

Made In America: Food, Beverages, and Tobacco Products

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In 2012, shipments from the U.S. manufacturing sector totaled \$5.7 trillion. So, what do we make in the United States? This series of manufacturing profiles will answer that question one industry at a time. The focus of this profile is food, beverages, and tobacco products.¹

Overview

Food manufacturing accounted for \$738.5 billion (12.9 percent) of all U.S. manufacturing shipments in 2012, while beverages and tobacco products accounted for \$142.5 billion (2.5 percent). Combined, these industries accounted for \$881 billion (15.4 percent), forming the largest single industry within the manufacturing sector. Because these industries produce similar products that are perishable and must be consumed relatively soon after production, they are often combined.²



According to the official definition of the industry, food manufacturers are distinguished by the raw materials (usually livestock or agricultural products) that they transform into products for consumption. Typically, these products are sold to wholesalers or retailers to be passed on to consumers, but



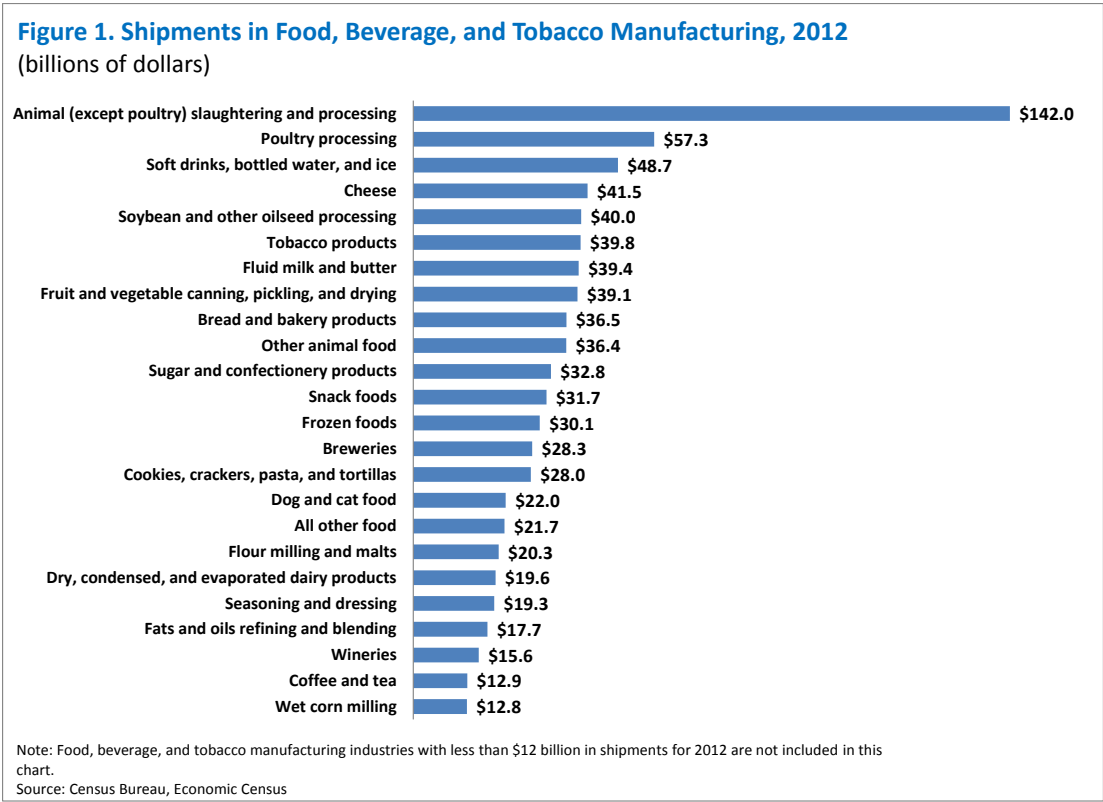
businesses that primarily sell bakery or candy products made and packaged on the premises are included as well.³

The beverage manufacturing industry is made up of establishments that make either alcoholic or nonalcoholic beverages. Because ice manufacturing uses the same mechanical processes as water purification, it is also included here.⁴ Tobacco manufacturers may either be businesses that re-dry and stem tobacco or those that produce tobacco products such as cigarettes or cigars.⁵

The output of these industries is predominantly sold directly to consumers, so most people have an intuitive understanding of the processes and products associated with these manufacturers. Meat

and dairy production comprise a significant portion of the output, but these firms produce everything from soft drinks to flour, salad dressing and pet food.

