



11th World Spice Congress

9 to 11 Feb 2012

The Westin Pune Koregaon Park, Pune, Maharashtra

"Sustainability & food Safety - Global initiatives"

Garlic and Onion Crop Report

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on behalf of Mike Liu
Sun Ray Group





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“Sustainability & food Safety - Global initiatives”

Overview

- 1. Production and Demand**
 - Worldwide
 - US
 - China
- 2. Food Safety and Traceability:
China focus**
- 3. Market trend: 2012 crop**



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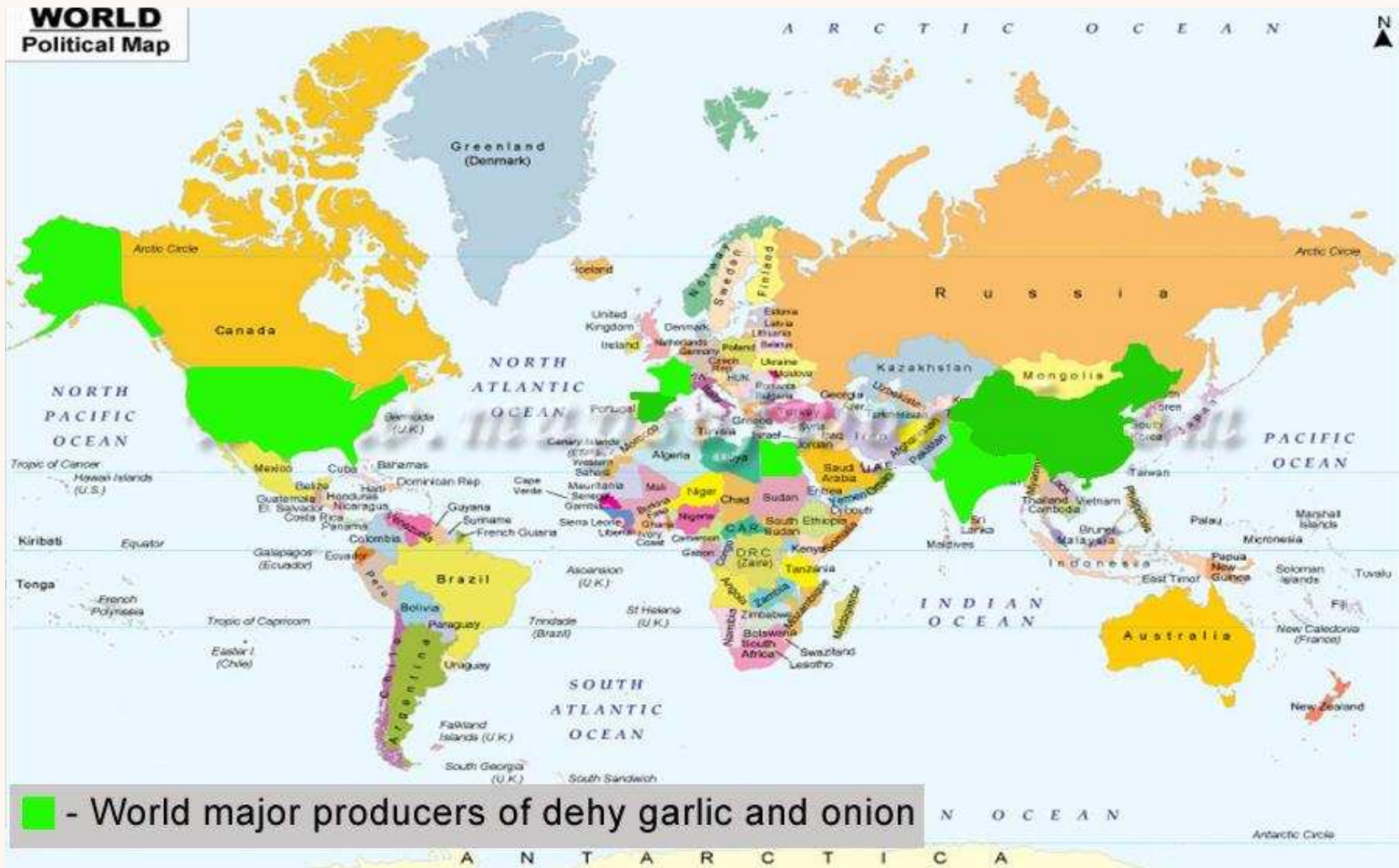
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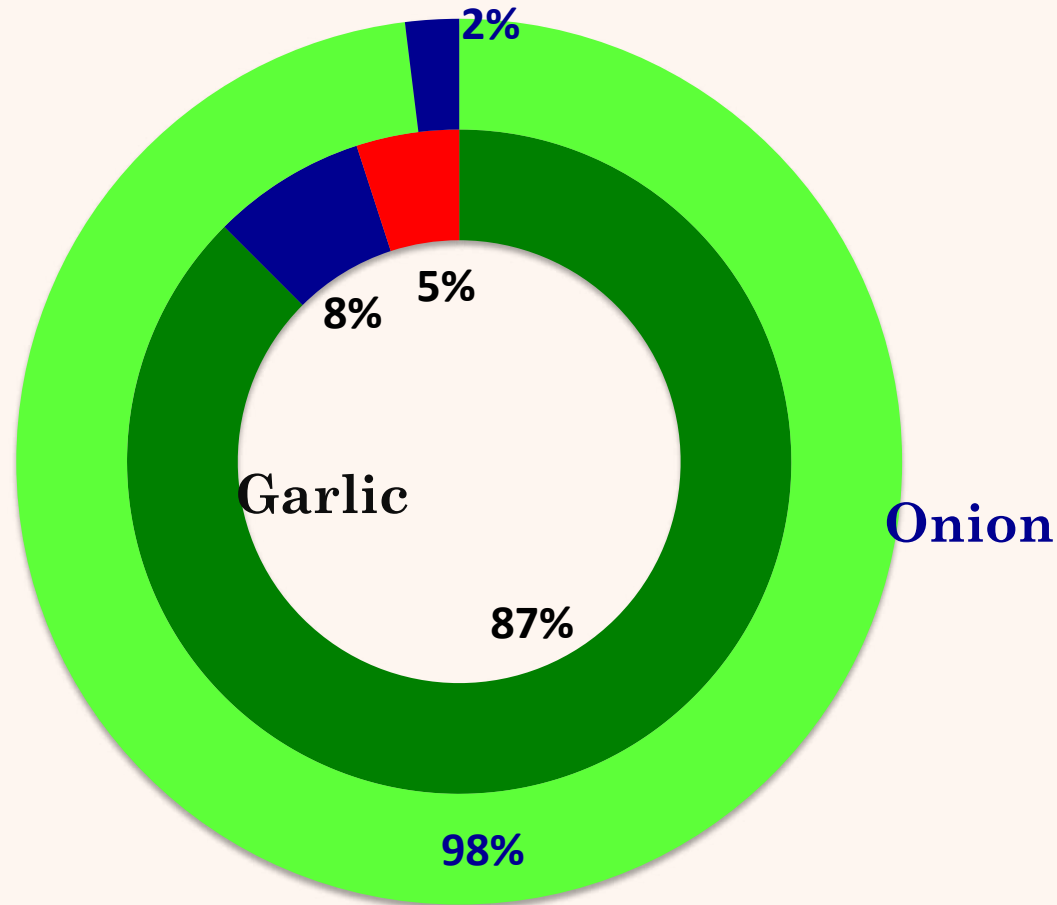
1. Production & Demand

