Blazing a Unique Path for Specialty Crops

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Today’s Discussion

• A little bit about United Fresh
• A look back at 2020 and its implications
• What is happening today
• How do we learn from the challenges over the last year
About United Fresh

- Founded in 1904
- Headquartered in Washington DC
- 1,700 companies; 10,000 individuals
- More than 140 commodity boards; local, regional, national, international associations
- Members in every state, 25 countries
- 300 volunteers on boards, councils
- We bring together the total produce industry supply chain
  - Growers, wholesalers, fresh processors, distributors, retailers, restaurants, service providers, allied associations
U.S. Fresh Fruit and Vegetable* Value Chain

Estimated Sales (Billions)

- Consumer: $122.132
- Supermarkets and other retail outlets: $69.175
- Food service establishments: $51.157
- Shippers: $6.1
- Farms: $26.8
- Exports: $6.1
- Imports: $12.3
- Integrated wholesale-retailers: $1.800
- Produce and general-line wholesalers
- Institutional wholesalers

*Excludes nuts and pulses

Source: Cornell and UC Davis compilations based on US Census, ERS/USDA, NASS/USDA and other data. Preliminary estimate.
U.S. Fresh Fruit and Vegetable* Value Chain

*Estimated Sales (Billions)*

- $6.1 - institutional wholesalers
- $12.3 - food service establishments
- $51.157 - supermarkets and other retail outlets
- $69.175 - consumers
- $122.132 - farm & public markets
- $1.800 - $6.1

*Exports*
- $26.8 - shippers
- $6.1 - integrated wholesale-retailers
- $12.3 - produce and general-line wholesalers

*Imports*
- $26.8 - farms

*Source: Cornell and UC Davis compilations based on US Census, ERS/USDA, NASS/USDA and other data. Preliminary estimate.

*Excludes nuts and pulses*
COVID-19 Impact on Fresh Produce Industry

March 2020 School and Restaurant Closures

90% Loss in Sales

$5 Billion in Economic Damage
40% of all Fresh Produce Goes to Foodservice

STATEWIDE RESTAURANT CLOSURES
March 27, 2020

STATEWIDE K-12 SCHOOL CLOSURES

100 MILLION MEALS A DAY NOT BEING SERVED

$225 BILLION IN LOST SALES OVER THE NEXT THREE MONTHS

45 MILLION SCHOOL MEALS A DAY NOT BEING SERVED

$22.8 BILLION FOR K-12 OF LOSS BUSINESS

$1 BILLION IN LOST SALES A WEEK
What We Learned

• Produce industry has distinct supply chains
• Food service product is difficult to divert into retail supply chain
• New sales relationships don’t happen overnight
• Retail supply chain could not adapt fast enough to consumer panic buying
• Unpaid invoices still a concern for entire supply chain
Tools of the Trade – Government

• Paycheck Protection Program – $2.7 billion to over 2,800 produce operations

• CFAP – $650 million in payments to 13,000 growers

• Farm to Families – 200 growers and distributors delivered over $1.7 billion in fresh produce to those most in need
Tools of the Trade – Industry

- Diversity of Offerings – Family Packs, Grab and Go, Carry Out.
- New Product Lines – What customers want and need
- Diversification of customers – Can’t just focus on one sector of supply chain
- Reduction of Acreage & Certain Crops
What’s Happening Today

• Light at the end of the tunnel
• Realization these are long term changes
• Pent Up Demand is there
• Fresh Produce is eaten mostly in restaurant setting
Looking Forward – Making a Difference

Government Partnerships are critical

- Farm to Families – New way to look at government distribution of healthy foods
- Labor Demands – Availability and Safety of our workforce is essential; new technologies
- Reexamining Nutrition Priorities – The impact of acute challenges related to COVID
- Food Safety Practices – We must continue to build consumer confidence
Looking Forward – Making a Difference

Industry Adaptation is Necessary

- How will restaurants recover and what will they look like
- Building back a business model that is sustainable
- Ability to react to sudden changes to the supply chain
Final Thoughts

There is no one size fits all

• Different states, commodities, regions need local, state, regional, broad based solutions
• Expansion of current federal efforts are important
• Moving from company support to worker support
• Long-term research on supply chain, especially in the food service side, is critical
Thank You!

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