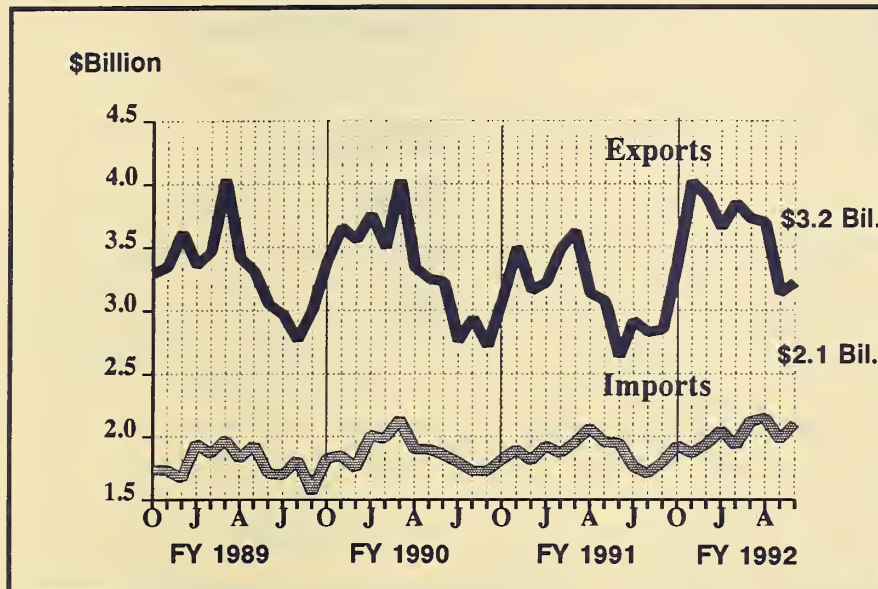


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AGRICULTURAL TRADE HIGHLIGHTS

Broad-Based Gains Boost June's Agricultural Exports 22 Percent



June trade statistics released on August 19 by the Commerce Department placed the value of U.S. agricultural exports at \$3.2 billion, up 22 percent from the same month last year. Sharply higher shipments of wheat, coarse grains, soybean meal, vegetable oil, and consumer-oriented high-value products accounted for most of the gain. June's performance brings the cumulative fiscal 1992 total (October-June) to \$32.6 billion, up 13 percent from the same period last year.

At \$1.3 billion, U.S. exports of *bulk commodities* were up 28 percent from last June. Large increases in coarse grain and wheat exports accounted for most of the increase. Year-to-date bulk exports are up nearly \$1.4 billion from levels a year ago at \$15.4 billion.

U.S. exports of *intermediate high-value products* reached \$711 million, up 15 percent from shipments last

year. Increased exports of soybean meal, soybean oil and vegetable oil accounted for most of the gain. Overall, intermediate products did well for June with only two products --wheat flour and animal fats--showing losses. June's performance brings the year-to-date total to over \$7 billion, 10 percent ahead of the same period last year.

Exports of *consumer-oriented high-value products* remain at a record setting pace, reaching \$1.2 billion in June--20 percent over June 1991. Increased exports of red meats, dairy products, fresh fruit, and snack foods accounted for most of the gain. June's performance brings the year-to-date total to over \$10 billion, 18 percent ahead of the same record-setting period last year.

Trade performance with the *top 10 U.S. agricultural export markets* in June was mixed. Shipments to Egypt and the EC registered sharp declines while double-digit gains occurred to Korea, Hong Kong, Japan

and Mexico. Exports to Taiwan dropped 9 percent.

June's performance further strengthens strong sales gains registered earlier this year. In fact, of the top ten markets, exports to nine are up from the first nine months of last year. Only Korea is down, off 2-percent, largely due to lower cotton, coarse grain, and cattle hide sales.

U.S. agricultural imports for June rose 12 percent from year-earlier levels to \$2.1 billion. June's total brings fiscal year-to-date imports to \$18.1 billion up 5 percent from 1991. Led by strong exports, the year-to-date agricultural surplus totalled \$14.5 billion, nearly \$3 billion higher than the same 9-month period last year.

On August 27, the World Agricultural Outlook Board revised its *fiscal 1992 projections for U.S. agricultural trade*. Exports are now forecast to reach \$41.5 billion, up \$500 million from earlier projections. Much of this increase is in improved prospects for coarse grains and livestock products.

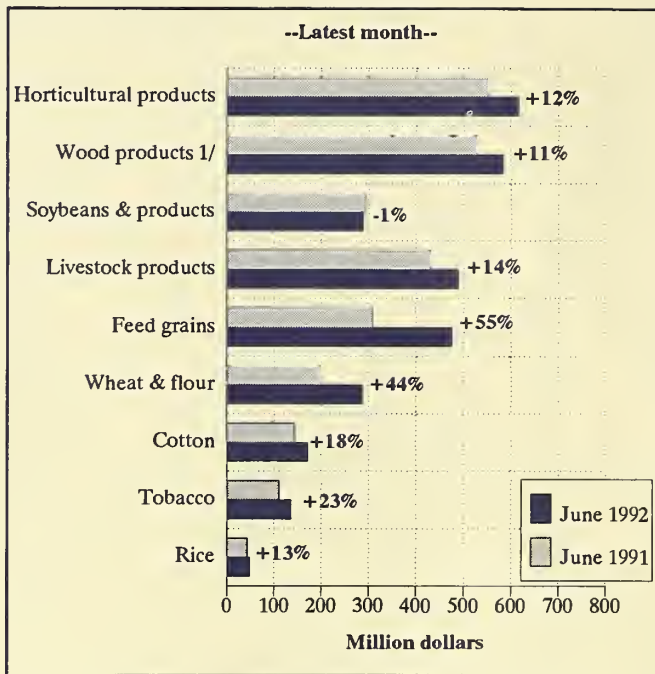
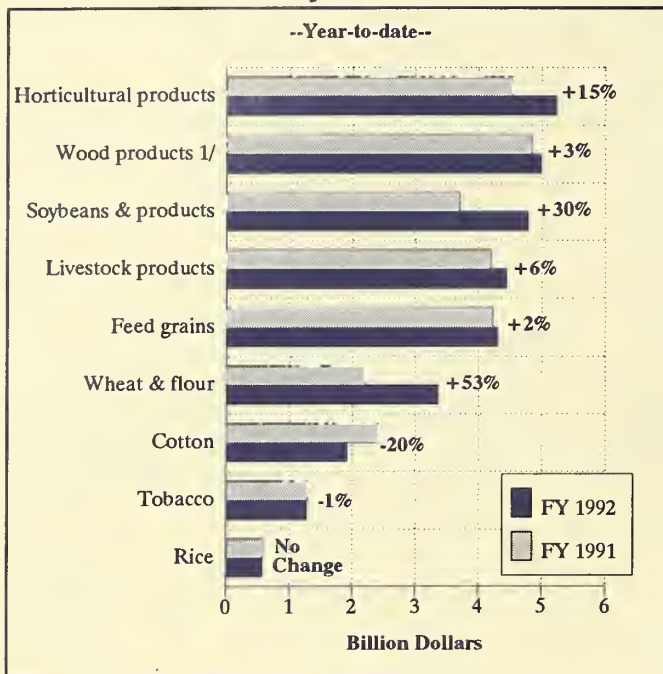
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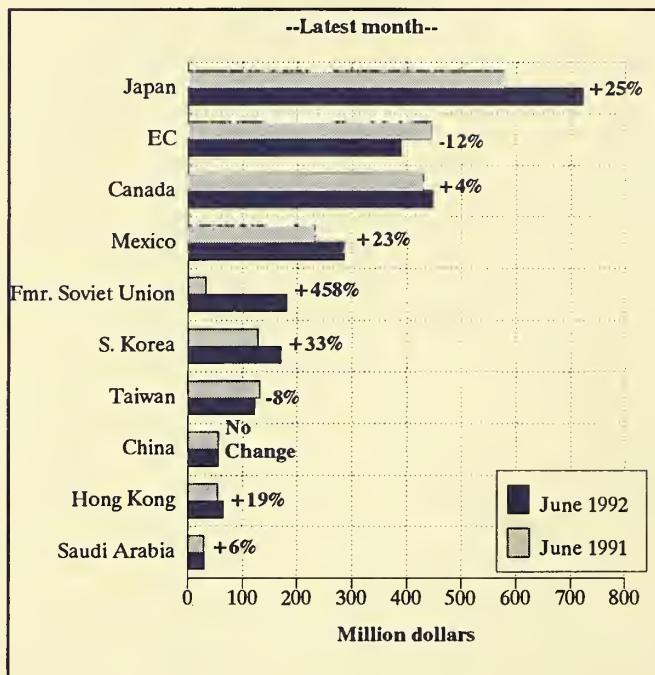
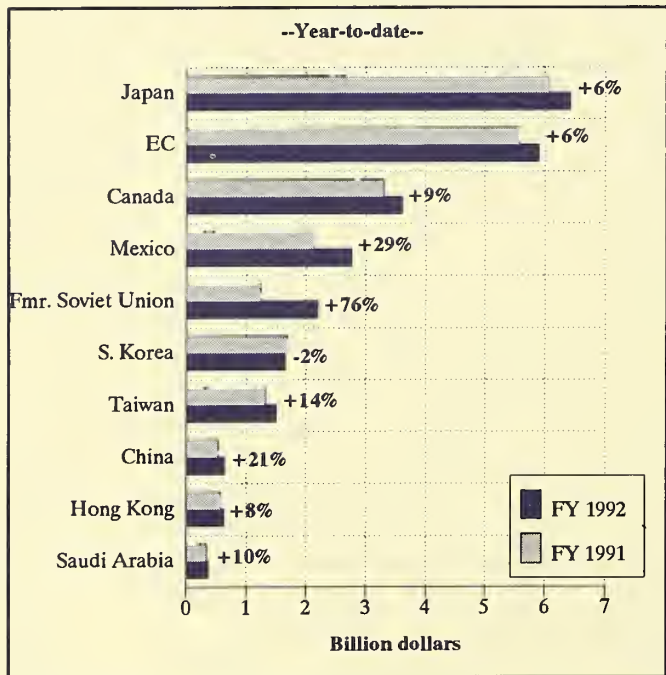
U.S. Agricultural Export Summaries

October-June and Latest Month Comparisons

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals.

Commodity Highlights

June exports of agricultural products rose to \$3.2 billion, up slightly from May and up 22 percent from June of last year. Gains from last year were extremely broad based with increases registered in nearly every product category except soybeans, which slipped 24-percent. The most notable gains occurred in wheat, feed grains, vegetable oils, soybean meal, red meats and poultry, and horticultural products.

June sales of *wheat and wheat flour* rose 45-percent on a 22-percent increase in volume from the same month last year. Increased shipments to the former Soviet Union accounted for three-fourths of the increase. Higher shipments to Japan and China accounted for most of the remainder. June's performance boosted exports so far this year to \$3.4 billion and 27 million tons, well ahead of the same 9-month period last year.

