THE COMPETITION IN 1998

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

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Many agricultural exporting countries use publicly financed export promotion activities to expand sales and market share. There are many ways of financing these activities, and there is no uniform definition or accounting method for them. However, information is generally available on the share contributed by the government and industry sources. Government funding is often matched by industry contributions, which are typically derived from levies on producers and processors or on exports of the products eligible for export promotion. The table included in this report summarizes the results of the Foreign Agricultural Service's survey of these expenditures for 1998. Competitors outspend the United States by nearly 4 to 1. In 1998, the last year for which complete data are available, total foreign expenditures for export promotion were over $1 billion dollars, compared to U.S. expenditures of $287 million. The biggest spending competitors were the European Union, which allocated $379 million, 59 percent of which was funded by industry, and New Zealand, at $355 million, 97 percent of which was industry-funded.

Introduction U.S. exports of high-value and consumer-oriented agricultural products have increased steadily in recent years, but face stiff competition in major importing markets. Many exporting countries have ambitious export goals and orient their programs to attract more small- and medium-size firms to exporting. Competitors use direct export subsidies, export promotion programs, export credit and credit guarantee programs, and statutory marketing boards.

This report focuses on competitors' market development programs and activities that are similar to those of the U.S. Department of Agriculture's (USDA's) Market Access Program (MAP) and the Foreign Market Development (FMD) Program. These programs support export sales of agricultural, forestry and fishery products.

Major Export Promotion Activities Developed and––to a lesser extent––middle income countries use export promotion activities. In many countries, governments work as partners with agricultural producers, food processors, and the timber and fishery industries. In some countries, producers finance the bulk of the promotions; in others, the government is the more active financing partner. Statutory fees on sales or exports generate the funds for producer financing. Government assistance to export promotion is not subject to discipline under the WTO Agreement on Agriculture.

Export promotion includes a wide range of activities. These are:

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.
2. **Trade Show** participation at major international shows such as ANUGA or FOODEX, as well as smaller exhibitions sponsored by individual countries in a foreign market. Trade shows are an important way to introduce new products to a large number of buyers and to make new contacts. Most countries help their exporters and producer associations participate in trade shows, often absorbing some of the costs.
3. **Public Education and Media Campaigns** are designed to increase familiarity with the product among potential consumers, show how the product is used or fits into the local cuisine, and generate demand.
4. **National Branding** promotes a national brand name, such as Australia Fresh, which independent exporters may use on their products, usually for a fee. National brands often are associated with specific standards, which must be met before the brand name can be used.
5. **In-store and Menu Promotions and Tastings**, geared to food retailers and wholesalers or restaurants in the importing country, include promotional and display materials and recipe guides. Samples are often given out in supermarkets. Wine tastings are a common promotional tool.
6. **Trade Missions and Reverse Trade Missions** introduce foreign media and businesses to a country's products. Trade missions are visits by exporters to the importing country. Reverse trade missions invite foreign buyers, including trade delegations and the media, to the exporting country to visit producers, processors, or packers, and to visit with public or private sector officials.
7. **Technical Assistance** 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 increase the use of a specific commodity. Examples include baking or meat cutting seminars.

Countries Chosen for the Study Twenty-seven foreign countries were chosen for this study. The traditional exporters of the European Union were included: Denmark, France, Germany, Greece, Ireland, Italy, the Netherlands, Spain, and the United Kingdom. Also included in the study are the Cairns Group countries of Argentina, Australia, Brazil, Canada, Chile, Malaysia, New Zealand, South Africa, and Thailand. Other competitors included in the report are China, Hong Kong, India, Japan, Korea, Mexico, Norway, Taiwan, and Turkey. Japan, Hong Kong, Mexico and Taiwan are major importers and are included to provide insight into competitor practices in the marketplace. Most of the country reports contain a section that describes competitor activities in that market. Finally, a section on the United States, which highlights key

USDA programs, is included.

Estimated Market Promotion Expenditures The 27 nations studied spent an estimated $1 billion in 1998 on market promotion activities. Government allocations account for about 22 percent of promotion expenditures; producer and industry assessments and other fees make up the remaining 78 percent ($792.5 million). We estimate European Union market promotion at $378.8 million in 1998. The Cairns Group expenditure was $592.9 million. Funding by other countries totaled an estimated $51.5 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 40 percent government and 60 percent industry. Total export promotion funding, not including export subsidies, is also similar-- $378.8 million this year, compared to $364.6 million last year.

Cairns Group Export Market Promotion Expenditures Export promotion expenditures for 1998 are estimated at $592.9 million, with 92 percent of this amount ($542.6 million) coming from industry sources. The biggest spender was New Zealand ($355.4 million), followed by Australia ($109.9 million), and Brazil ($58.3 million).

Chief Countries and Commodities Targeted for Competitors' Promotions The EU has a long-standing tradition of producing some of the world's highest quality foods, and many of its industries are protected by the Common Agricultural Policy (CAP). Other European countries are the United States' major competition for consumers' expenditures on food in Western Europe. Australia, Canada, and New Zealand join Europe as the chief competitors in Japan, Korea, Hong Kong, and other major Asian importing countries. Regional trade also expanded in Asia throughout the 1990's, and many Asian countries have become noteworthy competitors. European competitors promote a wide range of products in Europe and overseas. Meats, grains-based products, wine, fresh fruits, and seafood are the most important products promoted in Asia. European countries, Australia, and New Zealand have directed more export promotion resources toward Asia and Latin America for over a decade.

Recent Developments in Export Promotion New Zealand continued to increase its export promotion expenditures, with the majority of funding coming from industry sources. Changes to the laws governing New Zealand's corporations and promotion boards encourage the boards to be more accountable to their producers. Among Latin American countries, Brazil implemented a national export strategy, and government and industry export promotion funding increased dramatically in 1998. European countries continued their promotion activities in Asia, Latin America, and North America, as well as in Eastern Europe.

Export Marketing Boards Producers in 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 boards also are authorized to make long-term sales contracts with the governments of importing countries, and are authorized to enter into joint ventures with firms in importing countries. Most of the statutory marketing boards conduct advertising and promotion activities and are particularly effective at combining generic promotions 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.

Competitor market promotion expenditures, by country, are summarized in the table included in this report. Market promotion expenditures presented in the table are designed to replicate U.S. expenditures for USDA's Foreign Market Development (FMD) and Market Access Programs (MAP). Unless stated otherwise, the market promotion expenditure estimates exclude expenses related to the operation of overseas offices and staff costs for foreign government agencies involved in export promotion. Market promotion expenditures generally do not capture the costs associated with regional or provincial government promotions.

COMPETITORS' 1998 EXPENDITURES ON AGRICULTURAL, FORESTRY AND FISHERY PRODUCTS EXPORT PROMOTION

Country	Government Funding	Industry Funding	Total
	------------$US millions------------		
European Union-wide	43.0	0.0	43.0
Denmark	4.5	8.7	13.2
France	6.5	48.0	54.5
Germany	0.0	15.8	15.8
Greece	18.0	5.0	23.0
Ireland	9.7	9.2	18.9
Italy	27.3	3.1	30.4
Netherlands	4.5	97.4	101.9
Spain	33.5	22.5	56.0
United Kingdom	9.2	12.9	22.1
EU TOTAL	156.2	222.6	378.8
Argentina	4.4	0.0	4.4
Australia	0.3	109.6	109.9
Brazil	17.3	41.0	58.3
Canada	9.5	9.5	19.0
Chile	4.7	6.4	11.1
Malaysia	0.0	29.3	29.3
New Zealand	8.6	346.8	355.4
Thailand	5.5	0.0	5.5
South Africa	N/A	N/A	N/A
CAIRNS GROUP TOTAL	50.3	542.6	592.9
China	0.5	0.0	0.5
India	10.0	1.0	11.0
Japan	2.8	0.0	2.8
Korea	7.9	0.0	7.9
Norway	0.0	26.0	26.0
Taiwan	1.0	0.3	1.3
Turkey	2.0	N/A*	2.0
OTHERS TOTAL	24.2	27.3	51.5
TOTAL FOREIGN	230.7	792.5	1,023.2
United States	149.2	137.7	286.9

- EU numbers include expenditures for promotion within the European Union as well as for export promotion.
- 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.
- *Not available for 1998. Industry expenditure was $7.7 million in 1997.

Expenditures and Activities of Major
European Union (EU) Member Countries

Denmark

Principal Danish export 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, Austria, Sweden, Finland, the Middle East, Japan, and South Korea. Total government allocations to export market promotion in 1998 were $4.5 million; industry expenditures by the commodity boards were $8.7 million.

Danish Promotion Activity

Danish market promotion activities are funded primarily from producer levies and supplemented by partially rebated land and pesticide taxes, as well as a small appropriation from the legislature. These funds, which totaled about $89 million for 1998, are used primarily for domestic promotion. About $13 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 that is a subdivision of the Danish Agricultural Council.

Since 1995, the Danish Dairy Board has promoted exports only for Lurpak brand butter. The Dairy Board no longer has offices abroad. Promotion activities are directed toward the United Kingdom, Germany, and the Middle East, which account for 85 percent of Denmark's butter exports. In the United Kingdom, television advertising dominates the budget. Other activities are brochures distributed to households and store promotions. In Germany, the activities are concentrated around Berlin and northern Germany, where the distribution is best organized. Television advertising, consumer promotions, and trade activities are dominant. In Japan, participation in FoodEx is financed by these promotion funds.

The Federation of Danish Pig Producers and Slaughterhouses carries out pork promotions in the United Kingdom, Japan, South Korea, Germany, Austria, Sweden, and Finland. There is a total budget of $5.7 million with $3.3 million designated for bacon promotion in the United Kingdom. The purpose of the activities in the United Kingdom market is to support sales of Danish-branded bacon and other pork products. Television advertising features the slogan"Good bacon has Danish written all over it." Other activities include store promotions, demonstrations, posters, and labels, and study tours to Denmark for journalists. Similar activities are carried out in Japan and South Korea.

The Danish Marketing Board, under the Agricultural Council, maintains an office in Japan to assist its members with sales promotions, especially for dairy and pork exports. The office helps pork exporters in their campaigns and cheese exporters in their price negotiations. The board also partly finances Danish national pavilions at major food fairs. The annual budget is $2.2 million.

Competitor Activity

Denmark is a major agricultural exporter, and limits its imports of most agricultural products. The United States is by far the major supplier of products such as nuts and dried fruits (raisins and prunes), holding a market share close to 100 percent. 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, 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 exotic fruits and vegetables. Norway conducts seafood (salmon) promotions in Denmark.

France

Agriculture is a top priority in France. France intends to maintain its position as a world class competitor in food processing and agricultural products. 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). The French Ministry of Agriculture and Fisheries (MINAG) and SOPEXA, France’s major promotion organization, conduct many programs and draft legislation to promote French agriculture at home and abroad. In addition, the Compagnie Française d’Assurances pour le Commerce Extérieur (COFACE), a credit insurance agency, offers credit guarantees to exporters for market research, promotion, and participation in trade fairs in non-EU countries. Total French government allocations to export market promotion by SOPEXA for 1998 are estimated at $6.5 million; industry contributions to SOPEXA’s export promotion budget totaled $48 million.

French Promotion Activity

During 1996, the Ministry of Agriculture and SOPEXA continued 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, the French national market promotion agency, is a semi-private organization owned by the French government and agricultural and food organizations. SOPEXA’s funding comes from industry contributions (in some cases, generated from producer assessments) and the French government. SOPEXA’s total 1998 budget amounted to $99 million and went partly to operating and marketing activity expenses. SOPEXA’s total funding for export promotions amounted to approximately $55 million. SOPEXA’s budget for export promotions is supplemented by funds from the Ministry of Agriculture (11 percent) and individual commodity offices and food industry contributions (89 percent).

SOPEXA carries out almost all of agricultural export promotion activities. It has offices in 33 countries, including EU members, the United States, Canada, the Middle East (Saudi Arabia, United Arab Emirates), Eastern and Central Europe, Asia (Japan, China, Thailand, Vietnam), and Brazil. SOPEXA maintains a special delegation to the European Commission and has 177 employees in foreign countries.

SOPEXA promotes French wine and spirits, fresh and processed fruits and vegetables, dairy products, seafood, meat, and poultry products. Sixty-two percent of SOPEXA’s international promotion funds are earmarked for EU countries (25 percent for Germany, 20 percent for the United Kingdom), the United States (13 percent), and Japan and other Asian countries (15 percent). Activities include in-store promotions, media events, developing promotional material, and organizing international exhibits, trade missions, and seminars.

CFCE is a quasi-governmental organization established in 1943 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. CFCE target markets (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 the expenditures table of this report because its activities are more akin to the statistical activities carried out by other countries’ governments.

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 European Union. 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.

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 and Fisheries 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 lacking export promotion agencies often use their local embassies to conduct their promotion activities.

Non-EU countries promoting agricultural products in France include Norway, Israel, Morocco, South Africa, Argentina, Brazil, and Canada. Norway exports mainly seafood--especially salmon--and wood to France. The Norwegian Trade Council (NTC) is a private agency responsible for the promotion of Norwegian goods and services and funded by the trade. Israel and Brazil market primarily fresh fruits and vegetables and fruit juices. South Africa also markets fresh fruits as well as wine. All three countries conduct promotions directly through their French importers. Argentina and Canada promote a wider variety of products, including meat and milk powder from Argentina, 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 promotions. 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

German Promotion Activity

The primary market promotion organization is the Central Marketing Organization of German Agriculture (CMA). Another market promotion organization is the Wine Institute. Both are quasi-governmental (they exist because of legislation), autonomous organizations that conduct promotional activities for the domestic German market as well as for export markets. Since 1998, generic marketing for fish products has been carried out by the Fish Information Center. Funds of less than DM 1 million were generated from voluntary contributions by the fish industry. There are no governmentally run market development organizations in Germany, nor are there any national export subsidies, credit programs or transport subsidies for agricultural commodities. Some states have minimal budgets for export promotion.

The CMA has an estimated CY 1999 budget of $112.1 million. Expenditures for promotion are estimated at $82.6 million and consist of press and public relations, as well as domestic and export marketing. For 1999, the estimate for generic marketing totals $40.7 million. Marketing services include, among others, market training, market research, trade shows, sales promotion and PR, and funds are estimated at $25.5 million. Export marketing consists of expenditures for offices, export preparations, trade shows, sales promotion, advertising and special marketing and is estimated at $15.8 million. Approximately 70 percent of funds earmarked for export promotion is for promotion to other EU countries and 30 percent to third countries.

Competitor Activity

Germany is one of the world's top importers of agricultural and wood products and an attractive market. In CY 1998, Germany imported $44.9 billion (excluding pulp), of which about 61 percent came from other EU countries. The United States provided $2 billion worth, or about 4.3 percent.

