



Paprika Crop Report

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Crop Overview – 2011 Review

- 2011 Global production up
- Pricing remained strong
- Peru exports up after several years of decline
 - Losses in Southern crop
- China production continues to increase
- U.S. production down
 - Early harvest due to demand
 - Poor weather



Crop Overview – 2012 Outlook

- Carryover stocks in China above normal
- Peru production stable
- China production stable to up slightly
- Lower U.S. production & higher grower costs
- Overall flat pricing for the year



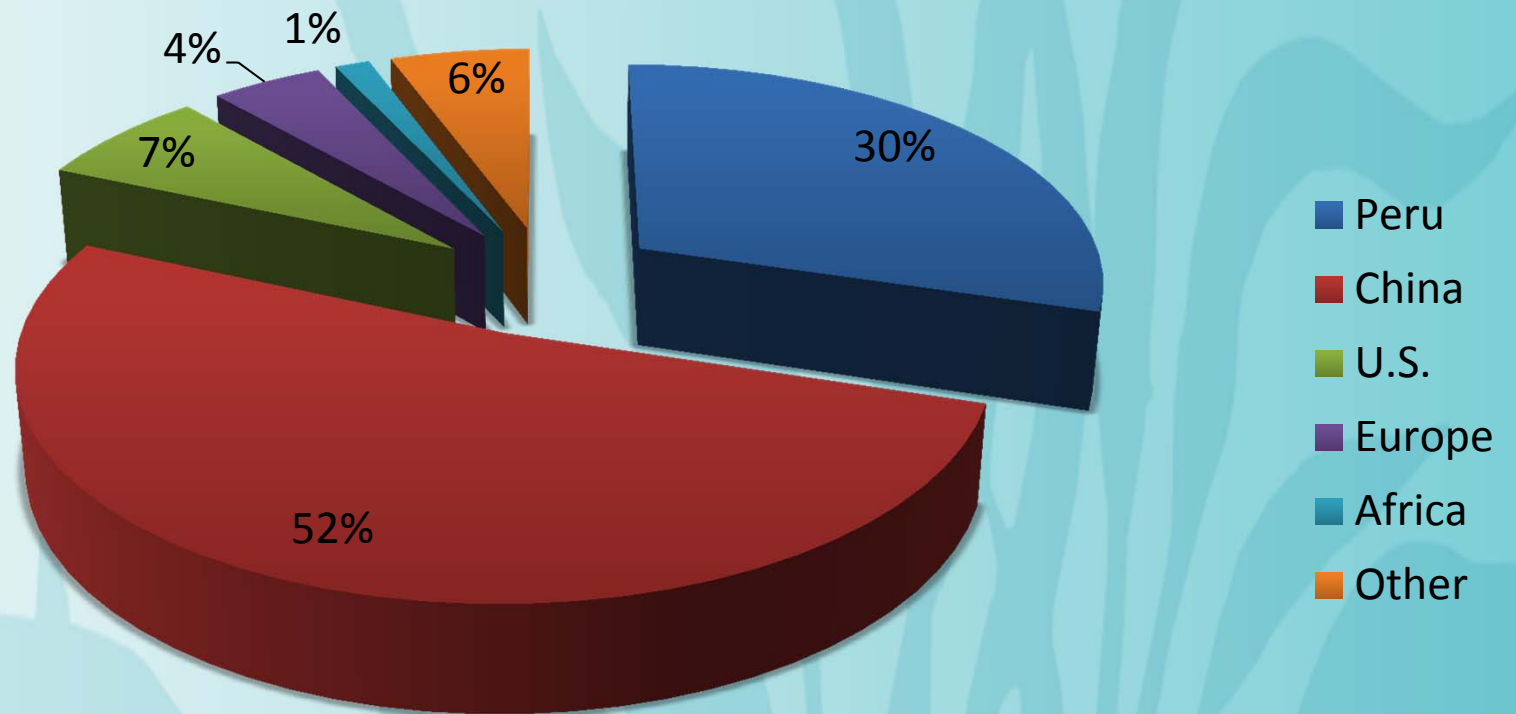
Crop Growing Areas

- Primary
 - China & Peru
- Stable, lower production areas
 - U.S., Israel, Europe
- Potential growth areas
 - South Africa, Zimbabwe



