

ASTA 2009
Annual Meeting and Trade Show

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



Red Pepper Crop Report

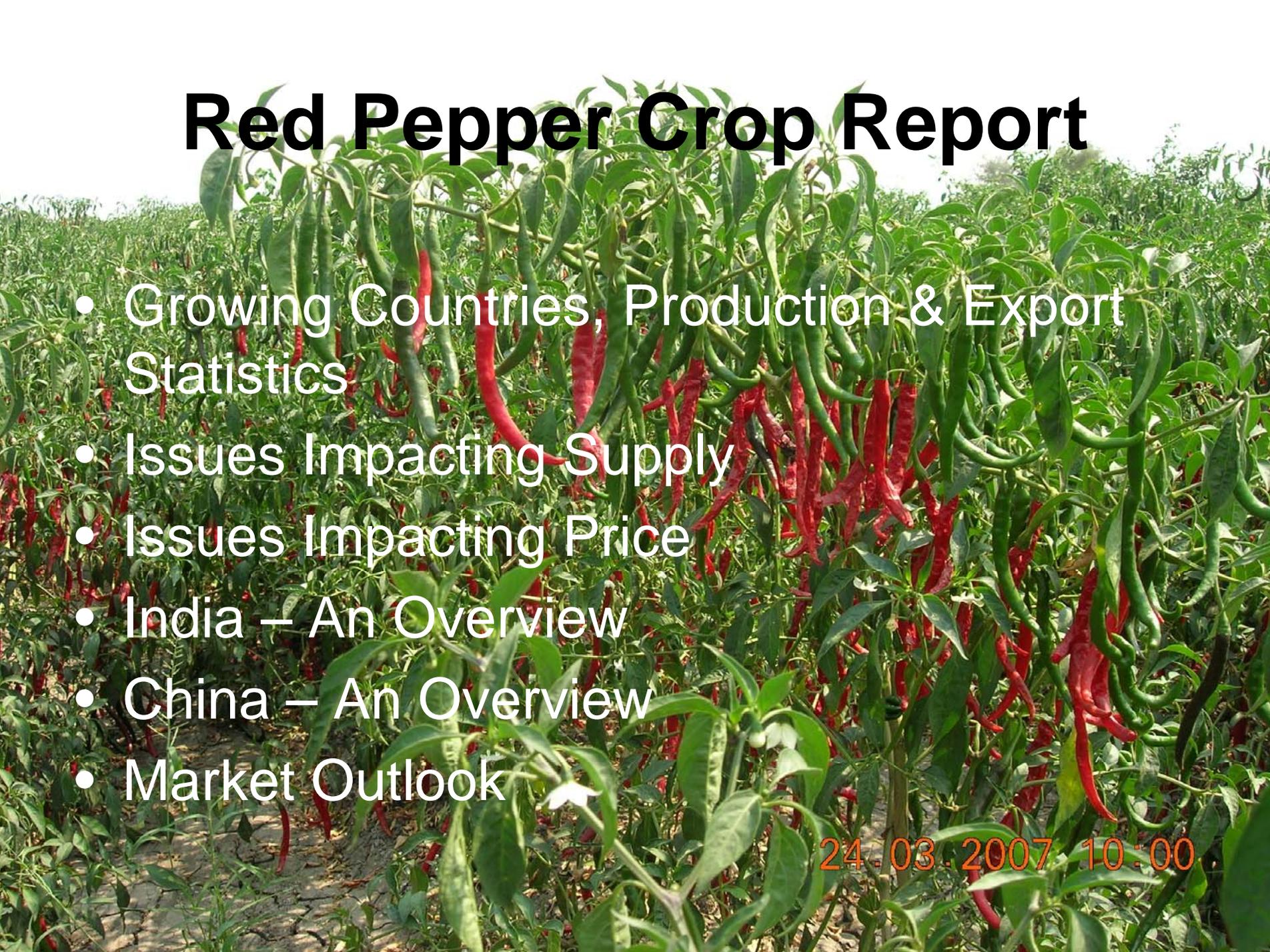
Martin Callender

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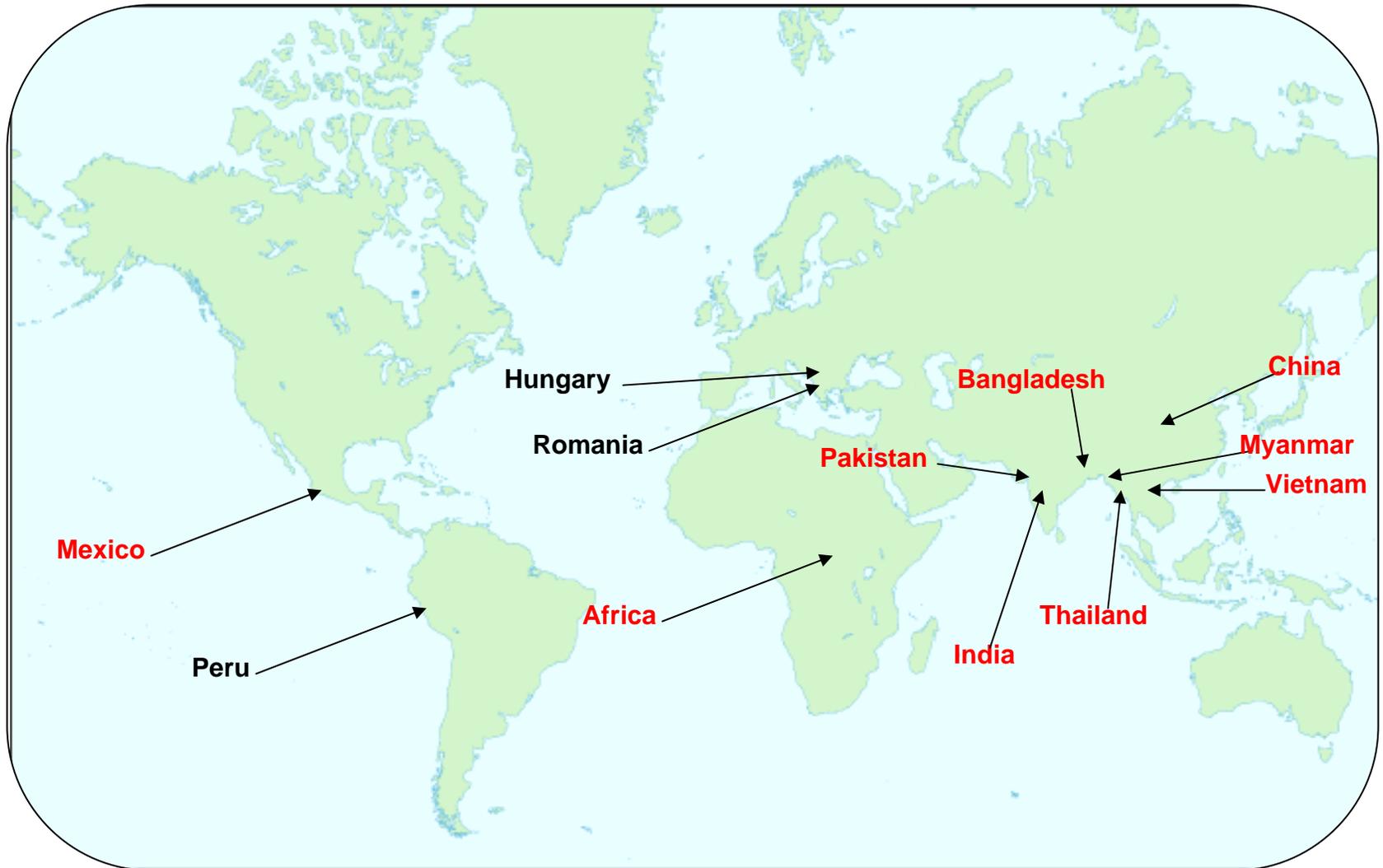
Red Pepper Crop Report



- Growing Countries, Production & Export Statistics
- Issues Impacting Supply
- Issues Impacting Price
- India – An Overview
- China – An Overview
- Market Outlook

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Red Pepper Producing Countries