Competitor market promotion activities conducted in Germany target other EU competitors, not the United States, whose market share in selected commodity groups is minimal. The United States dominates sales of oilseeds (primarily soybeans) and nuts (primarily almonds), for which there is a price/availability advantage over competitors. France is a major supplier of agricultural products valued at $7.1 billion in 1998, compared to $5.1 in the previous year. SOPEXA, the French market promotion organization, has an office in Düsseldorf. Promotion activities focus on wine, cheese, meat, fresh and dried fruit, vegetables and seafood. The French budget in 1998 for promotion including trade shows in Germany was DM13.88 million (US$7.9 million) compared to DM22.3 million in the year before.

Italy promotes its agricultural products, mostly wine and olive oil, through the Italian Institute for Foreign Trade (I.C.E) under the auspices of the Italian Trade Commission. Spain’s Instituto de Comercio Exterior (ICEX) is the state promotion arm for agricultural products. In Germany, ICEX promotes oranges, wine and some vegetables. Bord Bia, the Irish Food Board, a semi-state organization, promotes Irish foods and drink. In Germany, it focuses on promoting Irish beef, pork, and lamb products. The Norwegian Seafood Export Council (EFF), the Norwegian fisheries industry’s combined marketing and information agency, aims to increase interest for and awareness of Norwegian seafood in Norway and the rest of the world. Germany imports 80 percent of total consumption of raw fish and fish products. Norway supplies most of Germany’s demand for fish, 75 percent of which is for salmon.

Greece

The agricultural sector, and the food and beverage sector in particular, is the highest foreign exchange earner of the Greek economy, with exports accounting for at least 30 percent of total Greek exports. Most promotional programs and trade exhibitions are handled by the Hellenic Foreign Trade Board, a quasi-government organization, which devotes about $18 million per year to agricultural export promotion. The Board is funded by national and private funds. Private funds cover 20 percent of its expenditures. The Board covers the 55 percent of the booth cost at trade fairs. The remaining 45 percent is covered by individual companies that participate in the Greek National Pavilion (which is organized by the Board). However, some EU funds are occasionally used when the Board participates in EU-funded promotional activities for specific products, such as olive oil. .

The agricultural sector is a vital part of the Greek economy, and many domestic and EU policy decisions revolve around the objective of protecting and promoting agricultural production in Greece. Greece seeks to promote those products, in which it has a comparative advantage. Olive oil, wine, ouzo, and some food products, such as feta cheese, are promoted in Europe and the United States. In CY 1998, total Greek imports amounted to $28.6 billion, of which $4.6 billion were agricultural products. Total exports for the same period were $10.3 billion, of which $3.5 billion were agricultural products

Olive oil is promoted through the Promotional Committee of Standardized Olive Oil and the Hellenic Foreign Trade Board. The last promotional olive oil campaign ended in September of 1998. Since that date, no EU funds have been received for the olive oil promotion. Individual exporters and the associations handle a budget of $300,000 to promote the olives and olive oil abroad.

The Hellenic Foreign Trade Board organized a promotional campaign for fresh fruits in 1999 totaling $300,000. In particular, table grapes and peaches were promoted to England, Germany, Poland, Holland, and Hungary. The promotional campaign included in-store promotions, distribution of pamphlets, tasting events and articles in newspapers. Leather goods are promoted through the Board as well. With a budget of $483,000, the Board, in cooperation with the Greek Leather Center, will implement promotional activities including fair participation, sampling, and advertisements in various countries including Sweden, Saudi Arabia, and others. In the future, commodities like fish, dairy products, and sultanas will be included on the list.

Credit Program

Greek law 1796/88 established the Organization for Insurance of Export Credits. This non-profit organization, governed by a 9-member committee under the Ministry of National Economy, has a budget of $100 million. Under its Memorandum of Association, the organization may insure up to 90 percent of the product value. The organization provides two types of insurance:

1) Type A: Single shipment: insurance of specific shipments going to specific recipients, or specific countries,

b) Type B: Global: insurance on an annual basis for all shipments and all destinations.

Insurance procedures require exporters to complete an application to the organization, including the specifics about the foreign importer. The application takes 5 to 6 days to be considered. After this period, the organization announces to the exporter the terms of the agreement and, if both sides agree, the insurance contract is prepared and signed.

Ireland

The Irish Food Board and producer organizations carry out Irish market promotion activities. Government spending on agricultural export promotion, including money from EU regional support funds and producer levies, totaled $26.3 million in 1998.

Governmental Promotion Organizations

In late 1994, the Government of Ireland (GOI) created the Irish Food Board, An Bord Bia, since renamed Bord Bia (BB). The organization promotes the Irish food industry both in Ireland and overseas. BB 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); and the food export portfolio of the Irish Trade Board (ABT). BB eventually will assume the marketing functions of the Fisheries Promotions Board (BIM). BB is developing its export marketing strategies and is beginning to cover other aspects of the food industry such as niche markets, speciality, and convenience foods. Since a high proportion of BB's income comes from levies from meat producers, promotion of meat exports still dominates its agenda.

BB's total budget in 1998 was $26.3 million. The funding came from a number of sources, including $9.3 million from the GOI, $7.7 million from the EU, and $6.2 million from producer levies.

When BB assumed the responsibilities of the Meat and Livestock Board, it was also granted the statutory powers to continue to collect producer levies, which are based on the number of animals slaughtered or exported live from Ireland.

BB is based in Dublin, with offices located in London, Dusseldorf, Paris, Milan, Madrid, and Moscow. The overseas offices primarily promote Irish meat exports. However, offices are increasing support to individual export firms, and developing export initiatives for other food producers.

BB's market development activities include participation at the main EU-based trade shows, and in-country retail promotions, such as supermarket tastings. BB also hosts trade missions to Ireland from all markets. These missions have been instrumental in securing trade with North African and Middle Eastern countries, in particular.

BB provides a range of services, including market intelligence, development of buyer/supplier links, quality improvement programs, and promotional initiatives. Financial assistance is made available to food companies, covering up to 50 percent of specified marketing improvement initiatives. Irish embassies and diplomatic missions also actively promote Ireland as a place where good, quality food is produced.

The Irish Horticultural Board's (ABG) primary function is to increase production and exports. While it was involved in the promotion of exports prior to the arrival of BB, much of its work seems to have been in market research, rather than trade promotion.

In 1998, ABG received government grants of $2.3 million. Most of these funds are spent on general activities, such as education and producer workshops, and not directly on export promotion.

The Irish Fisheries Board (BIM) is a State agency with responsibility for the overall development of the Irish fishery industry. Its market development section aims to develop and expand both the domestic and export markets for Irish fish and fish products. It is not directly involved in export sales, but it can be involved with individual exporters from initial contact through to final sales. BIM staff often attends trade shows, mainly in the EU, jointly with exporting firms. BIM's overall grant from the government was $14.3 million in 1998. About $428,000 is annually used in export market development. This includes expenditure for market research as well as for trade show participation.

Industry Promotion Activities

Until 1972, the Irish Dairy Board (IDB) was fully owned by the Government if Ireland. Following Ireland's accession into the European Economic Community (now the European Union), the IDB became a cooperative, whose members consisted of Irish dairy cooperatives. The IDB remains a cooperative, and is self-funding.

Early on, the IDB was responsible for most Irish dairy product exports. Recently, some 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 in the various product formats.

The IDB finances operations from its export sales profits, and from a levy based on the members milk throughput. The GOI is not involved in setting, collecting or spending these levies. As a cooperative involved in exporting, the IDB receives a number of tax breaks.

The IDB promotes its products, which retail under the "Kerrygold" brand name, in several ways. These include tastings, competitions, in-country TV advertising, and by exhibiting at major trade shows worldwide, often under the umbrella of BB.

The IDB is the largest exporter of Irish dairy products, and owns a number of subsidiary companies in Europe and the United States. The turnover of the group was $2.0 billion in 1998.

The Cereals Association of Ireland (CAI) represents both cereal growers and the grain trade in Ireland. It is self-funding and non-profit making.

The Irish Forestry Board (IFB) is a semi-state agency that manages state forests and related commercial activities. It aids lumber exporters with market research.

Details on export promotion expenditures are not available for either the CAI or the IFB.

Italy

The Italian Trade Commission (ICE) is the national agency responsible for developing and implementing Italy's international export promotion programs. The ICE has been restructured several times, as the Italian government has begun moving much of the control and promotional funding to the 20 regions. For the last several years, a large portion of the promotional funding has been given directly to the regions, although the majority of the international programs being conducted are still organized by the ICE. In 1998, almost one quarter of Italy's $30.4 million agriculture export promotion funds were targeted at maintaining and increasing farm exports, currently valued at about $1.5 billion to the United States.

Italian Promotion Activity

ICE's promotional activities include trade shows, ad campaigns, wine and food tastings, and public relations activities. To strengthen the effectiveness of the ICE, final details are being worked out on a law providing a three-year budget (2000-2002) of between $65 million and $81 million.

ICE originated the "Made in Italy" slogan and has used effectively world wide. The slogan also is used domestically to reflect pride in Italian food products and a belief in their high quality and safety. International, Italian food products are in vogue in many countries, both for their quality and taste as well as the reported health benefits of olive oil and red wine. ICE's goal is to encourage restaurants to use authentic Italian products, and to increase consumer sales by targeting promotional activities at the major grocery store chains.

Funding for ICE comes from several sources. The Ministry of Agriculture, in its budgets for 1998/1999 and 1999/2000, of 10 billion lire ($5.4 million). Funding will increase to 15 billion ($8 million) in 2000/01, but return to 10 billion lire in 2001/02. The funding is for promotion of appellation of origin products, as well as organic goods. About one - third of the money is spent on wine promotions, with the rest going to meats, cheese, and some processed products. The main targets are the United States, Canada, Japan, Sweden, and Denmark. The Ministry of Foreign Trade allocated about 6 billion lire ($3.2 million) to ICE in both 1998 and 1999. This budget will increase to at least 12 billion ($6.4 million) annually beginning in 2000. Funds are spent almost entirely on trade fairs, where participation of small- to medium-sized companies is subsidized. The main market for these funds is in the United States with some money going to Canada, Germany, and France.

Government and private funding are used. ICE has annual government funds in the amount of 5.8 billion lire ($3.1 million) to co-sponsor with private companies on a 50/50 basis, generic "quality" food products through promotional events, workshops, and point of sale promotions. Advertising programs are also funded. The budget is expected to increase to 7.7 billion lire ($4.2 million) in 2001, and 8.6 billion lire ($4.6 million) in 2002. Ministry of Trade and Regional funding is provided. In a "program agreement," ICE has 8 billion lire ($4.3 million) available for promotion of regional products with matching funds coming from the regional budgets.

This budget was expected to increase to 13 billion lire ($7 million) in 1999 and 14.5 billion lire ($7.8 million) in 2000.

Regional Government Promotions

The 20 regions have an estimated 50 billion lire ($27 million) available for promotional activities. Expenditures are not tracked nationally and in general, the regions are not willing to provide budget information. Based on trade contacts, FAS estimates that approximately 50 percent of the funds are spent domestically. Of the remaining 25 billion lire ($13.5 million), 8 billion lire ($4.3 million) is used for the co-funding of projects with ICE described above. The balance of 17 billion lire ($9.2 million) is spent in regionally controlled promotional programs, including advertising trade fairs in Europe, workshops, and promotional items. FAS estimates that approximately $1.8 million is used to target markets in the United States, mainly through advertising and some participation in trade fairs.

On average, about 25 percent of the total promotional budget is spent for fresh produce, 20 percent for wine and beverages, and the remaining 55 percent for processed foods. The main target for the promotional activities is the United States where approximately 20 to 25 percent of the funds are spent. Japan and Germany are the next largest markets. Activities in other European countries, and some activities in Canada, account for the remaining funds. The main products promoted by ICE are Parma and San Daniele cured hams; Parmigiano and other hard cheeses; wines; olive oil, and fresh fruits and vegetables, to the other latter EU countries.

ICE has trade offices in New York, Chicago, and Atlanta, but only the New York office with approximately 10 employees involved in agricultural promotion handles agricultural products. It is FAS estimates that the agriculture-related component of the ICE New York office costs about $1 million per year.

Italy participates in all available EU programs in the Common Agricultural Policy (CAP). Export subsidies, particularly for canned fruit, are included in these programs, but are based on reimbursement of the higher-than-world-average cost of some inputs as opposed to direct subsidies to the end user. Italy does not provide any national export subsidies or credit programs.

Competitor Activities

SOPEXA, the French national market promotion agency, has by far the most active market promotion program in Italy. With an office of 6-8 people in Milan, SOPEXA participates in most Italian food trade shows organizes press and ad campaigns, and organizes in-store food promotions.

Many SOPEXA programs in Italy are co-funded by exporter associations or private companies. The focus of the programs in the past several years has been on French beef, and the safety of the French food inspection system, following concerns over Bovine Spongiform Encephalopathy (BSE) in British beef sometimes known as ‘mad cow’ disease, is a disease of cattle first identified in 1986. Beef consumption, while not back to pre-BSE levels, has recovered; SOPEXA can be expected focus to other activities.

SOPEXA also has a strong connection to many of the major wholesale and retail food chains. Auchan, a French chain, is present in Italy, and several retail chains have French partners. As a result, French food products are readily available in Italy. Many chains work directly with the French companies for in-store promotions, but SOPEXA also get involved in generic promotions.

Most other EU member states also promote their products in Italy. After SOPEXA, Germany's marketing organization, CMA, is probably the most active. This organization has two offices in Italy and mainly promotes meat, dairy products, juices, beer, and wine. CMA also participates in many of the food shows and works closely with the large retail and wholesale food chains.

The Netherlands

The Ministry of Agriculture, Nature Management, and Fisheries is the only government agency promoting Dutch agricultural products, with a 1998 budget of $4.5 million. Almost half of its budget is used to organize agricultural product exhibitions, primarily trade fairs. Advertising and in-store promotions account for about 15 percent. Other activities include buyers' missions, trade contact meetings, market research, and publications. Dozens of other private and publicly supported trade organizations carry out export market promotion activities as well. The total budget of these non-government organizations is estimated at $97.4 million for 1998.

Dutch Export Promotion

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.

The Dutch Dairy Product Board is the largest agricultural export promotion organization. The 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 promotions. The Dairy Bureau promotes primarily cheese, and has a small budget for butter promotion. Most of the export promotions are directed toward other EU member states.

Greenery International, which replaces the Central Bureau for Horticultural Auctions in 1996, promotes of fresh fruits and vegetables. Greenery International has annual sales of $1.5 billion; 13,000 grower members; and controls over 75 percent of the Dutch fruit and vegetable auction sales. A few months after the Greenery was launched, it announced a reorganization in which 350 auction staff were eliminated and 110 staff were hired for information technology and marketing. Revenues for Greenery International originate from levies on producers computed at the various fruit and vegetable auctions throughout the Netherlands. The Greenery stresses the quality and freshness of the products in its advertising and trade promotions, which are concentrated in Germany and the United Kingdom. About one-third of the budget is used to promote tomato exports. Greenery is working hard to regain market share that has been lost to other producing countries, especially Spain, Italy, and Morocco, and to improve the perception of quality of Dutch tomatoes among foreign consumers.

