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# Snapshot of US & EU Economic Outlook, Imports & the US food market

Sample

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# US Economic Outlook

- The US economy is experiencing a long period of slow recovery following the 2008-2009 crisis and subsequent recession. High household debt, subdued real estate prices, high and persistent unemployment at 9% are adversely affecting consumer confidence, household and business spending. The FED forecasts GDP growth of 3.1% for 2011 and will keep rates unchanged through mid 2013 in order to support growth.



US Unemployment Rate



Economic projections Federal Reserve Board members and Federal Reserve president November 2011

Variable	Short-term tendency <sup>1</sup>					Range <sup>2</sup>				
	2011	2012	2013	2014	Longer run	2011	2012	2013	2014	Longer run
Annual real GDP	1.6 to 1.7	2.5 to 2.9	3.0 to 3.5	3.0 to 3.9	2.4 to 2.7	1.6 to 1.8	2.3 to 3.5	2.7 to 4.0	2.7 to 4.5	2.2 to 3.0
June projection	2.7 to 2.9	3.3 to 3.7	3.5 to 4.2	n.a.	2.5 to 2.8	2.5 to 3.0	2.2 to 4.0	3.0 to 4.5	n.a.	2.4 to 3.0
Unemployment rate	9.0 to 9.1	8.5 to 8.7	7.8 to 8.2	6.8 to 7.7	5.2 to 6.0	8.9 to 9.1	8.1 to 8.9	7.5 to 8.4	6.5 to 8.0	5.0 to 6.0
June projection	8.6 to 8.9	7.8 to 8.2	7.0 to 7.5	n.a.	5.2 to 5.6	8.4 to 9.1	7.5 to 8.7	6.5 to 8.3	n.a.	5.0 to 6.0
PCE Inflation	2.7 to 2.9	1.4 to 2.0	1.5 to 2.0	1.5 to 2.0	1.7 to 2.0	2.5 to 3.3	1.4 to 2.8	1.4 to 2.5	1.5 to 2.4	1.5 to 2.0
June projection	2.3 to 2.5	1.5 to 2.0	1.5 to 2.0	n.a.	1.7 to 2.0	2.1 to 3.5	1.2 to 2.8	1.3 to 2.5	n.a.	1.5 to 2.0
Core PCE inflation <sup>3</sup>	1.8 to 1.9	1.5 to 2.0	1.4 to 1.9	1.5 to 2.0		1.7 to 2.0	1.3 to 2.1	1.4 to 2.1	1.4 to 2.2	
June projection	1.5 to 1.8	1.4 to 2.0	1.4 to 2.0	n.a.		1.5 to 2.3	1.2 to 2.5	1.3 to 2.5	n.a.	

Source: FED

# EU Economic Outlook

- The economic outlook for the EU and the euro area has deteriorated. The protracted sovereign-debt crisis has taken its toll on consumer and investor confidence, affecting investment and consumption. A worsening external economic environment has stalled exports, and the necessary fiscal consolidation is simultaneously restraining domestic demand. These trends are expected to hold for several quarters, tilting growth prospects as well as the outlook for labor market developments to the downside. The first signs of improvements for GDP are projected for the second half of 2012 although this will not affect employment significantly.

## Main features of the autumn 2011 forecast - EU

(Real annual percentage change unless otherwise stated)				Autumn 2011 forecast			Spring 2011 forecast	
	2008	2009	2010	2011	2012	2013	2011	2012
GDP	1.3	-4.2	2.0	1.6	0.6	1.5	1.8	1.9
Private consumption	3.3	-1.7	1.0	0.4	0.4	1.1	0.9	1.3
Public consumption	0.3	2.0	0.7	0.3	-0.2	0.1	0.3	0.2
Total investment	-1.1	-12.5	-0.3	1.9	0.8	3.0	2.5	3.9
Employment	0.1	-1.9	-0.6	0.4	0.1	0.4	0.4	0.7
Unemployment rate (a)	7.1	9.0	9.7	9.7	9.8	9.6	9.5	9.1
Inflation (b)	3.7	1.0	2.1	3.0	2.0	1.8	3.0	2.0
Government balance (% GDP)	-2.4	-6.9	-6.6	-4.7	-3.9	-3.2	-4.7	-3.8
Government debt (% GDP)	62.5	74.7	80.3	82.5	84.9	84.9	82.3	83.3
Adjusted current account balance (% GDP)	-2.0	-0.8	-0.8	-0.8	-0.4	-0.2	-0.6	-0.3
<b>Contribution to change in GDP</b>								
Domestic demand	0.4	-3.2	0.7	0.6	0.3	1.2	1.0	1.5
Inventories	-0.2	-1.1	0.8	0.2	0.0	0.0	0.1	0.1
Net exports	0.1	0.0	0.5	0.7	0.3	0.3	0.7	0.4

