Garlic and Onion Crop Report

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on behalf of Mike Liu

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Overview

1. Production and Demand
   - Worldwide
   - US
   - China

2. Food Safety and Traceability: China focus

3. Market trend: 2012 crop
1. Production & Demand
Global Dehyd. Garlic & Onion Supply Map

- World major producers of dehy garlic and onion
Global Fresh Garlic & Onion Usage

- Garlic
  - Fresh Market: 98%
  - Dehydration: 5%
  - Seeds: 8%

- Onion
  - Fresh Market: 87%
Global Fresh Garlic-Growing Countries

- China: 84%
- India: 4%
- USA: 2%
- Russia: 2%
- Korea: 2%
- Egypt: 2%
- ROW: 4%

Total: 8.0 million MT
Estimated Data (FAO)
Global Dehydrated Garlic Supply

China 86%
USA 13%
ROW 1%

Estimate: 180,000 MT
Global Dehydrated Garlic Demand

- USA: 36%
- Europe: 19%
- Latin America: 14%
- Asia Pacific: 14%
- ROW: 6%
- China: 11%

Estimate: 180,000 MT
Global Fresh Onion-Growing Countries

Total: 72 million MT
USDA Data (2007-2009)

China 29%
India 19%
ROW 31%
USA 5%
Mexico 2%
Brazil 2%
Russia 2%
Egypt 2%
Iran 2%
Turkey 3%
Pakistan 3%

Total: 72 million MT
USDA Data (2007-2009)
Global Dehydrated Onion Supply

USA 51%
India 17%
Egypt 6%
China 12%
Spain 3%
ROW 5%
France 6%

Estimate: 200,000 MT
Global Dehydrated Onion Demand

- USA: 40%
- Europe: 28%
- Asia Pacific: 14%
- Latin America: 7%
- China: 5%
- ROW: 6%
- China: 5%

Estimate: 200,000 MT
USA Garlic & Onion Production Map

Garlic: Southern and Central California
Onion: California and Oregon
US Dehydrated Onion Exports

Total: 30,818 MT
USDA Data (2007-2010)
US Dehydrated Onion Imports

USDA Data (2006-2010)
US Dehydrated Garlic Imports

USDA Data (2006-2010)
Garlic: Shandong (60%), Henan (20%), Hebei (10%)
Onion: Gansu (60%), Xinjiang (10%), Inner Mongolia (5%)
Gansu Onion Production Map

- main growing region of onion
- onion processors and exporters

- Major Growers & Driers: Jiuquan (40%) & Zhangye (30%)
- Major Processors & Exporters: Jiuquan (35%), Zhangye (15%) and other (50%)
China Onion Exports

- **Total Exports:** 18,500 MT (China customs data)

- **More than 220 exporters and top five exporters have 47% market share:**
  A: 21%; B: 9.5%; C: 8.6%; D: 4.2%; E: 3.2%
Shandong Garlic Production Map

- Major Growers & Driers: Linyi (40%), Jining (20%) & Liaocheng (20%)
- Major Processors & Exporters: Linyi (25%), Qingdao (15%) & Liaocheng (15%)
China Fresh Garlic Exports

Total: 1.5 million MT
China Customs Data (2010)

- Indonesia: 22%
- Vietnam: 8%
- USA: 8%
- Brazil: 7%
- Malaysia: 5%
- Thailand: 5%
- Philippines: 4%
- Pakistan: 3%
- Netherlands: 2%
- Japan: 2%
- ROW: 34%
- ROW: 34%

Total: 1.5 million MT
China Customs Data (2010)
China Dehydrated Garlic Exports

- Total Exports: 150,000 MT (China customs data)
- More than 450 exporters and top five exporters only have 22% market share:
  A: 5.6%; B: 4.4%; C: 4.1%; D: 4.0%; E: 3.7%
China Garlic Dehydration

[Bar chart showing the comparison of Carry over stocks, Flakes Production, and Global Demand from 2006 to 2012.]

- **Carry over stocks**
- **Flakes Production**
- **Global Demand**

Tons:
- 2006: 150,000
- 2007: 125,000
- 2008: 250,000
- 2009: 300,000
- 2010: 175,000
- 2011: 150,000
- 2012: 175,000

China Garlic Flakes Prices (RMB/MT)
Why is the Chinese garlic market never stable?

I. Small crop and balance pool

Demand:
- 4 million MT for Chinese market
- 1.5 million MT for exports
- 500,000 MT as seed cloves
- 600,000 MT for dehydration

Production:
- 500,000 MT change will generate 10% change for the garlic market
II. Small crop, insufficient information to the market

III. Speculations:
   - on fresh garlic
   - on garlic flakes
2. Food Safety and Traceability: China focus
Whom to trust?

Number of Chinese Exporters:
Garlic: >400
Onion: >200

Number of Chinese Driers:
Garlic: >500
Onion: >100
The Challenge of Food Safety and Traceability in China:

1. Small agriculture scale: 0.2-1.0 hectare per family farm
2. Small dehydration scale
3. Lower loyalty on farming contracts
4. Inconsistent requirements from the customers or traders for quality control
5. Price-driven approach by customers
Suggested Questions to ask Chinese Suppliers:

1. Does the company have a manufacturing facility?
   - Registration license
   - Certificates: HACCP, GMP, ISO, Kosher, Halal
   - Plant/Facility Photos

2. Is the manufacturing facility meeting the standards?
   - BRC-accreditation
   - GMA-safe audited
   - The plant dehydration capacity compared to the export volume
   - Photos & Documents
GAP certified farming

3. Does the agriculture have the following?
GAP certificate, Photos, Plans, Documents
Proper facility: Processing
Proper facility: Sorting
Proper facility: Testing
2012 Garlic Crop Forecast:  
*Slightly lower than 2011 crop*

- Weather: too early to say. Normal weather conditions as of today.

- Crop yield: close to 5 years average, approximately 8 million MT.

- Dehydrated garlic from China:  
  - Raw garlic cost: will be slightly lower than 2011 crop  
  - Processing cost slightly higher than 2011 season due to inflation, higher salary, new tight regulations & enforcement.  
  - Almost all from 2012 crop, very little carry over.
2012 Onion Crop Forecast:  
Slightly higher than 2011 crop

- Weather: too early to say. California is experiencing serious drought conditions.

- Crop yield: China will be about 10% less than 2011 crop

- Dehydrated onion from China:  
  - Raw onion: will be higher than 2011 crop  
  - Processing cost: slightly higher than 2011 season due to inflation, higher salary, new tight regulations & enforcement.
Thank You...