

2015

Bakery & Frozen Bakery Market in the USA

Market Analysis & Consumer Trends

1

Produced by

TRADE USA
Exploring Opportunities™



A Project of



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At a Glance

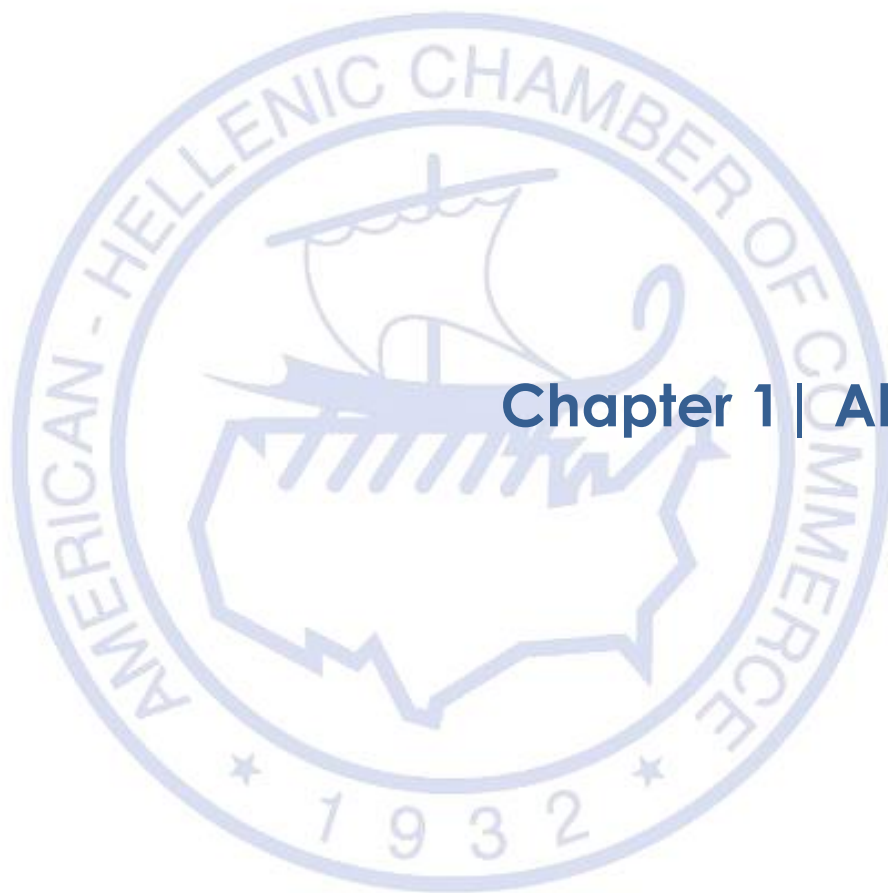
In recent years, the market for bakery and related products (such as snack bars and biscuits) has steadily grown, both in the US market and globally. This report presents an overview of the US bakery market which has grown at a steady rate of 3% annually between 2006 and 2012, reaching a value of \$110 billion. During this period, national production levels, as well as the development of stronger trade relationships have been encouraged, in order to satisfy increased consumer demand and consumption.

The international landscape and the bilateral trade patterns between the US and its diverse suppliers, suggest that the majority of the imported products originate from the neighboring countries of Canada (approximately 60%) and Mexico for the majority of the bakery product categories. Chile and the European Union countries (specifically Italy, Germany and France) are also amongst the main importers, particularly for bread, pastries, cakes and biscuits which are already prepared. Amongst the Asian economies China and Korea also contribute to the US importing market for malt extract; food preparations of flour, groats, meal and starch.

Consumer trends are also examined. They suggest that one of the main reasons for the steady growth of this particular market even during the recent years of the economic recession and uncertainty is our modern lifestyle. Increased pressure and less free time, has led consumers to snack, rather than to eat a fully balanced meal during their daily routine. This trend is further enforced by the wide variety of products available and easy access at small local shops and large hypermarkets.

Even though initially exporting to the US may seem like a complex and discouraging procedure with significant barriers to entry, the US market surely presents a unique opportunity for potential exporters to expand and further develop their business. As long as the necessary steps have been precisely followed, such as registration with the Food and Drug (FDA) Administration and in-depth research of the targeted market and its consumer trends has been carried out, the US market presents an ideal opportunity for the traditional Greek bakery products exist and will be enhanced, as the negotiations of the Trans-Atlantic Trade and Investment Partnership (TTIP) advance.





Chapter 1 | About

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1.1. Bakery Products

Bakery products are defined as an aggregate of bread, backed desserts and fresh pastry and biscuits, snacks and preserved pastry (Euromonitor International). The US Bureau of Labour Statistics states that bakery products include the following categories:

- **Bread & bread products**
- **Crackers**
- **Cookies**
- **Biscuits and rolls**
- **Cakes & cupcakes**
- **Pies & tarts**
- **Sweet rolls**
- **Waffles & wafers**
- **Doughnuts**
- **Frozen and refrigerated bakery products: cookies, bread and cake dough batter and related products**

According to the International Trade Center (ITC), the products fall under the category:

HS Code 19 - Preparations of cereals, flour, starch or milk; pastry cooks'

Products

- Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40 % by weight of cocoa

&

- Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products



1.2. Harmonizing (HS) Codes

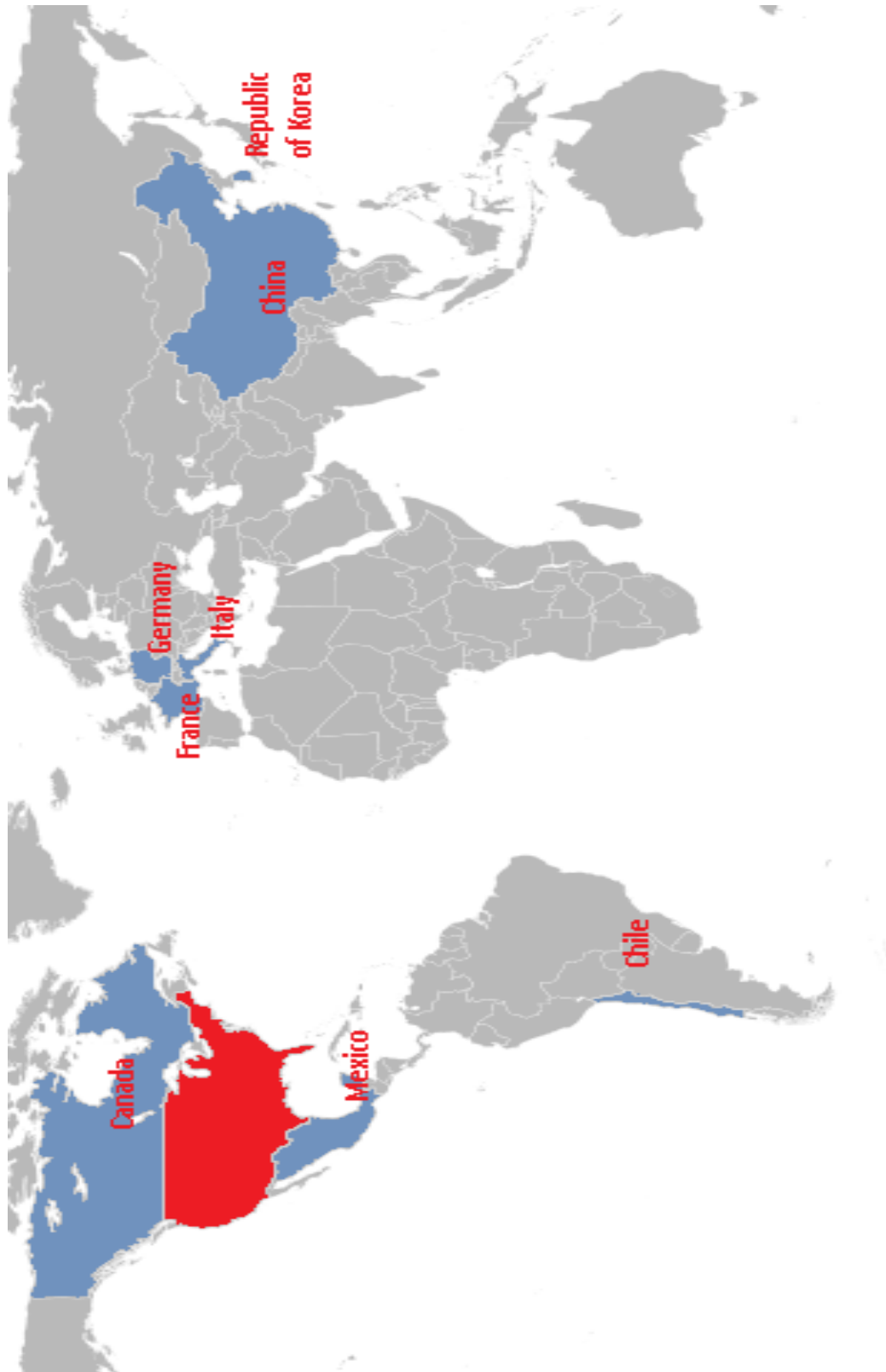
This report analyzes the main two categories and their sub-codes of bakery products described below, as defined by the International Trade Center (ITC).

HS Code	Product Label	Major Exporting Countries
1901	Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 04.01 to 04.04, not containing cocoa or containing less than 5 % by weight of cocoa calculated on a totally de fatted basis, not elsewhere specified or included.	Canada, Mexico, China, Chile, Korea
1901.10	Preparations for infant use, put up for retail sale	
1901.20	Mixes and doughs for the preparation of bakers' wares of heading 19.05	
1901.90	Other	
1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products.	Canada, Mexico, Italy, Germany, France
	Crispbread	
1905.10	Gingerbread and the like	
1905.20	Sweet biscuits, waffles and wafers	
1905.30	Sweet biscuits	
1905.31	Waffles and wafers	
1905.32	Rusks, toasted bread and similar toasted products	
1905.40	Other	
1905.90		
Source: International Trade Center (ITC)		

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Figure 1 presents the top exporting countries of the above HS Codes to the US supply market for the given period 2011- 2015, in order to satisfy domestic demand and consumers trends. The following chapter analyzes their bilateral trade patterns with the US and summarizes the main insights.

Figure 1: Major Exporting Countries to the US Supply Market for Bakery Products



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Chapter 2 | International Competitive Landscape

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2.1. US Market Overview

Between 2006 and 2012 the market value for bakery products grew at a steady rate of 3% annually. Overall during the six year period the market grew by 18% and reached a value of \$110 billion.

- The market consists of a small number of large highly concentrated companies, accounting for 73% of total turnover
- In 2012 there were 8,600 firms in the industry, while small players consisted of 80% of the market but generated only 6% of the domestic production revenue in the same year
- The steady growth rate is partly due to the fact that bakery products are considered necessity goods and therefore have an inelastic demand
- Households remain the primary consumers and account for 86% of the total market according to Euromonitor
- Public administration, defense and social security, restaurants, bars and canteens and the retail industry account for the respective 4%, 3% and 3% of demand
- Between 2006 and 2012 these groups of consumers increased their spending on bakery products:
 - Public administration, defense and social security – 39% increase
 - Restaurants, bars and canteens – 29% increase
 - The retail industry – 15% increase
- New product introductions (offering health benefits to consumers) and product extensions of existing lines are essential for the growth of the matured market
- Healthy bakery products niche market is expected to boost the overall market value in the coming years and contribute to developing a healthy lifestyle
- Competition is mainly from private label products such as branded bread and biscuit products
- Bread, baked deserts and fresh pastry present the generate 51% of the local earnings
- Over 50% of sales come from biscuits, snack and preserved pastry
- Only 6% of consumption comes from imported goods, 98% of which are biscuits, snacks and reserved pastry, mostly imported from Canada and Mexico

2.2. Malt extract, food preparations of flour, meal,

starch or malt extract

Even though overall imports to the US have increased during the past six year period, the short shelf life of bakery products, discourage and limit foreign trade in this industry.

The total imported value from the world has steadily grown during the past years by over \$100,000 thousands, a value which is approximately equal 32% during the time period 2011 – 2015.

Table 1: Imported Value by Country to the USA

HS Code: 1901 (Malt extract; food preparations of flour, meal, starch or malt extract)

Unit: thousands of US\$

Exporters	2011	2012	2013	2014	2015
World	525,602	576,292	653,224	675,864	694,403
Canada	357,490	389,428	447,822	452,515	438,455
Mexico	36,111	36,647	34,781	29,267	30,660
China	10,510	9,415	14,806	20,591	23,610
Chile	4,540	4,921	5,135	13,187	19,221
Republic of Korea	6,821	8,801	10,867	14,247	17,556
Source: International Trade Center (ITC) calculations based on UN COMTRADE statistics					

The countries which are found amongst the top competitors are from Asia but mainly neighboring North and Latin American markets. In 2015 Canada captures 63% of the total importing market share, with a monetary value of \$438,455 thousands. Mexico is the second largest importing market to the US with an imported value of just 4% of the total market, followed by China.

Both Chile and the Republic of Korea capture a percentage smaller than 3% (2.7% and 2.5% respectively). It is interesting to note that during the given period, the markets which have shown a steady growth are Korea, Chile and China. Mexico on the other hand has an unstable pattern and overall has an unstable pattern and a decrease of 22.6% compared to that of 2011.

Table 2: Imported Quantity by Country to the USA**HS Code:** 1901 (Malt extract; food preparations of flour, meal, starch or malt extract)**Unit:** tons

Exporters	2011	2012	2013	2014	2015
World	241,138	247,939	274,538	288,235	290,272
Canada	175,203	175,233	195,597	197,874	193,651
Mexico	18,113	18,953	16,776	17,581	18,073
China	6,219	5,098	8,973	13,077	13,487
Belgium	2,858	3,970	4,806	6,368	6,227
Republic of Korea	3,308	3,984	4,666	5,428	6,155

Source: International Trade Center (ITC) calculations based on UN COMTRADE statistics

Examining the respective quantities for the given period measured in tons, Canada again is the primary importer in terms of quantity with 34% of the total market share.

Mexican imports have remained stable in terms of quantity for the given period

China has increased its exported quantity to the US by 116.9%

Belgium has increased its exported quantity to the US supply market by 117.9% between 2011 and 2015.

