

PAUL M. MÜLLER

SEIT 1956

FOOD NEWS

MARKET REPORT

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*“One should offer the body something good so that
the soul has a desire to live in it.”*

Winston Churchill



Dosed – our column

Beef roulades, goulash, dumplings - real home cooking. I still remember my childhood well when my grandmother cooked lunch and put a pot in the middle of the table - full of meat, of course. It was a feeling of home, of well-being, of togetherness. What was a matter of course back then and common practice in many families is becoming increasingly rare today. There is less and less meat on the plate - at least in private households and especially among younger people. This is one of the results of the [Nutrition reports from the Federal Ministry of Food and Agriculture \(BMEL\)](#) which was published in mid-October. This development has long since arrived in the food industry. Manufacturers presented numerous sophisticated substitute products at the world's leading trade fair for food and drink - anuga. We were also there with our (mostly plant-based) range, were impressed by the companies' innovations and are already looking forward to the upcoming trade fairs in 2024.

What else will you find out in the Food News? We report on various plant-based product groups for you. When is the perfect time to buy tangerine preserves? What are the prices for olives? And what impact is the toll increase actually having on the industry? As always, we have spoken to insiders and have compiled the most important information for you below. This

means that you are not only well informed, but also well prepared for the new year, in which new challenges await us all - and not just due to the current global political situation. There are also some great things in store for us: January marks the start of the annual Veganuary (in German: Der vegane Januar). The movement has long since arrived in gastronomy and communal catering: In 2023, 425 new vegan dishes and menu options were launched in Germany alone. Before it's that time again, the last few weeks of the year need to be mastered (and enjoyed, of course). This should go perfectly and smoothly. Below you will find all the important (logistics) dates for optimal planning of your order.

We wish you a wonderful, successful end to the year. Perhaps with a vegan menu - because we are certain that plant-based dishes provide at least as much well-being and warmth as grandma's lunch used to. Stay healthy!

Yours sincerely, Thomas Schneidawind



Solid pack apples: Competition in the market

The apple harvest in Europe was poor this year. The figures for Poland make this clear: with over 150 hectares, it is the most important European apple-growing country. At the beginning of the year, a good harvest of 4 million tons was expected there. After two corrections, the forecast is now only 3.3 to 3.5 million tons.

At the same time, demand from food retailers for European apples is high due to the lack of produce from overseas during the summer months. As a result, the below-average harvest in Europe meets an empty market for dessert apples. There are hardly any surpluses and therefore fewer apples than usual, which are sold to the industry for peeling.

For the market for dried apple pieces, this means that although the costs for packaging and transportation in the country of origin have fallen slightly by around 8%, this is not reflected in the final price. Instead, they can only buffer a small part of the raw material prices (which are up to 35% higher than last year). In addition, the toll increase and higher costs for the disposal of packaging in Germany are leading to higher sales prices.

Industry experts expect prices to remain high until next year's harvest. „The price will hold steady in the coming weeks,“ says our interviewee. A slight increase is also still possible. Nobody dares to say when or whether prices will fall again in the near future.



Olives: Highs and lows

Olive farmers in Spain experienced highs and lows this year. First the promising rains, which are so important for the final growth phase before the harvest. Then the dry winds, (too) high temperatures and low humidity.

As a result, the olive fruit stopped growing earlier than desired and the harvest season started earlier than usual - in the last week of August and the first week of September. A silver lining on the horizon: thanks to the subsequent rainfall at the end of October, the olives that go into oil production once again increased in size and weight. It is not yet possible to say how high this will ultimately be, as it will continue until the end of the year. The situation is different for table olives: Here, the harvest has already been completed and is estimated to be around 430,000 tons. This is the worst harvest level on record.

The price of raw table olives is 50% higher this year (namely €0.40 per kg) than in 2022. Other factors are also influencing the price of olive products: there is a shortage of labor throughout Spain. And: due to the high prices currently being paid for olive oil, producers are weighing up whether to focus more on this production instead of canned goods.

Meanwhile, experts from Egypt are reporting good forecasts for their olive production. It is not yet clear what impact these developments will ultimately have on the prices of olive products. We will stay tuned and continue to report for you.

