



American Spice Trade Association

The Real World Challenges of Traceability in the Spice Industry

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History of the Spice Trade

- The spice trade is one of the oldest professions in the world
- It can be traced back to BC times
- It was used for commerce, trading and even paying ransoms
- It covers multiple countries and flavors
- Wikipedia states that one of the major consequences of the spice trade was the discovery of the American continent by European explorers looking for a route to compete against the Silk Road

Background

- **The Spice Trade is a very small agricultural business that is primarily undertaken in developing countries around the world**
- **Typically the crops are grown by a large number of small farmers**
- **There are many intermediates in the supply chain**

Spice Industry Supply Chain - Traditional

EXPORT

Farm

1. Collector

2. Processor

3. shipper/Exporter

IMPORT

4. Agent

5. Importer/Dealer

6. Broker

7. Grinder

Customer

Supply Chain

- 7 “touch” points previous to the customer, as little as 3 at origin
- Each link in the traditional supply chain has the ability to add further product to the original lot
- Lots get larger as the product moves through the supply chain
- With these additions the control of the original becomes more and more difficult

Choosing a Spice Example

- Multitude of
 - Spices
 - Hard shells
 - Herbs
 - Tropical
 - Origins
 - India
 - Turkey
 - China
 - Vendors
 - Brokers
 - Farmers
 - Growing practices
 - Wild growing
 - Cultivated

India

- 17% of GDP is from agriculture
- 56% of the population is involved in agriculture
- Multiple products
 - Spices, herbs, oleos, dehydrated, oils, blends, organics
- Massive internal demand

Onion

- Cascade vs. Jain Foods
- With similar finished good volumes
- Cascade, Oregon State, USA have 3 farmers for raw material
- Jain Foods, Jalgaon, India, have 3000 farmers for raw material

Chosen Spices

- Black Pepper
- Chili
- Cumin

Black Pepper

Harvest



Separate



Drying



Store



Farmers sell to a local collector who consolidates with further smaller lots



Larger suppliers / exporters buy smaller lots and consolidate further



Indian Black Pepper

- Black pepper is a cottage industry
- There are at least 200 000 farmers
- Can sell 500g of product
- Major collectors number 50+ but there are smaller village collectors between
- Pepper may move through 5 “handlers” before reaching the customer country

Red Pepper

Growing



Drying



Market - India



Grading - India



Indian Chili

- Chili is planted annually in plantations
- There is at least 500 000 farmers
- Most business moves through the agricultural market yards – commission agents and to exporters.
- Many lots from the yards will be transported together to processors and exporters.

Cumin

Cumin Market, Unjha



Cumin Market



Challenges

- Control of products
- Origin
- Small Holders
- System

Can traceability in the spice and herb industry be successful?

YES, IT CAN!!

With some caveats

Success Stories

- Organic
- Fair Trade
- Larger best in class processors moving into backward integration

What will it take

- Definition.
- Entire industry
- Business thinking
- TIME
- Grassroots change
- Organic or fair trade models
- MONEY

Advantages

- Controlled supply chain
- Possibly more sustainable supply chain
- Improved quality of product
- Protecting public health
- Increase consumer confidence
- Improved control over recalls and withdrawals

Disadvantages

- Cost
- Time
- Management
- Change at grass root / farmer level
- Global supply change required

Do the advantages outweigh
the disadvantages?

