URNER BARRY'S
Reporter

VOLUME 11 / NUMBER 4 / FALL 2016 / QUARTERLY

the newsmagazine for the food industry professional

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Surging demand for lobster meat changing Canadian processing patterns

If there was one thing lobster processors were thinking about during the first part of the 2016 lobster season, it was lobster meat.

Surging foodservice demand for lobster meat is changing lobster processing patterns, both in Canada and the U.S.

According to a summary of Prince Edward Island's spring lobster season, volume was down 13.5%, to 23.5 million pounds, vs. 27.2 million pounds last year. Landings, however, were valued at $148 million, an increase of 22% from the spring 2015 season. The average ex-vessel price in Canadian dollars was $6.30, based on these figures.

So the season was characterized by a slower pace of landings and a higher raw material cost. This combination supported processors' move to pack lobster meat.

New Brunswick processors say that both CK (claw knuckle) and CKL (claw knuckle leg) meat is moving as fast as they can produce it.

One packer, when asked what was supporting the strong demand said, "We think it really has to do with the U.S. consumer absorbing the increased cost on core volume meat items like lobster rolls while continuing to purchase at a similar rate to last year. Some of the portion sizes may have been reduced (last year's 6 oz roll is now a 4 oz) but overall velocity is there."

Another processor commented that chefs are being more creative in using lobster meat as an ingredient, and they have adapted to high prices and are keeping lobster items on the menu due to their popularity.

"Many items made from other proteins (chicken, beef, pork etc) are now being

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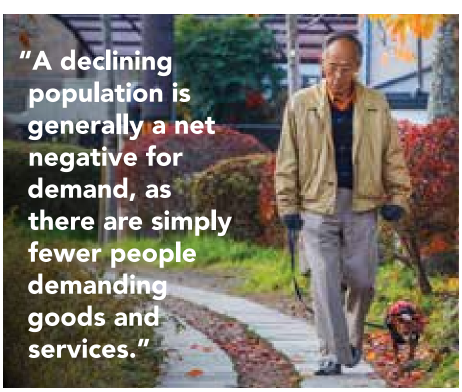

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A Japanese senior citizen takes his dog for a walk in the morning in Kyoto, Japan.

Have we seen peak Japanese pork demand?

Japan's aging population and the effect on pork demand

Japan has long been the leading customer of U.S. pork in terms of dollar value. However, over the last several months, pork exports to Japan have declined to multi-year lows. Certainly, the highs hit in the U.S. dollar / Japanese Yen relationship in 2015 had a material impact on demand. Lost market share has been at least partially acquired by European exporters and that market share will not likely be easy to regain. However, Japan has some

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On the inside


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URNER BARRY

Urner Barry's Reporter (ISSN 1944771X) is published quarterly by **Urner Barry Publications**, 1001 Corporate Circle, Toms River, NJ 08755. Periodicals Postage Paid at Toms River, NJ 08755 and additional offices. POSTMASTER: Send address changes to **Urner Barry's Reporter**, 1001 Corporate Circle, NJ 08755.

Subscription to *Urner Barry's Reporter* is free. Mail subscription orders and changes to **Urner Barry's Reporter**, Subscription Department, 1001 Corporate Circle, Toms River, NJ 08755 or call 800-932-0617.

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Center of the plate

Main ingredients

News bites

A la carte

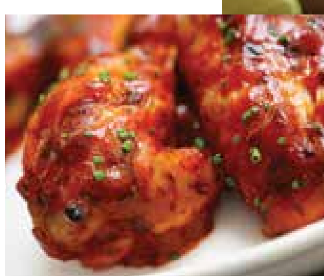
Developing story: fresh prepared foods

In July, Watt Global Media and the National Chicken Council hosted the 2016 Chicken Marketing Summit in Hilton Head, SC. Those in attendance heard from a number of speakers including Chris DuBois and Elizabeth Ahrhardt of IRI, a provider of big data, predictive analytics and forward-looking insights. DuBois and Ahrhardt presented on the expansion of fresh prepared foods (FPF) in retail.

"Fresh prepared is the fastest growing department on the perimeter," proclaimed DuBois. "Annual sales have grown from $8.5B in 2012 to $10.8B in 2015 and over the next 3-5 years, revenues could double."

WHAT IS FPF, REALLY?

According to research and consulting firm Technomic, FPF refers to fully- or partially-prepared foods that require minimal preparation and are sold at service counters of self-service areas. These are offerings that would be associated with a deli or prepared foods department rather than the center of the store.



FPF can be segmented into four models; sit down restaurants, sophisticated stations, easy meals and limited offerings. According to IRI, FPF departments come in many shapes and sizes; such as limited table service, café seating, takeout or simple meals. FPF gives retailers an opportunity to utilize their store's perimeter space and enhance the customer shopping experience, while also boosting sales of course.

WHY IS FPF AN ATTRACTIVE BUSINESS VENTURE FOR RETAILERS?

A well-established FPF department gives supermarkets another platform from which they can compete with local restaurants and specialty channels. By enhancing the customer experience, supermarkets can create stronger emotional ties with their shoppers and separate themselves from their competitors. Also, FPF departments give supermarkets a chance to introduce new brands and gain bargaining power with their suppliers.

WHAT'S TRENDING IN FPF?

A few of the FPF items that have shown exceptional growth are meatloaf, guacamole, barbecue chicken, pulled pork, pasta, breakfast entrees, and ethnic dishes. According to DuBois, some supermarkets have opened a sit down BBQ restaurant in their FPF department, or a piano bar offering a variety of wines and cheeses, or even an oyster bar serving fresh seafood. But, consumers and each FPF department must be treated individually. Stores can and should take into account what their primary demographic is and target their offerings specifically to that group.

WHAT ARE THE FPF FACTS?

According to IRI, in the United States, the east and west coasts are already well developed, but there's strong FPF growth occurring in all of the major regions.

In a survey, IRI found that 31% of fresh prepared buyers have a different primary chain for FPF than for their total grocery. At the same time though, these shoppers spend 76% of their FPF dollars at their primary location.

Supermarkets are continuously trying to reinvent their perimeter. FPF gives them an opportunity to capture new occasions or trips, enhance their brand or market image, create new experiences for their customers and increase customer loyalty. But at the end of the day, it comes down to increasing sales, and that's exactly what FPF trips can do for a retailer. IRI found that these shoppers, who spend an average of $47 on their basket, also spend another $7 on FPF.

WHAT ARE THE CHALLENGES THAT FPF FACE?

Of course, food safety is a concern. The University of Rhode Island estimates that more than 33 million people become ill as a direct result of foodborne illness each year. As more supermarkets offer ready-to-eat meals, food safety becomes a greater risk. Also, are FPF departments really all that convenient? And, what are the costs of buying FPF in your supermarket? These are just some of the challenges food retailers face when it comes to marketing their FPF departments.

In August, the National Retail Federation published its list of this year's Hot 100 Retailers, which was dominated by supermarkets. Almost by default, supermarkets are some of the retail industry's strongest companies since consumers continue to purchase groceries even as they earn more discretionary income.

According to NRF's Media Editor Susan Reda, "The supermarket segment is a model of the dynamic changes in retail. It represents a fast-changing marketplace where legacy banners are reinventing themselves." As grocers move away from the one-size-fits-all approach and adopt new practices that focus more on their brands and shoppers, one can't help but to think that fresh prepared foods is leading the way. UB

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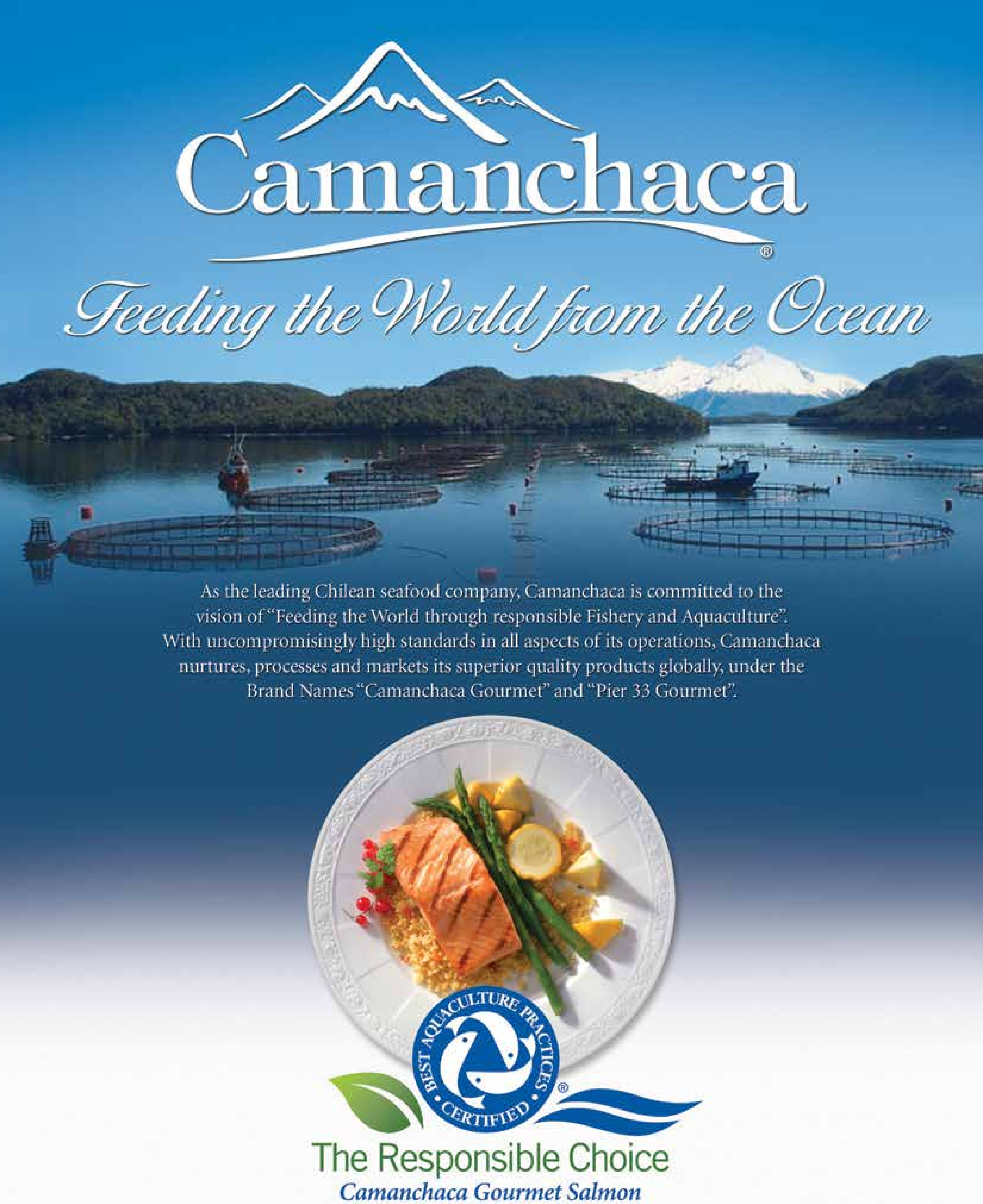
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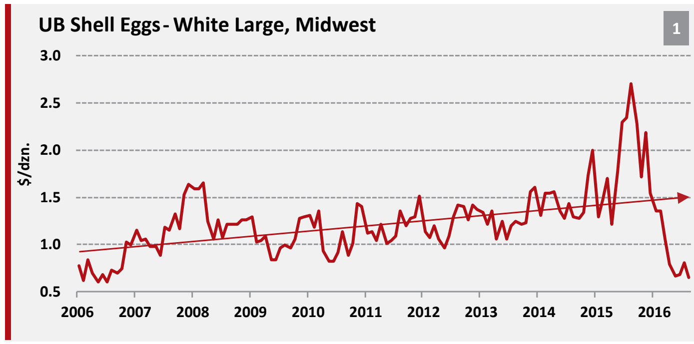
Egg production and processing recover

The U.S. shell egg and egg product markets have enjoyed positive fundamental shifts both domestically and abroad over the last decade. Urner Barry's benchmark Midwest Large quotation averaged $0.69 per dozen for the year in 2005. Over the next ten, the industry would see changes in nutritional guidelines, promotional and menu growth, while benefitting from record prices in many of the competing protein arenas, all motivating egg consumption. The industry also saw exports surge in the early and mid 2000s, reaching the highest annual volumes ever recorded. Meanwhile, production was tempered by the recessionary period and uncertainty surrounding the future of housing systems given state-by-state initiatives like California's Prop. 2 and the proposed National Egg Bill. These factors led to steady annual market advances during the period, which was capped off by all-time market highs driven by a historic outbreak of High Pathogenic Avian Influenza (HPAI). UB's Midwest Large quotation averaged a historic $1.88 per dozen for 2015 (chart 1).



Though the record high markets were enjoyed by many unaffected producers, most predicted that "they'd pay for this later." Industry experts all over the globe scrambled to figure out how long the market's recovery would take. Many looked back on 1983-84's outbreak of AI in Pennsylvania as a reference point. History suggested it would be nearly two full years before the U.S. flock would return to normal, and that the market would struggle for a period thereafter due to demand destruction and production growth at unaffected facilities.

In just a year since the last reported cases of HPAI, the U.S. table egg laying flock has rebounded from a low of 274 million layers in June of 2015 to 302 million layers in June of 2016, according to USDA statistics. Though that figure was still five million layers short of pre-AI levels, the Midwest large quotation hit the lowest levels seen since 2006.

The high prices and shortages associated with 2015 disrupted demand both domestically and across the globe, while production levels rebounded more quickly than expected. No place was business impacted more than in the egg products arena, where 30 of the 34 million birds were lost and manufacturers of consumer goods implemented reduction, extension, or replacement measures. Though egg product demand has rebounded some, industry insiders still report that finished product demand is down anywhere from 10-15%. This is evident in USDA Monthly Dried Egg inventories, which jumped 135% in just a year's time, racing from record lows seen in June of last year.

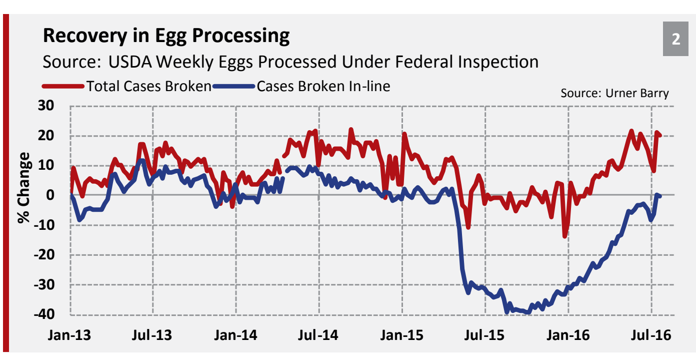
In the shell eggs market, retailers were slow to adjust price points at the shelf as wholesale costs receded, with some still priced well over $2.00 per dozen on large while our quotations fell below a dollar. As we got into the summer months, seasonally the slowest period for shell egg demand, sales plummeted. This led to surpluses across the marketplace. Our Midwest Large quotation hit a decade-low of $0.55 per dozen in early June. Shell eggs were forced into breaking channels, even though processors had little need to increase

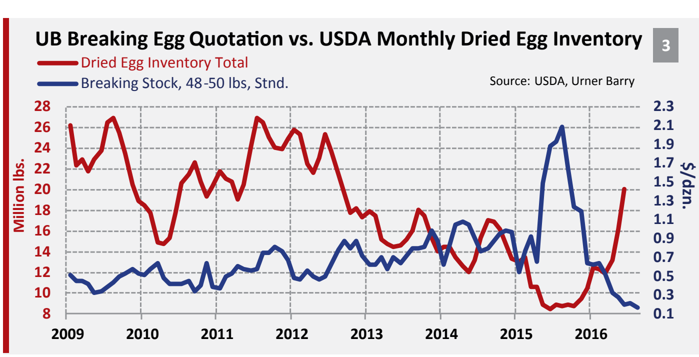
from HPAI, but demand slow to return

schedules. Surpluses became so burdensome, that some loads were literally given away to clear inventories. Breaking egg prices hit the lowest levels seen in modern history, falling below $0.20 per dozen.

Processing capacity, which was decimated during last year's AI outbreak, has clearly recovered. Total cases broken reached some of the highest levels ever seen in May and June. In-line capacity has yet to fully rebound though. Cases broken at in-line facilities remains below annual averages seen in 2013 and 2014, backing up reports that some in-line processing plants have yet to repopulate hens lost during the outbreak. It also means that processing capacity was added at unaffected plants, new facilities, and at other repopulated locations.

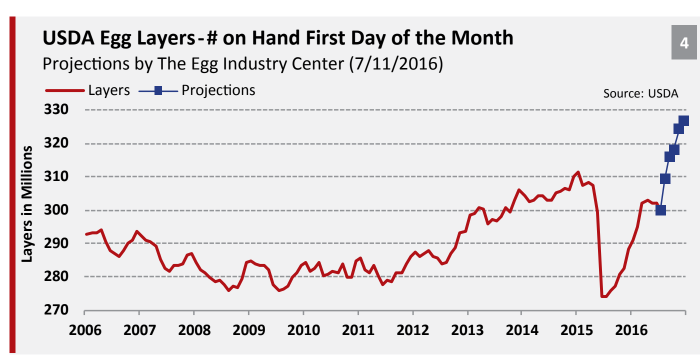
Processors were reluctant buyers of shell eggs citing disappointing finished product demand, but raw material prices were too hard to resist at those levels and many added to finished stocks (charts 2 and 3).





Exports, which had been such a vital factor over the last five years, have played only a marginal role as the U.S. flock recovered. Through the month of May, year-to-date shipments of shell eggs and egg products were down 52% from the same time last year. International trading partners also found supply alternatives during AI-related shortages, while increasing outputs of their own. Dollar strength has further hindered export potential as the USD advanced against most major currencies since the peak U.S. export period.

Shell egg producers and processors are hoping that business will improve seasonally through the end of the year. Typically, back-to-school, the winter holidays, and Easter are the best times of the year in the marketplace. Demand is likely to rebound this fall, but many are concerned with production forecasts during the period. Projections from the Egg Industry Center at Iowa State University suggest that the U.S. egg laying flock could reach more than 326 million layers by the end of the year. That figure would be nearly 20 million egg laying hens more than were in production prior to the AI outbreak. Given current consumption, egg product usage, and export trends, it would be hard to imagine that many more birds being absorbed into the marketplace. Producers are quick to point out that these are only projections though and that flock adjustments can be made in order to keep supplies in balance. We clearly saw this when the market dipped to $0.55 in June and when it hit $0.65 in July. Production was rotated early to manage inventories and reduce surpluses in the marketplace and flock levels stagnated (chart 4).



In less than one year since the market hit all-time highs of $2.88 per dozen on large in the Midwest, the supply side has almost completely recovered. The question now becomes: How long will it take for demand to completely recover and what will the industry do with the additional layers if projections hold true? UB

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Philadelphia shaken up by soda tax

©celsopupo

This past June, Philadelphia became the first major city to impose a tax on artificially sweetened beverages, a major feather in the cap of Mayor Jim Kenney. Any sweet soft drink is now taxed at 1.5 cents per ounce. All artificially sweetened drinks are subject to the tax, but beverages that are more than 50% fruit juice, vegetable juice, or milk are exempt. Revenue from the tax is going to pre-kindergarten education, with the stated goal of funding universal preschool and renovating local libraries and parks. A portion of the revenue from the tax will also go to the city's general fund balance, which is currently projected to enter 2017 below target.

Unlike similar initiatives, the primary goal of this tax doesn't appear to be fighting obesity. The tax falls equally on most flavored drinks, regardless of sugar, caffeine, and carbonation. This removes the incentive to switch from say, regular to diet soda. However, because no drink is left untaxed, overall revenue will increase. Furthermore, the tax does encourage people to switch to water, which is always a healthy option.

The tax is not applied at purchase, meaning that the prices of larger brands that can weather the tax are unlikely to change, while smaller companies will have to raise prices to stay competitive. Many have claimed that the tax falls largely on the poor, who are less able to travel to dodge the tax. Others rebut these statements by stating that lower-income individuals would be more likely to switch off soda than pay more for it, citing a similar trend observed the aftermath of Mexico's soda tax.

The soda tax also marks the second time soft drink lobbyists have failed to win a vote for their industry. Even in Philadelphia, lobbyists and an unimpressed city council twice crushed then-Mayor Mike Nutter's plans for a health-focused soft drink tax. Berkeley, CA was the first town to pass a soda tax in November 2014, in spite of a $2.4M campaign by the soda industry to defeat the measure.

While it's too early yet to see the effects of the tax on the city, if the effort is successful we could see other cities taking similar steps to generate revenue. If the measure is successful, we can look to Philadelphia as a bellwether for similar legislation in the future. UB

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The overwhelming impact of FOOD WASTE

©MarkPiovesan

Do you ever think twice about throwing out food in your pantry once it has passed the “use by” date? Does the amount of food in your trash can at the end of the week make you question how much you really need? According to a new study produced by the scientific journal Plos One, 77% of U.S. consumers feel guilty about the amount of food they waste. How can this waste be turned into something productive?

Even as consumers throw out edible food, Americans go hungry, with about 1 in 6 households facing food insecurity. As of the 2014 U.S. Census, 48.1 million Americans live in food-insecure households. In the face of both widespread hunger and significant food waste, new initiatives connecting those who need to eat with those disposing of edible food are the next logical step.

So, what’s being done to combat the conundrum of composting comestibles? Businesses large and small have begun to take the cause by storm, raising awareness on the issue to their customers. More and more firms are joining the movement to cut out waste and put food on otherwise barren tables. The next step for the public is to turn this increasing awareness into action, and the best way to do that is by staying informed about the options that exist to help feed the hungry.

Bad Apples Mostly Just Misunderstood

It is estimated that about six billion pounds of produce is wasted every year because of appearance. Wal-Mart has begun selling apples with aesthetic imperfections, labeling the fruits “I’m Perfect.” These apples sport a discounted price tag, but taste the same as their prettier counterparts. Other programs work to redistribute “ugly” produce that might not sell in stores to food banks.

