

The Monthly Magazine for Food and Agricultural Exporters

# AgExporter

United States Department of Agriculture  
Foreign Agricultural Service

May 2002



**U.S. Exports  
Find Favor  
In France's  
Retail Market**

# AgExporter

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Foreign Agricultural Service

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France has a dynamic market for foreign consumer-ready foods, offering numerous potentially lucrative opportunities for U.S. companies willing to take on the challenge.



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# France's Retail Food Sector Is Booming

By Roselyne Gauthier

In France, supermarkets and large city center stores account for 75 percent of total retail food sales. Consumer-ready foods are growing in popularity. Potentially lucrative opportunities exist for U.S. food exporters in a number of niche markets

## The Dynamic French Market

Diverse yet readily understandable, France's retail store network closely resembles that of the United States. There are

discounters, hypermarkets, supermarkets, city center stores, department stores, and small neighborhood and specialized food stores.

Consolidation of large retailers is ongoing. For example, in 1999, retailers Carrefour and Promodes merged, creating the world's second largest retail chain after Wal-Mart. With an eye to capturing market share from the restaurant and fast food sectors, many hypermarkets and supermarkets have begun to sell ready-to-eat foods such as roasted meats, fresh baked breads and pastries. They are also selling premium quality foods including regional and exotic products.

The aggressive expansion of mass distribution outlets threatens corner grocery

stores, bakeries and butcher shops that account for 20 percent of France's retail food distribution. To survive, these stores must have flexible hours, product variety and special services such as home delivery.

## Road Map for Market Entry

To succeed in introducing food products into the French market, U.S. exporters must have local representation and personal contacts. Local representatives can provide up-to-date information on business practices, trade laws, and marketing and distribution strategies.

Depending on the product, U.S. exporters can penetrate the French market either through France's Central Buying Office or through specialized importers.



## TO SUCCEED, U.S. COMPANIES MUST AGGRESSIVELY ENTER THE COMPETITIVE FRAY.

### A Few Barriers for U.S. Exports

- A 1962 French decree prohibits poultry meat and egg products from countries that use certain additives in poultry feed compounds.
- Vitamins may not be added to food products, except for diet or health foods.
- French regulations also prohibit imported products made with vitamin-enriched flour.
- For more information on product trade restrictions, please refer to Food and Agricultural Import Regulations and Standards (FAIRS) reports. To find them on the Web, go to [www.fas.usda.gov](http://www.fas.usda.gov), select **Export Programs** and **FAIRS**.

Producers of new-to-market and niche products usually enter through local importers.

To meet import requirements, U.S. companies must provide product descriptions and price quotations, submit products for laboratory testing and obtain sanitary and health certificates. Once a product meets all these import requirements, the French Central Buying Office will include it in its referencing list and offer it to supermarket buyers, who can then order the product directly. The Central Buying Office registers and approves all suppliers as well as products, applies tariffs and imposes controls to ensure products comply with French regulations.

### The Competition Is Intense

The United States faces many competitors in the French market, beginning with France itself. With its highly developed food sector, France is the European Union's (EU) most competitive producer, processor and exporter of agricultural and processed food products. In 2000, the Netherlands,



Belgium, Luxemburg, Germany, Spain, the United Kingdom and Italy provided 69 percent of France's total agricultural imports. Outside the EU, Brazil is the largest supplier to France, mainly of bulk products, as well as orange juice and juice concentrates.

Most successful exporters from EU countries conduct some form of market



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promotion to make inroads into the French market. Products such as fresh or preserved fruits and vegetables, wines, beer, fish and meats are commonly promoted in trade shows, advertisements and supermarkets. Non-EU countries doing the most market promotion include Norway, Israel, Morocco, South Africa, Argentina, Brazil and Canada. To be successful, U.S. companies must be prepared to aggressively enter the competitive fray.

### Best Product Prospects

Large U.S. and multinational companies have been in the French market for a long time, and have adapted their products to French tastes. Best prospects for U.S. exporters include: fish and other seafood; tropical fruits and nuts; beverages, including wines and spirits; innovative diet, health and organic foods; and foods with a regional American image (for example, Louisiana, Tex-Mex and California).

Health concerns and constant tax increases on alcoholic beverages have decreased French consumption of these drinks, while boosting demand for mineral

water and fruit juices. Organic foods are quickly rising in popularity among increasingly health-conscious French consumers. A desire to return to tradition is drumming up demand for soup. The growing number of pets in France has stimulated demand for conventional and organic pet foods. In addition, strong niche markets exist for candies, chocolate bars, wild rice and kosher foods. ■

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# Salty Snacks Are Becoming A French Treat

By Roselyne Gauthier

**U.S.** sales of snack foods to France in 2001 totaled \$6.8 million according to French customs statistics, up 5 percent from the previous year. Not that much when compared to the whole French snack food sector, valued at \$4 billion a year.

