

U.S. FOODLINK

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SUSTAINABILITY AND REUSABILITY Drive Packaging Innovation

Sustainability is an evergreen topic in the food industry, and shoppers' growing interest in all parts of the supply chain have put packaging in the spotlight. Brands that find ways to use greener, smaller or simply more recyclable packaging can gain an advantage over the competition.

One recent development is the growing usage of plastic alternatives such as starch-based biomaterials, biodegradable packing peanuts, corrugated bubble wraps and organic fabrics, according to *Flexible Packaging*. These are green materials that can provide effective protection while boasting eco-friendly production.

One example is packaging made from cornstarch, which has plastic-like properties despite being organic and biodegradable. If disposed of properly it can break down into carbon dioxide and water within several months. Since corn is cheap and sustainable to produce, this can be an inexpensive yet eco-friendly substitute for traditional bags.

A similar option is rice husk, a byproduct of rice farming that's low cost, renewable and biodegradable. One study has shown that rice husk possesses bio-adsorbent properties, which means that it absorbs pollutants from its surrounding environment. Products such as sealable lunch boxes and shatterproof serving bowls are already made from this material.

Major companies are among the players leading the way in packaging innovation. Mars Wrigley has spent the previous five years working on its commitment

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“Expectations for sustainable packaging vary from market to market, making it essential for new materials to be adaptable in meeting different standards without sacrificing quality.”

STEPHEN CROSKREY, CEO OF DANIMER SCIENTIFIC.



Sustainability and Reusability *Continued*


to using 100% recyclable, reusable or compostable packaging by 2025, and its efforts are ongoing. Its latest innovation is biodegradable Skittles packages made using plant oils and fermentation. Mars Wrigley will continue to work with partner Danimer Scientific to create additional forms of sustainable packaging.

“Expectations for sustainable packaging vary from market to market, making it essential for new materials to be adaptable in meeting different standards without sacrificing quality,” said Stephen Croskrey, CEO of Danimer Scientific. “PHA

[bioplastic] provides a versatile platform for manufacturing material that is renewably sourced and leaves a minimal impact on the environment upon disposal.”




Sustainability can come from other avenues, as well. One developing trend is multifunctional packaging, according to Mintel. This packaging could, for example, be resealable, letting shoppers directly recycle the bag, or microwavable, reducing the need for additional disposable products for food purchased from cafeterias or convenience stores.

Featured U.S. Midwest & Northeast State Profiles




KANSAS

— Est. 1861 —




| | |
|---|---|
| 58,569 FARMS | TOP AG EXPORTS |
| 45.8 mil ACRES |  |
| 2.9 mil POPULATION |  |
| 7 TOTAL EXPORTS RANK AMONG STATES |  |

SUNFLOWER STATE




MAINE

— Est. 1820 —




| | |
|--|---|
| 7,600 FARMS | TOP AG EXPORTS |
| 1.3 mil ACRES |  |
| 1.4 mil POPULATION |  |
| 42 TOTAL EXPORTS RANK AMONG STATES |  |

PINE TREE STATE




WISCONSIN

— Est. 1848 —




| | |
|--|--|
| 64,793 FARMS | TOP AG EXPORTS |
| 14.3 mil ACRES |  |
| 5.9 mil POPULATION |  |
| 17 TOTAL EXPORTS RANK AMONG STATES |  |

AMERICA'S DAIRYLAND



DELAWARE

— Est. 1787 —

| | |
|--|---|
| 2,302 FARMS | TOP AG EXPORTS |
| 525,324 ACRES |  |
| 989,948 POPULATION |  |
| 41 TOTAL EXPORTS RANK AMONG STATES |  |

FIRST STATE

The Russia-Ukraine Conflict is Stressing Supply Chains and Affecting Shopper Purchasing Habits

The effects of Russia's ongoing invasion of Ukraine are echoing down the global supply chain due to its impact on both food production and logistics.

