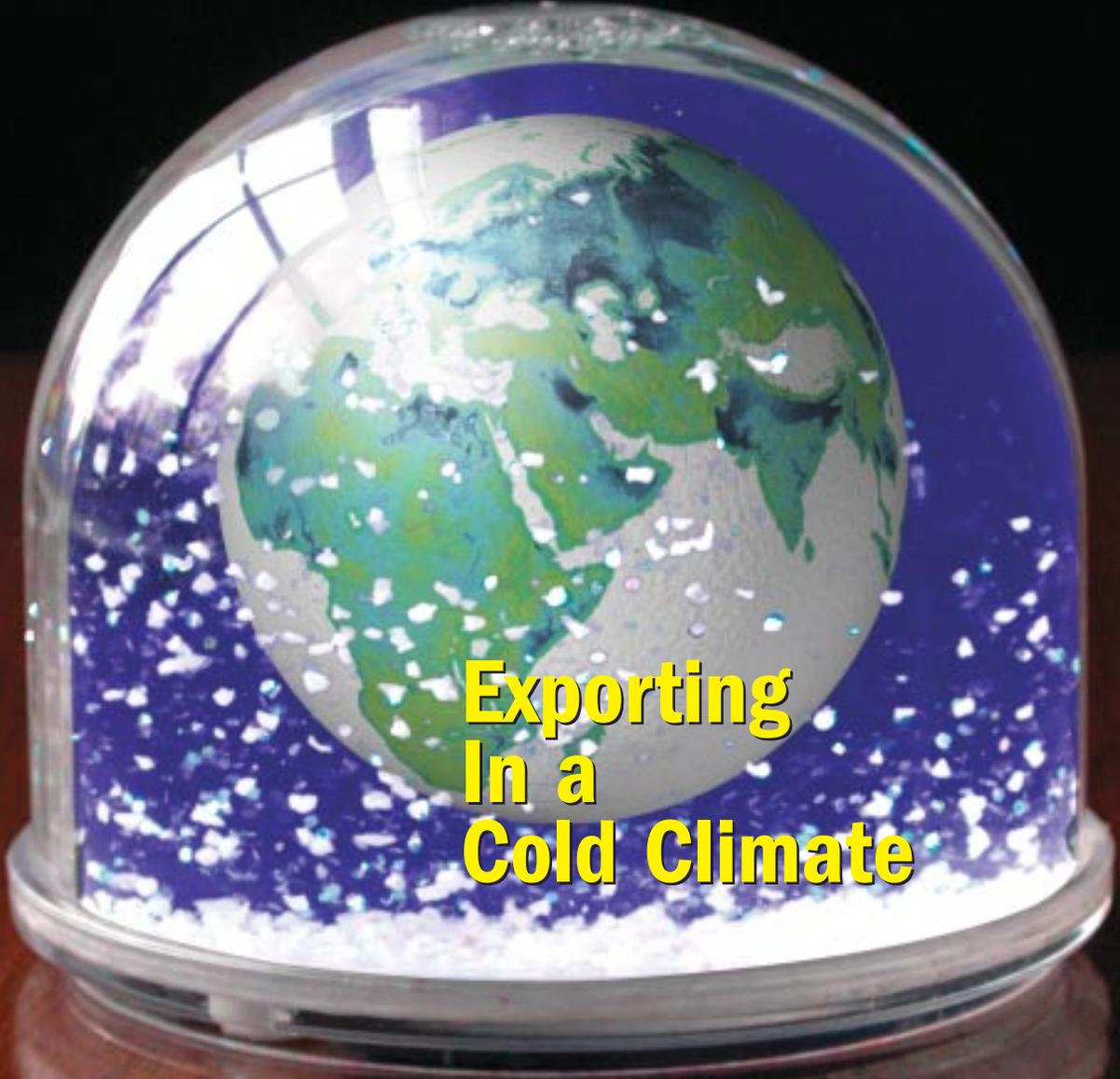


The Monthly Magazine for Food and Agricultural Exporters

AgExporter

United States Department of Agriculture
Foreign Agricultural Service

April 2002



Exporting In a Cold Climate

Keeping U.S. Interests Warm
Through Cold Chain Improvements

Retail Markets Are Cooking
In the Northern Hemisphere

TRADE SHOW OPPORTUNITY

EUROKOSHER

2 0 0 2

PARIS, FRANCE

The Show:

Eurokosher 2002 is the only exhibition in Europe that is dedicated solely to kosher food and beverage products. **Eurokosher 2002** will welcome approximately 250 exhibitors from Europe, Israel and the United States and is expected to attract some 7,000 visitors from 32 countries.

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The U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) Trade Show Office has endorsed **Eurokosher 2002**. The FAS Office of Agricultural Affairs, U.S. Embassy, Paris, will sponsor a U.S. Pavilion at **Eurokosher 2002** and provide U.S. exhibitors with on-site support services.

Contacts:

Sharon Cook
USDA/FAS-Trade Shows
Washington, DC
Tel.: (202) 720-3425
Fax: (202) 690-4374
E-mail: Sharon.Cook@fas.usda.gov

Pierre Lévy
ESCD-Eurokosher
Paris, France
Tel.: (33-1) 48-88-0505
Fax: (33-1) 47-66-8068
E-mail: escd@wanadoo.fr



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Editor

Priscilla B. Glynn
(202) 720-9441

Writers

Harold Kanarek
Jill Lee
Donald Washington
Priscilla B. Glynn

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Helping Exports Keep Their Cool

By Steven D. Beasley

As U.S. agricultural trade continues to expand with countries around the world, U.S. exports will encounter new challenges. USDA's Global Cold Chain Improvement Project is designed to overcome perhaps the single biggest physical constraint to U.S. agricultural exports—the world's limited cold chain.

The project can benefit many commodities, including fresh and frozen fruits, vegetables, meats, poultry, seafood, dairy products, and also cut flowers and ornamental plants. The cold chain project benefits mainly value-added and consumer-oriented products, where growth will be substantial for the foreseeable future.

