11TH World Spice Congress

Herbs Market Report 2012

Spice producer and processor since 1793

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Main world production areas

1 EGYPT
- Basil
- Marjoram
- Parsley
- Dill and Cilantro
- Spearmint
- Peppermint

2 MOROCCO
- Thyme
- Rosemary

3 TURKEY
- Oregano
- Sage
- Laurel

4 ALBANIA
- Sage officinalis

Main traded products

	OREGANO	about	12.000 mt
	LAUREL	about	9.000 mt
	ROSEMARY	about	5.800 mt
	BASIL	about	4.800 mt
	SAGE	about	3.900 mt
	MARJORAM	about	3.800 mt

Main importers

NORTH AMERICA	• Sage	about	53%
	• Rosemary	about	50%
	• Oregano	about	40%
	• Basil	about	40%
	• Marjoram	about	30%
	• Laurel	about	8%
EUROPE	• Marjoram	about	65%
	• Basil	about	50%
	• Rosemary	about	40%
	• Sage	about	38%
	• Oregano	about	35%
	• Laurel	about	15%
FAR EAST	• Laurel	about	50%
	• Rosemary	about	4%

PRELIMINARY NOTES

Egypt is the main producer of aromatic herbs and for some of them the only one.

Events affecting last 3 years herbs production:

- Increase of fuel price
- Rate of exchange controlled by the government
- Farmers yield per hectare expectations
- Increase of worker's wage
- Quality issues
- Ramadan during harvest time
- PP contamination

BASIL

Basil is a yearly crop plantation. It is sown in March and the first cut takes place in June/July, the second in August and the third in late October. The actual carry over is enough to cover the world consumption.

PRODUCTION DATA SHEET	2010	2011
Assiute 380 km south of Cairo	2.000 mt	2.200 mt
Beni Swife 140 km south of Cairo	2.200 mt	2.350 mt
Fayoum 90 km south of Cairo	900 mt	1.000 mt
Total production	**5.100 mt**	**5.550 mt**
Total sales	**4.600 mt**	**4.100 mt***

** up to Jan/2012 expected to reach 4.800 mt by Mid June.*

STABILITY OF BASIL PRICE

Basil price has been stable (EGP 6500 mt paid to farmers) both in 2010 and 2011 and it's not expected to increase before new crop (July 2012).

Its stability traditionally depends on several reasons:

- The yield per Feldane is 2 mt equal to 5 mt per hectare which is considered profitable
- Basil is always attractive for farmers because its yearly cultivation (from March to October) allows to seed also wheat in the same fields (from October to March)
- Basil cultivation doesn't need pesticide sprays being rather resistant to infestation
- The product is always suitable for any market including EU

Even if it's impossible to estimate the extension of next year plantation so far (it is seeded in march), any consistant variation is unlikely for 2012.

Due to Ramadan falling time, we nevertheless suggest to cover requirements up to October immediately as soon as the crop starts (first part of July) requiring shipment within the end of July.

MARJORAM

Marjoram is a 3 years cultivation. Seeded in August, the small plants are set in the fields in November. The first cut of Green/Green marjoram takes place at the end of May and the second around mid August: the first is usually complying with European pesticides limits, both qualities are very nice in colour having a volatile oil content of 1% min. The third cut,Green/Grey quality, is made in October; pesticide residues are higher than EU regulation limits because plants are sprayed during the hot season to prevent infestation; its volatile oil level is 1,2%-1,3% min. The fourth and last cut, Grey/Grey, is in January/February, its volatile oil is 1,5%-1,6% min.

PRODUCTION DATA SHEET	2010	2011
El Minea (Beni Mizar) 240 km south of Cairo	1.800 mt	2.000 mt
Fayoum (Tamiea) 110 km south of Cairo	1.500 mt	1.800 mt
Total production	**3.300 mt**	**3.800 mt**
Total sale	**2.900 mt**	**2.300 mt***

**expected to reach 2.600 mt by mid of May*

MARJORAM PRICE

As we can note from the last two years ratings, production exceeded demand. The extension of the cultivation area has been expanded and the 2010 carry over was about 400 mt.