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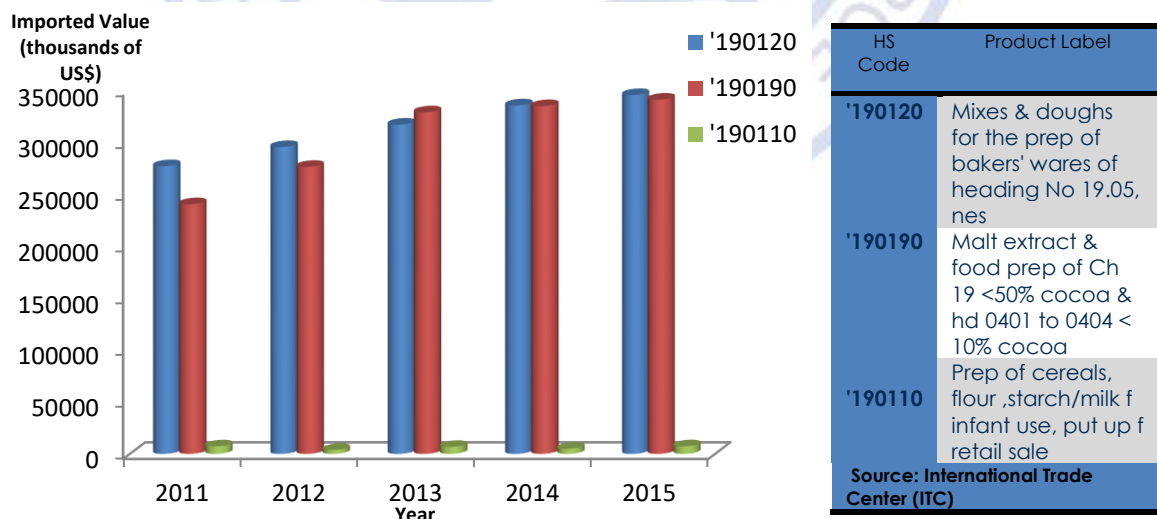
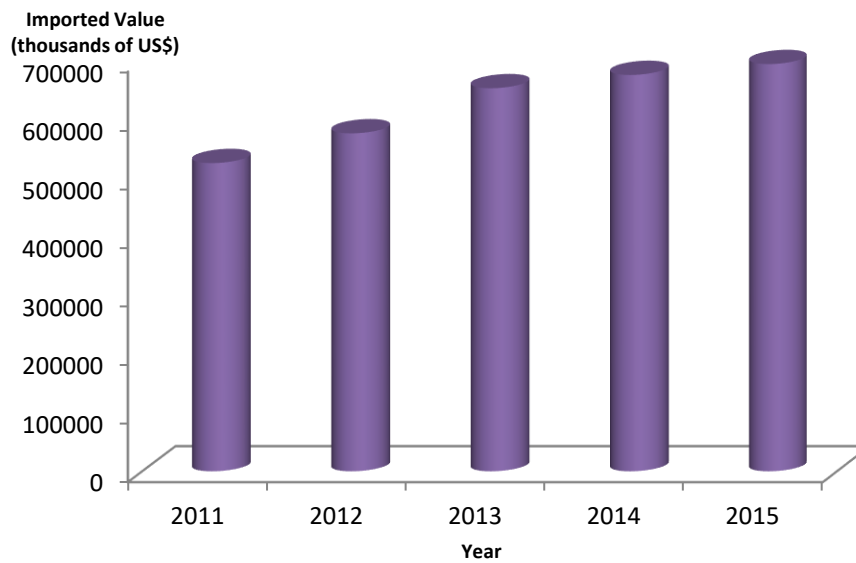
Figure 2: USA Imported Value for HS Code 1901 (2011 - 2015)**Source:** Trade USA- US CENSUS BUREAU – UN COMTRADE

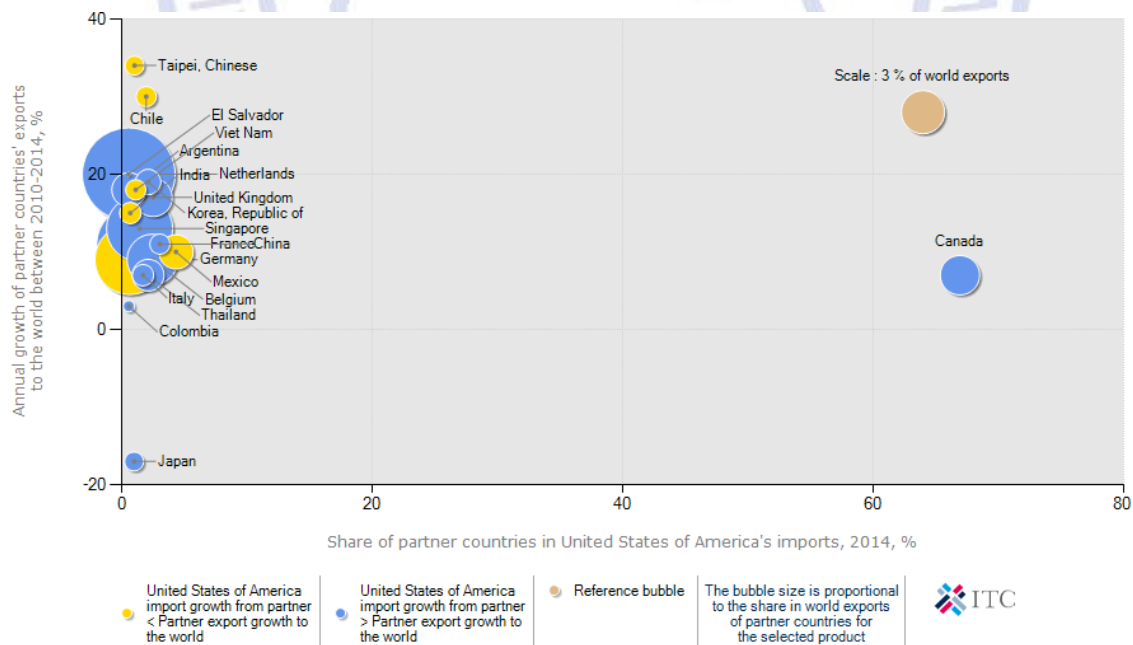
Figure 3: Total Imported Value for HS Code 1901 (2011 - 2015)



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

The diversification of suppliers is the presented in figure 4 and indicate China's leading position in the market, for which mixes and doughs are the most highly imported product of the category, closely followed by malt extracts and food preparations.

Figure 4: Diversification of Suppliers HS Code 1901 (2014)



Source: International Trade Center (ITC)



Canada



The Canadian market is the most dominant player in the US supply market for HS code 1901. The US is the primary importing 97% of Canada's exports, followed by Indonesia, Mexico and Chile, all of which have relatively insignificant proportions of the exporting market. Two major influential factors, apart from the geographical position which reduces transportation costs significantly, and which encourage trade within this industry are the existing free-trade agreement between USA and Canada (NAFTA) and the short life of bakery preparations (apart from frozen products).

Table 1: Exported Value by Country from Canada to the USA

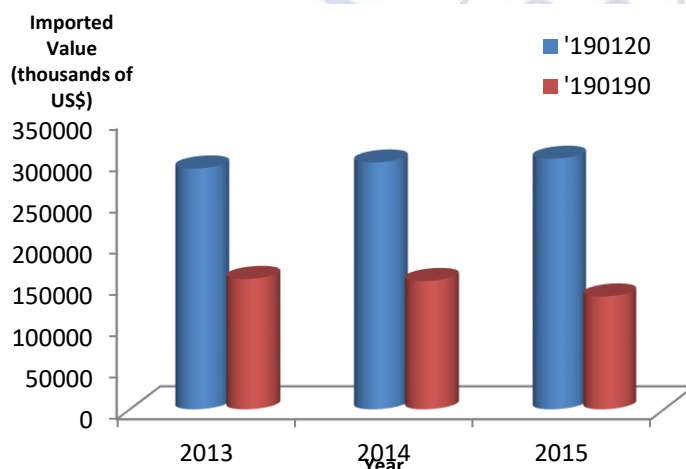
HS Code: 1901 (Malt extract; food preparations of flour, meal, starch or malt extract)
Unit: thousands of US\$

Importers	2011	2012	2013	2014	2015
World	410,792	438,433	502,668	505,518	464,556
United States	367,930	401,359	457,370	462,439	449,426
Indonesia	6,124	5,647	9,819	7,263	5,040
Mexico	284	1,325	1,430	358	2,261
Chile	175	192	325	1,743	1,849
Philippines	1,638	297	543	9,166	1,380

Source: International Trade Center (ITC) calculations based on UN COMTRADE statistics

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Figure 5: Bilateral Trade between USA and Canada HS Code 1901 (2013 -2015)

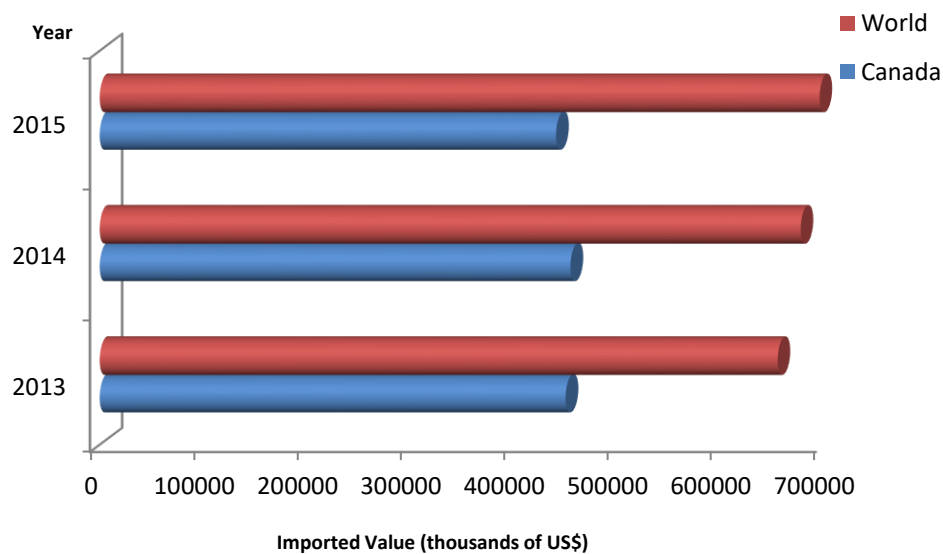


HS Code	Product Label
'190120	Mixes & doughs for the prep of bakers' wares of heading No 19.05, nes
'190190	Malt extract & food prep of Ch 19 <50% cocoa & hd 0401 to 0404 < 10% cocoa

Source: International Trade Center (ITC)

Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 6: USA Imported Value Canada vs. World HS Code 1901 (2013 - 2015)



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

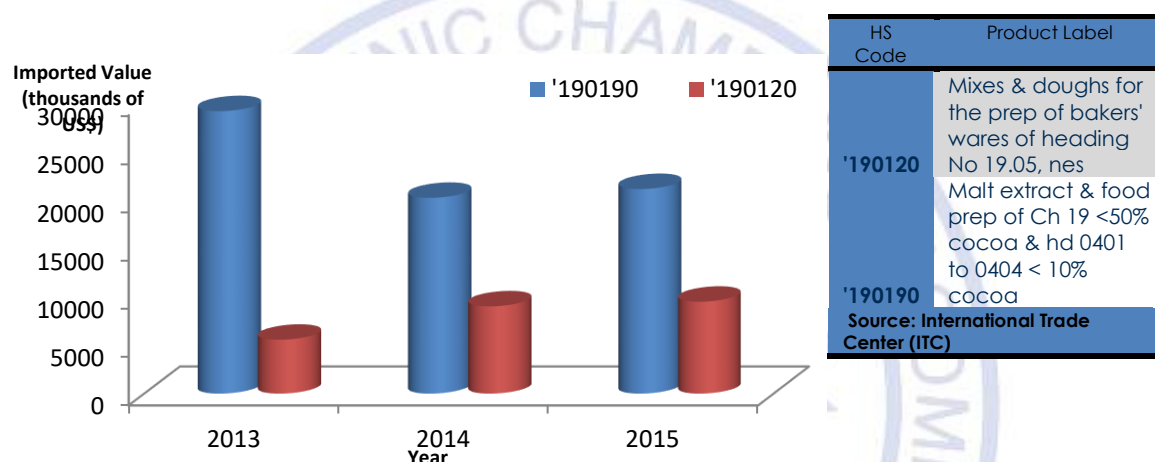
- **Mixes and doughs for the preparation of bakery products** under HS Code 190120 are the most highly imported product from Canada to the US market.
- **Malt extract & food preparations** are the second most highly imported products to the US market, with a comparatively lower imported value, reaching approximately \$150,000 in 2015.
- Specifically for HS code 1901 the proportion of imported value from Canada in comparison to that imported from the **world** overall exceeds **\$450,000**.

Mexico



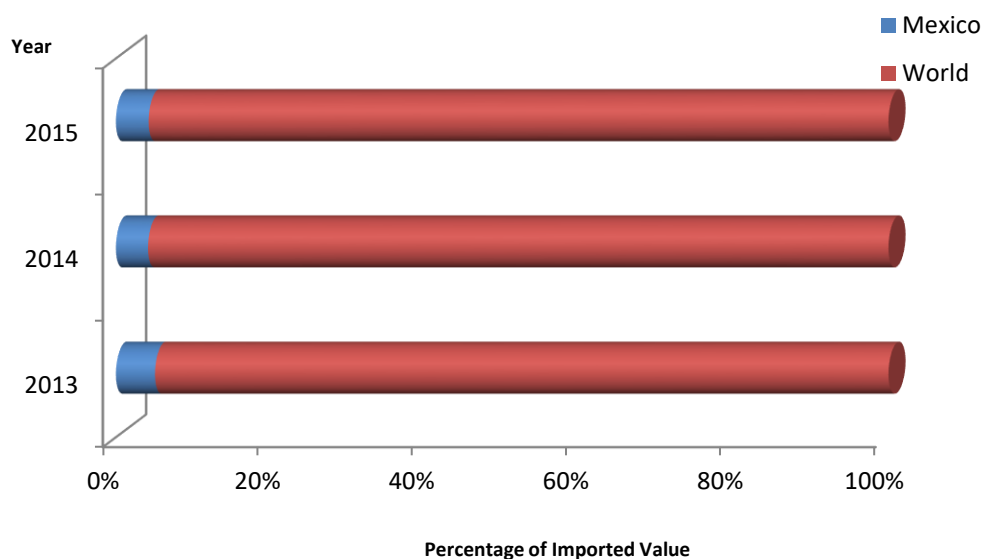
Mexico is also part of the NAFTA agreement and therefore is able to maintain the second position amongst the international competitors in the US supply market. It is interesting to note that the main product imported from Mexico is also HS Code 190120 (mixes and doughs for the preparations of bakery products). The imported value from Mexico however in relation to the total value imported is much lower than that imported from China.

