



Scheme of Export Inspection and Certification for Sri Lanka

Members may be aware that Sri Lanka is operating Imports (Standardization and Quality Control) Regulations, 2001 under its Import and Export (Control) Act, 1969. Under the Regulation, the commodities notified will be allowed for import and placed in the Sri Lankan markets only if they are conforming to the corresponding Sri Lankan standards.

Accordingly, the Sri Lanka Standards Institution (SLSI), is operating an Import Inspection Scheme for establishing conformity of commodities, notified under its regulations and intended for import into Sri Lanka, to the relevant Sri Lanka standard through testing of samples either :

- i) at the Sri Lanka port, before customs clearance by Sri Lanka authorities; or
- ii) before shipment of the consignment by organizations recognized for the purpose in India which is further subject to random sampling and testing by the Sri Lanka authorities at the time of import.

With a view to streamline the export trade from India to Sri Lanka, EIC, the official Export Inspection and Certification body in India, has signed an Agreement with SLSI on 26th December, 2002. Under this Agreement, it is stipulated that SLSI will recognize EIC's export inspection and certification for the purpose of its Import Inspection Scheme and subject consignments accompanied by EIC's certificate of inspection to either no or a very reduced level of inspection on arrival thus providing easier access to Indian goods and facilitating export from India.

EIC, through EIAs, provides inspection and certification services to the Indian exporters as well as other industry for the

non-food sector, both in regulatory areas as well as on voluntary basis through the application of the following systems :

- (a) Consignmentwise Inspection (CWI) System – Under this System, each export consignment will be inspected and tested by the EIAs or other agencies. Samples would be drawn on the basis of statistical sampling plans, inspected and tested for verifying the conformity of products to the prescribed Sri Lankan Standards. Tests will be carried out in the field and/or in the EIA's laboratories.
- (b) In-process Quality Control (IPQC) System – The In-process Quality Control (IPQC) System lays emphasis on the responsibility of the manufacturers/processors in ensuring consistency in quality during all stages of production by adopting quality control drills and exercising control on raw materials and bought out components, manufacturing process, packing and final testing. Manufacturing and processing units, having adequate levels of quality control in all these areas, will be approved by EIAs based on the assessment of an Inter-Departmental Panel.

Although the IPQC Schemes have been in operation since long, it has been felt desirable that these may be aligned with the International Standards IS 9000:2000. SLSI has also desired that this alignment needs to be done.

Accordingly, the Scheme of In-process Quality Control has been revised and aligned with the International Standards IS 9001:2000 Quality Management System.

Members interested to avail of benefits, which Sri Lankan Government has offered consequent to signing of the MOU, are requested to visit EIA website for detailed Scheme at www.eicindia.org

(Source : EIC, Ministry of Commerce & Industry, Govt. of India, New Delhi)

US Visa Procedure

The US Visitor and Immigrant Status Indicator Technology Programme (US-VISIT), of the US Government, which is being introduced in a phased manner with effect from January 5, 2004, has undergone certain changes with introduction of new and more stringent requirements.

Under the new rules, which are to be implemented by the US Embassy and Consulates in India from July, 2004, biometric registration (inkless fingerprints and a digital photograph) would be required at the time of issue of visa. This would imply that a visit to the US Consular Office would be mandatory for all applicants who intend to visit the US for private purposes, including those who were earlier not required to visit the Consular Office for personal interviews. The only exceptions are for diplomatic and official passport holders going on an official visit and children below the age of 14 years and persons above the age of 79 years.

The Ministry of External Affairs would not be in a position to seek any waivers of these requirements. Enclosed is an advisory on the subject with details of the programme –

1. The US Embassy would be introducing with effect from July 2004, new rules which would require biometric registration (inkless fingerprints and a digital photograph) at the time of issue of visa. This is, in addition, to the requirement of biometric registration at the time of exit/entry at US airports/immigration posts.
2. For this purpose, a visit to the US Embassy/Consulate would be mandatory for all visa applicants including those who were exempted from personal interview under current regulations.