What Is a Cold Chain?

“Cold chain” is a shorthand term encompassing all the critical steps and processes that foods and other perishable products must pass through to ensure they reach the end-user in a safe, wholesome and high-quality state.

Like any chain, a cold chain is only as strong as its weakest link. The USDA Global Cold Chain Improvement Project is designed to address product loss and quality degradation as a result of improper refrigeration and other cold chain infrastructure problems in emerging markets.

The Problem

Every year, billions of dollars are lost due to product spoilage and damage—losses that could be avoided through cold chain



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improvements. Cold chain difficulties include: lack of, or limitations in, refrigeration; improper handling and storage procedures; and inadequate humidity control.

The problem exists among many commodities and across multiple sectors, such

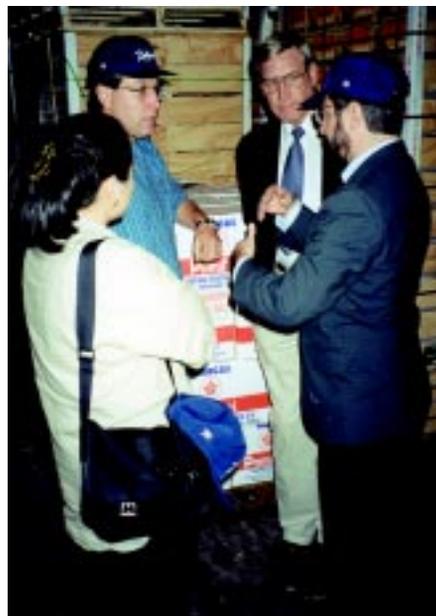
as farms, ports, cold storage and handling facilities, transportation, and wholesale and retail outlets. And the problem has widespread ramifications: it isn't restricted to a single sale. If the quality of U.S. products is compromised at the importer or consumer level, it can erode long-term, general product acceptance—and U.S. exports can lose their competitive advantage. At the same time, local firms in overseas markets incur product—and profit—losses.

Project Basics: Phase I

Fundamental cold chain weaknesses can be addressed and overcome by better methods, operations and handling. Through technical training and expert assistance, simple, practical solutions can be developed at no cost or low cost.

The project receives support from the U.S. government, U.S. private sector firms, international trade and product associations and companies and others in countries in Asia, Africa, the Caribbean and Latin America.

In the initial phase of a project, FAS



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LIKE ANY CHAIN, A COLD CHAIN IS ONLY AS STRONG AS ITS WEAKEST LINK.



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helps by assessing the problems, assembling the players and addressing the practical problems through seminars.

Phase II

In the second phase, a few key companies in the target market work one-on-one with U.S. experts to develop a custom-tailored cold chain improvement plan for their specific situation and country. The U.S. experts spend at least two weeks working directly in the company to help it craft its own cold chain improvement plan. Facets of Phase II include:

- **Selectivity:** Only “cream-of-the-crop” companies are selected to participate in the cold chain improvement project. Applicants are subjected to a rigorous screening process. To be selected, applicants must be significant players in the local market; have some involvement with imports of U.S. products; and show a commitment to change at the most senior level of the company.
- **Self-interest/motivation:** An action plan is created and must be implemented within a specified timeframe.
- **Strategy:** The plan sets specific objectives and timeframes.

How Companies Participate

Farmers, port operators, cold storage companies, food processors and manufacturers, wholesalers and retailers in foreign countries are eligible to participate in the Global Cold Chain Improvement Project.

To apply, the foreign entity obtains the application from the FAS agricultural office in that country; fills it out and includes documentation of approval of top managers (e.g., the company president or chief executive officer); and submits the paperwork to the agricultural office by the application deadline.

USDA reviews applications and selects participants; U.S. experts conduct on-site cold chain audits of participants' facilities; and participants and experts craft, implement and evaluate plans for specific improvements.

The global cold chain project is operating in South Africa, China, Indonesia, Malaysia, the Philippines, Thailand, Vietnam, Mexico, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, the Dominican Republic, Argentina, Brazil, Ecuador, Paraguay, Peru and Uruguay.

- **Sustainability:** It also develops long-term training goals and mechanisms to ensure continuity.
- **Accountability:** The plan's effectiveness is measured and evaluated for accomplishments and future improvements.

A Two-Way Street

The Global Cold Chain Improvement Project benefits numerous commodities and industry sectors that may lack the incentives and/or resources to undertake such a multi-faceted project on their own.

Many organizations are contributing to the success of this project, including private firms, universities, several participants in the Foreign Market Development and Market Access Programs, state-regional trade groups and state departments of agriculture. But the key partners have been FAS overseas offices and the International Association of Refrigerated Warehouses and World Food Logistics Organization.

The companies in the participating countries also benefit. They get hands-on help with minimizing product losses and increasing profitability; have the opportunity to work with leading international companies and associations; and receive as-

sistance in meeting international food safety standards.

In return, the firms must demonstrate an openness to new ideas, have a management team that will support changes ensuing from the project and commit the necessary resources.

USDA's cold chain project is entering its third phase, in which U.S. experts return to the participating foreign companies to audit improvement activities. USDA and its partners are helping these companies establish their own domestic cold chain associations for problem solving, exchange of ideas and connection to other international cold chain groups.

Cold chain associations enable the companies to attain self-sufficiency and graduate from the program. These local groups provide the necessary support to maintain the cold chain and benefit U.S. and domestic food interests. ■

The author is an agricultural economist with the Food Industries Division of FAS' International Cooperative Development area. Tel.: (202) 720-1347; Fax: (202) 690-3982; E-mail: steven.beasley@fas.usda.gov

Iceland Gives U.S. Consumer Foods a Warm Reception

By Hasse Kristensen and
Borghildur Magnúsdóttir

A small country with a population of just over 282,000, Iceland offers some good opportunities for U.S. suppliers and exporters of consumer foods and beverages.

