

Paprika/Chili



In the past few months, paprika and low heat chili suppliers have faced increased scrutiny from buyers in the U.S. This is the result of recent business advisory guidelines set by the government to combat the forced labor situation uncovered in Xinjiang Province — where all of China's paprika is grown. Now more than ever, it is vital for importers to know the origin of their products, which has exposed the lack of traceability in most supply chains. The same should apply to products from China that are routed to the US through other processing locations.

Many of the paprika/chili origins and processing locations have experienced levels of supply chain challenges due to the pandemic and continue to work through them. Retail demand has stayed strong as consumers are still experimenting in the kitchen. This has more than compensated for the reduction in food service consumption, which is bouncing back slowly.



US Paprika/Chilies

The 2020 harvest started in early September and will wrap up at the end of the year, migrating its way through New Mexico, West Texas and Arizona. The crop is progressing well despite weather issues. La Niña is expected to hit the region in the coming months, which will provide a drier southwest winter.

Our fields near the Mexico border have recovered from some of the early pest issues and seem to be on track to deliver a crop close to normal. Harvest in this region will begin shortly.

Organic paprika and chili crops in the US are progressing well. We expect harvest to begin close to early November.



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China

China is reporting an average paprika crop with a much higher volume of low heat hybrid paprika vs the traditional sweet variety. The harvest has just begun, which means the crop has started to arrive at drying yards.

Due to an extended shut down in the region, there has not been much crop information available during the growing phase. With the higher cost of growing and labor, farmers are expecting higher prices. Prices would be a function of oleoresin processing need and domestic demand. Processors in China will have to demonstrate control of their supply chain.

Peru

Normal harvest expected in the northern region, despite soft demand for Mesa/Table paprika from Mexico and the US. The pandemic has caused supply chain challenges in the region, but farmers are making the strongest effort to harvest.

Other Origins

Harvest has started in Israel for the traditional sweet paprika for both conventional and organic paprika. Spain has a very minimal domestic crop and will continue to depend on imports from China and Peru to meet their processing needs.

African origins have marginal increase in crop production this year.

FUTURE OUTLOOK

- With more customers seeking US grown paprika and chili peppers, the quantity available will be extremely limited into 2021. Early coverage of your 2021 needs is strongly recommended
- Ability to demonstrate supply chain traceability will be key for paprika and low heat chilies
- Supply chain disruptions, availability/cost of shipping from key origins and key processing locations are impacting availability of all varieties of the red spice in destination markets and availability will continue to be tight
- Organic paprika and chili supply is very tight and high demand is being observed for US grown varieties. This is expected to continue into 2021

Olam Spices will continue to be your most reliable primary supplier of traceable and sustainable, traditional paprika and chilies. We are happy to begin discussions on your requirements through 2021, whenever you're ready.