Figure 7: Bilateral Trade between USA and Mexico for HS Code 1901 (2013 - 2015)



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 8: USA Imported Value Mexico vs. World for HS Code 1901 (2013 -2015)



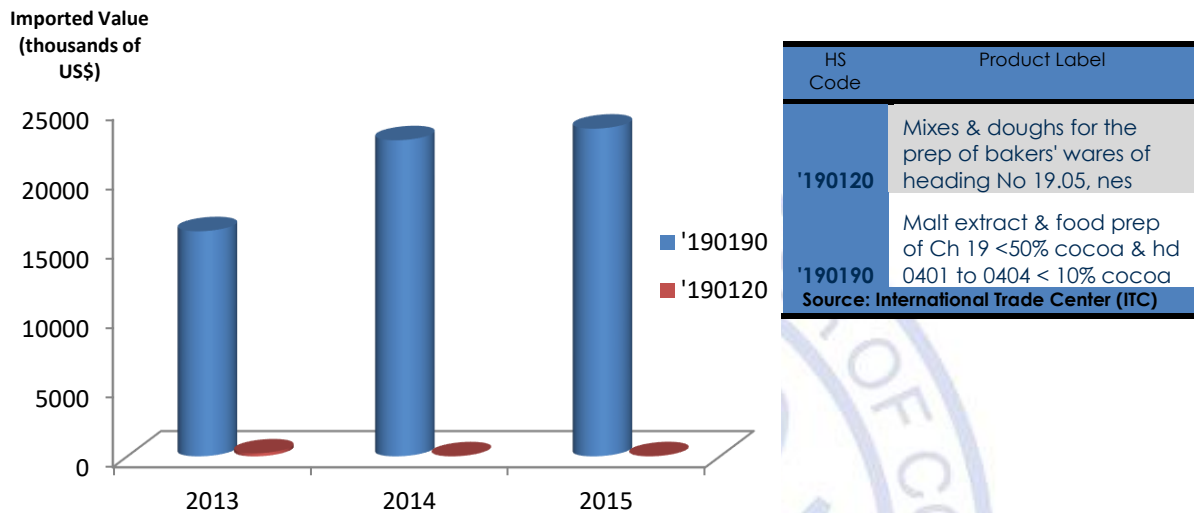
Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

China



China in 3rd place is the first Asian and non NAFTA player which holds a dominant position within the US market. Between 2011 and 2015 the Chinese exports to the US have increased by 125% while in 2015 China holds only 3,4% of the importing market.

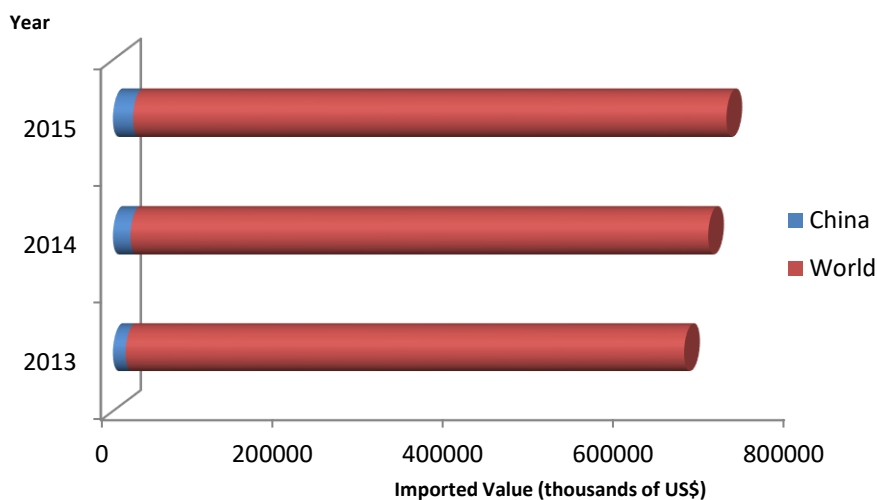
Figure 10: Bilateral Trade between USA and China HS Code 1901 (2013 - 2015)



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Additionally it is interesting to note, China manages to remain competitive with higher and more complex importing procedures by specialization and differentiating itself from the main competitors. China therefore relies on the exports of **HS Code 190190**.

Figure 11: USA Imported Value China vs. World HS Code 1901 (2013 - 2015)



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE



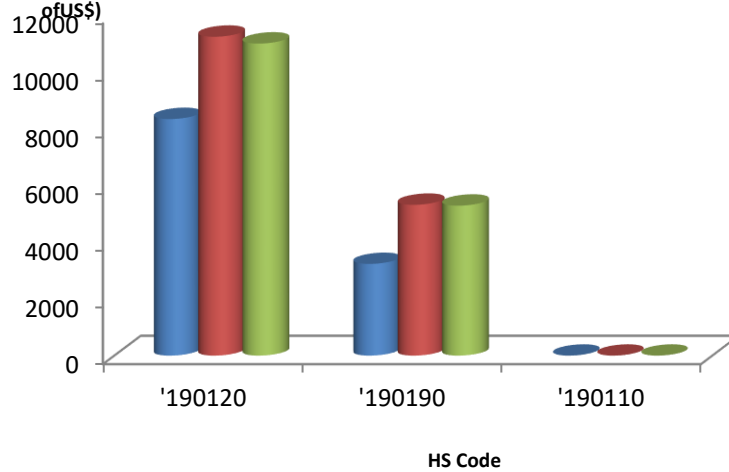
Belgium

Belgium is the only European economy found amongst the top five importing nations in terms of quantity. When measuring the imported value in monetary terms Belgium is not amongst the top players, suggesting that the US consumers are not yet ready to purchase a relatively unknown or different type of product. They may not be accustomed to different taste and are therefore do not have a high willingness to pay.

Figure 12: Bilateral Trade between USA and Belgium HS Code 1901

(2013 - 2015)

Imported Value
(thousands
of US\$)



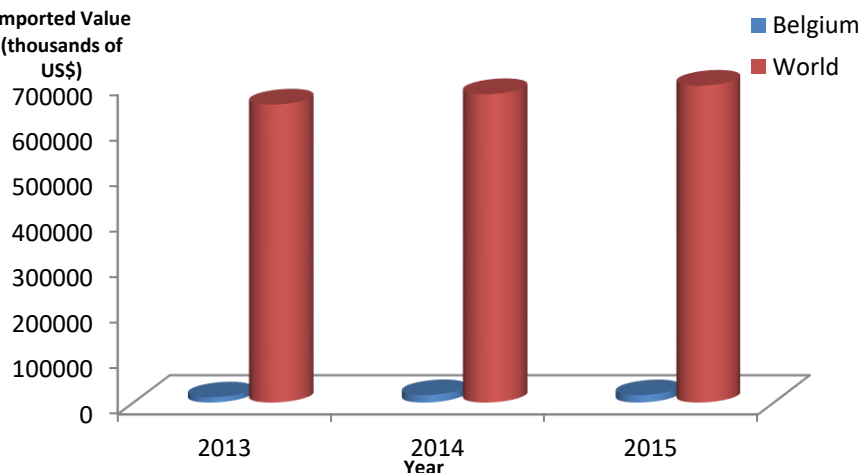
HS Code	Product Label
'190120	Mixes & doughs for the prep of bakers' wares of heading No 19.05, nes
'190190	Malt extract & food prep of Ch 19 <50% cocoa & hd 0401 to 0404 < 10% cocoa
190110	Prep of cereals, flour ,starch/milk f infant use, put up f retail sale

Source: International Trade Center (ITC)

Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 13: USA Imported Value Belgium vs. World HS Code1901 (2013 - 2015)

Imported Value
(thousands of
US\$)

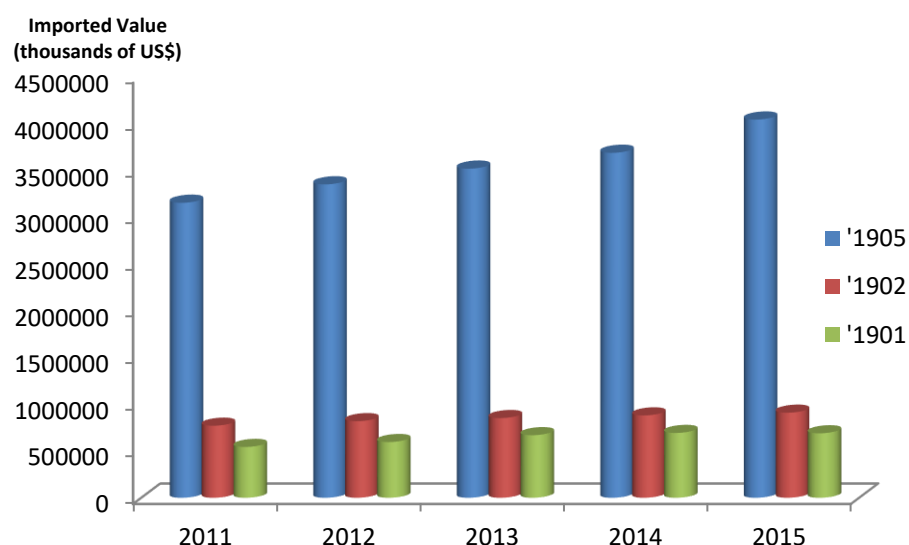


Source: Trade USA- US CENSUS BUREAU – UN COMTRADE



2.3. Bread, Biscuits, Wafers, Cakes and Pastries

Figure 14: Imported Value of HS Code 19 to the USA from World



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

The imported value of 1905 is approximately 6 times higher than that of HS Code 1901 and therefore potentially more opportunities

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A stronger European presence is identified, as well as a more diverse market structure. HS Code 1905 consists of products which are already prepared and therefore trade is potentially easier, with lower transportation costs when imported to the US market. Canada and Mexico are again the leading players, capturing in total 66 % of the importing market in 2015.

Table 3: Imported Value by Country to the USA

HS Code: 1905 (Bread, biscuits, wafers, cakes and pastries)

Unit: thousands of US\$

Exporters	2011	2012	2013	2014	2015
World	3,043,441	3,231,655	3,397,176	3,562,596	4,041,292
Canada	1,429,571	1,481,903	1,555,229	1,680,221	1,867,542
Mexico	603,464	669,330	682,112	667,097	798,966
Italy	112,041	120,514	118,175	128,829	157,959
Germany	109,206	117,762	128,189	130,112	126,467
France	49,735	58,512	67,472	82,947	102,195

Source: International Trade Center (ITC) calculations based on UN COMTRADE statistics

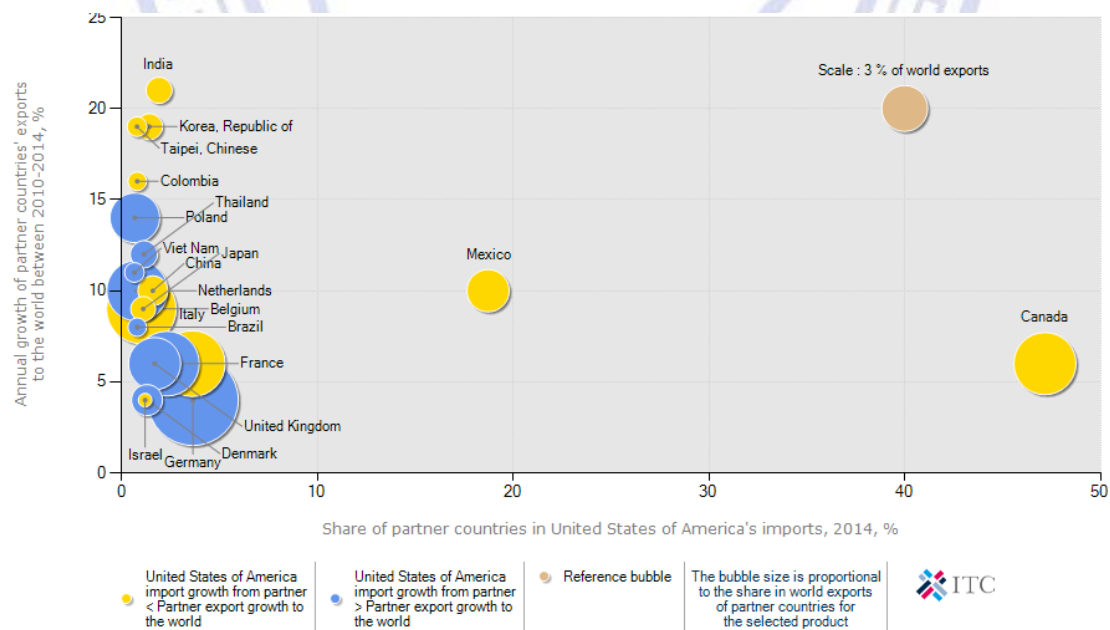
Italy, Germany and France capture the remaining 34%, with the latter expanding by 105% between 2011 and 2015. This trend suggests that there is extensive potential for new entrants and particularly for Greece which has a similar market structure with other European countries. Differentiated products under the same HS codes are a possible explanation for the development of this trend.