But innovative products in U.S. confectionery, biscuits and chips could make significant inroads in the fast-developing French snack food market. The French snack food sector has been growing 7 percent annually, with expectations of doubling over the next several years.

Most French snack foods are sold in supermarkets, and the more successful products have common characteristics: they are easy to consume, sold in individual portions and moderately priced. Today's best prospects reside with high-value products

## Labeling in French—and Metric

Product labeling should be in French and, at a minimum, include:

- Product definition
- Shelf life
- Precautionary information or usage instructions, if applicable
- Statement of contents (weights and volumes of ingredients in metric; additives, preservatives and color agents with specific group name or "E" number)
- Product's country of origin and name of importer or vendor within the EU
- Manufacturer's lot or batch number

that offer a sporty, healthy or exotic appeal.

Having plumbed the development of sweet snack products, the French snack marketplace is now concentrating on developing salty products to gain market share. Three growing segments that U.S. exporters should consider include:

- Salty snacks (including dairy, delicatessen and grocery)
- Sandwiches (and ingredients)
- Salty products for aperitifs (seeds, extruded products and crackers)

## CONFECTIONERY ITEMS, BISCUITS AND CHIPS REPRESENT SALES POTENTIAL.

### Entry Strategy Important

It is crucial for new U.S. exporters to have local representation and personal contacts who can provide current information on business practices, trade laws, sales leads and marketing and distribution strategies.

New-to-market and niche products usually first enter France through importers/distributors. Look for an importer experienced with the operations of the French Central Buying Office and supermarkets.

### What To Expect

Food products entering the European Union (EU) are subject to customs duties. Most processed products, including snacks, are subject to additional import charges based on contents. Also, some U.S. food additives are not approved for use in France.



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Once approved, arriving products are sent to regional warehouses and distribution centers that coordinate delivery to retailers. ■

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For more in-depth information on French snack foods, see FAS Report FR1051 at [www.fas.usda.gov](http://www.fas.usda.gov), then select **Attaché Reports** and follow the prompts.



# U.S. Wines Help Quench French Consumers' Thirst for Novelty and Variety

By Roselyne Gauthier

Unlikely as it may seem, France is emerging as an important market for U.S. wines. From 1997 to 2001, according to French customs statistics, U.S. shipments swelled about 55 percent in volume and 68 percent in value, reaching approximately 60,000 hectoliters valued at \$12 million.

## Vineyard Vistas

At first glance, it seems almost incredible that France—long one of the world's wine producers *par excellence*—should harbor a growing thirst for wines of U.S. vintage. France is also the world's biggest wine producer, with 12 percent of global vineyard area and 23 percent of production.

Moreover, France aggressively promotes its wines. For 2002, the French government increased the budget of the Office for Wines and Vines (ONIVINS) to \$10.5 million to promote French wines in foreign markets. For fiscal 2001, the U.S. wine industry received about \$3 million through USDA's Market Access Program (MAP) to promote U.S. wines abroad.

Promotional activities funded by ONIVINS include advertising campaigns; in-store promotions in specialized outlets, hotels and restaurants; and participation in fairs and trade shows.



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## A Toast to Variety—Or, Pleasing Gallic Palates

But “New World” varieties from the United States are generating a lot of interest among French consumers, who are coming to appreciate the superb quality and wide range of tastes offered by U.S. wines.

Most of the enormous increased flow of U.S. wines to France can be attributed to the marketing efforts of large companies; promotional activities of producers at events like VINEXPO, one of the industry's biggest trade shows; and promotions featuring U.S. wines sponsored by FAS' Office of Agricultural Affairs, such as wine tastings at the U.S. Embassy and in the many American restaurants in Paris.

The E. & J. Gallo Winery has been present in France since 1998, when it began an energetic and successful campaign to win more space on store shelves and representation on restaurant menus. Gallo has

contracts with major French retailers like Carrefour and Auchan. In May 2000, Robert Mondavi, another large U.S. producer, introduced its wines through a leading importer/distributor. Disneyland Paris is also a major customer for U.S. quality wines, not only from California but also from Washington State. Both the California Wine Institute and Northwest Wine Promotion Coalition have used MAP funds to attend large trade shows, such as VINEXPO.

Californian varieties of Cabernet Sauvignon, Chardonnay, Zinfandel and Pinot Noir constitute most U.S. sales in France. And the market offers further opportunities for U.S. wines, particularly those of high quality and unusual taste.

## A Big Drop—Yet a Brimming Market

In addition to being the world's largest producer, France also accounts for 16 percent of global consumption. On the other hand, it should be noted that despite French



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people's reputation as connoisseurs and big consumers of wines, French per capita wine consumption has decreased steadily over the past couple of decades: from 103 liters in 1980 to 55 liters by 2000.

French consumers are moving from quantity to quality. Since 1998, New World varieties—mostly from the United States, Chile, Argentina, South Africa, Australia and New Zealand—have increased sales volume by 45 percent. And the exotic attraction and high quality of many of these wines, coupled with an increasing demand for new taste sensations, will likely support continuing consumer experimentation. Moreover, despite the sizeable export gains, U.S. wine producers still supply only 1 percent of all French wine imports.

