



# **Garlic Crop Report**

**Vinayak Narain**  
**Key Food Ingredients**



## Overview

- Garlic for Dehydration – Growing Areas (China & USA)
- 2009 Garlic Crop Update ( USA & China )
  - Garlic Crop History
  - Current year trends
  - Factors affecting supply and price
- Implications for the future

# **Garlic for Dehydration**

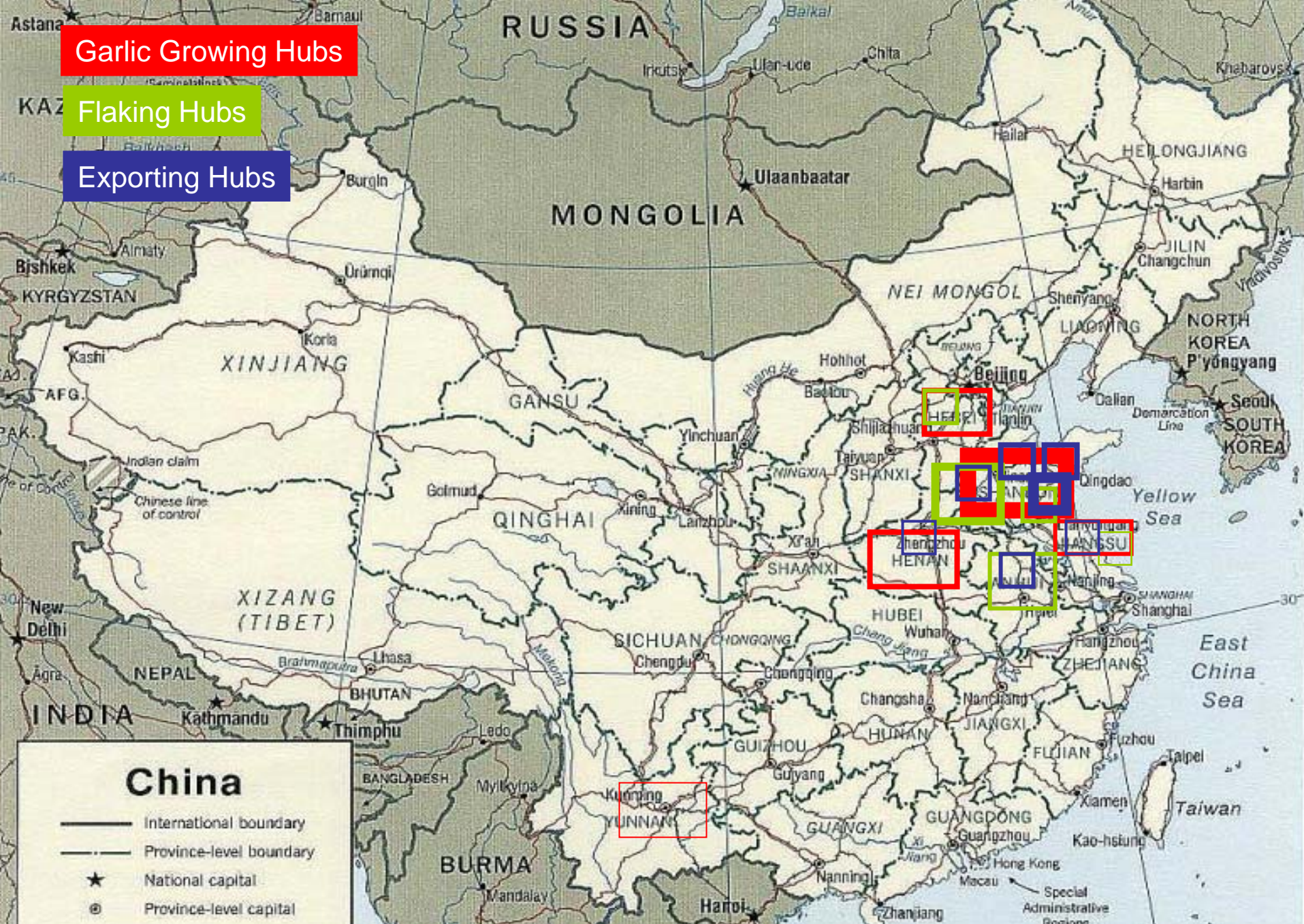