Global Dehyd. Garlic & Onion Supply Map



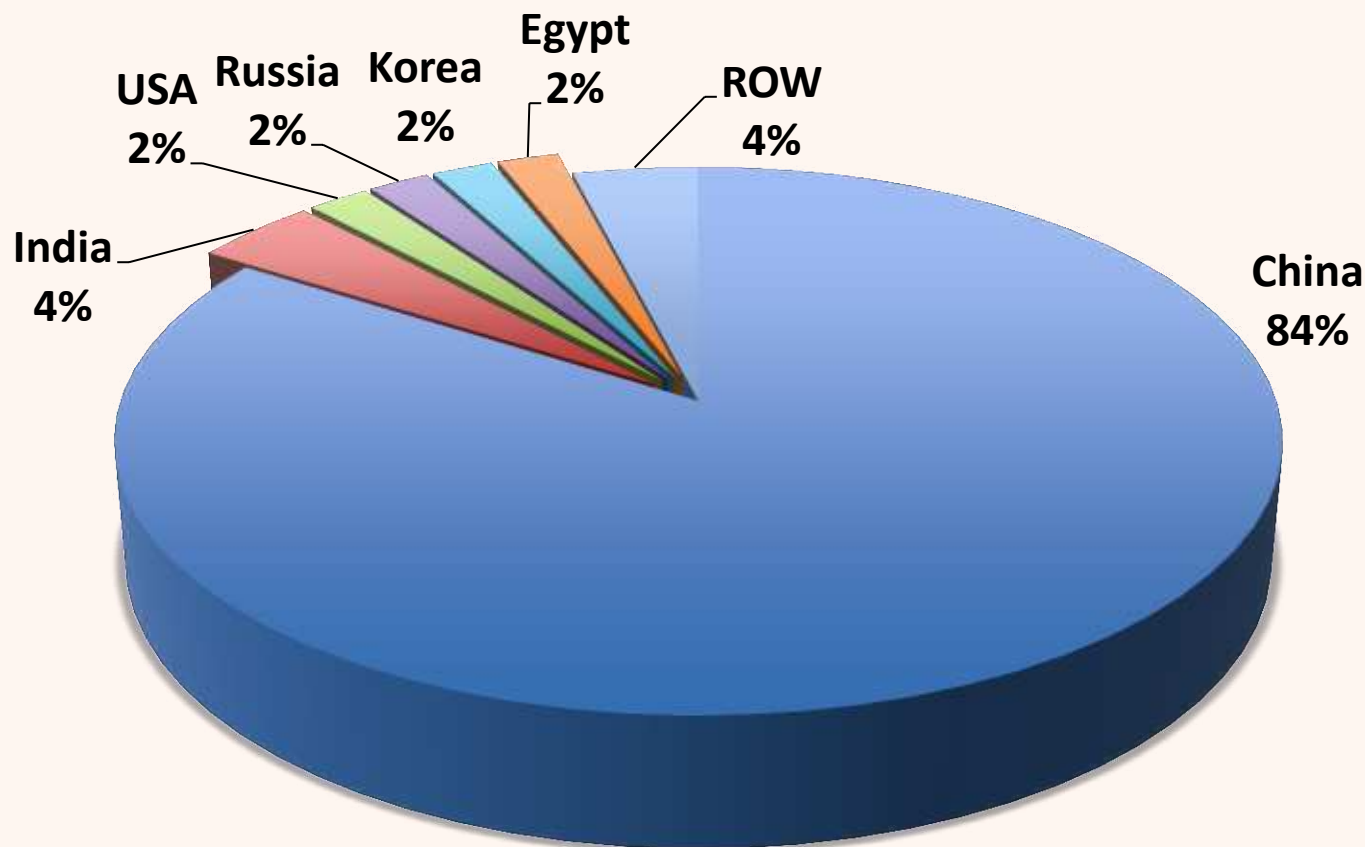


Global Fresh Garlic & Onion Usage



■ Fresh Market ■ Dehydration ■ Seeds

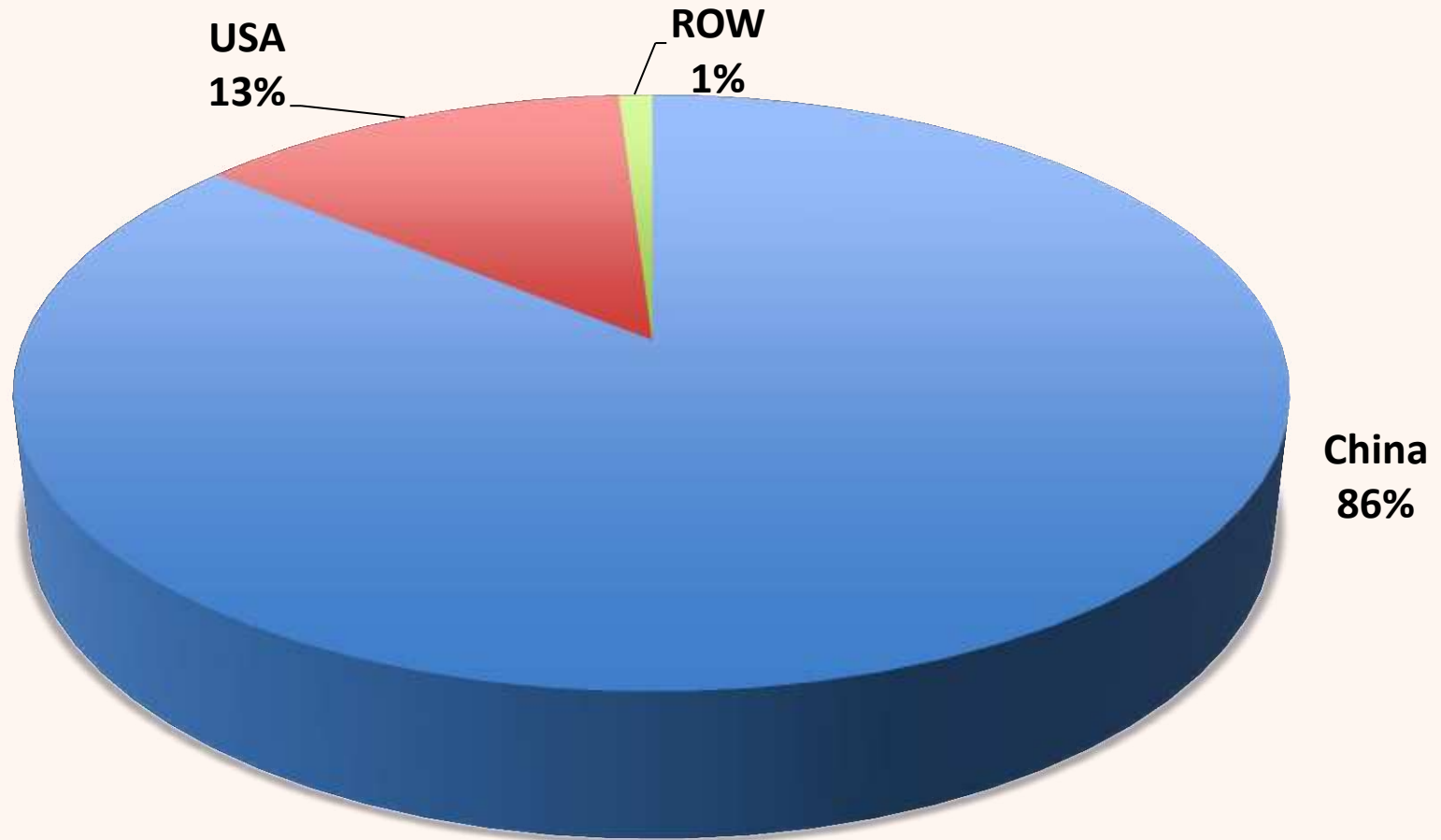
Global Fresh Garlic-Growing Countries



Total: 8.0 million MT
Estimated Data (FAO)

