

The Monthly Magazine for Food and Agricultural Exporters

AgExporter

United States Department of Agriculture
Foreign Agricultural Service

March 2004

Exporting to the Iberian Peninsula:
Spain and Portugal beckon as markets
for U.S. agricultural products





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Spain's food processing industry is the fifth largest in the European Union, creating opportunities for U.S. suppliers to sell both raw materials and ingredients in this market.



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Spain Looking for the Right Ingredients

By Magdalena Escudero

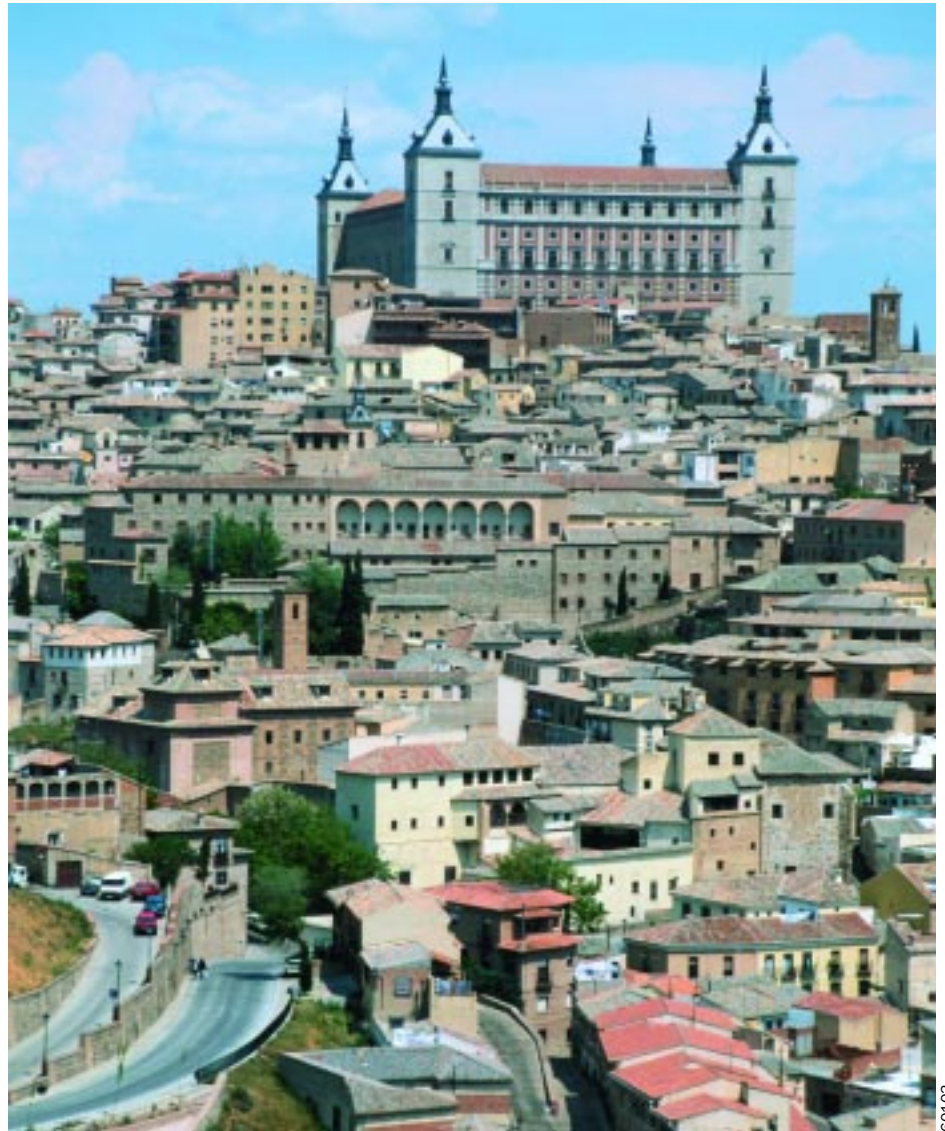
The demographics of the Spanish population are changing. In a population of nearly 43 million, family size has been shrinking to, at most, four people, and the number of one-person households is increasing. With more women in the work force and a growth in purchasing power, consumers are increasingly able and willing to buy foods that require little preparation.

About 70 percent of Spaniards now live in cities, and in large cities like Madrid and Barcelona, the traditional habit of daily trips to the market is changing. In addition, the extended mid-afternoon lunch is becoming less common as the main meal.

Virtually all of Spain's households have refrigerators, while 70 percent have microwave ovens. At the same time, the expanding number of Spaniards who travel abroad and bring back new tastes is increasing the demand for new products. The millions of tourists who flood into Spain each year want some familiar foods and beverages. Also, Spain's immigrant population, currently about 2.5 million, is growing.

