

Overlapping Crises

Top Ten Topics: Second Quarter 2022



The topics that led influential conversations in the second quarter of 2022 often overlapped, stemming from events far beyond the food industry. Supply chain repercussions from the COVID-19 pandemic remained top of mind, even two years in. This quarter, **workforce** concerns took the top spot as a wave of unionization efforts swept the nation and labor shortages prompted more companies to investigate automation. **Hunger** persisted, with developments in school lunch and infant formula. The Biden administration continued its battle to reduce consolidation in **protein** processing – to which it attributed pandemic meat price spikes.

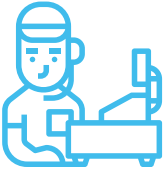
Fallout from Russia’s unprovoked invasion of Ukraine also continued. **International trade** flows readjusted as

blockades prevented shipments from the ninth-largest wheat producer and largest exporter of sunflower oil – raising prices of food, feed and fuel worldwide. Sanctions against Russia pinched **fertilizer** supplies during the critical planting season, increasing input costs. Consequently, leaders prepared for **global food supply** shortages and scrambled to prevent millions from falling into food insecurity – especially as rising food costs outpaced affordability for many.

Also in this quarter, we witnessed environmental, social and governance (ESG) policies in action. Many brands paused operations in Russia, and foodservice category leaders McDonald’s, Starbucks and Yum! Brands eventually exited entirely.

1. Workforce

Pay, benefits and safety of workers



Workforce reclaimed the top spot in the second-quarter rankings as labor shortages, unionization and strikes factored into decisions on compensation, working conditions and automation. Unionization efforts proved most fruitful at

Starbucks, where 311 locations [filed](#) for union votes in the first half of the year (The Wall Street Journal). CEO Howard Schultz [told](#) employees in an open forum that companies were “being assaulted in many ways by the threat of unionization” (Nation’s Restaurant News). On April 1, The New York Times [detailed](#) the “stunning victory” of unionization at a Staten Island Amazon facility. International Longshore and Warehouse Union — representing West Coast dockworkers — [spent](#) the quarter in negotiations and agreed not to strike as talks continued after its contract ended July 1 (Bloomberg).

Los Angeles Times [tracked](#) “a 30-hour bargaining marathon”

that helped Southern California grocery stores — Ralphs, Albertsons, Vons and Pavilions — avert a planned worker strike. The new contract, ratified by workers on April 14, granted “their biggest pay raises in decades.”

Companies have begun to think more creatively to solve challenges caused by the labor shortage. The Wall Street Journal [summarized](#) Walmart’s strategy to attract truck drivers by raising starting salaries to as much as \$110,000 a year. Supermarket News [highlighted](#) retail chain Hy-Vee’s singular response to its workforce crunch: The chain asked more than 500 corporate staff to shift to retail positions.

Other companies looked to automation to solve staffing challenges. Food Manufacturing [noted](#) Jack in the Box would pilot test Miso Robotics’ automatic fry machine (Flippy 2) and beverage dispenser (Sippy). Panera Bread [tried](#) Miso Robotics’ coffee automation software. Walmart [announced](#) a partnership with DroneUp to offer drone delivery in six states.

2. Stewardship

Environmental management of the land, water and air on and around farms and ranches



The trifecta of stewardship, climate change and the weather have all seen increased attention for the past several quarters. The latest theme in food manufacturer commitments remains making carbon neutrality a priority for supply chains. In accordance with the 2016 [Paris](#)

[Agreement](#), many of these commitments target 2030 for this to happen. [McKinsey](#) and [Reuters](#) both summarized the need for companies (not exclusive to food) to integrate supply chains on their paths to reducing emissions.

Earth Day traditionally has been a day for food production to showcase progress and commitment to environmental stewardship. Agriculturalists — from [The Dairy Alliance](#) to the [American Sugar Alliance](#) — reiterated the theme that “every day is Earth Day” for farmers, emphasizing how good stewardship practices help farms thrive in the long term. The National Association of State Departments of Agriculture President Richard Ball [positioned](#) agriculture as “part of

the answer” to climate change. United Egg Producers [cited](#) statistics that egg farmers save the equivalent of 3,716 swimming pools of water compared with 1960. The National Retail Federation [shared](#) research on “sustainably minded consumers.” ReFED [advocated](#) for food waste reduction as a means of lowering methane emissions. Commodities giant ADM [announced](#) that it will achieve deforestation-free supply chains in 2025, five years ahead of schedule. Mars [touted](#) its commitment to reduce plastic waste. Finally, Indigo Ag [looked forward](#) to “the first crop of” carbon credits for encouraging sustainable farming practices.