The Information Bureau for Meat promotes the export of fresh and canned meats, as well as meat by-products. The Product Board for Meat and Livestock obtains its funds through levies on slaughtered animals. Most of its budget is used for generic promotion of Dutch meats through trade missions from other EU member states, particularly 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 promotional budget is spent in Germany, France, Italy, Belgium, and the Netherlands. Promotional 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. German food and beverage promotions are administered in the Netherlands by CMA. 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 is a major player in the Dutch wine market, accounting for approximately 43 percent of the market. French generic wine promotions in Holland have visibly decreased. However, French wine promotions are carried out with larger retailers. German wines account for 12 percent of the Dutch market. The German and Spanish wine industries conduct a number of wine tasting and fairs each year, and sponsor wine trips to Germany and Spain. Germany offers top - quality promotional materials which can be adapted to meet a particular retailer's needs.

Fruit and vegetable products are regularly promoted in the Netherlands, usually with the assistance of foreign marketing boards. Products typically promoted include New Zealand kiwi fruit; South African apples, table grapes, peaches, and citrus; Israeli citrus, other fruits and vegetables; Chilean apples, pears and, table grapes; French fruits and vegetables; and Spanish and Moroccan citrus.

Spain

Agricultural products are an important component of Spain's external trade, accounting for about 15 percent of total exports and valued at $17.7 billion in 1998, the government places importance on promoting agricultural products. ICEX, Spanish Foreign Trade Institute, is an agency of the Ministry of Commerce and Tourism, which is the government agency responsible for promoting agricultural fishery and forestry exports. Some Spanish regional autonomous governments have trade promotion offices that cooperate with ICEX. The government of Spain's overall budget for trade promotion of agricultural and food products was about $33 million for 1998.

Spanish Promotion Activities

ICEX sponsors and participates in trade fairs, point-of-sale promotions, market research, trade missions, training, and provides direct assistance to exporters. The Institute runs 11 promotional centers aboard. Seven of these promote food and beverages, and are located in New York, Toronto, Dusseldorf, the Hague, London, Paris, and Milan. ICEX also promotes agricultural products through 80 trade offices world wide. ICEX does not provide any direct funding to individual companies or organizations'. The programs are "coordinated" with these groups and tend to be generic.

In 1998, ICEX participated with official pavilions in 19 international food promotional events around the world, including the U.S. Fancy Food Shows in New York and San Francisco, SIAL in Paris, and FOODEX in Tokyo. ICEX also sponsored a number of trade missions in the dairy, meat, and canned fruit and vegetable sectors. The Institute relies on advertising and point-of-sale promotions for fresh fruits and vegetables, and for olive oil. During 1998, the ICEX budget emphasized promotional activities for meat -- particularly Serrano ham and sausages; wine; processed foods, -- mainly canned fruits and olives; canned fish; fresh fruits and vegetables; dairy products – mainly Manchego cheese; processed forest products -- mostly furniture; olive oil; and nuts.

The Madrid-based International Olive Oil Council (IOOC) promotes 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 EU government through payment of its IOOC membership dues.

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 ONIC. 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 fish; Germany's CMA promotes cheese. Portugal promotes wine, processed foods, and dairy products. Forest products are promoted by Canada and Scandinavia. Iceland, Norway, Sweden, and the Faeroes and the Falkland Islands also promote fish.

United Kingdom

Food from Britain (FFB), a quasi-governmental agency established in 1983, coordinates U.K. efforts to promote domestic and export sales of agricultural products. FFB employs about 65 full-time staff--25 in London and the rest in its overseas offices. Food from Britain's budget for 1998/99 was about $ 21.5 million, of which about 43 percent came from the government. Industry membership fees, consultancy fees, third-party contributions to marketing projects, publication sales, and exhibition fees account for the remainder of FFB's budget.

U.K. Government Promotion

Food from Britain maintains offices in Belgium, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Switzerland, Portugal, 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.

FFB offers export marketing and promotion services to the entire U.K. food and beverage industry. FFB activities include:

- Trade shows and buying missions, for which FFB receives about 60 percent of staff travel costs from the Department of Trade and Industry;

- Overseas in-store promotion assistance to U.K. exporters, with FFB putting the exporters in contact with the store so it can arrange a product promotion.

- Export consultancy services to U.K. exporters through FFB’s London headquarters as well as overseas offices; and

- Export seminars, conducted throughout the United Kingdom, focusing on specific export regions and markets, and featuring presentations by FFB directors.

Food from Britain receives financial support from the Government's Department of Trade and Industry (DTI) for pavilions at international trade shows covering 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 U.K. 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. MAFF does not provide any direct funding to British agricultural companies.

Producer Promotion Organizations

The U.K.'s first Horticultural Export Bureau (HEB), was opened in Louth, Lincolnshire, in 1996. At that time, funding for the 2.5-person Bureau included a three-year grant of $247,500 (BPS 150,000) from MAFF's Marketing Development Scheme budget with matching funds from the industry in the form of membership fees. The bulk of the MAFF grant went to set up the Bureau. Following lengthy consultation with its members, HEB reverted to a member-owned association in 1998. The Bureau, now operating under the name HEB (Members Association) Ltd, has approximately eight full members, each paying a membership fee of $6,386 (BPS 3,870). Associate members, who pay a membership fee of approximately $330 (BPS 200), have access to the Bureau's data base. Activities conducted by HEB for its full members include attending key European trade shows, buying missions and individual projects for its members.

British Cereal Exports (BCE) spent an estimated $550,000 to promote cereal exports in 1998/99. BCE's staff of four used its 1998/99 budget of $550,000 (BPS334,000) to inform overseas buyers of the quality and availability of U.K. grain; to attend trade shows to increase the profile of U.K. cereals; and to organize trade missions to open up new markets and maintain current export markets. Efforts concentrated on EU markets and China, the latter being a potentially important destination for U.K. malting barley. BCE is solely levy-funded with no government contribution.

The Meat and Livestock Commission (MLC) promotes beef, pork, lamb and other red meats. FAS estimates MLC's promotion budget at $35 million in 1998/99, with most funding directed at domestic markets. MLC is funded almost entirely through producer levies.

The Scottish Salmon Board promotes Scottish salmon in the U.K. and abroad. In 1998 its promotion budget was approximately $2.5 million, $825,000 of which was spent outside of Great Britain. The Board conducts promotional campaigns aimed at retailers and wholesalers.

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 specific budget information is available. France, Germany, Australia, New Zealand, Chile, and South Africa promote wine in the U.K. Denmark, New Zealand, and the Netherlands promote meat exports. France, New Zealand, the Netherlands, and South Africa promote 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 financed by producers. All of these countries also participate in trade shows, and some, such as Canada, France, Chile, and Israel, also use in-store promotions.

A number of third-country trade associations and government bodies promote forest products in the U.K. These include the Malaysian Timber Council, which has an office with more than five 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
Cairns Group Countries

Argentina

Argentina maintains two national export promotion programs that emphasize processed or high-value products, primarily through trade fairs and trade missions. The chief government-assisted programs are PROMEX (Non-Traditional Agricultural Exporters' Program) and Export-AR (a Foreign Ministry program to encourage exports by small firms). Promotion funding for these two programs was $4.4 million for 1998. Several provincial governments also run programs emphasizing key regional products; however, these programs are much smaller. They often work with the two national organizations to do activities. Argentina is developing a strategy to capitalize on increased consumer interest in wholesome foods by promoting its products as "natural". Argentina developed the marketing theme "Argentine Food--A Natural Choice" several years ago, and continues to use it in most of its promotional activities. Because organic production is growing, that sector receives increased funding emphasis. Major markets for export promotions are the United States, Europe, Latin America, and Asia, especially Japan.

Argentine Export Promotion

Promex, an agency of the Secretariat of Agriculture, has helped promote a narrow range of products--such as fish, spices, fruits and vegetables, wine, flowers and animal products--by partially subsidizing attendance at international fairs and providing market information. Formally, these funds were targeted at small businesses, but recently, the program has been adjusted to assist more products, these include apples, organic products, pears and beef, produced by larger companies. Helping these other industries export benefits the country. However, small industries still receive priority. Promex also works with regional organizations, such as ProMendoza, located in the province of Mendoza, to promote regional goods in foreign markets, and with MAPO, the organic organization. Promex invites international brokers to Argentina to visit smaller local firms that would not be able to travel to other destinations to promote their wares. Due to inherent risk, Promex concentrates on expanding exports of products already present in a given market, consulting with the private sector as to which products have the best potential in a foreign country.

Promex has received loans from the World Bank since 1992, but the funding terminated recently. The program may be supported only by Argentine government funding, unless additional international loans are secured. Promex pays all actual show costs, such as stands and show services, but does not pay travel costs for officials of participating companies.

Funds are allocated to those industry groups or individuals 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 eight people in Buenos Aires.

Export-AR is a government/private sector program administered and funded by the Ministry of Foreign Affairs. It promotes exports of all Argentine products, including agricultural goods. Export-AR has 55 offices throughout Argentina, with market database links to 108 diplomatic offices overseas, as well as six Export-AR offices covering the United States, Europe, and Brazil. Export-AR purchases space for exhibitors. At trade shows, exhibitors pay for travel and living expenses. Export-AR services include 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.

Promex and Export-AR are for export promotion only. Argentina does not have official or private organizations dedicated to promoting domestic consumption of agricultural products. Producers are not required to contribute funds to either public or private institutions for market promotion in either domestic or export markets.

Argentina does not operate any other export expansion programs. However, farm groups have discussed the possibility of creating, together with the Argentine government, checkoff programs to promote dairy and beef exports. As currently presented, the funds created by this program could reach $12 million for each product, financed by the processors and farmers. The beef program has been in discussion for three years, but has not been activated.

Competitor Activity

Promotional activities by foreign countries are expanding particularly by Mercosur members. Argentina has one of the highest GDP's in South America, at nearly $9,000 per year. The food distribution sector is modernizing rapidly, which is allowing greater introduction of imported food products.

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

Market promotion activities by other countries consist of trade missions, supermarket promotions and participation in food shows. Supermarket promotions are becoming more common. Germany, for example, sponsors a show annually, featuring one of the top retailers. Because of the high cost of advertising and promotion in Argentina, substantial funds are needed to conduct the event.

Food shows are the most common and cost-effective way to introduce and expand the presence of imported foods in Argentina. Many countries participated in SIAL Mercosur 99, an international food show held in Buenos Aires, and organized by SIAL/Paris and the Council of Food Manufacturers of Argentina (COPAL). Exhibitors and visitors agreed that this show was very successful in providing an opportunity to promote their products and develop business contacts. The success of this show demonstrates how dramatically the situation has changed in Argentina and the Mercosur countries for trade in food and beverage products. Government-assisted country pavilions included those from Spain, France, Germany, Italy, Canada, China, and Thailand.

Australia

Australia’s international competitiveness is linked to improvements in productivity and producers’ ability to respond to market signals. Emphasis is given to the development of nearby Asian markets, and to high-value and quality-differentiated bulk products. Exports account for a significant portion of the value of agricultural production, over 70 percent for many commodities, and the focus of government and industry attention is on the export market. Australia is seeking to promote itself as a "Clean - Green" producer.

Australia does not directly subsidize agricultural exports. Some statutory marketing authorities practice differential pricing. Australia does provide low-cost financing to support export activities, to assist in the identification of market opportunities, and to develop export strategies, and provides export credit guarantees and insurance.

Market Promotion Organizations and Their Programs

Support for export market development in Australia is widespread, provided primarily by producer-based organizations, and funded by a grower levy collected under statutory authority. Many organizations receive government funds, but these funds are not necessarily directed toward export promotion activities.

The Supermarket to Asia Council was established in 1996 to increase Australia’s food exports to Asia. The Council brings together government and industry leaders, who work to maximize Australia’s food export potential to Asia. Supermarket to Asia’s mission is “To grow Australian food sales to Asia and increase the number of exporters by developing a market-led export culture, removing barriers, building points of product difference and improving competitiveness through the chain.” The Supermarket to Asia Council identifies and addresses impediments to growth, both domestically and in export markets. Programs are designed to complement government and industry initiatives. The mandate of the Supermarket to Asia Council 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.” Funding of $8.9 million was allocated for the three years from 1996/97, including $0.91 million in new funding for 1997/98.

The Australian Wheat Board (AWB) markets and sells Australian grain to more than 50 countries and 100 individual customers. The AWB has developed an Australian brand of wheat for virtually every wheat flour use; within brands, it offers customers more than 50 different products, each targeted to a specific end use. In 1999, the AWB underwent transition from a statutory authority to a grower-owned and controlled company operating under Australian Corporations Law. The AWB continued to implement its long-term strategy of securing demand for Australian grain through a market presence in every regional and country market through customer service, professional development, and Australian grain industry orientation initiatives. Highly targeted international promotion and development programs continued to competitively position AWB and Australian grain by establishing and reinforcing a commitment to deliver “quality grain made to order.” Promotional programs undertaken in 1997/98 included a marketing symposium in South Korea, participation in a milling conference and trade exhibition in Bahrain, and a marketing forum in the Middle East. The AWB is involved in joint venture projects in Indonesia, China, Egypt, Vietnam and Japan. Customer and technical servicing visits were made to South Korea, China, Indonesia, Thailand, Vietnam, and Malaysia. Technical presentations were carried out for customers in Bahrain, Egypt, Iraq, Jordan, Lebanon, Oman, Qatar, and the United Arab Emirates. Customers were also visited in Turkey, Switzerland, Kenya, Tanzania, and Zimbabwe.

The Australian Meat and Livestock Corporation (AMLC) exists to improve the production of Australian meat and livestock, to protect market access, to insure the best possible delivery of the product, and to encourage the consumption of meat. The AMLC focuses their efforts in Japan, the United States, South Asia, Europe, and the Middle East.

The AMLC follows a two-pronged strategy for beef marketing. In Japan during 1997/98, the AMLC targeted the fast-growing food service sector, and created a flagship brand--Tokusen Aussie--to reposition quality Australian beef with consumers. The program used advertising, direct mail, seminars, trade missions, and trade shows to maintain trade support and promote Australia's food safety system. The AMLC's marketing for lamb focused on trade missions, and programs for chefs to cement a preference for Australian lamb. In the United States, the AMLC concentrated on convincing major fast food chains and patty makers that were not using Australian beef to include Australian beef. This promotion was carried out through a direct mail campaigns. For sheep meat, the campaign sought to increase sales to mid-scale and upscale restaurants, using trade print media advertising, direct mail activities, trade shows, chef tastings, and public relations support. In Korea, promotional activities for beef were conducted in the retail and food service sectors. In-store promotions were also used weekly. The food service program encouraged restaurants in the rest of South Asia to use a wide range of Australian beef through culinary competitions, hotel promotions, and publications. Australian exporters also joined AMLC at major food fairs in Malaysia, China, Singapore, and the Philippines. Many AMLC publications are produced in several languages for South Asia. AMLC hosted trade missions to Australia by chefs and retailers from Indonesia, Malaysia, Taiwan, and Hong Kong, and conducted seminars in the Philippines, Vietnam, Hong Kong, Indonesia, and Singapore. Lamb was featured in trade seminars as well.

