



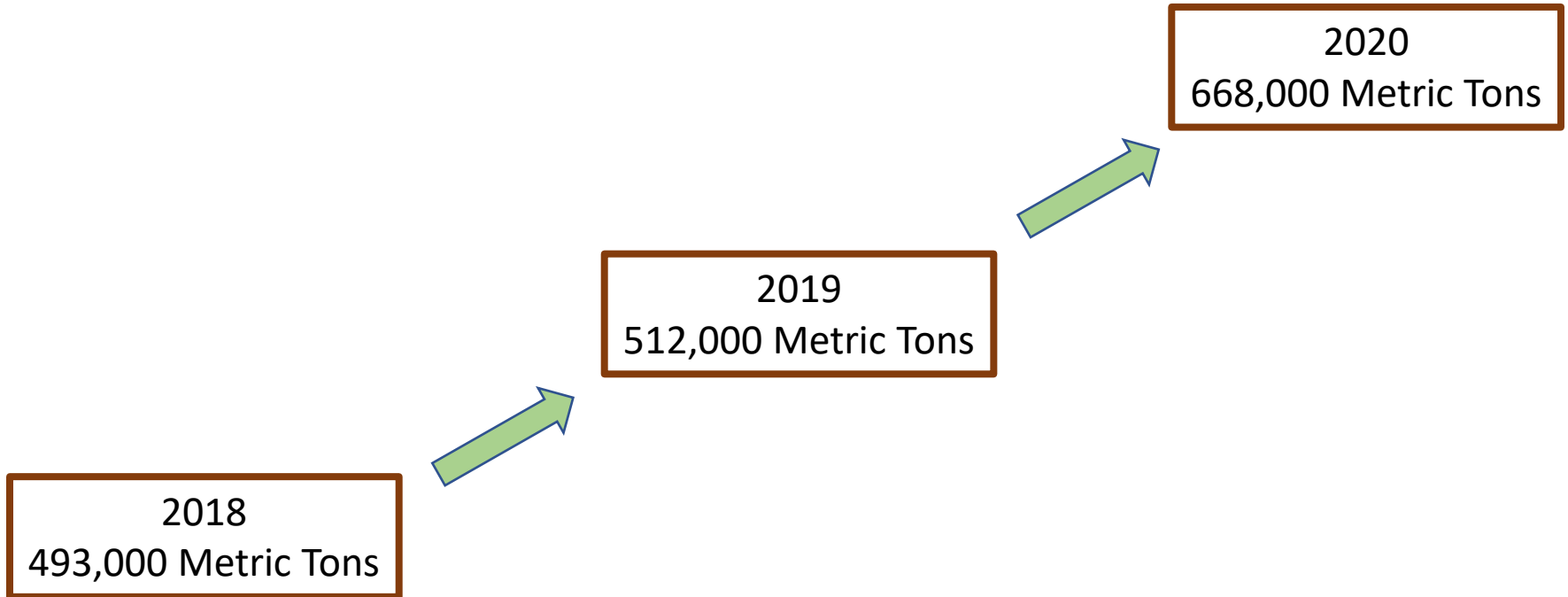
## **Industry Aflatoxin Taskforce**

## **Pre-Planting 2021 Update**



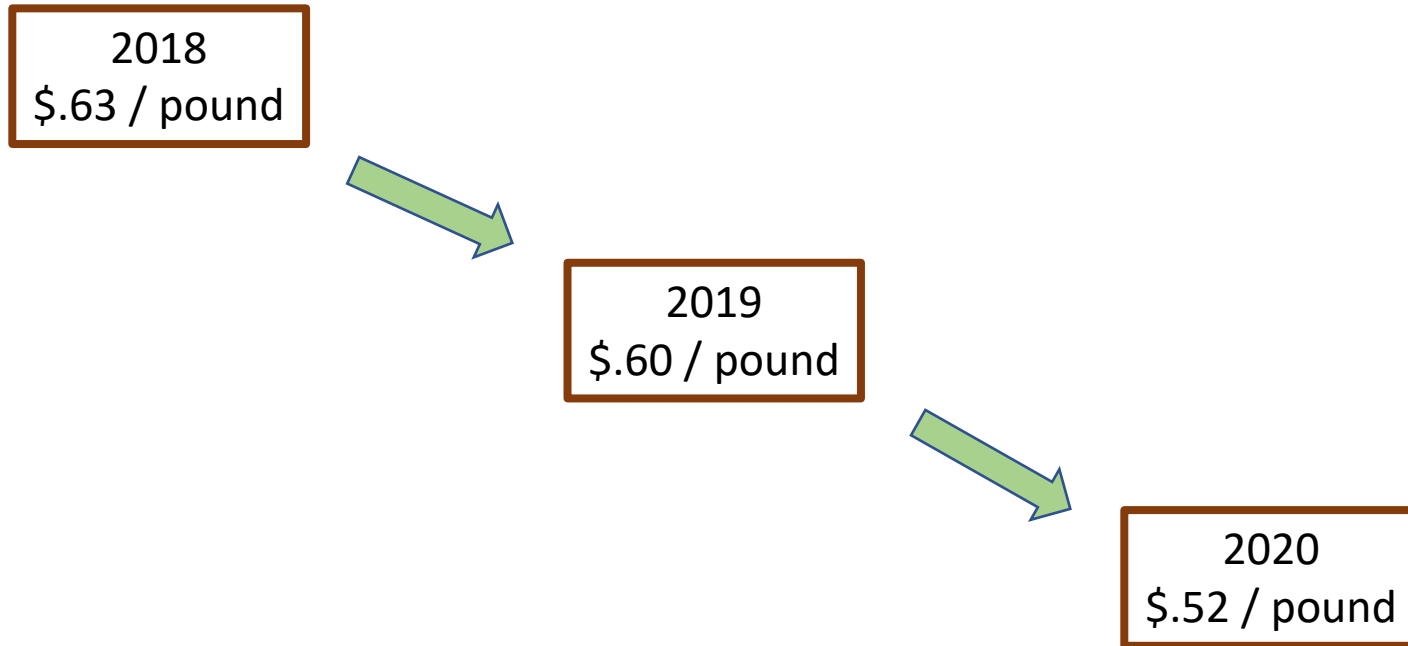
**March 3, 2021**

# U.S. Peanut Exports – 1 View



Success!

# Or is it Success?



- Pricing in key markets has been relatively stable
- Decline in revenue per pound driven by export market shift, from high value to low value markets

**\$170,000,000 or ~\$50 / ton lost value annually**

# We have a crisis in exports

# Drivers

## Product

- Aflatoxin...by country and Codex
- MRLs
- Heavy Metals

## Non-Tariff Trade Barriers

- Inconsistent, unscientific, unregulated sampling & testing
- Increasing domestic government oversight & regulations

