

ESA GENERAL ASSEMBLY
WINDSOR—UK
31 MAY—2 JUN 2023

european spice services
Garlic Crop Report
2022-2023
Raf Nonneman, CEO, European Spice Services nv

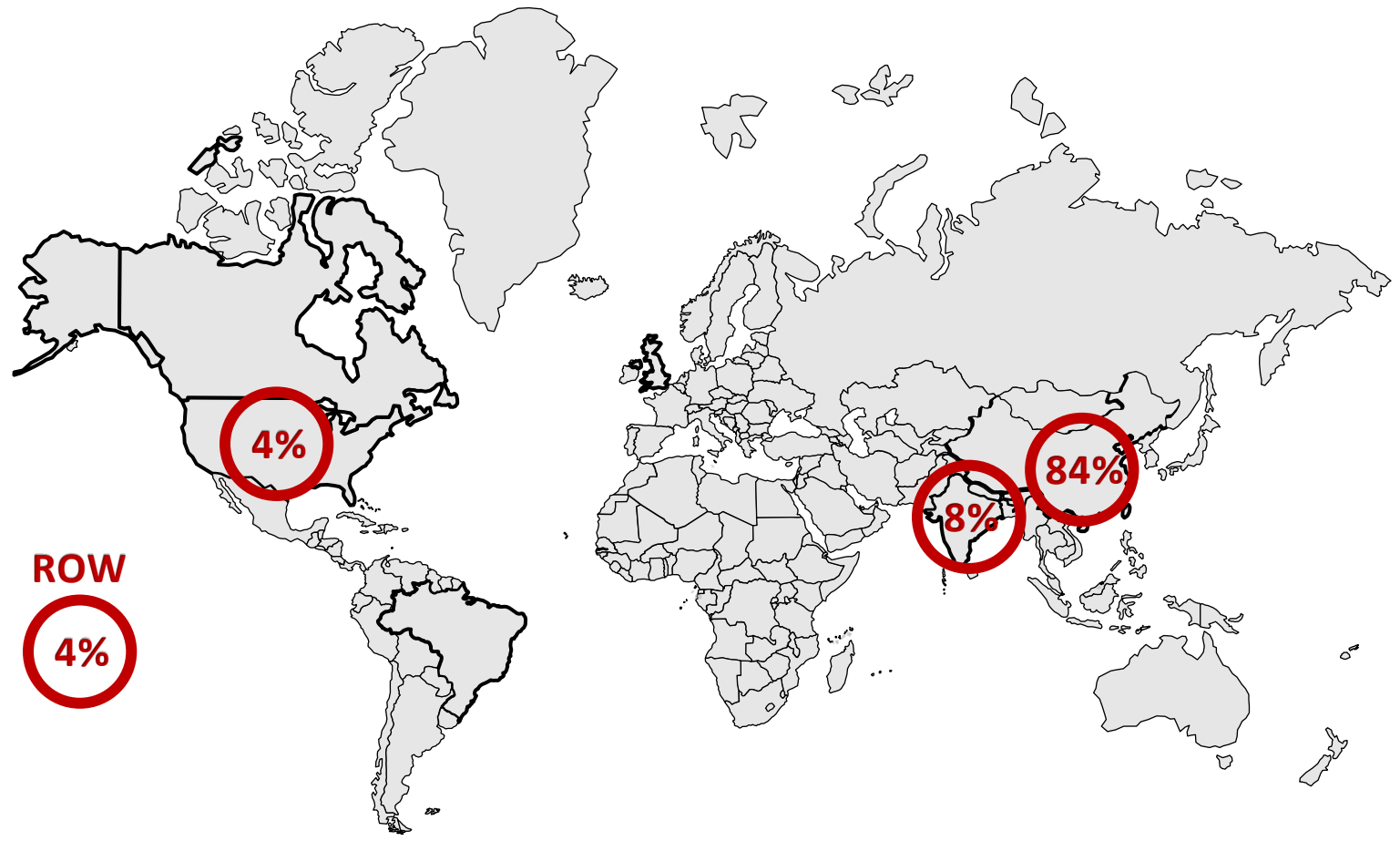
Annual Dehydrated Garlic Exports

ROW 4% 10KMT
USA 4% 10KMT
India 8% 20KMT
China 84% 220KMT

