



PAPRIKA CROP REPORT

David Perrone
Purchasing Director
McCormick & Company, Inc.




2012/13 Crop Overview

- Overall global production is up
 - China crop larger due to plantings
 - U.S. crop larger due to favorable weather
 - Peru stable
- Continued strong demand
 - Whole Pods, Oleoresin
 - Premium specialty chilies
- Market trend is lower

2013/14 Crop Outlook

- Overall global production lower
 - China plantings lower due to 2012/13 crop pricing
- Carryover stocks moderately higher
- Demand from Oleo & Whole Pod market
 - Wild card

Crop Growing Areas

- Primary: China, Peru 
- Secondary: U.S., Spain, Israel 
- Developmental: South Africa, Zimbabwe 

Political Map of the World



Agricultural Process



Planting:

Northern Hemisphere: March/
April

Southern Hemisphere:

Peru: 3 Crops



Harvest: (Primarily Hand)

Northern Hemisphere: Sept-Nov

Southern Hemisphere:

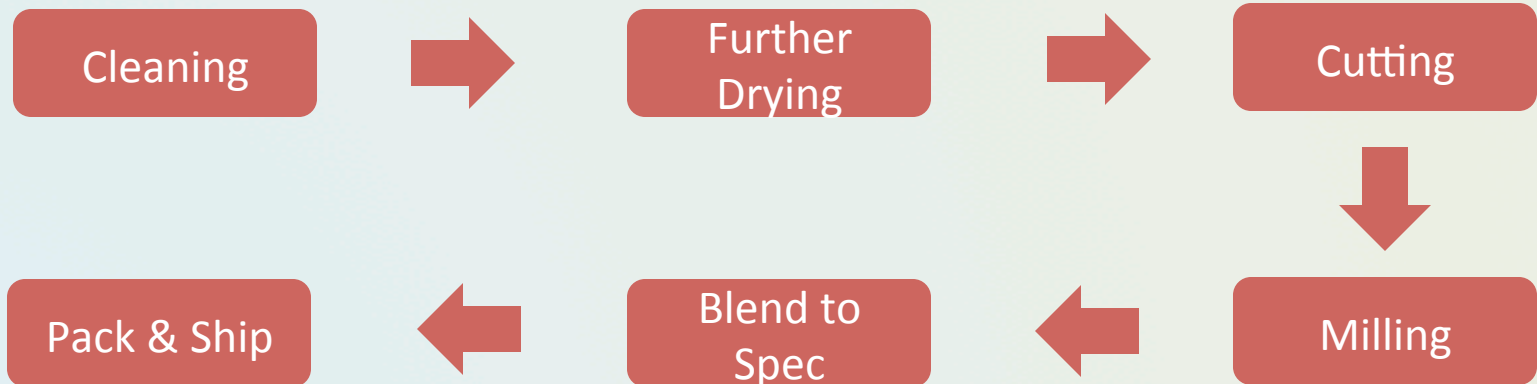
Peru: April (largest), September,
December



Sun Dried (Primary)

