



**American Spice Trade Association
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Paprika Crop Report

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1. Crop size

1.1 Crop growing areas 2010

1.2 World production

1.3 Crop seasons

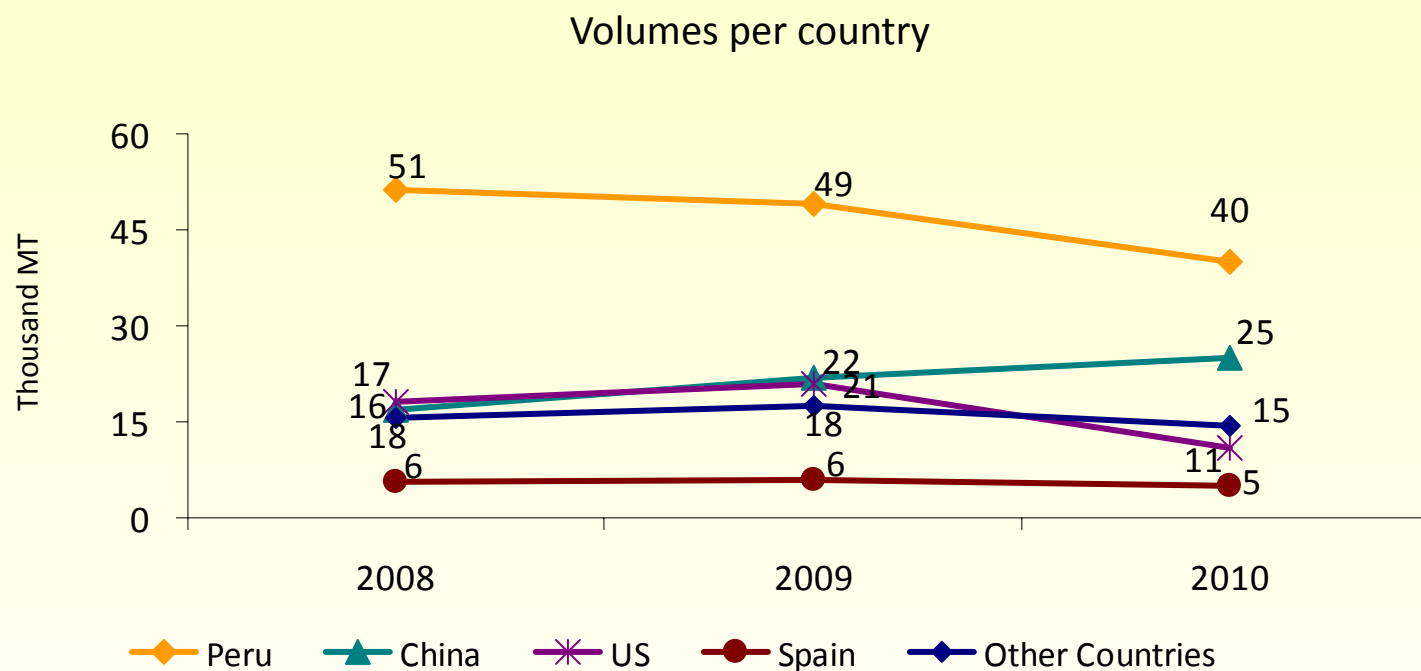
Crop Growing Areas: 2010



World
Production: 95,000 MT



WORLD: Crop size



Year	Peru	China	US	Spain	Other Countries	Total Production
2008	51	17	18	6	16	107
2009	49	22	21	6	18	115
2010	40	25	11	5	15	95

Thousand MT

Source: USITC, FAO, Miski analysis

Crop season

Crop planting and harvest seasons by country

Country	Production Zone	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dic
Peru	North 50% - Barranca, Chiclayo, Piura												
	South 50% - Arequipa, Ica												
China	Korla, Aksu, Kashi												
Spain	Caceres, Badajoz, Murcia												
United States	New Mexico, California, Texas, Arizona												

