

URNER BARRY'S Reporter

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the newsmagazine for the food industry professional

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Former NFI president, seafood regulatory expert Dick Gutting passes away...



Richard E. Gutting

Seafood industry bids farewell to legendary advocate

On December 24, 2013 Urner Barry was saddened to report that our respected business partner and longtime friend, Richard E. Gutting, passed away at the age of 70 in Alexandria, VA due to illness. Dick possessed not only a remarkable skill set but a passion for the industry that was so well revered. So many industry leaders not only relied on Dick for his expertise, but also for his guidance, and with many, his friendship.

Dick served as President of the National Fisheries Institute from 1997 to 2002 where he helped the association serve as a voice for the seafood industry to get more U.S. consumers interested in seafood.

“He was chief advocate for the hardworking men and women who put healthy, delicious, iconic seafood on America’s plates,” said NFI’s President John Connelly who succeeded Mr. Gutting at the helm of the Institute. “In his many roles he was a scholar, a teacher and an expert, but most importantly he was a trusted leader for a community as it quickly transitioned from local to global.”

Over Dick Gutting’s 45-year career specializing in seafood regulatory and trade issues, the seafood industry grew to recognize him as the foremost

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Adjusting and adapting...

Supply and demand; a little beyond the fundamentals

A few issues ago *Urner Barry’s Reporter* aimed at explaining why benchmark pricing is essential for markets to work more efficiently, and how Urner Barry quotations have proven to be a gauge for the market in our industry. Yet, markets are generally imperfect and will fail to allocate resources in the most efficient manner—even if market prices suggest the opposite. When such situations occur, the

market will correct itself by adjusting prices where—in theory—they ought to be. For example, if the price of commodity “X” is at an all-time high, but product movement is lackluster, market fundamentals suggest that over time prices will adjust lower for commodity “X.” In the same respect, if the price of commodity “Y” is relatively low and available supply is very tight, market fundamentals suggest that over time prices

will adjust higher for commodity “Y.” Yet, there is much more than meets the eye when analyzing supply and demand curves over time. Here, we will attempt to explain why such market conditions exist.

For all intents and purposes we must first roughly understand how supply and

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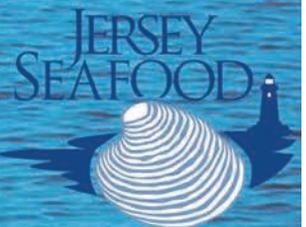
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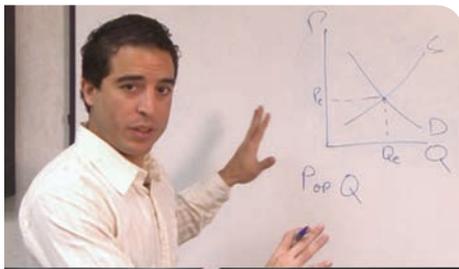
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a little beyond the
fundamentals*



Angel Rubio, Urner Barry Market Reporter



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to legendary advocate*

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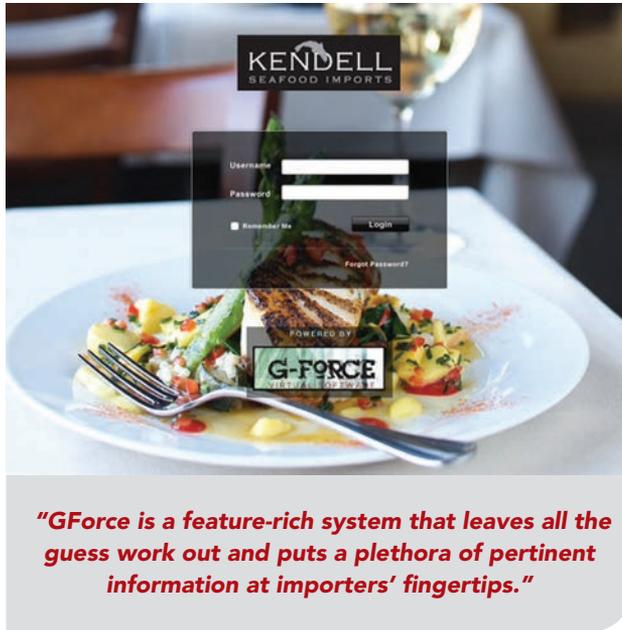


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GForce – Simplifying the process for Chilean Sea Bass importer

What is “The Holy Grail of importing seafood”? According to Mike DellaGrotta, Chilean Sea Bass importer and President of Kendell Seafood, it is GForce! DellaGrotta was excited to share with *Uner Barry’s Reporter* his experience with this Enterprise Resource Planning Software that he has been piloting for the past five years. We sat down with GForce’s program developer, Jonathon Cook and DellaGrotta for a virtual demonstration. With enthusiasm, DellaGrotta expressed his desire to share with other importers the benefits he uncovered using GForce.



“GForce is a feature-rich system that leaves all the guess work out and puts a plethora of pertinent information at importers’ fingertips.”

DellaGrotta said that import requirements imposed by the FDA and NOAA are very strict and it is highly important to have proof of documentation. Especially crucial when importing Chilean Sea Bass are dates and times. If importers do not comply and document all the required information containers worth millions of dollars can be seized. In some cases, fines and even jail time can be imposed on importers who fail to meet the stringent requirements.

Kendell Seafood decided it was in the company’s best interest to find a system that would ensure it is following all necessary importing documentation and procedures. DellaGrotta worked with Cook to develop this cloud-centered program as a means to easily integrate all parts of the importing process of Chilean Sea Bass.

GForce is a feature-rich system that leaves all the guess work out and puts a plethora of pertinent information at importers’ fingertips. Suppliers, shippers, cold storage, invoicing, CRM, accounting systems, FDA, NOAA are all rolled into one system. Photos of containers, numbers, seal numbers, are all there. Pictures of the boxes, the fish, the packaging, weight, price, form, survey reports, date of arrival, and calculations of weights are done all

while minimizing human error. Invoices are generated and sent electronically cutting time and cost of shipping. DellaGrotta said he knows exactly what is coming before it arrives and it also helps him control inventory. Each shipment shows an icon that changes with each status update.

DellaGrotta praised the potential of GForce. He said that since he began using the system he has minimized human error, streamlined processes (saving both time and money) and most importantly has kept compliant with FDA and NOAA.

DellaGrotta isn’t the only one pleased with the software’s capabilities, “I have seen and used several software systems but none has conquered the ‘one and done’ order entry like GForce,” said Vince Lombardi, President Synergy Seafood, Orlando, FL. “With GForce I enter an order and it is transmitted to the warehouse and trucker by EDI and emailed to my customer in ‘one’ button click. Then I sit back and watch the order status change via the hand shaking between GForce and the warehouse and between GForce and the trucking company. This can easily save a company over \$100,000 in logistics.”

Cook reiterated to the *Reporter* the importance of complying with government regulation. He knows that importers around the world are also aware of the magnitude of specificity necessary when dealing with record keeping and documentation when bringing product from one place to another. Cook said that is why GForce is going to be such an important tool for importers to use. As more individuals utilize GForce around the world on a daily basis, and vendors and customers continually log in and input and utilize the data, an abundance of pertinent information comes to light—various sources within the supply chain are continuously uploading documents with each progression of the import

process. YET, Cook says that he wants to stress that subscribers can rest assured though that the permissioning is very specific and secure.

Testimonies of GForce’s success are in no short supply: “Kendell is my only customer in 30 years where we enter all the export documents and purchasing information necessary for U.S. import. GForce makes life so much easier for us because all of our documents and information are easily accessible in one place, sent out to all necessary parties and never get lost. It is a great system!” Eduardo Infante, globalpesca SpA, Santiago Chile.

GForce is not limited to importers of seafood. This medium-size business cloud solution can store and manage data from every stage of business. It provides a real-time view of core business processes and facilitates information flow between all business functions. It is 100% customizable to meet importers’ specifications. To learn more about GForce, email info@gforcev.com or visit www.gforcev.com. **UB**

Article contributed by **MaryAnn Zicarelli**
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Record November egg exports



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The world of shell eggs, as we once knew it, has been shrinking with each passing year. Supply and demand trends are having a more pronounced impact on the market both in their country of origin and across the globe. Technology is also playing a lead role as it has helped to make transportation, communication, and processing more efficient over the years, enabling traders to extend their reach across borders.

Never has the aforementioned been more evident in the United States than in the fourth quarter of 2013 when Urner Barry's egg prices hit record highs ahead of the holidays. Cold weather and preholiday retail feature activity factored domestically, but the USDA Economic Research Service reported record high exports of shell eggs and egg products for the month of November. More than 39 million dozen, or roughly 16 hundred truck loads of shell eggs and egg products, moved outside of U.S. borders during the period. That sum equates to a 58% increase from November 2012, and an 89% increase from the previous five-year-average for the month.

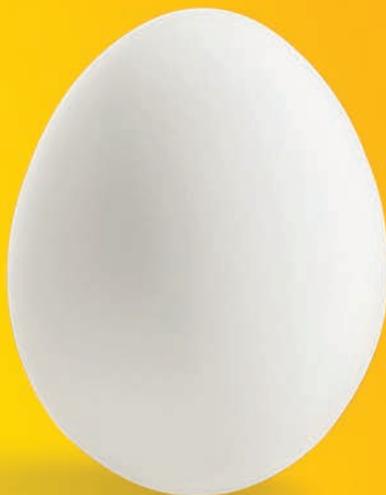
Nearly two-thirds of the record shipment traveled to three countries: Mexico, Canada, and Japan.

Opportunity to ship product south of the border has been up and down since avian influenza spread through a large portion of Mexico's table egg flock in August 2012. Most report that the issue has been resolved and that the flock is returning to normal more recently. That hasn't stopped them from remaining an active shopper of U.S. shell eggs and egg products though. In 2013, buyers took on 275% more shell eggs in the month of November when compared to 2012, and 74% more egg product. It was not a peak month for

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lead to record markets

business down south by any stretch though, as Mexican buyers have been extremely price sensitive.

Canada typically enters the market annually ahead of the holiday period, but in November of 2013, buyers took on nearly double their five-year average shell egg deliveries and nearly triple their average egg product purchases. Tim Lambert, CEO of Egg Farmers of Canada, stated that, "Canada's table egg market is consistently growing year over year and Nielsen data showed a 3.4% increase in retail table egg sales in 2013. To meet the market's requirements, Canadian egg farmers are currently in the process of increasing production to meet the increases in demand."

Trucking eggs across U.S. borders has become a regular part of day to day business, particularly in the last year and a

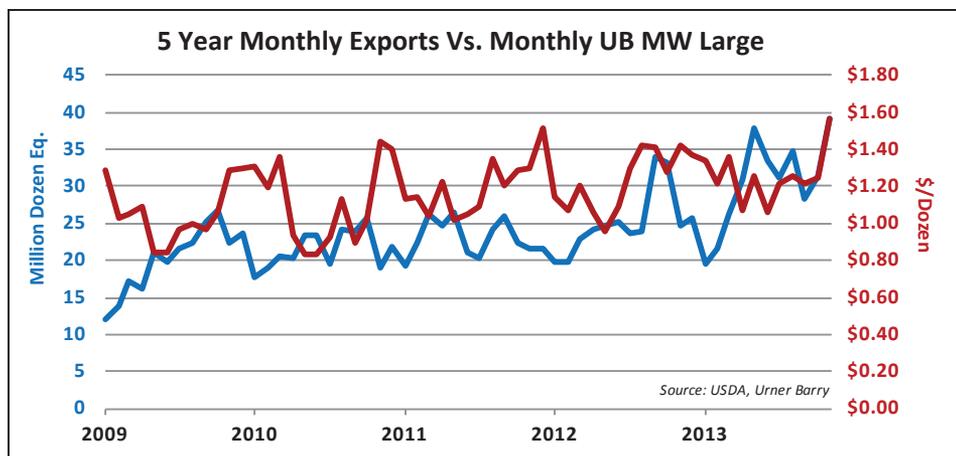
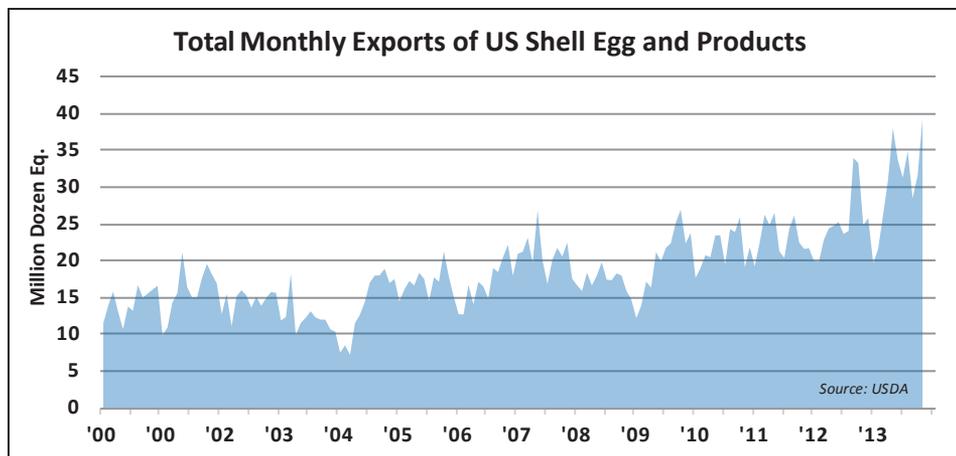
half. Shipping eggs overseas can be more difficult given costly tariffs and lengthy travel schedules, though dried and frozen product limit potential risks. Japanese buyers showed strong interest for egg products during the month of November, taking more than three times that of 2012 and three and a half times that of the five year average. Domestic price points would indicate yolk was the primary item of focus, especially since whites hovered near all-time highs for the period. This would also partially explain why yolk was not readily forced for sale on the open mark, though European traders would also take advantage of the low yolk prices offered by processors in the states. Also surprising, was that shell eggs traveled into Japan during the period. Although it was only a few loads, it was more than 12 times the previous five year average for the month of November. Some industry professionals continue to note interest for shell eggs

"Nearly two-thirds of the record shipment traveled to three countries: Mexico, Canada, and Japan."

across the Pacific, citing that Japanese egg producers may be taking advantage of high land values since the Fukushima incident and closing production facilities.

Though there was no single driver to the record U.S. shell egg prices in November 2013, increased exports to these three destinations played a tremendous role. International drivers have had a pronounced affect on shell egg prices. The U.S. egg industry appears poised to continue their relationships with foreign trading partners going forward, especially in their times of need. **UB**

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Panama Canal expansion to affect many industries



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The economy of the United States is one of the biggest and most important in the world. The country is among the top three global importers and exporters. If there were no international trade, each country, including the U.S., would be restricted to the goods and services produced within their own borders. Many people in today's age can't imagine such a possibility as we constantly come into contact on a daily basis with a variety of items made in many different countries.

So how do the inputs and corresponding outputs produced get into our hands? There are many different modes of transportation, but for large shipments across bodies of water the most notable is shipping. That's why the \$5.25 billion Panama Canal expansion project is so important. It is expected to double the capacity of cargo through the Canal by 2015. This is going to be done twofold: larger locks and channels will allow ships twice the size currently able to transit the Canal to move through, and new locks will allow more vessels to pass through per day. This, along with an improving economy, should reverse the decline in

the number of transits seen the last three years as well as reduce tonnage passed through the Canal from 2012 to 2013. It is also expected to affect shipping patterns, ports, infrastructure, and complimentary industries.

Many of the most popular ports on the East and Gulf Coasts have readied themselves for the changes that should include increases in volumes from larger loads on these Post-Panamax vessels. And because more cargo will arriving and departing on each of these larger ships, the demand for trucking to move goods inland will also increase. This comes at a time when that industry is struggling to expand the workforce to meet the growing demand, yet still faces a driver shortage. According to the Bureau of Labor Statistics, the trucking industry growth is expected to be 21 percent through 2020. Shipping rates could increase because of this growing demand, leading to higher consumer prices on many items.

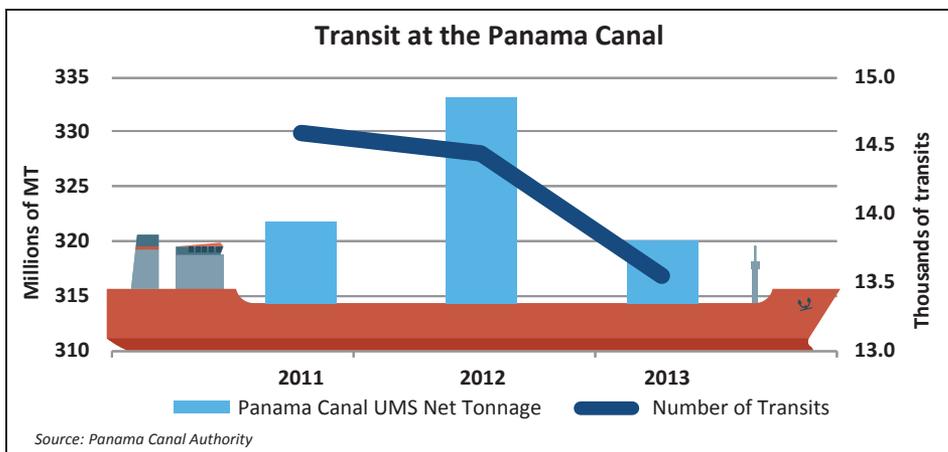
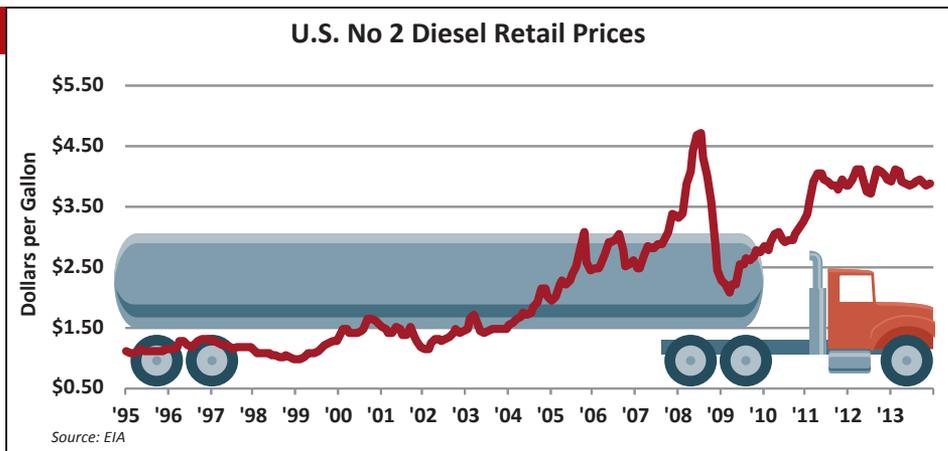
Another industry that could benefit from the expansion is the growers of grains. According to the Panama Canal Authority,

"...we constantly come into contact, on a daily basis, with a variety of items made in many different countries."

dry bulk cargo, such as corn and soybeans, is the second largest portion of income generation for the Canal. And increased passage of larger ships and capacity could significantly reduce the cost to transport product. This could help U.S. producers become competitive globally in the face of expectations of record large crops that have brought prices down nearly 50 percent from record levels.

Despite recent issues between the Panama Canal and a consortium of construction companies over cost overruns, which has already pushed back the finishing date, the project will double the capacity once completed. This will impact a wide range of industries including - but not limited to - shipping, trucking, agriculture, and many more. **UB**

Article contributed by Gary Morrison
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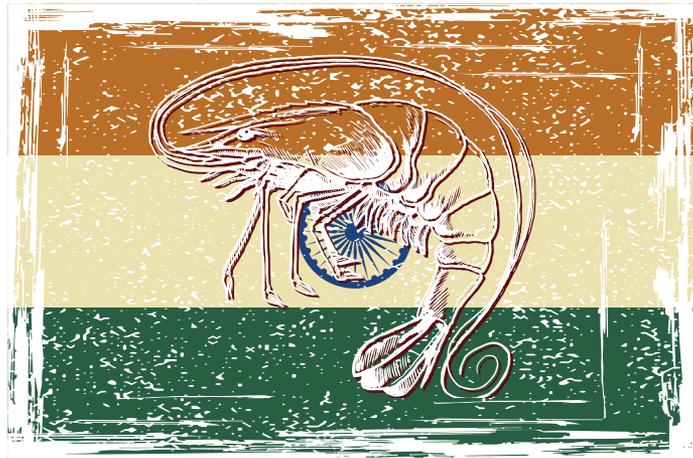
India saves U.S. shrimp supply

It was a rough year for U.S. shrimp importers in 2013 who slogged through shortened global supplies as major producers struggled to combat early mortality syndrome (EMS).

Yet, it could have been much worse were it not for Indian shrimp farmers.

While 2013's EMS outbreak devastated production for U.S. top supplier Thailand, along with a myriad of other Asian producers, Indian shrimp farmers stepped up their white shrimp production and helped mitigate the supply loss.

As of November 2013, total Indian shrimp shipments to the U.S. were up nearly 47 percent in 2013 compared to prior



year totals; a 60 million pound surge year-over-year.

Meanwhile, Thai and Ecuadorian shrimp shipments to the U.S. in November continued to decline 37 and 7 percent respectively.

In fact, in the late summer it was Indian shipments that helped stabilize U.S. supplies in August and September as imports from Thailand and Ecuador waned.

Overall YTD shrimp shipments to the U.S. in September improved at that time, falling from 6 percent off year ago levels to about 5 percent as Indian shrimp imports surged over 60 percent that month.

Fast forward to November, and U.S. shrimp supplies continued to trend down at 4.4 percent below 2012 levels, a difference of about 46.4 million pounds YTD.

