegetables, processed fruits and vegetables, meat and meat products, dairy products, peanuts, cocoa products, cereal preparations, confectionery, bakery products, alcoholic and non-alcoholic beverages, and non-basmati rice. Over 50 percent of market development efforts are in the Middle East, followed by Europe, Japan, the United States, Indonesia and Malaysia. APEDA's budget for 1995/96 for all activities was \$4.7 million, but actual spending was just \$2.7 million, of which \$2.3 million was spent on export promotion. Nearly all of this funding came from a Ministry of Commerce grant. The 1996/97 budget was \$7.5 million. APEDA is governed by 39 members of the public and private sectors and is staffed by 73 full-time government employees.

APEDA assists in the promotion and development of agricultural export industries; assists in the development of infrastructure to aid exports; registers exporters; establishes standards, specifications and improved packaging for exported products; improves the quality of foreign market promotional activities; collects statistics on exports; provides sources of market information for exporters; and sponsors exporter

participation in international trade fairs. APEDA also rationalizes procedures in the Indian government for policies that affect exports

APEDA participated and helped Indian firms participate in a number of food shows. It was one of the chief organizers of the AHARA show in India, and organized delegations to trade shows in Chicago, Russia, Germany, London and Japan. APEDA led trade delegations to the EU to promote rice and flowers and to Jordan to promote wheat, rice and meat. It worked to open the Turkish market for buffalo meat and to ensure India would be approved to ship eggs to the EU. APEDA has announced that it will pay for pesticide residue tests for exporters seeking to export fresh fruits and vegetables to the EU. It is also developing a system for certifying Indian produce as organic.

The other government agency assisting agricultural exports is MPEDA, an agency of the Ministry of Commerce established in 1972 to develop and regulate the marine products industry with emphasis on export promotion. Primary promotion markets are Japan, the United States, the European Union, South East Asia and the Middle East. Principal products promoted include frozen shrimp, frozen fish, squid, cuttlefish and lobster. MPEDA's budget for 1995/96 was \$4.2 million, most of which came from government sources, particularly the Ministry of Commerce's grant from export levy collections. Spending on export market promotion was \$3.3 million. MPEDA also is involved with aquaculture, research, infrastructure and product development. The 1996/97 budget was \$4.9 million.

MPEDA has trade offices in Tokyo and New York and is opening a new office in Bremen. MPEDA disseminates market intelligence to its members; works to resolve trade complaints and improve Indian quality; participates in trade fairs; and provides promotional material and export directories to its offices abroad and advertises in trade journals in Japan, the United States and Europe. MPEDA's focus will continue to be quality and food safety.

Marketing Boards:

India continues to operate marketing boards for tea, tobacco, coffee, and spices. Board are quasi-governmental non-profit organizations under the Ministry of Commerce. Tea is the chief product promoted by a board. The 1953 Tea Act allows the government to collect fees on the exports of tea, from which a grant is made to the Ministry of Commerce for the promotion of tea and other activities to improve tea exports. The total budget for the Tea Board in 1995/96 was \$10.6 million, only \$3 million of which was spent export promotion. Funding for the Tea Board from the Ministry of Commerce was \$4.5 million with the rest coming from the central government and other charges to producers and exporters. Funding for other export boards (coffee, spices, tobacco and cashews) is estimated at \$10 million for 1995/96 of which only \$2.2 million was spent on export promotion.

The ability of the boards to raise funds from industry has diminished in recent years. Some boards are no longer monopolies (coffee) and others are no longer required to register all exports (tobacco, tea). The Commodity Boards focus on development of the domestic industry by encouraging, monitoring, and regulating production while promoting exports and domestic consumption. The Boards also sponsor, assist, and coordinate scientific, technological, and economic research for the promotion of their respective industries.

Current export promotion efforts focus on developing new markets within the countries of the former Soviet Union, while expanding exports to other European countries. Market promotion activities include gathering production and trade information, participating in foreign trade shows, sponsoring trade delegations, assisting foreign buyers to locate sellers in India, organizing seminars and workshops, and promotion for Indian-origin commodities.

Private Trade Organizations:

Finally, several private trade organizations are involved in export promotion. They include: the Soybean Processors Association of India (soymeal), the Solvent Extractors Association of India (rapeseed meal, sunflowerseed meal, rice bran extraction), the Groundnut Extraction Export Development Association (peanut meal), the Indian Oil and Produce Exporters Association (peanuts and sesame seeds), the All India Cotton Seed Crushers Association (cottonseed meal), the All India Rice Exporters Association (rice), and the Livestock and Meat Exporters Association (meat and meat products). Most of the meal exporters focus on Europe, Southeast Asia, and Far East Asia. Rice exporters target countries in Europe and the Middle East. Meat exporters aim their promotions at the Middle East and Southeast Asia. The trade organizations collect annual membership fees. Under the Export/Import Policy of the government, some of these associations had been designated as Export Registering Authorities by the Government, which enabled them to collect an export registration fee. However, this authority was withdrawn at the beginning of the 1995/96 fiscal year, leaving these organizations with dramatically reduced budgets. Available information indicates that the total budgets of all these organizations is under \$1 million and expenditures for export promotion total nearly \$150,000.

JAPAN

As Japan is the largest net importer of agricultural, fishery and forestry products in the world, its export capability of such products is minimal. In the Japanese Fiscal Year 1997 (April 1997 - March 1998), it is estimated that the government of Japan will spend only \$2 million to promote exports of agricultural, fishery, and forestry products. There are no export subsidies, credit programs, transportation subsidies, and tax and investment incentives in Japan. However, Japan's rank as top importer also makes it the top market for agricultural promotions by a host of countries. Our competitors spent more than \$48 million on market promotion in Japan during 1997.

Japanese Promotion Activities:

The government of Japan administers several relatively small projects with total expenditure level of just over \$2 million to promote Japanese exports. The biggest project is the promotion of market development by sponsoring establishment of shops in foreign markets to conduct product exhibitions, sales and market analysis. Another major program, with a budget of over \$400,000, is export promotion through participation in trade shows, in-store promotions and other public relations activities. Special programs exist for fruit and fish promotion funded at \$29,000 each. These programs are generally conducted by local governments with financial support from the central government. A number of industry associations conduct domestic market promotion to encourage consumption of Japanese meat, milk, chicken, strawberries and plums. Finally, a major trend in is the movement offshore of Japanese food processors to take advantage of lower labor and input costs. This investment is encouraged by the host countries through special tax breaks and other incentives.

Competitor Activities:

The FAS Agricultural Trade Officer estimated that more than 20 countries other than the United States planned to spend more than \$48 million to promote their agricultural, fisheries and forestry products in Japan in 1997. Almost one-half of all promotion expenditures are attributed to Australia, followed by much lesser expenditures by Canada, France, New Zealand, the Netherlands, Norway and many others. Meat and poultry account for more than one-half the estimated expenditures by competitors in Japan, followed by dairy products, wine and processed foods. Many of the promotion organizations mentioned in the Australia, Canada, New Zealand and EU summaries play large roles in making their countries' products known to Japanese consumers.

By far, the biggest single competitor program in Japan is run by the Australian Meat and Livestock Corporation which maintains a staff of about 20 people with a budget estimated at \$15-20 million. Its activities include advertising, sales promotion and consumer and trade education. The Canadian Beef Export Federation operates a three person office with a budget of \$2-3 million. Their activities include participation in FOODEX, trade seminars in Japanese cities, distribution of point-of-sale material and sponsoring trade mission visits to Canada. The New Zealand Meat Producers Board maintains a two person office in Tokyo and has a budget of about \$1.5 million to promote beef and lamb. Other significant competitors include Denmark, which spends about \$2 million promoting its Pork products and China, Thailand, Brazil and France which promote poultry and eggs. These countries also provide additional aid in the form of export tax refunds in China and Thailand, and export subsidies from the EU. Brazil benefits from a preferential tariff rate for its eggs.

Another area with substantial competitor activity is the dairy sector. The New Zealand Dairy Board and the New Zealand Milk Products organization have staffs totaling more than 40 people in Japan with a budget of about \$4 million. Their promotional activities include trade servicing, advertising, retail promotions, menu

promotions for the food service sector, packaging development and production and trade incentives such as price discounts. The Australian Dairy Council has an office of six people with a budget of about \$3 million. It carries out activities similar to the New Zealand organizations. European suppliers also promote their products in Japan, particularly cheese. Denmark, France and Germany spend about \$2 million a year to fund seminars, retail promotions and menu promotions. The EU also spends about \$50 million annually on export subsidies for dairy product exports to Japan.

A number of European countries promote wine in Japan as does Australia and Chile. France's SOPEXA has an office of ten and spends over \$4 million on advertisements, trade shows, wine tasting events, a retail display program, a major sommelier contest and educational seminars. Processed foods are promoted by many countries, including Canada, Australia, New Zealand, Italy, Chile, China and Korea. Together, these countries spend nearly \$2.3 million a year on trade show participation and other promotional activities.

Both the Australian and Canadian Wheat Boards have offices in Japan and conduct a number of activities to encourage Japanese mills and processors to use their wheat. These countries also promote barley and malt, as do EU malt companies. China, Argentina and South Africa promote their corn in Japan.

Other major competitor activities include Canadian provincial and European promotion of their wood products, Norwegian salmon promotion, as well as programs for Israeli grapefruit, Canadian frozen potatoes and Chinese walnuts.

