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International comparison of product supply chains in the agro-food sector

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COMPETE Final Consultation Workshop,

22nd September 2015, Brussels, Belgium

Leibniz Association

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International comparison of product supply chains in the agro-food sector

Recent developments and major EU competitors

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Outline

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   3. Food safety & diversification
II. Major competitors
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III. Summary
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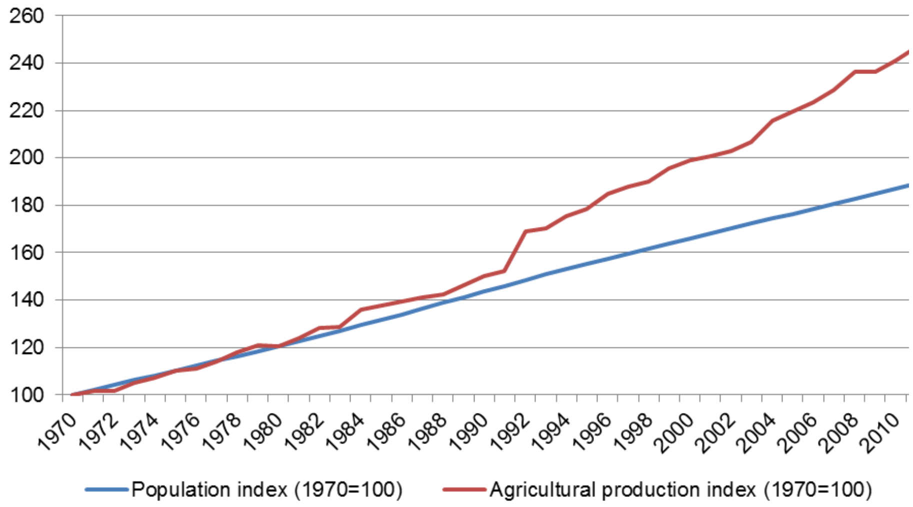
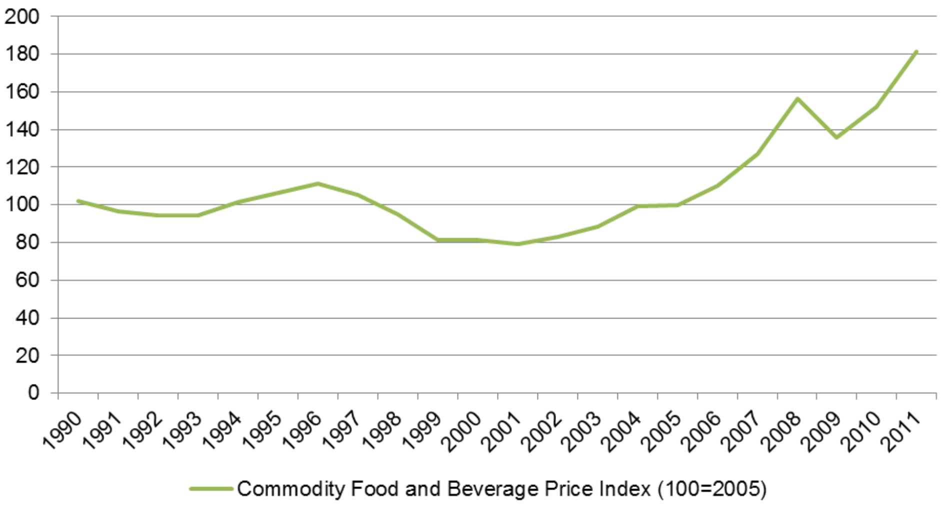
Recent developments: Growing demand (1)

- Growing world population
- Agricultural production grows faster
- Increasing food prices

World population index and agricultural production index 1970-2011



Commodity Food and Beverage Price Index (100=2005)



Recent developments: Growing demand (2)

- Growing incomes in particular in emerging and developing countries
  - Diet changes (e.g. ready-to eat meals, dairy and meat products)
  - Fast growing demand for high protein and high-valued food products

	1990		2010	
	Urban pop.	Urban pop./total pop.	Urban pop.	Urban pop./total pop.
USA	190,765	75.3%	255,403	82.3%
EU	314,387	70.5%	370,123	73.9%
World	2,251,425	42.5%	3,483,869	50.5%
BRICS	667,291	29.9%	1,320,043	44.2%
MIST	180,377	49.3%	285,134	60.1%
Tiger Cub	112,186	34.9%	195,796	45.5%