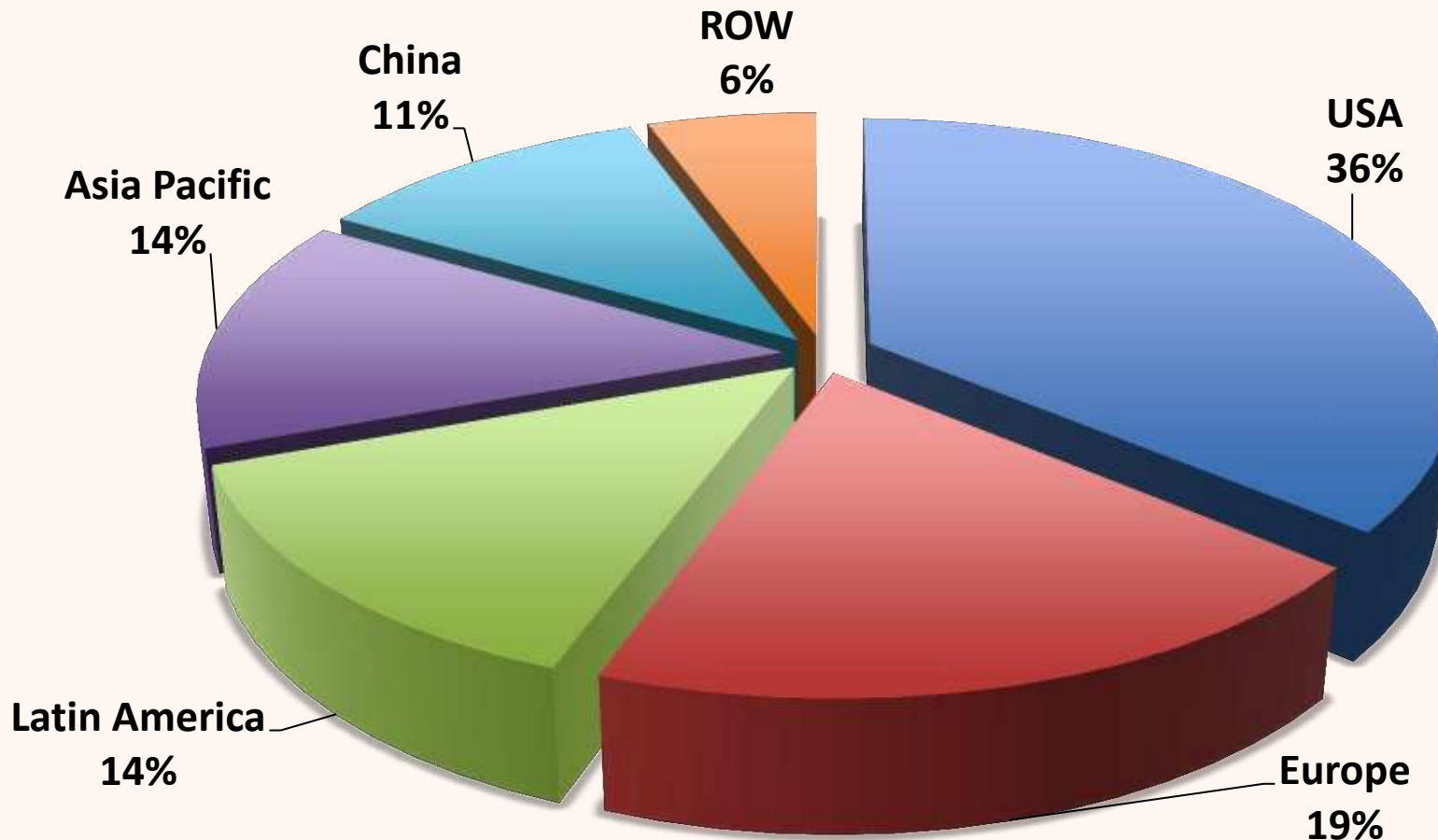


Global Dehydrated Garlic Supply



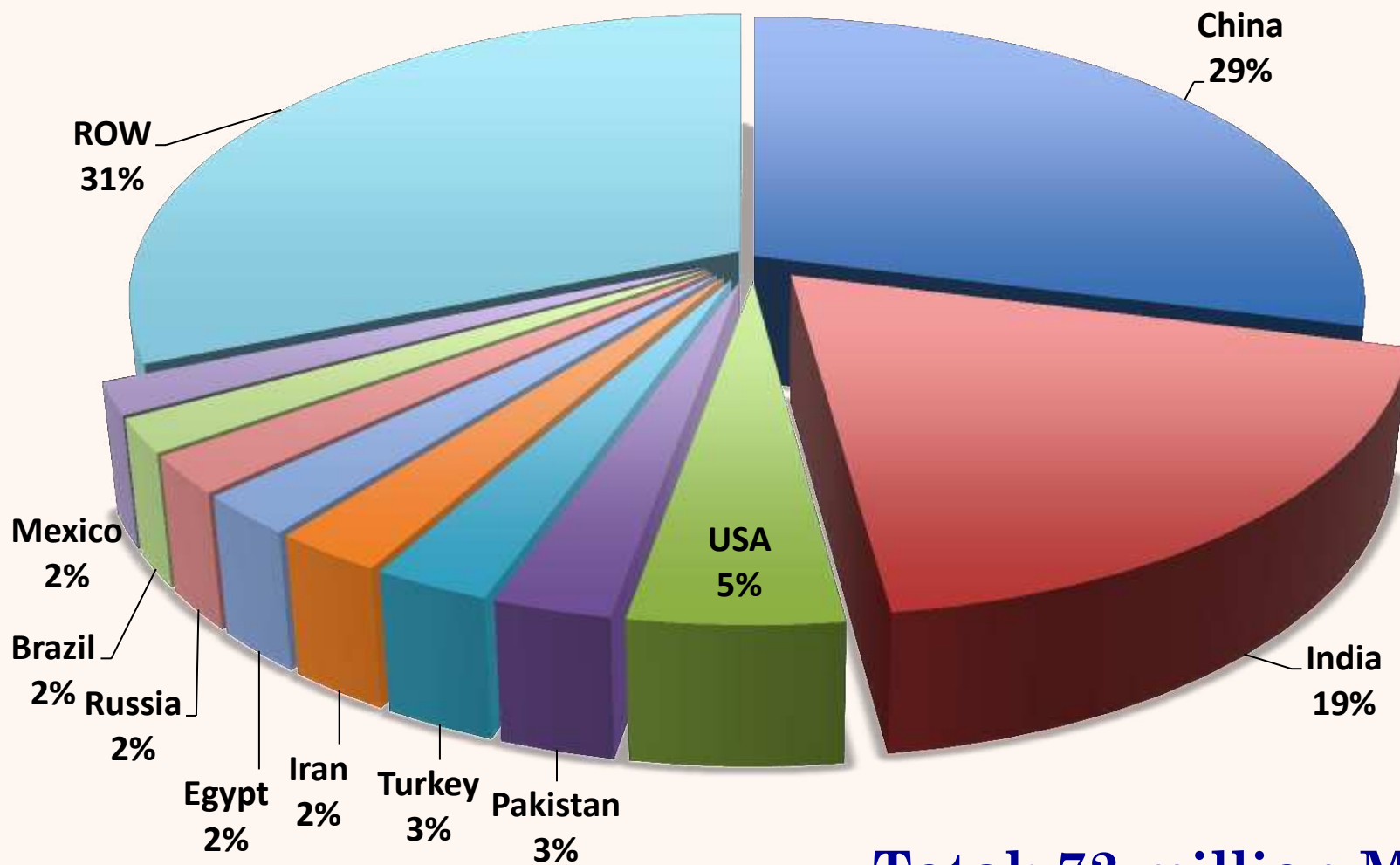
Estimate: 180,000 MT

Global Dehydrated Garlic Demand



Estimate: 180,000 MT

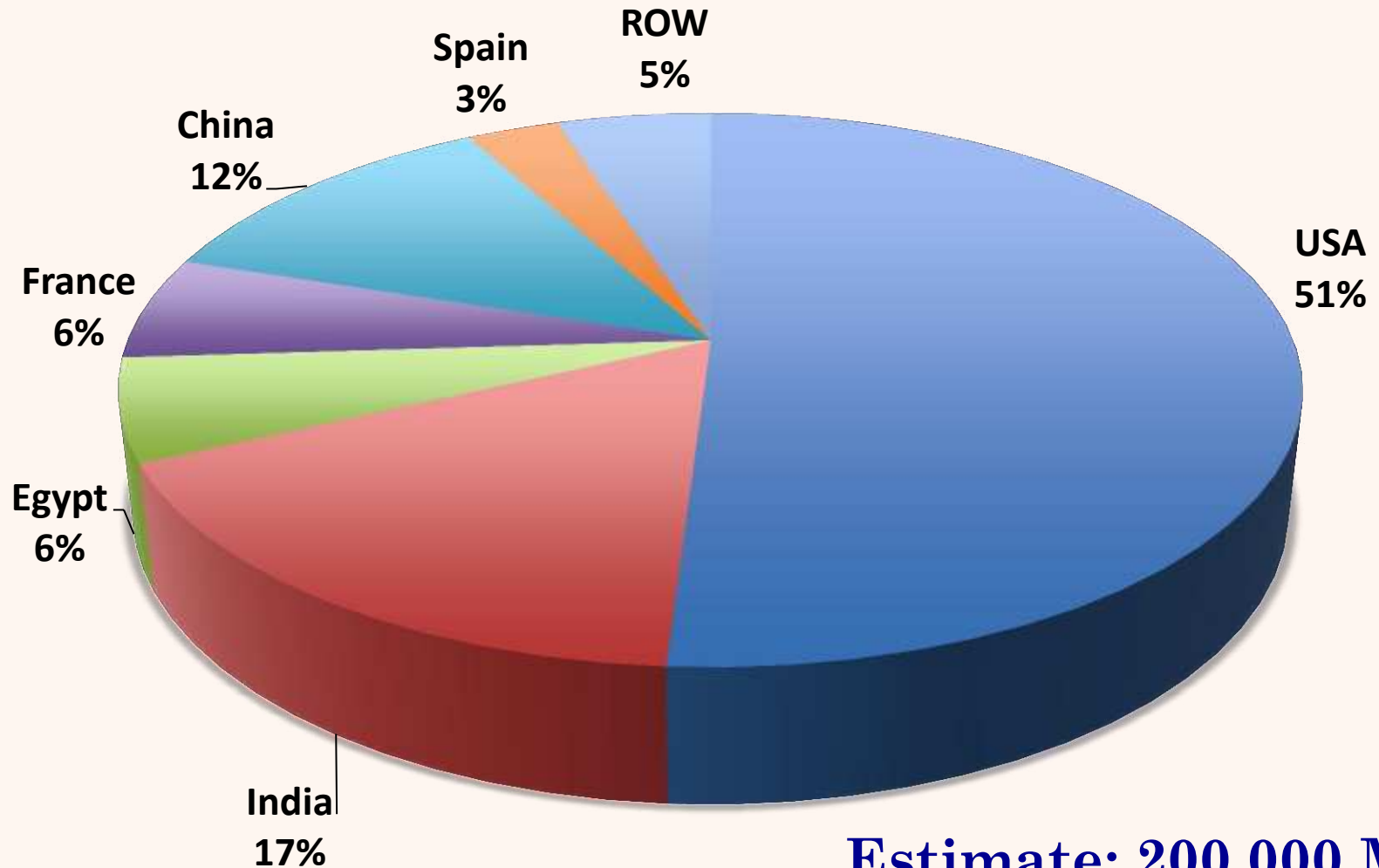
Global Fresh Onion-Growing Countries



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



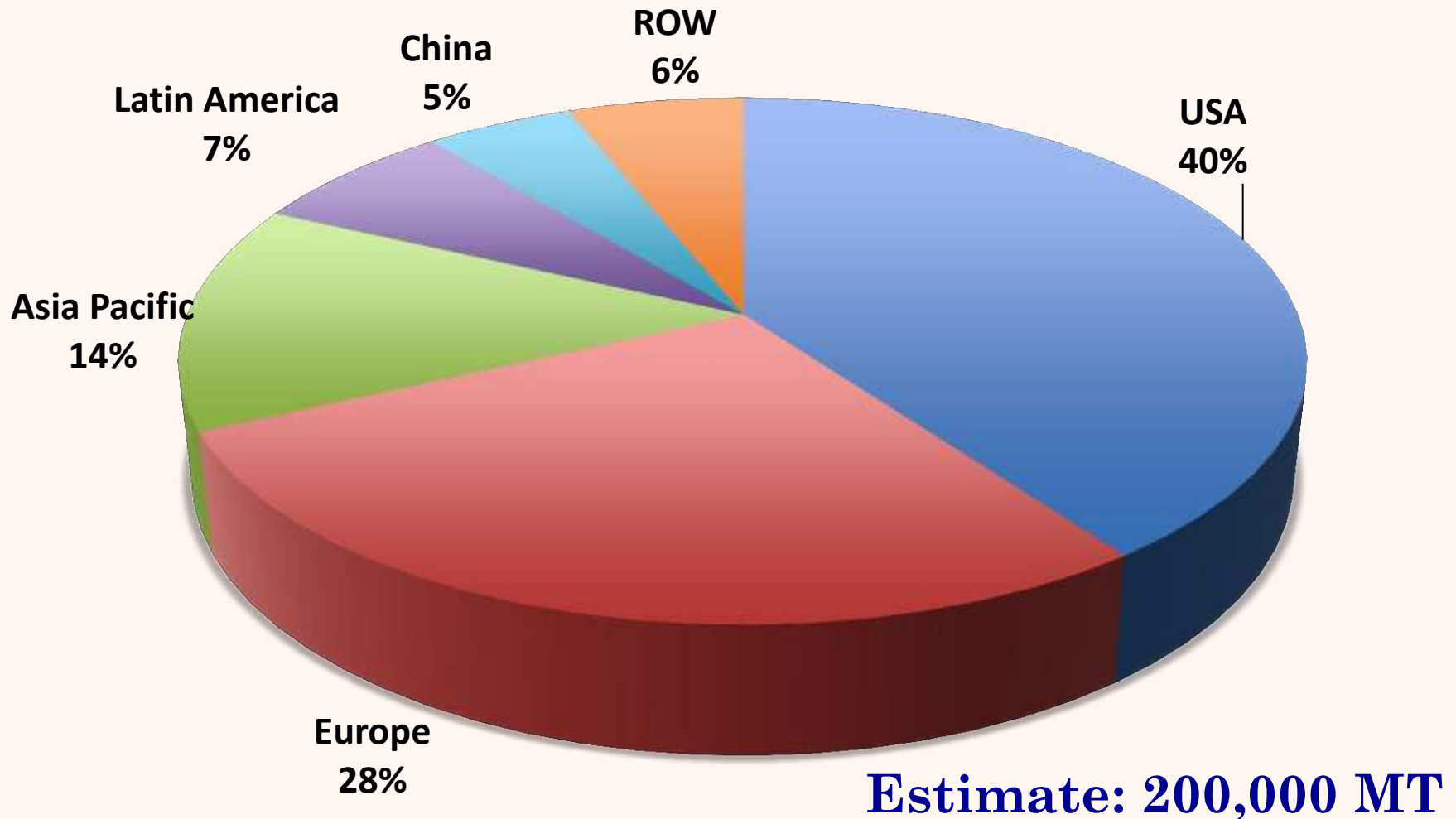
