



MARKET REPORT

november 2021

"We believe food is the centerpiece of human culture, and we see the table as a constant uniting force bringing diverse people together."

Keith Dougherty, CEO Roland Foods, NYC



LOOKING BEYOND THE HORIZON

I'm on the road a lot. I visit customers, check out markets and new restaurants. Always according to the pandemic rules, of course. We can't put anything at risk. But I am curious. When I talk to partners, suppliers and restaurateurs, I often hear about their worries and needs after almost two years of pandemic stress, current supply bottlenecks, price uncertainty and acute staff shortages. In the kitchens and in service, Berlin's catering industry alone has a shortage of up to 80% of skilled staff. This can be applied across the whole of Germany, and even throughout Europe, and is a disaster for the new start. The current dramatic development in terms of covid infections and tightening of rules does not make things any easier. Nevertheless, everyone looks beyond the horizon, wants to persevere and keep going. I hear that again and again, and it gives me courage. That's the strength of our industry, because food is at the heart of human culture. I can agree with my colleague Keith Dougherty (above) from the bottom of my heart. We at Paul M. Müller have also suffered, but my motto and philosophy are and always have been: Let's look forward together. Mutual understanding and fair behavior in the crisis pay off. Food is culture and holds us together, unites us and moves us forward. In this spirit, we will continue to look beyond the end of our noses in 2022 and look forward to the coming year with you.

INTERVIEW

FOCUS ON *Tuna*

The tuna business requires a lot of know-how and passion, especially since the market is currently absolutely undersupplied, but demand remains high. Paul M. Müller works with the best partners worldwide. In an exclusive interview with PMM, **Anthony Kim**, Overseas Business Team Leader at Silla (Seoul), international food producer and parent company of tuna supplier Cosmo Seafoods, reports on the challenges of the global market. The market expert also looks to the future, and that's a real pleasure.





PMM: Mr Kim, Ttuna is a globally sought-after delicacy. How long will the trend last?

Anthony Kim

Tuna is known as the perfect source of protein from the sea. More and more people are looking after their well-being and want to live healthily and consciously. That's where tuna is an ideal and cost-effective nutritional alternative to meat or other protein sources. The demand for tuna is increasing steadily and I think this trend will continue for many years as long as there are no major problems in the fishing industry. We are already facing major challenges due to catch limits (FAD ban) and fluctuating yields.

Where are the most important markets for you? China, Europe, the USA?

Chinese consumers have so far tended to prefer whole fish. Canned fish was not an option there for a long time. But with the younger generation, that's just changing as these consumers are more open to Western food and drink culture. That could be a game changer. However, I think it will be a few years before it really is. The main markets for tuna products are still the U.S. and Europe. The biggest market players are located there and play an important role.

What are the differences?

In the USA, canned tuna is mainly demanded by buyers from the middle class or below, as the product is cheap as well as healthy. Therefore, selling prices there have to be rather low, which is not always easy for suppliers to guarantee. In Europe, demand is more diversified, and many groups of buyers are pleased with the various tuna products on offer and the wide range of recipes. The selection of products there is thus correspondingly large.

According to our observation, the offer of pouches is becoming more and more important. We see the advantages in the fact that fewer costs are incurred for freight and materials. In addition, a pouch takes up less space in the container and ultimately causes less waste ...

For us as a supplier, the freight costs are the same, so it doesn't make much difference. In fact, the packaging material is cheaper and, as a consequence, the product becomes

cheaper as well. Yes, for the customer, the pouch could bring an additional benefit, because it means less waste and is easier to store.

Some markets in Europe are already moving ahead with Pouch. When will the German-speaking region follow?

We already sell many pouches to Germany, in most cases for the catering sector.

How do you view the skyrocketing prices of sunflower oil and tinsplate?