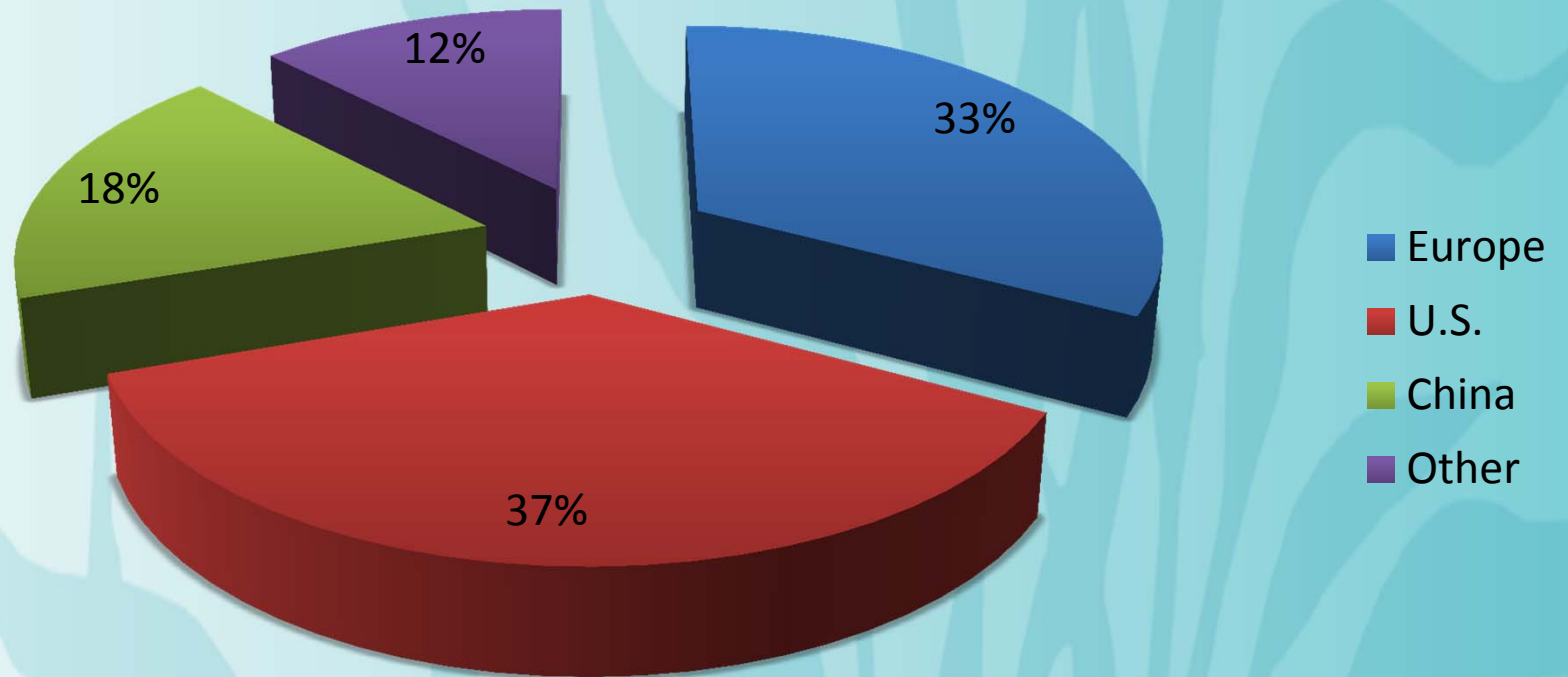
2011 Global Production

400MM#

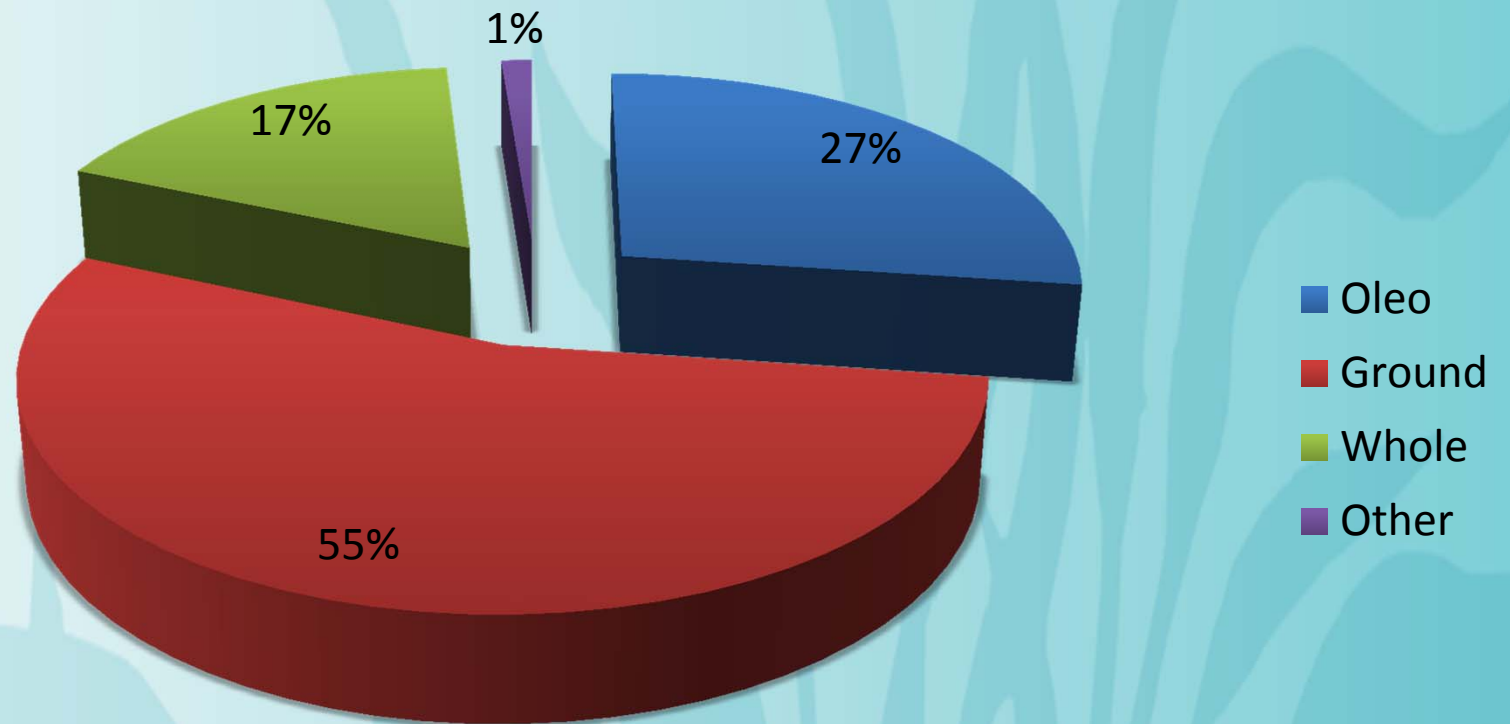


