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United States Department of Agriculture
Foreign Agricultural Service

July 2004

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United States Department of Agriculture
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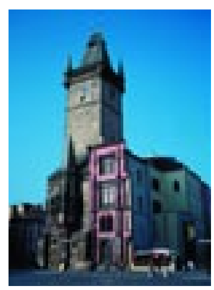
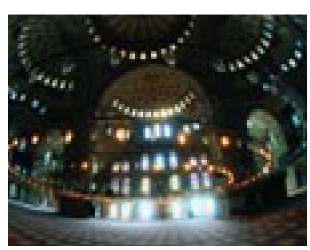
Features





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Assessing the Effects of Slovenia's EU Accession

By Andrej Udovc

The Republic of Slovenia gained its independence from Yugoslavia in 1991. Since then, historical and cultural ties to Western Europe, a strong, developing economy and a stable democracy have assisted in Slovenia's transformation into a modern state. It acceded to the EU (European Union) on May 1, 2004.

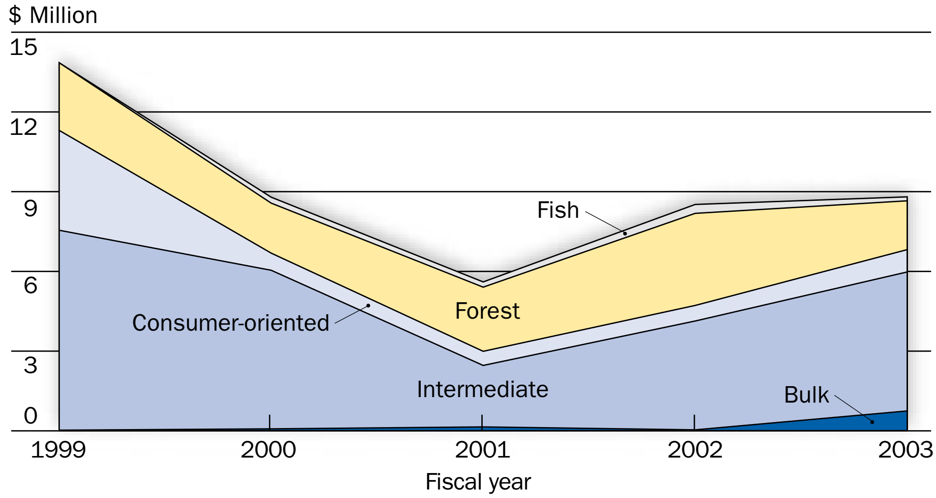
Preparations for EU membership have driven a wide range of regulatory changes in the agricultural sectors of Slovenia and the other acceding nations. They have altered food processing regulations, veterinary laws and subsidy programs to comply with EU standards. Moreover, farmers in these nations will receive support under the EU's Common Agricultural Policy market measures, such as export refunds, which will help stabilize their incomes.

The Economic Landscape

In part because of its ties to Western Europe, Slovenia enjoys a per capita GDP (gross domestic product) substantially higher than that of some other transitioning economies in Central and Eastern Europe. In 2002, Slovenian GDP was estimated at $37.06 billion, and per capita GDP was $19,200.

Privatization of the economy accelerated in 2002-2003. The budget deficit dropped from 3 percent of GDP in 2002 to 1.9 percent in 2003. Despite the economic slowdown in Europe over the past few years, Slovenia maintained 3 percent growth.

U.S. Agricultural, Fish and Forest Exports to Slovenia Fluctuate Considerably from Year to Year*



*Official statistics understate U.S. exports because they do not account for products transshipped through other EU countries.

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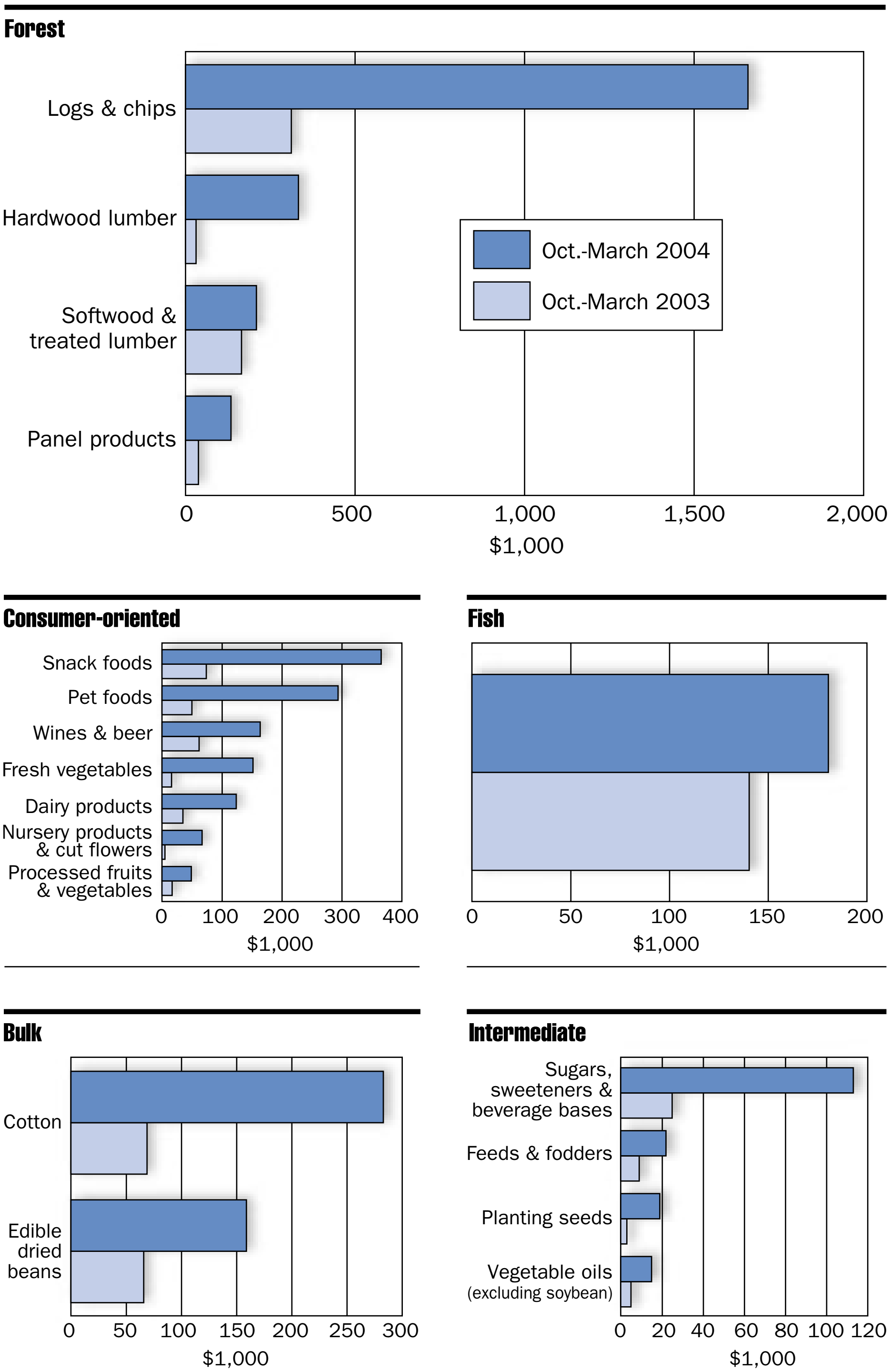
Numerous U.S. Products Across Categories Made Big Growth Gains in the First Six Months of Fiscal 2004