## **Key Growing Areas**



Garlic Growing Hubs

Flaking Hubs

Exporting Hubs



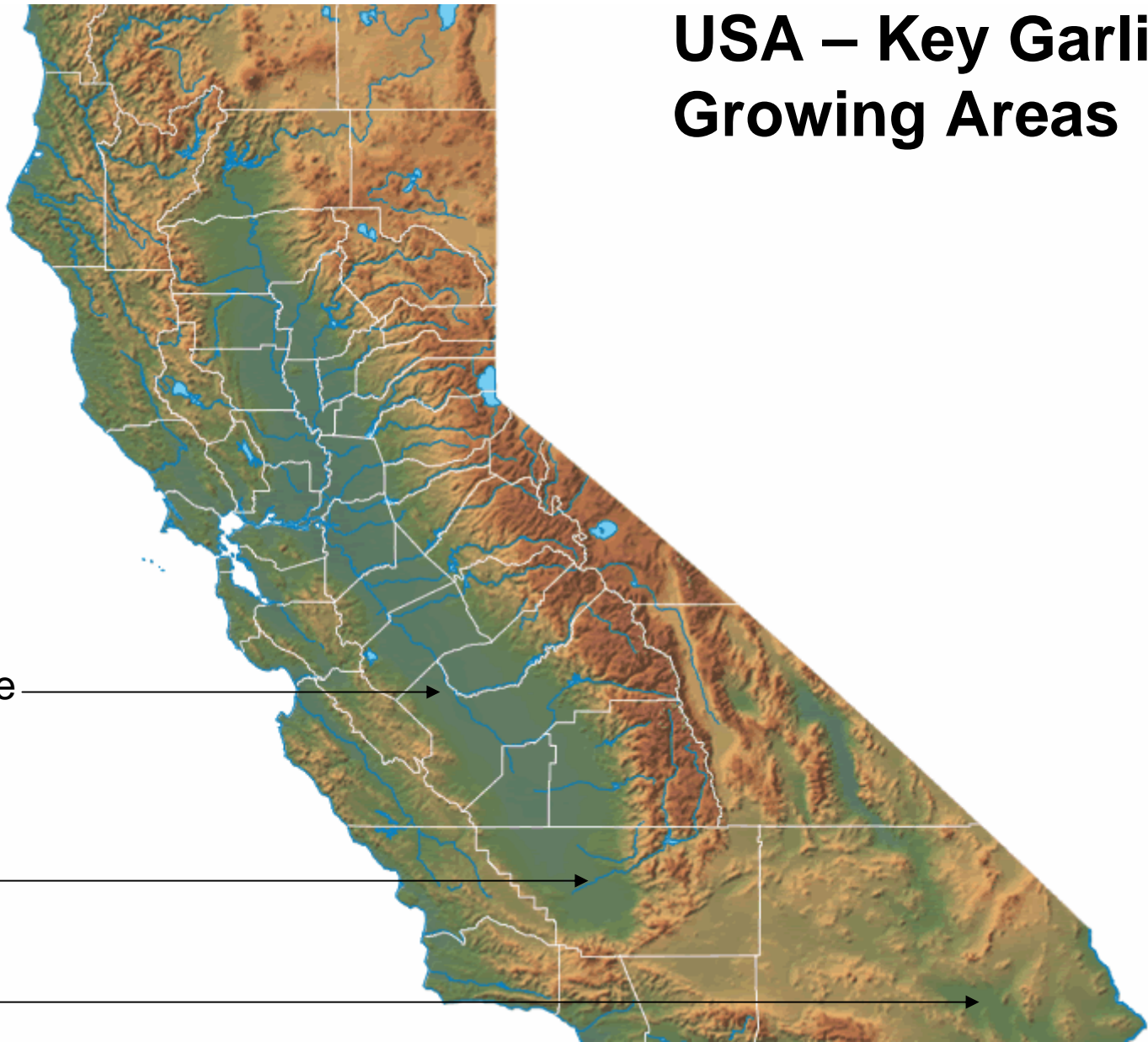


# USA – Key Garlic Growing Areas

Westside

Kern

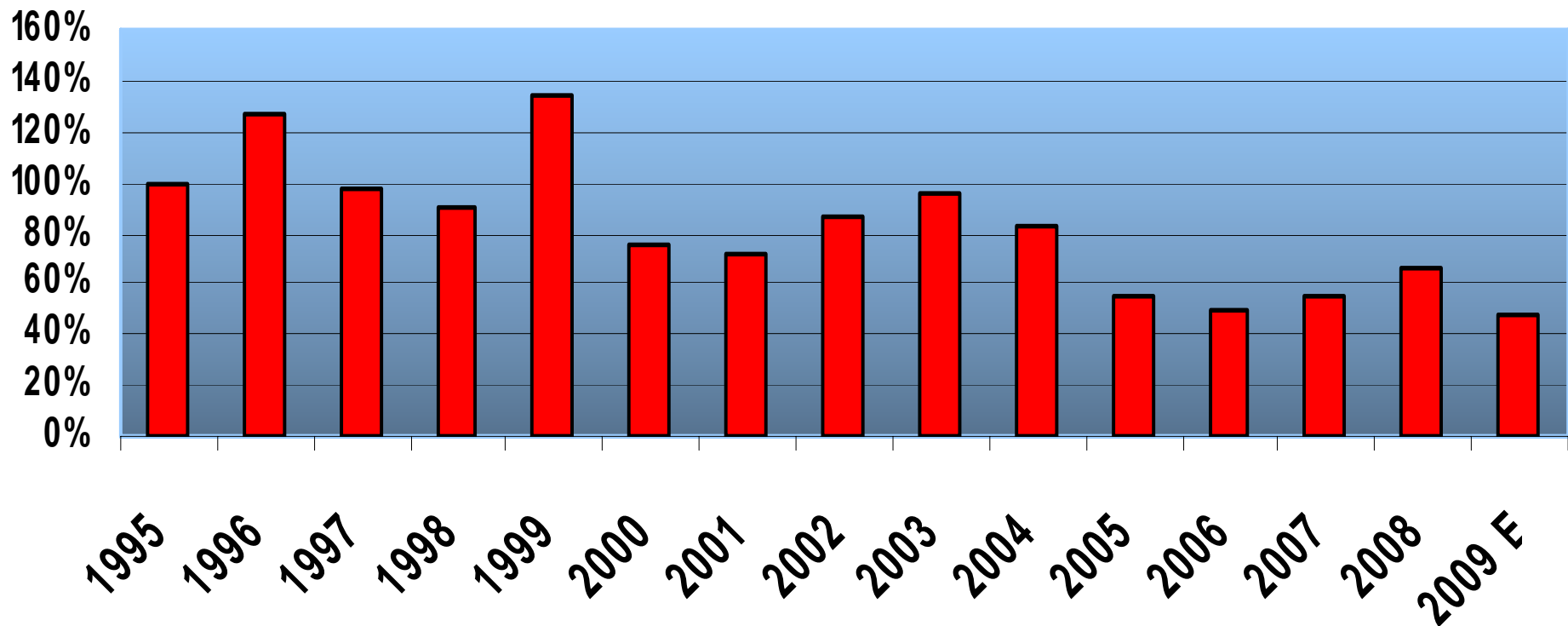
Desert



# **2009 Garlic Crop Update**

# US Garlic Crop History

**CGODAB Garlic Loads Inspected  
(Relative to 1995 as Base year)**



# 2009 USA Crop Update

- Planting acreage down 20-25% over 2008
  - Improved carry forward from last year due to high yields
- Plantings on time, crop conditions look fair in most growing areas
- Grower costs continue to see sharp increases due to pressure from competing crops (mainly tomatoes)

