

International speaker

agbiz CONGRESS 2018
UNCERTAINTY CREATES OPPORTUNITY

7-8 June 2018 | Port Elizabeth | Eastern Cape

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Prof Marcos Fava Neves
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Global Agribusiness Outlook

AGBIZ CONGRESS 2018 - PORT ELIZABETH – June 07, 2018

SOUTH AFRICA

Prof. Dr. Marcos Fava Neves

University of São Paulo - School of Business - Ribeirão Preto, since 1995

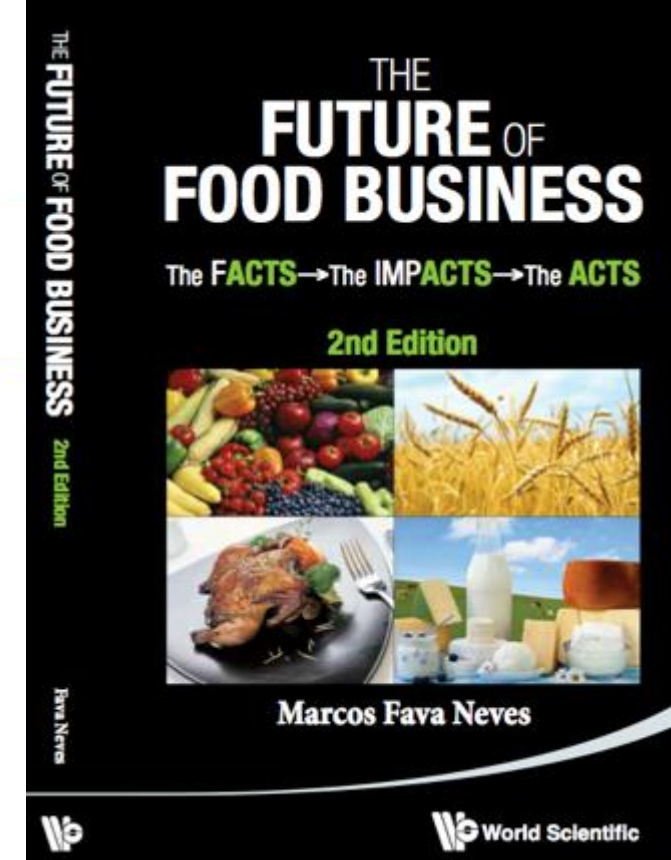
FGV School of Business – São Paulo, since 2018

Purdue University, since 2013

University of Buenos Aires, since 2006

Agribusiness Strategic Planning

Lecture 1034 (BRAZIL 777/OUTSIDE 257 in 22 countries)



Center for Food and
Agricultural Business



Agenda



➤ Introductions

1

➤ The Future of Food Business

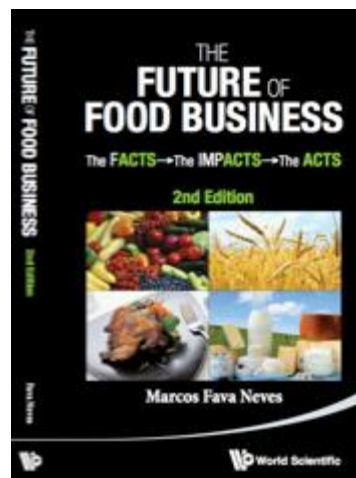
2

➤ The Three Margin Builders

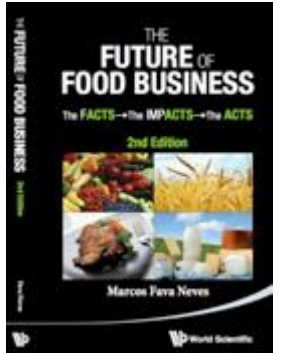
3

➤ Final Messages and Opportunities

4



What do we do?



REVENUES OF THE CHAIN (MILLIONS US\$) 44,893.4

GDP OF THE CHAIN (MILLIONS US\$) 18,744.55

WAGE BILL (MILLION US\$) 1,000.43

TAXES (MILLION US\$) 5,751.31

Number of sows 1,720,255

Animals Slaughtered 39,263,964

BEFORE THE FARMS (Million US\$)

4,240.17

| Genetics | 135.94 |
|---------------------------------------|--------|
| Boar | 20.64 |
| Sows | 66.20 |
| Grandparents | 35.59 |
| Semen | 7.06 |
| Importation of Live Pigs | 1.03 |
| Materials for Artificial Insemination | 5.42 |

| Drugs and Vaccines | 182.80 |
|-------------------------------|--------|
| Vaccines | 50.58 |
| Endoparasiticide | 0.77 |
| Ectoparasiticide | 0.40 |
| Endectocide | 0.71 |
| Antimicrobial | 62.82 |
| Therapeutic | 6.02 |
| Supplement | 1.41 |
| Products of Environmental Use | 3.59 |
| Additives of Performance | 15.96 |
| Other | 40.56 |

| Animal Feed | 3,706.24 |
|--------------------|----------|
| Corn | 1,618.03 |
| Soy Bran | 1,166.45 |
| Other Concentrated | 368.73 |
| Amino Acids | 118.32 |
| Dairy | 87.29 |
| Premix | 347.42 |

| Overhead Costs | 78.88 |
|-------------------------|-------|
| Electricity | 34.58 |
| Fuel | 12.23 |
| Repairs and Maintenance | 32.07 |

| Infrastructure | 135.66 |
|----------------|--------|
| PPU | 84.74 |
| Finishing | 51.46 |

ON THE FARMS (Million US\$)