However, further measures to curb inflation are needed. Corruption and the high degree of coordination of government, business and central bank policy remain issues of concern.

EU Accession and Farmer Payments

In 2002, Slovenia started using pre-accession funds from the EU, mainly for investments in farms and the food processing industry. Other forms of EU support are being substituted for these funds in 2004.

In 2002, subsidies paid to Slovenian farmers stood at 60 percent of EU levels, and likely increased to 75 percent last year. The EU will increase its contribution to Slovenian producers by 10 percent each year beginning in 2004 and continuing for the next few years. Until 2013, the Slovenian government will also make direct payments to farmers. With this formula, Slovenian farmers should reach the EU level of direct payments in 2007.

For 2004-2006, Slovenia will receive about $409 million, which will be supported with $400.69 million from the national budget and used for farmer payments, agricultural environmental programs and organic farming. In addition, $67.8 million will be available for rural development from EU structural funds.

Accession and Slovenian Production

With EU membership, Slovenia's wheat production will decrease or stay the same, so imports will likely still be required to fulfill about 50 percent of demand.

Corn production will stay the same or slightly increase, so the level of self-sufficiency will remain at 55 percent. Barley production is expected to increase by 3-8 percent, covering only 35 percent of demand.

EU producers work under the sugar regime, which consists of production quotas, high tariffs and administered prices. Under these conditions, sugar production is profitable in the EU generally. With accession, sugar prices are expected to rise by over 40 percent, making sugar production within quota highly profitable. Slovenian sugar beet production is expected to double in the years after accession because of higher producer prices, but it will meet only 70 percent of domestic demand.

In livestock production, Slovenia's producer prices already approach or sometimes exceed EU producer prices. For Slovenia's main animal product, milk, producer prices are expected to decrease; producers will probably compensate for lower prices through higher productivity, which will swell the existing surplus.

In the pork and poultry sectors, producer incomes are likely to drop with the

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abolition of market protections. But Slovenia will probably still obtain 70 percent of its pork and 20 percent of its poultry products from domestic sources.

EU accession is expected to benefit Slovenian beef and small cattle producers. Their income situation will improve, and production is expected to increase by 10-20 percent, so domestic supplies will meet or exceed demand.

Accession and Trade

Agricultural trade among new member states is expected to increase due to elimination of tariff barriers, especially for Poland, Hungary and Slovakia. Trade between new and older EU members will not increase as much, because trade barriers have been reduced in preparation for accession; for example, tariffs were eliminated, and some export subsidies were lifted.

Tariffs collected on U.S. agricultural products could increase by $5 million per year, primarily because many U.S. food imports transshipped through the EU have often been erroneously classed as being of EU origin (and thus subject to lower tariffs).

Slovenian tariffs are expected to rise on U.S. vegetable oils, tobacco, processed fruits, orange juice, rice and seafood (especially squid and shellfish).

The United States has never had more than a tiny share of Slovenia's $47 million import market for red meats, due largely to regulations banning the use of bovine growth stimulants. Similarly, U.S. poultry suppliers have never had an opportunity to reach Slovenia's $8 million import market due to the adoption of EU-style regulations.

U.S. products that will benefit from lower customs tariffs are edible dried beans, cocoa, dried fruits, fruit juices (other than orange), pet foods, wines and whiskey.

According to official figures, U.S. exports of agricultural, fish and forest products to Slovenia have fluctuated widely over the past several years. But they have been trending upward since fiscal 2001, reaching $8.79 billion in 2003. Moreover, the statistics understate actual U.S. exports, because they do not account for products transshipped through other EU countries. ■

This article was prepared by an external contractor for the FAS Office of Agricultural Affairs at the U.S. Embassy, Vienna, Austria. For more information on the Slovenian market, contact that office at: Tel.: (011-43-1) 31-339-2249; Fax: (011-43-1) 310-8208; E-mail: AgVienna@usda.gov

For details, see FAS Report SI3001. For food and agricultural import regulations and standards, see FAS Report SI4005. To find them on the Web, start at **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.