While U.S. shrimp supplies remained down in 2013, were it not for Indian

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producers, the EMS-induced shortage could have been even more devastating for U.S. importers.

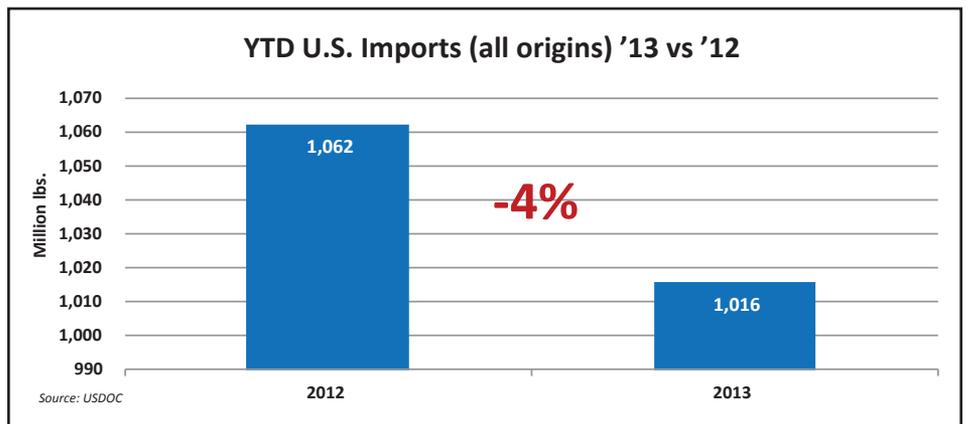
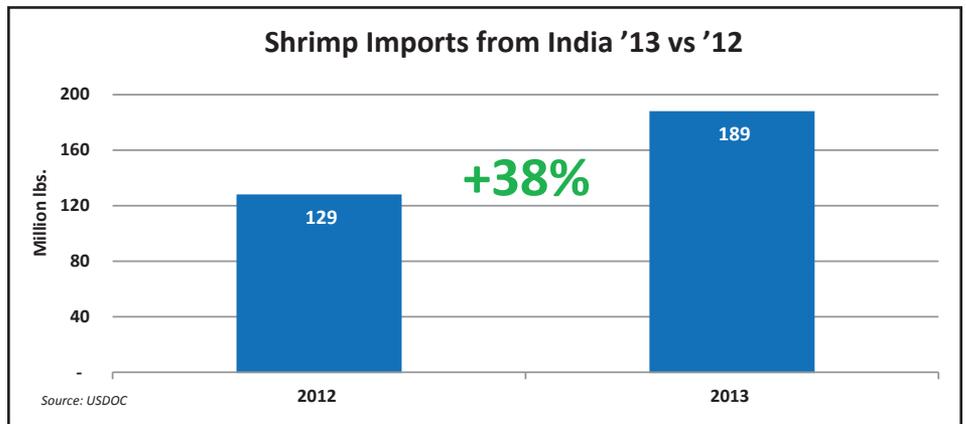
SHRIMP EXPORTER AWARDED

India's booming shrimp export market created opportunity for the country's seafood companies with one operation getting recognition for its foreign shrimp shipments.

In late January India's Marine Product Export Development Authority honored Devi Fisheries Limited as the country's top seafood exporter for being both the biggest seafood and shrimp exporter for the 2012-2013 financial year.

The award was presented by Union Minister of Commerce & Industry, Anand Sharma to Devi Fisheries Limited managing director Yarlagadda Surya Rao at the India International Seafood Show 2014 held in Chennai. **U**

Article contributed by Michael Ramsingh
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Silicon Valley startup aims to take the chicken out of the egg

What came first, the chicken or the egg? Although that question will forever be debated, there is no doubt that both came before entrepreneurs developed potential substitutes. Egg replacers have been around for a long time now. Some were designed as an inexpensive alternative to eggs, while others aimed to shift consumers from animal-based proteins, or to take the chicken out of the equation. Most companies have come and gone, others have developed a niche in the industry, but a new player is gearing up to steamroll its way into the space this year.

Hampton Creek Foods, a Silicon Valley startup, has gained the backing of investors like Microsoft's Bill Gates and PayPal billionaire Peter Thiel for its line of Beyond Eggs products. Founder Josh Tetrick and

his team experimented with more than 200 different plant species in order to mimic the functional properties of eggs, more specifically of whole egg and yolk. These are commonly used in a variety of products, from salad dressings and mayo to baked goods and pastas. Eggs are utilized in these items for their emulsification, aeration, foaming, coagulation, and color properties. Beyond Eggs claims to mimic these functionalities, while also maintaining similar mouth feel, color and taste. In fact, most testers struggled to find a difference when tasting products made with real eggs and Hampton Creek's product.

The company has already released its line of Just Mayo into Whole Foods and is set to launch their Eat the Dough product before summer. They are still working on a replacement for scrambled eggs but claim that Beyond Eggs is a lower cost and healthier option to their conventional predecessor.

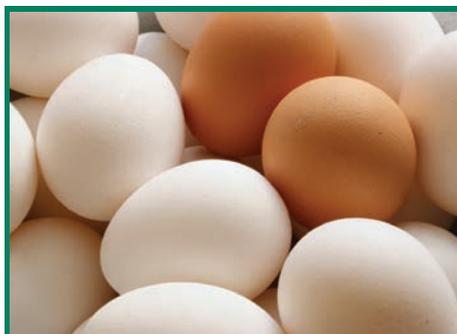
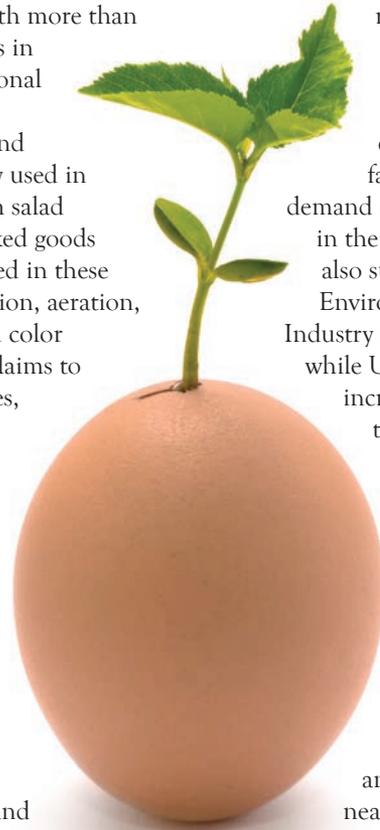
The attention surrounding this product has not gone unnoticed by the egg industry. The American Egg Board has

responded with a series of campaigns highlighting the functionality and health benefits of REAL eggs. They highlight the fact that today's customers demand transparency and simplicity in their food choices. Their focus also surrounds a recent 50-Year Environmental Study by the Egg Industry Center, which shows that while U.S. egg production has increased over the past 50 years, the industry has been able to significantly decrease its environmental footprint.

As it stands, Hampton Creek Foods has an uphill battle if they truly believe they will replace the egg. Yolk prices began 2014 at their lowest point in the last five years and dried yolk inventories nearly reached all-time highs for the end of December.

Although large food manufacturers may be interested in an egg substitute for specialty products, it is unlikely that they will make a major move away from eggs, particularly while prices are competitive. They simply can't afford to jeopardize their existing customer base in complicating their ingredient labels.

Hampton Creek Foods is also focused on feeding the growing population with sustainable foods, especially in developing countries. Although this is a noble endeavor, eggs have always been a valuable resource. In fact, egg producers around the world have set up countless co-op organizations to not only feed impoverished areas, but to provide people with the ability to feed themselves and their neighbors. The International Egg Commission's mission states, "Making high quality food available to the hungry throughout the world is a priority for egg businesses. As well as donating eggs,



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"Hampton Creek Foods, a Silicon Valley startup, has gained the backing of investors like Microsoft's Bill Gates and PayPal billionaire Peter Thiel..."

we also work with developing countries helping to establish sustainable egg supplies for communities."

The company also pinpoints health as a selling point. Products with Beyond Eggs offer zero cholesterol and more protein than an egg. In recent years the perception of eggs has changed. The American Heart Association suggests that an egg a day is healthy so long as you monitor cholesterol intake during remaining meals. There are also benefits of having a mix of proteins in one's diet. Eating both animal and

vegetable proteins can help to maximize the number of essential amino acids required each day, and eggs are one of the healthiest options in the animal protein category.

Beyond Eggs has generated a lot of buzz and backing from significant investors. It has already gained shelf space at major chains and rave reviews from food bloggers and vegans looking for egg replacers. There seems to be a niche open for Hampton Creek Foods, especially with the growth in the perceived better-for-you and specialty categories. The target they've placed on eggs is a moving one though. The industry is focused on improving their environmental sustainability, conditions for laying hens, showcasing health benefits of eggs, and providing an affordable protein for people across the globe. Beyond Eggs may be uncovering some opportunity with their plant-based protein, but replacing the egg all together will be tough to crack. **UB**

Article contributed by Brian Moscogiuri
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New technology and the usefulness to farmers

Recently Amazon revealed the company was testing ordered good delivery by drones to its customers. The social media reaction was swift. The drones they were referring to were unmanned aerial vehicles, and it prompted probably more questions than answers. Some of the reaction was as follows: How would this work? When will this be available? and Would the drones be targeted to be shot down?

While Jeff Bezos, CEO of Amazon said this concept was still a while off from full implementation, it did show that every industry appears to be adapting and looking for ways to leverage technology. The agriculture industry is no different. There have been advances in technology that have helped increase safety, save time and, save money.

According to the Centers for Disease Control and Prevention, agriculture is one of the most hazardous industries with farmers at a very high risk for fatal and nonfatal injuries. In 2010, 476 farm workers died from a work-related injury. The leading causes of deaths were tractor rollovers, followed by grain bin accidents.

"...every industry appears to be adapting and looking for ways to leverage technology."

Despite measures to make tractors safer, such as requiring rollover protection surfaces (ROPS) on all vehicles built after 1985, many farmers failed to retrofit older equipment with ROPS. So engineering and industrial design students at Iowa State University created a device that not only warns farmers when the tractor is about to tip, but sends an alert message if it occurs. To tackle the danger of grain bin accidents, many farmers are turning to bin monitoring systems to track inventory. Since they don't have to climb into bins each time they want to measure their silos, it reduces safety dramatically. In addition, like home monitoring systems, many of these applications allow remote monitoring and security, further adding to the safety features.

Time is one of the most valuable commodities and it seems we never have

enough of it. Leveraging technology can aid with this problem as well. Monitoring grain levels and fields (maybe with the use of drones one day) from one place eases this issue.

Some other advances help automate flow of seed or turn water pumps on or off from a mobile phone. These automations can help to measure feed precisely, which in turn reduces input costs. Additionally, the ability to control irrigation systems can save on water and electricity use.

And while most associate drones with their more common use of military warfare, there are plenty of beneficial purposes too. Imagine monitoring crops as described above, fighting a wildfire without endangering people or dropping supplies off to a hard to reach locale. While these things may be some time off, the use of technology to help the agricultural industry is here. If you think that you don't need them, you may soon find that technology has taken off without you. **UB**

Article contributed by **Gary Morrison**
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Industry initiatives: going green

Reducing industrial and agricultural environmental impact is of growing concern among major food industry operators. Climate change is a harsh reality that is quickly being realized, and various sectors among the food industry are taking the lead and decreasing their carbon footprint. *Urnner Barry's Reporter* has compiled just a few of the many ways our industry is demonstrating responsibility and sustainability, in hopes that others will be inspired to participate in the effort to conserve and "go green."



Stadium, it and its foodservice partner Delaware North Companies Sportservice earned the title of first Certified Green Restaurant® stadium from the Green Restaurant Association. Achieved measures included all waste kitchen oil being converted to biodiesel fuel, kitchen scraps composted, leftover food donated, and all cardboard, plastic, glass, aluminum and paper products recycled.

This past fall, the Egg Industry Center—an organization dedicated to researching and advancing egg production, processing and product development—released a study that shows a significant decrease in the environmental footprint of the overall egg industry over the past 50 years, despite the fact that we're producing more product. The egg industry has achieved better feed efficiency, hen housing, and waste management. The study shows egg farms are now using less water and energy, and reducing the amount of pollution and greenhouse gas emissions.

"Environmental responsibility is becoming increasingly important..."

A growing area of concern in the industry is effective waste management. Methane, a greenhouse gas, is released into the air from the waste that is produced through farm operations, landfills and oil production. Smithfield Foods has repeatedly attempted renewable energy projects for its operations. According to a December 2013 press release, Murphy-Brown—the livestock production subsidiary of Smithfield Foods, Inc—has partnered with Alpentel Energy Partners LLC to produce electricity via two methane digesters which will benefit Utah residents by taking hog manure from Circle 4 Farms and converting it into electrical energy. This means of renewable energy will power

roughly 3,000 homes, and reduce solid waste at the farm.

SUPERVALU, Inc. is taking charge in the fight against environmental destruction by using a new truck fleet and fill station powered by natural gas. According to their website, SUPERVALU has purchased 35 Class 8 Volvo Trucks that operate on compressed natural gas. The fleet will operate out of their Mechanicsville, VA distribution center, and will serve approximately 500 grocery stores in several states in the Mid-Atlantic region. The conversion to natural gas will reportedly reduce the fleet's annual oil consumption by more than 1 million gallons and result in 1,300 fewer tons of greenhouse gas emissions.

Foodservice and professional sports have even teamed up to create the "greenest" Super Bowl in history in regard to dining at the stadium. According to MetLife

Near the end of 2013, market research provider, Mintel, identified the top five predicted trends of the Restaurant Industry for 2014, and number three on the list was "open book business practices"—this includes providing information regarding food sourcing, treatment of animals, and green practices. Environmental responsibility is becoming increasingly important. Consumer awareness of corporate responsibility is even more evident in the days of social media and of course, propelled by fears of impending environmental doom. Conservation and sustainable energy solutions are ideal for improving public image, not to mention fulfilling the moral obligation of protecting our society and our delicate way of life. **UB**

Article contributed by **Jamie Chadwick**
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Hog weights hit all-time high records, week after week

The headline “Hog weights hit new all-time high” should not look foreign to anyone who was following the hog and pork market in late 2013. After surpassing the previous high of 280 pounds set in the winter of 2011/2012, federally inspected hog weights continued to rise to levels never before seen in November and December of 2013.

One of the most influential factors resulting in these unprecedented weight gains was corn prices. Feed prices have a very tangible effect on livestock weights and the consequence naturally becomes amplified as the size of the animal in question grows. The drought in 2012 resulted in a corn crop that was damaged and short of anticipations. With corn prices coming off of all-time highs that fall, hog producers were tempted to sell hogs earlier in order to avoid extra costs, resulting in average weights that topped at 278 pounds.

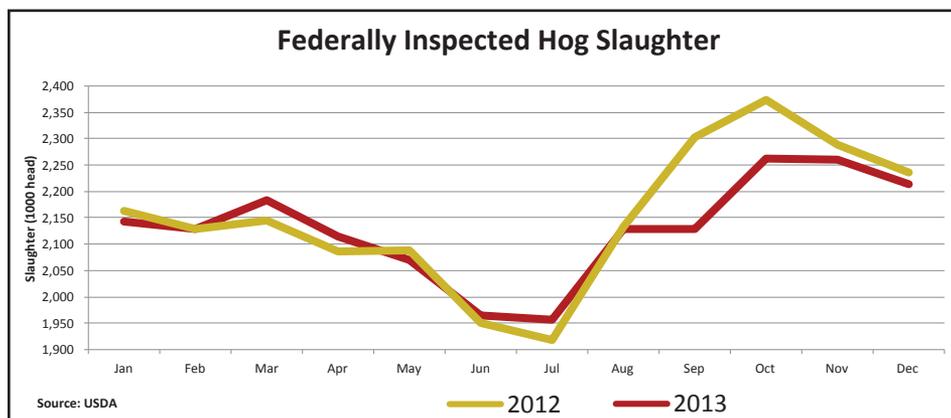
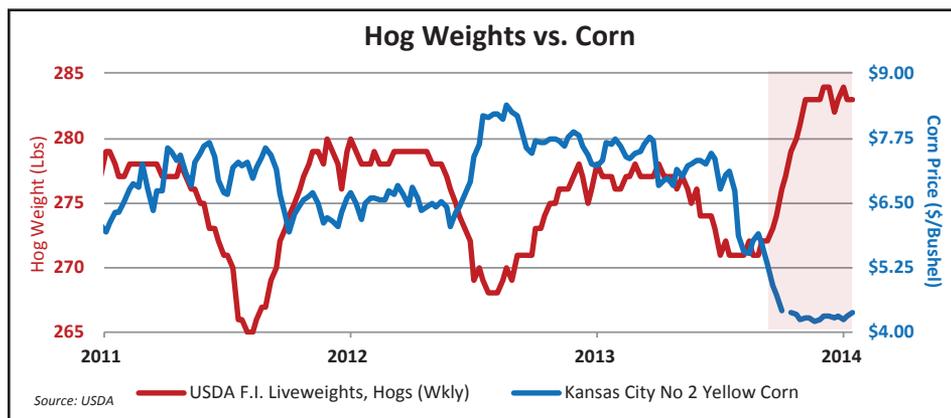
In 2013 however, the U.S. enjoyed a bumper corn crop. The high yield resulted in plummeting corn prices which allowed farmers to feed their animals for nearly half the price of 2012. You can see from the chart that as soon as corn prices began to fall, hog weights started their impressive ascension.

Another less obvious, yet just as important factor, which resulted in high hog weights was the industry’s concern and reaction to the porcine epidemic diarrhea virus, or PEDv. The virus, which is deadly among piglets, was thought to have begun to spread as early as late April. With potentially tens of thousands of fatalities, the industry displayed concern that a hole in hog supplies could emerge in late 2013. In reaction to this, producers held hogs longer and offered fewer animals for slaughter in order to dampen the potential impact of a shortage of hogs.

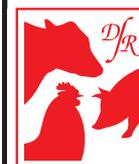
The period of September through December saw a total slaughter approximately 3.6 percent or 335,000 head lower than the same time in 2012. This is the same period during which hog weights began to rise to new records. The weight gains largely succeeded in offsetting the decline in slaughter, leaving the total USDA federally inspected pork production between September and December of 2013 only 1.5 percent short of 2012.

How hog weights will act as we continue through 2014 will depend on a number of factors including how PEDv continues to affect the herd, and if corn and soybean meal prices stay as low as they have been. **UB**

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U.S. cattle weights continue to climb

Weights on all livestock continued to move higher this past year, a trend that has been repeated for many years. The primary driver to this has been improved technology and the increased use of genetic information by the various industries.

Dressed cattle weights averaged 796.35 pounds in 2013, up 0.75% from the previous year's 790.40 pounds. This

increase was more in-line with the recent trend line after a 2.19% increase from 2011 to 2012; the result of increased feeding of beta-agonists during this time.

In August 2013, major packers banned the beta-agonist Zilpaterol, a major growth promoting hormone. Many experts predicted this would bring cattle weights lower at a time when supplies were at 60 year lows, thus reducing production even below expectations.

Initially, weights followed a seasonal pattern but then dipped below year ago levels, fueling the idea that these concerns would come to fruition. In early October something happened, we saw a contra-seasonal increase in cattle weights. Near perfect weather conditions combined with much cheaper corn helped mitigate the

weight loss. Corn prices, cash basis, were almost 42% lower year-to-year during this contra-seasonal swing, and are nearly 50% lower now than their peak in 2012.

Lower grain prices, especially corn, will help keep cattle on feed longer, all else equal. Another thing happening because of this is that grading has improved drastically. Record high cattle prices set weekly towards the end of 2013 into the beginning of 2014 could alter producers' plans on keeping cattle on feed. So while we believe the trend will remain intact—continued higher weights, factors such as weather, feed costs, and marketings could play big roles in where weights ultimately end up. **UB**

Article contributed by Gary Morrison
Gmorrison@urnerbarry.com

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averaged
796.35 pounds
in 2013..."**

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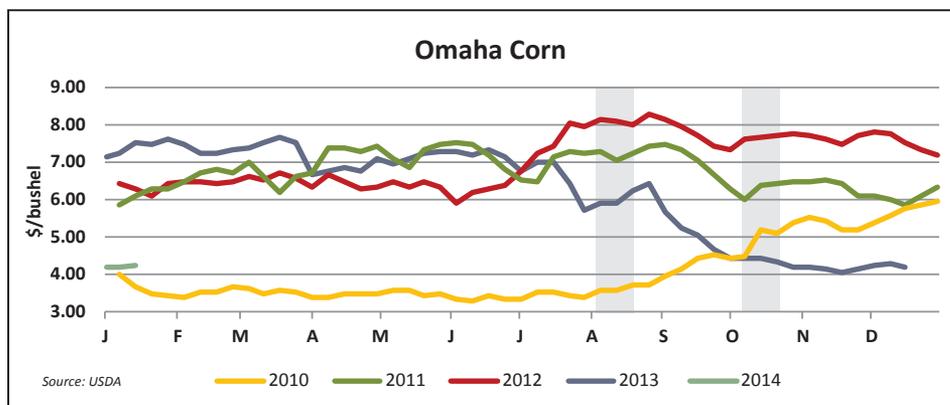
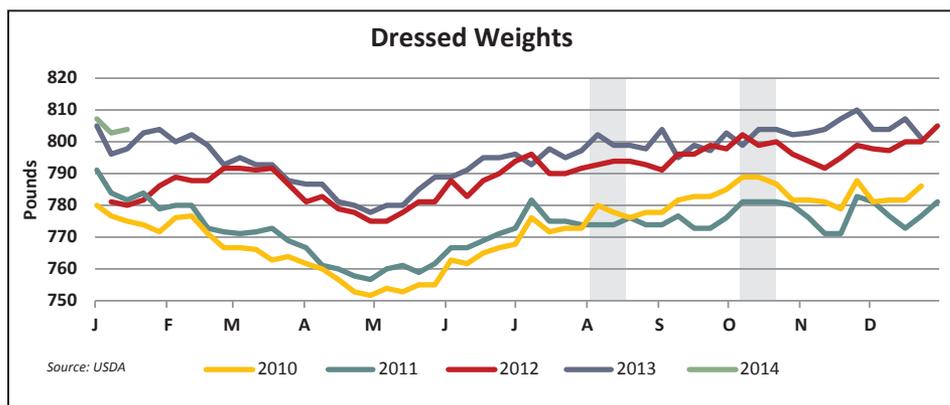
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Early August 2013, major packers banned the beta-agonist Zilpaterol. The growth promotion hormones added anywhere between 10-28 pounds of lean muscle to cattle. At the time, many wondered what this would do to weights, with the consensus being they would go down. This, coupled with tighter cattle supplies, would bring production way down. The chart, however, shows that weights are actually higher from that point in time. One of the main reasons is that the price of corn continues to fall, which could just be what the industry needs. Those can also surmise that competing beta-agonists were substituted or that current cattle weights are not reflective of the full cycle from feed to slaughter since the ban.

