

# *Dynamics in European Food & Agribusiness*

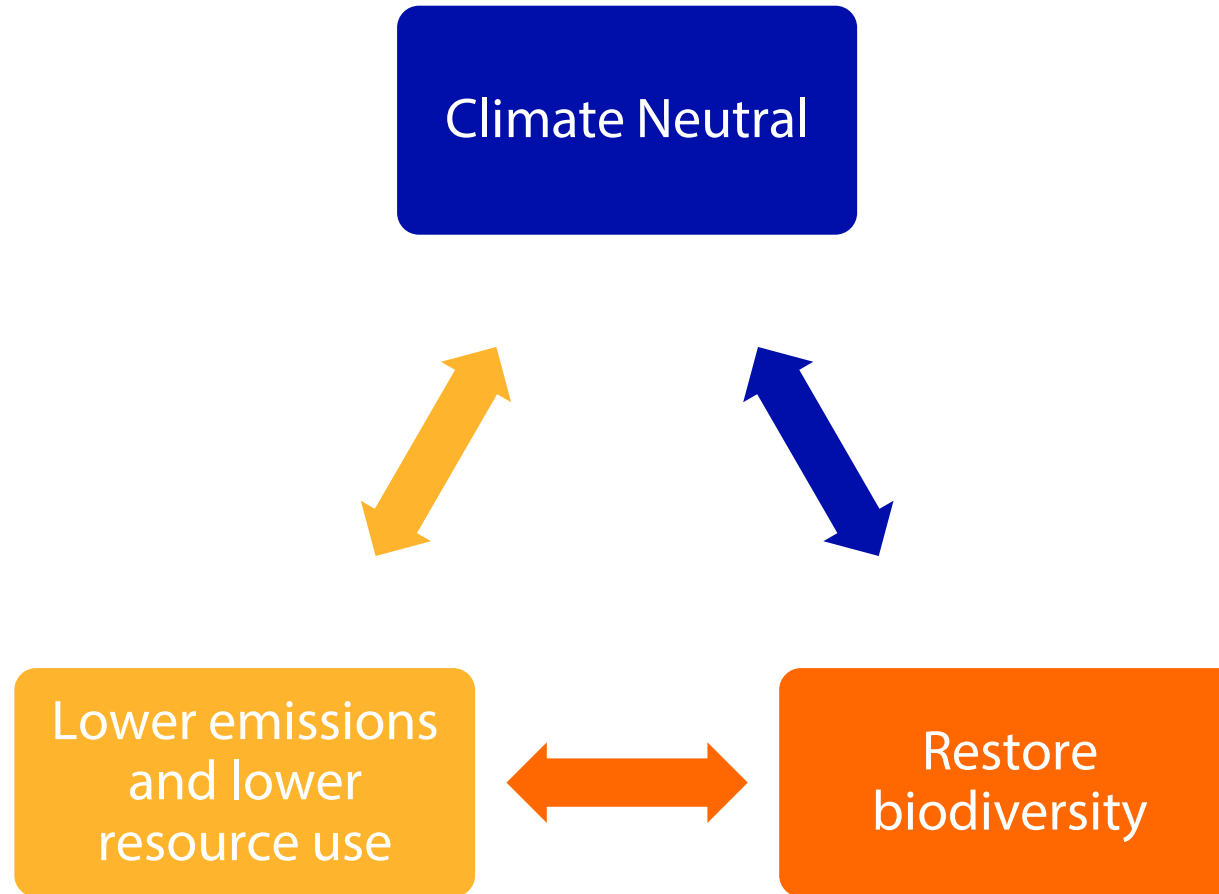
Presentation to Verbindungstelle Landwirtschaft-Industrie E.V. (VLI)  
Harry Smit, 24 April 2024

# *The EU Policy Environment*



# EU Green Deal

An ambition that sets the scene for a generation



# EU Green Deal

Legislation ranked by impact

Climate agreement: -55% in 2035,  
fit-for-55 package  
Greenhouse gasses ✓

Nitrates directive, ✓  
Water framework directive, ✓  
good water status by 2027

✓ = approved/existing legislation

? = in legislative process, WIP

✗ = legislative proposal withdrawn

Other & Indirect

? New stricter legislation in preparation

Animal Welfare

? Directive for monitoring

Soil Health

Organic Farming

✓ Action plan, target 25% share

Antimicrobials  
Regulation for approval and use, not in feed, target -50% ✓

New green business models

Stimulation of biomethane, renewable energy, carbon credits ✓  
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Pesticides