In another stewardship theme, food producers amplified their brands with such tactics as using third-party verifications and partnering with NGOs to gain credibility and earn media attention. Burger King and Cargill [partnered](#) with the National Fish and Wildlife Foundation, donating \$5 million to target climate change on cattle ranches (Meat+Poultry). New Hope [interviewed](#) Viraj Puri, co-founder and CEO of urban salad greens grower Gotham Greens about B Corp Certification’s use for transparency and environmental goal tracking.

3. Weather

Weather conditions and their effect on farming



It used to be that conversations involving the weather would rise in our rankings each fall, when harvest arrives. But, with increased attention to climate change, talking about the weather is a four-season sport these days. Throughout the Midwest, a cold, wet spring caused serious concern about a delayed

planting season. This, and the continued drought in the western U.S., added to the already-volatile supply of issues for most agricultural products.

Axios [broke down](#) the situation in the Midwest, citing it as the slowest corn planting season since 2013. The Farmer’s Daughter blogger Amanda Zaluckyj [explained](#) how farmers

know when to plant, jokingly adding: “When Mother Nature gets her act together.” The wheat crop, which received increased emphasis this year because of the Russia/Ukraine war, also experienced early-season weather-related hiccups ([Reuters](#)).

On April 21, Forbes’ Chloe Sorvino [detailed](#) the “famine of rain” choking the western United States. Public Policy Institute of California [covered](#) the drought’s contribution to increased food prices and reduced income in a state where farm revenue exceeds \$50 billion. By mid-May, the National Weather Service [predicted](#) the drought’s likely expansion eastward into the Corn Belt. On top of drought, a heat wave pounced on much of the western region of the United States; Modern Farmer [reported](#) on how the heat is disrupting the health of bee colonies.

4. U.S. Hunger

Food-related welfare policy and food insecurity in the United States



Hunger jumped three spots in our rankings alongside urgency to address expiring federal hunger relief funds, a decrease in food bank donations and an ongoing infant formula shortage.

Feeding America [tracked](#) a 20% increase in food bank demand by mid-April, and called for action in the form of federal aid, food donations from manufacturers and monetary donations. Civil Eats [highlighted](#) the emergence of “hyperlocal” food pantries that have popped up during the pandemic to fill in gaps. Los Angeles Times [linked](#) food price inflation and a first-time food bank user surge.

A prolonged infant formula shortage created food insecurity for many infants, a problem that Food Research & Action Center [noted](#) disproportionately affected recipients of low-income hunger relief benefits. CNN [focused on](#) the difficulty of feeding infants with special dietary needs when 74% of stores were out of stock the week of May 28. In addition to

a February recall and supply chain disruptions, The Hustle [flagged](#) pandemic hoarding, strict U.S. regulation and high import taxes as contributing factors.

After more than 50 years, the White House will [host](#) a Conference on Hunger, Nutrition, and Health in September. WhyHunger Executive Director Noreen Springstead [welcomed](#) the “holistic government approach on the very solvable issue of hunger.” FMI — The Food Industry Association — [contributed](#) antihunger policy suggestions from retailers, wholesalers and suppliers.

“THE WORLD IS SHAKEN BY COMPOUNDING CRISES. THE FALLOUT OF THE WAR IN UKRAINE IS ADDING TO THE ONGOING COVID-19 PANDEMIC THAT NOW ENTERS ITS THIRD YEAR, WHILE CLIMATE CHANGE AND INCREASED FRAGILITY AND CONFLICT POSE PERSISTENT HARM TO PEOPLE AROUND THE GLOBE.”

— WORLD BANK, INTERNATIONAL MONETARY FUND, U.N. WORLD FOOD PROGRAMME AND WORLD TRADE ORGANIZATION ([JOINT STATEMENT](#))

5. International Trade

Imports and exports of food and agricultural products



Developments in international trade arrangements were largely intertwined with Russia’s invasion of Ukraine and contributed to other highly discussed topics. Bloomberg [covered](#) the impact of blockades of Ukrainian grain exports on food and feed prices worldwide (see Global Food Supply section for more). Reuters addressed how sanctions on

Russian exports [disrupted](#) markets for farm inputs (see Fertilizer section for more). Additionally, opposition to the war spurred U.S.-based chains [McDonald’s](#), [Starbucks](#) and [Yum! Brands](#) to withdraw from Russia (Nation’s Restaurant News).