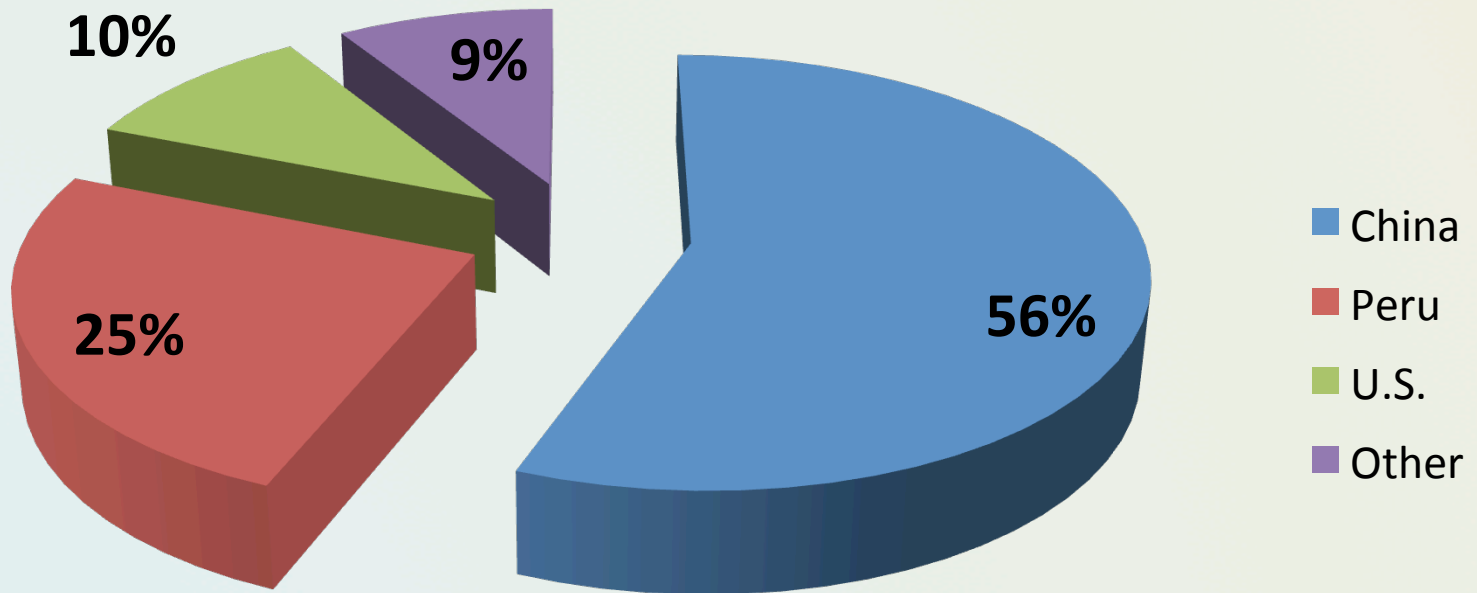


Processor



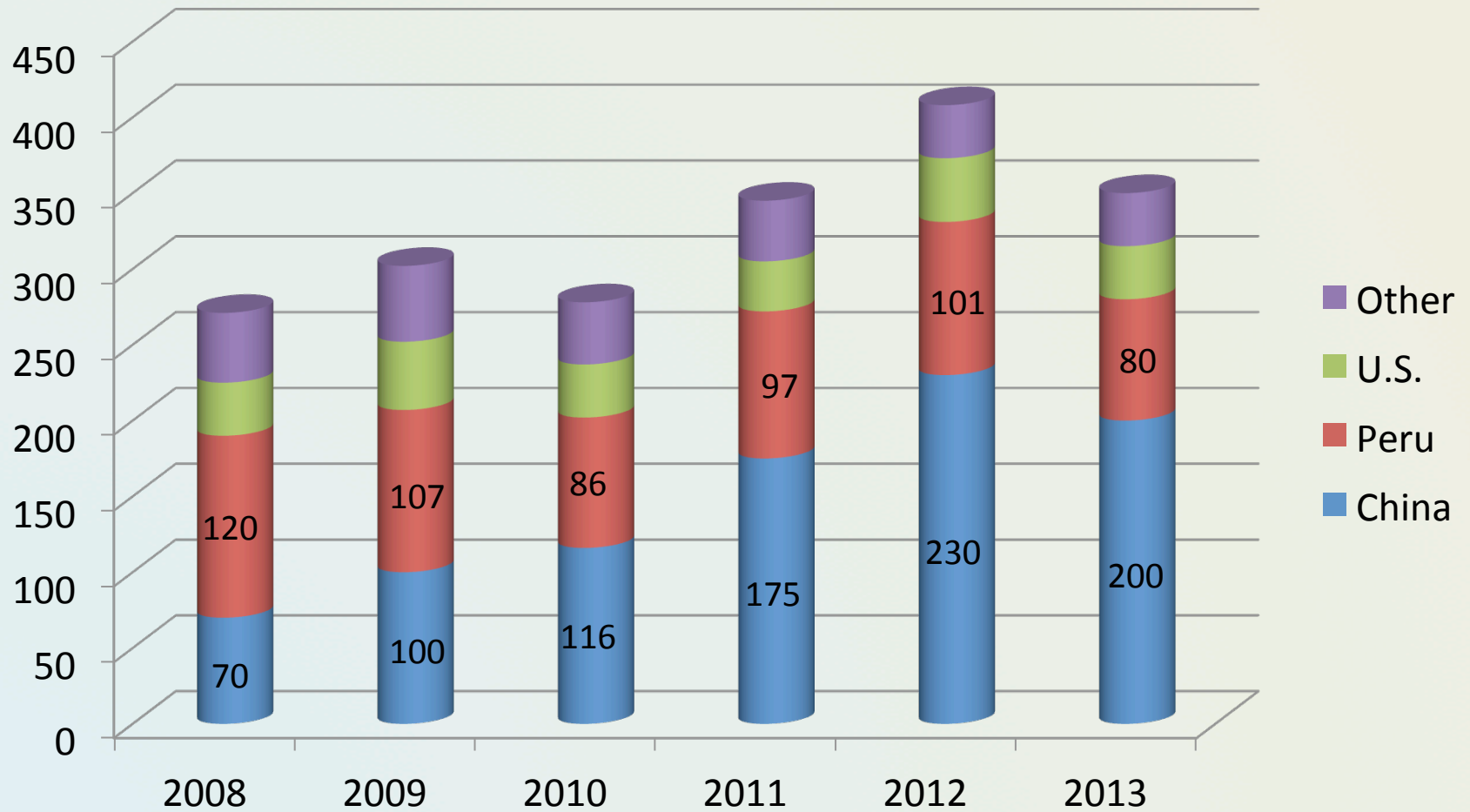
Global Production

Origin



Global Paprika Supply

(millions of lbs.)