Global Dehydrated Onion Supply



Estimate: 200,000 MT



Global Dehydrated Onion Demand





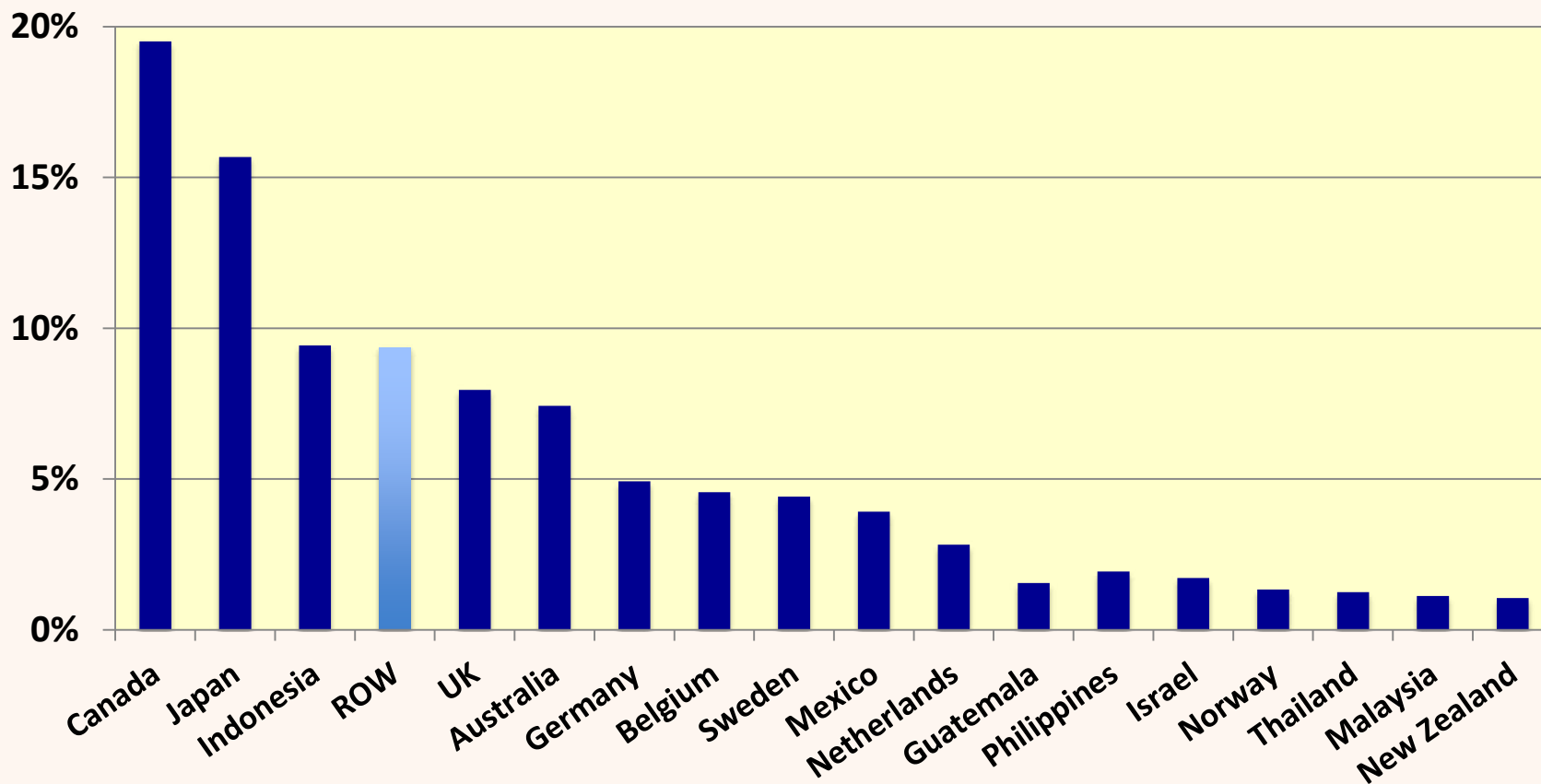
USA Garlic & Onion Production Map



Garlic: Southern and Central California
Onion: California and Oregon



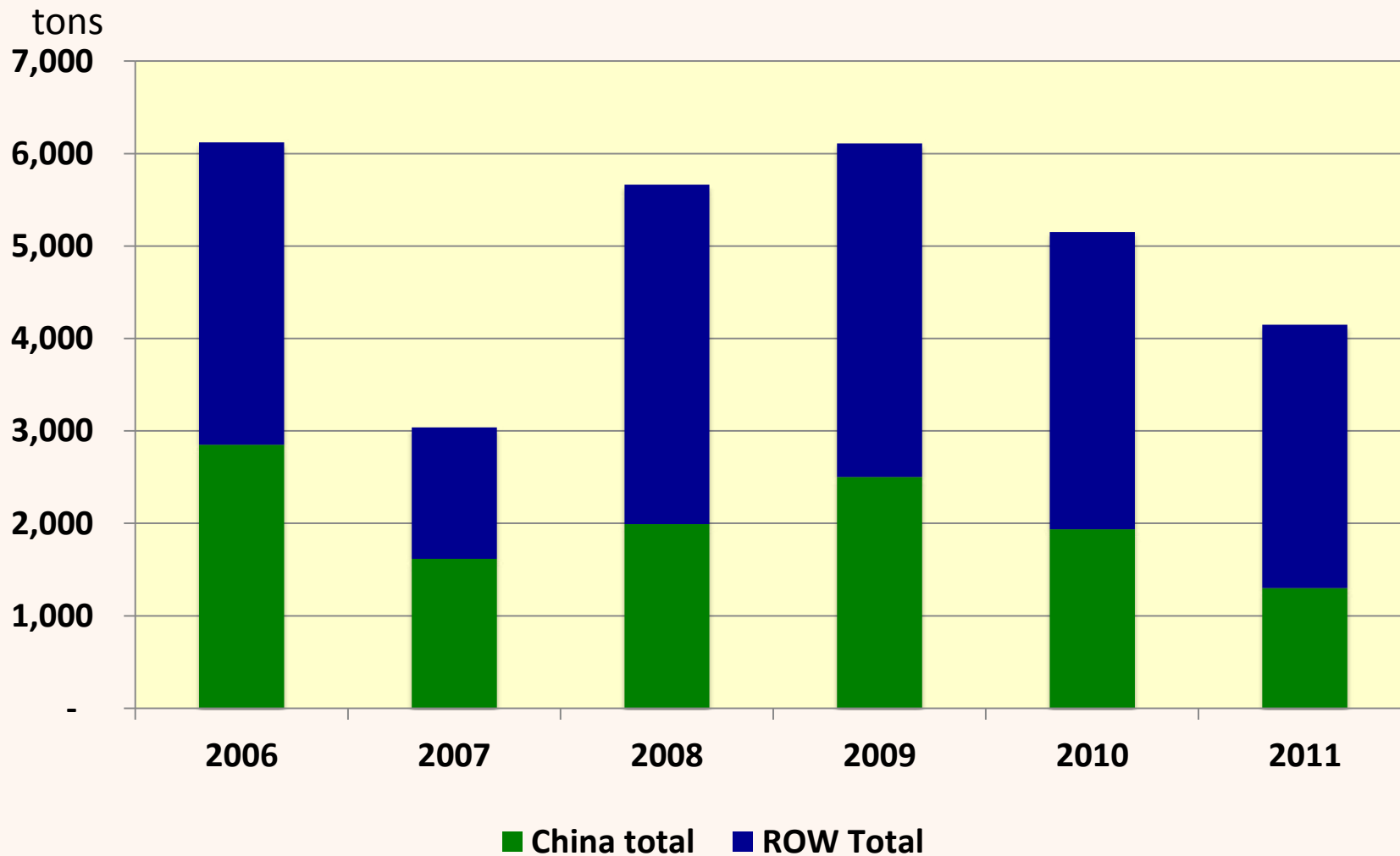
US Dehydrated Onion Exports



Total: 30,818 MT
USDA Data (2007-2010)