2011 Global Demand by Region

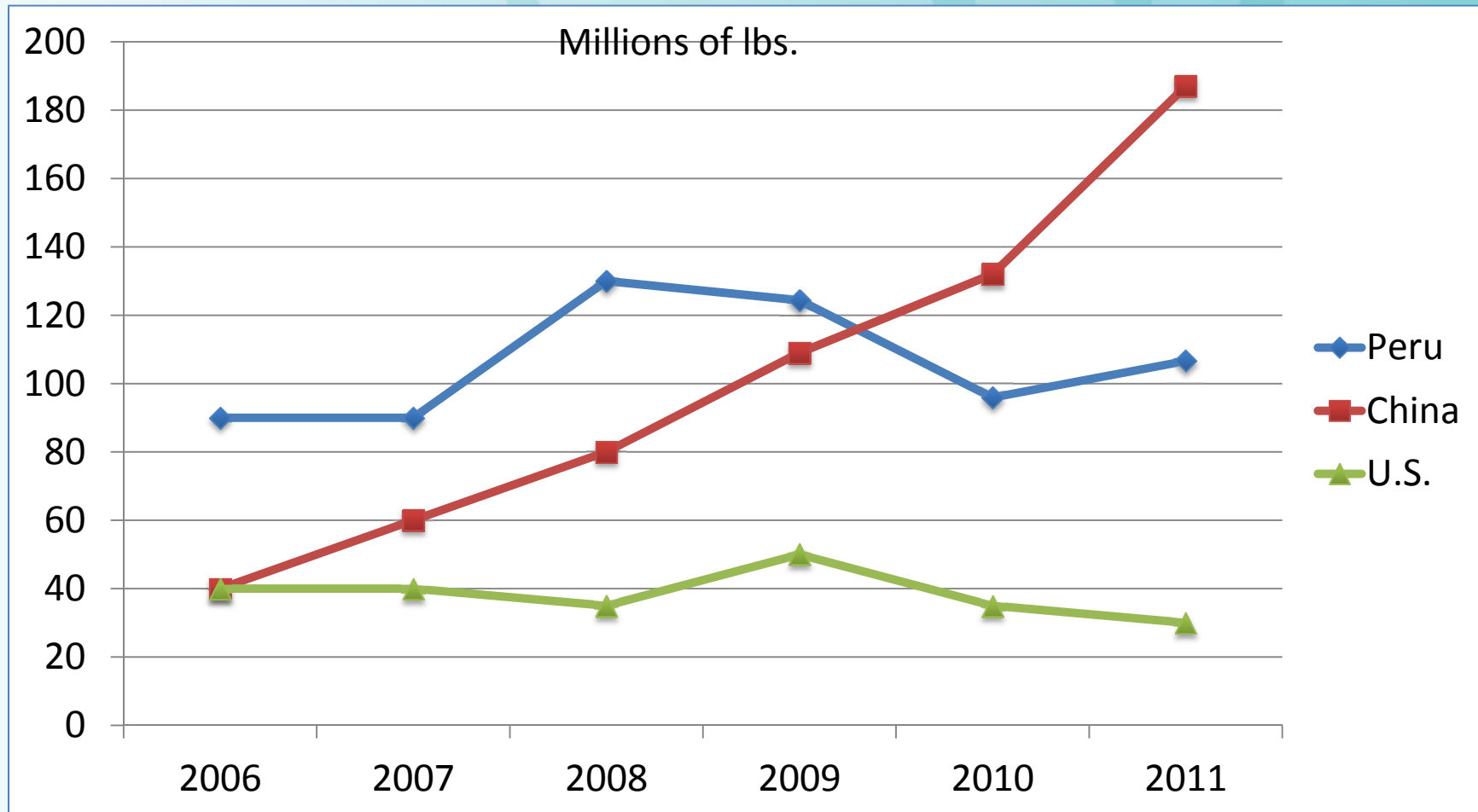
Global Demand 350-390MM#



2011 Paprika End Usage by Type