4,828.40

| Slaughter Pigs | 4,826.14 |
|----------------|----------|
| Piglets 6 kg | 84,68 |
| Piglets 22 kg | 1,000,06 |

| Live Animals Exported | 2,25 |
|-----------------------|------|
|-----------------------|------|

INDUSTRIAL INPUTS (Million US\$)

737.15

| Electricity | 138.39 |
|---------------------------------|--------|
| Fuel for Boilers | 19.47 |
| Chemical Products for Cleaning | 15.10 |
| Oils and Greases | 2.53 |
| Water Filters | 0.06 |
| Refrigerant Gases | 0.26 |
| Parts and Maintenance Equipment | 103.40 |
| PPEs | 12.29 |
| Packaging | 445.68 |

FACILITATING AGENTS (Million US\$)

548.6

| | | | | | |
|-----------------------|--------|----------------------|-------|---------------------|------|
| Genealogical Registry | 1.19 | Technical Assistance | 21.45 | Management Software | 2.84 |
| Transport | 499.71 | Port Costs | 23.40 | | |

SLAUGHTER INDUSTRY (Million US\$)

12,092.19

| Slaughterhouses | 12,092.19 |
|-----------------|-----------|
| External market | 1,279.00 |
| Domestic market | 10,813.19 |
| Whole carcass | 185.36 |
| Half carcass | 247.15 |

| In Natura Products | 2,695.48 |
|--------------------|----------|
| Leg (ham) | 539.86 |
| Pork Carré | 479.37 |
| Pancetta | 323.56 |
| Pork spine | 246.95 |
| Loin | 244.62 |
| Rib | 246.05 |
| Boston butt | 185.83 |
| Pork Shoulder | 113.93 |
| Filet | 92.84 |
| Jowl | 24.25 |
| Pork belly | 8.78 |
| Pork Scraps | 3.53 |
| Other | 185.89 |

| Processed Products | 7,685.20 |
|--------------------|----------|
| Fresh sausage | 1,739.08 |
| Bacon | 1,187.20 |
| Smoked sausage | 851.94 |
| Seasoned products | 1,336.15 |
| Ham | 658.10 |
| Luncheon meat | 428.61 |
| Salami | 414.73 |
| Salted products | 360.31 |
| Capicola (Coppa) | 219.85 |
| Rib | 96.74 |
| Tenderloin | 108.10 |
| Large Pork Sausage | 47.08 |
| Mortadella | 31.77 |
| Sausage | 1.71 |
| Other | 203.83 |

DISTRIBUTION (Million US\$)

Distributor/Wholesale: 4,889.1 Retail: 17,557.8

| Wholesale | |
|----------------|----------|
| Fresh meat | 768.77 |
| Processed meat | 4,120.33 |

| Retail | 17,557.81 |
|----------------|-----------|
| Fresh meat | 4,354.62 |
| Processed meat | 13,203.19 |

| Food Service | N/A |
|--------------|-----|
|--------------|-----|

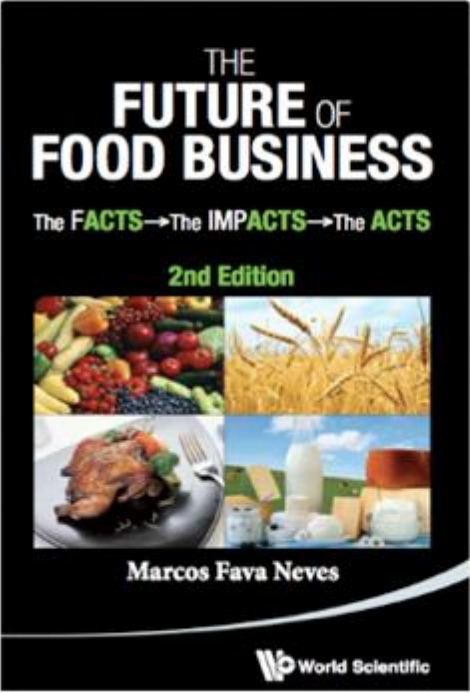
FINAL CONSUMER



Where to
find all
materials?

www.favaneves.org

LinkedIn & Facebook – Marcos Fava Neves

| AGRIBUSINESS | |
|--|---|
| A SPACE FOR KNOWLEDGE SHARING ABOUT STRATEGIC PLANNING APPLIED TO FOOD, AGRIBUSINESS AND BIOENERGY CHAINS. | |
| | TOPICS |
|  | Agri-Food Business Macro-Environment |
| | Agribusiness and Chain's Trends |
| | Agribusiness Concepts |
| | Agriculture and Farmers |
| | Bioenergy and Bio-economy |
| | Booming Food Markets and Emerging Economies |
| | Chains (Agribusiness Systems) Analysis and Methods |
| | Communication |
| | Creative Pricing Strategies |
| | Crop Input Supply Industry |
| | Demand Driven Organizations |
| | Food Industry and Tradings |
| | Food Retailers and Foodservice |
| | Global Food Consumer |
| | Go to Market Strategies and Vertical Structures |
| | Horizontal Organizations (Associations, Cooperatives) |
| | Innovation and New Concepts |

Agenda



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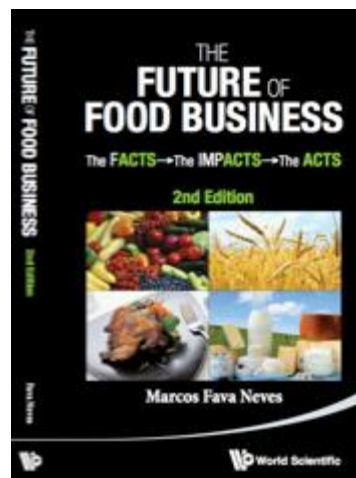
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➤ The Three Margin Builders