Iceland's supermarket industry reported total sales of \$452 million in 2000. Iceland imported about \$76.8 million in consumer food products that year, and the U.S. market share was about 17 percent. U.S. exports of consumer-ready foods to Iceland consist mainly of canned or dried food products and frozen vegetables.

Be Prepared—Or, Let's Make a Deal

Iceland offers many advantages to Americans who want to do business. Practically all Icelanders speak English, so there is no language barrier.

Icelandic buyers frequent such major international food trade shows as ANUGA and SIAL in Europe and the Food Marketing Institute show in the United States, so they tend to be very familiar with the retail food sector.

Unlike business people from many other cultures around the world, Icelanders are direct, concise and to-the-point. They don't want to waste your time—or their own.

Likewise, Icelanders expect you to come straight to the point. They give you their frank opinions, such as whether they think you have something to offer them or not. Icelanders usually know their competitors' activities, prices and quality. They understand the need to turn a profit, but they can be tough negotiators.



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In fact, the Icelandic importer has often made up his or her mind about a product before being approached by a seller. It's therefore essential to be ready to negotiate prices, discounts, delivery periods, ordering times and other particulars on the spot.

Since Icelandic food buyers and product managers bear the full responsibility for the purchasing process and for the profits and losses generated by the products they pick, they prefer to deal with decision makers.

Icelanders also have high expectations for their business contacts: they prefer a close working relationship that is almost a partnership. Once you start doing business with them, they expect continued commitment and support.

Consumers With Discriminating Tastes

Iceland's consumers also offer built-in advantages for U.S. products. U.S. brands are generally well-known and preferred.

New products from the United States often have an advantage. For this reason, Iceland also has potential as a test market for U.S. products being introduced into Europe.

The Icelandic market differs from most other European markets in that a large proportion of the U.S.-brand foods sold here are still shipped directly from the United States, rather than being processed in-country (as is the practice in much of Europe). Moreover, Icelandic consumers are sophisticated enough to tell the difference between U.S. and European versions of a product, and usually prefer the U.S. product because they perceive it to be of better quality than European processed foods.

Iceland has shifting demographics: 25 percent of the small but growing population is under the age of 15; only 12 percent is over 65. Per capita gross domestic product was a robust \$30,597 in 2000, and unemployment was 2 percent.

Icelandic eating habits are also changing. Prosperous young consumers are demanding more convenience, fresh foods, variety and specialty items. Organic, health and convenience foods present considerable sales potential.

Coming Up to Standard

Nevertheless, the Icelandic market can be difficult to penetrate. The best strategy is to become very familiar with rules and regulations before trying to enter it.

Product requirements are numerous and vary from product to product. The requirements may originate from either Icelandic or European Union (EU) laws and regulations. Although Iceland is not an EU member, it often follows EU import standards and requirements. To meet them all, most exporters must have the assistance of reputable and experienced Icelandic importers.

In general, consumer products must be labeled in English, Icelandic or another



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Nordic language (except Finnish). Certain products must be marked clearly with the country of origin. "Sell by" or "Best before" dates must be clearly indicated.

In most cases, frozen and other processed food products must meet EU rules. The importer can usually do any necessary re-labeling when the goods arrive in Iceland. The importer also bears the responsibility for compliance with Icelandic regulations. Weights and measures must appear in metric units. Exporters should carefully follow importers' instructions and ensure accuracy in labeling and other documentation, because failure to do so can cause customs delays and increase expenses.

Products derived from biotechnology are not a controversial issue in Iceland at the moment, because the country has not yet implemented biotech labeling requirements. However, due to its growing integration with the EU, Iceland will likely adopt the trade bloc's rules on biotech content and labeling.

Dairy and livestock products must have official U.S. certificates of health and of origin. Certificates must confirm that dairy and livestock products do not come from animals that have been given growth stimulants or feed containing antibiotics.

Market Sector Structure and Trends

Iceland's supermarkets hold an 87-percent share of the consumer food market,

while kiosks and gas station marts make up the balance. Specialty stores are losing market share to supermarkets because they do not have economies of scale. Discount supermarkets and convenience store chains, on the other hand, are gaining. Because of the market's small size, a few companies do most of the retail food buying. The two largest supermarket groups, Baugur and Búr, are increasing their market share, while smaller supermarkets are declining or merging.

Icelandic supermarkets buy most of their products from independent wholesalers, both large and small. Large chains like Baugur and Kaupás import about 15 percent of their stock themselves and buy the other 85 percent from independent wholesalers. Smaller supermarket chains buy their products exclusively from independent wholesalers.

Icelandic supermarket chains often introduce new products in campaigns planned several months ahead. Exporters should be prepared to contribute to promotion efforts. ■

The authors are the agricultural specialist, the U.S. Embassy, Copenhagen, Denmark, and the economic/commercial assistant, U.S. State Department, Reykjavik, Iceland. For more information or help in entering Iceland's market, contact the Copenhagen office at: Tél.: (011-45) 35-26-10-81; Fax: (011-45) 35-43-02-78; E-mail: agcopenhagen@fas.usda.gov

Best U.S. Product Prospects

U.S. high-value products with good sales potential include:

- American cheese
- Baby food
- Breakfast cereals
- Butter
- Dressings
- Fruits and vegetables
- Frozen prepared items
- Ice cream
- Ketchup
- Organic products
- Pastry
- Pet food
- Ready-to-serve products
- Sweet corn
- Wines

For details, see FAS report IC2001. To find it on the Web, go to www.fas.usda.gov, select **Attaché Reports** and follow the prompts.



Charting the Export Seas In Sweden and Finland

By Bettina Dahlbacka

Nestled among their Nordic neighbors, Sweden and Finland form a fairly integrated market that gives suppliers access to an expanding and dynamic retail food sector.