Strong demand from the former Soviet Union and drought stricken sub-Saharan Africa boosted June exports of *U.S. feed grains* 34-percent to \$227 million, more than offsetting a sharp downturn in sales to the EC. So far this fiscal year sales of feed grains are up 2-percent to \$4.3 billion, on a 3-percent fall in volume, compared to last year.

Soybean and product exports slipped 1-percent in June to \$290 million. Sharply lower demand from the EC was nearly offset by gains throughout most of the other major markets. Sales to the EC have been cut by reduced demand for protein meal, as dairy herds continue to contract due to effects of the EC's milk marketing quotas. Despite June's performance, sales to-date are 32-percent ahead of last year at \$1.6 billion.

U.S. *rice* exports posted a strong June, rising 13-percent to \$49 million. Higher sales to sub-Saharan Africa, Saudi Arabia, and Mexico accounted for nearly all the gain, more

than compensating for reduced sales to the EC and other Western European markets. Exports to-date are roughly unchanged at \$585 million on a 10-percent fall in volume.

Expanding world demand for U.S. *horticultural products* continued in June, rising 10-percent from last year to \$608 million. By the end of the fiscal year U.S. horticultural exports are now expected to reach \$6.8 billion, easily exceeding last year's record \$6 billion. So far this year shipments are at \$5.2 billion, 15-percent ahead of the same 9-month period last year. In June, global demand for apples and other deciduous fruit was particularly strong, rising 38 percent from last year to \$120 million. To-date sales of deciduous fruit now total \$612 million, up 37 percent from last year. Apple sales have been helped by a short crop from the EC, substantially reducing competing product in the world market. Other products posting double-digit growth in June were fruit and vegetable juices (up 46 percent to \$50 million), and prepared vegetables (up 23 percent to \$43 million). Sales to Canada, the top U.S. horticultural export market, were flat compared to June last year. However, near double-digit growth in June was recorded on sales to the EC and Japan, with even greater gains to emerging markets such as Hong Kong (up 39 percent), Taiwan (up 62 percent), Mexico (up 57 percent), and Singapore (up 42 percent).

Boosted by strong demand from Turkey, *unmanufactured tobacco* exports rose 23 percent in June to \$137 million. Year-to-date sales are roughly unchanged from last year at \$1.3 billion.

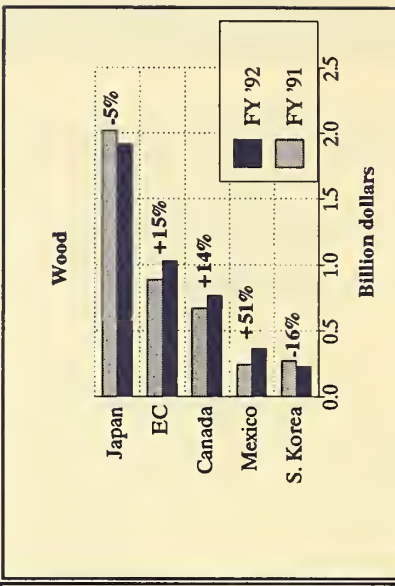
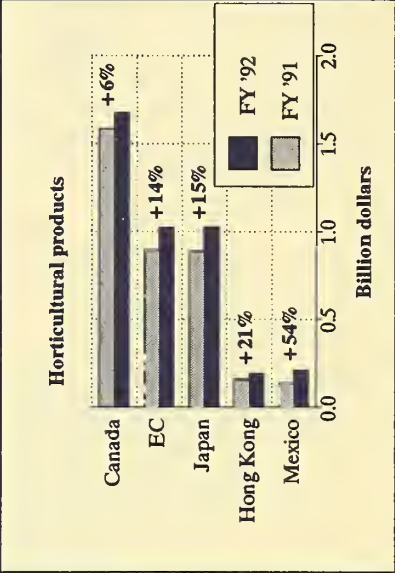
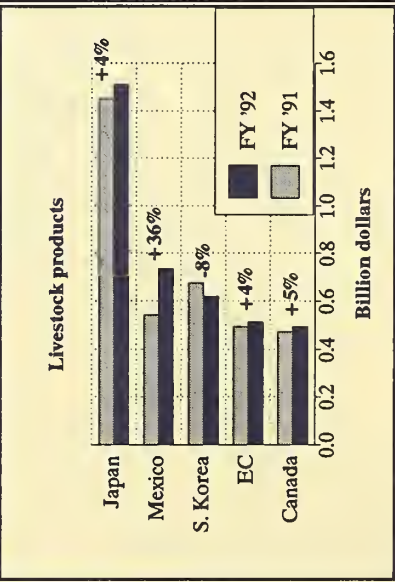
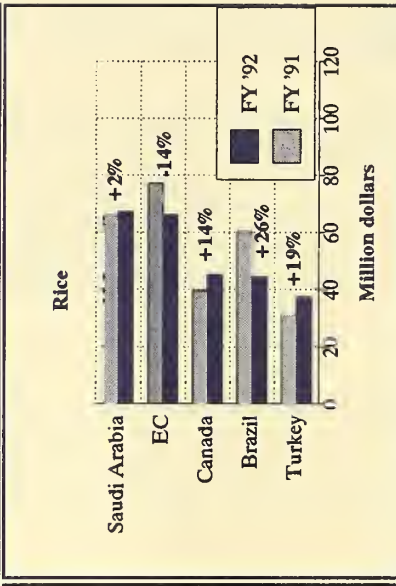
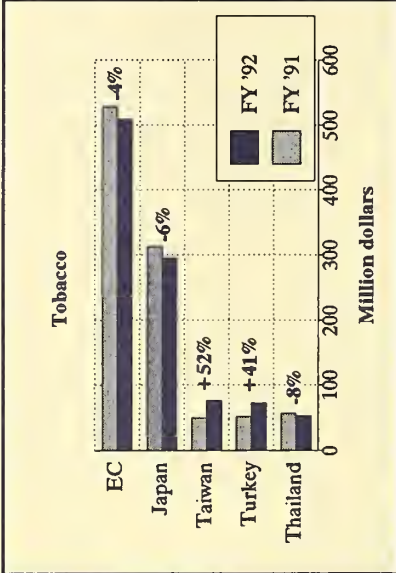
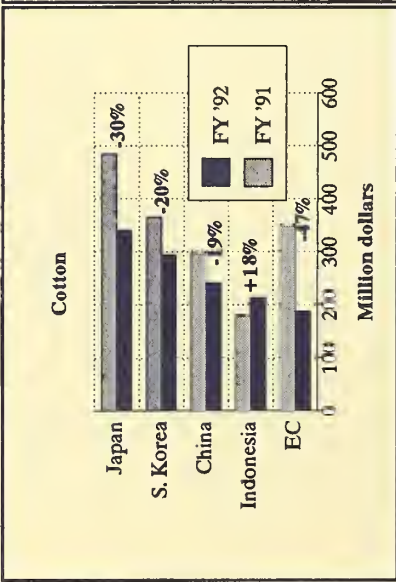
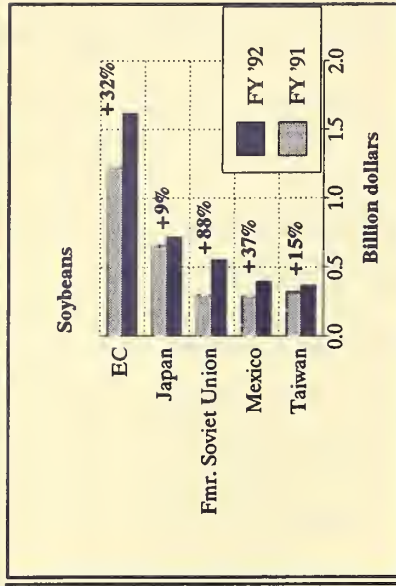
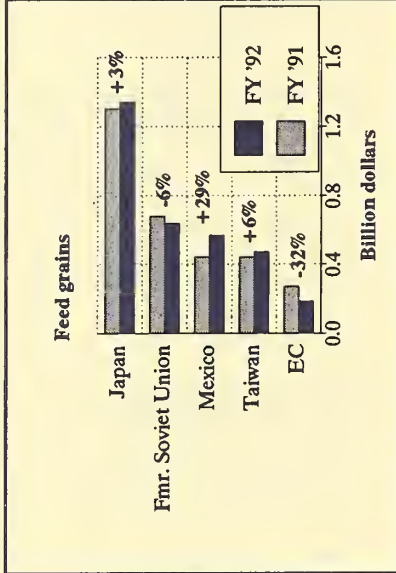
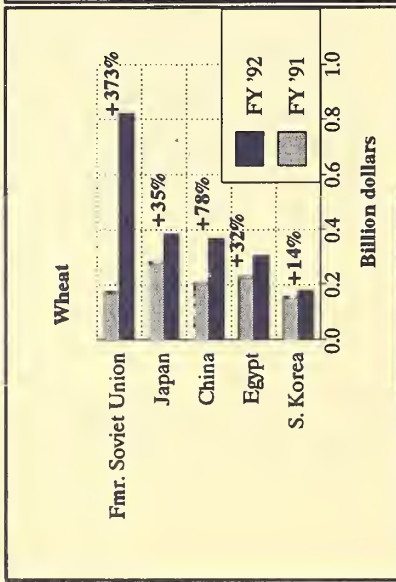
Cotton export value rebounded from sluggish sales for most of this year, rising 18 percent in June to \$171 million. A \$30 million increase in sales to Egypt more than offset reduced shipments to China. Nonetheless, sales to-date are still running 20 percent behind the same period last year at \$1.9 billion, while sales volume is down 10 percent at 1.3 million tons.

Livestock and product exports posted another strong month in June, rising 14 percent to \$490 million. Higher shipments of dairy products--particularly casein--and live animals more than offset lower sales of beef and pork. Demand for U.S. livestock products was particularly strong in Japan, up 44 percent to \$198 million, and Mexico, up 21 percent to \$81 million. So far this year, livestock and product exports total \$4.4 billion, up 6 percent from the same 9-month period last year.

Sales of *wood products* jumped 11 percent in June to \$584 million. Sales gains were broad based, with all the major markets, including Japan, the EC, Canada, and Mexico, growing by at least 10 percent. Shipments to-date are now 3 percent ahead of last year at \$5 billion.

For more information, contact Mike Woolsey at (202) 720-1294

Top Five Markets for Major U.S. Commodities



Note: Percentages are computed as the change from fiscal 1991 to fiscal 1992 cumulative totals.
 1/ Negligible exports reported during comparable period last year.

Product Spotlight: Food Additives

Agricultural Trade Highlights' product spotlight continues this month with a look at exports of food additives. Global demand for U.S. food additives has grown sharply, with nearly \$1.1 billion in sales in fiscal 1991. Food additives are often an essential component of convenience foods. As world demand for these foods continues to sharpen, overseas purchases of U.S. food additives are also expected to grow, with sales forecast to reach \$1.5 billion by the mid-1990's.

