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Supporting Egypt's Processed Foods Export Industry

Herbs & Spices Opportunities in the United States of America

Prepared By
Agriculture-Led Export Businesses (ALEB)

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ALEB

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The Energy of Ideas

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Why N. America?

- $600 billion market
- Ethnically heterogeneous
- Progressive consumer
- Logistically accessible
- Good growth rates in Egyptian products
- Common law - transparent

What are the risks?

- Standards & regulations are more strict
- Requires more research & analysis due to size of market
- More time sensitive due to location
- Scales of economy are much larger
- Communication - language & time zones

What do you need to do to access this market

- Access information in the public domain
  - **US Embassy Commercial Attaché**
  - **Internet**
  - **Universities & Government Agencies**
- Network - attend trade fairs
- Make a financial & time commitment
- Select your importer/distributor carefully
- Obtain marketing assistance

The Energy of Ideas

Agriculture-Led Export Businesses

US Retail Food Market

- Quality
  - **Products**
  - **Company**
  - **Personnel**
- Good Service
- Sales Presentation
- New Product Launches
- Special Incentives

You'll Need to Know......

- Full range of market requirements
- Product characteristics
- Consumer trends and preferences
- Packaging & Labeling
- Pricing & Promotion
- Quality standards
- Applicable US Regulations

Once You Understand Market Requirements, You'll Need....

- Well-conceived business/marketing plan
- Clear objectives and strategies
- Long-term commitment to human & financial resources necessary to implement the plan
- Maintain flexibility to make marketing changes, including product modifications or improvements

Ten Items to Avoid

Most Common Mistakes Made
by
New-to-Export Firms

Failure

...to obtain qualified export counseling and to develop a master international marketing plan before you start an export business.

Insufficient

- ...commitment by top management to overcome the initial difficulties and financial requirements of exporting.
- ...care in selecting overseas agents or distributors

Chasing orders

...from around the world instead of establishing a basis for profitable operations and orderly growth

Neglecting

...export orders when domestic business booms

Failure

...to treat international distributors on an equal basis with domestic counterparts

Unwillingness

...to modify products to meet regulations or cultural preferences of other countries

Failure

...to print services, sales and warranty messages in locally understood languages

Failure

...to consider use of an export management company or other marketing intermediary

Failure

...to consider licensing or joint-venture agreements

Can You Comply?

Who do you need to please besides the customer and the consumer?

A Shared Responsibility

The safety and wholesomeness of US food products are safeguarded first through strict regulations, but also through pre-market clearances, mandatory production practices inspections, and random, routine product sampling. All imported food products are required to meet the same standards as domestic goods.

US Customs Service

http://www.customs.gov

- an agency of the U.S. Department of Treasury responsible for the assessment and collection of import duties and taxes and for the control of carriers, persons, and articles entering or departing the United States in addition to more than 400 laws of other agencies governing international traffic and trade.

E P A

http://www.epa.gov

- EPA is the regulatory agency for pesticides. Through its Office of Pesticide Programs (OPP) EPA determines the safety of new pesticide products, sets tolerance levels for pesticide residues in foods, which FDA then enforces, and publishes directions for the safe use of pesticides.

F D A

http://www.fda.gov

- FDA is the scientific regulatory agency responsible for the safety of all cosmetics, drugs, biologics, medical devices, electronic products that emit radiation, as well as all food items, except meat, poultry, frozen and dried eggs (USDA) and the labeling of alcoholic beverages and tobacco (ATF).

F D A

http://www.fda.gov

Laws require that:

- Food products are safe, clean & wholesome
- Food labeling is honest & informative

Enforced through:

- Periodic, unannounced inspections of facilities and products
- Analysis of samples

U S D A

http://www.usda.gov

USDA's regulatory activities are carried out by the Animal and Plant Health Inspection Service (APHIS), the Food Safety Inspection Service (FSIS), Grain Inspection Packers and Stockyards Administration (GIPSA), Federal Grain Inspection Service (FGIS), and the Agricultural Marketing Service (AMS).

Other Useful Websites

[redacted]

Other Useful Websites

Federal Register
www.access.gpo.gov/
World Trade Organization (WTO)
www.wto.org/
CODEX Alimentarius
www.fao.org./waicent/faoinfo/nutritio/codex/codex.htm

Other Useful Websites

FDA Center for Food Safety and Applied Nutrition - provides national food safety programs, information, reports, procedures and import guidance
http://vm.cfsan.fda.gov/list.html
FDA Import Information
www.fda.gov/ora/import/ora_import program.html

Other Useful Websites

FDA Import Detention Reports (OASIS) www.fda.gov/ora/ids/ora_ids_homepage.html

FDA Pesticide Analytical Manual (on-line)
http://vm.cfsan.fda.gov/~frf/pami3.html

Other Useful Websites

Agricultural Marketing Service (AMS/USDA)
www.usda.gov/ams/titlepag.htm

USDA/FAS Foreign Ag Service
www.fas.usd.gov/exporter.html

USDA Pesticide Data Program Info
www.usda.gov/ams/index.htm

Other Useful Websites

USDA Fruit & Vegetables Division
www.usda.gov/AMS/fruitveg.htm

Food Safety and Inspection Service (FSIS/USDA)
www.usda.gov/agency/fsis/homepage.htm

Other Useful Websites

USHTS Tariff Codes
www.intelepages.com & click on Harmonized Codes, then Internet Resources to APEC for listings & Tariffs

Orthodox Union
www.ou.org/kosher

Organic Trade Association
www.ota.com

Good Opportunities

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Herbs & Spices

Herbs are used for teas and supplements (ground or extracts), or added to processed foods for both flavour and perceived and proven health benefits. Spices are also used in teas but are mostly a flavour ingredient for (1) retail to consumers, (2) HRI Sales, and (3) food manufacturing companies.