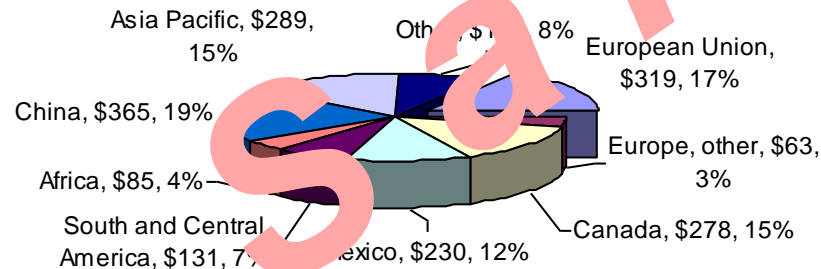
(a) Percentage of the labour force.

(b) Harmonised index of consumer prices, annual percentage change.

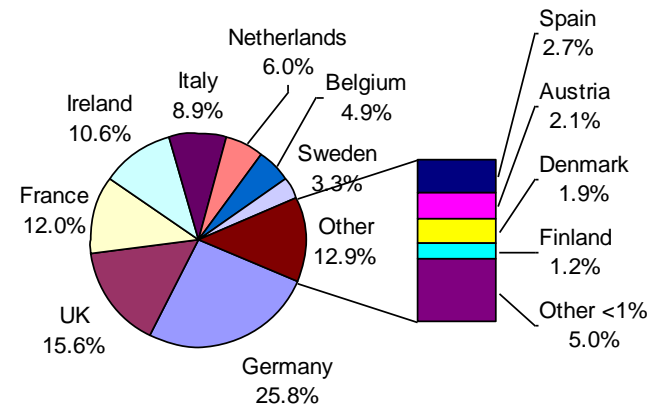
# US Import

- Total US Imports reached \$1.9 trillion in 2010 of which 5% is in food imports. Main US trading partners are: China (19% of imports), Canada and Mexico (NAFTA partners), Japan, Germany, South Korea, Brazil and Netherlands. Imports from EU reached \$320 bn or 17% of total imports, of which 5% is for food products.
- US Imports from Greece amount to \$800mn of which one quarter is for food products (compared to \$17 bn from all EU). Main imports from Greece are olives, aluminum products, tools/cutlery, minerals and iron. Apart from olives, other Greek food imports are cheese, olive oil, fish and other processed fruit and vegetables. Most of imported Greek food products are consumed in the states of New York, New Jersey, Pennsylvania (where also strong Greek-American communities are located) and secondarily in Chicago, Connecticut, Massachusetts and California. Greece has a trade deficit of \$310 mn with the US.