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➤ Final Messages and Opportunities

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**Is it easy to
understand
modern
agriculture?**

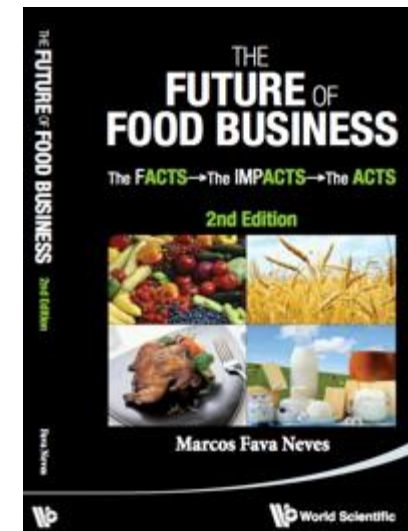


Is it easy to
understand
modern
agriculture?





**What will happen with
future food and
agribusiness trade?
Good business to be or not?**



Global Demand for Food Is Rising. Can We Meet It?

by Maarten Elferink and Florian Schierhorn

APRIL 07, 2016



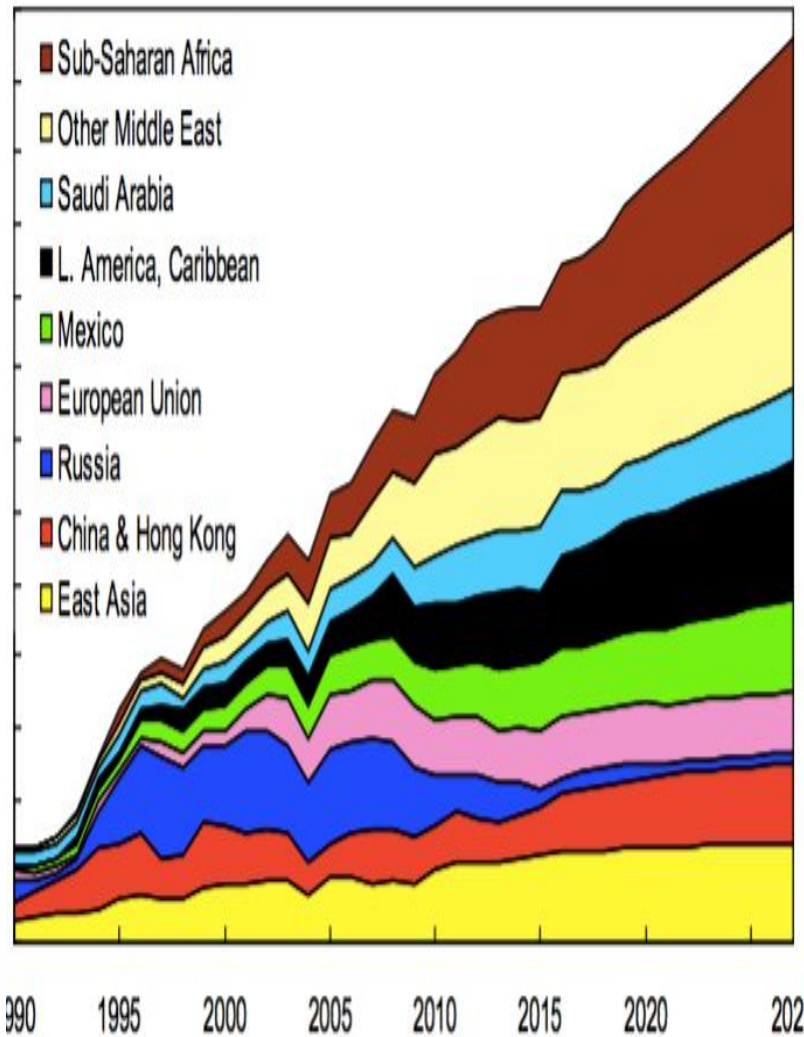
Food demand is expected to increase anywhere between 59% to 98% by 2050. This will shape agricultural markets in ways we have not seen before. Farmers worldwide will need to increase crop production, either by increasing the amount of agricultural land to grow crops or by enhancing productivity on existing agricultural lands through fertilizer and irrigation and adopting new methods like precision farming.

