

Future Peanut Sourcing for Europe



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Future Peanut Sourcing for Europe

Agenda

1. Argentina is currently the largest supplier of peanuts for food use into EU. How have Argentine peanut producers achieved such success in this market?
2. Given the EU's dependence on these supplies, what are the risks for the EU in terms of continuity of supply?
3. Latest developments and Future Challenges for the Argentine Industry.

1. Argentina is currently the largest supplier of peanuts for food use into EU. How have Argentinean peanut producers achieved such success in this market?

 *Export oriented Business.*

 *Low Risks: No big issues with European Health Requirements.*

 *Blanching Capacity to meet demand.*

 *Vertical Integrated Business.*

 *Investments and Technology.*

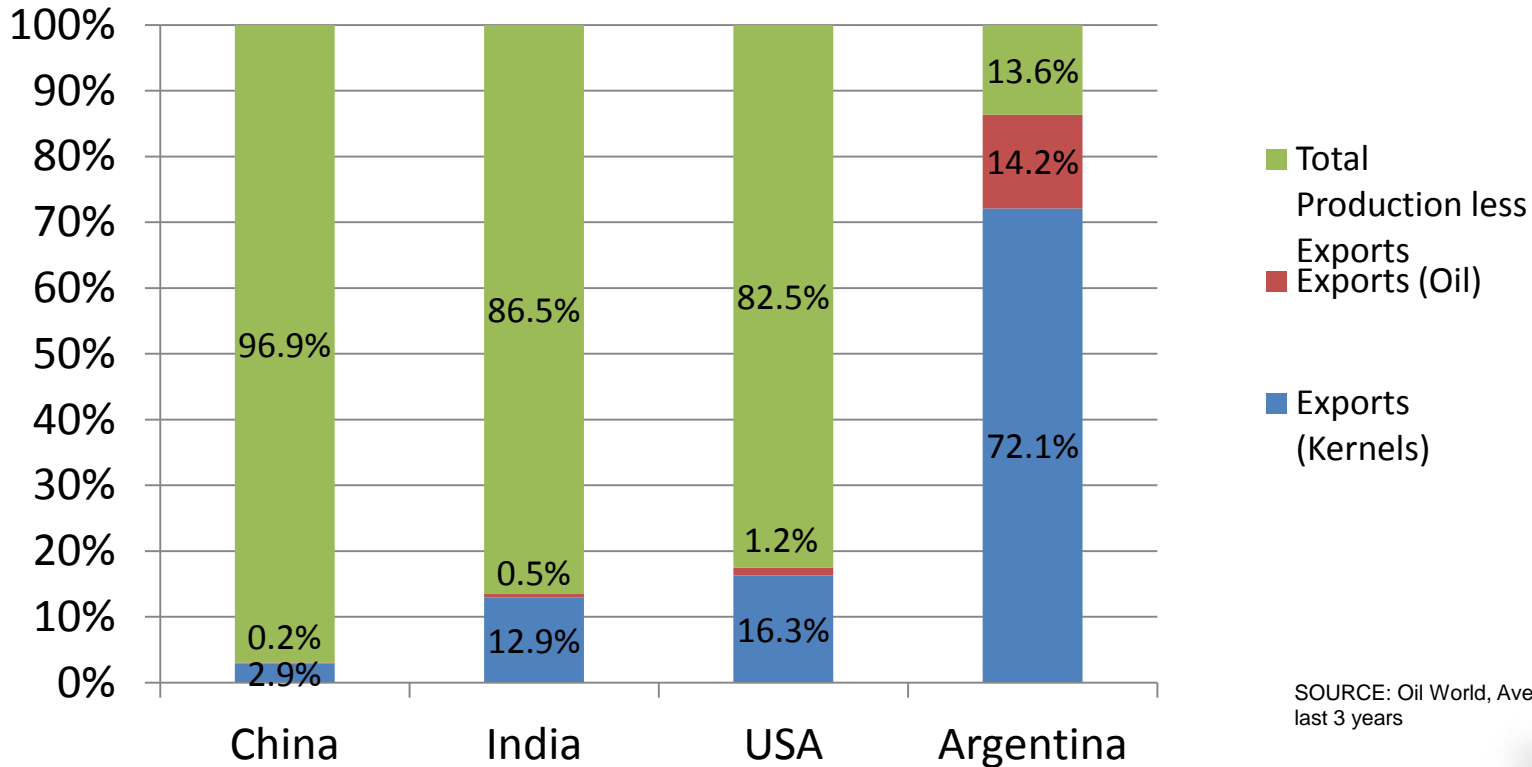
 *Quality: All kind of International Certifications.*

 *High Reliability.*

Argentina: Main Peanut Supplier to Europe

“Export Oriented Business”

Total Exports vs Total Production (Kernels basis)



SOURCE: Oil World, Average last 3 years

➤ Argentina is the only Top Four Peanut Exporter not having a relevant domestic market. Most of our production is for export.







We get up in the morning thinking “EXPORTS”

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Argentina: Main Peanut Supplier to Europe

“Export Oriented Business”

➤ Infrastructure designed for Export:

-  Loading containers at site
-  Argentine Health Authorities (SENASA) with local offices
-  General Deheza Custom (“A privilege”)
-  Surveyors, with Laboratories at site and in the area
-  Transportation (trucks and railway)
-  Ports

“It makes EXPORTS easy”

Argentina: Main Peanut Supplier to Europe

“No big issues with European Health Requirements”

➤ Low risk of aflatoxins for Europe:

🇲🇵 Temperate weather compared to other origins → **“less stress”**

🇲🇵 Good Agricultural Practices at farming.

🇲🇵 GMP and HACCP at Production Facilities.