3. The US Embassy has advised us that the entire process may not take more than 30 seconds and that they were taking steps to ensure that the process did not lead to undue hardship and delays.
4. This requirement is based on obligations contained in a legislation passed by the US Congress.
5. In terms of its application, it is universal and no country is exempted fully from these requirements.
6. The exceptions to the new rules would apply only to the following categories :
 - (a) children below the age of 14 and persons above 79 years of age;
 - (b) persons visiting US for official purposes on official and diplomatic passports and eligible for A1, A2 visas (diplomatic visas) and for G1 to G3 visas (UN officials, delegates and employees of International Organisations).
7. Persons holding diplomatic/official passports, but visiting US for personal reasons would have to undergo the process of biometric registration and would be required to visit US Embassies/Consulates for the purpose. They would also have to undergo the same process again at US airports at the time of entry and exit, as would be the case with all other passengers.
8. The US Embassy has clearly stated that it was not possible for them to make any exceptions for any category of persons other than those already mentioned above at para 6.

(Source : Ministry of Commerce, Government of India, New Delhi)

USA Agri-Equipment Business

The US agricultural machinery market is highly consolidated. Euro monitor - an important market research agency in USA, indicates that the top four companies accounted for approximately 87 per cent of the total market in 2002. The major players in the US are : Deere & Company; CNH Global NV; AGCO Corporation and Caterpillar Inc.

The trend towards larger and fewer farms is expected to support growth of the higher horsepower sectors in the long-term, with technological improvements driving future sales. Among recent breakthroughs are monitors that measure yield per acre harvested and global positioning systems to track vehicle location and transmit data to different locations. Value in each sector should be increasingly driven by increases in unit prices rather than increases in volume sales.

Key Products

Major product lines for the industry include wheel tractors, planting and fertilizing machinery, tillage equipment (ploughs, cultivators, and harrows), fertilizer and chemical application equipment, harvesting machinery, (e.g., combines, cotton pickers, root/tuber harvesters), haying and mowing machinery (including balers), milking machines and other farm dairy equipment, poultry equipment (e.g., incubators, brooders, egg collectors), barnyard equipment, sprayers and irrigation equipment, grain dryers and blowers, commercial turf and grounds care equipment, and parts for farm machinery. Because of the rugged construction and long service life of many farm machines (e.g., the median age of a farm tractor in the United States is 19 years), replacement parts represent a significant industry segment. While they are not used in farm agriculture, tractor mowers and some irrigation equipment are used as commercial turf and grounds care equipment and are included in this industry definition.

Characteristics and trends

According to Euro monitor Data, the US market for agricultural machinery increased 2.8 per cent in 2002 over 2001, totalling US\$ 13.6 billion. The leading sector in agricultural machinery was harvesting machinery, growing 33.6 per cent over the 1997-2002 period, and totalling US\$ 5.8 billion in 2002. Harvesting machinery includes a variety of crop harvesting heads and combine tractors.

Tractors represent the second leading value sector, growing 11.4 per cent over the 1997-2002 period and totalling US\$ 2.3 billion in 2002 (Euro monitor). This sector includes compact and utility tractors used in small to medium sized farms, as well as for lawn and garden purposes, and is driven by new product technologies and introductions.

Farm tractor sales for 2003 indicate an upward trend in all categories, with an increase of 1.8 per cent in sales over 2002, according to the Association of Equipment Manufacturers.

The sales of equipment parts continue to remain positive with a forecast for farm field equipment parts at 4.6 per cent for 2003.

Planting, seeding and fertilizing equipment increased 20.4 per cent over the 1997-2002 period and totalled US\$ 1.9 billion in 2002.

Future growth is expected to be around new technologies designed to maximize harvesting speed and efficiencies.

Industry standards

1. American National Standards Institute
<http://www.ansi.org/>
2. US Standards Information Resource
<http://www.nssn.org/>

The two agencies mentioned above contain additional information on localized standards for manufacturing of all types of machinery and agriculture equipment in USA.