Recent developments: Trade liberalisation

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- Globalisation
  - Global foods
- Global (e.g. WTO) and regional trade liberalisation (e.g. EU-Enlargement)
  - Increasing global trade
  - Better access to markets
  - More competition (e.g. BRICS)
- Trade growth rates surpassed these of output
  - Global supply chain
  - Specialisation on few agri-food products

Recent developments: Food Safety & Diversification (1)

- Elongated transnational supply chains
  - increasing risk of spatial diffusion of food safety issues
  - Accountability issues
  - Consumer demand traceability and transparency
- Public concerns regarding environmental, sustainable, animal-welfare and social issues of agri-food production
  - Public and private implementation of food regulations and standards
  - Non-tariff import restrictions on highly-regulated markets
  - Dissemination of large import markets' private and public food standards

Recent developments: Food Safety & Diversification (2)

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- Alternative production (e.g. organic) and marketing methods (e.g. direct-selling)
- Production innovations (e.g. bio-enginering) create ‘healthy’ products (e.g. low fat and sugar, rich in vitamins) tailored for certain groups
- Food safety standards
- Diversification and new markets

Major competitors: EU trade position and development

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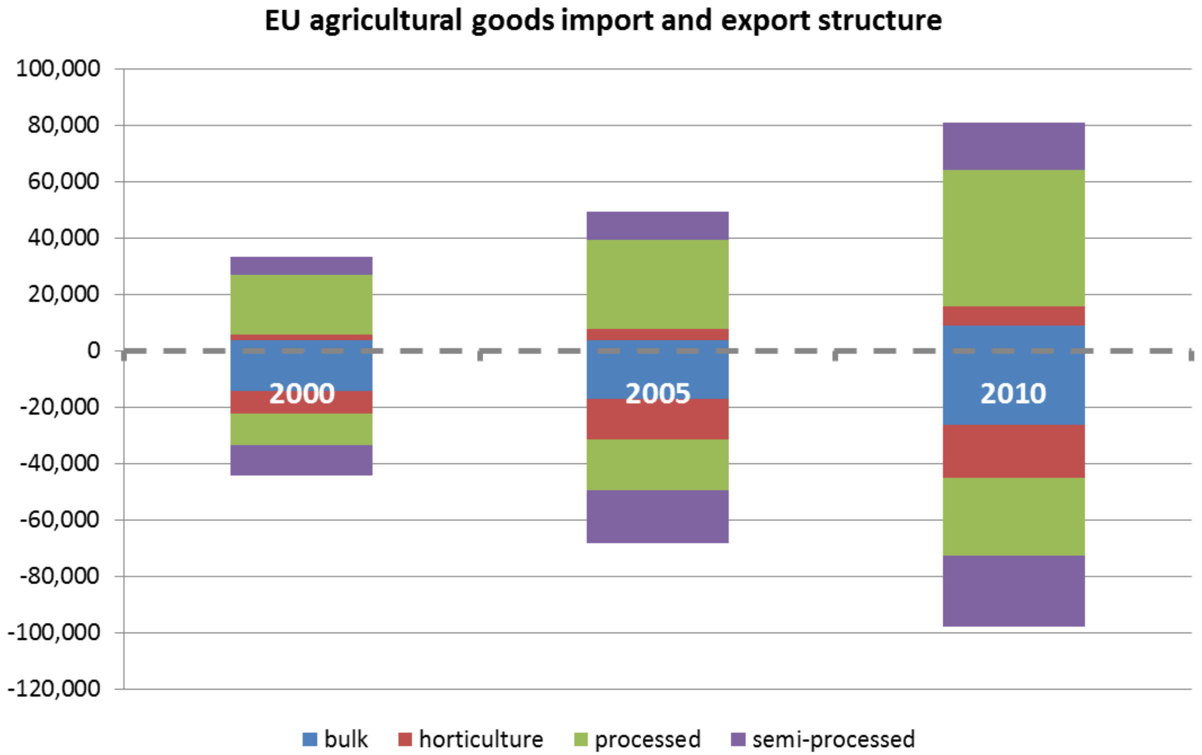
- Growth of EU agri-food trade
- Loss of market shares
- More processed exports



Major competitors: Trade position (1)