The business of high-value food production is truly becoming a science. In post-industrial societies, the days of time-consuming preparation of home-cooked meals are rapidly coming to an end. Changing lifestyles are largely to credit as households are increasingly supported by dual incomes, fueling the demand for convenience and now, improved nutrition to maintain more stringent standards of health. Nutritional convenience is a trend that is here to stay and the highly competitive food industry is doing its best to meet the challenge.

As the saying goes, however, there are no free lunches. Convenience and health for the consumer has meant longer hours for the food producer--new products must be able to withstand the modern rigors of today's consumption patterns which are frequently characterized by extreme freeze-thaw cycles as more and more meals are prepared in the microwave. This recent revolution in food consumption, which began in the early 1960's with the birth and subsequent boom in frozen food demand, is becoming entrenched in Western culture and

gradually taking root around the world.

For the U.S. food industry, the tradeoffs are fueling the growth in the rapidly expanding field of high-tech foods based on innovative uses of food additives. Whether it is the texture, appearance, aroma, or dietary advantage a food product has to offer, these attributes are nearly always the result of using one of the hundreds of agricultural-based food additives available on the market today. These relatively obscure items are the products of a revolution in food technology, driven in part by the increasingly demanding consumer.

Because the entire complex of food additives is so broad, the objective is to provide a general introduction to the dynamic world of agricultural-based food additives and then turn the focus to a selected group of items and foreign markets which have shown potential for U.S. exporters. Not only has the use of food additives been booming domestically, successful marketing by large U.S. manufacturers has also created inroads in foreign markets as well.

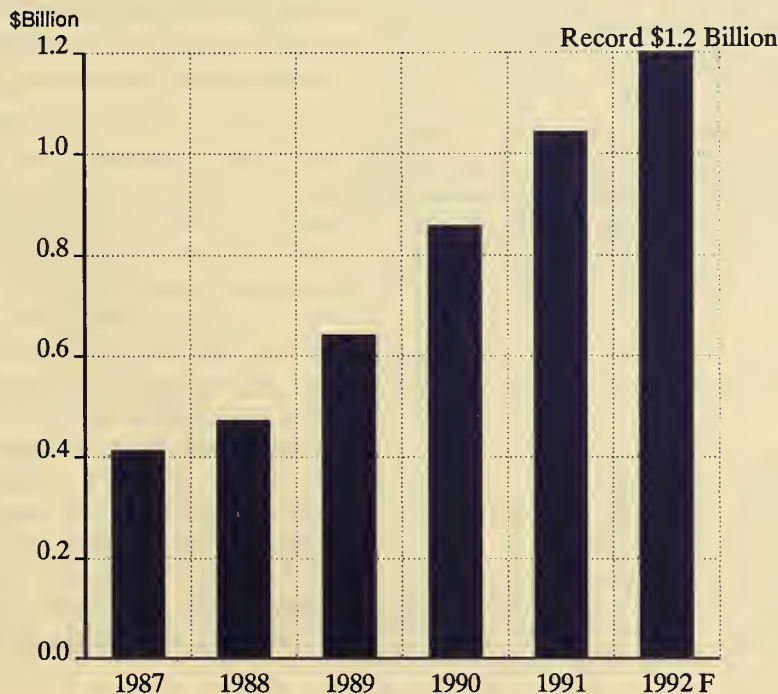
In fact, based on FAS estimates of food additive trade, U.S. shipments have more than doubled in the last 5 years, rising 150 percent to just over \$1 billion in fiscal 1991. In addition, year-to-date shipments (October to May) are running 11 percent ahead of the same period last year. If these trends continue, FAS analysis indicates that U.S. exports of food additives could reach nearly \$2 billion by the end of the decade.

Food Additive vs. Food Ingredient?

The task of describing the large family of food additives is a complex undertaking. Generally speaking, food additives are products used in the manufacture of readily con-

Taste Matters:

U.S. Food Additive Exports Rise Sharply



....Food Additives

sumable food products which assist in the processing, preservation, or enhancement of flavor, texture, or appearance of food. However, for purposes of this analysis, it is important to distinguish between a food ingredient and a food additive.

Specifically, many food ingredients are packaged and sold in their final form to be used as ingredients in home preparation, such as sugar, flour, and many spices. While food additives can be classified as food ingredients as well, the types of

products of interest in this analysis are those which are not stocked on grocery market shelves. These less familiar products have names such as food starches, functional proteins, emulsifiers, and flavorings, among others [see inset].

If they sound familiar, it is probably because they can be found on the ingredient listing of nearly all food items. Despite their low profile, the importance of food additives cannot be emphasized enough. They are critical ingredients in the production

of many common grocery list food items, including bread, lunchmeat, cereals, pastries, margarine, ice cream, and beverages.

The competitive position of the U.S. food additive industry is enhanced by the fact that most additives are actually by-products of major U.S. farm products, such as corn, soybeans, wheat, and oats. Other important sources of food additives include dairy products, egg products, and interestingly, an extract of seaweed, which has found a lucrative application in the fast food industry as a fat replacer for hamburger meat.

Food additives derived from corn and soybeans account for a significant share of the total. Additives made from these abundant U.S. crops have broad applications ranging from sweeteners, starches, and fats and oils to processed meats, pastas, soups, and coffee creamers--not to mention non-food applications such as paper products, ethanol, cosmetics, and pharmaceutical. Along with the corn wet millers, the soybean-based food additive companies have been active in the international market for some time now.

For decades, corn has been the darling of the grain-based food additives, based on additives derived from its four basic by-products--starch, protein, oil, and fiber. One of its earliest products--high fructose corn syrup--revolutionized the beverage industry, replacing cane sugar as the sweetening ingredient. This occurred some 15 years ago and the market continues to expand. An Iowa-based company represents another successful venture whose business produces and markets a corn-based additive. As the largest producer of corn-based caramel coloring used in beverages, the com-

Note: For purposes of this analysis, the commodities used to derive trade statistics were collected from the following chapters of Census Bureau Schedule B Harmonized trade classifications: Chapter 4 (milk fats), 13 (gums, resins, and other vegetable saps and extracts), 17 (glucoses and fructoses), 21 (miscellaneous edible preparations), 33 (essential oils), and 35 (albuminoidal substances, modified starches, enzymes). Applications for these products are very diverse and often overlap. Following are some of the more common uses of the selected food additives:

Preservatives: Antispoilage agents (i.e., sorbic acid, benzoic acid, nitrites and nitrates, and benzoic acid) used to prevent mold and bacteria, preserve color, and add flavor to preserved meats. Also includes antioxidants (i.e., vitamin E and citric acid), which are used to help stabilize fat-based foods that are prone to rancidity.

Emulsifiers: Surfactants--derived from fats and oils, such as soybean oil--which stabilize foams and emulsions. Emulsifiers are also used as anti-staling agents for bakery products, snack foods, ready-to-meals, confections, and processed dairy spreads.

Stabilizers/Thickeners: Primarily gums from plant sources which are used as stabilizers to prevent crystallization (ice cream), thickeners (beverages, preserves, salad dressings, coatings on meat and fish), and binders (such as wheat gluten). Also used to add body and prevent settling of suspended particles in products such as chocolate milk. Other products include starches, carrageenan (a seaweed extract), guar gum, locust bean, xanthan gum, and cellulose derivatives.

Flavorings: Compounds added to foods to produce flavors or modify existing flavors including spices, natural and artificial flavors, and essential oils, and acidulants.

Sweeteners: Includes corn sugars, corn syrups, dextrose, and fructose.

Enzymes: Products which help to transform catalyze complex substances into simple substances and compounds (i.e. lipase, amylase, protease).

Bulking Agents and Fat Substitutes: Chemically derived food additives used to provide bulk and replace fat in the rapidly expanding low-fat food processing industry. Includes derivatives of soybeans, eggs, wheat, milk, corn, oats, and carrageenan.

pany now services a growing global market.

The demand for soybean-based additives is also growing, due to the development of expanded uses for soy protein and soy fiber. Similar to corn-based additives, soy proteins have wide-ranging applications for use in many basic food items as well as the nutritional convenience market. Common uses include beverages, dairy products (yogurt, ice cream), tofu, salad dressings, and baked goods (egg white and milk protein replacements). In addition, soy fiber technology has made significant strides in the health and nutrition fields through the development of innovative uses of their product as a source of dietary fiber for fiber enhancement and calorie and fat reduction.

At home, food processors and ingredient manufacturers work closely together to develop new products to satisfy and entice the fickle consumer. The United States is the leader in research and development in this field, spurred by the progressive tastes of the U.S. consumer.

Demand for U.S. Food Additives Surges

Domestically, the high-growth area is in the development of fat replacers, but the trend is catching on in other developed countries. In the meantime, primary uses (versus value-added uses most commonly associated with health and nutritional food processing applications) of the major food additives are providing a growing source of demand in countries all over the world. Many countries have food additive requirements which can be satisfied with basic technology that has been refined in the United States and is in widespread use around the world.

In contrast to the nutritional convenience market, there is significant potential for primary uses of food additives in developed countries with a broad-based food processing industry. Food additives such as proteins, starches, and flavorings have very important applications in the processing of meats, dairy products, bakery items, ready-to-eat meals, and dry mixes--foods which are necessary to meet basic nutritional requirements. For example, in developing countries certain food additives--wheat gluten, for example--are used to actually extend or substitute for meat in providing protein sources.

According to Census Bureau classifications, the top U.S. food additive exports are protein isolates (\$104 million), essential oils (\$178 million), protein concentrates and texturized protein substances (\$65 million), and the additives included in a miscellaneous category called "edible food preparations." At just under \$300 million, the latter group represents the largest single group of additives being exported to overseas markets.

Unfortunately, monitoring trade of food additives is difficult due to the sheer number of products and to the lack of detailed trade classifications for these products. For example, the group classified as "edible preparations," which accounts for more than 30 percent of total U.S. exports, is defined as "preparations . . . consisting wholly or partly of foodstuffs, used in the making of beverages or food preparations for human consumption". Consequently, it is difficult to track the performance of many important food additives which may be included in this group.

Nonetheless, the food additive industry is doing very well overseas. The larger companies--represented

predominantly by the corn and soybean additive producers--have taken their economies of scale and gone international. Unfortunately, extreme price competitiveness has excluded all but the most sophisticated companies from entering the very lucrative sectors of the global market, although companies that developed unique technologies have experienced some success in niche products overseas.

Canada and Japan on Top

The top U.S. food additive export markets are Canada (\$262 million), the EC (\$218 million), Japan (\$146 million), and the Four Tigers of Asia (\$110 million). Each market registered record-setting sales in fiscal 1991.