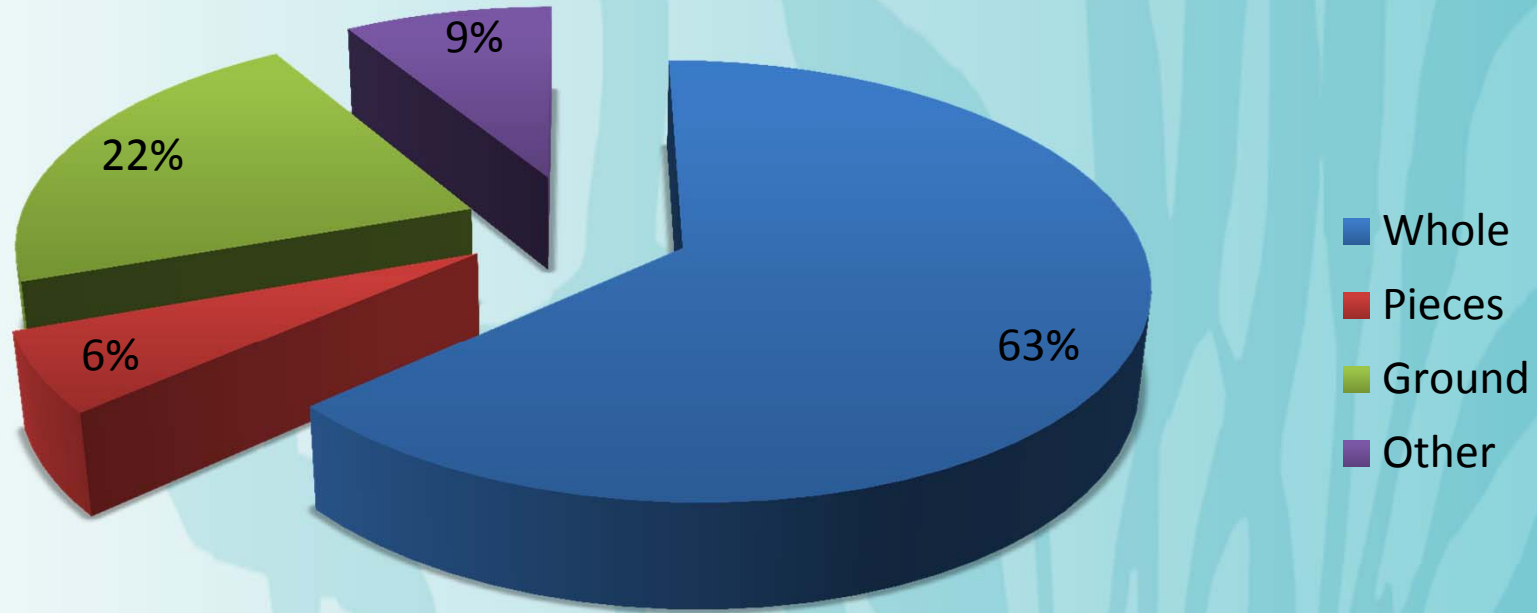


Primary Global Production History



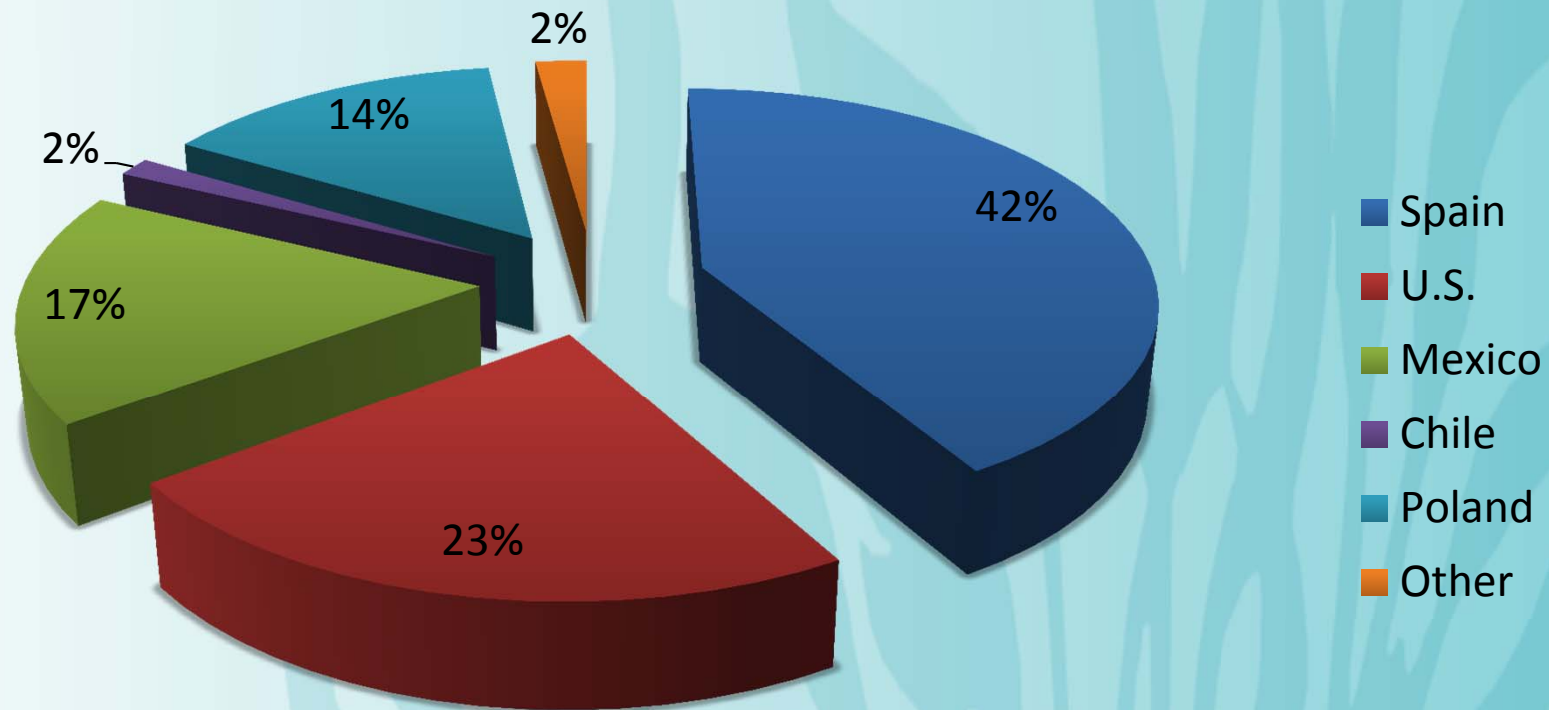
