

CROP REPORT ONION AND GARLIC

WSC 2016
(Ahmedabad, India)

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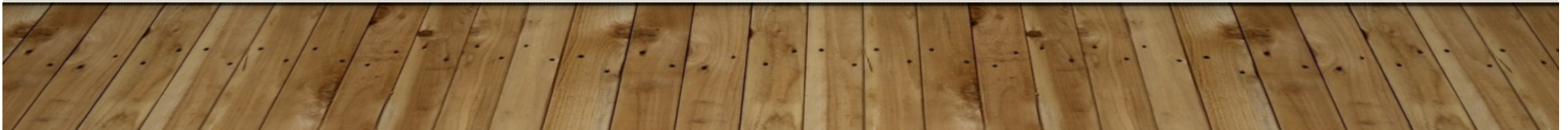


ONION

FRESH

Vs

DEHYDRATION



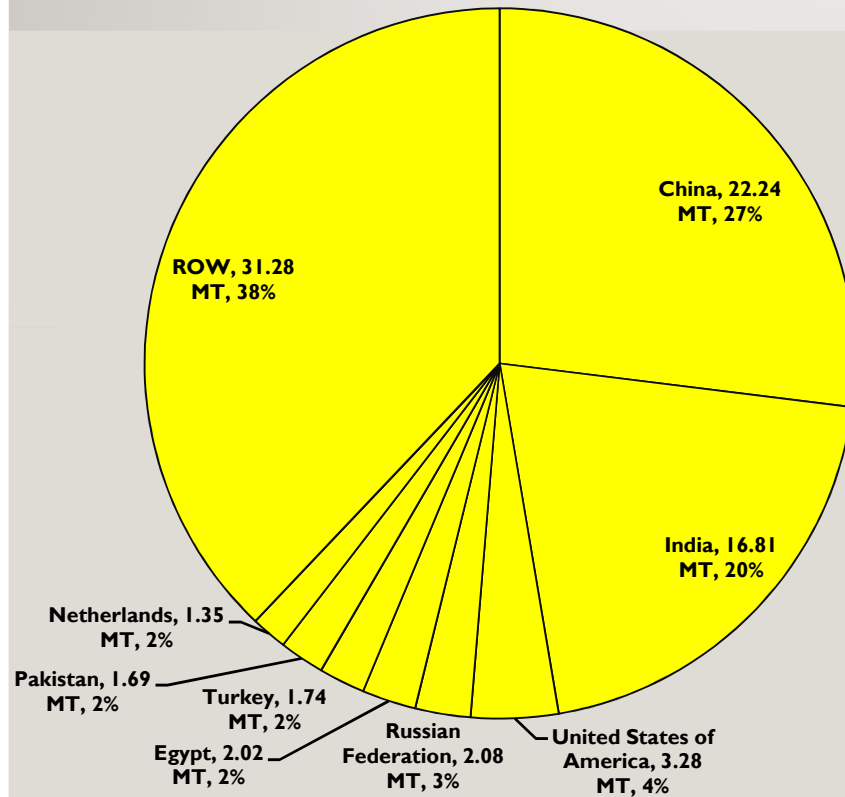
Worldwide production of Fresh onion : 82.50 million MT (FAO)

Usage in Dehydration: Approx. 1.3 million MT (approx. 1.6%)