## Competition

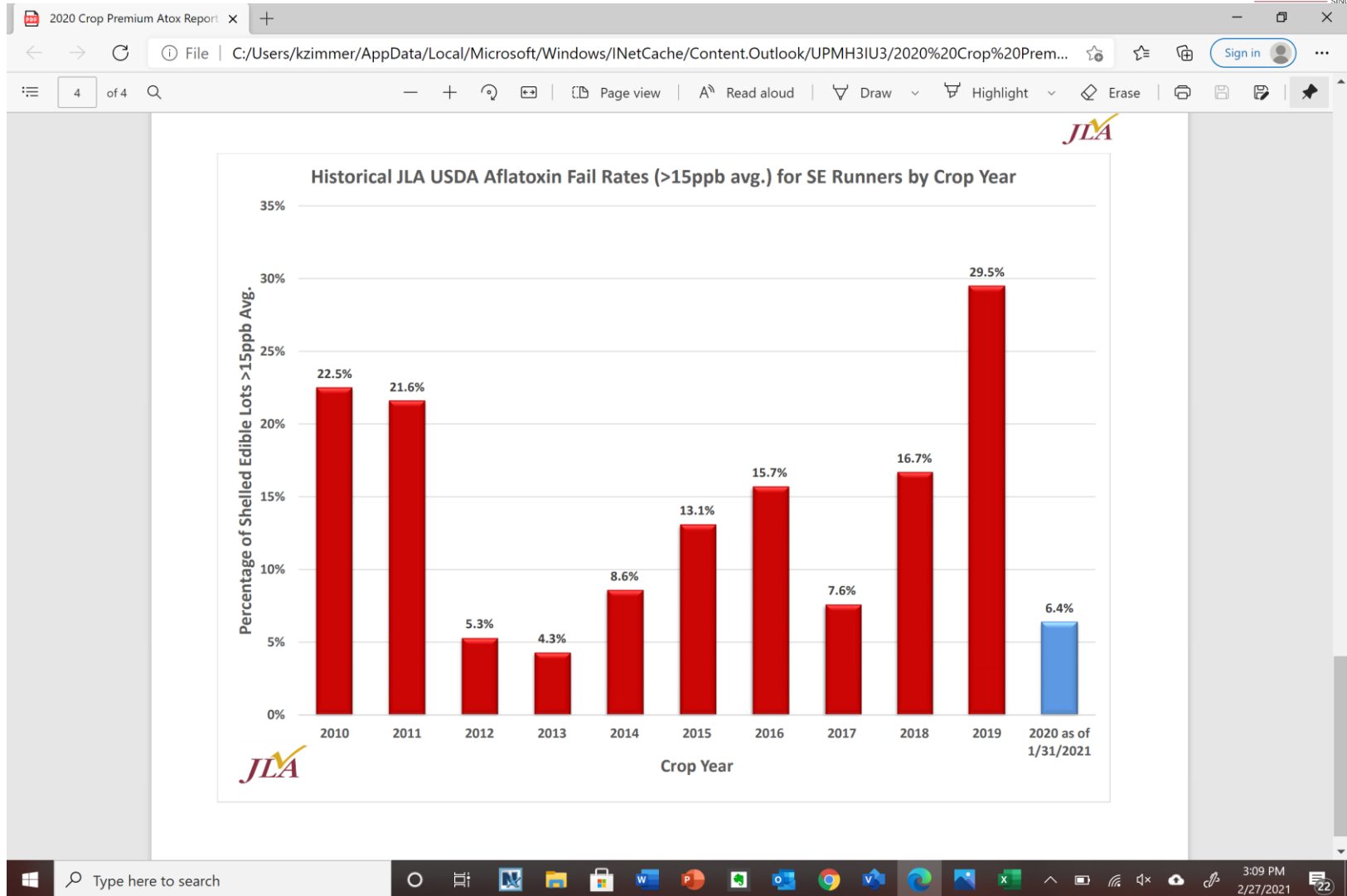
- High quality alternate origins
- More cost-effective precision (hand) sorting and blanching

# Aflatoxin

But, it's once every 10 years!

Wrong, it is present every year!

# Aflatoxin



6% is roughly a \$30M impact...a good year!?!?

# Market Impacts

Total Crop Afla Limits by Customer Requirement		
at 5 ppb or less	21%	
at 8 ppb	30%	
at 10 ppb	20%	
at 15 ppb	29%	
<b>Total</b>	<b>100%</b>	

- 71% of total (domestic and international) customers for US peanuts have specs of <10ppb
  - many require multiple tests, with all tests under this standard, and/or testing of adjacent lots
- Codex now considering additional regulations!



# Market Loss Risk!

# Impacts

## Manufacturer

- Raw material management expenses
- Failed lots...landfill
- Added base cost of peanut supply

## Sheller

- ~30% of lots fail edible criteria post-shelling
- Options including blanching & remill come at a cost, and aren't 100% effective

## Buying Point

- Additional testing at harvest
- Segregation difficulties (logistics) and costs
- Warehouse expense (to prevent afla propagation in storage)

## Grower

- Seed availability & germination
- ~\$42 / ton reduced price paid due to aflatoxin downstream costs
- Loss of exports markets - ~1/3 of all exports to Europe & Japan...tight afla requirements

# So, What Now?

# Plan of Attack

## Step 1

- Europe
  - EU Audit
  - US industry proposals
  - Engagement with EU via USDA
- Codex 2021 meeting

## Step 2

- Expand to Encompass Broader Aflatoxin...understand ongoing work
  - Peanut Congress
  - APRES

## Step 3

- Prioritize Focus Areas – short, medium & long-term
  - Afla TF Technical Subcommittee reviewing & prioritizing

## Step 4

- Industry Alignment & Resourcing
  - Funding from all levels, including direct Federal Appropriations
  - Research Consortium

# What Can You Do?

- Engage
  - Afla taskforce, or one of its committees
  - Organizational meeting March 17<sup>th</sup> (contact Rachel Santos)
- Research Support & Funding – Mitigate Short-term; Solve Long-term
  - Research Consortium – collaboration vs. rogue actors
  - NPB, TPF, etc.
- Advocate / Policy
  - Update MOU and Peanut Export Program
  - Policy support (research, data, etc.)
- Align the Incentives
  - Updated Valuation

Afla Taskforce Addressing All of the Above



**AMERICAN PEANUT COUNCIL**

Thank you