

ASTA 2009
Annual Meeting and Trade Show

April 26-29, 2009
Loews Ventana Canyon Resort
Tucson, Arizona



Paprika Crop Report

Gustavo Puente
Kalsec, Inc.

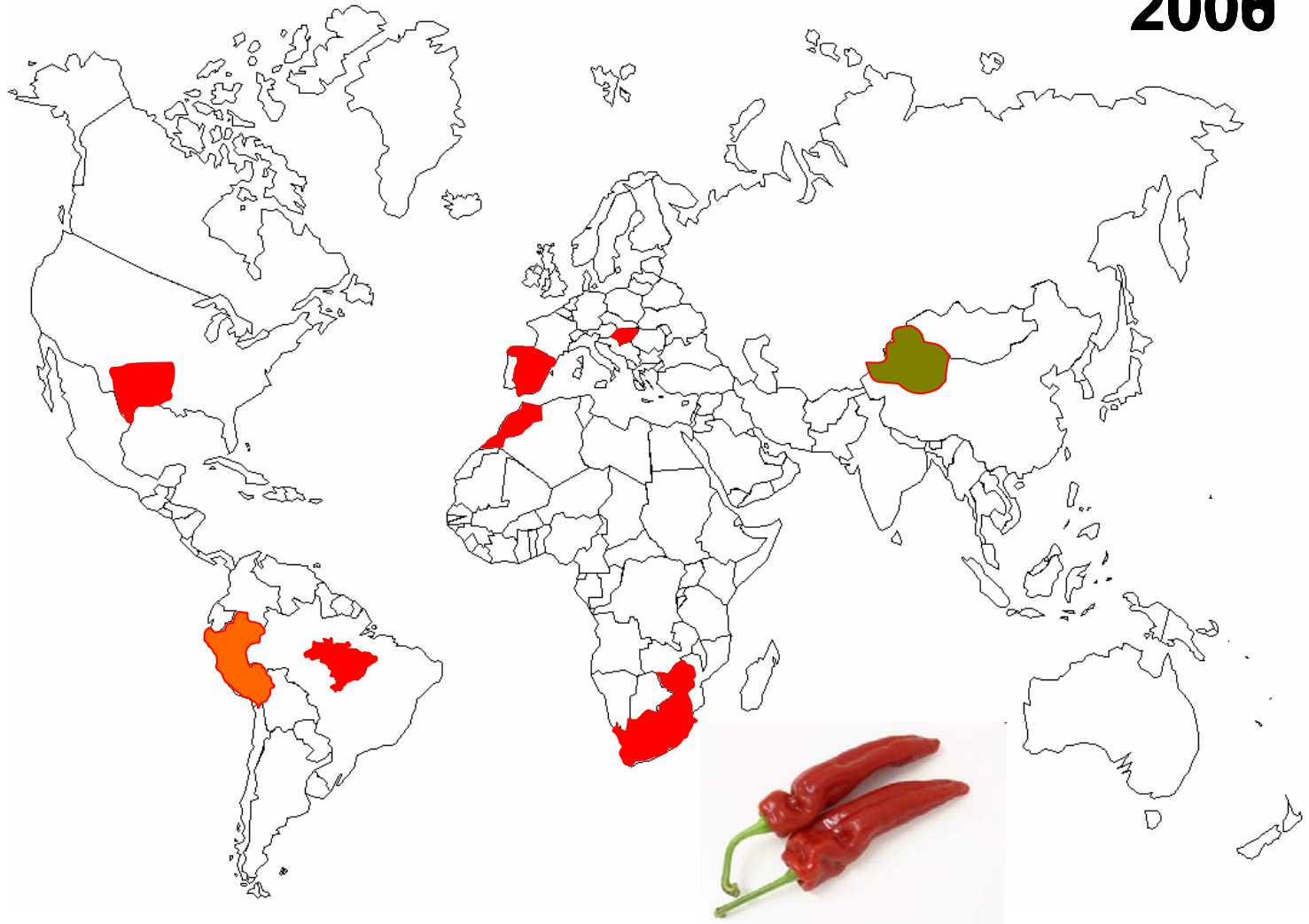


Overview

- Demand is weak and uncertain due to economic downturn. Cash and inventory levels are critical.
- Supply was strong in 2008 as a result of larger crops in Peru and China.
- Bad timing for Peruvian crop (economy and China).
- US crop was contracted with no price increases and some growth in acres.
- Future of Chinese supply is uncertain and could shape the industry.