- Price paid to farmers in 2010 was EGP 12.500 mt, declined EGP 10.900 mt at the end of the crop
- 2011 new crop started at EGP 10.500 mt up to actual price level of EGP 9.500 mt
- The demand this year has been weaker, price declined and further reductions are not expected
- Green/Grey and Grey/Grey marjoram cost about EGP 750 mt less
- The yield (3,8 mt/hectare) and income (EGP 36.100/hectare), like Basil values (EGP 32.500/hectare), render this herb still economically interesting for farmers

Marjoram production areas increased quickly due to the price growth registered in 2008. Afterwards, an additional extension of cultivation areas and the consequent bigger crops during the following 3 years, have led to a price stabilization. As a matter of fact, next crop prices are not supposed to be different.

PARSELY FLAT

Seeded in August/September this yearly cultivation is ready for the first cut in December/January, the second one taking place mid February and the third in April/May. According to the weather conditions there could be up to 4 cuts. This is a full winter crop. From December to March, Egyptian temperatures (around 15 to 25° C) are very favourable for this plant.

Approximately 60% of parsley is sun dried and the remaining 40% is machine dried. The first two cuts are very green in colour but at the same time heavily contaminated by pesticides (mainly herbicides) hence they are not suitable for the EU market.
Due to low temperatures the green colour is preserved even if it is naturally dried.

PRODUCTION DATA

- Beni Swife area produced about 900 mt a year of dried parsley for export
- 550 mt are going to be sun dried and the rest machine dried
- Local market absorbs the major part of fresh product all around the year
- Dried parsley is obtained from the winter crop only as later productions couldn't be dried as high temperatures would affect completely the colour and the flavour of this delicate aromatic herb

PARSELY PRICE

The price of parsley increased steadily over the past years due to rising costs of production (salary/transportation/dehydration).

- 2010 and 2011 crop have been paid EGP 8.500 mt to the farmers
- 2012 crop started at the same level (beginning December 2011) and moved up to EGP 10.000 mt due to lower production of dried material for export estimated to be around 10-15%
- Machine drying is a critical step. The cost difference between sun dried and machine dried parsley is rather high (approximately 1.600 $/mt due to ex drying ratio 17:1)

DILL TIP AND CILANTRO

These two items are of minor impact on the trade. Dill and Cilantro are cultivated in Beni Swife and similar to parsley they are cut 3 times starting from December to Mid March. These are very delicate items and heavily contaminated by herbicides. Approximately 60% of the yearly production is machine dried.
90% of the production is exported to US where pesticide residues are not an issue.

PRODUCTION DATA

- Quantity produced 600-700 mt each, only 10-15% higher than last year.

PRICES/mt

- 2012 crop Dill price is $ 1.750 mt
- 2012 crop Cilantro price is $ 1.825 mt

SPEARMINT

Spearmint is seeded early September. The small plants are sown in the fields at the end of December/beginning of January. It is subject to 3 cuts starting from end of April/mid May. The cultivation lasts for 3 years.

This herb needs protection from infestation. By using pesticides farmers can get about 5 mt per hectare and only 2,8 mt per hectare for the pesticide free cultivation.

PRODUCTION DATA SHEET	2010	2011
Beni Swife	600 mt	700 mt
Fayoum	700 mt	900 mt
Aswan 1000 km south of Cairo		300 mt
Total production	**1.300 mt**	**1.900 mt**
Total sale	**1.300 mt**	**900 mt ***

**up to date, expected to reach 1.400 mt by Mid of May*

SPEARMINT PRICE

- Spearmint price is a representative example of Egyptian economical problems related to the cultivation yield.
- $ 1.080 mt paid in 2011 has not been considered profitable by the farmer; as the plantation doesn't allow to cultivate other herbs or cereals due to its growing time, the farmers decided to remove spearmint from the fields turning to wheat cultivation.
- The price therefore raised to $ 1.740

PEPPERMINT

Rather similar to Spearmint, Peppermint is seeded roughly 15/20 days after but the cultivation technique is the same. First cut is Mid May. Production is very stable and the yield is good both in terms of quantity (about 4,5 mt per hectare) and price.

It doesn't need to be treated with pesticides as it's very strong in flavour and naturally repellent to insects.