In fact, France is viewed as a thriving import market by the world wine trade. Nearly all members of the European Union (EU) conduct wine promotions in France through trade shows, public and trade advertising and supermarket promotions. EU and non-EU countries alike market their wines in France. Producers emerging in Northern Africa and elsewhere should be considered as future competitors in the French wine market.

Consumers from 35 to 49 years old (30 percent of French households) make 25 percent of wine purchases. They purchase still white and sparkling wines (except champagne) in larger quantities than any other age group. Consumers aged 50 years and up are the leading buyers of still wines.

The 50- to 64-year-old group leads in purchases in most other wine categories, with a marked preference for reds. This group also has the highest level of champagne consumption.

The distribution system consists of wholesalers, which frequently sell to specialized wine stores, food stores, restaurants



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and institutions, and importers, which sell to supermarkets. Producers themselves generally handle mail order sales. Supermarkets account for 78 percent of household wine purchases, while wine stores, direct sales and other outlets account for 22 percent.

Total wine consumption in 2000 reached 33 million hectoliters, of which restaurants, hotels and cafés accounted for 10 million hectoliters, and homes 21 million hectoliters. Of the amount consumed in homes, 11 million hectoliters were purchased in supermarkets and the rest in specialized stores or directly from wine growers.

### What's in a Name?

Wines imported into France must meet regulations on oenological practices and processes stipulated in EU Regulation 822/87. In addition, EU Regulation 2390/89 requires that wines be accompanied with

analytical bulletins containing such information as alcoholic content, acidity rate, presence of sulphur and so on.

The EU and the United States are working on a new wine accord that will cover issues such as oenological practices, protection of geographic indications and labeling.

Labels on U.S. wines exported to France must include:

- Net contents in metric units
- Name and address of the French importer, preferably on the main label (although small stick-on labels can also be applied by the French importer)
- Alcoholic content
- Manufacturing lot
- Country of origin
- All varieties in the same print and field of vision (i.e., same part of the label), the variety making up the largest percentage of content at the top

Over the past decade, France has instituted regulations that limit radio and TV advertisements for alcoholic beverages and curtail advertising at points of sale and for events. ■

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# St. Maarten/St. Martin Entices U.S. Exporters With Duty-Free Status

The island of St. Maarten/St. Martin wasn't blessed with good soil and plentiful water, but its bountiful natural beauty serves as a mecca for U.S. and European tourists, and those tourists enjoy a meal prepared with the finest ingredients. The 76,000 people of St. Maarten, an island of the Netherlands Antilles, and St. Martin, a dependency of Guadeloupe, an overseas department of France, maintain distinct cultures while comfortably sharing their 37-square-mile island home.

According to Margie Bauer, director of FAS' Caribbean Basin Agricultural Trade Office, "The 1.3-million tourists a year and relatively affluent local residents make food imports a priority for the island. A dearth of local agricultural products explains an unusual duty-free status for food imports."

This duty-free status has also encouraged the island's development into a distribution hub for Anguilla, Saba, St. Barthelémy, St. Kitts and Nevis and St. Eustatius. Neighboring islanders boat or fly to the island to take advantage of its duty-free prices and larger selection of goods.

"These factors and proximity to the U.S. mainland make the island a prime market for U.S. agricultural products," Bauer said. "The island imports \$105 million worth of food products a year."

The food retail sector accounts for \$68 million or 65 percent of the island's food imports. The remaining 35 percent, pegged at \$37 million, is taken up by the food service sector.

## St. Maarten Prefers U.S. Retail Products

U.S. exporters have managed to acquire



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85 percent of the retail food market on the Dutch St. Maarten side of the island. However, on the French St. Martin side, exporters have found stiffer competition from France and other European countries—and so claim only a 35-percent share.

## Florida Companies Max Out

Stateside, Florida companies have taken advantage of their proximity and now account for most U.S. exports to both sides of the island. St. Maarten imports 90 percent of its U.S. food products from Florida, while St. Martin imports about half its U.S. total from the state.

Also, European containers often travel via ports in Florida—a boon for Florida shipping firms—where they mostly are sent to the Dutch port of Philipsburg, which receives more than 90 percent of all ocean traffic coming to the island.

## Supermarkets' Dual Role

The island has 12 supermarkets, 68 grocery stores, five gas marts and an open market. Supermarkets account for about 85 percent of the retail sector sales.

Supermarkets directly import about 60 percent of their products. For other products, they rely on three major wholesalers and the four supermarkets that also wholesale their imports.

"The island has a surprisingly diverse choice of foods," Bauer said. "The retail sector carries products that appeal to the island's 80 nationalities, besides catering to the palates of hungry tourists."