US Dehydrated Onion Imports

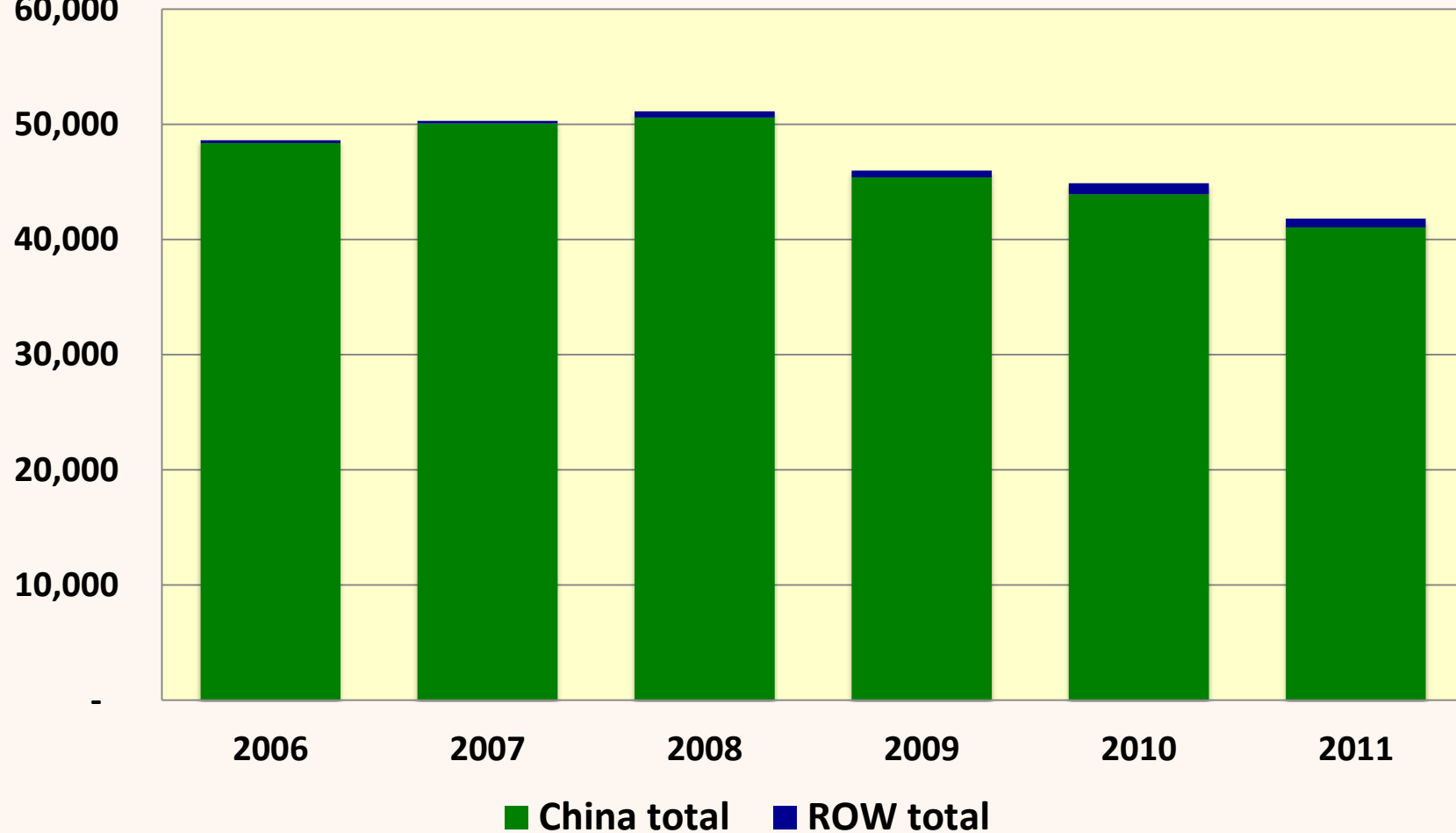


USDA Data (2006-2010)



US Dehydrated Garlic Imports

tons
60,000



USDA Data (2006-2010)

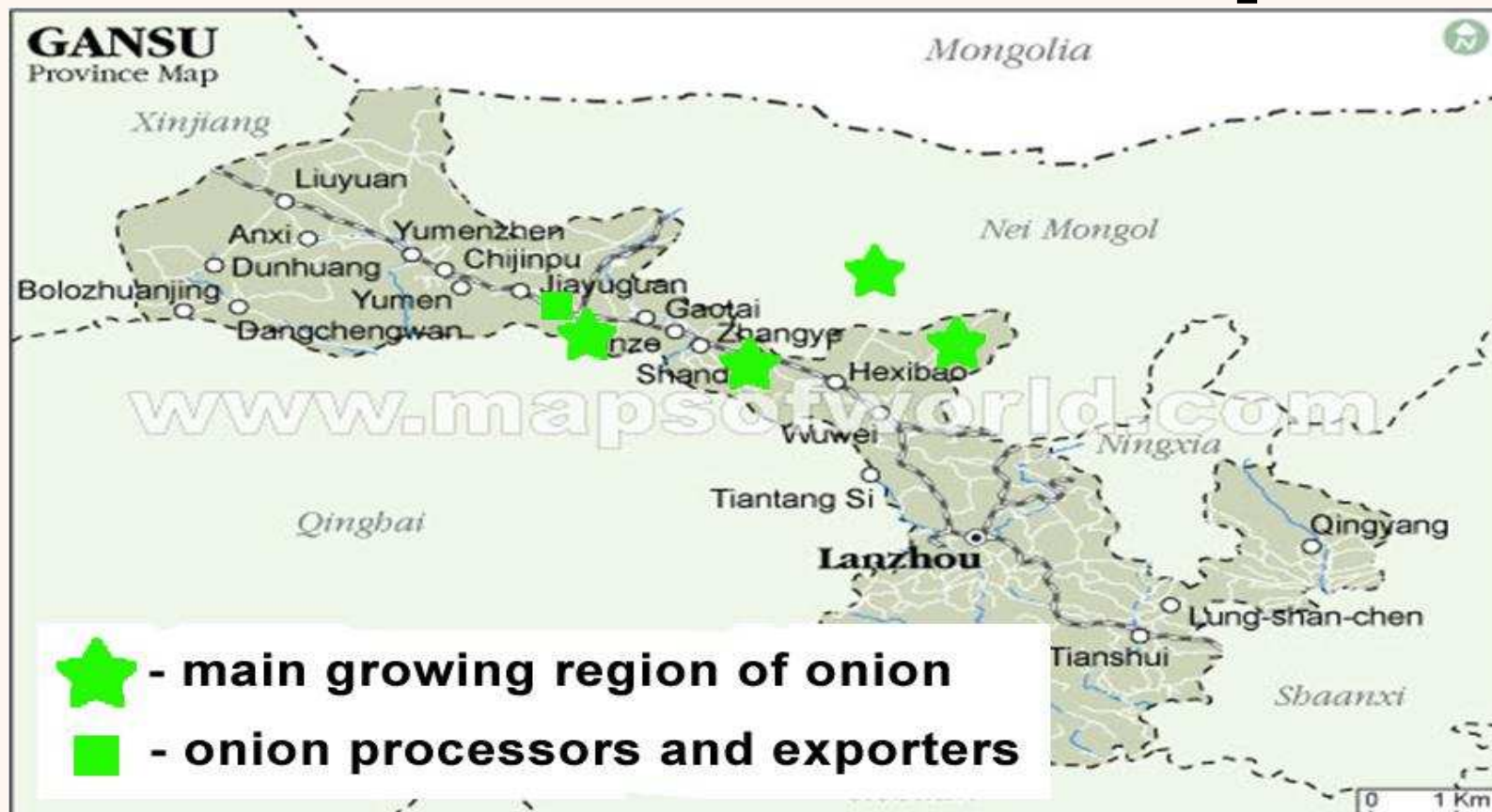
China Garlic & Onion Production Map



Garlic: Shandong (60%), Henan (20%), Hebei (10%)

Onion: Gansu (60%), Xinjiang (10%), Inner Mongolia (5%)

