



THE MARKET FOR ALLSPICE

Produced by the USAID ACCESO Project

Market Survey #01

INTRODUCTION



Allspice (*Pimenta dioica*), is made from the dried, unripe fruit of the allspice or pimento tree. Native to the West Indies, southern Mexico and Central America, allspice is sold in dried berry and ground presentations and is an important element of

Caribbean cuisine. Sometimes called ‘pimento,’ it should not be confused with the red pepper of the same name.

Allspice is primarily used as flavoring for food, but it is also an oil source for the pharmaceutical industry. In the food industry it is used as an ingredient in processing pickles, ketchup and marinades, and to flavor pumpkin pies, cakes and candies. It is also used in the preparation of Mexican *mole* sauces. Oil pressed from the fruits is used in perfumes and cosmetics. The liqueurs, *Benedictine* and *Chartreuse*, contain allspice flavoring. Northern Europeans use allspice in sausages and pickled fish.

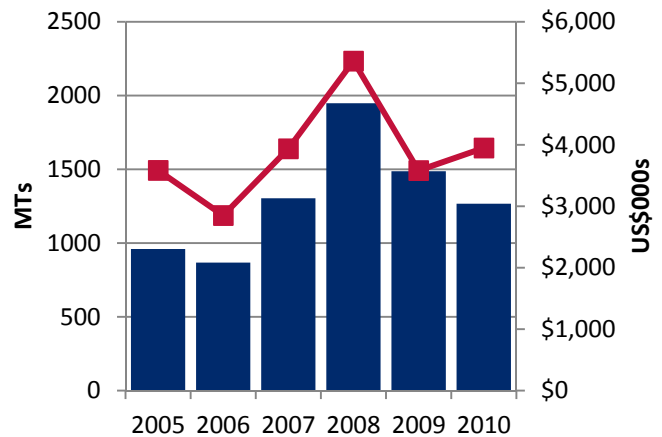
IMPORTS

The **US** does not produce allspice on a commercial basis and is reliant on imports for supply. Imports of allspice¹ have varied over the past six years, peaking in 2008 at 1,948 MTs and steadily declining to 1,267 MTs in 2010. This is still well above the 2005 and 2006 figures of 960 MTs and 868 MTs, respectively. The total value of imports generally mirrored the total volume of imports except for 2010. The total value rose to US\$5.3 million in 2008, up from US\$3.9 million in 2007. Unlike total volume which decreased from 1,487 MTs to 1,267 MTs from 2009-2010, total value actually increased from US\$3.5 million to \$3.9 million during that same period.

In regards to points of market entry for 2010, 796 MTs or 63 percent of all imports entered through New York, while 279 MTs or 22 percent of all imports entered through Baltimore,

Maryland. The remaining allspice was primarily imported through Los Angeles, California (112 MTs or 9 percent of all imports) and Chicago, Illinois (55 MTs or 4 percent of all imports).

Figure 1: Annual US Imports of Allspice



Source: USITC

■ Volume — Value

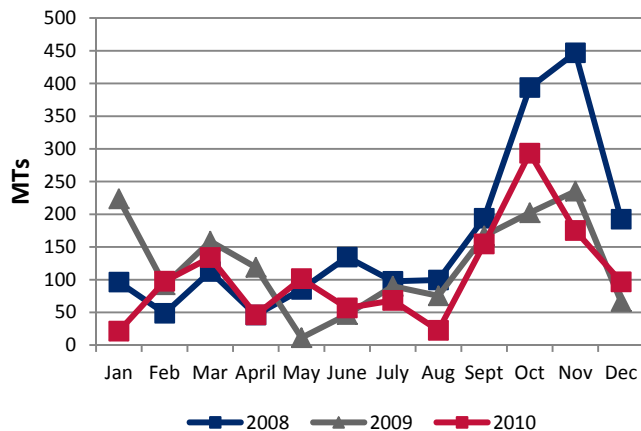
EU imports are difficult to calculate since Eurostat, the statistics bureau of the EU, does not differentiate between the genus *Capsicum* and *Pimenta* (i.e. allspice) in its database. *Capsicum* likely comprises the majority of imports because this genus includes numerous types of commercially traded peppers including bell pepper, habanero chili and cayenne pepper.

