

# 11<sup>th</sup> World Spice Congress

## Sustainability & Food Safety- Global Initiative

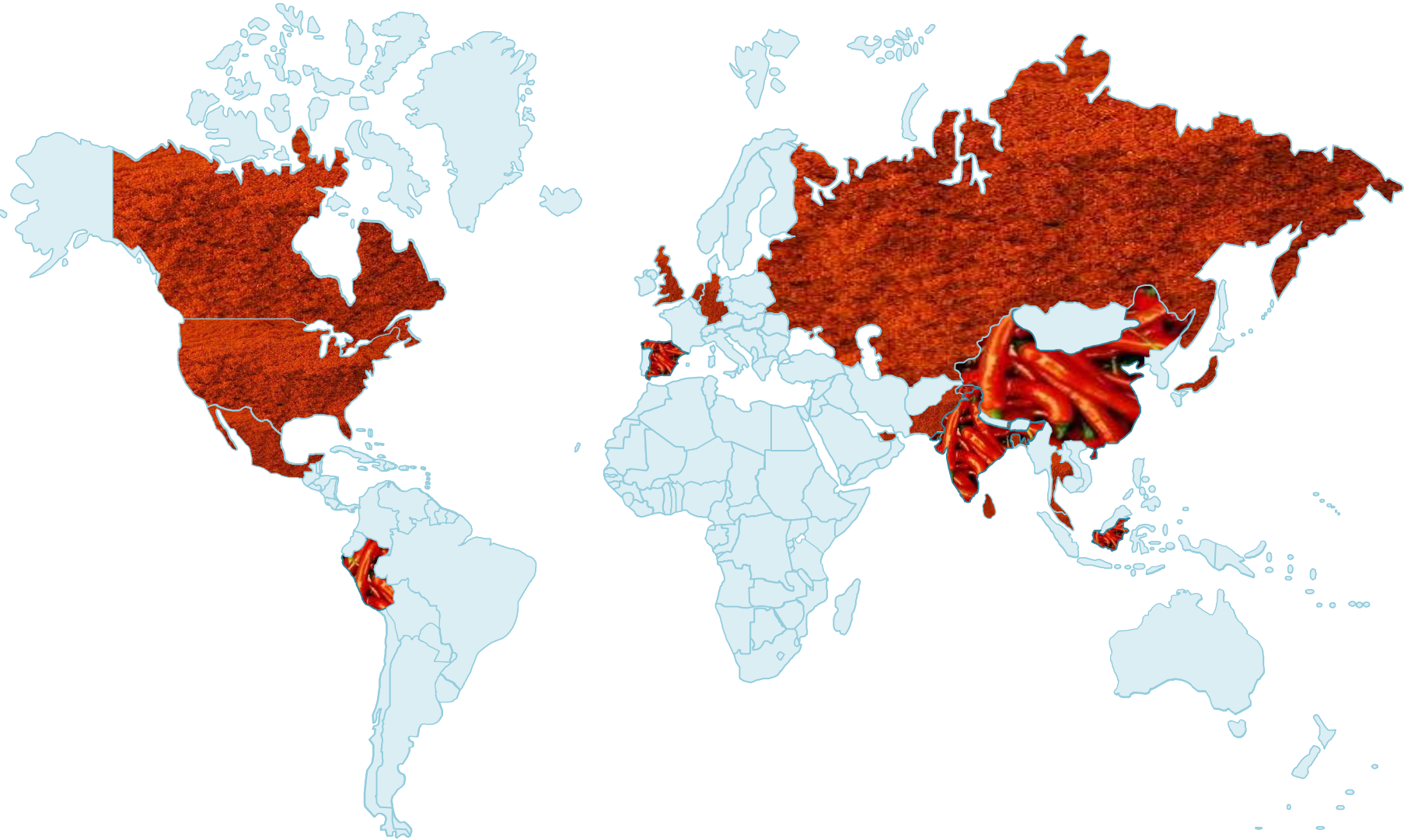
Crop & Markets- **Chilli** & **Turmeric**

9 to 11 Feb 2012, Pune Maharashtra

- ✓ **Crop Update – Chilli & Turmeric**
  - Major Exporting and Importing countries
  - Indian Scenario
  - 2012 Crop Update
  
- ✓ **Food Safety**
  - Major Challenges
  - Factor Influencing food safety
  - ITC's approach to food safety
  
- ✓ **Sustainability**
  - Major Challenges
  - New Horizons required
  - Industry led interventions
  
