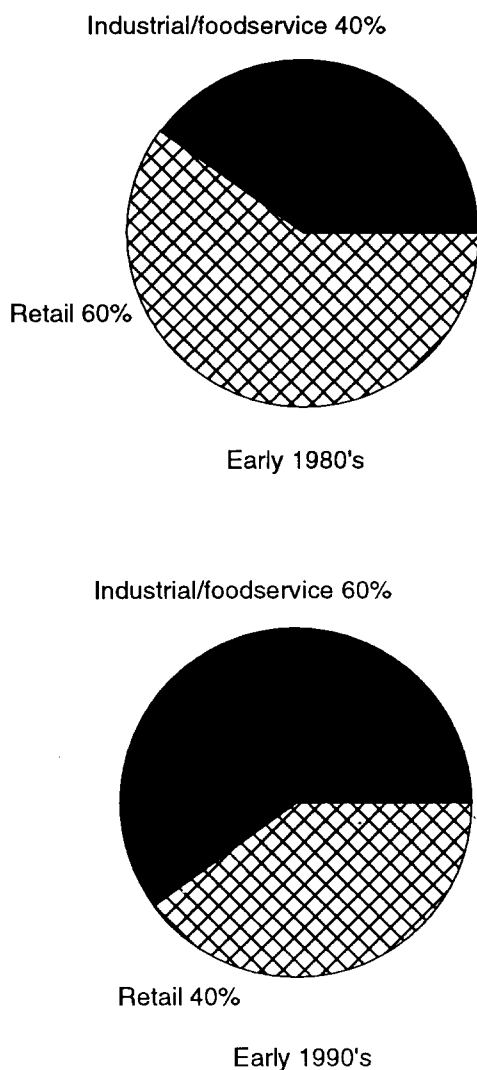


Figure 11
U.S. spice consumption by sector



Retail Sector

In quantitative terms, an estimated 40 percent of spices are sold through retail outlets versus 60 percent a decade ago. However, the volume of spice use by the retail sector appears to have expanded due to population growth and changes in the American diet. Although convenience foods and pre-prepared "micro-wave" dinners are very popular, there is an apparent trend for the average American family to eat more highly seasoned foods at home. The spices for this home seasoning are available at a wide variety of retail outlets. This trend is probably the result of the increasing influence and exposure of Asian and Hispanic foods to the general population, which in turn has led to the consumption of greater quantities, and a wider variety of spices (figure 12).

The U.S. retail sector is serviced largely by a small number of large spice processing and marketing companies which grind imported or domestically produced spices and pack them in a variety of containers for sale at retail outlets, either under their own brand names or under private labels. Among the major grinders/processors in the United States are McCormick/Schilling (37 percent); Specialty Brands (includes Durkee-French, and Spice Islands) (14 percent); and a number of smaller companies and private label brands. McCormick and Co., headquartered in Maryland, markets its retail spices under the Schilling label in the Western United States. As with other parts of America's food processing sector, there has been a trend of mergers resulting in fewer and larger firms operating in the spice industry (figure 13).

Historically, supermarkets have dominated retail sales, marketing both brand name and chain brands. For example, the Safeway supermarket chain markets spices under its Crown Colony house brand. However, during the last 10 years, traditional retail sales delineations have changed dramatically. Today, supermarkets have large health and beauty aid departments, while drug stores carry a variety of food items, including spices. For example, in the Washington area, one large drug store chain recently marketed a brand of spice in glass containers for prices well under those offered at area supermarkets. An emerging trend is growing retail sales of spices at warehouse club stores, generally at reduced prices.

Role of the American Spice Trade Association

The American Spice Trade Association (ASTA) has played an important role in the evolution of the U.S. spice industry for more than 50 years. For example, in 1969, ASTA adopted its first Cleanliness Specifications for Unprocessed Spices, Seeds, and Herbs (foreign and domestically produced). Subsequent revisions were approved by the membership in 1971, 1975, 1976, 1982, 1991, 1992, and 1994. Each of these revisions focused on providing for a credible set of Cleanliness Specifications or improving the Sampling and Analytical Procedures, which are an integral part of the Specifications.