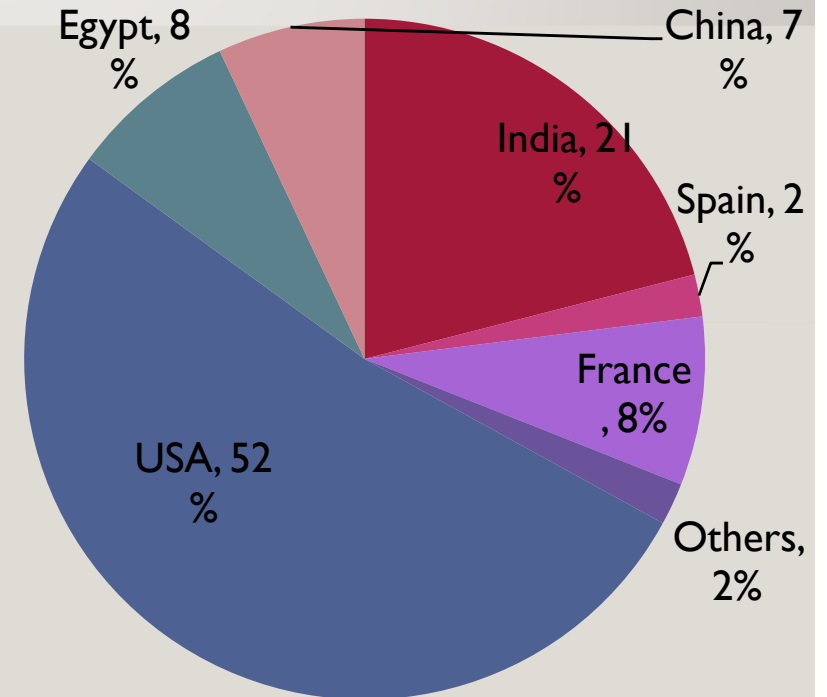
**LARGEST FRESH ONION PRODUCERS ARE NOT
NECESSARILY THE LARGEST DEHYDRATED
ONION PRODUCERS**

