

US Market Analysis on Spices



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US Market Analysis on Spices

1. Introduction

A spice is a seed, fruit, root, bark or other plant substance primarily used for flavouring, colouring or preserving food. Spices have been used as natural flavours for food and as medicines from ancient times. Currently spices are used as flavouring, colouring medicines, food, and as raw material for cosmetic or perfume production.

The definition of spices is,

"Any aromatic vegetable substance in the whole, broken or ground from except for those substances which have been traditionally regarded as foods, such as onion, garlic and celery; whose significant function in food is seasoning rather than nutritional; that is true to name; and from which no portion of any volatile oil or rather flavouring principle has been removed." (US Food and Drug Authority)

Allspice, anise, basil, bay leaves, caraway seed, cardamom, celery seed, chervil, cinnamon, cloves, coriander, cumin seed, dill seed, fennel seed, fenugreek, ginger, horse radish, mace, marjoram, mustard flour, nutmeg, oregano, paprika, parsley, black pepper, white pepper, red pepper, rosemary, saffron, sage, savory, star anise, tarragon, thyme, turmeric, paprika, turmeric and sand saffron has been identified as spices. (Federal regulations of the US government.)



2. Market description and trends

USA is a net importer of spices. Out of global seasoning and spice market, North America records a market share of 23% after Europe and Asia-Pacific. The market is expected 6.2% annual growth between 2018 - 2023. The situation is directly influenced by the growing food industry. According to the US Department of Agriculture, the Per capita consumption of spices has been tripled between 1966 to 2015 from 1.2 pounds (545 g) to 3.7 pounds (1,680 g). According to a recent report published by P&S Market Research, seasonings and spice market is forecasted to reach US\$ 30,412.8 Mn. by 2023.

Vanilla beans, pepper, cinnamon, cumin seeds, and ginger are the most common spices imported into USA.

Changing consumer lifestyle due to the global trends and medicinal benefits associated with natural spices are expected to drive the market for seasoning and spices. The consumer preferences and perspectives to buy goods have been changed over the years. US consumers are willing to spend more

on products that are natural and have low impact on environment during their production. The rising awareness among consumers regarding various health issues has led to an increase in the number of applications of natural spices and herbs extracts. The demand for ready-cooked and easy-to-prepare food is growing in USA. Consumers prefer spending less time on preparing meals due to busy schedules and lifestyles. The rising demand for ethnic cuisines and growing popularity of convenience food also has led to grow the spice market. Increase in immigration from Latin American countries such as Mexico and Asia also has significantly contributed to increase the demand for spices.

One trend in the market is, increasing demand for organic spices. The US is one of the largest market for organic spices and seasoning and is expected to rise further. The resistance towards chemically produced or genetically modified products also has resulted the situation.

One driver in the market is the use of spices in the perfume and cosmetics industry. Spices have found use in perfume and cosmetics industry as well due to its aromaticity. Ceylon cinnamon is widely used in perfumes due to its exotic sweet smell. Saffron lends colour and fragrance to perfumes. Clove bud oil is added to rose perfumes to give it a pleasing smell. Similarly other spices like nutmeg are used in cologne for men and ginger oil is used in after-shave lotions.

On the basis of end use, the spice industry has been categorized into industrial, food service and retail. The demand side of the market is dominated by the households, which remain the primary consumer group with around 57% and the second place is held by restaurants, bars and food outlets.

3. Market composition

H.S.Code	Product description	Import value in US\$	Percentage
0904	Pepper	764,277,957	44.16%
0905	Vanilla	530,378,380	30.65%
0906	Cinnamon	47,981,345	2.77%
0907	Cloves	14,021,794	0.82%
090811 090812	Nutmeg	14,730,115	0.85%
090831 090832	Cardamoms	12,478,142	0.72%
090821 090822	Mace	2,352,117	0.13%
090921	Coriander	7,595,017	0.44%
090931	Cumin seeds	44,709,916	2.58%
090961	Anise, badian, caraway or fennel seeds;juniper berries neither crushed nor ground	27,006,790	1.56%
091012	Ginger	104,345,945	6.03%
091020	Saffron	15,953,238	0.92%
091030	Turmeric (Curcuma)	33,137,463	1.91%
091091	Mixtures of two or more spices separately in different tariff headings	31,808,661	1.84%
091099	Spices not elsewhere specified or	79,850,391	4.62%