PRODUCTION DATA SHEET	2010	2011
Beni Swife	500 mt	650 mt
Fayoum	600 mt	700 mt
Aswan	250 mt	250 mt
Total production	**1.350 mt**	**1.600 mt**
Total sale	**1.100 mt**	**800 mt***

**expected to reach 1250 mt by mid of May*

PEPPERMINT PRICE

- Peppermint price is stable around EGP 12.000-12.500 mt

MOROCCO

PRELIMINARY NOTES

- About 75% of the population depends on agriculture income
- Morocco is the only rosemary exporting country
- Higher cost of collecting license
- Ramadan during harvest time
- Dry season
- Dirham and Kingdom stability

MOROCCO

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ROSEMARY

Rosemary is collected wild in Morocco, Tunisia, Turkey and Spain. The biggest production leading the market comes from Morocco collecting about 8.000-10.000 mt a year of which 3.000-4.000 mt used locally for oil extraction and antioxidant production. The remaining quantity is sold dried to the food industry. Over 50% of the collected rosemary is exported to US and 40% to Europe.

End of January the government allocated 2 minor collecting areas at cost of about 20% more than last year. We know that the government is seeking for cash. At the end of February the government will allocate 2 main areas to the exporters.

PRODUCTION DATA SHEET	2010	2011
Total production	8/9.000 mt	9/10.000 mt
Total export	5.200 mt	5.800 mt

ROSEMARY PRICE

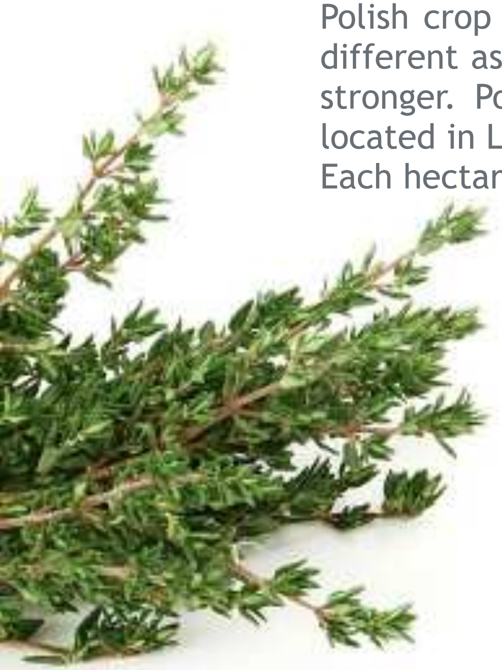
- Rosemary price is in between $ 1100 to 1225 mt.

2011 carry over will mitigate the price increase.
A 10% increase is expected for 2012 due to shorter crop anyway.

THYME

This herb is collected in several countries such as Morocco, Poland, Albania and Turkey. The biggest production is in the Atlas mountain South of Morocco. The harvest starts in February around Agadir on the west coast to proceed until the end of June/early July.
3.000 to 3.500 mt are harvested from the wild every year of which 500 mt to 1.000 mt are used locally for oil extraction and consumed fresh in cooking. Remaining quantity is sold dried to the food industry.
About 45% of the quantity is exported to US, 30% is sold to EU.

Polish crop has to be mentioned being the second world crop quantity wise. The quality is different as it is grown in a different climate: colour is deep green and flavour is richer and stronger. Polish thyme is cultivated approximately in 1.200 hectares, 1.000 hectares are located in Lubelskie region close to the Ukraine border.
Each hectare gives a yield of 1,6/1,8 mt of dried thyme.



PRODUCTION DATA SHEET	2010	2011
Thyme Morocco	2.000 mt	2.500 mt
Thyme Poland	1.950 mt	2.050 mt
Total production	**3.950 mt**	**4.550 mt**

THYME PRICE

Morocco: there is no carry over of 2011 crop and arrival of the new crop is rather low compared with a normal year. The third week of February there will be the auction for the thyme collecting areas; due to the drought the plant have not vegetated properly and the crop will be short by 30-40%. Seller are reluctant at the moment although price is around 2400/2500 mt C+F Europe.