©Jim DeLillo

For farmers, many states sponsor farm-to-food-bank initiatives, moving “seconds,” or fruits not pretty enough for grocery store sale, to food banks and saving millions of pounds of food from waste. Farmers get paid for their seconds, and people get to eat. In September 2015, the USDA and EPA announced the first-ever national food waste reduction goal, calling for a 50% reduction by 2030. As part of the effort, the federal government will lead a new partnership with charitable organizations, faith-based organizations, the private sector and local, state and tribal governments to reduce food loss and waste in order to improve overall food security and conserve our nation’s natural resources.

A study by FoodwasteAlliance.org found that one of the most common methods of diverting food waste is through food donations. Although barriers do exist in such methods, such as transportation constraints, insufficient on-site storage, and liability concerns some of the large food companies have proved successful in supporting efforts to build food systems that operate in productive, sustainable and environmentally responsible ways.

For example, in addition to its core national Hunger Relief initiatives of KNOW Hunger and its food bank donations, Tyson Foods supports community programs that provide access to food for those in need or work to provide solutions to alleviate hunger. Additionally, each year, Smithfield Foods donates millions of pounds of high-quality fresh and processed pork to food banks to help address their persistent need for fresh protein. Likewise, SeaShare, a non-profit founded in 1994 to help the seafood industry donate to hunger-relief efforts in the United States, has grown its donations far beyond its original bycatch program. Now 90 percent of the company’s seafood is first-run, marketable product, donated by generous fishermen and processors around the country. SeaShare says thagt over 200 million seafood servings have been distributed and it’s still counting. UB

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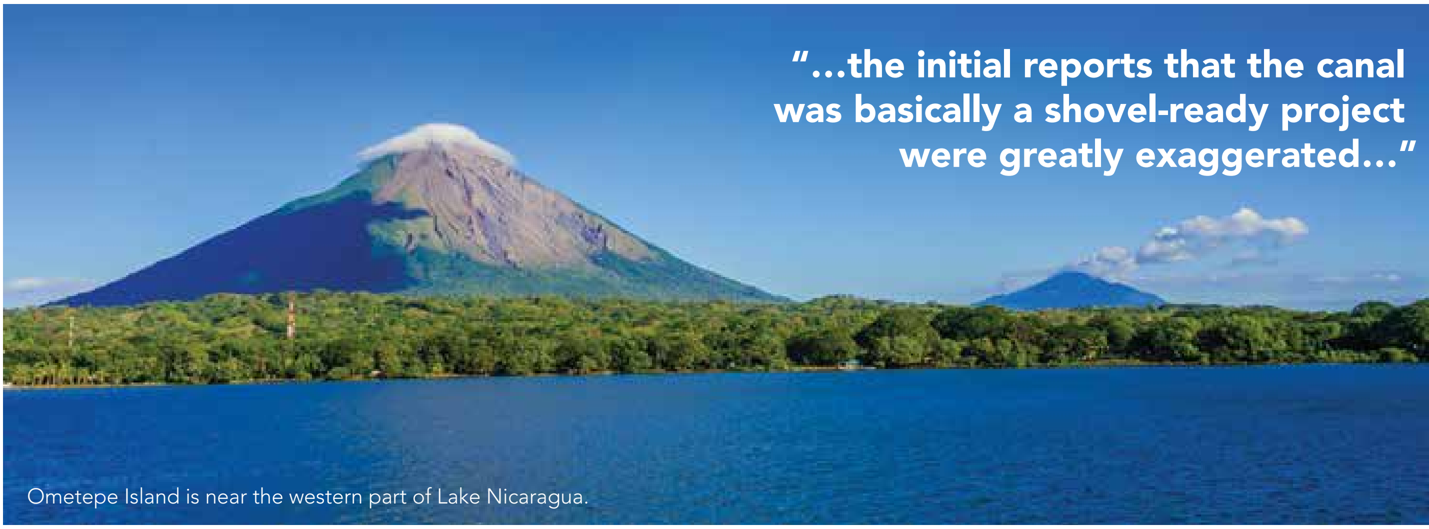
Is Nicaragua the next Panama?



"...the initial reports that the canal was basically a shovel-ready project were greatly exaggerated..."

Ometepe Island is near the western part of Lake Nicaragua.

©Simon Dannhauer

Nicaragua is a country in some ways not unlike its Central American neighbors. It has two coasts, lush forests, lots of biodiversity and a rich culture. However, Nicaragua has one thing to separate it from its peers – a giant, eponymous lake. Lake Nicaragua is the largest lake in Central America and the 19th largest in the world. Since the days of the conquistadors, many an emperor and politician have dreamed of running a massive canal through Nicaragua by making use of Lake Nicaragua's depth, size and location. Centuries of failed attempts shroud the project in mystery and malediction, but a Chinese billionaire last year suddenly made everyone believe it was possible – for a short while.

Wang Jing made his fortune in telecommunications and was looking to cooperate with the Nicaraguan government to build this canal, which would compete with the Panama Canal. It would be the largest canal in the Western Hemisphere, allowing for the passage of ships that are still too big to get through even the recently remodeled Panama Canal. While the potential environmental impact would be staggering, the potential economic impact for Nicaragua and the world could be equally so. However, nearly two years later, all we have to show for it is a small, cleared field in a remote Pacific village. So, what happened?

In short, the initial reports that the canal was basically a shovel-ready project were greatly exaggerated and no one was ever really sure where the funding would come from. Wang Jing, his company, the Chinese government, the Nicaraguan government and even international shippers were all mentioned as potential investors, but it doesn't appear that any significant funding has materialized. The full scale of the project also included new airports, increased capacity at Nicaraguan ports of land importation, highway improvements and other very expensive things. And while you may still occasionally hear chatter about the project, such little chatter is drowned out by the protests in the areas that still may be affected by the construction.

Nicaragua President Daniel Ortega is an ardent supporter of the project. He believes that it will bring jobs and prosperity to Nicaragua, a country currently plagued by a host of social issues. Additionally, many of those from whom the land would be seized to build the canal would not be offered fair market value, as Nicaraguan law differs extensively from U.S. law in terms of private property ownership. This, combined with the potential negative effects to the local flora, fauna and people, may create some insurmountable obstacles.

Overall, while the benefits of this project could prove massive for international trade, the risks seem to be great and even the most recent and most ambitious efforts do not offer concrete solutions to these problems. And so, at least for now, container ships will have to turn south to Panama like everyone else. UB

Article contributed by **Adam Sharkey**
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Barramundi

Fish and shellfish species identified at your fingertips...

This two-page spread is a sample from Urner Barry's Commercial Guide to Fish and Shellfish. This essential reference for the seafood industry professional has been recently updated with several new species, updated nutritional and global supply information and expanded seafood certification and glossary sections.

Visit shop.urnerbarry.com to order yours today.

Specifications

Market name	Barramundi
Scientific name	*Lates calcarifer*
Common name	Giant Perch

Nutrition Facts

Serving Size: 160 g

Amount Per Serving	
Calories 140	Calories from Fat 18
	% Daily Value*
Water	N/A
Total Fat 2g	**3%**
Saturated Fat 0g	**0%**
Cholesterol 70mg	**30%**
Protein 35g	**70%**
Iron 0.54mg	**3%**
Sodium 60mg	**2%**
Omega-3 720-960mg	

*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.

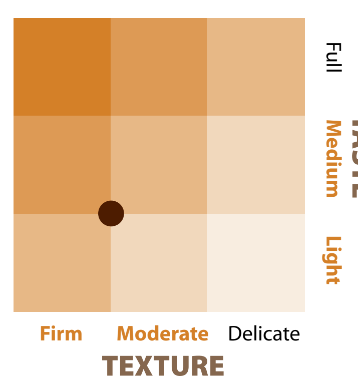
Description

In the wild, barramundi (*Lates calcarifer*) frequently referred to as Asian Sea Bass is a diadromous fish native to the Indopacifc including tropical Australia and Southeast Asia. Commercially available as both plate size (1-2 lbs), and larger (4-8 lb) fish, barramundi spawn in the sea and often enter rivers or estuaries before returning to the sea to spawn. Mature fish are also found in coastal waters. Barramundi begin life as males, and change to females later in life; typically between six and eight years of age. Consequently, large wild caught barramundi are generally females.

Barramundi are a fast-growing, hardy fish making them well-suited to farming. In the U.S. they are raised in closed, recirculating systems which reduces the risk of escape, disease transfer and pollution. Barramundi are also farmed in warmer regions of SE Asia and Australia using a variety of production methods including ponds, tanks and net pens. Product quality can vary considerably based on the production system, environmental conditions, and harvest method. Fish raised in

Eating Qualities

Raw, the flesh color ranges pearl to pink; and cooked the meat is white and possesses a sweet, delicate flavor. The meat from wild-caught Barramundi is similar, but has a bigger flake and more robust flavor.



Fish Fact

Virtually all Barramundi are born male, then turn into females when they are 3 - 4 years old. This means female Barramundi can only be courted by younger men!

fresh water can be subject to off flavor, so discerning buyers may wish to avoid pond raised product. The leading aquaculture producers are Taiwan, Vietnam, Malaysia, and Thailand.

The wild fishery accounts for roughly 50 percent of production, but aquaculture efforts are intensifying and growing substantially each year. The capture fishery is dominated by Indonesia, which is a fishery with relatively poor data and questionable sustainability. As a result, wild-caught barramundi from Indonesia is ranked by Seafood Watch as "Avoid" for gillnet, hook and line, and pelagic longline fishing methods. Relatively little wild caught barramundi is traded, with the vast majority being consumed in the counties in which it is produced.

Barramundi fillet.

Product Form

- **Fresh -** whole, H&G, fillet
- **Frozen -** fillet; portions; chunks

Pack Description

- **Shatter -** 10 lb

World aquaculture production of barramundi is now roughly 100,000 metric tons a year; up from just 21,000 MT in 2000 making barramundi the only major global aquaculture species to double output over the past decade. Research indicates that consumers generally prefer the flavor of farmed barramundi over wild caught, owning to greater consistency in product quality and improved post harvest handling.

Chefs and restaurateurs are attracted to farmed barramundi for its dense white meat which offers excellent quality and possesses a sweet, delicate flavor. The flesh tends to become firmer as the animal gets larger. However, the meat in barramundi larger than 10 lbs often becomes tuff due to sinew. The meat from wild-caught barramundi is similar, but has a bigger flake and stronger flavor. Barramundi do not have pin bones and are relatively easy to fillet into a boneless format. Barramundi has a sufficiently enough oil content to keep the flesh moist while cooking, lending itself to a myriad of preparations. Many times the fish is prepared pan seared with the edible skin left to crisp-up nicely.

Season

KEY - In Season - Limited Production - Out of Season

J	F	M	A	M	J	J	A	S	O	N	D

Global Supply

TOP COUNTRIES:

- Indonesia
- Taiwan
- Malaysia
- Thailand
- Australia

FARMED WILD

Fishing Methods

Aquaculture

Gillnet

Hook

Trap

He was a boy, she was a girl; can I make it any more obvious? ...

El Niño/La Niña: What to Watch

Flash flooding is a common effect of both El Niño and La Niña.

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Every few years the weather news may end up plastered with events related to El Niño and La Niña. Too much rain in one place, not enough rain in another, temperature fluctuations and other oddities. While an El Niño does not always mean a La Niña, the seeds seem to be laid for us to have a pretty significant La Niña this year. So, what does that mean for the United States, North America and the world?

While the effects of these weather events can be felt globally (directly or indirectly), the cities and people primarily affected by them live mostly along the Pacific coasts of each continent. The most notable effects will be felt in Asia, Oceania and South America, with some significant effects along the Pacific coast of North America as well. California & the Rockies may see some increased rainfall, and there may be a slight uptick in the number of hurricanes that form.

The El Niño Southern Oscillation (ENSO) is a warming phase that involves some complex wind patterns that cause things such as abnormally high temperatures, drought and abnormally high rainfall. The effects of El Niño in North America are usually fairly mild, with some warmer temperatures in winter and sometimes drought along the Pacific coast. A La Niña, when one occurs, typically brings lower temperatures but very heavy rainfall, particularly in Southeast Asia and the Andean region of South America.

The effects of La Niña, from a geopolitical and socioeconomic standpoint, are likely to be a mixed bag. Colombia and Venezuela are likely to appreciate the rainfalls which will replenish their rivers and help to reverse the frequent power outages and shipping delays recently caused by low water levels. However, heavy rainfall in this part of the world almost inevitably leads to flooding and that brings its own sets of problems. The same could be said, if not doubly or triply so, for Southeast Asia and parts of Oceania, wherein heavy rainfall can be particularly worrisome. In addition to that, agriculture and aquaculture can be affected by La Niña. Increased rainfall in the right areas can be great news for crop-growers that struggled during the El Niño. Peruvian anchovies were also impacted by El Niño and fish populations stand to recover immensely in a La Niña. So, if nothing else, that's good news for pizza shops. UB

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"The effects of La Niña, from a geopolitical and socioeconomic standpoint, are likely to be a mixed bag."

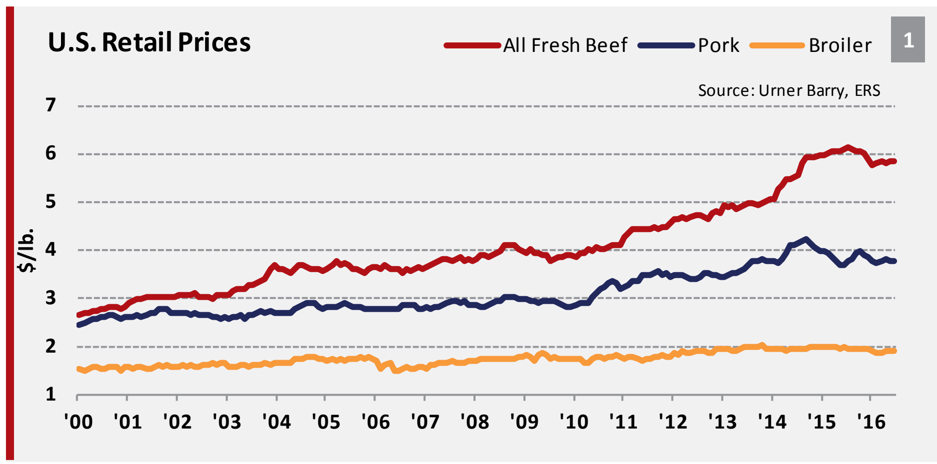
Protein prices drive consumer behavior …

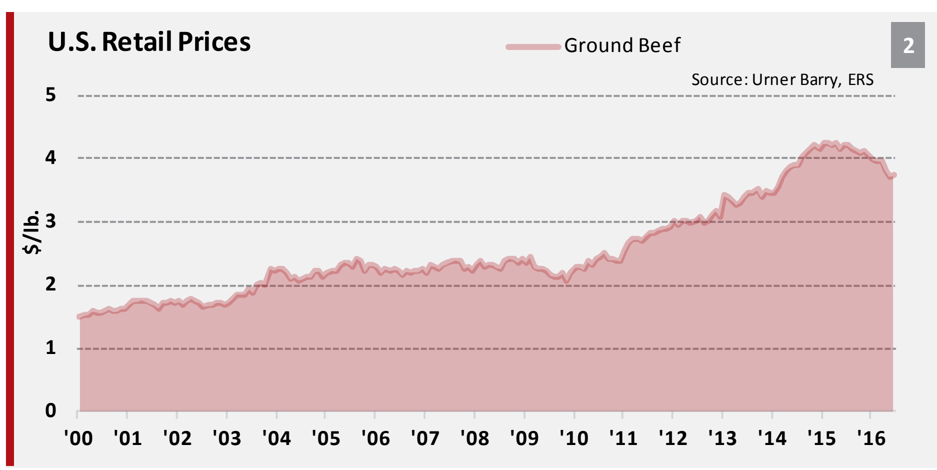
Beef retail prices continue

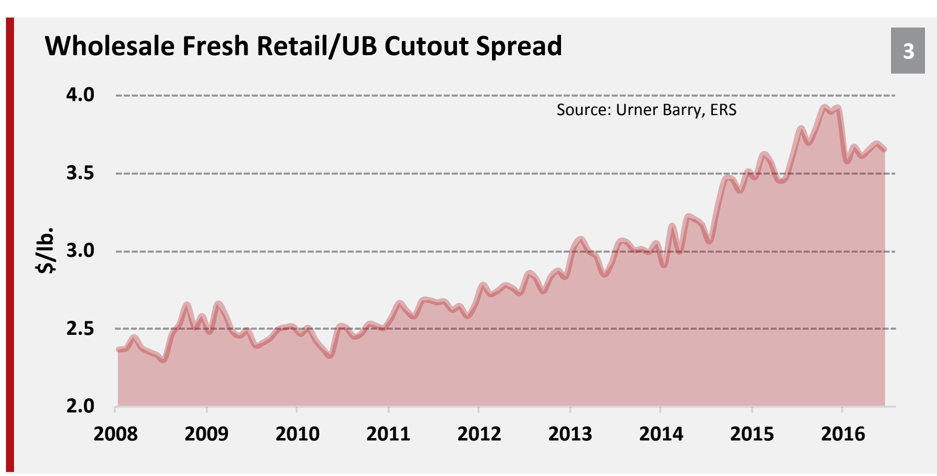
The record high beef prices brought about by historically low cattle supplies after years of drought made its way throughout the whole beef chain. These high prices were especially prevalent at the retail level. The All Fresh beef retail value hit record levels in the summer of 2015. While inflationary pressures have moderated some since then, beef prices in the food store remain at elevated levels. And when you compare it to other proteins, the gap between beef and the others continues to widen–indicating an over-priced commodity relative to its competition.

The first chart shows monthly retail prices from January 2000 (chart 1). Broiler prices have remained relatively consistent throughout the time period, with annual inflation averaging about 1.5 percent. Pork outpaced broiler growth by a little more than double, growing nearly 4.0 percent annually. Growing supplies in recent years has put pork prices in a deflationary environment. Beef on the other hand has grown nearly 120 percent during this time period, or roughly 7.5 percent annually. The spread is notably wider in recent years during tight supplies and despite recent wholesale price declines.

It's not only the high-priced steak cuts that consumers have been paying more for. The price growth on ground beef (chart 2), the most consumed item in the beef complex, during the same period actually outpaces the all-fresh beef retail data. Inflation has come in at over 151 percent in the 16 plus







to hover near record levels

year period, or roughly 9.5 percent per year. This is a full 200 basis point above the growth rate of all-fresh beef. Ground beef is still the most competitively priced in comparison to pork and chicken, but these figures show it is becoming less so. Prices first eclipsed $4.00/lb in the summer of 2014 and trended to record levels last summer. Like with everything else, the price has come down some but still stood at $3.72/lb in June of this year. It used to be that $2.00/cwt was strong resistance but we can see that has been eclipsed easily and a new normal has been set.

The industry knows that prices adjust more rapidly when they are increasing rather than decreasing and retail beef prices are no different. After years of being burned by slim to no margins on the beef side, retailers are leveraging the wholesale deflation into expanding margins. The spread between the Urner Barry Choice Cutout and the All Fresh Beef Retail data continues in an uptrend (chart 3). With growing beef supplies and smaller exports there will be more product thrust onto the domestic market. The industry has already seen what higher beef prices have done to shift buying patterns. Retailers will need to be competitive in order to spur more demand. But after years of getting hurt, it will be interesting to see how quickly these changes happen. UB

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"...the gap between beef and the others continues to widen – indicating an over-priced commodity relative to its competition."

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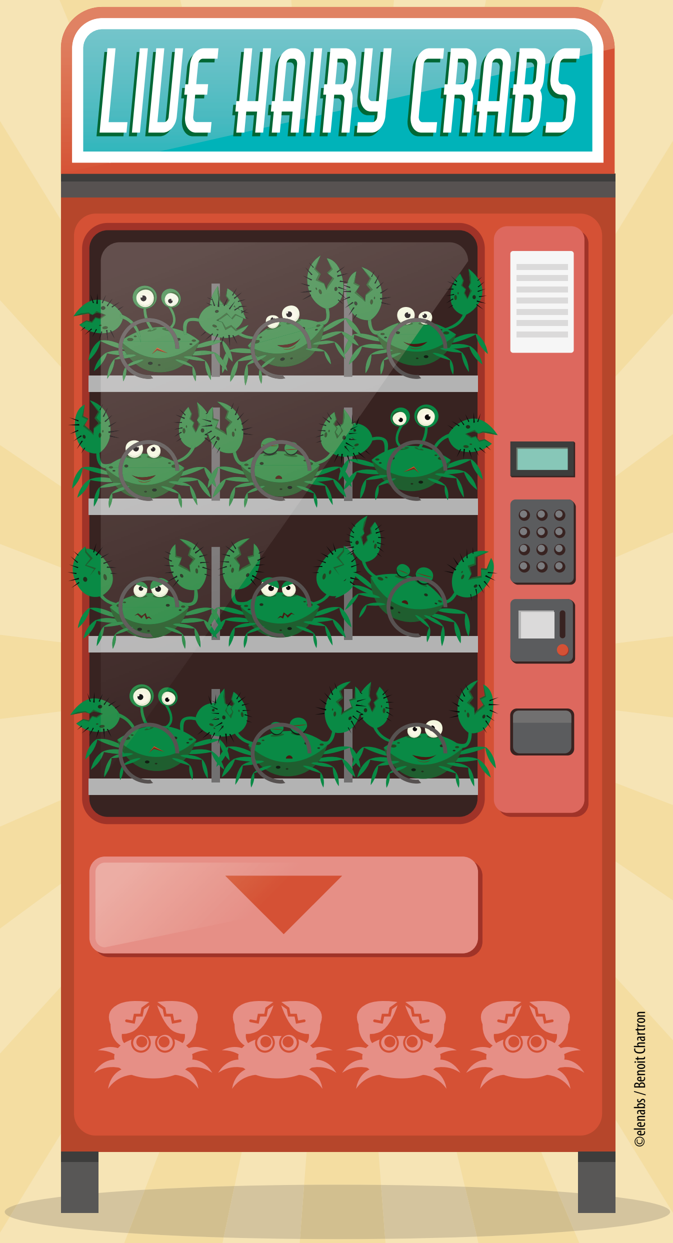
Vending machines: The future of convenient carnivorous cuisine?