International commission slashes 2014 halibut quotas

Halibut fishermen in the Pacific Northwest will be fishing less this year after the International Pacific Halibut Commission (IPHC) elected to cut most quotas across the region.

The IPHC, a six-member body, unanimously elected to reduce the overall coast wide quota to 27.5 million pounds, an 11.4 percent reduction when compared with year ago levels.

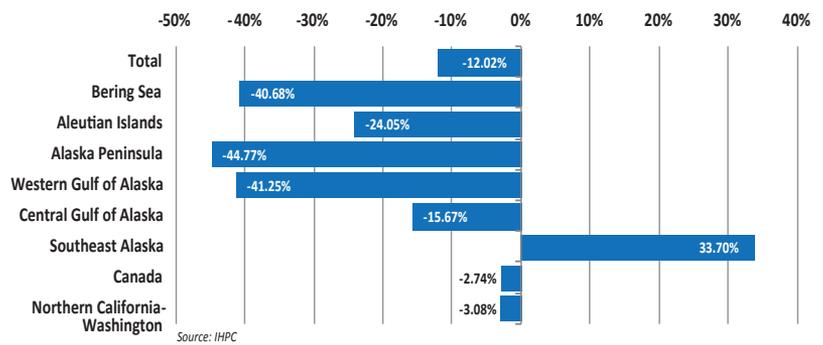
Despite the cut, the 2014 TAC is actually slightly higher than the 24.5 million pounds suggested by preliminary estimates.

The commission's cuts are in line with a steadily declining mature biomass, although the IPHC's quantitative scientist, Ian Stewart, said it appeared that the stock was leveling out. In fact, Commissioners Jim Balsiger, who heads the National Marine Fisheries Service in Alaska, and Don Lane, a commercial fisherman who lives in Homer, Alaska said prior to the cut announcement they supported the preliminary estimate in order to give the stock an opportunity to rebuild.

"While it's economically painful in the short term, I'm glad to see that the commission took most of the recommended cuts," said Homer fisherman Malcolm Milne, from the North Pacific Fisheries Association. "This will hopefully put us at the bottom and we can start rebuilding." **UB**

Article contributed by Michael Ramsingh | Mramsingh@urnerbarry.com

Halibut % change in quota '14 vs '13, per region



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Sheraton Saigon to host GOAL 2014 conference in October

Article contributed by
Global Aquaculture Alliance

The Global Aquaculture Alliance has settled on the venue and dates for the organization's GOAL 2014 conference.

"GAA strives to carry out its mission of responsible aquaculture by providing a venue at which leadership development, cooperation and education are encouraged."

GOAL 2014 will be held at the Sheraton Saigon Hotel & Towers in Ho Chi Minh City, Vietnam, from Oct. 7 to 10, 2014. Located in downtown Ho Chi Minh City, the 470-room hotel features 2,500 square meters of meeting space, including a 1,080-square-meter ballroom.

The location of GOAL 2014 (Ho Chi Minh City) was first announced at the close of GOAL 2013 in Paris, France, in early October, 2013.

It's been nine years since GOAL has been held in Vietnam. At the time, in 2005, GOAL (Global Outlook for Aquaculture



Leadership) was called the Global Shrimp Outlook and attracted about 450 attendees, the highest GOAL attendance to date.

Vietnam's aquaculture industry has grown significantly since then. In 2012, the country exported U.S. \$6.13 billion worth of seafood, led by shrimp (U.S. \$2.24 billion) and *Pangasius* (U.S. \$1.74 billion).

Through GOAL, GAA strives to carry out its mission of responsible aquaculture by providing a venue at which leadership development, cooperation and education are encouraged.

GOAL features three days of information and analysis on the farmed seafood value chain, beginning with a plenary session in the morning followed by breakout sessions in the afternoon. On day one of the conference, aquaculture production data and forecasts and fish health management are highlighted. Day two will hone in on the challenges and opportunities facing aquaculture. On day three, the marketplace is discussed with the participation of many of the world's leading retailers, representing tens of thousands of outlets and hundreds of millions in buying power.

GOAL is attended by a cross-section of representatives from industry, retail and foodservice, government, academia, the investment community and the NGO community. Since its inception in 2001, GOAL has evolved into a must-attend event for many top-level seafood executives and thought leaders.

Registration for GOAL 2014 will open in early 2014. The GOAL 2014 program is currently in development. An outline of the program will also be available in early 2014. Those interested in presenting at GOAL 2014 should contact GAA Communications Manager Steven Hedlund at steven.hedlund@gaalliance.org 

% Change in Swimming Crab Meat imports, YTD '13 vs '12,



Source: USDOC, Urner Barry

Total swimming crab meat imports have declined. Indonesia, the largest producing country, shows the largest decrease in 2013 imports—a decline of 18% in 2013 compared to 2012. China, the second largest exporter, also experienced a decline of more than 9%. Some relief from the overall deficit came from increased production from Philippines and Venezuela.

U.S. importers attribute such a decline to the lack of raw materials and a decrease in the size of crab. An importer shared with *Urner Barry's Reporter* an example of how the size of a crab would impact the overall total of imports. "Smaller crabs yield smaller sized jumbo lump pieces. Since there are only two pieces of jumbo lump per crab, it takes more crab to fill each 16 oz. can."

Contributed by MaryAnn Zicarelli | MaryAnn@urnerbarry.com



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The Canadian dollar is down – opportunity for U.S. pork buyers?

From the beginning of 2013 to the end of January 2014, the Canadian dollar depreciated by over 13 percent. The combination of low inflation, a sluggish economy and the lack of interest rate adjustments in the recent past have all contributed to this break from parity which was established in 2010. (See chart 1)

A lower currency versus the United States is typically a good thing for American companies who can import product. The purchasing power of the U.S. dollar increases, theoretically allowing the buyers to accumulate more product for the same amount of dollars. This development resulted in some pork buyers in the U.S. rubbing their hands together in anticipation of cheap hams and butts on the horizon.

The U.S. is the largest importer of Canadian pork both in volume and in value terms. According to Canadian Pork International, the U.S. imported approximately 706.4 million pounds of pork in 2012, so exchange rates can have a substantial impact. For example, at the rates as of January 31st, the price of domestic ¼" butts is nearly \$13/cwt more expensive to purchase than a comparable butt imported from Canada on a base cost level.

Unfortunately for U.S. importers, America is not Canada's only trade partner when it comes to pork and some countries have seen their purchasing power versus Canada increase by an even greater margin.

Canada's top six customers in pork imports are the United States, Japan, Russia, China, Mexico and South Korea. (See chart 2) While two of the countries, Japan and Russia, lost a slight amount of purchasing power since 2013 due to their own currencies weakening more than the Canadian dollar, the other four nations gained a significant advantage in trade. South Korea and China, who in 2012 collectively imported 265.7 million pounds of pork, saw their purchasing power increase by 17.8 and 16.8 percent respectively. Following them is the U.S. with gains of 13.5 percent and Mexico with 8.4 percent.

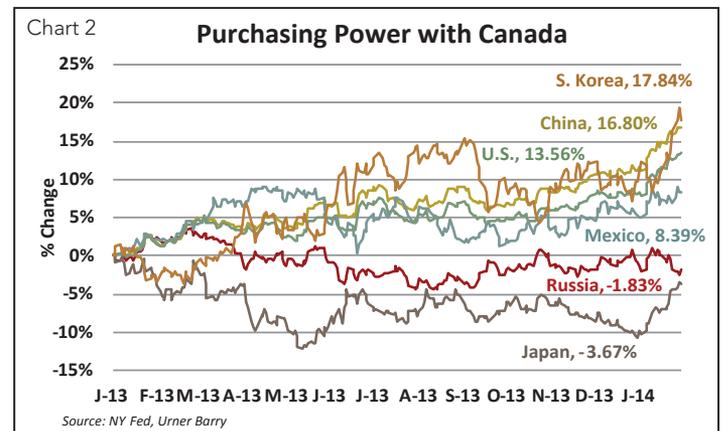
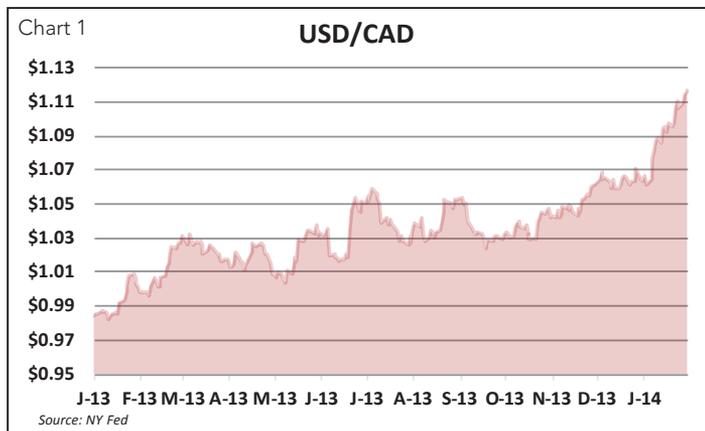
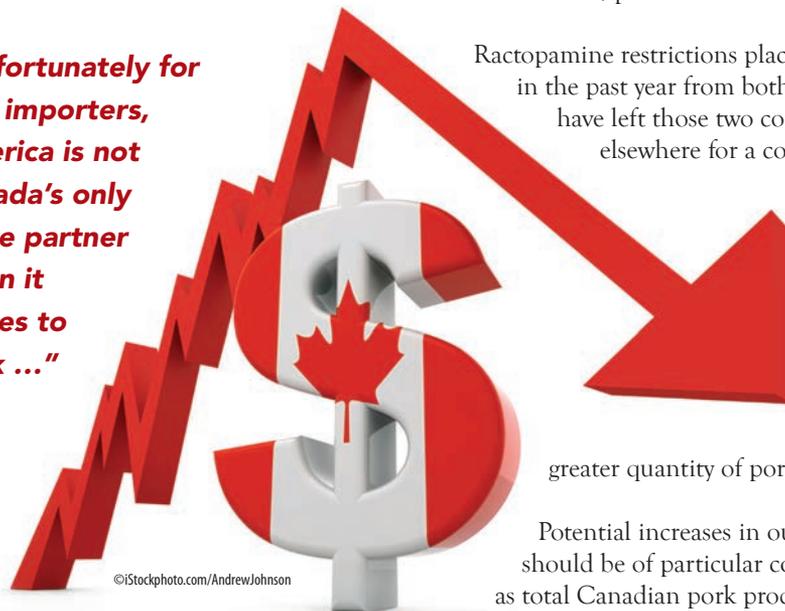
Ractopamine restrictions placed on U.S. pork products in the past year from both China and Russia have left those two countries largely looking elsewhere for a consistent source of pork.

In addition, with China and South Korea's currencies growing stronger versus the Canadian dollar in the past year, it is likely that those two nations have demanded an even greater quantity of pork from Canada.

Potential increases in outside export interest should be of particular concern to U.S. buyers as total Canadian pork production is only 18 to 19 percent of what the U.S. produces annually. Therefore, regardless of one's purchasing power, there is only so much Canadian pork to be sold outside the country. It is possible that the volume associated with fresh China, South Korean and Russian demand could impede on the potential advantage that U.S. importers were hoping for. **UB**

Article Contributed by Russell Barton | Rbarton@urnerbarry.com

"Unfortunately for U.S. importers, America is not Canada's only trade partner when it comes to pork ..."





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Locally grown demand challenged

Over the past few years, the concept of locally grown food has really taken root in America. U.S. consumers have demonstrated their desire to purchase produce, vegetables and increasingly, meat or poultry, from local or regional suppliers; the closer to home the better. Although demand has increased, the locally grown segment remains a fairly small part of the overall food industry. In a 2008 report released by USDA's ERS, it was found that "local food markets typically involve small farmers, heterogeneous products, and short supply chains in which farmers also perform marketing functions, including storage, packaging, transportation, distribution, and advertising." That same study also found that "consumers who value high-quality foods produced with low environmental impact are willing to pay more for locally-produced food."

The concept of locally grown certainly is not new to food production. Prior to



Photo Credit: National Archives and Records Administration

By the mid 1800s cattle ranching was increasing in popularity. It has been a major industry for nearly three centuries.

the introduction of refrigeration and modern transportation infrastructure, it was necessary for much of the food to be locally grown. There was simply no way to transport product (especially perishable food products) efficiently from one location to another.

How did our mainstream food production process evolve away from one that provides food from locally grown sources? Much can

be explained by considering a history of the food industry. Let's take beef, for instance.

Early in the in the 19th century, the beef industry was fairly small. Settlers would slaughter animals that were used for milk and as work animals such as those hauling wagons and plows. People raised, slaughtered and ate their own livestock. Food was very much locally grown.

By the mid 1800s, beef was increasing in popularity and ranchers started to raise cattle on ranches.

Cattle would be transported on the hoof and on rail to places such as Chicago where cattle were slaughtered and processed into beef.

Major metropolitan areas in the Midwest came to be hubs for the meatpacking industry. They could draw from the population to staff the plants. They also utilized railway transportation routes to ship livestock to the packinghouse and finished goods to other destinations.

By the mid 1900s ranchers were engaged in the practice of finishing animals on grain. It was more efficient to move animals to the source of feed rather than transport the feed to the livestock. Packinghouses moved away from Metropolitan areas and closer to the population of livestock and feed. The interstate highway system made it easier to transport meat to population centers

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by economies of scale

evolved to take advantage of scale to deliver food that's safe and affordable to the public. This has been a necessary evolution in order to feed a growing world population. Some would say that further improvements must be made to meet the expected demand. The larger scale and efficiencies that result, however, do not lend themselves to the "locally grown/raised" movement. A 2013 study by the USDA's ERS outlines some factors that are

restricting growth in locally raised meats. They include:

- A lack of processing facilities available in all regions. Consolidation in the animal protein industry means there are fewer plants producing on a larger scale.
- A lack of consistent supply of animals. Plants that process locally raised animals might not be able to draw enough volume

within the region to keep their operations running on a regular schedule. Seasonal fluctuations in population and demand can affect regional slaughter plants.

- A disparity between the types of processing facility available in some regions. For instance, a packinghouse that

"Advances in efficiency and transportation mean that it's no longer necessary for people to be located close to the source of food."

processes 5000 cattle a day might not be set up to purchase small lots and do custom processing for a smaller customer.

- Difficulties involved with the selling of hard-to-move cuts or the unwillingness of a consumer to buy sides or quarters of meat that would allow producer to evenly market all of the cuts.

- Higher expenses associated with mobile slaughter units and sellers' ability to cover those expenses.

As the locally grown movement continues to evolve and mature, it can be assured that marketers will be working to overcome these challenges as they attempt to satisfy consumer demand in this expanding food industry segment. **UB**

Article contributed by Joe Muldowney
Joemo@urnerbarry.com



Increased attention is being given to the transporting large volumes of food over great distances. Counting food miles is one way to measure the impacts of transporting food and food ingredients.

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Alaskan salmon sustainability solidified

In late January Walmart made a momentous announcement about seafood sustainability. David Baskin, vice-president for meat and seafood, and the leader of the Walmart team that traveled to Alaska earlier this month, announced that Alaska's RFM certification program fully met its sustainability guidelines, and that it would source non-MSC certified fish from Alaska.

Walmart has had seafood sustainability purchasing goals since 2005. In January 2012 they spelled out their purchase policy:

"Walmart U.S. and Sam's Club require all fresh and frozen, farmed and wild seafood suppliers to become third-party certified as sustainable using Marine Stewardship Council (MSC), Best Aquaculture Practices (BAP) or equivalent standards. By June 2012, all uncertified fisheries and aquaculture suppliers must be actively working toward certification."

However, it was unclear what standard Walmart considered equivalent to the MSC for their purchasing purposes. In June of 2013, Alaskan suppliers, who had withdrawn from the MSC program, were told that Walmart would no longer purchase non-MSC salmon from Alaska.

This created a huge issue in the market, as Alaska salmon fisheries were widely considered the best managed wild salmon fisheries in the world, and if Walmart's policy excluded this fishery, it seemed like the policy must be flawed.

ASMI mounted an educational campaign with customers about the RFM (Responsible Fisheries Management) certification system, which was based on the FAO guidelines for responsible fishing and for ecolabels.

Hearings were held in Congress where lawmakers challenged both Walmart and Sodexo to justify how their sustainability standards could exclude Alaska salmon. The U.S. park service and the General Services



administration quickly revised their vendor guidelines to ensure that fisheries deemed sustainable by NOAA by operating within the legal requirement to prevent overfishing and to not be overfished, would not be excluded from purchase.

There are two separate programs underway to develop broad open principles for seafood that can be used to determine whether a seafood sustainability certification program is credible or not, and should be accepted by retailers as meeting their highest purchasing standards.

One program is called GSSI—Global Seafood Sustainability Initiative—and involves retailers such as Ahold, Metro, and many others. GSSI was funded by the German development agency, and is convening stakeholder, including retailers, NGO's, and industry, to develop a benchmarking standard similar to that done in the Global Food Safety Initiative (GFSI) about 12 years ago.

Walmart has taken a different approach. It has worked with another group of major buyers including McDonald's, Tesco, Disney, Ahold, Dalhaize and a number of other companies, to try and identify a sustainability scoring system that can be used across multiple products and that incorporates the entire life cycle impacts of these products.

Walmart asked the group—called The Sustainability Consortium—to set up a seafood working group, and come up

with principles by which individual companies could evaluate credible seafood certification programs.

Within the working group there was a heated discussion over whether the standards should include extensive interpretation as well, or should the interpretation of the standard be left to the individual companies. NGO's at one point threatened to withdraw from

the process unless they had a greater role in "interpretation" though the use of their own experts and evaluation processes.

However the working group ultimately decided to keep their guidelines at a higher level. The TSC statement says:

- The intended application is to provide TSC companies with consistent and transparent guidance for evaluating whether a sustainability program has been developed and is being managed in a credible way. This evaluation will be used to screen programs recommended within the Sustainability Measurement and Reporting System.

- For individual companies using the Sustainability Measurement and Reporting System to develop their own policies, the intended application is to offer guidance, or a starting point, for evaluating whether a sustainability program has been developed and is being managed in a credible way.

Walmart has now taken these principles and applied them to Alaska's Responsible Fishery Management (RFM) certification system, and found they fully meet Walmart's purchasing guidelines.

Accordingly, they have made a third revision of their purchasing guidelines to say:

Walmart U.S. and Sam's Club require all fresh and frozen, farmed and wild seafood suppliers to source from fisheries who are:

- *Third-party certified as sustainable using Marine Stewardship Council (MSC), Best Aquaculture Practices (BAP)*

OR

- *Managing a program in accordance with the Principles of Credible Sustainability Programs developed by The Sustainability Consortium. (Third party review must be commissioned and provided upon request)*

OR

- *Actively working toward certification or involved in a Fisheries Improvement Project (FIP).*

David Baskin, writing for Walmart, announced that Alaska's RFM program fully met the guidelines established by the Sustainability Consortium, and therefore the company would purchase RFM certified seafood from Alaska.

"We're proud of our role in promoting sustainable fisheries. So, when salmon fisheries in Alaska indicated they wanted to adopt a new program called Responsible Fisheries Management (RFM), we respected that decision but also wanted to credibly stand by our commitment. We turned to The Sustainability Consortium, an organization made up of businesses, academics and nonprofits, to develop principles for credible fishery management. Based on their findings, we took another look at our policy. We're pleased to incorporate the latest science by applying TSC's principles to our sustainable seafood policy."

"Walmart has proudly sourced seafood from the state of Alaska for many years, and under our newly revised sustainable sourcing policy, we will continue to do so."

"We appreciate the work The Sustainability Consortium has done to evaluate seafood sustainability and develop principles for credible sustainable fisheries programs. These credibility principles will help us ensure sustainable seafood is available for future generations, and we're excited that ASMI is working with us to show how the RFM program meets these principles."

The importance of this change by Walmart to the overall ecolabel movement cannot be overstated.



"Walmart has proudly sourced seafood from the state of Alaska for many years..."

Until now, all evaluations of the various programs, whether they be MSC or others, have been conducted by the parties involved, not by an independent group. So MSC and WWF have offered their own sponsored studies that concluded only the MSC program met a true sustainability standard.