ASTA Cleanliness Specifications and their related requirements such as sampling, analysis, etc., are intended to ensure that spices, seeds, and herbs as raw unprocessed agricultural commodities have been properly handled and stored so they may be further processed into acceptable finished products for U.S.

Figure 12

U.S. marketing and consumption of a typical spice import: Cinnamon

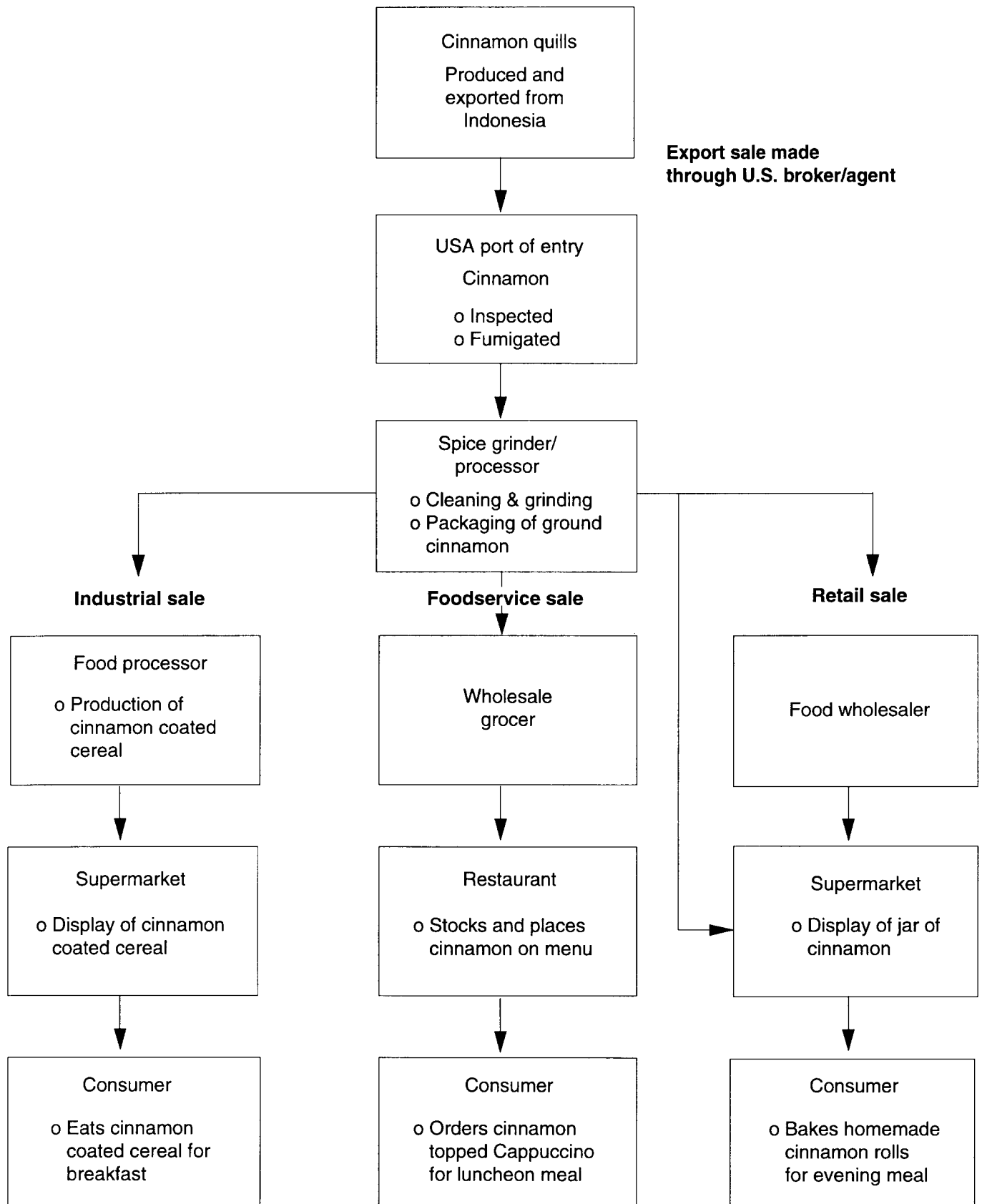
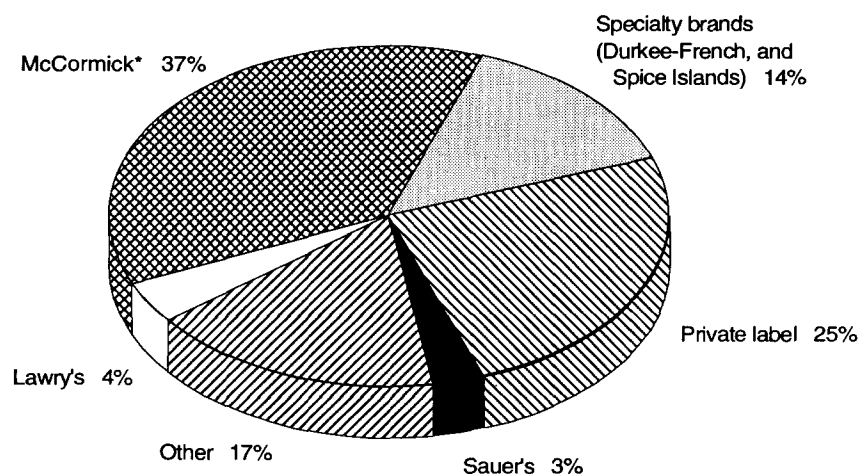