Canada enjoys a significant lead over the rest of the field, accounting for nearly 25 percent of total U.S. food additive exports. Canada's proximity to the U.S., as well as similar lifestyles, have fueled much of the growth in the Canadian market. At \$94 million in shipments, edible preparations are the largest share, followed by fructose and glucose sweeteners at \$62 million, and starch dextrins with \$28 million. Canada has a well-developed food processing industry, but along with many countries, relies significantly on the United States to supply much of the raw product.

Changing consumption patterns toward easy-to-prepare foods has been a primary factor in the growing demand for food additives in Japan. Western products including consumer-ready baked goods, dairy products, and meat have increased in popularity, particularly among younger Japanese. In response, Japanese food producers have stepped up diversification of opera-

....Food Additives

tions to keep up with demand in this lucrative market.

Domestic suppliers account for the majority of food additive sales in Japan--roughly 70 percent of the total--the United States, in comparison, supplies only 5 percent. While past growth in U.S. food additives exports to Japan has been significant, rising from only \$66 million in 1987, industry sources indicate future sales may taper off. A recent market study concludes that Japan appears to have reached the saturation point in food ingredient sales.

1992's trade statistics seem to support this observation, as sales to Japan are off last year's levels by 11 percent. Even if overall future sales growth slows, U.S. exporters have

made significant headway in several niche products. At \$46 million, the edible preparations group leads U.S. additive exports to Japan, followed by essential oils at \$26 million, protein isolates at \$17 million, and carrageenan at \$11 million.

Like Japan, the EC is a mature market for the United States and is actually a major competitor in many food additive markets. As a major crop producer, the EC market for U.S. food additives is very niche-oriented, having developed sufficient food processing technologies to satisfy their own markets. Industry sources suggest that U.S. food additive exporters have focused the majority of their energy toward other parts of the world, particularly untapped un-

derdeveloped markets in Asia, where the potential for market penetration and expansion is much greater.

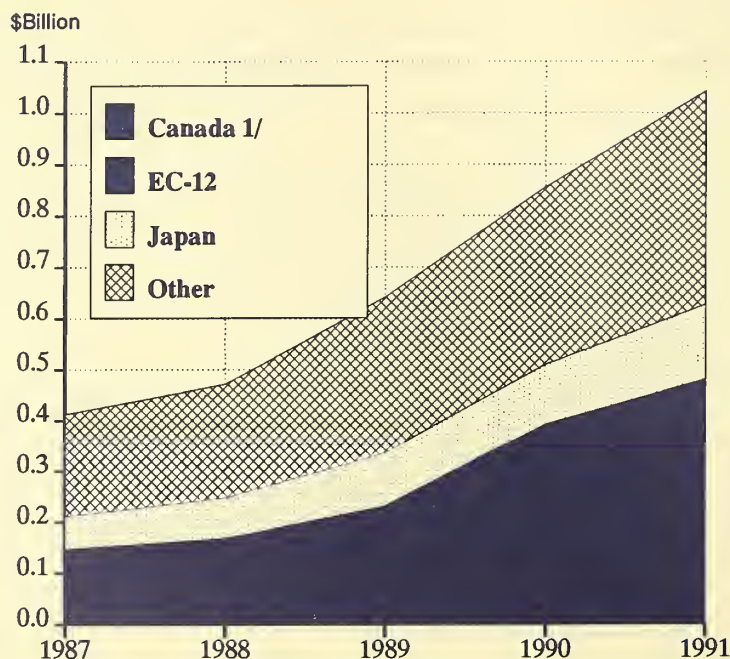
Among the EC countries, Germany and the United Kingdom lead the pack at \$51 million and \$47 million, respectively. Rounding out the top EC markets are the Netherlands (\$34 million), Belgium-Luxembourg (\$26 million), France (\$22 million), and Spain (\$16 million). With the exception of France, each of the above EC countries logged record purchases in 1991.

Mexico Top Growth Prospect

Mexico, the third largest single-country U.S. food additive market at \$74 million, may hold the most potential for future growth. Since 1987, sales to Mexico have grown fivefold, and year-to-date statistics show shipments up 24 percent compared to the same period last year. Future sales are expected to be bolstered by the pending North American Free Trade Agreement. So far, U.S. exports of edible preparations (\$15 million) account for the largest share of U.S. shipments, followed by essential oils (\$13 million), protein isolates (\$10 million), and carrageenan (\$7 million).

Rising Mexican incomes and an affinity for the upscale Western lifestyle are also expected to boost future sales. U.S. exporters will have a ready market for primary applications of food additives in Mexico which, in contrast to more developed markets, has a relatively underdeveloped food processing sector. Furthermore, with microwave oven ownership expected to soar from current levels (just 5 percent of households), the demand for convenience food related additives should also rise.

Top Three U.S. Food Additive Export Markets Account for Over Half of Total Shipments



1/ U.S. agricultural exports to Canada were under-reported prior to 1990

....Food Additives

Although exports to the individual markets may be small in comparison, industry sources believe the Four Tigers, as well as many Pacific Rim countries hold significant potential for U.S. food additives. At \$39 million, Hong Kong is the most valuable market within the Four Tigers. Nipping at its heels, however, is Taiwan which purchased \$35 million worth of U.S. food additives in 1991. Together, sales to these two countries account for two-thirds of the competitive Asian market and have experienced significant growth in recent years, rising from only \$10 million and \$7 million, respectively, since 1987.

In Hong Kong, characteristic changes in consumption patterns resulting from rising incomes has triggered a change from the manufacture of basic food products to the processing and consumption of more prepared, frozen, and convenience foods. Consequently, it is anticipated that demand for more sophisticated food additives will follow.

Quality-conscious food importers and distributors seem to favor U.S. products and are enthusiastic about developing business relationships with U.S. food additive suppliers. Apparently, there is plenty of room for growth as a recent study revealed that the United States accounts for only 5 percent of total food additive imports. The predominant suppliers, with a combined 70 percent of the import market are Japan and the EC.

Taiwan is also developing into a potential market for a wide range of value-added food additives. Significant technical improvements in Taiwan's food industry have moved Taiwan from a manufacturer of non value-added food items to more convenience, frozen, and prepared

foods--all requiring specialized food additives which the United States can provide. Specific items of interest include acidulants, antioxidants, enzymes, and flavor enhancers.

Other promising markets include Korea, Singapore, Malaysia, and the formerly centralized economies of Eastern Europe and the Soviet Union.

Recent market research studies indicate demand for food additives could be particularly strong in Eastern Europe. However, U.S. exporters will have to overcome stiff competition from the EC food additive industry.

Going Global

Servicing an international clientele is a reality for many U.S. food additive exporters. For those who are already established in the international arena, the advice is to do your homework. Brisk competition, rapidly developing technology, and a changing world necessitate thorough research and good strategic planning.

Trade shows can also help those interested in exploring new opportunities for food additive sales in foreign markets (see inset for a list of several upcoming events). Other general information on the food ingredient and additive industry can be obtained from the Institute of Food Technologists--an association of 25,000 food scientists, technologists, and marketing professionals headquartered in Chicago.

Few can compete with the United States in the field of food technology, and relative to the rest of the world, Western consumers are recognized as the bellwether of the global market where consumption and health trends are concerned. In fact,

industry sources state that the United States is as much as 15 years ahead of most of the world. For U.S. food manufacturers, the advantage of being able to test market products domestically, combined with careful long-term planning will clearly breed excellent opportunities for overseas sales in the future.

For more information, contact Lori Huthoefer at (202) 720-1294, or Dick Gannon, International Trade Specialist, Iowa Department of Agriculture, at (515) 242-6240.

International Food Ingredient Shows

International Food Technology Exposition and Conference (IFTEC). The Hague, Netherlands, November 15-18, 1992. For more information, contact Ron Horstman, Institute of Food Technologists, 221 N. LaSalle St., Chicago, IL 60601. Tel.: (800) IFT-FOOD; Fax: (312) 782-8348.

Food Ingredients Asia 1993. Singapore, April 20-22, 1993. For more information, contact Robert Fondahn, U.S. Agricultural Trade Officer. Tel.: (011-65) 737-1233, Fax: (011-65) 732-8307.

Food Ingredients Japan 1993. Tokyo, December 1-3, 1993. For more information, contact Wim Heusdens, Ph.D., T&G Associates, Inc., 4220 Commercial Way, Glenview, IL 60025. Tel.: (708) 635-9960, Fax: (708) 635-6801.

Country Spotlight: Taiwan



Despite continued high import tariffs for many items, U.S. agricultural exports to Taiwan have grown steadily, reaching a record \$1.9 billion in 1991, up from \$1.3 billion in 1987. While most of these shipments are bulk commodities, such as corn, wheat and soybeans, exports of consumer-oriented high-value products, including fruits and vegetables and snack foods, are the fastest growing. These consumer food exports topped \$303 million last year, up nearly threefold from 1987. With near double-digit growth in Taiwan's per capita income and a growing westernization of tastes expected to continue, prospects for further gains in purchases of U.S.

consumer-ready foods remain bright. In fact, recent FAS analysis indicates Taiwan should be among the best market prospects for U.S. consumer food products during the next 3-6 years.

U.S. Top Supplier

The United States is the largest supplier in the \$1.2 billion Taiwan consumer-ready food import market with a 31-percent share in 1990, the last year these data are available. The most popular U.S. consumer food exports to Taiwan are horticultural products, accounting for over half of the total in 1991. These include apples and other fresh deciduous fruit (\$76 million in 1991, up 124 percent from 1987), tree nuts (\$19 million, up 112 percent), snack foods such as potato chips (\$18 million, up 323 percent), and canned sweet corn (\$11 million, up 214 percent). Other important consumer-ready exports include frozen boneless beef cuts (\$12 million), and beer (\$7 million).

Exporters and FAS analysts point to rapid income growth in Taiwan as a major reason behind the increased demand for U.S. consumer-ready foods. Per capita income (measured in terms of gross domestic product) neared \$8,000 in 1990, topping a decade of growth that averaged 6.3 percent per year, making Taiwan one of the fastest growing economies in the Pacific Rim. Generally, rising incomes in developing countries often spark increased purchases of high quality, easy-to-prepare foods.