Legislation for approval and use, target - 50% ✓  
✗

Biodiversity & Nature

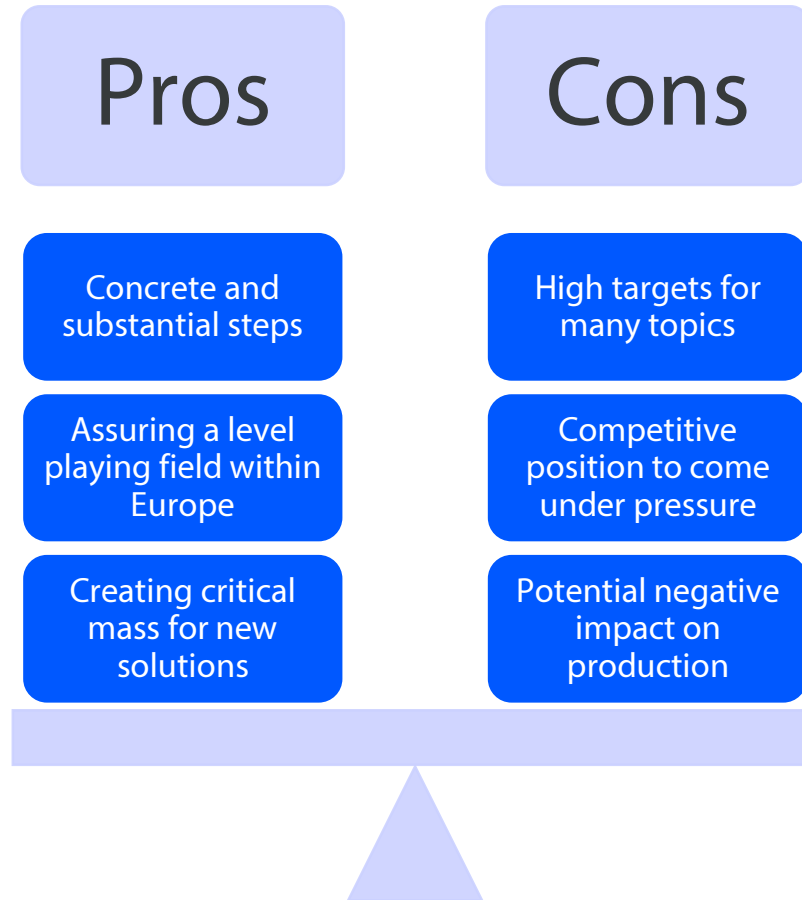
Birds directive, ✓  
Habitats directive, ✓  
Natura 2000 sites  
Nature restoration law ✗?

Water quality



# EU Green Deal

Two sides to the medal



# *Outlook*



# Peak agriculture in Europe

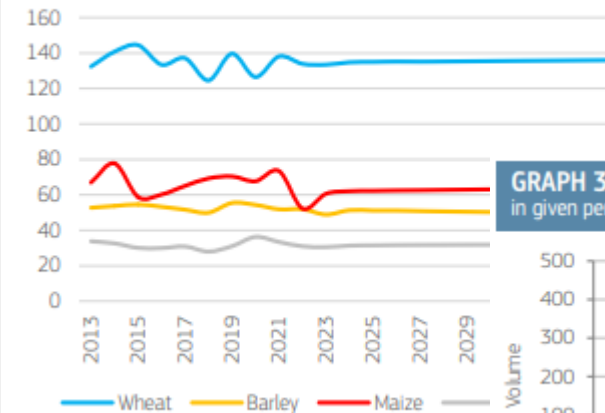
Primary production has reached its peak, in some sectors decline in volumes

## Production outlook

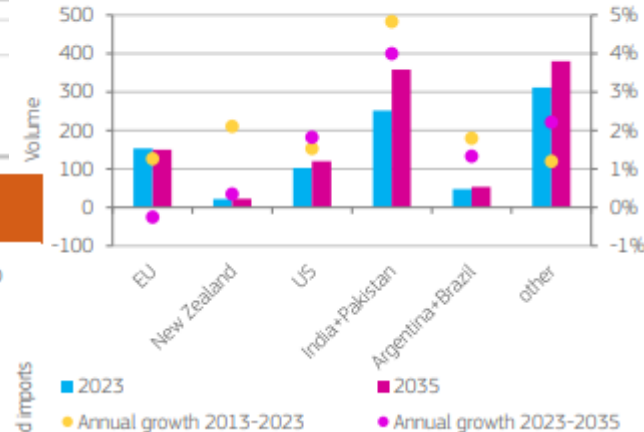
Stable resource base

Stricter enforcement of planetary boundaries reduce production potential

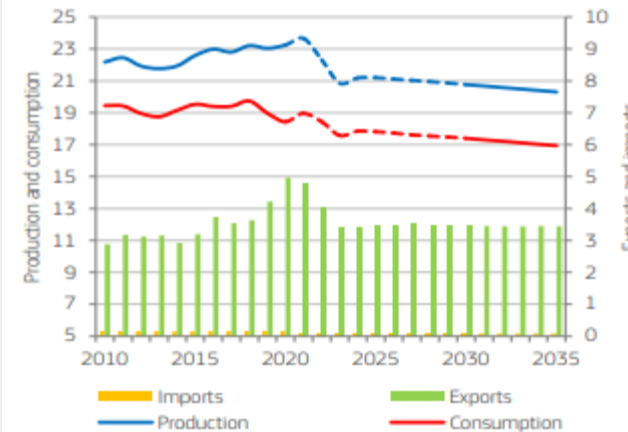
GRAPH 2.5 EU cereal production (million t)



