



Newsletter November 2013



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GLOBAL AGRI TRADING NEWS

COMPANY NEWS

Food giant Nestle will shut a frozen food plant north of Paris after sales were hit by a Europe-wide scandal that saw traces of horsemeat in processed products sold in Irish and British supermarkets. This has caused concern among French consumers and put them off frozen foods. Sales of ready meals were down by a quarter from a year ago, after falling 40 percent in the immediate aftermath of the scandal. This has made the plant, which produces meals under the Maggi brand, uneconomical. France is Nestle's second-largest market in the world behind the United States. It has 30 plants in France, employing 16,000 people.

Cargill, a global food products supplier and a leading UK supermarket pledged to supply nearly eight million meals to a food distribution charity on World Food Day (16 October)

Pakistan's Continental Biscuits Limited and United States Mondel-z International [formerly Kraft Foods] have started localised manufacturing of Oreo – the world's 'number one' biscuit brand. CBL has invested USD 11 million to set up a state of the art oreo production line at its manufacturing plant in Sukkur, Pakistan. First launched in the United States over 100 years ago Oreo – a billion-dollar brand with \$2.3 billion in global sales – is Kraft Foods' first product to be manufactured by CBL in Pakistan.

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Pepsico, Coke and Nestle USA have each put up more than I million USD to defeat Washington's I-522 initiative which requires most raw agricultural commodities, processed foods, and seeds and seed stocks, if produced using genetic engineering to be labeled as genetically engineered when offered for retail sale.

COCOA

The price of cocoa has climbed more than 20% to reach its highest level in two years. The high prices are due to a combination of factors: poor weather in West Africa where the majority of cocoa is grown and an increase in demand out of the US and Europe. A study commissioned by global chocolate giant Cadbury into the livelihood of cocoa farmers in Ghana examined production methods in Ghana, identified a number of hindrances to local cocoa production but also exposed a far more worrying trend — that the average age of cocoa farmers was increasing, with young people choosing instead to move to cities where they could find better-paid work. Cocoa farming is extremely labour intensive with most production concentrated in some of the poorest nations in the world, where cheap labour is abundant. West African nations such as Ghana account for about 70% of the cocoa grown for the world market.

CORN

Corn has slumped 40 percent this year as output in the U.S., the world's biggest grower, recovers from the country's most-severe drought since the 1930s last year. The harvest may reach a record 14.029 billion bushels, or 1.3 percent

more than the Department of Agriculture's prediction in September and 30 percent larger than in 2012, according to a Bloomberg survey.

DAIRY

Fonterra faces "serious global implications" unless it learns from the mistakes that led to the recent whey protein concentrate (WPC) botulism scare, the committee overseeing an independent investigation into the incident has claimed. Fonterra, which is in negotiations with Danone to avert a damages claim of at least \$326m, has denied any legal liability to Danone in relation to the recall. Fonterra has made contingent liabilities provision of \$14m for issues around the scare, according to its 2013 annual report.

Meiji Co., the Japanese confectioner and dairy products maker, said it will stop selling baby formula in China due to rising material costs and intensified competition in the world's most populous nation. The Japanese confectioner has stated that they are not able to keep pace with so many players in the dairy market of China. China's baby food market is dominated by Western and local brands such as Mead Johnson Nutrition Co. (MJN), Hangzhou Beingmate Group Co. and Danone.

French food giant Danone estimates damage to its 2013 year baby food sales from Fonterra's false botulism alarm to be around \$564 million. The company claims that it had lost \$170m in sales in the third quarter, and predicted a "significant" impact of \$564m on its full-year sales.

EDIBLE OIL

The growing global demand for palm oil has fuelled a massive expansion of plantations across the forests of southeast Asia and Africa but concerns have been growing for over a decade about the resulting environmental and social impacts. Communities in Asia and Africa are being pushed aside to make way for large plantations. Many organisations, including the World Bank, the UN's Food and Agriculture Organisation, Greenpeace and Walhi, have expressed deep concern at the resulting impoverishment of local communities and the growth of conflict around the concessions.

RICE

Rice stockpiles in Thailand, once the world's biggest exporter, are expanding to a record as a government program to buy production spurs farmers to plant the most crops ever and add to a global glut. Reserves in Thailand will increase 24 percent to 15.5 million metric tons in 2013-2014 as global output rises 1.7 percent to an all-time high of 476.8 million tons, the U.S. Department of Agriculture estimates.

Farmers in South America's top five rice producing countries may plant 54.2 million hectares (133.9 million acres) in the 2013-14 season, 2 million hectares more than last year. Brazil may plant a record 29 million hectares, up from 27.7 million the prior year. Argentina's sowing at 19.7 million hectares will be 3 percent larger than a year earlier. South American production in early 2014 may

top last year's record of 145 million tons if rain expands in dry regions.

Stockpiles in India, Vietnam, Thailand, the U.S. and Pakistan, the five largest shippers, will expand 6.8 percent to a record 42.6 million tons in 2013-2014, according to a report.

The harvest in Vietnam, the second-largest shipper, may decline next year for the first time in more than a decade as the government encourages farmers to switch rice-growing areas to other crops.

Purchases by China, the largest grower and importer, may help curb the price slump. Heat waves earlier this year in China may cut domestic production and the International Grains Council is forecasting a 1.1 percent contraction in output to 141.4 million tons. Imports will rise 6.3 percent to 3.4 million tons in 2013-2014, USDA data show.

SOYABEAN

Soybean planting in South America may climb to a record as moisture conditions improve in some areas, Oil World said. Brazil's soybean exports may prove even larger than expected in 2013-14, increasing the country's lead over the US, pegged at a record 45.0m tones. This would cement Brazil's place as the top soybean exporter, a title it gained in 2012-13

SUGAR

A river of caramel is threatening to engulf a Brazilian town after a warehouse fire melted more than 30,000 tonnes of sugar. Firefighters were battling to

control the blaze 70 hours after it started at the industrial site in Santa Adelia, Sao Paulo. Efforts to stop the caramel from spreading have been hampered by the fact it is thick and cannot be siphoned off like water. Locals have been warned that many more tons of sugar are still expected to be burned at the plant, and that they should prepare for the worst. As well as supplying Brazilian towns with sugar, Agroviva's plant in Santa Adelia exports 1.7million tonnes of the product around the world. Last week, another fire at a warehouse belonging to Copersucar, Brazil's biggest sugar exporter, at Sao Paulo's port of Santos, destroyed 180,000 tonnes of sugar.

It is notable that Brazil has exported 14.14 million tons of sugar this year till September which was 11.63 million tons, raw value, last year same period. |

WHEAT

Brazil is likely to buy more wheat from the United States after crop damage in its traditional supplier Argentina, while Australia has suffered frost-damage to its wheat crop. In addition to the recent frost damage, Australia is expected to experience hotter and drier weather than normal across much of the country over the next three months, potentially threatening agricultural production such as wheat.

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