

Pepper Crop Report

World Spice Congress - 2014



Embracing Sustainability
By Dhruv Desai



Harris



Jayanti
Est. 1940



Overview

Food Safety & Sustainability

Demand & Supply Outlook

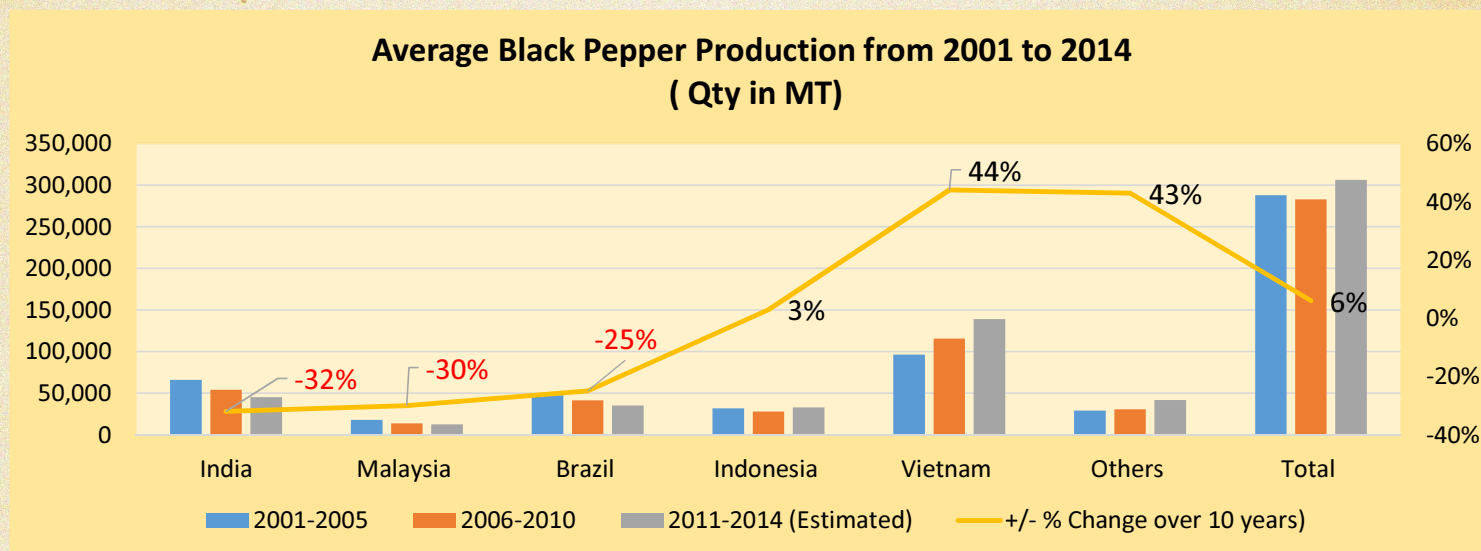
Price Trends



Harris



Changing Production Matrix



Production losses seen in India, Malaysia and Brazil.

Vietnam, other new and emerging areas gaining prominence.

Marginal change in overall average production. Big difference in the supply matrix.

Threat to sustainability by commercial farming is universal.

Deforestation and alternative uses of farm-land prevalent everywhere raising food safety concerns.



Harris



Jayanti
Est. 1940



Food Safety & Sustainable farming

Issues Faced	Solutions
Depleting soil health and low productivity	Soil rejuvenation program including crop rotation Enriching soil with nutrients Use hybrid varieties for better yield. Implement GAP. Start Afforestation program Reduce dependency on traditional areas in stressed conditions Encourage pepper growing in non-traditional areas
Fast spreading slow/quick wilt disease also know as Phytophthora foot rot disease	Implement IPDM Program. Encourage farmers participation. Contract farming through backward integration can assure guaranteed returns to farmers to take care of their farms.
Water management to combat depleting ground water levels	Judicial use of water and waste management programs for recycling farm-water should be implemented Restrict use of contaminated water for irrigation Waste Disposal Management is crucial