SEASONALITY

In general, US import volumes are linked to crop seasonality. The allspice flowering season in the major productions areas occur during the rainy season from March to June, which is followed by fruiting season from June to August. Fruit harvesting subsequently takes place from August to October. As seen in Figure 2, imports begin to rise during the harvesting period and typically peak in October. The lowest import volumes are recorded during the months preceding the harvest period, that is April to July.

¹ Import figures derived from HTS 0904208000, "Fruits of the genus *Pimenta* (Including allspice) dried of crushed or ground," of the USITC database. Please note other *Pimenta* spp. products are included in data.

Figure 2: Monthly US Imports of Allspice



Source: USITC

SUPPLIERS

The US primarily imports from Mexico, Guatemala, Honduras and Jamaica.

Mexico is the world's largest exporter of allspice. It dominated the US import market in 2005 with 381 MTs of exports valued at US\$1.04 million. By 2010, its share decreased 8 percent by volume, with exports of 408 MTs valued at US\$1.26 million. Mexico's comparative advantages are its proximity to the US, low values and high production volumes.

In regards to major Mexican-based exporters, AGROBUSINESS SA de CV, exports approximately 10 percent (400 to 500 MTs) of the nation's allspice crop per year. According to a company representative, its primary market is Peru. Its product is shipped in 50-kg bulk packages.

Jamaica, where it is believed allspice originated, was the top global exporter of allspice in the 1990s, but has since fallen behind Mexico. In terms of crop quality, Jamaican allspice is of premium grade, which is reflected in its higher

value per MT.

According to Jamaica's Ministry of Agriculture, the value of the country's international allspice exports peaked in 2005 at US\$2.8 million or 11 percent of the island's agricultural exports. Since 2005, allspice export values have ranged between US\$1.4 and \$2.1 million or 3 to 7 percent of all agricultural exports.

Jamaica supplied 18 percent of US imports of allspice by volume in 2005, with shipments of 176 MTs valued at US\$1.2 million. By 2010, its share increased 7 percent by volume, with exports of 317 MT valued at US\$1.03 million.

In 2009, Jamaica's Ministry of Agriculture stated that the industry consistently earns over US\$5 million annually, from berry, leaf oil, berry oil and other products involving allspice. Major allspice of Jamaican buyers allspice are Germany, Holland, France, England and United States.

Guatemalan's allspice exports to the US accounted for 25 percent of imported allspice in 2005, with shipments of 236 MTs valued at US\$781,614. By 2010 its share had decreased 8 percent by volume, with exports of 217 MTs valued at US\$738,572.

For the 2011 harvest season, it was reported that the country has harvested no more than 800 MTs at a value of \$4,100 USD per ton. It is expected that this small stock will be sold before the end of August 2011.

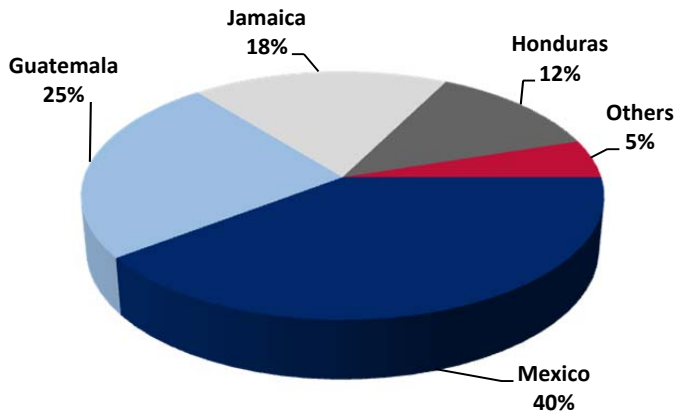
Honduran allspice exports to the US accounted for 12 percent of imports in 2005, with shipments of 120 MTs valued at US\$412,401. By 2010 its share increased 1 percent by volume, with exports of 163 MTs valued at US\$461,936.