Concentration + Consolidation = Integration

The Swedish and Finnish retail food industries were long characterized by stable structures, domestic firms and limited international influence. At the end of the last decade, however, this picture began to change markedly.

Concentration and integration have become dominant commercial forces in the Nordic market. A comprehensive process of consolidation and cross-border acquisitions is taking place among European re-



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tailers, and the Nordic countries are increasingly becoming part of the European retail market. Estimates are that five large chains will command 40 percent of the entire European market by 2005.

Consolidations and mergers among Nordic chains are being stimulated largely by their need to remain competitive vis-à-vis the large European retail chains now eyeing the region. For example, Lidl, a German hard discounter (a type of company that offers big discounts through large volumes and narrower selections), is beginning to establish operations in both Finland and Sweden. Swedish and Finnish retailers are responding by achieving economies of scale, engaging in centralized purchasing and emphasizing the high quality and variety of the products they offer. In-house labels are also being stressed as a means of obtaining a competitive edge.

The Swedish retail food market is dominated by three groups, ICA, Coop and Axfood, that account for nearly 90 percent of the everyday commodity retail market. The strong Nordic concentration started in 1999, when Sweden's leading retailer ICA merged with the Norwegian firm Hakongruppen. Later that year, Dutch retail giant Ahold acquired a 50-percent stake in ICA. Coop is the result of the recent merger of the three Scandinavian cooperatives in Norway, Sweden and Denmark. The third group, Axfood, was formed in 1999 and has 40 percent of the share capital in Spar Finland.

In Finland, a few central wholesale organizations (K-Group, S-Group, Tradeka/Elanto, Spar, Wihuri and Stockmann/Sesto) dominate the food industry with an aggregate market share of nearly 95 percent. These Nordic mergers offer interesting new



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opportunities, thanks to increased volumes and the diversity of products in demand.

The Market Landscape

As in many countries, supermarkets, hypermarkets and discount stores are gaining sales in Sweden and Finland, while traditional small- and medium-sized stores lag behind. Convenience stores and service stations or gas marts are also showing strong growth.

In 2000, supermarkets and hypermarkets accounted for 78 percent of Sweden's retail food sales. In Finland, supermarkets and hypermarkets garnered 16.5 percent of total sales.

The convenience sector offers more limited opportunities. Most convenience stores belong to retail chains and share the same large suppliers. Gas marts are affiliated either with gasoline companies or with large retail food distribution groups.

Market Drivers

Several factors will likely sustain growth in the retail food sector in Sweden and Finland. These countries have industrialized economies, well-developed infrastructures and high standards of living. Together they form a sophisticated market with a high acceptance of new products and concepts, where U.S. products are considered to combine high quality and trendiness.

Strong economic growth in both countries has strengthened consumers' purchasing power and consequent demand for high-value, consumer-ready products. And although world and national economic slowdowns could constrain consumer spending in the future, retail food sales remain high, and further growth is expected. Both countries have well-educated workforces with growing incomes. In 2000, Sweden's per capita gross domestic product was \$23,291; Finland's was \$22,608.

Best U.S. Product Prospects

Mergers and restructuring are creating interesting opportunities in both the volume and variety of products in demand. For U.S. producers, processors and exporters, products offering promising sales growth include:

- Dried fruits and nuts
- Fresh fruits and vegetables
- Frozen foods
- Fruit juices
- Pet food
- Processed fruits and vegetables
- Ready-made meals
- Rice and rice mixes
- Sauces and seasonings
- Seafood
- Snacks
- Specialty foods, such as organic, ethnic or vegetarian items
- Wines

Swedish and Finnish consumption patterns are moving away from their culinary traditions. Consumers are increasingly pressed for time, and this is having a big impact on food retailing by boosting demand for convenience and value-added foods. Sales for meals eaten away from home are growing fast, prompting retail stores to shift their products toward more ready-to-eat foods. In both Sweden and Finland, about 20 percent of meals are currently eaten out. The fast food sector is benefiting most from this trend, and undergoing rapid expansion.

Consumers are demanding more natural, organic, healthy and functional foods and beverages, and there is a rising trend in catering to the growing number of vegetarians. The selection of such products is currently more limited than in the United States—particularly in the processed foods category. Concerns for the environment



(the green philosophy) can also exert considerable influence on consumers' choices, and many consumers will pay higher prices for products that they perceive as environmentally friendly.

The Swedish and Finnish markets are expanding for international and ethnic cuisines, including foods that are uniquely associated with various regions of America or are identified as American products. These countries have picked up on TexMex, Cajun and the American barbecue concept in a big way.

Not All Smooth Sailing

U.S. suppliers and exporters face several major challenges in this market. Price competition is more difficult for U.S. suppliers because the dollar continues to be strong and overseas shipping adds to costs. Also, the general market continues to show hesitation toward products derived from biotechnology and beef produced with growth stimulants.

Both Sweden and Finland are members of the European Union (EU), and therefore follow its trade policies, requirements and regulations. However, although Sweden has harmonized its economic policies with those of the EU, it has not yet joined the euro monetary system. Finland, on the other hand, has adopted the euro currency.

Launching a Successful Ship of Sales

To enter and remain afloat in the Sweden-Finland market, an exporter must begin with a long-term plan that encompasses learning the prevailing business cultures and commercial practices, and developing and carrying out promotion activities that fit the market.

An exporter typically contacts an importer, wholesaler or other trade agent di-



rectly. The U.S. exporter must work closely with the importer to ensure that products fully conform with food safety, quality and labeling rules and regulations.

Because the market is dominated by a few large import/wholesale/retail groups, U.S. exporters have a relatively easy job of locating potential buyers. Selling to a distributor that supplies the large retailers can be an effective approach, especially for small- or medium-sized exporters.

Swedish and Finnish firms do not change suppliers readily; many commercial relationships have been built up and maintained over decades. Newcomers must be willing to invest effort in developing an entry strategy and securing the confidence of buyers.