Retailers on the Dutch side report increased interest in convenience and value-added foods. On the French side, retailers find more consumer interest in low-fat and health foods. Neither side has much interest in private label products yet.

Most importers prefer receiving product catalogs with pricing and samples, though some do prefer meeting with a product representative. Importers attend trade shows to find new products.

The three wholesalers are primarily interested in major brands that do not compete with their existing lines. Supermarkets may be more receptive to small- and medium-sized U.S. companies because they like to offer wider choices to their customers.

## ... U.S. EXPORTERS HAVE A MAJOR ADVANTAGE ... DUE TO STRONG DISTRIBUTION CHANNELS AND SHIPPING ACCESSIBILITY ...

The largest supermarkets are located in the capitals of Philipsburg, St. Maarten, and Marigot, St. Martin. Mid-sized supermarkets are located in smaller urban areas.

### Smaller Retailers Growing

Typically owned and operated by individuals, gas marts and other convenience stores usually buy their products from wholesalers. Gas marts are a relatively new concept, and not everyone has bought into paying more for convenience. These outlets are usually located in high-traffic, urban areas.

Mini-marts and kiosks play a finite role in the retail sector, but are ubiquitous. These smaller stores are constantly introducing new items to be more competitive.

### Traditional Markets

The mom-'n'-pop independent grocery stores usually buy 80-100 percent of their products locally, relying on the advice of a wholesaler for new products. Occasionally, they might combine their purchasing power with other stores to im-

port directly. Since shelf space is limited, individual stores often try to distinguish themselves from competitors by selecting specialty items and ethnic foods that reflect the tastes of the neighborhood's residents.

The French capital of Marigot has a small, open market that offers fresh produce, spices and seafood.

### Proximity Favors U.S. Goods

Though locals generally hold European and U.S. products in the same regard, U.S. exporters have a major advantage in the retail sector due to the strong distribution channels and shipping accessibility into St. Maarten. Goods from Europe typically take four weeks to arrive compared to one week from Miami.

The strongest competition in the retail sector of St. Martin comes from France, which has 60 percent of the market (and the highest market share of wines throughout the island). Brazil has a growing share



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of whole chicken imports, while pork ribs are purchased primarily from the Netherlands and Brazil. A few products from Canada, like bottled juices, are available.

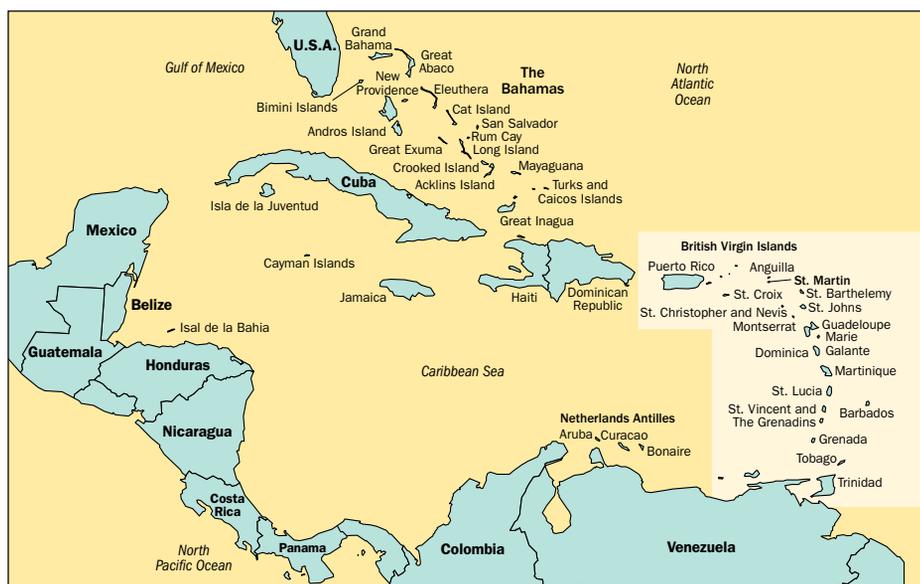
On the St. Martin side, products of U.S. origin are often found in the meat, seafood and fresh produce categories. However, in all other categories, French and other European products dominate.

### U.S. Dominates HRI

The United States enjoys an estimated 80-85 percent share of the \$37 million worth of food service imports for the hotel, restaurant and institution (HRI) industry on the island. Again, Florida companies hold the ace card in exporting U.S. products.

Altogether, the island boasts more than 6,500 hotel rooms and 500 restaurants. When researching market possibilities, exporters should keep in mind the ambiance of each side of the island. St. Martin offers an intimate and relaxed atmosphere in accommodations, excellent food and high-end boutiques. Dutch St. Maarten entertains with casinos, major resorts, shopping and nightlife.

Hotels and restaurants account for about 85 percent of the U.S. total food service sales; fast food chains account for about 10 percent; and institutions fill in the remainder.