Table 1: US Imports of Allspice

Supplier	2005		2006		2007		2008		2009		2010	
	MTs	\$000s	MTs	\$000s	MTs	\$000s	MTs	\$000s	MTs	\$000s	MTs	\$000s
Mexico	381	1043	424	1090	249	658	480	1412	278	711	408	1269
Jamaica	176	1209	130	747	154	735	174	740	143	487	318	1036
Guatemala	236	782	70	224	321	958	135	471	116	335	217	739
Honduras	120	412	151	444	197	593	300	977	322	866	163	462
Other	48	139	92	343	382	990	858	1761	629	1182	162	442
Total	960	3584	868	2849	1304	3934	1948	5360	1487	3581	1267	3948

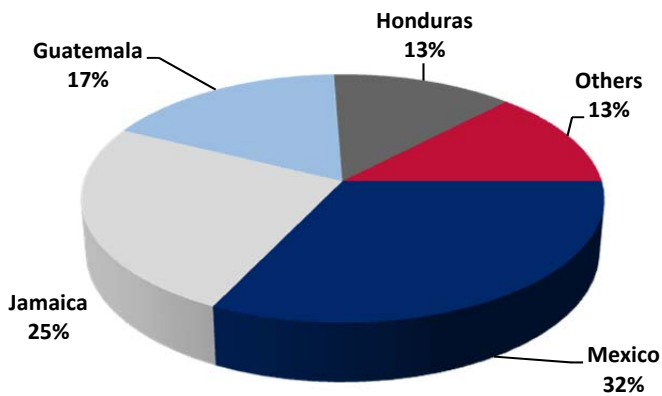
Source: USITC

Figure 3: 2005 Market Share of US Imports of Allspice



Source: USITC

Figure 4: 2010 Market Share of US Imports of Allspice



Source: USITC

PRICES

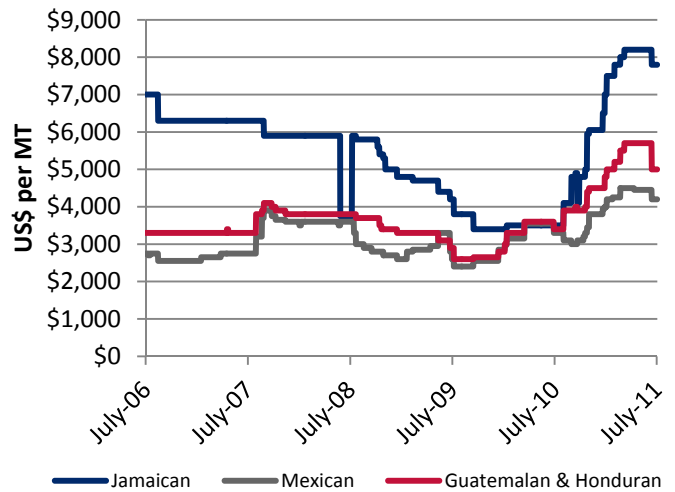
Beginning in July 2010, global prices² began a steady rise until peaking in April-June 2011 (see Figure 5). Jamaican prices peaked at US\$8,200 per MT, while Mexican and Guatemalan/Honduran prices peaked at \$4,500 and \$5,700 per MT, respectively. It is only as of July 2011 that prices have started to decline.

Mexican prices of allspice have consistently been below Jamaican and Guatemalan/Honduran prices. In terms of the total average price per MT from 2006 to 2011, Mexico recorded US\$3,186 while Jamaica recorded US\$5,426 and Guatemala/Honduras recorded US\$3,661. The combined average of all three prices was US\$4,091 per MT. In

general, Jamaican prices are typically the highest due to the premium grade quality of its allspice. Guatemalan/Honduran prices have generally hovered slightly above Mexican prices. See Table 3 in Annex for the monthly price averages from June 2010 to June 2011.