Planting
 Harvest



Source: FAO, USDA, Miski analysis

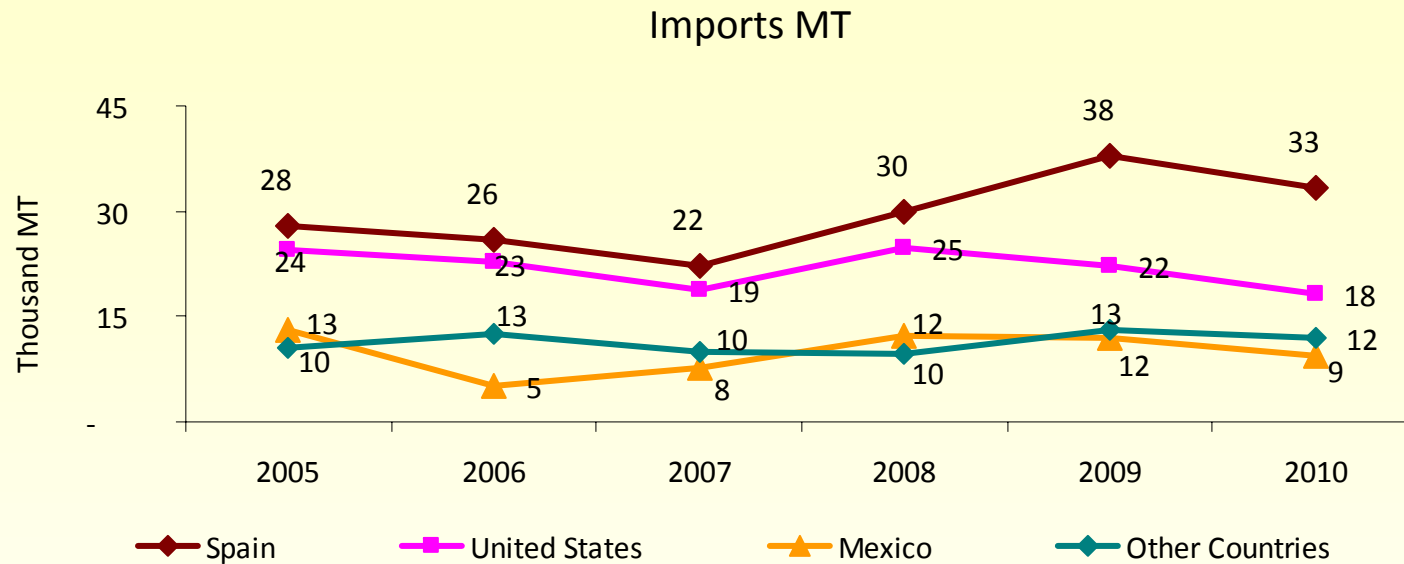
2. World demand - Imports by country

2.1 Spain

2.2 United States

2.3 Mexico

WORLD: Demand



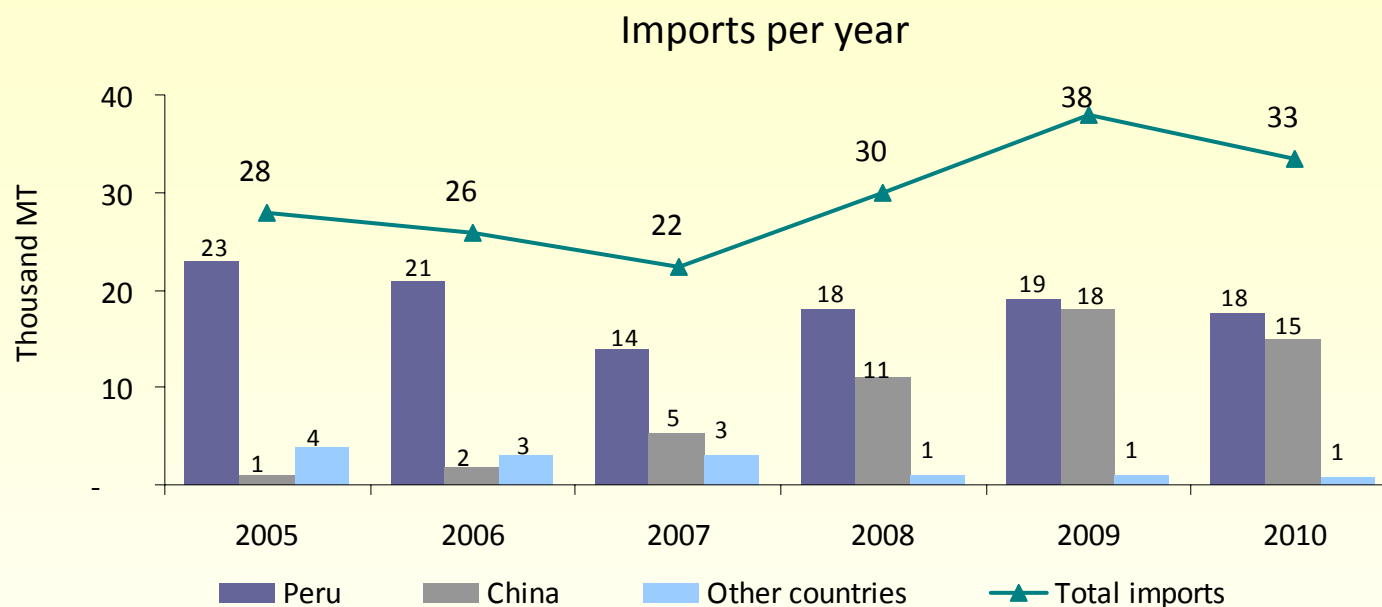
	2005	2006	2007	2008	2009	2010
Spain	28	26	22	30	38	33
United States	24	23	19	25	22	18
Mexico	13	5	8	12	12	9
Other Countries	10	13	10	10	13	12
Total	76	66	59	77	85	73

