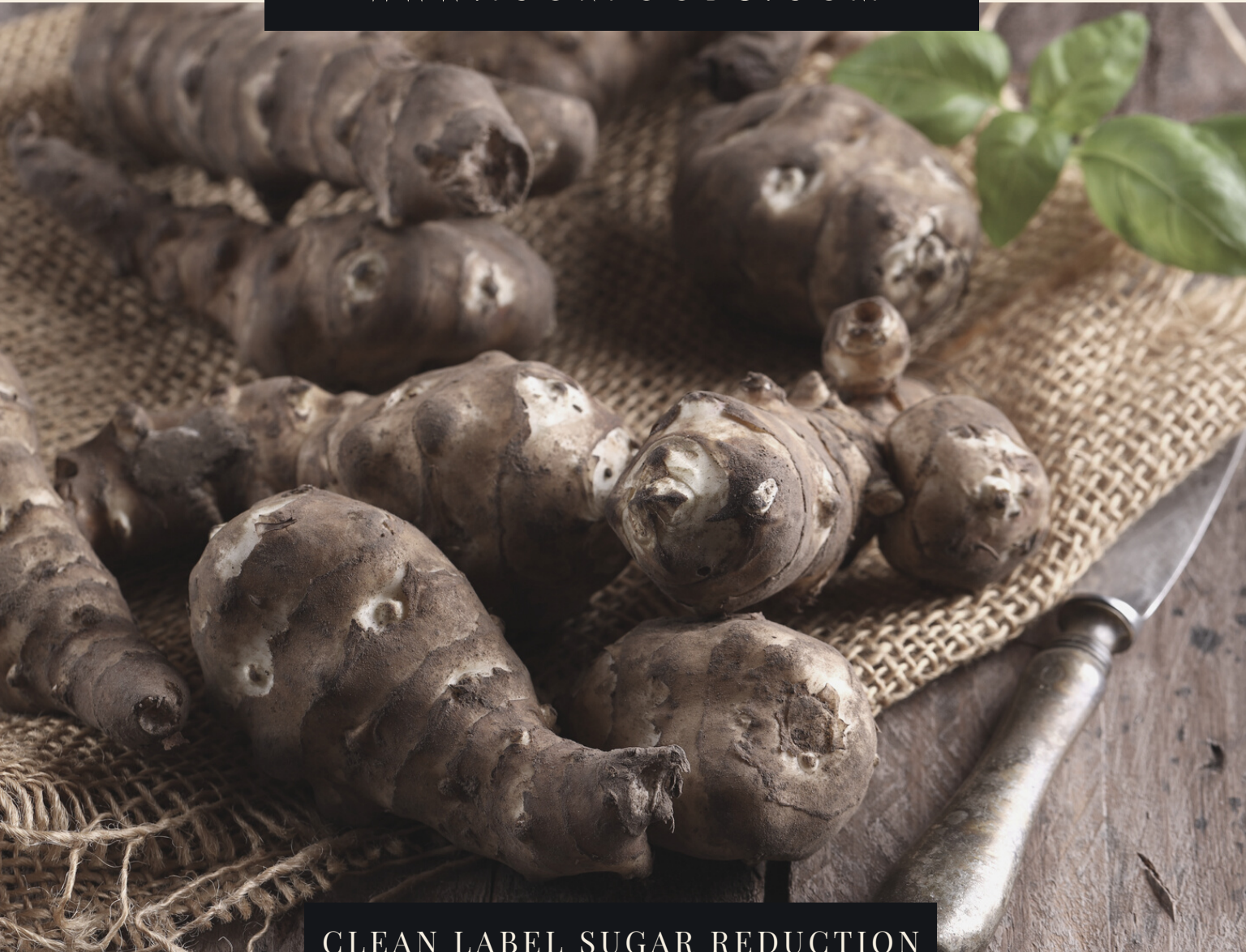


THE FIGHT FOR FIBER

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CLEAN LABEL SUGAR REDUCTION

sales@iconfoods.com | 310.455.9876

The FDA classifies dietary fibers into three groups:

1. Non-digestible soluble and insoluble carbohydrates (with 3 or more monomeric units), and lignin that are intrinsic and intact in plants.
2. Isolated or synthetic non-digestible carbohydrates (with 3 or more monomeric units) determined by FDA to have physiological effects that are beneficial to human health such as psyllium husk, cellulose, guar gum, pectin and locust bean gum.
3. Isolated and synthetic non-digestible carbohydrates with mixed plant cell wall fibers such as arabinoxylan, alginate, inulin and inulin-type fructans; high amylose starch, galactooligosaccharide; polydextrose and some resistant maltodextrin/dextrin

Of the isolated non-digestible carbohydrates with mixed plant cell wall fibers, Chicory Root Inulin is the only one that can be reported as a fiber and not show up as an added sugar. For CPG's looking to drive down net carbs naturally by using fiber count, Chicory Root Inulin is the only naturally occurring fiber that checks all the boxes.

Interestingly enough, over 90% of the world chicory harvest occurs in Belgium, The Netherlands, and Northern France. Due to this concentration, chicory inulin availability is dependent on stable growing conditions in Western Europe. Unfortunately, this part of the world has dealt with significantly reduced rainfall during April for the last three years – the most desirable month for chicory planting. While the effects of this drought-like condition were somewhat ameliorated by aquifers during 2018 and 2019, by 2020 the continuous drain on groundwater saw irrigation resources spread thin. The lack of water led to hard, sandy soils where chicory could not take root, delaying planting from an ideal April 1 to the rains of mid-May. With the growing time cut by a month and a half, chicory farmers' harvestable crop fell by up to 30%. As the primary source of inulin fiber, the poor harvest strangled the global inulin market in 2020.

While chicory farmers struggle to deal with reduced yields, historically high transpacific freight costs and tariffs have crushed the Chinese presence in the US inulin market. This combination of diminished supply and competition has left inulin availability extraordinarily tight. With European forecasts of another year of poor rainfall and additional Pacific shipping rate hikes on the horizon, it will only get worse.

While many buyers have seen their access to inulin drastically curtailed during 2020, they might see it disappear entirely in the coming year. Suppliers are now reserving much of their stock for VIP customers, and the prospect of buyers being completely shut out of the market is now a distinct possibility. The days of easy spot purchases are over, and the change couldn't have come at a worse time. With an explosion in demand for functional fibers and COVID driving the CPG food market to new heights, the need for inulin is greater than ever. Consumer tastes have shifted decisively toward the clean label texture and flavor advantages that inulin provides, and no business wants to surrender their slice of an industry that becomes more lucrative by the day.

Buyers are now desperate to meet their obligations, snatching up every spare bag of inulin they can find. As the inulin shortage wears on, businesses will see ship dates fall by the wayside as they frantically search for ingredients. Taking advantage of the mayhem, brokers can charge exorbitant rates, with no promise of more stock down the line. Once the drivers of negotiations, procurement is now a school of potential marks for hungry hucksters.

The picture may appear bleak, but it is not hopeless for savvy CPGs who have a partner like Icon Foods to navigate the rapids. After long months of searching and negotiation, Icon Foods has forged a steady and reliable supply for the inulin stock you need at a price that won't break the bank, with the consistent volume necessary to maintain your product line. Contact your Icon Foods account executive now to secure your supply and lock down long-term pricing. Icon Foods has your back and always will. That is what makes us so iconic.

Reach out to your sales team today to request samples or to schedule a complimentary R&D session with our CEO, Thom King.

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