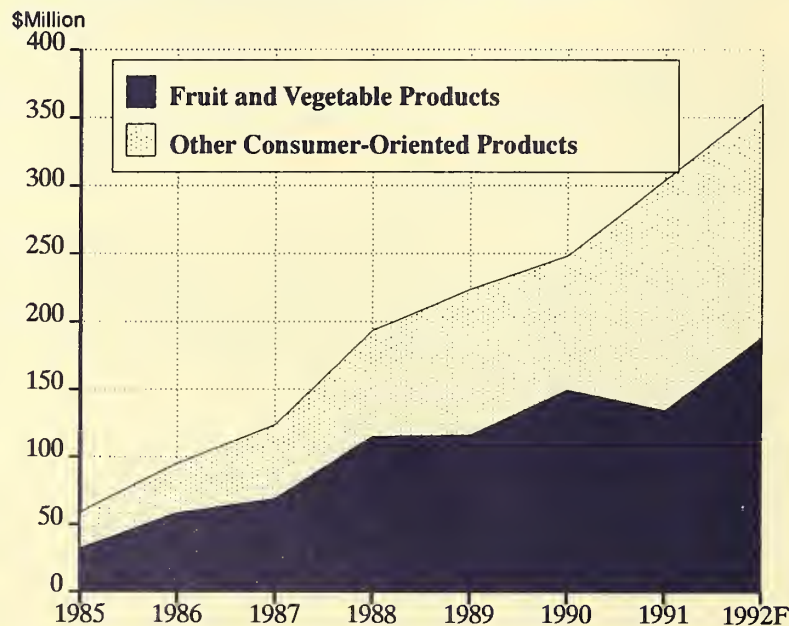
Changing tastes and preferences among the Taiwanese, particularly in younger age groups, also factor into the rising demand for U.S. consumer food imports. For instance, since 1971, per capita consumption of fruit and vegetables has nearly doubled while consumption of rice and starchy foods such as sweet potatoes has declined by nearly 25 percent. Other changes include a surge in the demand for westernized fast foods, which, since being introduced in 1984, has resulted in the opening of over 100 U.S.-based outlets, such as McDonald's and Kentucky Fried Chicken (see inset next page).

Much of the changing diet through the 1980's was due to a burgeoning young, urban population, willing to try new foods. In 1984, the largest population increases from the previous decade in Taiwan were in the 25-29 and 30-34 age groups, growing by more than 70 percent. The U.S. consumer foods industry should expect further sales gains from these Taiwanese as they enter their prime income earning years with their westernized tastes likely intact.

U.S. Promotions Spur Sales Gains

Promotional campaigns aimed at changing tastes and preferences have been a big boost to increasing sales, according to many U.S. exporters. Green Giant, the predominant supplier of U.S. canned corn to Taiwan, was faced with broadening

Strong Growth in U.S. Consumer-Oriented Exports to Taiwan Led by Fruits and Vegetables



....Taiwan

Taiwanese consumers from their traditional use for canned corn as a soup ingredient. Green Giant's consumer promotions, primarily aimed at younger generations, focused on recipe development. Product labels continue to display four to five recipes which change every several months. A vegetable bake-off, with cash awards for the best recipes that involve corn, has been particularly popular among local customers.

Other firms working to change Taiwanese diets in order to boost sales include U.S. pistachio exporters, who are successfully altering traditional Taiwanese beliefs that nut consumption in the summer months causes sore throats and other health problems. One particularly successful campaign was a joint promotion with Coca-Cola linking the use of the two products as a tasty, refreshing summer snack. Additional efforts to spark demand involve retail demonstrations and sampling in the growing number of western-style supermarkets in Taiwan.

With important changes in consumer demographics and growing purchasing power, the Taiwanese market for tasty, convenient foods is forecast to deepen and expand. U.S. consumer food exporters to Taiwan, particularly those able to target market their product, should see rising sales through the 1990's.

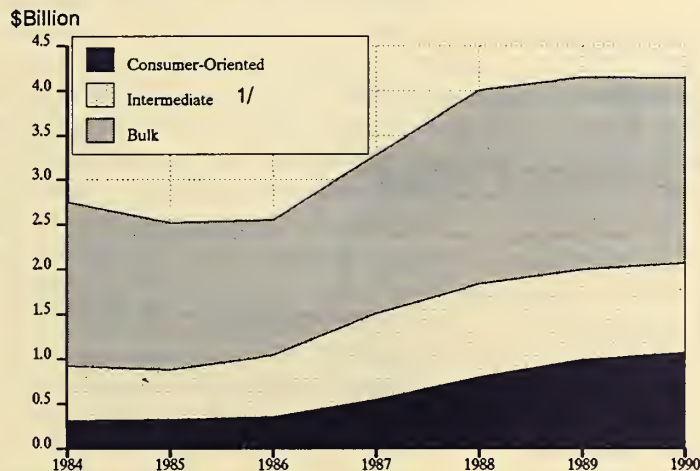
For more information, contact Mike Woolsey at (202) 720-1294

Interested in exporting to Taiwan?
Contact Steven Yoder, Agricultural Section Chief. Tel.: (011-886-2) 709-2000, ext. 207, FAX: (011-886-2) 709-2054

U.S. Fast-Food is Hot on Taiwan

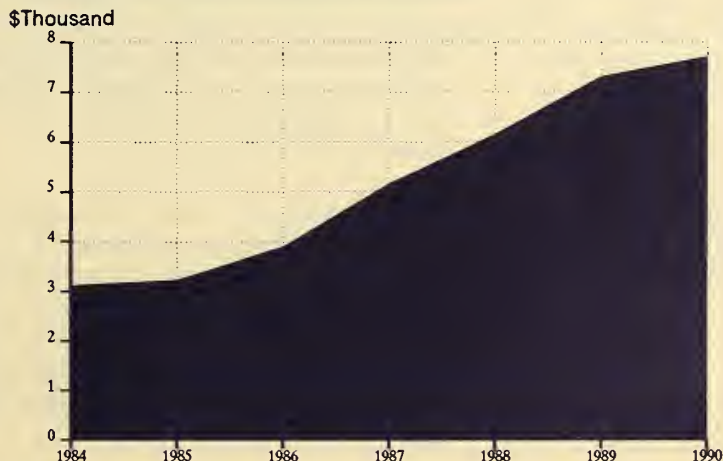
The number of western-style fast-food restaurants on Taiwan has expanded quickly since first arriving in 1984. Currently, over 100 U.S.-based fast-food outlets representing 10 chains are meeting a growing demand for ready-to-eat meals on Taiwan. These chains and their number of outlets include: McDonald's (60); Kentucky Fried Chicken (36); Lotteria (20); Church's (23); Hardee's (9); Wendy's (16); and Burger King (2). Some of these chains emphasize U.S. products while others use more cheaply sourced product from U.S. competitors or Taiwan domestic product. Nevertheless, the proliferation of U.S. fast-food in overseas markets can help boost U.S. agricultural exports by raising the overall awareness of American-style foods.

Taiwan's Agricultural Imports Boosted by Consumer-Oriented Products....



1/ Intermediate products are semi-processed goods requiring further processing for consumption.

....As Per Capita Income Rises



Trade Policy Updates

Indonesia Announces Trade Liberalization Reforms

On July 6, the Government of Indonesia announced its latest economic reform designed to open its economy to foreign trade and investment. The 1992 economic deregulation package includes the removal of non-tariff barriers on such agricultural commodities as meslin, barley, rye, oats, sorghum, millet and corn flour. Certain bulk commodities such as wheat and soybeans may only be imported by the national agency, Bulog. Previous deregulation packages have been implemented in each year since 1986, except for 1989, and have stressed the replacement of non-tariff import barriers with more transparent measures such as tariffs, a simplification of the tariff structure, and an overall reduction in tariff levels.

Israel Signs Free Trade Agreement With EFTA

According to the Journal of Commerce, 7/17/92, Israel and the European Free Trade Association (EFTA) signed a Free Trade Agreement on July 16, 1992. The accord aims for free trade in industrial goods, fish, and processed agricultural products and addresses intellectual property rights, competition policy, public procurement, government monopolies and state aid. Unprocessed agricultural products will be negotiated separately on a bilateral basis. Having already signed free trade agreements with the United States and the EC, 70 percent of Israeli's external trade is now covered by free trade area agreements.

Egypt Liberalizes Wheat and Meat Imports

On July 5, 1992, the Minister of Supply and Home Trade (MOS) issued a decree to facilitate the importation of wheat flour and sugar by allowing food production importers to purchase supplies directly, through an agent, or through other importers. However, some restrictions still apply--imports must be within the limits of the organizations' annual production capacity, special MOS committees will determine import quantities allowed for organizations without import licenses, and imports must be handled in accordance with regulations and prices set by the MOS. On July 20, 1992, the Egyptian Ministry of Agriculture and Land Reclamation (MALR) rescinded the suspension on the importation of frozen beef for direct consumption and ready-to-slaughter feeder cattle. Import licenses are required by MALR.

First Submission of the United States for Chapter 18 Panel On Durum Wheat

The Office of the United States Trade Representative (USTR) submitted its initial brief for the U.S.-Canada Free Trade Agreement (FTA) Chapter 18 panel on durum wheat on August 19. Canada's first submission is due September 9, an oral hearing is scheduled for September 21, and the final panel report is due December 7. The panel is being asked to interpret Article 701.3 of the FTA, which prohibits each party from selling for export to the other party agricultural goods at prices below acquisition price plus any storage, handling or other costs. In addition, the panel has been asked to determine that Canada has in fact contravened this provision of the FTA with respect to durum wheat, based on the U.S. interpretation of Article 701.3, and data gathered from U.S. Customs. Canada exported about 370,000 tons of durum wheat to the United States in 1991/92 (June-May).

Costa Rica Liberalizes Grain Market

The Government of Costa Rica published decree 21095, effective July 17, 1992, authorizing the import and export of rice, sorghum, all types of beans, and yellow and white corn without the use of prior license or permit requirements. The decree also liberalizes the domestic market for these products, with the exception of sorghum, by eliminating government price controls. The Government of Costa Rica has used import permits as a non-tariff trade barrier, imports only in the case of domestic shortages. The removal of these import permits should provide increased U.S. export opportunities.

...Trade Policy Updates

Venezuela Announces Elimination of Import License Requirements

On Aug. 6, 1992, the Government of Venezuela published resolutions 1617, 1837, and 229 which call for the elimination of import licenses for pork and poultry products, feedgrains, soybeans, and soybean meal and cake. However, the Ministry of Agriculture announced that a surcharge yielding an effective tariff rate of 32 percent would be placed on poultry drumsticks in an effort to stop imports of inexpensive American poultry parts. The GOV also published resolutions 1614, 1644, and 227 which set specific taxes for rice and rice products, and requires phytosanitary permits for cheese.

Mediterranean Fruit Fly (Medfly) Detected in California

On July 28, 1992, the medfly was discovered in San Jose California (Santa Clara County). The last period of infestation in California was 1989-1990. While all finds are within a one square-mile area, the standard 81-square-mile quarantine boundary has been established. Residents are instructed not to take any fruit out of the quarantine area in efforts to prevent the spread of the medfly. Trapping and ground applications of malathion bait will continue until officials are sure of the extent of the infestation before deciding on the next step of the project. No exports are allowed from the quarantine area, however, exports from other areas pose no risk.

NAFTA Reached By Trade Negotiators

On Aug. 12, 1992, the United States, Canada, and Mexico concluded negotiations on the North American Free Trade Agreement (NAFTA), which will eliminate many trade barriers among the three countries. Because the United States implemented the U.S.-Canada Free Trade Agreement in 1989, which has already spurred U.S. agricultural export growth to Canada, the most significant trade expansion from NAFTA will result with Mexico, already U.S. agriculture's third largest single-country market.