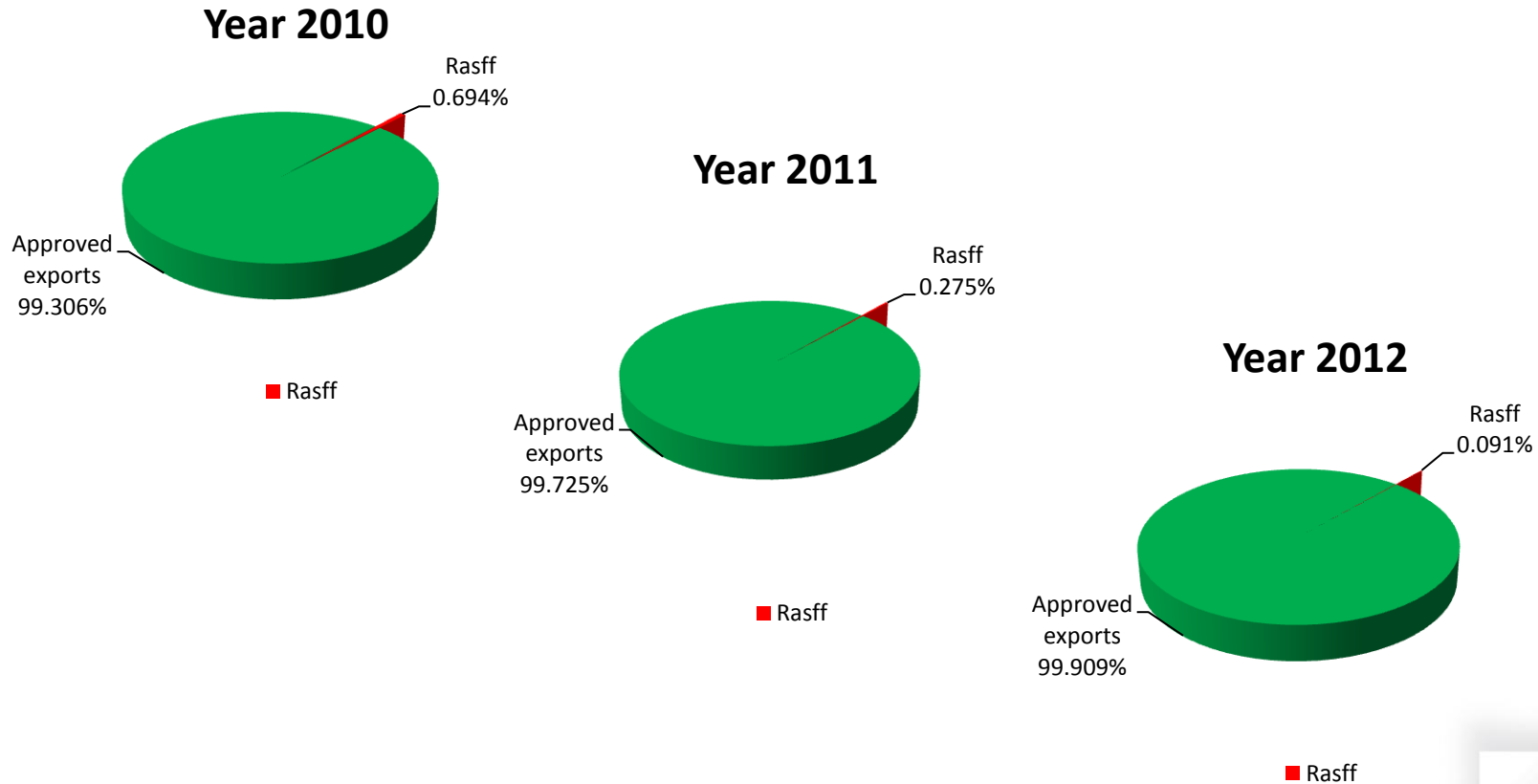
🇲🇵 Procedures to check aflatoxins without equivalence :

“Argentina has fully adopted the European Regulations”

🇲🇵 Surveyors approved by Argentine Health Authorities (SENASA), following European Regulations and issuing certificates accordingly.

“No big issues with European Health Requirements”

Low Risk of Aflatoxins for Europe



Europe should measure the risk considering not only the “*number*” of Rapid Alerts, but also taking into account the “*imported volumes*”.

Argentina: Main Peanut Supplier to Europe

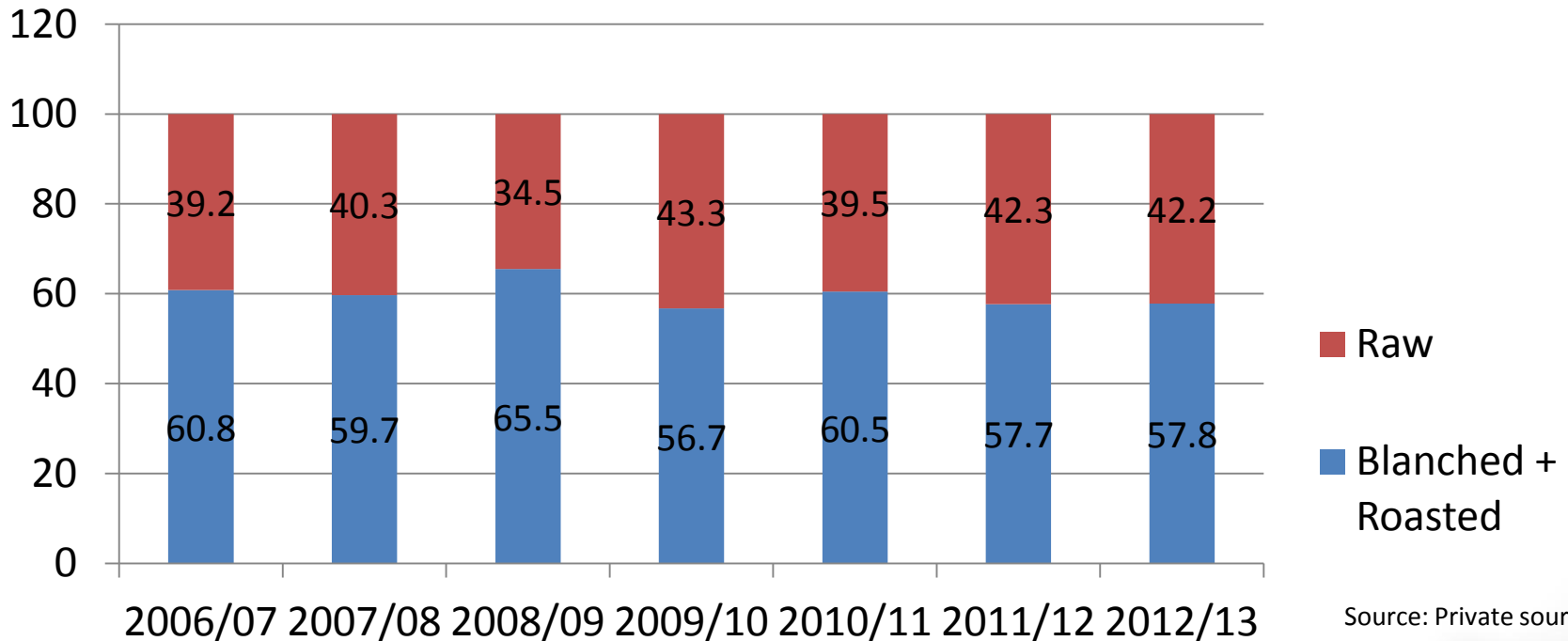
“No big issues with European Health Requirements”

- Safe in terms of Pesticides and Heavy Metals:
 - 🇲🇳 Non to *“minimum fertilizer usage”*
 - 🇲🇳 Non to *“minimum irrigation usage”*
 - 🇲🇳 Minimum Agrochemicals usage: Lower Temps = Slower Biological processes = *“Less Agrochemical needs”*

Sustainable Farming

Argentina: Main Peanut Supplier to Europe

“Blanching Capacity to meet demand”



Blanching capacity to process more than 80% of the Argentine Crop

“We don't blanch to solve problems, but to add value”

Argentina: Main Peanut Supplier to Europe

“Vertical Integrated Business”

➤ How to define Argentine Players?