In addition to standard promotion activities and export subsidies mentioned above, some countries boost the competitiveness of their processed products by limiting or taxing the export of primary forms of those products. For example, Indonesia imposes a 50 percent tax on the exports of timber. This tax discourages the export of logs and reduces the cost of raw materials for processors, making Indonesian plywood very competitive in Japan and other markets.

REPUBLIC OF SOUTH KOREA

The Korean government carries out two main programs to support exports of agricultural products. One is a marketing program which subsidizes costs for Korean companies participating in trade shows. Expenditures for this program for 1997 are estimated at \$3.5 million and are included in Table 1 of this report. The second program is a credit subsidy program, which is not included in the table. Both programs are executed by the Agricultural and Fishery Marketing Corporation (AFMC), a quasi-government agency. Korea is one of the major markets for agricultural promotions. The FAS Agricultural Trade Office estimated that more than 16 competitor countries spent nearly \$9.4 million promoting their agricultural products in Korea.

Korean Promotion Activity:

AFMC has participated in food exhibitions since 1988 in order to develop agricultural export markets. It participates in large food exhibitions such as Green Week and ANUGA in Germany, Foodex in Japan, FMI in the U.S.A. and SIAL in France. AFMC sources said that in 1996 a total of 508 companies participated in 17 major overseas food shows under Korean pavilions organized and sponsored by AFMC, and made export contracts worth \$141 million. AFMC organizes and recruits Korean food processors and provides them with free booths under the Korean Pavilion at food shows. Korean food processors cover all other expenses including travel and lodging. These companies normally exhibit traditional Korean foods and generally target Korean residents in foreign countries. Products promoted are primarily processed products. AFMC funding for these activities is estimated at \$3.5 million for 1997.

AFMC also provides credits of about \$103 million to Korean exporters for periods of 3, 6 or 12 months to purchase raw agricultural products such as chestnuts, mushrooms, apples, pears and strawberries. More than 90 percent of agricultural products purchased with credits are exported to Japan. Credits are provided at an interest rate of 5 percent. The standard commercial rate is at least 11 percent. These credits are not included in Table 1 of this report.

Competitor Activity:

As a major importer, Korea attracts most of the major agricultural producing countries and their producers' and processors' promotions. It is estimated that 16 countries other than the United States budgeted about \$9.4 million for promotions in Korea. Canada accounts for just under one-quarter of the promotion expenditures by competitors, followed by Australia (20 percent), New Zealand (18 percent) and Malaysia (13 percent). The EU, Chile, China, Brazil and Indonesia compete less aggressively. Top commodities promoted by competitors are meat and poultry products, oilseeds and forest products.

The largest single competitor expenditure is the \$1.5 million spent by the Australian Meat and Livestock Corporation (AMLC) for the promotion Australian meat. AMLC maintains a five person office in Seoul which is working to recover market share lost in recent years. Its main activities include trade shows, retail and hotel promotions, educational programs in Australia for trade and press teams and public relations activities such as newsletters, an industry guide, posters and point of sale materials. The New Zealand Meat Producers Board and the Canadian Beef Export Federation conduct similar but smaller promotion programs through their Korean offices. Poultry promotion is generally conducted by private industry in cooperation with Korean importers. The major competing countries are China, Canada, Thailand France and the U.K.

In the oilseed sector, the largest promotion effort is conducted by the Malaysian palm oil industry, which was budgeted to spend \$1.2 million in 1997. Most of its activities are conducted through the Malaysian Palm Oil Research Institute in Seoul, but the industry also operates a liaison office in Hong Kong. Promotion activities include trade and buying missions, technical seminars, public relations, research and trade servicing. Canada,

through its embassy, actively promotes canola oil and meal, as well as food-use soybeans. They have successfully lobbied the Korean government to lower the tariff for canola oil, although it is still higher than the rate for soybean oil. The Brazilian and Indian embassies also sponsor promotions for soybeans and meal, while the Chinese embassy and Hong Kong based dealers promote sunflower seeds, soybeans and soybean and rapeseed meal.

Forest products are promoted by a number of countries. The largest expenditures are by New Zealand and Canada which each spend over \$500,000 annually. Chile and Indonesia spend more than \$100,000, while Malaysia, Russia and China each spend about \$60,000. The principle tool employed by these countries is the provision of technical assistance and the development of public relations materials. Trade shows, translation and distribution of information, trade missions and donations of building materials are also used.

China, Canada and Australia are the main competitors for grains. The China National Cereals, Oils and Foodstuffs Import and Export Corporation (COFCO), formerly known as CEROIL, maintains an office in Seoul while the Canadian Wheat Board services Korea from its Tokyo office and the Australian Wheat Board works out of Hong Kong. These organizations negotiate prices with individual buyers and conduct promotional activities such as holding seminars, providing technical services and sponsoring trips for buyers to their home countries. Canada spends about \$330,000 per year on market promotion for grains and Australia spends about \$230,000. Chinese promotion expenditures are only about \$70,000. However, China is very competitive on price when it decides to export.

Competitor activity for fruits and vegetables is fairly limited. The largest promotion effort is by the New Zealand Kiwifruit Marketing Board which participates in trade shows, conducts in-store demonstrations, sponsors advertising and other public relations efforts. It recently opened a regional office Korea. The Chilean Embassy promotes fresh grapes through in-store promotions, sponsoring trade teams' travel to Chile and arranging meetings. A private Canadian company promotes frozen potatoes through a Korean representative who participates in trade shows, and conducts other promotional activities. Australia currently does little promotion in the fruit and vegetable area, but is seeking approval for its oranges and is expected to begin a major promotion effort once they are accepted by Korean quarantine officials. Wine is promoted primarily by European countries such as France, Italy, Spain and Portugal. As usual, France is the most aggressive wine promoter, sponsoring tastings and seminars.

Finally, dairy promotion is carried out primarily by New Zealand, Australia, Denmark and Canada. Both New Zealand and Denmark operate through partially or wholly owned companies in Korea. Trade show participation and cheese tastings are common promotion activities. In addition, Australia and New Zealand sponsor Korea trade mission visits to their countries. The EU also provides export subsidies for dairy products exported to Korea, although no expenditure estimates are available. It is estimated that Canada, Australia and New Zealand each spend about \$100,000 per year on dairy promotion, while the EU countries (mainly Denmark) spend twice that amount.

MALAYSIA

Malaysia's climate is uniquely suited for tree crops. Consequently, about three quarters of the country's crop area is planted to tree crops and nearly all of its agricultural exports are derived from this sector: palm oil, palm kernel oil, forest products, rubber, cocoa, coffee and spices. Since palm oil and timber dominate this production, the government places much of its emphasis on export support programs for these two sectors. Market promotion activities are carried out by quasi-governmental organizations which are funded by export taxes. In 1996 about \$45 million was spent to support palm oil and forest product exports. In addition, the government provided export credits of more than \$1.6 billion for export from of these products.

Export Promotion Activities:

Export promotion for palm oil is conducted by the Malaysian Palm Oil Promotion Council (MPOPC) and the Palm Oil Research Institute of Malaysia (PORIM).

MPOPC is a quasi-governmental organization that was incorporated in January 1990 assuming the responsibilities and activities previously undertaken by the Palm Oil Promotion Funds Committee. Its sole objective is to promote the marketing of Malaysian palm oil. It is made up of representatives of the palm oil industry, the Ministry of Primary Industries, PORIM and the Palm-Oil Registration and Licensing Authority. It has a world wide staff of 50 people with an office in Chicago and market representatives in Cairo, Caracas, Pakistan, Bangladesh, India and China. Its target markets are in Africa, Latin America, Central Asia and Eastern Europe. It is funded by a tax on palm oil exports and had a 1996 budget of \$6.6 million. Its activities included printing and distributing brochures, carrying out market missions and market intelligence visits, advisory services and involvement in trade fairs. It also works with the government on trade policy issues. For example, it worked to support the government's efforts this past year to reduce China's import duty on palm oil.

PORIM was established by the Palm Oil Research and Development Act of 1979 to organize and manage research pertaining to oil palm cultivation and palm oil production. It provides technical support to complement MPOPC's market promotion activities. This support is instrumental in developing new markets and consolidating established ones. Its services include technical assistance, collaborative research, troubleshooting and technical seminars and exhibitions on the importation, handling, processing and usage of palm oil in various products. PORIM also works closely with the Ministry of Primary Industries and Malaysian plantation companies to develop oil palm production overseas. It currently has a staff of 560 officers and a budget, supported by export taxes, of \$16.7 million.

Export Promotion for forest products is conducted by the Malaysian Timber Industry Board (MTIB) and the Malaysian Timber Council (MTC).

MTIB is a statutory body accredited by the Ministry of Primary Industries. Established in 1973 by an Act of Parliament, it exercises overall control of timber trade and coordinates development within the different market sectors of the timber and timber products industry. The MTIB total budget in 1996 amounted to \$2.4 million. There is a marketing division within MTIB that is responsible for trade development, market research, promotion and marketing advisory services. However, of late, the marketing and promotion function has overlapped with the activities carried out by MTC.

MTC was established in January 1992 with the main purpose of responding to the worldwide anti-tropical timber campaign. Currently, it is involved in all major aspects of market promotion. Its mission is to promote the development of the timber-based industry as well as the marketing of timber products. Its budget in 1996 amounted \$29.6 million. Other regional forest product promotion organizations include the Sarawak Timber Industry Development Corporation and the Timber Association of Sabah.

Both MTIB and MTC are funded through an export levy on timber and timber products, which varies depending on the tree species.