Herbs & Spices

Spices add flavours which consumers are increasingly interested in and in some cases convey reputed health benefits (garlic is a prime example). The world market for herbal medicines has grown 9 percent over the past five years, according to market researcher Euromonitor, after slower growth in previous years.

Herbs & Spices

Europe was the largest market in 1999, taking 38 percent of the total, or US$6.69 billion. The US came in second with purchases of US$4.07 billion, while Asia outside of Japan took third with US$3.2 billion. The three top selling herbs worldwide are, in order, ginkgo biloba, ginseng and garlic.

Herbs & Spices (Generally)
World Situation

- ITC/UNCTAD/WTO report *Global Spice Markets, IMPORTS - $1.58mmm* in '94 to $2.34mmm in '98 - up 48%
- USA world's leading importer of spices, from $334mm in '94 to $608.9mm in '00

Herbs & Spices (Generally)
USA Market

- Value increased 4.1% in CY 2000 to $609mm
- Volume increased 5.1% to 301,823 MT

	1995	2000	% Change
CIF $	$4176,836	$608,943	45.7%
MT	255,176	301,823	18.3%

Herbs & Spices (Generally)

USA Market

- Major Suppliers
  - **Indonesia $132.1mm**
  - **India $95.7mm**
  - **Brazil $40.3mm**
  - **Mexico $32.6mm**
  - **Madagascar $30.6mm**
  - **Canada $30.2mm**

Herbs & Spices (Generally)

USA Market

- Major Suppliers
  - **China $23.9mm**
  - **Malaysia $23.6mm**
  - **Guatemala $20mm**
  - **Vietnam $18.6mm**
  - **Turkey $18.5mm**
  - **Spain $17.7mm**

Herbs & Spices (Generally)

USA Market

- ASTA reports USA spice consumption reached almost 1 billion pounds (454.5 million kilograms)
- Per capita consumption rose from 1.2kg to 1.6 kg in 10 years
- Egypt major supplier of basil & fennel to USA

U.S. Imports of Basil, From the World CY 2000

Country	MT (000)	USD (000)	Volume of Market Share	Ave $/kg
Egypt	2,704	$3,530	81.6%	$1.31
Mexico	433.2	$1,442	13.1%	$3.33
Other	82.5	$100.3	2.5%	$1.22

U.S. Imports of Fennel, From the World CY 2000

- USA imported 3,249,340 kg in CY 2000
- Jan - Nov 2001, USA imported 3,631,144 kg - an increase of 20.6%

USA Fennel Imports Growing for Egypt CY 2000

Country	2000	2000 YTD	2001 YTD	% Change
Egypt	1914.5	1,741.8	2,407.7	+37.8
India	846.4	841.2	834.1	-0.8
Turkey	314	294.6	275.8	-6.4

U.S. Imports of Fennel, From the World CY 2000 (USHTS 0909500000)

Country	MT (000)	USD (000)	Volume of Market Share	Ave $/kg
Egypt	1,315	$2,220	58.9%	$1.16
India	847	$877	35.1%	$3.33
Turkey	314	$292	9.7%	$1.22

Egypt Increases Exports During CY 2000 USA Market

- Parsley, Dried, NESOI 27.4%
- Fennel, Marjoram, et al 18.8%
- Seeds of Anise 53.6%
- Seeds of Cumin 3,651%
- Seeds of Caraway 88.0%
- Dill 11.0%
- Mint Leaves, Crude 29.0%

Egypt Increases Exports During CY 2000 USA Market

- Basil, Fresh or Dried 5.4%
- Plants & Parts (Herbal Teas) 37.5%

- See Vol. I, pp. 36 & 36 for importers interested in Egypt & Vol. III for contact details

Import Tariffs for Herbs & Spices

- Basil - Free
- Fennel, marjoram, parsley, savory, tarragon, NESOI (Free to 1.9%)
- Dill - Free
- Spices, NESOI - 1.9%
- Plants/Parts of Plants (Med) - Free

Egypt Market Share

Anise - USA imported 1.5mm kg in 2000

- Turkey - 56%
- China - 10% but increased 170% Jan - Nov 2001
- Syria - 13% but decreased 87.6% Jan - Nov 2001
- Egypt falls from 26,825kg to 1634kg Jan - Nov 2001

Egypt Market Share

Cumin - USA imported 7.8mm kg in 2000

- Syria - 50% but decreased 29.5% Jan - Nov 2001
- India - 9.5% but increased 108% Jan - Nov 2001
- China - 4% but increased 12.5% Jan - Nov 2001
- Egypt falls from 111,127kg to 20,000kg Jan - Nov 2001

Egypt Market Share

Dill - USA imported 694,661kg

- Egypt falls from 106,649kg in 1996 to 58,810kg in 2000 to 54,225kg Jan - Nov 2001
- India gains from 286,521kg in 2000 to 320,584kg Jan - Nov 2001

Essential Oils

- Declined .3% but upward trend since 1995. $84.6mm market. Bright spots:
- Onion - up 39% to $1.02mm
- Cassia - up 8.5% to $10.7mm
- Citrus Fruits, NESOI - up 1.2% to $6.7mm
- Import Tariff (General Rate) - Free

Egypt Increases Exports During CY 2000

USA Market

Essential Oils of Citrus Fruit	37.5%
Essential Oils of Cassia	18.0%
Essential Oils excl. Citrus Fruit	15.5%

- Egypt important supplier of geranium oil & has potential to export other fragrance oils such as jasmine
- See Vol. I, pp. 34 & 35 for importers interested in Egypt & Vol. III for contact details

Specialty Foods
USA Market

- The rapid growth of the natural products industry throughout the 1990s was characterized by consumer demand for a range of products considered natural and healthy. This market segment includes many products, but can be divided up into several major categories, such as:

Specialty Foods
USA Market

- **•Organic foods (fresh and processed)**
- **•Functional Foods (nutraceuticals)**
- **•Essential oils for flavor and fragrance**
- **•Herbs, spices and botanicals for teas, remedies, cosmetics, and foods**
- **•Supplements for health and nutrition**

Specialty Foods
USA Market

- The *Natural Foods Merchandiser* estimates that total sales of all natural products in 1999 reached $28 billion, double the sales level of 1997, and is expected to have exceeded $31.0 billion in 2000. The market for organic foods is estimated to have attained $7.8 billion in 2000, continuing a trend throughout the 1990s of double digit growth.

