

## Agricultural commodities

# Plant-based 'meat' craze drives demand for yellow peas

Shortage of protein-producing facilities prompts food companies to stockpile supplies



Makers of vegan and vegetarian burgers are moving away from soya beans to yellow peas for their products © FT montage; Dreamstime

Emiko Terazono 6 HOURS AGO

The soaring popularity of plant-based meat substitutes has shone a spotlight on a new star ingredient: the humble pea.

From Beyond Meat, which has seen its shares [rocket](#) after a flotation in May, to US meat producer Tyson and Nestlé of Switzerland, food companies are [turning](#) to protein from the yellow pea as the key ingredient for plant-based foods including burgers, bacon, tuna and yoghurt.

The rush to introduce products amid a spike in demand from consumers has led to a scramble to secure supplies. The squeeze has not been caused by the availability of the yellow pea itself — which is plentiful, boosted by Chinese curbs on Canadian imports in the wake of the [Huawei row](#), and a move by India to place tariffs on pulses — but a lack of processing capacity to produce the protein powder extracted from the legume. Producers have simply not kept pace.

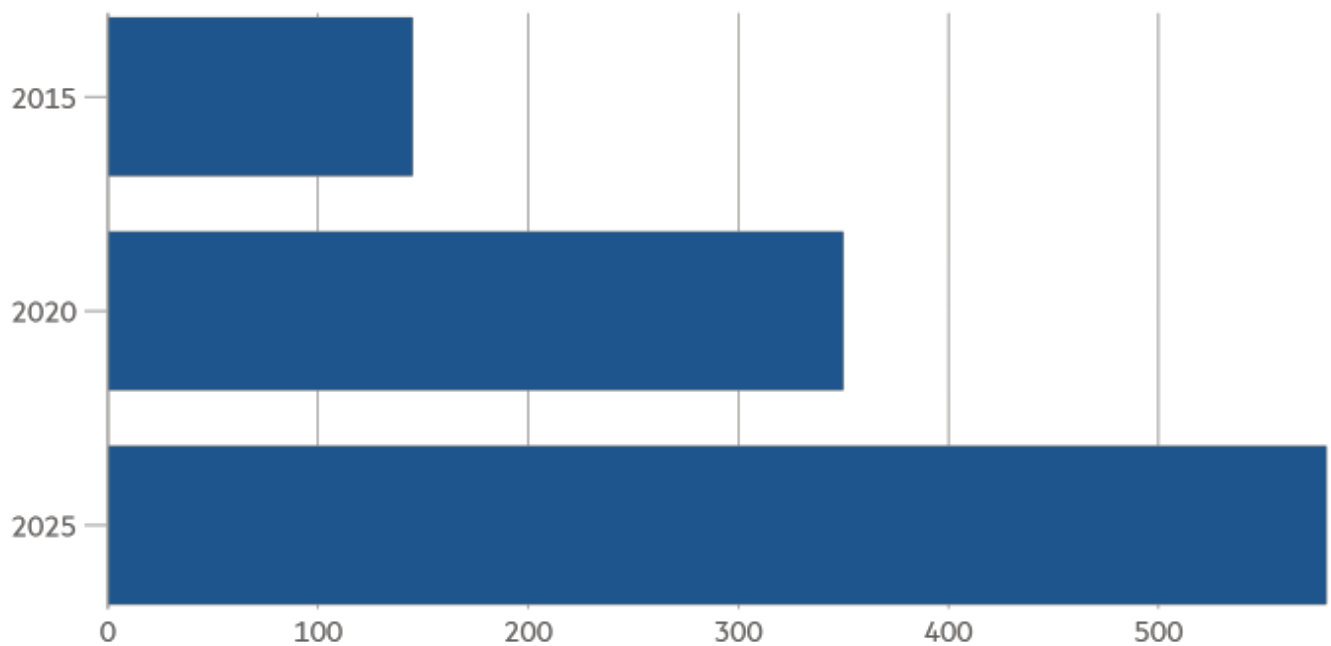
Output from Meatless Farm, for example, a Leeds-based start-up that recently [signed](#) a US distribution agreement with Whole Food Markets, the upscale grocery chain, has increased almost

30-fold since it launched last year. However, the company recently received just 25 per cent of one pea-protein order as suppliers diverted the shipment to other buyers.

“We’ve seen the ugly face of increased demand,” said Morten Toft Bech, the company’s founder, adding that locking down supplies had been front of mind. “We’ve started building up a stockpile. Everyone else is doing it as well.”

## High growth forecast for pea protein market

'000 tonnes



2020, 2025 are forecasts  
Source: Henk Hoogenkamp  
© FT

Yellow peas, a pulse or dry edible seed that is part of the legume family alongside soyabeans, lentils and chickpeas, have become the protein source of choice for many food companies as consumers are turning away from soyabeans.

While soya is the most abundant and cheapest source of plant-based protein, it is also an allergen, and often genetically modified in the US. It is abundant in plant oestrogen, leading to fears of adverse health effects among some consumers.