Shipments

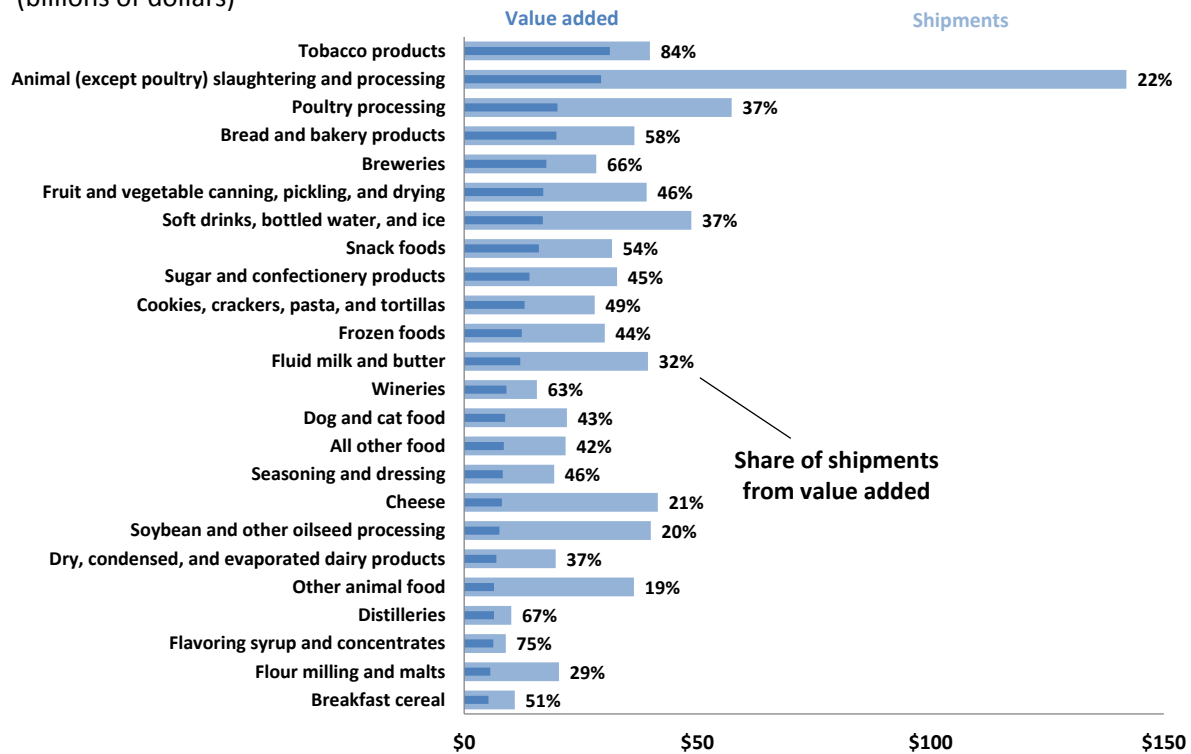


- In 2012, animal slaughtering and processing (excluding poultry) led these industries with \$142.0 billion in shipments (16 percent of combined food, beverage, and tobacco shipments), followed by poultry processing with \$57.3 billion (7 percent); soft drinks, bottled water, and ice with \$48.7 billion (6 percent); and cheese with \$41.5 billion (5 percent).
- A large proportion of sales in these industries come from animals and animal products. In 2012, total shipments of meat and dairy products were \$307.0 billion, accounting for 35 percent of all food, beverage, and tobacco shipments.
- Overall, 12 percent of total shipments (\$102.7 billion) come from beverage manufacturing, while another 5 percent (\$39.8 billion) are contributed by tobacco products.

Value added

Figure 2. Value Added in Food, Beverage, and Tobacco Manufacturing , 2012

(billions of dollars)