Table 4: Imported Quantity by Country to the USA					
HS Code: 1905 (Bread, biscuits, wafers, cakes and pastries)					
Unit: tons					
Exporters	2011	2012	2013	2014	2015
World	943,877	980,276	1,018,959	1,058,556	1,189,540
Canada	413,719	413,646	438,044	465,277	502,618
Mexico	264,552	282,357	283,158	287,563	356,833
India	23,252	27,014	28,683	30,386	33,525
Italy	22,677	24,674	23,241	25,996	31,651
Germany	25,594	27,539	29,522	29,370	28,222

Source: International Trade Center (ITC) calculations based on UN COMTRADE statistics

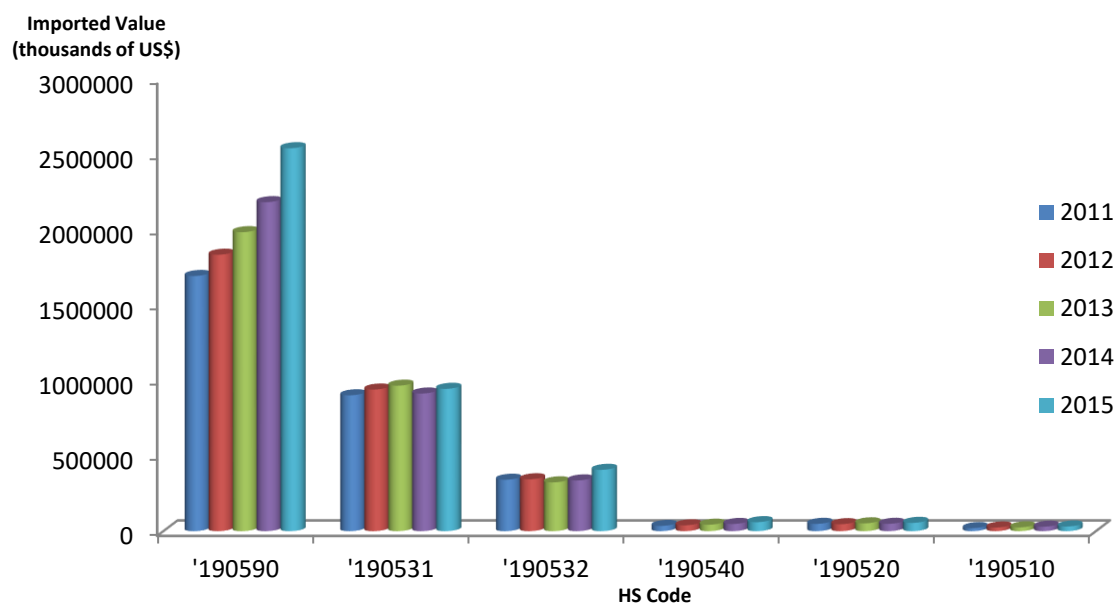
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Figure 15A: Diversification of Suppliers for HS Code 1905 in the USA (2014)



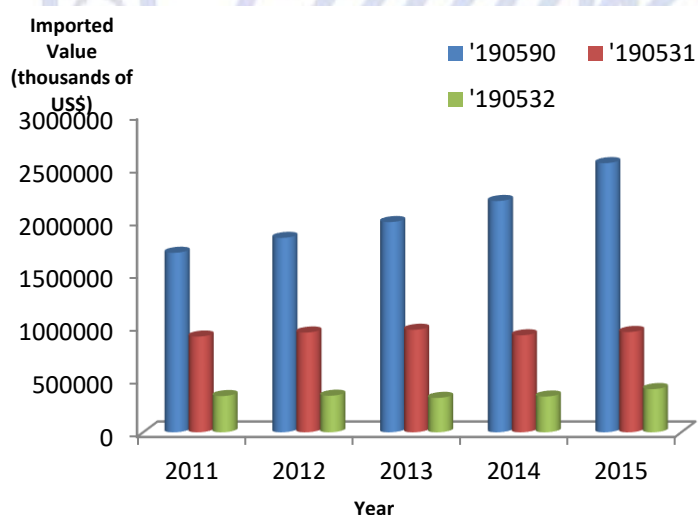
Source: International Trade Center (ITC)

Figure 16A: USA Imported Value for HS Code 1905 (2011 - 2015)



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 16B: USA Imported Value for Top 3 HS Codes 1905 (2011 – 2015)



HS Code	Product Label
'190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion ...
'190531	Sweet biscuits
'190532	Waffles and wafers
'190540	Rusks, toasted bread and similar toasted products
'190520	Gingerbread and the like
'190510	Crispbread

Source: International Trade Center (ITC)

Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Bread, pastry, cakes, biscuits under HS Code 190590 are the primarily imported category of products, followed by sweet biscuits and waffles and wafers for the five year period examined

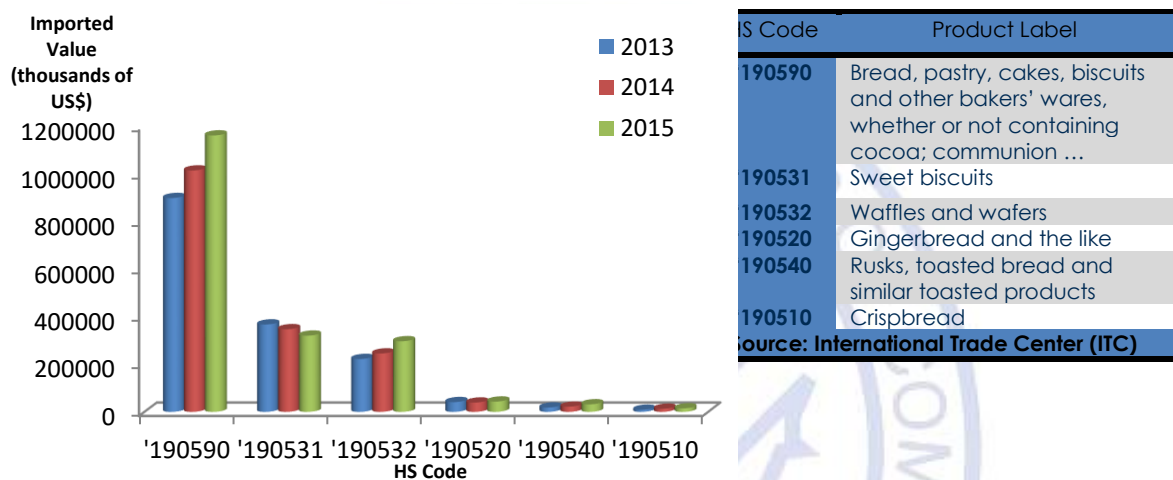


Canada



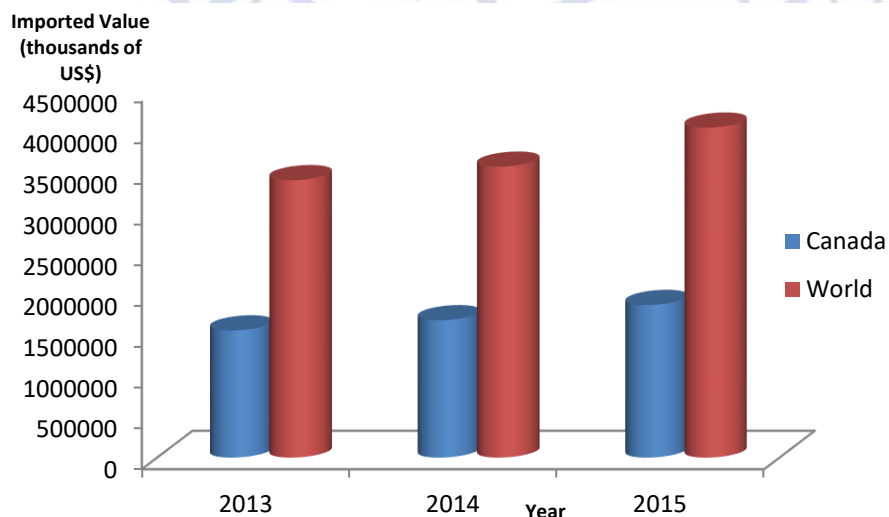
The Canadian importing market to the US has grown by 30,6% between 2011 and 2015, remaining in the leader of the market. HS Code 190590 presents an increasing trend during the past three years and in 2015 reaches a value of approximately \$1200,000. The imported value of sweet biscuits and waffles, wafers do not exceed \$400,000 for the same period. Gingerbread, rusks and crispbread are imported in limited quantities to the US supply market.

Figure 17: Bilateral Trade between USA and Canada HS Code 1905



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 18: USA Imported Value for HS Code 1905 Canada vs. World



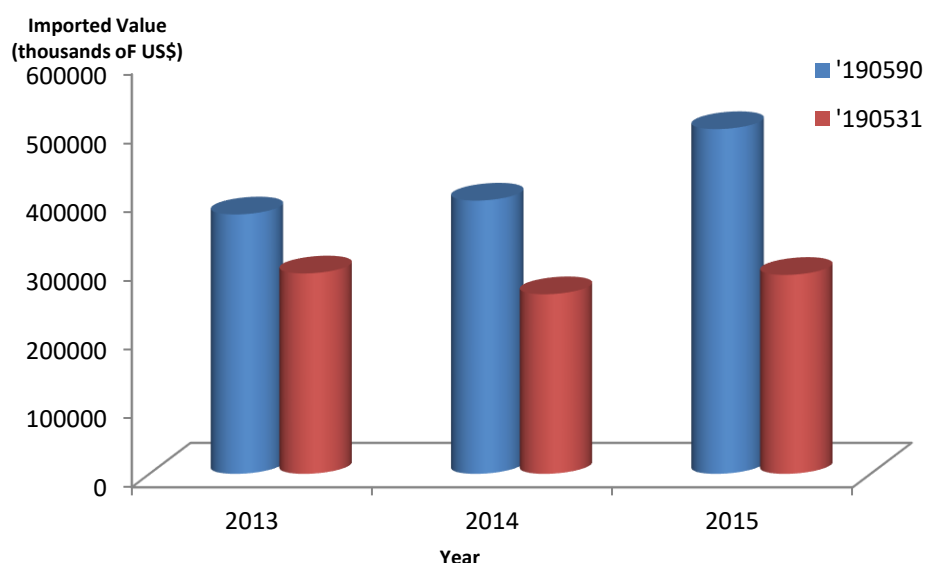
Source: Trade USA- US CENSUS BUREAU – UN COMTRADE



Mexico

A similar trading pattern is identified for Mexico who also holds the second position in this market. More specifically Mexico has grown by 32% in the examined period and in 2015 captures 20% of the US importing market.

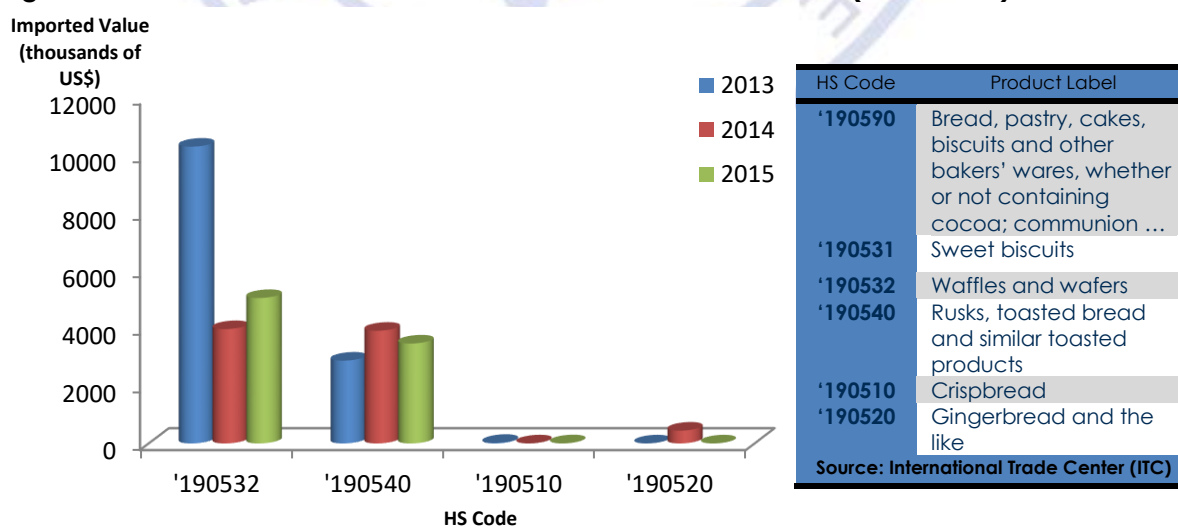
Figure 19: Bilateral Trade between USA and Mexico HS Code 1905 (2013 – 2015)



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Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 20: Bilateral Trade between USA and Mexico HS Code 1905 (2013 -2015)



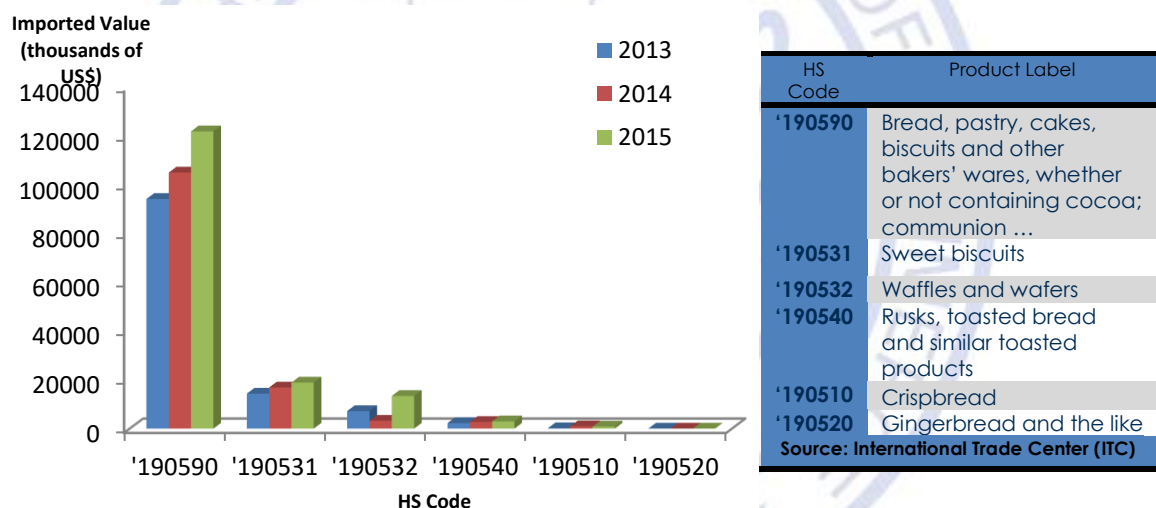
Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Italy



Italy is the leading European player in the US importing market for HS Code 1905 and therefore it is of particular interest to analyze its structure and to identify opportunities for less competitive countries. In monetary terms Italy captures just 3,9% of the total importing market suggesting that there is strong competitive with high barriers to entry. The bread, pastry and cakes, as well as the other products categorized under HS Codes 1905 vary in their ingredients and taste to those produced in North or Latin America. It is therefore expected that the targeted consumers are of a different nature (either of Italian decent or of have become accustomed to European/Italian tastes). According to the US Census Bureau Report there is an increasing number Italian in the US. New York, New Jersey, California, Pennsylvania and Florida are the states with the highest Italian population. Between 2011 and 2015 the Italian exporting market to the US grew by 40% in monetary terms and by 4 % in terms of quantity.

