

PAUL M. MÜLLER

SEIT 1956

FOOD NEWS

MARKET REPORT

SEPTEMBER 2023 ISSUE

28. 09. 2023

„You see the flowers wilt and the leaves fall, but you also see the fruits ripen and new buds sprout“

Johann Wolfgang von Goethe



Dosed – our column

Some people can hardly wait for autumn with its colorful leaves, golden light and cozy atmosphere. Others don't like it at all, thinking wistfully back to swimming at the lake, barbecue parties and balmy summer nights. But whether we like it or not, autumn officially began on September 23. At the same time, business is getting back to normal as everyone returns to work after their well-deserved summer vacation - although, even at this time of year, it's not exactly business as usual. The best example: Here in the Munich area, the Oktoberfest is still captivating (almost) everyone until October 3. We at Paul M. Müller have also dressed up in our traditional costumes - here the Proof photo.

At the same time, we are already looking forward to the next big event: The Anuga trade fair in Cologne from October 7 to 11. „Shaping the future together“ is the official motto this year. And yes, we also want to shape the future - by working on our products, seeking close exchange with suppliers and customers, and always keeping our finger on the pulse. That's why we have developed a new exhibition stand for ANUGA, as well as for all upcoming events. For us, this is a step into the future, a vision that we not only designed on paper, but also implemented directly. You can get a small sneak peek of the booth below.

So autumn is here. In the food industry, this time of year is particularly exciting: with the harvest, it becomes clear how good the yields are. In many places, the season was overshadowed by extreme weather events: heavy rain in northern Italy, floods in Turkey and Greece, heat waves in Thailand - all this is now reflected in the quality and quantity of the yields. As always, we have spoken to our experts on the ground for you and summarized the most important news. Enjoy reading - perhaps with a cup of tea in keeping with the autumn season. Because, even if you are not an autumn fan, we believe: You too can discover the very special magic of this season!

Yours sincerely, Thomas Schneidawind



Tomatoes: Class instead of mass

Tomato fans should like the following news: In Spain, the harvest has been over for a few days and in Portugal, too, the final spurt is on. The fruits are of good quality in both countries and the total yield, which is intended for industrial products, as high as planned.

For Spain, this means about 2.6-2.7 million tons, in Portugal it is a good 1.4 - 1.5 million tons. To give you a better idea of these huge quantities, there is a calculation example at the end of the Food News. The price for the raw material in both countries, as negotiated at the beginning of the season, is 150 euros per ton.

TOMATEN: KLASSE STATT MASSE



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In Italy, the mood is more subdued. Although the harvest traditionally takes a few days longer than in neighboring countries, this year it got off to a delayed start and has been slow ever since. In the south of the country, this is due to the heavy rains in May, which meant that the planting of the seedlings had to be postponed for one or two weeks. This time is now missing, so that many tomatoes are still unripe and the harvest quantity is currently lower than expected. Due to the lack of raw material, processing

factories had to cut back their work to 50-60 percent already at the end of August and tomato growers increased their prices by up to 20 percent. Industrial goods are not (yet) affected by the price increases, as an insider told us in conversation.

The mood in northern Italy is somewhat better - at least among conventional growers. Here the harvest is going well - apart from a three-day interruption due to heavy rainfall at the end of August - and farmers are pleased with their positive harvest (up to 95 percent of forecasts) with high Brix content. Only in the Ferrara region is the harvest 30 percent lower than planned, affecting mainly organic produce. The reason: hail, storm and rain in May had destroyed large quantities of the young tomato plantlets.

A look at Turkey is also not to be missed: The rainy spring followed by extreme heat and drought in the summer are now showing their effects in the form of low yields and high prices. In mid-September, for example, the price of raw materials rose by 35 percent in just two days. Another reason for the rapid increases is the continuing high inflation rate. In August, it had risen to 58.9 percent. On September 21, the Turkish central bank therefore reacted for the fourth time in a row by raising the key interest rate by 5.0 percentage points and it now stands at 30 percent. Even in these tough times, we at Paul M. Müller rely on trusting cooperation with our long-standing producers to reliably supply you with delicious tomato products. Please do not hesitate to contact us.