- ✓ **Conclusion**

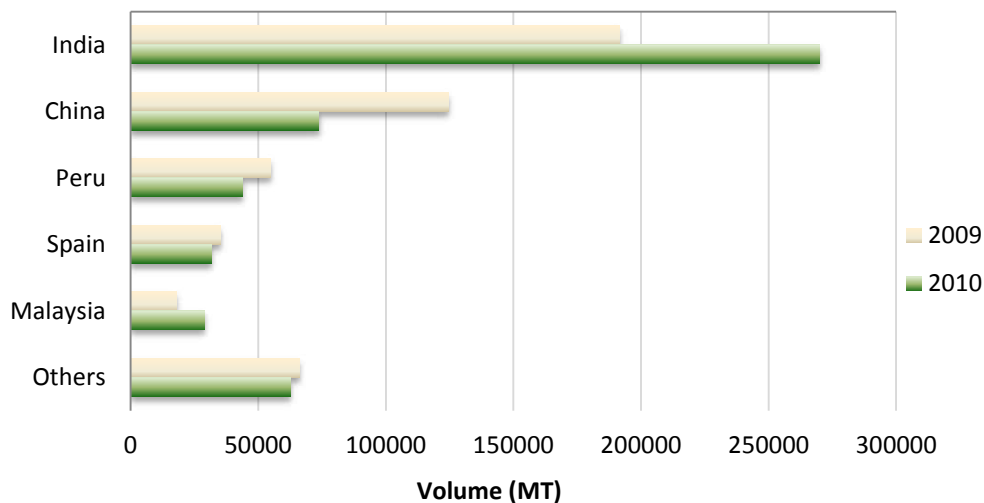


# CHILLI UPDATE

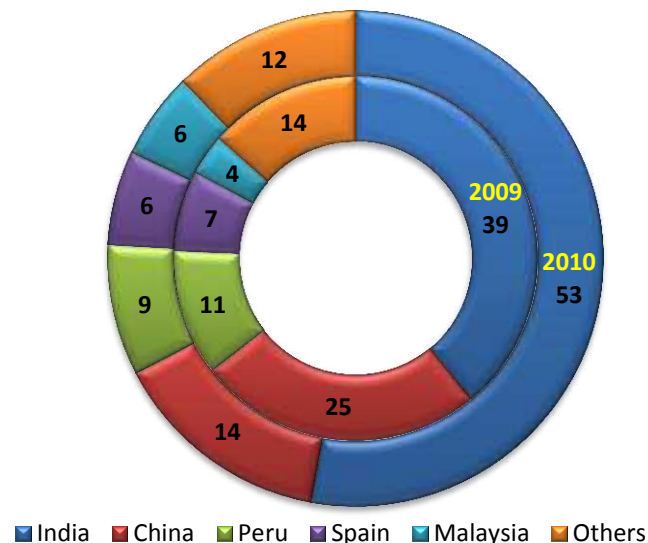


# GLOBAL SUPPLY SCENARIO - CHILLI EXPORTS

CHILLI GLOBAL EXPORTS



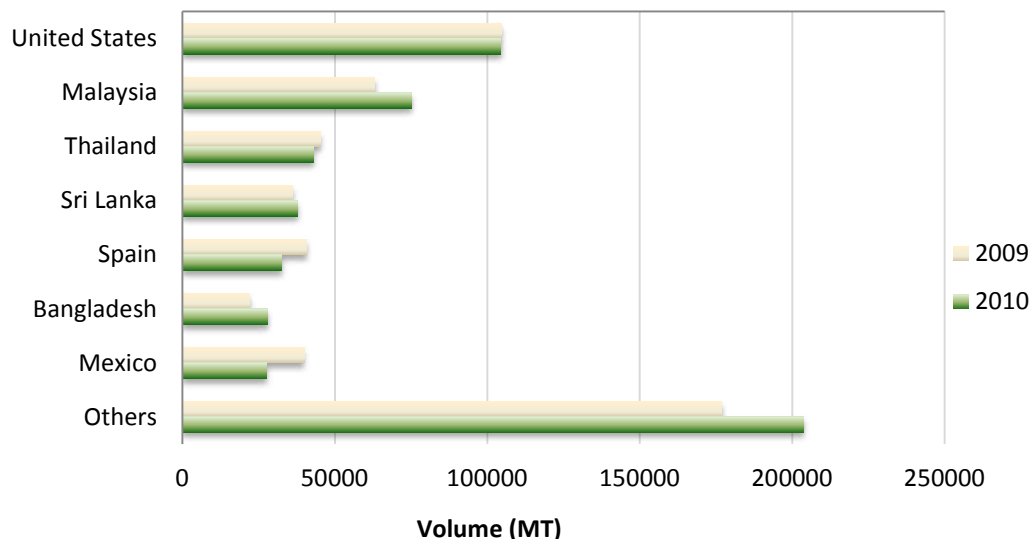
CHILLI GLOBAL EXPORTS PERCENTAGE SHARE



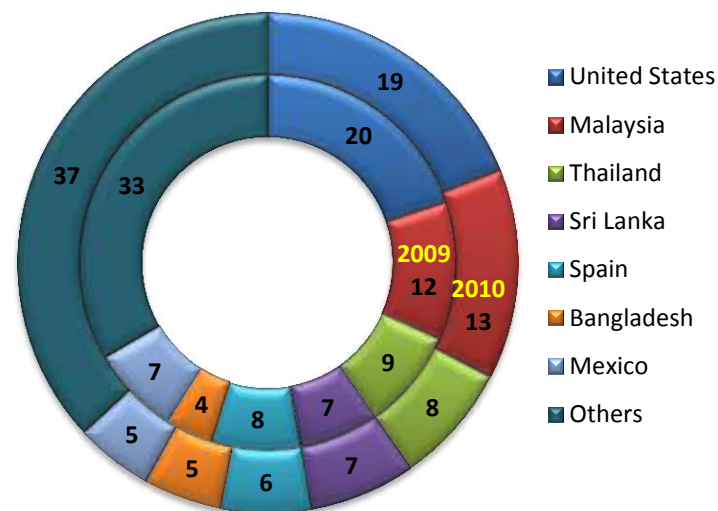
- ✓ India , China and Peru are major dominant exporting countries
- ✓ India with dominant share ranging from 39% - 53%
- ✓ India leading player in hot chilies segment

# GLOBAL DEMAND SCENARIO - CHILLI IMPORTS

CHILLI GLOBAL IMPORTS



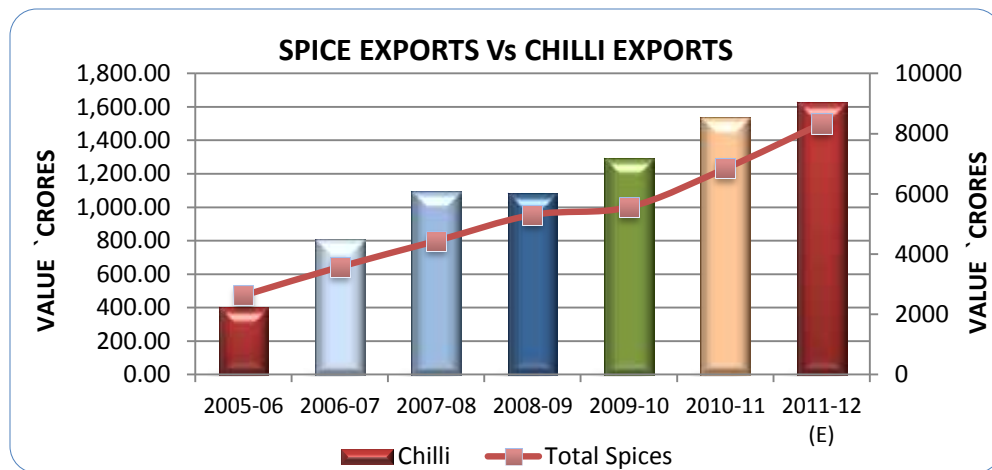
CHILLI GLOBAL IMPORTS



- ✓ United States , Malaysia , Thailand and Srilanka are major importing countries
- ✓ USA with dominant share ranging from 19% - 20%
- ✓ Spain importing for re-export

## INDIA – CHILLI TREND

| YEAR    | Acreage ('000 Ha) | Volume ('000 Tons) | Productivity (Kg/Ha) |
|---------|-------------------|--------------------|----------------------|
| 2005-06 | 742               | 1023               | 1379                 |
| 2006-07 | 809               | 1325               | 1637                 |
| 2007-08 | 837               | 1371               | 1638                 |
| 2008-09 | 803               | 1382               | 1721                 |
| 2009-10 | 810               | 1470               | 1816                 |
| 2010-11 | 792               | 1223               | 1544                 |



- ✓ Chilli playing dominant role in India's stunning progress in Spices export growth
  - Indian Spices CAGR Growth 21% : Chilli CAGR Growth 31%
- ✓ Major Challenges impacting future growth
  - Stagnant productivity impacting availability of exportable surplus chilli
  - Stringency of Food Safety laws across producing and importing countries
  - Disconnects between rising consumer expectation and farmers capability



## 2012 CHILLI CROP - FEATURES



### ✓ CROP STATUS

- 15-20% increase in planted area in 2011-12 on backdrop of better climatic condition and historical prices in previous year
- Guntur\* – increase expected by 30 %
- New crop is being affected by viral disease which may result in low productivity and quality deterioration
- Crop arrival delayed by a month (Peak arrivals : March)