	indicated		
	Total	1,730,627,271	100%

Source: US Department of Commerce and International Trade Commission

4. Local suppliers

	Brand name	Number of consumers in Millions
01	Mccormick	156.65
02	Lawry's	70.74
03	Store Brand	64.06
04	Mortion	38.03
05	Mrs Dash	37.65
06	Goya	37.02
07	Old Bay	22.17
08	Maggi	21.32
09	French's	18.62
10	Badia	16.56
11	Spice Islands	14.3
12	Ac' Cent/Sa-Son Ac'cent	14.24
13	Durkee	13.64
14	Spice Classics	13.49
15	Tony Chacheres	8.48
16	Tone's	7.73
17	Wyler's	7.69
18	Bohio	2.5
19	Corona Real	1.87
20	Other brands	46.42

Source: US Census data and Simmons National Consumer Survey, September 2018

5. Import regulations (non-tariff measures)

The US Food regulator - the US Food and Drug Authority (FDA) has confirmed that spices are "generally recognized as safe" consistent with section 201(s) of the Federal Drug and Cosmetic Act.

However, import of spices products to USA is subject to review by the FDA. All commercial imports of food products must be notified to FDA. Foreign manufacturers and/or distributors of food products must register with FDA before their goods enter into US territory.

In addition to that 10 + 2 importer security filing and additional carrier requirements should be done with US Customs and Boarder protection prior to depart the vessel from the last port. Otherwise, the importer is subject to pay a penalty of US\$ 5,000.00 per consignment.

6. Sales/marketing regulations

- Provisions under the US Federal Food, Drug, Cosmetic Act.
- Provisions under Food Safety Modernization Act.
- Provisions of section 303,305,306, and 307 of the Public Health Security and Bio Terrorism Preparedness and Response Act. of 2002.
- International Maximum Residue Levels (MRLs)
- Labeling requirements

7. Import tariffs

H.S.Code	Product description	General duty	Duty under the US GSP scheme
0904	Pepper		
0904.11.00	Pepper neither crushed nor ground	Free	-
0904.12.00	Pepper crushed or ground	Free	-
0904.21.20	Paprika	US\$ 3 cts. per kg	Free
0904.21.40	Anaheim and ancho pepper	US\$ 5 cts. per kg	-
0904.21.60	Other	US\$ 2.5 cts. per kg	Free
0904.21.80	Of the genus <i>Pimenta</i> (including allspice)	Free	-
0904.22.20	Paprika	US\$ 3 cts. per kg	Free
0904.22.40	Anaheim and ancho pepper	US\$ 5 cts. per kg	-
0904.22.73	Mixtures of mashed or macerated hot red peppers and salt	Free	-
0904.22.76	Other	US\$ 5 cts. per kg	-
0904.22.80	Of the genus <i>Pimenta</i> (including allspice)	Free	-
0905	Vanilla		
0905.10.00	Neither crushed nor ground	Free	-
0905.20.00	Crushed or ground	Free	-
0906	Cinnamon and cinnamon-tree flowers		
0906.11.00	Cinnamon	Free	-
0906.19.00	Cinnamon : Other	Free	-
0906.20.00	Cinnamon : Crushed or ground	Free	-
0907	Cloves		
0907.10.00	Cloves :neither crushed nor ground	Free	-
0907.20.00	Cloves :crushed or ground	Free	-
0908	Nutmeg, mace and cardamoms		
0908.11.00	Nutmeg: neither crushed nor ground	Free	-
0908.12.00	Nutmeg: crushed or ground	Free	-
0908.21.00	Mace: Neither crushed nor ground	Free	-
0908.22.20	Mace: crushed or ground Bombay or wild mace, ground	US\$ 7.4 cts. per kg	Free
0908.22.40	Mace: crushed or ground, other	Free	-
0908.31.00	Cardamoms: Neither crushed nor ground	Free	-
0908.32.00	Cardamoms: crushed or ground	Free	-
0909	Seeds of anise, badian, fennel, coriander,		