MT Thousand

Source: Trade Map, USDA, Spanish customs, analysis by Miski



SPAIN: Imports

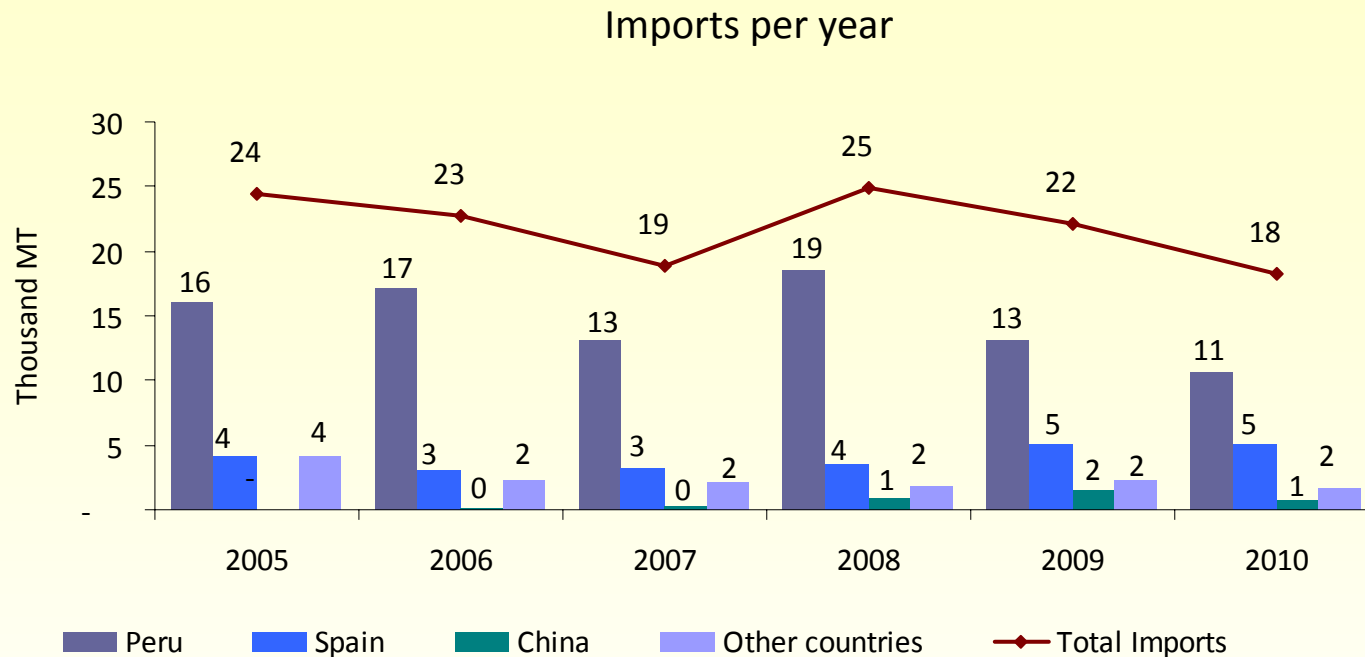


	2005	2006	2007	2008	2009	2010
Peru	23	21	14	18	19	18
China	1	2	5	11	18	15
Other countries	4	3	3	1	1	1
Total imports	28	26	22	30	38	33