A Swedish or Finnish buyer will expect total commitment to prompt deliveries, precision in filling orders and high quality in all products. Being punctual is regarded not only as a sign of respect, but also efficiency. The Swedish and Finnish business ethic has little patience with cultural variation in punctuality.

Good information about market re-

quirements, standards and general potential can be obtained by paying a company visit in connection with a local trade fair or show. Participating in a trade show can be an efficient way to get to know the market. GastroNord in Sweden and Gastro in Finland, at which the Office of Agricultural Affairs in Stockholm typically arranges U.S. pavilions, are excellent opportunities for U.S. exporters to meet trade representatives from Finland, Sweden and other Northern European countries. ■

The author is the marketing specialist, the Office of Agricultural Affairs, U.S. Embassy, Stockholm, Sweden. Tel.: (011-46-8) 783-5390; Fax: (011-46-8) 662-8495; E-mail: agstockholm@fas.usda.gov

For details, see FAS Reports SW1024, FI2001 and FI2003.

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Norway: A Changing Market With Potential for U.S. Sellers

By Asle Eek Johansen

Norwegians have long known a good thing when they see it: after all, Leif Ericson was the first European to journey to North America—in 1000, according to ancient Norwegian texts.

In 2000, Norway's agricultural imports totaled \$2.4 billion, compared with the roughly \$683 million it exported. That's due in part to a cold climate that limits agricultural production. About half of the products Norway imports are consumer-oriented, high-value products.

The U.S. share of the Norwegian agricultural market, however, totaled only \$130 million in 2000. On the other hand, mar-

keting efforts of U.S. suppliers have been limited. There are a few angles U.S. exporters may find worth looking into if they aspire to more shelf space in this country.

Norway's Challenges

Although Norway reduced its value-added tax (VAT) on food in 2001 from 23 to 12 percent, exporters should focus on foods Norwegians don't produce themselves. The foods that farmers do produce in this country, such as meats, dairy products, fruits and vegetables, are heavily protected with tariffs.

Instead, focus on foods that can't be grown in colder climates. Oranges, grapefruits and other citrus would be good candidates. Tomatoes, grapes, tropical products and nuts are also good bets. However, Norway will not buy products derived from biotechnology or growth stimulants.

Advantages for the United States

Fortunately, the United States produces many of the items with good potential.

There are other ways to make inroads with Norwegian consumers, too. One way is to think young: consumers in their 20s, 30s and 40s are curious about new foods. They are environment- and health-conscious. They also wield a lot of buying power.

Since these consumers are curious about foreign cultures and want to try their cuisines, ethnic and uniquely American foods can do well. These young consumers are also attracted by food that is organic, natural or vegetarian. Having organic or vegetarian processed products can also be an asset, since selections are limited.

They also want functional foods, products with vitamins or health-related benefits. Just be aware of and comply with labeling requirements.



Another way of thinking young is to look at what youthful consumers in the United States want. Anything trendy, or with eye-catching designs or a fun new convenience feature, could appeal to Norway's young consumer.

Telling Norway About U.S. Quality

With the right marketing strategy, the United States could improve its market position in Norway. A lack of awareness is part of the barrier to U.S. market share.

A more aggressive marketing campaign could improve matters. One way to promote U.S. foods in Norway is to attend trade shows, such as Gastro and GastroNord.

Exporters can also capitalize on U.S. foods' reputation for high quality. They are associated with new-to-market products that spark consumer interest and make sales.

Selling to the Four Giants

Important opportunities for U.S. exporters may exist in the supermarket and gas mart sectors. In anticipation that other European mega-marts would soon invade Norway's market, local Norwegian supermarkets decided to consolidate to survive. Four retail chains control the majority of retail stores in Norway: Norgesgruppen, Hakonruppen, Coop and Reitan Narvesen.

As these retailers grow, they will need more diverse products and will have to buy in greater volumes to achieve economies of scale.

U.S. suppliers that provide private label packaging could benefit, because these companies coordinate purchases for their own brands. Coop, for example, wants to extend its private label offerings to 30 percent.

These stores will also be looking for innovative products that make them stand out from the competition. A good strategy:



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think about U.S. supermarkets and the products they offer, and compare them with those of Norway. What's missing from Norwegian retail shelves that would catch consumers' attention?

About 81 percent of grocery retail products, including nonfood products, are sold through supermarkets; another 11 percent through hotels and restaurants; and 8 percent through gas marts and kiosks.

New-to-market exporters should also make a point of researching a product's potential before making business calls. They should then find reputable representatives in Norway and discuss their research with them, preferably in person, before making any commitments.

When making friends with giants, it pays to do your homework. Exporters should also be aware of how much product a customer will need. You must gain customers' confidence by proving your reliability. Companies usually do not get a second chance in this market.

Gas Marts May Fuel U.S. Sales

New-to-market exporters should bear in mind that although there is a close connection between the larger grocery wholesalers and retail chains and the gas marts and kiosks, they all have their own organizations for buying and marketing.

The main players are Esso, Statoil, Shell and Hydro/Texaco. There are also kiosks such as Mix, Reitan Narvesen and Gyda. Although these stores offer basic grocery products, their consumer base is not as price-sensitive and therefore more receptive to convenience foods and products bought on impulse.

However, sales in gas marts and kiosks have stagnated in the past two years as grocery stores have extended their hours. Grocery stores are becoming more convenient and have the attraction of much lower prices.

If you think gas marts and kiosks might be right for you, you should be sure you have an eye-catching product that offers something new to the consumer, whether it's an interesting container, a new taste or a different way of enjoying a familiar product. These stores, like most others in Norway, strive to have something that their competitors don't. ■

The author is an agricultural specialist in the Office of Agricultural Affairs, U.S. Embassy, Oslo, Norway. Tel.: (011-47) 22-448-550; Fax.: (011-47) 22-449-425; E-mail: agoslo@fas.usda.gov

For details, see FAS Report NO1003. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.