When it comes to convenient food, few inventions can outmatch the vending machine. Money goes in, food comes out. No need for cashiers or cooks. And limitless ingenuity in their application. Feats of engineering and vending machines have gone hand in hand since time immemorial. The first vending machine took a single coin and dispensed a measure of blessed water—a full 2200 years ago in ancient Egypt. Now, vending machines in Japan dispense everything from neckties to French fries. The concept isn't too complicated, although machines can take a minute or two to heat food before vending.

So it was only a matter of time before vending machines decided to get really crazy, and vend eggs. Yes, eggs. Glaum Egg Ranch in California invented the Egg Vending Machine, where a customer inserts $3 and gets a flat of 24 eggs. Japan, land of the vending machine, jumped on the egg vending train as well, selling eggs with especially thick shells to keep them safe. They still don't gamble with the traditional drop-down vending model, instead they have windows that open for a customer to reach in and grab their selection.

Just when we were getting used to eggs, China stepped in and changed the whole game: live hairy crabs, now available in vending machines. From August to October, the people of China eat tons upon tons of hairy crabs. To both expand the brand and tap into the after-hours crab clientele, Shi Tuanjie invented a chilled vending machine that holds live crabs in special, edible holding containers. Crab-hungry consumers can put in the cash equivalent of a few dollars and in return receive a crab, crab vinegar, and a few tea packets. Everything needed for a hairy crab dinner, except for the boiling water.



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"The future could see some stores full of vending machines, operating without cashiers 24 hours a day."

Back stateside, another operation is vending to satisfy the after-hours crowd. This time, it's Owens Meats in Cle Elum, Washington. The enterprising Owens twins, both butchers, stock a vending machine outside their store with beef jerky, pepperoni, and summer sausage. Carnivorous cravings can be satisfied at any hour of the day or night, and the brothers have big plans for their money-making meat machines. Their self-stated goal is to have more than 100 machines active within the next year.

As time goes on and vending machines continue to increase in complexity, we may see specialized vending machines for any task. Best Buy currently sells cell phones from vending machines. The future could see some stores full of vending machines, operating without cashiers 24 hours a day.

As technology becomes more and more advanced, we could even see vending machines for TV's, steak dinners, and, as critical vending machine mass is reached, a vending machine that sells vending machines. UB

Article contributed by **Jake Muldowney** | mail@urnerbarry.com

Aquaculture's role in the fishing industry

What is aquaculture? In its simplest terms, aquaculture is the farming of fish, mollusks, crustaceans and aquatic plants. Aquaculture production is enhanced by regular stocking, feeding and by providing protection from predators. According to the National Oceanic and Atmospheric Administration's (NOAA) most recent survey, over 50 percent of the seafood consumed globally is farm-raised. Aquaculture efforts are important to the seafood industry as they help to provide a reliable and consistent supply of a variety of species as well as provide a vast

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assortment of jobs throughout the seafood supply chain.

It is said that aquaculture practices date back over 4,000 years ago in China during the period 2000-1000 BC. However, there are no records to back that as fact, the first date on record is around 500 BC.

According to the Food and Agriculture Organization (FAO), Fan Lai's book "The Classic of Fish Culture" was the first to record and describe the structure of ponds, the method of propagation of the common carp and the growth of fry.

NOAA states that aquaculture serves many purposes and seafood production is paramount among them. Aquaculture has helped improve nutrition and food security in many parts of the world. Increasing global population, coupled with increased per capita seafood consumption, result in constant, growing demand for seafood.

According to the FAO, even small amounts of fish protein can have a significant positive nutritional impact in our diets. Most seafood constitutes of essential amino acids, fats, vitamins and minerals. It also provides protection against cardiovascular disease and assists in the development in the brain and nervous system in the fetus and infants.

In most aquacultured fish species, the amount of feed resources needed to farm fish to a cultured age is highly resource-efficient. Feed conversion rates (amount of feed needed to produce a product) for fish and shrimp that compare very favorably against other animal production systems and the FAO projects that aquaculture will be critical to feeding a growing world population.

Finally, the U.S. government states that a compelling case can be made for increasing scientific and technical knowledge for aquaculture "to produce safe and nutritious seafood in the United States, create new jobs from the coastal communities to the agricultural heartland, foster sustainable aquaculture practices, and enhance or restore wild fisheries and habitats." An increase in aquaculture and wild-harvest fisheries will help meet the growing demand for seafood, as aquaculture provides new ways to generate prosperity while conserving and enhancing the nation's natural resources. UB

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Too much protein overall for some sectors of the market to bear

The animal protein industries could be at a production crossroads of sorts by late this year and into 2017 if output continues to grow, and producers in one or more sectors face squeezed margins.

Output of beef, pork and poultry combined for 2016 is projected to be about 3.2% above a year ago. After factoring imports and exports into the supplies available for domestic consumption, the total is on track to be about 2.4% larger, or 3.6 pounds more per person than in 2015.

The USDA projects 2017 meat and poultry output to move up another 2.75% and supplies for domestic use after adjusting for imports and exports at 2% over 2016. That would push per capita usage up 2.8 pounds to 217.3 in 2017 from 214.5 pounds in 2016. That would also put per capita usage in 2017 the largest since 2007.

Output in each of the major animal protein sectors is expected to grow next year. Beef is projected up 3.3% from 2016, pork 2.4% larger, broilers up 2.6% and turkey 2.6% more. Overall, the increase is pegged at 2.8% from 2016 and 6% above that of 2015.

Since 2007, when overall meat and poultry usage per capita was last higher than the number projected for 2017, a significant shift occurred among the sectors. Projected beef production for 2017 is down 2.8% from 10 years ago while the forecast pork number is up 16.1%, broilers are 17.6% larger and the predicted turkey output is up 4% from 2007. The combined total is up 10.2% from 2007. However, after imports, exports and population growth are accounted for; per capita consumption for 2017 is projected to be 217.3 pounds, well below the 2007 figure of 221.2 pounds.

Price comparisons in livestock and poultry between 2017 forecasts and data for 2007 show some significant differences that may influence which of the sectors might face margin challenges next year. USDA's projection for steer prices in 2017 range from $118 to $128 per cwt live, so using a mean price of $123 would put it at 34% above the 2007 average. For hogs, 2017 prices are predicted about 5.5% below that of 2007. Broiler prices are expected to be up about 16.5% from 10 years ago, and turkey prices are predicted to be up nearly 41% from 2007.

Price predictions for 2017 versus this year show cattle and hogs down modestly with broiler and turkey prices nearly flat to narrowly mixed.

Wildcards for prices in all sectors include export sales, currency exchange rates, animal diseases or changes in output outside the range of expectations. UB

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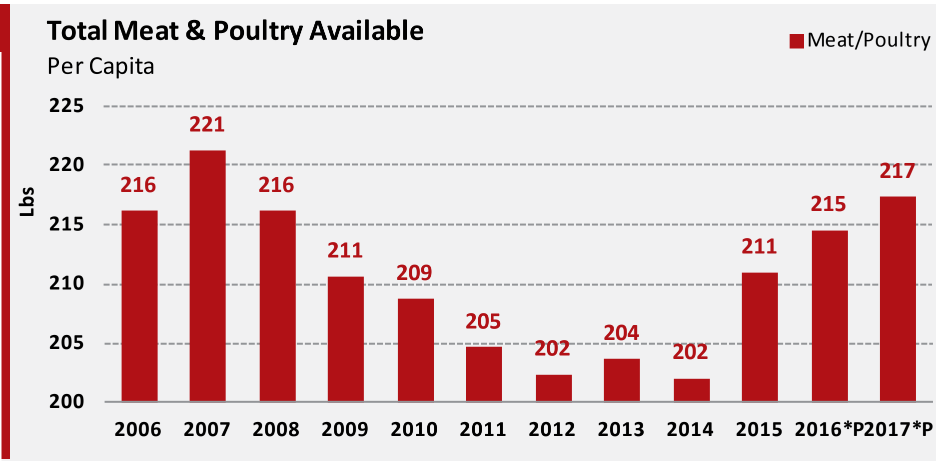

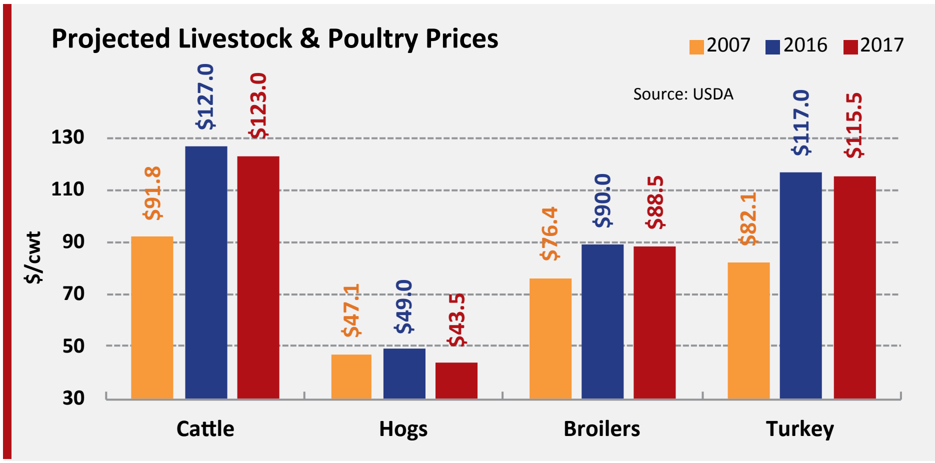

Eggs find their place at the school table

Contributed by the **American Egg Board**

Hard-boiled eggs provide a nutrient dense option for healthy snacks and a la carte offerings in schools, according to the final guidelines issued recently by the USDA Food and Nutrition Service under its Smart Snacks Rule[1]. In a change from its earlier renditions of the rule, this final decision exempts whole eggs from limits on both total fat and saturated fat.

In fact, the final rule's preamble specifically cites the 2015-2020 Dietary Guidelines for Americans[2] (DGA) that identifies eggs as "nutrient dense" and includes eggs in its recommended healthy eating patterns. Schools can include hard-cooked or hardboiled eggs as snacks or menu items, as long as no fat has been added to them.

One large egg contains varying amounts of 13 essential vitamins and minerals plus six grams of protein all for 70 calories, leading to its designation as a nutrient-dense food.

"The ruling makes available a nutrient-dense food to school nutrition programs, one that can help our student population feel full and satisfied," Anne L. Alonzo, President and CEO of the American Egg Board. "Multiple studies[3] demonstrate the satiating effects of protein-rich foods like eggs, so the inclusion of hard-boiled eggs to snacks and a la carte menus can benefit students of all ages."

The Smart Snacks ruling mandates the types of foods sold at schools, during the school day, meet certain nutrition standards, starting in school year 2014-2015. This Smart Snacks in School regulation applies to foods sold a la carte, in the school store and in vending machines. The ruling is designed to encourage children to make healthier snack choices that give them the nutrition they need to grow and learn, and conforms to the provisions of the Healthy, Hunger-Free Kids Act of 2010.

"The final rule reflects the efforts of both AEB and the Egg Nutrition Center to promote and provide science-based information about eggs to the discussion regarding the latest DGA," said Alonzo. "Incorporating eggs in the final Smart Snacks rule not only benefits kids with a practical and flexible solution to promote healthier eating in schools, it's also a favorable development for egg demand."

The American Egg Board has an entire portfolio of ideas and recipes using hardboiled eggs, tailored specifically for school nutrition programs. Visit aeb.org/foodservice/schools for more information.

ABOUT THE AMERICAN EGG BOARD (AEB)

Through AEB, U.S. egg producers come together, in accordance with statutory authority, to establish, finance and execute coordinated programs, on research, education and promotion—all geared to drive demand for eggs and egg products. AEB and all program activities are funded by U.S. egg producers, subject to USDA approval. Visit www.aeb.org for more information.

[1] http://www.fns.usda.gov/healthierschoolday/tools-schools-focusing-smart-snacks
[2] https://health.gov/dietaryguidelines/2015/
[3] http://www.eggnutritioncenter.org/topics/weight-management-satiety/page/8/

Food stamp time limit returning to some states


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The Supplemental Nutrition Assistance program (SNAP), better known as Food Stamps, feeds low-income individuals and families. Like many safety-net programs, SNAP enrollment skyrocketed during the 2008 recession, as many found themselves without work and prospects. Acknowledging these hardships, the 2009 stimulus bill introduced waivers lifting what's known as the "time limit," a work requirement for Able Bodied Adults aged 18-49 Without any Dependents (ABAWDs).

ABAWDs can only receive three months of benefits over a three-year period unless they are enrolled in a school, work training program, addiction treatment program, or employed for at least 20 hours every week. Now, the waivers introduced during the recession are being lifted, and work requirements are back in more than 15 states. While some of these states have reached proscribed levels of unemployment at which the waivers expire, others have ended them early.

Some states, such as South Carolina, that are waiving their waiver cite waves of work-training initiatives, which allow ABAWDs to continue collecting benefits while also gaining job skills. Others, such as Georgia, have seen success in counties where pilot programs reenacted the time limit. Others still point out the upswing in the job market, and seek to return to the previous standards of employment and welfare regulation.

There's clearly support for the initiatives, since they've passed in several states in the past two years. However, not everyone is excited to return to the previous state. Back when President Bill Clinton passed the food stamp bill in 1996, the time limit came under fire as the harshest measure it contained. Critics point out that many states that cancel their waivers don't have training and workfare positions for every ABAWD, forcing some to find jobs fast or go hungry.

Many SNAP supplementary programs target families and the disabled, putting ABAWDs at the bottom of the food stamp food chain, and waiver supporters say another measure against them would only make things worse. Also coming under fire is the fact that job searching doesn't count towards the time limit, although it's one of the easier forms of activity for the government to track and helps land jobs. Critics also mention that some individuals, such as those with criminal records, will find it almost impossible to find employment, and now lack a safety net.

While certainly a controversial issue, as unemployment decreases, the decision may eventually be taken out of state hands. A continued upswing in the job market would bring more state's unemployment rates below waiver thresholds, bringing the time limit back automatically. And while some might not be looking forward to the limit, everyone wants to see more jobs. UB

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Summer 2016 foodservice business: a myriad of meals and deals

Summer. It's the season for sun, fun, and food! Tastes that invoke memories of summer magic, picnics, beers and bonfires. Grilled steak, chicken, burgers, hot dogs, corn on the cob, lemonade, watermelon, s'mores—the list of summertime favorites is nearly endless. Foodservice business benefits from this peak travel season, while the kids are out of school and families splurge on vacations. In order to maximize opportunity this summer, restaurants have launched new promotions, campaigns and menu items all in the name of grabbing consumer dollars during this season of increased spending.

Changing up the menu is essential for success in the foodservice business. New creations, seasonal favorites and themes can refresh menu offerings and customer interest all while capitalizing on seasonally available ingredients. In addition, many chains have mastered the art of bringing back limited-time offers—some of which gather loyal followings that count down to the ultimate return.

> **"Many chains have mastered the art of bringing back limited-time offers..."**

Lighter fare and salads become a top ticket item restaurants feature during the summer at the quick service level. This year, Arby's announced the return of their summer favorite, the Pecan Chicken Salad Sandwich. In addition, Wendy's introduced a new Summer Berry Chicken Salad. Wendy's has become known for their seasonal limited time offers and innovations of summertime salad items that often contain fruit, attracting health conscious consumers and providing alternatives to traditional burger and sandwich offerings.

Summer-themed favorites and flavors like barbeque and other grilled items also make their way onto menus this time of year with ad campaigns to boot. Burger King recently launched a completely new menu item with Grilled Hot Dogs. These flame-grilled dogs are made with 100% beef and are available in classic or chili cheese varieties. Joining the game, Boston Market is offering a seasonal menu addition in the way of St. Louis Style BBQ ribs.

Pizza Hut has added a $19.99 Triple Treat Box for the summer, complete with picnic theme. The deal includes 2 medium one-topping pizzas, an order of breadsticks, and a chocolate chip cookie. Also for a limited time, the company has added Jim Beam Devil's Cut Spicy Bourbon BBQ sauce as a wing flavor.

Cracker Barrel Campfire Meals are also back on the summer menu. According to Cracker Barrel Vice President of Marketing Don Hoffman, "Campfire Meals recall the outdoor fun of camping under the stars, a favorite memory for many, and we are looking forward to helping guests build connections at Cracker Barrel by recreating that magic this summer."

In addition to new and returning menu items, summer promotions are rampant this year in the foodservice category.

This year, Olive Garden wants to "capture the joy of summer get-togethers in a very big way" with their Never Ending Family Table. Chipotle unveiled a new rewards program, Chiptopia Summer Rewards, offering customers free food and bonus rewards just for eating at Chipotle during a 3-month period starting July 1, 2016. And Ruth's Chris is running a "Summer Booking Incentive" for private dining and catered events, in which diners receive $50 bonus for every $500 spent. In addition, the premium steakhouse chain has revamped their classic summer menu offerings.

Sonic added a $5 Sonic Boom Box deal to its summer promotional menu. The deal includes choice of Hot Dog, Junior Deluxe Cheeseburger, medium Tots or Fries, and medium fountain drink or tea.

Longhorn Steakhouse is featuring the "Grilled Tastes of Summer" with their new Smoky Pepper-Crusted Filet with Shrimp entree, new Grilled Hawaiian Salmon, and the Outlaw Ribeye. Similarly, TGI Friday's launched a new menu for summer, featuring a $10 Summer Grill Entree choice of a full rack of ribs with two flavor options, Bourbon Barrel Mahi Mahi, or Bourbon Barrel Chicken.

Finally, Red Lobster kicked off the summer with a limited time event known as the Lobster and Shrimp Summerfest. The promotion featured five new entrees, two new drinks and a new dessert, all infused with the fresh flavors of summer.

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"Summer is all about exploring and trying new things, so we wanted to offer guests different types of lobster and shrimp prepared in ways that capture the tastes of the season," said Heidi Lane, Red Lobster's Senior Chef.

In addition, Crabfest is also back at Red Lobster for a limited time. During this period, diners can choose from the largest variety of crab dishes ever offered on the Red Lobster menu.

The National Restaurant Association reported eating and drinking place sales totaled $54.4 billion on a seasonally adjusted basis in June, down 0.3% from the sales volume in May. The June sales volume was, however, $2.5 billion higher than June of 2015.

Fuel prices are slightly higher than the multi-year lows hit earlier this year, but are still lower than year ago, which should promote travel and spending this summer. Near to above normal temperatures that are felt nationwide, however, could rein things in as high cooling bills take a bite out of consumer budgets. Regardless, for those who choose to dine out this summer, there is surely no shortage of meals and deals to take advantage of. UB

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USDA's catfish inspection program has busy first summer

Officially put into action in March, the USDA's controversial catfish inspection program produced plenty of headlines; from its first recall notices to another possible repeal.

Since its implementation, the USDA was given full authority to inspect domestic and overseas fish in the Siluriformes order, which includes American Ictalurus species, pangasius, and virtually all other species of catfish as well. The U.S. market's top pangasius suppliers were incorporated in the government's list of 84 approved exporters. The list represented a bulk of the U.S. pangasius supply by volume; with many being from Vietnam, which is by far the top country to export pangasius to the market.

(ANOTHER) CHANCE FOR REPEAL

By early May 2016, the FDA completed transferring catfish inspection duties to the USDA's Food Safety and Inspection Service (FSIS). However, by the end of the month a Congressional battle to repeal the program gained steam when the Senate passed Joint Resolution 28 (S.J. Res 28) in a 55-43 vote.

The resolution provided "congressional disapproval under Chapter 8 of Title 5, United States Code, of the rule submitted by the Secretary of Agriculture relating to inspection of fish of the order Siluriformes." In other words, the resolution would strike the USDA's catfish inspection program from the Farm Bill. It brought the program within a House vote and White House signature away from complete disapproval, and rekindled efforts to get rid of the program altogether.

"We're pleased to see the Senate take such decisive and bipartisan action in order to get rid of a duplicative regulation that has already cost untold millions in tax dollars," said the National Fisheries Institute's President John Connelly. "We look forward to the House following up with its own vote and the President once and for all closing this chapter on Washington waste with his signature."

As of the time of this writing no action has been taken up by the House to advance the Joint Resolution and the program has carried on as planned.

"The USDA's controversial catfish inspection program produced plenty of headlines …"

Frozen fish fillet boxes. Source NOAA

FIRST RECALLS

In late June, the first seafood distributor in the U.S. issued a recall for imported pangasius fillets for not meeting federal requirements under the USDA's catfish inspection program. The company recalled 27,995 pounds of frozen pangasius fillets imported from a major Vietnamese shipper. The recall was not a food safety issue and was actually a distribution error related to the USDA and the pangasius industry adjusting to new inspection protocols.

Then in July the first domestic catfish producer issued a voluntary recall under the program after its name brand of catfish fillets tested positive for antibiotic residues. Approximately 21,521 pounds of frozen catfish products were reportedly adulterated with gentian violet, otherwise known as crystal violet.

MORE CHANGES

In August the USDA announced changes to the program to allow for new overseas catfish exporters to apply for a permit to ship product to the U.S. market; changing how the program was originally set up in the final rule. Overseas exporters that never shipped fish to the U.S. market were banned from seeking export approval until that country's entire fishery food safety system was approved by the FSIS as having an equivalent process to the U.S.

The FSIS said it would consider, on a case-by-case basis, requests from foreign countries to permit exports to the U.S. from establishments that have not exported fish to the U.S. previously. In order to do this, the FSIS said it would require assurances from each establishment which has not previously exported fish. Namely that the operator complies with the foreign country's requirements for the production of fish and conducts sanitary operations and produces wholesome product.

The USDA said the change should push more countries to improve their food safety standards for seafood at a faster pace.