Crop Market Segments - Peru

Export Type – 106MM#



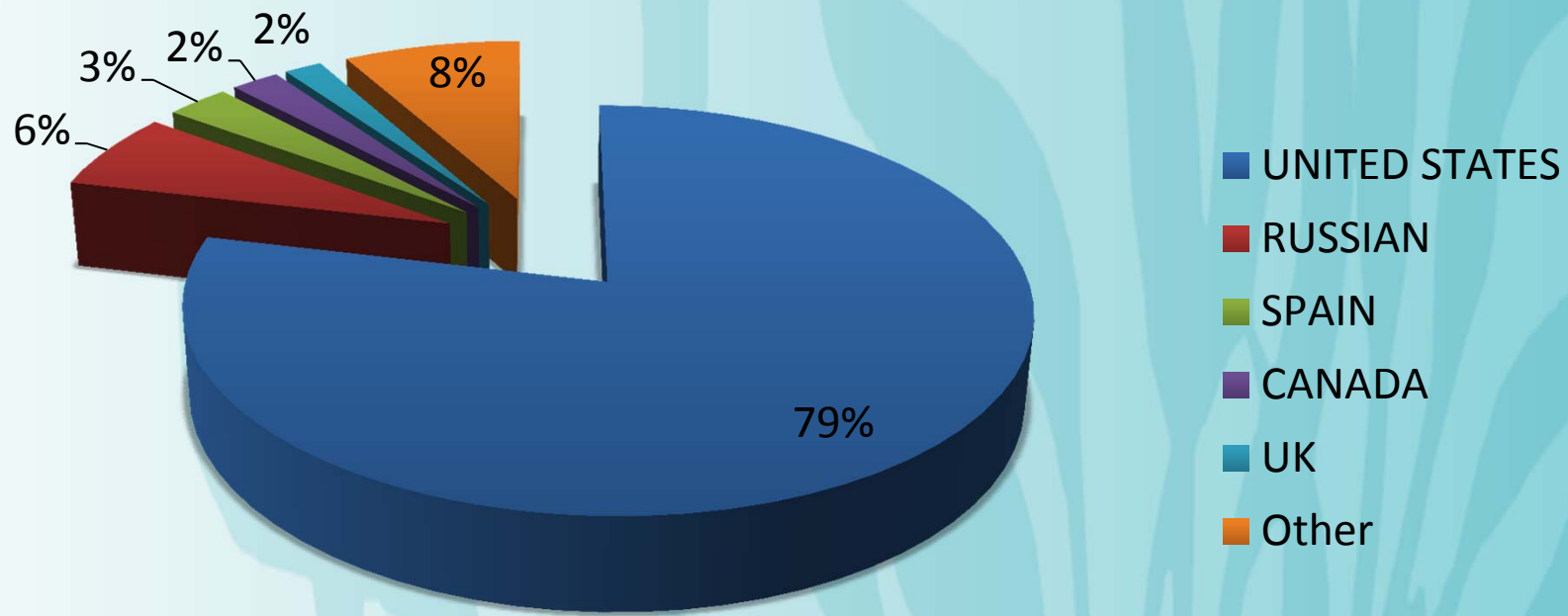
Crop Market Segments - Peru