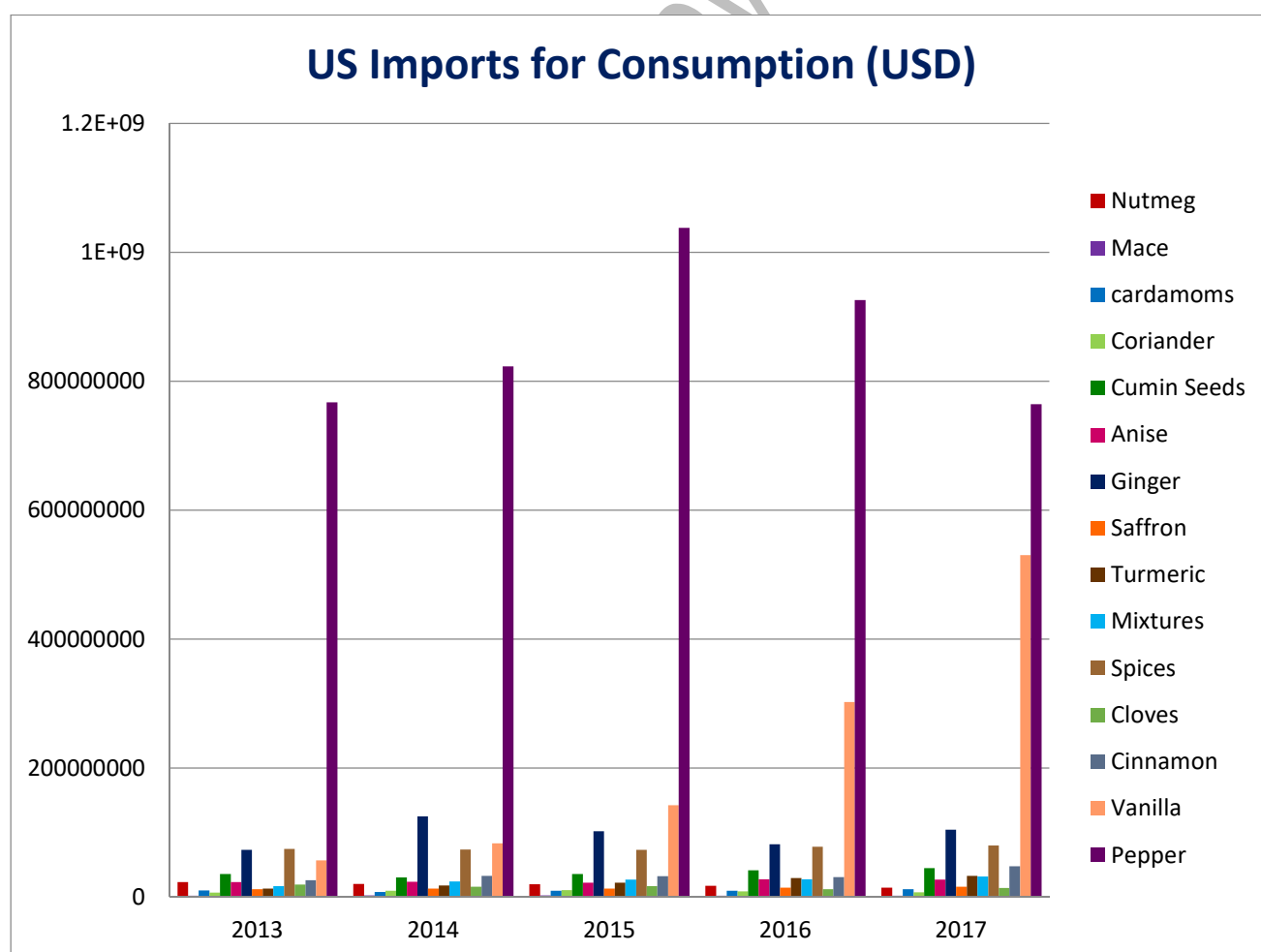
	cumin or caraway; juniper berries		
0909.21.00	Seeds of coriander : Neither crushed nor ground	Free	-
0909.22.00	Seeds of coriander: crushed or ground	Free	-
0909.31.00	Seeds of cumin: Neither crushed nor ground	Free	-
0909.32.00	Seeds of cumin: crushed or ground	Free	-
0909.61.00	Seeds of anise, badian, caraway or fennel; juniper berries: Neither crushed nor ground	Free	-
0909.62.00	Seeds of anise, badian, caraway or fennel; juniper berries: crushed or ground	Free	-
0910	Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices		
0910.11.00	Ginger: Neither crushed nor ground	Free	-
0910.12.00	Ginger: crushed or ground	US\$ 1 cts. per kg	Free
0910.20.00	Saffron	Free	-
0910.30.00	Turmeric (curcuma)	Free	-
0910.91.00	Other spices: Mixtures of spices	1.9%	Free
0910.99.05	Other: Thyme; bay leaves: crude or not manufactured	Free	-
0910.99.06	Other: Thyme	4.8%	Free
0910.99.07	Bay leaves	3.2%	Free
0910.99.10	Curry	Free	-
0910.99.20	Origanum (Lippia spp.): Crude or not manufactured	Free	-
0910.99.40	Origanum (Lippia spp.): Other	3.4%	-
0910.99.50	Other Dill	Free	-
0910.99.60	Other	1.9%	Free