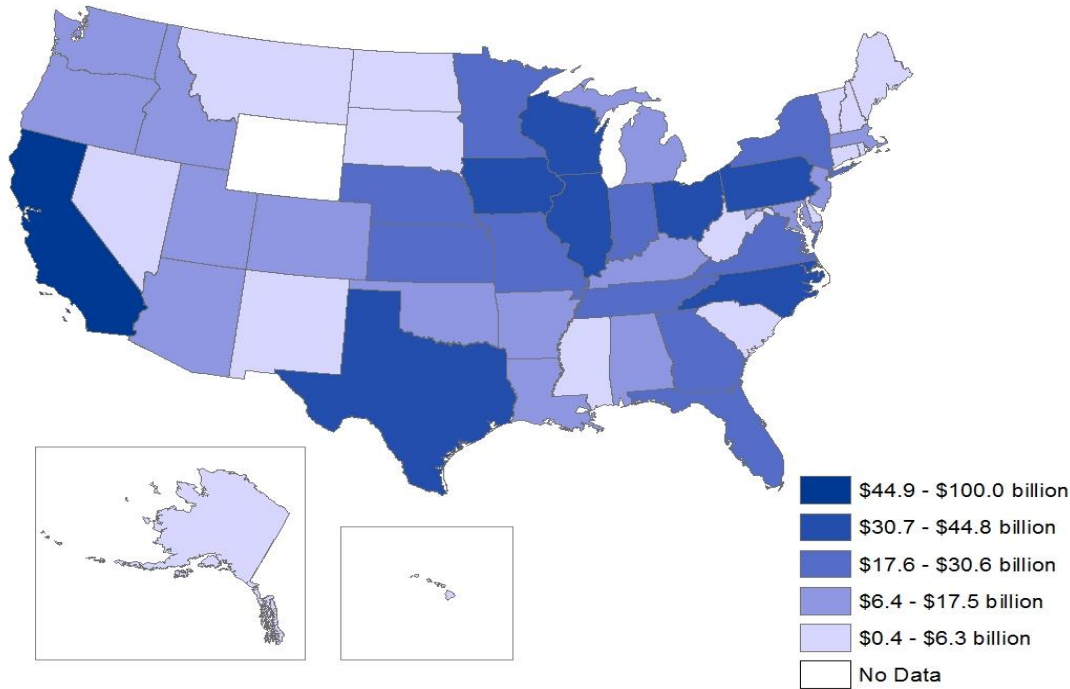


Note: Food, beverage, and tobacco manufacturing industries with less than \$12 billion in shipments for 2012 are not included in this chart.
Source: Census Bureau, Economic Census

- In 2012, value added accounted for 39 percent of the total value of food, beverage, and tobacco product shipments. The other 61 percent consists of materials and inputs from other industries, such as livestock or crops, or plastic used for packaging.
- Compensation of employees, or labor, accounted for 40 percent of value added in 2012.⁶ Returns to capital accounted for another 47 percent, while taxes on production and imports less subsidies made up the remaining 13 percent.
- The most common jobs in food manufacturing industries are food processing workers (29 percent of total jobs).⁷ This category includes a wide array of jobs, including bakers, butchers, meat packers, and operators of cooking machines (not to be confused with cooks or chefs, which are service industry jobs).
- The most common jobs in beverage and tobacco manufacturing are production workers (30 percent), including packagers and operators of chemical processing or filtering machines. This industry also has a relatively large number of truck drivers and sales workers (9 percent).

Which States Make Food, Beverages, and Tobacco Products?

Figure 3. Food, Beverage, and Tobacco Manufacturing Shipments, 2011
(billions of dollars)