The Processing Industry

Spain's food processing industry generates 20 percent of the country's total industrial production. In 2002, the country had more than 33,000 food processing companies. While many of the raw materials for the industry are domestic or from other EU (European Union) countries, weather problems can force the industry



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to look elsewhere for reliable supplies of ingredients. In addition, the continuing decline of seafood in EU waters has necessitated larger imports of these products.

What types of products does the Spanish food processing industry specialize in?

Spain's meat processing industry is the fourth largest in the EU. This industry has

been expanding for the past half century, and meat products account for 22 percent of Spain's total food expenses.

Pork represents 60 percent of the meat processed in Spain, more than 3 million metric tons a year, followed by poultry (1 million tons), beef (650,000 tons) and lamb (235,000 tons).

The world's largest producer of olive oil, Spain manufactured more than 1.4

SPAIN'S FOOD PROCESSING INDUSTRY GENERATES 20% OF THE COUNTRY'S TOTAL INDUSTRIAL PRODUCTION.

billion liters in 2002. Its olive oil is in extremely high demand because it has a reputation of being healthier than oils from other sources.

Dairy processing is also important in Spain, and milk, cheese, yogurt and desserts are all major products.

Canned fruits and vegetables and canned seafood are all growing food processing industries, with canned tomatoes and tuna being particularly popular.

Spain is the third largest wine producer in the world. The wine sector accounts for some 11 percent of the output of the total food processing industry. The country is also a large producer and consumer of beer (No. 3 in the EU after Germany and the United Kingdom). As the market for nonalcoholic beverages grows, Spain is

also increasing its processing of soft drinks, juices and bottled water.

Because of the demographic changes in the Spanish population, processed items increasing in popularity include fruits, olive oil, seafood, meats, wines and ready-to-eat foods. Dairy products, eggs, processed vegetables and potatoes have been in less demand.

Supplying the Processors

Spain is a large agricultural producer and has many of the raw ingredients available to supply its food processors. There are, however, opportunities for U.S. suppliers in the following areas:

- Seafood of all kinds, especially lobster, surimi, monkfish, whiting, hake, squid and salmon



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- Tree nuts, particularly almonds and walnuts
- Ethnic products and seasonings
- Bourbon and other U.S. whiskey varieties
- Ready-to-eat products
- Snacks
- Low-cholesterol and sugar-free products



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- Fresh fruits, particularly pink grapefruit, mangoes and apples
- Ingredients to prepare fruit and vegetable juices
- Ingredients to make snacks

The growing numbers of ethnic restaurants cropping up in Spain also present opportunities for U.S. suppliers. For example, Tex-Mex and Asian cuisine products are becoming increasingly popular.

Road Map for Market Entry

The Spanish market is in fact a series of regional markets. To succeed, a U.S. exporter will need a knowledgeable local

representative who understands the different consumption attitudes and preferences in each of Spain's 17 autonomous regions. Madrid and Barcelona are the primary headquarters for the majority of agents, distributors, importers and government-controlled buying agencies. Fresh products, including seafood, fruits and vegetables, are distributed through a network of 22 public wholesale markets located throughout the country.

All food products imported into Spain must comply with EU standards and regulations. Labels must be in Spanish and may be attached as stickers.

The following documentation is required for customs clearance of food products:

- Bill of lading
- Certificate of origin
- Original commercial invoice with copy
- Import declaration
- Health certificate

A customs agent or broker is normally involved in clearing products at customs. Import declarations are made at the State Secretariat of Commerce or its branch delegations in major port cities. Declarations must use the exact terminology of the tariff classification under which the goods are being imported. A three-month grace period is allowed for U.S.-origin goods arriving without proper documentation, subject to a written guarantee by the customs agent.

The Ministry of Agriculture has offices at customs for the sanitary and phytosanitary inspection of live animals, bulk commodities, fresh produce, planting seeds and forest products, as well as at the Ministry of Health for the veterinary/sanitary inspection of meat, fish and processed food products. ■

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Portugal's Marketplace Prospering



By Maria do Monte Gomes

Some U.S. firms have taken advantage of Portugal's emergence as a full partner in Europe, with its stable location for investment and increasingly attractive market for exports. But Portugal is often overlooked by U.S. exporters in favor of its larger neighbors.

Portugal imported \$270.6 million of U.S. agricultural, fish and forest products in calendar 2002. While soybeans, forest and fish products, feeds and fodders have traditionally led U.S. agricultural exports to Portugal, ample growth opportunities beckon for value-added products.

Since joining the EU (European Union) in 1986, Portugal has witnessed a steady economic convergence with its neighbors. The country's gross domestic product, which was 53 percent of the EU average in 1985, rose to 72 percent in 2003.