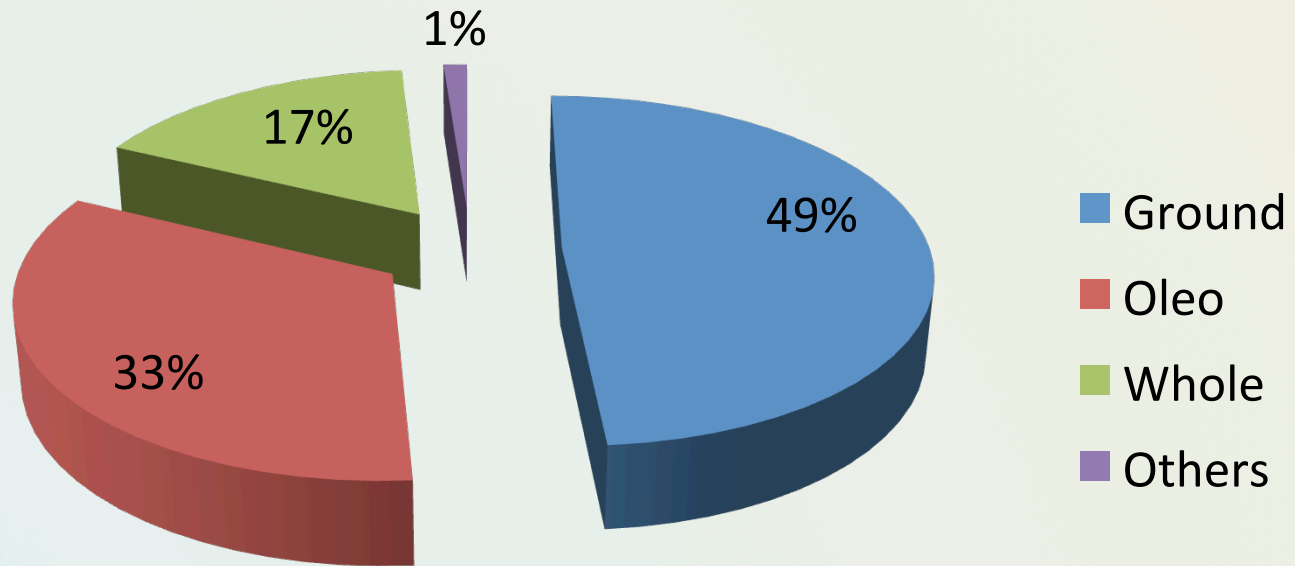
Crop Year

2013 is estimated

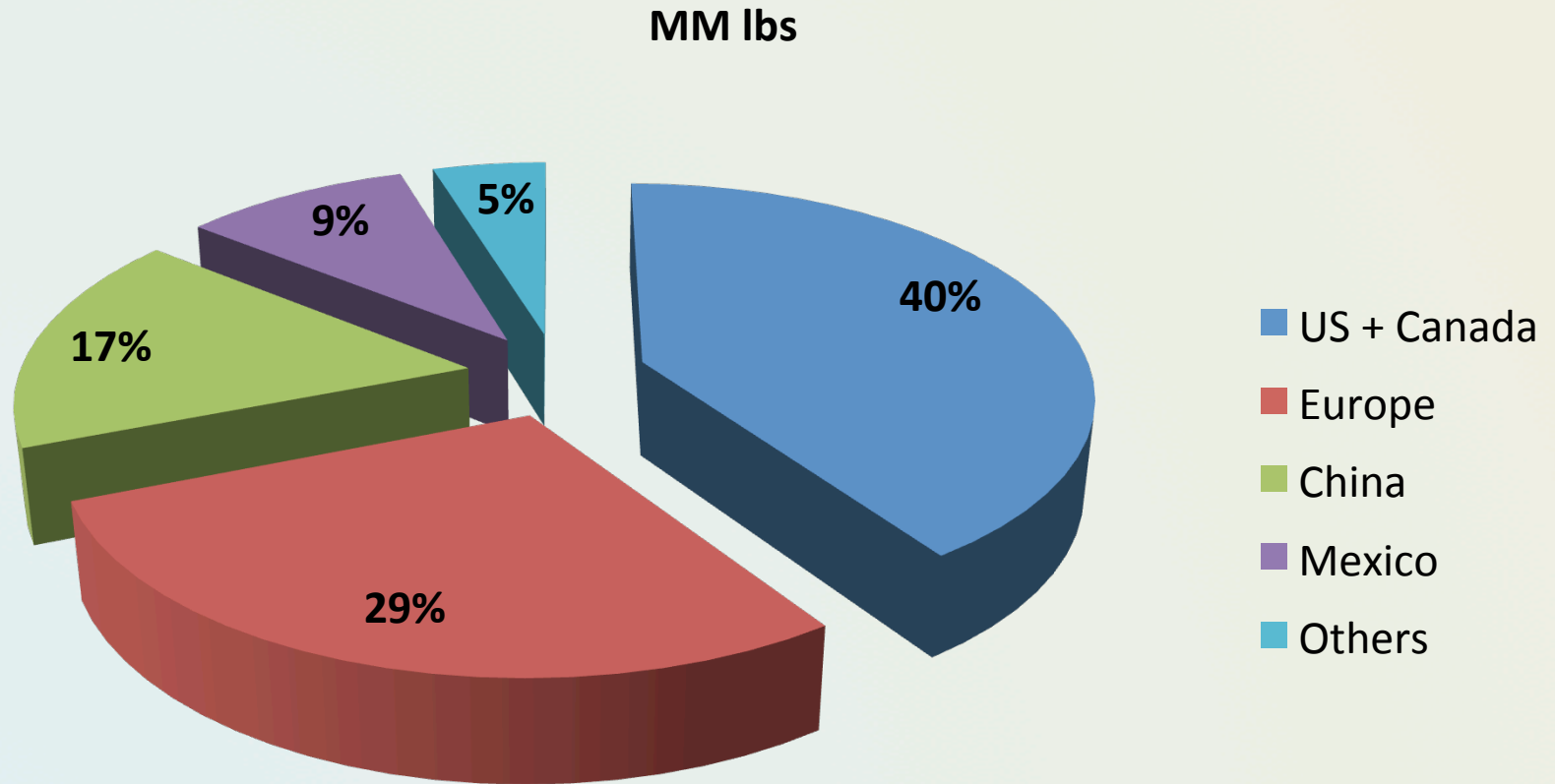
Primary Paprika Usage



2012 Paprika End Usage by Type



Global Demand by Region



Primary Market Segments

Ground Paprika



North America
Europe

Whole Pods



Mexico
U.S. Southwest

Chili Blend



North America

Oleoresin



Global

Universal Issues Impacting Supply/ Price