Whole Pod Export Destination



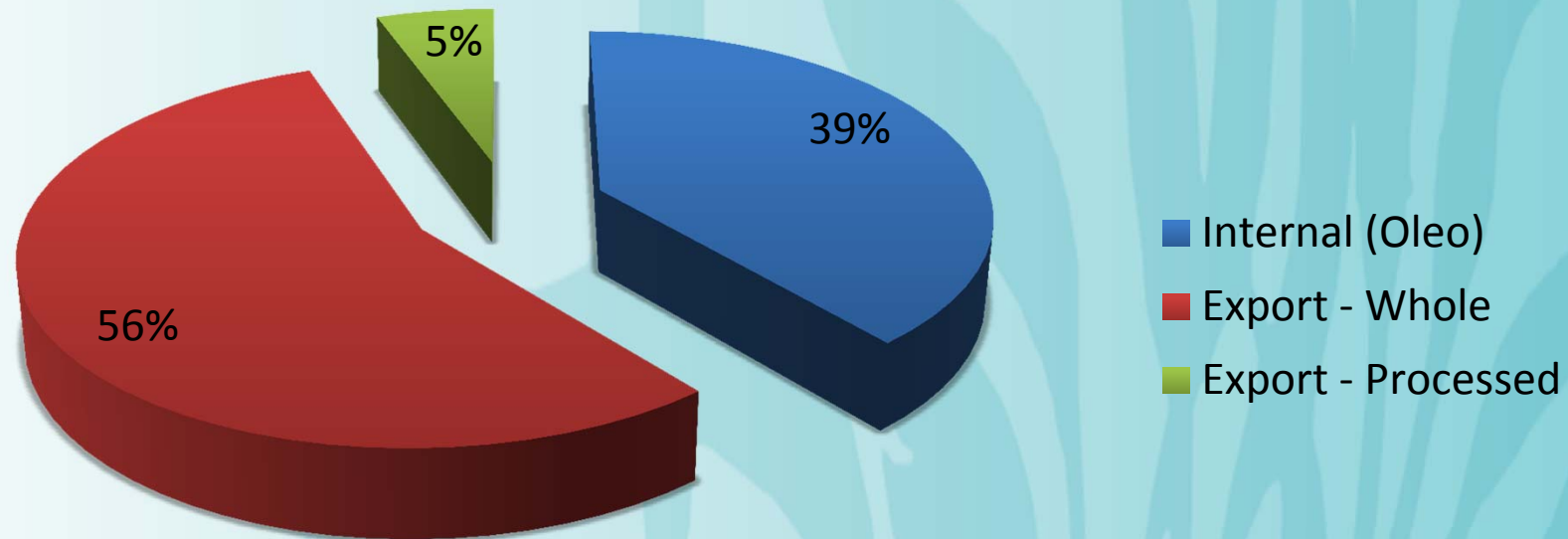
Crop Market Segments - Peru