8. Import statistics (2013 - 2017)

H.S.Code	Description	2013	2014	2015	2016	2017
Value in US\$						
0904	Pepper	767,309,440	823,153,557	1,037,967,415	925,960,426	764,277,957
0905	Vanilla	56,965,580	83,387,776	142,547,298	302,468,670	530,378,380
0906	Cinnamon	26,308,782	33,052,258	32,634,508	31,216,840	47,981,345
0907	Cloves	19,379,404	16,319,446	17,227,298	12,422,979	14,021,794
090811 & 090812	Nutmeg	23,391,741	20,417,685	19,740,862	17,358,860	14,730,115
090821 & 090822	Mace	2,352,117	2,801,178	2,426,713	2,329,556	2,246,257
090831 & 090832	Cardamoms	10,288,770	8,163,716	9,703,843	9,771,990	12,478,142
090922	Coriander	7,043,351	9,812,807	11,040,176	8,694,729	7,595,017
090931	Cumin Seeds	35,574,106	30,535,137	35,983,623	41,556,666	44,709,916
090961 &	Anise, Badian,	23,283,373	23,781,122	22,160,794	27,807,755	27,006,790

090962	Caraway, or Fennel Seeds; Juniper Berries, neither crushed nor ground					
091012	Ginger	73,102,215	124,994,530	101,930,999	82,173,517	104,345,945
091020	Saffron	12,213,102	13,407,802	13,118,512	14,597,614	15,953,238
091030	Turmeric (Curcuma)	13,190,932	18,181,599	22,441,486	29,396,857	33,137,463
091091	Mixtures of two or more spices separately in different tariff headings	17,126,235	24,476,869	26,927,167	27,461,385	31,808,661
091099	Spices not elsewhere specified or indicated	74,730,281	74,002,053	73,408,084	78,137,614	79,850,391
Total		1,162,259,429	1,306,487,535	1,569,258,778	1,605,355,458	1,730,521,411

Source: US Department of Commerce and International Trade Commission



9. Major suppliers of spices to USA in 2017

Pepper – H.S.Code 0904

Country	Import value in US\$	Percentage
Vietnam	242,065,665	31.67
India	122,731,900	16.05
Indonesia	83,042,247	10.86
China	80,773,049	10.56
Brazil	67,515,971	8.83
Mexico	57,285,388	7.49
Spain	35,622,032	4.66
Peru	30,619,371	4.00

Source: US Department of Commerce and International Trade Commission

The largest supplier of pepper is Vietnam followed by India and Indonesia.