MTC carries out programs such as printing and distributing printed materials (including calendars) and participating in trade fairs, excursions and trade missions. In 1996/97 MTIB/MTC participated in various exhibitions in Dubai, Budapest, Zagreb, Cologne, Tokyo and in the United States. They also organize the annual Malaysian International Furniture Fair, most recently held in Kuala Lumpur in March, 1997. Long term promotion targets for the Malaysian industry are Asia-Pacific markets as well as the emerging markets in the Indian Subcontinent, Eastern Europe and the Central Arab Republics.

Credit Programs:

There are two primary credit programs to facilitate Malaysia's agricultural exports, the Export Credit Refinancing (ECR) Scheme and the Palm Oil Credit and Payment Arrangement (POCPA).

ECR is a short-term credit program administered by the Central Bank for eligible manufactured goods and selected primary commodities. Loans are extended by commercial banks at rates lower than commercial rates, currently 6.7 percent compared to the Commercial Base Lending Rate of 9.45 percent. Credit for 80 percent of value is covered pre-shipment or 100 percent post-shipment. Pre-shipment credits are available for a maximum term of four months, while post-shipment credits are available for six months. Total loans to the agricultural sector in 1996 included \$1.25 billion for palm oil, \$359 million for forest products and 69 million for the livestock and vegetables sectors.

POCPA was established in January 1990 to promote palm oil exports to developing countries. Interest rates are based on the London Interbank Offered Rate with a repayment period of two years. To date, about \$180 million has been disbursed under this arrangement. It has helped to encourage palm oil exports to Algeria, Iran, Iraq, Myanmar, Pakistan, China and Kazakhstan. Targeted potential markets include Kyrgyzstan, Sudan, Bangladesh and Zimbabwe.

Competitor Activity:

Competitor promotion expenditures are estimated to be slightly more than \$1.1 million, mainly in for fresh fruits and for meat. However, expenditure information is not available for dairy products, wine, processed fruits and vegetables or tree nuts.

Australia and New Zealand are the main competitors in the fruit sector. The Australian Horticultural Corporation and the Australian Apple and Pear Growers Association spend about \$380,000 annually to promote apples, pears and oranges under the "Australia Fresh" umbrella brand. Promotion activities include print and television advertisements, retail promotions and competitions and school nutrition programs. New Zealand heavily promotes apples and kiwifruit. About \$150,000 is spent on kiwifruit promotion in the ASEAN region and \$300,000 on apples. Zespri International, the marketing board for kiwifruit, has an aggressive in-store promotion program with retail stores, paying them to display its point-of-sale material. This presence is reinforced with television advertising during kiwifruit season. Apples are promoted in a similar manner. France also promotes apples in Malaysia, although most of its campaign is directed at importers. There is little export promotion for canned fruits and vegetables, although South Africa has organized trade missions and conducted exhibitions in leading hotels to introduce their products to the Malaysian market.

The main nuts imported into Malaysia are almonds and pistachios. California is the main supplier of both, although Iran is aggressively promoting its pistachios. The Rafsanjan Pistachio Producers Cooperation has

recently set up a regional office in Kuala Lumpur and has stepped up its promotional activities by participating in trade exhibitions and in-store promotions.

Wine and other alcoholic beverages are not allowed to be advertised in Malaysia. However, wine promotions in the form of wine tasting receptions and menu promotions in leading hotels and western-type restaurants are conducted by foreign missions such as the French and Australian Embassies.

Meat promotions are conducted by Australia, New Zealand and Argentina. The biggest campaign is run by the Australian Meat and Livestock Corporation, which spent \$100,000 in Malaysia during 1996. In addition to food shows and in-store and hotel menu promotions, Australia conducts trade service programs such as butchery training and a contest for butchers and chefs and incentive programs for importers and supermarket and food and beverage managers. It also produces and distributes educational material such as a cooking video and recipes. New Zealand and Argentina each spent about \$50,000 on Malaysian promotion activities for their meat products. The New Zealand Meat Producers Board regularly conducts menu promotions with leading hotels and restaurants and organizes trade tours in New Zealand for importers, retailers and food and beverage managers. Argentina has recently started promoting its beef in Malaysia following an exchange of visits between Argentine exporters and Malaysian importers. This program was kicked off with a meat and wine promotion at the residence of the Argentine Ambassador. Argentine Angus beef is now regularly featured in menu promotions with leading hotels and steakhouses and in retail stores.

Milk products are locally produced in Malaysia, mainly by reconstituting imported ingredients from Australia and New Zealand. There is keen competition among companies to develop and market products to keep up with the changing demands of consumers, particularly for fluid milk and milk drinks. Promotional programs are not carried out extensively for imported dairy products such as cheese, butter and ice cream, although Kraft has been active in promoting its cheese products from Australia.

The Australian and Canadian Wheat Boards dominate the Malaysian market. The Australian Board is known to have focused exceptional attention on this market and makes regular trade servicing trips. It also sponsors Malaysians on orientation trips and hand-on training in flour-milling in Australia. The Canadian Wheat Board also conducts occasional trade servicing trips to Malaysia. With the long term contracts and aggressive pricing that are available to export monopolies, these two boards have effectively reduced U.S. wheat shipments to Malaysia to a marginal level.

MEXICO

The Mexican government does little export promotion. Services, such as buyers lists and overall market analysis are provided by the Mexican Commerce Ministry (SECOFI) and the Mexican Export and Development Bank (BANCOMEXT). Both SECOFI and BANCOMEXT have offices in seven of the largest cities in the United States which provide information and services to U.S. importers. They also support the participation of Mexican companies in U.S. fairs, trade missions and "Mexico Weeks" in department stores throughout the United States. No information is available on promotional expenditures for these organizations.

Competitor Activity:

Until 1986, the Mexican market was virtually closed to imports of most food and agricultural products. In the short time since the market has opened, imports of food and agricultural products have increased sharply. As a result of this growth, it is expected that most countries competing in the Mexican market will significantly increase their product promotion spending levels. Currently Canada, Australia, New Zealand, the EU countries, Argentina and Chile are our main competitors in Mexico. Grains, meat, fruits, dairy and processed products and forest products are the principal sectors where this competition is played out.

U.S. wheat, corn and malt face competition in the Mexican market from countries such as Canada (barley, wheat, malt), Argentina (corn and sorghum), Brazil (corn) and South Africa (corn). Canada has become more aggressive in promoting and exporting its feed grains and by-products through more frequent visits of Canadian trading groups that conduct both technical and commercial seminars throughout Mexico. Argentina has had a small market presence in Mexico, but is trying to improve its market share. Promotion budget estimates are \$500,000 for Canada and \$100,000 for Argentina.

A number of countries participate in Mexico's meat market. These include: Canada, Denmark and Norway for pork; Ireland, Costa Rica, Finland, Panama, Honduras and Guatemala for beef; and New Zealand and Australia for beef and lamb. The Central American countries are seeking special access to the Mexican market for their beef products through their recent free trade agreements with Mexico. The European countries mainly use export subsidies to remain competitive. Australia, New Zealand and, increasingly, Canada use export promotion through trade servicing as their main competitive tool. This includes trade team visits and translation and distribution of brochures and sale catalogues. Seminars and supermarket promotions are expected to become more common in the future. It is estimated that expenditures for meat promotion are \$200,000 for Australia, \$100,000 for New Zealand and \$75,000 for Canada.

Chile, Canada and New Zealand are our principal foreign competitors for fresh fruit such as pears, apples, and kiwifruit. Greece is also a major competitor for canned peaches. These countries primarily compete on the basis of price, although New Zealand did spend \$30,000 on in-store promotions for its apples which have been discontinued. New Zealand does aggressively promote its kiwifruit, organizing sales missions to and from Mexico, participating in trade shows and conducting retail demonstrations, product sampling and support to retailers. In order to protect the product's origin image they have changed the name of kiwifruit from New Zealand to "Zespri". Substantial product or cash bonuses are also given to importers based on the quantity of fruit they sell. It is estimated that New Zealand's budget for kiwifruit promotion is \$250,000. Greece and Chile are our main competitors for canned peaches. Greece, benefiting from generous subsidies, has more than half of the canned peach market.

Cheese and processed products are promoted through advertising, in-store promotions and food shows, but no expenditure information is available. New Zealand and EU countries are our principal foreign competitors for cheese, while Canada, Argentina, Chile and the EU countries are our main competitors for processed products such as wine, confectionery, canned foods and bakery items.

Canada is our main competitor for forest products, organizing seminars and reverse trade missions and promoting the use of timber frame housing. The Council of Forest Industries of British Columbia (COFI) is active in Mexico. The Chilean Producers' Association also maintains a presence in Mexico City. No expenditure information is available for either Canada or Chile.

NEW ZEALAND

The majority of New Zealand's export promotion is carried out by statutory producer marketing boards and by private companies. Funding for agricultural export market promotion through the producer marketing boards in 1996/97 is estimated at \$217.6 million, an increase from the 1995/96 level of \$139.5 million. The New Zealand government also funds export market promotion through an independent organization, TRADENZ, the Trade Development Board. Funding for TRADENZ promotion activities was \$5.2 million in 1996/97, a slight increase from 1995/96. Total export promotion funding for New Zealand agricultural products is estimated at \$222.8 million for 1996/97 compared to \$143 million for 1995/96.