This is the most sensitive issue right now for the industry. Up to now, the prices for sunflower oil have been stable and supplies secure. However, since the beginning of the year, prices have been fluctuating strongly and there are supply bottlenecks. Even if the oil suppliers have adjusted to on-time delivery, the real problems are caused by ship delays. The price has now doubled and we are at a peak. In the case of tinsplate, the cost of production has increased by up to 70%, manufacturers tell us, and this is really a serious problem. For us, this means that the prices for cans and lids are rising by around 20% (depending on the type). However, this is a crucial point in the pricing and justifies the price increases in the final product canned tuna.

Cosmo maintains production facilities for tuna in West Africa/Ghana. From there, the route to the customer in Europe is shorter. What influence does that have on the relationship between manufacturer and customer or importer?

Yes, this geographical proximity is one of our strengths compared with manufacturers from Asia. This will remain the case in the future, unless there are decisive changes in the shipping routes.

When it comes to production capacities or future quotas for fishing, short distances between market participants are likely to play an increasingly important role ...



Anthony Kim



Our partners are on the one hand fisheries that supply us with raw material and on the other hand importers that buy our products. We make every effort to ensure that we have a secure and reliable supply on all sides. That is why we always talk to all our partners directly. And not just by phone or e-mail, but preferably in person, if that is possible under pandemic conditions. That way, we know exactly what our customers want and we can respond to them better. Sure, there are priorities here and there, but we focus on a long-term partnership in general. That is very crucial for us.

Where will the tuna business be in ten years?

Tuna is a sustainable business and consumers are interested in a healthy lifestyle and a high-protein diet. I believe there will be more demand for fish than meat in the future because fish products are considered healthier. Therefore, the fish industry will also do its part and act more sustainably and consciously, because consumers want to know exactly where the fish comes from and how it is caught. In other words, the industry will be even more environmentally friendly in the future and take care of other social issues because it is in everyone's interest.

How would you rate the partnership with Paul M. Müller?

Cosmo and PMM have had a good partner-

ship for many years now. Employees from PMM have visited us in Ghana and we were in Munich with Paul M. Müller before the pandemic. This of course strengthens the partnership. We want to continue to do our best for it and are there for our partner.

We thank you for the interview.

PMM CEO Thomas Schneidawind:

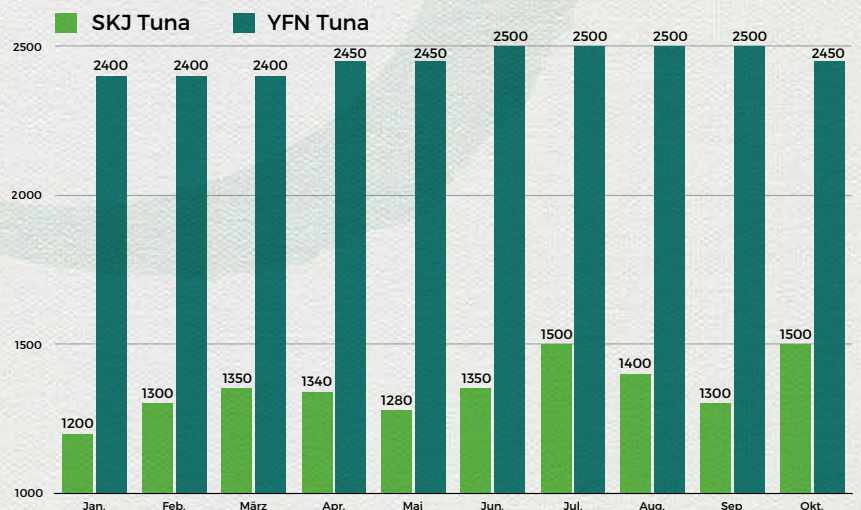
"PMM buys very quality-conscious. The marketing and the presentation of the goods are far above average and a really good partnership only proves itself in difficult times such as the recent shutdown. This is where Cosmo and PMM have done a great job of sticking together and navigating the tough road together in the best way possible. Cosmo is the supplier for ADRIA premium products like our Solidpack in olive oil. By the way, this example shows very clearly that there is a group of buyers on the German market who are prepared to pay a reasonable price for an excellent product."