Membership in the EU has deepened Portugal's trade ties with Europe. In 2001, other EU members accounted for 78 percent of Portuguese imports and 83 percent of its exports.

Consumer Product Sales Growing

Portugal's 10 million consumers imported \$2.3 billion worth of consumer-oriented food products in 2001, with EU countries accounting for 91 percent, handily maintaining their No. 1 supplier status. In 2002, U.S. value-added exports to Portugal totaled just \$5.8 million.

In addition to a close trading relationship with its European neighbors and



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ongoing investment from the EU, Portugal's marketplace has two rather unusual characteristics that U.S. exporters should keep in mind. It is a significant recipient of indirect U.S. imports, and the country has strong trade links with former colonies in Africa.

After slow growth for the past two years, Portugal's economy is expected to grow 2 percent a year in 2004-06. Despite the recent slowing, consumers have benefited from increased purchasing power, which is reflected in more sales of diverse consumer-oriented foods.

Tradition Co-exists With Modern Sales

Before entering the market, U.S. suppliers should find a local representative to provide guidance on current market conditions, business practices and trade laws, sales contacts and market development.

Many Portuguese business people consider personal contact and a handshake a stronger bond than a contract, although they also recognize the modern necessity of a signed agreement. Since they cover a relatively small territory, the country's distributors provide national coverage, making multiple distributors unnecessary.

Distribution centers tend to have their main offices in Lisbon in the south and Porto in the north, with branches in larger towns and on the islands of Madeira and the Azores.

WTO Tariffs for U.S. Products

Any U.S. supplier that sells to other EU countries will have met many of the requirements for exporting to Portugal.

Like its neighbors, Portugal uses the Harmonized Nomenclature and

Classification System and applies import duties according to maximum and minimum tariff-rate schedules. The minimum tariff schedule applied to U.S. goods reflects its most favored nation status.

These documents are required for ocean or air cargo shipments:

- Bill of lading and airway bill
- Commercial invoice
- Phytosanitary certificate and/or health certificate
- Import certificate

Retail Sector Competitive

The traditional retail venues of small groceries and wet markets (traditional street markets) co-exist with large markets and convenience stores. However, hyper- and supermarkets account for 70 percent of sales. This amount is expected to increase.

In 2000, the total number of retail outlets was estimated at just over 25,000, and retail food sales totaled \$7.5 billion. With growth in the retail food sector expected to match overall economic growth at 2 percent in the next few years, increasingly diverse imports will continue to intensify competition.

As tastes become more sophisticated, consumers are trending toward more novelties and specialties, fresh fruits and vegetables, seafood, meats and deli items. Affluent shoppers opt for high-quality foods with attractive packaging. Also, there is an increasing interest in healthy diets and wholesome, natural foods. Foods once considered luxuries are now ordinary consumer goods.

HRI Growth Over Two Decades

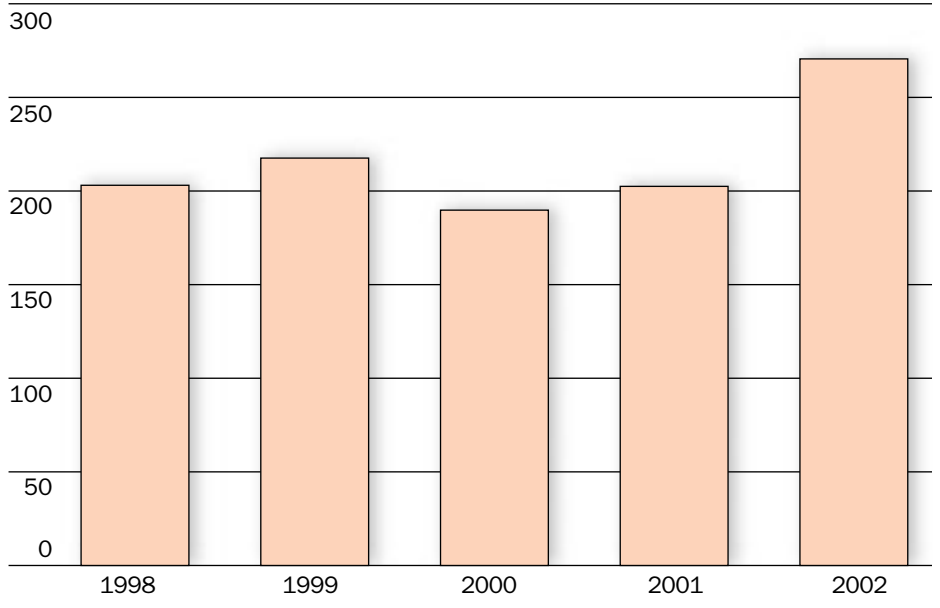
The entry of more women in the labor force had a positive impact on growth in the HRI (hotel, restaurant and