Global AD garlic exports estimated at 260KMT/y

Total export ≠ production

Numbers based on latest available export statistics



Annual Dehydrated Garlic Imports

ROW 11% 30KMT

LATAM 7% 18KMT

South East Asia 20%
52KMT

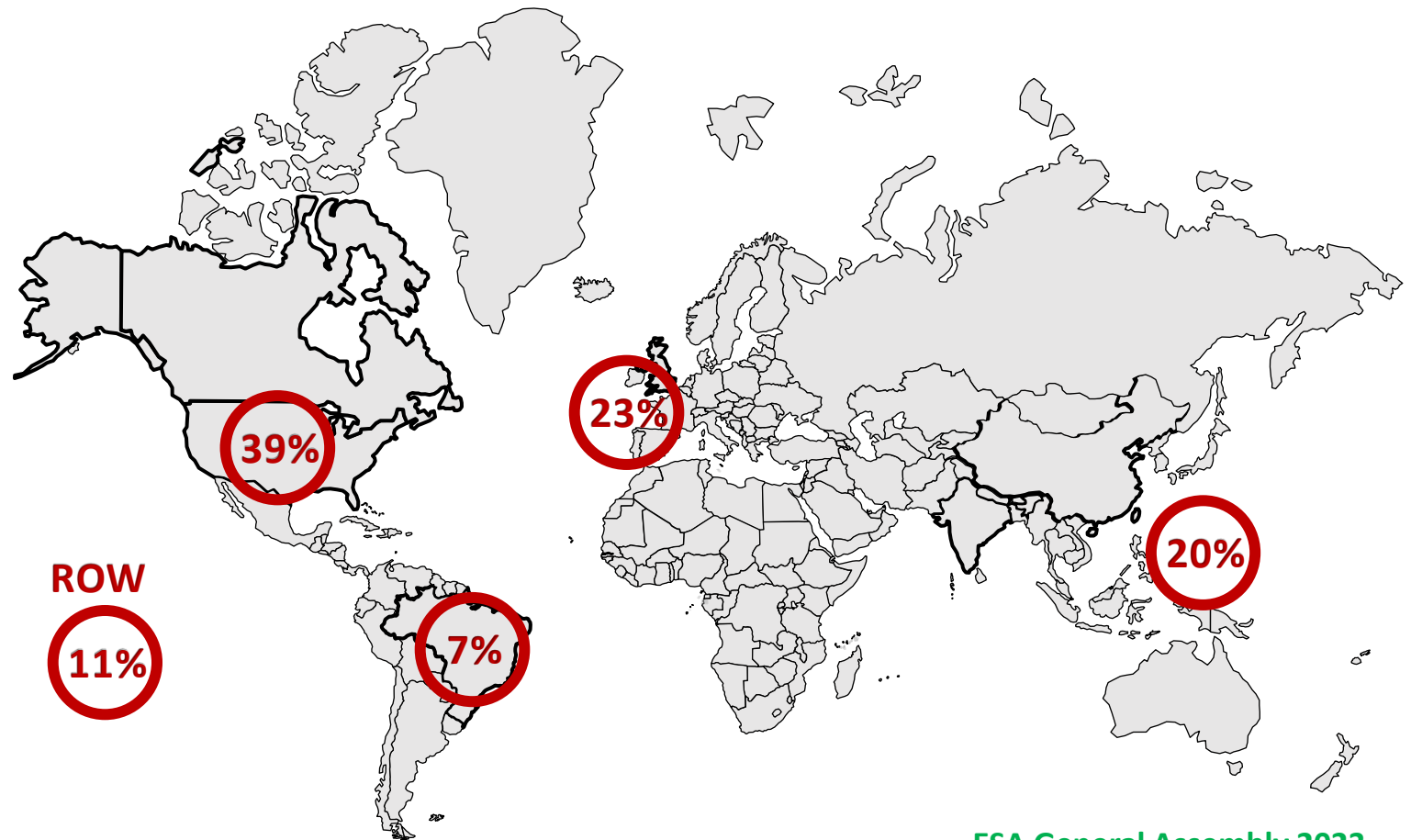
Europe 23%