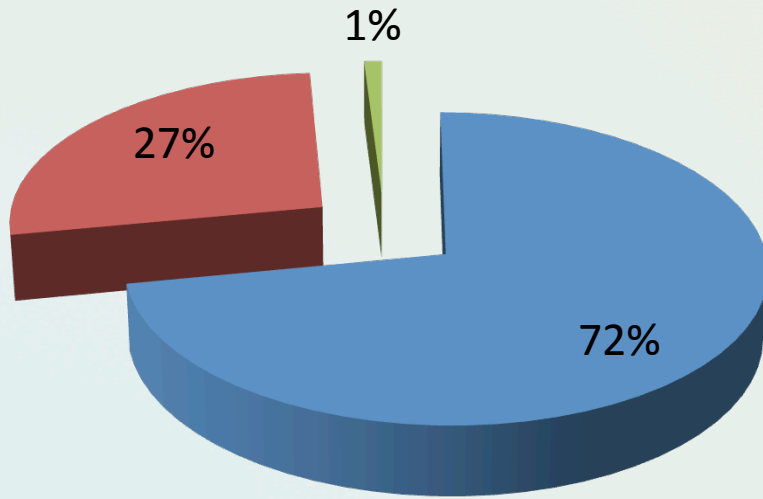
- Weather
- Planting Size
- Overall demand
- Yields
- Competing Crops
- Regulatory environment
- Carryover Stocks

Origin Centric Impact Supply/Price

- Peru
 - Whole Pod demand from Mexico
 - Ability to shift to alternate crops
 - Fresh fruit & vegetables
- China
 - Inflation
 - Labor shortage in primary growing regions
 - Increasing domestic demand
- U.S./Europe
 - Grower costs