Analyzing the Czech Republic's EU Accession

By Petra Chŏteborská

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With the collapse of Soviet authority in 1989, Czechoslovakia regained its autonomy through a peaceful change of government, called the "Velvet Revolution," and for a short time was known as the Czech and Slovak Federal Republic. On Jan. 1, 1993, the country underwent a "Velvet Divorce," which separated it into two nations, the Czech Republic and Slovakia.

The Economic Basics

One of the most stable and prosperous of the former Communist states, the Czech Republic has moved toward integration in world markets, a development that poses both opportunities and risks. The EU (European Union) ranked the Czech Republic just behind Poland and Hungary in preparations for accession, giving further impetus and direction to structural reform.

The Czech Republic has been recovering from a recession for the past several years. Economic growth has varied from 3.3 percent in 2000 to 2 percent in 2002, and is projected at 2.8 percent in 2004. Growth has been supported by exports to the EU, primarily to Germany, and a near doubling of foreign direct investment. In addition, domestic demand for consumer goods and services is growing by 3 percent a year. Inflation is under control.

Moves to complete banking, telecommunications and energy privatization will encourage additional foreign investment, while intensified restructuring among large enterprises like banks and improvements in the financial sector should strengthen output growth.

But revival in the economies of other European countries remains essential to stepped-up growth in the Czech Republic. Moreover, high current account deficits—averaging around 5 percent of GDP (gross domestic product) in the last several years—could become a persistent problem.

EU Accession and Producer Payments

In 2004, Czech agricultural producers will receive 25 percent of full EU direct payment levels that producers in older EU member countries receive, which may be topped up by 30 percent from the national budget. The EU payments will increase by 5 percent per year until 2006, and thereafter will rise by 10 percent per year until 2013, when direct payments should reach 100 percent.

The simplified area payment scheme will be applied–direct payments will be based on area. The Czech Republic has a total area of 8.57 million acres and will receive a total of $582 million in 2004-2006.

Accession and Production

Wheat, barley and rapeseed are currently highly profitable. After accession they are expected to remain so, which could prompt increases in area planted to these crops. The Czech Republic may become a net exporter of these commodities.

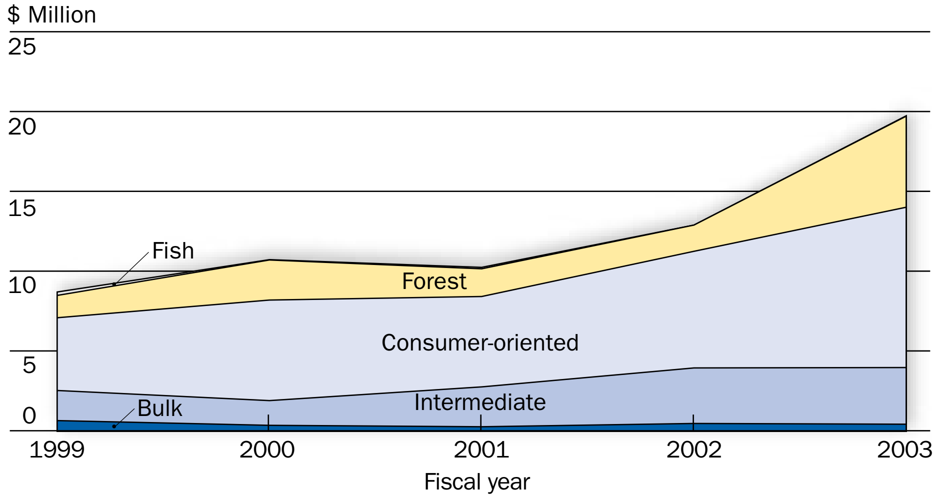
Under the EU sugar regime, which consists of production quotas, high tariffs and administered prices, sugar production is profitable in the EU generally and in the Czech Republic. With accession, sugar prices are expected to rise by over 40 percent, making sugar production within quota highly profitable.

Milk production is limited by quotas, and milk is one of the most supported commodities, with strong measures protecting the domestic market and high export subsidies. Nevertheless, milk production on arable land (near fields of wheat and rapeseed, which are used as feeds) is not profitable.

On the other hand, milk production in less favorable areas that have grass pastures is profitable. Milk prices are expected to increase by about 15 percent after the accession, and milk production will probably shift from arable land to hilly, grassy areas.

Beef production is also heavily supported by the government. With accession, prices could rise by 30 percent, and

U.S. Agricultural, Fish and Forest Exports to the Czech Republic Have Climbed Steadily in Recent Years*



*Official statistics understate U.S. exports because they do not account for products transshipped through other EU countries.

U.S. Products Facing Higher Tariffs

Below are old and new tariff rates for U.S. products that had at least a 7-percent share of total imports prior to EU accession.