60KMT

North America
39% 100KMT

Global AD garlic imports estimated at 260KMT/y

Total import ≠ production

Numbers based on latest available export statistics



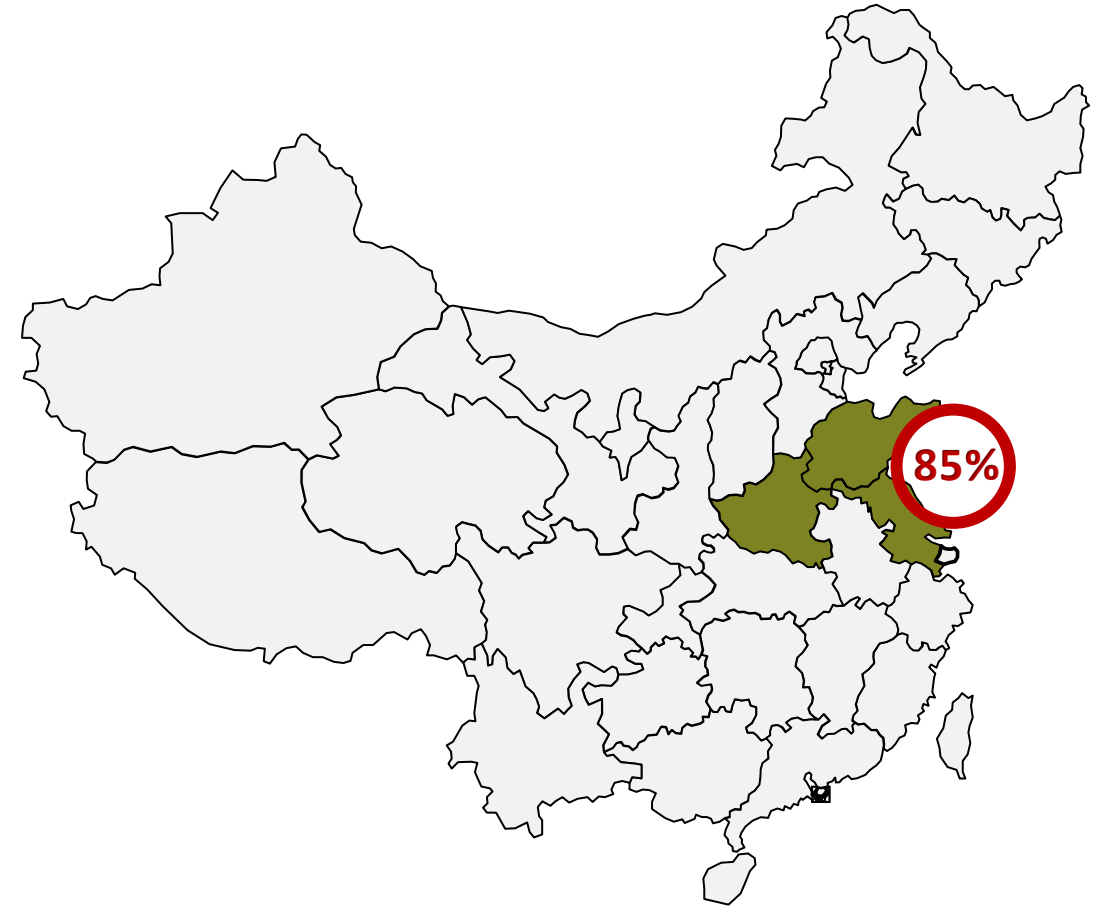
Chinese Garlic – 2022 vs 2023

2022 vs 2023 comparison:

	<u>2022</u>	<u>2023</u>