While the heyday of tourism on the island came before the hurricanes of 1995, 1996 and 1998 damaged the sector, there is a strong comeback underway. In 1994, island visitors numbered 586,000 and cruise line passengers reached 717,000. Most of the momentum had been regained by 2000 when 512,000 stay-over tourists and 868,000 cruise passengers visited the island. Initial 2001 figures show a modest increase as well.

French products pose the only substantial competition for U.S. agricultural exporters in the HRI food import market. French imports range from 15 to 20 percent on the French side and from 10 to 15 percent on the Dutch side.

To keep sales flowing, U.S. exporters should take advantage of personal business relationships and relatively short and frequent shipping times from Florida.

### Best Prospects

“The best opportunities for U.S. exporters in the retail sector include fresh produce, fresh juices, soft drinks, dairy products, meats, seafood, dry goods, specialty foods and pet food,” Bauer said.

On both sides of the island, wholesalers are mostly interested in national brands, while supermarkets look for a wider choice of products.

As for potential in the HRI sector, “The two sides of the island market have idiosyncrasies that exporters should study carefully,” Bauer said. “Wholesalers on the Dutch side import the full range of U.S. food service products. On the French side, meats, poultry and fresh produce are almost all of U.S. origin.”

Most milk sold in retail stores is in powder form, but several wholesalers serving the retail sector have indicated an interest in fresh milk products. However, chefs on

### What's Good, What's Not:

#### Exporting U.S. Food Products to St. Maarten/St. Martin

##### Advantages

The island's 100-percent duty-free status encourages imports and development of the island into a distribution hub to other islands.

Consumers are knowledgeable about U.S. brands from TV advertisements, tourist demands and travel to the United States.

Food import demand is fairly even throughout the year, as tourism is relatively constant.

St. Maarten has strong product influence from and purchasing ties to the United States.

The island enjoys an efficient and well-established distribution infrastructure.

##### Challenges

The high dependence of the local population on the tourism sector and the economic hardships as a result of damage from three hurricanes since 1995 have slowed consumer retail sales.

It may be difficult to find a wholesaler not representing a competing brand already.

Some consumers are hesitant to change from traditional product brands.

St. Martin has strong product influence from and purchasing ties to Europe, especially France.

Private label is not yet a significant category for sales.

both sides prefer European dairy products, mostly from France and the Netherlands.

A ray of hope for private label manufacturers—one lower-end food supermarket that introduced a few private label brands two years ago has just seen the products really start to move off the shelves.

Bauer emphasized how meeting French packaging requirements for expiration dates could make U.S. products more competitive. “Dry products sales to French St. Martin would be substantially enhanced if exporters printed the date of minimum shelf life for perishables or the date of optimal usage for non-perishables.” Dates are not required for fresh produce, alcoholic beverages, vinegar, sugar, confectionery items and live shellfish intended for raw consumption.

St. Maarten follows the agricultural regulations established by the Netherlands, and St. Martin follows the agricultural regulations of France. “We have found that these regulations are not enforced in the same manner as within the European countries.

It is best to work closely with your importer to determine exactly what is acceptable,” said Bauer. ■

*For more information on the market for U.S. agricultural products in St. Maarten/St. Martin and elsewhere in the Caribbean, including a list of potential importers for your U.S. products, contact:*

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For details, see FAS Reports C12001 and C11013. To find them on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



# Chile: A Fertile Market For U.S. Fish Eggs

By Lewis Stockard

A USDA partnership resulted in an agreement to re-open the Chilean market for U.S. fertilized salmon eggs. This market was effectively shut down in 1999 because of concerns about bringing infectious salmonid anemia (ISA) into Chile. At the time of the shutdown, U.S. exports of salmon eggs to Chile were \$1 million a year. With the renewal of trade, U.S. salmon egg exports are expected to at least double to \$2 million annually.

FAS and the Animal and Plant Health Inspection Service (APHIS), along with the U.S. Fish and Wildlife Service, the National Marine Fisheries Service and the Washington State Department of Fish and Wildlife, worked with Chile's National Fisheries Service and its Under Secretariat of Fisheries to revise import protocols so that trade could resume.

## Science and Diplomacy Unite

To restore trade, FAS staff worked with APHIS officials and scientists to convince Chilean officials that U.S. salmon eggs were safe.

FAS and APHIS officials proved that the United States maintains effective monitoring and control programs to detect and prevent the spread of all aquatic diseases, including ISA.

It took two years of hard work and intensive negotiations to ease the prohibitive import requirements, but an agreement is now in place that reopened market doors to U.S. salmon eggs for breeder fish in Chile.