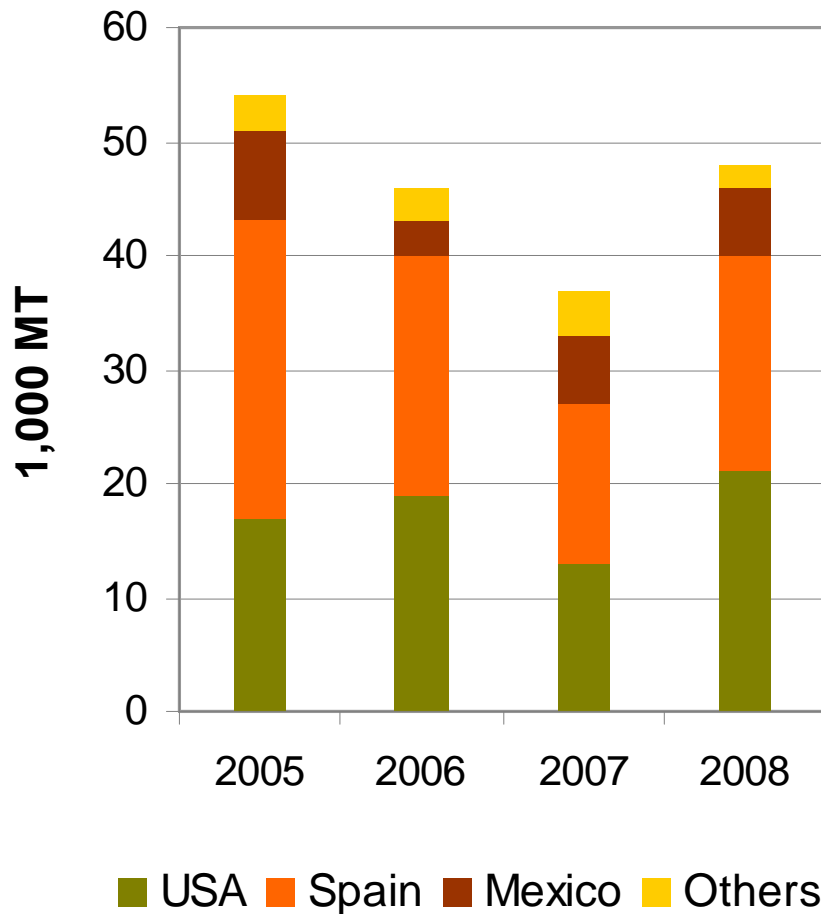
Growing Areas

2008

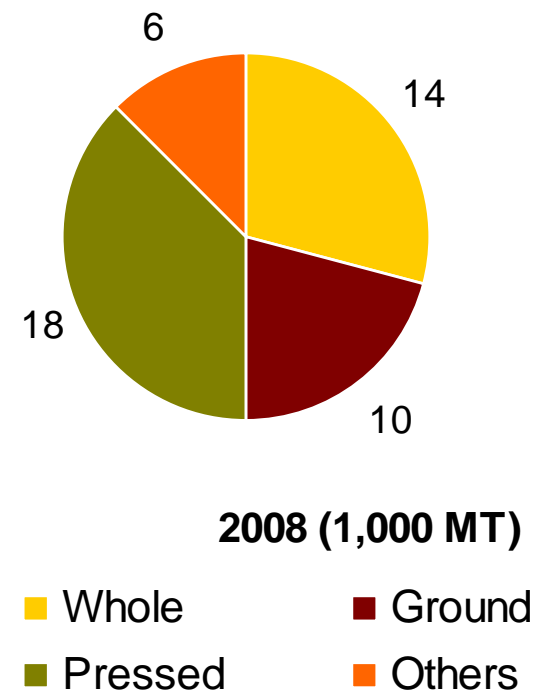


Market Segments: Peru

Exports by Country

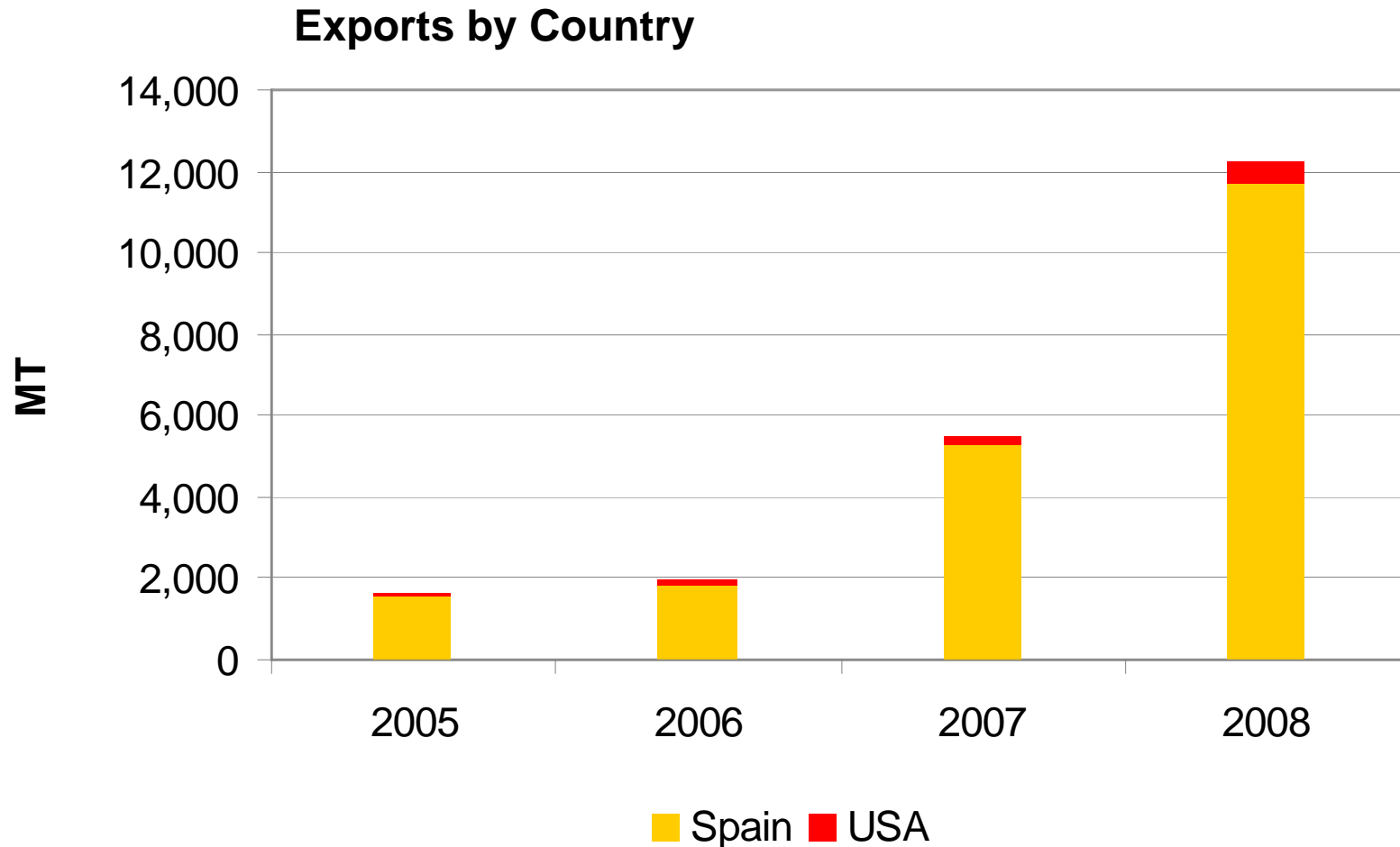


Exports by Type



Source: Aladi, Peruvian Customs

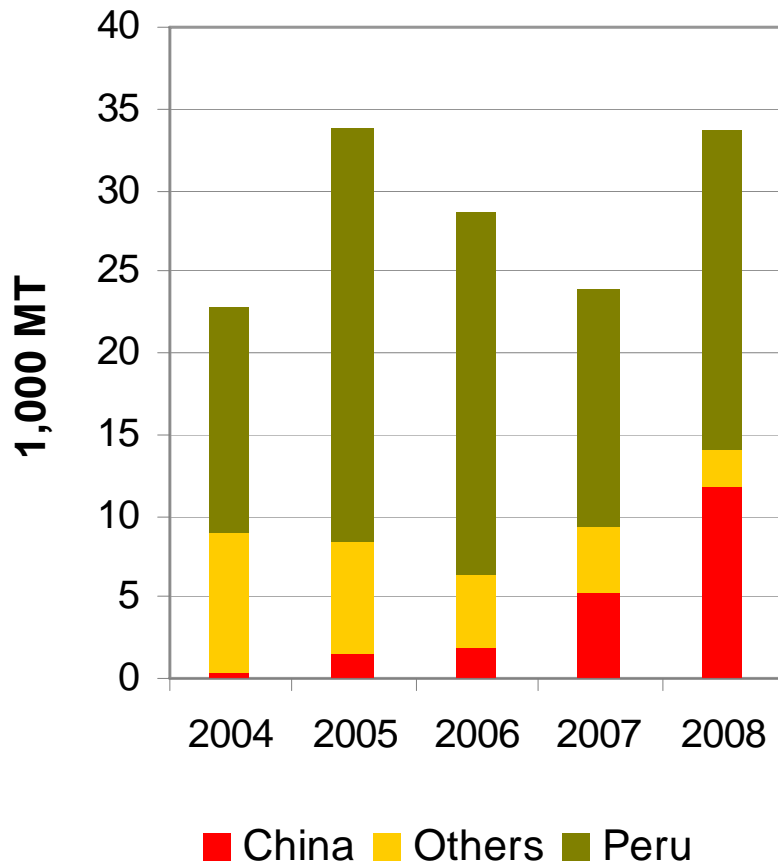
Market Segments: China



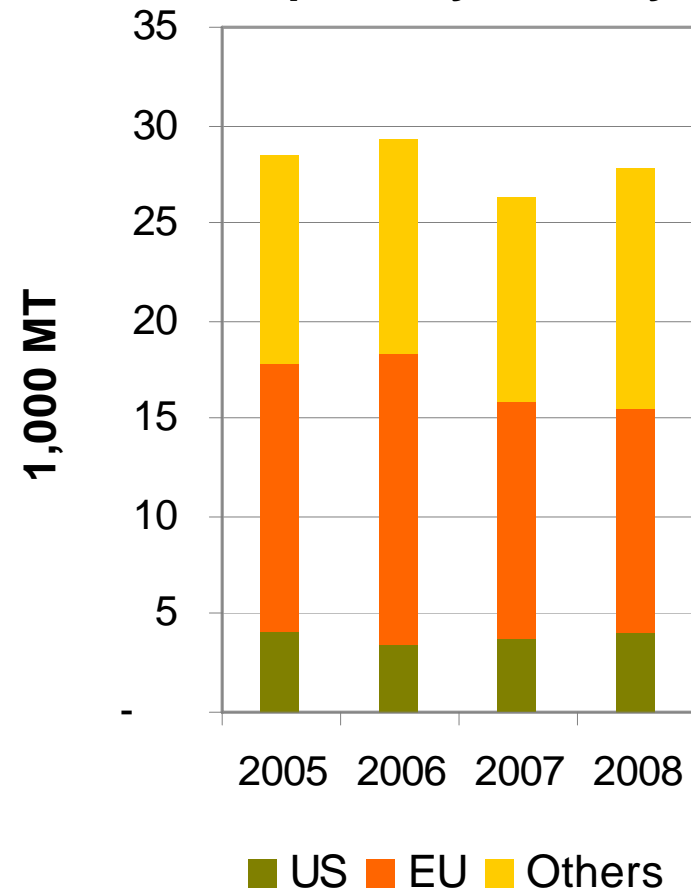
Source: USITC, Spanish Customs

Market Segments: Spain

Imports by Country