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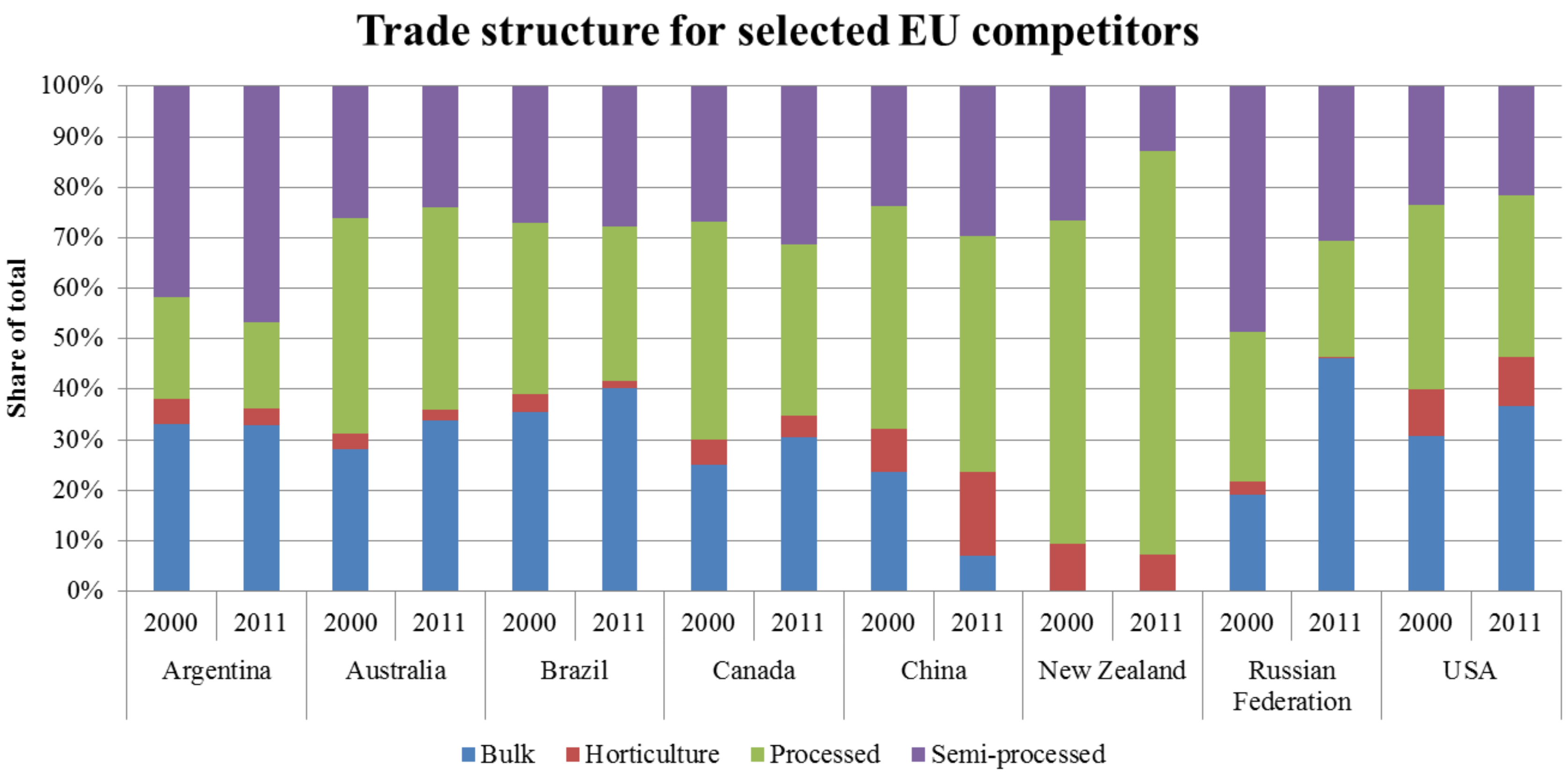
- Major competitors:
  - USA (-)
  - Canada (-)
  - Australia
  - New Zealand,
  - Argentina
  - Emerging countries: China (-), Russia (+), Brazil (+)

Major competitors: Trade position (2)