Structural reforms in the 1980's and early 1990's abolished agricultural subsidies and ended foreign exchange controls and import licensing. However, processing and marketing of agricultural production is still highly regulated. New Zealand's marketing and promotion boards, which control the marketing of almost 80 percent of New Zealand's agricultural exports, include: the Apple and Pear Marketing Board, the New Zealand Dairy Board, the Kiwifruit Board, the Wool Board (as of July 1, 1994, Wools of New Zealand), the Meat Producers Board, and the Game Industry Board. To a lesser extent, New Zealand hop and raspberry producers also promote and market their products through marketing boards, although no expenditure information for these products is available. Finally, New Zealand horticultural producers promote their products through the Horticultural Export Authority. The producer marketing boards and the Horticultural Export Authority are allowed by law to fund their operations, including promotion activities, through retained earnings and assessments on producers and processors.

TRADENZ, the New Zealand government's export promotion organization, has a mission of increasing New Zealand's foreign exchange earnings by helping exporters. In 1995-96, TRADENZ provided funding for market analysis, promotion and consultancy services through specific projects with the beef, horse, horticultural, floricultural, natural health, organic, processed food, bakery, seafood, venison, forestry, and wine industries. TRADENZ also works with the New Zealand Food and Beverage Exporters Council (FBEC) to develop and implement strategic and tactical initiatives. In addition, numerous small businesses used TRADENZ as an export consultancy for which they were charged fees on a partial cost recovery basis. Many TRADENZ projects are operated as joint ventures, on a 50:50 funding basis. Domestically, one of TRADENZ key goals is to promote a national export culture through the media, award and recognition programs, education programs and trade fair support.

New Zealand government funding for TRADENZ totaled \$38 million in 1995/96 with \$19.8 million for overseas operating expenses and \$5.2 million for direct export promotion projects. 1996/97 expenditures were at similar levels. It is estimated that almost one-half of TRADENZ's promotions are conducted in Asia, followed by the Americas, Europe and the Middle East. TRADENZ has representatives in 45 locations overseas. Half the offices are in Asia. Total overseas staff are estimated at over 250 persons. In addition, TRADENZ maintains 9 offices across New Zealand.

TRADENZ cooperates with the New Zealand Tourism Board to establish a brand image for the country as a whole. "Brand New Zealand" is designed to create a brand image for a wide range of products based solely on New Zealand origin. The trademark is easily recognized and is an abstraction of a fern across a field of blue and green and features "New Zealand" prominently across the top of the logo. Based on recent research conducted on behalf of TRADENZ, the brand seeks to capitalize on New Zealand's clean green image. Businesses which apply for the brand undergo quality, environmental, and marketing assessment before being licensed to use the brand.

Due to the small scale of many New Zealand enterprises, TRADENZ orchestrates working partnerships with industry under Joint Action Groups (JAG). JAG's are a representative body of exporting businesses within a defined industry committed to enhancing individual export endeavors through joint strategic planning and a program of marketing activities. More than 30 JAG's have been established.

The Apple and Pear Marketing Board (APMB) controls exports of New Zealand apples and pears on the international market and the procurement of all apples and pears for export, although it no longer controls domestic market commercial (off orchard) sales (as of January 1, 1994). The Board generally exports the apples and pears itself, but grants export licenses in extraordinary cases. To be approved for an export license, the applicant must show that the potential export will: 1) maximize income to New Zealand; 2) be complementary to the Board's export business and strategies; 3) have substantive defined points of differentiation in key respects which will translate to increased returns; and 4) maintain the New Zealand industry's reputation and image in terms of market access, plant health and food safety. In addition, the potential exporter must be in good financial standing and business competence.

The Board has focused its promotion efforts, estimated at \$10 million in 1996/97, at the trade level using trade magazines and trade fairs, but more recently expanded into consumer promotions. The Board has sought premium prices for its fruit by winning acceptance and trade support for its "ENZA" brand. Brand development and product exposure have been achieved through an increasing amount of sponsorship of New Zealand yachts in major regattas and through increased fruit labeling and trade and media promotions. Integral to the marketing strategy is the promotion of New Zealand's unique varieties and mix of varieties, backed up by high quality and full trade servicing (merchandising, point-of-sale promotions, and retail price promotions).

In North America, promotions included event sponsorship and radio advertising. Similar efforts in the United Kingdom have resulted in brand awareness increasing 5 percent among British consumers. The Board's overseas activities are conducted through offices in London, Belgium, Vancouver, Sydney and a new office in Singapore.

The Dairy Board, a statutory producer board first established in 1925-27 and reconstituted under the Dairy Board Act of 1961, controls all dairy products exported from New Zealand by acquiring and marketing the majority of New Zealand's export dairy produce. The Board negotiates with overseas buyers for the quantities and prices of dairy products to be exported and fulfills contractual obligations entered into by the New Zealand government in terms of specific tariff rate quotas bound under the GATT 1994.

The Board sells directly through a world-wide marketing network of close to 100 subsidiary and associate companies in Europe, Latin America, the Middle East, the United States, South East Asia, Japan and Australia. The largest proportion of promotional funds, used by subsidiary companies, is spent on the Board's own-brand advertising, using the full range of promotional activities, including TV, radio, press, and in-store promotion. Advertising and promotion of consumer products, such as "Anchor" brand butter promotion in the United Kingdom comprise the Dairy Board's major promotional efforts. Major campaigns for New Zealand brands of butter, milk powder, and cheese continue in South East Asia, Latin America and the Middle East. Promotional funds for 1996/97 were estimated at \$139 million, increased from \$128.3 million in 1995/96.

The Kiwifruit Marketing Board, established by statutory authority in 1988, acquires and exports kiwifruit produced in New Zealand. Private traders may only export New Zealand kiwifruit to Australia; the Board controls all other exports. The Board also determines prices paid to growers for fruit destined for export. The Board spent \$19.5 million for export promotion in 1996/97, compared to \$17.3 million for 1995/96. Promotion in European countries dominates the Board's promotion expenditures, while Japan and other Asian markets account for the next largest share of funding. The Board also conducts international marketing activities from offices in Belgium, Tokyo, Hong Kong and Vancouver. In its established markets, the Board's focus has shifted from generic consumer advertising to branded promotion targeting retail sales and the trade.

The Wool Board, first established in 1944 and reconstituted under the Wool Act of 1977, sets quality

standards related to testing and packaging; licenses exporters; sets the time and place for wool auctions; promotes wool; provides information to exporters on import market requirements; and funds research into wool and sheep.

Wools of New Zealand is the producers' representative body with functions including promotion, research and development, quality assurance, industry standards, and grower services -- all funded from a 6-percent levy on farmers' wool sales. In 1995, New Zealand withdrew from the International Wool Secretariat, an international promotion group comprising Australia, South Africa and Uruguay. As New Zealand's share of world carpet wool production has declined, the motivation to promote under a New Zealand umbrella has increased. Wools of New Zealand has seven offices overseas, in Dusseldorf, Ilkley (U.K.), Atlanta, Hong Kong, Beijing, Ichinomiya (Japan) and Tokyo. Wools of New Zealand's promotional activities include media advertising, product development, technical servicing, design and styling and final product quality control. In 1997 Wools of New Zealand launched its Fernline brand for apparel and currently has 150 licensed partners. Licensed brand partners for the Fernmark brand, mainly carpet, upholstery and bedding manufacturers, have increased to 200. Export promotion activities of the Wool Board totaled \$38.3 million in 1996/97.

The Meat Producers Board (MPB) powers are limited to controlling and coordinating New Zealand's export meat industries. The MPB is currently involved in grading, export licensing, international trade policy, market information, research and development, and promotion for beef and veal, lamb, mutton, goat, and associated by-products. Promotional efforts are largely conducted in joint venture with private meat exporting companies, or groups of companies. Board funding is from a per head levy on sheep, cattle and goat slaughter stock, as well as from return on investments in the meat and other industries. In 1996/97 the MPB spent about \$6.7 million on export promotion and market information compared to \$4.8 million in 1995/96.

Long-term market development efforts are designed to increase demand for N.Z. beef and lamb by enhancing their image, differentiating New Zealand from other suppliers, and encouraging strong relationships with downstream market channel segments. Efforts include developing educational materials, conducting seminars for wholesalers, retailers, and chefs, organizing educational visits to New Zealand for potential buyers, producing trade guides, participating in trade shows, providing cooking and sampling demonstrations, and providing technical training courses for butchers, caterers, and restaurants. Market development funds are also used to prepare market information reports, generate recipes and develop new products.

Promotions have predominantly focused on consumer advertising and in-store promotions of sheepmeat in Europe (particularly in the United Kingdom) and the Middle East (Saudi Arabia). Promotion of beef has also been carried out in South East Asia and Mexico - the latter in conjunction with TRADENZ. Promotion in other markets is usually undertaken by individual meat exporters, although the Board does purchase space in food service and catering magazines in most of the markets importing New Zealand meat. The Board operates three offices in Asia (Seoul, Tokyo, and Hong Kong) two in Europe (Brussels and London), one in the Mideast (Manama), and one in North America (Washington, D.C.).

The Horticultural Export Authority (HEA) was established in 1987 to assist in export marketing of horticultural products. It initially received government seed funding, which ended in 1993, but receives some promotion funds from TRADENZ for specific commodity promotions. The majority of funds for the administration and promotional efforts come from commodity groups (i.e., producer associations) which have signed contracts with HEA. The commodity groups that HEA work with include squash, apricots, cherries, berry fruits, nectarines, persimmons, avocados, and specialty vegetable crops for the Japanese market. Promotional efforts in this area are small and run less than N.Z.\$1 million per annum.

HEA promotional activities are mainly focused on trade promotion, trade fairs and in-store promotions. The general thrust of these market promotion efforts have been in Japan and other Asian markets. However

Australia is still a major market for some products and promotional efforts continue there. Most recently, the Kiwifruit Growers Board is considering organizing its promotion efforts in Australia through HEA.