Fresh Onion vs Dehy Onion

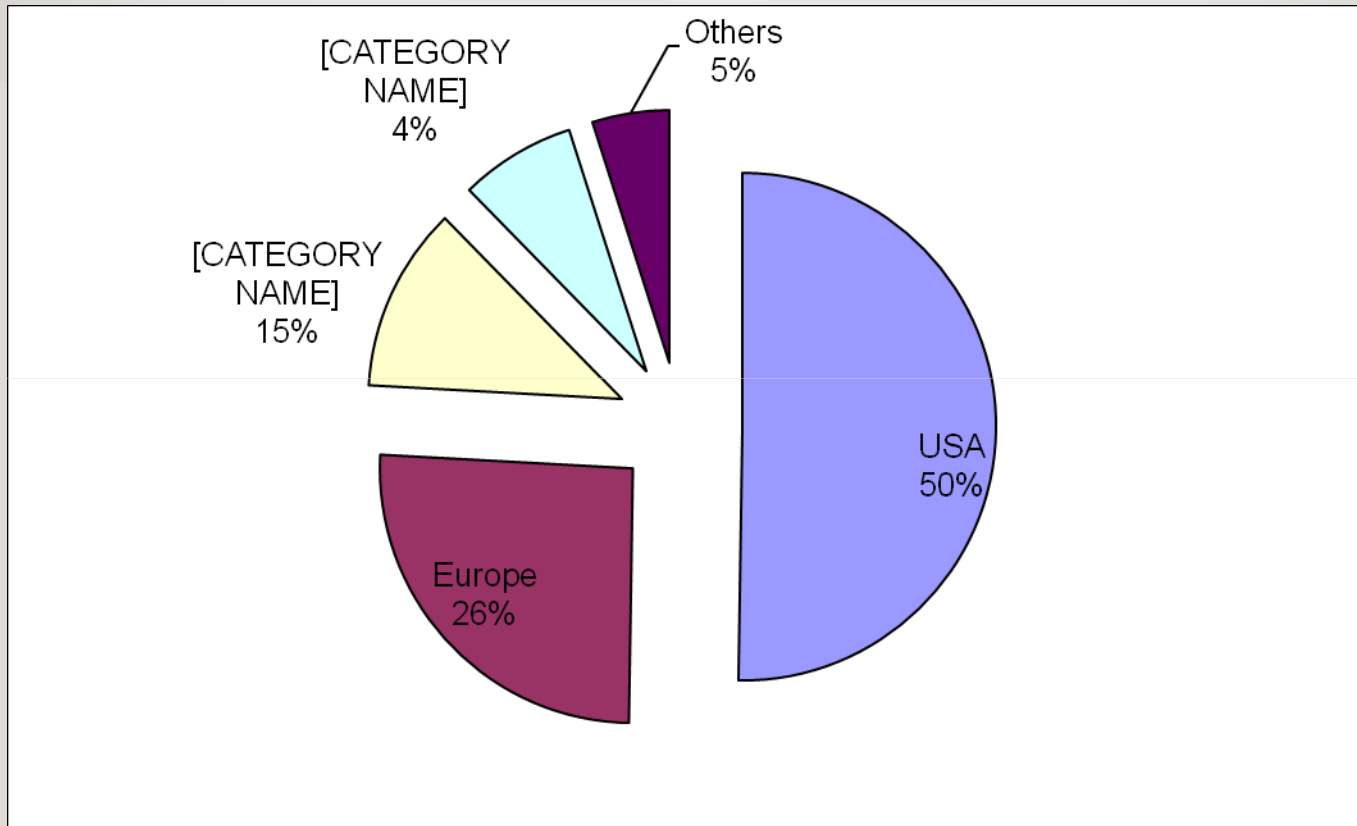
Fresh Onion Cultivation Worldwide



Major Producers of Dehy Onion



MAJOR MARKETS OF DEHY ONIONS*



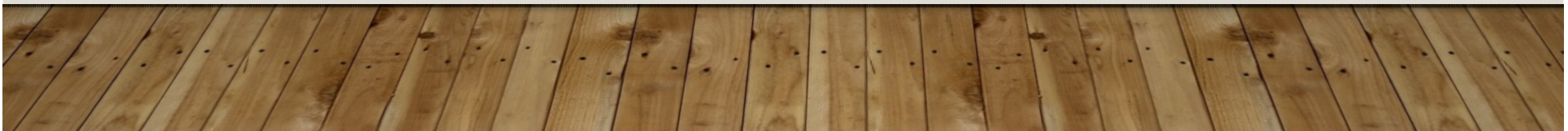
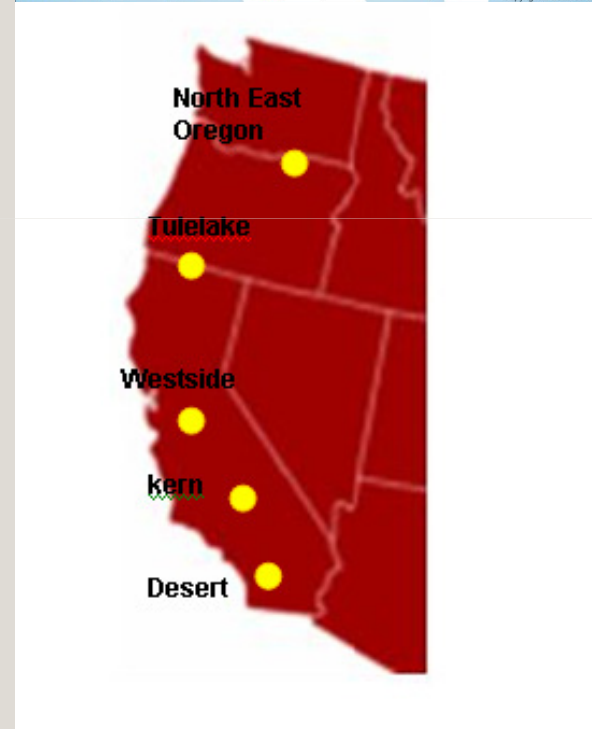
*All figures are estimates

SOURCE : USA

PRODUCTION ESTIMATE : 120,000mt (CY 2015-16)