Manufacturers need to stay updated with the latest news to understand just how their own inputs may be affected – while some of the issues can be traced back to disruptions in the countries directly embroiled in the war, the interconnected nature of the supply chain means countries around the world are being affected.

Ukraine and Russia are both major agricultural producers, which, of course, is amplifying the effect the war is having on the global food supply chain. The countries are ranked among the top three global exporters of wheat, maize, rapeseed, sunflower seeds and sunflower oil, according to the United Nations Food and Agriculture Organization (UNFAO). The Russian Federation is also the world's top exporter of nitrogen fertilizers, the second-largest supplier of potassium fertilizers and the third-largest exporter of phosphorous fertilizers.

As a result, "this concentration could expose these markets to increased vulnerability to shocks and volatility," according to the UNFAO. "Many countries that are highly dependent on imported foodstuffs and fertilizers, including numerous that fall into the Least Developed Country (LDC) and Low-Income Food-Deficit Country (LIFDC) groups, rely on Ukrainian and Russian food supplies to meet their consumption needs."

"Many of these countries, already prior to the conflict, had been grappling with the negative effects of high international food and fertilizer prices."

One controversial issue for suppliers is whether to operate inside Russia. While many retail and restaurant companies have pulled out of the country in protest of the invasion, companies including Cargill, Bayer AG and Archer Daniels Midland have remained due to humanitarian concerns over food availability for Russian citizens, according to *The Wall Street Journal*. A Cargill spokeswoman noted that the shocks such as those cited by the UNFAO could be worsened if major producers pulled out of the country.

Bayer stated that it may withhold seeds in Russia next year if the war continues. The company already provided crop seeds for the coming season but it will monitor the situation and decide on supplies for 2023 and beyond. Like Cargill, the company noted that withholding agricultural products could worsen the toll of the war.

The conflict is having an impact on shipping routes as well, both in Eastern Europe and across the world. The Black Sea region, in particular, has become less safe for ship travel and some overland routes will also be affected by the fighting.

"In Ukraine, there are also concerns that the conflict may result in damages to inland transport infrastructure and seaports, as well as storage and processing infrastructure," said the UNFAO. "This is all the more so given the limited capacity of alternatives, such as rail transport for seaports or smaller processing facilities for modern oilseeds crushing facilities, to compensate for their lack of operation."

Even logistics providers without direct exposure to Russia or Ukraine will feel the loss of these routes. Cutting out two countries' worth of freight space is going to force other regions to pick up the slack, which can potentially cause delays and disruptions for countries across the world.

"Russian companies are not allowed to fly in Europe," said Bertha Martinez-Cisneros, Coordinator of the Degree in International Logistics at CETYS University. "This affects flights coming from Russia or Russian companies, which is a problem for all logistics because there's less space for merchandise. In the end that is going to affect the retailers – if not directly, then indirectly. You also have the problems in the Black Sea where vessels are not moving. Even though the route from Asia to America or from Europe to America are not directly going through [Russia or Ukraine], that still affects the normal flow of transportation."

More than 2,100 U.S. and 1,200 European companies have at least one direct (tier one) supplier in Russia, while more than 450 U.S. and 200 European companies have a tier one supplier in Ukraine, according to data from Interos. Those numbers might seem low at first, but they balloon once you expand to companies that buy from other companies with suppliers in the affected countries (tiers two and three):

- More than 15,100 U.S. companies and 8,200 European firms have tier two suppliers based in Ukraine; and
- More than 190,000 U.S. companies and 109,000 European companies have tier three Russian or Ukrainian suppliers.



Global supply chain disruptions are simultaneously providing challenges and opportunities for producers who sell in the U.S.

Shoppers have become more willing to switch brands in the past several years, which could reshape grocery store shelves, according to *The New York Times*. A survey by Daymon Worldwide found that 70% of consumers say they purchased a new or different brand than they had pre-pandemic between May 2020 and August 2021.