🇦🇷 Exporters? Processors? Shellers? **Or FARMERS!**

***85-90 % farmed by these “Vertical Integrated Companies”
“From the Argentine fields to the Manufacturer”***

➤ **Positive (+)**

- 🇦🇷 Planting area according to demand.
- 🇦🇷 Seeds and Agrochemical applications managed and controlled.
- 🇦🇷 Fast adoption of farming technology
- 🇦🇷 Traceability

➤ **Negative (-)**

- 🇦🇷 Big Economic Risk: Weather, Market Price
- 🇦🇷 High Financial needs

Argentina: Main Peanut Supplier to Europe

“Investments and Technology”

➤ At the Farms:

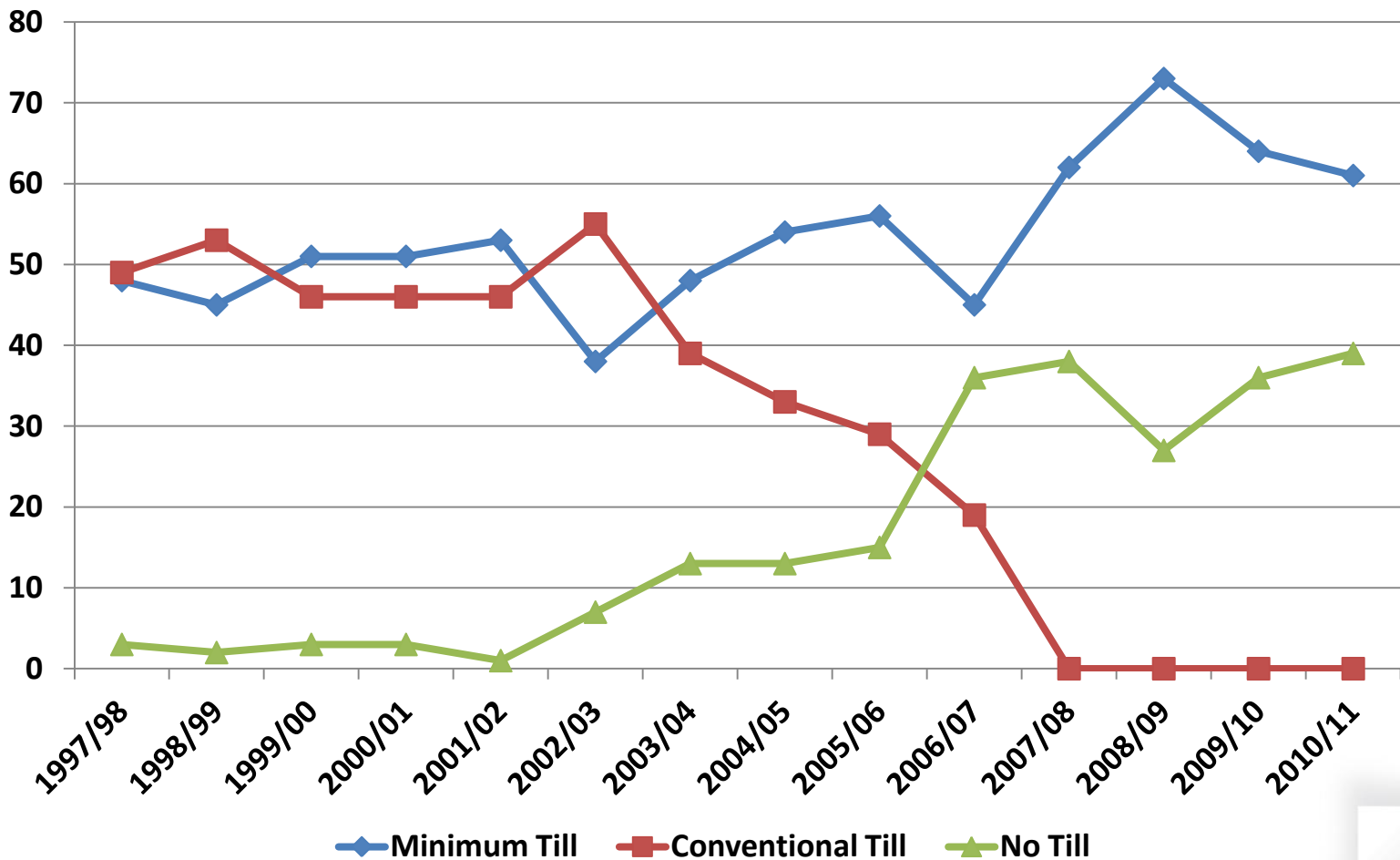
 No Till farming



“Every drop of rain counts”

“Investments and Technology”

Farming by type of Tillage



Source: BASF, Concurso de Máximos Rendimientos

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Argentina: Main Peanut Supplier to Europe

“Investments and Technology”

➤ Farming:

- 🇦🇷 Regular investment in new Digging and Harvesting Equipments
- 🇦🇷 Faster digging and harvesting → Less losses → More Productivity



“Investments and Technology”

Processing Facilities, Warehouses, Laboratories

➤ Shelling and Blanching Plants:

🇺🇦 Latest Sorting Technology : Sortex, Satake, Best

🇺🇦 Small, Medium or Big - ALL plants are “State of the Art”

➤ Warehouses (Small Cities!):

🇺🇦 Big cold storage facilities - 3-4 racks high, with individual access to each lot

🇺🇦 Capacity to store more than 200,000 mt of finished Products

➤ External Laboratories (Surveyors):

🇺🇦 Very modern Laboratories, for Aflatoxins, Pesticides, Heavy Metals.




Argentina: Main Peanut Supplier to Europe

“Investments and Technology”



Argentina: Main Peanut Supplier to Europe.

“All kinds of International Certifications”

-  Good Agriculture Practices
-  Good Manufacturing Practices
-  HACCP
-  ISO 9001
-  British Retail Consortium (BRC)
-  Ethical Trade Initiative (ETI)
-  SEDEX Memberships
-  Laboratories: ISO 17025



“Feel confident to Audit us”

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Argentina: Main Peanut Supplier to Europe

“High Reliability”

Commercially speaking: “a contract is a contract”.

- It doesn't matter about a market's circumstances. Prices may rise or fall, but it's about respecting “the rules of the game”.