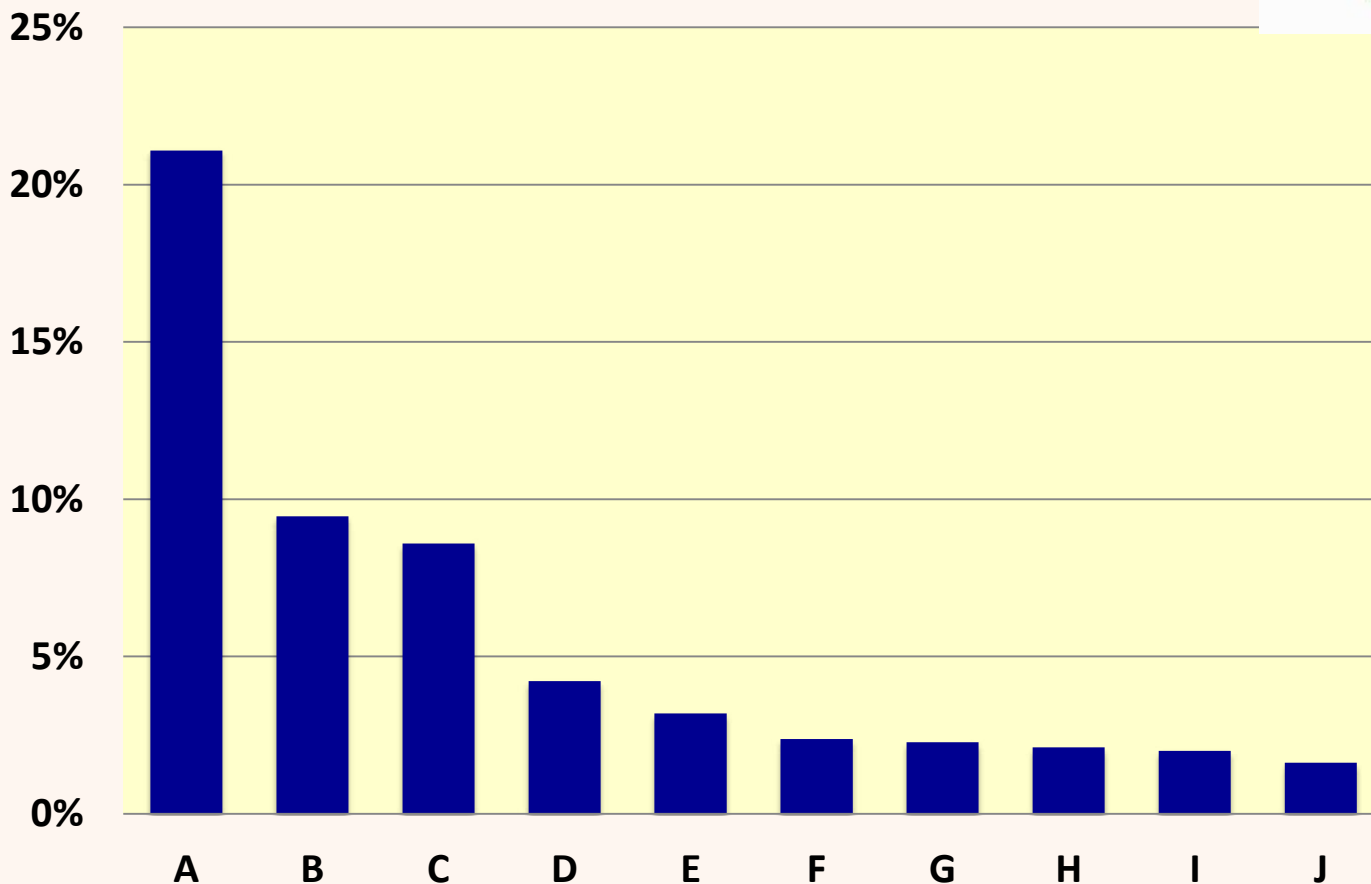
Gansu Onion Production Map



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



China Onion Exports



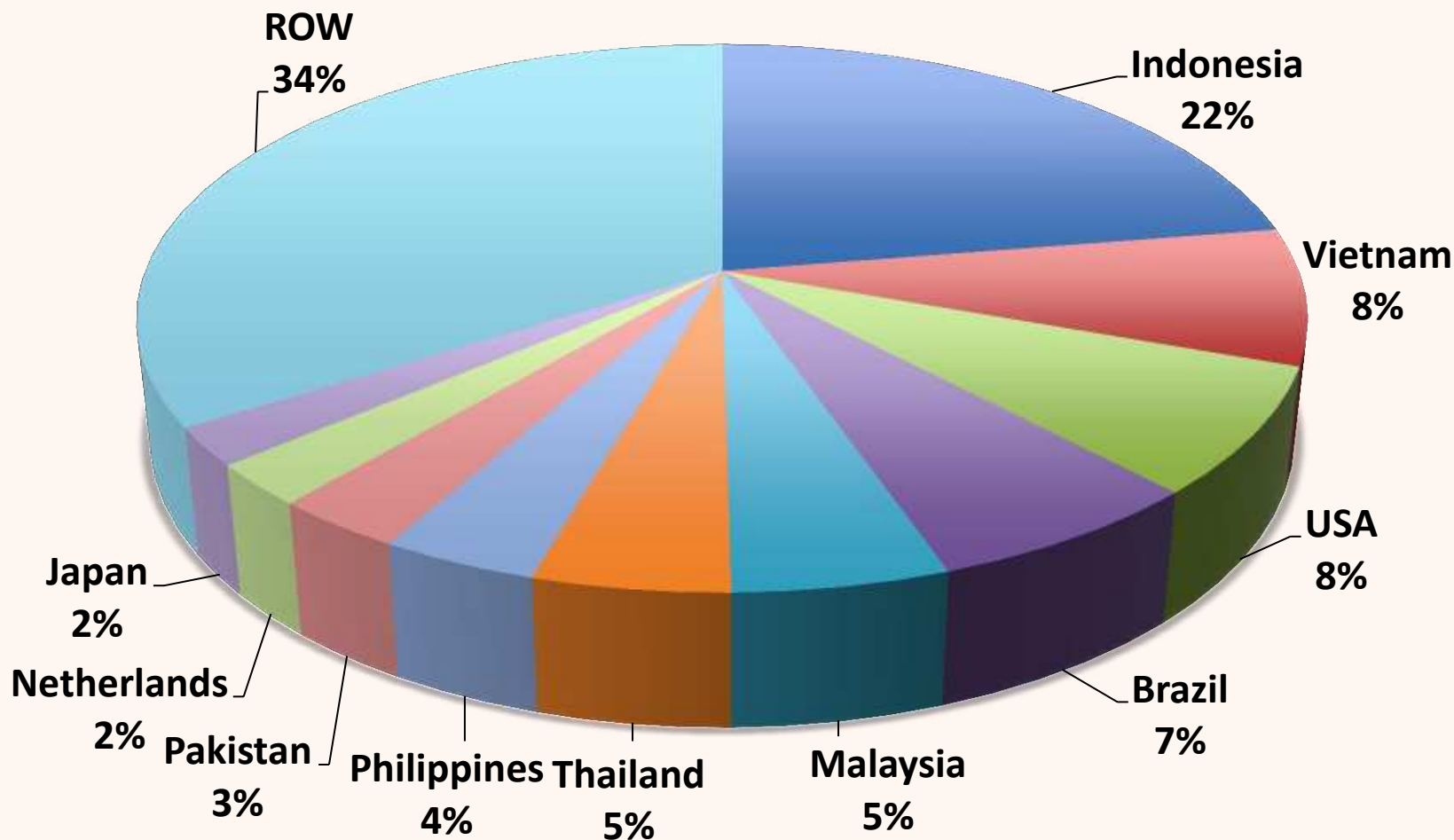
- **Total Exports: 18,500 MT (China customs data)**
- **More than 220 exporters and top five exporters have 47% market share:
A: 21%; B: 9.5%; C: 8.6%; D: 4.2%; E: 3.2%**