Elimination of all tariffs, quotas, and licenses that act as barriers to agricultural trade between the United States and Mexico will increase agricultural trade. However, the agreement requires no changes in domestic farm programs or domestic support for consumer food programs for either country. The terms of NAFTA affecting agricultural trade between the United States and Mexico will result in net gains for both countries.

By the end of the 15-year transition period, annual U.S. agricultural exports will likely be \$1.5 to \$2 billion higher than without NAFTA. Grains and meats are estimated to account for much of the expansion. Over the same period, U.S. farm cash receipts will increase by 2 to 3 percent compared with projected receipts without NAFTA. More agricultural trade will also expand employment in related areas of processing and transportation and the economy as a whole. Agricultural exports to Mexico already account for 81,000 American jobs. Exports from the new pact will add an estimated 54,000 jobs to the U.S. economy.

Market Updates

Canadian Wheat Board Announces Initial Payments

Recently the Canadian Wheat Board (CWB) announced 1992/93 wheat and barley initial prices for base grades. The announced prices, which are somewhat above those of 1 year ago, are C\$112/ton for No.1 Canada Western Red Spring Wheat (CWRS), C\$108/ton for No. 1 Canada Western Amber Durum Wheat, and C\$88/ton for No.1 Canada Western Barley. The price for No.1 CWRS, pegged at roughly 20 percent below prevailing world prices, sends a clear signal that the CWB is ready to aggressively market Canadian wheat on the world market. While this move by the CWB would enable exports to be priced very competitively, the Canadian Government's farm support programs, now entering their second year, ensure the Canadian farmers' income at a level independent of and above the initial prices.

Thailand's Soybean Shortages Promote Imports Again

Thailand's soybean shortages in 1992 have reportedly prompted the government to allow oilseed crushers to import a second 80,000 tons of soybeans to help meet requirements. Dry weather reduced both area and yield of the 1992 soybean crop. Thailand normally bans soybean imports, but the GOT permitted imports of 80,000 tons of soybeans during the January-March period after crushers complained they would run out of soybeans. The United States and China supplied this volume. According to FAS/Bangkok, steady livestock, poultry and robust shrimp feed demand has increased the consumption of protein meals.

Spain Renews Apple Protocol for Washington and Oregon

Spanish phytosanitary officials have extended the protocol worked out last January that permitted apples from Washington and Oregon to enter Spain for the first time. The same rules will be applied to those two States' apple and pear exports until the implementation of new EC harmonization rules, scheduled to come into effect on Jan. 1, 1993. Although the U.S. apple shipping season was well under way when the protocol was written last winter, U.S. exporters still managed to sell about 10,000 tons to Spain in the early months of 1992. With the earlier start permitted this year, quantities could easily double. Spanish importers expect eventual annual demand for U.S. apples could be as high as 50,000 tons, depending on European apple availability.

In June, FAS and APHIS officials met in Madrid with Spanish authorities concerning renewal of the agreement for Washington and Oregon and extension of the list to other U.S. states. On the latter point, Spain has asked to delay extension to any other states, given the approaching 1993 harmonization. If there is any indication that harmonization will be delayed beyond January 1, or that the new EC-wide rules will not allow the free importation of U.S. apples, the Madrid AgCounselor office will renew the request for extension of the protocol to other states.

EC Dairy Stocks Plummet--Export Prices Rise

The EC experienced a precipitous decline in dairy product deliveries during the first half of 1992, resulting in plummeting intervention stocks for both butter and skim milk powder and strong upward pressure on domestic and export prices. The EC milk quota buy-out program and increased cow slaughterings are principally responsible, according to industry watchers. The decline is most evident in the powder market, where stocks have dropped by more than 50 percent in the past 3 to 4 months, to about 160,000 tons. Last year at this time, NDM stocks were over 500,000 tons. Current butter stocks reportedly represent only 1 month's production in Europe, an abnormally low figure based on recent holdings. For the United States, these developments (along with the weak dollar) have translated into increased success for DEIP exporters in recent months who have faced less competition from the Community (the world's largest dairy products subsidizer). DEIP awards for the 1992 season as of July 24, 1992 were 45,844 tons, worth \$45 million.

...Market Updates

Thailand Government Imports Chinese Pork

In an effort to reduce soaring domestic pork prices, the Ministry of Commerce via the Public Warehouse Organization (PWO), a government enterprise, will begin purchasing pork from China. Initially about 200 tons of lean pork meat will be imported. The PWO will sell all of the imported meat to local processing plants. The Ministry of Commerce also will be permitted to import additional pork meat in lots of 2,000 tons until pork prices are sufficiently reduced. According to the Thai, the Chinese Government is requesting \$2,050/ton (or approximately 52 baht/kg), compared to current domestic prices of 73 baht/kg for pork. Unless the Ministries of Finance and Agriculture temporarily reduce the current import duty from 60 percent to 6 percent and suspend the import fee on pork meat, currently 5 baht, the Ministry of Commerce will absorb a loss of about 25 baht/kg (about \$1/kg). The Thai Cabinet had approved measures in March 1992 to reduce the import duty on live hog and pork meat, and to suspend the import fee on pork meat for one year. However, these measures were not enacted. As an additional measure to stabilize consumer prices, the Thai Government also has mandated that the Ministry of Commerce will regulate the domestic trade of live hogs.

Egypt Rescinds Frozen Beef Import Ban

The Egyptian Ministry of Agriculture and Land Reclamation repealed its prohibition of imported frozen beef on July 20, 1992. In 1989, before the ban was implemented on September 16, 1990, the United States exported \$620,000 of beef and veal. In 1991 U.S. exports fell to \$266,000. The ban was promulgated to protect the domestic water buffalo industry from low priced imported beef. The reissue of import licenses for frozen beef coincides with recent economic reforms of the Egyptian Government.

U.S. Imports of Horticultural Products From Caribbean Basin Initiative Countries Tripled Between 1983 and 1991

U.S. imports of horticultural products from Caribbean Basin Initiative (CBI) countries have increased by 227 percent from 1983 to 1991, according to a recent analysis by FAS' Horticultural and Tropical Products Division. The CBI countries also have increased their share of U.S. imports of horticultural products from 2.2 percent in 1983 to 4.2 percent in 1991. Costa Rica is the largest CBI beneficiary, currently accounting for 36 percent of horticultural trade in products other than fresh bananas and plantains. Fresh melons, fresh pineapple, prepared vegetables, fresh peas and beans, and pineapple juice are the top ranking U.S. import products from CBI countries

Turkish Tobacco Prices Increase By As Much As 33 Percent

The Turkish Tobacco and Alcohol Monopoly (TEKEL) increased consumer prices for all TEKEL products from 13.3 to 33.3 percent effective July 18, 1992. Prices of virtually all locally manufactured cigarettes--except TEKEL 2000 which was increased 33 percent--were increased by 20 percent. Prices of imported Marlboro, Camel, and Kent cigarettes were each increased by 16.7 percent. Increased costs of TEKEL operations and a depreciation of the Turkish Lira against foreign currencies were given as the reasons for these price increases. Local cigarettes will continue to sell at existing label prices until stocks are depleted. However, imported cigarettes will begin selling at the new prices immediately. This action reverses a recent trend of higher price increases for imported brands and will make U.S. produced cigarettes more competitive.

Ireland to Export Live Cattle to Egypt

A consortium of three Irish companies has secured contracts to export up to 25,000 live cattle to Egypt. This apparently is the first contract granted since Egypt recently removed its ban on Irish cattle imports. Egyptian officials had banned imports because they feared the spread of the cattle disease Bovine Spongiform Encephalopathy (BSE). Plans are to make monthly shipments of 5,000 head through December, with the first shipment due to depart August 10. The animals, up to 2 years of age and weighing up to 600 kilograms, would not be eligible for EC intervention. The Irish Meat and Livestock Board expects further Egyptian contracts before the end of this year.

...Market Updates

Egyptians Lift Ban On Imports of Irish Cattle

Recent developments indicate that Egypt may be close to lifting its ban on live cattle imports from Ireland. On July 15, the Irish Department of Agriculture and Food announced that Egypt had lifted its ban on live cattle imports from Ireland. However, denials from Egyptian officials suggest that this announcement may have been premature. The Egyptian authorities initiated the ban in 1990 as a result of fears of the spread of the cattle disease Bovine Spongiform Encephalopathy (BSE). The initial announcement from Ireland claims that the Egyptians are seeking an immediate contract for 10,000 animals, worth approximately \$12 million. Prior to the ban, Egypt imported up to 40,000 animals per annum from Ireland.

These developments follow the re-opening of some other important markets for Irish cattle and beef in the Middle East, namely Libya and Iran. These markets had also imposed restrictions because of concerns regarding BSE.

USDA Sells Butter To Russia

USDA announced the direct sale of 34,600 tons of U.S. salted butter to Russia on July 27. The sale was made by the Commodity Credit Corporation to PRODINTORG, the Association for Foreign Economic Affairs at \$1,567.50 per ton freight inclusive to Baltic Sea ports. CCC extended three-year deferred payment terms at commercial rates of interest. Deliveries are scheduled for August through November.

Support for East European Democracies (Seed) Funding

The USDA received an additional \$1 million dollars from USAID to fund technical assistance activities in Central and Eastern Europe. That brings the total for FY 1992 to \$4 million, and the USDA is still negotiating for another \$600,000 from USAID to complete funding of projects in Bulgaria.

China Buys U.S. Soybeans

China purchased 65,000 tons of soybeans from the United States during the last week of July, according to export sales reports. China last entered the U.S. market in 1987/88 for 179,000 tons of soybeans. USDA estimates that China's domestic and export requirements could necessitate imports up to 300,000 tons as a result of a 12-percent decline in the 1991 soybean harvest. China's last large import purchases from the world market was in 1988/89. According to trade sources, China may have bought soybeans and soybean meal from South America but these reports of approximately 100-150,000 tons of soybean and approximately 25-50,000 tons of soybean meal purchases have not been confirmed.

Japanese Imports of U.S. Beef Thrive After Tariff Reduction

According to Japanese Ministry of Finance data, Japan imported 75,000 tons of U.S. beef in the quarter following the April 1, 1992 tariff reduction, 28 percent higher than the same period in 1991. The tariff reduction lowered the duty on imported beef from 70 percent to 60 percent. However, imports from the United States during the first half of 1992 grew by only 3 percent because of reduced imports prior to the lower tariff. Although chilled beef has demonstrated the fastest import growth in the first half of 1992, 35 percent greater than the first 6 months of 1991, frozen beef has realized the most growth since the tariff was lowered. Japanese imports of U.S. frozen beef in the second quarter of CY 1992 were 44,000 tons compared to only 16,000 tons in the first quarter of CY 1992. This surge in frozen beef imports may be the result of the depletion of frozen beef stocks.