Tariffs, regulations and quotas

Tariffs and quotas can vary according to product and service, and change frequently. Tariffs can be between zero and 50 per cent or more.



EEPC INDIA

Please refer to the tariff schedules available through US Customs www.customs.gov website for different agricultural equipment as per their H S codes. Please note that India enjoys a Normal Trade Relation status in USA as well as GSP status on many of its products. EEPC's office in Chicago can provide more information on these aspects. Further, Indian exporters for this category should seek advice from US law firms for product liability insurance issues.

Market entry strategies

Typically the market entry strategy into US agribusiness equipment industry will require a solid business and marketing plan, which includes local presence plus warehousing. It is advisable to visit the market prior to finalizing your plan.

There are a variety of potential market entry strategies that can vary according to the product and service incorporating such elements :

- regulatory
• pricing
• competition
• positioning
• promotion
• after-sales-service (very important in the agribusiness equipment industry)

Attendance at major trade shows in the USA is a very good initial step, where industry contacts and distribution opportunities can be established.

One of the main agribusiness equipment shows in USA is the World Ag Expo.

Other recommended shows in this sector are :

World Dairy Expo

http://www.world-dairy-expo.com/gen.theatre.cfm

Canadian International Farm Equipment Show

http://www.torontofarmshow.com

New York Farm Show

http://www.newyorkfarmshow.com/

Sunbelt Agricultural Exposition

http://www.sunbeltexpo.com

Marketing your products and services

Marketing and promotion are extremely important in order for products to sell in the US. Competition is strong and US buyers will consider a range of issues including :

- price
• quality and uniqueness of offering
• availability of supply at short notice
• high technology features
• availability of a product range
• promotional activities
• customer service and training

Secondhand sales are also growing as a way for farmers to finance their upgrades - Machine Finder Ads http://www.machinefinderads.com/ is one website for a very industry specific information for this sales channel. It is expected that Indian manufactured machines due to their competitive price and good quality would be quite attractive to the US farmers at cost which are almost same as some local second hand machines. Exporters can visit the portal to get a good overview of prices and types of machines sold in the local market.

Distribution channels

The continued preference of many customers to rent rather than purchase equipment continues to shape the distribution channels in this industry. The expansion of renting will continue, where the trend toward consolidation has been shaped by the users demand for flexibility, cost reduction and the latest technology, particularly in specialized equipment.

The main issues to be addressed regarding the distribution of equipment are :

Price - the cost of shipping heavy equipment, mark-ups along the distribution chain, warehousing, etc, often increase the costs beyond the competition.

Delivery - unless warehoused locally, delivery times are unacceptable if being sent from overseas.

After-sales-service - repair, replacement, maintenance issues to be handled locally, within a short time frame.

Compatibility and warranty - is the product completely compatible and will it void the warranty of new equipment?

Buyers, whether they are distributors, dealers, rental companies, end users, etc, are generally hesitant to purchase directly and feel more comfortable working with a known entity, that is, someone who is from the industry and is available to handle any issues that might arise.

Indian companies will need a local representative/master distributor to make regular in-person contact and follow-up visits to potential, existing and new customers. This could be an employee sent from India or it could be someone hired locally. As a rule, it is unlikely that significant sales will be attained, or sustained over a long period of time without some sort of local presence.

Industry news

Agribiz - www.agribiz.com is a good resource on agri-business in USA and exporters are recommended to visit it for varied and detailed information on this sector.

Useful websites

American National Standards Institute - www.ansi.org

Association of Equipment Manufacturers - www.aem.org

Machine Finder Ads - www.machinefinderads.com

US Customs - www.customs.ustreas.gov

US Standards Information Resource - www.nssn.org

North American Equipment Dealers Association - www.naeda.com

Farm Equipment Manufacturers Association - www.farmequip.org

Machinery Dealers National Association - www.mdna.org

National Agricultural Library - www.nalusda.gov

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