Shandong Garlic Production Map



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

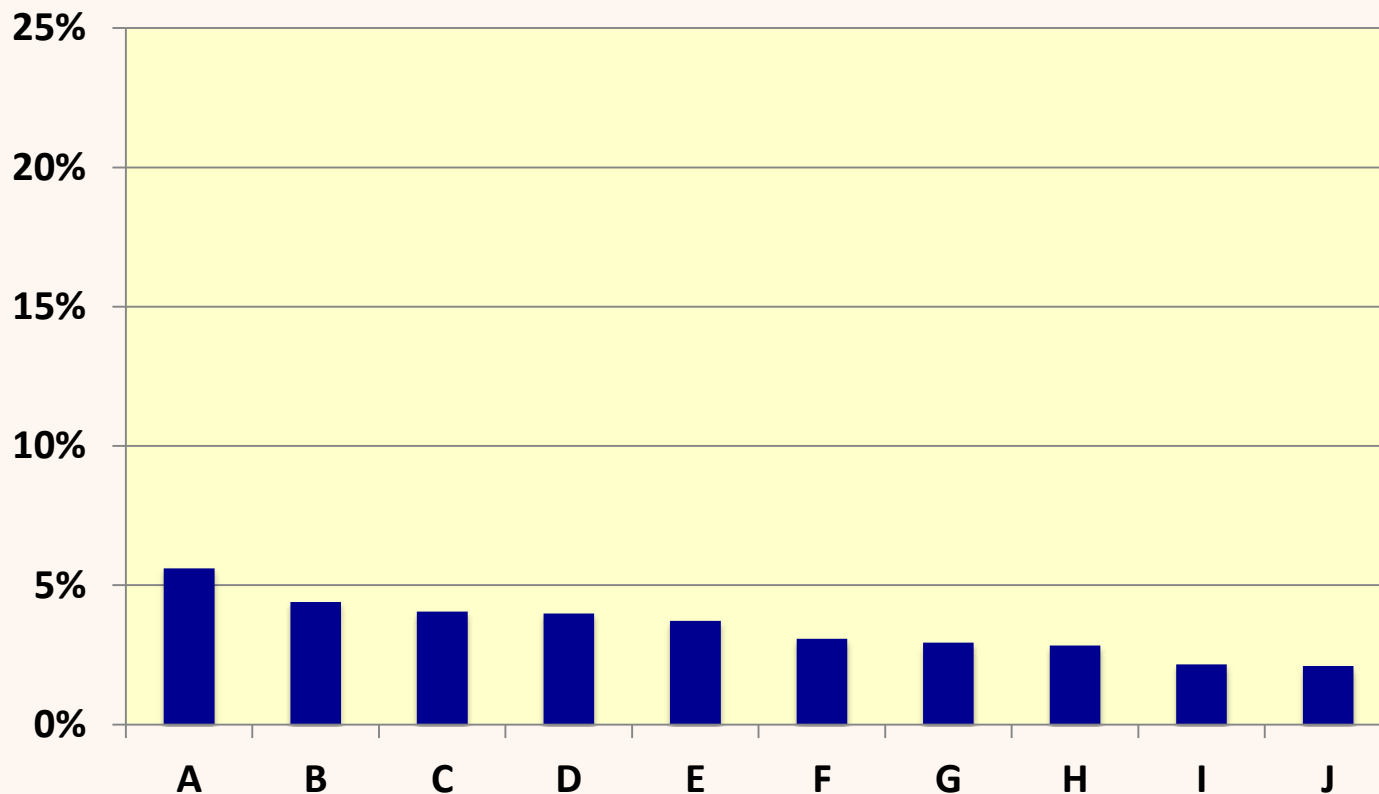
China Fresh Garlic Exports



Total: 1.5 million MT
China Customs Data (2010)



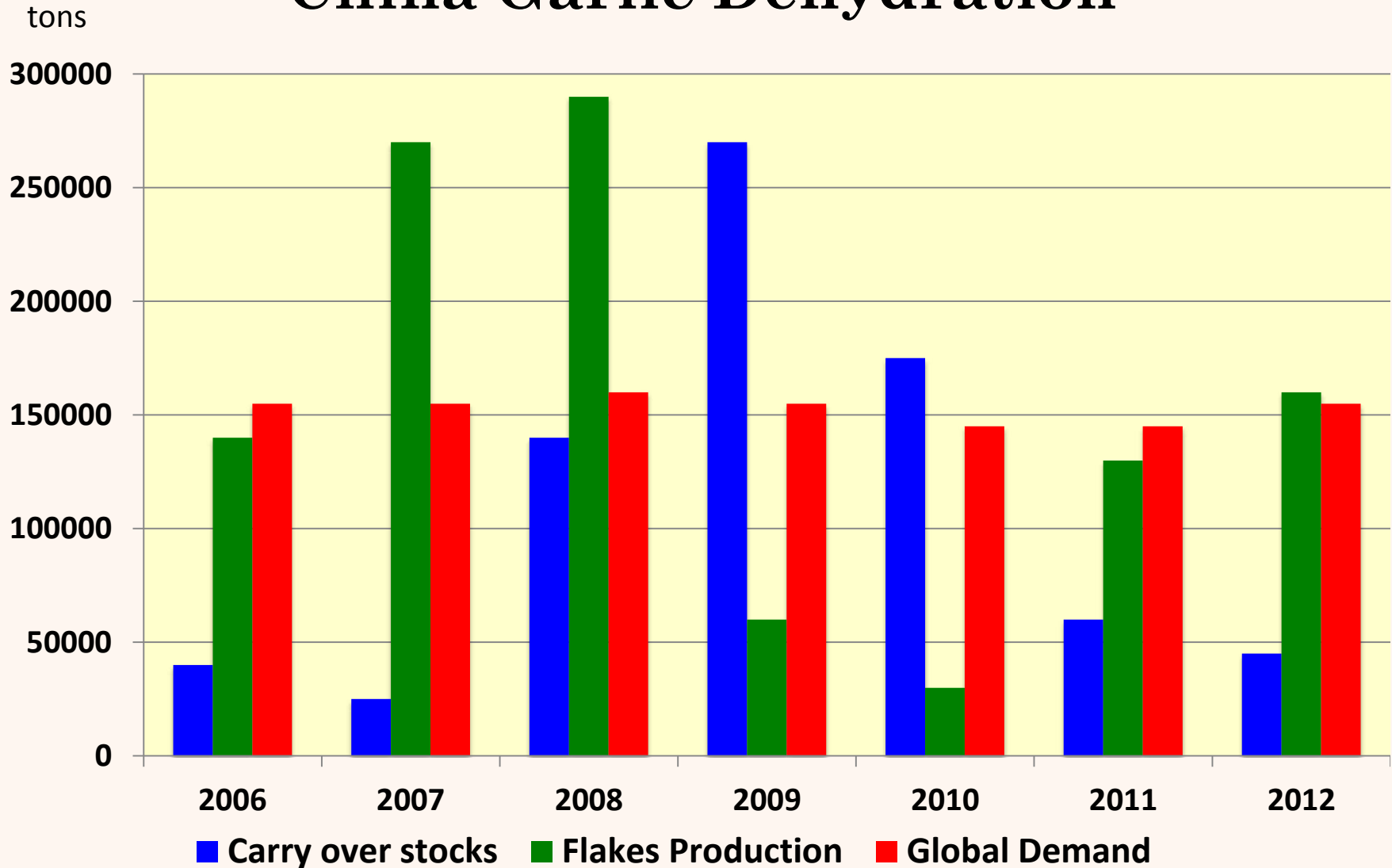
China Dehydrated Garlic Exports



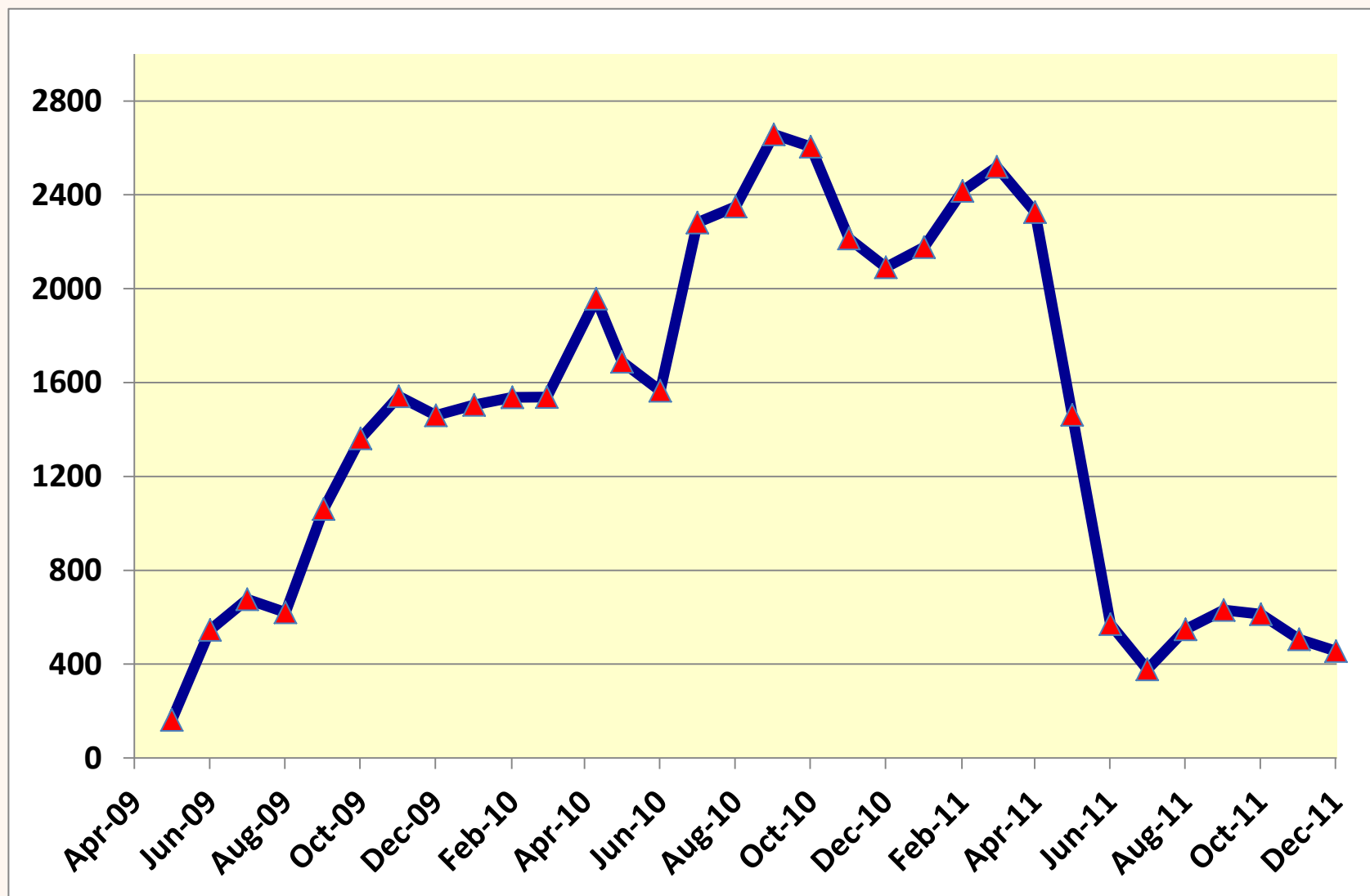
- **Total Exports: 150,000 MT (China customs data)**
- **More than 450 exporters and top five exporters only have 22% market share:**
A: 5.6%; B: 4.4%; C: 4.1%; D: 4.0%; E: 3.7%