Indonesia May Export Rice

The Indonesian Minister of Agriculture was quoted August 3 as saying that because of better-than-expected weather, Indonesia may be able to export rice after this year's harvest, in sharp contrast to early 1992 when a poor 1991 crop required the importation of 600,000 tons. Indonesia, generally self-sufficient in rice since 1984, last exported significant quantities of rice in 1989.

...Market Updates

Russian Far East Assessment

FAS announced a solicitation for a contract in the Commerce Business Daily on August 3 for a study of the Russian Far East agricultural sector. The purpose of the study is to identify and provide FAS with viable specific trade and investment opportunities for U.S. private agribusiness firms interested in overseas joint ventures. The team will be fielded by November.

Korea Studies Adding More Beef Imports Sources

According to Korean press reports, the Korean Ministry of Agriculture, Forestry and Fisheries is considering a plan to expand its sources of imported beef to include, among others, EC countries. Currently, beef imports are restricted to 4 countries--the United States, Australia, New Zealand, and Canada. The Ministry is studying requests by France, Germany, Belgium, Finland, and Mexico to begin exporting to Korea next year. The introduction of new suppliers, particularly of the subsidized EC beef, could dramatically alter the Korean market. Because of similar quality, EC beef would most hurt Australian and New Zealand suppliers, but U.S. market share would undoubtedly also suffer. This move indicates the increasing aggressiveness of EC suppliers and their reluctance to abide by the Andriessen Assurance between Australia and the EC, in which the EC has pledged to refrain from selling subsidized beef to East Asia. The second round of negotiations on the U.S.-Korean Beef Agreement are expected at the end of August.

First Outbreak of Mad Cow Disease Reported in Denmark

On August 11, 1992, the first outbreak of BSE (Bovine Spongiform Encephalopathy)--better known as the "Mad Cow Disease"--was confirmed in a single herd in the western part of Denmark. The herd of 12-13 Scottish highland cattle was imported in 1988, 2 years before Denmark implemented its own 1990 ban on cattle imports from the UK as a result of BSE outbreaks there. Although this breed tends to be almost exclusively pasture-fed, the 5-year old animal was fed on meat and bone meal as a calf in the UK after its 1987 birth. Debate continues on whether to put down the entire herd. Danish news media headlined the story under the guise of a threat to Denmark's approximately 3 billion kroner (US\$525 million) in meat exports. While the Danish agricultural ministry and veterinary directorate are viewing this as serious, it has been described as an isolated case.

Successful U.S. Food Show in Mexico Demonstrates Potential Benefit of NAFTA

The second U.S. Food Festival held in Mexico City, August 4-6, exceeded all expectations in terms of recruitment, attendance, and favorable publicity. More than 4,600 Mexican food industry representatives attended the show to see the wide variety of U.S. food, beverage, and agricultural products displayed by the 156 U.S. show participants. The show's participation and attendance levels both increased by 50 percent over last year's event. Mexican interest in the show was especially high as a result of the favorable publicity generated from the progress in the NAFTA negotiations. Products that were particularly well received by the Mexican trade included fresh and frozen meat, frozen yogurt and ice cream, snack foods, and Christmas trees. One Christmas tree company reported selling 250 container loads of trees during the 3-day event.

The show was sponsored by the four FAS state/regional group (SRG) cooperators--SUSTA, EUSAFEC, MIATCO, and WUSATA with support from the staff of the FAS Trade Show Office in Washington and the Agricultural Affairs Office in Mexico City.

Largest Imports of Non-U.S. Wheat by India Since The Mid-1970s

India's recent purchases of 1.5 million tons of wheat from Canada and Australia represent the largest non-U.S. wheat purchases since the mid-1970s. India purchased 500,000 tons of standard white wheat from Australia at a price of \$137.50/ton, \$8-\$10/ton lower than the prevailing U.S. price. In June, India purchased 1 million tons of wheat from Canada, also at a lower price than the United States. In 1992/93, India is forecast to import 2.5 million tons.

...Market Updates

India Buys Rice For First Time Since 1989

Late arrival of this year's monsoon prompted India to agree to import 60,000 tons of rice from Vietnam. This rice is a repayment of earlier commodity loans to Vietnam. Rice traders speculate that India may purchase a total of 100,000 to 200,000 tons of rice in 1992. India last imported rice (500,000 tons) in 1989, and has exported at least 400,000 tons per year since 1988. Also, India recently received 8,000 tons of U.S. rice through the World Food Program.

Thailand and Vietnam to Collaborate On Rice Prices

Thailand and Vietnam, whose exports collectively represent over 40 percent of world rice trade, have announced their intention to exchange information on export prices for rice. The goal of Thai and Viet price collaboration is to avoid price undercutting on sales to lower-quality rice markets. For example, India's recent purchase of Vietnamese rice was made at a price \$40 per ton lower than comparable Thai rice. Past attempts on Thai/Viet price collaboration have been short-lived and of questionable effectiveness.

India Rejects Malaysia's Palm Oil Credit Package--Pakistan Accepts

India has reportedly turned down an offer to purchase Malaysian palm oil under a \$100 million credit package. Trade sources indicate India may buy 300,000 tons of palm oil commercially for the 1992/93 marketing year.

Pakistan, a significant former concessional U.S. soybean oil market, reportedly has agreed to accept a similar credit offer for 300,000 tons of Malaysian palm oil. USDA forecasts Pakistan's palm oil imports at 975,000 tons for 1992/93.

Ban On Manufactured Tobacco Imports Into Egypt Lifted

On Aug. 8, 1992, Egypt's Ministry of Economy and Foreign Trade rescinded the ban on the importation of manufactured tobacco, including cigarettes, cigars, snuff, chewing tobacco and tobacco for pipes. In 1986, the Egyptian Government banned the importation of manufactured tobacco to conserve foreign exchange, as well as to protect the domestic industry. However, during the ban, limited quantities of cigarettes were imported, mainly to Port Said duty-free zone and for use in duty-free airport shops. Given the high quality and the popularity of U.S. cigarettes among both the Egyptian traders and consumers, the lifting of the ban should create an excellent opportunity for U.S. exports to this important market. Prior to the ban, total imports of manufactured tobacco averaged 2 billion pieces annually, mainly from the United States.

Taiwan's New Advertising Laws To Impede U.S. Exports Of Tobacco Products

U.S. tobacco company efforts to promote sales of tobacco products could be seriously impeded by a new law being considered by the Government of Taiwan. On July 30, the Executive Yuan of Taiwan approved the draft of a "smoking hazard law" for submission to the Legislative Yuan in September. The law would ban virtually all advertising and promotion activities of tobacco products. U.S. and other foreign companies only recently were allowed to sell tobacco products in Taiwan. The ban would work to the advantage of TTWMB (Taiwan Tobacco and Wine Monopoly Bureau) which held the legal monopoly in Taiwan and whose brands are more firmly established than competing American brands in the Taiwan market.

Chinese Plant Quarantine Delegation Visits United States

A delegation of four Chinese plant quarantine officials is currently in the United States, touring fruit production areas in California and Washington state and observing pest detection, quarantine, eradication, and treatment procedures. The FAS-initiated program is aimed at convincing the Chinese officials that the United States can supply high quality fruits, including citrus, apples, grapes, and stone fruit, to China's consumers while effectively addressing that country's legitimate plant quarantine concerns. China's existing quarantine-based ban on fruit imports from the United States is being addressed as part of an ongoing Section 301 investigation. The delegation's visit will culminate in meetings in Washington, DC on August 27 and 28.

...Market Updates

Mexican Meat Inspection Procedures Should Not Hinder U.S. Exports

The Mexican Secretariat of Agriculture and Hydraulic Resources (SARH) has announced that meat imports from the United States will continue after Aug. 15, 1992, the implementation date for a new Mexican meat import inspection system. Mexico's new accreditation requirements are modeled after the FSIS certification system of foreign exporters of meat to the United States. FSIS procedures permit Mexican plants to export to the United States once they are approved by SARH officials to satisfy U.S. regulations. Since FSIS has certified that federally inspected U.S. plants satisfy Mexican meat standards, several hundred U.S. plants may continue to export meat products to Mexico. FSIS and SARH officials are collaborating to ensure new Mexican inspection procedures do not disrupt U.S.-Mexican meat trade.

U.S. Agricultural Exports by Major Commodity Group

Monthly and Annual Performance Indicators and Fiscal 1992 Forecasts

	June			October-June			Fiscal Year		
	1991	1992	Change	1990/91	1991/92	Change	1991	1992(f)	Change
	-- Bil.\$ --			-- Bil.\$ --			-- Bil.\$ --		
Grains & feeds 1/	0.790	1.089	38%	9.325	10.695	15%	12.512	13.7	9%
Wheat & Flour	0.199	0.288	44%	2.195	3.365	53%	3.058	4.3	41%
Rice	0.044	0.049	13%	0.586	0.585	0%	0.752	0.7	-7%
Feed grains 2/	0.308	0.476	55%	4.222	4.305	2%	5.653	5.7	1%
Corn	0.295	0.435	48%	3.620	3.403	-6%	4.872	4.7	-4%
Feeds & fodders	0.160	0.188	17%	1.452	1.588	9%	1.894	NA	NA
Oilseeds & products	0.372	0.402	8%	4.481	5.801	29%	5.691	7.2	27%
Soybeans	0.226	0.172	-24%	2.851	3.504	23%	3.464	4.2	21%
Soybean meal	0.062	0.089	44%	0.743	1.041	40%	1.010	1.3	29%
Soybean oil	0.005	0.029	454%	0.097	0.244	151%	0.192	0.3	56%
Other vegetable oils	0.021	0.051	139%	0.298	0.366	23%	0.412	NA	NA
Livestock products	0.431	0.491	14%	4.198	4.442	6%	5.545	5.9	6%
Red meats	0.201	0.254	27%	1.879	2.145	14%	2.481	NA	NA
Hides & Skins	0.111	0.113	2%	1.129	0.979	-13%	1.439	NA	NA
Poultry products	0.081	0.099	22%	0.750	0.898	20%	1.007	1.2	19%
Poultry meat	0.059	0.074	26%	0.545	0.665	22%	0.726	NA	NA
Dairy products	0.033	0.067	104%	0.243	0.526	116%	0.367	0.6	63%
Horticultural products	0.552	0.617	12%	4.542	5.237	15%	6.020	6.8	13%
Unmanufactured tobacco	0.111	0.137	23%	1.291	1.282	-1%	1.533	1.5	-2%
Cotton & linters	0.145	0.171	18%	2.408	1.921	-20%	2.619	2.3	-12%
Planting seeds	0.017	0.021	21%	0.494	0.534	8%	0.625	0.7	12%
Sugar & tropical products	0.112	0.129	15%	1.203	1.277	6%	1.582	1.7	7%
Wood Products 4/	0.527	0.584	11%	4.843	4.995	3%	6.419	NA	NA
Total Ag. export value	2.644	3.222	22%	28.936	32.613	13%	37.533	41.5	11%