SOURCE: USA

- All production on the West Coast.
- Majority of production in California State
- Market protected by tariff barriers from other major sources.
- Production season
California – June to Sept / Oct.
Oregon – Sept to Feb / Mar
- Product attributes:
 - High Solid
 - Strong flavor
 - Low micros



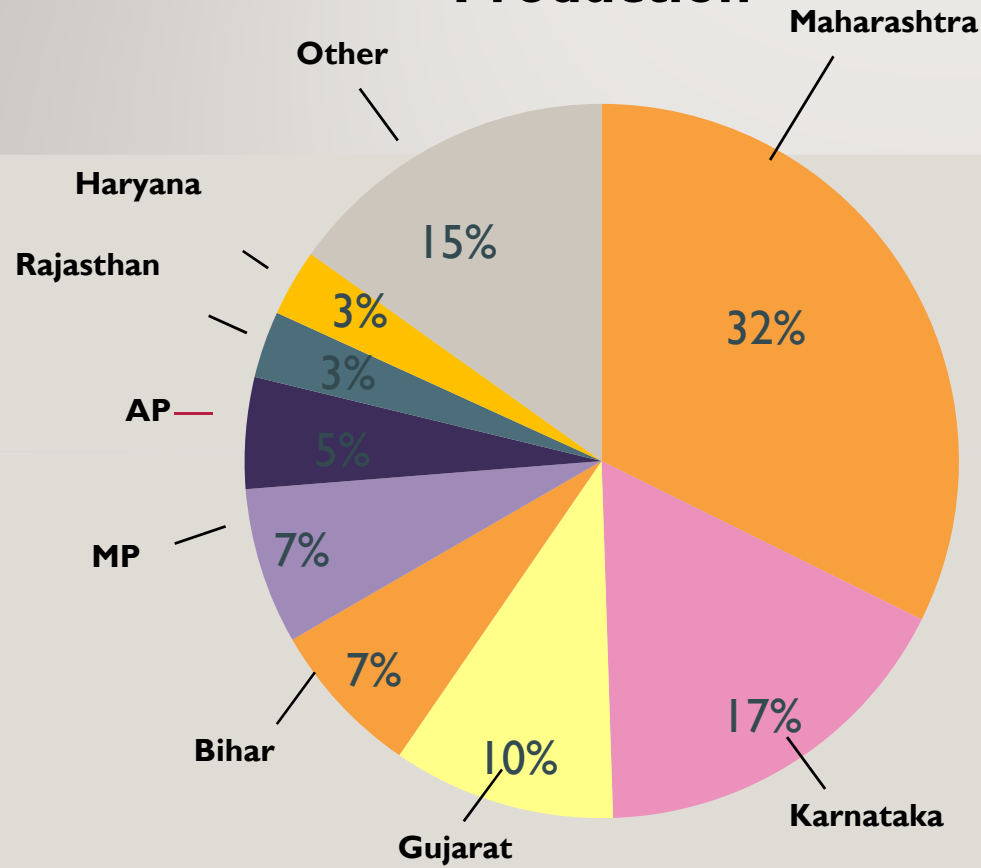
CROP OVERVIEW

- 2015 saw crop harvest decline by 10%.
- Raw material costs higher than previous years.
- Adverse experience of 2015 will have impact on 2016 availability and pricing.
- Initial estimates – further costs inflation 8-10%.
- Natural low micro product will continue to be in shortage due to ongoing mismatch between demand and supply.