Walmart's application of the principles of the Sustainability Consortium is the first time an independent evaluation mechanism has been used. When the GSSI makes its final report, it will offer another independent evaluation mechanism.

These benchmarking systems—although not intended to directly compare one certification system to another—represent a big step forward by retailers to recognize that different certification schemes serve different purposes, and that the broad question of seafood sustainability can be addressed in a multiplicity of ways.

Walmart does not easily change its positions. It has global sales in excess of 440 Billion. It is the largest global retailer, and in the U.S. has more than 10% of total retail. Grocery is even more important. It has a 25% share of U.S. food sales, and its grocery division accounts for 55% of U.S. division revenue.

As many Walmart suppliers know, when a decision is taken the company will stick

to it, often without regard to the impact it may have on suppliers or their operations—they are expected to adapt. So the fact that Walmart has changed its policy in this case is a true tribute to the importance of Alaska's seafood, and a clear statement that even the largest retailer in the world cannot sustain a policy that does not recognize the huge successes of Alaska seafood management.

This is the first time a major retailer originally committed to MSC has gone beyond the MSC framework to explicitly endorse a different certification program. It means that more programs will be found to be equivalent by retailers in the future—and assures the long term success of Alaska's RFM certification, and its withdrawal from the MSC. **u**



Adapted from a Seafoodnews.com article by John Sackton which originally appeared on January 27, 2014.

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Sea Port among industry movers operating through passionate leadership

Since its founding in 1981, Sea Port Products Corporation has operated as a seafood industry leader through innovative expansion and commitments to crucial industry causes all while offering top quality seafood products through premium customer service.

The Kirkland, WA-based company was first started in San Mateo, CA as Sea Port Brokerage by James Dresser and his two sons William (Bill) and Donald (Don). By 1982 the Dressers had their seafood importing company incorporated as Sea Port Products.

Sea Port initially imported mahi-mahi and swordfish products from Taiwan but quickly became among the first U.S. seafood importers to bring black tiger shrimp from Taiwan to the U.S. market. Sea Port is now among one of the country's premiere shrimp suppliers.

The Dressers soon realized the value of a "one-stop shop" for U.S. seafood buyers and expanded their offerings to the entire Asian continent and beyond. Currently, Sea Port imports seafood from China, Thailand, Vietnam, India, Bangladesh, Japan, Korea, Indonesia, Philippines, Ecuador, Chile, Peru and New Zealand. The company also carries a number of domestic seafood offerings.

Sea Port has built off its flagship shrimp business and now sells an array of seafood items that includes crab, mussels, lobster, squid and octopus to go with wild, farmed, whole and filleted fish offerings. The products are distributed to both wholesale and retail customers under the Sea Port name brand along with the company's Ola! and Cnami brands.

"Our emphasis on a consistent quality Sea Port branded shrimp has certainly carried over to our diverse variety of non-shrimp offerings in the fact that we now offer many of these items under the Sea Port label also," said Sea Port's Dave Glaubke. "Our customers likewise have a great deal



of confidence that they will be getting a consistent quality just like they do with the Sea Port labeled shrimp items."

Just as the Dressers noticed the potential an all-around seafood importer and distributor could gain serving U.S. buyers, the company's leaders continue to remain keen on important industry trends and major participants to make sure Sea Port's voice is heard throughout the industry.

PASSIONATE COLLABORATION

After assuming control of the company from his father in 1995, Bill Dresser worked his way up through the ranks of the seafood industry eventually serving as Chairman of the National Fisheries Institute. As Chairman, Bill helped the NFI influence policy changes to benefit the seafood industry at large while at the same time proving Sea Port's industry leadership. Later on Bill became an integral part of the formation of the NFI's Global Seafood Market Conference, which has grown to offer the seafood industry a unique discussion platform, akin to Bill and Sea Port's leadership style.

Bill did step down as NFI Chairman, but soon returned to head up the Institute's

Shrimp Council in early 2013. It was through Bill's leadership—as president and CEO of one of the country's premier shrimp importers—that the NFI, along with the Shrimp Council, successfully lobbied U.S. officials to toss out shrimp countervailing duties against U.S. exporters in September.

Even with the CVD situation settled, Sea Port along with the rest of U.S. shrimp importers faced another issue: shrimp early mortality syndrome.

In 2013 the disease gripped Asia producers, crippled production and sent global supplies into a tailspin. It was again time for Sea Port, through Bill's leadership to coordinate with the industry to tackle an industry problem through heads-on collaboration. Dresser said EMS is likely to dominate discussions at this year's Boston show and for the rest of the year—a conversation the Shrimp Council is poised to lead, Dresser added.

"The Shrimp Council is part of an initiative—which includes NFI, GAA, SIRF and the World Bank—attempting to establish a 'symposium' that would bring all relevant scientists together to hopefully establish a more collective and collaborative approach to the management and cure of this disease," said Dresser.

Sea Port's industry collaboration has gone well beyond overseas shrimp issues.



Go Blue is Sea Port's totally immersive pro-seafood initiative. It represents the company's commitment to supplying products that are sustainable and socially responsible.



Sea Port's staff poses outside of their offices during the January 31 Chinese New Year as part of the company's annual Lion Dance celebration that aims to bring good fortune for the year ahead. Photo Credit: Sea Port

The company has tackled a number of domestic seafood issues that have included sustainability and consumption.

Just as it pioneered the seafood import business, the company has embraced seafood sustainability through its own "Go Blue" corporate sustainability policy. Sea Port's Sustainability Spectrum and Plate initiatives combine to encourage customers and consumers eat healthy diets full of seafood fished responsibly.

Through Go Blue, Sea Port has rallied around industry causes such as the Seafood Nutrition Partnership (SNP) and Seafood Industry Research Fund (SIRF). The company said it supports causes that attempt to influence consumers' seafood knowledge and awareness because a smarter, more health-conscious consumer will propel not just Sea Port's business, but benefit the entire industry for years to come.

"There are many dynamics that point toward opportunities to increase seafood consumption," said Dresser. "What the industry can do to help is support organizations such as SNP and SIRF."

Last year Bill Dresser again placed Sea Port at another discussion table by becoming a SIRF Board Member. And this year at the 2014 NFI GSMC in Miami, it was Dresser who rallied the "SIRF Board" to organize an inaugural funding dinner at NOBU, which board members together were able to rally industry executives to raise over \$100,000 for various research funds for the seafood industry.

"Bill's passion is contagious. He's always been quite dynamic within the industry and likes to be part of the conversation, no matter what the topic is," said Jenni Davis, Sea Port's import compliance, marketing and project manager.

Davis added that Bill and Sea Port's round-the-clock dedication in solving industry issues and delivering highly competitive and quality service to its customers is part of the company's "work hard, play hard" mentality.

In January Sea Port had a bit of fun by ringing in the Chinese New Year during its 12th annual "Lion Dance" celebration. The company decorated and dressed up for the January 31st occasion which honored the year of the horse.

The tradition is meant to bring luck for the year ahead, which for Davis and the Sea Port culture, is just another year of opportunity to lead the seafood industry forward through its niche brand of competitive leadership.

"We have a really unique company culture, the industry is extremely fast paced and to keep that competitive edge you have to be on your toes, we like to work [but] we also celebrate the things that are great about the cultures we're involved with," she said. **UB**

Article contributed by Michael Ramsingh
Mramsingh@urnerbarry.com



Bill Dresser, President of Sea Port, addresses an audience of seafood industry professionals during the GOAL 2013 Conference in Paris, France.

Photo: Gail Hammagan of Preferred Freezer Services

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Mexican Beef



A bright future for a country's industry filled with potential

The Mexican Beef Exporters Association (Mexican Beef), which represents the largest beef exporters in Mexico, continues to search for markets around the world as the “Mexican Beef” brand gains strength. In the previous issue of *Urner Barry's Reporter* we mentioned how exports of Mexican beef have grown in the last few years. And as emerging markets grow and demand more beef, the search for new markets has intensified. In addition, shipments to currently Mexico's largest market, the United States, managed to grow again in 2013 (chart 1). In this sense, the narrative has changed. The outlook is positive for those who are capable of producing beef that meet international quality standards as tight supplies in the U.S. and a strong demand in Asia are expected to persist for much of 2014.

In 2013, Mexican Beef traveled to potential and current markets aiming to open and strengthen business relations around the globe. Beef produced in Mexico has already established two important markets; the U.S. and Japan, despite production slipping slightly (chart 2).

Looking at the U.S. market in particular, we see quite an opportunity for Mexican Beef. The beginning of 2014 saw tight cattle supplies continuing to place significant pressure on the market resulting in beef prices experiencing record high levels. Also, low cattle on feed figures revealed the overall supply of beef will remain tight throughout 2014. “Global demand is strong but we are going to be

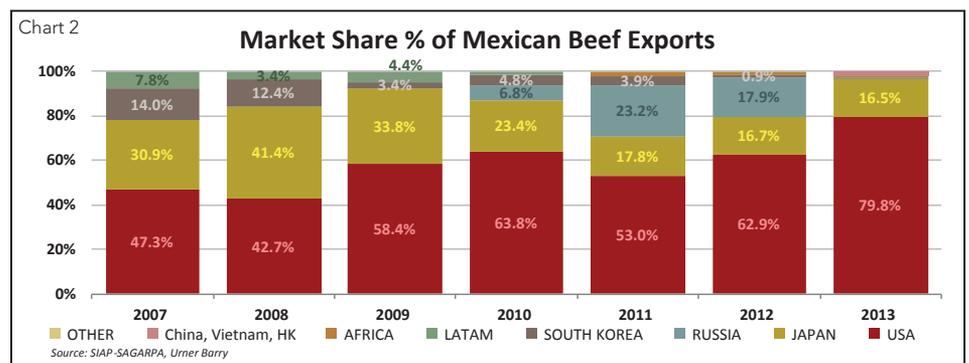
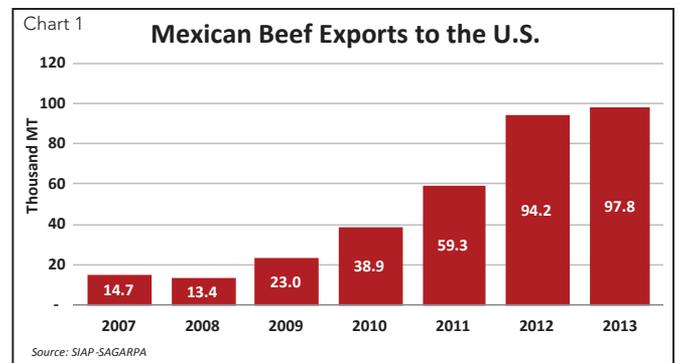
producing less this year and this is going to mean upwards price pressure” said Brett Stuart from Global AgriTrends in a recent article to the Beef Site.

Mexican Beef is quite aware of this situation and is planning accordingly. For example, early in February representatives of the 13 companies that form Mexican Beef Exporters Association participated in the National Grocers Association event in Las Vegas, aiming at expanding their market share and also strengthen existing relationships.

Good quality product and attractive prices give Mexican Beef a competitive advantage. According to many Mexican producers, Mexican beef is produced in a similar manner to that in the U.S.; cattle are grain-fed, cuts are vacuum

packed, and can fulfill strict quality control standards. A U.S. importer of Mexican beef said “Beef from Mexico is good quality and price.” Aside from such an advantage, Mexico enjoys relatively lower transportation costs due to prime geographic location and access to the U.S. market.

But potential opportunities do not stop there. China, for example, saw 2013 beef imports grow 345 percent reaching 314,437 metric tons according to data by the U.S. Meat Export Federation (chart 3). “... it's



very obvious to them and everyone else that they don't have enough beef" said Stuart. Furthermore, he added "During tight supply, the highest bidder gets the beef...the highest bidder does not always live in the U.S." This means that demand in China is rising and represents a huge opportunity for beef producers around the world, and Mexico is not the exception. In fact, Chinese government officials visited Mexico during the last week of January 2014, aiming at establishing trade partnerships and import beef from Mexico. As such, this situation signals the potential opportunity for Mexican Beef exporters to ship product to that country in the near future.

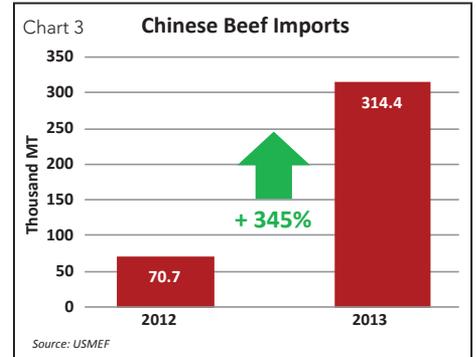
However, there are other regions where Mexican beef exporters could increase their current market position, such as Africa. Mexico currently exports to Angola, where exports in 2012 reached over one thousand metric tons.

As a result, intensified efforts to enter new markets come primarily due to a growing demand for beef around the world, especially in emerging markets. In addition, the relatively negative impact of the Russian market in 2013 also motivated sellers to seek other markets. However, Mexican and Russian authorities are currently engaging in conversations to reopen their borders to Mexican beef.

Whether sales to a U.S. tight beef market continue to grow, or

new markets like China open, the outlook for Mexican beef exporters appears to be positive for 2014. And Mexican beef meets strict quality standards to fulfill any demands around the globe. The potential is huge, the opportunities are many; the future for our neighbors down the border looks bright. **U**

Article contributed by Angel Rubio
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Alaska's record 2013 salmon harvest nearly most valuable ever

Alaska's 2013 salmon catch was one for the record books as the state landed over 272 million fish and set the mark as the second most valuable year for the fishery to date.

"Our salmon managers across the state have done an excellent job of ensuring sustainability of our salmon stocks while optimizing fishing opportunity," said Jeff Regnary, ADF&G Commercial Fisheries Division director. "We are pleased that so many Alaskans are able to enjoy the economic benefits of our salmon resources."

The massive landings were powered by a record high pink salmon catch, Alaska's smallest and most abundant salmon species.

Altogether fishermen brought in 219 million pink salmon, which comprised more than 80% of the total harvest and surpassed the Alaska Department of Fish and Game (ADFG) pre-season forecast for all five salmon species combined.

"We're proud of the heritage of our salmon fisheries and our commitment to their sustainability. This year's record-breaking harvest was especially exciting, and we're hoping to spread the word about the excellent taste and versatility of Alaska pink salmon," said Tyson Fick, Communications Director for the Alaska Seafood Marketing Institute (ASMI).

The record-setting volumes were accompanied by equally impressive values for the fishery.

The ADF&G pegged the 2013 catch value at around \$691.1 million, second only to the 1988 harvest worth \$724 million.

Sockeye narrowly edged out the huge pink haul to retain its position as Alaska's most valuable salmon fishery. Chum, Coho and Chinook filled the remainder of the ranks respectively.

Now ASMI is making a concentrated effort to market the state's huge pink haul. Known for their mild flavor, tender

"... salmon managers across the state have done an excellent job of ensuring sustainability ..."



Source: Alaska Dept. of Fish and Game

"The record-setting volumes were accompanied by equally impressive values for the fishery."

texture, and rosy pink flesh, much of Alaska pink salmon is found in shelf-stable canned, pouched and frozen forms. Given the huge Alaska harvest, ASMI said now is an excellent time to incorporate pink salmon into meal planning.

Senator Lisa Murkowski managed to convince Agriculture Secretary Tom Vilsack to use \$20 million in existing funds to purchase Alaska canned pink salmon for The Emergency Food Assistance Program, better known as TEFAP.

Murkowski explained her goal was to ensure that food banks and their partners would have greater access to a wide variety of healthy foods.

"Every Alaskan knows that our salmon is brain food and full of protein, so I suggested the Department of Agriculture consider our nutritious and delicious salmon for food banks nationwide experiencing high levels of need," Alaska lawmaker said.

"The timing and volume of this purchase could not have come at a better time for the industry and its recipient consumers," said Bruce Schactler, of Kodiak, coordinator of ASMI's U.S. Department of Agriculture Food Aid Program.

"It will help to stabilize the market and the price structure that the producers and the coastal communities depend on. There is much food insecurity in the nation and this purchase will supply over 60 million meals to families that need it.

Begich said he was glad that families nationwide would be able to enjoy this healthy seafood. "Last year the Alaska fishing industry caught a record number of pink salmon—more than 219 million," he said. "Alaskans are proud of the way we manage our fisheries and these record numbers prove that we are serious about sustainable seafood." **UB**

Article contributed by Michael Ramsingh
Mramsingh@urnerbarry.com



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Move over ground beef! There are seafood burgers on the table

No doubt burgers are known as an American classic. A traditional burger is most often a ground beef patty served on a bun, yet that concept has been exploding with creative options—especially with health conscious consumers in mind. Whether choosing a lean elk burger, turkey burger, or the many vegetarian options, numerous burger varieties are now being offered on restaurant menus and in retail cases everywhere—even seafood burgers are gaining popularity.



Urner Barry's Seafood Market Reporter, MaryAnn Zicarelli prepared each burger using fresh ingredients, spices and egg or mayonnaise as binders. Some burgers also contained small amounts of bread crumbs or panko. The burgers were formed and wrapped

In the previous issue of *Urner Barry's Reporter*, Urner Barry produced their own "unofficial" taste test with UB staff members who tasted and rated a variety of red meat burgers. As a follow up, UB again gathered staff members for round 2 so that opinions on five seafood burger varieties could be given. Sampled were shrimp burgers, mahi-mahi burgers, salmon burgers, rainbow trout burgers and tuna burgers. Each burger was prepared on site using fresh, ground fish that was provided by Save On Seafood in St.

Petersburg, Florida. President, Gib Migliano, provided the fresh ground salmon, mahi-mahi, number 1 tuna and farm-raised rainbow trout. Migliano explained that the fish is ground and packaged into air-tight tray packs. He said restaurants typically order one to two pound packs so that they can use it fresh each day, particularly with tuna. "The freshness is important because customers like to order their tuna burgers rare and want to see the bright red color." If tuna meat is exposed to air, as it oxidizes, the flesh will begin to turn brown.



Fresh ground seafood was used in the burger preparation.

The shrimp was sourced from a local retail case. It was frozen and packed by Censea. It was defrosted and cut into small pieces.

The shrimp was sourced from a local retail case. It was frozen and packed by Censea. It was defrosted and cut into small pieces.

in wax paper for a few hours before cooking to help keep them from crumbling. Each burger was sautéed in a small amount of cooking oil.

The tasting panel was given two burgers of each variety, one plain and the other dressed with lettuce, tomato and seafood seasoned sauce. The idea was to give the panel a chance to taste the natural flavors of the burger as well as having one with some embellishments. In some cases the panel members favored the plain burgers over the dressed burgers; especially the burgers with the stronger taste.

All-in-all, the tasters liked the flavor of all five seafood varieties and described them to be mild in flavor, contrary to their expectation of the burgers having a "fishy" taste. They surprisingly reported the flavor and smell as mild and pleasant. To see the reaction and details of the tasting, view the video at www.urnerbarry.com/video/seafoodburgers.

Prepared seafood burgers have been making their way into the freezers and fresh seafood departments in many retail stores and provide consumers with easy to prepare seafood options. Try one for yourself. **UB**



Scan with Smartphone for link to video.

Article contributed by MaryAnn Zicarelli
MaryAnn@urnerbarry.com

The Contestants:



Rainbow trout



Shrimp



Mahi



Salmon



Tuna

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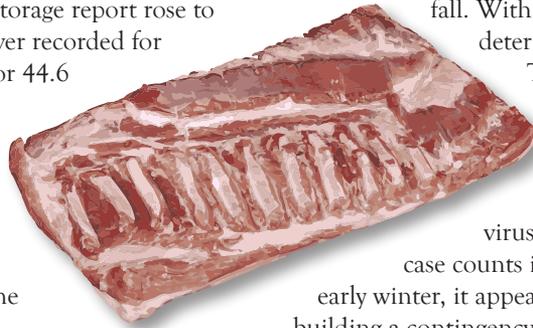
The best in seafood is now the best in choice.



FROZEN FOODS

Bellies in cold storage highest in 25 years – PEDv related?

Pork bellies in the USDA December cold storage report rose to 80.6 million pounds, the second highest ever recorded for the month. In fact, it was a 123.9 percent or 44.6 million pound increase from the same time last year. Although the figure may be explained away as an anomaly or a natural reaction after prices declined steeply from all-time highs in the summer, there may be a more important factor in play within the belly market, namely porcine epidemic diarrhea virus (PEDv).



fall. With demand retreating rapidly, belly values deteriorated to levels not seen for several years. This development spurred significant freezer interest in October and November.

While belly prices were at their lows, fears over the porcine epidemic diarrhea virus or PEDv reached new highs. With positive case counts increasing on a weekly basis in late fall and early winter, it appeared some participants were interested in building a contingency plan if and when a sizable hole in hog supplies occurred during 2014.

We started 2013 with a substantial deficit of bellies in storage compared to 2012. Because frozen inventories act as a buffer or insurance policy during the spring and summer when bacon demand is the highest and pork production is at its lowest, these early cold storage stocks are critical in keeping prices under control. With so few bellies stored, the price of bellies soared into the summer, blowing through previous highs and remaining elevated for multiple weeks.