Vanilla – H.S.Code 0905

Country	Import value in US\$	Percentage
Madagascar	398,344,104	75.10
Indonesia	76,166,136	14.36
India	20,054,364	3.78
Uganda	18,742,561	3.53
Papua New Guinea	7,725,525	1.45
Comoros	4,214,804	0.79
Tanzania	1,280,803	0.24
French Polynesia	1,240,826	0.23

Source: US Department of Commerce and International Trade Commission

The largest supplier of vanilla is Madagascar followed by Indonesia and India.

Cinnamon - H.S.Code 0906

Country	Import value in US\$	Percentage
Sri Lanka	24,282,118	50.60
Indonesia	18,226,740	37.98
Vietnam	4,213,365	8.78
China	492,921	1.02
India	434,970	0.90
Germany	80,535	0.16
Madagascar	79,679	0.15

Source: US Department of Commerce and International Trade Commission

The largest supplier of true cinnamon is Sri Lanka. However, Indonesia and Vietnam is supplying cassia at low price instead of true cinnamon. The quantity of cassia is more than the supply of true cinnamon Sri Lanka.

Cloves – H.S.Code 0907

Country	Import value in US\$	Percentage
Indonesia	3,206,716	22.86
Madagascar	3,163,038	22.55
Sri Lanka	2,429,914	17.32
Brazil	1,776,456	12.66
India	1,334,468	9.51
Comoros	625,127	4.45
Spain	569,753	4.06

Source: US Department of Commerce and International Trade Commission

The largest supply of cloves is Indonesia followed by Madagascar and Sri Lanka. Sri Lanka is the third largest supplier of cloves.

Nutmeg - H.S.Code 090811 & 090812

Country	Import value in US\$	Percentage
Indonesia	9,301,757	63.14
Grenada Island	2,049,493	13.91
India	1,809,735	12.28
Sri Lanka	974,594	6.61
China	272,582	1.85
Vietnam	192,392	1.30
Netherlands	99,300	0.67

Source: US Department of Commerce and International Trade Commission

The largest supplier of nutmeg is Indonesia followed by Grenada Island and India. Sri Lanka has been recorded as the fourth largest supplier of nutmeg.

Mace - H.S.Code 090821 & 090822

Country	Import value in US\$	Percentage
Indonesia	1,881,563	83.76
India	180,185	8.02
Netherlands	127,567	5.67
Sri Lanka	22,416	0.99
Grenada Island	21,426	0.95

Source: US Department of Commerce and International Trade Commission

The largest supplier of mace is Indonesia followed by India and Netherlands. The Netherlands is re-exporting value added mace which they have imported from other countries which produce mace. Sri Lanka is the fourth largest supplier of mace.

Cardamoms - H.S.Code 090831 & 090832

Country	Import value in US\$	Percentage
Guatemala	8,123,443	65.10
India	2,968,632	23.79
Honduras	1,011,759	8.10
China	109,405	0.87
Ecuador	45,728	0.36

Source: US Department of Commerce and International Trade Commission

The largest supplier of cardamoms is Guatemala followed by India and Honduras.

Coriander seeds – H.S.Code 090922

Country	Import value in US\$	Percentage
India	1,969,540	58.06
Canada	889,075	26.21
Turkey	208,591	6.14
Egypt	141,403	4.16
Bangladesh	49,565	1.46

Source: US Department of Commerce and International Trade Commission

The largest supplier of coriander seeds is India followed by Canada and Turkey.

Cumin seeds – 0909310 & 090932

Country	Import value in US\$	Percentage
India	22,595,639	50.53
Turkey	6,464,022	14.45
Syria	1,868,478	4.17
Egypt	1,557,672	3.48
Spain	585,177	1.30
Bangladesh	130,211	0.29

Source: US Department of Commerce and International Trade Commission

The largest supplier of cumin seeds is India followed by Turkey and Syria.

Ginger – H.S.Code 091011 & 091012

Country	Import value in US\$	Percentage
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China	67,190,453	64.39
Peru	16,769,655	16.07
India	5,309,857	5.08
Brazil	4,417,408	4.23
Costa Rica	2,913,969	2.79
Nigeria	2,453,795	2.35
Thailand	1,841,775	1.76

Source: US Department of Commerce and International Trade Commission

The largest supplier of Ginger is China followed by Peru and India.