MT Thousand

Source: Trade Map, Spanish customs, analysis by Miski

USA: Imports

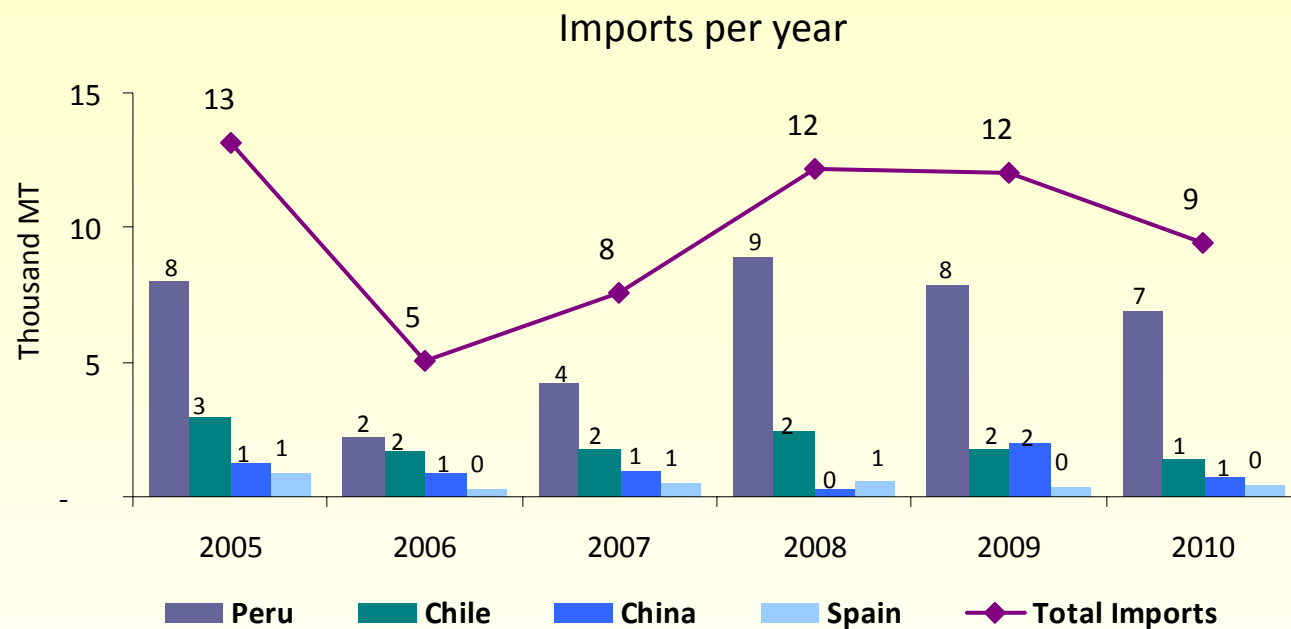


	2005	2006	2007	2008	2009	2010
Peru	16	17	13	19	13	11
Spain	4	3	3	4	5	5
China	-	0	0	1	2	1
Other countries	4	2	2	2	2	2
Total Imports	24	23	19	25	22	18

MT Thousand

Source: Trade Map, USDA, Peruvian customs, analysis by Miski

Mexico: Imports



	2005	2006	2007	2008	2009	2010
Peru	8	2	4	9	8	7
Chile	3	2	2	2	2	1
China	1	1	1	0	2	1
Spain	1	0	1	1	0	0
Total Imports	13	5	8	12	12	9