"This policy will allow FSIS to systematically review a country's food safety system prior to allowing exports from newly exporting foreign establishments. It also encourages foreign countries to establish equivalent food safety systems for fish as soon as possible," the USDA said. UB

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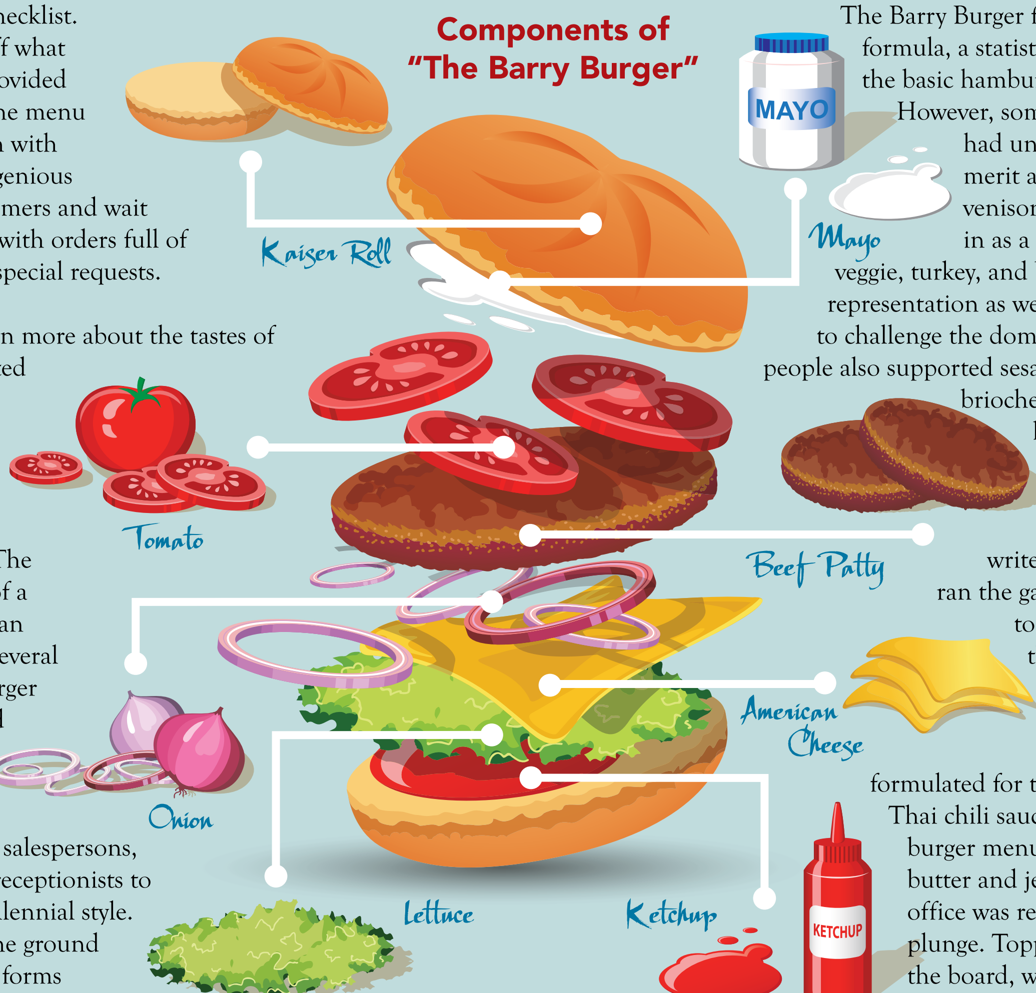
The Barry Burger: UB's signature sandwich

Millennials love customization, and restaurants love millennials. The logical endpoint of this is that more and more restaurants are offering build-your-own options. In an era where "no substitutions" can lead to no sales, these restaurants are taking customization to new heights. Businesses, such as Pittsburgh burger joints Burgatory and Stack'd, have begun to offer menus structured like a checklist. Consumers tick off what they'd like with provided golf pencils, and the menu goes to the kitchen with the waiter. The ingenious system saves consumers and wait staff from dealing with orders full of substitutions and special requests.

In an effort to learn more about the tastes of UB's finest, I created the Barry Burger Project, an initiative to generate Urner Barry's ideal hamburger. The project consisted of a survey (essentially an amalgamation of several build-your-own burger menus) distributed around the UB office, asking market reporters, IT staff, salespersons, accountants, and receptionists to order a burger, millennial style. The plan got off the ground fast, with 46 filled forms in a few short hours. The end product? A burger for all, the collective soul of Urner Barry expressed as a sandwich.

Without further ado, this is the Barry Burger. A beef patty, cooked medium, on a Kaiser roll. American cheese sweeps its category, though the debate between yellow and white goes on. Sauces are led by ketchup and mayo for sure, although the mustard category is split between yellow, brown, honey, and Dijon camps. UB's top topping is the tomato, followed by iceberg lettuce in a distant second. Raw onions take a significant share as well, and bacon is followed by dill pickles to round out the top 5.



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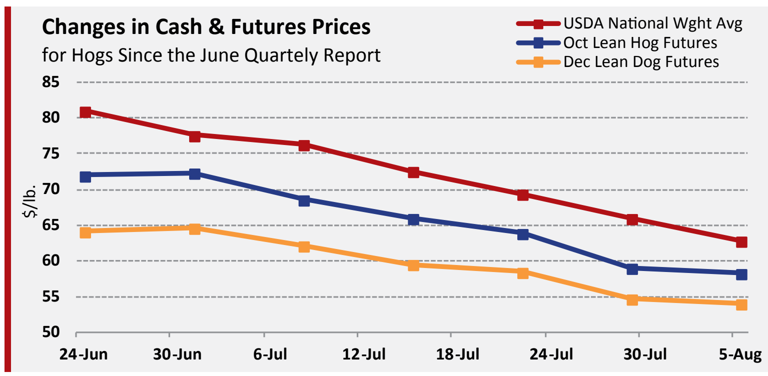
The Barry Burger follows a classic formula, a statistical affirmation that the basic hamburger is done well. However, some UB employees had unique tastes that merit a mention. A venison burger was written in as a meat option, and veggie, turkey, and bison burgers got representation as well. While not able to challenge the dominant Kaiser roll, people also supported sesame, pretzel, and brioche buns. An oversight left potato rolls off of the menu, and they still placed third on write-ins alone. Cheeses ran the gamut from Swiss to Mozzarella, and the sauce selection yielded a unique garlic lemon aioli (specially formulated for turkey burgers) and Thai chili sauce. While many burger menus offered peanut butter and jelly, nobody in the office was ready to take that plunge. Toppings were all over the board, with people adding guacamole, fried eggs, and four different kinds of peppers to their ideal burger. One burgersmith even wrote in to add porkroll to their unique creation, proving that even though you can't beat the classics, you certainly don't have to join them. UB

Article contributed by **Jake Muldowney** | mail@urnerbarry.com

BURGER COMPONENT	MEAT	BUN	CHEESE	SAUCE	TOPPINGS
TOP CHOICE(S)	Beef	Kaiser	American	Ketchup, Mayo	Tomato, Lettuce, Onion
HONORABLE MENTION	Beef w/Ground Bacon	Sesame	Cheddar	Mustard, BBQ	Bacon, Dill Pickle, Grilled Onion
INTERESTING OPTIONS	Deer (write in)	Brioche	Mozzarella (write in)	Thai Chili, Pesto Aioli	Habanero Peppers

Is hog production expanding too soon ahead of added processing capacity?



The number of hogs and pigs on U.S. farms as of June 1, 2016 was up 1.8% from a year ago and at an all-time high for that date.

The data suggest that hog production may be expanding too much and too soon ahead of the added hog processing capacity scheduled mainly for 2017 and 2018.

Slaughter rates in June and July averaged about 1.3% over a year ago, nearly on target with the expectations of the June 1 hog report. The data also projected market-ready supplies for the fourth quarter of this year to be up 2.2% to 2.5% from a year ago.

That type of increase could stress the current processing capacity. Last year, cash prices were under heavy pressure from late October through late winter. USDA's national weighted average quotes fell below $65 per cwt on a dressed basis in late October and did not move back above that level on a consistent basis until late April.

Some industry analysts hold concerns about how much lower prices may go this fall and winter with supplies predicted to be around 2.5% larger than the previous year. Current daily slaughter capacity is around 450,000 head, about the same as a year ago. The largest daily slaughter in the final quarter of 2015 was nearly 443,000 head. During the peak period, daily slaughters averaged about 440,000 head. Without added processing capacity, more hogs would have to be processed on Saturdays.

A small plant in Minnesota is expected to open this fall that may help absorb the expanded supplies but it is designed to only handle about 4,000 hogs a day when up and running at 100%. Other plants currently under construction or in the planning phase will not open until the second half of 2017 or into 2018.

Futures traders have taken the concerns at heart and have built discounts into the winter lean hog contracts. From June 24, the day the latest hogs and pigs report was released, to late July, the October hog contract tumbled nearly $10 per cwt, or about 14%, and December fell more than 10%. UB

Article contributed by **Curt Thacker**
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"Without added processing capacity, more hogs would have to be processed on Saturdays."

Coming up from the deeps ...

Beyond sushi: superfood seaweed finds sustainable success

When most people think of eating seaweed, their minds jump to sushi. The historic Japanese dish is usually the first experience we have eating strips of algae, barring any traumatic childhood fish tank incidents. Lately, however, the popularity of seaweed has exploded. Seaweeds such as kelp, wakame, and sea spaghetti tend towards low-calorie, high-micronutrient nutrition profiles. This puts it in-line with other "superfoods," with the added edge of being one of the most sustainable foods out there. Between its nutritional and environmental benefits, seaweed has touched on plenty of the big food trends in the past few years.

©Amarita

Seaweed seems lodged in the minds of many as a fundamentally Asian dish. However, almost every seaside culture has harvested water plants at some point in their development. Native Americans wrapped oysters in seaweed to cook them, and used seaweed as a seasoning similar to modern seaweed salt. Laverbread is a traditional Welsh food made from boiled and minced laver seaweed. Quality seaweed is all over, making locally sourced seaweed a possibility along shorelines everywhere.

Close to home, Oregon State University professor Chris Langdon recently created a farmable variety of dulse, a red seaweed found growing on rocks. Dulse's widespread appeal comes from its unique taste. Fried dulse tastes a lot like bacon, but the seaweed itself has no fat and is 14% protein. While many people's excitement starts and ends there, chefs maintain that dulse isn't just sea bacon. The farmable alga has a rich, "green" flavor, and works great in salad dressings and as a seasoning. Currently, getting your hands on fresh dulse can be tricky, but dried powder and whole leaves are both available in many stores.

Nori is known the world over as the sushi seaweed. The dark, somewhat shiny seaweed got its start in rice balls and sushi rolls more than 1,000 years ago, and kept the ball rolling from there. Developments in this millennium include a surge in popularity of roasted, seasoned nori snacks, a healthier alternative to potato chips. They can even be made at home from a sushi roll sheet.

Off the table, seaweed finds employment in many industries. Abalone farming benefits from seaweed, which feeds the fish while growing more efficiently in their waste-water. Cosmetics also gain a boost from the algae, from lotions to seaweed body wraps. There's also a global initiative to turn algae into biofuel. Seaweed has even been added into wastewater systems to help reduce nitrogen, phosphorous, and heavy metals, though results in the latter have varied. As such an available resource with a great nutrition profile, it's simplicity itself to see why seaweed's star has steadily ascended. Stay tuned as seaweed continues to take the world by storm. UB

Article contributed by **Jake Muldowney**
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"Quality seaweed is all over, making locally sourced seaweed a possibility along shorelines everywhere..."

Distillers grains: not just feed anymore

With the rise in corn prices, many producers have begun feeding their cattle with distillers grains. The brewing and ethanol byproduct can safely be substituted for a good chunk of a ruminant's diet. Successful results have been achieved by substituting 50% of the dry mass of cattle feed with wet distillers grains. What you might not know, however, is that these same distillers grains might one day become a part of the human diet. Dried Distillers Grains with Solubles, or DDGS, are distillers grains that have been dried from up to 70% moisture down to around 11%. They're composed of 30% protein and 10% fat, and are high in fiber. Their wet counterparts, which are often fed to livestock, keep for only a few days. DDGS, however, have an effectively infinite shelf life. Their nutritional value combined with this imperishability points to possible uses as an additive to an existing part of the diet, like flour.

While DDGS have yet to be approved for human consumption, early studies show promise. In animal tests, feeding mice with severe atherosclerosis a portion of DDGS slightly reduced lesion size in comparison with mice on DDGS-free diets, as well as maintaining a growth rate in line with control mice. DDGS also has more vitamin E content than corn, and in one study reduced liver cholesterol. DDGS also contains the xanthophyll lutein, which is an antioxidant that makes egg yolks yellow. However, studies currently show that the lutein may not be bioavailable, so even though it's there, your body might not be able to use it.

DDGS is not currently available for consumer purchase, and in order to ever see use would have to be rendered flavorless, scentless, and have a texture similar to flour. However, experimental cookie recipes have seen success with substituting a small percentage of flour with DDGS, and larger amounts of DDGS can be added into flour used in unleavened breads. If widespread adoption occurs, DDGS could also see use as a dietary supplement in places where there is a general protein insufficiency.

"Labs have taken DDGS as far as they can in the field of culinary science…"

Labs have taken DDGS flour as far as they can in the field of culinary science. From here on out, the future is in the hands of those who produce distillers grains. Right now, the costs associated with processing distillers grains into a human-consumable product are prohibitively high, cementing DDGS's current niche as a feed. However, future innovations and market saturation both have the potential to put DDGS on the plates of people the world over.

Article contributed by Jake Muldowney
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How much food could a food truck truck if a food truck could truck food?...

©Eddie Hernandez Photography

San Francisco, CA, USA - August 16, 2014: Tens of thousands of people attend the annual La Cocina Street Food Festival.

Food trucks shifting into high gear

Deciding amongst a mac and cheese grilled cheese sandwich, "fat sandwich," sushi, or gourmet cupcake? No matter what you are craving, the food trucks have it! In the last five years, food truck revenues have increased 12.4% to become a $1.2 billion industry.[1] These mobile kitchens on four wheels are popping up every day, offering new and unique menus. So what are the newest food truck trends and why might you want to jump on board?

After serving Indian soul food from his teal and orange truck, Rupam Baghat opened his first brick and mortar location, Dum Indian Soul Food. Formerly a sous chef for Ritz Carlton, Baghat started his food truck in 2014 and turned his success into a 49-seat family restaurant in the Bay area. Baghat is not the only entrepreneur to surrender his four wheels for concrete. Ocoee Taco Co. in Ocoee, Florida and Philly's Best in Orlando, Florida both opened brick and mortar locations and expansion plans for more trucks and restaurants are in the works. The transition to brick and mortar from food truck is also working in reverse form. Approximately 19% of fast casual restaurants are somewhat likely to launch a food truck in the next year or two according to the National Restaurant Association.[2] In April of this year, Johnny Rockets introduced its first international food truck in La Serena, Chile. Johnny Rocket's president plans to target high foot traffic areas such as festivals, sporting events and special events. He stated, "This is absolutely about providing greater access to the brand."

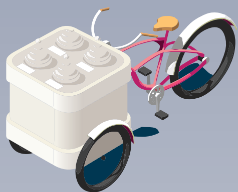
"Approximately 19% of fast casual restaurants are somewhat likely to launch a food truck in the next year or two..."

Food Truck Festivals across the United States have popped up and are becoming quite the popular social event to attend. According to a spokesperson for Food Truck Festivals of America, approximately 5,000 people attend each festival. The demographic in attendance is a mix of families as well as millennials at the events with activities ranging from kiddie zones to live music and beer gardens.[3] The World's Largest Food Truck Rally in Saint Petersburg, Florida will be hosting over 100 food trucks this year and expects more than 30,000 hungry attendees. 2016 expects to see craft and artisan spirits at festivals, with the top food truck trend for the year being locally sourced meat and seafood. With 10,000-15,000 food trucks in the United States and an expectation for annual revenue of $2.7 billion in 2016, the food truck craze isn't going anywhere anytime soon. UB

Article contributed by **Meghan Miick**
mmiick@urnerbarry.com

[1]http://mobile-cuisine.com/trends/2015-food-truck-industry-statistics-show-worth-of-1-2b/
[2]http://www.restaurant.org/Manage-My-Restaurant/Operations/Alternative-venues/Food-trucks-the-wheel-deal
[3]http://www.resortsandlodges.com/articles/a/food-truck-festivals-of-america

FOOD TRUCK TIMELINE



1691 — NYC vendors begin selling food from push carts

1866 — Chuck wagons invented to feed cattlemen and wagon trains passing through the Old West

1894 — “Dog Wagons” sell their sausage items outside major universities such as Yale and Princeton

1917 — US Army launches use of Field Kitchens to feed troops

1936 — The Oscar Mayer Weiner Mobile debuts

1974 — First Taco Truck, renovated by Raul Martinez from an ice cream truck, sells outside a bar in Los Angeles

1980s — Grease trucks start selling Fat Sandwiches to college students at Rutgers University

2006 — Food Trucks are listed as a search entry on Wikipedia

2010

JANUARY
The Southern California Mobile Food Vendors Association (SoCalMFVA) is created to protect food truck owners’ rights

AUGUST
Television debut of
The Great Food Truck Race

SEPTEMBER
Mobile-cuisine.com created for national coverage on industry

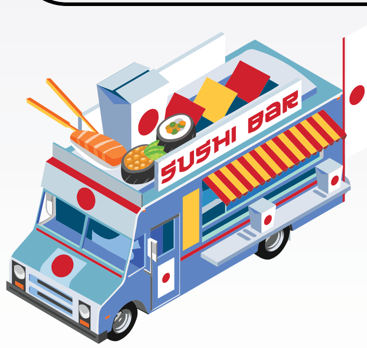
NOVEMBER
Ranking with letter grades begins for Food Trucks in LA

2011 — President Obama declares his favorite food truck in D.C. as Empanadas via "tweet"

2012 — Food Trucks serve NFL Superbowl Fans in Indianapolis

2014 — National Food Truck Association formed

2015 — Food Truck industry annual revenue reaches over $1.2 Billion



U.S. shrimp imports down just marginally in first half of 2016

Shrimp imports to the U.S. market in June fell 4 percent for the month, which pushed shipments for the first half of 2016 down 1.5 percent from year ago levels.

Imports in June were 101.7 million pounds, which brought shipments for the year to 581.7 million pounds. The figure is about 9 million pounds short of volumes recorded through the first half of last year. (chart 1)

It should be noted that imports last June were well above the 5-year average because of large monthly shipments from India, Indonesia and Thailand. This year, June shipments are just slightly under this figure.

Imports from India and Ecuador were down 14.5 and 18.7 percent, respectively, in June compared to a year ago (chart 2). The June decline pushed Indian imports down 3 percent for the year to about 119 million pounds.

Meanwhile, imports from Ecuador were down a sharp 17.5 percent through June at just under 82 million pounds (chart 3). This decline in Ecuador's sales to the U.S. market is not surprising since Asia has commanded a steadily higher market share of imported shrimp from Ecuador since 2012.

In Indonesia, imports were up significantly in June; likely ahead of Ramadan. Indonesian shipments for the year were down marginally, less than one percent, at nearly 129 million pounds compared to 2015 levels.

Thai shrimp production continues to rebound after years of decline. In June, shrimp imports from the U.S.'s former top supplier were up over 7.5 percent for the month. Thai shrimp imports through the first six months of 2016 are up a similar 7.2 percent at around 73 million pounds.

Monthly imports out of Vietnam were down for the first time in a while but were still up about 10 percent for the year.

Mexican imports were seasonally quiet in June but up a notable 30.5 percent for the year.

Imports of HLSO were up 2.8 percent for June, most significantly from Indonesia where the product is likely easy peel; their imports were 46.7 percent higher.

Imports of HLSO from India were down 29.9 percent.

HLSO imports of 26-30 and 31-40 count were down in June while other counts were higher.

Peeled imports were down 9.8 percent for June with most major producing countries lower with the exception of Thailand.

Cooked imports were 15.7 percent higher in June.

The key takeaway from U.S. shrimp import levels through the first half of 2016 is that declines from the market's top three suppliers were mostly offset from gains out of Thailand, Vietnam and Mexico. This is particularly notable since 2016 imports are just shy of 2015 levels, which ended the year barely behind 2006 as the highest of all time.

Article contributed **Paul Brown** and **Michael Ramsingh**
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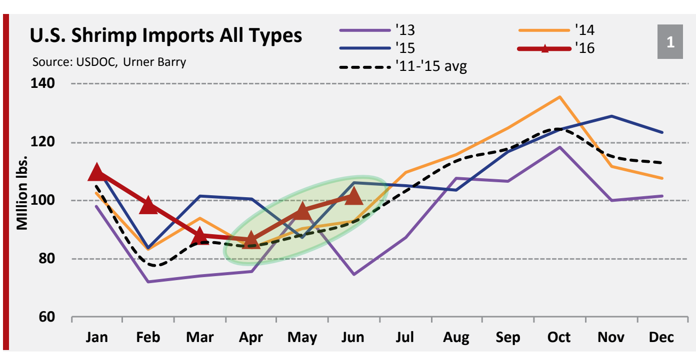

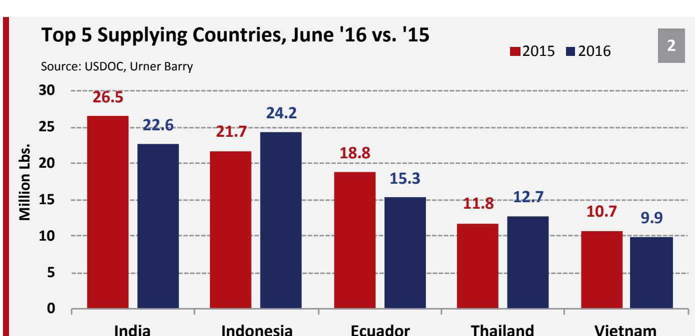

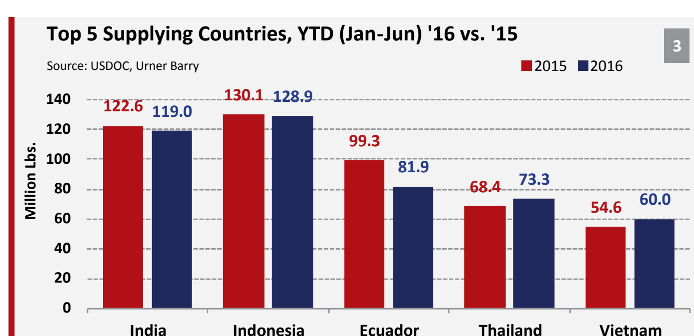

The expanding market for 'slow(er) growing' chickens

While genetic selection and improved nutrition are the main reasons poultry producers are able to grow a much larger bird than they were 50 years ago, today's conventional process still raises a few concerns among animal activists and consumers alike. Whether warranted or not, some buyers who are unpleased with the conventionally raised animal's quality of life and/or its meat, are seeking alternative means, i.e. slow(er) growing chickens.