Saffron – 091020

Country	Import value in US\$	Percentage
Spain	14,160,889	88.76
Iran	559,494	3.50
Afghanistan	408,097	2.55
India	237,085	1.48
Italy	150,148	0.94
Turkey	149,322	0.93

Source: US Department of Commerce and International Trade Commission

The largest supplier of saffron is Spain followed by Iran and Afghanistan.

Turmeric (Curcuma) – 091030

Country	Import value in US\$	Percentage
India	25,763,704	77.74
China	2,477,182	7.47
Fiji	1,670,025	5.03
Jamaica	1,241,226	3.74
Indonesia	345,826	1.04
Peru	237,247	0.71

Source: US Department of Commerce and International Trade Commission

The largest supplier of turmeric is India followed by China and Fiji.

Mixtures of two or more spices – 091091

Country	Import value in US\$	Percentage
Pakistan	11,026,768	34.66
Spain	6,204,828	19.50
India	5,084,781	15.98
UAE	1,470,056	4.62
South Africa	1,153,471	3.62

Canada	914,732	2.87
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Source: US Department of Commerce and International Trade Commission

The largest supplier of spice mixtures is Pakistan followed by Spain and India. It has been observed that even Spain is not producing spices, that country is importing raw spices value added by mixing and exported to USA.

Spices not elsewhere specified or indicated - 091099

Country	Import value in US\$	Percentage
Turkey	22,031,131	27.59
India	12,217,088	15.29
Mexico	7,547,634	9.45
Poland	3,845,168	4.81
Germany	2,973,055	3.72
Spain	2,586,664	3.23
Morocco	1,982,222	2.48

Source: US Department of Commerce and International Trade Commission

Largest exporter of other spices is Turkey followed by India and Mexico.

Sri Lanka's export of spices to USA during 2013 - 2017

H.S.Code	Product Description	2013	2014	2015	2016	2017
Value in US\$						
0904	Pepper	3,463,482	2,938,154	7,173,929	5,591,730	6,115,846
0905	Vanilla	-	-	16920	-	-
0906	Cinnamon	14,480,815	15,677,197	14,725,081	16,567,537	24,282,118
0907	Cloves	1,434,660	1,892,601	3,336,610	1,783,778	2,429,914
090811 & 090812	Nutmeg	1,439,942	1,514,238	1,191,830	967,768	974,594
090821 & 090822	Mace	26,968	63,426	25,499	57,435	22,416
090831 & 090832	Cardamoms	2,688	-	-	2,496	-
090922	Coriander	-	-	-	-	-
090931	Cumin Seeds	-	2,496	-	-	-
090961 & 090962	Anise, Badian, Caraway, or Fennel Seeds; Juniper Berries, neither crushed nor ground	-	-	-	-	3,876
091011 & 091012	Ginger	29,753	82,928	135,113	100,490	87,202
091020	Saffron	-	-	-	-	-
091030	Turmeric (Curcuma)	53,650	19,144	97,288	51,893	104,256
091091	Mixtures of two or	-	-	58,224	96,215	385,448

	more spices separately in different tariff headings					
091099	Spices not elsewhere specified or indicated	43,300	22,940	88,457	42,648	36,707

10. Conclusions

US is a potential market for export of spices from Sri Lanka.

Sri Lanka is one of the key suppliers of pure cinnamon, cloves nutmeg and mace. In addition to that Sri Lanka is exporting pepper, ginger, turmeric, spice mixtures and other spices also to USA. The key end users of spices in USA are household, food industry, herbal medicines, cosmetic and perfume industries.

11. Recommendations

It is required to concentrate exporting of value added spices. Hence, it is important to advise/educate exporters to give due concentration of making attractive packages when exporting to USA.

It is suggested to organize spice exporters to participate at appropriate food fairs/exhibitions in USA with a view to find new buyers.

Commercial section
Embassy of Sri Lanka
Washington DC
USA

31.10.2018