Peppers and hot peppers: Rare and expensive

Will there be shortages of sweet bell pepper and hot bell pepper products from Turkey this year? Unfortunately, there are two reasons for this... Firstly, the reduced harvest quantity, and secondly, the high demand worldwide - also from overseas.

First, the harvest: The rainy spring and subsequent extremely hot and dry summer are currently leading to lower vegetable yields than usual. However, if the weather plays along - i.e. temperatures remain mild and rainfall moderate - this could give the plants additional time and allow some peppers and hot peppers to ripen even further. This is currently the hope of farmers in Turkey. But no matter how good the weather becomes: There will still be losses. The only question is how high these will actually be at the end of the season in a few weeks. So little produce, equally high prices? Probably yes. Although one might think at first that the Turkish lira, which has fallen in value since May, could mitigate the price increases for importers from the euro zone, this is deceptive: Since domestic canning producers are buying materials and ingredients such as tinplate and vinegar from abroad and have to dig deep into their pockets because of the poor exchange rates in euros and U.S. dollars, prices will still rise. The high level of interest rates is also placing an additional burden on producers and manufacturers in Turkey and making it more difficult to obtain the necessary loans.

This already low supply of raw material is being met with increased demand from the U.S. and Canada, as Peru is unable to meet both countries' demand for bell pepper and hot pepper products this year. This primarily affects roasted

red peppers and sliced jalapenos. As a result, prices have been rising for weeks. Especially with regard to peppers, this is fueled by another reason: the demand for bell pepper is higher than usual this year, so that factories are partly switching to the production of these. This is because the raw material prices of peppers for paste or canned are almost identical.

Feel free to contact us with any further questions or if you need a quote.



Turkey and Greece: Terrible extreme weather

TÜRKEI UND GRIECHENLAND: SCHRECKLICHE EXTREMWETTER



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Since the beginning of September, storms and floods in Greece, Turkey and Libya have been making sad headlines. There have been deaths. Houses, roads as well as fields have been flooded. People lost their homes. Trees have been uprooted. The list of horror news is long, depressing and concerns us all. Farmers have lost not only their homes, farms, machinery and animals, but often the entire yield of their (ripe!) crops. In Greece, the EU therefore held out the prospect of billions in aid money to support, among others, grain growers in the plain of Thessaly whose crops were completely destroyed. After all, in other parts of Greece, peaches and olives had largely already been harvested. And in Turkey, too, hardly any fields with tomatoes, peppers and hot peppers were affected. Nevertheless, there are enough problems here. Read more in the section „Peppers and hot peppers: scarce and expensive?“ in this market report.

Pineapples: Waiting for winter harvest

The forecast for the winter pineapple harvest in Thailand is gloomy: it will be worse this year and will start later than usual. The reason for this is the lack of rain this year.

Local experts estimate that the harvest volume from November onwards will be similarly low as in 2020 (which was also a poor year), so there is currently talk of a raw material price of 10.00-10.50 Thai Baht/kg. This is higher than at the beginning of the year (8.00-8.30 Thai Baht/kg), but still less than in 2020 - when 10.70 Thai Baht/kg had been paid.

In addition, factories are facing challenges because pineapple raw material not only costs a lot, but there is also a shortage in terms of volume: In some places, production of canned pineapple was already cut back to two to three days a week in the summer. Since it is not possible to further reduce production times from a labor law

perspective (for example, in accordance with the BSCI standard), local experts suspect that factories will start producing fruit cocktails earlier this year or rely on other products (such as corn).

The crux of the matter is that not only is the supply of pineapple raw material low, so is the demand. As a result, local warehouses are still well stocked with products from last summer's harvest. Thus, if demand remains at a low level in the following weeks leading up to the winter harvest, prices for stocks could still fall to boost sales and create storage space for the new crop. Consequently, it remains exciting on the pineapple front and we are eagerly looking at the winter harvest, the price developments of

ANANAS: WARTEN AUF WINTERERNT



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the raw material and of course the exchange rates. Depending on how the USD develops, this can either mitigate or further strengthen the price increases for the raw material as well as the possible price reductions due to the sale of stocks.

