

# NEWSLETTER

WHAT'S NEW IN THE WORLD OF MORNING STAR



- SUMMER 2020 -

## CALIFORNIA CROP

### HARVESTING BEGINS FOR THE 2020 TOMATO SEASON

**California growers are expecting 12 million tons of production with a yield of 51.06 tons/acre**

California's processing season began in early July, with the Processing Tomato Advisory Board (PTAB) receiving its first load for inspection on July 2nd in the southern growing region. PTAB projects to receive a similar cumulative volume through week six of harvest as in 2019, approximately 2.95 million tons. The next benchmark to watch for will be the first one million ton week - a milestone that 2019 didn't hit until the 7th week of harvesting.

Expected production of 12 million tons for 2020 has not changed from January intentions; 235,000 acres are expected to be harvested with a paid yield of 51.06 tons/ acre. This will require an increase in yield from 2019, where tomatoes harvested were 49 tons/acre.

Yields thus far have been sub-par; however, very limited amounts of acreage have been harvested. High temperatures, the presence of sugar beet leafhoppers leading to the spread of curly top, and a high population of thrips in the spring are mainly to blame for the less-than-desirable yields for the early season. Many new tomato varieties have resistance to curly top virus; however, a new strain of the virus has broken that resistance in some cases. Fusarium Race 3 continues to appear in fields but the F3 resistant varieties are doing well.

As always, water will continue to play a role in the challenges growers face producing healthy crops for the processing plants. Water allocations for both the State and

Federal water projects remain at 20% with reservoir conditions being good. As of late June, the Northern California reservoirs range between 76% and 90% of historical average while Central California reservoirs range from 82% to 112% of historical average. The lack of surface water availability adds pressure to the groundwater supply and continues to be an added concern as The Sustainable Groundwater Management Act (SGMA) is being initiated.

Processing tomato prices in California have not yet been settled. CTGA will continue to work with all processors involved until an agreement is achieved.

One new aspect of the 2020 processing season is the threat of COVID-19. Safety procedures and

policies have been put in place in every phase of the tomato harvesting process from the fields to the factories. Extreme care is being taken to sanitize all equipment used in the field as well as maintaining physical distancing, daily temperature checks, and consistent use of face masks.

In addition to these safety measures, growers and processors alike have committed to reporting any COVID-19 cases and educating employees on how to limit the spread of the virus and protect the supply chain. Given the due diligence and extreme care taken during this pandemic, the California tomato crop should not suffer from harvest interruptions.



### COVID-19 UPDATE

#### **Morning Star has a Pandemic Virus Outbreak Plan already in place**

The Morning Star Packing Company is dedicated to the protection of its employees, facilities, and resources and is committed to ensuring that our company can continue all aspects of its critical business processes during a Pandemic Virus Outbreak. To ensure supply chain continuity and prompt recovery in the event of an interruption, we have documented a contingency plan to address these concerns.

#### **Safety Procedures at Factories**

Temperature checks upon entry, hand sanitizer, face masks required, hourly sanitization, internal communication chain for reporting possible symptoms, and much more.

Should you have any questions, please reach out to your Morning Star sales colleague.



## GLOBAL CROP ESTIMATE STAYS AT 39.3 MILLION MT

### Early World Processing Tomato Council forecasts remain steady as 2020 production begins

Around the world, the 2020 tomato processing season has just witnessed production getting underway. With production estimates of 39.3 million mT still holding strong, we can see some early indicators of an increase in production for this season.

Despite early-season rain and thunderstorms, Northern Italy has successfully increased its total surfaces planted and is currently underway with its cherry and other specialty product productions. Despite the inclement weather, which halted harvesting and production for a couple of days, the region is seeing good quality and brix. Southern Italy has also increased its total surfaces

planted and started production of canned tomatoes due to an increase in demand. The Southern region will reach full capacity this week.

The early heat in Portugal had indicated a potential early start to their processing season but, as of now, they have just begun production and no significant percentage has been harvested yet.

Production is well underway in Spain, as the Andalusia region has hit its 4th week of harvest. In total, about 30% of the total crop has been harvested. Low yields were witnessed at the start of the season; however, they have improved as the weeks' progress. Processing in

Extremadura has just begun and is running slowly after a late planting season.