Harris



Est. 1940



Food Safety & Sustainable farming

Issues Faced	Solutions
Excessive use of Chemical fertilizers and Pesticides	Educate farmers about occupational hazards and harmful effects of chemicals on environment and human health. Impose ban on use of toxic substances in the farm vicinity
Food borne illness – untreated products imported into country.	Salmonella and E.coli can be guaranteed to be negative in pepper by treating with Heat, Steam, ETO or Irradiation. Encourage importers to import only treated products
Adulteration Use of mineral oil to cover mold Presence of spent Pepper in ground pepper	Adding impurities to increase the commercial value of Pepper is not a solution. Exporters should ensure that the black pepper they procure from vendors is free from mineral oil. Visual mold can be removed by water washing , steam washing or steam sterilization of pepper.



Harris

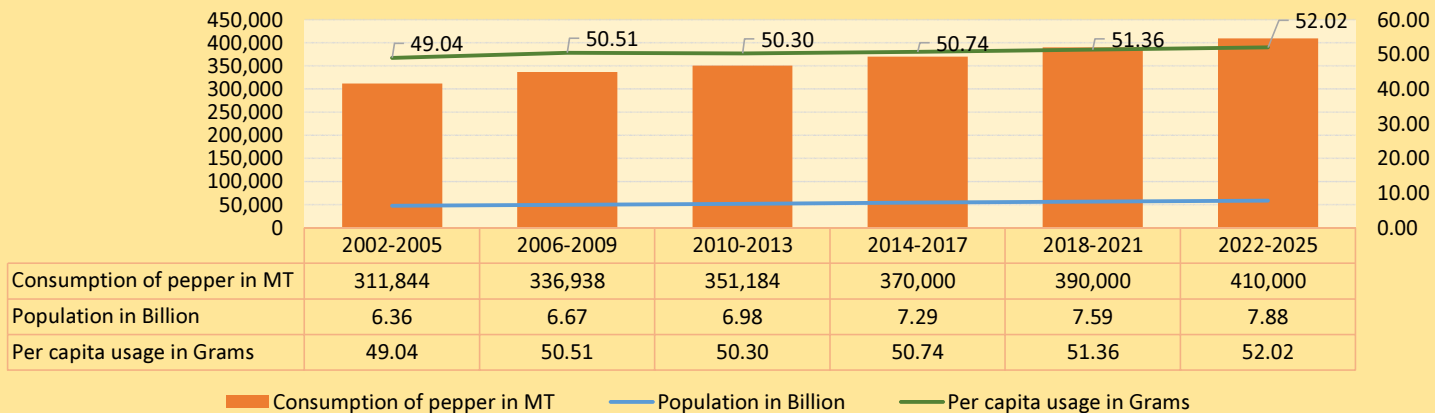


Global Consumption

Consumption of Black & White Pepper- Quantity in MT

Year	Africa	Asia	Australia	Europe	Middle East	N. America	S. America	Total
2010	33,270	157,350	3,322	89,850	17,601	76,191	14,353	391,937
2011	22,500	133,300	4,300	83,200	16,700	74,100	15,200	349,300
2012	21,100	128,300	4,300	78,300	11,900	68,500	13,600	326,000
2013 (e)	24,000	133,000	4,500	80,000	12,000	70,000	14,000	337,500

Estimated Population and Per Capita Pepper Consumption



Harris



Jayanti
Est. 1940

Demand & Supply Outlook

Country wise Production of Black & White Pepper (Qty in Mt)

Year	India	Indonesia	Malaysia	Brazil	Vietnam	Others	Total
2011	48,000	36,000	20,000	36,000	132,000	57,000	329,000
2012	46,000	62,500	19,000	35,000	140,000	62,000	364,500
2013	53,000	51,000	19,500	35,000	142,000	70,000	370,500

Country wise Black & White Pepper Production- 2013 vs. 2014

	2013		2014 (Estimate)	
	Black Pepper	White Pepper	Black Pepper	White Pepper
India	51,500	0	34,000	0
Indonesia	30,000	21,000	40,000	24,000
Malaysia	12,000	7,500	13,000	8,000
Brazil	34,000	1,000	35,000	0
Vietnam (Including Conversion loss on Black to White Pepper)	118,700	19,300	122,000	20,000
Others	47,000	24,500	47,000	24,500
Total	293,200	73,300	291,000	76,500