• Acreage:	6,7M mu (+5%)	5,9M mu (-12%)
• Yield:	+5%	-10~15%
• Dehy Vol:	180KMT	?
• Exports:	220KMT	?
• Carry-over:	400KMT	350KMT

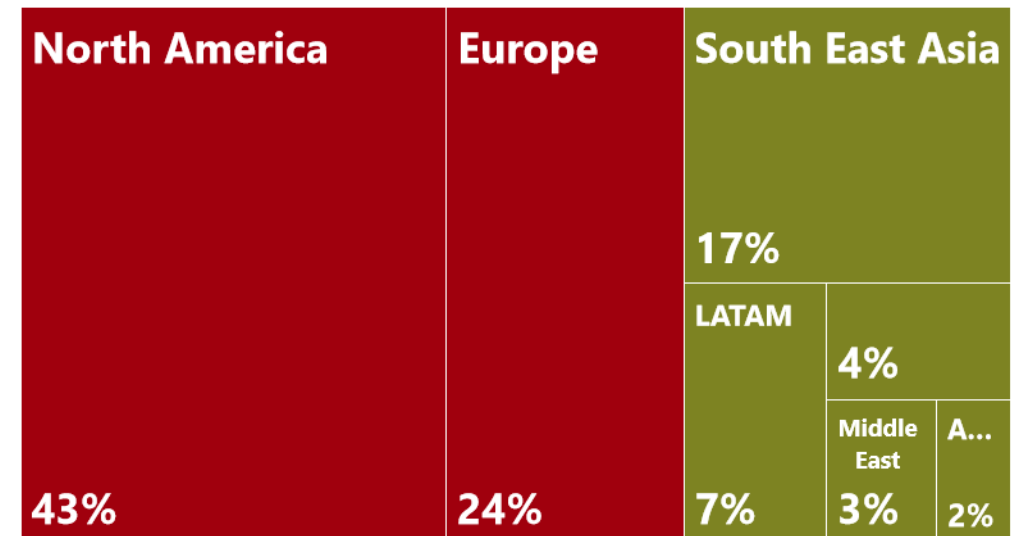
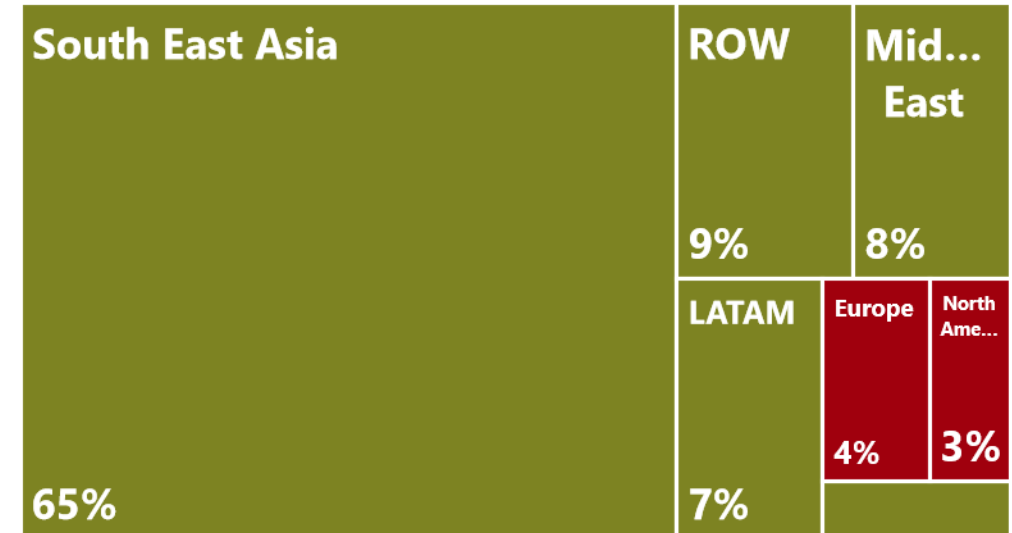
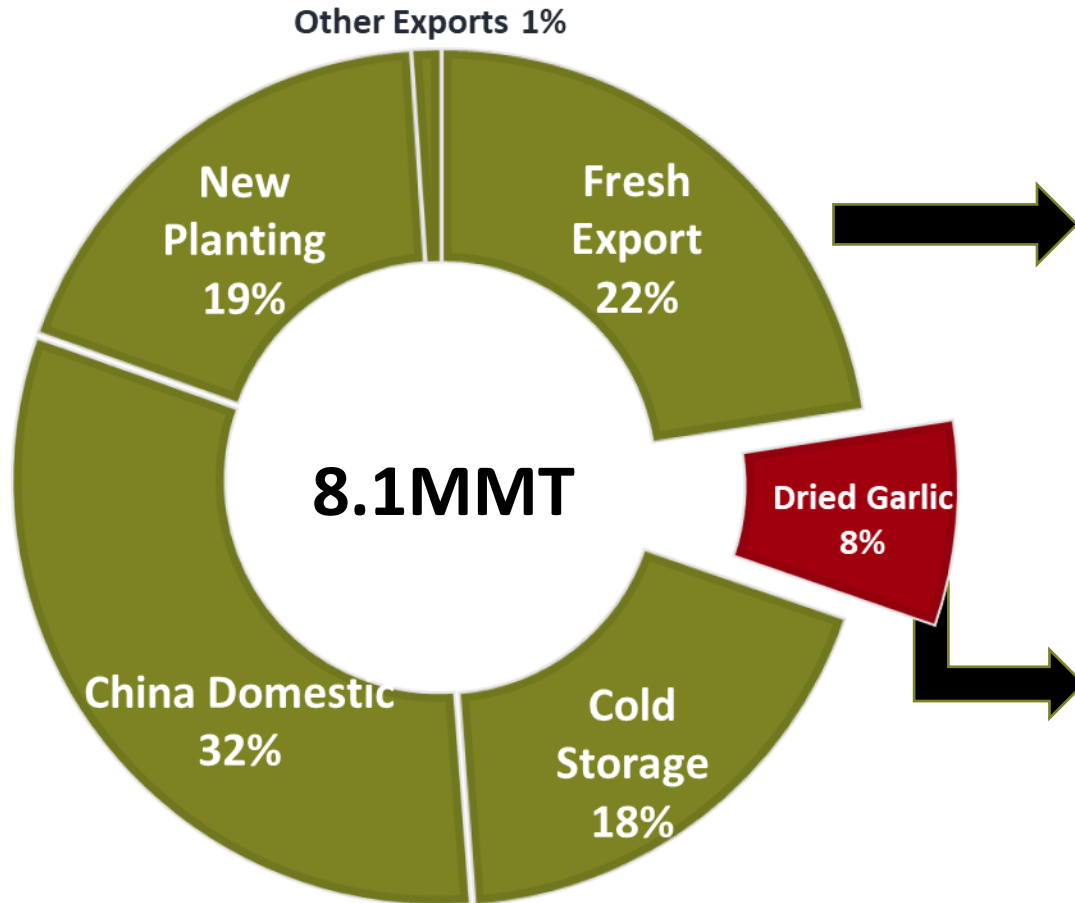
2023 forecast:

- Shrinking carry-over
- Reduced yield (smaller bulbs)
- Increased speculation
- Limited dehydration at current price



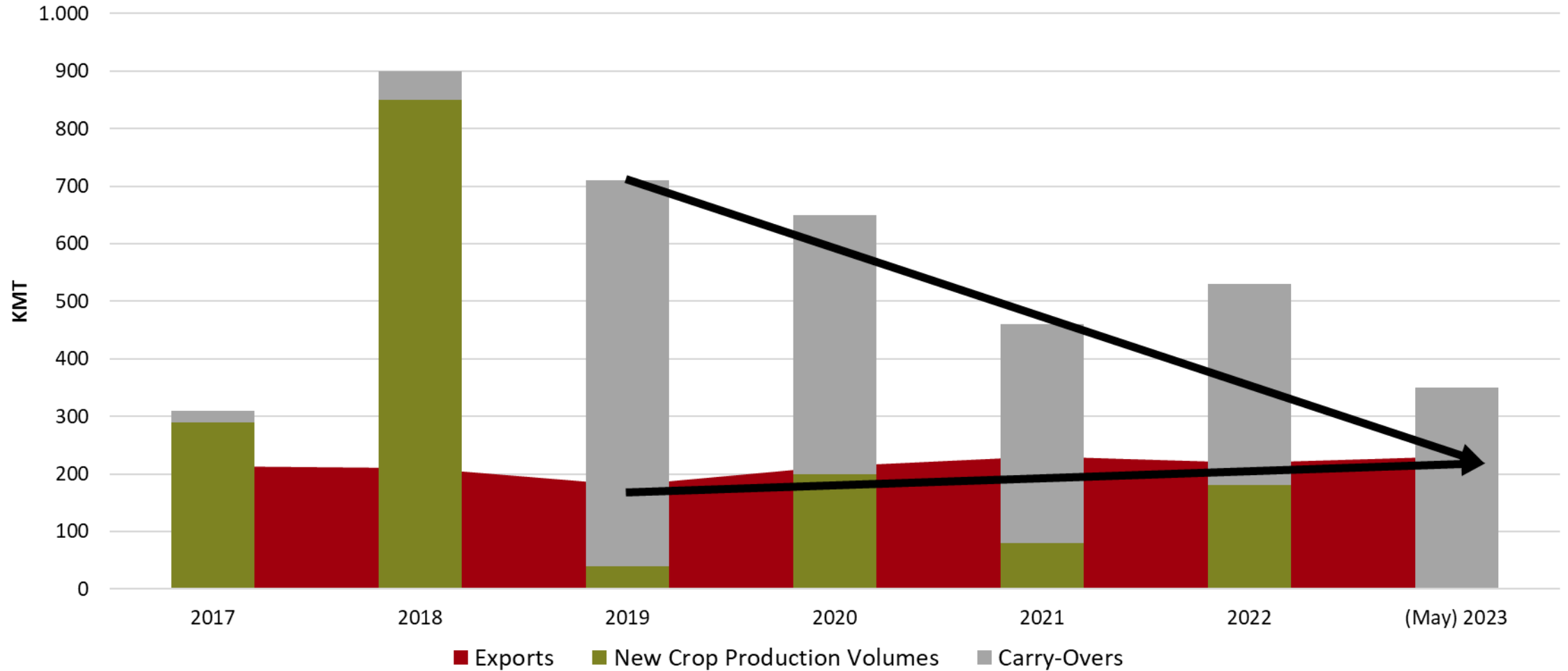
Chinese Garlic – Supply & Demand

'22 CHINESE FRESH GARLIC USAGE: **8.1MMT**



Chinese Garlic – Carry-Over

YEARLY FLAKES PRODUCTION, CARRYOVER & EXPORT (KMT)

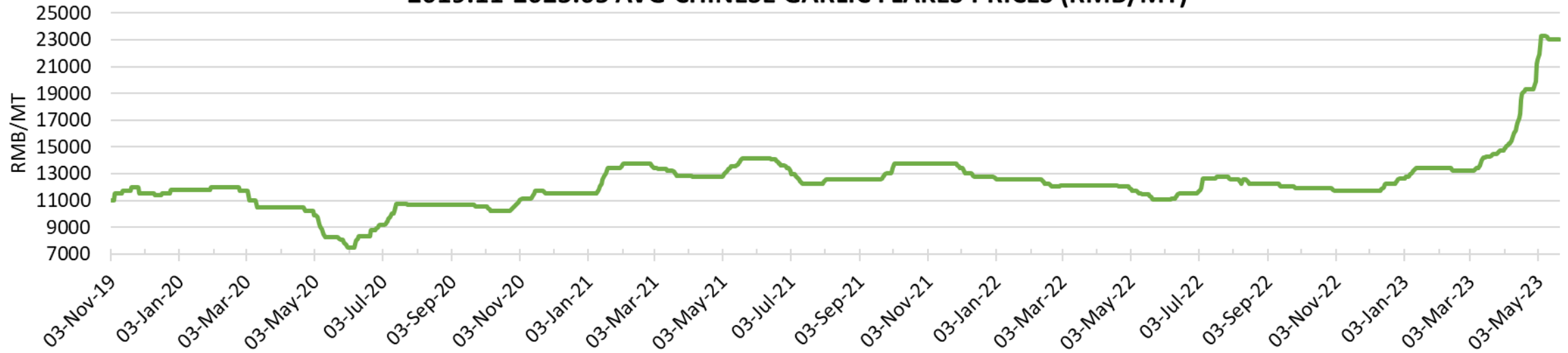


Chinese Garlic – Crop Cycle

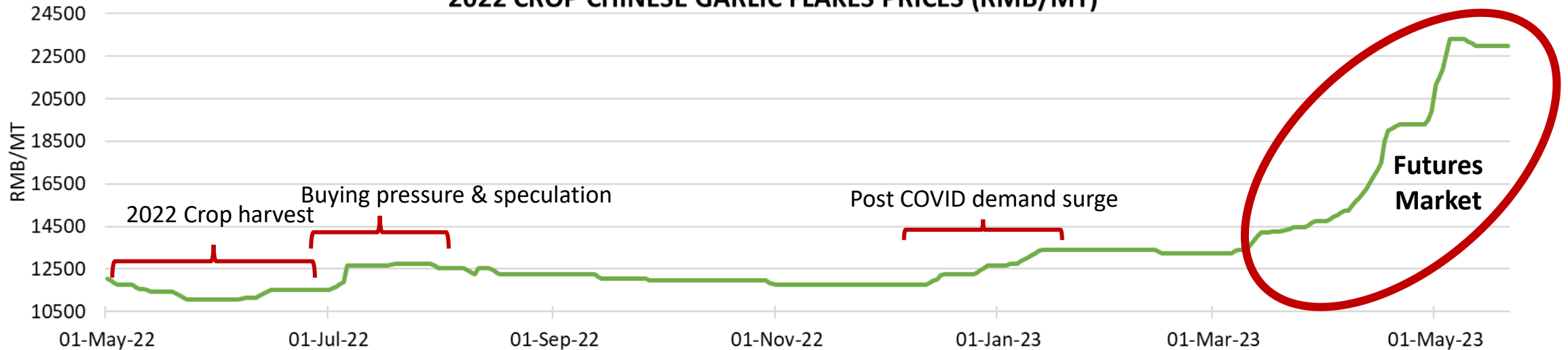
Chinese Garlic Crop Cycle Calendar											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
				Harvest						Planting	
Growing					Dehydration		Closing cold storages	First new crop export		Growing	