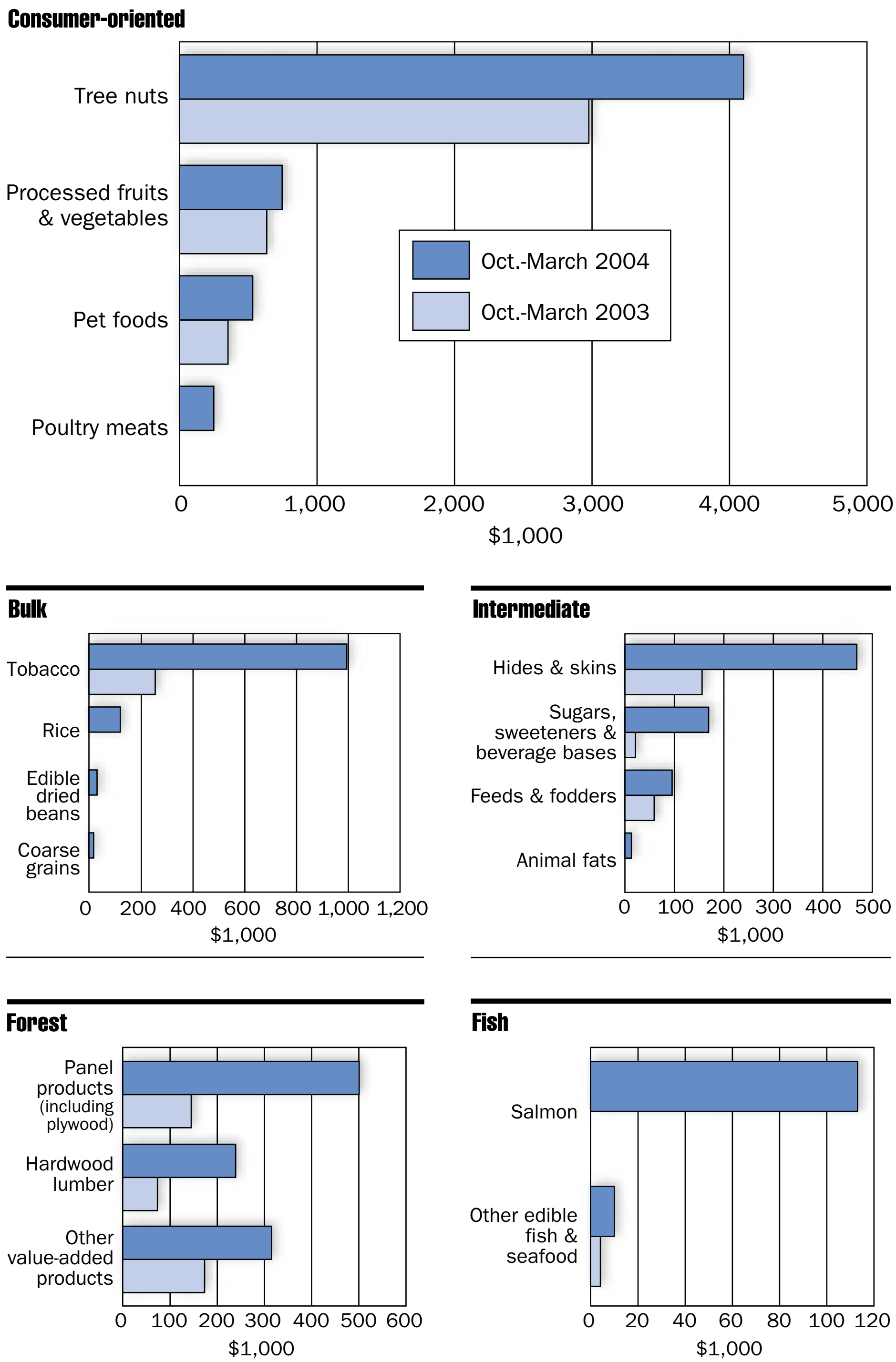
	% Tariff	
	Before	After
Tobacco	6	18.4
Fructose	0	16
Palm oil	0	9.6
Prunes	0.8	9.6
Dogfish	0	8
American salmon	0	2

U.S. Products Facing Lower Tariffs

Below are old and new tariff rates for U.S. products that had at least a 7-percent share of total imports prior to EU accession.

	% Tariff	
	Before	After
Whiskey	8.5	0
Veneer	1.6	0
Cigars	40	26
Lumber	2.5	0
Veneer sheets	2.9 or 1.6	0
Edible flours	20	15.4
Plywood	4.8 or 4.3	0

Numerous U.S. Products Across Categories Made Big Growth Gains in the First Six Months of Fiscal 2004



cattle production should be profitable, especially on grassland in less favorable areas.

Pork production is currently highly profitable even without any direct payments. Pork prices are relatively high, in some cases higher than in the EU generally, due to market protection. After accession, prices are expected to go down, which could decrease production. Additional outlays to bring Czech pork operations up to EU animal welfare standards may also push some producers out of the market.

Poultry production is highly concentrated. The domestic poultry market is highly protected, and even though prices exceed world prices, Czech operations are only slightly profitable. Poultry production is not directly subsidized in either the EU or the Czech Republic. After accession, prices of poultry may decrease slightly, and some producers will go out of business. Additional outlays to meet EU animal welfare standards may also push some producers out of the market.

The Czech Republic uses export subsidies for milk and dairy products, potato starch and beef. With accession, the EU's export subsidy system is being applied.

Accession and Trade

U.S. trade losses due to the Czech Republic's accession are being influenced by two major factors: legislative changes that restrict some U.S. products (beef, poultry, products derived from biotechnology), and zero tariffs on products traded with other EU members. The total amount is estimated to be in the range of several million dollars.

U.S. trade losses are not happening overnight; rather, declines have been influenced by the Czech Republic's

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preparations for its accession over several years. It must also be pointed out that statistics understate actual U.S. exports, because they do not account for products transshipped through other EU countries.

The Czech Republic now has the same veterinary and phytosanitary rules as the rest of the EU. The rules exclude shipments of U.S. fresh and frozen meats, although the Czech Republic's market for such imports is about $70 million a year and is served by at least 15 countries outside the EU.

There is demand for high-quality U.S. beef and poultry for retail sale, but these products continue to be constrained by sanitary restrictions.

In one area, EU accession will remove a nontariff barrier: the Czech Republic will accept all varieties of biotech products approved by the EU.