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U.S. Agricultural, Fish and Forest Exports to Portugal Rose Dramatically in 2002

\$ Million

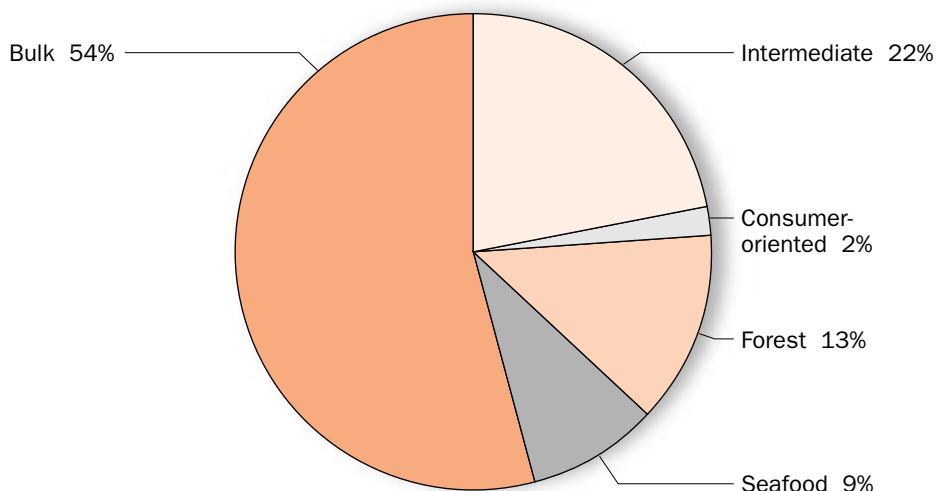


**DISTRIBUTORS PROVIDE NATIONAL
COVERAGE OF THE PORTUGUESE MARKET.
FOODS ONCE CONSIDERED LUXURIES ARE
NOW ORDINARY CONSUMER GOODS.**

Best Prospects

- Seafood
- Walnuts and peanuts
- Dried edible beans
- Wines, beer and bourbon
- Dairy products
- Fruit juices, herbal teas and other beverages
- Fresh fruits and vegetables
- Processed fruits and vegetables
- Dried fruits and fruit mixes
- Frozen vegetables, especially potatoes
- Microwaveable products
- Ready-to-eat foods
- Sauces and condiments
- Snacks
- Breakfast cereals
- Low-calorie products
- Food supplements and health foods
- Organic products
- Ethnic foods
- Pet foods

Bulk Products (Mostly Soybeans) Led U.S. Sales to Portugal in 2002



Soybeans alone accounted for \$122 million of U.S. exports.

institutional) sector in the 1980s and 1990s. With the number of restaurants growing from 25,000 about 20 years ago to 90,000 today, this sector is an important target for U.S. suppliers.

However, there are limitations U.S.

suppliers need to consider. Trade barriers are still critical for some products, and a mature EU food industry provides intense competition.

In 2001, restaurant sales were estimated at \$13.4 billion. Chains now account

for about 11 percent of all restaurants and are expected to continue gaining a larger share of the market.

HRI suppliers are not confined to traditional wholesalers. Restaurants also patronize local markets (mainly for fresh produce), supermarkets and cash-and-carries. ■

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Indonesia's Blossoming Food Processing Industry

By *Paulina Gandakusuma*

Indonesia's emerging market of 235 million consumers offers significant market potential for U.S. food and agricultural exporters.

Despite stalled economic reforms languishing in the wake of the 1997 Asian financial crisis, Indonesia's per capita income jumped 34 percent from 2001 to 2002, from \$609 up to \$818. At 3.5 percent, economic growth supported a 5-percent increase in sales for the food processing industry over the same time.

With continuing economic and political stability, growth in the food processing industry is expected to average 8 percent a year over the next five years. Along with the growth of modern retail outlets, demographic factors also will drive sales—increasing consumer sophistication, growing health consciousness and interest in new foods.

United States an Important Supplier

Indonesia imported \$3.3 billion worth of foods in calendar 2002, up from \$2.9 billion worth in 2001. Almost 30 percent of sales were processed foods and beverages.

The United States supplied 25 percent of Indonesia's food and agricultural

imports in 2002, or \$809 million worth. Nearly two-thirds of these U.S. exports were bulk commodities, with soybeans and cotton leading the way. Intermediate products accounted for almost a quarter of sales, and the consumer-oriented category for 11 percent.