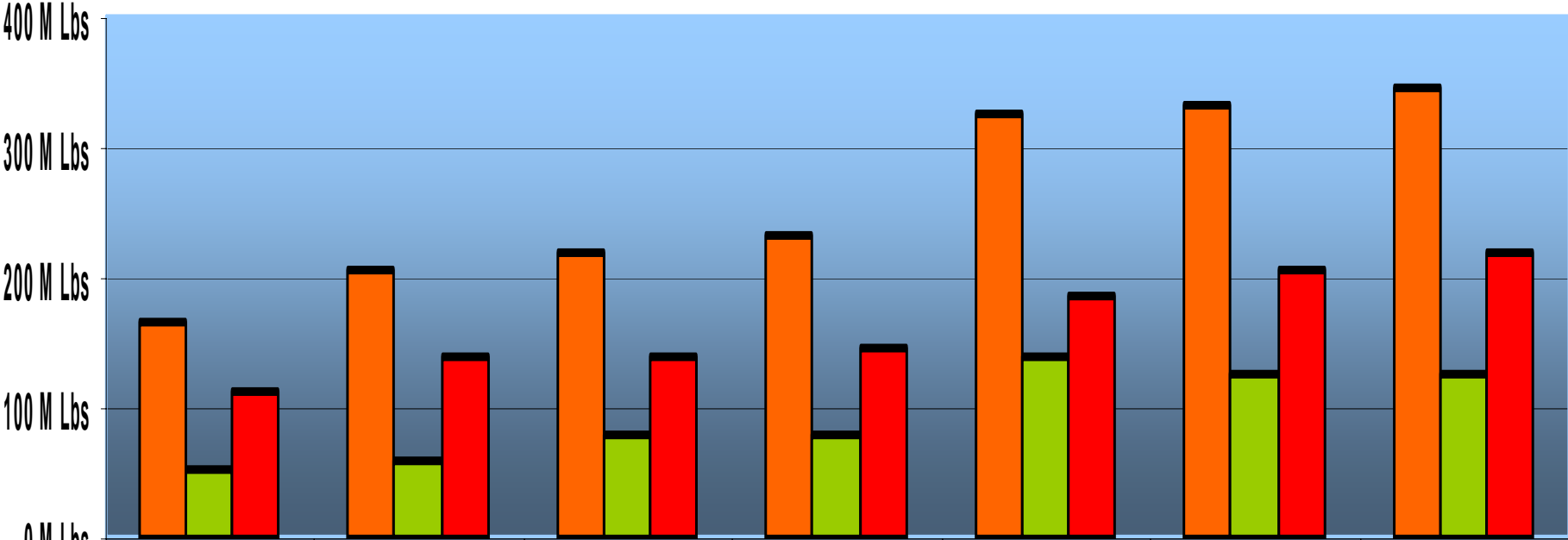


# **2009 USA Garlic Crop**

## **Other Issues Affecting Supply & Price**

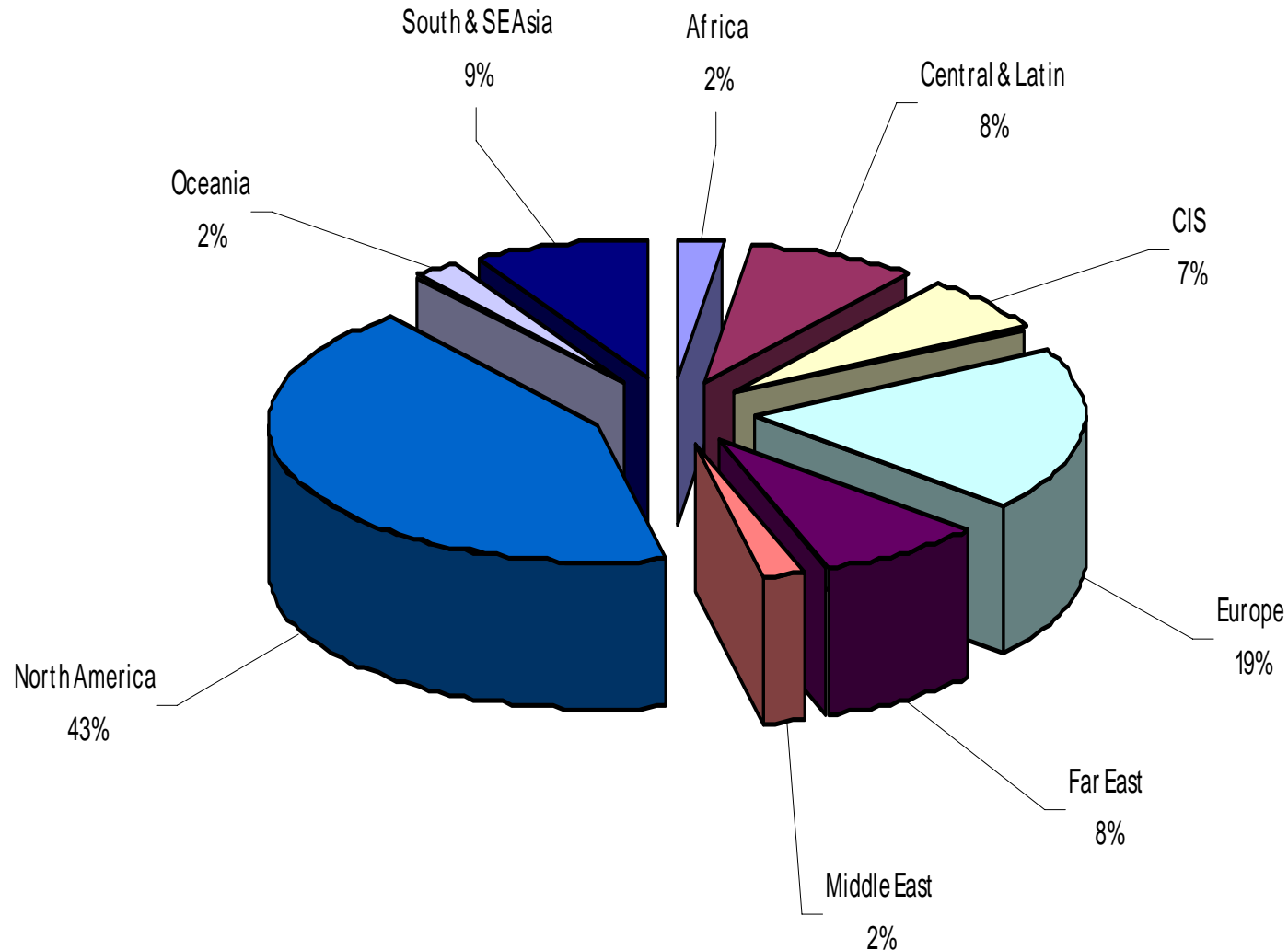
- Stabilizing energy and transportation costs
- Growing global dehydrated garlic demand @ 4-6% p.a.
- Potential fresh Garlic shortcrop in China