The Biden administration worked to bolster other avenues of trade, albeit without as many headlines. On May 23, the United States and 12 other nations [established](#) the Indo-Pacific Economic Framework. While the U.S. Dairy Export Council [lauded](#) the agreement, the National Pork Producers Council [urged](#) more concrete action to reduce trade barriers (Southeast AgNet).

President Biden [signed](#) the Ocean Shipping Reform Act on June 16, which had garnered bipartisan support as a tool to curb inflation. National Restaurant Association Executive Vice President Sean Kennedy [welcomed](#) the move to “improve supply chain challenges,” and



Consumer Brands Association Vice President Tom Madrecki affirmed that the law was needed to “address declining maritime shipping performance and unfair practices.”

6. Protein

Protein as a nutrient and its role in human diets



Market factors kept protein products in the spotlight during the second quarter, continuing a 14-quarter streak in the Top Ten Topics. Outbreaks of avian influenza in commercial flocks [peaked](#) in late April (USDA), with The Washington Post’s Laura Reiley

[noting](#) that egg prices tripled from six months prior. Chicken prices also rose, but beef prices rose faster; The Wall Street Journal’s Patrick Thomas [blamed](#) rising input costs. CoBank Economist Brian Earnest [projected](#) that demand for meat will remain strong, even as consumers “trade down” to cheaper cuts.

The Biden administration and members of Congress singled out consolidation in the meat processing sector as a prime factor in early pandemic price spikes. At hearings in late

April, House Agriculture Committee Chair David Scott (D-Ga.) [accused](#) beef packers of colluding on prices (Agri-Pulse) and Senate Agriculture Committee Chairwoman Debbie Stabenow (D-Mich.) [pushed](#) for building more resilient markets. The National Cattlemen’s Beef Association [welcomed](#) transparency-focused bills, but simultaneously [opposed](#) “government mandates.” The North American Meat Institute [criticized](#) provisions for a special investigator as “redundant.”

On May 26, the USDA [announced](#) a series of updates to the Packers & Stockyards Act to boost competition and transparency in packer-farmer relationships, particularly for poultry producers. National Chicken Council President Mike Brown [objected](#): “The performance-based structure of how chicken farmers are compensated is literally the definition of competition.”

7. Food Safety

Foodborne illness: related recalls and regulation



Food safety returned to the top ten after a brief hiatus this quarter, buoyed by two waves of criticism lodged against the FDA. As the capstone of her nine-year tenure at Politico, Helena Bottemiller Evich [penned](#) an accounting of the FDA's shortcomings so thorough that it needed chapters. FDA Center for Food Safety and Applied Nutrition Director Susan Mayne [responded](#) that her "division is working with limited resources and funding" (Agri-Pulse). Congress [rallied](#) around prioritizing the "F" in FDA, with both chambers [introducing](#) bills to create a separate Food Safety Administration shortly after the quarter ended.

Amplifying the outrage, the FDA came under fire for its handling of contaminated infant formula that was found

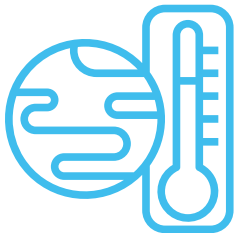
to have killed three infants between September and January. Shortages [plagued](#) retailers through much of the quarter (Fox News), [prompting](#) President Biden to bolster supply chains and lift import restrictions beginning May 18. Politico's Meredith Lee [examined](#) the role that the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) played in consolidating the industry and compounding the crisis. As late as June 29, Food Safety News [documented](#) an ongoing shutdown of the Abbott production plant linked to the recall.

"[THE FDA] IGNORES EVERYONE. THEY IGNORE EVERYTHING. ... THE PUBLIC DESERVES BETTER, CONSUMERS DESERVE BETTER, THE INDUSTRY DESERVES BETTER."