Indonesia Profile 2003

- Archipelago of 18,110 islands
- 234 million population
- 65 percent rural; 35 percent urban
- 87 percent Muslim
- 55 percent less than 25 years of age
- 300 ethnic groups
- 58 percent on Java; 21 percent on Sumatra
- 30 types of cuisines
- Rice the staple for all





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Though the United States remains principally a bulk exporter for this market, there are many opportunities in ingredients and high-value products as Indonesian consumers earn more and become more selective in their food choices.

Food Processing Overview

Despite an element of risk due largely to security issues, Indonesia is still considered an attractive location for multinational companies in the food processing sector. Unilever, Nestlé, Kraft, Danone, Cadbury, Heinz, Campbell's and Nabisco have ongoing operations.

MODERN RETAIL OUTLETS, INCREASING CONSUMER SOPHISTICATION, HEALTH CONSCIOUSNESS AND INTEREST IN NEW FOODS ARE DRIVING SALES.

Inputs for food processing in Indonesia can be categorized as either primary or essential complementary ingredients. Primary materials, such as frozen boned beef, wheat flour and skimmed milk powder, are commonly imported directly by the food processor. Complementary ingredients, such as flavorings and preservatives, tend to be bought from local agents who are sometimes as far away as Singapore.

Fresh Is the Favorite

A majority of consumers prefer locally produced fresh and affordable items. Overall consumption of processed food is still low, as 20 percent of the population lives below the poverty line, and most of the remainder is considered low income.

Food is a major expense in the Indonesian family's monthly budget, requiring on average 60 percent of total expenditures. Only a quarter of this food budget goes for processed items. Pricier processed foods often are served as toppings, side dishes (*lauk*) or snacks.

However, consumers are discovering the benefits of fortified foods. Relatively new categories, such as ready-to-eat meals, meal replacement drinks and snack bars, still have only limited potential. Price concerns are being addressed with smaller, no-frill packaging for some products.

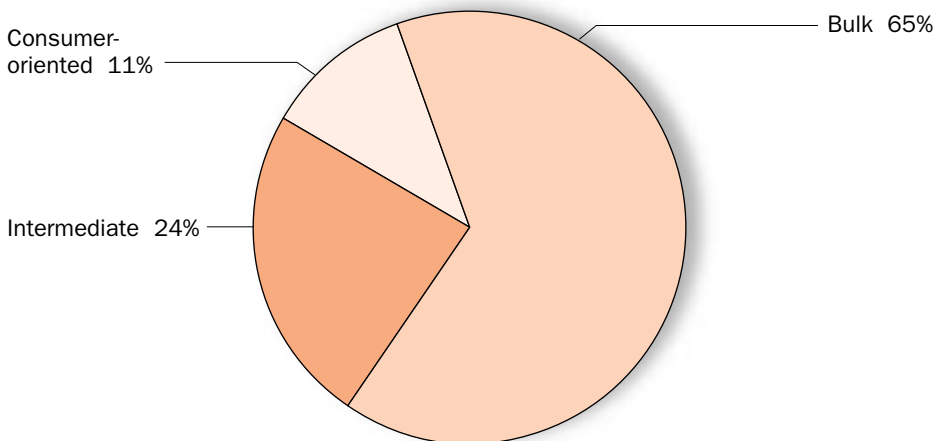
Wheat Flour Next Big Growth Product

Rice continues to be the staple food of Indonesia. However, the wheat flour industry has huge growth potential as noodles and baked goods are also popular staples. There is room for growth as annual flour consumption is among the lowest in the world, at 14 kg (1 kilogram=2.2046 pounds) per capita. Since the Asian economic crisis, more consumers have turned to noodles, as they are affordable, versatile and convenient.



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Bulk Sales Lead U.S. Agricultural Exports to Indonesia



U.S. sales totaled \$809 million in 2002.



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About half the flour produced and imported is used for noodle production. Noodle sales in 2002 grew about 10 percent and accounted for 13 percent of processed food's value.

Bakeries use 30 percent of the flour consumed in Indonesia. Though baked goods have emerged as another staple, consumption was only 3.1 kg per capita in 2002. Bakeries influenced by Taiwan and Japan (Eastern or Oriental) styles have led this growth. However, continental (Western or European) bakeries continue to dominate hotels and food service.

Acceptance of baked goods in lieu of rice and/or noodles has increased bread consumption in middle to lower income groups. This increase came after major layoffs during the economic crisis pushed former employees of the bakery industry to start bakeshops at home. Now, more than 30,000 bakeshops provide low-cost baked goods in both urban and rural areas. Convenience stores, too, often have their own in-house bakeries.