The Australian Dairy Corporation (ADC**)** focuses on maximizing overseas trade and market access opportunities and reinforcing trade access gains by promoting Australia's image as a reliable supplier of quality products. The Corporation is funded by the Australian dairy industry and by its own trading activities. No funds are provided by government.

Trade access activities remained a high priority for the Corporation and industry in 1997/98. That year, Corporation staff worked closely with government and industry representatives on a number of initiatives aimed at securing, or maintaining, improved access conditions for Australian dairy exporters. Activities were focused on Japan, Korea, and other Asian countries.

The Australian Horticultural Corporation (AHC**)** is funded by participating industries through statutory levies and export charges imposed at the request of those industries. Government funding for the AHC was withdrawn in July 1997.

"Australia Fresh" has been running since 1995; the campaign identifies Australian-grown products. In April 1998, a new positioning statement "Australia fresh is Australia's best and represents Australia's best- quality produce and Australia's leading exporters," was developed. Citrus promotions targeted Asian countries, as well as New Zealand. The industry increased efforts after the Asian economic crisis to demonstrate the commitment of Australian apple and pear exporters to these established markets, while working at developing relationships in revisited and emerging markets. AHC held trade receptions to launch the apple and pear seasons, and the promotional support programs in Singapore, Malaysia, Hong Kong, and Indonesia. The AHC coordinated the stone fruit industry's first export promotional program, which ran in Taiwan in 1998, and the first major international promotion for Australian macadamias in Germany, in mid-1998.

The Australian Wine and Brandy Corporation (AWBC**)** promotes and controls the export of grape products from Australia through product promotion both in Australia and overseas. The AWBC 's mission statement is "To enhance the operating environment for the benefit of the Australian wine industry by creating national and international market environments in which wine producers, individually and collectively are able, through their own initiative, to achieve maximum long term demand for their products and to do so in consultation with industry and in the most cost effective way." AWBC's Vision 2025 strategic plan targets A$2.5 billion in annual export wine sales by 2025, significantly up from the current level of A$813 million. The corporation's strategy emphasizes the growth of existing export markets such as the United Kingdom and the United States, together with development of new markets, including Asia. The goal is to increase exports from the current 40 percent of production to 70 percent of production by 2025.

Australian Wool Research and Promotion Organization (AWRAP**)** was established by the Australian Wool Research and Promotion Organization Act 1993. AWRAP is funded by Australian wool growers. All activities are carried out under the name International Wool Secretariat (IWS). In 1998, IWS International changed its name to the Woolmark Company Pty Ltd. To help increase worldwide demand for wool, AWRAP uses brand marketing, international consumer advertising campaigns, and merchandising and joint promotions with retail partners. Through partnerships with leading retailers, new types of Easy Care Wool products, such as machine-washable knitwear, were promoted at retail outlets with specially developed merchandising material, store displays, and care leaflets. Partnerships with laundry product manufacturers were also developed. The Woolmark now appears on over 150 million units of domestic detergent products a year.

The Australian Trade Commission (Austrade**)** is a business-focused statutory authority within the Foreign Affairs and Trade portfolio. Austrade is dedicated to helping Australian businesses - particularly small and medium enterprises (SMEs) find export and investment opportunities overseas, through the resources of its offices in Australia and in over 90 cities around the world. Austrade works closely with the Department of Foreign Affairs and Trade to enhance exports, and with the Department of Industry, Science and Tourism to attract investment to Australia. Austrade's Export Finance Assistance Programs provide financial assistance to encourage small and medium Australian businesses to seek out and develop export markets. It does this principally through export market development grants.

Brazil

After eight years of economic and trade liberalization, Brazil has changed from a net exporter to a net importer with an overall trade deficit of $6.4 billion in 1998. This shift has forced business and government leaders to rethink their export strategy. In 1998, they developed a national export strategy called the Special Export Program (PEE, in Portuguese).

Government and Quasi-Government Export Promotion Programs

The PEE is designed to increase exports through a joint effort between the public and private sectors. It addresses 58 sectors of the economy, including 15 related to agriculture, food, and forest products. A Foreign Trade Board (CAMEX) was created to coordinate the functions of foreign trade under the responsibilities of several Ministries. CAMEX is under the Office of the President.

The Brazilian Ministry of Agriculture and Food Supply (MAA) has a goal to specifically increase agricultural and food product exports. The 15 priority sectors for export promotion are sugar and alcohol, coffee, soybean oil and meal, beef, pork and poultry, fruits (mostly tropical fruits), orange juice, tobacco, rum, wine, chocolate and confectionary, wood products, furniture, and hides and skins. FAS estimates that the Brazilian government's export promotion budget for 1998 was US$17.3 million, a substantial increase over previous years' budgets.

Market Promotion Organizations

In 1997, the Brazilian government created a new National Export Promotion Agency (APEX), aimed at promoting Brazilian products overseas and bringing more small- and medium-size businesses into the export business. APEX began work in 1998, with a special fund of $50 million to be allocated on a yearly basis.

Several export market development trade organizations work with APEX. These include ABEF (Brazilian Poultry Exporters Association), ABECS (Brazilian Pork Exporters Association), ABIEC (Brazilian Beef Industry and Exporters Association), IBRAF (Brazilian Fruit Institute), ABICAB (Brazilian Cocoa and Confectionery Manufacturers Association), ABIMCI. (Brazilian Plywood Industry and Exporters Association), ABRABE (Brazilian Beverage Association), CICB (Confederation of Brazilian Hides and Skins Industries), ABECITRUS (Brazilian Association of Orange Juice Exporters), ABIOVE (Brazilian Association of Oilseed Crushers), and SRB (Brazilian Rural Society). Matching funds provided by APEX cannot be over 50 percent of the total export promotion budget of each organization

The Brazilian government does not provide direct subsidies to exporters, but does offer a variety of tax and tariff incentives to encourage production for export, and to encourage the use of Brazilian inputs in exported products. Although most of these incentives are for the production of durable goods for exports, processed and semi-processed agricultural products have also benefitted from these incentives. The best estimate for the total value of subsidies on goods incorporated into export products of agricultural origin is $850 million during 1998.

Competitor Activities

Brazil is not only a major exporter of agricultural and food products ($17 billion in 1998), but it is also a major importer ($6 billion in 1998). Foreign competitors have increased their market promotion activities in Brazil, including diplomatic and trade missions, and trade shows. There was a slowdown in promotional efforts by the United States' major competitors in 1998 due to the uncertainties generated by the poor economic performance of the country. U.S. competitors are now more selective in trade show participation, and have concentrated their marketing efforts on niche markets and specialty products, such as wine, cheeses, frozen vegetables, nuts, temperate fruits, such as apples, pears and stone fruits. Mercosur, principally Brazil, has been declared a priority country for trade expansion activities by France, Germany, Great Britain, Netherlands, Spain, and Italy. These countries have staged high-profile trade missions to Brazil. Argentina and Chile also have targeted Brazil for market promotion, mostly for high-value food products, such as canned products, honey, wheat flour, and dairy products.

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 1998 was estimated at $9.5 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 $9.5 million for 1998. Government, producer and industry funds totaled $19 million. The primary target areas for Canadian agricultural export promotions are the United States, Mexico, and Asia .

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. Despite massive budget reductions, the Canadian government restructured 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, 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 that represent 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 and DFAIT) Steering Committee. Branded promotion applicants require an export strategy acceptable to the AIMS Steering Committee. The strategy must demonstrate that the industry represented is hurt by brand promotions supported by the U.S. Market Access Program, or similar programs of other exporting countries. Export promotion funds are available through the Program for Export Market Development (PEMD), which is administered by DFAIT, for exports of all Canadian products, including agricultural products.

PEMD is a financial risk-sharing program that includes access to international market information and provides 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. FAS estimates 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. Canada's forest industry received approximately $1.5 million of PEMD funding in FY 1998. 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 small branded cost-share promotion program. Provincial governments also operate export promotion programs.

World Information Network for Exports (WIN Exports**)** is DFAIT's computerized database of Canadian exporters and their capabilities. WIN can be accessed only by DFAIT's Trade Commissioners and by Team Canada partners--the federal and provincial government departments involved in international business development--as well as the International Trade Centers. Company information supplied to the WIN Exports database can be quickly printed and provided to prospective foreign buyers, importers, distributors, and partners.

The WIN Exports database is used by Canadian Trade Commissioners to learn more about Canadian exporters in response to the tens of thousands of requests they receive each year from potential foreign buyers. Trade Commissioners also use the fax function of WIN Exports to keep registered companies informed of events of interest, such as trade fairs and missions, seminars, and business opportunities. Canadian companies can register free of charge.

Team Canada is a partnership between the federal government, provinces, territories, and municipalities, which pool their resources to work with business and help Canadian businesses succeed globally through export missions. Since 1994, business delegations led by the Prime Minister, and including provincial leaders and municipal officials, have traveled to emerging markets to conclude important business deals for Canada.

The New Exporters to Border States Program (NEBS**)**, is a key export education tool that targets Canadian companies not yet exporting to the United States. NEBS introduces the essentials of exporting, including practical export information and first-hand exposure to markets in U.S. border states.

NEBS Plus serves Canadian companies already exporting to the U.S. border states with sales of less than C$2.3 million. NEBS Plus' focus is to expand the markets of these successful exporters to other regions of the United States. NEBS or NEBS Plus is a cooperative program that, through the efforts of its Team Canada partners, supports the government's initiatives to increase the number of active exporters to the United States.

NEBS or NEBS Plus missions vary by province and by Canadian posts in the United States, depending on the destination and size of the mission, and the industry sector interests of the participants. A mission can last from one to three days**.**

New Exporters to Overseas (NEXOS**)** exposes exporters to new markets in Europe. Special missions help participants decide whether, and how, to pursue European markets. Canadian firm eligibility is dependent upon being registered in DFAIT's WIN Exports database.

NEXOS arranges missions for groups of companies in the same general sector. Individual companies are advised to work with an organization, such as an industry association, chamber of commerce, international trade center, or provincial government to assemble a group of at least six companies on whose behalf a program can be arranged. The program emphasizes information in areas such as customs procedures, market access, shipping, labeling, distribution channels, and currency regulations. DFAIT and Canadian Consulates organize seminars and workshops to outline the market characteristics and explain how to develop strategies to achieve distribution and sales. Missions are usually built around an event such as national or international trade fair. Participants are responsible for their own transportation, accommodations, and living expenses. NEXOS covers associated program expenses**.**

Canadian Wheat Board

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

The CWB offers a host of services to its producers and foreign buyers. Price pools ensure the same price for all types of wheat. 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 CWB's market development staff works with overseas customers to develop new demand for prairie grain, organizing technical missions to customer countries and introducing new varieties, 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 try the new variety.

The CWB's partners in market promotion are the Canadian Grain Commission (CGC) and the Canadian International Gains Institute (CIGI). The CGC is responsible for grain quality standards, and 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 that focus on handling and processing methods and technology for customer countries. 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 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). COFI maintains an annual budget between $1-$1.7 million to work on market access issues for its commodities overseas. Priority issues include reducing trade barriers, advocating wood usage, adjusting discriminatory building codes, and creating a greater acceptance of wood products.

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 organize trade missions of foreign buyers to Canada. Other organizations work through the local Canadian embassies and consulates.

Some Canadian organizations work with foreign governments to remove technical barriers for their products. For example, COFI activities included securing 15 new certifications of Canadian mills under Japanese standards (JAS) in 1997. COFI successfully participated in the re-drafting of the new JAS 111 for structural glulam products, and lobbied to ease 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 others use print media advertising.

All major wine producers are active in the Canadian market, including France, Italy, Spain, Australia, Chile, South Africa, and New Zealand. Chile also promotes 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. Australian beef and New Zealand lamb are the primary meats promoted. Several countries promote cheese, including Italy, the Netherlands, and Switzerland. Processed foods are the most important products for Germany, Austria, and the United Kingdom. Italy and Greece also promote olive oil, while Colombia advertises coffee and Iran advertises dried dates.

Chile

Chile's export strategy is to promote itself as a reliable supplier of a range of high-quality, affordable goods and services. Other basic campaign points are: ease of trade, with few tariff walls or bureaucratic hindrances, low risk, due to political stability and a solid economy, a respect for quality and environmental protection standards, and a qualified workforce. During 1998 direct government support to export promotion was estimated at $10 million.

Established in 1974, ProChile is the first export promotion bureau created by a Latin American country. Three of its 10 sections are related to the agriculture, forestry, and fisheries sector. ProChile has 39 offices abroad inform exporters and producers of trade opportunity. Specialists in 13 domestic offices provide export assistance to more than 600 private companies.

ProChile's various departments maintain trade data and market information, evaluate trade fairs, plan participation in international shows, organize trade missions, and identify potential markets for Chilean products. In 1999, ProChile, in cooperation with the Chilean fruit growers and exporters, introduced a promotional logo. It is part of a campaign to enhance the image of Chilean fruit's quality and safety. The Government of Chile plans to convert ProChile into a public-private corporation, to enhance its efficiency.

Since 1995, ProChile has administered the Agricultural Export Promotion Fund, which finances marketing of agricultural exports, including processed products. The fund assists agricultural groups in developing new markets for traditional products, and promoting new products. The fund enhances existing export programs, finances market studies, and improves quality control programs. It also supports export promotion activities and covers operational expenses and salaries of Chile's agricultural attaches. The intention is to attract foreign investment, encourage joint ventures, and open new markets. No details of expenditures by activity are available.

ProChile's budget for promoting agricultural exports has grown steadily. Producer and exporter associations, regional associations, or governments, may apply for promotional funds. Projects are intended to diversify exports and promote new products. A major emphasis is placed on projects originating in the regions outside of Metropolitan Santiago.

In 1998, the fund supported 75 programs with close to 300 activities involving 715 companies. Approximately 44 percent of the budget was devoted to fruit export development, 18 percent to wine, and 5 percent to processed foods.

Special emphasis is being given to projects that diversify exports and aid small- and medium-size companies. Products emphasized include *pisco* (Chilean brandy), seeds, flowers, legumes, meat, papaya, and honey.

Chile also encourages exports through a simplified duty drawback system that refunds duties paid on imports without an excessive documentation burden. Non-traditional products with total export value under $21 million are given a refund of between 3 and 10 percent of the Free-on-Board (FOB) value. The percent refunded declines as the total export value for a product approaches $21 million. It is eliminated once annual exports exceed $21 million. In 1995, rebates for agricultural products totaled approximately $30 million. Chile agreed to eliminate this program in 2003 as part of its Uruguay Round commitments.

Malaysia

Malaysia's hot, humid climate and reliable year-round rainfall make it uniquely suited for tree crops. Consequently, about three-quarters of the country's crop area is planted to tree crops. Nearly all of its agricultural exports are derived from this sector, such as palm oil, palm kernel oil, forest products, rubber, cocoa, coffee and spices. Export levies, paid by the industry, fund most of the export promotions. Marketing expenditures go mainly to palm oil and forest products, the two main commodities competing with U.S. agricultural products. There are no direct export or transportation subsidies for agricultural exports.

Export Promotion Activities

The Malaysian Palm Oil Promotion Council (MPOPC) and the Palm Oil Research Institute of Malaysia (PORIM) conduct export promotions for palm oil sector.