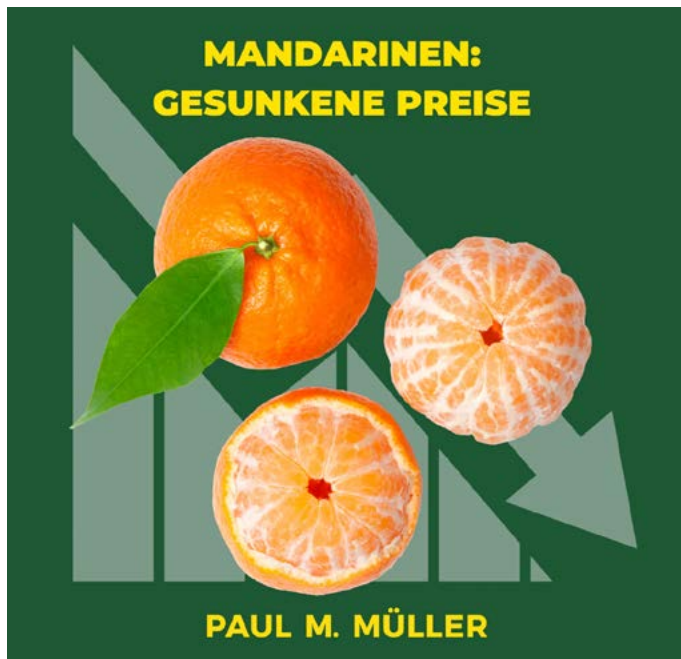


Mandarins: Lower prices

Demand for mandarin products is currently low in both the food retail and wholesale sectors. An insider tells us: „Demand is half as high as usual.“ On the other hand, supply is high because the harvests in China, Spain and Turkey are good. What does this mean in concrete terms? And when is a good time to buy?

First a look at Turkey, where the fully hung trees are currently being harvested and the fruit processed. After a trial production at the beginning of November, farmers and producers demanded high prices. However, due to the existing surpluses on the market and the resulting lack of demand and sales, these prices quickly fell again - despite the high inflation in the country.

The price trend in Spain has been similar in recent days: Increased costs for raw materials, sugar (an important ingredient for canned fruit) and labor led to prices 5% above the previous year's level. However, in order to remain competitive on the international market, prices fell rapidly here too.



In China, the harvest also looks promising and producers are well prepared to process the high-quality citrus fruit into canned fruit. This is because they have invested in peeling and cutting machines over the past two years, thereby increasing their production output. What's more, the prices for canned fruit have fallen slightly. However, unlike in Turkey and Spain, insiders in China do not expect prices in the mandarin market to fall too much compared to the previous year. There are many reasons for this. On the one hand, the price of sugar has been high since the coronavirus pandemic and is currently higher than last year. Secondly, there are also various environmental and fire protection costs that producers have to factor in. The exchange rate, which no one can predict, also plays a role.

Conclusion: There is a large supply of mandarins worldwide. Demand is low. Nevertheless, a further fall in prices is unlikely and a renewed rise is more a question of time - in other words, now is a good time to buy mandarins - just as it is for stocking up. Please feel free to contact us.

INTERVIEW



NORDFROST GmbH & Co. KG

„The toll increase is drastic. I have never experienced such an increase in my entire professional life. SMEs are being hit particularly hard. Larger companies on the market can afford it, they calculate the costs and pass them on.“

Rainer Hautz

There are no pre-Christmas presents for freight forwarders from the German government. Quite the opposite. The toll is going up - and as early as December 1. From 1 July 2024, the toll will also apply to smaller vans from 3.5 tons. Journeys by trade businesses will remain exempt from this. Rainer Hautz, responsible for dry goods at NORDFROST GmbH & Co. KG in Hamburg, who is responsible for dry goods and container logistics.

PMM: The toll will be increased...

... and quite drastically. The current rate for trucks, which are commonplace and can be seen on the highway, is 19 cents per kilometer. As of December 1, the amount will now rise to 34.8 cents - that's an increase of 83 percent. For the Munich - Hamburg route of 800 kilometers, that is 152 euros so far and 278.40 euros in the future. I have never experienced such an increase in my entire professional life - and I am now 62 years old.

PMM: How are you dealing with the toll increase?

Although the toll increase has only now been decided, the facts have been on the table for many months. Back in the summer, I said to our customers: „Be prepared for the toll increase to come at the end of the year and for costs to rise by around 15 percent.“ I wouldn't be a good logistician if I didn't keep my ear to the ground and inform my customers about such developments in good time.

PMM: What does this mean for the industry?

We are exposed to massive cost increases. In addition to the 15 to 20 percent due to the toll, we are also facing nationwide negotiations by VERDI, which wants to negotiate a new collective agreement for 2024 - this also affects the logistics industry. In addition to other cost increases such as personnel, materials and general costs of all kinds, the toll will of course have an impact.

PMM: The German government would also like to see more e-trucks being used. Is that a possible solution?

I know entrepreneurs who are working on this topic, and we at Nordfrost are doing the same. But electric trucks are not suitable for the drop shipment business. The infrastructure is lacking and the performance of the batteries is not compatible with the modalities that we receive and have to process. You can move an e-truck in local transport, for example if it is stationed in Munich and drives in and around Munich - a maximum of 200 to 250 kilometers per day. In the long-distance business, other relations prevail, you have to map 600, 700, 800 kilometers.

PMM: Who is particularly affected by the toll increase?

The middle class. Larger companies on the market can afford it, they calculate the costs and pass them on. But smaller companies, which are perhaps also working in fear mode - which of course you shouldn't do in entrepreneurship - are very worried at the moment. Freighters in particular, i.e. companies with 10, 15 or 25 trucks, are very nervous at the moment.

PMM: What does this mean for the consumer?