Accession and the Food Market

Consumer food and beverage consumption patterns have changed significantly since 1989. Consumption of soft drinks has doubled, and tap water has been replaced by bottled water, soft drinks and fruit juices.

Consumption rates for milk and other dairy products have decreased to below EU averages. Vegetable oils are replacing animal fats, although U.S. animal fat sales increased sharply in the first six months of fiscal 2004. Consumption of red meats dropped significantly.

On the other hand, poultry consumption has increased by 70 percent in the past 10 years. Fruits and vegetables are accounting for a higher share of menu items. Dark bread is gradually replacing white bread.

More affluent people are spending more money in restaurants, even though restaurant prices jumped when the value-added tax changed from 5 to 19 percent upon EU accession. Sales of prepackaged meals are growing in supermarkets and hypermarkets. These dietary trends are expected to continue after accession.

Czech producers are more concerned about price competition from new EU member states than from older members. Overall food prices are forecast to rise about 5 percent a year. ■

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Appraising Slovakia's EU Accession

By Lubica Bartova

In 1989, Czechoslovakia regained its autonomy from Soviet authority and was briefly known as the Czech and Slovak Federal Republic. On Jan. 1, 1993, the Czech Republic and Slovakia became separate nations. Since then, Slovakia has mastered much of the difficult transition from a centrally planned to a modern market economy.

The Economic Terrain

In 2001-2003, the government made progress in macroeconomic stabilization and structural reform. Major privatizations are nearly complete, and foreign investment has picked up. Slovakia's economic growth has exceeded expectations in recent years, despite the general European slowdown. In 2002, Slovakia's GDP (gross domestic product) is estimated to have reached $67.34 billion, up 4.4 percent from the previous year. Per capita GDP in 2002 was $12,400.

Unemployment, at a relatively high 15 percent, remains the economy's Achilles' heel. The government faces other major challenges also, such as cutting the budget and current account deficits and curbing inflation.

Roughly 500,000 Slovaks, or 10 percent of the population, are involved in the agricultural sector. Conditions are often poor, and Slovak agricultural productivity tends to lag behind that of other Central European countries. In 2001, Slovakia equaled the EU (European Union) average yield for only one commodity, sunflower seed. Most Slovak crops matched 60-70 percent of EU yields, while potato production only reached 42 percent.

Problems in obtaining credit and commodity prices that tend to lag behind input costs continue to hurt producers. The government provides some loans to the agricultural-food sector at subsidized interest rates.

Slovakia's agricultural sector was mostly privatized by 1997, and a number of state farms were broken down into smaller private holdings. Under the resulting patchwork of land ownership, many

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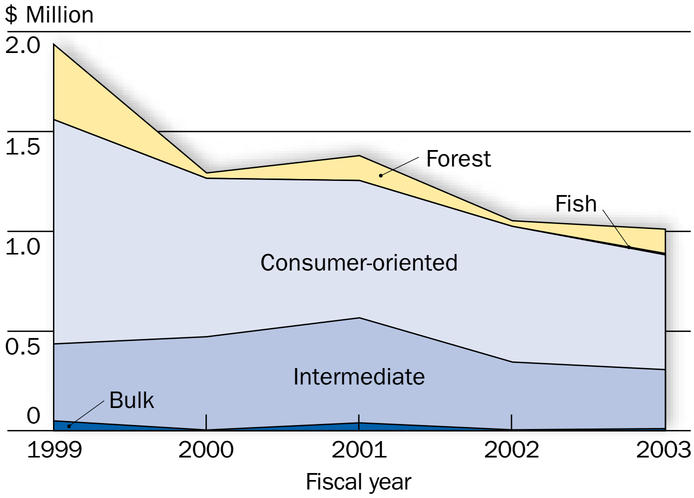
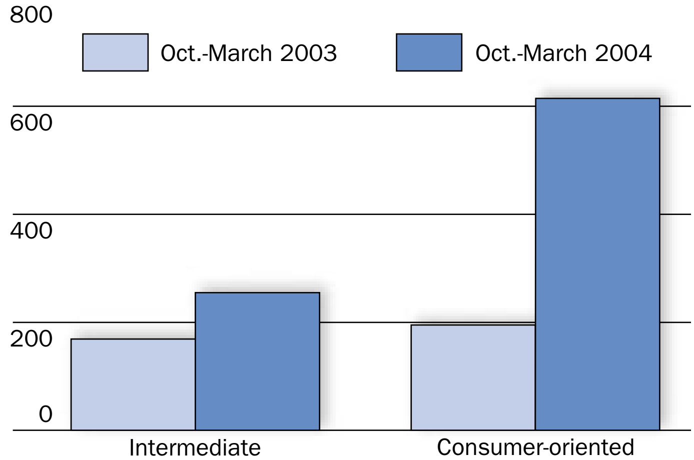
U.S. Agricultural, Fish and Forest Exports to Slovakia Have Declined Markedly in Recent Years*



*Official statistics understate U.S. exports because they do not account for products transshipped through other EU countries.

However, Figures for the First Six Months of Fiscal 2004 Showed Gains in Two Categories

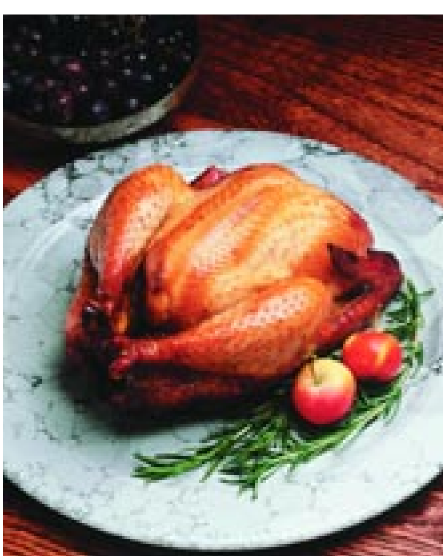
Intermediate and Consumer-Oriented Exports Climbed Substantially From the Same Period a Year Earlier



owners lease their land to cooperative farms; over half of the country's land is farmed by cooperatives.