HEA also controls exports of the above-named fruits and vegetables through its issuance of export licenses. Applicants for export licenses from the HEA must submit an export marketing strategy for their product which must include plans for: 1) the distribution, transport, form, production, promotion, selling and export pricing of the product; 2) provision of export market information and product market research; and 3) auditing of compliance with and effectiveness of the strategy.

The New Zealand Game Industry Board (GIB) represents the industry, not only producers. This means that farmers, processors and exporters are all represented on the board of directors. The GIB is funded by a levy on deer slaughtered and on pelts sold. A major thrust of the Board's effort is toward quality assurance and certification and associated branding. The GIB has two promotional strategies - the Cervena branding strategy (United States and Australasia) and the Zeal trademark (Europe). Both are based on differentiation of product using quality assurance throughout the marketing chain, and promotions to the trade from the quality platform. All GIB promotions target the food service sector using chef training, recipes, competitions and leaflets. Promotional expenditures were reported at \$1.5 million in 1996/97.

Forestry and Timber Products. Generic promotions of New Zealand pine and radiata products are conducted through TRADENZ in cooperation with the Forest Owners Association (radiata logs to end user groups in Japan, Korea and China), the Timber Industry Federation (treated framing timber to the trade in Australia), the Radiata Pine Remanufacturers Association (wooden components, furniture, and moldings to end-users in the United States). These promotions are funded by both TRADENZ and the relevant private sector firms. No expenditure information is available.

NORWAY

Norway is a net importer of agricultural products, but a net exporter of fishery products. In 1996, Norway exported agricultural products valued at \$894 million, but exported more than \$3.3 billion of fishery products. Norway provides a variety of infrastructural support tools to its fishery producers, including transportation support within Norway, assistance to modernize fisheries, and support to purchase fishing vessels. Export market promotion for fish and seafood is carried out by the Norwegian Seafood Export Council, a semi-private producer board, which is funded by levies on exports of fishery products. Export promotion expenditures are estimated at \$15 million for 1996 but are expected to increase as described below. Targeted promotional markets include Denmark, Japan, China and other EU countries.

The Ministry of Fisheries established the Norwegian Seafood Export Council in 1991. The Council's board consists of seven representatives of exporting firms, producers, fish farmers, and the Norwegian Ministry of Fisheries. The main objective of the Council is generic promotion in domestic and export markets (mainly export markets). Now part of the Ministry of Foreign Affairs, the Council also has the authority to approve Norwegian exporters and see that they follow the rules and regulations. While focusing on generic promotion, the Council's activities tie with brand promotions conducted by private firms.

Funding for the Norwegian Seafood Export Council comes from export registration fees and levies on exporters by the Norwegian Customs Authority. In 1996, export registration fees were \$2,362 per exporter. Assessments on exports were: 0.3 percent of the f.o.b. value of exported fish and fish products with exceptions for farmed salmon and trout (0.75 percent of the f.o.b. value), prepared and preserved fish exported under tariff number 16.04 (0.2 percent of the f.o.b. value), and prepared and preserved crustaceans (0.2 percent of the f.o.b. value). This gave the Council a budget of \$15 million in 1996. This will increase substantially in future years because of a recent agreement to limit Norwegian salmon exports to the EU. In June 1997 Norway agreed to increase its export tax to 3 percent for salmon sold to the EU. In addition, quantitative limits and a minimum price were established.

In 1996, the Norwegian Seafood Export Council continued its use of a "Norwegian Seafood Team" in the United States consisting of 11 Norwegian and American chefs. This team acted as instructors and speakers in seminars all over the United States titled, "The Art of Seafood Workshop". Some of these events were coordinated with the American Culinary Federation (ACF). In Europe and Asia the Council participates in trade shows such as SIAL, ANUGA, Food and Hotel China and Seoul Food. In Europe it uses television advertising and has recently started to target canteen services to reach workers at lunch time. In Asia the Council focuses its promotions on hotels, restaurants and catering services.

Norway also exports a large volume of cheese and lesser amounts of other products at relatively low prices. According to its notification to the WTO, Norway's expenditures for direct export subsidies on sales of cheese, meats, butter and other agricultural products were estimated at \$72.2 million in 1996, 80 percent of which was for cheese. Its largest markets for cheese are Japan and the United States, with smaller but significant markets in Australia, Germany and Canada. About 85 percent of these exports were subsidized.

SINGAPORE

Singapore is a food and agricultural product trading center for Southeast Asia. As such, a number of our competitors have regional offices located there. The FAS office in Singapore estimates that a dozen countries spent over \$4.5 million on market promotion in Southeast Asia during 1997. Half of this was spent by Australia, while Canada and New Zealand also spent significant sums. The key commodities which were promoted were wheat and meat, with lesser amounts spent on fresh fruit and processed foods.

Representation:

Australia's export promotion agency, AUSTRADE, has representation in Singapore, Brunei, Indonesia, Malaysia, the Philippines and Thailand. Its Singapore office provides assistance to local companies wishing to source products in Australia and has a library containing Australian business directories and reference documents. Its food and consumer marketing team conducts promotions with leading supermarket chains and the food service sector.

New Zealand's food promotional agency, TRADENZ, has stationed its Southeast Asia Regional Promotional Manager in Singapore. TRADENZ has country representatives outside of its diplomatic missions in Singapore, Indonesia and the Philippines. Representatives housed within New Zealand diplomatic missions are located in Malaysia, Thailand and Vietnam.

France's export promotion agency, SOPEXA, has been increasing its activities in this region in recent years. It maintains a Southeast Asia Regional Office in Singapore and country offices in Brunei, Cambodia, Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

The Irish Trade Board maintains its Asia Regional Office in Singapore. Its only other Southeast Asia office is in Malaysia. The Board is promoting a quality Irish image for finished food products and a high technological image for food ingredients.

Chile's Prochile, has representation in Indonesia, Malaysia, the Philippines, Singapore and Thailand. Malaysia's MALTRADE has offices in Singapore and Vietnam. ASEAN is planning a promotional program for its member's food products to be used within the region as well as in Europe and the United States. Part of this program will include development of a new ASEAN brand.

Activities by Commodity:

Wheat: The Australian and Canadian wheat boards each spend around \$1 million on market promotion activity in the Southeast Asia region. They both run technical assistance programs for millers and manufacturers and use sales missions and sponsor trade visits to their countries. In addition, Canada negotiates long term supply agreements. Argentina also promotes its wheat in the region, although no expenditure information is available. Its key activity is to bring sales missions to the various countries from Argentina. There are no formal promotion activities for feedgrains, although the Australian Wheat Board is beginning to do more promotion. The main competitors for corn are Argentina and South Africa, while Australia and Canada supply barley, sorghum and feed wheat.

Meat: Australia spends over \$700,000 in the region annually on promotion for meat, especially beef. New Zealand spends \$250,000 on beef and lamb, while Canada and Denmark each spend under \$200,000 on beef and pork and Argentina spends about \$80,000 a year on beef promotion. Australia and New Zealand are active in the big four countries of Indonesia, the Philippines, Malaysia and Thailand, as well as in Singapore, Brunei and Vietnam. Canada is only active in the big four countries, while Denmark operates exclusively in

the Philippines. Argentina is active in Malaysia, Thailand and Indonesia.

The Australian Meat and Livestock Commission and the New Zealand Meat Producers Board carry out a broad range of activities including; trade shows, seminars, supermarket and restaurant promotions, trade visits to their countries and training visits by butchery technical consultants. Australia employs consultants in Singapore to carry out some of its regional activities while New Zealand relies more on its embassy staff.

Canadian promotion activity is conducted mainly by the Province of Alberta and includes trade shows, seminars, receptions and restaurant promotions. Canadian pork is promoted only in the Philippines and beef is the focus of activities in other countries. Denmark promotes pork only in the Philippines through the Danish Trade Commission. It participates in trade shows and receptions and sponsors trade visits to Denmark. Argentina promotes its beef exports to the region through trade shows, restaurant promotions and trade receptions.

Fresh Fruit: New Zealand, Australia and France have the biggest competitor promotion programs for fresh fruits in Southeast Asia. Thailand and Japan also promote their fresh fruits, but at a lower expenditure level. In 1997 New Zealand spent about \$250,000 to promote its apples, \$100,000 for kiwifruit and \$50,000 for persimmons. Australia spent \$250,000 to promote its apples, pears and citrus and France spent \$150,000 to promote its apples and pears. Japan promotes apples and melons, while Thailand promotes durians and mangoes. Typical promotion activities include supermarket promotions, trade receptions and advertising. Australia and New Zealand operate promotional lotteries and pay premiums to retailers. In addition, Australia uses the Australia Fresh brand program which licenses exporters to utilize the brand in their promotions.

Processed Foods: Australia is the main competitor promoting processed foods. It spent about \$135,000 on promotional activities such as in-store promotions, trade shows, advertising and trade teams. Australia is planning a new "Delicatessen-to-Asia" campaign which will focus on increasing sales through retail outlets in Asia. Other countries promoting processed foods include France, which spent about \$35,000 on in-store promotions and trade shows for its processed foods and Canada, which spent about \$30,000 to send regional buyers to Canada.

Dairy Products: Australia, New Zealand, the Netherlands, Switzerland and Israel are competitors in these markets for dairy products. In many cases firms from these countries will form joint ventures with Southeast Asian companies that will purchase exclusively from the investing country. The main promotional activity is advertising. No expenditure information is available.