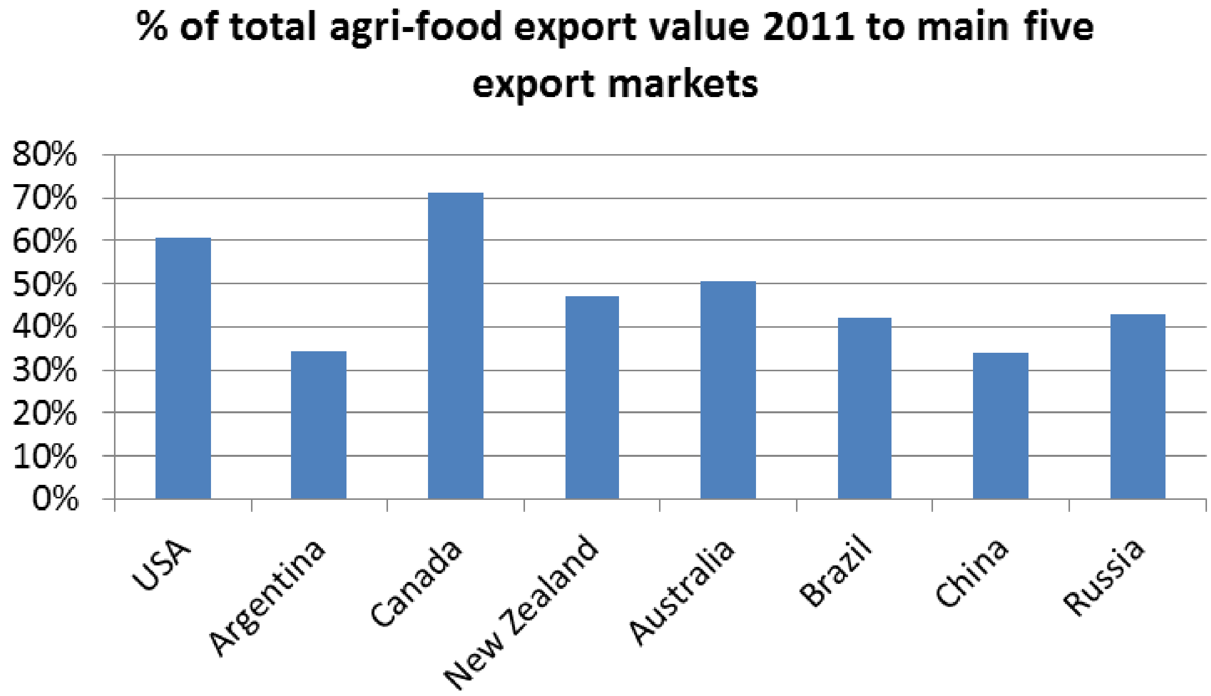


Major competitors: Trade position (3)

- Quantity traded of agri-food products of all levels of processing increased
- Share of bulk products grew faster than of processed (exceptions China, New Zealand and Argentina)

Major competitors: Trade position (4)

- Intensified agri-food trade of all competitors
- Regionally concentrated and highly specialised agri-food exports



Major competitors: Trade position (5)

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TOP5 agri-food export products according to export value and their share of a country's overall export value in 2011

USA		Argentina		Canada		Australia	
Soybeans	13%	Cake, soybeans	23%	Wheat	14%	Wheat	17%
Maize	10%	Soybeans	13%	Rapeseed	11%	Meat, beef & veal	13%
Wheat	8%	Oil, soybean	12%	Oil, rapeseed	8%	Cotton lint	8%
Cotton lint	6%	Maize	10%	Meat, pork	6%	Wool, greasy	7%
Food preparations	4%	Wheat	6%	Soybeans	4%	Wine	6%
New Zealand		**Brazil**		**China**		**Russia**	
Milk, whole dried	19%	Soybeans	21%	Crude materials	10%	Wheat	40%
Meat, sheep	13%	Sugar Raw	15%	Food preparations	6%	Oil, sunflower	7%
Butter, cow milk	9%	Coffee, green	10%	Garlic	4%	Barley	5%
Meat, beef & veal	8%	Meat, chicken	9%	Fruit, prepared	3%	Chocolate products	4%
Milk, skimmed dried	6%	Cake, soybeans	7%	Meat, chicken	2%	Cigarettes	3%

Recent developments: Summary (1)

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- Growing and changing demand
- New income opportunities
- More competition
- Global production and marketing
- Demanding consumers and downstream supply chain actors
- Scientification of agri-food production

Major competitors: Summary (2)

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- EU lost market shares primarily to emerging countries
- Traditional competitors also lost market shares
- Regionally concentrated and highly specialised agri-food exports
- Mixed development regarding trade structure of competitors

Policy recommendations

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- Supporting new markets
- Increasing support of R&D
- Easing access to capital
- Easing mutual access to markets (e.g. TTIP)
  - Free trade agreements
  - harmonisation of standards

Thank you for your attention!

Questions?

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