MT Thousand

Source: Trade Map, Peruvian customs, analysis by Miski

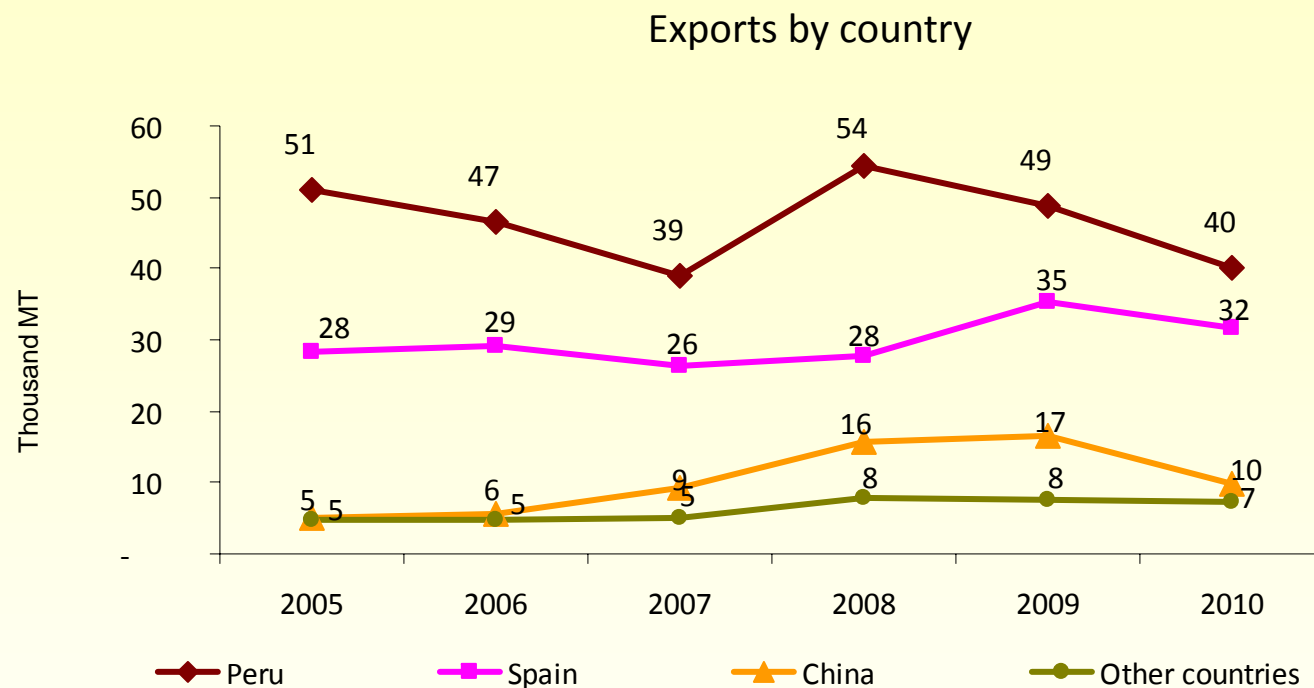
3. World supply - Exports by country

3.1 Peru

3.2 Spain

3.3 China

WORLD: Supply

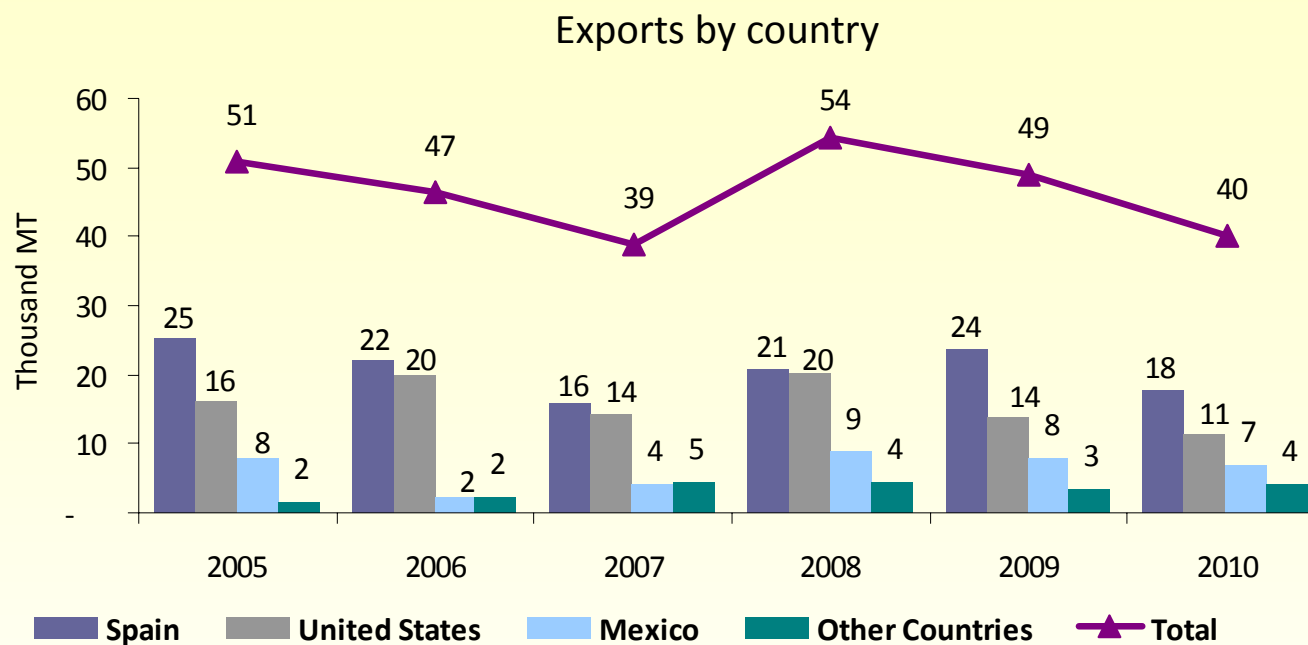


	2005	2006	2007	2008	2009	2010
Peru	51	47	39	54	49	40
Spain	28	29	26	28	35	32
China	5	6	9	16	17	10
Other countries	5	5	5	8	8	7
Total Exports	89	86	79	105	109	89

MT Thousand

Source: Peruvian Customs, Spanish customs, Trade map, analysis by Miski

PERU: Exports



	2005	2006	2007	2008	2009	2010
Spain	25	22	16	21	24	18
United States	16	20	14	20	14	11
Mexico	8	2	4	9	8	7
Other Countries	2	2	5	4	3	4
Total	51	47	39	54	49	40
Local Production				51	49	40