# Chinese Dehydrated Garlic Export History



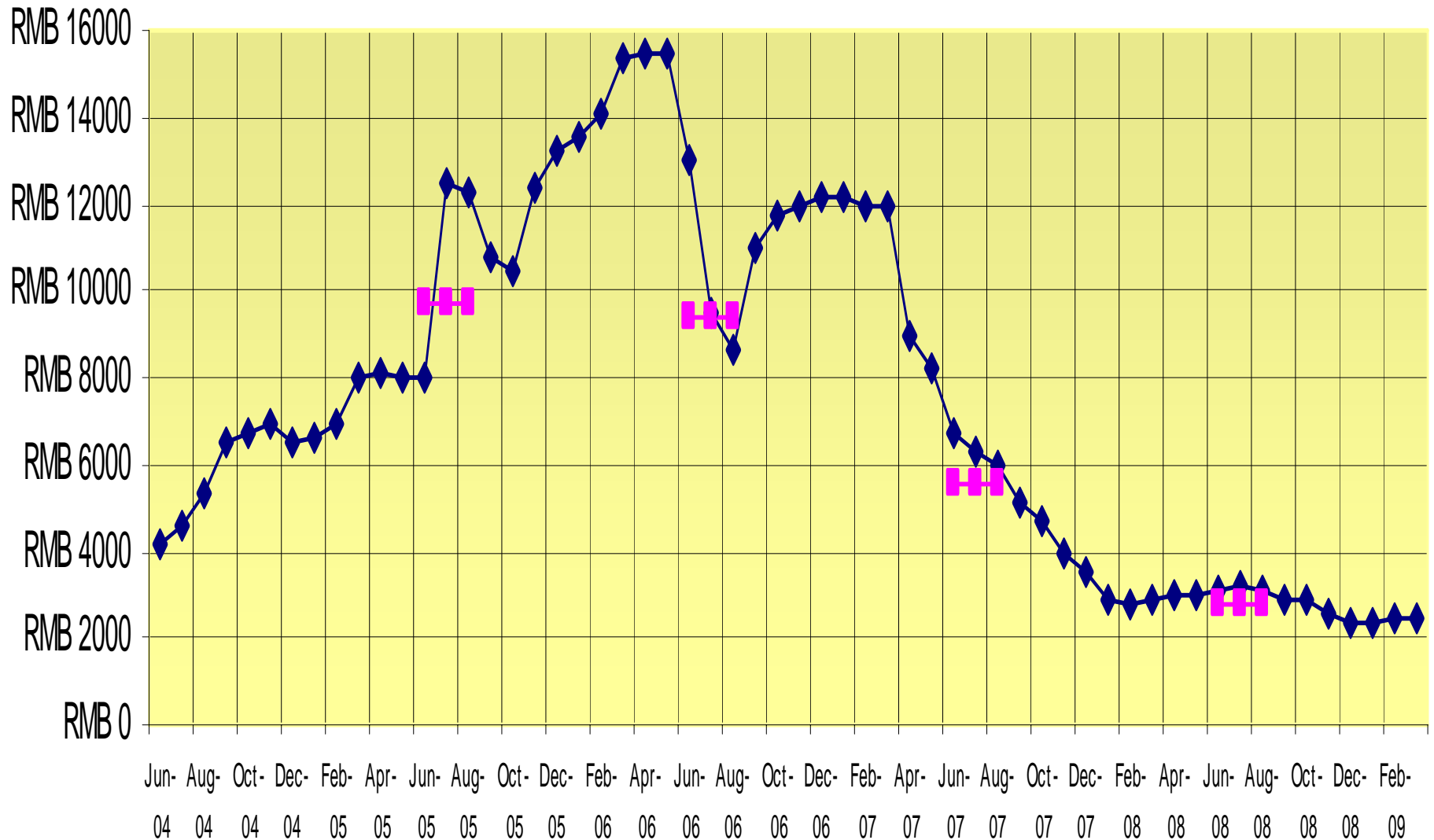
	Crop 02-03	Crop 03-04	Crop 04-05	Crop 05-06	Crop 06-07	Crop 07-08	Crop 08-09 (Est.)
Total Exports	167 Mn Lbs	204 Mn Lbs	217 Mn Lbs	232 Mn Lbs	330 Mn Lbs	335 Mn Lbs	350 Mn Lbs
Only US Exports	51 Mn Lbs	63 Mn Lbs	78 Mn Lbs	83 Mn Lbs	142 Mn Lbs	128 Mn Lbs	130 Mn Lbs
Intl Exports	116 Mn Lbs	141 Mn Lbs	139 Mn Lbs	149 Mn Lbs	188 Mn Lbs	207 Mn Lbs	220 Mn Lbs