EU Accession and Slovak Agriculture

Slovakia has harmonized standards, technical regulations and testing procedures with those of the EU. Testing and standardization processes have been simplified. Certification by manufacturers and importers has been introduced. Slovakia maintains strict quarantine and other sanitary and phytosanitary regulations on food imports. Shipments of potatoes, apples and pears are subject to rigorous pest risk assessments.



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Prior to EU accession, Slovakia prohibited foods containing or derived from biotechnology products and meats treated with growth stimulants; current policy is governed by EU rules. It is unclear what role Slovakia will play in the debate over biotech crops. In 2002, Slovakia passed a comprehensive law governing agricultural biotechnology, based largely on EU rules. Slovakia approved its first biotech feed in 2003, a Bt corn variety. Slovakia has no commercial planting of biotech crops, but it is field-testing a Canadian biotech soybean.

Slovakia's agricultural prices will rise in response to the EU's CAP (Common Agricultural Policy) and changes in consumers' purchasing power. By one estimate, prices of plant and animal production will increase in 2004-2006 to 108-110 percent of 2000-2001 levels. Plant production prices will rise by around 3 percent, animal production prices by 13 percent. The largest price changes are expected in sugar beet and oilseed production.

Accession and Producer Payments

In addition to considerable technical assistance, Slovakia receives about $16 million annually from the EU to develop its agricultural sector. With EU accession, support for Slovak producers of many commodities has increased.

Direct aid from the EU is being phased in over 10 years. Slovakia will receive 25 percent of the full EU rate in 2004, 30 percent in 2005 and 35 percent in 2006. The Slovak government can top up the EU payments by adding up to 30 percent a year in national funds. This would bring farmers' direct payments up to 55 percent of EU levels in 2004, 60 percent in 2005 and 65 percent in 2006.

The Slovak Ministry of Finance supports a 15 percent top-up, which would place Slovak agriculture at a disadvantage relative to EU members that use a higher percentage. Slovakia's final decision on the level of top-up depends on budget resources and the political influence of agricultural interests.

Farmers will also receive support in CAP decoupled payments, of which the most important will be support for environmentally delicate and disadvantaged areas. Land classed as disadvantaged could be as high as 4.2 million acres, more than two-thirds of Slovakia's agricultural land in use and roughly one-third of its total area.

Accession and Agricultural Trade

Slovakia has also phased in the preferential system of tariffs for goods traded among EU members. In 2001, 66 percent of EU agricultural exports entered Slovakia duty-free. The system has put some U.S. agricultural products at a disadvantage. With Slovakia's accession, the list of preferential suppliers has been extended to many developing countries around the world.

On the other hand, official statistics understate actual U.S. exports, because they do not account for products transshipped through other EU countries. Moreover, Slovakia has used questionable import standards several times in recent years on pork and sugar. These standards should disappear with EU membership, making the mechanisms governing the market more transparent and dependable.

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Accession and the Food Market

The growth in Slovakia's agricultural imports reflects a general tendency observable in other Central and East European economies of a quite drastic shift in consumer preferences due to increasing incomes and changing tastes. More than one-third of the overall deficit in food and agricultural trade can be attributed to imports of commodities for which it would be hard to substitute products (e.g., bananas, citrus fruits, rice, soybean meal, fish fillets, coffee and cocoa).

Food expenditures represent about 30 percent of household expenditures in Slovakia. Consumption of vegetables, fruits and dairy products will certainly rise as consumers' preferences change and their incomes increase.

If salaries increase faster than prices and prices of basic agricultural commodities in the EU market decline, the accession's impact on Slovak consumers should not be too harsh, especially in urban areas. The value-added tax on basic foods will rise from 14 to 20 percent. ■

This article was prepared by an external contractor for the FAS Office of Agricultural Affairs at the U.S. Embassy, Vienna, Austria. For more information on the Slovak market, contact that office at: Tel.: (011-43-1) 31-339-2249; Fax: (011-43-1) 310-8208; E-mail: AgVienna@usda.gov

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Branded Products Best Bets in Turkey's Retail Market

By Ibrahim Sirtioglu

Turkey has been largely self-sufficient where food is concerned. Out of an estimated $23 billion in retail food sales in calendar 2002, just 2 percent, or $416 million worth, were imports.

USDA statistics showed a total of $674.8 million worth of U.S. agricultural sales to Turkey in 2002, with consumer-oriented products accounting for $28 million. Calendar 2003 figures show a dramatic jump, up to $900.7 million in agricultural exports, with a record $64 million in consumer-oriented foods.

Tree nuts, processed fruits and vegetables, seafood, dairy products, snack foods, chocolate and confectionery products, sauces and pet foods are major U.S. consumer-oriented export items.

There have also been significant amounts of U.S. bulk and intermediate exports—cotton, corn, soybeans (beans, meal and oil) and rice, along with other vegetable oils, animal fats, hides and skins.

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Economic, Social Fabric Changing

Though Turkey has traditionally eschewed imports, its food consumption patterns will be changing as income growth, high urbanization rates and the increasing number of women in the workplace influence food trends.

Urban consumers, who are receptive to imports, are more aware of international trends, have higher incomes and have transportation to the large stores. Locally owned retail chains tend to concentrate in smaller towns where imports do not fare as well.