Incorporated in January 1990, MPOPC, a quasi-governmental organization, assumed the responsibilities and activities previously undertaken by the Palm Oil Promotion Funds Committee. Its 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 34 people, with offices in the United States, Egypt, Pakistan, Brazil, China, Bangladesh, India, South Africa, and Austria. Target markets are Africa, Latin America, Central Asia, and Eastern Europe. It is funded by a tax on palm oil exports and had a 1998 budget of about $4.4 million. Its activities include printing and distributing brochures, carrying out market missions and market intelligence visits, providing advisory services and facilitating trade fairs. It also works with the Malaysian government on trade policy issues.

PORIM was established by the Palm Oil Research and Development Act of 1979. It organizes and manages research pertaining to palm oil cultivation and production. It complements MPOPC's market promotion activities with technical support. Its services include technical assistance, collaborative research, trouble shooting, and technical seminars. It also conducts exhibitions on the importing, handling, processing, and using of palm oil in various products. PORIM works closely with the Ministry of Primary Industries and Malaysian plantation companies to develop overseas palm oil production. Given the ongoing expansion of Malaysia's palm oil production, budgets for both MPOPC and PORIM should continue to expand. Combined, these two organizations, with their tight links to the government, provide an effective, world-class promotion industry.

The Malaysian Timber Industry Board (MTIB) and the Malaysian Timber Council (MTC) conduct export promotion for forest products. MTIB is a statutory body accredited by the Ministry of Primary Industries, established by an Act of Parliament in 1973. It exercises overall control of timber trade and coordinates development of the timber industry. The MTIB total budget in 1998 amounted to $1.1 million. A marketing division within MTIB is responsible for trade development, market research, promotion, and marketing advisory services. Recently, the marketing and promotion function has overlapped with the activities carried out by the Malaysian Timber Council.

The MTC was established in January 1992, in response to the worldwide anti-tropical timber campaign. Currently, it is involved in all major aspects of market promotion. It promotes the timber industry and its products. MPC's budget in 1998 amounted $13 million. Both MTIB and MTC are funded through an export levy on timber and timber products, which vary by species. Other regional forest product promoters include the Sarawak Timber Industry Development Corporation and the Timber Association of

Sabah.

MTC prints and distributes materials, and participates in trade fairs and missions. It organizes the annual Malaysian International Furniture Fair. In 1998/99, MTIB and MTC participated in various exhibitions in Shanghai, Dubai, Melbourne, Paris, Cologne, and the United States. Long-term promotion targets are Asia-Pacific markets as well as the Indian Subcontinent, Eastern Europe, and the Central Arab Republics.
Malaysia is also strengthening its marketing efforts in the Far East and the Middle East by setting up regional marketing offices in Shanghai and Dubai. The strategically located Shanghai office will cover Korea, Japan, Taiwan, and China. The Dubai office will cover Kuwait, Yemen, Saudi Arabia and the United Arab Emirates, and serves as a gateway to markets in East and South Africa and Central Asia.

Credit Programs

Malaysia facilitates agricultural exports with two credit programs: 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 base lending rate. 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 were $1.25 billion for palm oil, $359 million for forest products and 69 million for the livestock and vegetable 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 two-year repayment period. To date, about $180 million has been disbursed to encourage palm oil exports to Algeria, Iran , Iraq, Myanmar, Pakistan, China, and Kazakhstan. Targeted potential markets include Kyrgystan, Sudan, Bangladesh, and Zimbabwe.

Competitor Activity

Australia and New Zealand promote primarily dried milk products for reconstitution. Companies compete to develop and market products to meet consumers’ demand for fluid milk and milk drinks. Promotional programs are not extensive for imported dairy products such as cheese, butter, and ice cream; although Kraft has been active in promoting its cheese products from Australia.

Australia and New Zealand are the United States’ main competitors in the fruit sector. The Australian Horticultural Corporation and the Australian Apple and Pear Growers Association spend about $330,000 annually to promote apples, pears and oranges under the Australia Fresh umbrella brand. They promote products through print and television advertisements, retail promotions, competitions, and school nutrition programs. New Zealand promotes apples and kiwifruit heavily. About $300,000 is spent on apple promotion in the Association of Southeast Asian Nations (ASEAN) region. Zespri International, the New Zealand marketing board for kiwifruit, conducts in-store promotions during the fruit season. Apples are promoted in a similar manner. France promotes apples in Malaysian retail stores and wet markets, emphasizing that they are grown using minimal pesticides. 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.

Both Australia and New Zealand Meat conduct meat promotions. The Australian Meat and Livestock Corporation (AMLC) runs the biggest campaign, with and annual budget estimated at $100,000. In addition to food shows and in-store and hotel menu promotions, Australia conducts butchery training for importers and retailers. Incentive programs allow importers, and supermarket and food and beverage managers to visit Australian meat packing houses. AMLC develops recipes, that are distributed at various promotion locations.   The New Zealand Meat Producers Board spent around $50,000 on promotional activities in 1998. It conducts menu promotions with leading hotels and restaurants and organizes trade tours in New Zealand for importers, retailers, and food and beverage managers.

Malaysia does not allow advertisement of wine and other alcoholic beverages. However, wine tasting receptions and menu promotions in leading hotels and western-type restaurants are permitted and conducted by foreign missions, such as the French and Australian embassies.

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

New Zealand

In New Zealand, producer marketing boards and private companies promote exports. Funding for agricultural export promotion through the producer marketing boards was estimated at $347 million in 1998, an increase of $217.6 million from the previous year. The New Zealand government also funds promotion through Trade New Zealand (Trade NZ), the Trade Development Board. Funding for Trade NZ promotional activities was about $8 million in 1998. Total funding for New Zealand agricultural products is estimated at $355 million for 1998, compared to $222.8 million for the previous year.

Agricultural subsidies, foreign exchange controls, and import licensing were abolished over the last 10 years. Processing and marketing of agricultural production is still highly regulated, however. New Zealand's market promotion organizations are the New Zealand Dairy Board, Trade NZ, the Game Industry Board, the Wine Institute of New Zealand, the Kiwifruit Marketing Board, the Wool Board, the Apple and Pear Marketing Board, the Meat Producers Board, and Wood New Zealand.

The New Zealand Dairy Board, a national statutory producer board, has the sole authority to export and market all dairy products from New Zealand. It sells directly through a world-wide marketing network of subsidiary and associate companies. The board's regulatory environment is bounded by the Dairy Board Act of 1961. Most promotional activities of the NZDB are to support branded dairy products, targeted to consumers. Advertising is a major promotion cost.

In 1998, the Dairy Board began a restructuring from which New Zealand Milk and New Zealand Milk Products (NZMP) developed. New Zealand Milk focuses on international brand promotion, with well-known brands such as Anlene, Anchor and Mainland. NZMP seeks to build global businesses in specialty ingredients.

NZMP has subsidiaries in Australia, Latin America, Europe, the Middle East, North America, South East Asia, North Asia, and the CIS. The subsidiary companies spent $260 million, and marketing and distribution costs of New Zealand dairy products rose 30 percent on the previous season. Advertising and new product launches were the principal increases.

The New Zealand Trade Development Board (through Trade NZ) encourages more companies to export, helps them select and enter export markets, enhances their competitive, and facilitates investment. Trade NZ provides trade leads, market research, visits to trade fairs, appointments with key buyers, screening of potential distributors, and help with joint investment. Trade NZ also provides consulting work on market evaluations on a fee schedule. Trade NZ requires users to fund at least 50 percent of all projects. A comprehensive outreach program was undertaken in 1998/99 to alert the export community to opportunities.

The New Zealand Government allocates funds each year to the Board. In 1998 this amounted to approximately $30 million, of which $4.2 million was spent on marketing and promotion activities. The majority of the promotional expenditure is used for developing the higher value markets in Asia, especially given this area's perceived opportunities and proximity. An estimated 7 percent of export promotion expenditure is destined for the United States.

One of Trade NZ's brands is The New Zealand Way, a joint venture between Trade New Zealand and the New Zealand Tourism Board. The brand was taken internationally in 1997 and now accounts for 25 percent of New Zealand's total foreign earnings. During 1998/99, Trade New Zealand continued to build the brand through dedicated marketing and public relations campaigns with Brand Partners, particularly in the United States, the United Kingdom and Australia. The brand was also integrated into all offshore promotional work. A food show booth, for example, must carry the New Zealand Way logo.

There is no New Zealand organization that promotes only fishery product exports, but Trade NZ does provide some funding to this sector. Trade NZ continued to work with specialized groups committed to developing and implementing market development strategies.

Trade NZ is also involved in the growing organic industry, as New Zealand has begun to position itself to take advantage of this sector's growth. A group established by the Trade Board, Organic Products Exporters Group (OPEG), promotes New Zealand products and encourages local companies to invest in expanding capability to meet market demands. New Zealand currently exports many organic products such as vegetables, eggs, baby food and wine. OPEG's key target markets are Japan, the United States and Europe. The long-term strategy is to explore opportunities in Malaysia, Singapore, Taiwan, and Korea.

The Game Industry Board (GIB) represents farmers, processors, and exporters, all of whom are represented on the board of directors. The Cervena Company, a wholly owned subsidiary of the GIB, is develops and implements one industry marketing strategy. The Cervena branding strategy focuses on promoting New Zealand venison in the United States. The GIB is funded by a levy on deer slaughtered and velvet sold. From this levy, the GIB provides Cervena Company with a minimum of 60 percent of the venison levy.

The GIB is currently developing a generic promotion program for Europe. During 1998, many promotional activities were funded and organized jointly between the board and individual exporters through the joint merchandising program. Total venison marketing expenditure increased 51 percent, including advertising and public relations, developing promotional materials and trade show participation.

The Wine Institute of New Zealand is a private organization representing the industry in a coordinated approach. It places great emphasis on export quality standards. The Institute coordinates generic export activities with New Zealand Wine Exporters. This organization has an expanding program to develop and diversify export markets. In the 1998/99 season, the generic promotion program was expanded to include over 36 promotions in nine markets: the United Kingdom, Australia, the United States, Japan, Netherlands, Canada, Germany, Sweden, and Ireland. The most important markets are the United Kingdom, Australia, and the United States.

Kiwifruit New Zealand, the operating name of the New Zealand Kiwifruit Marketing Board, provides industry governance. ZESPRI International Limited, a subsidiary of Kiwifruit New Zealand, is a grower-owned company focused on international marketing. It is the biggest marketer of kiwifruit in the world. ZESPRI International has a strategic network of offshore marketing offices. Europe is the major contributor in terms of increased revenue in these markets. North America increased its contribution to export earnings and has been identified as an opportunity for future market development.

The Wool Board was restructured In 1998, which resulted in the establishment of new subsidiary companies, each with a specific focus. The restructuring was designed to bring a more commercial approach to the Wool Board's activities. The new structure is known as the New Zealand Wool Group. It collects levies from wool growers and provides funds to its members and four subsidiary companies.

It assists growers to improve production efficiency and product quality, and undertakes marketing and customer support activities for branded products. It also earns commercial revenue in overseas markets, which supplements farmers' levies and ensures effective promotion of New Zealand wool. It creates opportunities for New Zealand Merino wool in international markets, through brand promotions. In 1998, generic advertising in all markets was phased out. After four years of promotion, the Wools of New Zealand brand had developed sufficient strength for brand partners to be willing to invest in joint promotions. Market export promotion expenditures in 1998 are estimated at $36 million.

The New Zealand Apple and Pear Marketing Board has the responsibility to purchase and export apples and pears, in accordance with the Apple and Pear Market Export Regulation of 1999. ENZA Ltd is authorized by the board to market apples and pears overseas. ENZA Ltd now takes possession of the fruit at shipment. The board's marketing strategy over the years has tried to promote the ENZA brand and to remove price as the key factor in customers' purchase decisions. One campaign used the Board's association with Looney Tunes cartoons, to generate apple sales. The board's expenditures on advertising and promotion for 1998 was $8 million, up from $5.3 million in 1997. The increased expenditure responded to increased world supplies, southern hemisphere competitors, South Africa's deregulation, and the Asian economic crisis. ENZA also needed to restore its reputation for quality fruit after a disappointing 1997 season.

Meat New Zealand, or the New Zealand Meat Board, is a non-trading producer board. The Meat Board can levy per-head fees on farmers' sheep, cattle and goat slaughter stock. It also receives financing from the return on investments in the meat industry and from other investment portfolios. The board's main functions are marketing and promotion, research and development, trade advocacy, and access and quota administration. It is a statutory producer board under the Meat Board Act of 1997. The government's main role is to set and monitor the regulatory environment in which the board operates.

All market development efforts are designed to increase demand for New Zealand beef and lamb. Promotional efforts are aimed at enhancing image, differentiating New Zealand from other suppliers, and building downstream market channel segments. Meat New Zealand works closely with industry representatives to establish markets and strategies. The key markets for mutton and lamb are the United Kingdom, France, Germany, Benelux, the United States, and the Middle East. Key markets for beef include the United States, Japan, Hong Kong, Singapore, Malaysia, Korea, Philippines and Taiwan. Meat New Zealand promotions include television advertising campaigns and sales material for butchers, retailers and wholesalers. The board also provides education resource kits on New Zealand and the meat industry, recipe cards and posters, media visits, and seminars. The New Zealand Meat Board has offices in Belgium, the United Kingdom, the United States, Korea, and Japan. The New Zealand Meat Board spent $10 million on promotion and marketing activities during the 1998 season.

Wood New Zealand is the newly established export marketing organization for the forestry sector. It has an estimated annual budget of $1.5 million. Wood New Zealand opened its first office in China in September 1999. The industry is marketing local pine as a substitute for China's domestic woods. It also plans to open offices in the United States and Japan. The offices in target countries will provide market research, market intelligence, generic promotion, advertising, and media promotion.

South Africa

South Africa is the largest and most highly developed economy in sub-Saharan Africa. Agriculture contributes only 4 percent to South African gross domestic product, but accounts for over 13 percent of employment. South Africa has a developed infrastructure, a market-oriented agricultural sector and increasingly positive trade links with the rest of the world, so it is an entry point for foreign goods in the region. South Africa's agricultural economy, has two sides: a well-developed commercial sector, and a predominantly subsistence-oriented rural one. The country is a major agricultural exporter, principally of fresh and processed fruits and vegetables, wine, and sugar.

Agricultural Products Marketing Act of 1997 radically changed agriculture toward a free-market system, removing subsidies and financial concessions. South Africa's Department of Trade and Industry (DTI) administers the nation's export market promotions, which tend to be oriented toward the industrial sector.

Export Promotion Programs

Under the Marketing Agricultural Products of 1996, compulsory levies on producers and processors were to be abolished. This process is almost complete, and producers and suppliers now operate almost completely under a free-market structure. Imports take place freely, subject to the importer's payment of the relevant tariff. Currently, South Africa does not use direct export subsidies for agricultural exports. The DTI, however, continues to be involved in market promotion by encouraging public and private sector partnerships for trade fairs, missions and market information exchange. Promotions are carried out under three main programs: the Export Marketing and Investment Assistance scheme (EMIA), the Export Credit and Foreign Investment Reinsurance Program, and support through trade fairs, trade missions, and diplomatic missions. The banks also provide export financing such as credit guarantees, assistance programs, and export consulting services.