Meanwhile, SpartanNash CEO Tony Sarsam said that Tropicana orange juice has lost market share to Coca-Cola Co.'s Simply Orange in recent months due to higher inventory levels, while Tyson Foods lost share in frozen chicken to Conagra's Banquet brand. This is supported by nationwide data. Brands with in-stock rates of between 72% and 85% have lost 0.7 percentage points of share of wallet on average, according to IRI.

Some brands are using the opportunity to draw in new customers. Geoff Tanner, Chief Commercial and Marketing Officer at J.M. Smucker Co., said the company has benefited from delivering consistent supply.

"There's more to get if you can outperform," said Tanner in an interview with *The New York Times*. He noted that about 66% of Smucker's product portfolio is increasing its market share currently, compared to 33% before the pandemic. J.M. Smucker is riding this momentum by investing more in advertising.

However, even companies that have been hit by shortages feel confident.

"We will see market share restoration," said Steven Cahillane, CEO of Kellogg, on an earnings call. He expects greater product availability in the second half of 2022 to make up for reduced performance during the early parts of the year, on top of overall strong performances from salty snacks and crackers.

news briefs

U.S. consumer support for domestic agriculture has grown stronger. A recent survey from the United Soybean Board found that 78% of respondents said it's important to purchase U.S.-grown food, an 8% increase from a year ago.

Many CPG categories seeing an initial growth surge at the start of the pandemic remain higher than pre-COVID sales levels, with some generating further gains, according to Catalina. Among the categories with the largest sales growth were bacon at +39% (+137% in 2020), and breaded frozen vegetables at +21% (+89% in 2020), reported *Supermarket News*.

Seafood department sales at retail increased 0.9% over 2020's pandemic-spurred sale.

Sales totaled \$16.9 billion in 2021, according to the Power of Seafood report from FMI-The Food Industry Association, reported *Supermarket News*.

The global seafood industry is bracing for price hikes, supply disruptions, and potential job losses. Additionally, new rounds of Russian sanctions make key species such as cod and crab harder to come by, reported *ABC News*.

Consumers may be seeing more goat milk products on store shelves soon. The market is projected to grow at a CAGR of 4.6% and reach \$17.9 billion by 2030, according to a new report by Grand View Research.

As consumer demand for functional beverages continues to escalate, grocery retailers are remerchandising the category to make it easier for consumers to find the specific products they're looking for and discover new ones, reported *Supermarket News*.



Iowa agriculture officials recently announced two more bird-flu outbreaks in commercial flocks. This will require the killing of more than 1.5 million hens and turkeys, reported *The Wall Street Journal*.

Retail sales in the U.S. are expected to grow between 6% and 8% this year. Americans are shifting more of their spending to restaurants and trips, according to the National Retail Federation, reported *CNBC*.

Grocery has quickly grown into a major e-commerce category, fueled in the past two years by the COVID-19 pandemic, according to Adobe data. Grocery accounted for 8.9% of the \$885 billion in U.S. online retail spending for 2021, up from 6.3% in 2019, reported *Supermarket News*.

All-day snacking is boosting frozen treat sales in supermarkets. Many of these snacks include innovative flavors and better-for-you formulations, reported *Supermarket News*.



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FOOD EXPORT – MIDWEST & FOOD EXPORT – NORTHEAST STAFF

Tim Hamilton
Executive Director

Greg Cohen
Communications Manager

Adolfo Montelongo
Senior Communications Coordinator – Marketing

Laura Buske
Communications Coordinator – Publications

Sarah Larson
Communications Coordinator - Social Media

Tia Regec
Communications Associate

Food Export Association of the Midwest
309 W. Washington, Suite 600
Chicago, IL 60606 USA
312.334.9200

Michelle Rogowski
Deputy Director

Teresa Miller
Strategic Partnerships Manager

Molly Burns
Branded Program Manager

Brendan Wilson
International Marketing Program Manager

Food Export USA – Northeast
One Penn Center 1617 J.F.K. Boulevard,
Suite 420
Philadelphia, PA 19103 USA
215.829.9111