With a per capita income of $3,300 in 2003, average Turkish consumers usually shop in traditional retail food outlets, *bakkals* (small local markets) and bazaars, where food prices are lower. Their food budget goes mainly for breads, rice, potatoes and pasta products. For the entire population, processed foods make up only 15-20 percent of consumption.

Bakkals sell foods (fresh and prepared) and other products.

The longstanding popularity of bazaars is enhanced by convenient locations and lower prices for a variety of consumer products, such as fresh fruits and vegetables. Though few products at these outlets are imported, fruits not available domestically—such as bananas, kiwis, pineapples, mangos, papayas and recently apples—are sold there. Imported dried beans and rice are also available since domestic supplies fall short of demand.

With tariffs applied to food imports ranging from 6 to 240 percent, prices in Turkey, especially for imported processed goods, are extremely high.

What Is the Customs Union?

The Customs Union trade agreement between the EU and Turkey became effective in 1996. It creates the closest economic and political relationships between the EU and any non-EU country.

The agreement allows for free movement of goods between the EU and Turkey, eliminating tariffs and quotas. Turkey also adopted the EU's Common External Tariff in its trade with other countries.

Economic Recovery Abets Mega Stores

Turkey's retail sector has been developing rapidly since the 1980s, concurrent with changes in its economic and social structures. Liberalization of the economy, stimulated by its Customs Union with the EU (European Union) in 1996, has opened the door for further development.

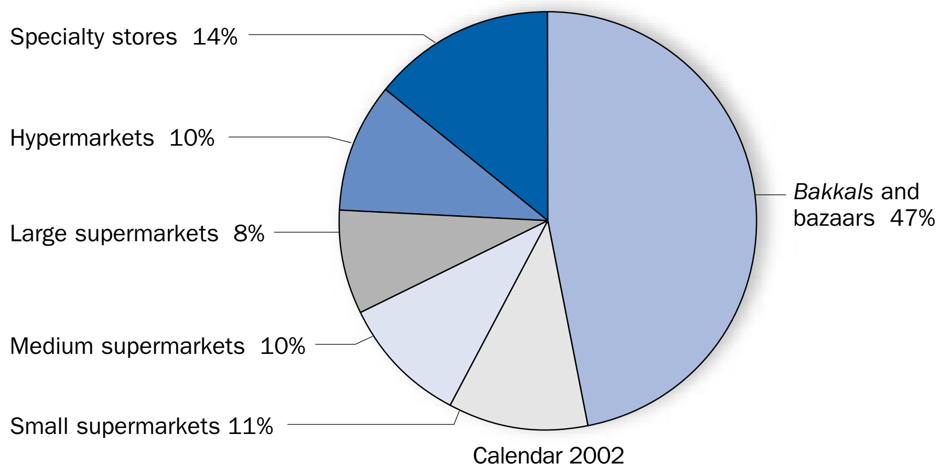
The food retail industry has been greatly affected by these changes. The numbers of traditional *bakkals* and open-air bazaars are declining due to competition from hyper- and supermarket chains and discount stores.

Industry sources estimate that large stores garnered about 42 percent of food retail market sales in 2002. The large stores sell multiple products—household items and durable goods—in addition to foods.

Although only 5-7 million of Turkey's 68.1 million residents can afford the higher prices in modern stores, their numbers, and market share, are growing.

In 2003, retail food sales increased 4 percent. Since 2001, hyper- and supermarkets have led retail sales growth.

***Bakkals* Still Lead Retail Sales**



The number of food retail outlets has declined by 5,000, down from 230,000 in 2001. *Bakkals* are losing out to modern supermarkets and discount stores.

Fifty retail chains operate in Turkey, and international firms have been buying up some of them. This retail transformation has occurred mainly in large cities, though recent investors in the sector are targeting medium-sized cities.

Large Western-style outlets have flourished in Istanbul, Ankara, Izmir and other cities such as Adana, Gaziantep, Bursa, Kocaeli, Konya and Mersin.

Though the overall tendency for firms with large stores is to maximize sales of existing outlets, they are opening some new stores. Major chains are providing

Brands and Centralized Retail Sector Key To Entering Turkey's Market

Advantages	Challenges
A developing retail structure has opened new areas for branded imports	Turkey's Customs Union with the EU creates a privileged position for EU products. All food imports face arduous documentation requirements.
Some U.S. products are better priced than local products, thanks in part to the lower dollar.	Transportation costs are much lower for nearby countries.
U.S. products have a good image in Turkey, and U.S. tastes are welcomed.	High import duties add 12-240 percent to bulk product prices and 6-228 percent to processed foods.
International retailers who market a wide range of imported products have influence on purchasing patterns	A well-developed local food processing sector supplies most product segments.
There is a growing demand for ethnic products such as Tex-Mex, diabetic and other special diet foods.	U.S. food products are under-promoted in Turkey. High shelf fees contribute to high introductory costs.

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consumers with new goods and services—private label foods, Internet purchasing, membership cards—and keeping the popular delivery service always provided by *bakkals*. Supermarkets are also increasing advertising and promotional campaigns.

The market share of hypermarkets and supermarkets is expected to increase from about 40 percent to more than 50 percent by the end of 2005. Protective of smaller owners, the Turkish government has tried to slow down the closure of *bakkals* by limiting new hypermarkets in downtown areas.