SOURCE : INDIA

PRODUCTION ESTIMATE : 40 - 45,000mt (CY 2015)

State Wise – Fresh Onion Production



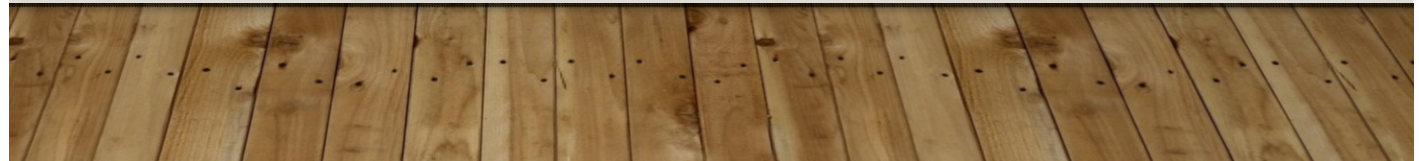
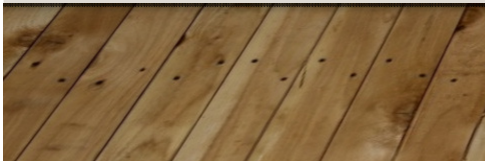
Maharashtra is highest followed by Karnataka & Gujarat

SOURCE: INDIA

- World's second largest producer of fresh onion;
- India has been a supplier of dehy onion for over 30 years;
- More than 90% of fresh onion are red varieties for the fresh market;
- All dehydration industry is concentrates in two states – Gujarat and Maharashtra;
- These two states produce slightly below 50% of total output of fresh onion;
- Production season – 3 back to back crops from December to June:

crop	planting	harvesting
Khariff	June - October	November
Pre-Rabbi	August-September	December-February
Rabbi	October-December	March - June

- Planting: six weeks Nursery, Transplanting, Harvesting after 110-140 days.
- Product attributes: lower solids (9-12 TSS), creamy white colour for general industry. Companies have developed higher solid varieties on their own.
- Due to small domestic demand, India is largest exporter of dehydrated onion.



CROP OVERVIEW

- 2014 crop was expected to be bumper crop (until March 14 weather spoiled it)
- 2015 crop shortage lead to high pricing.
- 2016 crop is expected to be 15% higher compared to previous year due to increased plantations.
- In anticipation of lower pricing in March-May 2016, market is stormed by low price offers.
- Our estimate is that there are currently 40 different dehydration companies actively dehydrating and this number will go to 70-80 if and when raw material prices hit their expected historical lows in 3-4 weeks time.
- Government is expected to step in to buy more fresh onion and store in their storages. This move is expected to keep base price at marginally acceptable level for the farmers.

SOURCE : EGYPT

PRODUCTION ESTIMATE : 13 - 16,000mt (CY 2015)

SOURCE: Egypt

- **Strong player in Europe.**
- **Enjoys closer proximity to Europe. 5 day lead time.**
- **Duty free quota status in EU (for almost 100% of its production).**
- **Two Seasons**
 - Summer crop Apr - August.**
 - Winter Crop Dec-January.**
- **Major supplier of fresh onion to Russia and EU.**
- **Product attributes:**
 - Yellow Onion**
 - Lower Solid (16-18)**
 - Natural low micro products**
- **Major market is in Europe.**



CROP OVERVIEW

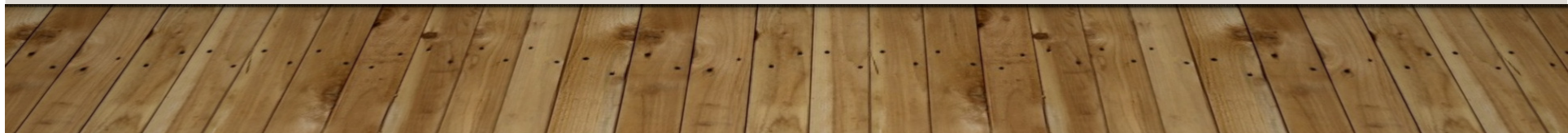
- 2014 crop was normal but political instability continued to threaten the supply.
- 2015 no significant change in either crop or uncertainty sentiments on political front.
- Reduced demand from Russia on fresh onion impacted pricing.
- Due to high pricing from India in 2014 and 2015, demand for Egyptian onion was good.
- In 2016, competition from India will put pressure in industry.