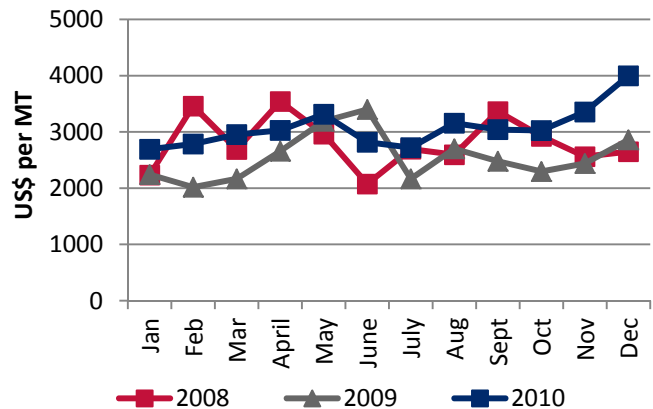
As of July 2011, the remainder of Mexico's 2010 allspice stocks is being offered at \$4,600 USD (FOB). An estimated price for first shipments of the 2011 crop at the end of September is around \$4,350 USD (FOB).

Figure 5: Allspice Prices (CIF) US\$ per MT



Source: The Public Ledger

Figure 6: US Market Value of Allspice Imports



Source: USITC

STANDARDS AND REQUIREMENTS

Tariff and Trade. According to the US International Trade Commission, allspice is not eligible for preferential tariff programs of North American Free Trade Agreement (NAFTA) and the Caribbean Basin Initiative (CBI). However, all of the major allspice producing countries (i.e. Mexico, Jamaica, Honduras and Guatemala) qualify for the Normal Trade Relations (NTR) duty rate.

² Prices reported in this figure refer to CIF (Cost, Insurance and Freight) prices per tonne

Grades and Standards. The American Spice Trade Association (ASTA) adopted the original Cleanliness Specifications for spices, seeds and herbs in 1969 and they have been revised numerous times, the latest occurring in 2007. The ASTA Cleanliness Specifications were designed to meet or exceed the United States Food and Drug Administration (FDA) Defect Action Levels (DAL). The DAL refers to Title 21, Code of Federal Regulations, Part 110.110 that allows the Food and Drug Administration (FDA) to establish maximum levels of natural or unavoidable defects in foods for human use that present no health hazard. The FDA set these action levels because it is economically impractical to grow, harvest, or process raw products that are totally free of non-hazardous, naturally occurring, unavoidable defects.

Table 2: US Cleanliness Specifications for Allspice

Whole insects dead	Excreta Mammalian	Excreta other	Mold	Insect defiled/infested	Extraneous foreign matter
By count	By mg./lb	By mg./lb	% by wgt.	% by wgt.	% by wgt.
2	5	5	2	1	0.5

Source: American Spice Trade Association, Revised 2007

Packaging. According to representatives of US spice wholesale distributors, the largest individual bulk container for allspice is 25-lb. polyethylene bags. A representative of a Mexican exporter of allspice noted that export shipments are made in 50 kilograms (approximately 110-lbs) containers.

Post-Harvesting Handling. Allspice berries are generally harvested when they are fully developed, but still green in coloration. The height of the trees makes mechanizing the process difficult, so hand picking or pulling off branches is still common. The harvested fruit are piled into small heaps, approximately two feet high, and ferment for four to five days. During this period, the temperature rises due to “sweating” and microbial processes, causing the berries to turn brown. The cured berries are then dried in the sun on concrete floors for seven to ten days. During this period they are raked two to three times a time in order to prevent mold growth and quicken the drying process. The dried berries are blackish-brown in color and should rattle when shaken. Once completed, the berry can either be sold in its whole form or undergo a grinding process before sale.



to drought and hurricane conditions. In fact, storms and hurricanes are very common in the region where allspice plantations are concentrated. Consequently, poor weather conditions can lead to lower yields, higher prices of allspice stocks and delay the harvesting period.

For instance, Mexican production from 2009 to 2010 increased 5,500 MTs to approximately 6,500 MTs due to favorable weather conditions. However, in 2011 only 4,000 MTs was projected due to severe drought conditions and an estimated 40 percent crop loss. The 2011 drought affected all production areas and delayed the maturity of crops pushing back the harvest period to the end of July. This was expected to start after July 25, while harvesting usually occurs between July 10th and the 15th. Consequently, the first shipments are likely to occur at the end of September.