Harris



Demand & Supply Outlook

Supply and Demand - Black and White pepper - 2013 and 2014 (Estimates)- Qty in Mt

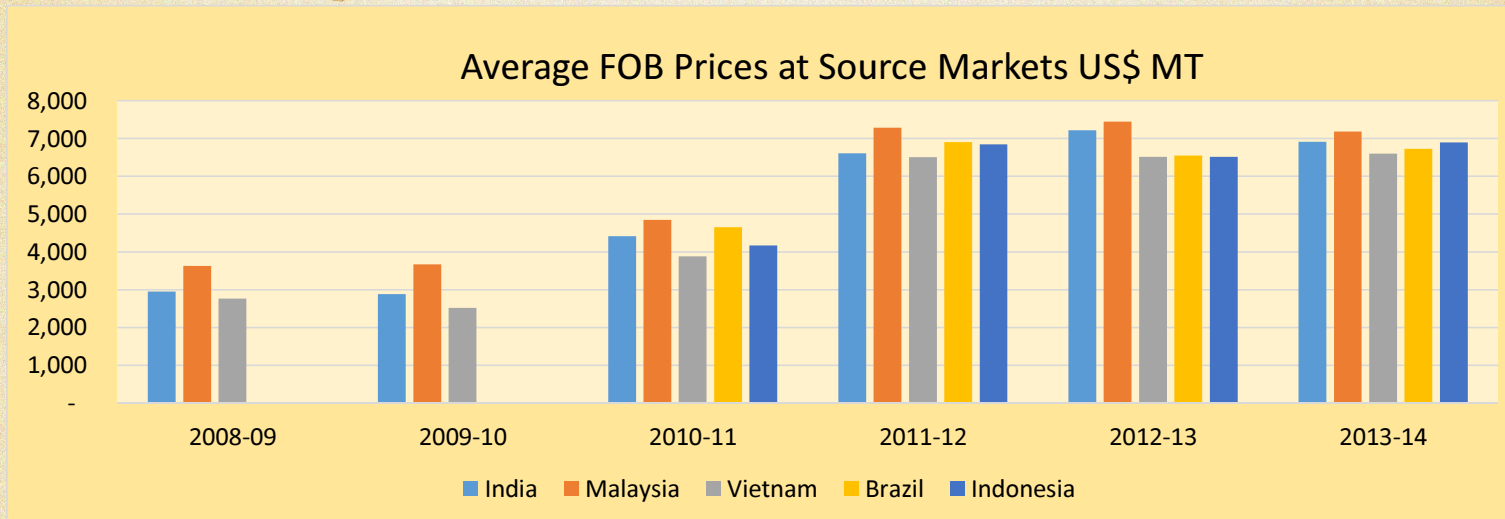
Year	2013			2014(Estimates)		
	Black pepper	White Pepper	Total	Black pepper	White Pepper	Total
Carry In (A)	71,300	18,900	90,200	55,500	19,200	74,700
Production (B)	293,200	73,300	366,500	291,000	76,500	367,500
Imports (C)	25,400	4,000	29,400	36,400	3,500	39,900
Domestic Consumption + Decortication loss + Oleo. Usage (D)	90,600	38,000	128,600	92,600	39,200	131,800
Export Surplus = A+B+C-D = (E)	299,300	58,200	357,500	290,300	60,000	350,300
Export including Border trade and shipments to other Origins - (F)	243,800	39,000	282,800	232,000	42,200	274,200
Carry out = E-F	55,500	19,200	74,700	58,300	17,800	76,100



Harris



Price Trends



Well informed farmers have benefited from staggered selling.

Collaborative efforts to hold back and release produce at the right time has helped farmers.

Prices have eased during early 2014 but may remain firm.

India saw unusually high prices in the domestic market as production is much below internal consumption, pepper has been reduced to an investment crop.