\* 40% of India's production

### ✓ Hybrids replacing O.P.\* Varieties

- Declining trend of S4 variety
- Range of varieties :>40000-125000 SHU
- 40000+ SHU and 100+ ASTA varieties on the increase

\* Open pollinated variety

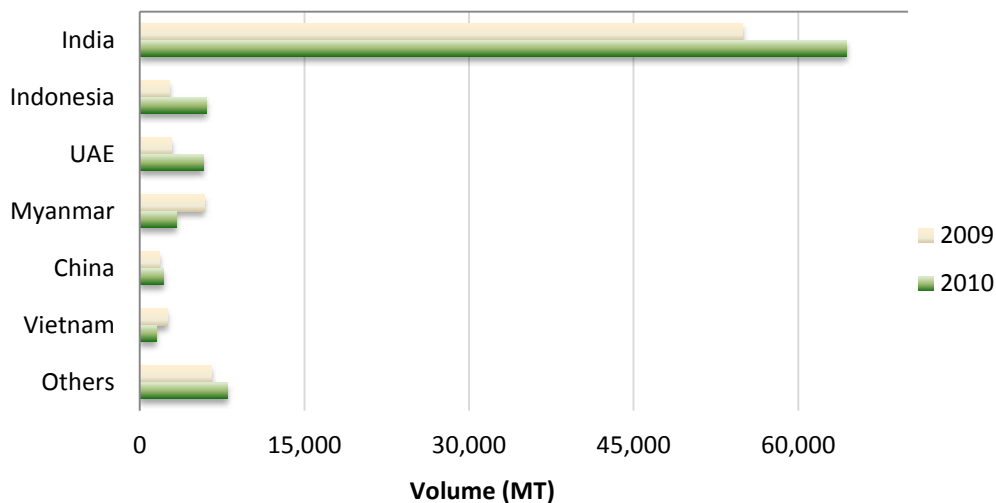
# TURMERIC UPDATE



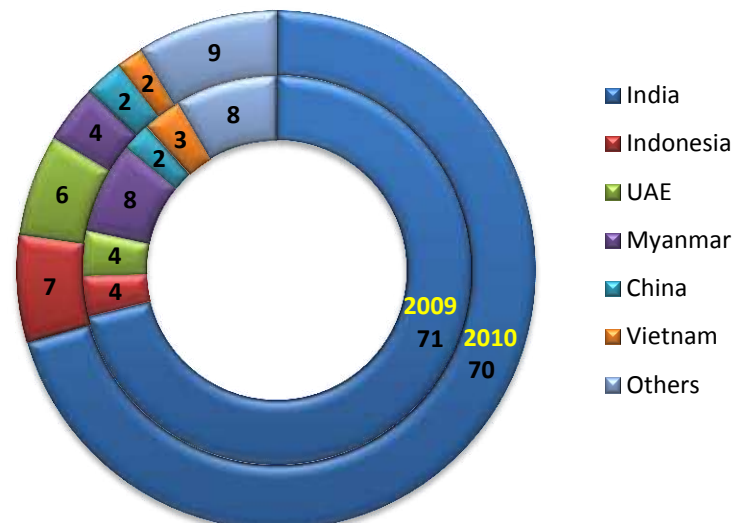


# GLOBAL SUPPLY SCENARIO – TURMERIC EXPORTS

**TURMERIC GLOBAL EXPORTS**

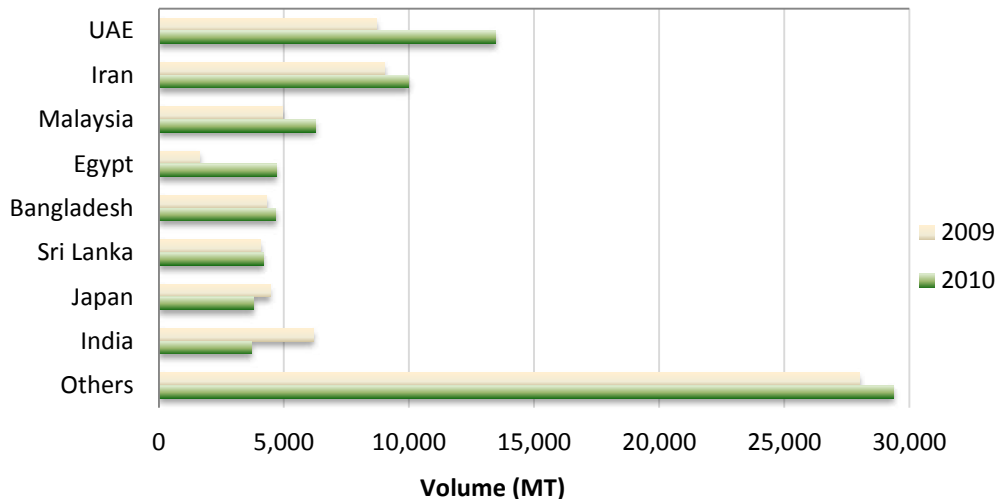


**TURMERIC GLOBAL EXPORTS SHARE**

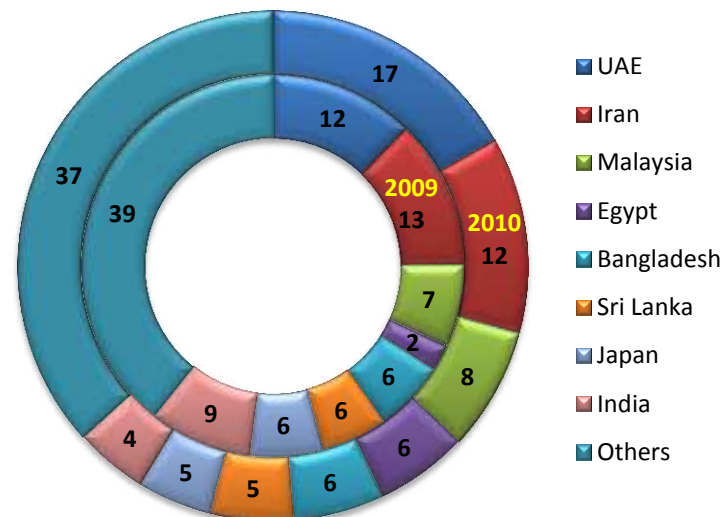


- ✓ India , Indonesia and Myanmar are major dominant exporting countries
- ✓ India with dominant share of greater than 70%
- ✓ Indonesia and Vietnam major supplier of High Curcumin Turmeric

**TURMERIC GLOBAL IMPORTS**



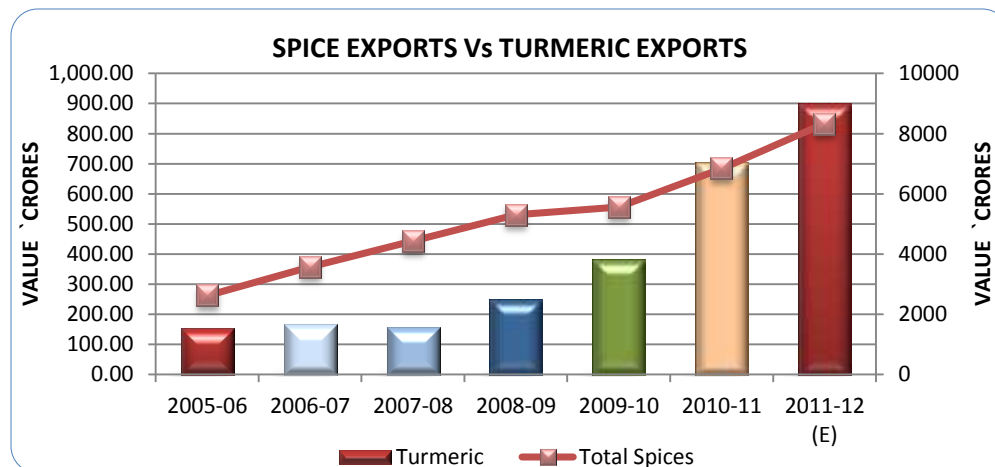
**TURMERIC GLOBAL EXPORTS SHARE**



- ✓ UAE , Iran and Malaysia are major importing countries
- ✓ UAE with dominant share ranging from 12% - 17%
- ✓ India importing for value addition and re-export

## INDIA – TURMERIC TREND

| YEAR    | Acreage ('000 Ha) | Volume ('000 Tons) | Productivity (Kg/Ha) |
|---------|-------------------|--------------------|----------------------|
| 2005-06 | 173               | 867                | 5008                 |
| 2006-07 | 184               | 856                | 4657                 |
| 2007-08 | 178               | 884                | 4967                 |
| 2008-09 | 195               | 895                | 4586                 |
| 2009-10 | 187               | 928                | 4948                 |
| 2010-11 | 195               | 993                | 5090                 |



- ✓ Turmeric also playing pivotal role in India's stunning progress in Spices export growth
  - Indian Spices CAGR Growth 21% : Turmeric CAGR Growth 36%
- ✓ Major Challenges impacting future growth
  - Huge price volatility impacting buyer confidence and farmer returns
  - Stringency of Food Safety laws across producing and importing countries
  - Limited supply of High Curcumin Turmeric

## 2012 TURMERIC CROP - FEATURES



### ✓ CROP STATUS

- 20-30% increase in planted area in 2011-12 on backdrop of better climatic condition and historical prices in previous years
- Trade estimate 1.07 crore bags ( 749 '000 MT)
- Lower productivity expected as farmers not paying proper attention due to anticipated lower prices