Cereal production, utilization and stocks

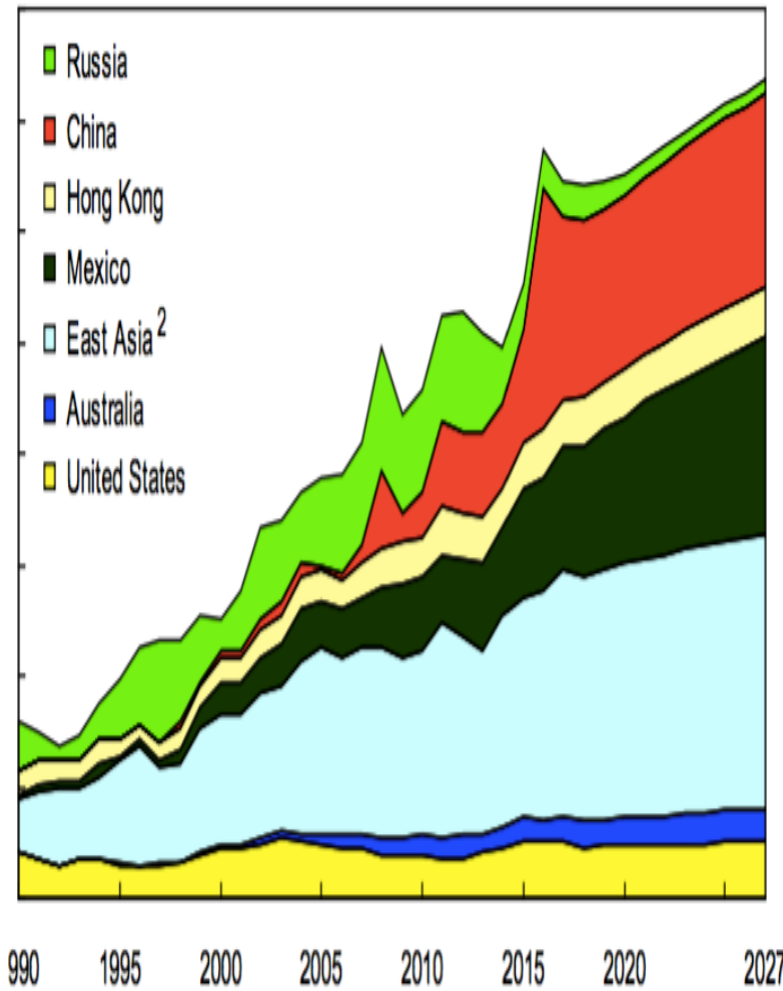


Poultry, Pork and Beef Global Imports

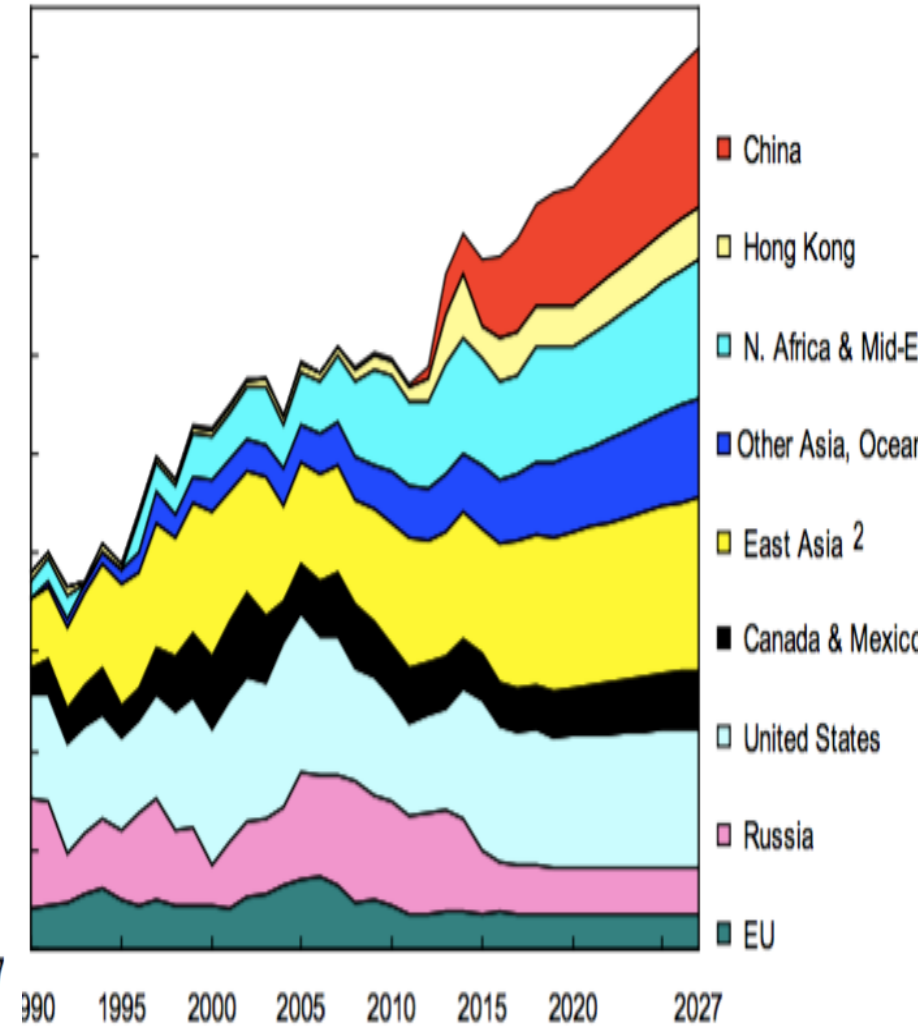
(USDA, million ton)



¹ Selected importers, not world total.

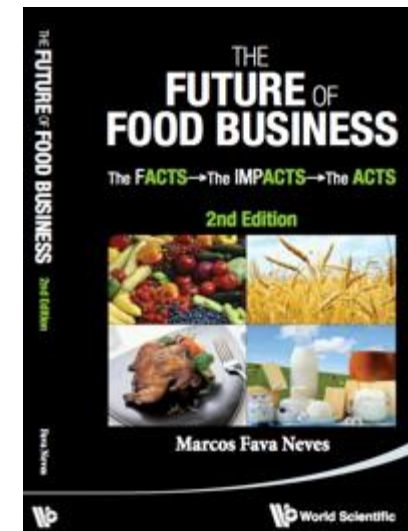


¹ Selected importers, not world total. ² Japan, Korea, & Taiwan.