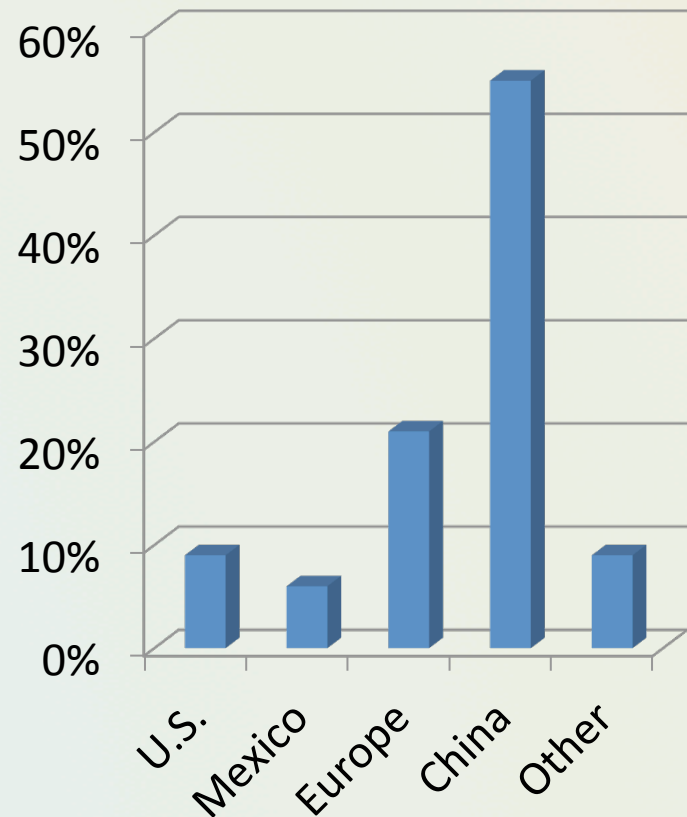
Crop Market Segments - China

Usage Type



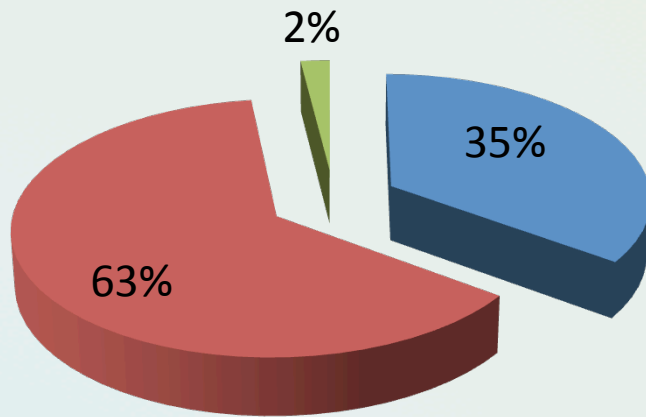
■ Pods ■ Semi-Processed ■ Finished

Destination



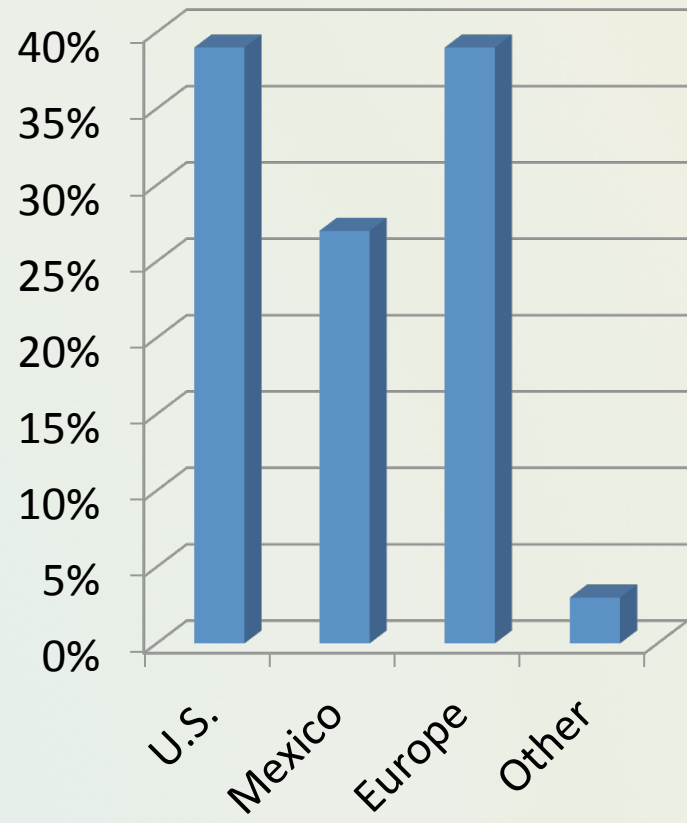
Crop Market Segments - Peru

Product Type



■ Pods ■ Semi-Processed ■ Finished

Destination



Limited Growth Factors

- Political issues in Africa
 - May be turning around
- Global free-trade agreements
- Labor intensive crop
- More profitable alternatives
- Active regulatory environment

Food Safety/Quality

- Typical contaminants at farm level
 - Aflatoxins
 - Ochratoxin A
 - Pesticides
 - Foreign matter
- Economic Adulterants
 - **Unlabeled or declared use of defatted or spent Paprika**
 - Tomato Skins
 - Annatto Seed
 - Illegal dyes

Summary

- Strong global 2012 crop expected to result in reduced 2013 plantings
- Continued strong demand in all areas for Paprika
 - Strong demand for similar crops
- China now the dominant growing region
- Peru to play small role in coming year
- Product adulterated with spent meal continues to be used without proper labeling
 - Resulting in misleading market information

Questions?

Thank you