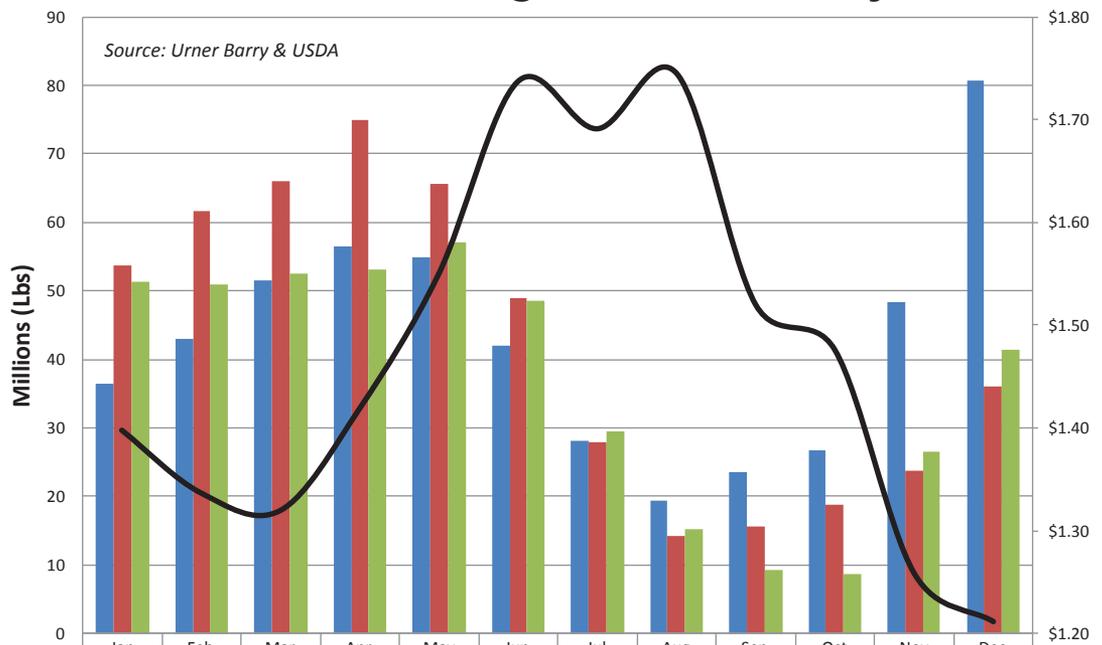
The drop in belly prices last fall offered up an opportunity to accumulate a large amount of product as an insurance policy against the potential for severely limited hog supplies at some point in mid-2014. Time will tell if participants opt to freeze additional pork products in preparation of the virus' impact. However, for right now, it appears the industry has ensured the people will receive their bacon this summer... because BLT's are much more appetizing than LT's.

As these high raw material prices began to translate to lofty bacon prices, retailers started to pull back during the late summer and

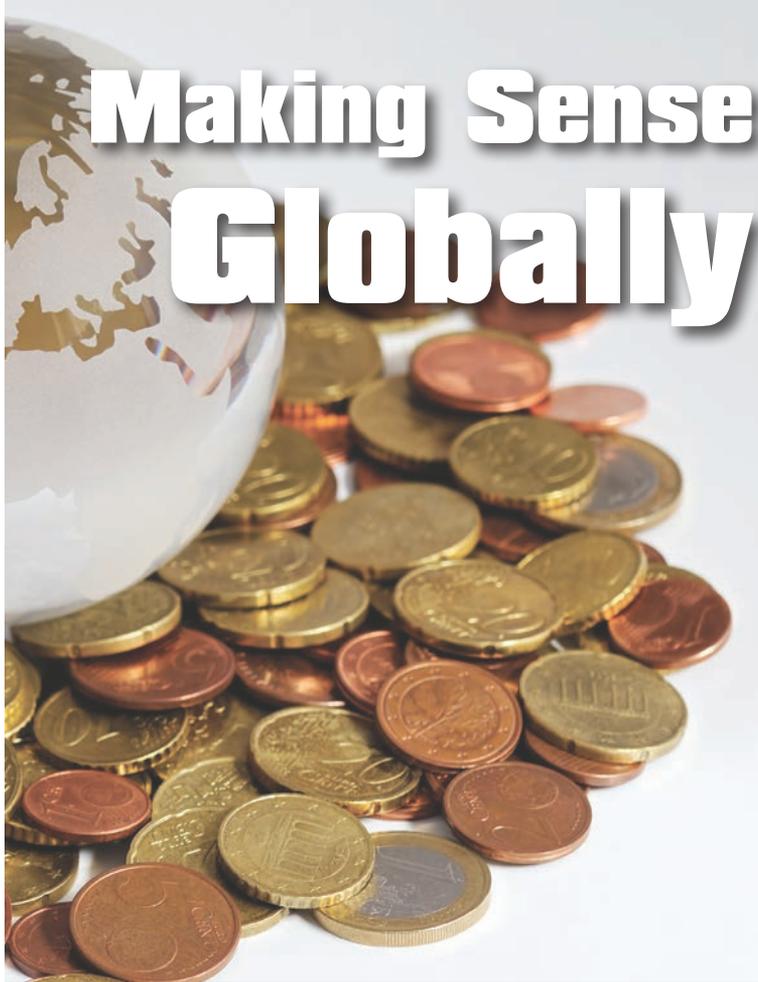
Article contributed by Russell Barton | Rbarton@urnerbarry.com

“While belly prices were at their lows, fears over the porcine epidemic diarrhea virus or PEDv reached new highs.”

Bellies in Cold Storage and 2013 Belly Price



USDA Stocks in ColdStor. - Fz Pork, Bellies 2013	36.4	43	51.5	56.4	54.8	42	28.2	19.3	23.5	26.7	48.3	80.6
USDA Stocks in ColdStor. - Fz Pork, Bellies 2012	53.7	61.6	66	74.9	65.6	49	28	14.2	15.7	18.7	23.8	36
USDA Stocks in ColdStor. - Fz Pork, Bellies 2011	51.3	50.9	52.5	53.2	57.1	48.6	29.5	15.2	9.3	8.7	26.6	41.5
Pork Processing Items (TL) Sq. Cut Bellies 14/16 2013	1.398	1.337	1.32	1.419	1.55	1.737	1.691	1.745	1.52	1.476	1.259	1.212



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Dinesh D'Souza
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the Reagan White House
and author of *Obama's
America: Unmaking the
American Dream*



National birth defects prevention month

New study suggests choline recommendations during pregnancy may be too low

Article contributed by the American Egg Board

Recent research published in the American Journal of Clinical Nutrition (AJCN) found that during pregnancy, and particularly during the third trimester, large amounts of choline may be needed to support fetal development. Conclusions of the research revealed that current recommendations may be too low.¹ Choline deficiency in pregnant women may result in elevated levels of homocysteine, potentially resulting in birth defects.



Provided by the Incredible Edible Egg.

“With numerous implications for health, increasing choline intake can be as easy as incorporating eggs into a healthy diet...”

January is National Birth Defects Prevention Month, and according to the National Birth Defects Prevention Network (NBDPN), every 4½ minutes a baby is born with a birth defect such as spina bifida.² This study adds to the growing body of evidence demonstrating that adequate maternal choline intake is vital to a healthy pregnancy.

CHOLINE NEEDED FOR HEALTHY FETAL GROWTH

Choline is an essential nutrient that is required to make phosphatidylcholine, a component of all cell membranes. Researchers evaluated pregnant and non-pregnant women who were all given a controlled diet that provided 380 milligrams/day (mg/d) of choline, primarily from eggs. The women were then randomly assigned to receive choline supplements of 100 or 550 mg/d. The study found that there is an increased fetal demand for phosphatidylcholine during pregnancy, much of it being transferred to the developing fetus.

“The methodology we employed in this study helped us clearly see changes in choline metabolism during pregnancy,” says Dr. Marie Caudill, professor in the Division of Nutritional Sciences at Cornell University and lead investigator of this study. “The results are very meaningful because they demonstrate the substantial demand for choline during pregnancy and may call for an increase in the amount of choline recommended in the diets of expecting mothers.”

ADDITIONAL BENEFITS OF CHOLINE

There is a significant body of research demonstrating the vital role choline plays in the diets of pregnant and breastfeeding women.

- Choline has been shown to play an important role in fetal and infant brain development, affecting the areas of the brain responsible for memory and life-long learning ability.³
- Moreover, research shows that choline may help prevent neural tube defects. Compared with women who get sufficient choline in their diets, women with diets low in choline have four times greater risk of having babies with neural tube defects such as spina bifida.⁴

EGGS ARE A SIMPLE WAY TO ADD CHOLINE TO THE DIET

Research shows that 9 out of 10 Americans don't get enough choline.⁵ With numerous implications for health, increasing choline intake can be as easy as incorporating eggs into a healthy diet. Egg yolks are an excellent source of choline, providing about 125 mg, or roughly one-quarter of the recommended daily amount. “As one of the most convenient and low-cost food sources of choline, eggs are a food that I commonly encourage pregnant and breastfeeding women to consume,” says pediatric physician assistant Chris Barry, PA-C, MMSc. “Eggs are all-natural, packed with a number of nutrients and a delicious



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underscores need for higher choline intake

addition to a healthy diet.” For those looking to add more choline to their diet, Barry suggests simple, nutritious recipes like this Microwave Mexican Omelet or Easy Hardboiled Eggs.

For more information on the health benefits of eggs, materials on the nutritional importance of choline or recipes, visit EggNutritionCenter.org, CholineInfo.org and IncredibleEgg.org.

...

About the American Egg Board (AEB)

AEB connects America’s egg farmers with consumers, communicates the value of The incredible edible egg™ and receives funding from a national legislative



American Egg Board

checkoff on all egg production from companies with more than 75,000 hens in the continental United States. The board consists of 18 members and 18 alternates from all regions of the country who are appointed by the Secretary of Agriculture. The AEB staff carries out the programs under the board’s direction. AEB is located in Park Ridge, Ill. Visit www.IncredibleEgg.org for more information.

About the Egg Nutrition Center (ENC)

The Egg Nutrition Center (ENC) is the health education and research center of

the American Egg Board. Established in 1979, ENC provides science-based information to health promotion agencies, physicians, dietitians, nutritional scientists, media and consumers on issues related to egg nutrition and the role of eggs in the American diet. ENC is located in Park Ridge, Ill. Visit www.eggnutritioncenter.org or www.nutritionunscrambled.org for more information. **US**



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David Van Hoose presented with 2014 NPFDA Poultry Industry Lifetime Achievement Award

With more than 45 years in the poultry industry, David Van Hoose has had significant impact on its advancement as well as on the companies for whom he has worked. That's just part of the reason that on January 29, 2013 during the National Poultry and Food Distributors Association Awards reception, the organization presented him with this much deserved award.



As anyone knows who was in attendance this year, there were many weather related absences as travel plans were scrapped. Mr.

Van Hoose was among those unable to make it to NPFDA's Award Reception. In his absence, Case Farms President and COO Kevin Phillips accepted the award. Reading from a speech prepared by Van Hoose, Mr. Phillips said that he (David) owed a lot to his mentors for their trust, opportunity and support while thanking his wife, Barbara, for being supportive and patient. Mr. Phillips quoted Van Hoose saying "I was always proud to work in our industry—great product and great people." He concluded by stating that he will always remember the folks which made things fun and productive during his tenure.



David Van Hoose.

Mr. Van Hoose was born in Paintsville, Kentucky and grew up on his family's Ohio farm. He graduated from Ohio State with a degree in Agriculture and began his career in the poultry industry working for Perdue as a Broiler Technician. Over the next seven years he moved to sales then to plant manager and finally on to grow-out manager.

Since that time he has held a variety of high visibility positions including General Manager at B.C. Rogers, Vice President at Mountaire Farms and General Manager of Cargill's Delaware poultry operations.



Case Farms President and COO Kevin Phillips accepted the award on behalf of David Van Hoose.

In 1988 Van Hoose started working for Pilgrim's Pride as Executive President over Processing in 1990 and was promoted to General Manager of their Mexican Operations. In 1995 he became President & General Manager of their Mexican operations. In 1998 he relocated to Texas and shortly was promoted to President, CEO & COO of Pilgrims. He retired from Pilgrim's in 2003 and went to work for Case Foods as

President and COO until 2009. He was asked back to Case Foods in 2011 where he again worked as President and COO until February 2012. David still holds a seat on the board.

Kevin Phillips, President/COO, Case Farms said "David has been instrumental in the success and growth of Case Farms for over 10 years. He has provided exceptional leadership to our management team and has been a true mentor to me. He is not only a tremendous leader but a remarkable gentleman. Case Farms would not be the company it is today if not for him. He is absolutely worthy of this award."

David Van Hoose and his wife, Charlotte, currently live in Georgetown, South Carolina and have 5 children and 10 grandchildren. **UB**

Article contributed by Russell Whitman
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"I was always proud to work in our industry—great product and great people."



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Seafoodnews.com launches new website at Boston Show

SeafoodNews and Urner Barry are launching the third generation SeafoodNews website at the 2014 Seafood Expo North America.

Since the publication was founded in 1994 by world renowned seafood expert John Sackton, Seafoodnews.com has grown to be the North American seafood industry's most trusted, relevant and timely daily news source.

This is the third major overhaul of the service's website and will provide readers the same insightful opinions and news through a cleaner more visual interface.

Readers will get a dynamic home screen featuring more videos and images, and a newspaper style display of the days stories. The display is very fast, and supports mobile devices, tablets, laptops and office computers with large monitors.

Seafood industry participants with busy daily work schedules will find the new design provides an easy-to-read run down of the days top stories.

The new homepage also improves on Seafood News' video and featured story offerings. Now subscribers have access to a complete playlist of our series of expert video analysis. Additionally, a more robust Featured Stories section has been included that keeps subscribers informed of the industry's top themes as they develop throughout the week.

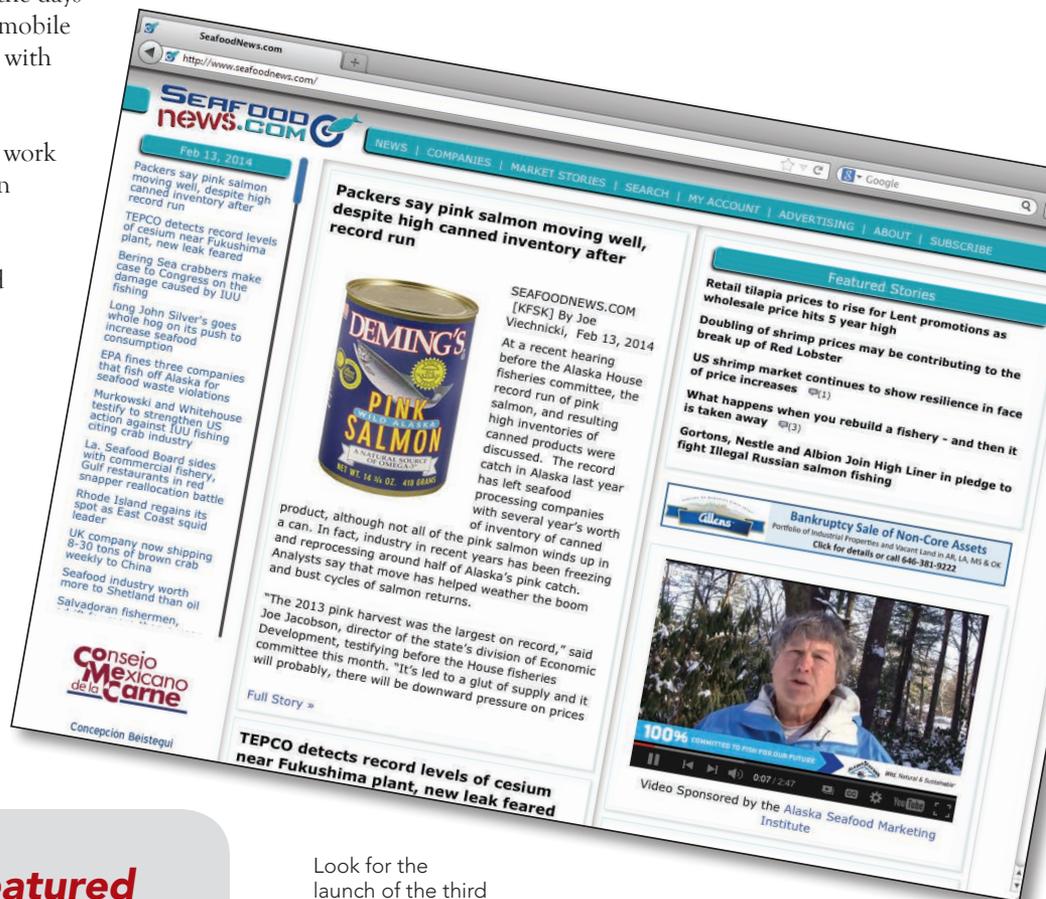
The new site also features several tools to help make sense of the flood of industry news. The company tab pulls all company specific stories, by company name. The market tab does the same thing, except it pulls market stories by species. The site

also has an expanded search function, and will have an ability to recreate prior days front pages for those users who miss a day while traveling or in meetings.

The new SeafoodNews.com is social media friendly. You can tweet any article from within that article, and the site features our well-followed twitter feed.

For 20 years Seafoodnews.com has delivered North American industry participants the most comprehensive seafood news coverage available and the

new website improves the reader experience, streamlines the news, and helps industry professionals get the news they need. **UB**



"... more robust Featured Stories section has been included that keeps subscribers informed of the industry's top themes ..."

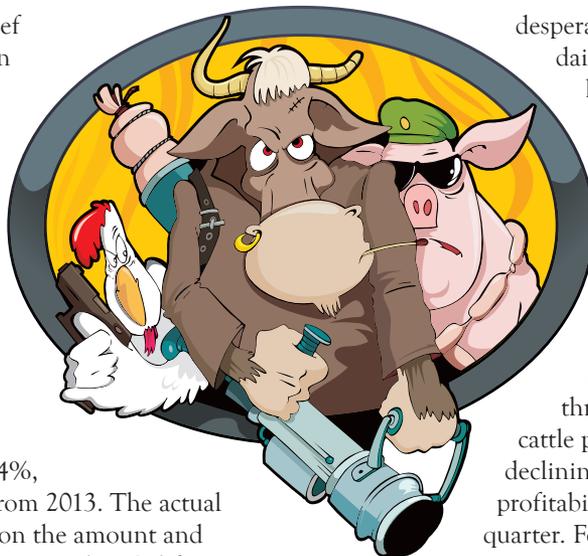
Look for the launch of the third generation SeafoodNews website at the 2014 Seafood Expo North America in March. The new site will provide readers with the same insightful opinions and news through a cleaner, more visual interface.

Meat supply shakeup forecast for 2014, but combined total nearly flat

Americans will have considerably less beef supplies coming through the distribution channels in 2014 yet a sizable increase is expected in broiler chicken production.

The government predicts modest growth in pork, but there's a wildcard lurking in that sector called PEDv—porcine epidemic diarrhea virus, a deadly disease for very young pigs that found its way into the U.S. last spring.

The U.S. Department of Agriculture projects 2014 beef output to be down 5.4%, or a drop of nearly 1.4 billion pounds, from 2013. The actual decline in beef production may depend on the amount and timeliness of rainfall in the southwest region and in California. The Southwest has had some rain but is in need of more for pastures, hay and row crops while California has begun the year in

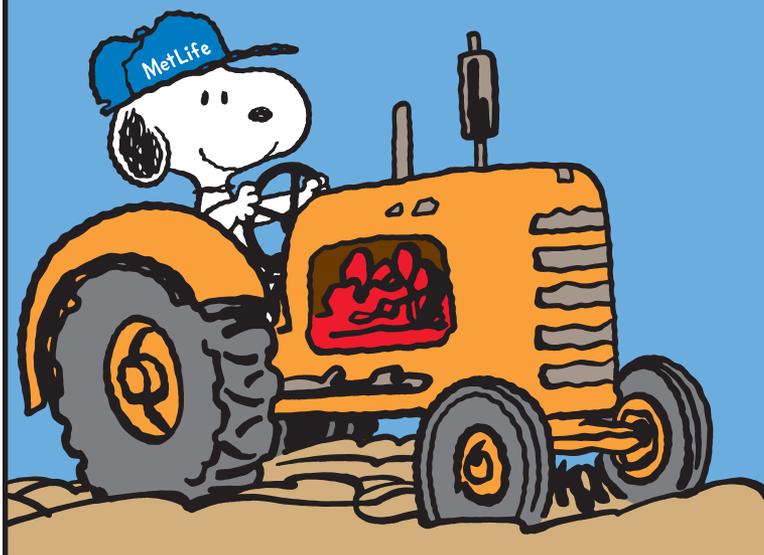


desperately dry condition, which may force its dairy and beef cattle industries to trim their herds. If more cows from California are sent to slaughter, that could boost beef output somewhat in the near term but lead to even tighter supplies into 2015 and 2016.

The southwest U.S. probably added to its beef herd during the second half of 2013 after further trimming the number of cows on ranches throughout the first half. Rising cash cattle prices during the second half along with declining feed costs resulted in much improved profitability for cattle feedyards by the fourth quarter. Feedyards aggressively sought additional young animals, which along with lower corn prices and tight supplies of the young animals sent prices for replacement cattle to all-time highs.

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Cattle ranchers were pulled between selling their high-priced yearlings and calves versus holding back more heifers to be added to the breeding herd. Some have purchased from other producers or from cattle auctions older cows that could still produce two or more calves before becoming too old to keep any longer as another way to rebuild their herds.

Rebuilding of the breeding herd has resulted in reduced cull cow slaughter and the amount of lean cow beef available to be sold, sending prices for the grinding meat higher.

Wholesale beef prices have skyrocketed and established a long string of new highs in both the choice and select grades on Urner Barry's and USDA's daily quotes. Those prices will be passed on eventually to retailers and consumers.