SOURCE : FRANCE

PRODUCTION ESTIMATE : 10 - 12,000mt (CY 2015)

SOURCE: France

- **Production in North East of France**
- **Production season
August to Oct / November**
- **Product attributes:
Lower Solid
Less availability of White Onion, more yellowish brown.
Strong in flavor applications and low micro applications.**
- **Major market is in Europe.**
- **2015 Review – Crop was reported to be normal although prices fluctuated due to Russia import ban.**
- **2016 OUTLOOK – Normal planting expected. Too early for any estimate.**



SOURCE : CHINA

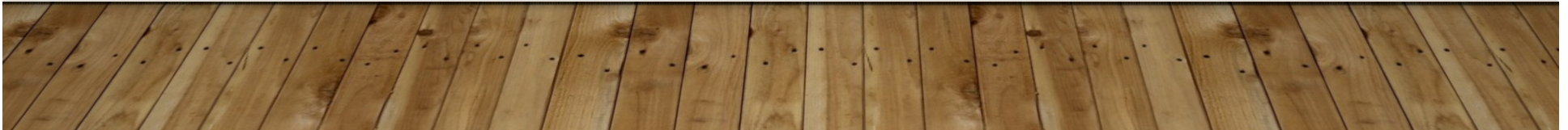
PRODUCTION ESTIMATE : 15 - 16,000mt (CY 2015)

SOURCE: CHINA

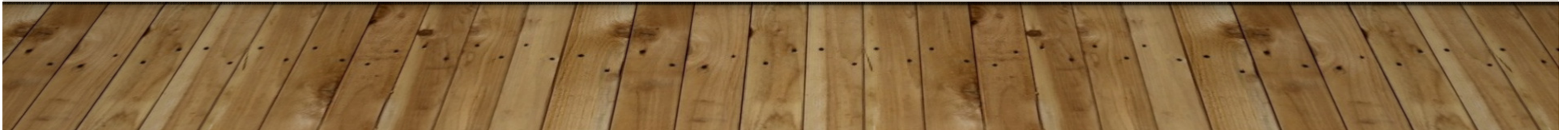
- Relatively new player in Dehydrated Onion market
- Already a market leader in Dehydrated Garlic.
- Largest producer of fresh onion in the world.
- Mostly low solid varieties.
- Inner Mongolia region a major supplier.
- New capacities are coming up.
- Major obstacles are seed stocks, solids and cost structure for onion.
- Great advantage of leverage on other dehydrated vegetables.
- Good potential for domestic market.
- 2016 summer crop expected to be normal.



DEHYDRATED GARLIC



ITS ALL ABOUT CHINA!!!!



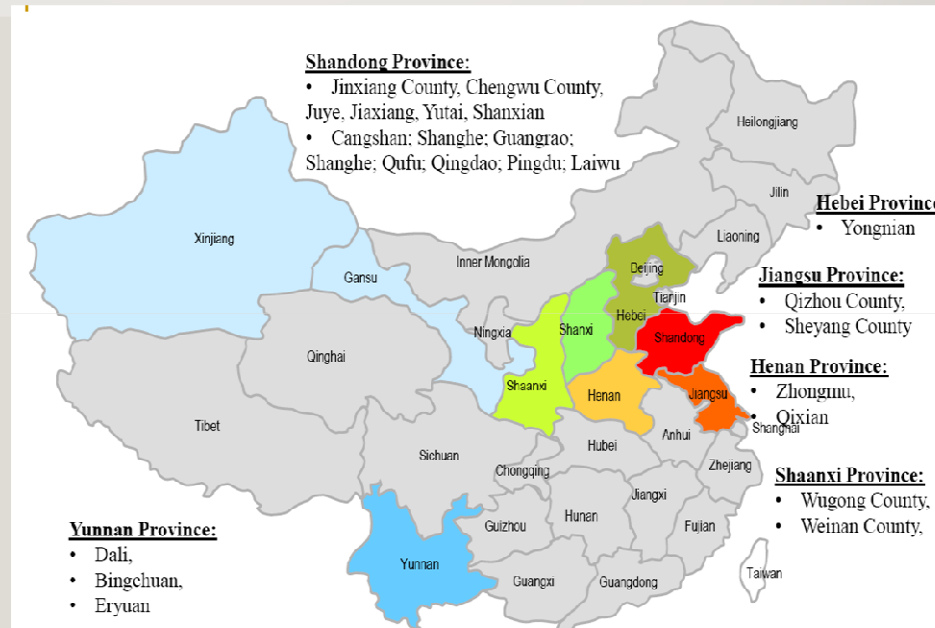
**....And some USA but not a lot
(approximately 15,000mt)**