Ground Exports by Destination



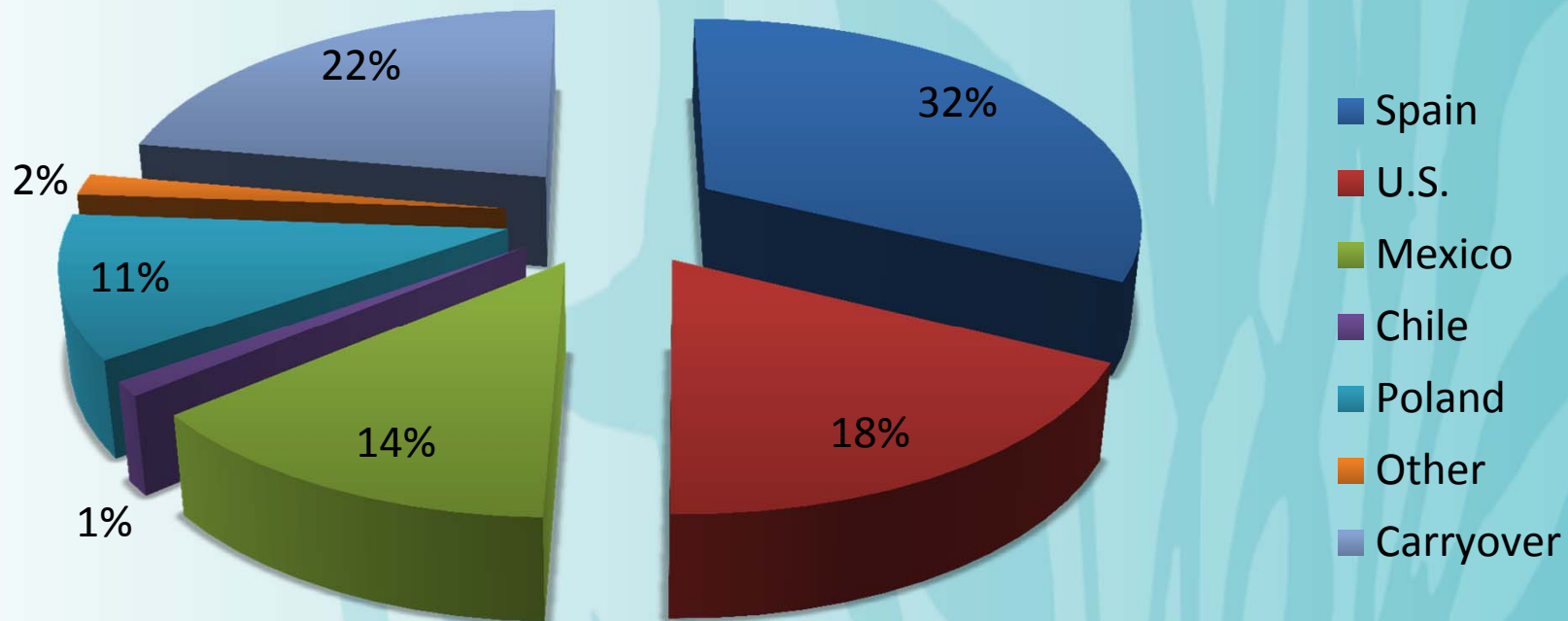
Crop Market Segments - China

Production of 180MM lbs.