Quality:

- Origin Testing with surveyors following customers specifications and European aflatoxin Regulations.
- Low risk at entry points - “Importers do not expect issues with Argentine Peanuts”








Logistics and Lead Time:

- Blanching Capacity to meet market demand
- Big Cold Storage Facilities for fast reaction under urgent needs

“Reliability = Just in Time Supply Chain”

1. **Argentina is currently the largest supplier of peanuts for food use into EU. How have Argentinean peanut producers achieved such success in this market?**

Summarizing:

-  **Export Oriented Business:** *We get up in the morning thinking “exports”*
-  **Low Risks:** *“Our customers do not expect problems from us”*
-  **Blanching Capacity:** *“Added Value”*
-  **Vertical Integrated:** *“We start farming”*
-  **Investments:** *“Good to visit”*
-  **Certified Quality Systems:** *“Ready to Audit”*
-  **Reliability:** *“Ready to use”*

“Sustainable Peanuts”

2- Given the EU's dependence on these supplies, what are the risks for the EU in terms of continuity of supply?

a. *Risk in terms of primary production:*

 *Planted Area, Yields, Production*

 *Competition with other crops*

b. *Risk in terms of alternative Export Markets*

 *Europe vs. rest of the markets: Annual Exports*

c. *Risk in terms of monthly availability*

 *Exports to Europe by month*

Risks for EU in terms of continuity of supply?

a. Risk in terms of primary production:

“Planted Area, Yields, Production”

Crop	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13 (**)
Planted Area (Has)	220.000	233.000	290.000	228.700	307.441	359.422	384.509
Yield (MT / Ha) *	3,15	3,3	3,25	3,86	3,36	2,84	2,52
Production (MT) *	693.000	768.900	942.782	882.782	1.033.323	1.022.196	969.732

*Averages, including losses and not harvested fields, inshell basis

** May estimation from BCCBA

Source: Bolsa de Cereales de Córdoba

Planted Area could be more than 400.000 Has, if prices are good enough.

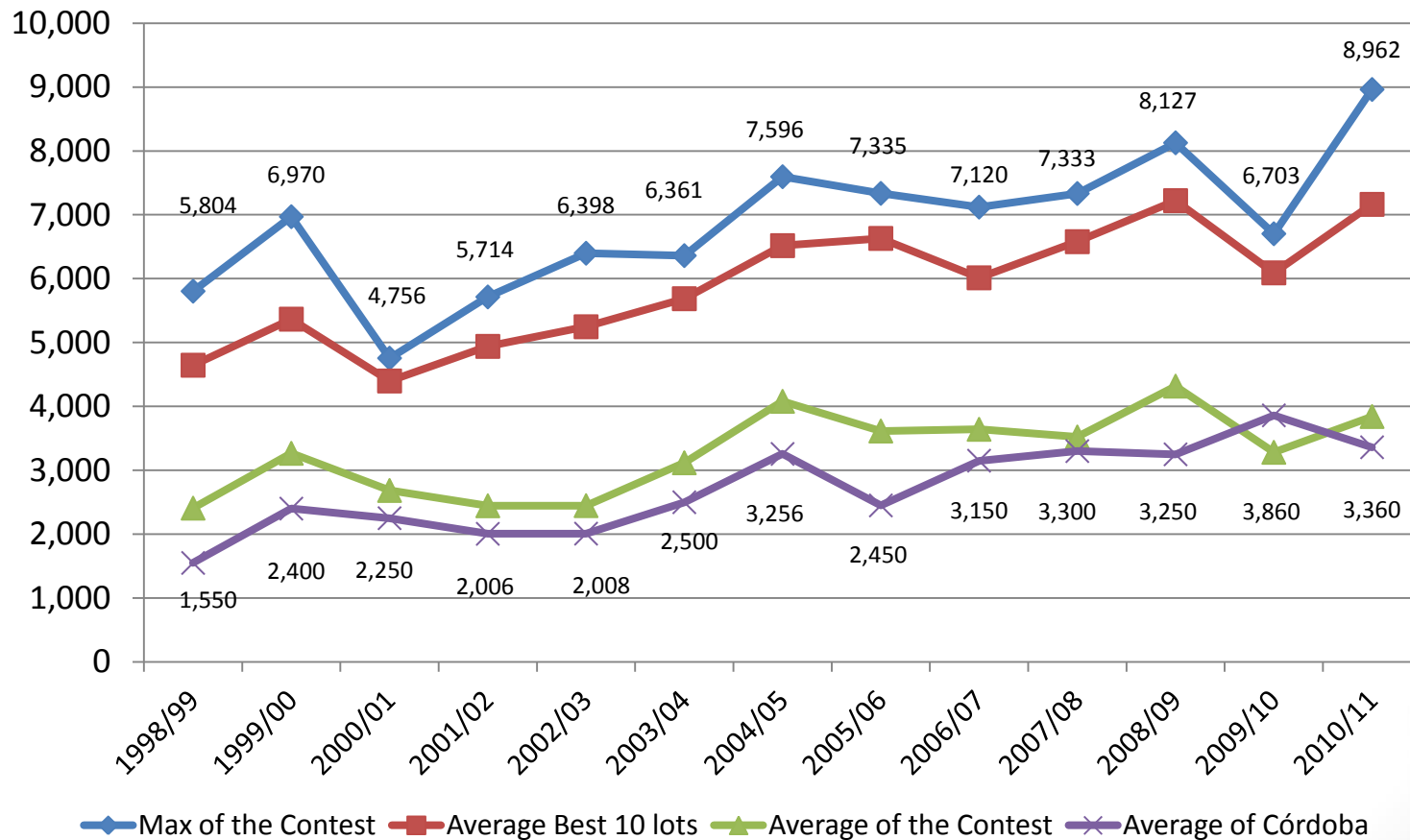
“With average yields, Exports could grow to 600.000 mt of kernels annually”

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Risks for EU in terms of continuity of supply?

a. Risk in terms of primary production:

“Gap between average yields and maximum yields”



Source: BASF, Concurso de Máximos Rendimientos, in shell basis

Risks for EU in terms of continuity of supply?

a. Risk in terms of primary production:

“Competition with other Crops”

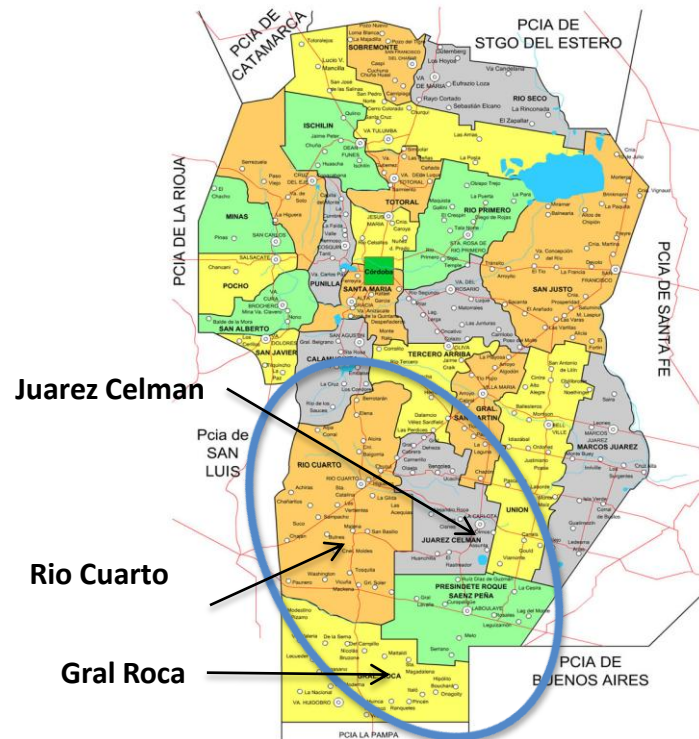
Planted Area (Has), summer crops 2012/2013