China Garlic Dehydration

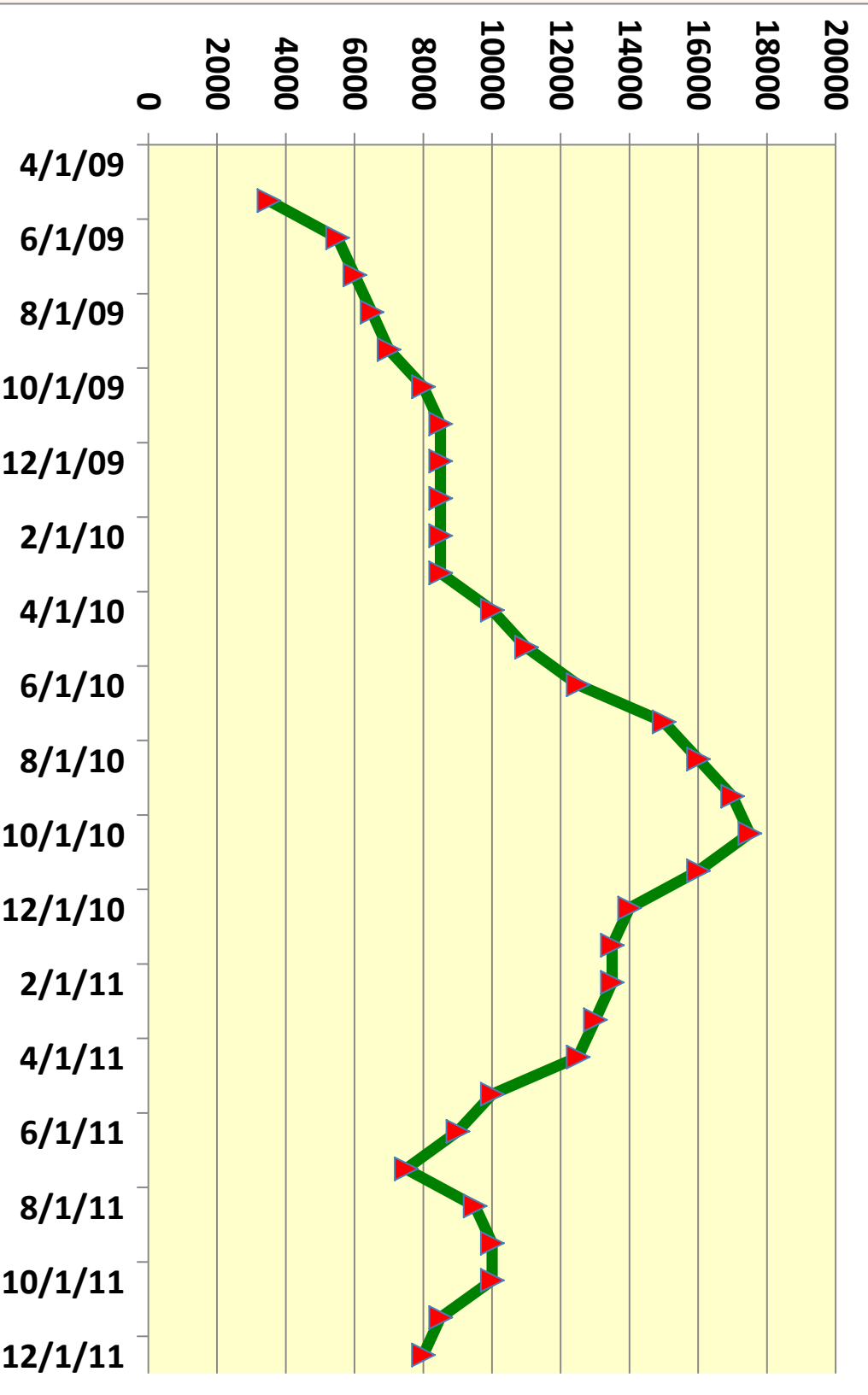


China Fresh Garlic Price Index





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



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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

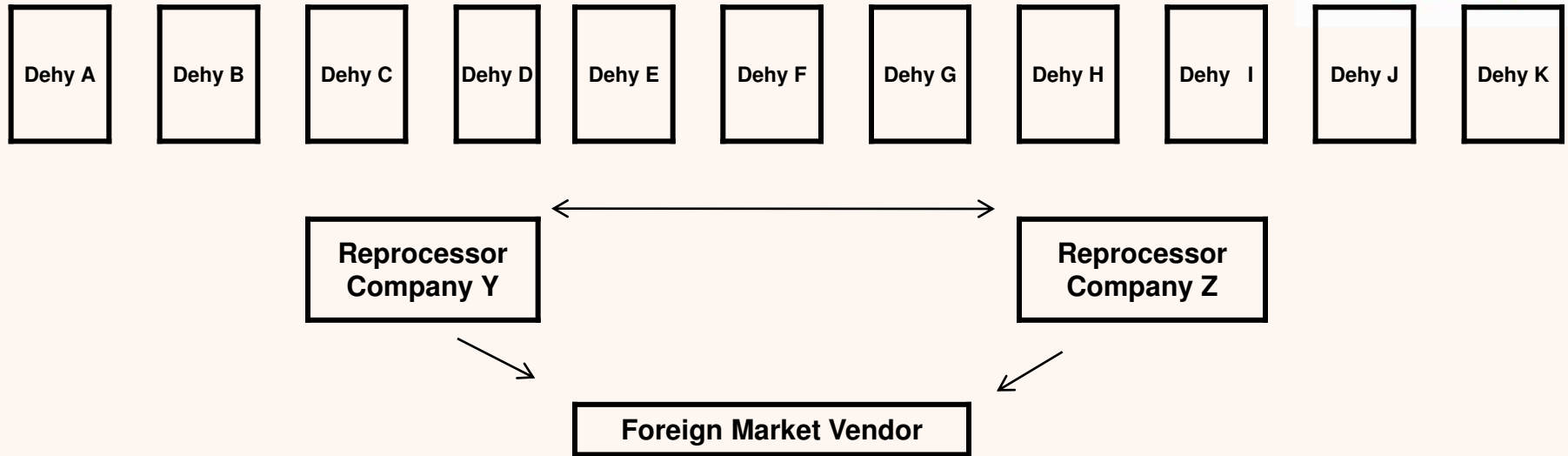


The Challenge of Food Safety and Traceability in China:

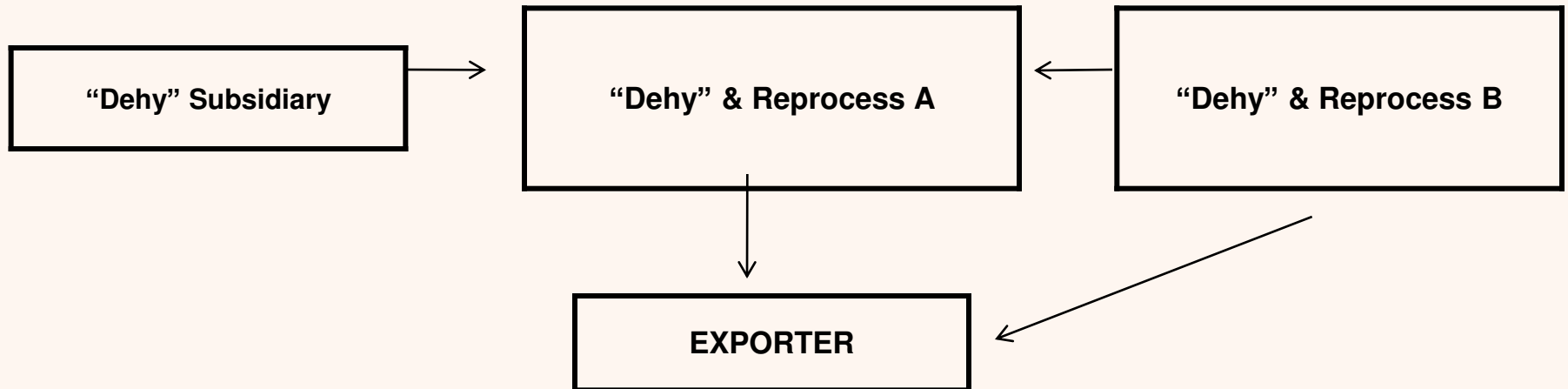
- 1. Small agriculture scale:
0.2-1.0 hectare per family farm**
- 2. Small dehydration scale**
- 3. Lower loyalty on farming contracts**
- 4. Inconsistent requirements from the customers or traders for quality control**
- 5. Price-driven approach by customers**



Supply Chain For China – MODEL 1



Supply Chain For China – MODEL 2





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





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3. Market Trend - 2012





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.**



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Thank You...