Laura England
Deputy Director

Howard Gordon
Branded Program Manager

Andrew Haught
International Marketing Program Manager

www.foodexport.org
Comments, Questions,
email: info@foodexport.org

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Zolli Candy

Commerce Twp, Michigan

Zolli Candy is the America's fastest growing candy company according to *The Financial Times/Statista & Inc.5000*. Zolli Candy offers Zolli Pops, Zolli Ball Popz, Zolli Drops, Zaffi Taffy, Zolli Caramelz & Zolli PB Cups. Supported by marketing, media, and influencers to drive trial and ongoing sales, Zolli Candy and its 16-year-old founder Alina are verified influencers. Seeking international distribution partners.

Zero Sugar | Vegan | Keto | Allergy-Free | Gluten-Free | Natural
zollicandy.com



The Esus Group, LLC

Kennett Square, Pennsylvania

The Esus Group, LLC has matched hundreds of high-quality importers, distributors, and food store chains around the world with the best products from U.S. food and beverage manufacturers. Our services bring U.S. brands to new markets, and help international customers find the best U.S. producers for private-labeled products. Some of our newest offerings include:

SkinnyMe Premium Chocolate Delicious chocolate products with zero sugar per serving, sweetened with all-natural Stevia, are Keto Friendly and Gluten Free. SkinnyMe Zero Sugar Chocolate is on the forefront of consumer behavior and fills a void in the confectionery category.

Nature's Earthly Choice® Bringing wholesome grains to customers with new and delicious healthy products, including Quinoa, Farro, Wheat Berries, Chia, Hemp, Acai Powder, Bean Bowls and many other items. Committed to providing full disclosure on 11 primary allergens (peanuts, tree nuts, milk, eggs, wheat, soy, fish, crustacean shellfish, gluten, sesame, and mustard).

Chateau Diana winery makes wine under seventeen different labels with offerings covering all ranges of pricing and quality. The Zero Alcohol line includes a Cabernet Sauvignon, a Red Blend, a White Blend, and a Rosé. Each has been processed like normal wine, but the alcohol is extracted before bottling, offering the same taste and, in the case of the red wines, the same health benefits as regular wines.
theesugroup.com

For more information about these or other Featured Products please email: FoodLink@foodexport.org.



Shullsburg Creamery

Shullsburg, Wisconsin

Cheddar cheese curds from Shullsburg Creamery are produced in small batches with rGBH-free milk from local family farms. Curds are fresh, young cheddar cheese with a clean, mild flavor. They are white or yellow and come in natural random shapes. Sometimes curds are flavored with garlic, dill, or jalapeno peppers.

Cheddar cheese curds can be enjoyed in a wide variety of ways. They melt smoothly in hot dishes such as miso ramen or Mexican chili. They are the main ingredient in poutine, and can also be used to make a caprese-style salad. They can be enjoyed as a simple snack with fresh fruits or even battered and deep fried.

Shullsburg Creamery has over 80 years of history and is SQF Level 3 certified. Using the best ingredients, rich traditional recipes, and a hands-on approach Shullsburg Creamery produces some of the most flavorful cheeses in the world.
shullsburgcreamery.com



Perfect Life Nutrition, LLC (dba P-nuff Crunch)

West Orange, New Jersey

Perfect Life Nutrition Inc was founded in 2015 by Dr. Juan Salinas following his dream of creating innovative delicious snacks that were also healthy and nutritious. He combined his passion for health and fitness, extensive knowledge of food science, and expertise in sports & exercise nutrition to create the first nutritionally balanced peanut puff snack brand – P-nuff Crunch.