Selling High-Value Food Products to Nigeria

By Uche M. Nzeka

Since a democratically elected government took office in Nigeria in May 1999, the business climate in that country has changed dramatically. That's good news for U.S. agricultural exporters. Nigerians today want U.S. food commodities, particularly value-added consumer foods.

Growing Consumer Demand

Nigeria's population, currently 110 million, is growing at some 3 percent per year. In addition, Nigeria offers U.S. exporters a bonus market of about 20 million consumers in neighboring West African countries. These people are increasingly buying prepared food items that can be fixed quickly in the home or at work. For



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example, the sale of high-value food products in Nigeria jumped 25 percent in 2000. Continued urbanization will increase the demand for imported prepared foods.

Nigerian consumers view U.S. food products as high-quality items, and they are demonstrating a preference for U.S. trends in snack and convenience-type foods. Few of these products are produced domestically.

In Nigeria, more and more women are working outside the home and an increasing number of children are attending school. Middle- and high-income groups are being exposed to advertising for imported foods through television, print media and the Internet.

Currently, European Union (EU) and Asian suppliers dominate the market for

Best U.S. Product Prospects

The high-value food products with the best prospects in Nigeria and its West African neighbors include:

- Baking mixes
- Beverages (alcoholic and non-alcoholic, including liquid milk)
- Breakfast cereals
- Candy
- Canned vegetables
- Cooking oil
- Frozen poultry and fish
- Ice cream
- Margarine
- Pasta
- Snack foods
- Spices
- Tomato puree



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EACH YEAR, NIGERIANS ARE PURCHASING MORE HIGH-VALUE FOOD PRODUCTS.

convenience foods, but the U.S. share is growing, and further opportunities exist. The value of U.S. consumer-oriented foods exported to Nigeria in 2000 is estimated to have reached \$30 million. Because of high tariffs, many products enter Nigeria through ports in neighboring countries unrecorded or under-valued.

While traditional markets still account for 55 percent of all retail sales in Nigeria, supermarkets and convenience stores are becoming more prevalent. In 2000, supermarkets handled approximately 19 percent of all retail sales of imported consumer-ready foods. Hotels and food catering services represent a small but growing outlet for imported value-added food commodities.

The improved business climate in Nigeria is having a beneficial impact on the economy and on tourism. Fast food establishments offer the greatest opportunity for sales growth.

Market Entry Tips

- Contact the agricultural counselor at the Office of Agricultural Affairs in Lagos, Nigeria, for assistance in selecting a local distributor/agent and other matters.
- Have the local agent register the products with the appropriate regulatory bodies.
- Identify and sell through consolidators in the United States who already serve the West African region.
- Exhibit at trade shows that are well attended by Nigerian importers.
- Offer food product shipments in mixed-lot containers.
- Offer flexible shipping volumes.
- Support activities for in-store and point-of-sale promotions in numerous small-sized outlets.
- Adopt a pricing strategy that encourages importers to buy your products.



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The largely subsistence agricultural sector has failed to keep up with rapid population growth, and Nigeria, once a large net exporter of food, now must import many items.

Tips for Exporters

All value-added food products must be registered with the National Agency for Food and Drugs Administration and Control of the Government of Nigeria (GON). In addition, foreign manufacturers must be listed in Nigeria with a duly registered local company. In practice, this local representative handles and coordinates the registration process for food imports.

Import duties for high-value food products can run as high as 75 percent, but average about 45 percent. These products are also subject to a 5-percent value-added tax. There is also a customs service inspection charge of 8 percent of the import duty. Goods must be inspected in the country of origin and be accompanied by a report of inspection. Beginning May 2001, however, the GON initiated a duplicate inspection

for all imports that required another 100-percent inspection at the port of entry.

Because of the high tariffs and Nigeria's still inefficient port inspection practices, it is essential that U.S. exporters work with reputable local importers. Efficient Nigerian importers know "how to make things happen," and can move exporters' products into the country. FAS representatives at the Office of Agricultural Affairs in Lagos can assist U.S. exporters in establishing these essential business contacts. ■

The author is an agricultural marketing assistant at the Office of Agricultural Affairs, U.S. Embassy, Lagos, Nigeria. Tél.: (011-234-1) 261-3926; Fax: (011-234-1) 261-3926; E-mail: aglagos@fas.usda.gov

For details, see FAS Report NI1019. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.