EMIA is DTI's principal market promotion program. Its fiscal year 1999 budget was about $16 million. EMIA partially reimburses private companies and associations for expenses incurred in promotion of South African products overseas. Its activities target industrial companies, but promotion of processed commodities is also allowed. The EMIA fund also covers the cost of market research and seeking foreign investment.

Competitor Activities

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

European Union exports of these products generally benefit from export subsidies. The EU-South Africa Free Trade Agreement, which took effect January 2000, will help boost the EU's access to the South African market. Most agricultural products are not affected during the initial phase of the agreement. In addition, the pending free trade agreement between South Africa and its neighbors under the South Africa Development Community may offer market access to low-cost producers. They offer lower prices because of transportation advantages or as a marketing tool of their marketing boards. Trade missions and trade show participation are the most common and effective mechanism being used.

Thailand

Thailand engages in a variety of export promotion activities for traditional agricultural products such as rice, tapioca, sugarcane, and shrimp, and for many processed food products such as canned fruits and frozen poultry. Most promotions are aimed at Thailand's ASEAN neighbors. Trade missions and trade shows, encompassing a variety of products are also used.

Thailand is a leading exporter of rice, poultry meat, and seafood based largely on its ability to provide competitively priced agricultural products to Asian markets. Thailand has advocated liberalizing agriculture trade. Increasing competition is forcing Thailand to develop programs and policies to both facilitate agricultural exports and develop new markets for its products.

The Ministry of Commerce, through its Department of Foreign Trade (DFT) and Department of Export Promotion (DEP), has a major role in Thailand's export promotion program. The DFT is involved primarily with rice, sugar, coffee, tapioca, and textiles. The DEP is more involved with trade shows and missions and promoting high-value products, such as machinery, appliances, textiles, furniture, and processed food products like canned fruits, spices, sauces and frozen poultry. Thai exporters are provided assistance with booth fees and shipping samples for some trade shows.

The DEP's new export promotion theme, Made in Thailand, focuses on food, jewelry, and garments, targeting the ASEAN region. The DEP matches Thai manufacturers with overseas buyers and provides quick and cost-effective access to Thai products. This is done through a number of informational and organizational facilities, including trade seminars and through international trade fairs. Thailand's current economic crisis, however, has forced the government to cut annual support to about $5.5 million. DEP officials now want new campaigns to be more directed and effective, with a focus on creating a Thai brand image for the export market. Thailand also participates in major international trade shows, like SIAL and ANUGA. Thailand plans to have its own trade show, to showcase its food products to regional consumers.

The Thai Food and Drug Administration (FDA) coordinates with public and private organizations supporting the national Food Import-Export Plan. Exporters can now receive export certification from a single agency instead of from several, as was previously the case. The Thai FDA can also certify that food products for export, for example poultry meat, meet international ISO standards.

The Thai Government cooperates with other Southeast Asian countries in promoting 15 agricultural products, under the ASEAN Cooperation in Agriculture and Forest Products Promotion Plan. The plan focuses on expanding agriculture and forest products through product diversification, end-use marketing, value-added processing, and continuous upgrading of product quality. The plan will also build economic ties between ASEAN member countries, and help maintain a sustainable supply of raw materials into the future. The products covered under this plan include poultry meat, canned tuna, shrimp, pineapple, tapioca, natural rubber from Thailand; palm oil, cocoa from Malaysia; tea, pepper, forest products from

Indonesia; carrageenan and other seaweeds, coconut oil from Philippines; peas and beans from Myanmar and coffee from Vietnam.

Thailand's export or packing credit program promotes agricultural and industrial exports. Under this program, a loan is granted to accredited exporters by commercial banks when the exporter places a promissory note with the bank.

In general, the amount of the loan is equivalent to the value of the promissory note, based on the sales and export documents. The interest rate on the loan must not exceed 10 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. In 1998, approximately $520 million was made available under the packing credits program for rice exporters.

The Thai government operates a number of crop support programs for rice, rubber, sugarcane, pineapple, and tapioca. In 1999, the government plans to allocate $1.06 billion, to manage rice policy and prevent further price drops.

Expenditures and Activities of Other Countries

China

Most of the money China now spends on agricultural exports is aimed not at building long-term markets, but rather at reducing large stocks resulting from China's domestic price-support program. Chinese agricultural policy has traditionally focused on improving production in corn, rice, wheat, and cotton production. Promoting agricultural exports is a relatively new idea for China.

Gradually, particularly at the provincial level, many government officials are seeing the potential of market-driven agricultural exports. These officials believe that the greatest potential for growth is in Asian markets including Japan, Korea, and Hong Kong. They want to capitalize on China's advantages in proximity and labor costs. They have increased exports of labor-intensive products, such as processed chicken and apples to neighboring countries. The government has great hopes for foreign joint ventures.

China does not have a large agricultural export promotion program. On the national level, the China Council for the Promotion of International Trade (CCPIT) promotes Chinese exports in general. It has a subgroup which focuses on agriculture. This group sponsors overseas trade events, such as Chinese pavilions at trade shows and presentations on products. According to contacts within the CCPIT, its total agricultural promotion budget is only about $500,000, with no permanent staff overseas.

Chinese provincial and local governments are active in export development. Their focus is mainly on developing export industries in their jurisdictions. They sponsor trade events overseas to attract investment in export-oriented industries, rather than to promote products. These provincial and local governments, however, have been important in identifying and developing new agricultural exports, that are increasingly competitive with U.S. exports.

Competitor Activity

Most U.S. competitors realize China's importance as a potential market. Large embassies in China have sections devoted exclusively to agriculture. Their focus tends to be trade policy and development issues, but they also typically spend a quarter of their time on trade servicing and promotion.

The major agricultural export promotion programs in China are run by Australia, Canada, France, and New Zealand. Other countries with significant programs are: Chile, Norway, the Netherlands, Italy, Denmark, Thailand, and Spain.

Activities include seminars and other in-country training, trade shows, trade missions, and educational visits back to the third country. They also conduct retail and food service promotions.

The New Zealand Dairy Board has the largest dairy promotion program in China. It promotes all types of dairy products for both food and feed, using seminars, trade shows, literature, and technical assistance. New Zealand spends an estimated $500,000 on promotional activities in China, with a sales force of 20 people. New Zealand has a $100,000-merchandising program for apples that includes advertising, in store promotions, display materials, and free merchandise.

The Canadian Wheat Board, with an annual budget estimated at $600,000, has an office in Beijing which holds technical seminars and sponsors trade missions. The Canadian Meat Export Federation's estimated China budget of $145,000, conducts retail promotions, sponsors small trade teams, runs food service promotions, and maintains an office in Shanghai. Canada also has a small trade servicing program for pork.

The annual Chinese promotion budget for dry peas of approximately $80,000 is spent primarily on reverse trade missions. Unlike the United States, the mission's focus is on the feed use of peas rather than food.

The Australian Wheat Board has a significant export promotion program in China. The Australians have an office in Hong Kong which has a trade service budget, holds technical seminars, and sponsors trade missions. Wheat promotions total $800,000.

The Australian Meat and Livestock Corporation, with an estimated annual budget is $70,000, provides chef seminars and participates in the Food and Hotel China trade show. It also conducts two to four food service promotions each year in various Chinese cities. It does not stage retail activities.

The Australian Dairy Board reportedly spends $400,000 on promotions. Like New Zealand, it focuses on seminars, trade shows, and technical assistance. Like New Zealand, it does not have a sales force in China.

Austrade, the Australian Trade Commission, has an extensive presence in China. Austrade has large facilities headed by officers with diplomatic status, as well a network of consultants in key regional commercial centers. The consultants develop a network of business contacts and provide expertise for Australian companies entering the market. They also assist companies competing for government contracts. As it operates primarily on a fee-for-service basis, Austrade can maintain its extensive network of consultant-managed offices in China without huge government expenditures.

France's Sopexa sponsors a two-person office in Beijing devoted solely to wine promotion. It's estimated budget is $2 million. Activities include trade shows, seminars, reverse trade missions, and restaurant promotions. Sopexa also spends roughly $80,000 on dairy promotions in China, primarily on trade shows and trade missions for cheeses and other processed dairy foods. France's Cerealiers has a Beijing office and work closely with the Chinese Government. Recently it spent an estimated $25,000 on a cooperative equipment development project and $50,000 to train three Chinese officials in France. It's annual budget is estimated at $500,000.

The Norwegian Seafood Export Council opened its Beijing office in 1998 as a section of the Norwegian Embassy. Its staff are recognized as embassy personnel, a prestigious designation in China. The Seafood Export Council has a large salmon program. It spent an estimated $4 million in 1998. The council gave technical seminars in nearly all of China's major cities, and provided advertising, and special nationwide promotions for the food service industry. It also participated in trade shows.

Competition is intensifying for China's rapidly growing wood products market. The government of Canada has provided loans and aid to support projects in the forestry, pulp and paper, and real estate sectors. New Zealand's Timber Board also develops contacts and networks in China.

Hong Kong

Hong Kong's agricultural import market continues to command the attention of the world's major exporters. There are many reasons. First, there are no trade barriers on any agricultural products other than alcoholic beverages and processed tobacco products. Second, it has a strategic location next to the potentially enormous mainland China market. Third, it has a highly developed marketing system, and consumers who demand high value imports.

The current economic outlook for Hong Kong is mixed. A slow economic recovery and high unemployment have affected eating and shopping habits. Most people used to eat out frequently, more now shop for groceries and prepare meals at home. When they do dine out, they choose low-end or fast food restaurants. Increasingly, Hong Kong's shoppers are buying in supermarkets, instead of traditional wet markets. Demand for grocery store products, including meats, poultry, eggs, and fresh fruit continues to be very strong.

Canada, Australia, New Zealand, China, and the European Union are major U.S. competitors. Promotion funding comes mainly from industry sources, or industry-specific organizations, rather than government sources. China does no market promotion. It doesn't need to, with its close proximity, low production costs, and the rising quality of its agricultural products.

Canada has done very well with the 1998 introduction of the grocery line, President's Choice. The considerable marketing effort necessary to get President's Choice into Hong Kong was funded solely by private industry, especially the distributor, Loblaw's/Sunfresh of Toronto. There are approximately 100 products in the President's Choice line on the shelves of local Park N' Shop grocery stores, Hong Kong's largest food retailer, with approximately 180 stores.

Australia's Supermarket to Asia Council is part of it's Prime Minister's Food Initiative. The council's programs, funded by Australian private industry, focus at the grower level. The Australian Trade Commission focuses on processed foods. The Supermarket to Asia Council has sponsored two or three Australian trade missions to Hong Kong. Recent promotional events like the Australian Food Fair, were paid for entirely with non-government funds. The Australian Trade Commission is moving away from subsidizing booth space and other trade show participant costs.

Within Australia, Austrade, The Australian Trade Commission, sponsors Regional Assistance Training Centers for current or potential exporters. They provide information, free of charge, to interested producers and manufacturers and get them export ready.

This year the European Union agreed to pay cold storage fees for imported eggs in June and July following a dioxin scare. It also cut poultry prices and paid part of the storage fees for importers. When eggs are in oversupply in the Netherlands, they flood into the Hong Kong market. EU egg subsidies have also made Dutch eggs attractive to Hong Kong importers.

China, being close to Hong Kong, benefits from a low transportation cost, which is translated into lower product cost. More importantly, Chinese eggs have improved in both quality and packaging over the years making them increasingly popular in Hong Kong.

Through the Canadian Trade Commission, a Canadian poultry industry team which visited Hong Kong in 1999, conducted a Canadian poultry seminar and visited with local trade contacts.

The Canada Beef Export Federation has a local office in Hong Kong. Its market development activities are patterned after the U.S. Meat Export Federation. For example, it conducts advertising campaigns, seminars, and they sponsor trade teams. Meat and Livestock Australia Limited, Australia's association for promotion of export sales of beef, pork, and livestock, has a local agent in Hong Kong and does similar promotions.

The Australian pork industry is very anxious to substantially increase its share of the Hong Kong market. It plans to sell fresh chilled pork to local grocery stores. Fresh, chilled, red meat imports from Australia currently benefit from much lower air freight costs than are available to U.S. suppliers.

The New Zealand Dairy Board advertises and promotes through the New Zealand Milk Powder office in Hong Kong.

The South African orange industry is working to increase market share in Hong Kong and elsewhere in the region. Metspan International, South Africa's orange trade association, has launched a promotional campaign in excess of $25 million for South African oranges. Local in-store promotions are being conducted in Wellcome and Park N' Shop, Hong Kong's two largest supermarket chains. The campaign features an array of prizes, trips to South Africa, and tickets to local sports events.

China is becoming competitive in the Hong Kong deciduous fruit market, by investing in its horticultural industry. The quality of fresh fruits, particularly apples, peaches, and grapes, continues to improve. China is now growing fruit varieties that Hong Kong consumers want, such as Fuji and Gala apples, and white peaches. Prices are competitive due to low labor and transportation costs. Quick transport also assures undamaged, unblemished fruit.

The European Union, Australia, and New Zealand continue to be strong competitors in the wine market here. Australia and New Zealand have an edge because of lower shipping costs. High government subsidies give an advantage to EU wines, particularly those from France and Italy. SOPEXA, France's trade promotion organization, has an ambitious media plan to promote French wine in Hong Kong. Advertisements for French Bordeaux wine have appeared in major Hong Kong magazines such as Wine Now and Haute Couture. Vino Italy, the Italian Trade Commission, the Chilean Trade Commission, and the Wine Institute of New Zealand also promote wine in Hong Kong. Vino Italy and the Italian Trade Commission co-sponsor an annual master wine tasting event, and bring Italian wine industry representatives to Hong Kong.

Norway spent an estimated $500,000 in 1998 on promotional activities in Hong Kong, and a little less in Southern China. It works closely with the Hong Kong Chef's Association, primarily promoting Norwegian salmon for use in prestigious hotels and upscale restaurants. Norway also sponsored successful salmon promotions in supermarkets and Chinese restaurants.

India

Agriculture is very important to the Indian economy, contributing nearly 30 percent to gross domestic product and providing employment to about two-thirds of the population. India is a net exporter of agricultural goods, shipping $6.7 billion in 1998/99, more than twice the $3.3 billion in imports. Traditional export items pose very little competition to U.S. exports. India's main export products are: tea, coffee, spices, cashews, basmati rice, and seafood. India has begun to exploit export opportunities for several new products, however, which pose some competition to U.S. exports. Examples are soybean meal, fruits and vegetables, processed food products, and dairy and poultry products. Although direct export subsidies have been gradually phased out, the Government places strong emphasis on export promotion and marketing assistance. Annual funding, although expanding, is relatively small compared with the United States and several other countries; it is estimated at $13 million in 1998.