Figure 21: Bilateral Trade between USA and Italy HS Code 1905 (2013 – 2015)



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Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 22: USA Imported Value HS Code 1901 Italy vs. World (2013 – 2015)

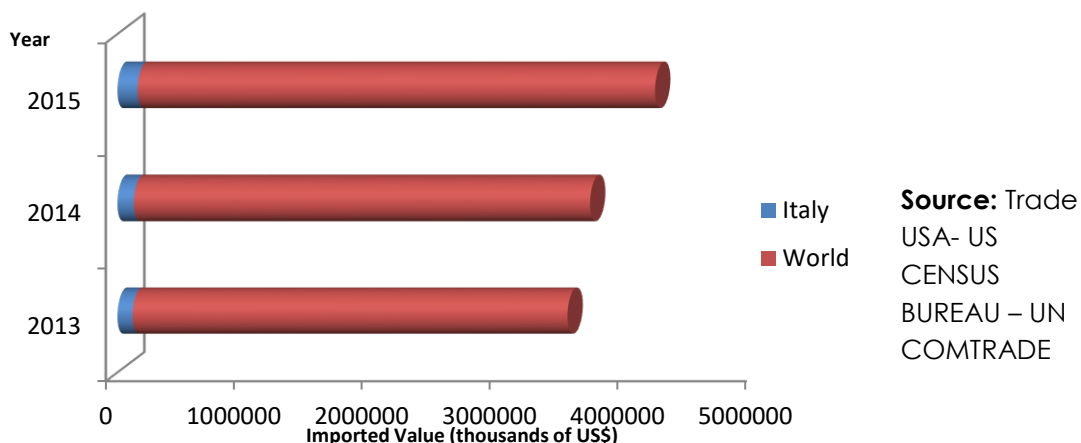
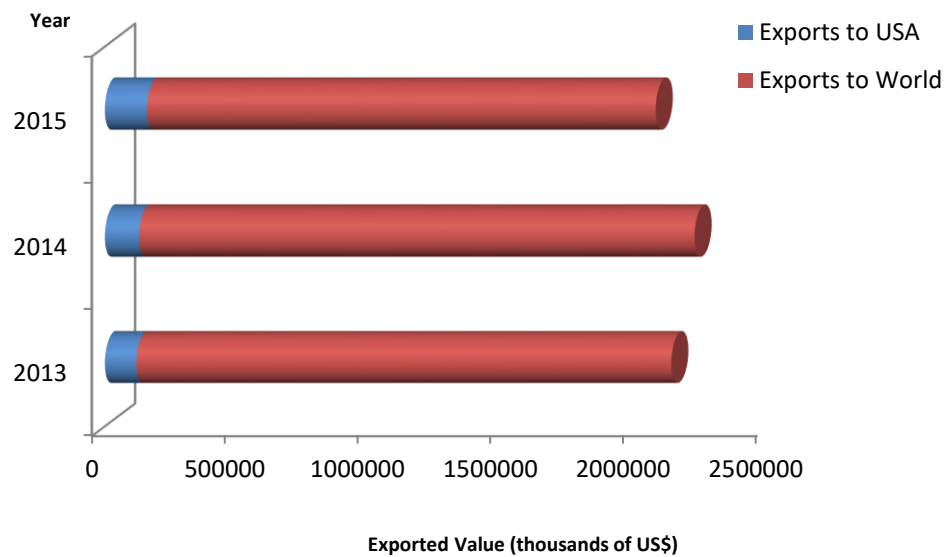


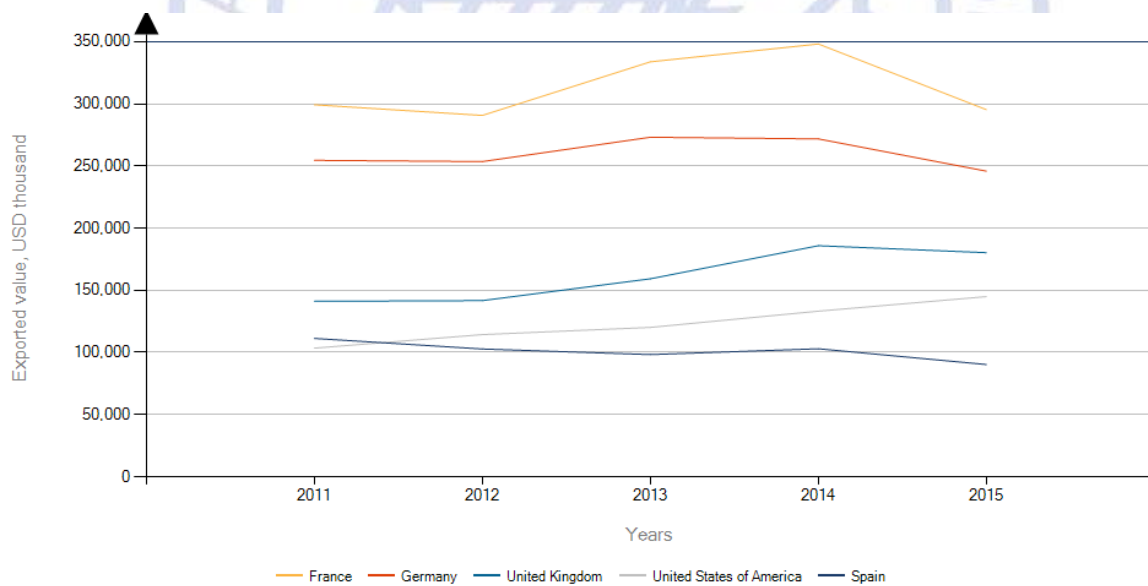
Figure 23: Italian Exported Value to the USA vs. World for HS Code 1905 (2013 – 2015)



Exported Value (thousands of US\$)

Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 24: Major Importing Markets from Italy HS Code 1905



Source: International Trade Center (ITC)

The US is the only non –European importing market found amongst the top 5

2.4. Key Findings & Insights



- The market for bakery products has grown by 3% annually between 2006 and 2012 and is forecasted to grow at a stable rate until 2019
- The US is the global leader and biggest markets of snack and bars, followed by China
- In 2015, 22% of global biscuit sales come from the US
- Mixes & doughs for the prep of bakers' wares is the primary importing product for HS Code 1901
- China is the only Asian economy that imports Malt extract; food preparations of flour, meal, starch or malt extract
- Canada and Mexico capture the greatest part of the importing market for both
- Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa;
- There is stronger European presence in the importing market for HS Code 1905, with Italy, Germany and France in 3rd, 4th and 5th place respectively
- Italy is the leading European player in the US importing market for HS Code 1905
- France has more than doubled its market share between 2011 and 2015 indicating that there is potential for the
- In 2015 biscuits and snack bars global market overtook chocolate confectionery and was the fastest growing snack category

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Chapter 3 | USA Market Analysis

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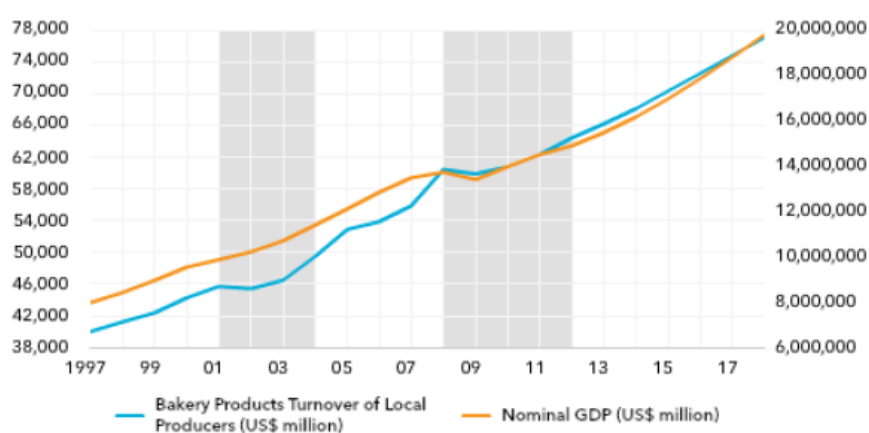


3.1. Domestic Market

Production of Bakery Products

Increased production in the US is a consequence of higher consumer demand which is continuously rising. The increase in demand is a result of numerous factors including health concerns amongst US consumers, who are becoming increasingly aware of the benefits of leading a healthy lifestyle. Figure 25 suggests that there is a close correlation between the level of production in the bakery products; industry and the nominal GDP for the period 1997 – 2018.

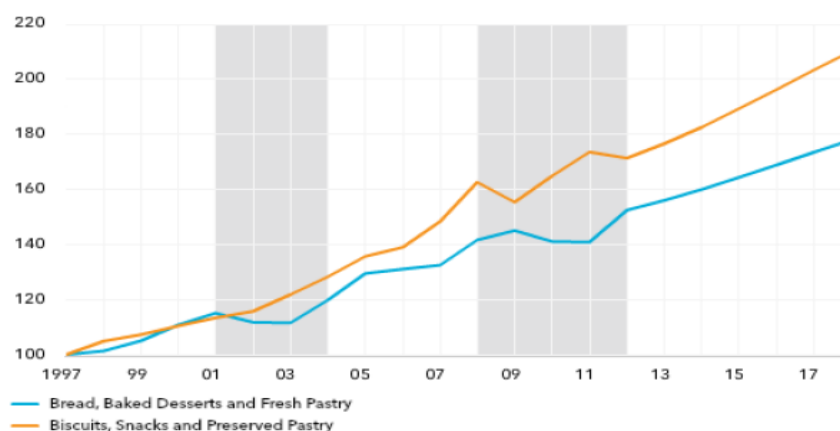
Figure 25: Production vs. Nominal GDP 1997 -2018



Source: Euromonitor International, 2012

Within the industry, the growth rates of the two sector bread, baked desserts and fresh pastry is compared with that of biscuits, snacks and preserved pastry. Overall during the examined period they are facing an upward growth pattern,

Figure 26A: Industry Sectors' Growth Rates 1997 -2017



Source: Euromonitor International, 2012

Figure 26B: Production Annual Growth Rate, by Sector 2008 -2012

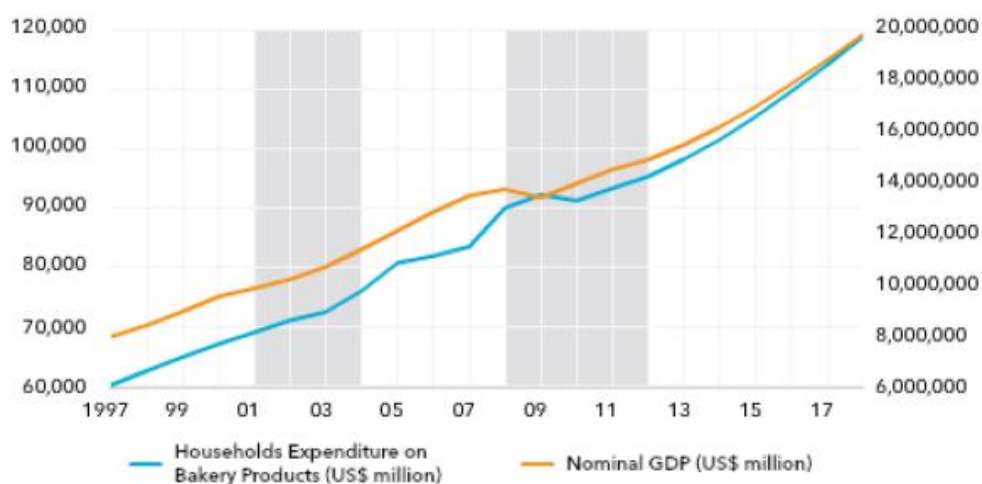
Percentage	2008	2009	2010	2011	2012
Bread, baked desserts and fresh pastry	6,9	2,5	-2,8	-0,2	8,2
Biscuits, snack and preserved pastry	9,6	-4,5	6,2	5,3	-1,3
Total	8,2	-0,9	1,5	2,5	3,4

Source: Euromonitor International, 2012

- The **US commercial bakery sector** is represented 2,400 companies and produce - frozen cakes, pies, and pastries.
- The **US retail bakery sector** is represented by 7,000 companies, which share a much smaller market and who sell locally or major metropolitan area. They specialize in more expensive products and serve a predominantly affluent market, although that pattern was changing in the early 2000s. Large grocery chains may also participate in retail baking when they bake bread, rolls, and cakes on the premises.
- **Household expenditure** in bakery products is increasing in line with the nominal GDP.