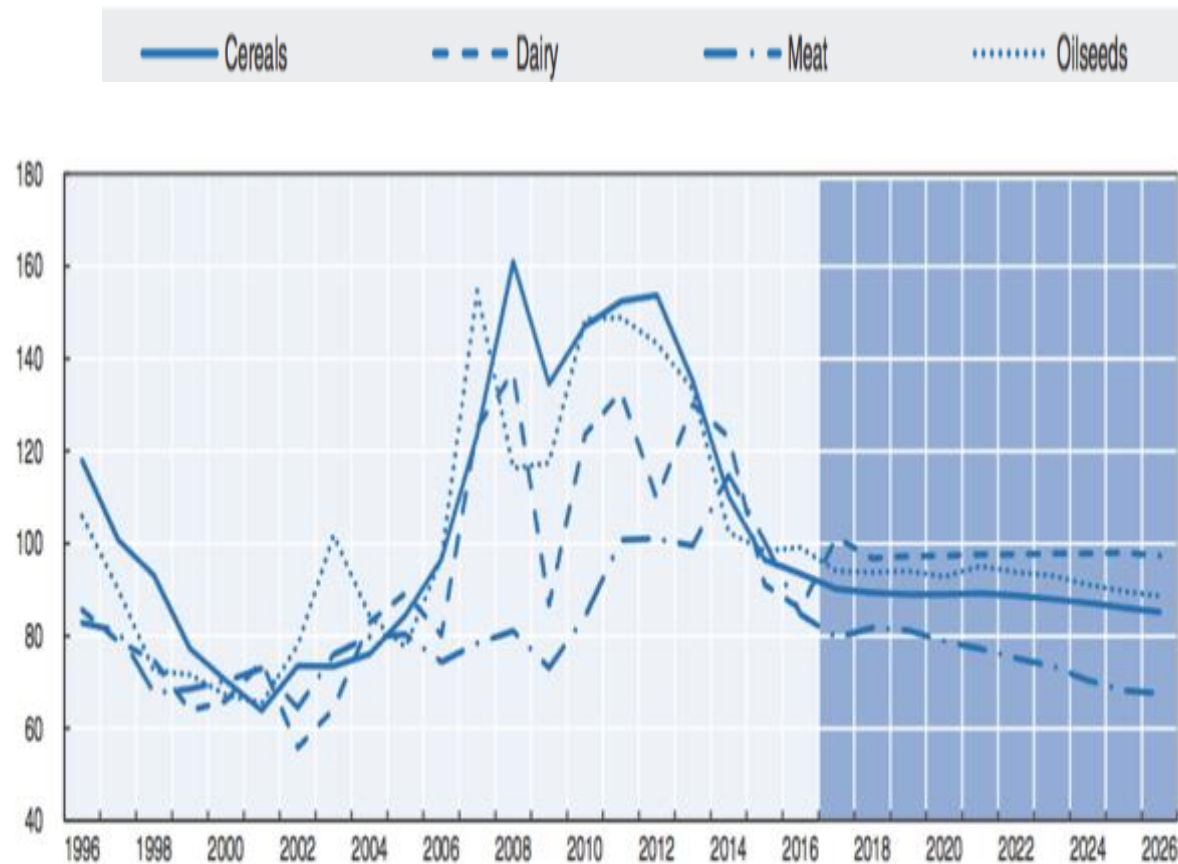


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What will happen to food
commodities prices (long
term)?