Specialty Foods
USA Market

- High growth products include organic frozen fruits and vegetables, spices, herbs, and dehydrated ingredients for processed organic foods. In comparison, conventional food sales grew around 2%.

Ethnic & Kosher Foods
USA Market

- Ethnic foods will capture one out of every seven new food dollars spent in the decade ahead. Mainstream consumers, who already account for 75% of ethnic food sales, will continue to contribute to this overall growth as they sample more and different types of ethnic foods.

Ethnic & Kosher Foods
USA Market

- As in the case of organic foods, the retail and food service sales of ethnic foods is also projected to greatly outpace the sale of conventional foods, with forecasts of a 50 percent growth rate over the next decade from an estimated $50 billion to $75 billion.

Ethnic & Kosher Foods
USA Market

- The kosher market in the U.S. also continues to grow as kosher certification of food products becomes more appealing to non-Semitic consumers and mainstream food companies continue to seek the kosher seal of approval for many of their brands.

Ethnic & Kosher Foods
USA Market

- According to a *Packaged Facts* report, produced by FIND/SVP Publishing, there are now more than 41,000 kosher-certified products in the U.S. retail food market. U.S. retail sales of kosher products have increased by 37 percent from $35 billion in 1997 to an estimated $47.8 billion in 2000.

Findings of the November 2000 Market Reconnaissance Trip

- We contacted 23 companies on the West Coast
- Food sales approximate $600mm

Numeric Results of Western U.S. Follow-Up Travel

Total Number of U.S. Importers…	Amount
Interviewed	23
Requiring HACCP & GMP Compliance	23
Receptive To Forming Potential Alliances	16
Currently Involved In Alliances With Egyptian Companies	2

Numeric Results of Western U.S. Follow-Up Travel

Interested In Private Labelling	7
Requesting *Organic* Products	16
Requesting No Arabic Writing On Labels	4
Requesting "A.R.E." (Arab Republic of Egypt) Designation For Place of Origin on Labels	3

Numeric Results of Western U.S. Follow-Up Travel

Currently Importing From Egypt	5

Total – Product Requests:	242
Total Number of Product Requests for Specific ALEB Clients:	57

Findings of the November 2000 Market Reconnaissance Trip

100% of the companies require HACCP and/or GMP compliance before forming potential alliances

Opportunity:

- 16 USA cos. interested

Constraint:

- 14 cos. in ALEB database have HACCP
- 62 cos. implement GMP

Private labeling

- high quality label
- high quality packaging
- high quality printing
- high quality color

Solution:

- Show importers Egyptian capabilities & let importers drive the design

Organic Opportunities

16 cos. sell $73.3mm per annum

Constraint:

- Intl. Accredited organic certification required in accordance with USA NOP

Solution:

- Read Vol. IV of USA IRA & visit the 4 accrediting agencies in Egypt

Packaging

- Continually impacts on Egyptian exports except some bulk packaging
- *Samples should be attractively packaged*
- *Packaging must meet the gorilla test*
- *Labels must meet FDA requirements*
- *Labels must meet importers needs*

Exporting to the USA

The 14 P's of Exporting

Plan

- You must have a <u>marketing and business plan</u>.
- Define your strategy, timetable, costs, staff and money requirements, and long-term goals.
- This must have <u>top management</u> approval and commitment.
- <u>Permanence</u> must be perceived.

Product

- Do you have a product(s) that is market ready - packaged and ready to sell?
- Is it acceptable to the market you intend to enter - taste, local habits, ethnic acceptance?
- Where will your product be purchased, or where will it be sold?

Package

- Is your package ready for the consumer, retailer, and market(s) that you are intending to enter -
  - *label,*
  - *size,*
  - *language,*
  - *ecology,*
  - *convenience?*
- What will sell in that market?

Price

- Are you pricing to sell compared to competition?
- Have you priced competition?
- Do you know all costs, landed in the export market that you intend to enter?
- What will sell in the market?

Preparation

- Have you arranged for the appropriate inspections, sampling, stocks, lead times, and customs clearance?
- Are you *prepared to sell* in the export market?
- Have you selected a distributor or arranged for distribution?

Preparation

- Have you considered a co-packer in the export country?
- Have you selected a broker or retained the representation you will need?
- Is your product *available*?

Perception

- How will your product be perceived by the customer, the buyer, the retailer, the distributor, the broker?
- *How will they "see" it*? Will their perception be what you intended it to be? (Value, Demand)
- What will it take to have them perceive, and accept the product?

Placement

- Where will the product fit *in the store*?
- How many different departments and sections in the store will accept the product?
- Be sure you are talking with the appropriate buyer, distributor, broker
- Can your product be "tied-in" with other products and promotions?

Promotion Program

- You must have a well thought out program of promotional activity to sell your product(s) in the introductory period, in the following weeks and months, and in year two and year three.
- The program must appeal to the distributor, broker, retailer, wholesale buyer, store owner, and customer.

Proof

- You must *test market* your product, package, program, perception - and summarize the results.
- The results of your test marketing, and the necessary *changes* resulting from your test(s) become the proof that the product will sell - *document* your proof for the buyer.

Performance

- Compile data on product sales, growth, profit dollars and income for retailers, brokers and distributors.
- *Results*. How the product performed becomes the basis for future sales.
- Tell everyone how they did, and how you plan to help them grow and profit with you in the future.