PEANUT DISTRICTS

District	CORN	PEANUTS	SOYA	SORGUM
CALAMUCHITA	18.796	178	49.241	6.340
GRAL ROCA	169.295	104.230	448.930	20.281
GRAL SAN MARTIN	65.502	20.172	216.855	12.610
JUAREZ CELMAN	97.684	71.991	266.423	9.782
PTE. R. S. PEÑA	104.622	22.871	315.936	47.692
RIO CUARTO	226.100	93.714	630.970	12.690
RIO PRIMERO	138.753	820	267.680	33.057
RIO SEGUNDO	60.873	13.307	239.678	24.271
SAN JAVIER (*)	1.381	116	1.232	0
SANTA MARIA	31.646	2.066	120.717	18.572
TERCERO ARRIBA	76.274	24.123	294.475	29.746
UNION	173.078	4.785	440.152	7.077
Total Córdoba	1.698.539	358.373	4.838.029	297.261

(*) Under Irrigation

Source: Departamento de Información agroeconómica - Bolsa de Cereales de Córdoba

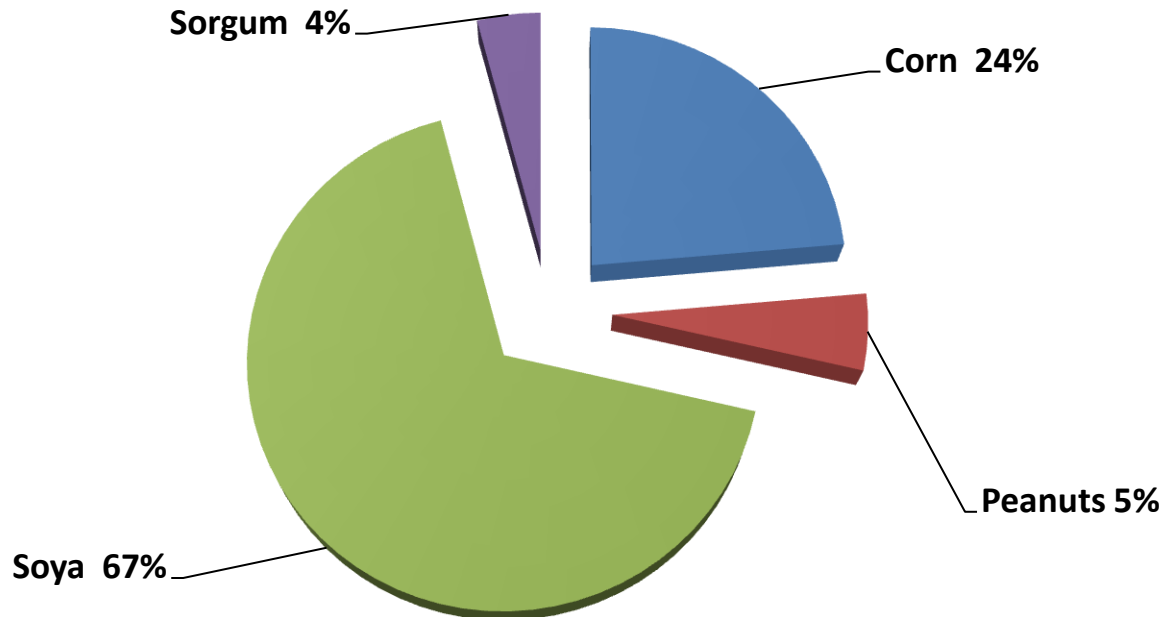


Risks for EU in terms of continuity of supply?

a. Risk in terms of primary production:

“Competition with other crops”

Total Córdoba (Peanut Districts)



“Suggested Peanut Rotation: Once every 4-5 years”

Risks for EU in terms of continuity of supply?

a. Risk in terms of primary production:

“After which crop we plant Peanuts

Previous Crop	Corn	Soy	Pasture	Sorgum	Peanuts	Others
1997/98	33	17	12	13	9	16
1998/99	37	16	8	19	3	17
1999/00	36	16	20	15	2	11
2000/01	39	18	29	11	3	0
2001/02	45	26	24	4	1	0
2002/03	33	26	16	8	3	14
2003/04	26	44	13	7	2	8
2004/05	16	51	17	7	0	9
2005/06	26	44	15	6	0	9
2006/07	15	72	8	3	0	2
2007/08	17	68	8	3	0	4
2008/09	22	64	6	2	0	6
2009/10	8	82	5	2	0	3
2010/11	17	80	0	0	0	3


Source: BASF, Concurso de Máximos Rendimientos, in Percentage


Risks for EU in terms of continuity of supply?

a. Risk in terms of primary production:

“Competition with other crops”

➤ *“It is the same all over the world”*

 *Farmers decide what to plant based on potential profits of different alternative crops.*

 *Development of new “high yielding - short cycle varieties” to compete with soya and corn.*

➤ *Differentiation: In Argentina, WE are the “FARMERS” to be convinced to plant peanuts, based on:*