By the way: In our Paul M. Müller-College you will find detailed Pineapple know-how to the different varieties and „ring diameters“.

Tuna : Big question marks

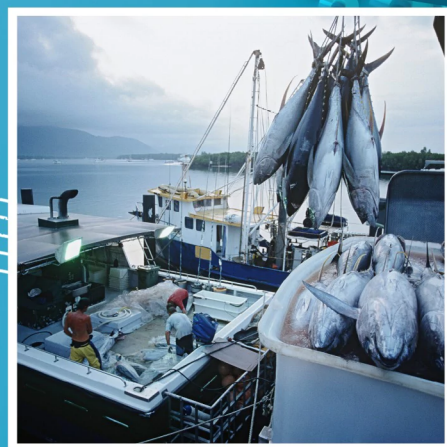
Similar to the past months, we can only continue to report a tense situation in the tuna market at this point in time: Fishing quotas are still poor, prices are high and demand is low.

Behind the scenes, however, things are happening: It is true that the rapid increases in raw material prices have come to a standstill for several weeks due to low demand, and the price has even fallen moderately. However, the development is not yet noticeable in case of canned products with Skipjack (real bonito) as well as Yellowfin tuna nevertheless not felt. The main reason for this is the EUR/USD exchange rate. On September 27, it slipped below the USD 1.05 mark for the first time since the beginning of the year. So the euro is losing value or the US dollar is getting stronger. For tuna, as well as all other products that are paid for in US dollars and imported into the euro zone, this leads to major price increases.

This will presumably keep the already low demand for tuna products low. However, whether and how strongly this will affect the prices of canned tuna in the short term depends in turn on the development of the EUR/USD exchange rate. Currently, no one can predict how this cycle will be broken. Therefore, we will continue to report on all developments

for you. In the meantime you have Eve-Florence Götz for all questions on the subject of tuna to the side.

SCHLECHTE FANGQUOTEN, HOHE PREISE, GERINGE NACHFRAGE



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INTERVIEW



Foto: DEHOGA Bayern e.V.

The tax increase is so massive that it is becoming an existential threat. We launched a survey of our members and 7.2 percent of businesses would have to close – that's 2,400 businesses. And those that don't have to close will have to lay off staff. To me, it's a milquetoast calculation to say up with the tax. Lack of revenue in the restaurant industry, bankruptcies and unemployment cost the state much more.

Dr. Thomas Geppert

Turbulent times for the food sector: the value-added tax on food is to be raised from 7 to 19 percent in the catering business from Jan. 1, 2024 - and is posing major problems for landlords. During the Corona pandemic, it had been lowered by the federal government. We spoke with Dr. Thomas Geppert from the Bavarian Hotel and Restaurant Association DEHOGA Bayern e.V. about the far-reaching consequences.

PMM: Dr. Geppert, on Jan. 1, 2024, the value-added tax in the food service industry is to be raised again from 7 to 19 percent. What reactions have you received from your member businesses?

There is a great deal of uncertainty and concern. It is always claimed that the lowered VAT is an instrument introduced during the Corona crisis, but it is a demand that has existed for decades, an immensely important, structural measure to secure the diversity of small, family-run gastro businesses in the long term. We may have put the pandemic behind us, but we are still feeling the effects: Energy prices are skyrocketing, the costs of goods in the food sector is enormous, and personnel costs are rising, too. Added to this is the reluctance of guests to consume; here the appetizer is skipped, there the dessert is shared. All this leads to a drop in sales. Just to put things in perspective: 40 percent of restaurants in Bavaria have annual sales of less than 100,000 euros.

PMM: Is a wave of bankruptcies now looming?

Definitely. The tax increase is so massive that it is becoming an existential threat. We launched a survey of our members and 7.2 percent of businesses would have to close - that's 2,400 businesses. And those that don't have to close will have to lay off staff. To me, it's a milquetoast calculation to say up with the tax. A lack of revenue in the catering industry, insolvencies and unemployment cost the state much more.