Wine: Australia, France and Japan conduct promotional activities in the region. Wine tastings, trade shows and supermarket and restaurant promotions are typical activities. The French also offer premiums to retailers. No expenditure information is available.

SOUTH AFRICA

South Africa is the largest and most developed economy in Sub-Saharan Africa. Agriculture contributes only 6 percent to South African GDP. Until recently, the bulk of South Africa's agricultural products were marketed through commodity boards. These have all been dismantled and are being replaced by producer cooperatives which are reorganizing as private sector companies. Some of these groups are involved in export promotion, particularly for wine and fruit. South Africa has also eliminated its direct export subsidies under the General Export Incentive Scheme (GEIS). The Department of Trade and Industry (DTI) still operates export market promotion programs and promotes exports through its overseas offices, however, most of its programs are for industrial, rather than agricultural products.

Government Programs:

DTI introduced the GEIS on April 1, 1990. It was an export subsidy on the local content of the exported product and was intended to counteract the anti-export bias in the South African economy. The program operated for an initial 5-year period ending March 31, 1995, but was restructured in that year to restrict its use for primary products and to abolish the program on December 31, 1997 in compliance with South Africa's commitments under the World Trade Organization. Products eligible for subsidies under GEIS included cut flowers, deciduous fruits, citrus products, wheat and wheat products, corn and corn products, sugar, cocoa and cocoa preparations, vegetables, fruit and nut preparations and juices, wine, wool and hides and skins. The South African Department of Agriculture is currently formulating a new export promotion strategy.

The South African Department of Trade and Industry's principal market promotion program is the Marketing Assistance and Investment Assistance Scheme (EMIA). This scheme, with a 1997/98 budget of about \$35 million, partially reimburses private companies and associations for expenses incurred in export promotion, research and in seeking foreign investment. It is primarily targeted at industrial companies. It can be used to assist in researching demand in foreign markets, for outward sales or inward buying trade missions and for participating in trade shows. EMIA funds are also available to fund start-up costs for export councils for specific industry sectors.

Other assistance available from DTI include a number of financing facilities to aid banks in financing exports or import of capital goods and services. Duty rebates are also available for raw materials used in manufacturing, processing or for export. DTI also provides advice, export promotion and trade servicing through its domestic offices and its overseas Economic Officers stationed abroad.

Private Sector activities:

Prior to 1997 production and marketing of agricultural products was controlled by Agricultural Control Boards which were funded by compulsory levies on producers and processors. Most of these boards were abolished as of April 30, 1997, except for the Wheat Board which terminated on November 30, 1997. Most control boards are converting to non-profit organizations which will not have access to compulsory levies and will have to compete with other such organizations. One former control board, the Cooperative Winegrower Association of South Africa (KWV) has become a private company and has reached an agreement with the Ministry of Agriculture to set aside funds to support South African wine industry activities, including export promotion, over the next ten years. Other companies have combined their overseas marketing efforts under one umbrella organization, Capespan which has its head office in London and other offices in Europe, the Far East and the United States.

Other South African private sector companies, like the South African Foreign Trade Organization (SAFTO) and commercial banks provide a wide range of export assistance services. SAFTO, which originated as a

service of DTI, provides consultancy services, international market research, market and trade information, training, and networking assistance for companies trying to become involved in exporting. Most of these activities have recently been resumed directly by DTI and SAFTO has been closed down. The banks provide export financing, including credit guarantees and other assistance programs as well as export consulting services.

Competitor Activities:

In South Africa, U.S. agricultural products face competition from the EU, Australia, Argentina, Canada, India and Thailand. India and Thailand are the main competitors in the rice market, while Canada, Brazil, the U.K. and France are the principal competitors in the poultry sector. In the wheat market Australia, Argentina, Canada, France and Germany are the main competitors.

EU exports of these products generally benefit from export subsidies. The EU and South Africa are in the process of negotiating a Free Trade Area which could enhance EU access to the South African market. The other competitors are often able to offer lower prices either because of transportation advantages or as a marketing tool of their marketing boards. Competitor countries also gather market information and sponsor trade missions to develop markets for their products in South Africa.

SWITZERLAND

Switzerland is a net importer of most agricultural products, but a net exporter of milk products and cattle. Some of the goods imported are reexported as higher value products, such as chocolate, coffee, sugar confectionery, cigarettes, and textiles. Since agricultural prices are very high in Switzerland, exports of food or feedstuff produced in Switzerland are generally not economically viable, except for selected luxury goods or with major subsidies (dairy products and beef). In 1996, Switzerland spent \$317.5 million on export subsidies and \$44.5 million on export promotion, mostly for cheese.

The main Swiss organization for cheese and milk products is the Cheese Union, a parastatal organization mandated to export Swiss hard cheese: Emmental, Gruyere and Sbrinz. The Union members are the milk producers association, the cheese manufacturers, the exporters union and the government. The Cheese Union has offices in eight countries: Germany, France, Italy, Great Britain, Belgium, Spain, Canada and the United States. About half of its export promotion budget of \$42 million goes to support these offices with the rest used for promotion activities such as in-store promotions, public relations activities such as advertising, and special consumer level activities such as contests. Its budget is funded entirely by reimbursements from the Swiss government. The Cheese Union sponsors the Swiss national ski team, which has incorporated a Swiss cheese design in its uniform. The Cheese Union is also the organization through which export subsidies are dispensed. In 1996, Switzerland spent \$247 million on export subsidies for cheese and other dairy products.

The Swiss Weinexporteurenvereinigung, or Wine Exporters Union is the organization which conducts export promotion for Swiss wines. It is a union of 51 wine exporters who pay a minimal annual participation fee. The Union maintains an office in New York to conduct its North American promotions. During 1996 it spent \$2.5 million on export promotion.

During 1996, Switzerland subsidized the export of beef and cattle to reduce domestic stocks that had accumulated because of the BSE crisis. These export subsidies totaled \$70.5 million.

TAIWAN

Production agriculture on Taiwan has been declining for the past two decades, and in March 1997, the robust animal production sector sustained a severe setback when Foot and Mouth Disease broke out in the swine herd on the island. However, Taiwan maintains markets in neighboring countries for some specialty products and its food processing sector manufactures items that find ready markets in Chinese populations world-wide. The past decade of economic growth has given Taiwan an international reputation for having some of the biggest spenders in the world. Many Western suppliers are interested in the Taiwan market for its sophisticated western tastes. While the United States currently supplies a third of Taiwan's agricultural imports, competition from other suppliers is growing rapidly.

Taiwan Promotion Activities:

During fiscal year 1996/97 (July-June) the Taiwanese government spent about \$1 million on export promotion for processed foods, fresh fruits and vegetables, tea and flowers. Expenditures were almost evenly split between the Council of Agriculture (COA) and the Board of Foreign Trade (BOFT). These budgets are used mainly to fund private industry's participation in international food shows. A small portion of the money is used for educational programs via the media. About 60 percent of the COA budget is used in the Japanese market and 20 percent in the United States. The BOFT support is mainly to fund export marketing efforts for fruits.

Industry expenditures for export promotion are derived from check-offs on the export of pork, fruits, shrimp and eel. These expenditures totaled \$1.3 million in 1996/97, mostly for pork and fish products. Pork check-offs are used to fund the Taiwan Meat Development Foundation. Because of the foot-and-mouth disease outbreak, exports and check-off funds have declined considerably. The foundation has laid off half of its 60 employees and may have to make further reductions as a result. Fruit check-offs fund the Taiwan Provincial Fruit Marketing Cooperative, while fishery check-offs fund the Taiwan Shrimp Development Foundation and the Taiwan Eel Development Foundation.

In addition to export promotion activities, Taiwan subsidizes the export of rice and sugar by selling surplus domestic stocks at the lower world price. During FY1996/97 Taiwan spent \$18.5 million on subsidizing rice exports and \$2.5 million on sugar export subsidies. The sugar is exported exclusively to the United States.

Competitor Activities:

Australia, New Zealand, Canada, European Countries, Japan and Iran are our main competitors on Taiwan. Trade show participation is a major activity for all countries conducting market promotions. A major annual show is the Taipei International Food Industry Show.

Taiwan is one of the major export markets for Australian food products. Red meat is the main focus of Australia's marketing efforts, but other products, including wine, fresh fruits (especially apples), vegetables and seafood also receive attention. The Australian Meat and Livestock Corporation (AMLC) has been aggressively marketing beef on Taiwan since its establishment in the early 1990s. It has spent over \$200,000 annually. In November 1997 the AMLC office will close and its activities will be taken over by a local public relations agency. In the past, AMLC has focused on in-store sampling, but more recently it has shifted to consumer-oriented product give-aways. It is currently conducting a merchandising contest in six Makro warehouse stores. It has also conducted several menu promotions in hotels and restaurants.

The Canadian Trade Office in Taipei (CTOT) is one of the most active on Taiwan, sponsoring activities for a wide range of products and actively engaging traders, customers and consumers throughout the island, not

just in Taipei. CTOT sponsored supermarket/hypermarket promotions this year focusing on seafood, beef wine, confectionery, snacks and processed food. The Canadian Beef Export Federation (CBEF) established an office in Taipei in October 1996, with the main purpose to help organize buying missions to Canada. In 1997, the CBEF sent three buying delegations to Canada. It is expanding its activities to include a joint television advertising campaign and in-store promotion with the Makro warehouse store chain. CTOT has also promoted canola oil by holding educational seminars. Forest products, especially softwood lumber, are also important Canadian exports to Taiwan which are receiving additional promotion efforts.