Theo Weening, the global meat buyer for Whole Foods Market, told NPR's Dan Charles earlier this year that his stores already stock small quantities of such chicken. Weening believes that the slow-growing bird "is a much better, healthier chicken, and it's more flavorful as well." While it may take several years to complete the transition, Whole Foods announced that it wants all of its suppliers to eventually shift over to slower-growing breeds of chicken.

SO, WHAT EXACTLY IS A SLOW-GROWING CHICKEN?

It's still considered a niche market here in the United States and abroad, but slow-growth programs are very much a familiar practice in France, the UK and the Netherlands. Claude Toudic, EMEA Technical Manager for Hubbard France, spoke about the development of the slow-growing chicken market at this year's Chicken Marketing Summit in Hilton Head, SC.

The most obvious differences that set slow-growing birds apart from those that are raised conventionally have to do with the production cycle, specifically, the age of the bird at slaughter and its weight-gain per day. During his presentation, Toudic shared a few success stories, one being the Label Rouge production method in France (see table).

Toudic elaborated on a few of the key attributes of slow-growing chickens, such as carcass and meat quality, antibiotic use, animal welfare, sustainability, and consumer perception.

LABEL ROUGE* PRODUCTION METHOD OF BROILERS

Slaughter Age	**Minimum of 81 days**
Weight Gain	**Less than 27 g/day, 1 oz/day**
Density in Building	**1 sq. foot / bird**
Free Range Density	**20 sq. feet / bird (after 6 wks)**
Feed	**75% Cereal, 100% Vegetarian**

*Label Rouge is a prestigious quality mark granted by the French Ministry of Agriculture to products (not limited to poultry) based on how they're produced. Label Rouge products are believed to demonstrate superior quality and taste.

In a 2004 field survey done by the Royal Society for the Prevention of Cruelty to Animals (RSPCA), it was found that slow-growing chicken programs had fewer mortalities and DOA's than that of conventional broiler production. Also, said birds showed lower levels of hock burn or footpad burn and a greater percentage of Grade "A" birds per flock.

Toudic referenced another study which found that the quality of meat or nutritional features coming from slow-growing chickens was also more favorable, especially in breast fillets. Specifically, when using the Label Rouge production method, female chickens are found to have a lower fiber section which prevents myopathy lesions (white striping or wooden breast), which is an issue the U.S. chicken industry is dealing with right now. Label Rouge birds are also believed to yield a higher percentage of protein and fat in their meat. And, if bird age promotes tenderness, juiciness, and flavor, then it is tough to argue with the idea that slow-growing chickens score higher in each of these categories as well.

As far as antibiotic use is concerned, in 2015, slow-growth programs in the Netherlands were administered antibiotics 6 times less than that of the conventional breeds. And, according to the Research Institute for Animal Husbandry, slow-growing chickens are 5 times less likely to encounter heart and vascular diseases and they're 3 times less likely to have trouble walking.

IT SOUNDS GOOD, BUT IS A SLOW-GROWING CHICKEN MARKET SUSTAINABLE?

From an environmental standpoint, slow-growing breeds score very high. They use less feed per Day Old Chicks (DOC), yield less manure and give off a lower AB release into the environment. As a society, because we are more in tune today than ever before with social media networks, it's easy to see how consumers can be influenced by animal welfare groups who are pushing for these types of standards. And for a growing number of consumers, this may very well be what motivates them during their purchasing process. But at the end of the day, it still comes down to cost and slow-growing chickens are certainly more costly.

"Consumers often act differently than the citizen," Toudic continued, "while citizens are showing that they're more concerned today with how their animals are being raised, consumers still want the best price and convenience." So, at the end of the day, while there's certainly demand for slow-growing chickens both domestically and abroad, the growth of this niche market will likely be slow rather than fast. UB

Article contributed by Terence Wells | twells@urnerbarry.com

Minh Phu gets zero duty margin


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Vietnam's top shrimp exporter Minh Phu Group was given a zero percent anti-dumping duty margin following a decision by the World Trade Organization (WTO) and deal between Vietnam and the U.S.

Minh Phu's zero rate was determined following the agreement that ended a dispute between the U.S. and Vietnam over the U.S. Department of Commerce's controversial "zeroing" methodology it used to calculate dumping rates for Vietnamese shrimp exporters.

"We welcome the resolution of this longstanding issue," said Assistant U.S. Trade Representative Barbara Weisel. "This agreement demonstrates the commitment of the United States and Vietnam to address outstanding issues as we work to take our relationship to the next level."

The dispute started in 2010 when Vietnam raised concerns with the Commerce Department's final dumping determinations.

Specifically, Vietnam challenged Commerce's "continued use" policy of certain practices, as well as their application in the second and third administrative reviews. The practices challenged included:

The USDOC's use of zeroing in the calculation of dumping margins; the USDOC's limitation of the number of exporters or producers selected for individual investigation or review; and the application of a "Vietnam-wide entity" rate determined on the basis of adverse facts available to certain Vietnamese

in shrimp dumping settlement

exporters or producers that could not establish that they act independently from the Vietnamese Government in their commercial and sales operations.

The dispute was raised in consecutive duty review periods between 2010 and 2014. By November 2014, a WTO Panel concluded in favor of Vietnam that Commerce's duty rate calculations were inconsistent with the 1994 Tariff Act and the Anti-Dumping Agreement.

The WTO instructed the U.S. to bring its duty rate methodology into compliance, which has now resulted in July's deal between the U.S. and Vietnam and Minh Phu's zero dumping order.

"I am pleased that we have resolved this challenging matter in a way that is agreeable to the parties and that preserves our ability to effectively remedy unfair trade, providing U.S. businesses and workers the opportunity to compete on a level playing field," said Assistant Secretary of Commerce for Enforcement and Compliance Paul Piquado.

This is the third straight review period that Minh Phu had its duty rate readjusted to zero percent. Now that the U.S. and Vietnamese dispute is completely settled, Minh Phu will no longer be subject to antidumping orders based on the zeroing practice.

The duty agreement does not apply to the rest of Vietnam's shrimp exporters.

Adapted from an article by **Michael Ramsingh** that was originally published on Seafoodnews.com on July 19, 2016.
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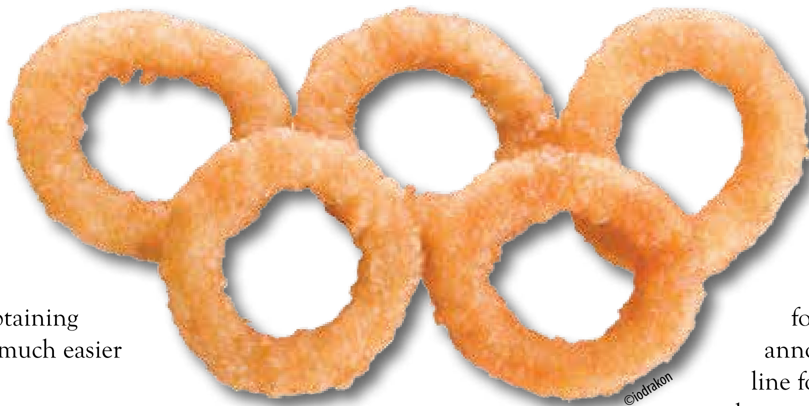
"Now that the U.S. and Vietnamese dispute is completely settled, Minh Phu will no longer be subject to antidumping orders..."

Olympic sized food lines plagued the summer games



USA's Michael Phelps was not the only one to break records at the 2016 Olympics in Rio, the food vendors did as well. The 2016 games marked the first time vendors ran out of food for spectators an hour before the opening ceremony even started. In fact, it was as if obtaining a ticket to the Olympics was much easier than obtaining a hot dog!

The spectator's frustration began at the initial start of attempting to order food. To begin with, there was not a traditional exchange of money for food. One must first pay a "caixa" (cashier) with reais, the local currency, or credit card. Not just any credit card either, since Visa was a major sponsor of the 2016 Olympics, it was just about the only card accepted anywhere. Once paid, you were given food stamps to take to *another* line where you traded in these stamps for food. Not only were fans annoyed that they had waited on line for 50+ minutes, but when they actually reached the food counter the vendors were out of food! Worst of all, no refunds were issued, and by that point, they had missed valuable Olympic game time and were still hungry. Not to mention, standing out in the heat and humidity is already enough to frustrate just about anyone.

"The 2016 games marked the first time vendors ran out of food for spectators an hour before the opening ceremony..."

Owing to the tumultuous start, Mario Andrada, Olympics committee spokesman, stated that the venues would begin to allow "people to leave...for food and water because this eases the pressure" to supply food and drink inside the games. This is something that is usually prohibited, as the idea is that once you leave you can't come back in. However, spectators were able to leave and re-enter the games with their ticket.

Andrada had also stated that 100 workers had been called in to help this situation and the point-of-sale ticket system has been fixed. The fan's frustrations also motivated the Olympics committee to improve the situation by allowing food trucks to sell outside the gates. They also worked to provide a more efficient water supply and offer free water to the public standing in lines. With these new initiatives in place, spectators were still waiting in long lines, but at least most of them would now be rewarded with food or drink at the finish line. UB

Article contributed by **Meghan Miick**
mmiick@urnerbarry.com


YOU TALK
Raised without Antibiotics.
WE LISTEN.
TOGETHER, WE MAKE CHICKEN AMAZING.
You can now choose your favorite Wayne Farms® fresh chicken raised without antibiotics! With no artificial ingredients, no added preservatives and only minimal processing, our All-Natural* chickens are fed a strict vegetarian diet to meet today's consumer demands for alternative choices from farm to table. For more information on chicken raised without antibiotics, call 800-392-0844 or visit WayneFarms.com.
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University students bio-fuel a green future

Students at Loyola University Chicago are redefining college waste.

"Biodiesel is a renewable, clean-burning diesel replacement that is reducing U.S. dependence on foreign petroleum, creating jobs and improving the environment," according to biodiesel.org. One exceptional group of college students from the Jesuit university in Illinois are creating this environmentally-friendly alternative to petroleum right on campus.

Students working at Loyola's Searle Biodiesel lab take excess vegetable oil from their dining halls, and turn it into biofuel for the university's busses. Over the past year, Loyola has produced over 8,500 gallons of fuel, with plans of expanding to 10,000 gallons per year. While that's a drop in the bucket next to national fuel use, this initiative is stressed as being an academic one, with more significant numbers being possible following industrialization. The concept and results are extremely

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impressive for college students, and their work doesn't stop there. The waste created during the process is not discarded, but instead used around campus and beyond.

Solid waste from the process is turned into anaerobic digesters at water treatment facilities, which can create electricity, be used for farming, and even be made into top soil. The Glycerin produced is made into the hand soap used at Loyola, which is recognized by the EPA's acclaimed "Safe Choice" program. Alcohol made in the process is made into windshield wiper fluid, which is sold and used by the school's shuttle buses. Finally, the waste water grows algae, which is made into fish food for Loyola's Urban Agriculture program. The lab strives to operate under a "zero waste" system, with a goal that everything created in the lab will be turned into something useful.

So, should more institutions follow in Loyola's path to less waste, and more environmentally-friendly innovation? A grassroots biodiesel movement already exists, where individuals and labs are looking for waste vegetable oil to turn into fuel. The best source they've found? Local restaurants. Restaurants can help by selling or donating vegetable oil to these fuel producers, saving the environment and getting rid of their own waste.

Loyola students are reducing their own carbon footprint, hoping to set a promising example of environmental sustainability around the nation.

Article contributed by **Emilie Zuhowski**
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It's never been easier to cook like a pro ...

Food for thought. Dinner in a box

What should I make for dinner tonight? Home delivery meal kits have become so readily available that the dinner question no longer needs to be asked. Convenient for working professionals, stay-at-home moms, or just about anyone, many delivery meal kits are contained in one box of ingredients that can be delivered right to your door—fresh and perfectly portioned. No guess work needed; dinner has never been easier to make!

According to a recent article published by *The Motley Fool*, "Demand for meal kits has risen over the past few years. The market is dominated by start-ups like Blue Apron, Plated, Chef'd, Home Chef, Munchery, and HelloFresh. Market leader Blue Apron reportedly ships 8 million $10 meal kits monthly, which translates to nearly $1 billion in annual sales."

Additionally, Tyson Foods recently announced that it will launch Tyson Taste Makers, a line of "chef-inspired meal kits," for home delivery with Amazon's AmazonFresh service in the Fall of 2016.

The websites for these meal kit companies feature delicious-looking creations and offer many selections that include weekly recipe choices, different serving amounts and number of meals per week. Meal kits usually include uncooked ingredients with step-by-step cooking instructions, and are considered a fresher and healthier alternative to frozen meals. In addition, some have specialized offerings for vegetarians, vegans, organic eaters, allergy considerations, etc. These combinations can help families, couples, or singles create quick and healthy dinners.

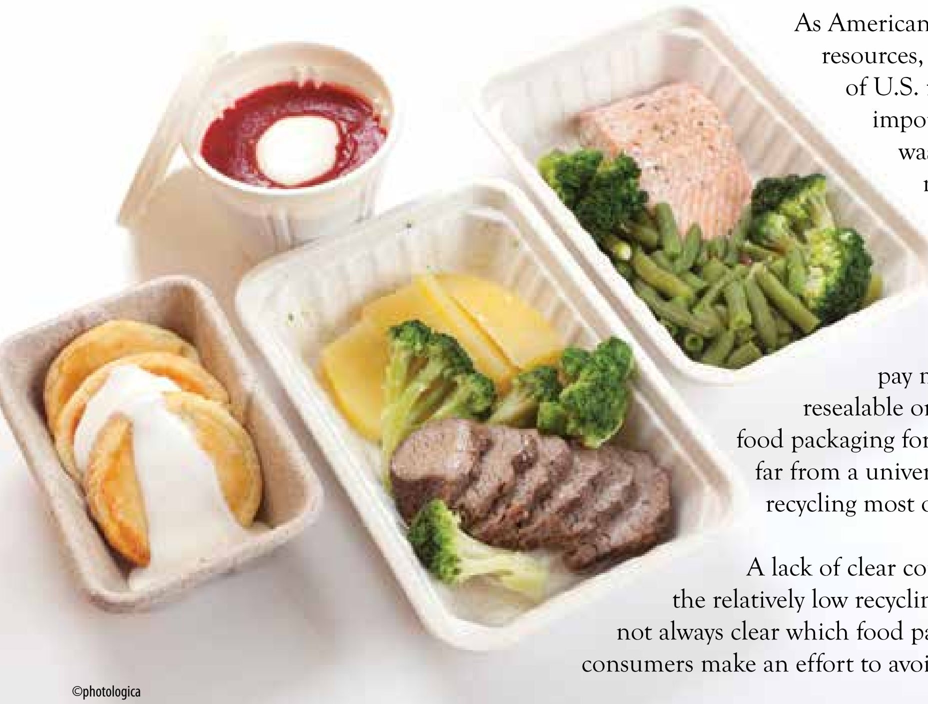
Knowing exactly what's in the meal is another highlight of these delivery services. The ingredients are precisely portioned including the entrée, sides and pre-measured packs of seasonings and sauces. According to BlueApron.com, "The quality and freshness of our ingredients are incredibly important to us, so we work directly with artisanal purveyors and hundreds of family-run farms that support sustainable practices."

Delivery is usually once for the week and the contents show up in refrigerated and insulated boxes to ensure the food inside stays fresh until it is opened (up to one day). Consumers can now cook and enjoy an easy, tasty meal with no preparation. The convenience of meal delivery kits has completely overtaken one's ability to cook a meal from scratch. UB

Article contributed by **Sandra Bailey** | sbailey@urnerbarry.com

"Demand for meal kits has risen over the past few years ..."

Half of Americans prefer to buy foods with minimal/no packaging in order to reduce waste



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As Americans take notice of increasingly strained global food resources, new research from Mintel reveals that 80 percent of U.S. food shoppers agree that reducing food waste is as important as reducing packaging waste. In an effort to limit waste, 52 percent of consumers prefer to buy foods with minimal/no packaging.

As they look to extend the life of the food products they buy, 81 percent of consumers say that they would choose resealable packaging over non-resealable packaging, and 54 percent would pay more for packaging with added features such as being resealable or portion controlled, with 30 percent often reusing food packaging for other purposes. However, recycling food packaging is far from a universal behavior, as just 42 percent of consumers report recycling most of the food packaging they use.

A lack of clear communication on labels may be a contributor to the relatively low recycling rate, as 25 percent of consumers agree that it's not always clear which food packaging is recyclable. Further, only 13 percent of consumers make an effort to avoid foods in packaging that cannot be recycled.

"Our research shows that reducing food waste is top of mind for consumers. This presents opportunities for food brands and retailers to address these concerns through innovative packaging and product messaging," said John Owen, Senior Food and Drink Analyst at Mintel. "The prevention of food waste can be positioned not only as a good way for consumers to save money, but also as a way to work toward reversing the growing food waste trend through conscious consumption."

With snacking on the rise among on-the-go Americans, single-serve food packaging is growing in popularity. In fact, 36 percent of consumers are interested in packaging that allows food to be eaten on the go, while 23 percent often buy individually portioned packs.

When it comes to the more perishable food items purchased, smaller packages appear to be the way to go as they can lead to less food waste. Indeed, Mintel research reveals that 53 percent of consumers agree fresh produce spoils before they can eat/use it and 41 percent would pay more for vegetables that come in single-serve packages. What's more, 56 percent of consumers would be motivated to select one food product over another if its packaging better prevented food from going bad.

Consumers are also interested in taking a more "eyes-on" approach when food shopping: 38 percent agree that they would be motivated to choose one food product over another if the packaging allowed them to view the contents. As revealed by Mintel's Global New Products Database (GNPD), food packaging with a cut-out window accounted for 12 percent of all new U.S. carton-based product launches in the first five months of 2016, up from 8 percent in 2013.

"Package innovation is playing a key role as food retailers respond to an ongoing shift away from the traditional three sit-down meals a day in favor of snacking and on-the-go eating. In an effort to capitalize on ever-evolving eating occasions, brands should look to package products in single-serve portions for greater portability. To further build trust and increase purchase confidence, brands

"36% of Americans are interested in packaging that allows food to be eaten on the go..."

and manufacturers could incorporate transparent packaging, enabling consumers to evaluate the contents with their own eyes before committing to a purchase," continued Owen.

As highlighted in Mintel's 2016 Global Packaging Trend Phenomenal Flexibles, flexible packaging is no longer considered a compromise for brands as demand for single-serve packaging grows and consumers associate flexible pouches with being modern. In fact, 34 percent of consumers view flexible pouches as "modern," compared to two in five (40 percent) consumers who perceive glass packaging as "old-fashioned."

However, despite its antiquated image, consumers are more likely to agree that glass is reusable (49 percent) and effective at retaining freshness (38 percent). And while flexible pouches are seen as more innovative and portable (44 percent), consumers are much less likely to view the packaging as being reusable (11 percent) or retaining freshness (21 percent) when compared to glass.

"While the need for portability is forcing some brands to forgo glass for more convenient packaging options, glass hits on the trend of package reusability, and is considered visually appealing to many consumers. As such, brands that use glass packaging should market their products with a second life for its package in mind. Packaging continues to grow more important in the food marketing mix and brands should look to packaging to not only convey benefits and product information but also to shape a consumer's experience with the product and to capture new use occasions," concluded Owen. UB

Adapted from an article that originally appeared on Foodmarket.com on August 4, 2016

FOODMARKET.COM News from the Center of the Plate

A brief summary of how the candidates might affect your industry …

"THE" 2016 election: trade, healthcare, economy

It's needless to say that the 2016 election has had its fair share of questions about the candidates. As far as restaurants, foodservice and things related to our sector, here are a few issues to watch for the four main candidates for President right now:

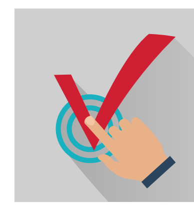
MINIMUM WAGE

Hillary Clinton – Has publicly supported the $15/hour movement in larger, more expensive cities. Believes federal minimum wage should be above $7.25/hour.

Donald Trump – Has stated that the minimum wage should be higher, but stresses the need for economic competitiveness.

Gary Johnson – Ideologically against the concept of a minimum wage and all wage standards.

Jill Stein – Supports a universal $15/hour minimum wage at the federal level for all jobs in all states.



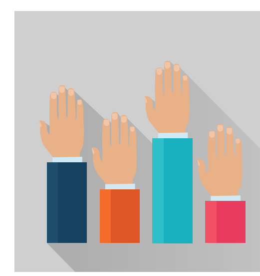
HEALTHCARE

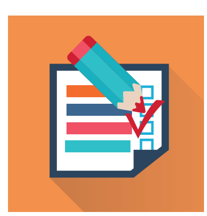
Hillary Clinton – Has previously defended government single-payer healthcare. Wants to maintain and modify Obamacare.

Donald Trump – Has stated he wishes to repeal and replace Obamacare with public solutions for the needy and private market solutions for others.

Gary Johnson – Generally and ideologically against government involving itself in healthcare.

Jill Stein – Supports single-payer, government-funded healthcare as a right for all Americans from birth.





