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Inside this issue:

The new commissioners are pictured with European Commission President Prodi.

10 NEW MEMBERS JOIN THE EUROPEAN UNION

On May 1, 2004, ten new members from Central and Eastern Europe joined the European Union, increasing current membership to 25 countries. These new members include Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. The recent accession of these 10 new countries has allowed the EU to increase the size of its market to a population of over 450 million people now living in EU countries, creating the largest trading bloc and one of the largest markets in the world.

The acceding countries are not as economically developed as current EU members. New members have an average GDP per head of only 40% of the average in existing EU countries. In order to help further development in the new EU countries, a budget of 40 billion euros has been set aside for the first three years. Although enlargement will initially be costly to the EU, members believe that it will help create jobs, boost the economy, and increase the influence of the EU throughout the world. Another goal that the recent enlargement hopes to achieve is to make Europe safer and more peaceful by helping the new members become more prosperous and stable.

Joining the EU has already helped to create stability in the new member countries. To become a member, the acceding countries had to first meet the Copenhagen criteria for membership. The three main criteria are: to have functioning market economies, to have stable democratic institutions, and to be able to make adjustments in order to meet the political, economic, and monetary union policies. These new members have yet to adopt the Euro as their currency, which will not happen until they fulfill certain economic criteria including stable exchange rates and price stability.

The enlargement of the EU has benefits for U.S. companies. The acceding countries have accepted the uniform EU policies, so companies currently trading in the EU can easily sell their products in these new countries without having to adjust to new rules and regulations for trade. U.S. companies will only need to use a single tariff rate for the new members, which will reduce customs duties on exports. This is a good opportunity for Indiana companies not already involved in exporting to the EU because by complying with EU regulations, Indiana products can be sold in one of the world's largest markets.

For more information on the EU, or the EU enlargement, go to http://europa.eu.int/.

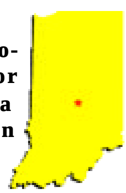
DIRECTOR'S CORNER

Welcome to the Spring issue of Export Indiana. Now might be just the right time to spring into a new international market. You say, not so fast I have a limited travel budget. Well, now may be the time to consider videoconferencing. In the last few months we have organized videoconferences with our U.S. embassies in countries like **Brazil** and **Vietnam**. In June, **South Africa** and **Hungary** are waiting to be discovered. Hate crowds, we can conduct a videoconference JUST FOR YOUR FIRM. Contact our office at 317-582-2300 and let us make your international video connection.

INDIANA EXPORTS

According to the U.S. Department of Commerce, the top 10 destinations for Indiana exports in 2003 were:

1.	**Canada**	**6.**	**Germany**
2.	**Mexico**	**7.**	**Netherlands**
3.	**UK**	**8.**	**Brazil**
4.	**France**	**9.**	**Australia**
5.	**Japan**	**10.**	**China**



Indiana world exports totaled $16,402,279,000 for 2003. This allows Indiana to rank as the 12th state in terms of total exports.

In terms of economic growth and trade opportunities, Hungary is one of the four most promising countries that joined the EU on May 1st. Communist rule ended in 1990, and the country began a multi-party parliamentary democracy that same year. Since that time, the economy has been growing due to increasing foreign investment, privatization, exporting, and trade. Economic problems still exist, including the instability of the Hungarian Forint (HUF), a large government deficit, and inflation. Hungary hopes to bring these problems under control so that the country can adopt the Euro in the near future, possibly as soon as 2007.

Indiana exports to Hungary totaled $42,036,000, making the country the 25th largest export destination for the state. Upon joining the EU, many changes will take place that could make Hungary an even more desirable location for exports. Customs duties on imports into Hungary will be halved due to the adoption of the EU's common external tariff. This will help reduce prices of U.S. products for Hungarian consumers. The EU is also going to help fund projects to improve infrastructure throughout the country.