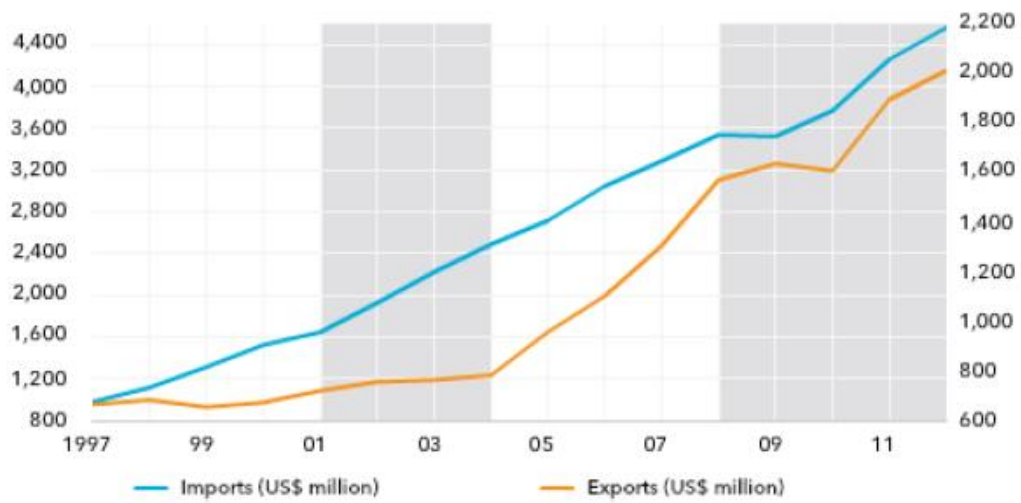
35

Figure 27A: Household Expenditure in Bakery Products vs. GDP 1997 - 2018



Source: Euromonitor International, 2012

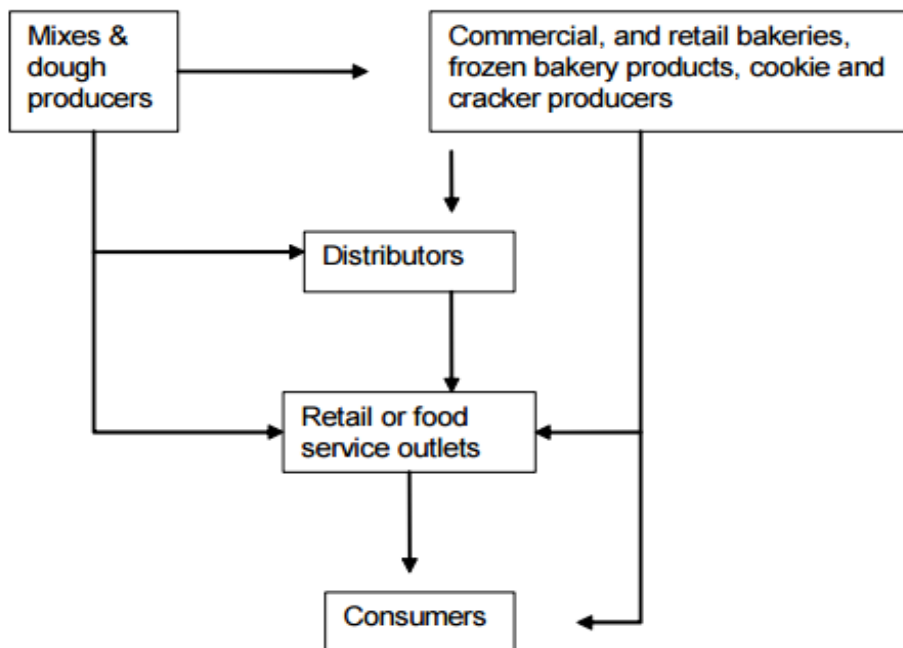
Figure 27B: Imports vs. Exports Growth (1997 – 2012)



Source: Euromonitor International, 2012

According to Euromonitor International official statistics, both imports and exports follow an increasing trend over the examined period, however imports remain steadily at a higher level. The major exporting countries and bilateral trade patterns are briefly summarized below.

Figure 28: Distribution Channels in the domestic market



Source: International Trade Commission, 2001

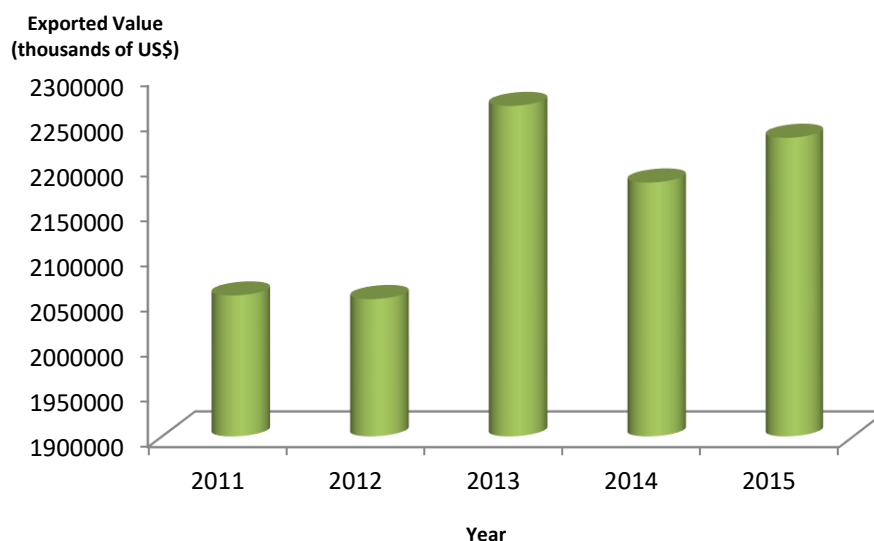
3.2. USA Market Exports to World

Exports of HS Code 1901

Canada is also the main importer of US bakery products. In 2015 it imported 42% of the total imported value to Canada and 12,3% to Mexico. The Asian markets are also amongst the importers of HS Code 1901 from the US. Together China and Korea import 10% of US total exports.

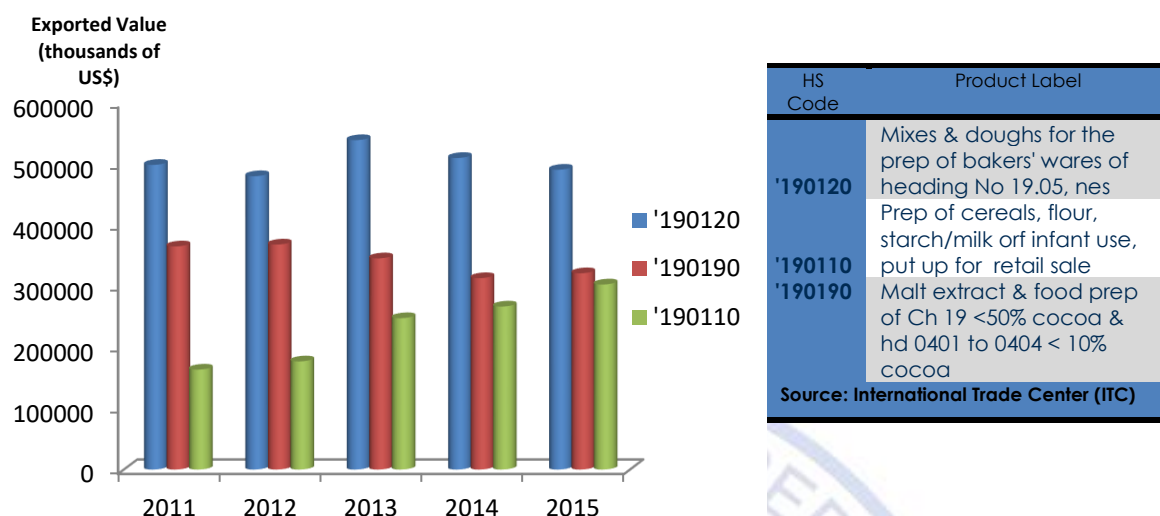
Table 5: Exported Value from USA by Country					
HS Code: 1901 (Malt extract; food preparations of flour, groats, meal, starch or malt)					
Unit: thousands of US\$					
Importers	2011	2012	2013	2014	2015
World	1,027,972	1,025,974	1,133,061	1,090,581	1,115,401
Canada	518,281	490,014	533,743	483,767	470,475
Mexico	90,251	93,284	123,405	131,660	136,994
China	35,928	48,859	21,594	22,409	45,290
Hong Kong, China	10,186	11,981	23,273	28,698	36,460
Korea	13,556	16,196	27,742	33,017	29,073
Source: International Trade Center (ITC) calculations based on UN COMTRADE statistics					

Figure 29A: USA Total Exports to World for HS Code 1901



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 29B: USA Exports to World for HS Code 1901



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

The overall exported value of HS Code 1901 to the world follows an increasing pattern between 2011 and 2015, with a marginal decreasing value in 2014.

Exported products under HS Code 190190 are steadily increasing in exported value i.e. Malt extracts & food preparations with less than 50% cocoa

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Exports of HS Code 1905

Exports of bread, pastry, cakes and biscuits under HS Code 1905 are also mainly exported to neighboring countries and Asia. The United Kingdom imports 2,3% of the US exported value, its presence has grown by 170% between 2011 and 2015.

Table 6: Exported Value from USA by Country

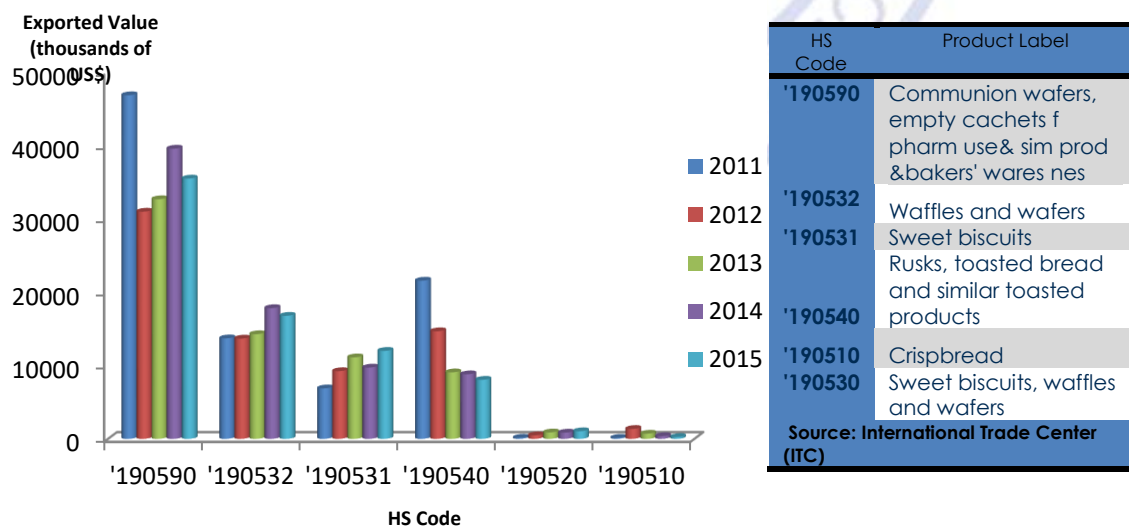
HS Code: 1905(Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion)

Unit: thousands of US\$

Importers	2011	2012	2013	2014	2015
World	1,560,886	1,820,213	1,982,126	2,058,819	1,984,227
Canada	931,076	1,055,520	1,142,918	1,216,584	1,179,693
Mexico	124,838	147,458	163,078	178,201	184,196
Japan	71,561	78,930	78,457	73,501	53,200
Korea	35,165	38,147	48,482	51,165	48,654
United Kingdom	17,057	27,777	38,250	33,559	46,203

Source: International Trade Center (ITC) calculations based on UN COMTRADE statistics

Figure 30: USA Exports to World for HS Code 1905

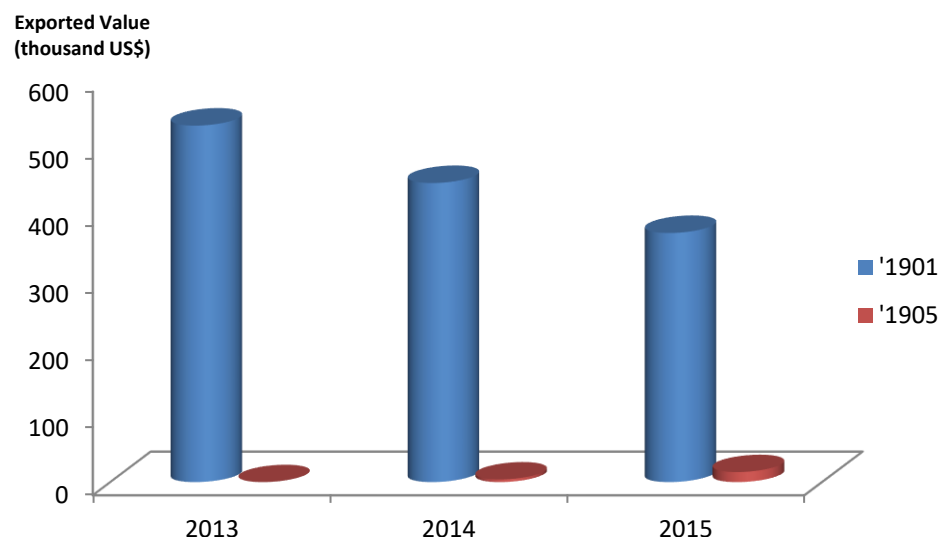


Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

3.3. Bakery Exports to Greece

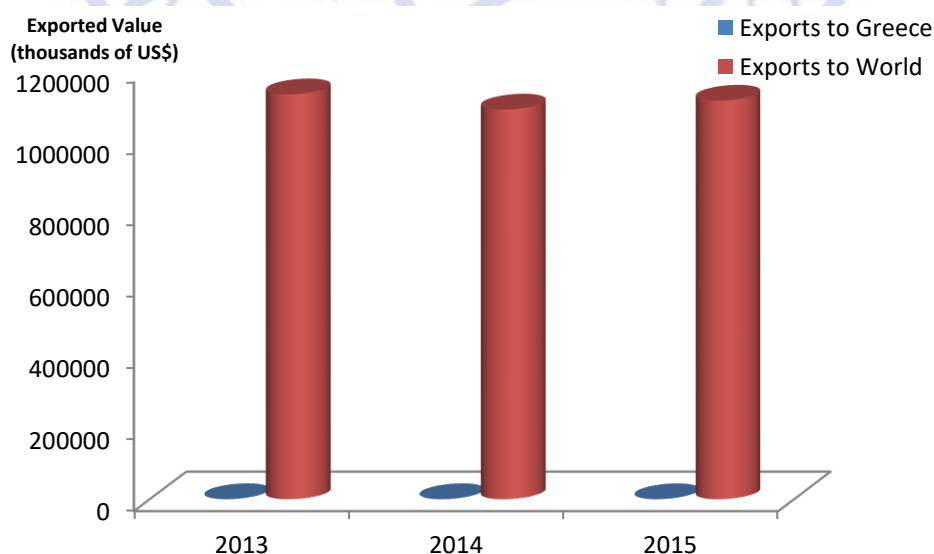
Greece is not amongst the top importing countries of US bakery products due to a number of factors including high transportation costs and trade barriers. However limited bilateral trade does exist as the figures below indicate. Trade is concentrated for HS Code 1901 which includes doughs and ingredients rather than the prepared products.