The toll increase and the associated cost increases for transported products will also be felt by consumers, but not to any great extent. The cost of a liter of milk will probably rise by 1.2 cents. It is usually the case that food retailers and discounters squeeze their trading partners to such an extent that the existing price usually remains the same.

PMM: What could be possible solutions?

That is a difficult question that I cannot answer. But one thing is clear: the German government is interested in tapping into sources of money to finance economic programs and other current issues. Trucks are a simple and effective means of doing this. It has to drive - whether you like it or not. Even if the price increase had been put at 1 euro, it would have had to be paid.

PMM: So the wish to relieve the roads will not come true?

Definitely no. The effect you wanted to achieve - namely a reduction in the number of trucks on the roads - will not happen. Let's take your company Paul M. Müller as an example:

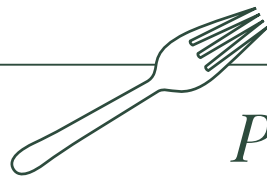
the food that you offer on the market cannot be transported by rail. How is a combination of rail and truck supposed to get 5, 10 or even 15 pallets from you to the recipient by rail and road in the specified time?

PMM: Mr. Hautz, thank you very much for your time and the interesting interview!

PERSONAL DETAILS

Rainer Hautz is site manager of the NORDFROST in Hamburg and responsible for dry goods and container logistics, mainly for dry foodstuffs, i.e. canned goods, seeds, dried fruit, but also non-food for discount stores. His team comprises 20 people for all forwarding processes - from container trucking, official and customs procedures, storage and transportation of the goods to the next recipient.

Rainer Hautz has worked in his father's forwarding company since 1986, becoming a partner. After the death of his father in 2004, he became the sole shareholder, bought and restructured another forwarding company in 2007 and sold both companies to NORDFOST at the end of 2009. He has been with the company ever since. His favorite topic in the industry: always offering high-quality and reliable logistics at reasonable prices.



Picked up

Trade fair calendar 2024

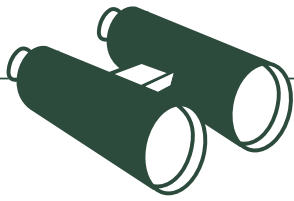


Major events cast their shadows ahead: Find out which industry-relevant trade fairs are taking place in 2024 in our updated [Trade fair calendar](#).

We also look back with gratitude on the past weeks and months: In February, we were visitors at the [BioFach trade fair](#) in Nuremberg.

In October, we presented ourselves with a new exhibition stand at the [anuga trade fair](#) in Cologne. And a week later we were at the Intergast trade fair in Göttingen.

Our conclusion: It was a great year with many wonderful encounters and inspiring trade fair days. More of the same next year - we look forward to it!



Outlook


Every year again: Logistics planning




**LOGISTIK
AUFGEPASST**

3, 2, 1, Christmas! In five and a half weeks is Christmas Eve. We therefore recommend that you plan ahead now. **The last loading option this year from our central warehouse in Hamburg is 22.12.2023.** After that starts operations in the Hanseatic city only resumed on 3.1.2024. In Italy, many suppliers are going on winter vacation from 24.12.2023 to 8.1.2024. The first direct deliveries after the plants open are only then possible again. With the For deliveries via Hamburg or drop shipments, please allow sufficient lead time and notify us in good time. We are looking forward to the year-end spurt and the new year with you!

Value added tax : back to 19 percent



**TROTZ ZUVOR ERFOLGREICH
UNTERZEIGNETER PETITION
DES DEHOGA**



BAR-ZAHLEN			
ZURÜCK			
MWST 1	7,00%		25,41 €
MWST 2	19,00%		50,00 €
NETTO		20,94	24,59 €
		2,52	
MWST-BETRAG		1,47	
		0,48	
BRUTTO			22,41
			3,00

**MEHRWERTSTEUER AUF
SPEISEN WIEDER AUF
19 PROZENT**

PAUL M. MÜLLER

Bad news for the food industry. The German government has now decided to raise VAT on food back to 19 percent, despite the successful petition previously signed by Dehoga.

During the coronavirus crisis, it was reduced to 7 percent. „This tax increase on food is a fatal mistake, it will lead to business closures, rising prices, falling sales and an enormous loss of jobs and quality of life in the catering industry, especially in rural regions,“ explains Angela Inselkammer, President of the Bavarian Hotel and Restaurant Association DEHOGA Bavaria. “Such a decision is directed against hundreds of thousands of family-run small and medium-sized companies, millions of employees and millions and millions of guests.“

DEHOGA Bayern Regional Managing Director Dr. Thomas Geppert adds: „The budget situation following the ruling of the Federal Constitutional Court is certainly difficult. We are all at the limits of our means. That’s why we urgently need

tax justice and relief. The hospitality industry is not a cow that can be milked endlessly.“

The DEHOGA Federal Association had launched a petition to fight for the 7 percent VAT. The minimum target for sub-

mitting a petition had been reached. And yet: all efforts and all discussions were in vain, the „old“ VAT is coming back.

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.

Your  from Paul M. Müller

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