— MICHAEL DYKES, PRESIDENT AND CEO OF THE INTERNATIONAL DAIRY FOODS ASSOCIATION (POLITICO)

8. Climate Change

Current and predicted effects of climate change on food production



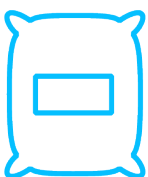
Although climate change has taken a back seat during the pandemic, understanding the climate impact of food production remains an important issue for long-term planning. On June 17, the U.S. Securities and Exchange Commission [closed](#) a comment period for a proposed rule to "enhance and standardize climate-related disclosures," including greenhouse gas emissions generated throughout the supply chain. Environmentalist group Sierra Club [supported](#) the rule for increasing transparency. Agriculturalist groups — including the American Farm Bureau Federation and commodities

groups representing pork, beef, soybeans, corn, cotton, potatoes, poultry and wheat — [argued](#) that reporting requirements would be too costly for small farms and would drive consolidation.

On May 11, the Congressional Research Service [released](#) an overview of emissions from agriculture in 2020, showing a 4% decline. A June 20 study published in Nature [estimated](#) that nearly 20% of global food systems emissions stem from transportation. Cynthia Rosenzweig [won](#) the World Food Prize on May 5 for her work on developing satellite monitoring of climate change and agriculture while at NASA. Additionally, the USDA [accepted](#) proposals for its Partnerships for Climate-Smart Commodities program beginning May 10.

9. Fertilizer

Manure, nitrogen, phosphorus, potash and other products that boost crop growth



Planting season amplified concerns about shortages and skyrocketing prices for fertilizer. World Bank [reported](#) a price hike of nearly 30% since the start of 2022, following an 80% increase in 2021. The Economist [flagged](#) Russia's invasion of Ukraine (and subsequent sanctions against Russia) as market-disrupting factors. Keith Good of the University of Illinois [wrote](#) that robust demand for fertilizer imports to the U.S. and Brazil further strained supplies.

High prices shifted demand for fertilizer products away

from the most common synthetic options. Reuters [addressed](#) rising demand for manure. GreenBiz [shared](#) a Yale e360 article on low-carbon "green ammonia" production. And The New York Times [distilled](#) another alternative into a catchy portmanteau: "peecycling."

A meta-analysis [published](#) in Nature Sustainability on June 27 concluded that farmers could maintain crop yields with less fertilizer if they adopted "field-scaled ecological intensification," such as rotating crops. Lead author Chloe MacLaren [told](#) The Guardian, "Reducing reliance on chemical fertilizers would help to buffer farmers and consumers against economic shocks."

10. Global Food Supply

Availability and distribution of food to a growing global population



Russia’s interruption of the global food trade drew stark warnings from world leaders and spurred conversations around how U.S. producers and policymakers could help feed the global population. The World Food Programme [projected](#) in April that 33 million

to 47 million people will face acute food insecurity as a result of the war. Bloomberg [wrote](#) that Russian President Vladimir Putin used the food crisis as leverage for peace talks, prompting Secretary of State Antony Blinken to [call](#) Russia’s blockade “blackmail.” Meanwhile, India and other

nations compounded the crisis by [banning](#) exports of staple crops (Reuters).

While the causes of the global food crisis are firmly established, solutions proved tougher to nail down. Politico’s Meredith Lee [covered](#) U.S. and E.U. efforts to break the Russian blockade. On May 11, President Biden [announced](#) a set of policies aimed at boosting crop production. On June 17, all 164 members of the World Trade Organization [agreed](#) to prohibit export bans on “foodstuffs purchased for non-commercial humanitarian purposes.”

Timeline: Events That Shaped the Second Quarter

While the Top Ten Topics highlight the biggest concerns in food production, the most salient events do not always fall neatly into a category and often bridge several topics. Here, we highlight the events that sparked the most conversations.

Date	Event
April 12	Truck drivers protest Texas law requiring stricter inspections at the Mexican border.
April 12	Biden administration extends 15% blends of ethanol in gasoline year-round.
April 26-27	Congress holds hearings on consolidation in the meat processing industry.
May 16	McDonald’s sells or closes all Russian locations.
May 18	President Biden invokes Defense Production Act to boost infant formula production.
May 21	Smucker recalls JIF peanut butter products due to <i>Salmonella</i> contamination.
June 1	USDA proposes plan to boost supply chains.
June 10	Court dismisses lawsuit alleging glyphosate causes cancer.
June 14	James Beard Awards return with more diverse award-winners.
June 17	Court finds that EPA must reevaluate environmental effects of glyphosate.
June 21	Kellogg Company announces a plan to split into three companies: snacks, cereals and plant-based foods.
June 23	Congress approves funding for school meals, extending pandemic leniencies.