Other Products Gain Popularity

There is a trend toward increased

Products With Potential

- Wheat and wheat flour
- Beef
- Poultry
- Dairy products
- Fruits
- Flavorings and colorings
- Soybeans and soybean products
- Food additives
- Potatoes, chilled, frozen or processed
- Tomatoes
- Fruit concentrates
- Dried edible beans and nuts
- Bakery ingredients (dried fruits, nuts, yeast and chocolate)

snacking. However, the middle income customer that once purchased pricier extruded corn- or potato-based products has had to economize and look for cheaper traditional alternatives. These can include shrimp crackers, chips from cassava or taro roots and chips from bananas or jackfruits.

Chocolate confectionery sales, however, are still growing and expected to expand 20 percent over the next five years. Packaging innovations, such as “sachets” and “mini forms,” have allowed chocolate to penetrate the lower middle class segment and raised consumer awareness.

Milk consumption is relatively low at 6 to 7 liters (1 liter=1.0567 quarts) per capita annually. However, dairy consumption increased 10 percent in 2002.

The Indonesian government estimates that milk demand will increase up to 16 liters per capita by 2010, when the country’s population should climb to 245 million. At that time, total dairy consumption demand is estimated to reach 4 million metric tons.

Protein sources include mainly fish, *tahu* (tofu or soybean cake) and *tempe* (a soybean-based product). Meat and poultry consumption is very low and limited to middle to upper income groups.

Poultry processing companies have established a cold chain infrastructure to



Import Barriers Lessening

Deregulation of the market in recent years has helped ease the process of importing agricultural products:

- Most ingredients for food processing may be readily imported after Health Department regulations are satisfied.
- *Halal* certification acceptable to the Muslim Association of Indonesia is critical.

- Import documentation must be complete and follow regulations to avoid delays. Since these requirements can be unclear, an Indonesian importer or agent can be extremely helpful.
- Except for sugar and rice, import duties on most foods are 5 percent.
- Some ingredients, such as those derived through biotechnology, may require import registration.

store and market their processed poultry products. Chicken nuggets are popular, as are other frozen products such as meatballs and fish sticks. Cold chains are usually available for other products in the urban hyper-, super- and mini-market formats.

Traditional Markets Strong

For now, the *warung* (kiosks) and *took kelontongan* (independent food stores or provision stores) remain the backbone of Indonesia’s processed food distribution, servicing 65 percent of the population.

Hypermarkets, supermarkets and mini-markets, offering a range of products at competitive prices in urban areas, have gained popularity among middle to upper income groups, accounting for 29 percent of packaged food sales in 2002. This has inevitably hurt smaller businesses.

Although just gaining a foothold, convenience stores will likely slowly replace the traditional distribution channels in urban areas.

More than 900,000 home industries produce mostly unbranded and often unpackaged food products. Although these businesses are small in size, this segment is still key to the Indonesian food processing sector. For example, savory



snacks produced by small-scale home industries accounted for 80 percent of market share, while unbranded nuts accounted for 32 percent of entire nut sales in 2001. These unbranded items compete strongly against small registered businesses and large-scale manufacturers producing branded food items. ■

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Czech Republic HRI Turns on Tourism

By Petra Chöteborská

Already a member of NATO (the North Atlantic Treaty Organization) and with its forthcoming accession this year to the EU (European Union), the Czech Republic is making significant progress integrating into the global economy.

In calendar 2002, the United States exported \$12.9 million worth of agricultural products to the Czech Republic. U.S. consumer-oriented food products, which made up more than two-thirds of this amount, are being channeled into the country's restaurant sector.

It is important for U.S. suppliers to note not only the country's trend toward eating out, but the vast potential of its tourism industry.

Decade of Restaurant Growth

In 2002, sales in the Czech Republic's HRI (hotel, restaurant and institutional) food industry reached \$1.9 billion, up 30 percent from 1998. HRI sales account for about 17 percent of the total food sector.

While the early 1990s brought many new food establishments to the country, the restaurant industry focused on upgrading during the second half of the 1990s. Several conditions have helped stimulate this sector: increased purchasing power that fed a trend toward eating out, a lower VAT (the value-added tax fell from 22 to 5 percent) and a demand for convenience foods by time-starved consumers.

After EU accession, larger urban areas will no longer have a monopoly on upscale restaurants. Foreign investment



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will help create new demand in smaller cities and rural areas for the middle to upscale restaurant segments.

In 2002, the country hosted more tourists (14 million) than residents (10 million). After the Czech Republic accedes to EU membership, the popular destination will appear on even more travel itineraries. Prague will always be a tourist destination. But after accession, citizens of other EU countries will not

need passports to travel to the Czech Republic. The euro currency will arrive in about six years.

HRI Characteristics

More than 55,000 HRI establishments serve meals in the Czech Republic. Of this total, only 11 percent are institutional, but this segment claims 30 percent of sales. Commercial restaurants make up the remainder.