P-nuff Crunch is a baked snack made from a combination of navy beans, peanuts and rice, blended and baked into a light and crunchy peanut-flavored puff. Currently available in three flavor combinations: Original Roasted Peanut, Peanut & Cinnamon, and Peanut & Cocoa. Made from only natural and GMO-free ingredients, they pack 5g of complete plant-based protein and 3g of fiber per serving. In addition, they are lower in sugar (2-3g of sugar per serving) and 1/3 less fat than most traditional salty snacks. P-nuff is also a gut-friendly snack, suitable for those in low FODMAP and gluten free diets. pnuff.com



Cherry Central Cooperative Inc.

Traverse City, Michigan

Cherry Central Cooperative Inc. is the world leader in production of the unique Montmorency tart cherry. We are a vertically integrated cooperative, owned by our grower/processor families, with growing regions in Washington, Idaho, Utah, Michigan, and Canada. Cherry Central supplies dried, frozen, puree, concentrate, Not From Concentrate (NFC) juice and from concentrate juiced Montmorency Cherries. We package retail, food service, bulk ingredients and offer private label or co-packing services. Cherry Central has supplied international markets since our foundation in 1973.

Montmorency cherries have a wonderful color, flavor and more than 100 published studies offer supporting evidence of their great health benefits. Naturally high in antioxidants, Montmorency cherries fight inflammation in our bodies. They are well-known to alleviate gout attacks and arthritis, have been used by all levels of athletes to hasten recovery after workouts, support our cardiovascular system, have high melatonin levels to help regulate and improve your sleep cycle.

Cherry Central Cooperative Montmorency cherries are always in season. We invite you to give them a try! cherrycentral.com



Tanuk Inc.

Newton Highlands, Massachusetts

Meal Mantra is a line of authentic, all-natural dips, Chutneys and Curry Simmer sauces, crafted in small batches with heirloom family recipes and simmered to perfection. Indian Cuisine is renowned for its healthy options and flavors that elevate vegetables and even the humble legume to an exalted gourmet experience.

Anu, Co-Founder of Meal Mantra, learned to appreciate the wonderful art of cooking at an early age when she would follow her grandfather Kundan Lal Gujral, (inventor of Tandoori Cuisine) into the kitchens of the legendary Moti Mahal restaurant in India and lose track of time in the aromas, tastes and textures of food.

All-natural | Clean label | Gluten Free | No fillers, stabilizers or gums | Proudly crafted in the USA mealmantra.com

For more information about these or other Featured Products please email: FoodLink@foodexport.org.



Pyramid Foods, LLC

Shawnee, Kansas

Pitmaster LT's barbecue sauces and dry rubs are the creations of Kansas City-area resident Luther "LT" Took who, after his American military service, began experimenting with making his own barbecue sauce and seasonings. Those experiments lasted for three decades, until he eventually perfected his secret recipes, now known to the world as PITMASTER LT's sauces and dry rubs. Luther developed these sauces to be all natural and possess distinctively Kansas City-style barbecue taste and texture, but to embody a confluence of flavors which, individually, are often the dominant flavors in different American regional styles of barbecue sauce – which makes PITMASTER LT's sauces appeal to a broad variety of BBQ palates. And the dry rubs are crafted of premium ingredients, as opposed to containing typical rub filler ingredients like an abundance of salt or sugar.

Since launching in in the U.S. in 2016, PITMASTER LT's has entered supermarket chains in Canada, Mexico, Spain, and Kuwait. pitmasterlt.com



Best Breed, Inc.

Findlay, Ohio

A family-owned company, Best Breed was founded in 1994 by Dr. Gary Cotton, a veterinarian who was inspired to develop a truly healthful line of dog and cat foods after repeatedly seeing health issues in his clinic that he believed were caused by low-quality nutrition or could be helped with better nutrition. Made in Ohio, Best Breed formulas are hand-crafted using a unique, slow-cooking process to ensure easy digestion and optimum nutrient absorption. The company only uses the highest-quality natural ingredients. Available through a network of stores and e-commerce websites in the U.S. and around the world. bestbreed.com