Mexico has remained the industry leader in allspice exports throughout the 2000s due in part to its large production volumes, cheap price structure and proximity to the US market. Mexico will likely remain the most significant player in the market and should account for approximately 30 percent of all US allspice imports in terms of total value and total volume in any given year. This percentage is based on Mexico’s average values and volumes from 2005 to 2010.

Jamaica should remain the market leader it terms of product quality and should always have a healthy share of approximately 20 percent of all US allspice imports in terms of total value and total volume barring unforeseen circumstances. This percentage is based on Jamaica’s average values and volumes from 2005 to 2010.

Guatemala and **Honduras** shared nearly the same average market share (approximately 15 percent) of US imports in terms of value and volume over the 2005 to 2010 period. Allspice grown in these countries has been characterized as of lower quality than Jamaican allspice, but slightly better than Mexican allspice. If the two countries can increase production, maintain quality and institute value addition processes, it may be possible for them to gain market share.

OUTLOOK

Weather conditions in producer countries have led to insecurity about production from year to year. The major producing areas of supplier countries are often susceptible

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Annex: Buyer's Survey

Buyers of Allspice

Company	Comments
1. American Key Food Products 1 Reuten Drive Closter, NJ 17624-2115 Tel: (201) 767-8022 Fax: (201) 767-9124 Contact: Edwin Posh (ext. 106)	US importer and wholesaler/distributor of baking ingredients, nuts, spices and starches including native potato, tapioca, arrowroot, sage, rice and modified starches. Serving food processors and food service suppliers. According to Mr. Posh, the company has discontinued its purchases of allspice.
2. Morris J. Golombeck 960 Franklin Ave Brooklyn, NY 11225-2499 Contact: Zeb Tel: (718) 284-3505 Fax: (718) 693-1941	US processor, importer, and exporter of herbs and spices, including basil, cassia, cayenne, garlic, ginger, paprika, allspice, etc. US market is neither promising nor oversupplied. The company imports from Mexico, Guatemala, Honduras and Jamaica. The country of origin depends on price and customer requirements, but they typically purchase early in the crop season (August-September) to avoid rising prices.
3. Wm. E. Martin & Sons Co., Incorporated Spices 9341 170 th Street Jamaica, NY 11433 Contact: Spencer Tel: (718) 291-1300 www.martinspices.com	Importer, exporter and distributor to the spice trade, bakery trade and food industry; supplies entire U.S. market and export worldwide. Deals in spices, herbs, seeds, dehydrated onion, garlic, parsley other vegetables. Do distribute whole and ground allspice. Allspice is typically procured from Mexico due to its low price, large available quantity and option for product sterilization. Price estimates for whole allspice from Mexico during the 2011 crop season (i.e. August-September) equaled \$2.45 per pound. An additional \$.15 per pound for sterilization treatment is available. Whole allspice from Guatemala is \$.20 more per pound in comparison to Mexican allspice and sterilization is not an option. In general, allspice from Jamaica is more expensive than Guatemalan or Mexican allspice. Ground allspice is available for purchase, but only from after the crop season.
4. Badia Spices 1400 NW 93 rd Ave Miami, FL 33172-2923 Contact: Chuck McDuffy Tel: 850-450-5490 Company Tel: (305) 629-8000 Fax: (305) 629-8100	US processor and exporter of herbs, spices, and seasonings. Purchases of whole or ground allspice are available from Jamaica, Honduras and Mexico.

Allspice Prices

Table 3: Average Allspice Prices (CIF) US\$ per MT from June 2010 to July 2011

Country	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11
Jamaican	3500	3500	3609	4291	4657	5334	6050	6618	7545	7904	8200	8200	8200
Mexican	3550	3470	3264	3073	3057	3370	3800	3948	4220	4370	4500	4457	4450
Guatemalan & Honduran	3600	3536	3491	3900	3924	4145	4500	4650	5030	5352	5700	5700	5700

Source: The Public Ledger