The Ministry of Commerce oversees market development. In 1963, the Indian government established a Marketing Development Assistance (MDA) fund to stimulate and diversify exports. Typically, the government levies a fee on the free-on-board value of exports of various agricultural products, such as coffee, tobacco, seafood, and spices. India's export promotion and market development support comes primarily from this fund, allocated by the ministry, to various commodity boards and export promotion organizations. Total disbursal of funds during 1998/99 was about $46 million. In addition to the government grants, some of these export organizations augment their funds through membership support.

Agricultural and Processed Food Products Export Development Authority (APEDA), the government's main agricultural export development body, was established in 1986. APEDA promotes mostly processed or value-added food products. It provides air freight subsidies on exports of certain horticultural products to targeted markets. A major share of its funding comes from a ministry grant, totaling $7.8 million during FY 1998/99. APEDA also receives limited funding from the sale of publications and export registration fees. Expenditure for market promotion is estimated at $5 million.

APEDA participated in international trade fairs, seminars and conferences. It continued its efforts to build markets for Indian buffalo meat in Indonesia, South Africa, and the Commonwealth of Independent States (CIS). Target markets include floriculture and seed to the United States, the Netherlands, Germany, France, Japan; fruits and vegetables to Malaysia, the United Arab Emirates (U.A.E.), Saudi Arabia, Bangladesh, the United Kingdom, Germany and the United States; animal products to Malaysia, U.A.E., Philippines, Iran, Oman; rice to Saudi Arabia, Kuwait, the United States, the United Kingdom, U.A.E., Sri Lanka, South Africa, Bangladesh and Russia; and wheat to Yemen, U.A.E., Turkey and Korea.

The Cashew Export Promotion Council, funded by Ministry of Commerce grants, membership fees, and trade contributions, spent approximately $120,000 in 1998, targeting the United States, Europe, Japan, and the Middle East.

Commodity Boards

India continues to operate commodity boards, under its department of commerce, for tea, coffee, spices, and tobacco. Boards are responsible for production, development, and export promotion activities. The Tea Board was set up in 1953 to promote exports and domestic consumption. Its activities include processing development, providing extension services, research, and promotion. Through its overseas offices, the board arranges participation in trade fairs, organizes trade delegations, and buyer liaisons.

Promotions aim to popularize the high-quality Darjeeling, Assam, and Nilgiris teas. It also participates in generic promotion programs conducted by tea councils in the United Kingdom, Germany, the United States, and Canada. Market promotion expenditures in 1998 are estimated at $2 million. In comparison, market promotion expenditures by the spices, coffee, and tobacco boards were just over $1 million.

Private Trade Organizations

Several private trade organizations promote exports: the Soybean Processors Association of India for soymeal; the Solvent Extractors Association of India for rapeseed meal, sunflowerseed meal, and rice bran extraction; the Groundnut Extraction Export Development Association for peanut meal; the Indian Oil and Produce Exporters Association for peanuts and sesame seeds; the All India Cotton Seed Crushers Association for cottonseed meal; and the All India Rice Exporters Association for rice. Historically, these associations had the government authority to charge a fee for registering exports, which was their primary funding source, besides membership fees. The government discontinued the compulsory export registration requirement in 1995. Without this major funding source, all have so far continued to operate with membership fees and other industry contributions. They have, however, curtailed export promotion budgets. FAS estimates export promotion expenditures at $60,000.

Japan

Japan is the world's largest net importer of agricultural, fishery, and forestry products, its export capability of these products is minimal. In Japanese fiscal year (JFY) 1998, (April 1998 - March 1999), FAS estimates that Japan spent only $2.8 million to promote exports. In general, export subsidies, credit programs, or transportation subsidies do not exist in Japan.

Japanese Promotion Activities

While not active in export promotion, the government of Japan (GOJ) and producer groups do promote Japanese agricultural products domestically to bolster the rural economies against inroads made by foreign suppliers. The biggest export project, with a $1.5 million budget, sponsors shops in foreign markets to introduce products and to analyze markets. Another major program, with a budget of over $400,000, supports trade shows, in-store promotions, and other public relations activities. Special fruit and fish promotions are funded at $28,000 each. Local governments generally conduct these programs, with financial support from the central government. A number of industry associations encourage consumption of Japanese rice, milk, chicken, strawberries and plums. Japanese food processors are moving their operations offshore 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 biggest single competitor program in Japan is run by Meat and Livestock Australia (MLA). MLA's budget is estimated at $7-$10 million. Its promotions emphasize safety and reliability of beef and lamb. Fifty percent of Australia's beef export sales are to Japan.

The Canadian Beef Export Federation operates a three-person office with a budget of $1 million. It participates in FOODEX, holds trade seminars and fairs, participates in restaurant promotions, and advertises.

Meat New Zealand (MNZ) represents the entire New Zealand meat industry. Its promotional activities include joint seminars with Japanese meat processors, food safety conferences, and menu books. Other significant competitors include Denmark, which spends over $2 million promoting its pork products; Korea; China; Thailand; Brazil; and France.

There is substantial competition for the dairy market. The New Zealand Dairy Board and New Zealand Milk Products have staffs with more than 40 people in Japan. They have a budget of about $4 million. Their promotional activities include trade servicing, advertising, retail promotions, menu promotions, price discounts, and other promotional activities.

The Australian Dairy Council has an office of six people, with a budget of about $3 million. Promotional activities include price discounts or complementary products during food service promotions, funding to Japanese cheese packers for the usage of ADC's "Dairy Good" logo, receptions, trips to Australia, retail promotions, menu promotions, and consumer advertisements.

European suppliers also promote dairy 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 do Australia, Argentina 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, and other activities. Processed foods are promoted by many countries, including Canada, Australia, New Zealand, Italy, Chile, China, and Korea.

Australia and Canada provide the toughest competition to the United States in wheat sales. Both have wheat boards with offices in Japan and conduct a number of activities aimed at Japanese mills and processors. These countries also promote barley and malt, as do EU malt companies. China, Argentina and South Africa promote their corn in Japan.

Canada's Council of Forest Industries (COFI) is working on reducing trade barriers and advocating wood usage. They work to adjust discriminatory building codes, and create a greater acceptance of their wood products. The EU, Russia, Chile, and New Zealand have recently expanded sales to Japan, especially in the softwood market. The Japanese industry is also seeking to influence the market through investing in the forestry sectors of Russia and New Zealand. These efforts ensure that a stable supply of softwood logs are available for its mills.

Chile, Canada, and Norway conduct seafood promotions in Japan. Norwegian salmon is the toughest competitor to Alaskan salmon in Japan. Exports of Norwegian farmed salmon have been steadily increasing each year. At over $2 million in 1998, the Norway Seafood Export Council's (NSEC) promotion budget for promotional activities in Japan has also increased during the past few years. The NSEC opened its Japan office in June 1997 to expand Norway's seafood market in Japan. Its promotional activities include in-store promotions, magazine and television advertising, and promotion of a special products seal. The NSEC office is part of the Norwegian Embassy. Its staff are recognized as part of the Embassy staff. Other major competitor activities include programs for Israeli grapefruit, French and Dutch strawberries, Canadian frozen potatoes, and Chinese walnuts.

Republic of South Korea

Korea operates three programs to expand and promote exports of agricultural products. One is direct participation in international food shows and assisting Korean agricultural exporters in attending those shows. Expenditures for this program for 1998 are estimated at $2.2 million. The second program is a credit subsidy program, which is not included in the table of this report. The third is an incentive program for swine farmers who raised swine that met export grade standards. The Agricultural and Fishery Marketing Corporation (AFMC), a quasi-governmental agency, carries out agricultural export promotion activities.

Korean Promotion Activity

In 1998, AFMC participated in 12 worldwide food exhibitions including Green Week Germany, Foodex in Japan, the Food Marketing Institute show in the U.S., SIAL in France, Food Expo in Hong Kong, Fine Food in Australia, F & H Asia in Singapore, FISPAL in Brazil and F & H in China. AFMC provided Korean exhibitors with free booths and free airline tickets in order to recruit exhibitors during Korea's economic crisis. Korean exhibitors paid hotel and meal charges. These Korean companies generally exhibited traditional Korean foods and generally targeted expatriots. In 1998, a total of 399 companies participated in 12 major food shows under Korean pavilions organized and sponsored by AFMC. They made export contracts worth $177 million. FAS estimates the total expenses at about $2.2 million in 1998.

In 1998, the Korea government provided credits of about $272 million, at an interest rate of 5 percent per annum to its exporters. The standard commercial rate was over 10 percent. There were two types of credits. One was used to purchase raw agricultural products such as chestnuts, mushrooms, apples, pears, ginseng, and other products, and the other was used to set up storage facilities for agricultural products. More than 90 percent of the agricultural products purchased with these credits were exported to Japan. The remaining went mainly to other Asian countries.

The Korean government also operated an incentive program for swine farms that slaughtered castrated swine weighing 105-120 kilograms (live weight basis) and an exportable grade of A or B. Almost all swine carcasses of grades A or B were exported to Japan. Swine carcasses that were graded C and below were not eligible. These farmers were paid an incentive of about $5.00 for grade A and about $3.60 for grade B per head. The total incentives budgeted for this program in 1998 was about $5.7 million.

Competitor Activity

As a major importer, Korea attracts most of the major agricultural producing countries. Australia spent about $2.45 million on promotional and marketing activities, followed by Canada with about $2.2 million, and the European Union, mainly France, about $500,000.

A dozen countries compete with the United States for Korea's agricultural market. Virtually all agricultural, fishery, and forestry products were promoted by one or more competitors. All these competing countries are expected to maintain or increase their current level of funding for market development and promotional activities.

China, Australia, Canada and Argentina are the United States' major grain competitors. The China

Cereal and Oil Export & Import Corporation (CEROIL) has an office in Seoul, staffed by three. CEROIL conducts promotional and marketing activities for corn, sorghum, and other grains.

The Canadian Wheat Board in Japan, Canadian International Grains Institute, and its Embassy in Seoul conduct promotional and marketing activities for wheat, feed wheat, oats, barley, barley malt, malting barley, rye and others products by inviting Korean importers and technicians to Canada. It also holds seminars, dispatches sales missions to Korea, and provides trade and technical services.

Australia also has commodity representation in Korea. The Grain Pool-Korea, staffed by four and funded by Australian cooperatives, provides promotional and marketing activities for wheat, feed wheat, barley, malt and lupins in Korea. The Australian Wheat Board (AWB) covers Korea from its Hong Kong office.

Korea imports wood products from about 50 countries. Ten major suppliers account for over 90 percent of total imports. Major competing countries for U.S. softwood products are Canada, New Zealand, Chile, Russia, Brazil, and the European Union. Malaysia, Indonesia and China are the major competitors for U.S. hardwood products.

Competing countries have diverse programs such as public relations and advertisements, information materials, trade shows, seminars, and trade missions to Korea.

For soybeans and products Brazil, Canada, China, Malaysia and India are the main competitors. Korea is totally dependent on imported soybeans to meet its crush needs, importing 1.1 million tons in 1998. The U.S. share in this sector was 97 percent that year, and the remainder was mostly from Brazil. Brazil is the most aggressive promoter to the Korean crushers. Brazilian soybeans have a relatively high protein and oil content of a key selling point.

Major competitors to the United States for beef are Australia, New Zealand, and Canada. Major competitors for pork are the European Union and Canada. Australia, New Zealand, and Canada have been selling meat products through private companies; the Korean offices of their commodity boards have helped increase market share in Korea. Meat and Livestock Australia's (MLA) Korean office strengthens the image of Australian beef, provides post management of sales. It also provides market information to the Australian government.

Korea’s total imports of dairy products decreased significantly to $82.6 million in 1998, off from $133.9 million in 1997. Imports from the United States also decreased to $15.3 million in 1998 from $27.4 million in 1997. This was the result of the economic crisis in Korea. However, imports during the first eight months of 1999 increased to $71.7 million from $54.2 million during the same period of l998. Imports from the United States also increased slightly to $10.8 million from $9.6 million during the same period.

The United States’ major dairy product competitors are Australia, Canada, Denmark, and New Zealand. They promote whey, lactose, cheese, ice cream, yogurt, and milk powder by participating in trade shows, hosting solo food shows, inviting Korean buyers to competitors' countries, holding tastings, and provide trade services.

Canada, New Zealand, and Norway promote fish and seafood in Korea.

New Zealand and Chile compete with the United States in the kiwifruit market. The New Zealand Kiwifruit Marketing Board (NZKMB) recently opened a regional office in Korea with a staff of three. It is very aggressive in promoting kiwifruit. Private companies sell through NZKMB. The board's activities include in-store promotions, trade shows, POS materials, and invitations to Korean trade teams to New Zealand. It also publishes newsletters, places ads in related magazines, and provides trade services.

Chile started exporting its kiwifruit to Korea. FAS believes Chile will intensify its promotional activities and will increase export volume in the future.

Chile is the United States' sole competitor for fresh grapes. Their embassy conducts promotional and marketing activities. It also provides promotional funds to traders. It participates in trade shows, and conducts in-store promotions, and simple consumer surveys.

Mexico

Until 1986, the Mexican market was virtually closed to imports of most food and agricultural products. Since the market has opened, as a result of Mexico's accession to the General Agreement on Tariffs and Trade (GATT), now the World Trade Organization (WTO), the imports of food and agricultural products have increased sharply. The major competition for the United States comes from Canada, the European Union, Chile, Spain, New Zealand, and Australia.

Competitor Activity

The United States supplied almost all of Mexico's corn and sorghum imports during 1997 and 1998. Argentina supplied small quantities of corn. Since the signing of the North American Free Trade Agreement (NAFTA), the Canadian Wheat Board (CWB), and the Canadian Malt Industry Association (CMIA), have promoted sales of higher-value malt, rather than pursuing sales opportunities for feed barley and malting barley. Other Canadian organizations active in promoting grains sales to Mexico are the Canadian International Grain Institute (CIGI); the government's Agriculture; and Agri-Food Canada, which offers financial assistance to exporters through its support program.

France's market promotion efforts are shared with several Mexican government bodies which cooperate to carry out the policies of the Agriculture Ministry in areas such as trade exchanges, cooperation and technical support programs.

Australia and New Zealand do the most meat production, focusing on beef and lamb. Canada, Australia, and New Zealand have beef offices in Mexico. The Canada Beef Export Federation (CBEF) is privately funded. CBEF has a trade promotion theme, "Canada Beef, delicious, nutritious, wholesome and unique eating experience." CBEF also has a monthly newsletter in English and a web page, www.chef.com. In 1998, it sponsored two trade missions. CBEF's estimated promotion budget for 1998 was close to $400,000.

Governmental organizations AUSTRADE and TRADE N.Z. promote meat products from Australia and New Zealand, respectively. Both have been somewhat aggressive promoting beef and lamb. New Zealand organizes one food show a year in Mexico.

Uruguay and Argentina do some promotions in Mexico. The estimated budget for marketing activities for the four organizations is less than $100,000. AUSTRADE finances Australian exporters using a government grant.

Central American countries are seeking special access to Mexico for beef through recent free trade agreements. Most countries focus on trade servicing to familiarize importers with their products and production. Trade team visits are a part of this, so are the translated brochures and sale catalogues.