World Production Statistics 2007

*FAOSTAT

Country	Area (Ha)	Production (Mt)	Yield (Kg /Ha)
India	500,000	753,000	1,506
China	40,000	250,000	6,250
Bangladesh	150,000	170,000	1,133
Peru	21,500	165,000	7,674
Pakistan	66,000	130,000	1,969
Vietnam	51,000	78,500	1,539
Myanmar	109,000	71,000	651
Mexico	37,000	60,000	1,621
Thailand	25,000	39,000	1,560
Hungary	4,400	33,000	7,500
Romania	31,000	33,000	1,064
Africa	463,555	457,650	987
Others	59,394	108,220	1,822
Total	1,557,849	2,348,370	1,507

World Exportation of Chilli: FAOSTAT 2006

Exporting country	Volume (Mt)	%	Major Export partners
India	161,706	35	Malaysia, USA, Sri Lanka, Indonesia, Bangladesh
China	93,063	20	Malaysia, Mexico, USA, Republic of Korea
Peru	49,834	11	Spain, USA, Mexico
Malaysia	30,095	7	Singapore, Indonesia
Spain	28,402	6	USA, Germany, Netherlands, UK, France
Mexico	13,407	3	USA
Myanmar	8,828	2	
Pakistan	7,408	2	Saudi Arabia, UAE
Others	65,376	14	
TOTAL	458,119	100	

Issues Impacting Supply

1. **Weather** – Unseasonal rain in India has become more common
2. **Labour** – Economic development and urbanization has led to a shortage of labour
3. **Quality** - Red Pepper is at threat from numerous diseases and pests:
 - Bacterial leaf spot, root wilt & fruit rot
 - Thrips; mites; aphids; spodoptera & helicoverpa



Issues Impacting Supply

Quality contd.

- Ever increasing focus on food safety
- *Aspergillus flavus*
- Azo dyes are an issue of great concern and environmental contamination remains a risk
- Greater sensitivity about chemical residues

Issues Impacting Supply

Quality contd.

- European and Japanese quality standards are exceedingly stringent
- Chemical residues will become an area of greater concern in the US
- The challenge for producing origins is to keep abreast of all of these developments

Issues Impacting Price

- Rising affluence in emerging economies
- Competition for arable land
- Globalization has resulted in increased demand for chillies
- New uses for red pepper



Issues Impacting Price

- The cost of production for Indian chilli has risen due to the following:
 - Wages have risen from USD1 per day to USD2.50 per day within the last 2 years
 - Land lease rates are up from USD170 per acre to USD340 per acre
 - Inputs such as fertilizer and pesticides have almost doubled in cost

Issues Impacting Price

- Approximate production costs USD per acre:

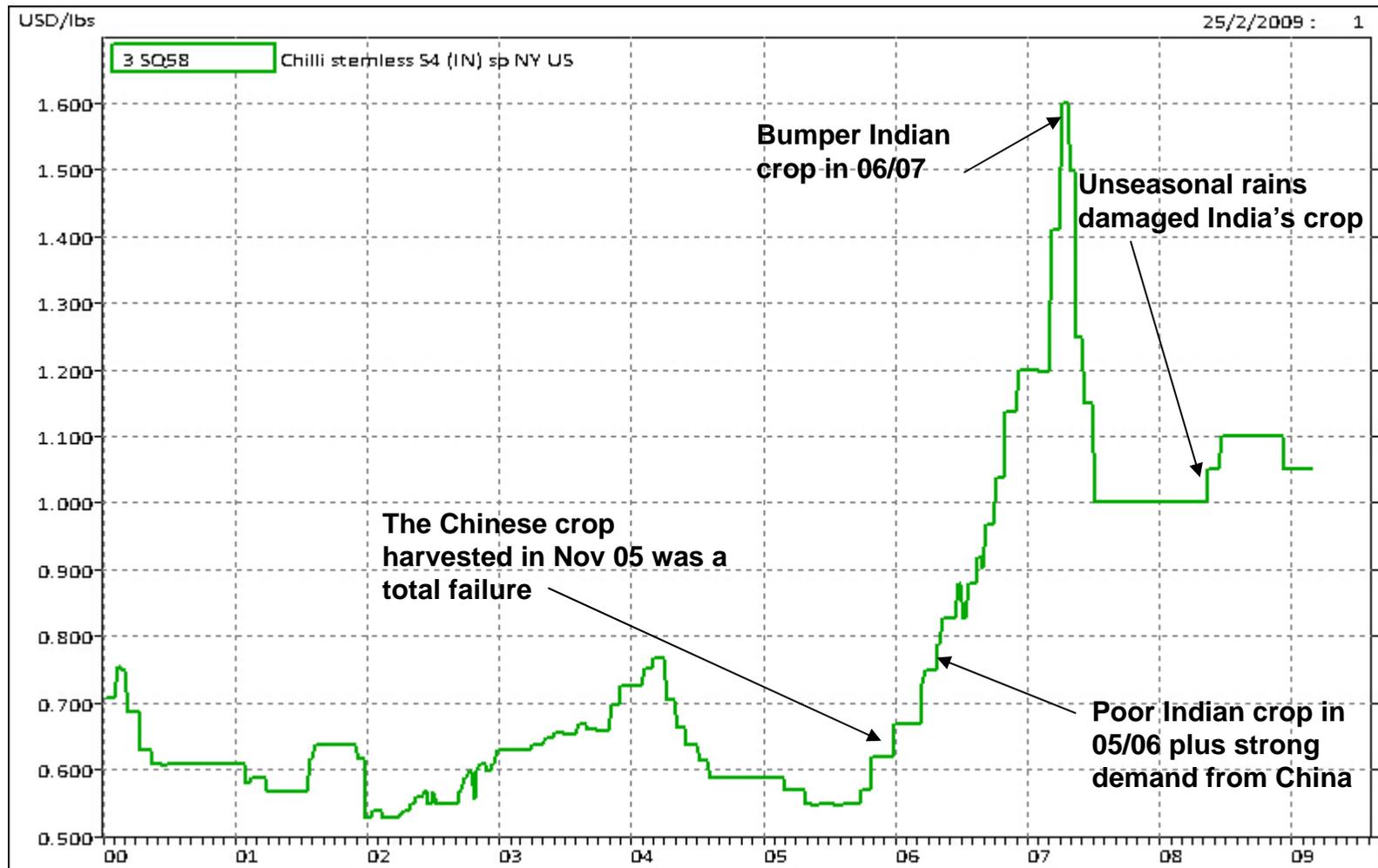
– Land lease	340
– Land preparation	60
– Seeds, treatment, nursery etc	80
– Transplanting, weeding	160
– Fertilizers, pesticides, growth promoters	540
– Irrigation	100
– Harvesting and post harvest handling	300
– Total cultivation cost / acre	1,580
- Using an average yield per acre of 2,000 Kg, the cost of production has moved up to USD800 per Mt. from USD600 per Mt

Issues Impacting Price

- Post harvest handling is very poor in India leading to wastage
- Cold storage facilities are a positive development