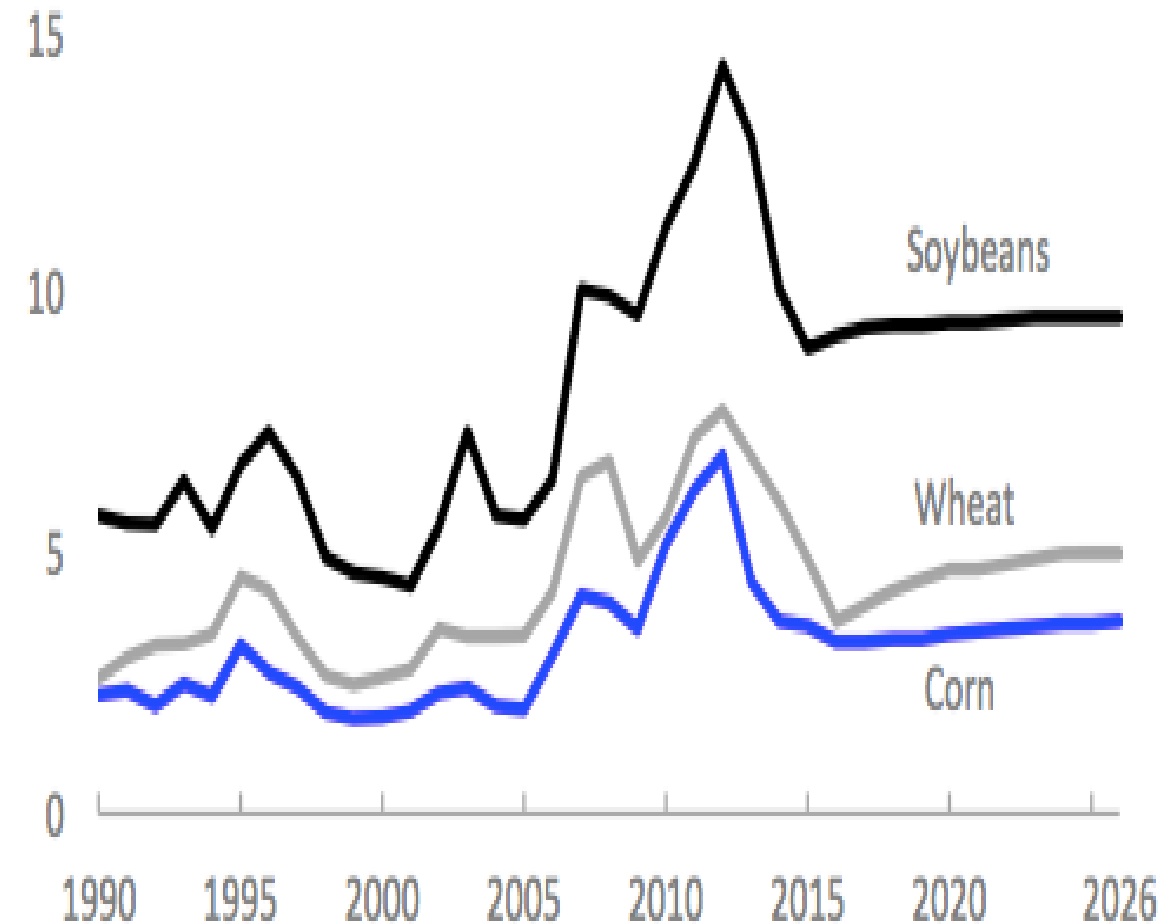
Prices Until 2026/27 – European Vision



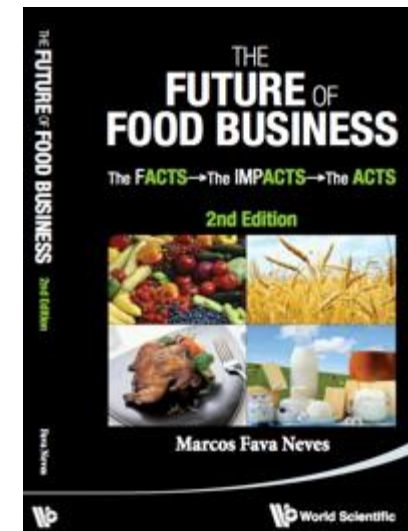
Note: Price indices for commodity groups calculated using a constant weighting of commodities within each aggregate, using the average 2014-16 production value as weights.

Source: OECD/FAO (2017), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-data-en>.

Prices Until 2026/27 – USA Vision (US\$ per bushel)



Other Uses of Agriculture





By 2020, all of China will switch over to ethanol

BY REUTERS IN NEWS ON SEP 14, 2017 6:00 AM



BEIJING (Reuters) - China's bold plan to blend renewable fuels into its gasoline supply within three years will revolutionize its fledgling biofuels industry, industry players said, likely spurring billions of dollars in investment in ethanol factories.

On Wednesday, state media reported Beijing plans to roll out the use of a gasoline known as "E10" -- containing 10% ethanol -- across the world's largest car market by 2020. It's the first formal timeline in a radical push that's part of a broader drive to clean up the environment.



**I am so in love with agriculture
that a recent show with the
Rolling Stones (Mick Jagger)
I've seen as a cotton
harvesting...**

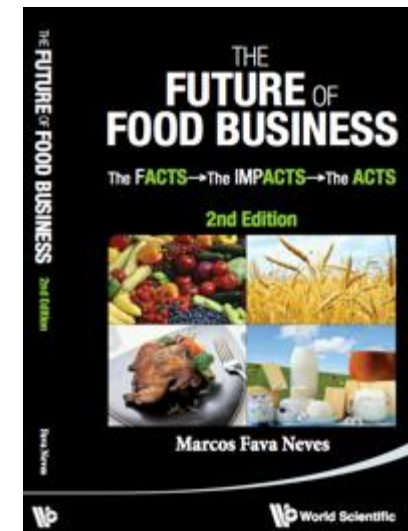






So what is the message until
now?

- a) Growth in markets
 - b) Current prices
- So we need to...





**BUILD
MARGINS!!!**

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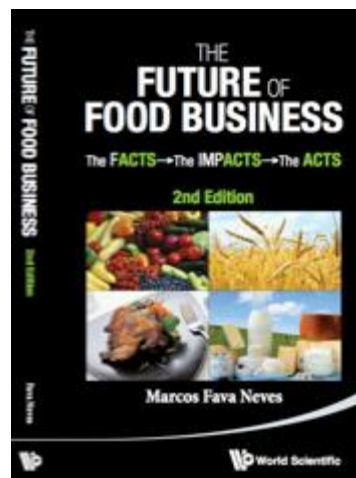
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Building Margins in Agribusiness Chains