Competitor seminars are expected to become more common. FAS expects New Zealand and Australia to promote meat at the supermarket level.

China, Brazil, Canada, and Chile consider Mexico an important forest products market, but have no forest product representational offices in Mexico, or funding for forest product promotional activities. Mexico has signed a trade agreement with Chile which allows Chilean plywood to enter Mexico duty-free. Trade sources suggest that Mexico is planning to negotiate similar trade agreements with other countries, such as Brazil. These agreements will likely cause the United States to lose market share.

Strong competitors for U.S. dairy products are: Canada for cheese and milk powder; New Zealand for milk powder, butter and butter oil, cheese, yogurt; Holland for cheese, yogurt; Ireland for yogurt; and France for casein. Other countries that have encroached on U.S. market share for dairy products are Australia, Belgium, and France by increasing their exports of butter and butter oil to Mexico. European cheeses have been promoted in supermarket chains through sampling. New Zealand advertises in trade magazines, primarily targeting the hotel and restaurant industry. It also conducts seminars and trade servicing activities. Cheese from New Zealand and Holland are price competitive. European private firms conduct in-store promotions.

U.S. fresh fruit exports including apples, tomatoes, strawberries, table grapes, pears, cling peaches, and nectarines, compete in the Mexican market against products imported from New Zealand, Chile and Canada. None of these countries have promotional activities in Mexico. New Zealand and Chile carry out trade missions. While U.S. frozen potatoes hold a 75 percent share of the import market, Canada remains a formidable competitor with strong industry ties.

Palm oil from Malaysia and Central America, rapeseed oil from Canada, and soybean oil from Argentina and Brazil are the main competitors for U.S. vegetable oil in Mexico. The Rapeseed Council of Canada is one of the major oilseed promoters in Mexico. Its main activities are trade show participation, sponsorship of trade events, newspaper columns and brochures, trade missions, reverse trade missions to Canadian farms, fairs and processors, technical assistance to mills and refineries. The most important activity, with a major impact in the market, is the granting of long term credit and attractive low prices.

Norway

In 1998, Norway exported about $908 million in agricultural products, but exported fishery products were valued at more than $3.5 billion, an increase of more than 13 percent, and a new record for Norway. Norway, for the first time, is the number one exporter of seafood in the world, a position held previously by Thailand. Norway cannot be considered an agricultural export competitor in the strictest sense, due to the country's self-sufficiency goals and practice of preventing imports from other countries. Major markets include EU countries, Denmark, Japan, Hong Kong, and China.

Although Norway has more than 500 exporters of fishery products, the most important player is the Norwegian Seafood Export Council, which was established in 1991 by the Ministry of Fisheries. The council is financed by the fishery industry through various fees on export. The board consists of seven representatives of exporters, producers, fish farmers, and the Ministry of Fisheries. The main goal for the Norwegian Seafood Export Council is generic promotion of fish products both domestically and internationally. It also has the authority to approve Norwegian exporters and to enforce export regulations. This organization is involved only in generic promotion. In general, its activities are well prepared, so that all exporters know at what time, and in which country, an activity takes place. This allows exporters to take advantage and market their brands. The Norwegian Seafood Export Council advises the Ministry of Fisheries on questions associated with seafood exports. The total budget for the Norwegian Seafood Export Council in 1998 was $40 million.

According to the Ministry of Fisheries and the Directorate of Fisheries there are no government production or export subsidies for Norwegian seafood. However, export fees collected by the Norwegian Custom Authorities for processed seafood range from 0.2 percent to 3.0 percent and generated about $39.5 million in 1998. The revenue almost tripled since 1996, due to the recent EU-Norway Salmon agreement.

Norway also exports cheese and other dairy products. In 1998, the total value of the cheese and butter exports was about $85 million. The main export markets included Japan, the United States, Canada, Australia, and the European Union. About 85 percent of these exports were subsidized.

Taiwan

Taiwan is a net importer of agricultural goods. In 1998, Taiwan's agricultural, fishery, and wood imports totaled $7.8 billion, with 31 percent being supplied by the United States. Taiwan's agricultural and fishery exports totaled $3.2 billion. The two most important destinations for Taiwan's farm and fishery exports were Japan and the United States, with 33 percent, by value, going to Japan, and 13 percent to the United States. Most of Taiwan's agricultural production is consumed domestically. Public funds for promoting agricultural exports are less than $1 million. No programs are funded by local or regional authorities to promote agricultural exports. Private sector export promotion programs are limited to fruit, fishery products, and processed foods. Formerly, Taiwan's most important farm export was pork to Japan; this market was lost in 1997 due to an outbreak of foot-and-mouth disease in Taiwan.

Taiwan's Promotional Activities

Taiwan's FY 1998/99 food product export promotion support totaled $780,000 from the Council of Agriculture (COA), and $180,000 from the Board of Foreign Trade (BOFT), mainly to finance private industry participation in international food shows. A small portion of the money was used for media educational programs. Taiwan regional authorities are not involved in export promotion work.

The Taiwan Fruit Marketing Cooperative promotes trade. It is a non-profit cooperative, representing 80,000 fruit grower members. The majority of its exporting members produce bananas, with small amounts of citrus, mangos, litchee, carambola, and other fresh fruit. The only export check-off collected by the cooperative is $0.05 per case (12.5 kg) for bananas. The cooperative's 1998 budget for export promotion programs totaled $100,000, 10 percent of which was spent in the United States.

The Taiwan Eel Development Foundation collects an export check-off on live eel and processed eel exports. Market promotion programs, with a total value estimated at $0.2 million in 1998, focused on the Japanese market. The export check-off collected by the Taiwan Shrimp Development Foundation was eliminated in May 1998. There is currently no export promotion program for shrimp because domestic demand exceeds supply and Taiwan shrimp sells better domestically than it does internationally.

Income support programs for rice and sugar account for the majority of Taiwan's export support. In 1998, 21 percent of Taiwan's paddy rice was sold to the central authorities at fixed prices. Taiwan's 1998 rice export subsidy equaled $20.6 million.

The Taiwan Sugar Corporation (TSC), a central authority enterprise, is Taiwan's monopoly sugar producer and trader. Sugar production in Taiwan is no longer profitable, as production costs are about twice the world price. Taiwan exports a small amount of sugar to the United States, under its sugar quota. Taiwan's 1998 sugar export subsidy equaled $5 million.

Competitor Activities

Australia, Japan, Indonesia, Malaysia, Thailand, New Zealand, Canada, various European countries, and Argentina compete with the United States in Taiwan. Trade show participation is a major activity for all competitors. A major annual show is the Taipei International Food Industry Show. Many competitors hold in-store promotions and organize food festivals at major hotels.

Taiwan is a major export market for Australian food products. Red meat is the main focus of Australia's marketing efforts, but other products, including seafood, dairy products, fruits and vegetables, and beverages also receive attention. The Australian Meat and Livestock Corporation (AMLC) has been marketing beef in Taiwan for the past seven years, spending over $200,000 annually. In 1997, the AMLC office closed, but it continued aggressive promotional activities through a local public relations agency. The AMLC reportedly spends an average of $50,000 annually to organize a buyers' mission to visit meat processing facilities in Australia.

Agricultural products are among Canada's leading exports to Taiwan, and processed food products are becoming increasingly popular with Taiwan consumers. Increasing value-added food exports to Taiwan is the Canadian Trade Office in Taipei's (CTOT) highest priority. Canada had the largest country pavilion in the "1999 Taipei International Food Show," displaying wine, beef, canola oil, seafood, nuts, organic products, cookies, candies, pet foods, snack foods, and other goods. It co-sponsored menu promotions with well-known international hotels and in-store promotions in department stores. The Taiwan office of the Canada Beef Export Federation (CBEF) also conducted a beef carcass fabrication demonstration for beef traders and retailers. The promotion schedule was published in major Taiwan newspapers. The CBEF currently spends $350,000 to $400,000 in Taiwan annually to promote beef and veal. The CBEF organizes two 8- to 10-person buyer missions each year to visit meat processing facilities in Canada, at a cost of approximately $4,000 per person.

New Zealand is the top supplier of dairy products and kiwifruit to Taiwan. Its other major agricultural exports include meat, wood and wood products, wool, edible oil, vegetables, and seafood. New Zealand organized a country pavilion at the Taipei International Food Show, mainly displaying health food, honey, deer horn, meat, dairy products, ice cream, seafood, wine, beverages, fruits, and processed foods. The New Zealand Apple and Pear Board conducted a newspaper advertising campaign to promote New Zealand Fuji apples. Also, Meat New Zealand conducted meat cutting and display seminars for local retailers, wholesalers, and distributors in Taipei.

European countries focus primarily on marketing wine in Taiwan. France is the top supplier of wine to Taiwan in both volume and value. The French Food Institute (SOPEXA) conducts seminars, menu promotions, and wine and cheese fairs in Taiwan. Spain participates in trade fairs and mainly promotes wine and olive oil in Taiwan. Germany has established a German Wine Information Service in Taipei, and also promotes chocolate products, beer and processed foods.

Norway is the primary supplier of salmon to Taiwan, with 54 percent of the market in 1998. For the past few years, the Taipei office of the Norway Board of Foreign Trade (NBFT) has conducted a large-scale Norwegian salmon menu promotion, including a Norwegian Salmon Winter Feast, in Taiwan's major hotels and restaurants. The NFBT is currently focusing its marketing efforts on in-store promotions in supermarkets and hypermarkets.

Turkey

Agriculture makes a relatively small and declining contribution to Turkish gross domestic product. Market development and promotional activities are very limited, with total government promotional expenditures estimated at $2 million in 1999. Little information is available on industry promotions.

In general, Turkey has two broad agricultural export strategies--one for horticultural products, mainly fruits and vegetables, for which Turkey generally is often price competitive. The other is for bulk commodities and products, for which Turkey is not competitive.

The export strategy for horticultural products involves promotion activities, mainly market research, transportation subsidies and production support. Support includes subsidized credit and inputs as well as government assistance for cooperatives, whose main function is to support prices, and exporters' unions, whose main function is to provide information. Turkey's agricultural support prices for bulk commodities are significantly above world price levels. Thus, its strategy for bulk commodities largely involves production support, 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. Agricultural support expenditures and export subsidies have been directed toward bulk commodities.

Turkey’s Government invests little in agricultural exports. The Government 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 1999 Turkey provided about $200 million in export subsidies for wheat and barley. Direct subsidies occur when the government exports its grain stocks at a price below acquisition cost. Indirect subsidies are provided when these stocks are sold to domestic processors at world market prices to support exports of flour and pasta. Support prices for wheat increased substantially in recent years as did direct and indirect export subsidies. Both direct and indirect subsidies should decrease, however, during the next several years if Turkey implements a recently-negotiated letter of intent with the International Monetary Funds, which requires lower treasury outlays for direct agriculture supports.

Government Promotion

The Export Promotion Center for Turkey (IGEME), located under the Office of the Prime Minister and working with the Under Secretariat of Foreign Trade is the main government export promotion and market development organization. IGEME provides funding to private firms to conduct a variety of export promotional activities, including research, product development, risk capital, and packaging improvements. It also finances fairs and exhibits, and assists in opening and operating sales offices abroad. IGEME's main functions are to conduct market research, promote products, and to facilitate international projects in food or agriculture. A new web site informs Turkish exporters of potential importers of their products. IGEME had an estimated 1998 budget of $3 million and a staff of over 100 people. It has offices in Ankara, Istanbul, and Izmir with representatives in 13 other cities. Only a third of this amount is actually spent on promotional activities, and only a small part of this is spent on agricultural products.

Most of IGEME’s agricultural promotions center on higher-value, processed commodities, mainly to Europe and the Middle East. Recent activities have focused on developing new markets in Syria, North Africa, and the former Soviet and Turkish Republics. There is also focus on traditional markets in Russia and the Far East. IGEME maintains an export promotion and informational offices in Rotterdam, established in 1987 with Dutch government funding, and an office in Northern Cyprus.

Exporters' Unions

Turkey’s 57 exporters' unions are associations of producers and exporters of similar products, that represent its major agricultural, industrial and mineral commodities. Commodities represented are: fresh fruits and vegetables, processed fruits, tobacco, dried fruits, grains, textiles, leather, hazelnuts, wool carpets, olive oil, and cut flowers. The unions operate under the auspices of the Under Secretariat of Foreign Trade, which appoints some top union officials. Approximately 95 percent of Turkey's private sector exports are sold by union members. Funding for union activities is derived from membership fees as well as charges assessed on the volume of members' exports. Charges generally range from .05 percent to .1 percent of commodity value, free-on-board basis. Since the Unions are both numerous and independent, it is difficult to gather aggregate information. In general, however, the unions maintain regional offices in producing regions and no union maintains an overseas office.

United States

The United States has a sophisticated agricultural export promotion system operating worldwide. 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 1998 amounted to $149.2 million. Private sector contributions were $137.7 million. Many of the industry activities are funded by producer and processor check-offs, which have been approved in a referendum by a majority of the affected industry.

The United States is an attractive market for many agricultural products. Consequently, a significant amount of U.S. competitors' promotion expenditures, averaging 10 percent, is spent in the United States. For some countries, such as Canada, Argentina, India, Spain, and Italy, the proportion of promotion expenditures devoted to the United States is as much as 28 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. USDA also sponsors 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 aid in the creation, maintenance, and expansion of 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. These 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 generic overseas market development activities. These Cooperators compete for USDA funding annually, based on their proposed activities. Preference is given to non-profit U.S. agricultural and trade groups that represent an entire industry or are nationwide in membership and scope.

In 1998, 25 groups received funding for a 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 accounted for half of the funded projects. Other Asian countries, the Middle East, and Latin America accounted for the majority of the remaining expenditures. Activities that may be funded include trade servicing, market research, and technical assistance. Market research is often the first step in identifying opportunities. Servicing activities are aimed at improving trade relationships. Technical assistance activities are usually intended to expand the foreign country's capability to use or process U.S. goods.

The MAP program also helps U.S. producers, exporters, private companies and other trade organizations finance promotional activities abroad. While organizations may undertake 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 commodities. MAP, originally authorized in 1985 as the Targeted Export

Assistance Program, 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, however, the promotion of a branded product in a single country is generally limited to five years.

MAP applicants compete annually for funds. Funds are allocated to proposals which best meet program requirements, such as cost-sharing, strategic planning, export goals and program evaluations. Sixty-five organizations received MAP funding in 1998, 19 of which 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 trade organizations which assist small companies in their regions. Nearly half of the $121.7 million in U.S. government funding for MAP, which includes carry-overs from previous MAP budgets, was directed to the Japanese and European markets. Other Asian markets, the Middle East and Latin America were also major targets for MAP-funded promotions. MAP-funded activities include product promotions, in-store demonstrations and market research.

Other USDA promotion programs include participation in trade shows, and collection and dissemination of buyers lists and trade leads to connect U.S. exporters and foreign buyers. USDA also sponsors 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. In addition, many of these organizations conduct domestic promotions. Private industry also conducts overseas market promotions, but no information is available on those expenditures.

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