Bangkok

PRICE TREND 2021

In Bangkok, the price of Skipjack (SKJ) and Yellowfin (YFN) currently remains at all-time highs. Experts do not expect a price change for the time being due to meager catch results. In Manta/Ecuador already 1650 US\$ were called for Skipjack. Over the year, there has also been a massive increase in the price of marine oil (from US\$ 53 to US\$ 82) and labor costs.





ADVANTAGES *Pouch*

All those who can really do the math will no longer be able to ignore the pouch. In addition to the price advantage over the can (over 15% for the same drained weight!), the ease of handling plays a major role. Not to mention the uncomplicated disposal. Market observers therefore see the highest growth rates for this packaging in the coming years.

Above all, however, with prices skyrocketing, the pouch offers itself as a real alternative. Because this new packaging is the best way to "circumnavigate" the cost increases for tinplate and sunflower oil.

Mandarin Oranges/Peaches



The processing of **mandarin oranges** is currently in full swing. A good crop yield is reported from **Spain**, despite a slight decrease in volume, with high demand from overseas (USA, Canada, Japan), which competes with purchasing requests from Europe. However, this is not the reason for higher prices for the end products, but higher costs for can sheet, sugar as well as for energy and cardboard packaging. The Spanish industry association reports a production volume of mandarins of 2.09 million tons for the 2021/2022 season (compared with 2.32 million tons in the previous year and 1.85 million tons in 2019/2020).



Turkey is almost sold out. After a poor harvest, the market was confronted with price increases of up to 25%. However, food retailers and caterers have grudgingly swallowed this so far. This is probably also due to the fact that China is once again out of the picture because of lower output overall (bad weather, high material costs, fewer workers) and exorbitantly high freight rates and customs duties.

Peaches? As previously reported, the price of raw peaches from **Greece** has doubled since the spring after a 50% crop loss. However, life without peaches is unthinkable. Buyers so far bought only 70% of the previous year's quantity, but they also accepted here almost twice as high prices due to expensive empty cans and high labor and packaging costs.

OLIVEN



The intense heat in southern Europe in August hit the countries of origin from Spain to Italy and Greece with full force. Even though it rained again afterwards, the capricious weather conditions put a heavy strain on all olive growers. At least **Spain** was able to catch up and reports a harvest volume (all varieties) of just under 593,000t for 2021 (previous year: 547,000t). However, the most popular industrial varieties Manzanilla, Gordal and Hojiblanca have suffered, with heavy losses reported for all three. Higher volumes were reported for more heat-resistant varieties such as Cacereña (10-year high) and Carrasqueña.





Tomatoes

The tomato harvest and its industrial processing are done. The conclusion in 2021? The quality (in **Italy**, for example) was top (PMM has reported in detail), demand remains high and the price level as well. According to market experts, this will not change until next year. Those who have a need should buy now. However, there are limitations - tomato paste is very difficult to get. Canned goods have been produced a lot, but they are also in high demand. This limits availability and keeps prices up. Demand is fueled by restaurants and the catering sector, which have pent-up demand.

Insiders are currently talking about a **seller's market**. However, no one can say at present how long demand will remain high.



PMM *internal*

Congratulations!

We have done it again and just successfully passed with flying colors our quality management certification IFS Broker at a high level. Once again, a confirmation that PMM makes every effort to supply its customers with only the best products. PMM will further increase its quality team for this purpose in the new year.



The PMM management would like to thank its quality managers Oliver Munz and Sonja Urban.

ATTENTION!

Don't forget, it's Christmas again this year on December 24! And it comes sooner than expected: The last **loading possibility this year** from our central warehouse in Hamburg is **23.12.2021**. After that it starts again from 03.01.2022. However, since many suppliers in Italy close until 10 January, the goods may still be delayed.

After the opening of the factories after the holidays from 10.01.2022, the first direct deliveries will not arrive before the end of January 2022 due to longer lead times and tight loading space. Therefore, plan your call-offs for the new year now and place your orders promptly. Contact us at PMM headquarters. Then you'll be the first to hit the ground running in 2022.



We wish all of our market report readers a good time!

Your team from Paul M. Müller.

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