In China, the growing regions have experienced lower temperatures than in the past, delaying the start of processing. The country has begun its harvesting season and its production forecast remains steady.

Overall, despite some challenges with water availability and unusually hot or cold weather, the planting season has been a success and indicates that the 2020 processing season should see an increase over last year's production.

## GLOBAL MARKET ANALYSIS

### COVID-19 sparks new market trends

The processed tomato market is categorized as "mature" - it is absent of significant growth and market needs are being met. As we navigate these uncertain times due to the global pandemic, certain trends in the market for finished goods have seen some significant shifts.

With consumers concerned about COVID-19 and its effects on their lives, both physically and economically, the demand for items such as alcohol, tobacco, and canned goods have increased.

Several brands have experienced more than a 50% jump in sales from 2019 levels, while others have ramped up production to meet consumer demand for their products.

As consumers continue to desire safety, convenience, and affordability from their food purchases, the market for retail goods should expect to see a rare

surge in demand for at least the next year, according to Credit Suisse analyst Robert Moscow.

Of course, with the increase in demand for retail goods and more customers eating from the safety of their homes, the market for foodservice items will face a decline. As many restaurants have been forced, due to government shutdowns, to limit services to outdoor dining or take-out models, overall activity in that economic sector has grinded to halt.

According to the National Restaurant Association, the restaurant industry has already lost \$120 billion and could face nearly \$240 billion in losses by the end of 2020. A survey from SafetyCulture showed that over half of Americans wouldn't feel comfortable dining in a restaurant for the next few months.

One notable shift in consumer preferences is being seen in customers abstaining from

patronizing small, independent restaurants in favor of larger, chain operations. For ingredient tomato products (such as pizza sauce and ketchup), this shift should help mitigate the negative effects of the reduction in demand for foodservice items.

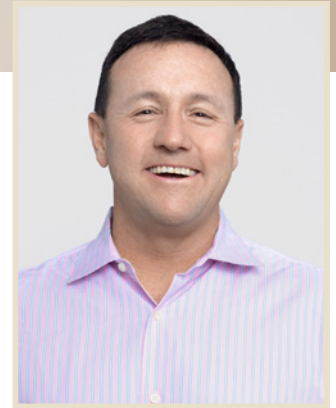
The looming question regarding the processed tomato market is "How long will these trends last?" Experts have argued from months to years in their estimation. With that in mind, tomato ingredient processors are expecting their future to be consistent with prior years - with the majority of their products being shelf-stable goods.

Despite the challenges moving forward and the uncertainty of what lies ahead, processors around the world are committed to their fundamental mission: to feed the world with safe and reliable products.

# COLLEAGUE HIGHLIGHT

## FERNANDO ALVEAR

*Help us welcome Fernando to the Morning Star team. Fernando is an Industrial Sales colleague whose focus will be on international and domestic accounts.*



### How did you first learn about Morning Star?

I have been in the food and beverage space for most of my career. Morning Star is recognized as the leader in the industry with a solid reputation. I have always been intrigued by its Mission Focused Self-Managed culture and in the past several years, I have met current and past colleagues and every one of them only had great things to say about MS.

### Before working at Morning Star, what was the most unusual or interesting job you've ever had?

Leaving the food industry for a couple of years to pursue an entrepreneurial opportunity in the structural/ornamental space. My first opportunity as a business owner – I learned more in those two years than I did in graduate school. Lots of learnings and sleepless nights.

### What are 3 words to describe Morning Star?

Passion, commitment, and collaboration.

### What drew you to Morning Star originally?

The constant drive and commitment towards improvement and perfection.

### What do you find most challenging at Morning Star?

Having always been a part of traditional hierarchical organizations. Self-Management is a journey that is new to me, but I am certainly excited about it.

### What is on your wish list for the next 10 years?

Become a subject matter expert in the tomato space, make a significant impact at Morning Star, and expand Morning Star's business into new industries and geographies.