# Dehydrated Garlic Exports from China (Crop 2007-08)



■ Africa ■ Central & Latin ■ CIS ■ Europe ■ Far East ■ Middle East ■ North America ■ Oceania ■ South & SE Asia

# 4 Year Chinese Garlic Flake Pricing Trend





# 2009 China Crop Update

- Fresh Garlic plantings down approx. 25-30% over 2008 levels
- '09 fresh garlic futures pricing for July delivery up 300% over previous year
- 30-40% of C/F flake inventory likely to be of poor quality, processed from 'cold storage' fresh garlic
- '09 flake production cost likely to increase by 10-15%
- Flake production likely to reduce sharply if
  - Flake market price is lower than new production cost (09 harvest)
  - Higher packout of fresh garlic

# **2009 China Garlic Crop**

## **Other Issues Affecting Supply & Price**

- Reduced direct and indirect support from Chinese Govt. to garlic farmers
- Increased cost push impact of safety and hygiene improvement measures
- Progressive shift of US garlic buyers to Chinese quality
  - Domestic cost push pressures
  - Increased acceptance of Chinese garlic
  - Increased risk appetite in dealing with low priced suppliers

# Garlic Outlook for Next Season (2009-10)

Year	Fresh Garlic Production	%age for Dehydration	Fresh Qty Req'd. for dehydration	C/F stocks As on Aug 31	Flake Production	Total Availability	Exports Sep-Aug	Local Demand Est.	Total Flakes Req'd **
2006 Harvest	4,076 T	18%	734 T	8 T	183 T	192 T	151 T	10 T	175 T
2007 Harvest	4,365 T	23%	1,004 T	17 T	251 T	268 T	154 T	11 T	179 T
2008 Harvest	4,348 T	17%	739 T	89 T	185 T ****	273 T	165 T	12 T	192 T
2009 Harvest	3,000 T			81 T					
Scenario 1	3,000 T	15%	450 T	81 T	113 T	193 T	173 T	13 T	202 T
Carry forward for 09-10				-9 T					
Scenario 2	3,000 T	17%	510 T	81 T	128 T	208 T	173 T	13 T	202 T
Carry forward for 09-10				6 T					
Scenario 3	3,000 T	20%	600 T	81 T	150 T	231 T	173 T	13 T	202 T
Carry forward for 09-10				28 T					

\* Assumed

\*\*The outturn of 92% is considered from flakes to finished product

\*\*\* Estimated

\*\*\*\* Some part of Cold Storage Garlic may be turned into flakes

Fig. in '000 MT

# Implications for the future

- Influence of Chinese Garlic likely to be increasingly pervasive at a global level
- Pipeline stocks in USA and China will keep prices stable in the short term
- Q3 and Q4 2009 could see increasing volatility in pricing and availability





# Thank you!

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