	-- MMT --			-- MMT --			-- MMT --		
	1991	1992	Change	1990/91	1991/92	Change	1991	1992(f)	Change
Grains & feeds 1/	5.760	7.660	33%	70.989	76.947	8%	NA	NA	NA
Wheat	1.532	2.043	33%	19.425	26.518	37%	26.691	33.5	26%
Wheat flour	0.189	0.064	-66%	0.805	0.604	-25%	1.074	0.9	-16%
Rice	0.131	0.154	18%	1.946	1.751	-10%	2.418	2.2	-9%
Feed grains 2/	2.790	4.099	47%	38.715	37.534	-3%	51.802	50.4	-3%
Corn	2.673	3.753	40%	33.103	29.533	-11%	44.496	41.0	-8%
Feeds & fodders	0.981	1.141	16%	8.486	9.020	6%	11.397	11.5	1%
Oilseeds & products	1.447	1.428	-1%	17.659	23.040	30%	NA	NA	NA
Soybeans	0.994	0.742	-25%	12.399	15.659	26%	15.139	18.8	24%
Soybean meal	0.303	0.416	37%	3.685	4.900	33%	4.962	5.9	19%
Soybean oil	0.011	0.059	441%	0.157	0.515	229%	0.354	0.6	69%
Other vegetable oils	0.028	0.082	187%	0.448	0.570	27%	NA	NA	NA
Livestock products 3/	0.202	0.221	9%	1.708	2.034	19%	NA	NA	NA
Red meats	0.059	0.073	24%	0.554	0.644	16%	0.744	0.9	21%
Poultry products 3/	0.050	0.067	36%	0.489	0.606	24%	NA	NA	NA
Poultry meat	0.047	0.065	37%	0.467	0.581	24%	0.614	0.7	14%
Dairy products 3/	0.019	0.031	69%	0.145	0.288	99%	NA	NA	NA
Horticultural products 3/	0.439	0.573	31%	3.901	4.605	18%	5.048	5.9	17%
Unmanufactured tobacco	0.016	0.021	28%	0.202	0.202	0%	0.239	0.2	-16%
Cotton & linters	0.088	0.127	45%	1.469	1.319	-10%	1.598	1.6	0%
Planting seeds	0.010	0.011	13%	0.334	0.549	65%	NA	NA	NA
Sugar & tropical products 3/	0.074	0.081	10%	0.852	0.816	-4%	NA	NA	NA
Total Ag. export volume 3/	8.10	10.22	26%	97.749	110.408	13%	129.35	141.5	9%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural product value totals.

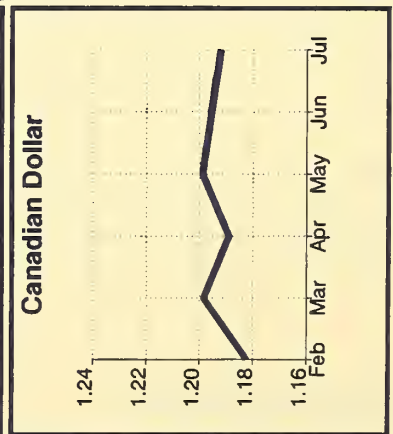
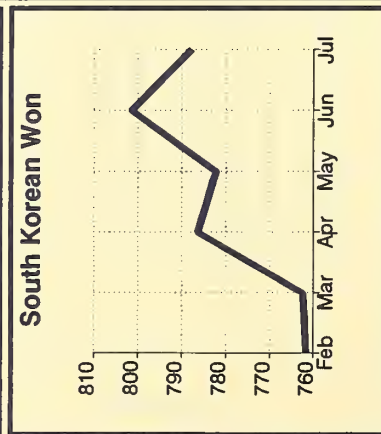
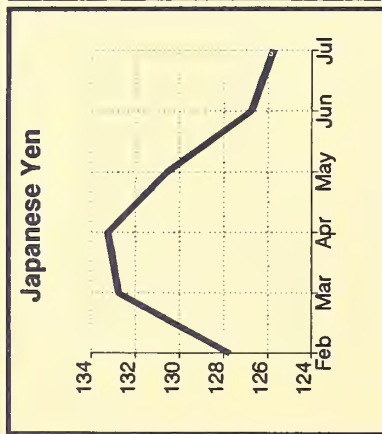
Note -- 1992 forecasts are taken from "Outlook for U.S. Agricultural Exports," August 27, 1992.

U.S. Agricultural Export Value by Region

Monthly and Annual Performance Indicators and Fiscal 1992 Forecasts

	June			October-June			Fiscal Year		
	1991	1992	Change	1990/91	1991/92	Change	1991	1992(f)	Change
	--Bil.\$--	--Bil.\$--		--Bil.\$--	--Bil.\$--		--Bil.\$--	--Bil.\$--	
Western Europe	0.478	0.421	-12%	5.985	6.317	6%	7.295	7.6	4%
European Community	0.445	0.390	-12%	5.575	5.903	6%	6.764	7.1	5%
Other Western Europe	0.032	0.030	-6%	0.410	0.414	1%	0.531	0.5	-6%
Eastern Europe	0.011	0.017	50%	0.245	0.150	-39%	0.306	0.2	-35%
Former Soviet Union	0.032	0.181	458%	1.248	2.196	76%	1.758	2.7	54%
Asia	1.048	1.252	19%	11.416	12.358	8%	14.627	15.7	7%
Japan	0.579	0.723	25%	6.079	6.427	6%	7.718	8.2	6%
China	0.056	0.056	0%	0.532	0.644	21%	0.668	0.9	35%
Other East Asia	0.319	0.358	12%	3.603	3.791	5%	4.626	4.9	6%
Taiwan	0.132	0.122	-8%	1.324	1.505	14%	1.728	1.9	10%
South Korea	0.128	0.171	34%	1.698	1.660	-2%	2.149	2.2	2%
Hong Kong	0.055	0.065	18%	0.578	0.625	8%	0.745	0.8	7%
Other Asia	0.095	0.116	22%	1.202	1.496	24%	1.615	1.8	11%
Pakistan	0.014	0.001	-92%	0.087	0.155	78%	0.144	0.2	39%
Philippines	0.025	0.031	24%	0.260	0.312	20%	0.373	0.4	7%
Middle East	0.079	0.132	67%	1.031	1.251	21%	1.430	1.5	5%
Iraq	0.000	0.000	0%	0.000	0.000	0%	0.287	0.3	0%
Saudi Arabia	0.029	0.031	7%	0.345	0.378	10%	0.536	0.6	12%
Africa	0.105	0.190	81%	1.381	1.543	12%	1.883	2.2	17%
North Africa	0.073	0.107	45%	1.039	1.059	2%	1.387	1.4	1%
Egypt	0.051	0.037	-27%	0.523	0.513	-2%	0.692	0.7	1%
Algeria	0.015	0.051	246%	0.326	0.318	-2%	0.479	0.5	4%
Sub Saharan Africa	0.032	0.083	163%	0.340	0.480	41%	0.496	0.8	61%
Latin America	0.437	0.526	20%	4.034	4.794	19%	5.499	6.4	16%
Mexico	0.233	0.287	23%	2.135	2.761	29%	2.885	3.7	28%
Other Latin America	0.205	0.239	17%	1.899	2.033	7%	2.614	2.7	3%
Brazil	0.013	0.006	-54%	0.174	0.127	-27%	0.253	0.2	-21%
Venezuela	0.032	0.048	50%	0.220	0.280	27%	0.276	0.4	45%
Canada	0.431	0.448	4%	3.295	3.607	9%	4.389	4.8	9%
Oceania	0.020	0.029	46%	0.257	0.322	25%	0.346	0.4	16%
World Total	2.644	3.222	22%	28.937	32.614	13%	37.533	41.5	11%

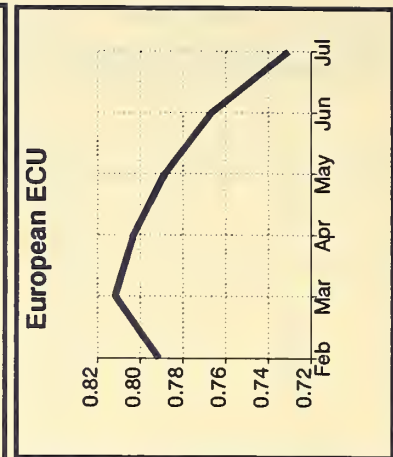
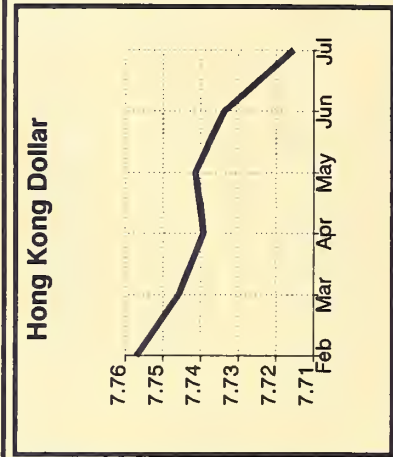
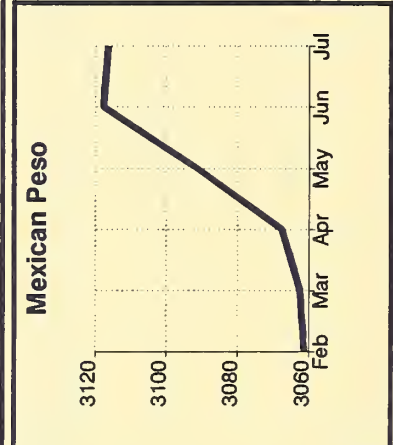
Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations & Monthly Averages



Currencies	Current Rate 8/17/92	Month Ago 7/17/92	Year Ago 8/91	% Change Year Ago 8/91
Argentine Peso 1\	.99	.99	.98	1.02
Australian Dollar	1.3831	1.3280	1.2853	7.61
Brazilian Cruzeiro	4482.00	3076.85	360.00	1145.00
Canadian Dollar	1.1927	1.1958	1.1445	4.21
Hong Kong Dollar	7.7355	7.7320	7.7650	-0.38
Japanese Yen	125.70	127.23	137.40	-8.52
Mexican Peso	3083.00	3119.01	3038.01	1.48
Taiwan Dollar	24.87	24.42	26.42	-5.87
South Korean Won	791.30	805.75	761.65	3.89
European ECU	.71974	.76834	.85432	-15.75
-British Pound	.5196	.5388	.6037	-13.93
-French Franc	4.9660	5.3005	5.9990	-17.22
-West German Mark	1.4649	1.5757	1.7645	-16.98

1\ The Argentine Austral was recently converted to the Peso at a rate of 10,000 to 1.

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, August 17, 1992.
Source: TEID/ITP/FAS Exchange Rate Database and Wall Street Journal.



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Agricultural Trade Highlights staff includes:

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Editorial Assistant

Louella Laguna