### Tell me about your family.

I was born and raised in Mexico City, Mexico, and am the oldest of 3 siblings. My brother lives in Mexico City and my sister in Austin, TX. I have two amazing kids. My son Jack is 24 and will graduate from Arizona State Univ. in December. My daughter Mariana is 21 and will be a senior at UC Davis on a lacrosse scholarship. I also have a furry child, Riggins, he is a 7-year-old labradoodle.

### Tell me about your previous work experience.

I have spent time with large CPG companies - such as The Coca-Cola Company, Sara Lee, and Kraft; ingredients – Givaudan and Culinary

Farms; and most recently with an SF based start-up in the ag-tech space called Full Harvest.

### People would be surprised if they knew \_\_\_\_\_ about you.

I came to the US to attend college on a tennis scholarship.

### What do you like to do in your spare time?

Spend time with friends and family, traveling, eating out, reading, cycling, skiing, and boating.

### What's your favorite book(s)?

A few that I read lately: Atomic Habits and Bad Blood.

### What's on your bucket list?

Travel with my kids to a new international destination every year, a 200-mile bike ride, and get involved in a local organization where I can help young adults develop their career/life paths.

## Morning Star is organizationally structured through a system we term "Mission Focused Self-Management"



*Morning Star: A marketplace of mutual respect and accountability*

*Our company is operated by colleagues without titles or an appointed hierarchy of authority.*

From day one, our founder envisioned an organization of self-managing professionals who initiate communication and coordination of their activities with fellow colleagues, customers, suppliers and fellow industry participants absent directives from others. He desired for colleagues to find joy and excitement utilizing their unique talents and to weave those talents into activities which complement and strengthen fellow colleagues' activities, and for colleagues to take personal responsibility and hold themselves accountable for achieving Morning Star's Mission.



# MORNING STAR NEWS AND UPDATES

## Celebrating 50 years strong: Happy Anniversary Morning Star Trucking and Morning Star Packing

The year 2020 will be remembered for many things: COVID-19, Zoom meeting hacks, the toilet paper shortage, murder hornets, and much more. So, we may as well toss in two major milestones for Morning Star: the 50-year anniversary of The Morning Star Trucking Company and the 30-year anniversary of the very first Morning Star Packing Company processing facility.

In fact, we can't think of a better

year to reflect back on a company that started with one college kid and transformed into an enterprise still owned by that very same individual, though now a very successful man.

In honor of these two anniversaries, our colleagues and the Rufer family have reflected back on the years working with or growing up with Morning Star.



Video can be watched online at:

[www.morningstarco.com](http://www.morningstarco.com)



### Morning Star Newsletter now distributed electronically

As a reminder, Morning Star is now distributing our newsletters electronically using an email distribution vendor called Mailchimp. Your e-version will now include informative Morning Star videos and highlights. Depending on your company's firewall, these emails may initially be directed to your spam folder.

## Products

Conventional, Organic, Fire Roasted, Green, Specialty, Pomace, Sun-Dried...and much more!

-WITH CONCENTRATED-TOMATO



Ask your sales colleague about our extensive line of innovative value-added products.

### Sales Colleagues

Fernando Alvear	+1 209.827.5549	Karolina Splinter	+1 209.829.5090
Kelly Haywood	+1 530.473.3626	Brandon Taylor	+1 209.827.7831
Kristin Garrido	+1 209.827.5538	Becky Wahlberg	+1 209.827.5508
Jennifer Ingram	+1 209.827.7816	Greg Wuttke	+1 209.704.3255
Angela Krueger	+1 209.827.5506	Robert Young	+1 209.827.7830
Paul Maxon	+1 209.827.5518		

### Packaging / Containers

300-Gal Aseptic Bag-in-Box  
55-Gal Aseptic Drum  
Food Service Pouches and Cans  
Retail Pouches and Cans

	The Morning Star Packing Co. Liberty Packing Company Santa Nella	The Morning Star Packing Co. Los Banos	The Morning Star Packing Co. Williams
	12045 S. Ingomar Grade Rd. Los Banos, CA 93635 p: 209.826.7100	13448 Volta Rd. Los Banos, CA 93635 p: 209.826.8000	2211 Old Hwy 99 Williams, CA 95987 p: 530.473.3600

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