Odds and Ends of the Marketplace

- Only items certified free of biotech content can gain entry into the Czech Republic.
- U.S. meats cannot be imported because veterinary certificates between the two countries have not been negotiated.
- Restaurants will become more expensive after EU accession. (The VAT will increase, and new demand will push up prices.)
- As yet, there is no wholesale chain supplying hotels and restaurants.
- U.S. microwaveable popcorn, salsa, cranberry juice and frozen juice concentrates have no competition.
- Most imported almonds (85 percent) come from California.
- U.S. whiskey and bourbon claim a 45-percent market share.

U.S. SUPPLIERS SHOULD NOTE NOT ONLY THE COUNTRY'S TREND TOWARD EATING OUT, BUT THE VAST POTENTIAL OF ITS TOURISM INDUSTRY.

The institutional sector, especially the workplace cafeteria, is expected to expand the most in coming years. The Czech preference for the day's biggest meal being consumed at noon suggests an emphasis on hot meal services as cafeterias proliferate.

From 1998 to 2001, restaurants for middle and upper income consumers spearheaded industry growth. In 2002, their sales were up 93 percent from 1998, reaching \$610 million.

Future restaurant growth is expected to concentrate on these middle and upper income segments. This is promising news for U.S. suppliers, since pricier restaurants buy more imported products than their less expensive counterparts.

Over half the country's restaurants remain low-cost establishments (mostly pubs) serving mainly beer, but also a limited food menu. Sales from these restaurants reached \$321 million in 2001. As mid-level and upscale restaurants thrive, however, lower-end pubs are seeing a decline in business.

Market Matters

Mid- and low-cost restaurants are more likely to purchase imported products in discount stores, while larger, more expensive restaurants tend to buy from importers. Only 5 percent of imports are brought in directly, usually by large luxury hotels. Most imports enter the country and are distributed via importers and distributors.

While the majority of foods consumed in restaurants are domestic, imports do account for 20-25 percent. Most come from the EU because of lower duties: seafood, produce, nuts, dairy products, pastas and sauces, breakfast cereals, wines and spirits.

Hotel restaurants account for less than half the total HRI sales, and they serve primarily the high-end markets of large cities. Though most Czech hotels are independent, there will usually be one upscale international hotel and several more economical chains represented in the largest cities.

While most restaurants are independ-

Best Prospects for U.S. Suppliers

- Microwaveable popcorn
- Tex-Mex products
- Canned sweet corn
- Peanut butter
- Pancake syrups
- Cake mixes
- Pastas and powdered sauce mixes
- Almonds and other nuts, raisins and other dried fruits
- Wines
- Whiskey and bourbon

Other Products With Potential

- Seafood
- Cheeses and salsa nacho chips
- Frozen juice concentrates
- Cranberry juice

ent, there are some Western fast-food chains such as McDonald's and KFC. International cuisines are also becoming popular as consumers seek new dining experiences.

The major advantage of domestic products is price, and quality can be exceptional. Imports do, however, give consumers a wider choice and are important in filling gaps due to a lack of domestic products. ■

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TRADE SHOW OPPORTUNITY

THE AMERICAN CAFÉ



CASABLANCA, MOROCCO

**The
American
Café:**

We will reserve exhibition space for three days in one of the best hotels in Casablanca. You will meet with carefully selected invitees of companies on a one-on-one basis. The show will be open exclusively to Morocco's food importers and distributors and to buyers from hotels, supermarkets, restaurants, catering companies and institutions.

Logistics:

We will pay for four nights in the hotel for early applicants as well as the exhibition space and inland transportation. Exporters will pay for their round-trip airline tickets (to and from Casablanca) and for their food and other expenses at the hotel. Contact the FAS Office of Agricultural Affairs in Rabat for information on submitting materials such as food samples and brochures.

**Best
Products:**

Dried fruits and nuts, sauces, condiments, popcorn, salad dressings, pet foods, snacks (including diet snacks), kosher foods, honey, wines, beer, nonalcoholic beverages (such as sports drinks), cereal derivatives, rice, exotic juices, chips, crackers, dairy products, confectionery items, ice cream, canned vegetables, canned fruits, fresh apples and pears

Dates:

June 23-24, 2004

Contacts:

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JUST A CLICK AWAY!