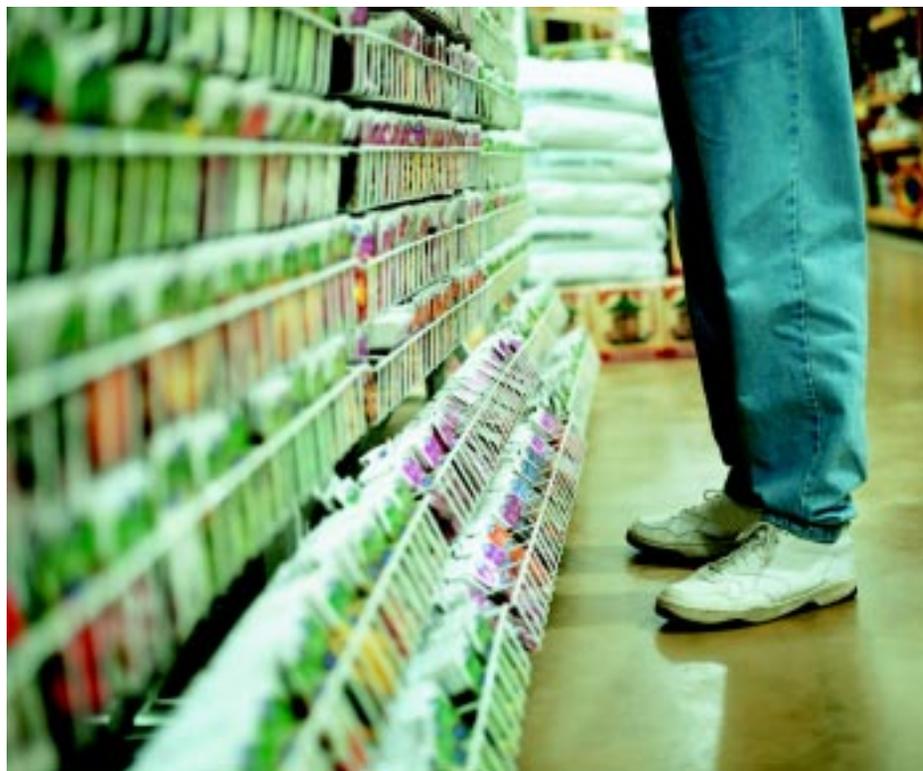


U.S. Planting Seeds Sowing Big Sales in Japan

The United States captured just over one-third of the Japanese market for planting seeds in 2000, racking up \$48 million in sales, according to Japanese import statistics. By volume, U.S. seed exports to this market declined slightly to 13,834 metric tons, 15 percent of the market. Japan's planting seed imports from all countries totaled \$139.7 million in 2000, down slightly from the previous year.

Seeds of Success—and Some Caveats

Several factors make Japan a solid market for U.S. planting seeds. Phytosanitary barriers do not significantly impede seed imports. Moreover, Japan subscribes to the International Convention for the Protection of New Varieties of Plants, so regis-



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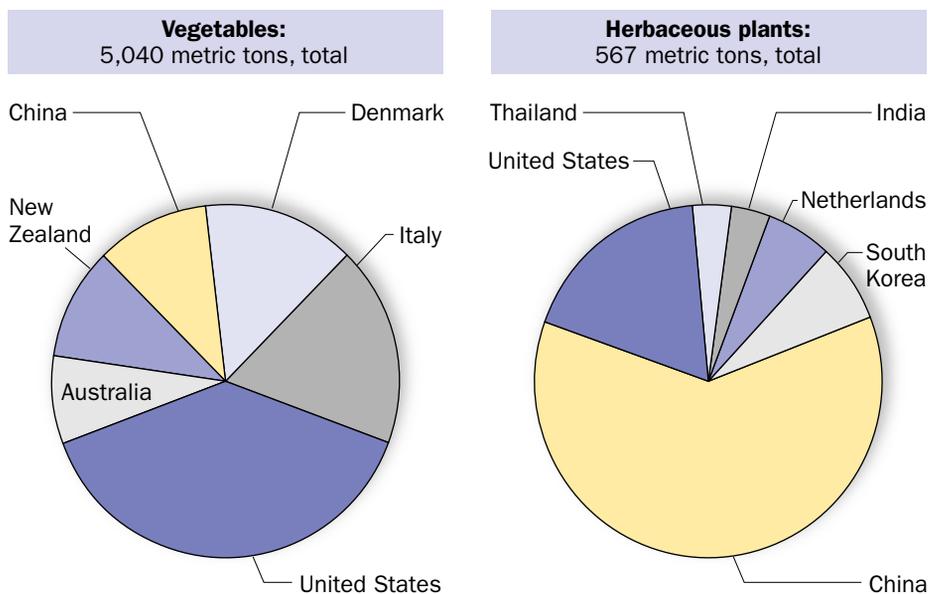
Seed Variety Applications Up, Registrations Down

Because of the lengthy procedural requirements for seed applications in Japan (sometimes taking several years), there is no direct connection between applications and registrations for any given year.

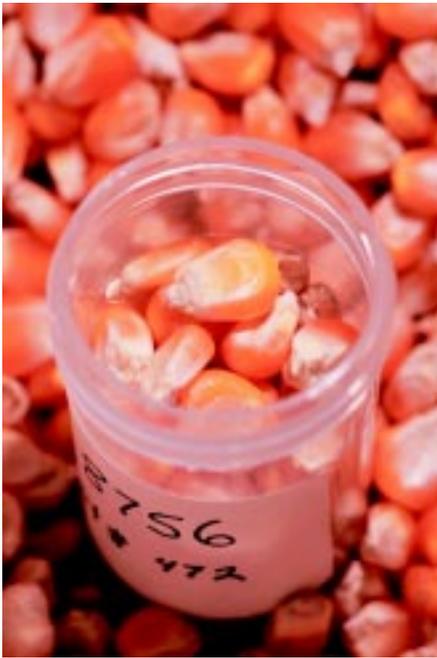
	Applications		Registrations	
	1999	2000	1999	2000
Edible crops	43	47	45	63
Vegetables	47	61	44	46
Fruits	25	40	42	43
Forage crops	6	10	11	1
Herbaceous plants	548	557	607	572
Ornamental plants	133	203	185	153
Others	19	24	20	27
Total	821	942	954	905

Calendar years.

In 2000, the United States Ranked Among Japan's Top Suppliers in Two Major Seed Groups



Calendar year.



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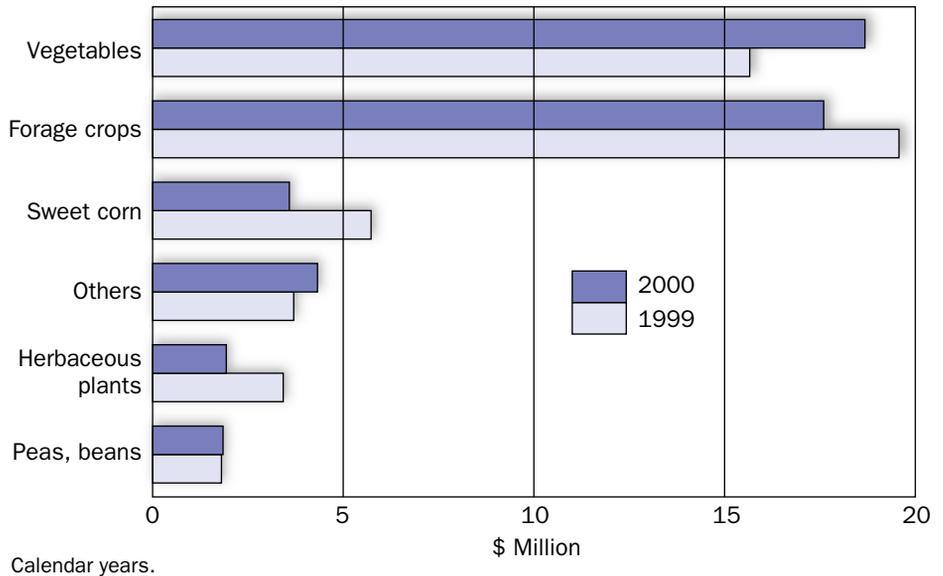
tered breeds are protected, including seeds developed through biotechnology.