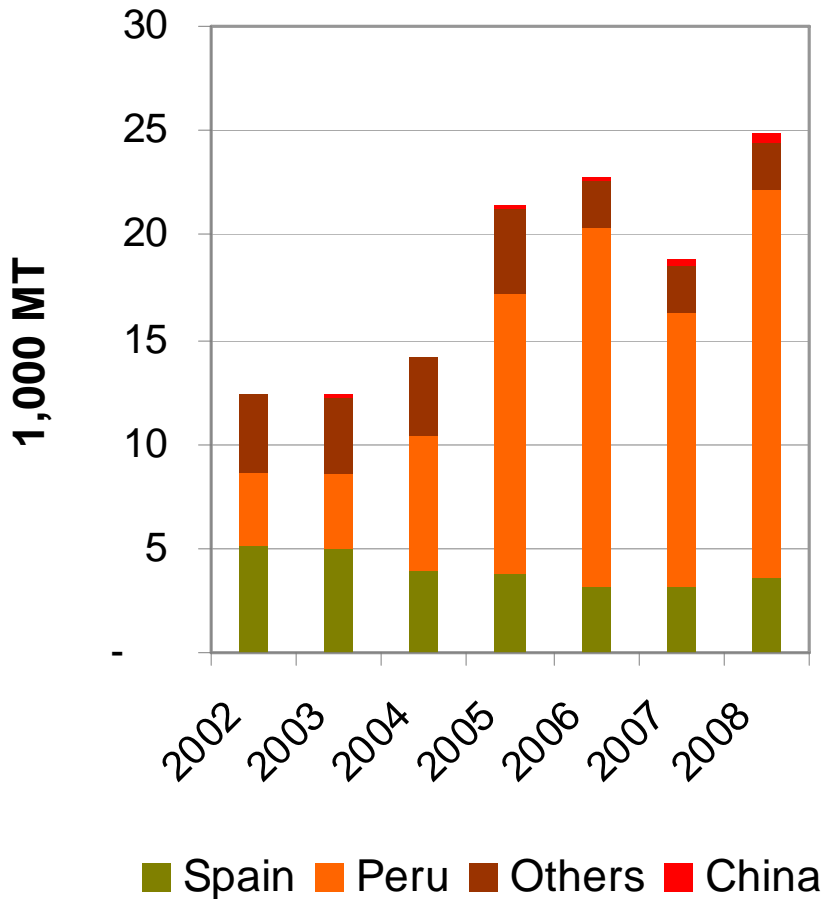
Exports by Country



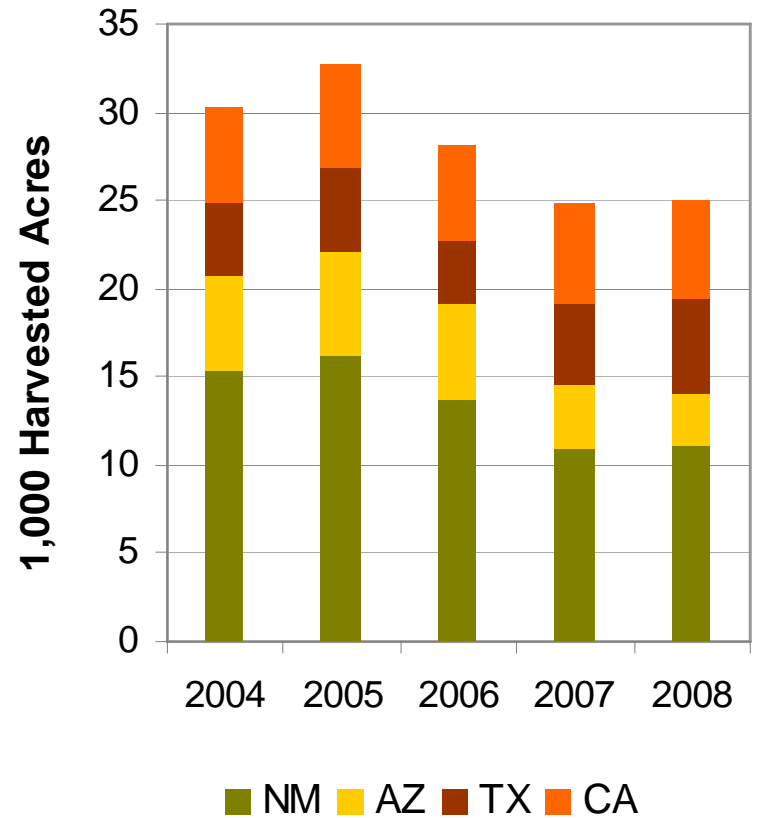
Source: Spanish Customs

Market Segments: US

Imports by Country



Domestic Chile Pepper Crop*



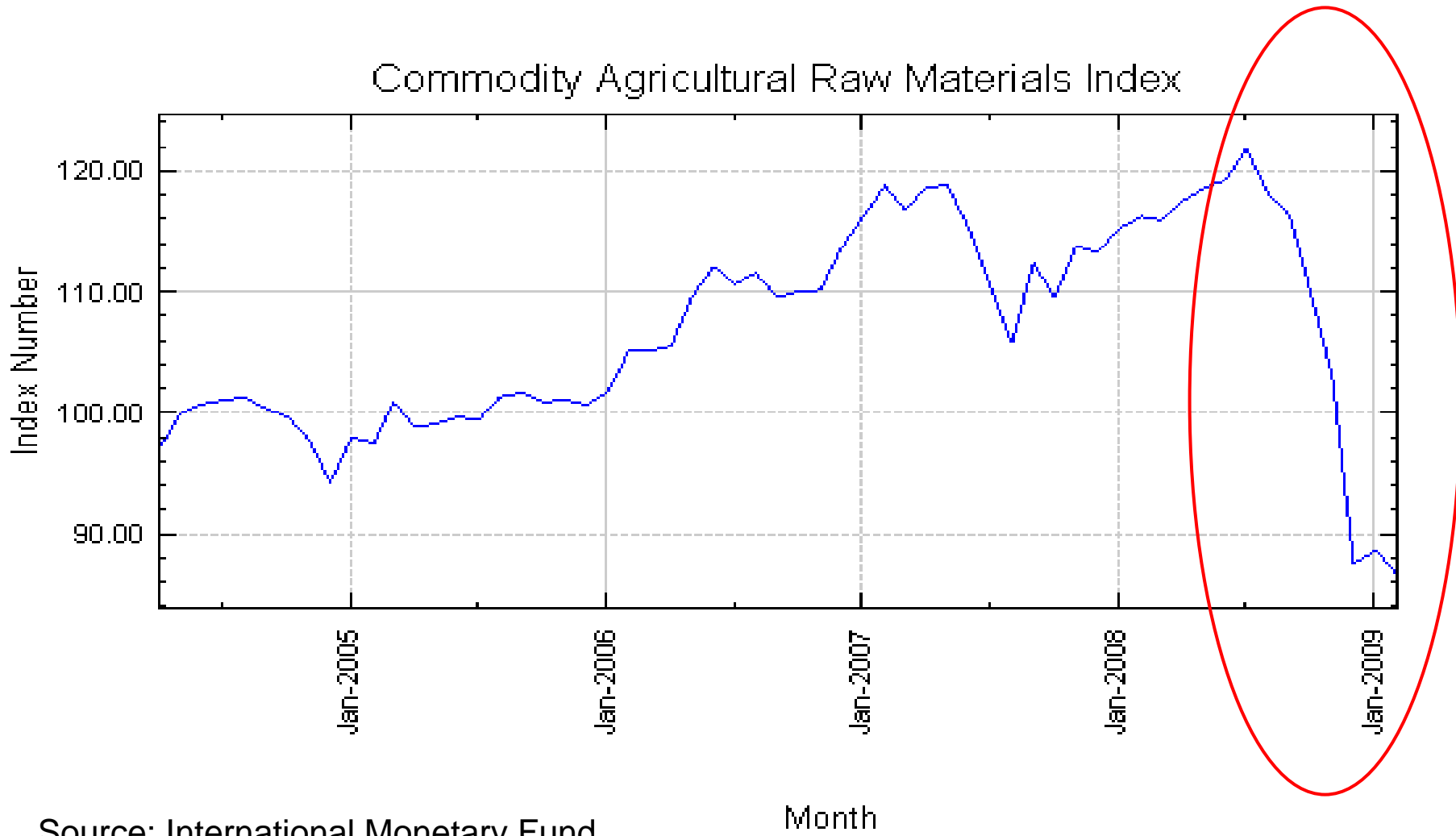
Source: USITC, USDA (NASS)

Crop Size

<u>Country</u>	<u>2008 (MT)</u>
Peru	48,000
US	16,000
China	13,000
Brazil	6,000
Spain	5,000
Africa	4,500
Others	8,500
Total	101,000