Persistence

- Are you prepared to *continually call* on buyers, distributors, brokers, store owners, in-store customers - until you make the sale; to sell often & hard.
- Are you prepared to continue to *follow-up, follow-up, follow-up* - after the first sale? Whatever it takes…

Perseverance

- Do you have the *staying power*… to commit to the effort?
  - Product inventory
  - Financing
  - People
  - Overcoming adversities and disappointments

People

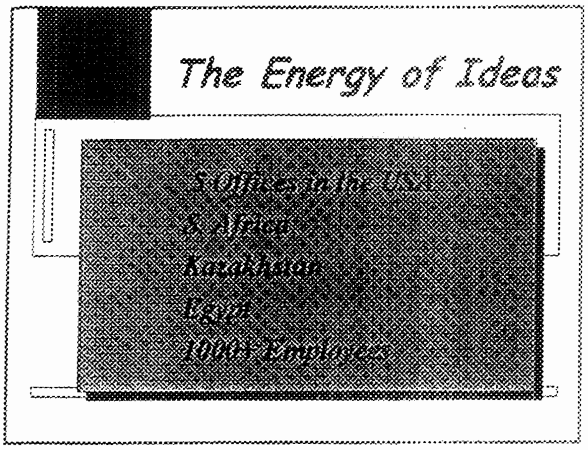
- Are you committing enough of management and *staff time* to the export market?
- Do you have the people to maintain your ongoing business and this new segment of your business?
- Do you have the *right people*, the right distributor, the right broker?

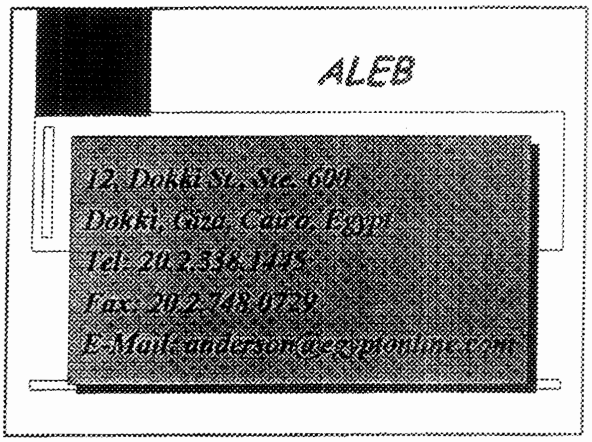
Professionalism

- ***Is your organization professional?***
  - People
  - Product
  - Package
  - Promotion
  - Proof
  - Plan
  - Print Material

Professionalism

- Are you and your offering major league?
- Do you and your offering fit into the environment that you are entering?
- Is your presentation professional and rehearsed?


The Energy of Ideas
5 Offices in the USA
S. Africa
Kazakhstan
Egypt
1000+ Employees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Excerpt from *Findings of a Phase II Rapid Industry Analysis (IRA) of Trade, Market Trends and Opportunities in the United States of America, Volume I of IV*

Herbs, Spices and Essential Oils

The demand for essential oils, herbs and spices is driven by numerous and varied end-uses that make it difficult to simply define markets for all of the different products. For example, herbs are used for teas and supplements (ground or extracts), or added to processed foods for both flavor and perceived health benefits. Spices are processed for (1) retail sale to consumers, (2) food service to hotels, restaurants, and institutions, and (3) food manufacturing companies, to add flavor and in some case convey reputed health benefits (garlic is a prime example). Essential oils as food ingredients or flavors are an important product for the food industry, while the perfume industry relies on essential oils for toiletries and cosmetics.[1] The market for natural flavors from essential oils is growing due to concerns that synthetics pose some health risk.

Food processing companies find it advantageous to use essential oils as flavoring and coloring in their recipes. Essential oils derived from spices store much longer than dried spices. Oleoresins are the extracted, concentrated and standardized essential oils and non-volatile components of spices. Oleoresins have strong flavor characteristics and are usually available in paste or solid form. Oleoresins contain essential oils and other components such as fixed oils, pigments and natural antioxidants.

In the fragrance industry, lower cost synthetics are favored over natural oils--except for those essential oils that are either too difficult or too costly to copy synthetically. However, there is a trend toward natural cosmetics that is driving the demand by cosmetic companies for essential oils, botanical extracts, herbs and spices -- and even products such as olive oil and fruit nectars.

3.1 Current World Situation

The world market for herbs, spices and essential is growing, driven by consumer demand for more flavorful foods, the increase in the development of functional foods and beverages, and the overall growth in demand for natural products. Herb spices such as basil and oregano have witnessed strong growth as Italian dishes (pizza and sauces) have become widely popular both in households and restaurants. Chamomile use is increasing as it is blended with other herbal teas and it is used more in cosmetics as a natural ingredient. Essential oils are used in the food industry (including soft drinks) as flavoring, in the cosmetic industry for fragrances, in the pharmaceutical industry for its functional properties, and recently for aromatherapy, which is defined as the external application of essential oils for healing purposes, pleasure and the reduction of stress.

According to the International Trade Centre (ITC)/UNCTAD/WTO in their September 2000 report on *Global Spice Markets, IMPORTS, 1994-1998*, world trade in spices has increased from $1.58 billion in 1994 to almost $2.34 billion in 1998, a 48 percent increase over this 5-year period. According to the ITC report, the U.S. is the world's

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[1] Essential oils and essences are the volatile fraction of spices and other plant materials captured during distillation. Distillation is one of the major methods utilized in the industry to capture the flavor and characteristics of botanicals, and is used to make essential oils. Distillation is also the process used for the concentration of essential oils.

import market, increased from almost $129 million in 1994 to $191.3 million in 1998, a growth of 48.3 percent over this 5-year period. A short section of this ITC report is included as Table 22 in the Statistical Appendix of our report. The full report is available for purchase from the ITC.

The total market for flavors and fragrances (F&F) has been expanding at an average annual rate 5.7% for the last 20 years, based on various company sales estimates and company estimates of the size of the total world market, with estimates ranging from $10.4 billion[2] to $15 billion[3]. Table 23 in the Statistical Appendix of our report lists the top 10 world leaders in the flavor and fragrance industry and their company's sales over the 1998 through 2000 period. Table 24 in the Statistical Appendix to this report estimates that natural products and essential oils represented 15.7% of this total market in 1987.