Figure 13

U.S. distribution of retail spice market



*McCormick & Co., Maryland markets its retail spices under the Schilling label in the Western United States.
Source: Industry contacts.

consumption at the consumer, foodservice, and industrial levels.

At present, spices traded on an ASTA contract must be accompanied by a certificate of analysis. The certificate of analysis is issued by a laboratory approved by ASTA before the merchandise can be released from the port of arrival. The majority of spice products imported are not tested for ASTA compliance unless there is a requirement in the purchase contract or the customer of the importer requires the certificate.

In addition to its work in the United States, ASTA's Quality Assurance Committee has recently reissued a "Clean Spice Manual" and has held education seminars in producer countries (for example, India, Egypt, Turkey). ASTA is currently designing a Hazard Analysis Critical Control Point (HACCP) Program for prevention, detection, and control of salmonella in pepper. This program is being presented to pepper producing countries.

Role of the U.S. Government

The U.S. Government has several functions that impact the trade and consumption of spices. With respect to market access, unground and unprocessed spices have generally been admitted duty-free into the United States with no restrictions on quantity. Since

January 1, 1976, the United States Generalized System of Preferences (GSP) has been in effect designating selected products from developing countries eligible for duty-free entry into the United States. Tables 28, 29, and 30 provide up-to-date tariff nomenclature information and rates for the major spices imported into the United States, as well as special trade agreement rates and restrictions. Text box 3 provides a listing of the countries that receive special trade rates or restrictions (pages 36-37).

The U.S. Customs Service, Department of the Treasury, approves the classification of imports, collects duties, and investigates irregularities or omissions in import documentation. U.S. Customs information on the value and volume of imports provides the basic data on which the U.S. trade statistics on spices and other merchandise are compiled. U.S. Government regulations stipulate that each container or package of imported spices, oils, or oleoresins must be legibly marked in a conspicuous place with the name of the country of origin in English. This allows the ultimate purchaser in the United States to know the name of the country in which the article was manufactured or produced. It also facilitates the compiling of trade data and collection of import fees.

The Food and Drug Administration (FDA) administers regulations based on the Federal Food, Drug, and Cosmetic Act, as amended. Spices must comply with FDA regulations concerning misbranded food (section