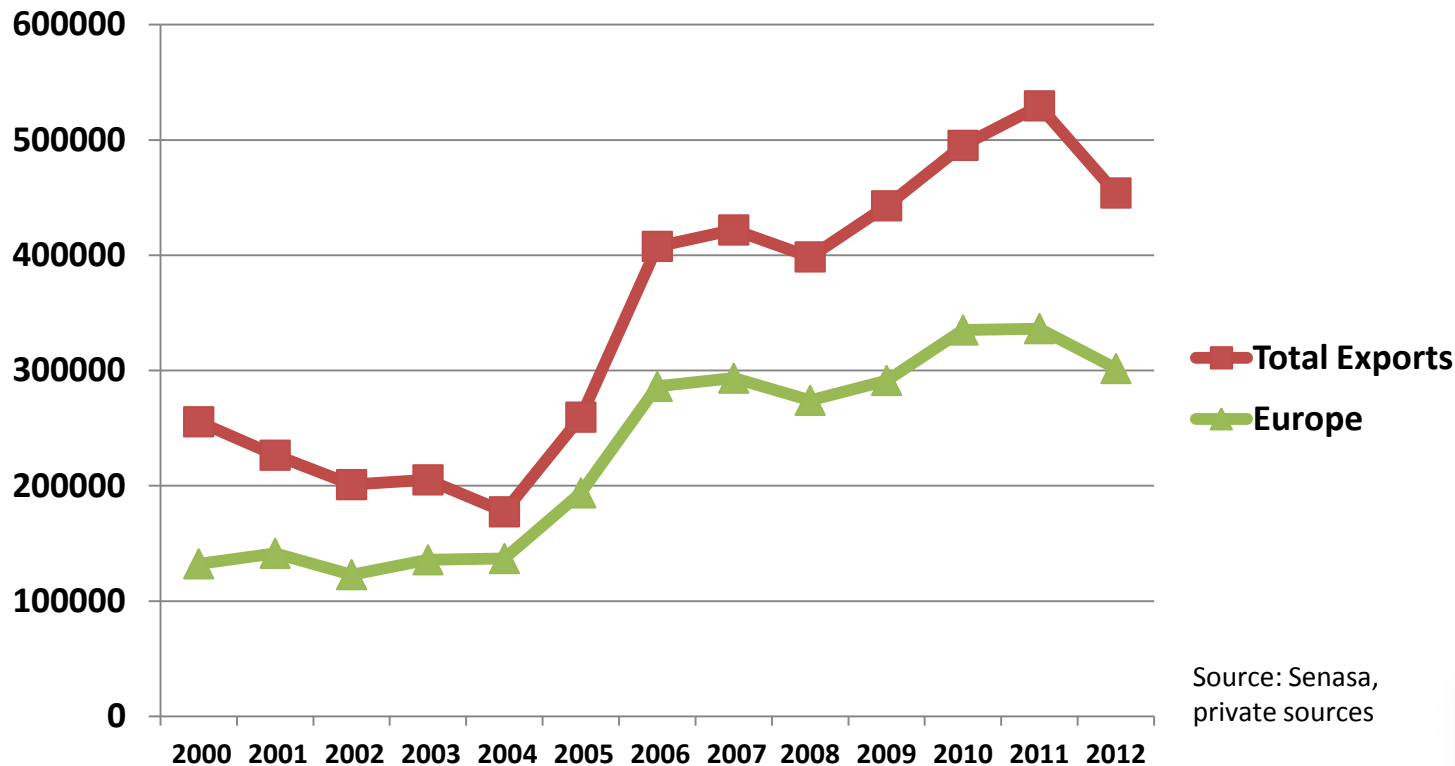
 *Long Term Relationships*

 *Advanced contracts to hedge renting costs*

Risks for EU in terms of continuity of supply?

b. Risk in terms of alternative Export Market

Europe vs. rest of the markets: Annual Exports

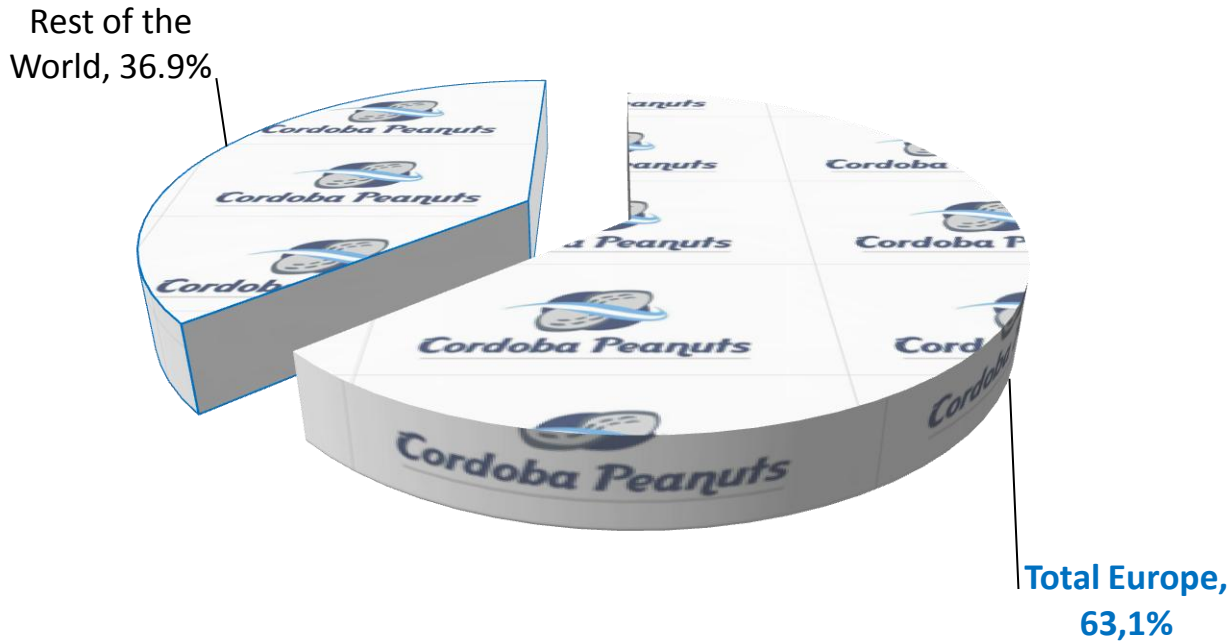


“Enough Peanuts for Europe”

Risks for EU in terms of continuity of supply?