Chinese Garlic – Price Evolution

2019.11-2023.05 AVG CHINESE GARLIC FLAKES PRICES (RMB/MT)



2022 CROP CHINESE GARLIC FLAKES PRICES (RMB/MT)



Chinese Garlic – Futures Market



Image: Garlic Futures Market Aug'22 –Jun'23

- AD Garlic as soft commodity on futures exchange (2021)
- Low entry for investment capital in the garlic industry
- Both commodity speculators & garlic processors
- Speculators' emotions vs real supply & demand

- Dec'22: China lifted COVID policies
- Jan/Feb: sudden high demands drained carry-overs
- Apr: speculators going short led to concentrated buying
- May: -10~15% reduced yields due to colder weather

Chinese Garlic – Outlook 2023

- Why is the Chinese garlic market on fire?
 - Disruptive influence by the garlic futures market
 - Colder weather April end/early May
 - Speculation on expected yields
 - Increased demand in fresh & dehydrated garlic
- Impact for our industry at current price:
 - Declining fresh- & dehydrated carry-overs
 - Limited dehydration at current price levels
 - Emotional decisions by manufacturers & buyers
 - Speculation drives the business
 - Limited availability extra low bac & premium grades



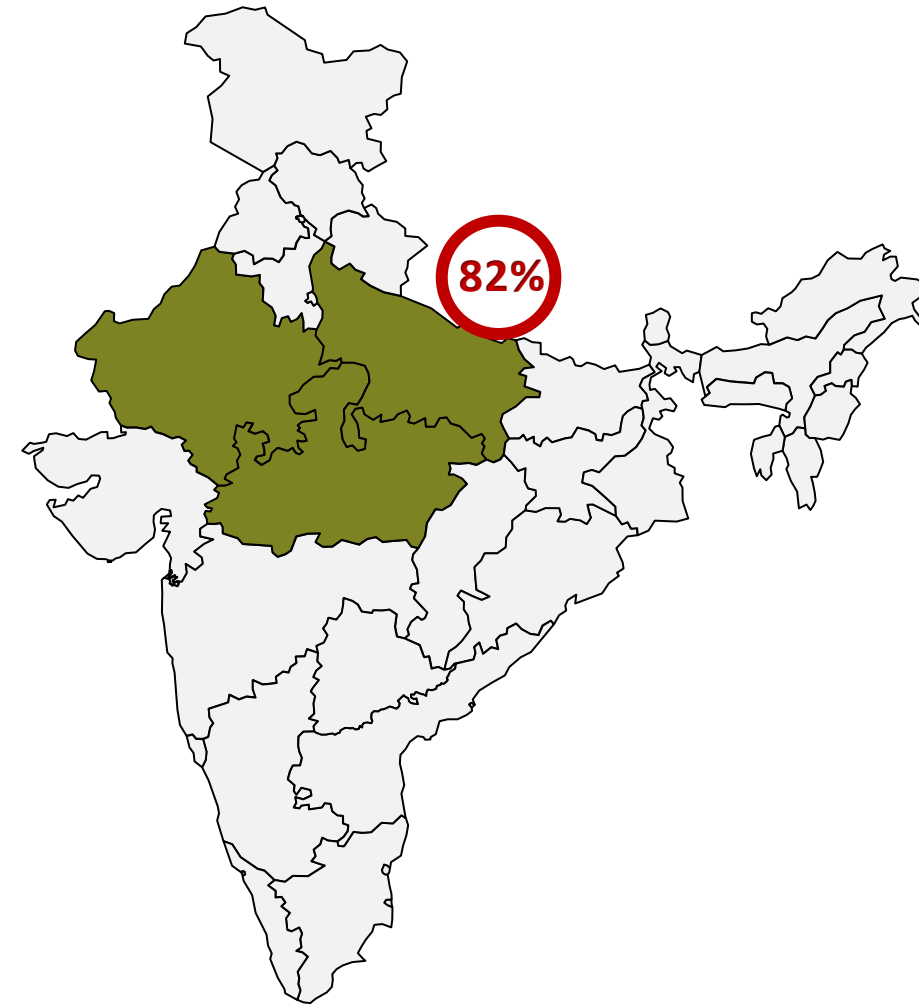
Indian Garlic – 2022 vs 2023

2022 vs 2023 comparison:

	<u>2022</u>	<u>2023</u>
• Acreage:	401K Ha	334K Ha (-17%)
• Yield:	Reduced due to weather conditions	
• Harvest:	End February till May	
• Dehy vol:	Limited due to raw material pricing	
• Exports:	21KMT (+13%)	?