PMM: Could restaurateurs absorb the sales tax increase via lower-cost food?

No. The 12 percent would have to be passed on entirely to the guests. After all, the cost of goods is only a small percentage of the final selling price. Energy, personnel, rent, lease, investments in the future - all these factors also play a role. However, there is definitely a sensitivity to price among the guests.

PMM: Olaf Scholz had held out the prospect of VAT remaining at 7 percent in 2021. An empty promise?

That's right, Olaf Scholz has promised this several times - there are also videos of this. Now reference is being made to the budget discussions that will begin after the summer. We expect our Chancellor to keep his word.

PMM: Gastronomes are one side, producers and suppliers like Paul M. Müller the other...

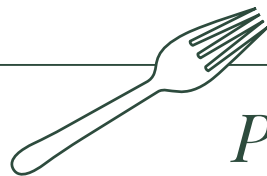
Absolutely. What you have to understand is that we are a necessary, structural guardrail and keep the regional value chain together. We are the engine of the regional economy, where other industries have already retreated. Gastronomy, producers, suppliers, craftsmen - it's a cycle that must not be destroyed.

PMM: The fact that fewer guests are coming is one scenario. Does that also mean a loss of quality of life?

In any case, the most beautiful bike path is nothing if there is no inn along the way where you can stop for a bite to eat. Gastronomy means quality of life, as we saw during the pandemic when businesses were closed. And that's not all: We are relevant to the system, 447,000 people are employed in the catering industry. That's more than Audi and BMW combined worldwide. One in every 17 people employed in Bavaria is in the hospitality industry, which is a strong piece of Bavarian economic strength.

Thank you for the interview.

For reasons of space, we have shortened some parts of the interview for the Market Report. You can read the entire interview with Dr. Thomas Geppert as well as many others with other interesting interviewees on our website.



Picked up

PMM goes Anuga: Warm invitation!



You're in if you're in: Anuga 2023 starts on October 7 and runs until October 11 as the place-to-be for trade visitors from a wide range of sectors in the food and beverage industry. It brings together ten different trade fairs (click here to go to the Hall plan). We at Paul M. Müller are also traveling from Oberhaching to Cologne again this year and have come up with something very special for our trade fair appearance. What exactly that is, we do not reveal yet. Only so much: It is worthwhile and we are pleased if you visit us at the booth and come into conversation with us. After all, it is precisely these encounters with you that make trade fairs like Anuga so valuable for us.

You will find us at the trade fair in Hall 2.1, Aisle C, Booth 019. For all those who prefer an audiovisual experience and would like to see our anticipation live, here's our Tuesday talk on Anuga.

For our quality assurance: New Woman Power!

Since July 1, 2023, Barbara Deman has been complementing our Quality Assurance (QA) team consisting of Sonja, Jacqueline and Christiane. She is not only a hotel specialist and certified ecotrophologist (i.e. household and nutrition scientist), but also brings many years of QA experience from gastronomy and the food industry.

How do you organize yourselves as a four-person team in the QS?

Each brings individual strengths and know-how in different areas. As a team, we take care of a wide range of tasks this way, so that the quality at Paul M. Müller is always right for everyone involved. This includes, among other things, supplier and customer management, but also complaints processing, checking certificates of analysis and audits. So it never gets boring and there is always something new for me.

With such a wide range of tasks, is there even a daily job routine?

At least the start of the working day always looks the same and begins with checking mails - on the one hand my personal mailbox and on the other hand also our QA mailbox, which we look after as a team. Depending on the priority, I then work on different tasks. Most of them, however, are more tedious and can't be completed in a day.

Do you have a concrete example?

Before our colleagues from Purchasing can order from new suppliers, they have to be approved by us in QA. This involves many documents and certificates, which we check intensively. Generally, we always have several projects that we work on in parallel. Organizational talent, the ability to keep track of things, and a portion of patience are therefore essential.

A happiness, you bring all this with you. Were you also able to gather personal insights in the first few weeks?