According to the U.S. Commercial Service in Budapest, the areas below seem to be the most promising non-agricultural exports to Hungary:

1. Computers and Peripheral Equipment
2. Pharmaceutical and Medicinal Products
3. Automotive Parts & Supplies
4. Energy Sector Equipment
5. Pollution Control
6. Architectural/Construction/Engineering Services
7. Measuring, Testing, Scientific Equipment
8. Medical Equipment & Health care Technology
9. Security Equipment & Services

Hungary has a population of about 10.1 million people. The country is ideal for foreign investment due to its central location in Europe and its proximity to other emerging European markets.

Online Tariff and Tax Information

For convenient access to tariff and tax rates, go to: http://www.ita.doc.gov/td/tic/tariff/
Under the heading "Where to Find Tariffs" click on:

- Nextlinx/TIC Online Tariff Database

This database gives tariff/tax information on 48 different countries by inserting a HS Classification number and the countries importing and exporting the product.

- Country Specific Tariff and Tax Information

This database gives tariff/tax information for exporting to 97 countries.

Australian Trade Minister Mark Vaile and U.S. Trade Representative Robert Zoellick sign the U.S.-Australian FTA.

U.S. AND AUSTRALIA SIGN FREE TRADE AGREEMENT

A free trade agreement was signed between the United States and Australia on May 18, 2004 in Washington D.C. This agreement created the largest immediate reduction of tariffs that the U.S. has ever achieved through the signing of an FTA. This is especially beneficial considering that Australia was the 14th largest market for U.S. exports in 2003. According to data from the Indiana Department of Commerce, Australia was the 9th largest market for Indiana exports in 2003.

Immediately upon signing, American manufacturing companies received an elimination of tariffs on almost 99% of U.S. manufactured exports to Australia. Since Australia is such a large market for exporters, it is estimated that U.S. manufacturers will profit about $2 billion per year from the eliminated tariffs on manufactured goods.

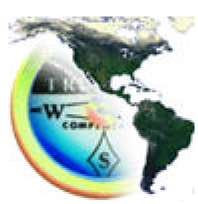
The agreement also gives many other advantages to U.S. exporters. Agricultural exports to Australia also receive duty-free access, U.S. exporters of services are allowed increased access to service sectors in Australia, and U.S. investors receive many exemptions and are to be treated in much the same manner as Australian investors. This agreement also helped establish standards for government procurement and intellectual property rights.

U.S.-CENTRAL AMERICA FREE TRADE AGREEMENT

The U.S.-Central America Free Trade Agreement (CAFTA) was signed in Washington D.C. on May 28, 2004. This agreement included five countries: Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. The Dominican Republic will be included in the CAFTA as soon as the Congressional consultation for that part of the agreement has been finished. Once completed, the CAFTA will create the second largest market for trade in Latin America.

The countries involved in the CAFTA currently export most of their products to the U.S. duty-free. This agreement will allow U.S. products to receive that same treatment in the Central American countries. This agreement could have important effects on U.S. businesses, considering U.S. exports to these countries have been growing rapidly in recent years.

Some of the benefits companies will receive from the conclusion of the CAFTA included the elimination of tariffs on most U.S. consumer product exports. The agreement also eliminates tariffs on agricultural products and textiles. It gives U.S. companies improved access to the CAFTA nations' service sectors, and establishes improved rules and regulations for investment, intellectual property rights, and government procurement.



For more information on free trade agreements, visit the website for the Office of the United States Trade Representative at www.USTR.gov and click on "FTA Negotiations."

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- Export Credit Insurance protects business against foreign buyer defaults
- Guarantees of Commercial Loans to Foreign Buyers cover political and commercial risks of non-payment

For more information go to: http://www.exim.gov

We thank our sponsor, the Indiana District Export Council (DEC), for the printing of this publication. The Indiana District Export Council is a private, nonprofit corporation comprised of experienced international business people. Because of their commitment to strengthening Indiana exports, the Indiana District Export Council members volunteer their time and expertise free of charge to assist Indiana exporters. For a DEC member in your area, please call 317-582-2300.

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