In the pork sector, producers are planning to increase their farrowings during the remainder of the winter and spring seasons, according to USDA's December hogs and pigs report, but the data showed a smaller breeding herd as of Dec. 1 compared with the previous year. Analysts questioned how producers will be able to boost farrowings during the December through May period by nearly 1.4% when the breeding herd as of Dec. 1 was 1.1% smaller than the previous year.

Uncertainty remains about the number of pigs that have died from the porcine epidemic diarrhea virus. Case counts of the disease

have grown significantly since early October, with nearly 70% of total having occurred since that time. If losses were large, it could dramatically affect supplies of hogs available for slaughter this spring and early summer.

USDA's projections for pork output in 2014 appear to have little or no impact of PEDv built in since slaughter rates have not yet been significantly affected overall, analysts said. The government may wait until clearer signs of reduced supplies are noted in slaughter rates before making any adjustments in its projections for supplies.

If hog supplies are trimmed as much as some analysts have predicted, pork output in 2014 may fall short of the 2013 figure, resulting in a bigger reduction in total red meat output as well.

The broiler industry is poised to make up most of the shortfall in red meats and can adjust output much more quickly than can hog and cattle producers. Lower feed costs and the opportunity to capture more marketshare while generating a profit have contributed to growth. USDA forecasts 2014 broiler meat production to be up about 3%. Combined meat and poultry production for 2014 is pegged to be nearly identical to that of 2013. But, if beef and pork output stumbles, chicken production may grow even more. **US**

Article contributed by Curt Thacker | Cthacker@urnerbarr.com

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Urner Barry: the inside story

Since its creation in 1858, Urner Barry (UB) has grown to be the trusted standard in the food industry for market news. Today, we're here to answer a few commonly asked questions about UB, and to let you in on a few trade secrets that will explain exactly how we're able to bring you that timely, accurate, and unbiased market information.

It's 8:30 a.m. on a rainy Wednesday morning, and UB staff members are hustling in from their cars through the singular glass door at the front of the two-story building set at the edge of New Jersey's Pine Barrens. The scent of brewing coffee in the break room is a warm



Recording of Urner Barry's Daily Market Video takes place among the happenings of the staff.

welcome to a particularly dank morning, and the promise of a busy day ahead. The Poultry and Egg departments are already nestled in at their desks and getting down to business; making calls and confirming the trades already made in the early morning hours.

I make my way past the front office, through our graphic design and printing departments—kindly greeted by a dozen “good mornings” along the way—and climb the stairs to the second floor where my desk sits among a sea of blue cubicles. Bruce Longo, one of our Boxed Beef Market Reporters, is seated at his desk with his hands-free headset on, feverishly writing down numbers on his change sheet and punching buttons on his calculator. On the other end of the line, his contact provides information



Urner Barry's Boxed Beef Reporter Bruce Longo during one of his many daily market phone calls.

regarding the latest drought update and its affect on product supply, and changes in market price so far this morning. Once the call is finished, he makes a few notes, and begins dialing another call. The line of questioning includes: “Any trades yet today? How much—a truckload? Where did you sell? Is that delivered? What other kinds of bids are you hearing so far...?” Thus the process continues repeatedly with more scribbling, more calculating, and more calls.

Similar conversations are taking place to my left in the Pork Department, behind me in the Seafood Department, and of course, downstairs in the Poultry and Egg Departments. Each protein category has three or more market reporters that facilitate this process of information discovery every market day. Reporters are responsible for confirming trades with numerous buyers and sellers, as well as bids and offers, and information regarding supply and demand. Our seasoned market reporters (the average tenure of an Urner Barry market reporter is over 16 years) must stay on top of current market levels and potential direction and movement by speaking with hundreds of collective industry contacts. Any technology that can be leveraged to communicate with contacts and get trading information is used; Email and phone are utilized extensively, but trades also come in through text message,



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Skype, instant messenger, Google chat, and some are submitted directly through Urner Barry's trade collection interface. The finalized market quotes are based on the reported bulk of sale, or the rule for that commodity, not the exception.

The publications have strict deadlines and this requires that reporters stop collecting trades and file their reports at a specific time. We call this "closing" the market, although we recognize that trade on the items we quote occurs all the time. Once the markets are closed, the updated numbers are then submitted, and sent over to our Instant Market News Department (IMN), where they are proofed in both online services and in printed publications. Urner Barry, as well as USDA and any other third party source numbers are proofed multiple times by individuals and all available means of technology to ensure accuracy. Next, IMN works to create PDF files, which are used for email, fax and mobile message services. The new markets are then published and released to subscribers. The IMN department is also responsible for gathering all USDA reports and collecting data for our Retail Features report.

While all this is taking place, I'm called to a meeting downstairs in the conference room to discuss a new feature available on our premier online service for market information, COMTELL. Our IT department has been working around the clock developing a new tool soon to be implemented for use by COMTELL subscribers: User Defined Relationships (UDR), a new mathematical tool that will change the way information is manipulated and calculated within the site. Everyone is briefed and trained on the



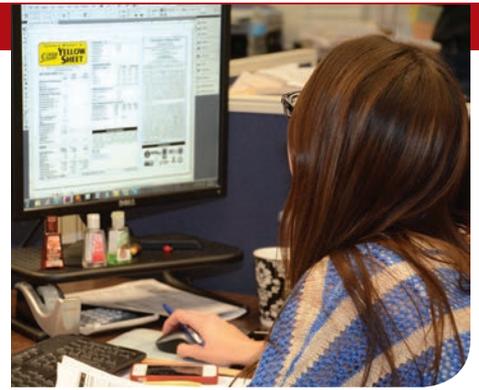
Meetings, new product discussions, collaborations and many other orders of business take place regularly during a day in the life of Urner Barry.

new feature, and more ideas are suggested to further increase performance and utilization of the component.

When the meeting adjourns, we head back upstairs to resume the day. The reporters return to their calls, and I fire up my email to find a few dozen customer requests and inquiries. When I finally catch up with my correspondence, I find a few moments to work on my article for this quarter's *UB Reporter Magazine*—this story about the day-to-day operations of Urner Barry. Before I know it, it's time to record the day's segment for the UB Daily Market Video posted to our homepage, YouTube and COMTELL Online. Leading up to production, the reporters and staff writers are seeking content during the day and analyzing the latest reports and news releases that relate and affect the industry. Once the script has been finalized, it's proofed just in time for me to mic-up. Then it's lights, camera, action. Post production and editing impressively takes just under an hour to complete.

Towards the late afternoon, the sun has broken through the clouds and with a second wind it's time for the Seafood Market to update, and round two of the Red Meat markets (quoted twice a day) to be published to the sites. All departments work diligently to accomplish their respective tasks needed to quickly get the information out to our customers. Online services are updated, emails are sent out, and faxes are delivered through a well practiced and choreographed progression.

Behind the scenes, there are a lot of moving parts to this intricate and extraordinary operation. We have a team of staff writers constantly scouring the wires, bringing our sites the latest business and industry news of the day; an IT department devoted to keeping our sites up and running smoothly, all while improving and increasing the abilities of the database; a video production team that creates content and delivers market news and analysis through online video media; and a customer service and sales department committed to serving and assisting our valuable subscribers; and the market reporters, who pledge to research, analyze and dispatch market information. All working together to create a suite of



Market numbers are submitted, checked for accuracy and proofed again before being published.

products and services dedicated to aiding our wonderful and unique industry.

On behalf of the entire Urner Barry family—because that's what we are—we hope you've enjoyed the exclusive insight and have a better understanding of our beloved company. We have immense appreciation for you, our loyal customers, and strive to constantly enhance and upgrade your Urner Barry experience. **UB**

Article contributed by Jamie Chadwick
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Rising beef prices may force consumers to change eating habits

Food shoppers may be in for a shock soon when they go to their favorite store to purchase ground beef, steaks or roasts, as increases in prices of those items could force some of them to make changes in their diets or in their lifestyle.

"The new year has gotten off to a blistering pace when it comes to wholesale beef prices as a string of successive record highs has been hit."

Wholesale prices for most of the beef cuts have climbed by 20% to 30%, depending on the grade, in just the first half of

January. Some cuts of the beef carcass, such as the chuck, have climbed by more than 33% during that period.

For some families, the price increases may be large enough to force them to either trade down to cheaper alternatives such as pork or chicken for at least part of their meals. They might purchase less meat overall or make some lifestyle changes such as dining out less often and preparing more meals at home instead in order to save money.

One example of savings that can be made in food spending is preparing hamburgers for the family at home versus going to the local fast-food restaurant. Even though fast-food is generally considered the cheapest alternative for dining out, the actual cost of a 1/4-pound hamburger prepared at home may be only about half or less of what one would pay at a restaurant.

While ground beef at \$4.50 to \$5.00 a pound may at first seem expensive compared with prices seen in recent years, that would still put the cost to make a 1/4-pound patty at \$1.12 to \$1.25. Adding a slice of cheese, a bun and condiments would put the total cost of the sandwich at less than \$2.

The average price for a 1/4-pound burger at eight different fast-food chains as of 2013 was \$3.97. And, some of these chains have suggested that they may have to raise prices on their sandwiches due to the escalating cost of beef.

The new year has gotten off to a blistering pace when it comes to wholesale beef prices as a string of successive record highs has been hit. Cattle prices have run up sharply from late December through mid-January, and beef processors had to push wholesale prices up to new highs as well in order to keep their operations open.

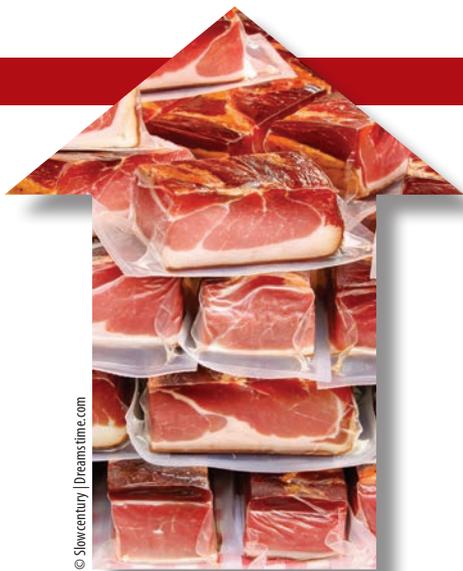
Although retailers are paying higher prices for beef overall, not all of the increases seen in the wholesale markets have made it through to grocers, and only a small portion were passed on to consumers. That will happen in the weeks and possibly months ahead, depending upon the levels

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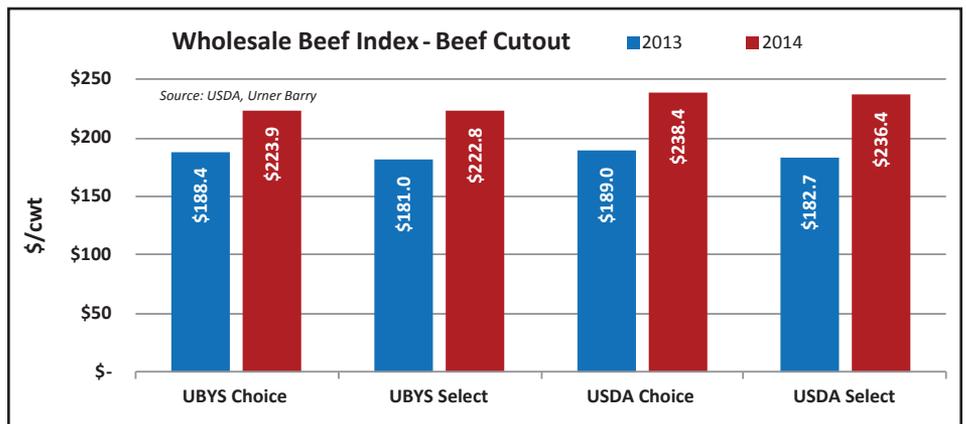
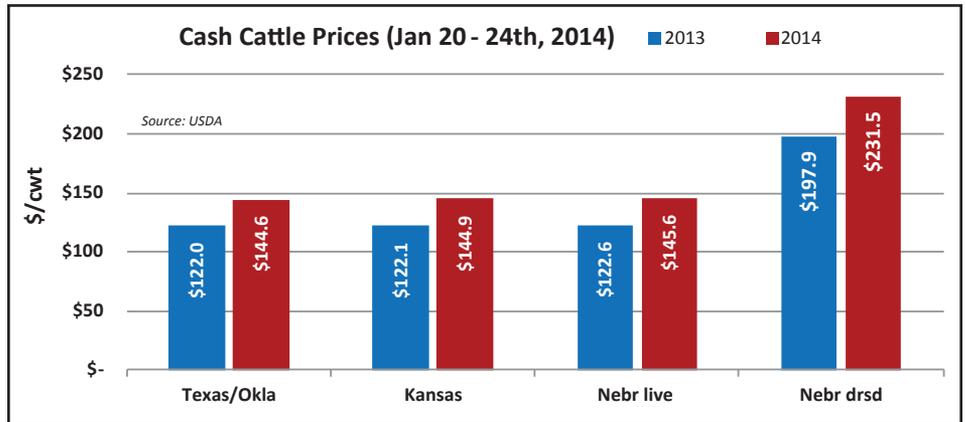
at which wholesale prices stabilize and whether retailers decide to apply the higher costs of beef only to the items in that category or spread those increases across the other protein groups as well.

The jump in cattle and beef prices is not a short-term phenomenon, and instead it could result in a new plateau for the market and something that consumers will have to adjust to for at least several years, analysts said.

Supplies of cattle in U.S. feedyards and in younger animals still on farms and ranches have declined sharply in recent years following severe drought in the Southwest from late 2010 through 2012 and in much of the Midwest in 2012 as well which sent grain prices to an all-time high. Facing scorched pastures, a lack of hay reserves and water shortages in many areas, cattle producers were forced to significantly reduce their herds.

Because the reproductive cycle of cattle is slow, to rebuild the herd to a level that would result in an in beef output over that of 2013 could take three years or more, depending on rainfall in key producing states along with grain and hay prices, said Derrell Peel, agricultural economist at Oklahoma State University. He foresees a further decline in slaughter supplies for 2015 and a modest upswing in fed-cattle numbers for 2016 but predicts that it will take until 2017 for slaughter levels to return to those seen in 2013. And that all depends on whether there are any additional drought issues which could hamper the rebuilding of the herd. **UB**

Article contributed by **Curt Thacker**
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Retailers continue to embrace shrimp at holidays

There was some optimism from U.S. shrimp importers in January 2014, and it seems like it was based on surging retail sales of shrimp in December.

The holidays are a major sales period for shrimp. Looking at weekly retail promotion data from Urner Barry's retail database, we see a remarkable story on shrimp.

In 2013 retailers started December being extremely cautious—with the number of shrimp promotions down 73% from 2012 as of December 3rd.

Then in the next two weeks, promotions increased to 60% of the 2012 level, then 80%, and in the final week of the year 91% of the 2012 level.

During this time, price increases on major items ranged from 14% to 22%.

What the numbers seem to be saying is that as the month wore on, retailers were increasingly confident about shrimp sales, and rapidly increased their promotional activity despite the fact that they were selling shrimp at a much higher price.

In 2012, promotions peaked in mid-December, and declined over the next two weeks. In 2013 promotions kept growing week by week right up through the New Year's holiday.

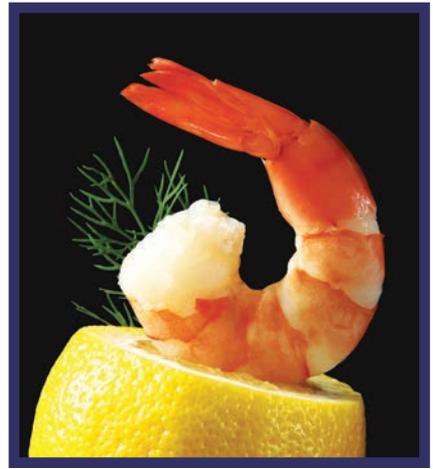
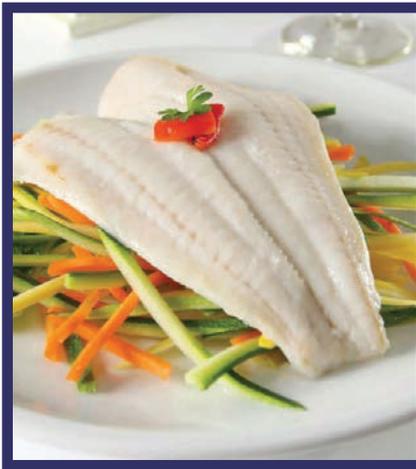
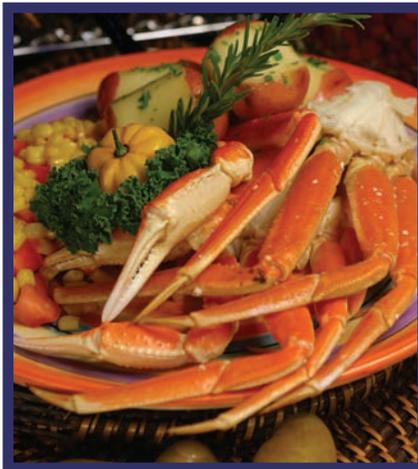
However, these graphs do not mean that overall shrimp sales increased. Scanner data for the 4th quarter of 2013 shows the commodity shrimp category down 14% in units sold, and average prices up 18%.

The promotion data does not show that shrimp sales increased but rather that retailers were very cautious managing their inventories. It seems that they became more sure of themselves and less cautious as the month of December progressed.

Some in the industry have suggested an alternative view: retailers rushed to dump their inventories because they saw slow movement and did not want to hold them. In any case, Lent sales will tell the tale. If inventories are still well managed, it will mean that market uptake will remain



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on pace. If inventories balloon due to consumer resistance to price increases—than we could see realignment in the spring.

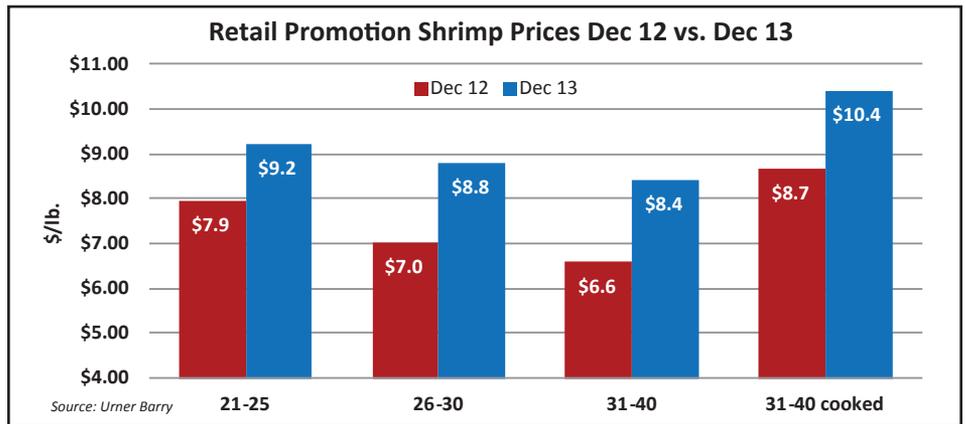
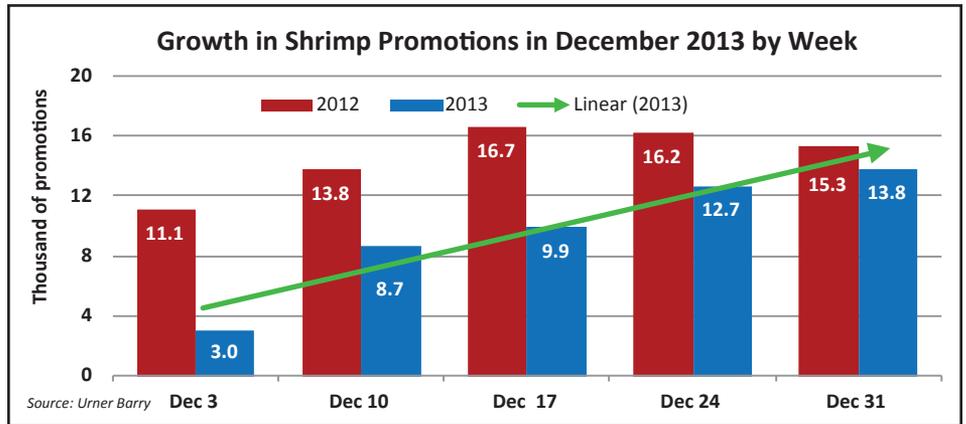
Successfully managing these inventories over the holidays is an extremely positive development and supports the idea that U.S. consumers will indeed keep buying shrimp even as prices rise. This means that they will be formidable competitors to other countries, such as China, and will support purchasing by U.S. importers if shrimp supplies remain tight.

It also means that as shrimp supplies increase, there will be latent demand in the U.S. that should help maintain demand should value opportunities arise.

After a very rough year in 2013, this kind of buyer behavior is an encouraging sign. **LB**



Adapted from an article originally posted in Seafoodnews.com on January 21, 2014 by John Sackton



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Pricey prime beef better be great

Contributed by Miranda Reiman, Certified Angus Beef

A rare vintage is to a sommelier as Prime beef is to an astute carnivore.



Prime raw middlemeat variety.

Indeed, Prime only makes up 3% of all graded beef, though supplies have reached 4% of that from steers and heifers. Still pretty exclusive.

“We don’t risk disappointing our customers and we certainly don’t lower our quality in these tough economic times,” says Peter Vauthy, executive chef for Red the Steakhouse, with locations in Ohio and Florida.

But he’s chosen to specialize even beyond the USDA Prime grade, because even in that elite group of cattle, there is still a commodity variety. Approximately 31% are dairy-breed influenced.