Oh yes! Especially that a job change is always possible. I was unsure whether I should really start over again after working at my previous company for a very long time. Now I can say that the decision was absolutely right. I was looking for short communication channels, a family atmosphere and a great team. I found all of that and am very happy about it.

We're glad to hear that - great to have you!

Fan von:
Borussia Dortmund

Lieblingsgericht:
Spaghetti-Eis

Auf dem Weg zur Arbeit...
genieße ich bei schönem Wetter den Blick auf die Berge

Ich kann am besten:
Schlafen

FRÜCHTCHEN DES MONATS
Barbara Deman

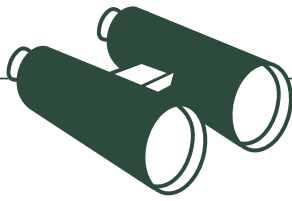
Name:
Barbara Deman

Position:
Qualitätssicherung

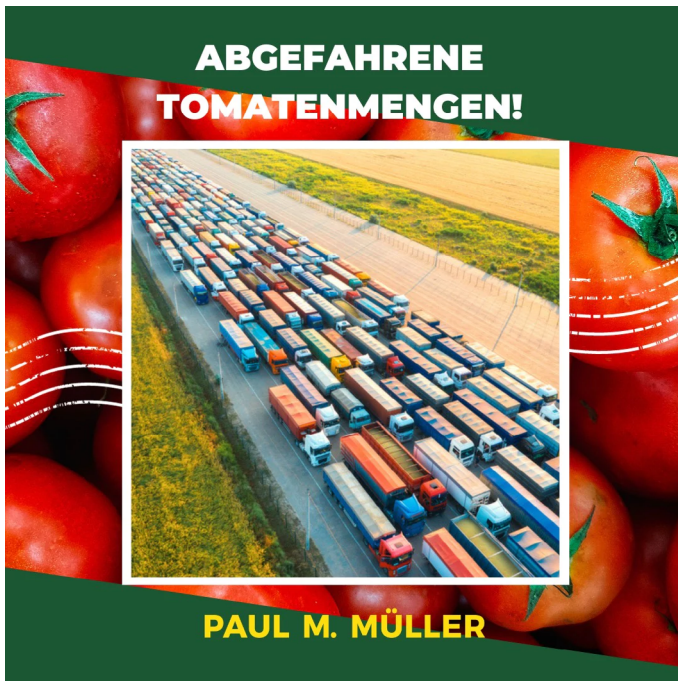
Lieblingsfrüchtchen:
Ich liebe Himbeeren

Essen ist für mich...
die Stadt meines ersten Jobs

Liebste Weisheit:
Das Leben ist zu kurz für irgendwann



Awesome tomato quantities!



Trucks as far as the eye can see... No, we're not talking about an annoying traffic jam, but would like to invite you to a thought experiment: If the entire annual tomato harvest from Portugal and Spain (i.e., about 4.2 million tons) were loaded onto trucks at the same time, it would take 175,000 of them - assuming we take 18.75-meter-long tractor-trailers, each capable of carrying 24 tons. Lined up lengthwise, this would create a 3,281-kilometer route. From our company headquarters in Oberhaching, that would be approximately the distance to Valencia and back again. Wow!

PMM Community

You want to tell us a story or share experiences from the industry? Do you have feedback for us? Photos or stories? We would like to invite you to actively shape the PMM Market Report, and we welcome every contribution, suggestion and criticism. THANK YOU for taking the time to read and be a part of our PMM community.



DEHOGA: Online petition

„7 % must stay!“, writes the DEHOGA Federal Association on its website and calls for the Online petition on. This refers, of course, to the value-added tax on meals in restaurants.

7% auf Speisen müssen bleiben,
damit wir erhalten, was unser Land lebenswert und lebenswert macht.

Jetzt Online-Petition unterzeichnen!

DEHOGA BUNDESVERBAND

So if, after reading the above interview with Dr. Thomas Geppert, you now want to take action yourself, you can download the Petition simply sign on your smartphone, tablet or PC