European countries primarily market wine in Taiwan. Combined, they supply two-thirds of Taiwan's wine imports. France is by far the biggest supplier and promoter, spending as much as \$16 million on advertising, wine tastings, seminars, trade shows and trips to France for key importers. Spain is reported to have spend over \$100,000 on wine promotion in Taiwan, primarily for organizing trips to Spain for Taiwanese importers. Italy and Germany also promote their wines, along with a number of other processed foods, including chocolates and confectionery, cakes and biscuits. The Netherlands has promoted its flowers and bulbs, fresh fruits and vegetables, confectionery and cigars in trade shows on Taiwan. In addition, several EU members have organized hotel and menu promotions to highlight their distinctive food and culture.

New Zealand uses extensive advertising, including television ads, to promote its image of natural beauty with a clean environment. Fruit and vegetables from New Zealand are regarded as clean, premium agricultural products by Taiwan consumers. Kiwifruit is heavily promoted and New Zealand is the dominant supplier. New Zealand also promotes its beef, lamb and dairy products at food shows, as well as beer, fruit juice and vacuum packed vegetables.

Other notable competitors for specific products include Norway and Iran. Norway, the primary supplier of salmon to Taiwan, has been aggressively promoting "Salmon in Chinese Food". Promotions include cooking technique seminars and development of recipes to meet local tastes. Iran has substantially discounted its pistachio prices during the 1990s and now supplies over 90 percent of Taiwan's imports.

THAILAND

Thailand is a leading exporter of rice, poultry meat and seafood, largely based on its ability to provide competitively priced products to regional markets. The government of Thailand operates several types of programs to boost agricultural exports, including export credit programs, enhancement of food industry export competitiveness and a new "Hard Sale" market promotion initiative. The only available expenditure information is the planned 1998 budget of \$5.6 million for the "Hard Sale" campaign, which will be spent on promotion of jewelry and apparel exports as well as on processed food products.

The Ministry of Commerce, through its Department of Foreign Trade (DFT) and Department of Export Promotion (DEP), is the major actor in Thailand's export market promotion program. The DFT is involved primarily with rice and other bulk commodities, while the DEP is more involved with trade shows and missions. For some trade shows, participation by Thai exporters is encouraged through assistance with booth fees (up to 90 percent of the cost) and shipping of samples. The DEP plans to initiate a new export promotion campaign in 1998, labeled "Hard Sale". The campaign will focus on food, jewelry, and garments and the primary target market is Asia, particularly the ASEAN region. The current economic crisis is forcing the government to cut back its financial support of the program, however, and the budget will not exceed 196 million baht (\$5.6 million). Activities under the "Hard Sale" campaign include trade shows, trade missions, in-store promotions and other, similar events. DEP has conducted these types of activities for a number of years, but officials intend for the new campaign to be more directed and more effective. In an effort to support this strategy, the Ministry of Commerce is also reorganizing its Commercial Offices in Thai embassies. Staff in these offices have been instructed to focus on export promotion rather than their more traditional trade policy and reporting functions. Thailand's neighbors in ASEAN and the wider Asia-Pacific region will be specifically targeted in the 1998 export promotion campaign. Thailand will take advantage of major trade shows, like ANUGA, and similar opportunities to maintain a presence in other markets.

The government and industry are also planning to enhance the competitiveness of Thai food exports by improving and ensuring the quality of food production and reducing costs. For example, the Thai Food and Drug Administration is drafting a new Food Law that will standardize the quality of food exports. Part of this effort includes the establishment of the National Food Import-Export Inspection and Certification Scheme which is designed to streamline and centralize the certification process. Another part is the plan to begin certifying food exporters, particularly poultry meat exporters, as meeting the ISO 14000 standards. The private sector is also proposing new programs to enhance Thai export competitiveness. The National Food Institute, with the support of the Thai Industries Federation, is proposing a 2 billion baht (\$57 million) program to improve the competitiveness of Thailand's food products. Longon, pineapple, sugar, shrimp, and poultry are the five commodities that would be targeted under the program. The purpose is to improve quality and reduce production costs. Financial aid to these sectors would include soft loans, low interest rates, and repayment periods of five to seven years. The Ministry of Commerce also supports the program, but government financing has not yet been secured.

Finally, Thailand operates an export credit, or packing credit, program which is designed to promote agricultural and industrial exports. Under the program, a loan is granted to accredited exporters by commercial banks when the exporter places a promissory note with the bank. Generally, the amount of the loan is equivalent to the value of the promissory note which is based on the sales and export documents. The interest rate on the loan must not exceed ten percent per annum. The Export-Import Bank of Thailand refinances 50 percent of the promissory note's value to the commercial bank at an interest rate of 5 percent. The credit terms cannot exceed 180 days. Approximately \$790 million under this program was available to rice exporters in 1996/97. In the agricultural sector, lesser amounts are available for rubber and tapioca exports.

Thailand is also engaging other nations bilaterally and multilaterally in an effort to remove tariff and other

restrictions to trade. For example, it has been an active participant in the APEC process for negotiating sectoral liberalization initiatives, designed to reduce trade barriers among Asian and American countries.

TURKEY

Market development and promotional activities currently are very limited, with total government promotional expenditures estimated at less than \$1 million for 1997. Industry expenditures for export market promotion are estimated at \$7.7 million for 1997, although little information is available on industry promotions.

In general, Turkey's has two broad agricultural export strategies--one for horticultural products (mainly fruits and vegetables) for which Turkey generally is price competitive on world markets and the other for bulk commodities (and products) for which Turkey is not competitive on world markets. The export strategy for horticultural products involves market promotion activities (mainly market research), transportation subsidies and production support, including subsidized credit and inputs as well as government support for cooperatives (whose main function is to support prices) and exporters' unions (whose main function is to provide information). Because Turkey's agricultural support prices for bulk commodities are significantly above world price levels, Turkey's overall export strategy for bulk commodities largely involves production support as well as both direct and indirect export subsidies, transportation subsidies, and other price leveling mechanisms, rather than market promotion. In general, the bulk of export promotional spending has been directed toward horticultural and processed products, while agricultural support expenditures and export subsidies largely have been directed toward bulk commodities.

Government assistance to export market promotion in Turkey represents only a small share of total government assistance to agricultural exports. The government of Turkey provides indirect subsidies through marketing boards and direct export subsidies for other agricultural products. As its budget permits, the government of Turkey also provides export credits, transportation subsidies, tax and investment incentives, and input subsidies. Of greatest interest are the activities of the Turkish Grain Marketing Board and the direct export subsidies. During 1997 Turkey provided about \$40 million in export subsidies for grains. Since the support price for wheat has been increased substantially in recent years, direct and indirect export subsidies are expected to rise. Direct subsidies occur when the government export its grain stocks at a price lower than its acquisition price. Indirect subsidies are provided when these stocks are sold to domestic processors at world market prices to support exports of flour and pasta.

Government Promotion:

The main governmental organization involved in export promotion and market development is the Export Promotion Center for Turkey (IGEME), located under the Office of the Prime Minister. IGEME provides minimal funding to private firms to defray the cost of promotion. IGEME also conducts a limited amount of in-house market research and maintains and develops market information. IGEME had an estimated budget in 1997 of about \$3 million and a staff of about 115. Only one-third of this amount is actually spent on promotional activities and only a small part of this is spent on agricultural products.

IGEME's main function is to conduct market research studies, to develop and to maintain contact and product information and to facilitate international projects in the food or agricultural sector. IGEME also provides funding to private (or quasi-private) concerns to conduct a variety of export promotional activities, including research, product development, risk capital, packaging improvements, fairs and exhibits, and assistance to open and operate sales offices abroad. Those fees are paid to the Treasury and are not available to IGEME for additional market promotion activities.

In addition to funding, IGEME develops and maintains product and contact information and performs market research. The bulk of agricultural promotional efforts appears to center on higher-value, processed commodities, mainly to Europe and the Middle East. IGEME also maintains an export promotion office in Rotterdam, established in 1987 with Dutch government funding, at a cost of about \$15,000 per year. The Rotterdam office functions as an information center. IGEME has no plans to open additional overseas

offices.

Exporters' Unions:

Exporters' Unions are associations of producers and exporters of similar products. Currently, 52 Exporters' Unions represent Turkey's major agricultural, industrial and mineral commodities. The Unions operate under the auspices of the Under Secretariat of Foreign Trade, which appoints top Union officers. Approximately 95 percent of Turkey's private sector exports are sold by Exporters' Union members. Funding for Union activities is derived from membership fees as well as charges assessed on the volume of members' exports. Charges generally equal about 0.1 percent of commodity value (f.o.b. basis) and, thus, total about \$2.5 million for agricultural exports. Since the Unions are both numerous and independent of each other, it is difficult to gather aggregate information. However, in general, the Unions maintain regional offices in producing regions and no Union maintains an overseas office. The Unions' major activities focus on domestic issues and include: market information, trade servicing, research and lobbying. Market development activities largely are restricted to participation in international trade fairs and exhibits, but several agricultural exporters' unions are considering a more active role in international market promotion.

A large percentage of Turkey's promotional activities are assumed to be directed toward Europe, particularly the European Community. Processed food, fruits, vegetables and nuts are among the major agricultural commodities promoted. Expenditures in the Mediterranean region appear fairly stable while expenditures for new markets in the FSU and North America are increasing. Fresh fruit and vegetables, processed foods, flour and vegetable oils comprise the bulk of exports to the FSU. Most expenditures for new markets in North America and the Far East are for market research.