“Those animals were never really bred for muscling,” says Phil Bass, meat scientist with the Certified Angus Beef® brand. Cutability is a challenge, he explains: “You tend to have strip loins that are not very

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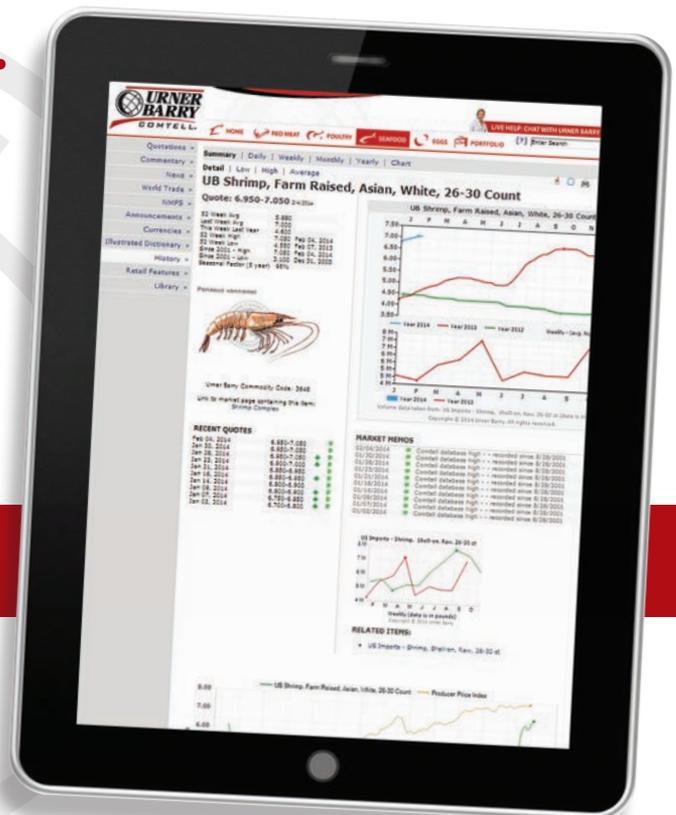
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Prime NY Strip with cherry tomatoes and basil.

thick. They don't have the plumpness or the dimension that you would see on a beef-type steak."

When a chef is willing to invest in Prime beef, they expect consistency, not ribeyes that can range from 7 to 20 square inches.

"If you have dairy product mingled in, it's going to add a lot of variation not only to plating presentation, but also cooking time," Bass says.

Another dynamic is maturity. Prime allows both A and B maturity animals on a scale where A is the youngest, typically representing cattle that were 9 to 30 months of age. Cattle age matters, because maturity is the beef grading factor most related to tenderness. Older beef muscle contains more heat-stable collagen, the kind of connective tissue least likely to give way during cooking. In other words, beef from carcasses with a higher maturity score is often tougher, especially if it comes from the round or chuck.

"Some of those animals that have been hanging around the feedyard a little longer than others, they've had more time to put down extra energy in the form of marbling and they'll grade Prime," Bass explains. "But because of that extra time they've

spent living, they're going to have a greater chance of being B maturity."

That's why Vauthy and other white-tablecloth chefs look for ways to increase their odds.

"When you get into Prime, you're looking at folks who are going to be very, very critical as to what's coming in the back door," Bass says.

Vauthy started serving *Certified Angus Beef*® brand Prime when they opened a Miami location.

"We looked for something to set us apart from the other steakhouses in the area," he says. "It makes me work extra hard to match the quality of everything else with the quality of our steak."

During the 2013 fiscal year, sales of the CAB Prime extension were up 1.2 million pounds, a 15% annual increase, to reach 9.2 million pounds.

Supply and demand are both to thank. As recently as 2007, Prime made up just 2% of all USDA graded carcasses, but it's slowly made an upward climb since then.

That's good news for anyone trying to "wow" some of the most discerning diners, Bass says. **LB**



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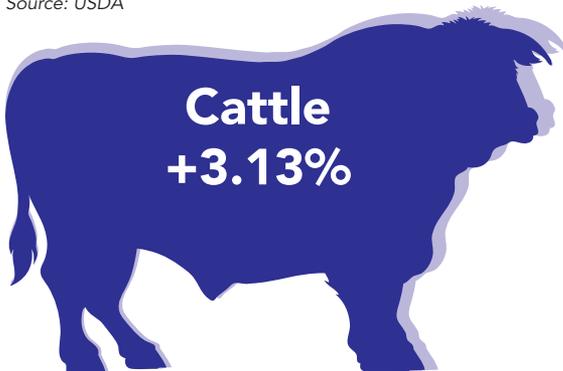
In the first ever issue of Urner Barry's Reporter published in the winter of 2006, we featured an article, Animal weights: A decade of sustained

growth. What was written then can most definitely be rewritten today. "Animals raised for food have been engineered, through a combination of diets and supplements, to grow at a rapid rate to weights never before realized..." At that time, and since that publication, average live weights have continued to experience a steady increase year on year.

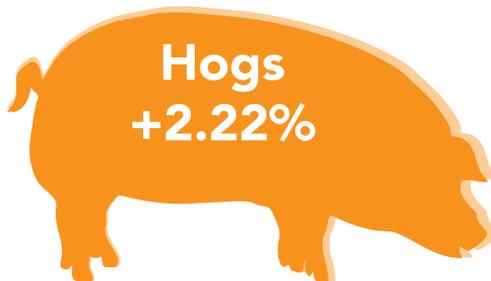
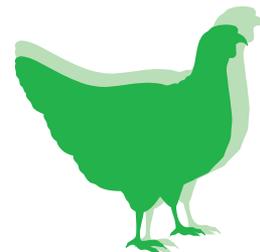
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% increase in live weights since 2006

Source: USDA



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Grocer's guide to merchandising

The selling of merchandise and services to today's consumer is no longer a matter of stocking shelves and freezer cases from a "build it and they will come" era. Today's shopper is a far more fickle creature and one that is benefitting from great strides in food production and information technology. This has given them more choices and convenience than ever, all while making the shopping experience more *affordable*; a key consideration in the present international economic climate. Even the recently reinvigorated trend of frequenting road side stands for fresh produce and protein has expanded the consumer's reach into the furthest corners of culinary escapades.

The American consumer is especially savvy when it comes to their food choices. The "melting pot" culture in America has created not only a plethora of distinct taste and flavor profiles, but through the years, regional influences have bred unique food shoppers with very specific needs.

The common thread retailers share, regardless of locale, is the desire to satisfy their customer. Like retailers, food shoppers also seek attributes from their favorite grocers which have universal appeal. It may not come as any surprise that cost is a key consideration in food shopping trends. But there are other reasons consumers shop where they do which might not be as obvious.

Supermarket guru Phil Lempert says that technology will play an important and growing role for shoppers and successful retailers must take advantage of it. Consumers will be given the ability to select a recipe, order ingredients, and even check-out directly from mobile devices or in-car touch screens. Technology inspires results and today's "connected culture" will demand store layouts which offer "solution centers." These might range from kiosks where all the necessary ingredients for certain recipes can be found to "culinary schools" to add value in an increasingly competitive environment. Here shoppers could collaborate and learn from each other. Socializing or at least the opportunity to do so is attractive to



"...through the years regional influences have bred unique food shoppers with very specific needs."

consumers. It can be highly beneficial for producers of fresh regional ingredients or locally raised beef that are very proud of their products and are often more than happy to tell stories about their production methodologies or even their favorite preparation methods.

Farmers have been heard to say that some retailers are beginning to take cues from traditional farmer's markets. By offering early hours, retailers are able to offer the most discriminating shopper a chance to get the best produce and the nicest looking cuts of meat before the masses arrive. This could become especially important for regional fruits and produce harvested at the peak of their short lived season.

The variety of choices can be intimidating to some while the costs of securing the choicest cuts of meat, freshest produce, or most cutting edge spices and herbs can be significant. Popular a couple of decades ago when now mainstream "box" stores were fledgling, retailers attempted to compete by offering "bulk" food sections at lower price points than traditionally packaged offerings. This style of offering is again

gaining traction as buying bigger can help stretch the food budget. Some growers and meat producers offer value packs in larger quantities that may reduce costs while packaging advancements save space and add shelf life.

If today's retailer executes its game plan with the right mix of offensive tact and defensive posturing, consumers will take notice. In fact, the retailer will become the "brand." Consumers have become increasingly loyal to their retailer of choice and its products. A recent survey by ConAgra Foods found that 53 percent of consumers shop at a particular grocer because it has good private brand products. This growth has its roots in the fact that the quality of private brands has vastly improved giving traditional national labels a run for their money. Private brands are also able to introduce new and exciting products of their own more rapidly than national concerns; potentially beating them at their own game in the process.

Retailing to the modern consumer requires the right mix of format and innovation, plenty of online and technology-enabled shopping, and a thorough understanding that value seeking among consumers is a permanent behavioral shift. By offering practical solutions, choices and affordability today's retailer will breed loyalty and something not easily accomplished in the world's tech savvy environment—customer satisfaction. **UB**

Article contributed by **Russell Whitman**
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"Over time we get an aquaculture industry that has within its ranks, knowledgeable men and women..."

Former GAA Executive Director Wally Stevens.

Photo: Gail Hannagan of Preferred Freezer Services

Aquaculture enthusiasts attending the 2014 Seafood Expo North America in Boston this March will learn of an initiative from the Global Aquaculture Alliance (GAA) that will offer education and training in support of responsible aquaculture which will focus on food safety research in Malaysia and solving Early Mortality Syndrome's (EMS) grip on the global shrimp industry.

During the Boston show, the GAA will introduce a wider audience of seafood industry participants to the Responsible Aquaculture Foundation (RAF) program, which will be headed up by former GAA Executive Director Wally Stevens.

In fact it was back November that Stevens left his leadership position with the GAA,



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after seven years at the helm, in order to lead the RAF initiative.

The Foundation has been around quietly for a few years Stevens said. It has already convened industry experts to share knowledge on a number of global fishery issues including World Bank-funded studies on ISA in Chilean salmon farms; shrimp EMS in Vietnam and white spot in shrimp operations in Madagascar and Mozambique.

So for Stevens, this year's Boston project will look to broaden RAF's exposure to the seafood industry at-large. It is his goal to refine how the program gathers and disseminates information on major fishery issues that lack concise and timely research from industry experts worldwide.

At Boston, the RAF's first project will deal with studying food safety issues among fish farmers and processors in Malaysia. The Foundation has partnered with the University of Florida's Dr. Steve Otwell to run the program and broaden it to include all of Southeastern Asia.

"It is our thought as we refine the educational delivery around food safety to expand that program to other places in Southeast Asia," he said.

The Foundation will also propose an expanded EMS project in Boston that will convene a working group of industry experts to study the current situation surrounding the disease's impact on global shrimp supplies.

Stevens said the EMS program will attempt—through a series of streamlined audits conducted by certified experts—to find key data points related to what has caused the disease in certain regions but not in others and provide this information to a panel of experts to interpret. Those attached to this new shrimp initiative include George Chamberlain, Technical Director and Co-Owner of Integrated Aquaculture International and Dr. Donald Lightner from the University of Arizona.

"At the end of the day the expert working group could frame hypothesis around EMS, what are the facts, what is the fiction," said Stevens. "What are the working hypotheses? We really don't think

the alliance global aquaculture

that we're getting our arms around this situation by getting a bunch of ad hoc folks working on this issue."

Ultimately Stevens envisions a virtual university for aquaculture rookies and experts alike to convene from all parts of the globe to share and teach what they know about various aquaculture topics. The teachings will not be limited to production and disease issues, but stretch

across the entire industry from pond to consumer and will seek to develop a new class of leaders that could operate in various phases of the aquaculture industry through the RAF's vocational teachings.

"Going forward we look for the RAF to not only be the convener of authorities for critical issues facing aquaculture, but also to deliver a core curriculum," Stevens stated. "Over time we get an aquaculture industry that has within its ranks, knowledgeable men and women." **UB**

Article contributed by Michael Ramsingh
Mramsingh@urnerbarry.com



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Seafood market talk and more in Miami

The National Fisheries Institute's third annual Global Seafood Market Conference (GSMC) was held in Miami January 13-15, 2014 to record attendance.

Over 410 people registered which is up about 15% from last year's meeting in Santa Monica.

The conference looks at both seafood industry product outlooks, for species like shrimp, salmon, whitefish and many others, and also the relationship between seafood and competing proteins.

Attendees heard from panels of experts from some of the world's major seafood

companies including Stavis Seafoods, Trident, Icicle and Seattle Fish.

Urner Barry's seafood market reporters, Jim Kenny and Angel Rubio, also participated in some panel discussions with presentations on pelagic fish as well as mahi, tuna, grouper and swordfish.



Urner Barry Seafood Market Reporter Angel Rubio (third from left) poses with members of the Tuna, Mahi, Snapper Grouper and Swordfish Panel (from left: Mike Fairman, Bumble Bee Foods; Juan Garcia-Mayol, Quirch; Angel Rubio, Urner Barry; Beth Grant, US Foods; Darren Zobrist ANOVA; Logan Kock, Santa Monica Seafoods

The overall issue of the conference was high prices for many seafood items—especially shrimp, other shellfish and also salmon. The exception was cod, which is priced at a level where it should have an opportunity to expand marketshare.

Per capita consumption and overall total volume of seafood is declining. This is a reaction to pricing; and that pricing is being driven by external factors. The only species where U.S. per capita consumption has increased is farmed tilapia and pangasius.

If there is one theme that echoed throughout the conference, it was that U.S. buyers no longer can control their fate. Emerging markets are having a huge impact on demand, and consequently pricing, for products like salmon.

Other products like shrimp are experiencing huge disruptions due to disease, despite the fact that there is good production growth in countries such as Indonesia, India, Ecuador and Vietnam.

The conference seems to have filled a need in the industry for a content-driven meeting that also provided the opportunity for forums and other business done in conjunction with NFI's business meetings.

NFI is an extremely healthy organization. Membership has increased, revenues are above projections and its budget came in with a surplus. The conference is showing

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"The conference seems to have filled a need in the industry for a content driven meeting that also provides the opportunity for meetings and other business"



The 2013 Class of the National Fisheries Institute's Future Leaders pose in January as the newest group of Future Leader Alumni after graduating at the 2014 Global Seafood Market Conference in Miami.

some of the synergy in the industry that comes from addressing some of the changing conditions facing the sector across many different types of businesses and species groups.

ANOTHER CLASS OF LEADERS...

Meanwhile, the GSMC typically kicks off with the graduation of the NFI's annual class of Future Leaders.

Founded in 1998, the Future Leaders Program is a year-long networking and educational agenda that seeks to strengthen the seafood industry through a series of workshops, plant tours and group discussions.

The 2013 class of 35 professionals traveled to Miami, Portland, Boston and Washington DC and spent time with professionals at Quirch Foods, Bornstein Seafoods, Pacific Seafood, SeaWatch and Handy International among many others.

Program founder Wally Stevens was on hand to congratulate the members who said the program's growth is a testament to the value of networking among industry participants. Since its founding, NFI's Future Leaders Alumni membership has grown to over 200 individuals.

Now as alumni, the 2013 Future Leaders will shift their responsibilities from up-and-coming professionals to full born leaders who will be able to provide insight on how to further grow the program to better serve the seafood industry at large.

...AND ONE MORE PROJECT

Prior to the evening graduation, the 2013 Leaders and some fellow alumni took a

bus ride to Miami's Feeding South Florida Food Bank as part of their commitment to help spread awareness of seafood charity SeaShare. The group spent a few hours with the Food Bank's Events Coordinator Bianca Perez to help sort food donations for the facility.

"Volunteers are the lifeblood of our organization. They not only donate their valuable talent and time, but also the critical food and funds necessary to help

Feeding South Florida serve 949,910 individuals struggling to put food on the table," said Paco Velez, CEO of Feeding South Florida. "We are grateful for these volunteers and appreciate SeaShare and the Future Leaders group for sorting through thousands of pounds of donated food to ensure its quality for the families we serve." **UB**

Article contributed by Michael Ramsingh
Mramsingh@urnerbarry.com

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Migrant workers are a scarce commodity on U.S. farms

The competition for farm workers is heating up. As education and income levels rise and populations age, agricultural work is less desirable to traditional farm workers who are now being shown opportunities beyond the harvests of the Americas. With U.S. labor and immigration procedures in the spotlight and government decision makers reviewing their labor and immigration policies for the future, American farmers may have to look further afield for workers, pay higher wages, or invest more in labor-saving equipment.

Mexico is in a transitional phase, as both an exporter and an importer of farm labor, report economists Philip Martin and J. Edward Taylor of the University of California, Davis. As Mexican laborers continue seeking work on U.S. farms,

Mexican farmers with labor-intensive crops increasingly have to outsource workers from countries such as Guatemala. Although the current situation varies regionally, the production of off season crops for export to the United States and other destinations may be competing with farms in the United States for the diminishing supply of farm labor. This in turn can put pressure on state representatives or other policy makers to raise wages in order to keep workers on U.S. soil rather than be lured away by opportunities in Mexico.

While competition is fierce for workers, pesticide exposure and at times questionable labor practices, especially on rural farms, have deterred new entries into the labor force. As increasing numbers

attain higher levels of education, the proportion of workers in Mexico and Central America is on a rapid retreat. Negative influences closely intermingle with positively-induced restrictions on the labor force to cinch traditional entry even further. Along with seasonably influenced reductions in the number of available workers, U.S. border enforcement and drug-related violence have slowed the pace of newcomers to the farm force in the United States. Proponents of wage hikes say that similarly to competing farm working destinations, higher earnings potential could result in attracting and maintaining new laborers and could help improve worker conditions. For instance, in January Wal-Mart joined an initiative that will require its Florida tomato suppliers to increase farmworker pay and protect workers from forced labor and sexual assault, among other things. The initiative is being promoted by a coalition of southwest Florida-based farmworker activists. Farmworkers with the Coalition of Immokalee Workers said they welcomed Wal-Mart to its Fair Food Program since no other company has the muscle and consumer reach it does when it comes to selling produce.

“Through this collaboration, not only will thousands of hard-working farmworkers see concrete improvements to their lives, but millions of consumers will learn about the Fair Food Program and of a better way to buy fruits and vegetables grown and harvested here in the U.S.,” said Cruz Salacio, a spokesman for the Coalition of Immokalee Workers.

In addition to enhancing worker lifestyles, higher wages may also speed up the development of labor saving equipment. Mechanization for some crops however, is not always easy. So it's argued that instead of cross border shipments of agricultural goods, rising commodity costs would likely accelerate the production and importation of those items not well suited to marvels of mechanical engineering.

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SUPERMARKET REVOLUTION

A trend that worries some agricultural economists seems very late in coming to Latin America and that is the development of mass merchandisers and the supermarket “revolution.” Large scale grocers command strict adherence to quality, quantity, temperature, timing, pack and a host of other variables that tended to not come into play when more traditional open-air markets dominated the traditional landscape. Like in the United States, fewer and larger producers will be necessary to make the transition. In order to make this a possibility, hired farm workforces rather than small family owned operations will be required. Or, if not required, will naturally evolve as prohibitively high capital requirements to meet the rigid guidelines could easily dictate.

EXPORTS OR EXPANSION?

While it’s clear that there is rising demand in the region for agricultural labor, it is not clear how much is a result of the expansion of supermarkets and how much is related to heightened export requirements. With export growth in the red meat and poultry industries at center stage, it seems likely that as protein exports begin to mature, international consumers will continue to adapt culinary practices in keeping with growth in all the agricultural exports. Opportunities in Brazil, Russia, India and China will be enhanced by growing agricultural requirements in present day developing countries in Africa and the Middle East. Like with Latin America, regional or national grocery outlets will slowly replace traditional wet or open air markets mimicking the process taking place now in the Americas. This evolution of sorts will result in a continuously changing face on the agricultural front. America’s farmers will no doubt need to adapt to that change as they experience even greater competition for decreasing supplies of agricultural workers. Only by consistent adaptation, including reaching further afield for workers and developing labor saving technologies, along with providing more attractive standards of living for farm hands, will American agriculture successfully move into the next decade. **LB**



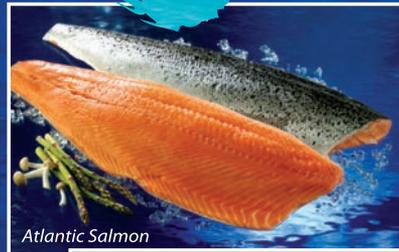
As the government looks more closely at its labor and immigration policies and education and income levels rise, farmers are increasingly having to compete for immigrant workers.

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Article contributed by **Russell Whitman**
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Health concerns, tight budgets boost home cooking



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Never before has health awareness been such a visible issue. New York City Mayor Michael Bloomberg during his last term helped bring it to international attention when he submitted his controversial plan to ban large sugary drinks out of restaurants and other eateries. Although ultimately shot down, the proposed ban drew praise from public health critics and brought into focus the growing public health concern movement. Other campaigns such as “Let’s Move” by first lady Michelle Obama were rooted in solving the problem of obesity within a generation, so that children born today will grow up healthier and able to pursue their dreams. Two of the First Lady’s Let’s Move! initiatives speak directly to nutritional content and improving access to healthy, affordable foods.

Yet what about Americans who are educated on the subject but don’t have the means to access fresh meats and produce along with a balance of cereals and grains? Or even if the economy is not impacting food buying decisions, just how can the average consumer, according to the Bureau of Labor Statistics, fit 8.8 average hours a day for work, 7.7 hours sleeping, an hour of household activities, another 4 hours of caring for others and

leisure time and a whopping 1.1 hours for eating and drinking into a single day while, at the same time, provide adequate nutritional balance for themselves and their families?