### ✓ Low Availability of High Curcumin Turmeric









- Declining trend of AFT variety
- Increasing demand for oleoresin requirement

# FOOD SAFETY

## Heightened concerns and alert across world

- ✓ Microbial contamination – Salmonella, E Coli..
- ✓ Food Additive- Artificial colour and dyes
- ✓ Chemical contamination -Pesticide Residue issues , Toxic elements
- ✓ Mycotoxins - Aflatoxin and Ochratoxin
- ✓ Increasing Customer Expectations
- ✓ Traceability concerns
- ✓ Product Recalls
- ✓ Organoleptic challenges – conformance to taste, aroma, flavour and texture



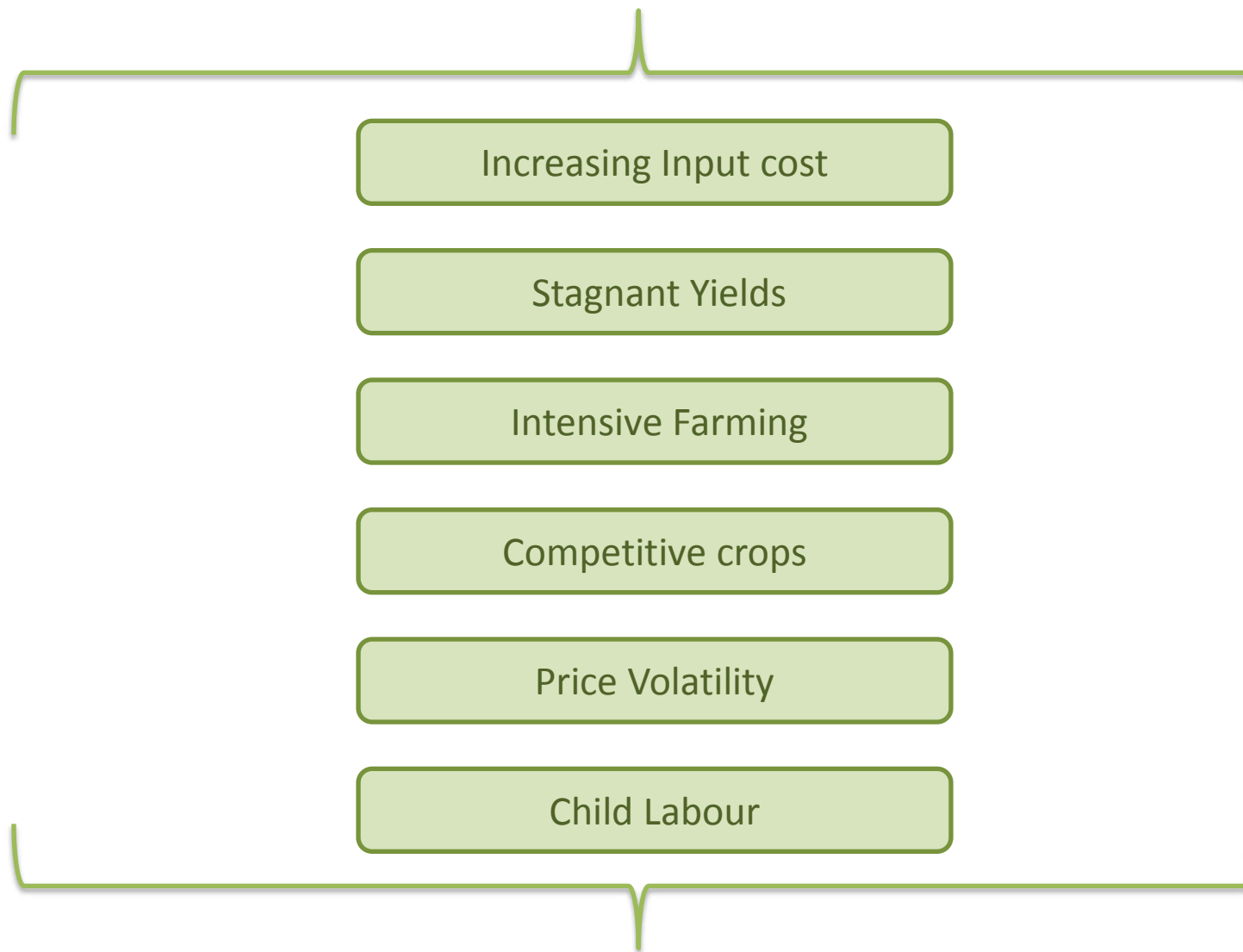
| NUMBER OF PESTICIDES REGULATED |          |          |      |                                                                                                                                                                             |
|--------------------------------|----------|----------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                |          | 2008 /09 | 2011 | Trend                                                                                                                                                                       |
| EU                             | CHILLI   | 437      | 451  |   |
|                                | TURMERIC | 39       | 441  |   |
| US                             | CHILLI   | 43       | 386  |   |
|                                | TURMERIC | 22       | 386  |   |

