



USDA Food for Progress Questions

ASTA appreciates the opportunity to provide feedback to the USDA Food for Progress Program on its request for information on potential investment opportunities to expand the global trade of spices.

ASTA was established in 1907 and is the voice of the U.S. spice industry in the global market. Its members include companies involved in all aspects of the spice trade – importing, growing, processing, and marketing at the wholesale and retail levels. ASTA works to ensure the supply of clean, safe spices, shape public policy on behalf of the global industry and advance the business interests of its members. ASTA represents its members' U.S. interests by supporting regulatory compliance and maintaining relationships with U.S. agencies.

(1) If price volatility is related to shortages in global supply, how can USDA best support the availability of selected spices (i.e., black pepper, cardamom, cinnamon, cloves, nutmeg, mace, and vanilla) and other complementary spices in the market?

There are a range of reasons that contribute to global shortages of spices, including climate conditions, natural disasters, political instability, and economic development. One of the price drivers for spices is the lack of geographic diversity in origin. The increased prevalence and severity of natural disasters in a given and specialized origin can create major supply shortages and drive significant price spikes. Spices that are typically a single, or of limited, origin are particularly vulnerable to fluctuations in the global supply of that crop. For example, vanilla is largely sourced from a single origin, which has recently been decimated by natural disasters and has had volatility in its supply. The USDA could consider programs to develop new origins for several iconic spice crops thereby improving the total volume of global supply and reducing the risk of catastrophic loss of supply for protracted periods.

Another factor that can influence the supply of spices is economic development in countries where spices originate. As countries develop economically the supply of spices from that origin may decrease. One reason for this is that fewer farmers may be interested in growing spices in countries with a growing middle class. The growing middle class often does not want to continue to work at a farm or collection level. For example, cinnamon in Indonesia grows in the wild and can be foraged and sold as a supplemental source of income, but now less people are interested in going out to cut the trees. Likewise, cinnamon stick rolling in Sri Lanka is a skilled but undesirable job, and fewer locals are interested in it.

Shortages can also result in higher likelihood of economically motivated adulteration, which is a significant concern for the spice trade. ASTA supports opportunities to increase the availability of clean, safe spices that meet U.S. regulatory and quality standards. In particular, ASTA would



recommend that USDA invest in the diversification of the origins of spices, where possible, to support maintaining a sustainable supply.

(2) How are climatic trends affecting global sourcing strategies for selected spices? What natural resource constraints affect the production, productivity, quality, and trade of spices worldwide?

This is an area that the spice industry is very concerned with and has also has a significant interest. In fact, this will be a topic of discussion at ASTA's upcoming annual meeting. At this time, ASTA is not aware of much work that has been done in the space specifically as it related spices. Anecdotally, it seems that increasing incidence of natural disasters, floods, and droughts are impacting spice growing regions at a greater rate. These scenarios lead to challenging sourcing strategies and price volatility for the industry.

(3) What are the major constraints producers face in meeting international norms and standards for the export of selected spices? How does consumer demand for premium certifications affect international prices offered at farm gate and at retail outlets? What is being done to meet consumer demand?

Many spice farmers are small-scale operations and may not necessarily be aware of the end country of use. The lack of global harmonization of regulatory requirements leads to challenges for farmers' understanding and ability to comply with differing requirements. Increased populations and demand in developing countries may lead to facilities shipping a larger volume to those countries rather than current customer countries.

Regulations that present challenges for entry into the United States include the Food Safety Modernization Act, noxious weed seed control, and pesticide residue tolerances. Farmers in developing countries would benefit from education and support to meet these regulations.

Additionally, there are many certifications for which farmers and producers must invest extra time and money (e.g. organic, rainforest alliance, fair trade, etc.). There is a lack of certainty for farmers as to whether these certifications will yield higher premiums. For example, farmers may find neighbors are getting the same price premium for their non-certified products during periods of high prices. Farmers would benefit from additional education and support to meet these certifications.

Opportunities to improve traceability in spice supply chains would benefit the spice industry as it relates to compliance with regulatory requirements and also with the verification of certification standards. Furthermore, investment in training to help farmers meet regulatory standards in the U.S. including preventive controls qualified individual trainings, integrated pest management, and general information about U.S. rules and regulations would help increase the number of viable suppliers for the U.S. industry. There may be opportunities to partner with



existing organizations such as the GMA Science and Education Foundation and the Food Safety Preventive Controls Alliance to expand training opportunities for spice farmers.

(4) Emerging Opportunities: What are some possible strategies or solutions, from your perspective as a Food for Progress stakeholder, to advance the global trade in spices?

ASTA supports USDA Food for Progress program investment in the creation of new origins for spices where there are shortages or demands in the spice market. New origins must compete with established origins who already have the infrastructure set up with processing, treatment, certification and a trained workforce. The barrier of entry of a new origin is high, but the potential payoff resulting in a more sustainable supply would benefit the global spice market.

Food for Progress could support increasing productivity on existing farms when possible, as well as increasing farmer incomes from the same land. The USDA could consider expanding the use of their Agriculture Extension expertise to improve the farming techniques of smallholders. Large scale agricultural development is challenging on 1-3 acre farms yet, the introduction of modern farming techniques would drive yield improvements and increase incentive for farmers to take on large plots and maintain spice crops as profitable enterprises. For example, training and support for diversification of crops and moving to multi-cropping would allow farmers to collect dual incomes. Additionally, research into climate resistant crop types would benefit the global spice industry.

Organic spice development in producing countries and strengthening the U.S. National Organic Program to effectively create global organic spice production is another desirable opportunity. The USDA Food for Progress program could help support producer guidelines and local organic enforcement. This could be encouraged by providing clear expectations on what the organic program for spices should include and how international growers or associations can take effective measures to ensure that the local organic supply chain is strong.