These large multinational firms produce the majority of the high-volume materials for small producers that specialize in higher value-added, lower volume materials. The major products of this industry are essential oils, oleoresins, synthetic flavors and fragrances, and flavor and fragrance mixtures.

The primary consumers of these flavor and fragrance materials are perfume, cosmetic, and toiletry compounders. Often these firms are directly affiliated with the producer of the flavor and fragrance materials, as many major chemical and personal care products companies have acquired or developed subsidiaries for the specific purpose of having "in-house" suppliers. The chart below traces how the principal end-uses of flavors and fragrance products are derived:

Table 3.1 Flavor and Fragrance Materials: Principal Raw Materials, Producer Types, Major Products, and Principal Uses

Principal Raw Materials	Producer Types	Major Products	Principal Uses
Plants Extracts Synthetic organic chemicals	Flavor Compounder Perfumery and Cosmetic Companies	Essential Oils Oleoresins Synthetic Flavors and Fragrances Flavor and Fragrance Mixtures	Perfumery Products Cosmetic and Other Personal Products Prepared Foods and Beverages

[2] According to a June 23, 2000, press release from IAL Consultants of the UK, the total world fragrance and flavor market was estimated at $10.4 billion.

[3] Universal Foods Company estimated the total F&F market at $15 billion in their 1999 annual report.

Table 3.3. United States Imports of Basil, 1999 and 2000, By Country of Origin (In Metric Tons and '000 US Dollars)

Country of Origin	1999 Metric Tons	1999 000 USD	2000 Metric Tons	2000 000 USD	Volume Share of Market	Average $/kg.
Colombia	26.0	79.9	13.50	51.7	0.4%	$3.83
Egypt	2,756.5	3,348.4	2,704.30	3,530.1	81.6%	$1.31
France	0.0	0.0	21.60	153.2	0.7%	$7.09
Greece	0.0	0.0	13.50	5.1	0.4%	$0.38
Israel	48.2	353.2	38.40	376.5	1.2%	$9.80
Mexico	354.3	1,236.0	433.20	1,442.4	13.1%	$3.33
Peru	0.0	0.0	3.40	13.0	0.1%	$3.82
Taiwan	2.3	2.0	3.10	2.8	0.1%	$0.90
Other	53.9	86.5	82.50	100.3	2.5%	$1.22
Total	3,241.2	5,106.0	3,313.50	5,675.1	100.0%	

Source: U.S. Department of Commerce

Table 3.4. United States Imports of Fennel, 1999 and 2000, By Country of Origin (In Metric Tons and '000 US Dollars)

Country of Origin	1999 Metric Tons	1999 000 USD	2000 Metric Tons	2000 000 USD	Share of U.S Imports (in Volume)	Average $/kg.
Albania	2.0	4.6	0.0	0.0	0.0	
Bulgaria	1.0	3.7	23.9	73.2	0.7%	$3.06
Egypt	2,261.9	2,460.9	1,914.5	2,219.6	58.9%	$1.16
Germany	14.1	53.7	58.1	178.1	1.8%	$3.07
Greece	1.5	2.5	64.0	57.4	2.0%	$0.90
India	618	683.8	846.5	877.0	26.1%	$1.04
Italy	16.1	44.3	7.8	26.8	0.2%	$3.43
Netherlands	26.2	109.2	0.0	0.0	0.0	
Turkey	519.9	457.2	313.6	281.5	9.7%	$0.90
Other	11.0	35.7	21.0	41.3	0.6%	$1.96
Total	3,471.7	3,856.6	3,249.4	3,754.9	100.0%	

Source: U.S. Department of Commerce

Egypt is an important supplier of marjoram, which is used as a flavoring for sauces and meats and is very similar botanically to oregano. Egypt supplies 10 percent of US imports of dill. There are two components of dill: dill seed, and the tops of the plant, which are referred to as dill weed. The pickle industry is the largest user of dill - primarily dill-weed oil.

Table 3.6. U.S. Imports of Herbal Teas, by Major Countries of Origin, CY 1998 – 2000, Quantity and Value

Country Of Origin	1998 MT	1998 CIF '000 USD	1999 MT	1999 CIF '000 USD	2000 MT	2000 CIF '000 USD	% Change CIF Value 2000/'99	2000 % of Total CIF
China	2,352.9	9,816.3	2,094.5	11,248.1	2,359.5	12,345.4	9.7%	36.9%
Germany	464.9	2,107.4	368.8	2,404.0	545.8	4,519.4	88.0%	13.5%
Taiwan	154.3	4,283.9	98.4	1,824.6	108.2	2,048.6	12.3%	6.1%
Spain	107.5	1,159.1	125.1	1,544.4	218.6	1,923.9	24.6%	5.7%
Mexico	732.8	1,387.0	904.8	1,999.6	764.6	1,621.6	-18.9%	4.8%
Canada	249.0	1,933.2	311.7	2,416.9	107.3	1,555.4	-35.6%	4.6%
Korea, Rep.	252.4	2,171.2	174.0	1,185.0	169.0	1,039.1	-12.3%	3.1%
UK	96.5	1,119.9	101.9	1,448.9	99.7	1,032.4	-28.7%	3.1%
India	257.9	2,736.1	213.0	1,878.4	380.7	872.1	-53.6%	2.6%
Chile	629.6	3,138.9	366.8	1,105.0	322.5	869.8	-21.3%	2.6%
France	38.6	374.2	52.3	753.2	31.9	521.3	-30.6%	1.6%
Hong Kong	129.0	581.7	119.4	612.6	159.3	374.2	-38.9%	1.1%
Thailand	159.7	434.7	182.7	406.1	189.4	356.4	-12.3%	1.1%
Egypt	62.2	144.8	109.8	274.3	135.7	349.5	27.4%	1.0%
Israel	30.5	258.2	96.6	368.3	64.6	325.3	-11.7%	1.0%
Subtotal	5,717.8	31,646.6	5,319.8	29,469.4	5,656.8	29,754.4	1.0%	88.83%
TOTAL	**6,724.5**	**36,407.6**	**6,020.8**	**32,200.8**	**6,943.6**	**33,497.1**	**4.03%**	