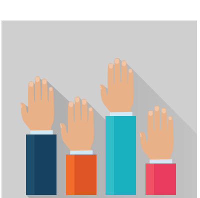
TRANS-PACIFIC PARTNERSHIP

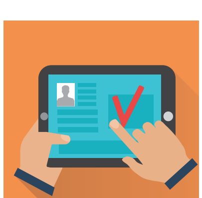
Hillary Clinton – Supporter of global trade unions but has come out against TPP. Had stated she likes the idea in concept, but cannot support current deal.

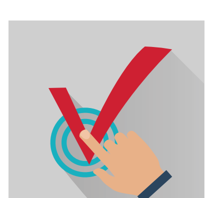
Donald Trump – Has publicly referred to TPP as a disaster and decried other trade blocs as well.

Gary Johnson – Would abandon TPP in favor of a totally free-market solution.

Jill Stein – Does not support TPP.







On the surface, it may appear that these candidates have common ground—and that's true. But, in context, two candidates might take the same stance for very different reasons. Both Donald Trump and Jill Stein, for example, do not support Obamacare, but their proposed alternatives are polar opposites. And while it seems that all candidates are against TPP, their reasoning and proposed alternatives are anything but similar.

These issues and more have been at the forefront in 2016. Be sure to learn more about the candidates as the election is just a few weeks away!

Article contributed by **Adam Sharkey**
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Long and winding ...

The road to organic certification

Becoming a certified organic producer is no easy task. In fact it's more of a process than it is a task, complete with rigorous standards, protocol and certifying agents. Once the process is complete, those producers of food and other agricultural products who make the grade can then proudly declare themselves "organic" and display the USDA organic seal.

WHO CAN BE CERTIFIED?

In general, any business directly involved in food production can be certified; livestock producers, food processors, seed suppliers, farmers, wholesalers, or any existing brand owner seeking to develop organic products. The Organic Foods Production Act of 1990 required that the Unites States Secretary of Agriculture create a National List of Allowed and Prohibited Substances. The National List identifies synthetic substances, materials and ingredients that are allowed to be used in organic farming and production operations. It also highlights non-synthetic substances, materials and ingredients that cannot be used.

WHAT'S IN A WORD?

Organic certification basically guarantees that wherever you are in the world, your farm or food handling facility complies with USDA organic regulations. These regulations describe the "specific standards required for you to use the word 'organic' or the USDA organic seal on food, feed, or fiber products." The administering and policing of the regulations is conducted by The USDA National Organic Program "with substantial input from its citizen advisory board and the public," as is stated in the program guidelines.

"It takes planning years in advance to ensure that the meat is there to cook once the time comes."

There are four categories of products recognized by the USDA which can be certified as organic. They include crops, livestock, processed products and wild crops. Crops and wild crops are plants that are grown as food, feed, fiber or as a nutritional additive. The only difference between the two is that wild crops come from land which is not cultivated. Livestock may include any animal that will be used as food or in the production of food, fiber or feed, while processed products have been handled and processed or combined and then processed such as soup.

IT ISN'T FOR EVERYONE

USDA organic certification can seem like an unending process that can take years of careful planning and execution. According to Ron Ramstad, CEO of Philadelphia, PA- based Emil's Gourmet, a leading producer of organic deli meat, it's a long-term commitment that can be very time consuming and frustrating; and that's if everything goes smoothly!

To begin, your entire operational procedure has to be looked at from the ground up. It's not just a matter of cooking a product utilizing organic meat. For instance the standards of the National Organic Program state that the crops which the livestock or poultry consume must be grown on land that "must not have had prohibited substances applied to it for the past three years." It takes years of advance planning to ensure that the meat is there to cook once the time comes. There are also many issues related to the relatively finite supply of organic feed available. Should one find success, expansion is a painfully slow process pivoting on the limited supply of meat and ability to increase that supply with any rapidity. For instance, Mr. Ramstad mentions that while growth is a good thing, it presents its own set of challenges which are not easily usurped. Meat suppliers who are approved for company A's organic program, are not necessarily or automatically qualified to supply organic meat to company B. Instead, they must get qualified for that particular company's Organic System Plan—a time consuming process that allows for no spontaneity in securing additional raw materials.

One might think that the large, well-established companies might get an upper hand out of the gate in producing organic finished goods. However, the problem there is that they are set up for commodity meat or even Antibiotic Free (ABF) and often the "critical mass," as Mr. Ramstad termed it, simply isn't available. An established company would essentially have to duplicate, perhaps on a smaller scale, the plant and personnel already in use for running standard commodity product. Either that, or be forced to shut down the plant for a top to bottom cleaning and sterilizing before opening again to run organic product, downtime they can't afford. Everything from the packaging equipment to the injector needles have to be cleaned in order to run commodity meat and organic on the same equipment, resulting in significant costs and unavailable plant down time or prohibitive operational challenges.

But that's just the details. Larger issues exist specific to producing organic meat, ranging from slicing concerns (there are no binders) to sizing as it relates to cooking and packaging equipment already in use for standard commodity production.

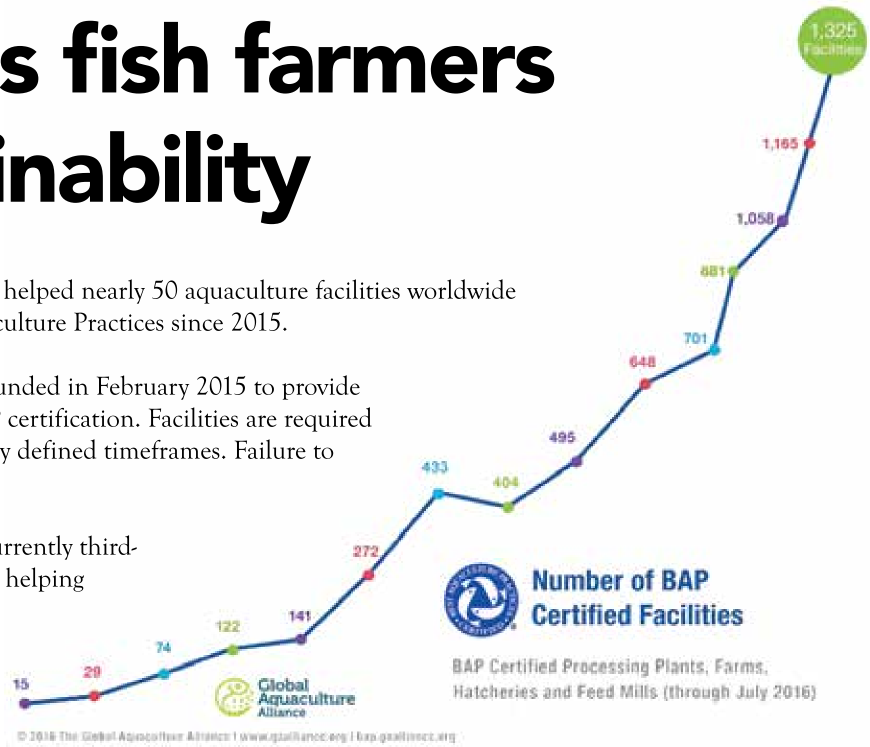
STILL INTERESTED?

Any company seeking to become organic certified must apply to a USDA-accredited certifying agent. These individuals are used to ensure that USDA organic products meet all standards. An agent isn't necessarily a government employee and can be a private, third party consultant. They are charged with the responsibility of guaranteeing that the product produced adheres to established standards no matter where in the world your organic operation might be. Once the process is complete and the certificate is issued, you are cleared to be a USDA certified organic supplier! UB

Article contributed by **Russell W. Whitman** | rwhitman@urnerbarry.com


ORGANIC CERTIFICATION PRIMER
WHO?
• Livestock producers
• Food processors
• Seed suppliers
• Farmers
• Wholesalers
• Brand owner seeking to develop organic products.
USDA ORGANIC
DISTRIBUTOR
09
WHAT?
• Crops
• Livestock
• Processed products
USDA ORGANIC
HOW?
• Submit operational procedure
• Guarantee that land is free of prohibited substances
• Establish duplication to accomodate sanitizing protocols
• Ensure sufficient supply to meet demand
USDA ORGANIC
CLOSED FOR CLEANING
=
Once the process is complete and the certificate is issued, you are cleared to be a USDA certified organic supplier!
USDA ORGANIC
CERTIFYING AGENT ISSUES CERTIFICATE

Global Aquaculture Alliance's iBAP program helps fish farmers achieve sustainability



The Global Aquaculture Alliance's iBAP program has helped nearly 50 aquaculture facilities worldwide achieve full certification against the GAA's Best Aquaculture Practices since 2015.

The iBAP program (the "i" meaning incentive) was founded in February 2015 to provide farmed fish producers worldwide a path to attain BAP certification. Facilities are required to agree to a step-by-step improvement plan with clearly defined timeframes. Failure to comply will result in dismissal from the program.

"Less than 10% of global aquaculture production is currently third-party certified, and there was a need bridge the gap by helping facilities that are not quite ready to apply for full BAP certification," said Steven Hedlund, Communications Manager for the GAA.

More than 60 aquaculture facilities have graduated from the iBAP program. Of those, nearly 50 have earned full certification with some still in the process.

Currently, 56 shrimp, salmon, tilapia, crawfish and aquaculture feed processing plants, farms, hatcheries and feedmills from Brazil, Chile, China, Ecuador, India, Mexico, Nicaragua, Panama, Thailand, the United States and Vietnam are enrolled in the iBAP program.

Major participants in the iBAP program include The Fishin' Company's farmed tilapia operations in Hainan; Minh Phu's shrimp farming operations in Vietnam sponsored by National Fish and Seafood; and Marine Gold's shrimp operations in Thailand, which supply Beaver Street.

"It's an opportunity for facilities to be recognized by the marketplace as they improve their practices, opening doors for retail, restaurant and hospitality chains to source more responsibly farmed seafood," said Hedlund. "GAA believes strongly in the theory of continual improvement, meeting people where they're at and trying to help them get to the next level."

A full iBAP status update will be featured during the GAA's GOAL Conference in Guangzhou, China September 19-22, 2016. UB

Adapted from an article by **Michael Ramsingh** that was originally published on Seafoodnews.com on August 24, 2016. mramsingh@urnerbarry.com

SEAFOOD NEWS.COM

"More than 60 aquaculture facilities have graduated from the iBAP program."

UB's beef cutout: Choice and Select spread hits record high in latest quarter

Something happened in the Urner Barry Cutout Choice and Select Spread during the second quarter that doesn't happen very often. The difference in cutout values from the UB Choice to the UB Select was over $20.00/cwt, even recording a record high spread of $23.83/cwt on June 13th (chart 1). The last time it widened over that key level was late 2012. The move is so rare that it falls outside of two standard deviations, or data values that encompass about 95 percent of the numbers. More recently, the spread has narrowed to more normal ranges.

There seems to be a couple of reasons for this. Choice grading percentage (chart 2) typically slips this time of year and 2016 is no different. A smaller part of the overall pie typically starts to command a greater premium. As you can see from the second chart, very good pasture and raising conditions this year have helped the grade. Choice grading has peaked at record levels and 70 percent seemed to be the norm. Still, it started to decline for a period there (shaded part). This corresponded with the widening gap. The second level of support comes from the demand side. Both retail and foodservice operators have increased Choice purchases for their programs. Price relief across proteins has helped spur increased buying of Choice beef.

"The move is so rare that if falls outside of two standard deviations, …"

©Kondor83

The charts seem to show an inverse relationship–as Choice grading percentage increases the spread narrows and vice versa. It will be interesting to see how this plays out of the rest of the year as cattle grading Choice are increasing back towards record levels.

Article contributed by **Gary Morrison**
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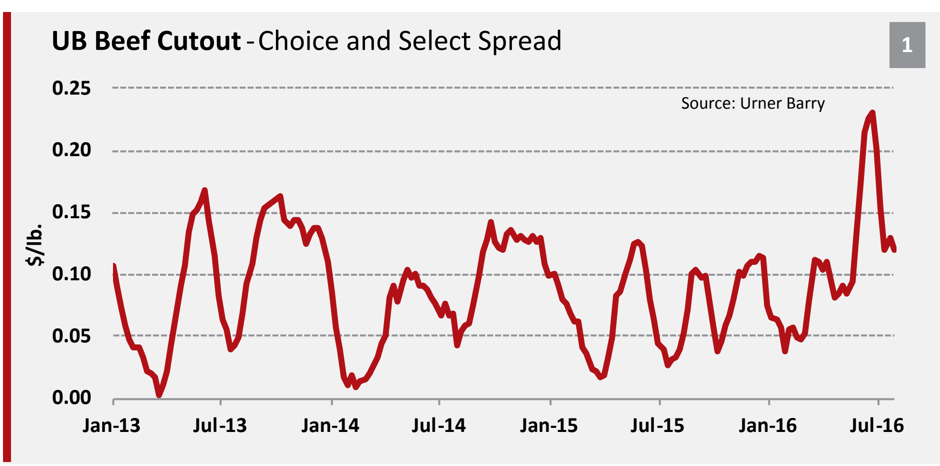
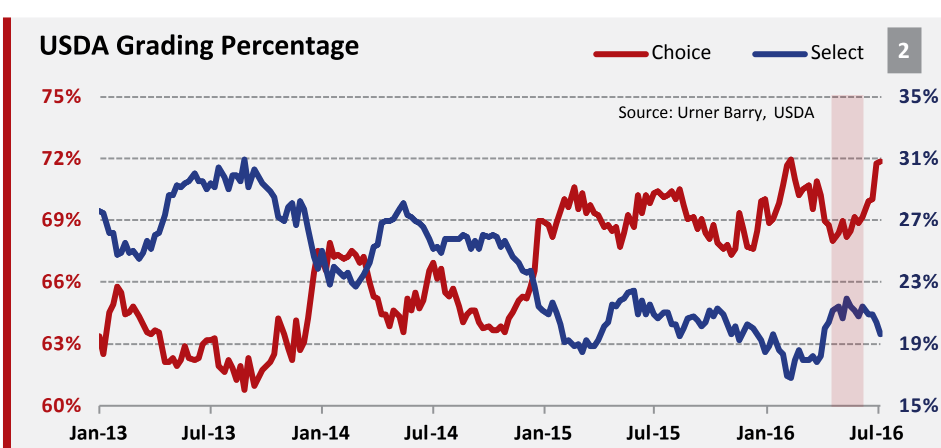




An alternative to the *no antibiotics* challenge

Is the responsible use and administration of antibiotics a marketable proposition in a day and age where just the suggestion of use throws up a red flag to some consumers the moment it's uttered? This is a question professionals and academia in the poultry industry have been asking themselves, and one that Karin Hoelzer, DVM, Ph.D. posed to attendees at the Chicken Marketing Summit in July.

It's not an easy issue. And what is "responsible antibiotic use" anyway? Simply put Dr. Hoelzer tells us that the responsible use of antibiotics is built around three basic tenets—transparent verification through the USDA, responsibility through veterinary oversight and using antibiotic only when the health of the animal is in jeopardy. The guidelines that are already in place for the Certified Responsible Antibiotic Use (CRAU) program, which was developed by School Food Focus and Pew Charitable Trusts and administered by the USDA, allows for the use of antibiotics in poultry production only when needed to protect the health of the animal—not to accelerate growth or for routine disease prevention. The U.S. Department of Agriculture verifies compliance to the standards by suppliers who sell only to certain institutional customers. Antibiotics are only administered under the watchful eye of a veterinarian who is at the center of the process, managing and assessing whatever disease issue is at hand and then determining what the best course of action is, whether that means using antibiotics to treat sick animals or save them from becoming sick, or whether it is determining how to use alternative products or management practices to prevent the animals from needing antibiotics routinely.

But let's back up just a bit. For the retailer or distributor trying to offer customers what they demand, it's been a tricky task. Sure chicken and beef, pork and turkey, are still in demand but now the consumer thinks they want something raised without the use of antibiotics. Well there's no shortage of options including ABF (Antibiotic Free), NAE (No Antibiotics Ever), RWA (Raised without Antibiotics) and the list goes on. All the consumer knows (or thinks they know) is that antibiotics are no good and that's good enough. If it's good enough for them, then those that provide these meals follow suit. Without scientific basis, certainly (but not without justification) it's what their customer wants. So companies far and wide, from household processor names to fast food chains and box stores, have responded with their own marketing and advertising plans touting new policies and a firm anti-antibiotic stance.

To balance consumer demand for reduced antibiotic use and the realities of animal production, which can include the responsible use of antibiotics, the Pew Charitable Trusts, who's stated mission is to "Improve public policy, inform the public, & invigorate civic life," teamed up with School Food Focus to develop standards for the responsible use of antibiotics in farm animals raised for food. The Trusts' goal was to develop an alternative to NAE that is more affordable and feasible, but would minimize the use of antibiotics. The concept of responsible antibiotic use allows food producers to use antibiotics under the supervision of a veterinarian when necessary to protect the health of the animals, and to market these animals without needing to divert them into another product line. CRAU is designed to lessen the public health threat posed by antibiotic use, address the need to treat sick animals, and help meet the growing demand for responsibly raised animal protein. CRAU was developed as a standard specifically for chicken sold to institutions, so large-scale buyers such as school districts and hospital systems could purchase responsibly raised poultry.

Dr. Hoelzer feels that a win-win situation has developed with the creation of responsible use standard. It is less costly than a "never ever" program and there's no need for a secondary market like there is now. In other words this is a sustainable way of helping to offset some of the marketing challenges faced when a raised without flock gets sick. Both NAE and responsible antibiotic use approaches make important strides towards reducing inappropriate antibiotic use. Each goes further in restricting antibiotic use than the U.S. Food and Drug Administration policy slated to come into full effect for all food animal producers in January 2017, which will eliminate the use of medically important antibiotics for growth promotion, and require oversight of these drugs when added to feed and water. While NAE may be easy for consumers to understand, it is not the right choice for everyone. Approaches that emphasize responsible antibiotic use, such as the CRAU standard for institutional poultry purchasers, are more feasible for many producers to meet and sustain, allowing them to provide a more affordable product, while making substantive improvements to antibiotic use.

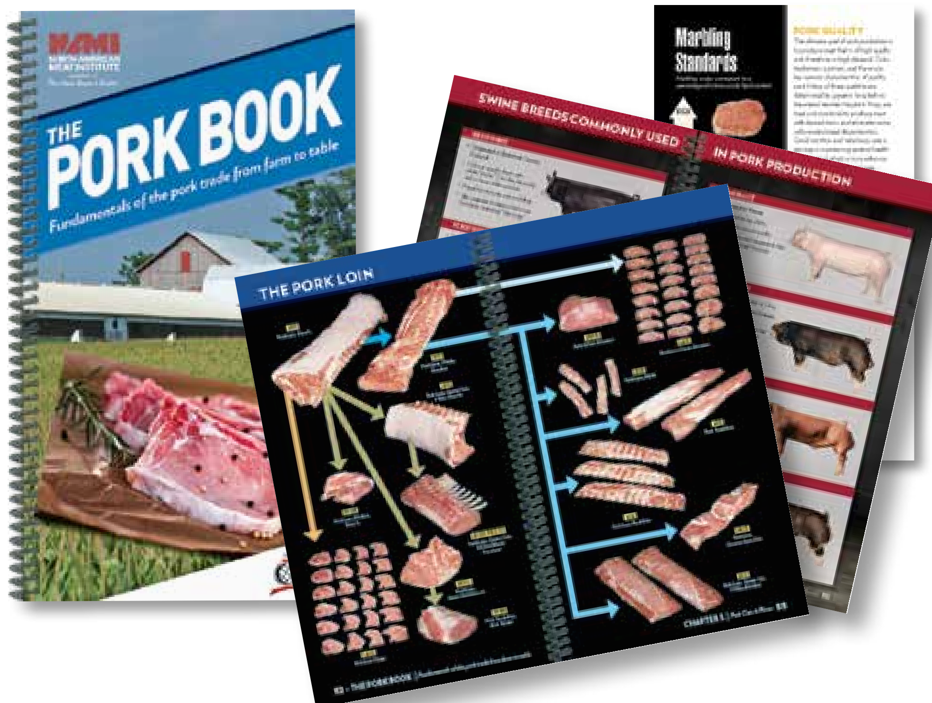
A standard driven program such as CRAU, can assure customers that the products they purchase are in fact raised under meaningful responsible antibiotic use policies they can trust. Both standards are independently verified by expert USDA staff. Most importantly, these approaches address increasing consumer interest and concern about antibiotics used in food animal production.UB

Article contributed by Russell W. Whitman | rwhitman@urnerbarry.com

Coming soon ...

The Pork Book: Fundamentals of the Pork Trade from Farm to Table

From the people who brought you *The Beef Book*, this year will mark the launch of the much-anticipated guide to the pork industry. ***The Pork Book: Fundamentals of the Pork Trade from Farm to Table*** takes the reader through early history, breeds, production, cuts, food safety, preparation, animal health, environment, and market statistics of the pork industry. An essential resource for those both new to the industry and seasoned professionals, ***The Pork Book*** provides detailed descriptions, info-graphics, charts and photos to give you an inside look at hog and pork production.



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FDA targets filth in record year for seafood rejections

The FDA continued to refuse significantly more seafood from the U.S. market in July, mostly driven by higher rejections of lobster, snapper, mahi and tuna shipments for filth.

> **"Filth has been the top reason for seafood refusals this year, responsible for 68 percent of total rejections."**

In July, the FDA refused 197 line items of seafood from entering the U.S. market. The figure was up 33 percent from last July, an increase of 49 line items compared to the 2015 monthly figure.

On average, the FDA is refusing 182 seafood line items per month, an increase of about 40 line items compared to last year. The monthly average is up 29 percent from 2015.

Seafood refusals for the year now stand at 1,276 line items, a 29 percent increase from 2015 figures at this time.

Lobster, snapper, mahi and tuna shipments are the key drivers in higher FDA rejections in 2016. Refusals from those four species account for 53 percent of this year's total refusals. Those same species only accounted for 19 percent of all refusals in 2015.

Filth has been the top reason for seafood refusals this year, responsible for 68 percent of total rejections.

Last year, illegal antibiotic residues in shrimp were a significant reason for rejections in 2015. This was mostly because of a transshipping with Malaysian product. Otherwise, there was more balance in refusal reasons in 2015.