Figure 31: USA Exports to Greece for HS Code 1901



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 32: Exports to Greece vs. World – HS Code 1901



Source: International Trade Center (ITC)

Chapter 4 | Greek Market Analysis

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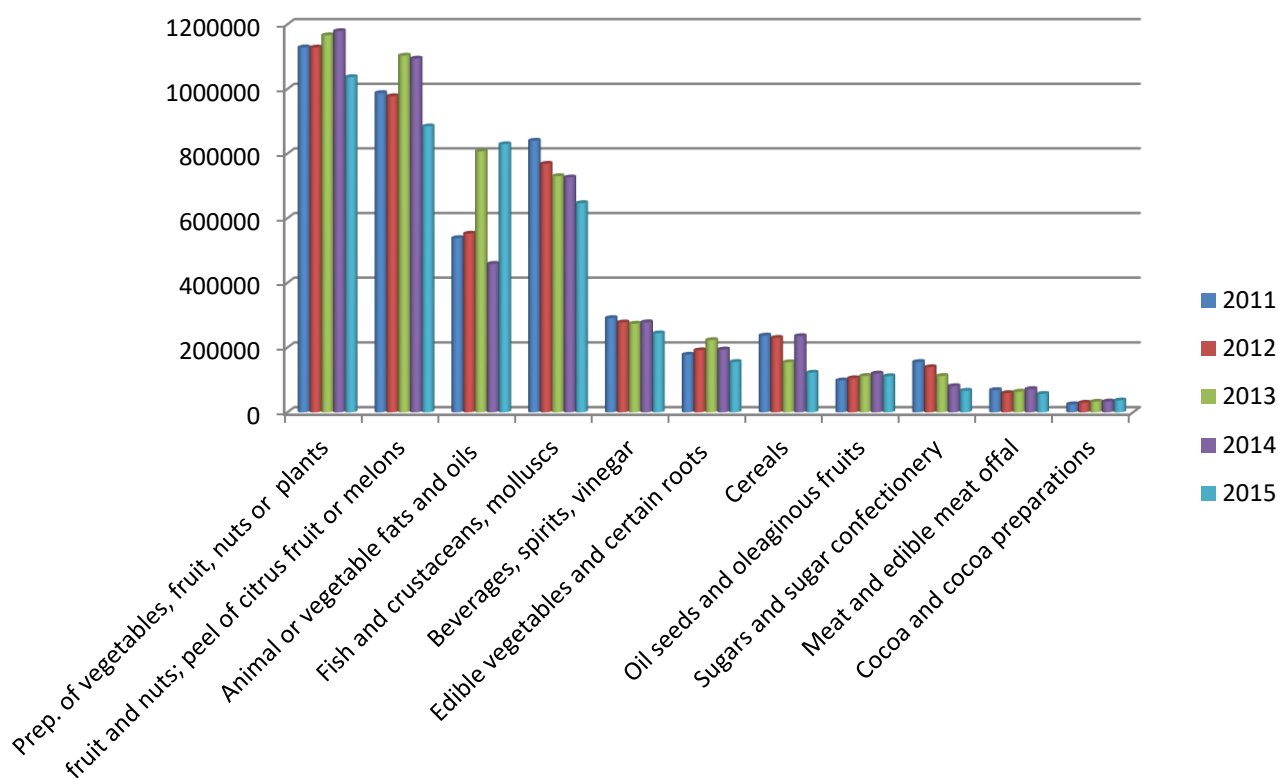
4.1. Greek Food Market Overview

The food and beverages industry in Greece represents approximately 21% of the manufacturing industry and consequently contributes to creating employment opportunities.

Greece produces and exports a relatively wide variety of food which includes:

- Table olives
- Olive oil
- Raisins & dried fruit
- Wine & Alcoholic drinks
- Cereals
- Herbs & Spices
- Dairy Products & Cheese (Feta and others)

Figure 33: Greek Food Exports to World (2011 – 2015)

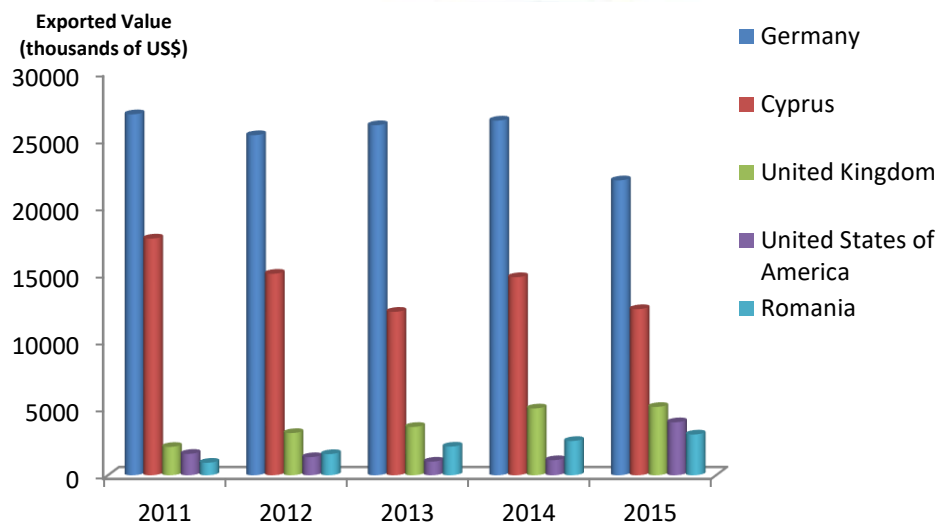


Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

4.2. Exported Bakery Products – HS Code 1901 & 1905

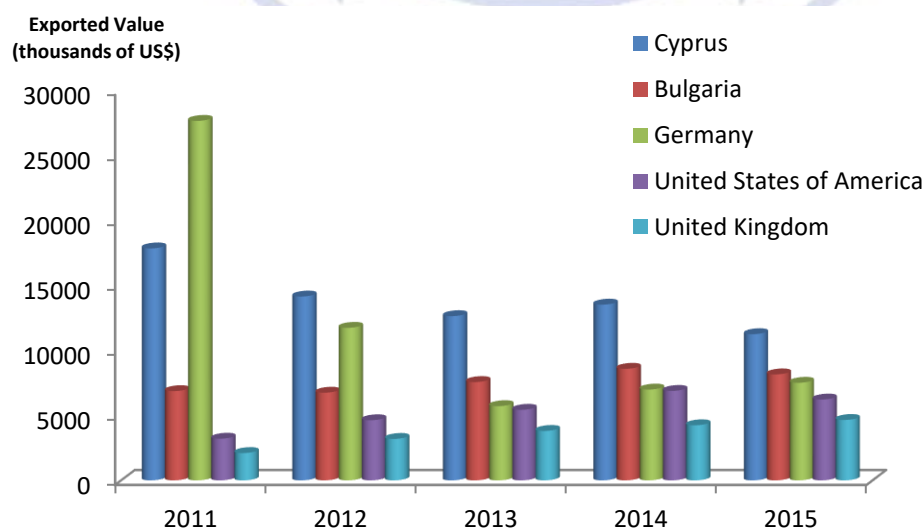
For the examined period Greek exports of bakery products are concentrated in the European region, with Germany, Cyprus and the United Kingdom being the primary importing countries. The US imports from Greece and holds the fourth position and a growing trend amongst Greece's the top exporting nations. The particularity of the Greek pastry products but also the large number of Greek –Americans who have high willingness to pay for the products and raise awareness amongst the US population, increasing overall demand are essentially influential factors.

Figure 34: Greek Exports for HS Code 1901 to Major Importing Countries



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Figure 35: Greek Exports for HS Code 1905 to Major Importing Countries

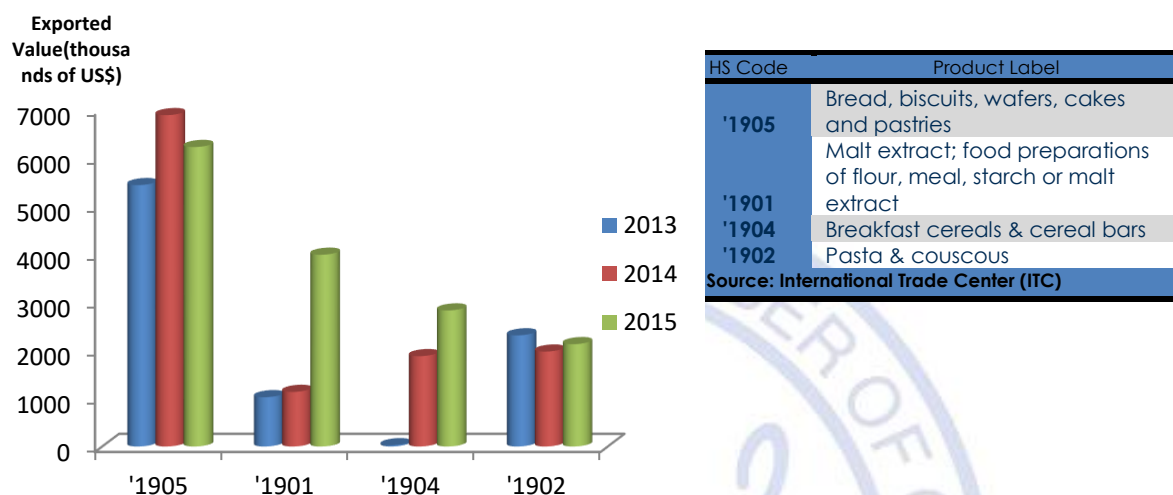


Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

4.3. Exported Bakery Products to USA

Bread, biscuits, wafers, cakes and pastries are the most highly imported product amongst HS Code 19. Breakfast cereals, cereal bars, pasta and couscous are found under HS Code 19 and are imported to the US in much lower quantities.

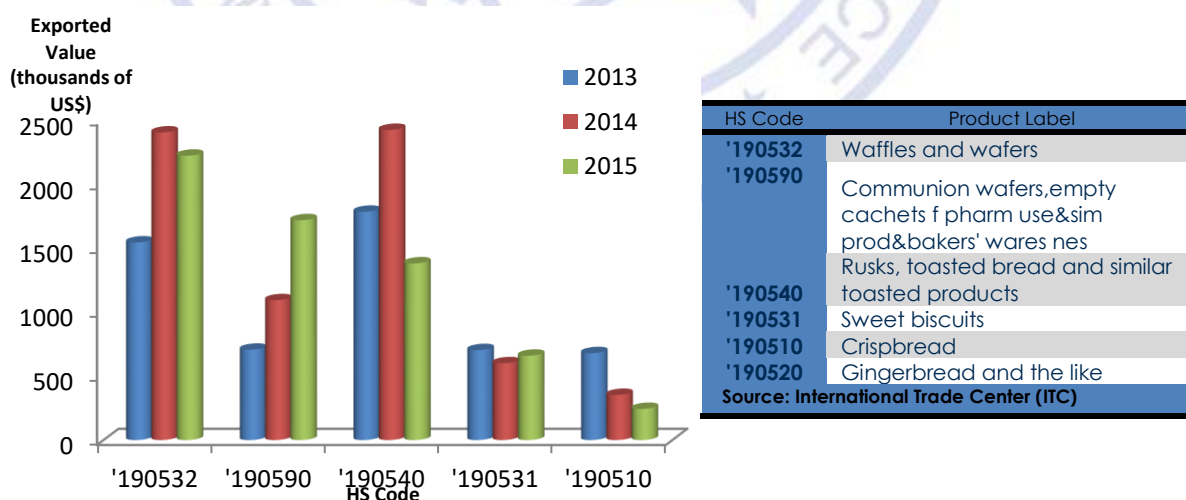
Figure 36A: Greek Exports to the USA HS Code 19



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

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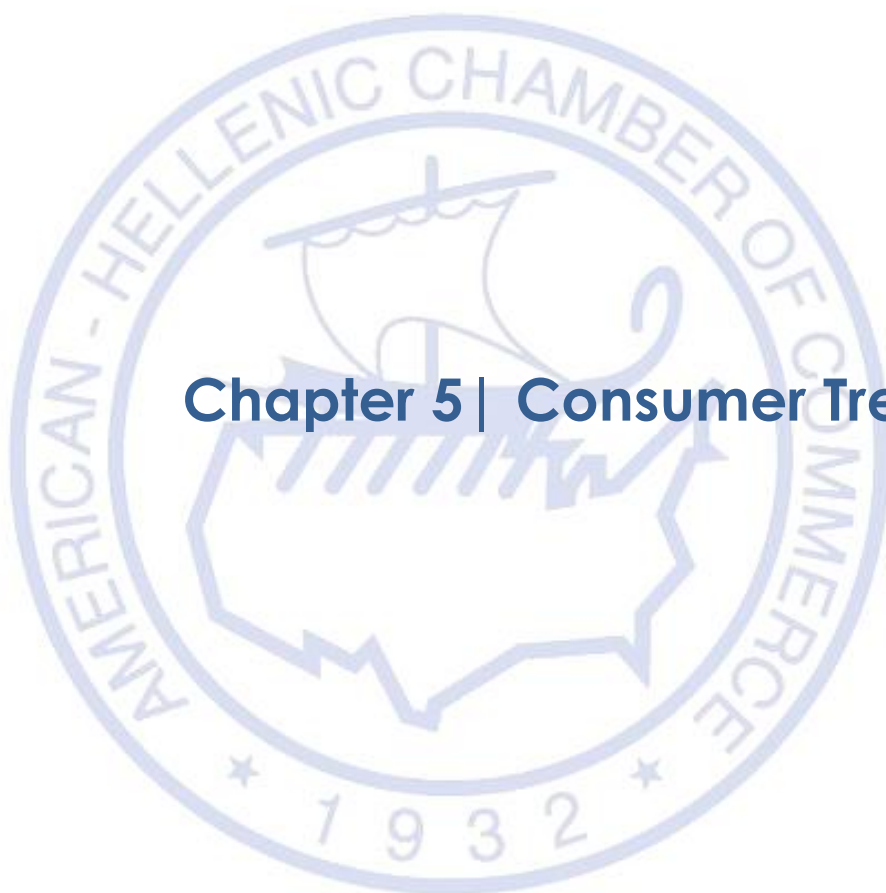
Figure 36B: Greek Exports to the USA HS Code 1905