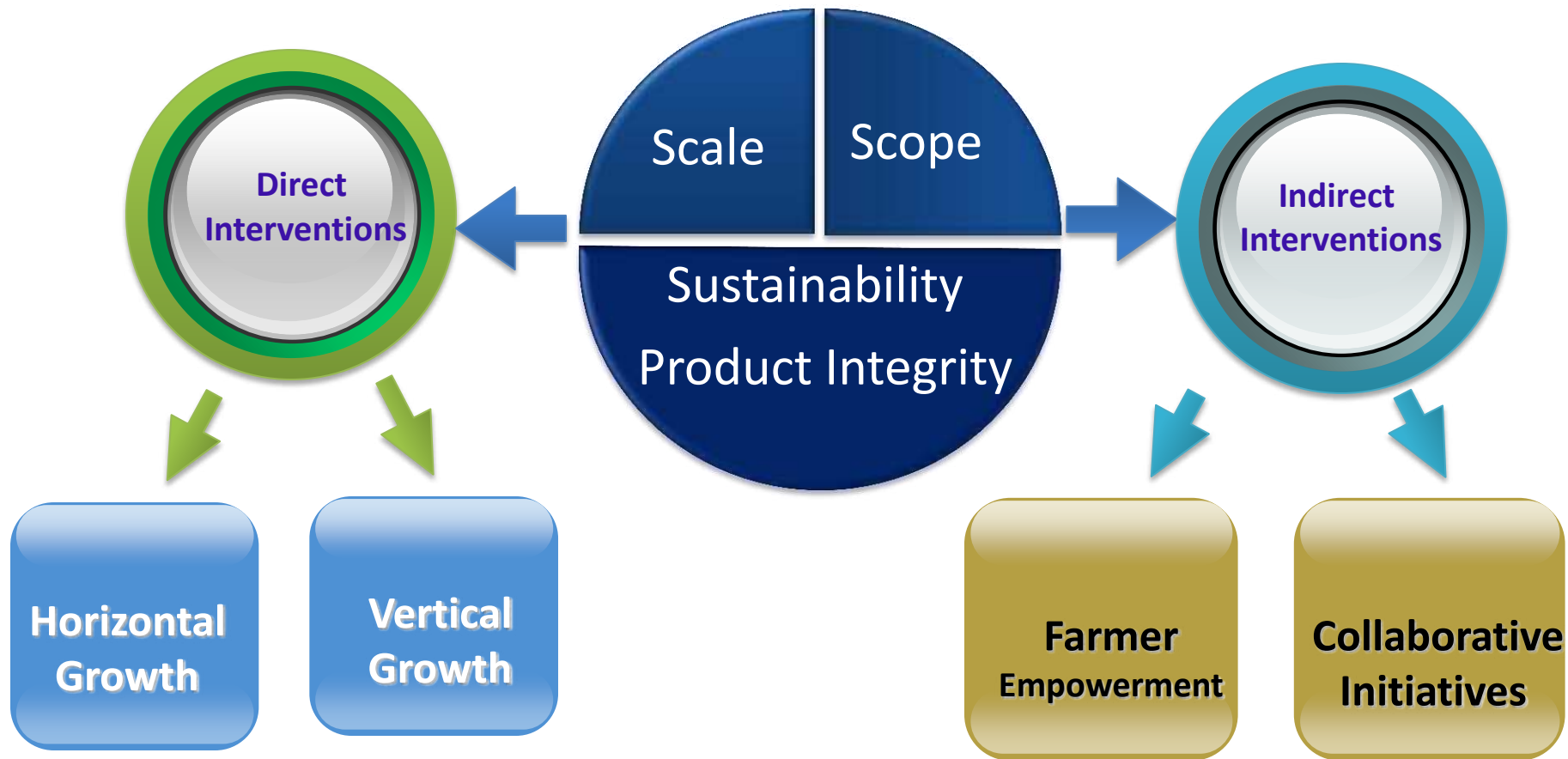




# SUSTAINABILITY

## SUSTAINABILITY of PEOPLE, ENVIRONMENT and ECONOMY





- New non traditional growth zones
- Balanced use of inputs
- Variability in varietal traits
- Competitive crops

