Industry reaction to the recent changing Business Environment

IAMA Conference Boston, 2010
Berry Marttin
DEMAND: Economic prosperity and population growth

Food markets to grow by 109% in 10 years

Source: Rabobank, based on KEO, Economist Intelligence Unit and FAO
SUPPLY: soil determines yield potential
Best soils: US (Midwest), Ukraine and Argentina
SUPPLY: Climate also determines yield potential
Total yield potential determined by soil, climate and enabling factors

enabling factors are amongst others: government policies, country risks, functioning of markets, availability of credit, R&D investments, and access to world markets.
**EFFECT:** Larger fraction of agricultural production to move through trade

Source: FAO, UN
Conclusion

Supply

- Enabling environment is key for agri and aqua production!!
- 85% of volume increase to be realized through productivity increases in agri sector
- Only modest increase in production expected in aqua sector
- Production growth of raw materials predominantly in South America, eastern Europe and potentially Russia.
- Asia, US, western Europe: growth only possible through productivity growth

Demand

- Drivers: population growth and economic growth
- Food demand volume growth: +1.5% to 2% per year, doubling in 40 years
- Food demand value growth: +7.5% per year, doubling in 10 years
- US, EU, Oceania: value growth
- South America and Asia: volume growth and value growth

F&A nominal market value expected to double in 10 years (+7.5%/year)
Most relevant to Processing industry

F&A market volume expected to double in 40 years (+1.5-2%/year)
Most relevant to Farming
Rabobank’s contribution to the Enabling Environment

• Access to Knowledge: Research on Farming and Food
• Access to farm credit: Rabobank Retail/Development
• Access to world markets: global trade finance in ag commodities
• Full banking services for Food Industry: Rabobank Wholesale
• Advisory services on cooperative structuring