The image shows a globe with a screenshot of the FASonline website overlaid on it. The website is titled "FAS Home Page" and features a navigation bar with "Contact FAS", "Search FAS", and "USDA Home" buttons. Below the navigation bar, there are several menu items: "Countries", "Commodities", "Trade Policy", "Export Programs", "Export Assistance", "Buying US Products", "Food Aid", "Import Programs", "Development & Training", and "About FAS", "FAS Directories", "News & Information". A "New Items Online" section lists various news items, including "US-China WTO Accession Agreement" and "Featured Reports". A "World Press" section lists "Monthly Export" and "FAS News". A "Market Reports" section lists "Economic Outlook", "Business Outlook", "U.S. Outlook", "U.S.-EU Trade", "Woolley's Outlook", and "World Outlook". A "Market Reports" section lists "Market Reports". A "Market Reports" section lists "Market Reports".

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TRADE SHOW OPPORTUNITY

FOOD AND HOTEL SOUTH CHINA

2 0 0 4

The Market: Guangzhou, formerly known as Canton, is the gateway to South China, which is the engine of China's \$1 trillion economy. South China's liberal economic policies are attracting record levels of foreign direct investment, resulting in strong economic growth and per capita incomes above those of Beijing and Shanghai. China's accession to the World Trade Organization has accelerated this growth and created an environment for rapid development of Western-style supermarkets and hypermarkets, displacing traditional street markets in urban areas.

When: June 23-25, 2004

Where: New Guangzhou Exhibition Centre

Why: Importers in South China are eager to import directly and are looking to forge new relationships with U.S. suppliers and exporters. Attending Food and Hotel South China will be buyers from hotels, restaurants, fast-food outlets, supermarkets, hypermarkets and grocery stores, as well as food and drink importers, wholesalers, distributors and purchasing officers in the industrial catering sector.

Best Prospects: Health foods and beverages, fresh fruits, processed food items, dried fruits, nuts, meats, poultry, snack foods, processed foods, convenience foods and dairy products such as baby formula are in great demand.

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Trade Notes...

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Two New Residue Databases Now Available To Help U.S. Exporters

Using funds provided through the USDA TASC (Technical Assistance for Specialty Crops) Program, CropLife America and AgriChem Data Service worked with FAS to develop databases to aid U.S. growers and exporters in the identification of maximum residue limits (MRLs) for specialty crops they wish to export. The first coordinated source of information relating to MRL tolerances, the databases compare MRL tolerances in the United States with those in other countries. The International Maximum Residue Limits database provides users with a list of MRL tolerances by active ingredient to specific destinations. Users may query by crop, pesticide active ingredient and pesticide type. More than 300 fruits, vegetables and nuts are covered, as are 272 pesticides approved by the Environmental Protection Agency for use on commodities in the United States. MRL data are included for 70 countries, the European Union and the Codex Alimentarius Commission. Each country included in the database represents, at a minimum, \$1 million in annual export revenue for U.S. horticultural commodities. This database can help growers, exporters, chemical manufacturers and regulators determine the MRLs of U.S. trading partners. IPAD (the International Pesticide and Application Database) helps users determine rates and limitations on the use of agricultural pesticides. IPAD is a crop-specific database that cross-references pesticides by chemical brand name, method of application, rates and frequency of application, as well as pre- and post-harvest interval. The database contains information for the United States, Mexico and Canada, 42 crops, 1,400 active ingredients, 29 pesticide types and 14 timings, resulting in nearly 24 million combinations. The site is located at www.fas.usda.gov/http. **Disclaimer:** FAS makes no representations, guarantees or warranties as to the accuracy or completeness of information on the Web site. FAS does not endorse any products, services or views referenced on the site.

Exports of Darker U.S. Wood Products to Japan Soar

Japanese demand for high-grade dark lumber has increased substantially to meet the growing demand for more stylish furniture in the Japanese high-end market. U.S. exports of walnut lumber to Japan increased from \$3.2 million in 2001 to \$4.5 million in 2002. During January-October 2003, walnut lumber exports to Japan reached \$8.6 million, well above the \$3.1 million of exports recorded during the same period in 2002. U.S. exports of cherry to Japan during January-October 2003 increased 58 percent to \$1.9 million, compared to \$1.2 million in 2002. Japanese art college students have shown a strong interest in including cherry and walnut in furniture design projects. Also, in the commercial districts of major cities, furniture showrooms display sleek, streamlined styles incorporating solid wood products such as walnut.

Serbia Reopens Market for U.S. Poultry

Last December, after a two-year ban, the first shipment of U.S. poultry arrived in Serbia. Before this shipment, the United States was one of only three countries denied total access to the Serbian market. Serbian authorities had banned U.S. poultry due to concerns about the use of antibiotics in poultry feed as well as U.S. poultry processing practices. U.S. export trade has the potential to reach \$15 million annually.



Also in This Issue:

- Indonesia's blooming food processing sector and flourishing ingredients market
- The Czech Republic's robust hotel, restaurant and institutional sector
- FAS Buyer Alert service, with a special offer for **AgExporter** subscribers

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