Industry Aflatoxin Taskforce

Pre-Planting 2021 Update

March 3, 2021
U.S. Peanut Exports – 1 View

2018: 493,000 Metric Tons

2019: 512,000 Metric Tons

2020: 668,000 Metric Tons

Success!

**all data per USDA / APC export statistics**
Or is it Success?

2018
$.63 / pound

2019
$.60 / pound

2020
$.52 / pound

• 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

**all data per USDA / APC export statistics**
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

<table>
<thead>
<tr>
<th>Total Crop Afla Limits by Customer Requirement</th>
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</thead>
<tbody>
<tr>
<td>at 5 ppb or less</td>
</tr>
<tr>
<td>at 8 ppb</td>
</tr>
<tr>
<td>at 10 ppb</td>
</tr>
<tr>
<td>at 15 ppb</td>
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<tr>
<td>Total</td>
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</tbody>
</table>

- 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!

*data compiled by APC*
Aflatoxin

Market Loss Risk!
Impacts

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

Manufacturer

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

Sheller

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

Buying Point

- 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

Grower
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 17th (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
Thank you