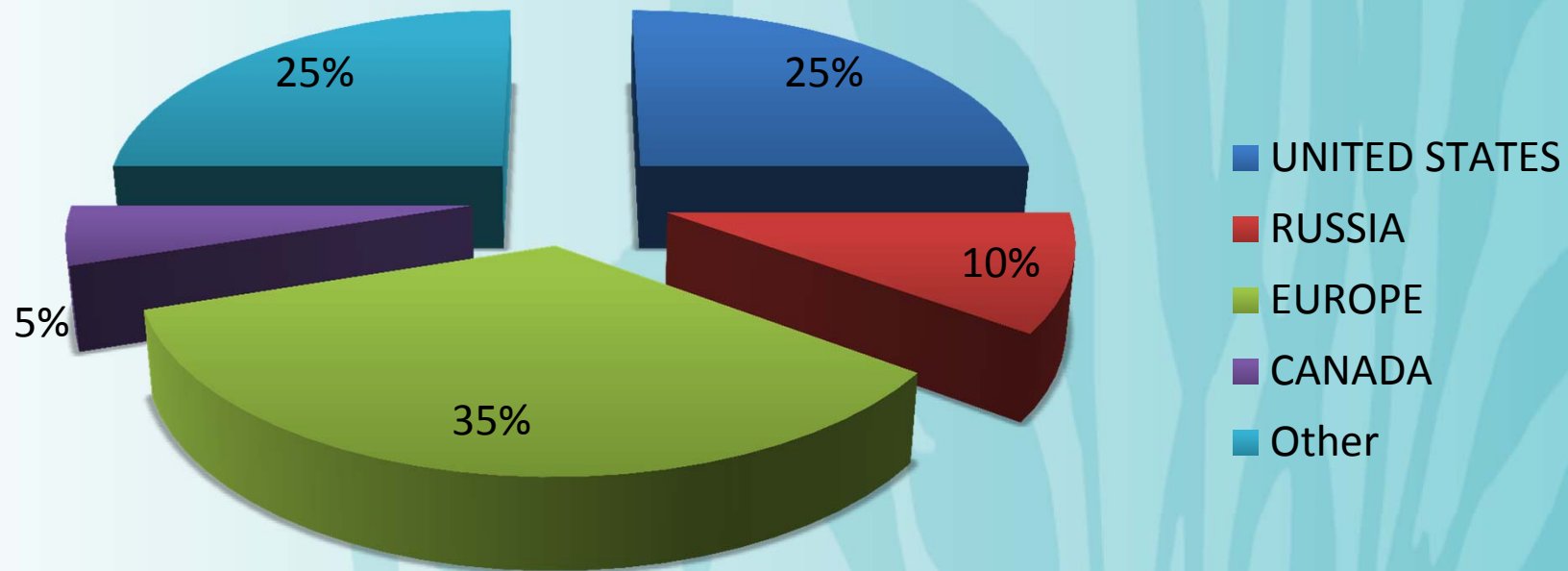
Crop Market Segments - China

Whole Pod (100MM#) Export Destination



Crop Market Segments - China

Ground Exports (10MM#) by Destination



Issues Impacting Supply

- Alternative crops
- 3-5 years of low pricing impacted farmers
- Regulatory environment
- Weather
- Demand from Mexico for whole pods
- Oleo market demand



Issues Impacting Price

- Grower costs
- Testing costs
- China
 - Inflation
 - Freight Costs
 - Currency
 - Policies



Food Safety/Quality

- Chemical

- OCHRATOXIN A
- AFLATOXINS
- Dyes
- Pesticides
- Acrylamide.....

- Physical

- Foreign matter
- High Moisture
- Insect fragments

- Typical adulterants

- **Unlabeled or declared use of defatted or spent Paprika**
- Blend with other vegetable matter
- Annatto Seeds to impact color



Crop Size - Limited Growth Factors

- Peru Farmers prefer to plant other products
 - More profitable
 - Less labor intensive
 - Less regulatory oversight
- Political unrest and corruption limit potential of key African nations
- Cost in developed countries



Summary

- 2012 - Overall supply is stable
- 2012 – Pricing is expected to be flat
- Active regulatory environment
 - May impact future supply
 - Will negatively impact future pricing



Thank you