Sources: FAS/USDA; U.S. Bureau of the Census; and USA Trade Online. Includes USHTS categories: 1211904020 Mint Leaves Fresh/Dried As Herbal Teas & Herbal Infusions; 1211908080 Plants & Parts Excluding Mint Leaves Used As Herbal Teas; 2106909987 Herbal Teas/Infusions of Mixed Herbs, Nesoi

U.S. imports of essential oils fell 2.9 percent in CY 2000 to $308.9 million CIF value, while tonnage declined 5.1 percent to 36,563 MT. Over the past six years, U.S. imports have ranged from $348.5 million CIF in CY 1995 to the $308.9 million CIF last year, averaging about $327.5 million CIF value over this period. Major suppliers of essential oils during CY 2000 were: (1) France ($46 million); (2) Argentina ($33.8 million); (3) Brazil ($24.6 million); (4) China ($24.4 million); (5) Canada ($20.1 million); (6) Mexico ($18.2 million); (7) Indonesia ($17 million); (8) UK ($15 million); (9) India ($14.6 million); and (10) Germany ($11.4 million).

Table 30 in the Statistical Appendix to this report details U.S. essential oil imports by country of origin over calendar years 1995 – 2000.

As detailed in the table below (overleaf), the U.S. demand for plant-derived chemicals, including natural flavor and fragrance materials was estimated at $1.89 billion in 1998, of which $625 million were essential oils and $560 million botanical extracts, with 5-year annual growth rates of 6.1 percent and 15.9 percent annually. Major essential oils produced in the U.S include mint oils and cedarwood oil, and particularly citrus oils, which are considered to be by-products by U.S. citrus fruit and juice producers. However, demand for citrus and mint oils of different qualities is significant as domestic supply is not sufficient. Many essential oils are imported because they are not available domestically and the U.S. duty level for a most essential oils is therefore free.

Plants & Parts Ex Mint Leaves Used As Herbal Teas (1211908080)	37.5%
Essential Oils of Citrus Fruit, Nesoi (3301195000)	68.0%
Essential Oils of Cassia (3301295007)	18.0%
Essential Oils Excluding Those of Citrus Fruit, Nesoi (3301295050)	15.5%

As noted above, U.S. imports of other citrus essential oils from Egypt increased 68 percent in CY 2000, and we believe there is potential for additional growth in Egyptian exports of citrus oils to the U.S. market. The U.S. is at once a major producer and importer of citrus oils, used as a flavor ingredient in soft drinks, prepared foods, confectionery products and perfume. An important new development is the use of citrus oils as an environmentally safe replacement for petrochemicals in such items as paints and household cleaners.

Even though the U.S. is a major producer, imports are significant because they are usually priced lower and they are often blended with domestic oils for both the domestic and export markets. Orange is the most important citrus flavor accounting for half of the U.S. market, followed by lemon with a third of the total, lemon-lime mixes representing 10% of the total, and lime alone accounting for 5%. Grapefruit, clementine and mandarin and mixtures of the three make up most of the balance. Import competition is heavy from both Europe and South America (Brazil is a major exporter of orange oil and sells nearly 10,000 MT a year to the U.S.). Imports of lemon oil into the U.S. have increased by about 17%, and Argentina supplies over half of the U.S. lemon oil imports, followed by Italy, Brazil, Spain and Uruguay accounting for most of the remainder. The principal markets for exports from the U.S. are to China, Japan, U.K. and Canada.

Egypt is also an important supplier of geranium oil for the fragrance industry and has the potential to increase exports of this essential oil and other fragrance oils such as jasmine.

During the period of this scope of work, we contacted 245 importers of herbs, spices and essential oils. Some of these companies import all three of these products, while others concentrate on just one or two of these products. Out of the total of 245 importers, following are the number of those involved in importing each of these products groups, and the number of these import companies that expressed an interest in being contacted by our Egyptian exporters with offers and product samples.

The total number of importers involved in essential oils that were contacted were 55, and 8 of these expressed an interested in developing new market linkages:

- Camden-Gray Essential Oils
- Health Concerns
- Leeward Resources, Inc.
- Liberty Natural Products, Inc.
- IFF
- Bell Flavors & Fragrances Inc.
- Sarcom Inc.

- Stan-Mark Food Products, Inc.
- Weaver Nut Co.
- KHL Flavors, Inc.

Another company, Whole Herb Co., which imports herbs, spices and essential oils stated that they were already "well connected" with our exporters of these products, and that they are already importing these products from some of our suppliers.

These importers, as well as the many other companies that have yet to respond to our inquiries, can be contacted using our updated and expanded lists of North American importers of essential oils, North American importers of herbs, and North American importers of spices, all of which are attached as Technical Appendices to this report.

The above-identified importers expressed interest in almost all of the herb, spice and essential oils products included in our trade survey from the list of available products offered by our Egyptian exporters, as highlighted in Technical Appendix 7 of this report.

In conclusion, it is believed that there exists good potential for further increasing Egyptian exports of herb, spice and essential oil products to the U.S. market. It is recommended that our recent efforts be continued, both here in the U.S. and through assisting our exporters on the ground in Egypt, to use the interest expressed by the 18 U.S. importers to build new business relationships and market linkages leading to increased export sales. Efforts should also continue to further explore possibilities with the other 213 U.S. and Canadian companies identified as importing herb, spice and essential oil products to build their interest in Egyptian products, too. We further recommend that ALEB host seminars for these importers here in the U.S. to further develop this growing export business. This could be done, for instance, during an upcoming visit to the U.S. in conjunction with attending one of the major trade show events, as long as the group also includes a good representation of herb, spice and essential oil products exporters.