These figures continue to confirm reports from earlier in the year that the FDA could reject more seafood in 2016 based on a higher volume of inspections. Refusals through the first seven months of the year show this is the case with rejections for multiple species up across the board. UB

Article contributed by Michael Ramsingh
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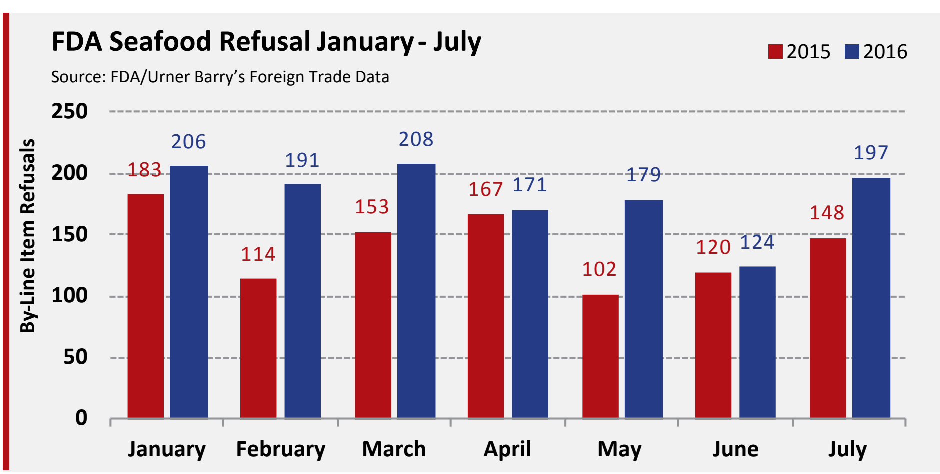
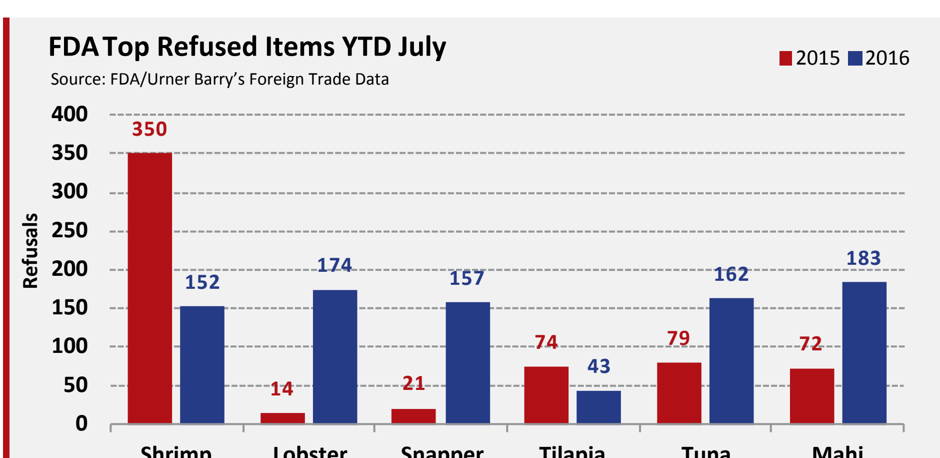
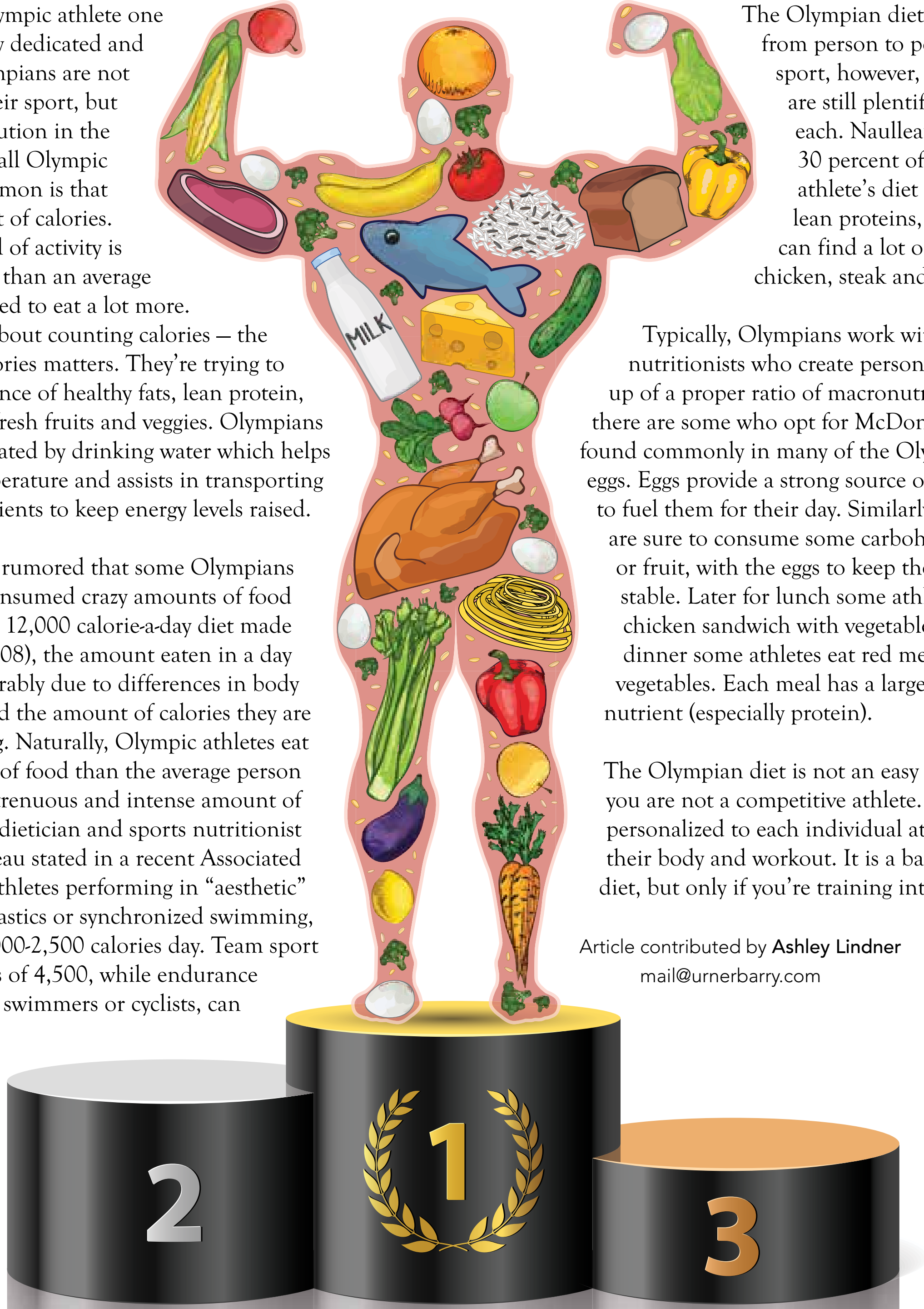




Olympians exercise caution in the kitchen

To be an Olympic athlete one must be extremely dedicated and determined. Olympians are not only athletes in their sport, but also exercise caution in the kitchen. One thing all Olympic athletes have in common is that they consume a lot of calories. Because their level of activity is significantly higher than an average person, they need to eat a lot more. It isn't always about counting calories — the quality of their calories matters. They're trying to strike a proper balance of healthy fats, lean protein, complex carbs, and fresh fruits and veggies. Olympians also must stay hydrated by drinking water which helps regulate body temperature and assists in transporting nutrients to keep energy levels raised.

While it has been rumored that some Olympians have consumed crazy amounts of food (Michael Phelps' 12,000 calorie-a-day diet made headlines in 2008), the amount eaten in a day varies considerably due to differences in body composition and the amount of calories they are actually burning. Naturally, Olympic athletes eat larger amounts of food than the average person due to their strenuous and intense amount of exercise. Registered dietician and sports nutritionist Catherine Naulleau stated in a recent Associated Press article that athletes performing in "aesthetic" sports, such as gymnastics or synchronized swimming, take in about 2,000-2,500 calories day. Team sport players eat upwards of 4,500, while endurance athletes, such as swimmers or cyclists, can eat up to 8,000 calories a day.



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The Olympian diet certainly varies from person to person and sport to sport, however, the macronutrients are still plentifully found in each. Naulleau says that about 30 percent of a professional athlete's diet should consist of lean proteins, and that's why you can find a lot of salmon, grilled chicken, steak and eggs on the menu.

Typically, Olympians work with sports nutritionists who create personalized diets made up of a proper ratio of macronutrients (although there are some who opt for McDonalds). One staple found commonly in many of the Olympian's diets is eggs. Eggs provide a strong source of protein and fat to fuel them for their day. Similarly at breakfast they are sure to consume some carbohydrates, like toast or fruit, with the eggs to keep their energy up and stable. Later for lunch some athletes may have a chicken sandwich with vegetables and finally for dinner some athletes eat red meat or seafood with vegetables. Each meal has a large amount of each nutrient (especially protein).

The Olympian diet is not an easy diet to follow if you are not a competitive athlete. It is also extremely personalized to each individual athlete and made for their body and workout. It is a balanced and healthy diet, but only if you're training intensely and often. UB

Article contributed by **Ashley Lindner**
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Steroid-free is essential

A big concern for chefs feeding Olympic athletes is ensuring there are no hormones in meats that could potentially throw off a doping test, specifically Clenbuterol. "Clenbuterol is a steroid fed to "bulk up" livestock. It is therefore advised that athletes take caution in the types of meats consumed so as not to throw a positive test. Marcello Cordeiro, Rio's director of food and beverages, in an interview with The Associated Press, said that "To assure that our ingredients are free of steroids and other kinds of chemicals, we are making sure our suppliers have all the certificates that are demanded by our national food and drug agency. People don't know how complex it is to put out safe food. We know that this is a very sensitive subject that could influence a result or an athlete's medal."

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Fri May 27 2016 12:46PM	USDA vs Urner Barry AM Domestic Boneless Beef	Daily	25 minutes ago	OFF	
Fri May 27 2016 12:45PM	USDA National Daily Pork Report - Negotiated Sales - Added Ingredients	Daily	26 minutes ago	OFF	
Fri May 27 2016 12:45PM	USDA National Daily Pork Report - Negotiated Sales - Cutouts	Daily	26 minutes ago	ON	Hourly

The new COMTELL notifications feature allows users to subscribe to any report, newsletter or protein market price table with the flip of an on-off switch. Notifications allow COMTELL users to receive an alert every time their most important reports or newletters are released.

No more clicking refresh on the market page. We will let you know when the markets are out so that you can focus on more important things in the meantime.

2. Notification alerts available through email, on-screen prompt and browser tab.

There are several ways that the user will be made aware of reports being released.

After choosing to receive a notification, the user can opt into email notifications.

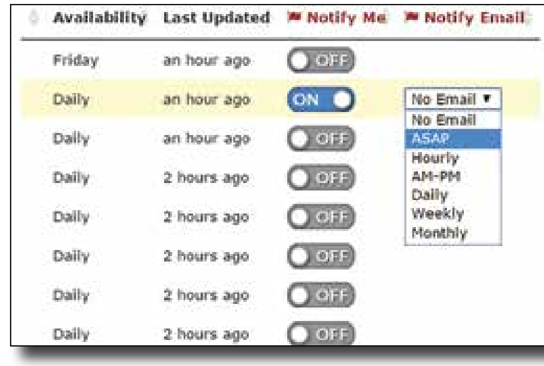
This is in addition to a Facebook-style on-screen prompt which will show immediately when a report is released and a count of released reports which is visible from both the COMTELL browser tab and at right of the COMTELL menu.

"Notifications allow the user to subscribe to any Urner Barry or USDA reports on Comtell and be notified as they become available."

3. Choose when you want to receive notification emails.

After opting into email notifications, we give the user the ability to determine when they would like to receive those emails.

- **ASAP:** An email is sent when the report is made available.
- **Hourly:** An hourly "digest" email is sent at the top of the hour, linking all reports that the user is subscribed to which were released in the past hour.
- **AM-PM:** Two "digest" emails are sent, one at 12:15pm and one at 5:15pm est
- **Daily:** A single email is sent at the end of the day listing all of the user's reports which were updated that day.
- **Weekly:** Same as daily, yet at the end of the week
- **Monthly:** Same as daily, yet at the end of the month

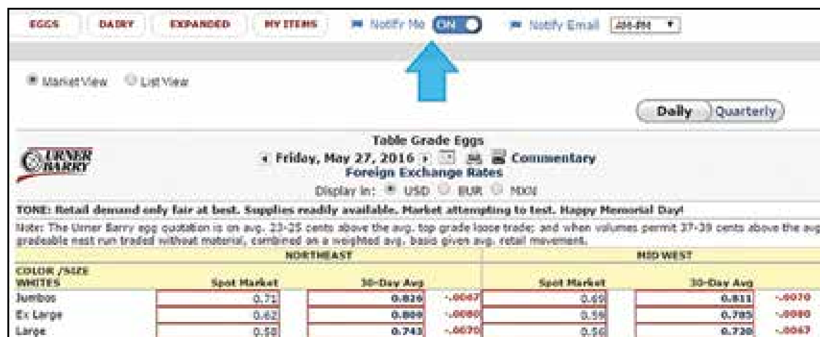


4. Subscribe to market reports FROM the market reports.

If you are on a report and decide that you would like to be notified when that report comes out next, there is an easy Notify Me button at the top of all reports.

From here you can easily choose to be notified and if you would like to receive email notifications for any updates to that report.

Not a COMTELL user yet? Call 800-932-0617 or email sales@urnerbarry.com for more information and access to a free trial offer.



Chipotle & sriracha: spice, spice and everything nice

Hardly a day goes by when you don't hear about the latest national spicy flavor crazes – chipotle and sriracha. These flavors are certainly not new to the market, but what we're seeing is a very interesting trend. As millennials leave their dorm rooms, they're taking their quirky dining habits with them. With that, it seems like everyone is jumping on the bandwagon of incorporating these exotic spices into their foods, whether it's the frozen food aisle or the neighborhood bar. That said, what exactly are these funky flavors, and where do they come from?

©snyferok

This picture shows the difference between a ripe jalapeño and a chipotle.

Chipotle (pronounced "chi-POHT-lay") is a term that comes from the Aztec language of Nahuatl. The word "chilpoctli" simply means "smoked chili," and that's essentially all it is. When jalapeños are cultivated, the unripe, green ones are picked and sent to market. At the end of the season, they ripen and turn a bright red. While there is a market for ripe, red jalapeños, what's left at the end of the season dries up and is ready to be turned into chipotles.

The ripe, drying jalapeños are placed in a smoker for a few days along a metal grill and firewood burns underneath them. This removes the moisture and makes them more flavorful. The end product is a smoky, flamed and spicy remnant of the jalapeño and is used in many sauces, salsas (yes, this is kind of redundant, but salsa is something specific even though it's just Spanish for "sauce") and other authentic Mexican dishes.

Sriracha (pronounced "si-ROTCH-ah;" the first "R" is silent) has a bit of a different story. It gets its name from the Thai city of Si Racha, and the official story is that it was made by a Thai woman named Thanom Chakkapak for use as a dipping sauce for seafood. However, there are other reports that the recipe for sriracha came from Burmese sawmill workers. The recipe for sriracha sauce includes chili peppers, garlic, vinegar, sugar and salt.

"...what exactly are these funky flavors, and where do they come from?"

Sriracha is particularly famous for the way that it's marketed. It's often called "rooster sauce" in homage to its logo, and these days it's not uncommon to see people walking around with little bottles of the stuff (you know, because who doesn't need an emergency flavor burst every now and then?)

With these flavors popping up on menus all across the country, you can hardly go wrong to give them a try during your next meal. UB

Article contributed by **Adam Sharkey**
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Gallons upon gallons of this sauce are produced globally every day.

Gulf shrimp prices spike in August; spread widens over farmed market

Gulf shrimp prices shot up significantly in August because of supply concerns as landings in July fell to their lowest level since 2010. The summer spike quickly widened the spread between Gulf shrimp prices and the imported farmed market.

According to NMFS, about 6.6 million pounds of shrimp were landed in July. The figure is down 36 percent from last year—a difference of nearly 4 million pounds. This is the lowest monthly landing total in July since 2010; the season that was severely impacted by the BP oil spill.

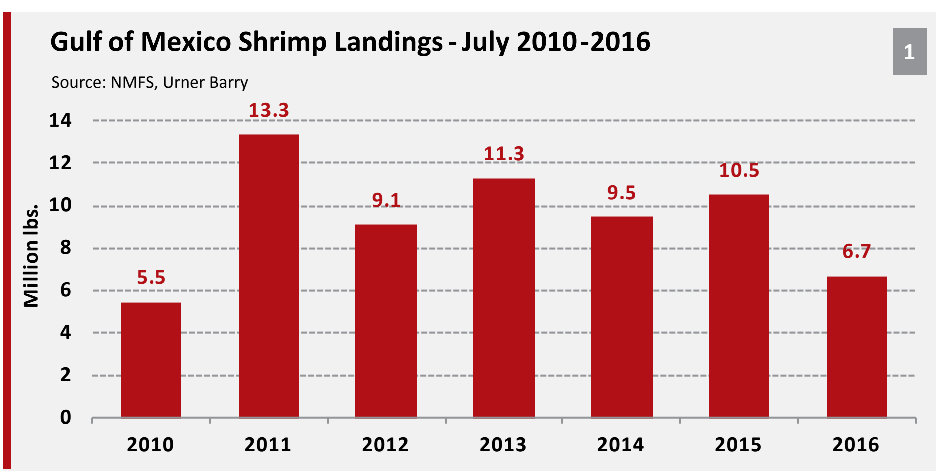
Landings from the major producing states, Louisiana and Texas, were both down in July. The figures confirmed earlier reports that said Louisiana's inshore spring season was a bust. In Texas, indications were that landings in early August were also lower and under expectations.

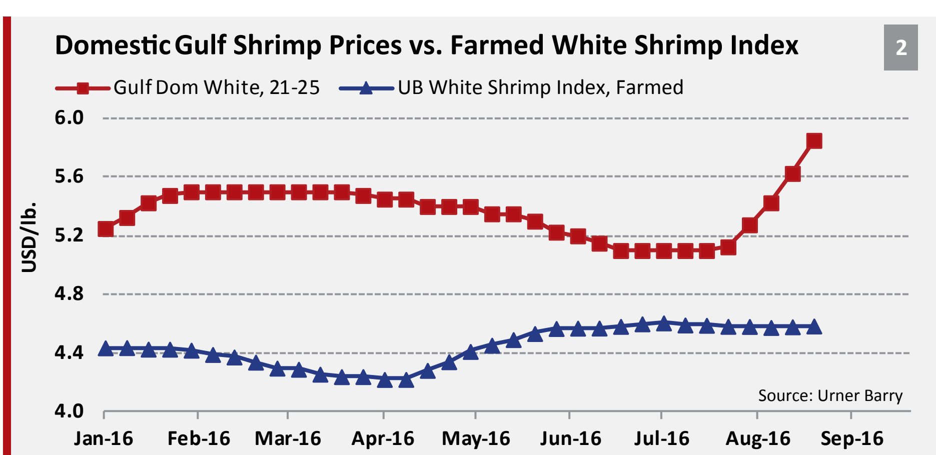
Lack of landings this summer fueled supply concerns and raised boat prices for local processors. This pushed up wholesale prices in August according to Urner Barry. The market for 21-25 count white Gulf shrimp increased 7 percent between June and August.

Notably, the increase in Gulf shrimp prices quickly widened the spread between the domestic and farmed markets. As can be seen in chart 2, Gulf white shrimp prices consistently traded about $0.75 per pound higher compared to farmed imports in June and July. However, that spread more than doubled in August.

Adapted from an article by **Michael Ramsingh** that was originally published on Seafoodnews.com on August 24, 2016.
mramsingh@urnerbarry.com

"This is the lowest monthly landing total in July since 2010; the season that was severely impacted by the BP oil spill."





Mexican Beef

Exports continue to grow… but so do imports and production

The Mexican beef market is apparently going through a transitional period after analyzing official Mexican and U.S. data. For example, imports of beef into Mexico increased for the first time in years according to data through July (chart 1). Though exports continued to grow in 2016, overall net supply in the Mexican market also grew in 2016 through July. In addition, the percentage of Mexican beef exports going to the U.S. reached its highest level at 91% of total shipments amid a strong dollar yet falling prices of U.S. produced beef. Again, the situation is not clear, but the market might be in a turning point as we approach Q3 and Q4 and into 2017, where the U.S. market is expected to continue its decline in prices amid increasing supplies.

Cumulative exports of Mexican beef continue to grow according to official data through July, from 103.1 thousand metric tons in 2015, to 111.6 thousand metric tons thus far this year (chart 2). However, exports in July took a counter-seasonal turn; historically, exports in July increase from the previous month, however, in 2016 shipments decreased 12 percent from June and 11 percent compared to the same month a year ago (chart 3). Although it is too early to tell whether this will become a trend or not, the U.S. market is becoming increasingly less attractive due to falling prices and an expected increased supply at least through 2017. This situation is happening despite a strong U.S. dollar, which means that our hypothesis of a supportive Mexican beef market by a favorable exchange rate for exporters presented earlier this year could be hanging on by a thread.

Imports on the other hand, have been falling consistently over the last few years. In 2016, however, year-to-date imports increased when compared to 2015 by 3.6 percent—from 98.4 thousand metric tons in 2015, to 102 thousand metric tons in 2016 through July. Monthly beef imports have been greater than last year since March (chart 4).

Furthermore, year-to-date beef production in Mexico has only increased 0.6 percent compared to last year. As a result, along with a combination of increasing imports and decreasing exports, net beef supply in Mexico grew compared to last year through July (chart 5). In fact, net beef supply in July 2016 surpassed levels for that month from 2015 and 2014 (chart 6).