DEHYDRATED GARLIC

**TOTAL WORLDWIDE PRODUCTION ESTIMATED
TO BE AROUND 140-150,000MT.**

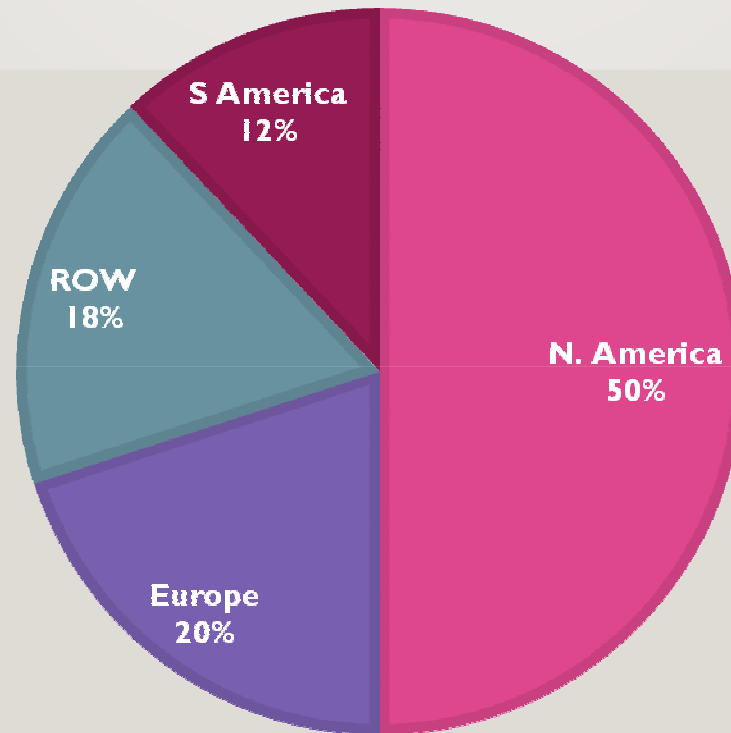
GARLIC GROWING AREAS

- **Jinxinag - 50% (2.25Mil MT), Famous for Hybrid variety)**
- **Linyi - 0.5Mil MT. (famos for 4~6 Cloves variety)**
- **Other (Jinan, Dezhou, Xuzhou, Hebei,)**



DEHYDRATED GARLIC DEMAND

■ N. America ■ Europe ■ ROW ■ S America



CROP OVERVIEW

- Year 2015 saw Chinese raw garlic 2015 production around 4mn mt. and is reported to be around 10% below average/expectation.
- Chinese carry forward flake inventory lower than normal in CY 2015.
- USA continues to grow less and less garlic. Year 2015 it was estimated that crop was further down by 8-10% year on year basis.
- However current high prices of dehydrated garlic are not expected to last long.
- For year 2016, planted acreage expected to be 10% higher than 2015.
- Snowstorms in Shandong area in November fortunately didn't have adverse impact on crop.
- Additional availability of tonnage should reduce the prices downward from September 2016 onwards.

THANK YOU