To further assist in this effort to expand exports of Egyptian herb, spice and essential oil products, we are including the following additional information:

- Table 31 in the Statistical Appendix to this report: A time series of monthly New York spot prices for many herbs and spices for the five-year period 1996 through 2000, developed by one of the importers on our list, A.A. Sayia & Company, Inc.

- Appendix 8 in the Technical Appendix to this report: Using information from A.A. Sayia & Company, Inc. and another importer, Polarome International, we developed a WORLD CROP CALENDAR depicting when all major herbs, spices and botanicals are available from all major origins.

Table 3.8. U.S. Imports of Selected Herbs, Spices and Essential Oil, Total and from Egypt, CY 1999-2000, in Kg and CIF Value

Herb, Spice & Essential Oil Imports by HS Commodity Code	CY 2000		CY 1999		% Chg $	2000 Egypt's % Share of
	Value ($)	Quantity (Kg)	Value ($)	Quantity (Kg)	2000/1999	US Market
0711902000 Leguminous Veg Provisionally Preserved, Inedible	166,966	235,456	312,599	399,502	-46.59%	12.38%
FROM EGYPT	20,675	29,264	30,836	34,952	-32.51%	
0711906000 Veg Nesoi, Veg Mix, Provisionally Pres, Inedible	11,584,051	15,403,868	15,991,352	16,877,449	-27.56%	0.04%
FROM EGYPT	5,000	2,830	0	0		
0712906000 Fennel/Marjoram/Parsley/Savory/Tarragon, Crude/Drd	3,318,706	1,031,251	3,099,495	1,033,674	7.07%	12.65%
FROM EGYPT	419,830	345,696	449,991	380,283	-6.70%	
0712906500 Parsley, Dried, Nesoi	2,654,413	684,548	3,434,018	828,421	-22.70%	0.81%
FROM EGYPT	21,413	12,424	16,813	6,627	27.36%	
0712907000 Fennel, Marjoram, Savory, Tarragon Nesoi, Dried	625,737	215,650	446,858	171,930	40.03%	57.69%
FROM EGYPT	360,994	160,010	303,855	135,885	18.80%	
0712908080 Vegetables Nesoi and Mixtures of Vegetables, Dried	11,804,638	4,347,906	13,017,691	3,781,326	-9.32%	0.17%
FROM EGYPT	19,515	21,500	3,900	1,500	400.38%	
0714101000 Cassava (Manioc) Frozen, W/NI Pellet	6,690,957	11,550,207	6,407,455	10,660,096	4.42%	0.19%
FROM EGYPT	12,480	4,800	16,200	6,000	-22.96%	
0714904500 Roots & Tubers With High Starch or Insulin, Frozen	1,083,169	1,142,492	1,059,172	1,098,864	2.27%	3.54%
FROM EGYPT	38,383	18,873	23,585	7,312	62.62%	
0909100000 Seeds of Anise or Badian	3,027,195	1,522,483	3,034,597	1,373,742	-0.24%	1.42%
FROM EGYPT	43,123	26,825	28,075	15,600	53.60%	
0909200000 Seeds of Coriander	2,165,728	4,081,178	2,168,507	3,589,895	-0.13%	0.00%
FROM EGYPT	0	0	4,515	1,505	-100.00%	
0909300000 Seeds of Cumin	14,559,550	7,819,417	8,980,377	7,121,108	62.13%	1.28%
FROM EGYPT	186,090	111,127	4,960	800	3651.81%	
0909400000 Seeds of Caraway	2,830,258	3,325,453	2,509,688	3,405,093	12.77%	2.07%
FROM EGYPT	[illegible]	70,489	[illegible]	37,146	87.95%	
0909500000 Seeds of Fennel; Juniper Berries	3,754,935	3,249,340	3,860,851	3,472,745	-2.74%	59.11%
FROM EGYPT	[illegible]	1,914,477	[illegible]	[illegible]	[illegible]	
0910995000 Dill	995,621	694,651	945,892	732,006	5.26%	13.93%
FROM EGYPT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
0910996000 Spices, Nesoi	13,912,371	5,086,637	11,619,885	5,052,822	19.73%	0.83%
FROM EGYPT	[illegible]	60,262	[illegible]	[illegible]	[illegible]	
1211902000 Mint Leaves, Crude or Not Manufactured, Frsh/Dried	370,147	213,983	302,404	182,511	22.40%	47.75%
FROM EGYPT	176,736	125,838	137,061	110,768	28.96%	

Table 3.8. U.S. Imports of Selected Herbs, Spices and Essential Oil, Total and from Egypt, CY 1999-2000, in Kg and CIF Value, (continued)