## An Important Niche in Latin America

Chile's import market for salmon eggs is estimated at nearly \$9 million per year. The largest imports occur during the winter, when Chilean farms are unable to produce enough eggs to meet demand. U.S. Atlantic salmon eggs are most often shipped between December and April, while coho salmon eggs are typically shipped in January. This window of opportunity is the

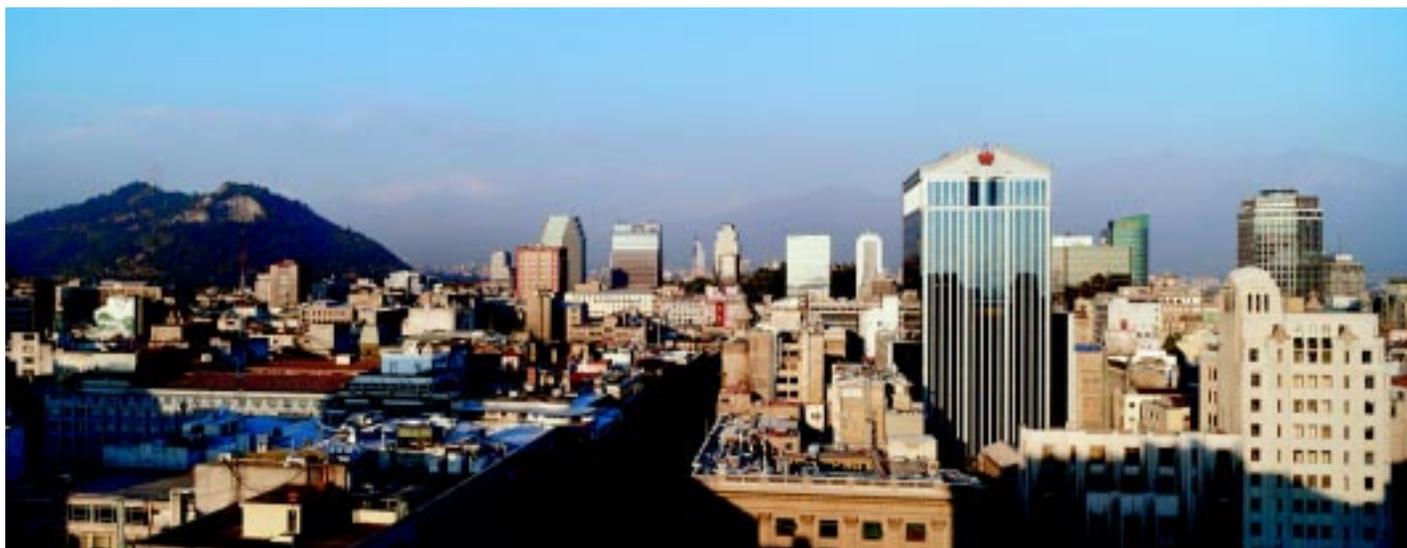
For details, see FAS Reports CI1009 and CI1002. To find them on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



result of the complementary growing seasons in the United States and Chile.

Because U.S. exporters can ship high-quality eggs during the seasonal shortage in Chile, analysts expect that U.S. exporters may be able to double the 12-percent market share that they held in 1999. ■

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# Latvia and Estonia: Only Assertive Exporters Need Apply

By Jolanta Andersone

**W**hy would a U.S. exporter consider Latvia and Estonia as a market? Some European countries, thanks to their free trade agreements with the two countries, enjoy more favorable tariffs than the United States. Moreover, they have already established distribution networks, and Latvian and Estonian consumers are more familiar with foods and beverages of Nordic, German and Central European origin.

As counterintuitive as it sounds, some of Latvia's and Estonia's challenges can actually become opportunities for the savvy.

## Reasons To Choose Latvia and Estonia

Part of Latvia's and Estonia's appeal is their great economic progress. While the



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two economies do not compare yet with those of Western Europe, Latvia and Estonia are at the top of the list of the fastest growing economies in Europe. Gross domestic product growth rates in Estonia and Latvia have exceeded 6 percent in recent years, and this development is expected to continue.

Per capita income is also rising. Latvia's growing population is traveling more and discovering new foods and flavors. It is becoming familiar with and better able to buy high-value food imports. Latvia and Estonia are expected to accede to the European Union (EU) in the next two to four years. Both Latvia and Estonia joined the World Trade Organization in 1999, improving access to this market for U.S. exporters.

The countries are attracting foreign investors, including retail supermarket chains. As large Nordic chains rapidly consolidate retail outlets in Latvia, they may provide new opportunities for exporters.

## Retail Sector in Rapid Change

After the fall of the Berlin Wall and the collapse of the Soviet Union, it took a few years before the modernization of the retail sector got up to speed. Even though most food still is purchased at outdoor markets, bazaars and traditional small shops, modern self-service supermarkets and hypermarkets are appearing at a rapid pace and are expected to dominate Baltic retail trade within a few years. This development is largely driven by Nordic retail companies that began entering Estonia and Latvia in the mid-1990s, and is most dramatic around the big cities of Tallinn and Riga.

These Nordic companies have also built distribution centers that have the potential to supply the entire Baltic region with imported products. Thus, they are building the structure necessary to overcome the obstacles presented by the relatively small shipments heretofore demanded by those interested in importing U.S. products.