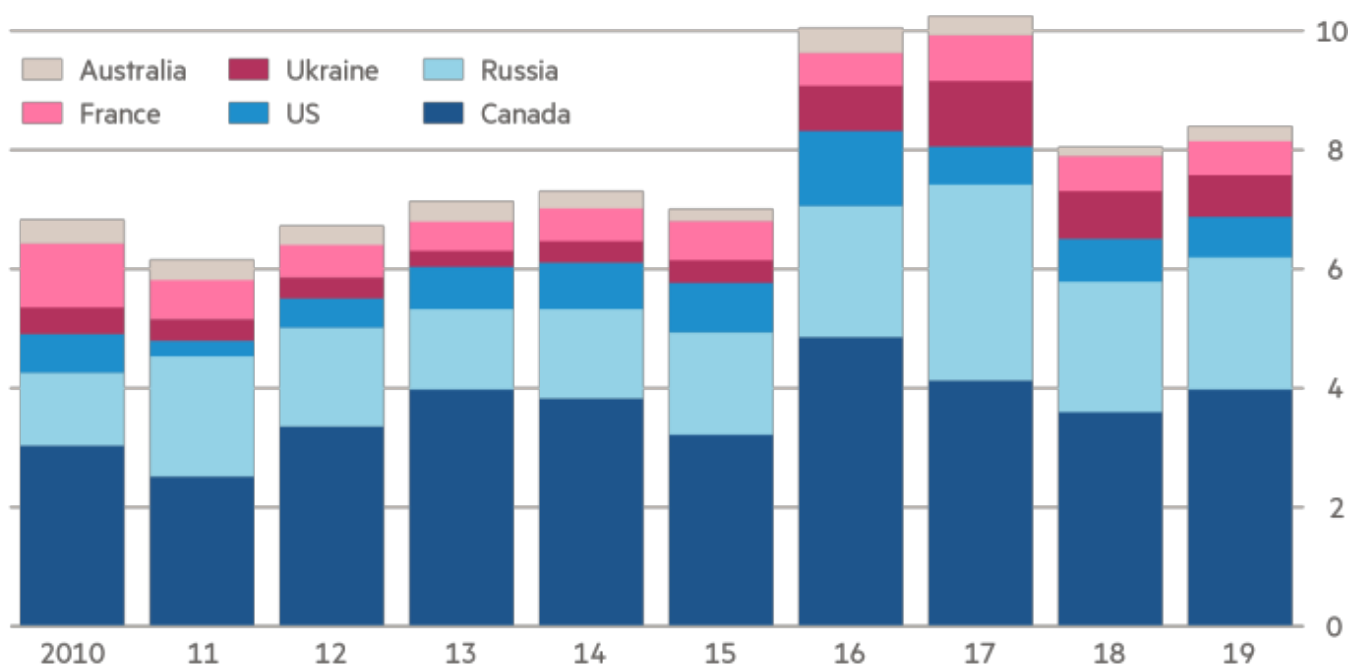
“There’s been a consumer desire for having proteins that are ‘clean label’, meaning non-GMO and in some cases organic,” said Tyler Lorenzen, chief executive of Puris of Minneapolis, the largest US producer. “We’ve seen exponential growth.”

Pea-protein consumption volumes have almost doubled to 275,000 tonnes from 2015, according to Henk Hoogenkamp, a protein technology adviser to food companies. He expects the market to grow another 30 per cent next year, rising to 580,000 tonnes in 2025.

Mr Hoogenkamp notes that cheaper pea protein from Chinese rivals to big producers such as Roquette or Belgium's Cosucra has kept prices from soaring. While there is no exchange-based market for pea protein isolate and prices are hard to track, the ingredient ranges around US\$4,200-\$4,600 a tonne. This compares with soyabean protein isolate at about \$3,500 a tonne.

## Pea production by leading exporters

M tonnes



Source: LeftField Commodity Research  
© FT

Even so, demand is so strong that buyers have struggled to secure long-term supply deals. “For companies that want to lock in prices for the remainder of 2019 and 2020, there is reluctance from their suppliers to guarantee higher quantities at lower prices,” said Mr Hoogenkamp.

Ethan Brown, chief executive of Beyond Meat, told analysts on the Los Angeles-based company's first [earnings call](#) last month that securing raw materials “preoccupies me quite a bit”.

Beyond Meat has signed a three-year contract for its pea protein with Puris, adding to a supply agreement with French group Roquette, which expires at the end of the year. Mr Brown said the group was looking to add to its roster of suppliers.

Ripple Foods, a California start-up that produces pea-protein based milk, has seen sales double every year since it launched in 2016. The company, which counts Goldman Sachs among its investors, contracts farmers to grow yellow peas and then processes its own pea protein.

That insulates Ripple from price swings, said Adam Lowry, the company's co-founder. "It takes us out of the pea protein market," he said.

An increasing number of food and ingredient companies have invested in the pea protein sector over the past few years. Cargill, the Wayzata, Minnesota-based giant, backed Puris at the start of last year, putting in \$25m and launching a joint venture.

New plants to produce pea protein are expected to get up and running over the next year. Roquette is building a processing plant in Manitoba, Canada, while Verdient Foods of Saskatchewan, a plant protein group backed by James Cameron, the Oscar-winning director of the film *Titanic*, is also planning new capacity.

But the market is expected to remain tight. "Plans have been announced and ground has been broken, but it will take anywhere from six months to a year for product to come out," said Chuck Penner, analyst at LeftField Commodity Research in Winnipeg.

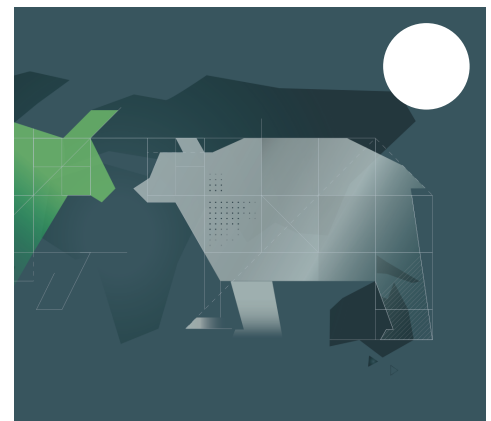
Meanwhile, new products using pea-protein will continue to be launched, said Pascal Leroy, Roquette's vice-president of pea and new protein operations.

"The growth is really impressive," he said. "It's the protein of choice for the next decade."

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