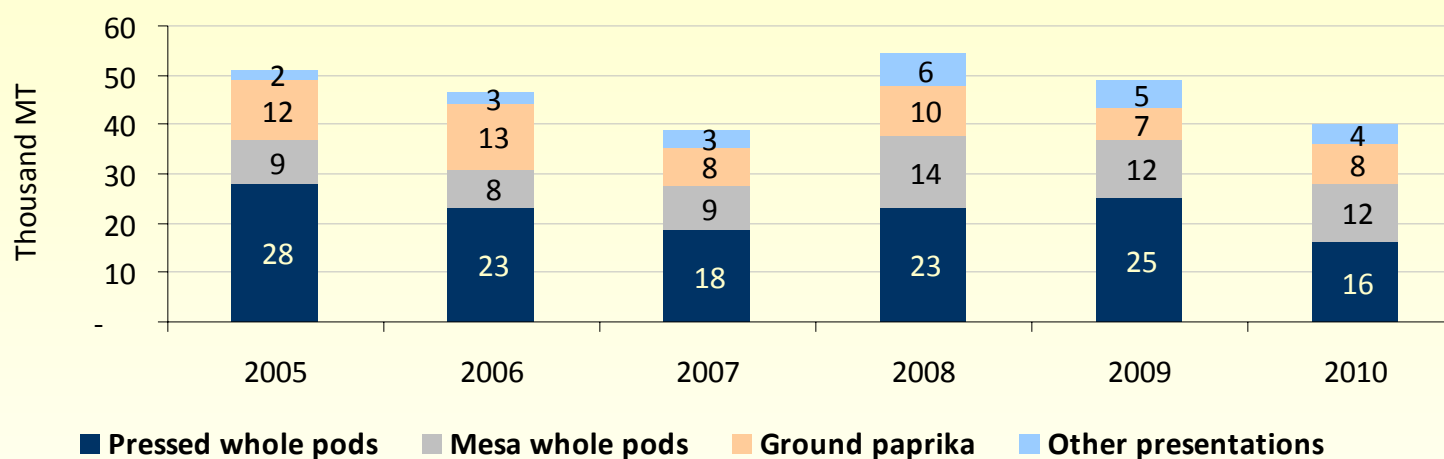
MT Thousand

Source: Peruvian customs



PERU: Exports

Exports by type of product

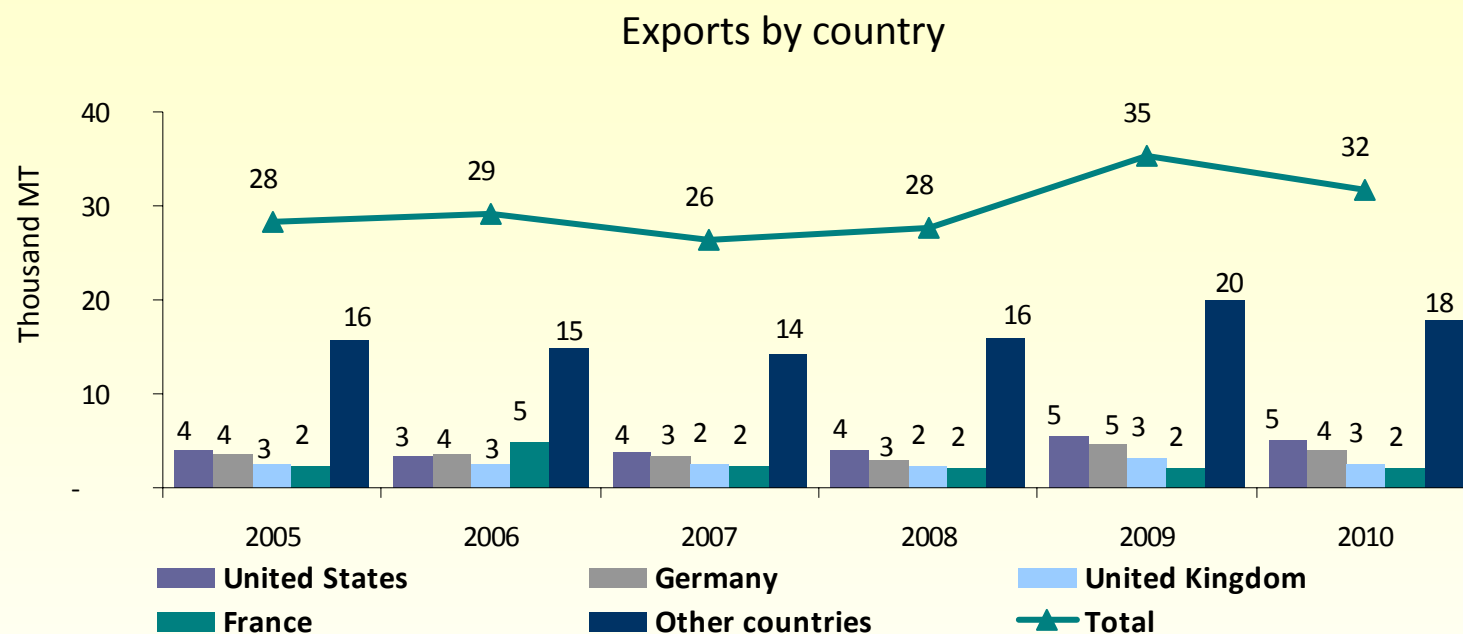


	2005	2006	2007	2008	2009	2010
Pressed whole pods	28	23	18	23	25	16
Mesa whole pods	9	8	9	14	12	12
Ground paprika	12	13	8	10	7	8
Other presentations	2	3	3	6	5	4
Total	51	47	39	54	49	40

