

## Paprika/Chili



In this uncertain and challenging time, buyers around the world have started to reconsider where they're sourcing their raw material from and examine the traceability of their products. Many of the main paprika and chili origins like the US, Mexico, Peru, Israel, China and India and processing locations like Spain, have experienced varying levels of supply chain challenges due to the pandemic and continue to work through them.

Demand continues to be strong as consumers are spending more time at home cooking, which has compensated for the reduction in food service consumption.

Despite a difficult 2019 crop, our chili growers are out in the fields nurturing the 2020 crop – setting the highest standards of food safety and quality with their transparent supply chain and mechanization.



## US Paprika/Chilies

The 2020 crop is midway through the growing season in New Mexico, West Texas and Arizona. It is progressing well, despite some minor weather issues. The plants have 20+ leaves and have started budding with blossoms starting in some locations.



Our farmers use Olam's seed varieties, which provide higher color and yield, disease resistance and machine harvestability. Harvest is scheduled to start in late September and conclude towards the end of 2020. All paprika and chili peppers are grown within 200 miles of our Las Cruces, New Mexico plant, which is the largest integrated chili processing facility in the world.

Some crop damage due to pest issues are being reported from the Mexico side. We will continue to monitor the crop over the coming months to determine yield.

Our organic paprika and chili crops in the US are progressing well and harvest is expected to begin towards the end of November or early December.

## China

2020 crop planting happened on time, with an expectation of increase in area planted by about 5-7%. However, the increase is being reported from the Southern Xinjiang region, where the yields are lower. So, if the crop holds through the rest of season, the expectation would be a very similar crop to 2019.

Reports also indicate a preference for farmers to grow the slightly hotter hybrid variety compared to the traditional sweet paprika (approx. 10% of total). Exporters currently have very low quantities of good quality paprika from the 2019 crop available.

## Peru

The harvest in Southern Peru has been completed and there is a limited crop now available. This crop continues to have challenges in meeting the pesticide levels required by certain markets. Farmers are planting normal quantities in the northern region, despite soft demand for Mesa/Table paprika from Mexico and the US.

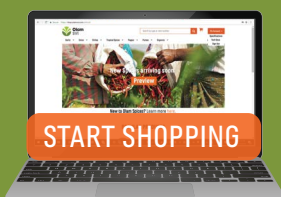
## Other Origins

Israel is reporting a normal crop of traditional sweet paprika for both conventional and organic paprika, which is well suited for the EU market due to the lack of the sweet variety from China. This crop is expected to begin harvest in September.

Spain has a very minimal domestic crop and will continue to depend on imports from China and Peru to meet their processing needs.

## FUTURE OUTLOOK

- Availability of US paprika and chili peppers is extremely limited and will continue to be so until the end of 2020. Coverage of your requirement for rest of 2020 is strongly recommended
- Supply chain disruptions, availability and cost of shipping from key origins and processing locations are impacting availability of all varieties of the red spice in destination markets and supply will continue to be tight
- Organic paprika and chili supply is very tight and high demand is being observed for US grown organic paprika and chili peppers. This is expected to continue until the end of year
- Weather patterns during the next 1 - 2 months will be critical for the crop and yield estimation



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