MACROENVIRONMENTAL VARIABLES: POLITICAL/REGULATORY, ECONOMIC, NATURAL, SOCIO-CULTURAL AND TECHNOLOGICAL

**DIGITAL TECH
ECONOMY**

**CIRCULAR ECONOMY
INTEGRATION**

**SHARING ECONOMY
COLLECTIVE**

**CHANNELS
DEALERS**

TRADINGS

**DISTRIBUTION
RETAIL**

**FINAL
CONSUMERS**

**INPUT
SUPPLIERS**

FARMERS

**AGRO-
INDUSTRY**

**FOOD-
INDUSTRY**

COOPERATIVES

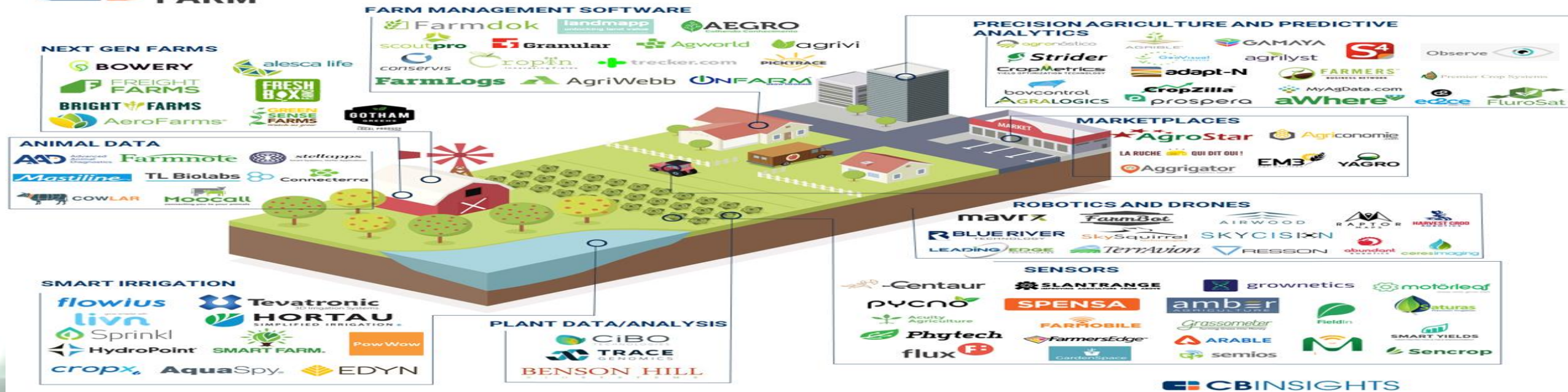
COOPERATIVES

FOODSERVICE

Flows of Products, Services and Communications

**Flows of Information and Financial Resources
(Payments) (Pagamentos)**

AG TECH: 100+ TECHNOLOGY COMPANIES CHANGING THE FARM



CBINSIGHTS



GM Apples That Don't Turn Brown Approved For Growing In US

53.3K
SHARES

Share on Facebook

Share on Twitter



PLANTS AND ANIMALS

OKANAGAN SPECIALTY FRUITS. LEFT: CONVENTIONAL APPLE. RIGHT: ARCTIC VARIETY.

RESEARCH, SCIENCE & ENVIRONMENT

A way to grow plants with less water



Search



Using tobacco plants as a test, researchers modified a gene to *make more of a protein*, causing the plants pores to open less during photosynthesis.

TOP STORIES



Cal Day must-see: Octopus mom with thousands of...



George Oster, pioneer in applying mathematics to...



New space for competitive video gaming comes to...

RELATED STORIES



Enlarged spleen key to diving endurance of 'sea...'



Imported bullfrogs likely kicked off state...

TRENDING NOW

CAMPUS NEWS



FEEDING GENERATIONS TO COME

The way the world produces meat today is taking an enormous toll on our planet. According to livestock researchers, animal agriculture uses 30% of all land, over 25% of all freshwater on Earth, and creates as much greenhouse gas emissions as all of the world's cars, trucks, trains, ships, and airplanes combined.

We make the Impossible Burger entirely from plants, without the destructive impact of livestock, so that you, your children, and your grandchildren's children will always be able to enjoy a good ol' fashioned burger.

[Our Burger](#)[Locations](#)

Building Margins in Agribusiness Chains

MACROENVIRONMENTAL VARIABLES: POLITICAL/REGULATORY, ECONOMIC, NATURAL, SOCIO-CULTURAL AND TECHNOLOGICAL

**DIGITAL TECH
ECONOMY**

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FARMERS

**AGRO-
INDUSTRY**

**FOOD-
INDUSTRY**

COOPERATIVES

COOPERATIVES

FOODSERVICE

Flows of Products, Services and Communications

**Flows of Information and Financial Resources
(Payments) (Pagamentos)**



Building Margins in Agribusiness Chains

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INDUSTRY**

**FOOD-
INDUSTRY**

COOPERATIVES

COOPERATIVES

FOODSERVICE

Flows of Products, Services and Communications

**Flows of Information and Financial Resources
(Payments) (Pagamentos)**



SHARING ECONOMY BUSINESS MODEL

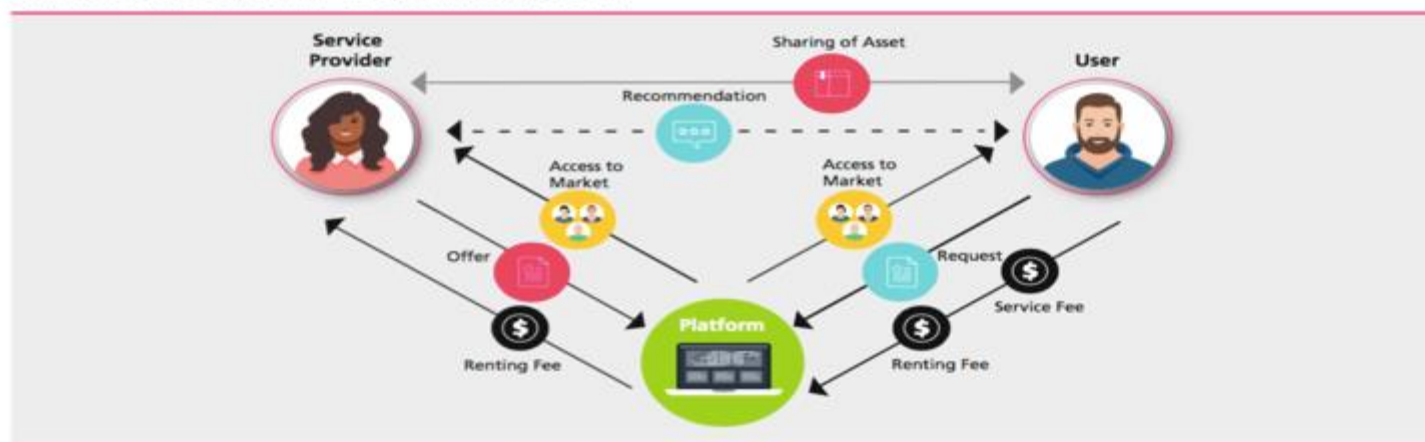


Figure 1: The Sharing Economy business model; Source: Business Model Toolbox

- ¹ Goodwin, T. (2015).
- ² Crook, J. / Escher, A. (2015).
- ³ TaskRabbit Inc. (2017a).