1211904020 Mint Leaves Frsh/Drd As Herbal Teas & Herbal Infsn	507,556	83,316	531,709	105,971	-4.54%	0.00%
FROM EGYPT	0	0	20,175	4,302	-100.00%	
1211904040 Mint Leaves Frsh/Dried, Cut Crushd or Powdrd Nesoi	285,717	92,483	417,701	102,666	-31.60%	3.73%
FROM EGYPT	10,660	12,880	33,748	15,600	-68.41%	
1211906040 Basil Fresh or Dried W/Nt Cut Crushed or Powdered	5,675,028	3,313,367	5,106,062	3,241,272	11.14%	62.20%
FROM EGYPT	3,530,074	2,704,254	3,348,397	2,756,466	5.43%	
1211908060 Plants & Parts Ex Mint Leaves Used As Herbal Teas	24,242,472	5,643,786	20,200,372	4,514,494	20.01%	1.44%
FROM EGYPT	349,440	136,676	254,087	105,482	37.52%	
1211908090 Plants & Parts, Nesoi, Used Primrly in Prfumry Etc	49,335,308	13,711,205	56,530,354	15,489,293	-15.71%	0.81%
FROM EGYPT	400,792	178,531	511,128	193,003	-21.59%	
3301195000 Essential Oils of Citrus Fruit, Nesoi	8,623,234	472,366	7,116,268	361,631	23.99%	0.59%
FROM EGYPT	51,799	1,025	30,812	614	68.11%	
3301210000 Essential Oils of Geranium	1,633,995	37,793	2,107,311	51,910	-22.46%	30.94%
FROM EGYPT	505,558	11,145	702,823	17,420	-28.07%	
3301220000 Essential Oils of Jasmine	1,028,194	2,144	916,832	2,307	12.13%	6.93%
FROM EGYPT	[illegible]	73	[illegible]	[illegible]	[illegible]	
3301295007 Essential Oils of Cassia	8,567,394	337,981	10,859,254	395,626	-21.11%	0.39%
FROM EGYPT	33,805	600	[illegible]	400	[illegible]	
3301295028 Essential Oils of Onion	839,476	4,343	1,068,368	6,010	-21.42%	0.00%
FROM EGYPT	[illegible]	0	[illegible]	[illegible]	[illegible]	
3301295050 Essential Oils Exc Those of Citrus Fruit, Nesoi	59,802,332	3,441,308	61,577,328	2,601,046	-2.88%	1.32%
FROM EGYPT	[illegible]	18,726	[illegible]	[illegible]	[illegible]	
3301906000 Concretes& Absol;Concentrat,Etc of Essen Oil,Nesoi	9,043,471	1,694,149	7,690,533	1,570,939	17.59%	0.03%
FROM EGYPT	2,476	6	0	0		
GRAND TOTAL	$249,328,621	95,451,613	$253,313,033	94,485,856	-1.57%	3.84%
TOTAL FROM EGYPT	$9,579,006	6,012,830	$9,622,815	6,281,607	-0.46%	

Source: USA Trade Online, U.S. Department of Commerce, compiled by ALEB

	Company Name	HACCP or GMP Required	Organic	Strategic Alliances Current	Strategic Alliances Interest	Need Further Info. from Company	Private Labeling Opp.	Arabic Labeling	Made in A.R.E. (Instead of Egypt)	Currently Importing from Egypt	Contact w/ Egyptian Cos.
	TOTALS	23	18	2	16 OPEN 1 CURRENT 3 LINKAGE	10	8	4 NO 1 YES	3 YES	6 YES	9 CURRENT

Payment Terms for all companies = 90 to 120 days

	Company Name	HACCP or GMP Required	Organic	Strategic Alliances Current	Strategic Alliances Interest	Need Further Info. from Company	Private Labeling Opp.	Arabic Labeling	Made in A.R.E. (instead of Egypt)	Currently Importing from Egypt	Contact w/ Egyptian Cos.
	Inc.					sales figures?					
13.	Starwest Botanicals	YES	YES	NO	Linkages only	Need: list of prods. From Egypt	No/ Bulk	N/A	N/A	YES	YES
14.	Traditional Medicinals	YES	YES	NO	Linkages only	Level of GMPs used; type of Pharmacoe pia?	NO	N/A	N/A	D/K	NO
15.	Celestial Seasonings – Hain	YES	YES	NO	Linkages only		NO	N/A	N/A	YES (Chamomile)	YES (Egyptian Experts, etc.)
16.	Mountain Sun	YES	YES	NO	Open		NO	N/A	N/A	NO	NO
17.	American Health & Herb	YES	YES	NO	Open	Follow-up re: more prods.	NO	N/A	N/A	NO	NO
18.	Liberty Natural	YES	YES	NO	Open		No/Bulk	N/A	N/A	YES (Hesham & Agy)	YES
19.	Cascadian Farm/Small Planet	YES	YES	NO	NO		NO	N/A	N/A	NO	NO
20.	Food Services of America	YES	NO	NO	Open	Try to obtain food sales totals	YES	N/A	N/A	NO	NO
21.	S.A. Carlson	YES	YES	NO	NO		No/Bulk	N/A	N/A	NO	NO
22.	Trout Lake Farm	YES	YES	NO	Open						

	Company Name	HACCP or GMP Required	Organic	Strategic Alliances Current	Strategic Alliances Interest	Need Further Info. from Company	Private Labeling Opp.	Arabic Labeling	Made in A.R.E. (Instead of Egypt)	Currently Importing from Egypt	Contact w/ Egyptian Cos.
1.	Barrington	YES	NO	NO	Open		YES	NO	YES	YES	YES
2.	Blansh Intl.	YES	NO	YES	Open		YES	NO	NO	NO	NO
3.	Cost Plus/ World Market	YES		NO	Open	YES	YES	N/A	NO	NO	YES
4.	Fmali Herb & Spice	YES	YES	NO	Open		No/Bulk Only	N/A	NO	NO	NO
5.	GCI Nutrient	YES	YES	YES	Open	Yes, subscription costs; name of Egyptian client; internet banking; "Xtrasure"	YES	N/A	NO	D/K	YES
6.	Gilroy Foods	YES	YES (1 food div.)	Previous w/ Egypt	Open	Yes; not received yet	No/Bulk Only	N/A	NO	NO	YES
7.	Great Spice Co.	YES	YES	NO	YES		YES	NO	YES	YES	YES (Egyptian Experts)
8.	JR Wood	YES	YES	NO	Open	Yes, specs.	NO	N/A	N/A	NO	NO
9.	Marroquin Intl. Organic	YES	YES	NO	Open		No/Bulk Only	N/A	N/A	NO	YES
10.	Melissa's/ World Variety	YES	YES	NO	Open	Yes, specs.; need prices	YES	NO	YES	YES	D/K
11.	Mezzetta (G.L.)	YES	NO	NO	Open		NO	N/A	N/A	NO	NO
12.	Soofer Co.,	YES	NO	NO	Open	Annual	YES	YES	N/A	NO	NO

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