High though they were, U.S. planting seed sales were likely constrained by a media campaign in June 2001 undertaken by a consumer group, reporting that two biotech varieties had been detected in Japanese imports of corn seed from the United States and marketed as non-biotech. Although both of the biotech varieties have Japanese approval for use as feed and food, they are not approved for planting.

In response, the Japan Seed Trade Association issued a report explaining the farming practices involved and refuting the possibility of cross-pollination. The association also initiated a program of voluntary labeling of packages of non-biotech seeds for the retail trade—a move that indicates the Japanese planting seed industry remains seriously concerned about biotech products.

Japan instituted new product labeling requirements, effective April 2001. Not surprisingly, these developments have increased

U.S. Planting Seed Sales Spanned Several Categories



importers' and producers' reliance on identity-preserved, non-biotech products. They are also likely to restrain demand for U.S. biotech planting seeds in the near term.

Varieties—the Spice of Life

The number of new seed varieties developed worldwide has burgeoned recently, especially in the herbaceous and ornamental plant sectors.

In 2000, the Japanese government received 942 applications for registration of new seed varieties from individuals, seed companies, food makers, agricultural cooperatives and research institutions—up from 821 in 1999. The number of new variety registrations issued by the Japanese government in 2000 was 905, down from 954 the previous year.

Nevertheless, the acceleration of applications for new seed varieties demonstrates vibrant research activity, and bodes well for market development and future commercial demand. ■



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For more information, contact the U.S. Embassy, Tokyo, Japan. Tel.: (011-81-3) 3224-5000; Fax: (011-81-3) 3589-0793; E-mail: agtokyo@ppp.bekkoame.ne.jp

For details on Japan's market for planting seeds, see FAS Report JA1086. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.



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

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

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

World Horticultural Trade and U.S. Export Opportunities

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

Oilseeds: World Markets and Trade

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

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Tobacco: World Markets and Trade

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

World Agricultural Production

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

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

Monthly Summary of Export

Credit Guarantee Program Activity

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

U.S. Export Sales

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

AgExporter Magazine

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

Dairy: World Markets and Trade

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

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Asia Remains Major Market for U.S. French Fry Exports

During the past 10 years, U.S. frozen french fry exports have consistently increased, particularly to some East Asian countries, where the number of quick service restaurants has expanded significantly. The outlook for U.S. frozen potato french fry exports remains positive as foreign demand continues to expand. In marketing year 2000/01, U.S. frozen potato french fry exports set new records at 497,000 metric tons, valued at \$354 million. East Asian countries accounted for more than 80 percent of U.S. fry exports. Japan alone consumed about 44 percent of U.S. fry shipments, followed by China/Hong Kong, South Korea, Mexico and Taiwan. Expansion of the international fast food industry, product quality, rising incomes, tariff reductions and ongoing market development activities should continue to propel demand for U.S. potato fries.

U.S. Lettuce Exporters See Green

Negotiations between USDA's Animal and Plant Health Inspection Service and Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) may result in a pilot pre-clearance program for U.S. lettuce. MAFF plant health officials could come to the United States, possibly as early as fall 2002, to help set up a pre-export clearance system of fresh lettuce exports to Japan. A large percentage of U.S. lettuce exports has been fumigated in Japan for aphids, thrips and leaf miners. This procedure damaged the quality and reduced the shelf life of the lettuce. U.S. exporters hope that a pre-clearance program in the United States will lessen the risk associated with exporting to Japan and potentially boost sales. In fiscal 2001, U.S. exports of lettuce to Japan were valued at \$9.2 million, up 42 percent from the previous year.

Fruit Logistica 2002 Hits the Sweet Spot Again

For the first time in its 10-year history, the Fruit Logistica show, held in Berlin, Germany in January 2002, attracted more exhibitors than the annual show of the U.S.-based Produce Marketing Association. Over 810 exhibitors from 50 countries, including nine companies and associations from the United States, participated in the fruit and vegetable trade show. Fruit Logistica continues to be an important meeting point for over 13,000 key European fruit and vegetable buyers. U.S. products featured included pears, cranberries, table grapes, walnuts, almonds, pistachios and sweet corn.

FAS Updates Guide to Exporting Solid Wood Products

FAS has published a revised edition of "A Guide to Exporting Solid Wood Products" to assist U.S. firms. The guide helps U.S. wood products producers examine and prepare for export markets by providing them with a brief overview of the necessary steps in developing a successful export marketing strategy. World exports in solid wood products continue to rise steadily and surpassed \$60 billion for the first time in 1999. You can obtain a free copy of the guide by sending a request to USDA, FAS, Forest and Fishery Products Division, AgSTOP 1047, Washington, DC, 20250-1047, or by calling (202) 720-0638. Copies of the guide (designated as Agricultural Handbook No. 662, January 2002) can also be purchased from the National Technical Information Service (Tel.: (703) 605-6060).



Also in This Issue:

- Nigeria's promising market for high-value foods
- Soaring U.S. seed shipments to Japan
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