U.S. exporters have an advantage in the generally positive image of U.S. products. They are considered to be of good quality, so businesses are receptive to buying U.S. products. Still, sales of U.S. foods and beverages are hampered by limited consumer awareness.

FAS' Market Access Program (MAP) provides funding to promote U.S. agricultural products, especially high-value, consumer-oriented wares. For more information on the MAP and other programs, visit: [www.fas.usda.gov/export.html](http://www.fas.usda.gov/export.html)

### Consumers Are Curious but Frugal

Even though the average Latvian and Estonian monthly household incomes are low, U.S. exporters can target urban consumers with higher incomes. With increased purchasing power and curiosity to spur spending, this group could form a base for future demand and can be targeted for promotional activities.

In Latvia, women make up 49 percent of the workforce. In Estonia, that number is 48 percent. The increasing number of women working outside the home is creating some demand for ready-made foods.

Also, promotions can aim at the growing expatriate community, the increasing number of tourists and establishments that cater to them.

### Best Products for U.S. Success

Even though Latvian and Estonian consumers are not familiar with many U.S. products, some American foods and beverages are seen on store shelves.

U.S. products that have good market potential are frozen poultry products, rice, fish, pet food, fresh and dried fruits, nuts and wines.

Products bearing U.S. brands but manufactured in European countries can already be found in Latvia and Estonia. U.S. brand chips, soft drinks, snacks and confectionery products are available.

Latvian and Estonian consumers are unfamiliar with low-fat, low-salt, sugar-free and cholesterol-free products. However, they can soon be expected to demand these products as health-consciousness increases.

Other products with potential are brown sugar, cake mixes, marshmallows, corn meal, graham crackers and chocolate chips.

U.S. exporters might also consider snack foods with a long shelf life, such as raisins and dried foods. Jams, jellies, maple syrup, frozen yogurt and sherbets might also sell. As for beverages, soft drinks, drink mix powders and frozen juices have potential.

Frozen foods, pizzas, meats, pasta preparations, canned seafood, vegetables and fruits might be popular. Cheeses, sauces, salad dressings and breakfast cereals might also sell.

Keep in mind, however, that high-value U.S. foods and beverages are currently disadvantaged by the preferential and even zero tariff treatment enjoyed by free trade agreement partners, mainly in the EU. In addition, the countries' implementation of sanitary and phytosanitary standards in preparation for EU accession has blocked some U.S. trade, especially in pork and beef. ■

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For details, see FAS Reports LG1006 and EN2001. To find them on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



# U.S. Hardwood Passes The Test in Europe

By William Bomersheim

As a result of an FAS-U.S. hardwood industry partnership, American white oak now has documented structural test values for the European market. Architects and engineers in Europe can now design structures with American white oak, knowing exactly how it will perform.

However, this was not always the case. Recognizing an opportunity, David Venables, European director for the American Hardwood Export Council (AHEC), utilized FAS' Quality Samples Program (QSP) in combination with FAS' Market Access Program (MAP) to put several U.S. hardwood species to the test in Europe—

thereby obtaining vital data needed to open up American hardwoods to new applications and audiences in Europe.

## The Opportunity

Venables became interested in this project when he learned that British architect Sir Michael Hopkins and structural engineering consultant Ove Arup were using U.S. hardwoods to design a courtyard roof for Portcullis House, a new office complex for Britain's members of Parliament. After exploring several different materials, the Portcullis House design team decided to use American white oak because it enabled them to design an esthetically pleasing structure with a sense of tradition that also could meet heavy load requirements.

However, the Portcullis team faced an important obstacle because the necessary strength data for American white oak were



AHEC

not available in the relevant European standards—namely, European Norm 338, which sets out strength codes (known as D ratings) for different wood species.

To overcome this hurdle, the Portcullis House team commissioned its own tests for American white oak.

When Venables learned about the testing, he realized that if this structural test data could be made publicly available and incorporated into the relevant European norms, it would facilitate the use of American hardwoods in more building projects. This would be especially helpful in work where interior or exterior structural elements such as decking, beams, window frames, door frames and staircase components feature prominently.

According to Venables, “The lack of approved structural data on U.S. species in the European standards was not necessarily a barrier to using U.S. hardwoods, but it did present us with an important marketing opportunity.”

Consequently, AHEC decided to commission a European testing organiza-



AHEC

tion to conduct similar tests for American white oak, thereby obtaining D ratings that were incorporated into the relevant European standards.

“We wanted to ensure that structural data on U.S. species can be accessed by all architects and structural engineers throughout Europe, however large or small the project,” said Venables.

Following the successful completion of the American white oak tests, AHEC also commissioned structural testing of American red oak, ash and tulipwood (yellow poplar), and plans to submit the data for inclusion in the European standards as well.

### FAS Programs Make the Difference

The challenge for AHEC was determining how to purchase wood (over 800 full-sized lumber boards) needed for testing and secure a contract with a recognized European authority. That is where FAS made the difference. AHEC presented its idea to FAS and ultimately used funds from two FAS marketing programs. Samples were provided for testing through the QSP, while the testing was paid for in part by the MAP.