Brands Count in Turkey

The best sales prospects for Turkey's imported food market are well-known, branded products, which account for 30 percent of food imports. Exporters should be particularly sensitive to brand positioning and be prepared to invest in research and marketing support to help importing partners introduce a new product. Successful market entrants include:

- Cocoa and coffee
- Nuts, chocolate and confectionery items
- Wines
- Flour and flour-based products
- Energy and sports drinks
- Breakfast cereals
- Sauces and syrups
- Tex-Mex foods
- Pet foods

These products have strong sales potential, though they are not yet in the marketplace:

- Beer
- Ready-to-eat meals and canned soups
- Gourmet and ethnic foods
- Frozen foods

European Countries Main Competitors

While imports account for only minimal retail food sales, increasingly varied products are finding their way onto shelves.

European countries, which account for two-thirds of Turkey's food imports, enjoy the advantages of the Customs Union agreement with Turkey. Large retail food chains, owned by European-based companies, also play a role in the dominance by European export firms.

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How Distribution Works

As Turkey's food retailing structure moves from small to large outlets (often members of chains), distribution companies are also adapting. Hypermarkets, major supermarkets and discount chains do import a small portion of items directly. But along with smaller outlets, they depend on importers, distributors and agents for most of their imported products. E-commerce is available. Many outlets order domestic and imported products via the Internet for home or business delivery.

Prospective U.S. exporters may contact major supermarket chains directly. It is also useful to contact an independent importer, especially one with nationwide distribution. Food shows are also a good venue for introducing products. Istanbul's GIDA 2004, to be held Sept. 9-12, 2004, is expected to attract 30,000 visitors.

Typically, an importer or agent may also be a wholesaler and/or distributor. Nearly half of the country's distributors have a nationwide network. Thirty percent of major manufacturers have their own distribution companies operating nationwide.

What About Convenience Stores?

7-Eleven, Inc., is the leading convenience store chain and plans to increase its outlets from 25 to 50 by the end of 2005. Most convenience stores, gas marts and kiosks are individually owned and operate outside any chain marketing system. Convenience stores sell mostly nuts, confectionery items, tobacco and soft drinks. These outlets usually purchase from wholesalers and hypermarkets as well as from importers, agents and distributors. ■

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For details, see FAS Report TU4005. To find it on the Web, start at **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.

EXPORT CREDIT GUARANTEE PROGRAMS SEMINAR

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Who Should Attend:
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Why Attend:
- Learn what export credit guarantee programs are and how to use them
- Gain an overview of the new export credit guarantee program system

Agenda Topics:
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- Hot Markets/Rising Stars
- New Online GSM System
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Registration: To register for the seminar, send an e-mail containing your name, company, full address, telephone number and e-mail address to: **askec@fas.usda.gov**
Please indicate whether you are a banker or an exporter.

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Trade Notes...

FAS public affairs specialist
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U.S. Agricultural Trade Boosts Overall Economy

According to the April U.S. Agricultural Trade Update report (FAU-88) from USDA's ERS (Economic Research Service), U.S. agricultural exports generate employment, income and purchasing power in both the farm and nonfarm sectors. Each farm export dollar stimulated another $1.61 in business activity in calendar 2002. The $53.1 billion worth of agricultural products exported in 2002 produced an additional $85.4 billion in economic activity. Agricultural exports also generated 841,000 full-time civilian jobs, including 425,000 jobs in the nonfarm sector. Farmers' purchases of fuel, fertilizer and other inputs to produce commodities for export spurred economic activity in the manufacturing, trade and transportation sectors.

Production from almost a third of U.S. cropland moved into export channels in 2002. Of raw crops, the United States exported more than 50 percent of food grain production, almost 20 percent of feed grains and more than 35 percent of oilseeds. The full report is posted on the ERS Web site at: **www.ers.usda.gov/publications/so/view.asp?f=trade/fau-bb/**

USDA Offers U.S. Suppliers List for Free

FAS maintains a U.S. Suppliers List to help connect potential foreign buyers with U.S. suppliers. In April, access to the U.S. Suppliers List database was made available as a free service. The U.S. Suppliers List can now be accessed on the FAS Web site under Exporter Assistance at: **www.fas.usda.gov/agexport/exporter.html**

Olympic Trade Mission Lights Up U.S. Trade Again

FAS supported a recent sales mission to Greece to help U.S. suppliers meet distributors and caterers for the Olympics in Greece. Six U.S. companies, including small firms and Asian, Hispanic and female-owned businesses, participated. They represented a wide range of snack foods (including chips, salsa, popcorn, nuts and dried fruits), wines, seasonings, beans, rice, cookies and Mexican foods. Mission members toured Olympic sites, caterers, supermarkets and specialty wine stores, and met with over 30 importers and distributors. The companies reported $20,000 in immediate sales, and project $300,000 worth in the next 12 months.

Update on Export.gov Partnership with FAS

Information on U.S. products from the FAS Web site is also available on **Export.gov,** the portal to all export-related assistance and market information offered by the federal government. The portal is managed by the U.S. Department of Commerce with 14 federal departments and agencies, including FAS, participating. While the portal targets U.S. exporters, approximately a third of the Web site's users are from abroad, so it provides an opportunity to promote U.S. food and agricultural products to an international audience.

FAS and Food Export USA Work Together to Make Sales to Dubai

FAS and Food Export USA organized a four-member pet food buyers mission from Dubai, the United Arab Emirates, to New Orleans, LA, in March. The buyers attended the annual American Pet Products Manufacturers Association Show and met with pet food suppliers from the Northeast United States. The mission members met with 158 suppliers and established new business relations with 11 suppliers. They projected purchases of $2.1 million over 6-12 months as a result of the trip.

Inside This Issue:

- Turkey's transforming retail sector, though tough to crack, holds out sales potential for U.S. foods
- Fruit Logistica trade show beckons suppliers of fruits, vegetables and nuts

And Next Time, Turn to AgExporter for:

- Food service markets in South Africa, Thailand and Western Europe
- Trade show opportunities for markets in Europe and the Americas

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