GRAPH 3.4 Milk production volume (million t) and growth rates (%) in given period for selected countries



GRAPH 4.4 EU pigmeat market balance (million t)



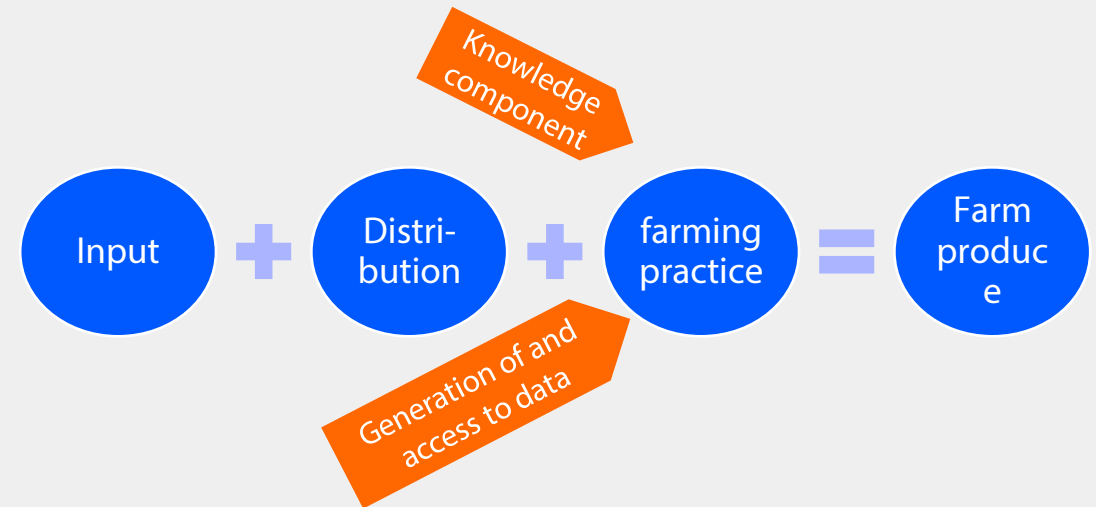
# Adapting Farmers and Inputs Suppliers

Shift from better farm inputs towards better farm practices

*Change offers threats to existing and opportunities for new products and services*