Under the QSP, U.S. exporters typically buy commodity samples, export them and provide technical assistance on their use to importers. USDA reimburses the exporters for the cost of procuring and exporting the samples.

The QSP helps U.S. agricultural trade organizations expand markets for U.S. products by providing small samples to key players overseas.

In this case the wood used for testing was purchased in England from two U.K. distributors carrying U.S. hardwood stock, thus eliminating the need for QSP to pay for shipping costs.



AHEC

### Tests Generate Publicity

The testing has opened up a new market segment for U.S. hardwoods in Europe, and also created publicity for AHEC and American hardwoods in the architectural and construction media.

In addition, the project that inspired Venables to do the evaluations in the first place went on to win a prestigious U.K. architectural award. Publicity surrounding the successful design—and its use of U.S. white oak—generated further good press for U.S. hardwoods.

A special feature on the use of American white oak in the Portcullis House project and press releases on the testing produced over 80 articles in 10 European countries. Many articles appeared in magazines that had not previously focused on American hardwoods, thus introducing them to new audiences. The resulting publicity allowed AHEC to promote U.S. species and its technical publications to thousands of architects.

Mike Snow, AHEC executive director, summed up the success of this project:

“This story is a perfect example of how USDA funding can support industry initiatives to create new opportunities in export markets.” ■

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**For more information on the MAP, QSP and other programs, visit:**

[www.fas.usda.gov/export.html](http://www.fas.usda.gov/export.html)

**For more information about AHEC, contact that organization at:**

Tel.: (202) 463-2720

Web site: [www.ahec.org](http://www.ahec.org)

# Trade Notes...

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## United States and Hungary Sign Trade Agreement

Hungary agreed to reduce or suspend tariffs on \$180 million worth of key U.S. agricultural and industrial imports annually, effective April 2002. U.S. agricultural products covered include almonds and pecans. The Hungarian government has also substantially increased its 2002 tariff rate quota for baby chicks and bovine semen at duty-free rates. Under agreements designed to pave the way for Hungary's accession to the European Union, European exporters were given tariff preferences for many items entering the Hungarian market. By signing such agreements, Hungary risked losing benefits received under the U.S. Generalized System of Preferences. In light of Hungary's recent commitments to the United States, Hungary will continue to enjoy participation in the U.S. trade preference program. Look for a feature article on market opportunities in Hungary in an upcoming issue of *AgExporter*.

## Russians Buy U.S. Horses for Racing

Russian buyers purchased four breeding horses at the Fasig-Tipton Midlantic Mixed Auction in Maryland, in December 2001. The sale, the first one to Russia since 1995, was the result of the efforts of the Maryland Department of Agriculture (MDA) in cooperation with FAS Moscow staff and U.S. Livestock Genetics Export, Inc. Prospective Russian buyers, who are currently trying to jump-start horse racing in Moscow and St. Petersburg, visited the United States in May 2001. This tour was followed by a Market Access Program-funded, MDA-organized trade mission to Russia to develop a better understanding of the Russian horse industry. U.S. exports of breeding horses have risen rapidly over the last three years and exceeded \$324 million in 2001, an increase of 118 percent from the previous year.

## CCI's Approach To Market Development Pays Off in Turkey

Turkey ranks as one of the largest export markets for U.S. cotton, thanks to Cotton Council International's (CCI) approach to market development. Starting in the mid-1990s, CCI used a combination of U.S. industry and FAS market development programs to launch the COTTON USA Advantage program in Turkey. The U.S. market share grew to 40 percent on sales of 613,000 bales in marketing year 2000/01, and the value of U.S. cotton exports to Turkey rose sharply from \$39 million in 1998/99 to \$150 million in 2000/01.

## New USDA Online Directory Links Food Exporters With Customers

The Export Directory of U.S. Food Distribution Companies provides a one-page entry on more than 70 companies, including the products they carry, the services they provide and their contact information. Indices in the back of the directory allow the user to search by region or product. The Web-based guide is produced by FAS and will continue to be updated and expanded. You can access the guide at: [www.fas.usda.gov/agexport/directory/main.html](http://www.fas.usda.gov/agexport/directory/main.html)

Companies wishing to be included in the guide are encouraged to request an application form by contacting Sharon Claggett at: Tel. (202) 690-3416; E-mail: [Sharon.Claggett@fas.usda.gov](mailto:Sharon.Claggett@fas.usda.gov)



### ***Also in This Issue:***

- **St. Maarten/St. Martin offers U.S. agricultural exports a flourishing Caribbean market**
- **Latvia and Estonia are emerging as a significant market for U.S. agricultural products**
- **U.S. fish egg trade with Chile has been restored**

### ***Next Time, Turn to AgExporter for:***

- **How U.S. suppliers and exporters are making USDA's innovative Supplier Credit Guarantee Program work for them**

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