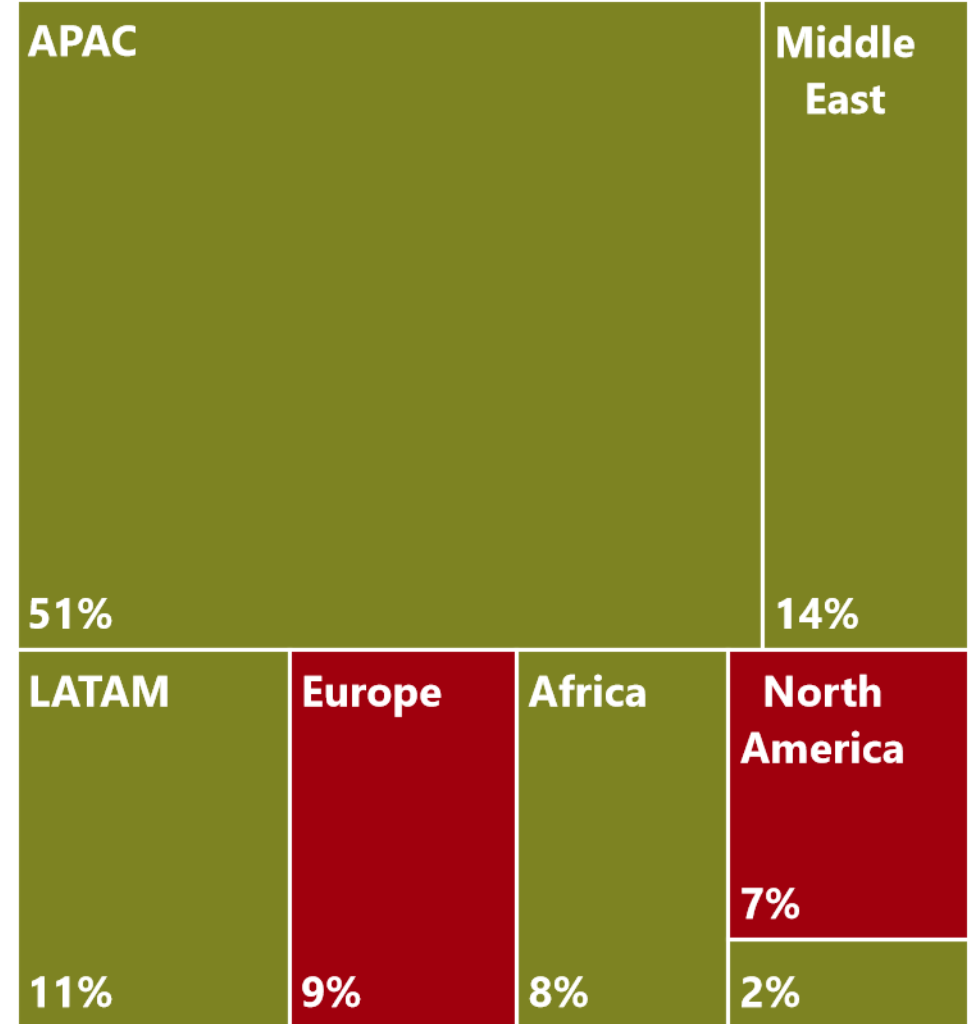
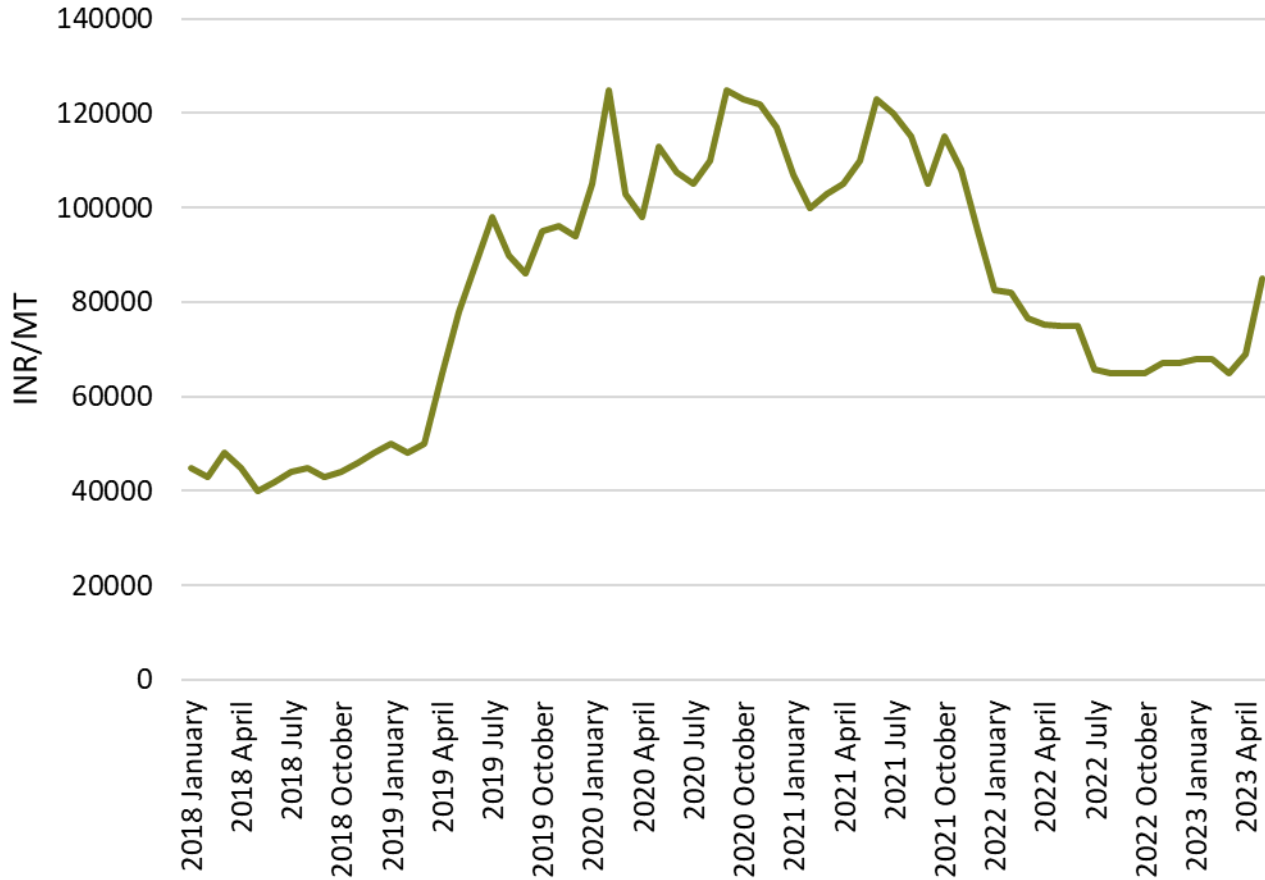
2023 forecast:

- Garlic dehydration only after onion season
- Limited dehydration due to fresh garlic prices



Indian Garlic – Supply & Demand

2018-2023.05 INDIAN GARLIC FLAKES PRICES (INR/MT)



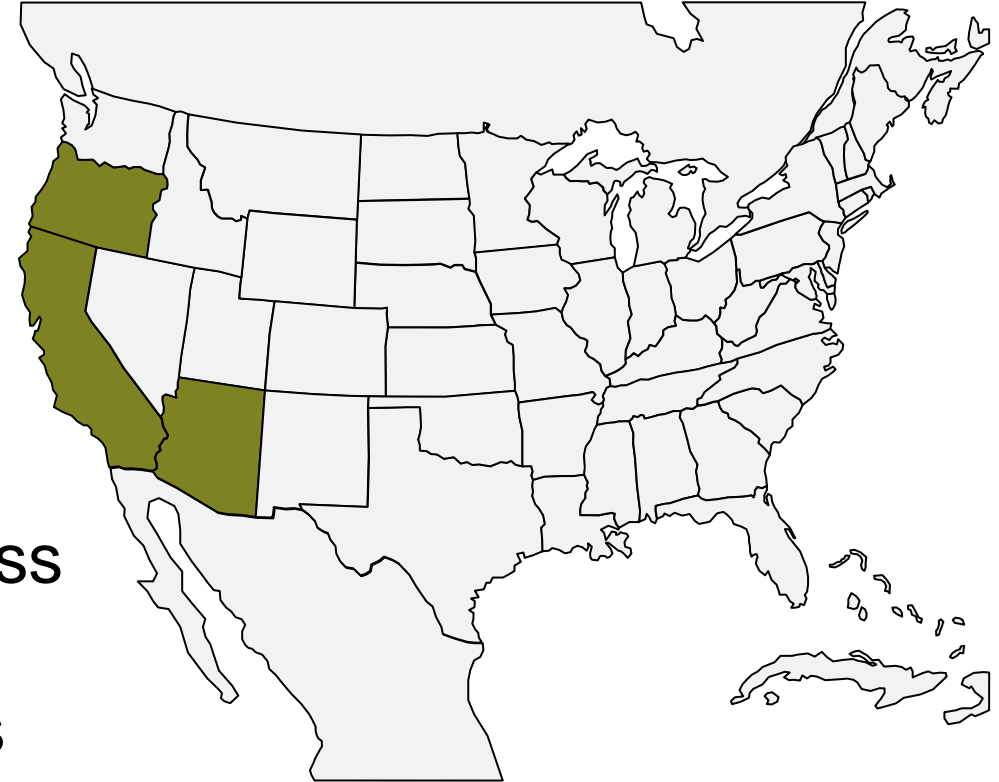
USA Garlic – 2022 vs 2023

2022 vs 2023 Comparison:

- Acreage: Stable
- Harvest: July
- Dehy Vol: 10~15KMT
- Carry-over: Limited to none

2023 forecast:

- Increased rainfall improved water access
- Improved reservoir water levels
- Acreage shifts among competing crops







Future of Sustainable & Regulatory-Compliant Garlic Supply Chains





Sourcing & farming practices

-  Pesticides & Waste
-  Water Management
-  Soil Health
-  Product Certification

Ethical sourcing

-  Traceability & due diligence
-  Fair wages
-  Safe working conditions
-  Worker's rights

Measuring & reducing environmental impact

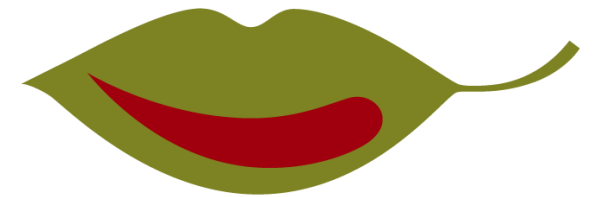
-  Carbon footprint
-  Fossil fuels
-  Cleaner energy sources
-  Waste & water management

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S P I C E
ASSOCIATION



Thank you

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WINDSOR—UK
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europa**an** **spice** services