Source: Trade USA- US CENSUS BUREAU – UN COMTRADE

Chapter 5 | Consumer Trends

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5.1. Mega Trends

Some of the most influence factors which have led to the increase of the demand, consumption and therefore the growth of bilateral trade patterns between the US and the rest of the world are summarized below:

- **Demographics** and the tendency for US consumers to travel and become familiar with the different cultures and cuisines
- The **niche market** of healthy bakery products and the overall tendency to adopt a healthy diet and lifestyle. This led consumers to choose snacks with healthy and less ingredients.
- **New products** and wider options in the market, increase the frequency of sales
- Consumers are **increasingly pressed for time and skip meals**, therefore snacks, biscuits sold in small packs (smaller than 100gr) are drastically increasing
- **Forecourt retails** are amongst **the fastest growing channels in the US**, especially outside big cities such as New York and Chicago a short distance away from home. This is the case since most of the metropolitan cities do not have developed public transport systems and therefore using the car has become a way of life.
- Additionally, the sales of snacks and related products have a **higher profit margin** than fuel
- Kind Bars is projected to be the leading snack bar brand in the US by 2017 according to Euromonitor International
- **Affordability** is another factor which encourages consumers to purchase more snacks and biscuits in the US

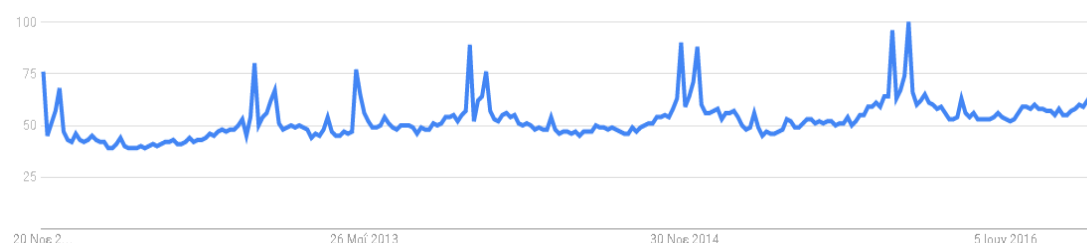
5.2. Digital Trends

In order to gain a complete understanding of the US market for both imported products of bakery products, this section uses a Google Trend analysis to capture recent preference patterns of the US consumers during 2014 and preceding years.

Google Trends calculates the number of searches that have been done by dividing the number of queries for the keyword, by the total number of Google search queries. The results of which can be grouped according to region, state, city or across time and the results are updated on a daily basis. There may be some inaccuracies which may occur (mainly including sampling issues and approximations) which have to be taken into consideration when the commentary is done. It is also important to note that the values are relative and not absolute (Reference: <http://whatis.techtarget.com/definition/Google-Trends>).

Key and related words of the product categories of bakery related products are searched using this electronic method amongst the totality of the States and empirically. This method is particularly indicative of overall preferences in the US market because it captures the largest major of the US population, which regularly uses the internet as an effective and direct means to discover products of interest. It is worth having in mind that the minority of US consumers which do not use electronic means to research the market are not represented in the population sample.

Figure 37: “Baking” Empirically (2012 – 2015)



Source: Google Trends, 2016

The search for **baking** overall in the US follows a slightly upward trend which peaks twice annually at the end of the year, leading up to Christmas, the Festive Season and at Easter, when consumers are more likely to bake at home and increasingly so amongst US citizens.

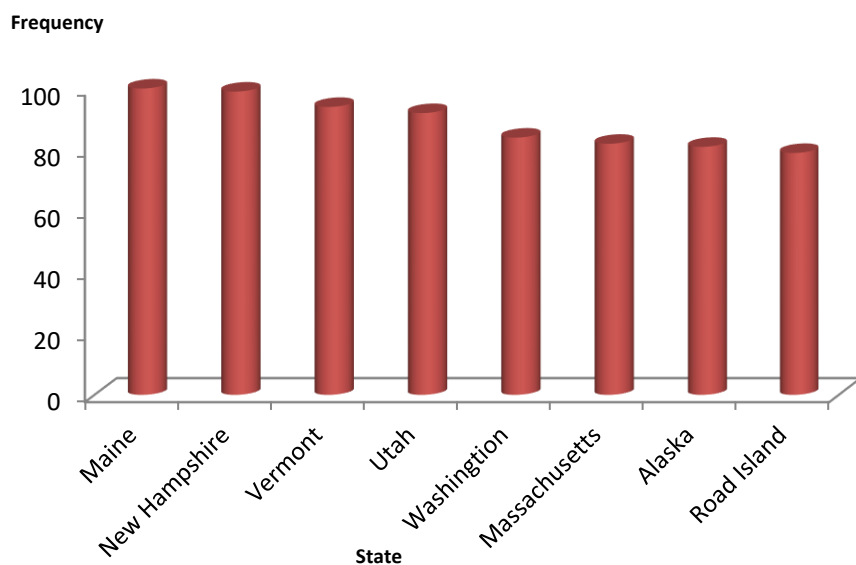
Figure 38 indicates that the keyword dough follows a random pattern and peak multiple times per year. On the other hand the searches for **Gingerbread** follow a

Figure 38: “Doughs” Empirically (2012 – 2015)



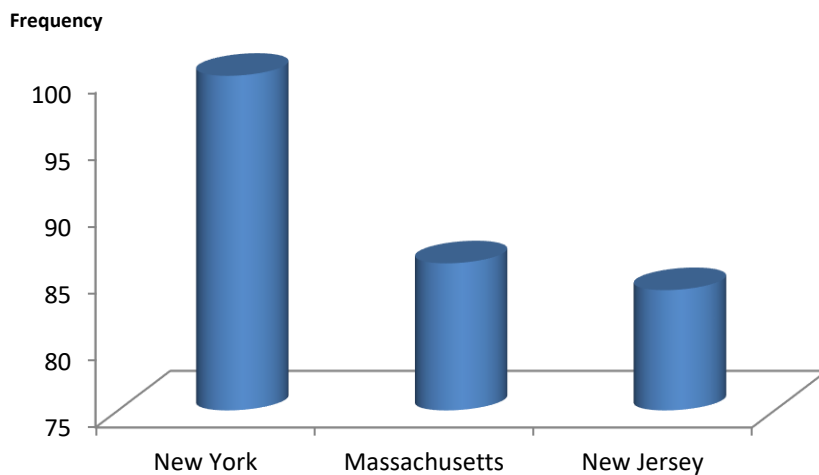
Source: Google Trends, 2016

Figure 39: “Gingerbread” by state



Source: Google Trends, 2016

Figure 40: “Tsoureki” by state



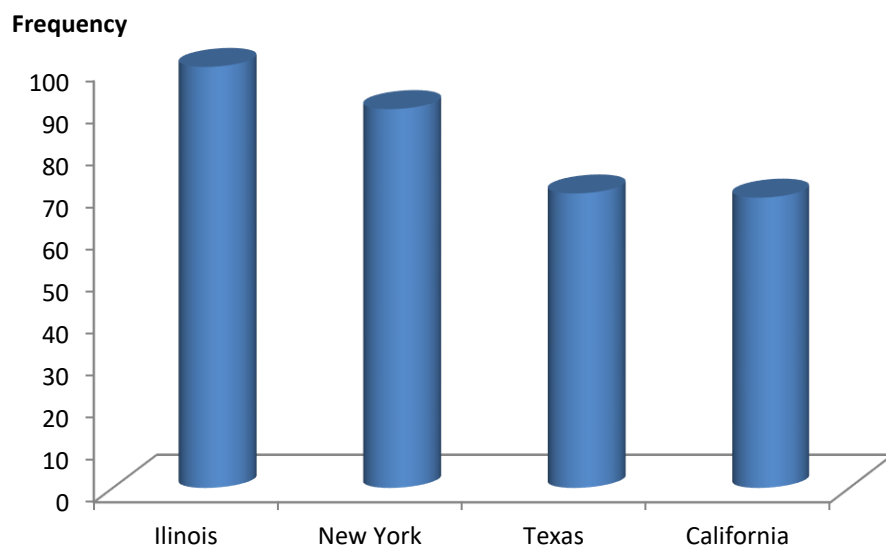
Source:
Google
Trends, 2016

Figure 41: “Healthy Snacks” Empirically (2012 – 2015)



Source: Google Trends, 2016

Figure 42: “Cereal Bars” by state



Source: Google Trends, 2016

The two figures above demonstrate the annual cycles for healthy snack. Each year the number of online searches for this terms increase significantly at the beginning of the year, i.e. in January, after the Christmas season. The states in which cereal bars as a healthy snack such as cereal bars are presented in figure 42 and are mainly densely populated states with large Metropolitan areas.



Chapter 6 | Export Kit

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Food Facility Registration (US FDA)

Facilities that manufacture, process, pack or hold food that is intended for human or animal consumption in the United States must register with FDA before beginning these activities. The registration requirement applies to any facility that conducts these activities, unless a facility is specifically exempted.

Requirements governing food facility registration:

- Public Health Security and Bioterrorism Preparedness and response act of 2002 (Bioterrorism Act)
- 21 CFR section 1.225
- Food Safety Modernization Act (FSMA)

Labeling (US FDA)

Food manufacturers are responsible for developing labels (including nutrition information) that meet legal food labeling requirements, first and foremost, labeling of FDA-regulated food products must be truthful and not misleading. Proper labeling, including nutrition labeling and labeling of the major food allergens, is required for most prepared foods.

Note | Among labeling requirements is a requirement that packages and containers of food products sold in US interstate commerce bear labels in English that include specific information

Requirements governing the labeling of foods

- Federal Food, Drug, and Cosmetic Act (FFD&C Act)
- Fair Packaging and Labeling Act
- Nutrition Labeling and Education Act
- FDA's regulations on Food labeling – 21 CFR 101

Prior Notice of Imported Food (US Food)

The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (the Bioterrorism Act) directs the Food and Drug Administration (FDA), as the food regulatory agent of the Department of Health and Human Services, to take additional steps to protect the public from threatened or actual terrorist attack on the US food supply and other food-related emergencies.

Along with other provisions, the Act requires that FDA receive prior notification of food, including animal feed that is imported or offered for import into the United States. Advance notice of import shipments allows FDA, with the support of the US Customs and Border Protection (CBP), to target import inspections more effectively

and help protect that nations; food supply against terrorist acts and other public health emergencies.

The FDA Food Safety Modernization Act (FSMA) signed January 4th, 2011 aims to ensure the US food supply is safe by shifting the focus of federal regulators from responding to contamination to preventing it. On May 5, 2011 the FDA published an interim final rule requiring that a person submitting prior notice of imported food, including food for animals, to report the name of the country to which the article has been refused entry. The new information can help FDA make better informed decisions in managing potential risks of imported food into the United States.

Quality Services

There are no standards or regulations which are mandated for spices and herbs, other than those that cover all foodstuffs, concerning health regulation and other similar concerns. Quality control for spices and herbs is typically managed by the processor, who will manage to supply they receive from growers in a manner that is most conducive to an end needs of their customer – be that in foodservice or retail. For example, processors in California will deduct about \$65 per ton from prices paid to growers if the product they deliver contains between seven to ten percent of fruit which has to be culled due to discoloration, being broken, severely bruised, diseased or insect infected. If the cull rate is above ten percent then the deduction rises to approximately \$130 per ton.

- ISO 22000
- HACCP
- IFS
- BRC

Kosher Procedure

As it says in the German, Man ist was man isst! Man is what man eats. The word kosher is familiar and, at the same time, foreign. One may think of strict rules and religious regulations.

In Hebrew “Kashrus”, from the root kosher (or “kasher”), means suitable and/or “pure”, thus ensuring fitness for consumption. The laws of “Kashurs” include a comprehensive legislation concerning permitted and forbidden foods. These are several aspects to these dietary rules. We will consider each aspect in turn.

All products that grow in the soil or on plants, bushes, or trees are kosher. However, all insects and animals that have many legs or very short legs are not kosher. Consequently, vegetables, fruit and other products infested with such insects must be checked and the insects examined. A vegetable prone to insect infection (e.g. cauliflower) must be carefully examined.

Certain laws apply specifically to the planting and sowing of vegetables, fruits and grains. Hybridization of different species: one may not sow two kinds of seeds on a field or in a vineyard (Lev.19:19/ Dtn. 22:19)

Forbidden fruit: fruits from trees planted within the past three years may not be eaten. (Lev. 19:23) New grain: Biblically, no new grain may be eaten, or bread baked from it, before one brings an "omer" of the first fruits of the harvest on the second day of Passover (Lev. 23:14)

The process of kosher certification has been radically affected by deep changes in the food industry and by the fact that more than 80% of the products offered by the industry contain pre-processed ingredients. Industrialization presents marvelous opportunities, but the inexorable pace of change in industrial procedures and the complexity of foodstuffs and ingredients also present significant challenges for the kosher certification process.

KIR has risen to these challenges in the course of more than fifty years' experience with food technology.

Country of Origin

In 2009, the US Department of Agriculture issued rules in relation to the country of origin status of perishable agricultural commodities, such as fresh meat and produce. However, these rules did not cover bakery products .as such the only country of origin compliance that applies for exports to the USA is governed by the Tariff Act of 1930 which states that products entering the USA must be labeled with their country of origin and accordingly, I the case of spices and herbs must indicate where the spices or herbs were sourced from, and not just the country where the spices or herbs was process or packaged. However, this information is usually provided in very small print in labels and packaging, it is quite legitimate for Spanish bakery products, for example to be shipped to Italy for packaging and then exported to the USA and sold as Italian. In Canada, the rules are even les transparent. There is no need to indicate the name of the country of origin where the bakery products were prepared or processed as long as the name of the Canadian importer prefixed by the statement "imported by" or the foreign producer is detailed.