Harris



Jayanti
Est. 1940



Price Trends

Currency Impact on the pepper prices

Black pepper	Average Price - Whole pepper Spot Price - Ex NY in USD/MT	Average Exchange Rate -VN Dong/USD	Change in VND/USD from 2007 in %	Average Exchange Rate- INR/USD	Change in INR/USD from 2007 in %
2007	3,726	16,081		41.20	
2008	3,770	16,519	3%	43.49	6%
2009	2,954	17,821	11%	46.63	13%
2010	4,211	19,111	19%	45.16	10%
2011	6,856	20,676	29%	52.67	28%
2012	7,231	20,893	30%	53.44	30%
2013	7,540	21,052	31%	58.60	42%

Demand remained price inelastic and recession proof.

Currency devaluation followed low growth rates and increase in trade deficits.

Currency devaluation in origins helped curtail the price rise in international markets in a limited way.

Indian exporters were not benefited by devaluation contrary to other origins.

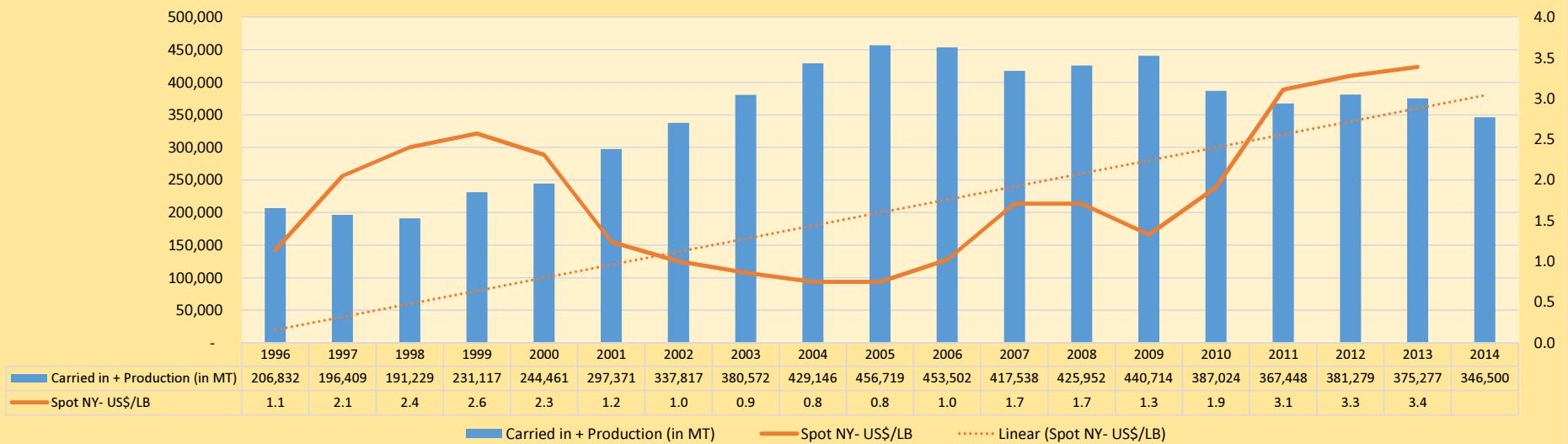


Harris



Price Trends

Historic Black Pepper Price Movement Chart



Both Black & White Pepper prices have shown a firming trend.

Present trend likely to continue in the short-term till stocks build up in origins.

Outlook for production is well-balanced with lower crop in India and prospects of a better crop from Vietnam and Indonesia.

Prices during 2013 failed to ease even during peak harvesting months reconfirming trade guesstimates that stocks are either in strong hands or they are probably at such low levels that there isn't enough left to fathom.



Harris



Est. 1940

Conclusion



Sustainability can be achieved only through shared responsibility and the common vision of ensuring a better quality product that is produced and processed in hygienic conditions to preserve its natural goodness.

Every country will have to deal with these issues internally in the interest of our planet- Earth, that we call our home!

Sustainability is the only solution for a better tomorrow.

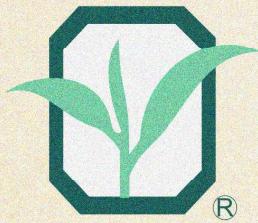
Thank You!



Harris



Jayanti
Est. 1940



Harris



Jayanti

Est. 1940