UNITED STATES

The United States has a sophisticated agricultural export promotion system which operates world-wide. It is a partnership between USDA's Foreign Agricultural Service and numerous non-profit private sector commodity and regional associations. U.S. government expenditures on these activities for FY 1997 amounted to a little over \$135 million, while private sector contributions were nearly \$176 million. Many of the industry activities are funded by producer/processor check-offs which have been approved in a referendum by a majority of the affected industry. There is no information on promotional expenditures by private U.S. companies.

The United States is an attractive market for many agricultural products. Consequently a significant amount of our competitors' promotion expenditures, averaging ten percent, is spent in the United States. For some countries, such as Brazil, Canada, India, Argentina, Spain, New Zealand and Italy, the proportion of promotion expenditures devoted to the United States is as much as 25 percent.

U.S. Promotional Activities:

The main U.S. agricultural promotion programs are USDA's Foreign Market Development Cooperator Program (FMD) and Market Access Program (MAP). USDA also provides a number of services to exporters through its overseas offices and its trade show and trade leads programs. Other programs provide technical assistance to develop, maintain, or expand markets for U.S. agricultural exports in emerging markets and sponsor short-term study and training programs in the United States for senior and middle level specialists and administrators involved in agricultural trade in foreign markets.

The goal of the FMD program, also known as the Cooperator program, is to develop, maintain and expand long-term export markets for U.S. agricultural products. The program, started in the mid-1950s, has fostered a trade promotion partnership between USDA and U.S. agricultural producers and processors who are represented by nonprofit commodity or trade associations called cooperators. Under this partnership, USDA and the cooperators pool their technical and financial resources to conduct market development activities outside the United States. These cooperators compete for USDA funding annually based on their proposed activities. Groups which have been successful in expanding exports and contribute a substantial amount of their own funds are more likely to get increased funding. Only generic promotions are funded. There are 32 cooperator groups which received funding in 1997, covering a broad range of agricultural commodities. Half of the \$27.5 million dollars in U.S. government funding under FMD was spent on feedgrains, wheat and soybeans. Most of the remaining funds went to forest products, meat, rice and poultry exporters. Japan, Western Europe, China and Mexico together accounted for half of the funded projects. Other Asia, the Middle East and Latin America accounted for most of the rest of the expenditures. Projects funded by the program generally fall into one of three categories; market research, trade servicing and technical assistance. Market research is often the first step to identifying market potential. Trade servicing activities are aimed at developing or improving relationships with the trade. Technical assistance activities are usually intended to expand the foreign country's capability to use or process U.S. commodities.

The MAP program also helps U.S. producers, exporters, private companies and other trade organizations finance promotional activities for U.S. agricultural products. While it funds many of the same types of activities as the FMD program, MAP is intended to be used for shorter term, consumer oriented promotions. It is primarily used for high value and processed products, while FMD is generally used for bulk products. The MAP program was originally started in 1985 as the Targeted Export Assistance Program. Since then, it has provided cost-share funds to nearly 1,000 U.S. companies, cooperatives, and trade associations to promote their products overseas. Branded promotions are permitted under the MAP known. Under the branded program, small businesses and cooperatives receive preference for funding, however, the promotion of a branded product

in a single country is generally limited to five years. MAP applicants submit proposals for projects annually. These applications are reviewed and funds are allocated to proposals which best meet program requirements, including cost-sharing, strategic planning, export goals and activity evaluations. 64 organizations received MAP funding in 1997. 18 of these organizations also participate in the FMD program. Fruit and vegetables, represented by numerous organizations, received more than a quarter of the MAP funds. Substantial allocations were also made for cotton, meat and forest products, as well as to the state regional organizations which assist small companies in their regions. Half of the \$90 million in U.S. government funding for MAP was directed at the Japanese and European markets. Other Asian markets, the Middle East and Latin America were also major targets for MAP funded promotions. Most of the activities funded under MAP involve trade show participation, in-store demonstrations and market research activities.

Other USDA promotion programs include participation in trade shows, collection and dissemination of buyers lists and trade leads to connect U.S. exporters and foreign buyers and sponsorship of U.S. promotions by U.S. embassies overseas. Promotions and trade shows are usually conducted in conjunction with FMD and MAP programs. Trade show costs are usually fully reimbursed by show participants. It is estimated that Cooperator organizations fund an additional \$75-80 million in overseas promotions outside of the federally funded programs described here. In addition, many of these organizations conduct domestic promotions to encourage consumption of their products. Private industry also conducts overseas market promotion, but no information is available on those expenditures.

Competitor Activity:

Available information indicates that foreign export promotion expenditures in the United States exceeds \$95 million. The biggest single country expenditure is by New Zealand which spent more the \$42 million, or 19 percent of its total promotion expenditures in the United States. The next largest expenditures were by Italy and Spain. Italy spent nearly \$11 million, or 16 percent of its total expenditures in the United States, while Spain spent \$8 million, or 20 percent of its total expenditures. European Union member states spent nearly \$31 million, or 8.6% of their total promotion expenditures in the United States. Australia spent nearly \$6 million on U.S. promotions, although this represented only about 3 percent of its total expenditures. Nearly a quarter of Canada and India's export promotions, valued at \$5.7 million and \$3.2 million respectively, were directed at the U.S. market. Argentina and Brazil also devote more than 20 percent of their export promotion expenditures to the United States.

European export promotion is generally conducted through national export promotion agencies; ICE for Italy, ICEX for Spain, SOPEXA for France, OPE for Greece and CMA for Germany. Most of these groups have an office in New York. ICE, ICEX and SOPEXA also have Chicago and Los Angeles offices as well as offices in either Florida or Atlanta. European food industry associations also participate in market promotions in the United States, and private companies conduct their own advertising and promotion campaigns. No information is available on private company expenditures.

The focus of Italy's promotions is the Fancy Food Shows in New York and San Francisco and trade journal advertising associated with those shows. Pasta and other processed foods get the biggest proportion of ICE's funding. Italian industry consortia such as Parma Ham, Italian Wine Exporters and Italian Cheese Producers are also operate out of the New York office. Spain and Greece spend most of their promotion funds on olive oil. Spain also promotes wine. Advertising and trade show participation are important activities, as well as retail promotions. Nearly 80 percent of France's export promotion budget is spent on wine, including press campaigns for Bordeaux wine and Cognac. These expenditures are largely funded by industry associations. SOPEXA conducts training seminars for U.S. supermarket staff and large importers for French wine and cheese and uses point-of-sale tastings to promote cheese. It also promotes products such as foie gras, biscuits and confectionery through in-store promotions and food shows.

New Zealand market promotion activities in the United States are generally conducted by its producer boards, many of which maintain U.S. offices. The focus of their efforts tends to be trade servicing activities, with little direct consumer promotion. Exceptions to this include consumer sweepstakes and in-store promotions by the Apple and Pear Marketing Board, in partnership with a Canadian marketing company and New Zealand lamb promotions. The New Zealand Dairy Board maintains six wholly owned U.S. subsidiaries and is undertaking several major development projects to promote increased milk protein sales. The Board expects to be the leading milk protein supplier in the United States and Canada within the next five years.

The United States is an important market for Canadian agriculture, accounting for nearly half of Canadian agricultural exports. In order to increase these exports, a U.S. Action Plan Team has been created to coordinate federal and provincial programs. The action plan includes the Federal and Provincial Ministers of Agriculture and a total of 200 professional staff located in the provinces and in Canadian consulates in the United States. The plan includes educational activities to increase the number of firms involved in exporting, market intelligence, market development and promotion and investment and alliance promotion. Market promotion activities include developing an annual trade show plan and exhibit for each U.S. regional market, incoming trade missions from the United States, development of virtual national stands at U.S. trade shows, media kits for the U.S. press and selective in-store retail promotions. Efforts are also made to conduct outreach to Fortune 500 companies.

Indian market promotion activities are generally conducted by the state export promotion agency, APEDA. It maintains an office in New York, as does the Indian Tea Board. Products promoted are primarily marine products such as shrimp and frozen fish, tea, spices and lesser amount on processed foods, fruits and vegetables, nuts and basmati rice. Activities funded include trade shows, generic advertising and hosting trade delegations.

END NOTES ON INFORMATION SOURCES

Report numbers refer to USDA/FAS Agricultural Attache Reports submitted in 1997.

EU Competition: From report BE7524.

Denmark: From report DA7016 and additional communications.

France: From report FR7057 and additional communications.

Germany: From report GM7054 and additional communication.

Greece: From report GR9731 and additional communications.

Ireland: From report EI7026 and additional communication.

Italy: From report IT7043 and additional communication.

Netherlands: From report NL7128.

Spain: From report SP7042 and additional communication.

United Kingdom: From report 7090 and additional communications.

Argentina: From report AR7082 and additional communications.

Australia: From AS7066 and additional communications.

Brazil: From report BR7629 and additional communications.

Canada: From report CA7058 and additional communication.

Chile: From report CI7032.

China: From report CH7043.

Hong Kong: From report HK7068.

India: From report IN7080 and additional communication.

Japan: From report JA7522.

Korea: From report KS7058.

Malaysia: From report MY7039.

Mexico: From report MX9730

New Zealand: From report NZ7039 and additional communications.

Norway: From report NO7009 and additional communication.

Singapore: From report SN7027.

South Africa: From report SF7034 and additional communication.

Switzerland: From report SZ7210 and additional communications.

Taiwan: From report TW7038.

Thailand: From report TH7106.

Turkey: From report TU7044 and additional communication.

Information for this report also was obtained from various Internet sites and other published sources.

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.