Thousand MT

Source: Peruvian customs

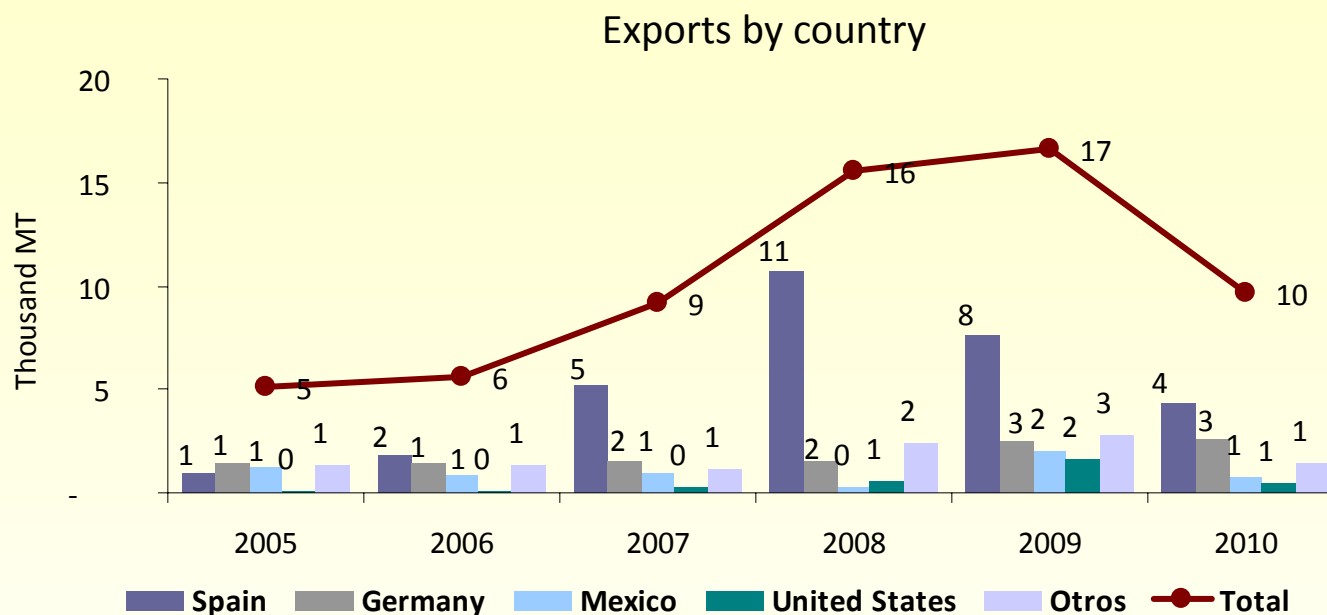
SPAIN: Exports



	2005	2006	2007	2008	2009	2010
United States	4	3	4	4	5	5
Germany	4	4	3	3	5	4
United Kingdom	3	3	2	2	3	3
France	2	5	2	2	2	2
Other countries	16	15	14	16	20	18
Total	28	29	26	28	35	32
Local Production				6	6	5

Source: Trade Map, analysis by Miski

CHINA: Exports



	2005	2006	2007	2008	2009	2010
Spain	1	2	5	11	8	4
Germany	1	1	2	2	3	3
Mexico	1	1	1	0	2	1
United States	0	0	0	1	2	1
Otros	1	1	1	2	3	1
Total	5	6	9	16	17	10
Local production				25	30	22

MT Thousand

Source: Trade Map, analysis by Miski



Issues Impacting Supply & Price

- **Climate**

- Reduced supply
- **Frost in China - Delayed harvest**
- **Frost in Mexico**
- **La Niña phenomenon in Peru**

- **Increasing Production Costs**

- Oil, labor, exchange rates

- **Alternative Products**

- Better returns at farm level (cotton, corn)



Issues Impacting Supply & Price

- **Quality Standards**
 - EU OTA limits / Food Safety Modernization Act (FSMA)
 - Strict customs controls at entry ports
 - Goods rejections
- **Increase food demand in Asia**
 - Increasing areas for local food supply
 - Reduced area for export products
- **No new production areas**
 - Peru and China continue to be the world main suppliers

Limited Growth Factors

- Demand remains steady

Summary

- **Steady worldwide demand during 2010**
- **World supply in 2010 was down mainly because of carryovers of 2009 US production**
- **Peru decreased its area of paprika due to alternative products with better returns**
- **China exports decreased, local consumption for oleoresin manufacturing**
- **Prices remain steady during the year, with small increase during the last quarter**

Summary

- **World supply in 2011 could be even lower than 2010**
- **Short inventories worldwide**
- **Supply will depend more in China and USA**
- **Higher production costs due to increase in oil and labor costs**
- **High prices until US harvest**
 - **Today record prices at farm level in Peru for the south crop**
- **Trade Agreement between Peru and Mexico will increase exports to that market**

Thank you



Sources

- **FAO – Food Price Index**
- **USDA**
- **Peruvian Customs**
- **Spanish Customs**
- **Trade map**
- **Business standard** (<http://www.business-standard.com/india/news/chilli-prices-to-rise-low-yield-export-demand/421474/>)
- **Food Safety Modernization Act**
(<http://www.fda.gov/NewsEvents/PublicHealthFocus/ucm238506.htm>)
- **www.pepperstoday.com**
(U.S.: Fruit and vegetable imports expected to increase in 2011)