b. Risk in terms of alternative Export Market

ARGENTINE PEANUT EXPORTS 2008/2012



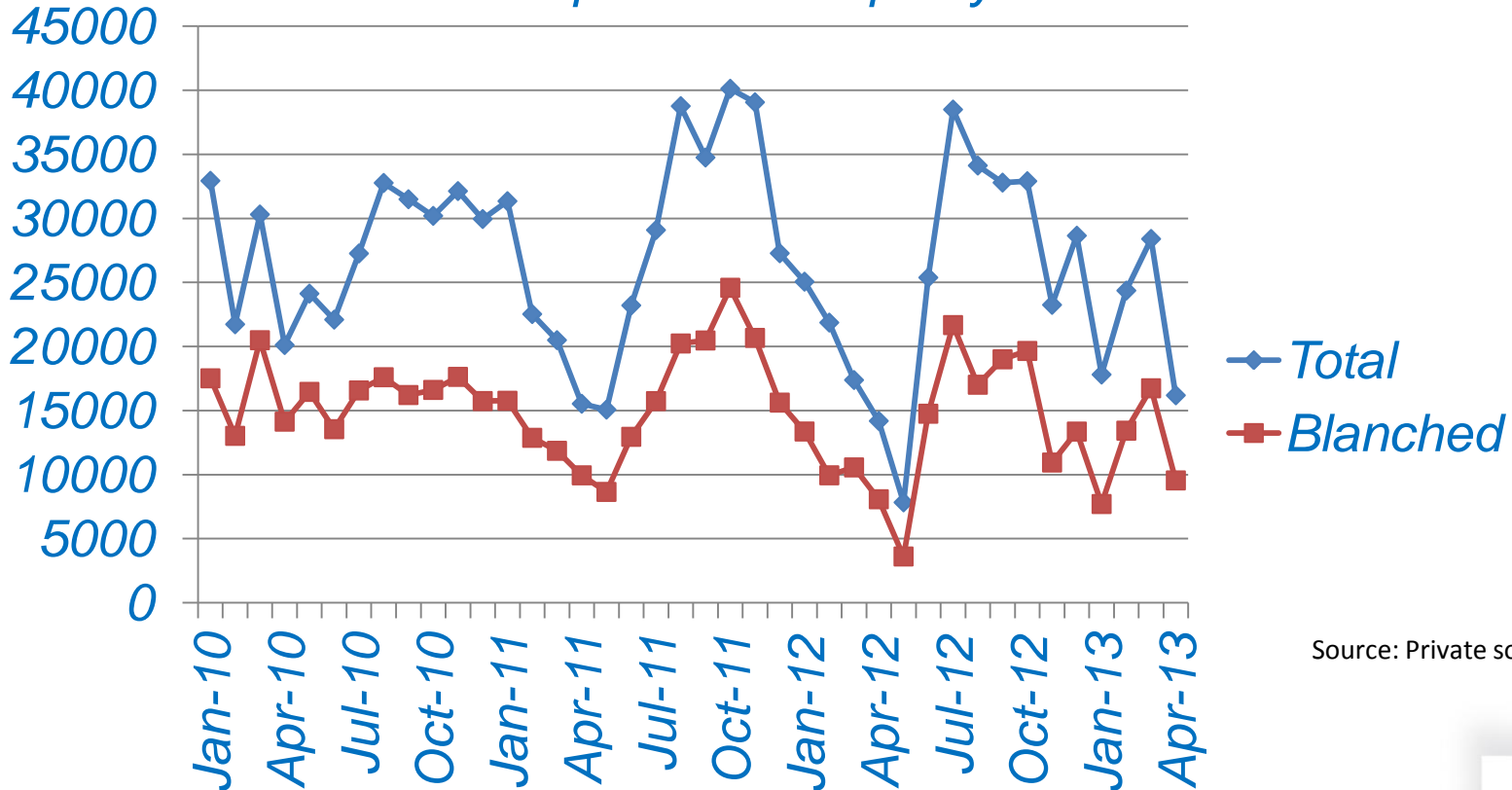
European Job: To “take care” Argentina as a supplier

- Strengthen Partnerships
- Commercial loyalty

Risks for EU in terms of continuity of supply?

c. Risk in terms of monthly availability

Exports to Europe by month



Source: Private sources

“Constant Supply”

Risks for EU in terms of continuity of supply?

Summarizing:

a. In terms of primary production:

 *“Potential to grow”*

 *“Rotations, New varieties”*

 *“We are the farmers to be convinced”*

b. Risk in terms of alternative Export Market





 *“Enough Peanuts for Europe”*

c. Risk in terms of monthly availability

 *“Constant Supply”*

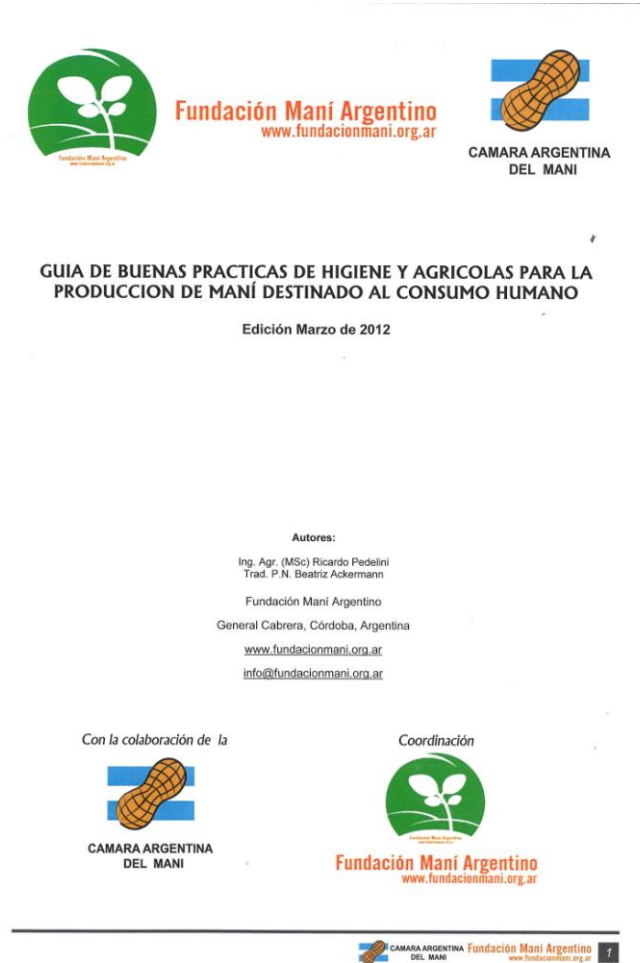
3. Latest Developments and Future Challenges for the Argentine Industry

Latest Developments:

-  *Good Agriculture Practice Guide: Released in 2012 by Argentine Peanut Foundation (FMA)*
-  *Satellite Planting Estimation: Agreement between CAM and Cereal Chamber of Cordoba, reached in 2011.*
-  *Container Loading Operations Camera Recorded: Custom Regulation (Reg 2977) implemented during 2012, obliges exporters loading at shelling plants, to record loading operations and hold films for 1 year. (Useful for insurance claims!)*
-  *Maní de Córdoba (Córdoba Peanuts), recognized as a brand by law from Córdoba Congress in 2012.*






Latest Developments:

 Good Agriculture Practice Guide: Released in 2012 by Argentine Peanut Foundation (FMA)



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Latest Developments:

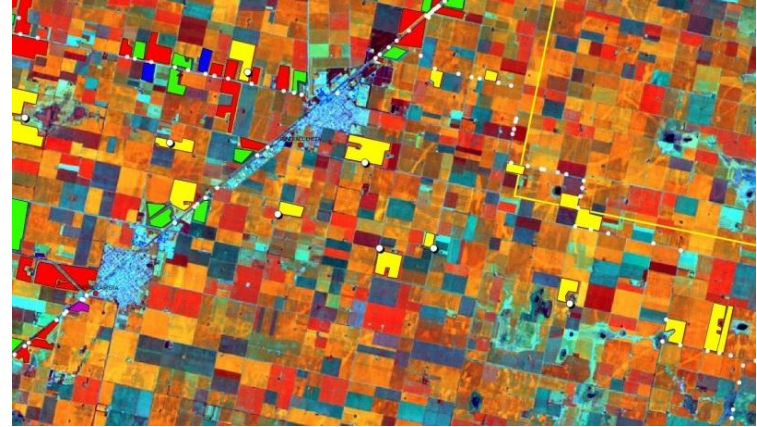
- *Satellite Planting Estimation: Agreement between CAM and “Cámara de Cereales de Cordoba”, reached in 2011.*
-  *Private and CAM Informants*
-  *Geo Positioning of peanut fields, farmed by CAM members*
-  *Thousand of Kilometers of own field evaluation*
-  *Satellite Images*
-  *Rendering enriched by confirmed fields with CAM information*