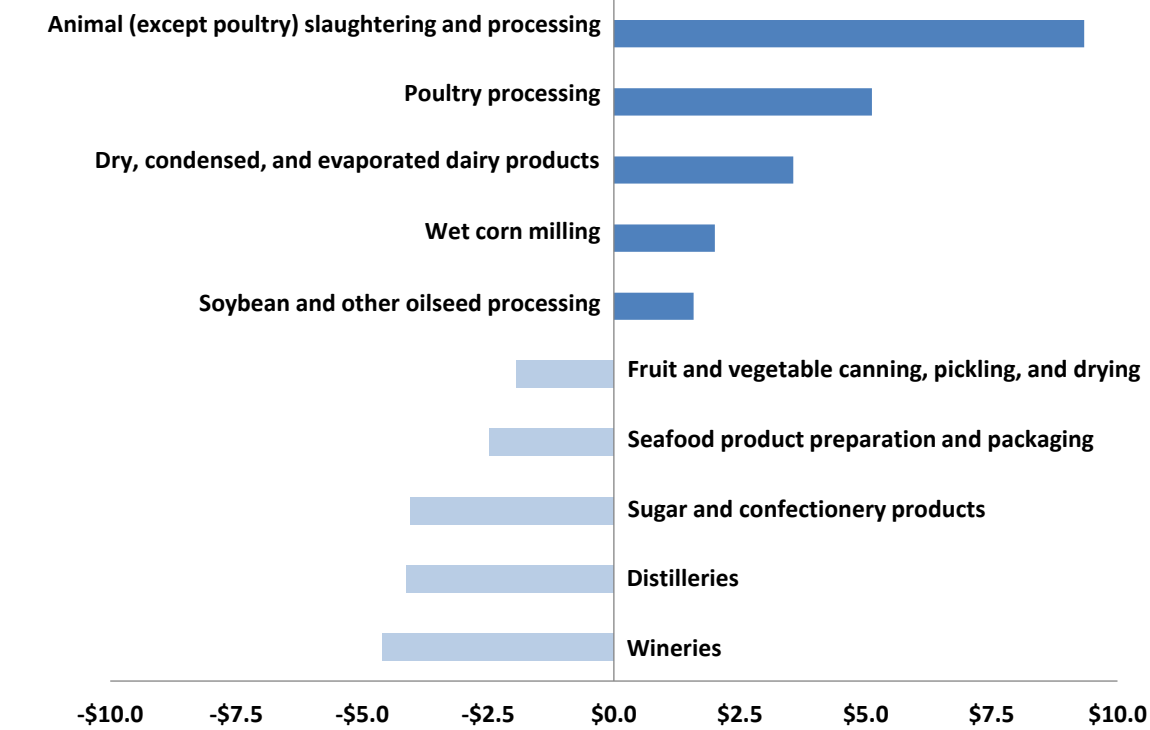


Source: Census Bureau, Annual Survey of Manufactures

- Food, beverage, and tobacco manufacturing occurs throughout the United States. However, in 2011, 10 states accounted for over half of all manufacturing in these industries.
- California had the highest dollar value of shipments, with \$90.9 billion (11 percent of the nation's total value). Illinois, Texas, Wisconsin, and North Carolina each contributed 5 percent (between \$40 and \$45 billion), while Iowa, Pennsylvania, Ohio, Virginia, and Georgia rounded out the top ten.
- For the United States overall, food, beverage, and tobacco manufacturing accounted for 15 percent of total manufacturing shipments in 2011. In some states, the industry made up a much larger share of manufacturing activity, particularly Nebraska (51 percent), Iowa (37 percent), Idaho (34 percent), Virginia (33 percent), and North Dakota (32 percent).
- An overall look at food, beverage, and tobacco manufacturing masks substantial variation by state, because many of the industry's products are associated with particular regions. For example, while North Carolina and Virginia rank 13th and 20th in terms of food manufacturing, their large tobacco industries vault them into the top ten overall.

Satisfying Demand for Food, Beverages, and Tobacco Here and Abroad

Figure 4. Top Five Surpluses and Deficits in U.S. Food, Beverage, & Tobacco Products Trade (billions of dollars)



Source: U.S. Census Bureau, USA Trade Online

- The food, beverages, and tobacco products produced in the United States are enjoyed by U.S. consumers every day, but they are also exported by U.S. businesses. While not as integral to the export economy as many other manufactured goods, the United States exported \$75.5 billion of these products in 2013, around 6 percent of total exports of manufactured goods. By contrast, food, beverages, and tobacco make up around 15 percent of total shipments, emphasizing the extent to which this industry requires a local supply chain to feed the nation.
- The largest export industries within this group are animal (except poultry) slaughtering and processing (22 percent of total exports of food, beverages, and tobacco), soybeans and other oilseeds (11 percent), and poultry (7 percent).⁸
- The United States imported \$71.9 billion of food, beverages, and tobacco in 2013, resulting in a trade surplus of \$3.6 billion. While this is certainly good news—the overall manufacturing trade deficit was \$680.4 billion in 2013—it is also an important reminder that these goods are not as integral to international trade as many others. For most nations, these products are largely made and consumed at home.
- In 2012, 79 percent of food, beverages, and tobacco purchased by U.S. consumers were domestically made.⁹ This industry is the largest overall manufacturing industry in terms of shipments, and its products contain the most domestic content of all manufacturing industries.

Endnotes

1. For additional information about how to measure what is made in America and for further explanation of concepts used in this report, see Economics and Statistics Administration, “What is Made in America?” Available at: <http://www.esa.doc.gov/Reports/what-made-america>.
2. For instance, the Bureau of Economic Analysis combines these industries in its input-output accounts.
3. The food manufacturing subsector is categorized by the North American Industry Classification System (NAICS) as NAICS 311. Industry definition available at: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=311&search=2012>. For full classification structure, see: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012>.
4. The beverage and tobacco manufacturing subsector is categorized by the North American Industry Classification System (NAICS) as NAICS 312. Industry definition available at: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=312&search=2012>. For full classification structure, see: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012>.
5. See previous note.
6. Bureau of Economic Analysis industry data available from: www.bea.gov. For more information on these concepts, see “Measuring the Nation’s Economy: An Industry Perspective. A Primer on BEA’s Industry Accounts.” Bureau of Economic Analysis. Available at: http://bea.gov/industry/pdf/industry_primer.pdf.
7. For more detail on the occupations and wages in the food manufacturing industry, refer to the Occupational Employment Statistics program of the Bureau of Labor Statistics. Available at: http://www.bls.gov/oes/current/naics3_311000.htm. Information about the beverage and tobacco manufacturing industry can be found at: http://www.bls.gov/oes/current/naics3_312000.htm.
8. For detailed international trade statistics, see the U.S. Census Bureau’s USA Trade Online data portal. Available at: <https://usatrade.census.gov/>.
9. Economics and Statistics Administration, “What is Made in America?”