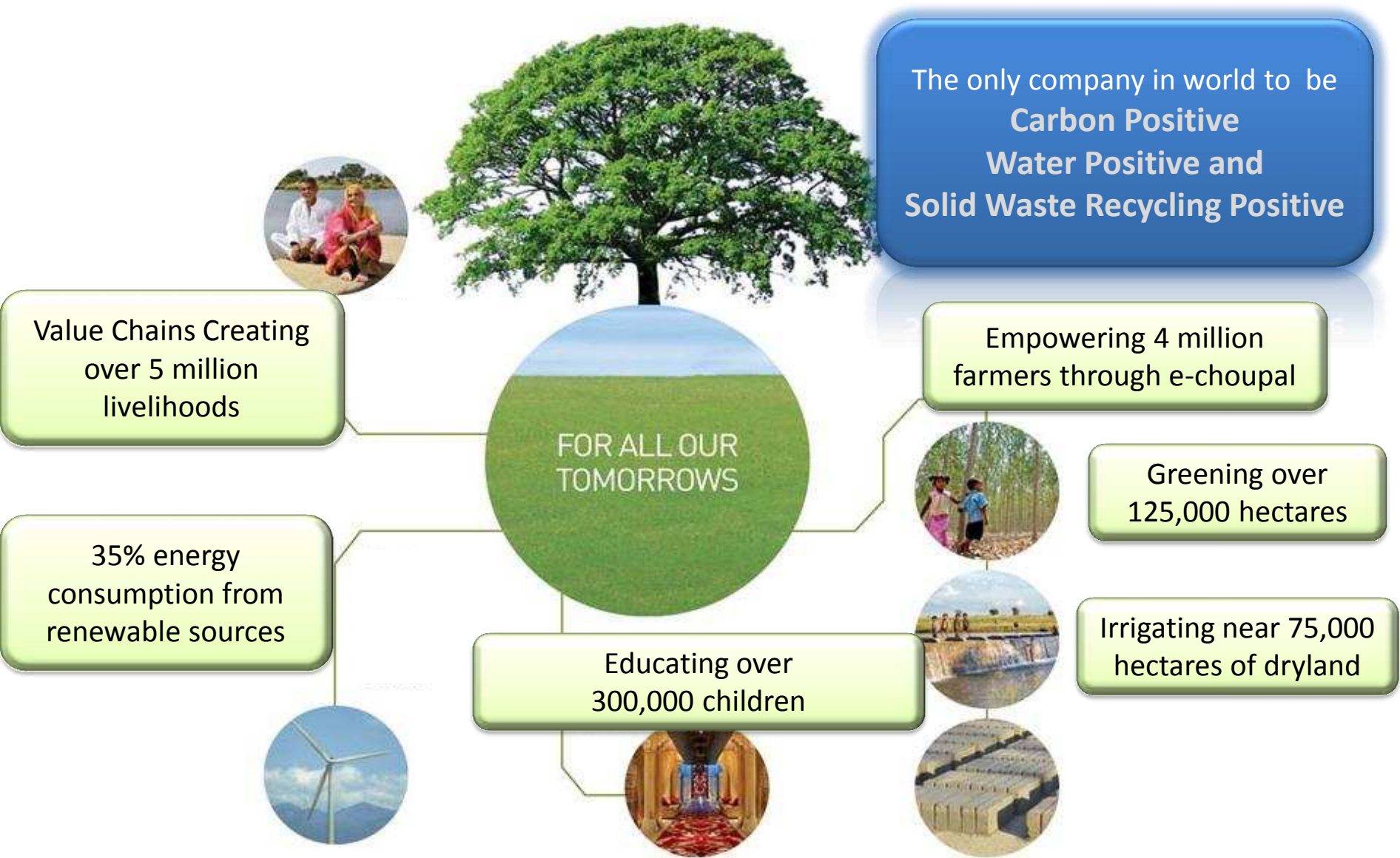
- Fair Trade Practices
- Direct linkage of consumer with farmers

- ✓ Farmer empowerment through premium based pricing for IPM products
- ✓ Focused development subsidy for farmer through Spices Board
- ✓ Technology transfer from lab to land with help of Research Institutes
- ✓ Awareness program through World Spice Organization

**Long term aim is linking Public and Private Interest**



# Sustainability in Action – The ‘ITC Way’





# CONCLUSION

✓ Addressing changing Global Food Safety requirements will drive Chilli and Turmeric growth story

- India uniquely positioned – current and future focus measures will help consolidate



✓ Coordinated effort by the Government and Industry – relevant infrastructure required to unlock true potential

- Awareness of changing policy and legislations to all stakeholders
- Addressing quality gap between production and end usage requirements
- Responsive Food safe supply chain



✓ Sustainability of Supply Chain – Farmer a key stake holder

- Sustain and strengthen farmer interest
- Balanced pricing strategy – Driven by productivity & innovation





**THANK YOU**

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