Latest Developments:

Satellite Planting Estimation: Agreement between CAM and Cordoba Grain Chamber, reached in 2011



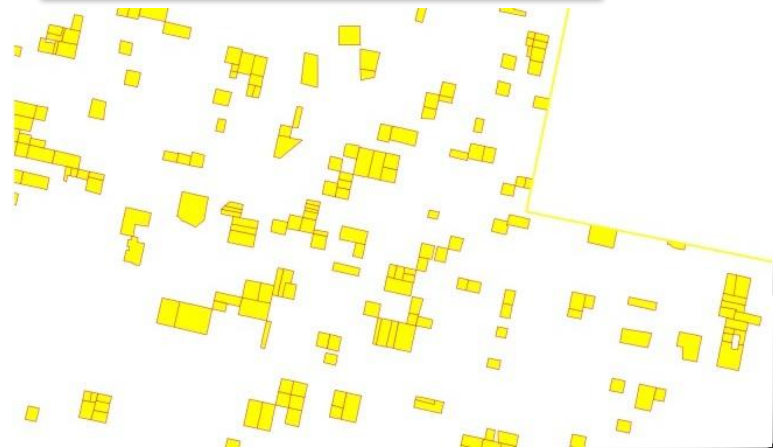
LANSAT 5 - General Cabrera / General Deheza Area



Field's vectorization



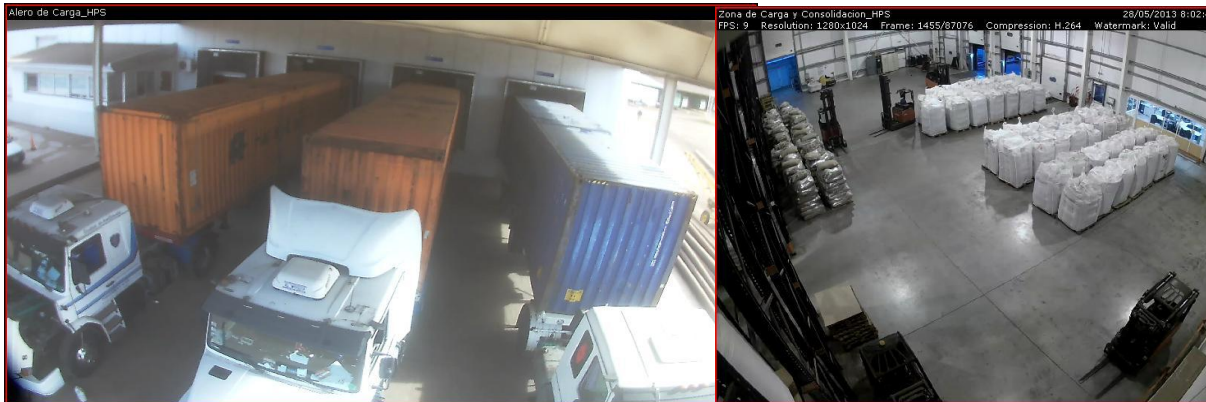
Image classification results




Peanut fields vectorization results

Latest Developments:

 Container Loading Operations Camera Recorded: Custom Regulation (Reg 2977) implemented during 2012, obliges exporters loading at shelling plants, to record loading operations and hold films for 1 year. (Useful for insurance claims!)



Latest Developments:

 (Córdoba Peanuts), recognized as a brand by law from Córdoba Congress in 2012.



La Legislatura de la Provincia de Córdoba
Sanciona con fuerza de
Ley: 10094

Artículo 1º.- Objeto. Créase la denominación "Mani de Córdoba" a los fines de proteger la calidad de origen que identifica a dicho producto.

Artículo 2º.- Denominación. Entiéndese la denominación "Mani de Córdoba" al sello distintivo de origen, calidad, características y condiciones que identifica exclusivamente al mani cultivado dentro del territorio de la Provincia de Córdoba, que cumpla con los requisitos que se establezcan por vía reglamentaria.

Artículo 3º.- Alcances. La denominación de origen "Mani de Córdoba" y su uso como atributo de valor agregado en productos alimentarios de mani o sus derivados, se rigen por la presente Ley.

Artículo 4º.- Atributos. La utilización de la denominación de origen "Mani de Córdoba" le confiere a los usuarios los siguientes derechos:
a) Tienen de la denominación de origen los siguientes atributos:



Córdoba Peanuts

Artículo 9º.- Sanciones. Procedimiento. Facúltase a la Autoridad de Aplicación a establecer por vía reglamentaria el régimen de sanciones para quienes incumplan con el objeto de la presente Ley, y a determinar el procedimiento para su aplicación.

Artículo 10.- Reglamentación. El Poder Ejecutivo Provincial debe reglamentar la presente Ley en el plazo de ciento ochenta (180) días a partir de su publicación.

Artículo 11.- De forma. Comuníquese al Poder Ejecutivo Provincial.

DA EN LA SALA DE SESIONES DE LA LEGISLATURA PROVINCIAL,
LA CIUDAD DE CÓRDOBA, A LOS VEINTISEIS DÍAS DEL MES DE
NOVIEMBRE DEL AÑO DOS MIL DOCE.

QUILERMO CARLOS ARIAS
SECRETARIO LEGAL
LEGISLATURA DE LA PROVINCIA DE CÓRDOBA

ALICIA MÓNICA PREGNO
VICESECRETARIA
LEGISLATURA DE LA PROVINCIA DE CÓRDOBA

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3. Latest Developments and Future Challenges for the Argentine Industry

Future Challenges for the Argentine Industry

➤ **At Farming:**

 *“Increase Primary Production”*

➤ **At Production:**


 *Investments according to growth*

➤ **Commercially:**

 *Position our brand “Córdoba Peanuts” in foreign markets*

 *Consolidate our position as Strategic Supplier of Europe*

➤ **As an Origin:**

 *Strengthen our “External Image”: Reliable Information, Standard Big-bags, etc.*

THANK YOU

CORDOBA PEANUTS



Born to be
a Delicatessen

Natural, Nutricious, Safe and Delicious



CAMARA ARGENTINA DEL MANI



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2013**