Indian Red Pepper Price Evolution

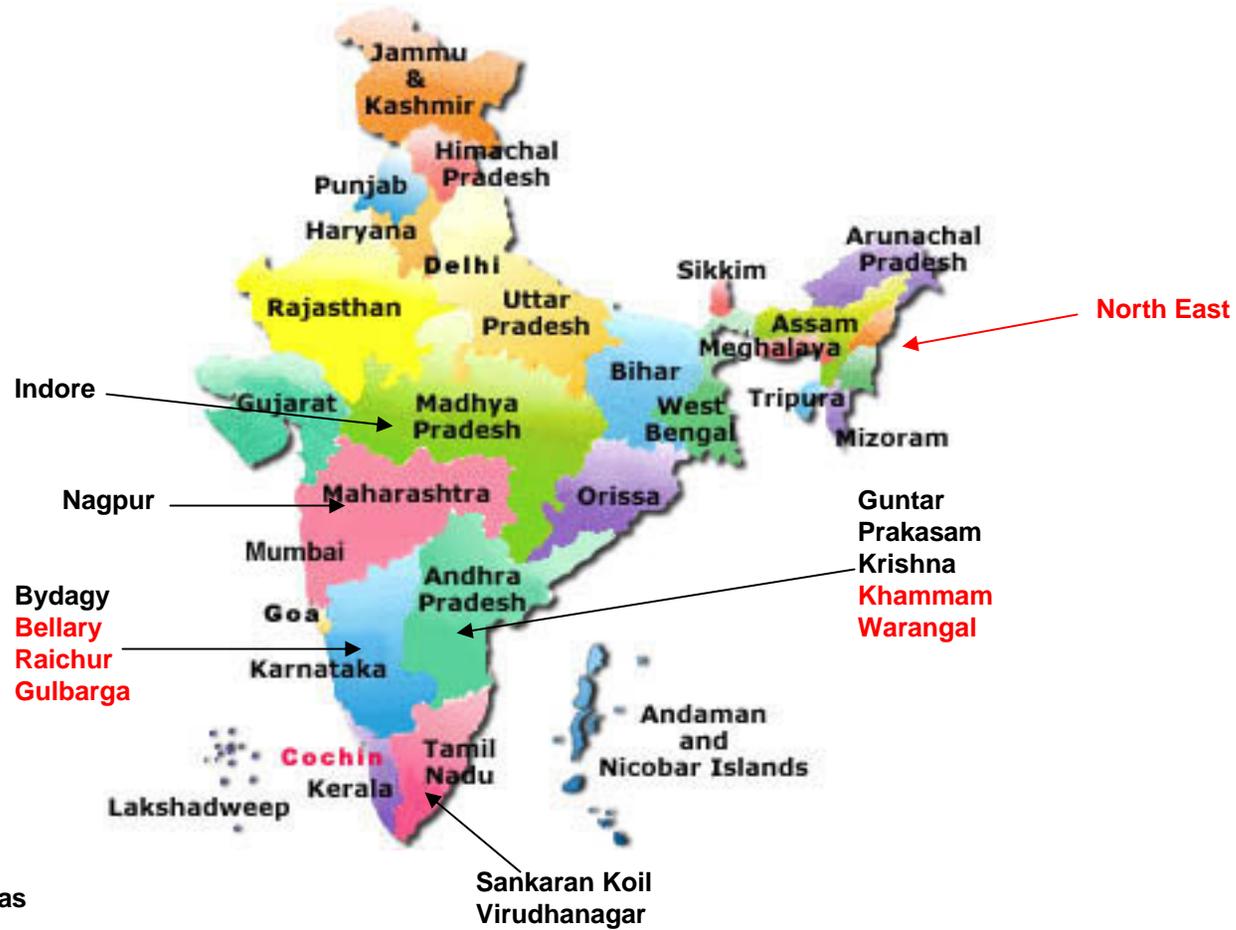


India Overview

- Harvest commences in Nov and runs through March
- Indian red pepper is usually available through out the year

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Red Pepper Regions in India



Traditional Growing Areas

New Upcoming Areas

6 Year Indian Production Data

Year	Area (Ha)	Production (Mt)	Yield (Kg / Ha)	Annual Av. Price – Guntur (USD/Kg)	Export Qty (Mt)	Export Value (USD million)
2003/04	824,400	1,289,340	1,564	0.78	86,575	73.38
2004/05	843,280	1,376,580	1,632	0.57	138,073	99.81
2005/06	741,980	1,025,220	1,382	0.49	113,174	80.60
2006/07	809,437	1,325,270	1,637	0.99	148,500	161.55
2007/08	823,982	1,349,560	1,638	0.81	209,000	219.5
2008/09 estimate	800,000	1,300,000	1,630	0.96	181,000	206.0

China Overview



- Harvest starts in Sept with drying through Oct – Nov
- The main marketing season extends until Feb
- Production in 2008 may have been 30-40% higher due to high price levels in 2007

China – An Overview

- Growing regions:
 - Shandong and Xinjiang -low heat chilli e.g. Yiddu which is favoured by Korea for Kimichi
 - Henan and Hebei - medium heat red pepper e.g. Tianjin which is mainly sold to the US and Mexico and competes with S4s
 - Yunnan - medium heat red pepper which is used in Mexico as it is like arbol chilli
 - Shannxi and Xinjiang - medium heat chilli e.g. Shannxi Wrinkle which is popular in Malaysia and Singapore



Market Outlook

- Despite limited C/O from 07/08 the market looks set to remain subdued
 - Crop in Guntur down but good quality
 - China's 08/09 season crop was excellent
- A narrow trading range of can be expected over the next 6 months
- Beyond that future direction will depend upon the output from China and the early harvesting regions in India

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Thank you!

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