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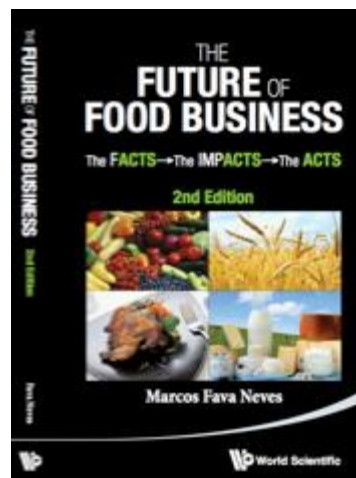
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What comes first?
INCOME GENERATION
OR...
INCOME DISTRIBUTION



A Special PUSH for Agribusiness



1 - We need to promote sustainable inclusion of people

2 - There is no sustainable inclusion and income distribution without income generation

TO CREATE OPORTUNITIES FOR PEOPLE, WE MUST FOCUS ON INCOME GENERATION

3 – Who generates income?

BUSINESS GENERATES INCOME (GDP, EXPORTS, JOBS, TAXES)

4 – So what is the role of Governments?

THE ROLE OF GOVERNMENTS IS TO PUSH PRIVATE SECTOR TO GENERATE INCOME

5 – How?

CREATING AN ENVIRONMENT FOR BUSINESS TO GROW.

ASK THEM HOW AND SERVE THEM!

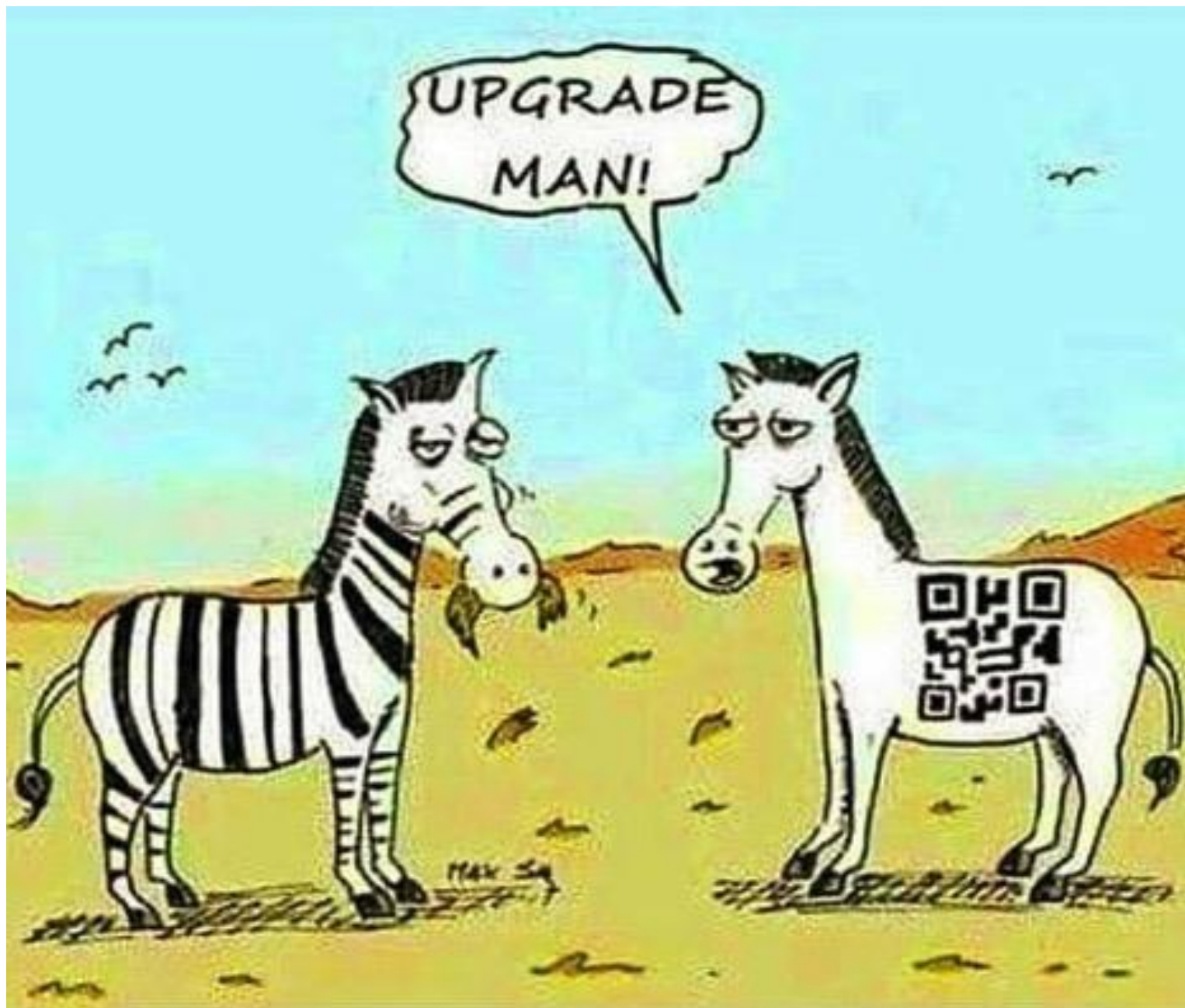
How will 2028
Agribusiness look at
2018 Agribusiness?





What do we need from
YOU???







Thank you! favaneves@gmail.com