- 2008 vs. 2007
 - Peru 37,000 MT
 - China 5,500 MT
- 2009 Outlook
 - US
 - Peru
 - China

Issues Impacting Supply: the Commodity Bubble



Source: International Monetary Fund

Issues Impacting Supply: Cost Trends

2008	% of Ag Cost		Effect of Input Prices
	US	Peru	
Fertilizer	6.9%	29.9%	US = \$0.04/Lb Peru = \$0.14/Lb
Chemicals	5.7%	21.2%	US = \$0.01/Lb Peru = \$0.03/Lb

Other Issues Impacting Supply and Demand

- Economic outlook: inventory and cash constraints
- Credit availability
- Growth of Indian and Chinese oleoresin (paprika demand, low color availability)
- Freight cost

Food Safety/Quality

- **Peru**
 - Aflatoxin
 - Ochratoxin
 - Pesticides (moderate):
 - Chlorfenapyr, Triazophos, Carbofuran, others.
 - Metals
- **China**
 - Mold, moisture
 - Low color
 - Sudan I, II, III, IV
 - Pesticides:
 - S421
 - Dioxines
 - Perceived quality
- **US**
 - DAL
 - Color and yield.

Limited Growth Factors

- Peru
 - Cost structure vs. China
 - Stability of output and price – speculation
- US
 - Capacity due to seasonal crop
- China
 - Perceived and actual quality issues
 - Culture for hot peppers
 - Market understanding

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Thank you!

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