To help combat economic pressures and satisfy concerns prompted by increasing health awareness, some consumers are heading back to the kitchen. Home cooking today bares very little resemblance to the kitchens our parents and grandparents knew. With today’s abundance of food choices, kitchen appliances and cooking-based television programming, what was a traditional necessity in the absence of disposable income and foodservice alternatives has returned. Now, home cooking is back. Its rise in popularity is still due to an absence of disposable income, but it’s being enhanced by a “new” discipline called healthy eating.

In the latest results of their annual 2014 Food Trends Report, Allrecipes provided a preview into what America’s home cooks will be preparing, eating and shopping for in the year ahead.

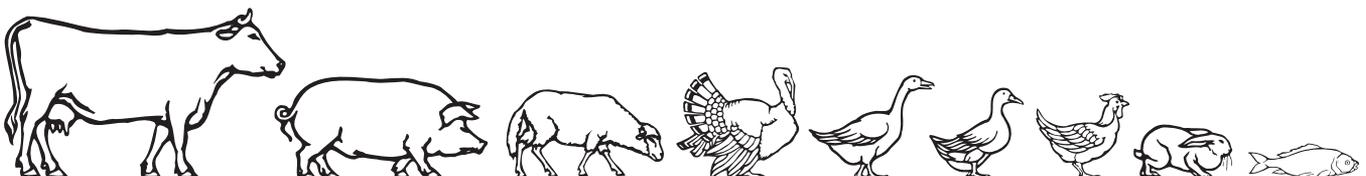
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Poultry & egg power rankings

It's always interesting to take a look at the value of certain items over a given period of time. Some values change drastically, while others might not fluctuate at all. Whichever direction they head in though, be it up, down or even sideways, there's usually a reason as to why.

In the graphic pictured some of the more recognizable Urner Barry poultry and egg quotations from 2008 are compared against their 2013 values. The rankings are solely based on the greatest percentage change over that given period of time.

Chicken Wings: Over the last five or so years, not only has the popularity of chicken wings taken flight, but so has the value. National restaurant chains that specifically promote wings continue to flourish and new locations are opening every day. As more players get involved, wing values will continue to soar, that is until buyers find a more affordable item to promote; e.g. Boneless Wings!

Mechanically Separated Turkey: The demand for mechanically separated poultry items in general has thrived thanks in large part to the current struggling economy. For a practical and less expensive route, more consumers are leaning towards already cooked and ready-to-eat products like bologna, hot dogs, and luncheon meats to supplement protein into their diets. Furthermore, MST is being used more frequently as an application in the manufacturing of pet food products.

Liquid Egg Whites: The environment in the separated liquid complex has completely changed in the last three years or so. As health and wellness trends become more popular, whites have taken center stage. All types of foodservice chains have added egg white offerings to their menus and liquid whites are also seeing improved interest on the super market shelves. UB whites quotations have hit all time highs, while yolk trades at 52 week lows.

	2008	2013	% Change 2008 to 2013
Turkey Mech. Sep. Turkey-Fresh Under 20% Fat, Some Skin	0.26	0.38	46.15
Turkey Drums, Tom, East, Frozen	0.54	0.77	42.59
Chicken NE Wings	1.06	1.46	37.73
Chicken NE WOG Chickens Cutting Stock WOG 3 lbs & up	0.69	0.93	34.78
Chicken NE Line Run Breast Tenders Clipped	1.25	1.66	32.80
Turkey Meat - Thigh, Fresh	1.02	1.30	27.45
Eggs Liquid Eggs, Whites, Unpasteurized, Standard	0.56	0.70	25.00
Chicken NE Jumbo Boneless/Skinless Breasts Tender Out (6.5 lbs & up)	1.33	1.61	21.05
Turkey Toms, East, Fresh 16-22 Pound TL	1.01	1.17	15.84
Chicken NE Leg Quarters (bulk)	0.45	0.49	8.88
Turkey Meat - Breast, Tom, Fresh	1.78	1.85	3.93
Eggs Shell Eggs, White Large, Midwest	1.31	1.28	-2.30
Eggs Breaking Stock, National, Standard, 48-50 lbs	0.78	0.76	-2.57
Eggs Shell Eggs, White Small, Southeast	0.94	0.90	-4.26
Eggs Liquid Eggs, Whole, Unpasteurized, Standard	0.74	0.66	-10.82



MST has been trading at near record-high values since the fall '13.

In February of 2013, Urner Barry's NE Wing quote reached an all-time high of \$2.01/lb.

Source: Urner Barry

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Article contributed by Terence Wells
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Urner Barry visits Ecuador and Mexico

In 2013, Urner Barry had the honor of being invited for the third straight year to two of the most important seafood shows in Latin America. Market Analyst and Reporter Angel Rubio had the chance to give presentations on the U.S. shrimp market to industry players in Ecuador and Mexico; historically, the two largest shrimp suppliers to the U.S. market from Latin America. In these events, he also had the chance to meet and talk with producers and packing plants aiming to further understand their situation and make sense of market behaviors that are severely affecting the market around the globe.

From October 28 -31, 2013 the Ecuador's National Aquaculture Chamber co-



Urner Barry market analyst and reporter Angel Rubio.

organized with the Coastal Polytechnic School (University), the event AQUAEXPO and the Ecuadorian Aquaculture Congress in Guayaquil, Ecuador. This event gathers national and international speakers to present relevant topics for the aquaculture industry, mainly shrimp production. Presentations range from disease control and sustainability, to trends in production systems and market behavior. In

addition, there were more than 110 booths for the exhibition floor. This event took place where Ecuador shone as one of the top suppliers of shrimp to the world market as EMS (Early Mortality Syndrome) continued to devastate production in other parts of the world. During the event, Urner Barry's market analyst Angel Rubio spoke about how prices in the U.S. reached record highs during 2013, as not only demand in this country remained strong, but also how a strong demand in Asia caused further bidding from other countries to firm.

A week later, from November 6-8, 2013 Urner Barry also had the honor to be invited to Aquamar Internacional, this time taking place in Sinaloa, Mexico. After a devastating year for Mexican shrimp

producers due to disease issues, the event brought domestic and national experts in this topic, aiming to provide producers with an insight of why production suffered. In addition, the event also covered current government aid programs as well as a marketing section, in which Rubio had the opportunity to present the trends in the U.S. market along with the impacts worldwide. In this conference Urner Barry gained greatly from listening to the perspective of many producers who were negatively impacted by disease issues. The upcoming event will take place in May as opposed to during the last quarter of the year in Veracruz, Mexico. **UB**

Article contributed by Angel Rubio
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XV CONGRESO ECUATORIANO DE ACUICULTURA & AQUAEXPO



Attendees at the 2013 Aqua Expo in Ecuador.

Chickens – Moving up in weight class

Is bigger really better or just easier? According to the USDA, the average live weight for young chickens slaughtered continues to grow year over year. In 1998, the average weight per chicken was 4.86 pounds. In 2013, the average weight grew to 5.81 pounds per chicken. That's nearly a 20 percent increase in just 15 years!



birds slaughtered in 2013. Small birds are typically marketed bone-in into the fast food and foodservice sectors.

So, what does it all mean? Some suggest that producers are implementing more “jumbo” bird programs because they need the additional meat. Others suggest it is not as costly to produce the bigger birds as it once was.

Whatever the reason, as long as chicken remains the affordable protein of choice and its product quality is still intact, maybe bigger is better. At least from a consumer standpoint, if it's better or even easier for a producer to grow bigger birds, as long as it remains affordable, it'll be better (perhaps easier) on our minds and more importantly, our wallets. **UB**

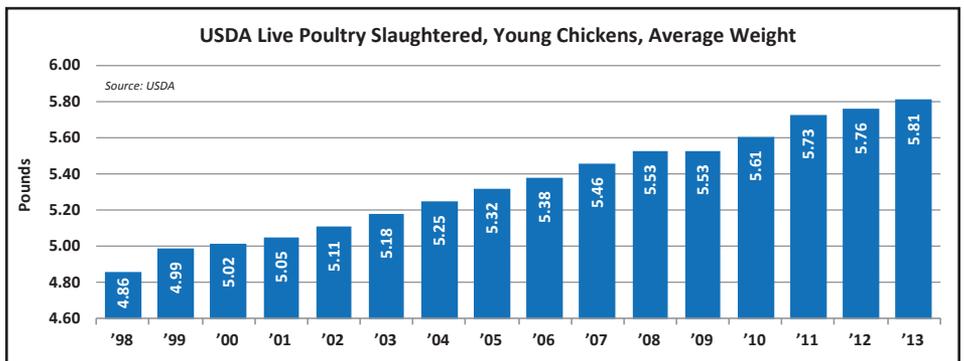
Article contributed by Terence Wells
Twells@urnerbarry.com

Obviously, a lot has changed since 1998. Genetics continue to improve. Bird growing conditions are becoming more controllable and therefore more ideal, but it can't just all be science and technology. It's a mindset that “bigger is better” however, maybe in this instance, it's more accurate to say “bigger is just easier.”

As the prices for competing proteins like beef and pork continue to rise, chicken remains the beneficiary. Not only is it a healthy and convenient choice, but it's one of the most affordable proteins available on the market. During times like this, a producer wants to have meat available, especially since chicken is in such high demand right now. With corn prices at levels that are nearly 50 percent less than where they peaked in 2012, it's become “easier” to grow bigger birds. It's become less costly and producers want that extra meat, so they're keeping their chickens on feed even longer.

In 2013, the number of chickens that were slaughtered weighing 7.76 pounds and up increased by almost 18.5 percent, which means that there were nearly 250 million more “jumbo” birds on the market than the year prior. These are the size birds that are deboned and used for their meat and/or marketed as roasters. That's a pretty significant shift in weight class, don't you think?

During that same period, the number of “medium” size birds slaughtered weighing between 4.26-7.75 pounds declined by about 7.5 percent, or 350 million chickens. Lastly, according to the USDA, there were about 11 percent more “small” size



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Supply and demand

Continued from page 1

demand curves are actually established for a given period of time. For this purpose we will begin by looking at the situation of a producer and a buyer and their desired purchase and production positions based on rational expectations.



Scan with Smartphone for link to video.

For example, the buyer will bid lower the more volume he or she intends to buy. The producer, on the other hand, will have the motivation to produce more as prices rise. Secondly, we must understand why prices fluctuate along the established supply and demand curves, and when and why these shift.

So, assume that given supply and demand for a period of time, a buyer places a bid below the equilibrium point or “market price.” At this point, the variable we changed was price, and as a result, we will move along the previously given curves. So, in our example we took weekly data of the weighted average prices and sales volume for the eye of round, shoulder clod, chuck roll, peeled knuckle round, and top inside round from January 1, 2013, to December 16, 2013 in order to obtain a demand curve for this specific time period. The data shows that at the highest price, the lowest amount of sales occurred while the largest volume flirted with the lowest prices observed. So, for this set of data and during this time, if we assume any asked price or bid along the demand curve we would be able to notice the amount of product that was potentially



Explaining a little bit beyond the fundamentals of supply and demand.

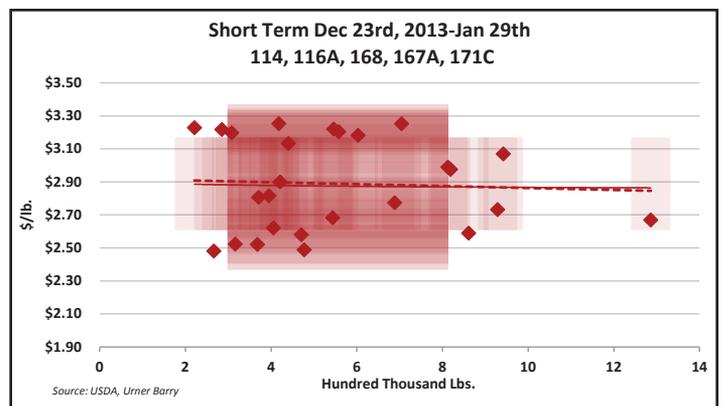
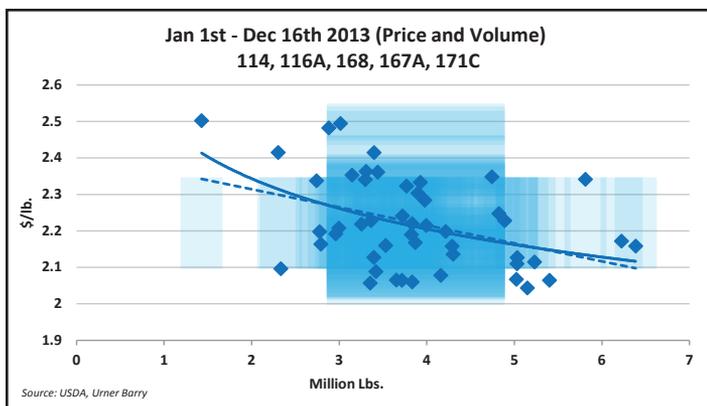
sold. Conversely, any inquiry for a certain amount of product would suggest a corresponding price given by that demand curve. This means we are moving along the demand curve if we change variables like quantity and price. This is what is referred as “elasticity,” which is the percentage change in one variable resulting from a one percent increase in another.

However, shifts or changes in the demand curve are caused by factors other than price and quantity. For example, these could be an improvement in technology, or a supply shock such as inclement weather. This effect would cause the curves to shift.

This means that the entire market has changed, and in the short term, we could see drastic changes and price swings while the market adjusts over time to these new changes and finds equilibrium. First, let’s take a look at an example during the short term when curves change. Here we took the same items used in the previous

example, but this time we used a different time period; we used the recent rise in prices that reached record levels which lasted approximately five weeks. The main reason behind such a rush was a much higher and faster rise in prices for cattle than expected due to a resultant lowest cattle herd in the last 40 years. So, when taking a look at daily trades from the week of December 23, 2013 to January 29, 2014, we observed that prices for the same items during this time period reveal a completely different curve. Given this curve, which oscillates between \$2.50 and \$3.30 (much higher than the historic data seen in example #1), quantity could be larger or smaller but the price will stay around the observed range.

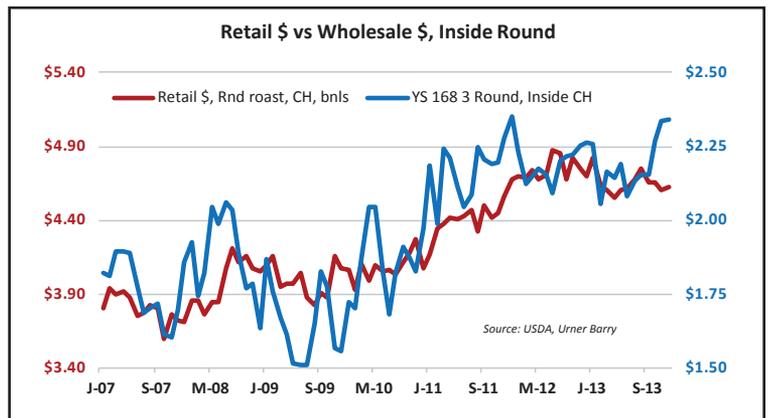
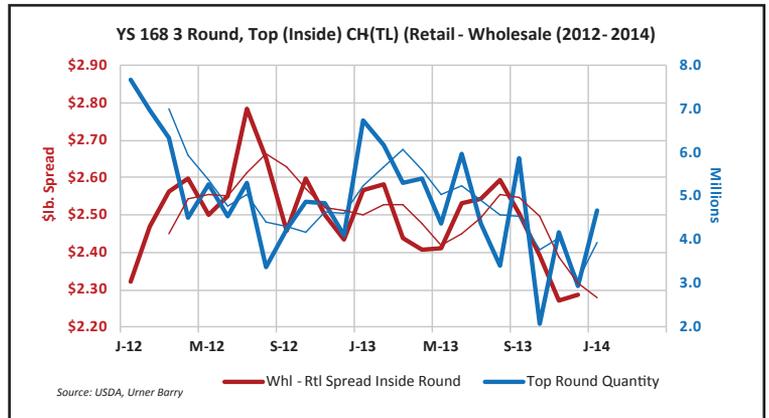
What will happen after the short-term period? The answer is never an easy one. In the long-run, supply and demand will (in theory) aim for equilibrium—as production, purchasing habits, among a large series of factors will adjust over time.



In many cases this proves true, just like the rise in prices for beef observed in example #2. Trading during the last week of January and the first week of February 2014 has already seen buyers adjusting their purchase orders either by reducing the volume demanded, and/or negotiating contracts for a smaller period of time given budget restraints. This means that the likelihood of obtaining a similar demand curve slope to the one showed in example #1 is high—unless buyers continue to make purchases for the same amount of volume given record high prices for an extended period of time, which is unlikely. The following chart shows quantity traded on the spot market per month for inside rounds against the spread price between retail prices and wholesale prices from 2012 to 2014. As the spread between retail and wholesale decreases (due to rising prices over time) quantity demanded has trended lower.

The future is always uncertain, especially as has been shown in the food commodities market over the last few years. We can only make so many assumptions or “guesstimates” by analyzing the available data. But contrary to what the British economist Keynes said, in the long-run we are not dead, we are simply adjusting and adapting to changes in the market—if not, then yes, we are dead.

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Gotting

Continued from page 1

expert in the field through his work as a partner at the law firm of Redmond, Peyton and Braswell and as an author of a number of books on import regulations and the FDA.

The business relationship Mr. Gotting had with Urner Barry began in 2005 after a conversation between Dick and Urner Barry's Janice Brown at the Seafood and Health Conference in Washington DC. It was then that the publishing of Dick's

numerous books with Urner Barry began, and he was always pleased to introduce Janice as his publisher.

Mr. Gotting also contributed immeasurably to Urner Barry's Foreign Trade Data service where he shared his renowned expertise on the seafood import trade regulations with the service's subscribers and his clients. Dick was particularly informative and entertaining at Urner Barry's Import Workshop series where attentive industry participants gained new respect for the intricacies of importing seafood.

In the weeks following Mr. Gotting's passing, the seafood industry honored his contributions with a memorial fund created in his honor as well as a special mention from members of Congress. The Seafood Products Association also established the Richard E. Gotting Memorial Award in the amount of \$500.

In January at the NFI's Global Seafood Market Conference in Miami, Mr. Gotting was again honored at the inaugural benefit dinner for the Seafood Industry Research Fund (SIRF) where a generous group of attendees pledged close to \$50,000 in closing out and the Richard E. Gotting Memorial Fund.

Additionally, in January Alaskan Senator Lisa Murkowski honored Dick Gotting with an eloquent statement on the Senate Floor that captured Mr. Gotting's contributions to the industry.

"During his long tenure at NFI, Dick frequently testified before Congress on issues of great importance to the nation's

What is SIRF?

The Seafood Industry Research Fund (SIRF), previously known as the Fisheries Scholarship Fund is a non-profit, non-governmental sponsor of research intended to improve the commercial success of companies engaged in all levels of the seafood industry. The Fund, chaired by Russ Mentzer focuses on projects that have immediate, practical applications that directly influence how seafood industry participants provide consumers with high quality seafood products.



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From left to right: Dick Gutting, Urner Barry's Jim Kenny, Dick's wife of 37 years Jimmie B Cook, and Urner Barry President Paul Brown.

commercial seafood industry. His legal and policy insights, combined with his calm demeanor, made him a valued advisor to ocean policy leaders," Murkowski said. "Above all, Dick loved seafood, and he loved to share his passion for promoting seafood throughout the country and the world. That is something that as an Alaskan I understand very well, and I appreciate his contributions to my state and to the country."

Our thoughts and prayers go out to his devoted wife Jimmie Cook, his family and treasured friends, and it is our wish that the years of happy memories will comfort all who knew him. **UB**

Article contributed by Michael Ramsingh
Mramsingh@urnerbarry.com



Urner Barry's "What Every Seafood Buyer Should Know About" series by Dick Gutting explains how to buy responsibly and avoid regulatory mistakes.

Home cooking

Continued from page 60

Esmee Williams, vice president of Brand Marketing at Allrecipes said, "As we enter into the new year, we will look forward to seeing more home cooks get back to the kitchen as part of a growing DIY trend..."

With this, comes an increased scrutiny among home cooks of how their foods are produced. More home cooks are paying closer to attention to how their food is sourced, especially in the meat department. When purchasing specialty meats, nearly half of home cooks (49%) say hormone-free and grass-fed will continue to be their top purchasing criteria. While 17% report eating more meat in 2013 compared with 2012. Preparing foods from scratch is also enjoying resurgence. The Trends

Report survey tells us that home cooks are choosing to prepare traditional dishes in this manner because they enjoy homemade flavors (41%), eat "cleaner" (29%), and save money (18%).

For today's food merchandiser this home cooking "trend" can't be ignored. Although there is a strong health component in the latest movement, the economy is the foremost influence. Harry Balzer chief industry analyst of the consumer market research company NPD Group says that 45% of people in 2012 said they were stocking their pantries to save money. For 2013, they weren't planning to go out for dinner.

That brings us back to the new spin on an old subject. Home cooking is

still the most economical way to feed a family. It continues to satisfy our need for togetherness; a fact perhaps more important than ever in our Instagram connected world. But now as familiar ties are tested, home cooking is giving family members new reason to test their culinary skills. Providing wholesome, nutritious food on a budget is easiest when cooking at home. Savory flavors and "cleaner" meals are a bonus consumers can live with and desire. By keeping health awareness, choice and economic factors foremost in their marketing plans, food merchandisers can take advantage of the return to home cooking and its rising popularity. **UB**

Article contributed by Russell Whitman
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