Shifting focus  
from product  
to practice

Transition in  
earning  
model





# Ongoing Rationalisation in Primary Processing

Ongoing rationalisation, i.e. consolidation

*Quest for chain efficiency is most important driver*

Consolidation

Upstream integration  
to tap into pool of  
sustainability  
premiums

Processing  
efficiency

Negotiation power  
inputs & outputs

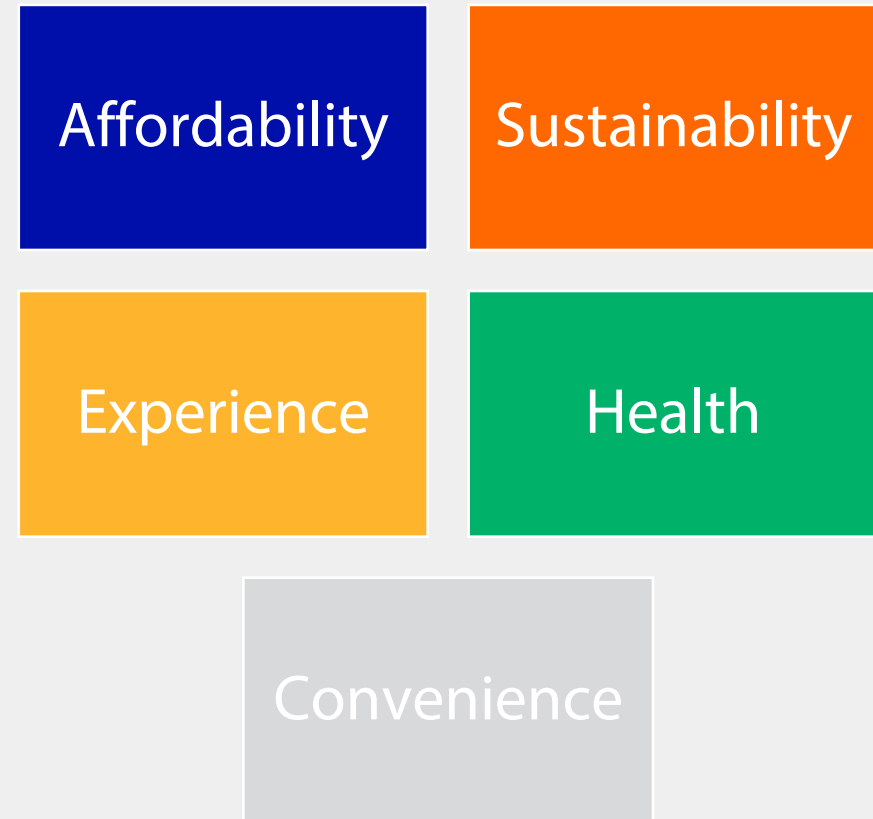
Application  
know how

Growing attention  
for access to raw  
materials and scope 3

# Downstream ever faster dynamics

Ample opportunities for value growth, partly linked to the supplier base (i.e. farmers)

*A story of value instead of volume growth*

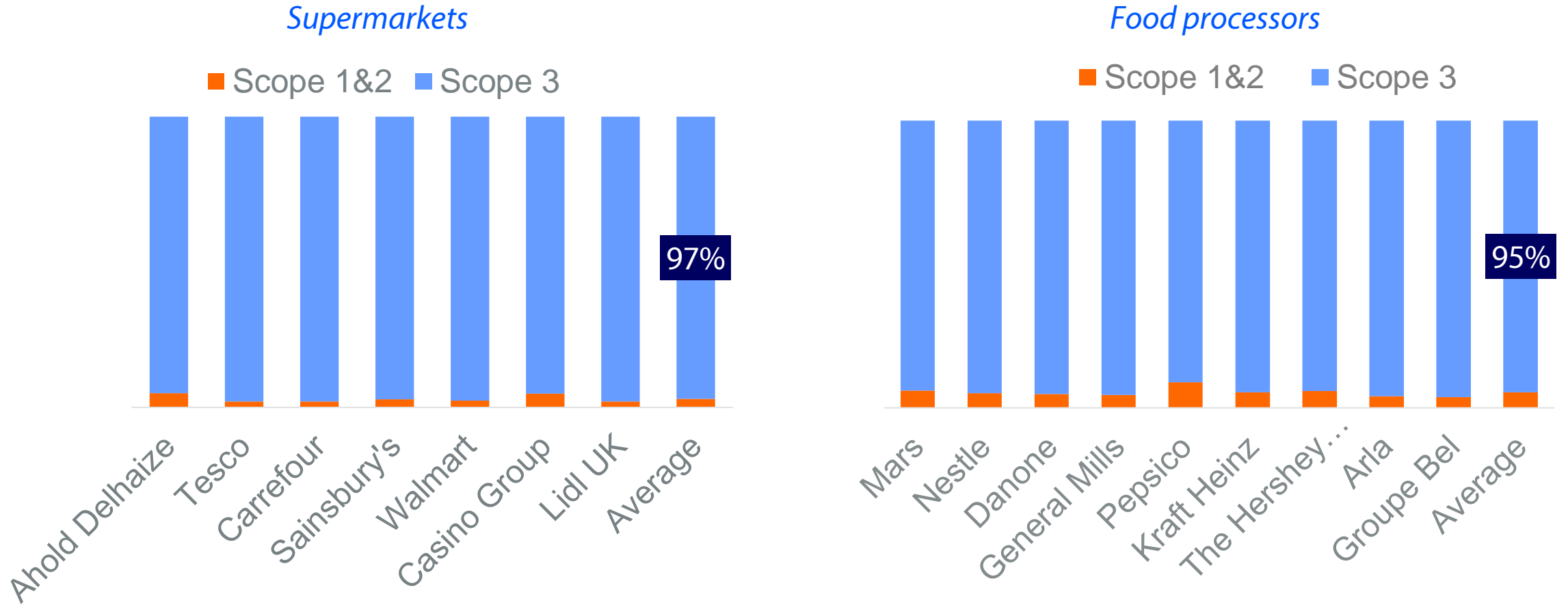


*Action*



# Primary agriculture is main source of GHGs

More than 90% of reported emissions of F&A corporates are upstream



# *Transition requires efforts and costs money*

What are responsibilities and who pays?

## Upstream (inputs suppliers)

- Develop the input and practice for better performance

## Farmers

- Measure and register performance
- Change to improved practices

## Downstream (processors, retail)

- Set standards and communicate
- Reward performance

# *Transition towards where?*

Steps that need to be taken



*Thank you for your attention*

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