"…EXPORTS IN JULY TOOK A COUNTER-SEASONAL TURN; …"

All these factors, in addition to future expectations in the U.S. market, are not supportive of a strong market going forward. Cattle and cutout values in the U.S. continue to hold a soft undertone amid growing supplies. This could reverse the current trend seen in imports and increase buying positions from Mexican importers. Exports could level out as exchange rates seem to be the sole factor holding export values; should the peso become stronger in the months to come, this situation may change. Finally, increased production in Mexico could also cause supplies in the Mexican domestic market to continue to increase and as such could put downward pricing pressure on beef prices.

However, the opening of new markets could ease this downward pressure; at the moment, many exporters are expecting to get their Halal certification approved by October 2016. Such certification would facilitate the opening of markets such as Saudi Arabia, Qatar, Kuwait, and the United Arab Emirates. The industry needs consumption to pick up, and for that to happen, prices to the consumer might have to adjust lower in order to compete with lower priced chicken and pork.

Article contributed by Angel Rubio
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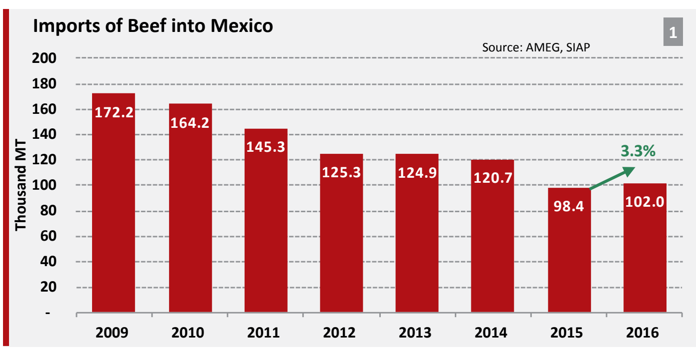
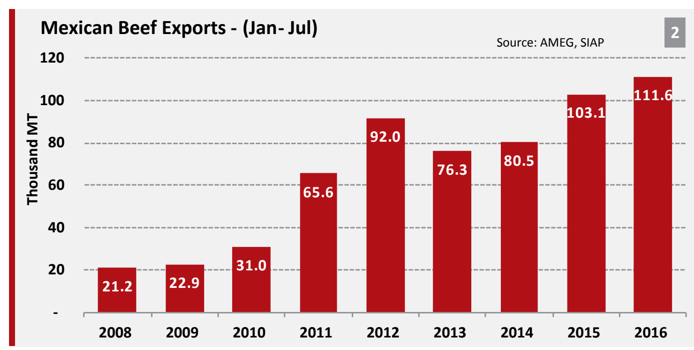
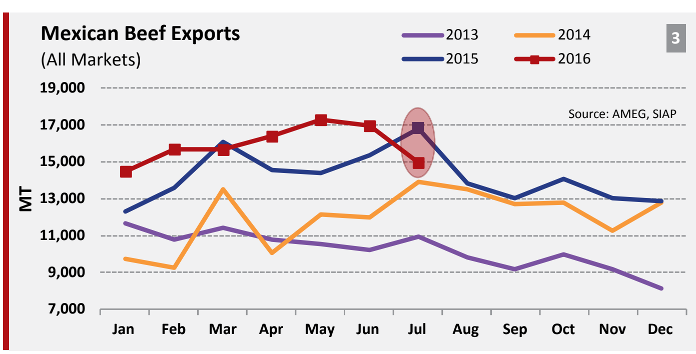
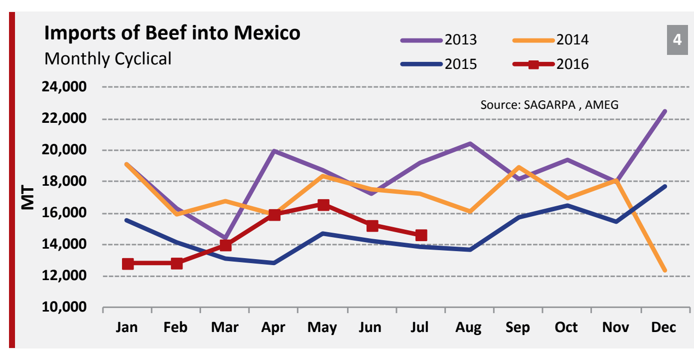
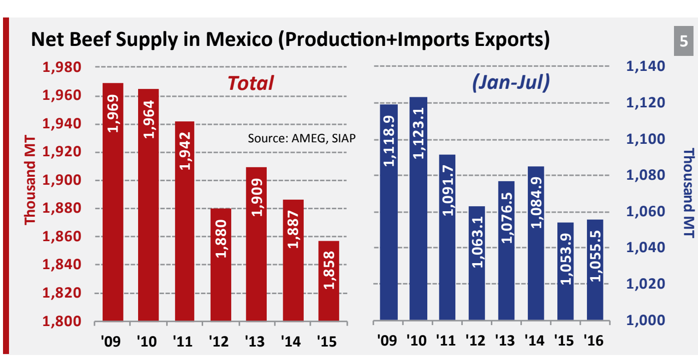
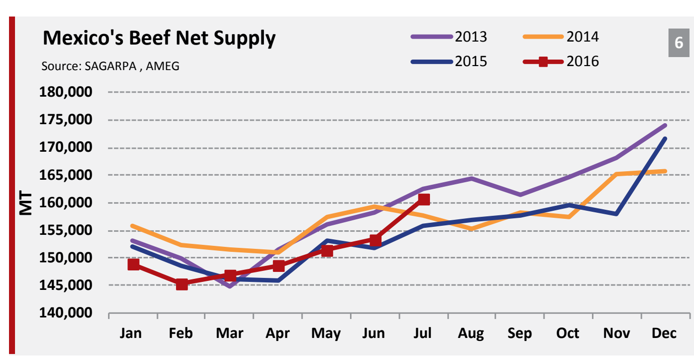












GMO's: a brief history of

©wildpixel

GMO's, genetically modified organisms; a modern take on the modern Prometheus. Frankenfood, raised from the fourth crop circle of the grain underworld. These technological marvels are an ongoing cause of debate among scientists worldwide. Yet, what's really going on under the hood of a genetically modified organism?

Before "true" GMO plants existed, the gap between engineering and genetics was slowly narrowed. What began as selective breeding for desired traits became test-tube crosses of forms that wouldn't be able to cross normally. Scientists introduced chemicals and radiation to plants to cause mutations, hoping for positive outcomes. None of these practices, however, are considered to produce GMOs. Where the GMO line was drawn was the introduction of genes from another species.

The first occurrence of this was the humble sweet potato. A bacterium naturally inserted itself into the genes of the plant 8,000 years ago, and the resulting GMO was so much better for cultivation that the original variety

the future of agriculture

no longer exists. A flagship example of human-induced genetic modification is Bt-potatoes and corn. Genes from a bacterium found in soil are inserted into a plant, and the plant uses these genes to produce proteins that kill caterpillars that would ordinarily infest the crop. These proteins are harmless to most other insects and all mammals, fish, and birds.

Let's look at one of the most common modified organisms—corn. Approximately 85% of corn in the U.S. is genetically modified, typically for resistance to the herbicide RoundUp, or for the aforementioned Bt production. This corn is hardier and requires less insecticide, which means non-threatening insects in fields are killed less. Fields can be also sprayed with herbicide to only kill weeds, increasing crop yield. These upsides have led to GMO corn becoming one of the fastest-adopted farming innovations, with producers unable to deny the benefits offered by the modified product.

It's by no means a perfect system, though. For example, GMO corn is banned in Mexico. This is because Mexico has over 100 unique varieties of local corn. GMO corn, if introduced, could reproduce with local corn which over time would change these "landraces," and negatively impact biodiversity. Unintended impacts like this are a primary concern for future GMO development.

With all the controversy surrounding GMOs today, it's hard to make any predictions about the industry. However, there's no denying that the technology behind them has the potential to change the future of agriculture. UB

Article contributed by Jake Muldowney | mail@urnerbarry.com

"These upsides have led to GMO corn becoming one of the fastest-adopted farming innovations,..."

Japanese pork demand

Continued from page 1

fundamental issues which may have a more meaningful impact on their global demand, now and for many years to come.

The following charts (1 and 2) depict the relationship between the dollar and yen, as well as U.S. pork export volume to Japan. It is clear that the dollar spent the majority of 2015 at multi-year highs versus the yen, which certainly has an adverse affect on trade. U.S. pork exports to Japan so far in 2016 have been almost entirely under the 10 year average on a monthly basis. While the dollar contributed to this shortfall, it is likely not the only factor to consider.

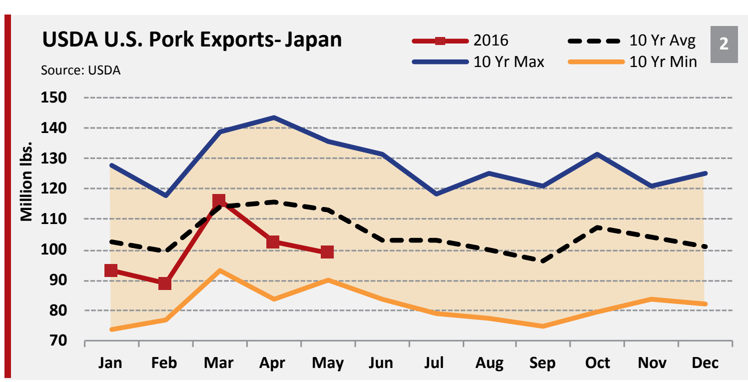
Japan has an aging population. It is one of the few developed nations that are contracting in population, which was measured at -.13 percent annually as of 2015 (chart 3). According to the World Bank Group, the Japanese population peaked in 2010 and has declined by .9 percent since (chart 4). An aging population has fewer babies, which is demonstrated by the 1.4 births per woman calculated by the World Bank Group; a figure that is among the lowest of developed nations (chart 5). The charts show a clear "baby boom" in the post-WWII era, which would put those Japanese citizens in their 50s or 60s today. Since that point, population and fertility have steadily declined. Long work hours, a higher proportion of women in the workforce and tight living spaces are just some of the reasons for a lower fertility rate and therefore decline in population.

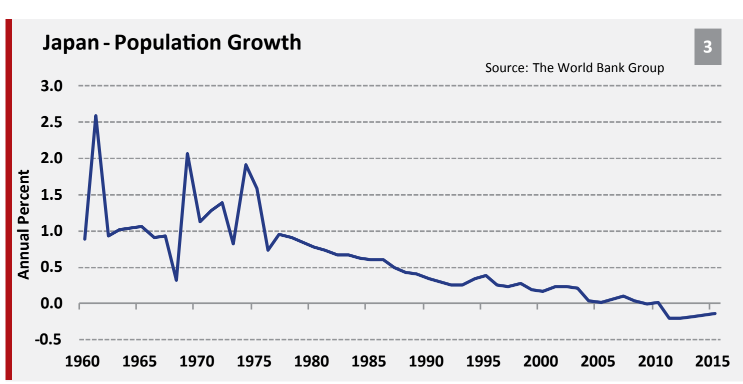
As of 2015, it is estimated that 26 percent of the Japanese population is aged 65 or older. This compares to 15 percent for the United States, 16 percent for Canada, 6 percent in Mexico and 10 percent in China.

An aging population can have a number of effects, some positive, some adverse. For a portion of the populous, retirement comes with a pension or other late-life funds, which for those with enough money, can be spent on higher end goods and services. Unfortunately, for many others, retirement may not be an option, leaving a number of elderly Japanese forced to continue working. Even some with pensions have found that the rapidly expanding retirement pool has resulted in shortfalls in pension programs. For those too old to work, nursing care has become a national issue, with some studies estimating that approximately 400 schools have been closed every year in order to be converted into care centers.

What does this mean for the overall economy and more specifically, pork imports? At the present, this is a complicated question. A declining population is generally a net negative for demand, as there are simply fewer people demanding goods and services. However, it is important to note that these trends have only just begun and for the pork market, while imports from the U.S. are down, overall pork demand appears to be roughly flat. According to USDA Production, Supply and Distribution data, Japanese imports of pork from all nations in 2015 was roughly even with that of 2004. Between 2004 and 2015, yearly imports have bounced within a 194,000 MT range, while the four decades on record leading up to that point saw consistent increases (from 1960 to 2004, pork imports increased by 15,700 percent or 1.26 million metric tons). Consumption of pork, per the USDA, hit a high in 2012, with 2015 levels down .4 percent from that point and only .6 percent above that of 2004. These two figures, while not necessarily showing a definitive decline in demand, do display a certain stagnation, indicating that the Japanese market may be fully saturated with pork given their current population (charts 6 and 7).

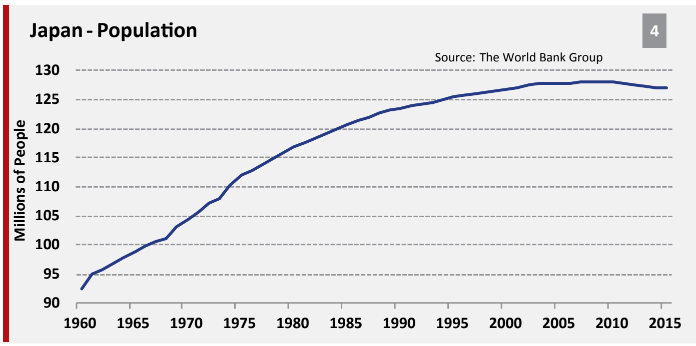
If that proves true, which the last decade has given us little reason to think otherwise, and the population continues to decline, which is likely due to their current demographics, then this conversation has only just begun. It is reasonable to assume that the effect on pork exports in reaction to the modest .9 percent decline in population that has already occurred has been muted due to more affordable global

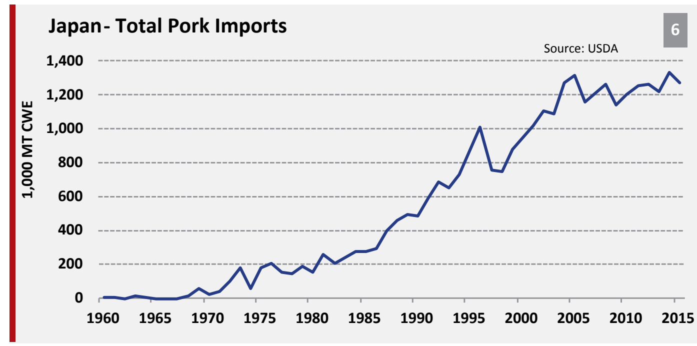


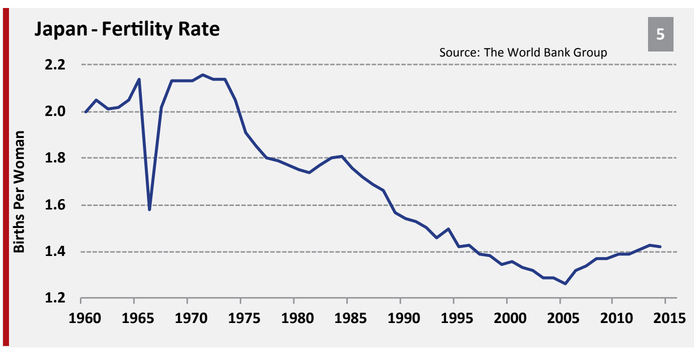


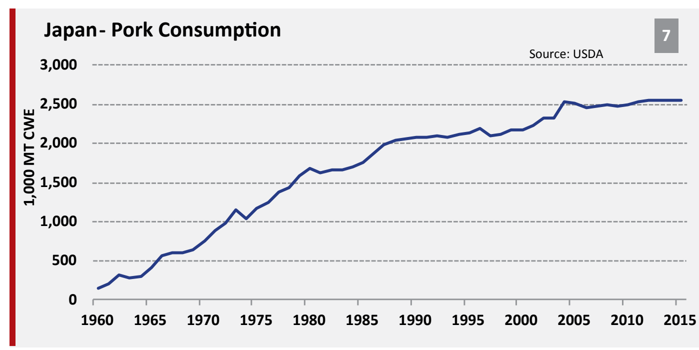
pork prices. However, what does their demand look like if the population has declined by 2 percent or 4 percent in the coming decades? This will likely be a narrative for many years to come, forced further into the spotlight as global pork production expands and countries across the world, including the U.S., look for homes for their expanding pool of pork supply.

Article contributed by **Russell Barton** | rbarton@urnerbarry.com

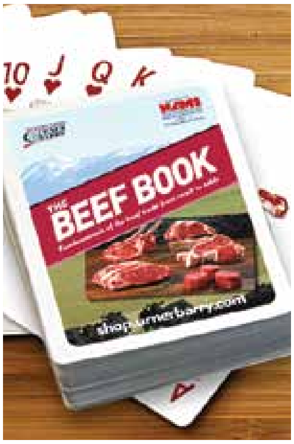








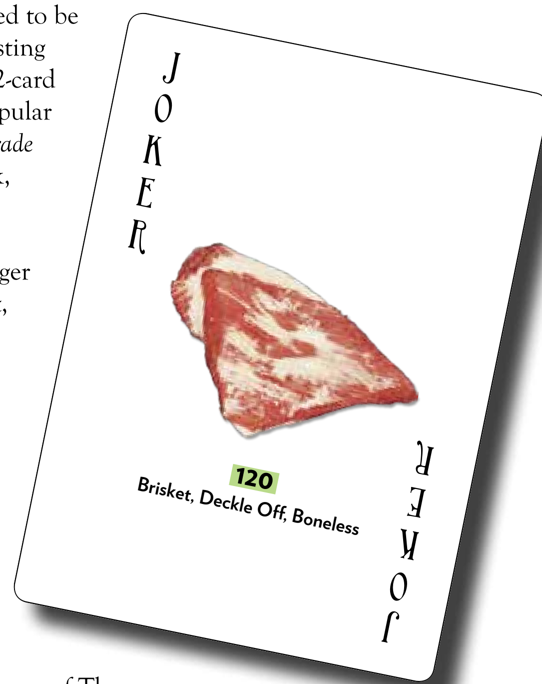
Blogger's beef with missing brisket



Urner Barry's Beef Book Playing Cards were designed to be a fun way to learn key cuts of beef along with interesting facts about the industry. The cards are a standard 52-card deck, including two Jokers, and feature the most popular items from *The Beef Book: Fundamentals of the Beef Trade From Ranch to Table*. Suits highlight the Loin, Chuck, Rib, and Round primals.

Following the initial launch, one popular BBQ blogger took to Twitter to share their appreciation of the set, but took offense to one, tiny issue...
WE FORGOT TO INCLUDE THE BRISKET!

Our bad.



We immediately sprang into action to remedy the oversight. We decided to add the Brisket to one of the Joker cards in order to keep the primal suits accurate (the other Joker is a 193 Flank Steak). After some quick design work and a new order to our manufacturer, we are pleased to announce the new decks now include the fan favorite Brisket card!

Industry professionals and beef enthusiasts have raved over the novelty and uniqueness of The Beef Book Playing Cards. They make great gifts and are a fun learning tool! Visit shop.urnerbarry.com to order your deck(s) today. Volume discounts are available! UB

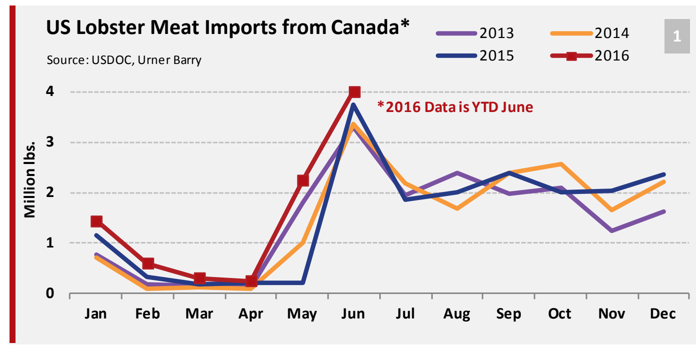
Advertiser Index ...

Lobster

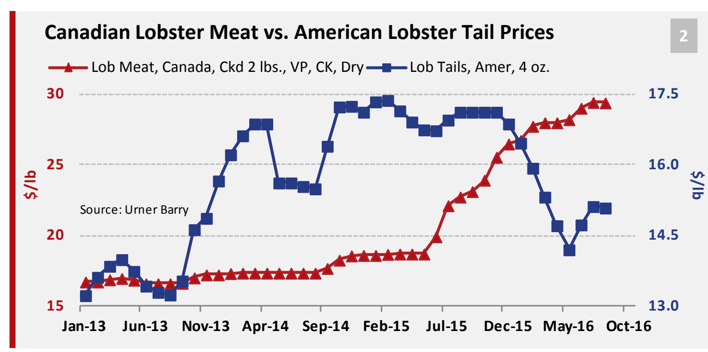
Continued from page 1

recreated with lobster. It's likely that additional meat volume is being absorbed in this category."

Lobster meat imports to the U.S. have been the highest in years, with each month of 2016 exceeding the volume of any of the past four years.



The warmer temperatures and an early start to the season meant that May lobster meat imports were up ten-fold, from 216,000 pounds in 2015, to 2.23 million pounds in 2016.



The run up in lobster meat prices that began last summer is showing no signs of moderating. Furthermore, the spread between meat and 4 oz American tail prices has never been higher.

In this situation, it is natural that meat production will surge. One place it may be coming from is live lobster. Live lobster imports to the U.S. from Canada were down 50% in June from the prior year, at only 6 million pounds, vs. 13 million the year before. Some of this is the late season opening last year, but some of it also is likely a switch from live lobster to meat processing. Canadian live lobster exports to China appear to be higher this year also, so the increased volume is not coming from any slowdown in sales to China.

The same pressures are being felt on the U.S. side of the border, where a significant lobster processing industry has developed. In August, the Mazzetta Co. announced they were suspending fresh fish production in their Gloucester plant to focus exclusively on lobster.

Adapted from an article by **John Sackton** that was originally published on Seafoodnews.com on August 26, 2016. jsackton@seafood.com

URNER BARRY'S Reporter

Urner Barry • P.O. Box 389, Toms River, NJ 08754-0389
Volume 11, Number 4 • Fall 2016

Urner Barry's Reporter (ISSN 1944771X) is published quarterly by **Urner Barry Publications**, 1001 Corporate Circle, Toms River, NJ 08755. Periodicals Postage Paid at Toms River, NJ 08755 and additional offices.