**US Imports by Country Groups (2010, US \$ bn)**

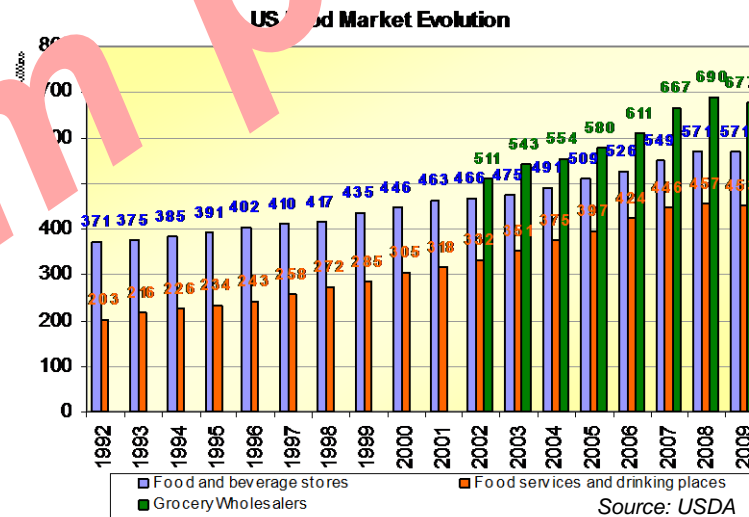


**US Imports from the EU (2010)**



# US Food Market

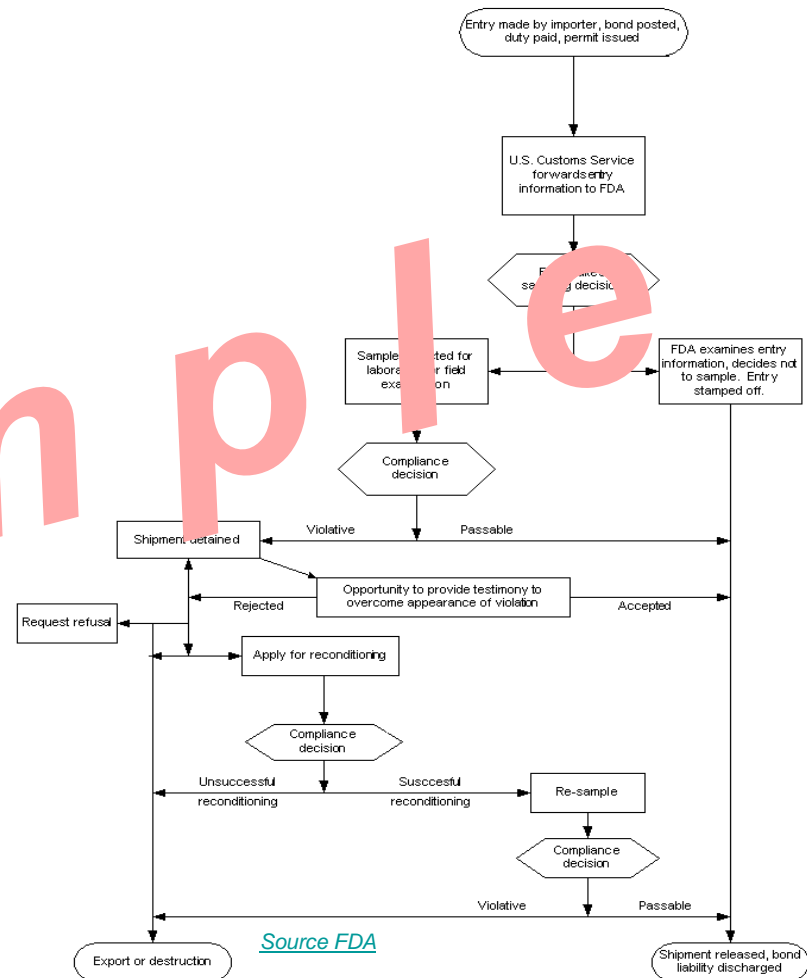
- The US food industry's revenues are estimated at \$ 1.1 trillion, split between retail stores and the service sector. Food sales have been negatively affected by the recession having been reduced in 2009 and only grew by 1% in 2010. However, specialty food products as well as organic foods have fared much better at the same time with sales growing by 7% in 2010. Specialty and gourmet food products sales are estimated at \$70bn by NASFM while organic food sales reached \$26.7 billion. The popularity of gourmet and organic food in the US is expected to grow among high earners, food enthusiasts and health conscious consumers. Large supermarket are investing into these segments. Almost 10% of food consumed in the US is imported.
- The Mediterranean cuisine is quite popular in the US due to its health aspect. A recent success story has been the Greek style yogurt that have grown exponentially in sales. Most of the Greek style yogurt is now produced in the US from multinational, American and Greek companies.



# US Food Import Procedures

- Food producers have to be registered with the FDA specifying a US based agent. It is recommended that producers follow US Good Manufacturing Procedures; HACCP/ISO22000 standards are also used by many quality producers. Tariffs and quotas apply to certain products (it's highly recommended to consult with US Customs or customs brokers). Special licenses are required for cheese, meat, alcoholic products and other products.

Import Procedures Flowchart



Source FDA



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