Poland: the production is estimated to be around 2.000 mt, a quantity which may vary according to farmers view of the market, availability and price of seed.
70% of the production is sold in EU specially to Germany, Denmark, France and Scandinavian countries.
The average price in the last 3 years has been approximately € 1,95 delivered Europe.

PRICES/mt	2010	2011
Thyme Morocco	$ 2.100	$ 1.900
Thyme Poland (delivered in Europe)	€ 1.950	€ 1.950

TURKEY

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PRELIMINARY NOTES

- Turkey from producer to processor and trader
- Blends or adulteration?
- Currency devaluation: a support to export

OREGANO • (Origanum Vulgaris, Origanum Onites)

Oregano is the largest herb in volume traded in the world. It grows wild in almost all Mediterranean countries. The most important origin is Turkey (all around Denizli area) where it's actually cultivated. It is seeded in September and the small plants are sown in the fields between November and March; the harvest time is between July-September. The plants can last for 7-12 years.
The second world producer is Peru (Oreganum Vulgaris) and the third is Mexico (Lippia graveolens).

PRODUCTION DATA SHEET	2010	2011
Oregano Turkey	7.854 mt	8.182 mt
Oregano Mexico	1.052 mt	215 mt
Oregano Perù	3.152 mt	3.324 mt
Total production	**12.058 mt**	**11.721 mt**

We have to highlight that Turkish oregano is blended with other herbs on a regular basis, hence the total export figures refer to pure and blended material.

The habit is to offer oregano based on different percentage of blends or volatile oil.

TURKEY

OREGANO PRICE

TURKEY • PRICES/mt	2010	2011
Pure Oregano v.o. 2,5% min.	$ 2.440	$ 2.575
Cheap Turkish Oregano blend v.o. 0,5%	$ 1.450	$1.575

Turkish oregano has been grown in the same areas over the past 7-8 years and this caused a lower yield per hectare. A leading tobacco company has been financing the farmers since September in order to switch their cultivation to tobacco. So we expect lower volumes and higher prices for 2012.

PERU • PRICES/mt	2010	2011
Oreganum Vulgaris		$ 3.200

In Peru we expect the same levels of 2011 season but we have to note that, due to a duty free agreement, about 75% of the crop is sold in South America and only about 20% reaches Europe.

MEXICO • PRICES/mt	2010	2011
Lippia Graveolens	$ 2.540	$ 5.510

The 2011 Mexican crop was about 80% less due to a terrible drought. 2012 expectation is not looking good as it's still very dry.

LAUREL

The leaves of the perennial tree Laurus Nobilis are known as Laurel or Bay Leaves. It can grow up to 10 meters and if cut becomes a bush. In Turkey laurel is mainly collected from the wild along the Mediterranean and Caspian coasts. The collection time is between July and up even to march if the weather and the price offered to the collectors are favourable. Nowadays many more drying machines are available and this has favoured to have a longer collection time compared with the pas past.

PRODUCTION DATA SHEET	2010	2011
Laurel Turkey total sale	8.909 mt	8.361 mt

LAUREL PRICE/mt	2010	2011
Semi selected dried whole leaves	$ 2.200/2.500	$ 2.400/2.700

At present there is limited availability of 2011 crop material.

We do not expect regular crop this year unless lately the price moves up enough to convince the collectors to start picking the leaves.

SAGE

The most famous variety of sage is Salvia Officinalis. It's collected from the wild all over the Albanian territory. The harvest time starts at the beginning of June and goes on to September. The average v.o. content is about 2% but the highest value of Tujone (up to 30%) is found in the product collected in northern regions (24-26% v.o. in the south).

The main part of the total production goes to the US, in 2011 1.043 mt have been shipped directly to the US and about 1.000 mt have been exported to Turkey for processing and re-export to the US.

PRODUCTION DATA SHEET	2010	2011
Total sage production	3.050 mt	2.240 mt

SAGE PRICE/mt	2010	2011
Sage tops	$ 1.920	$ 2.110

At present there are very limited quantities available on the market and the very cold weather will delay the crop until the end of June. Price will surely move up locally before new crop arrivals as some exporters still need to cover their requirements.

Thank you.

Spice producer and processor since 1793