

# Marketing Council

Are we organized to successfully address current challenges and pursue emerging opportunities?

# Key Drivers of Change

- Globalization, (competitiveness, productivity & demographics)
- Chronic and infectious diseases
- Energy sustainability
- Climate change and water management
- Terrorism

# Globalization

An interconnected and interdependent global food system



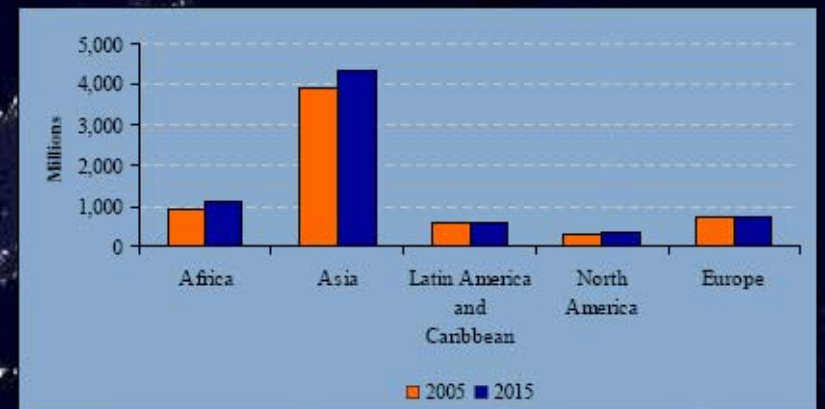
# Globalization and the rise of Asia

picture provided my NASA

2 million wells in  
India 30 yrs ago,  
today there are 23  
million and they are  
running dry

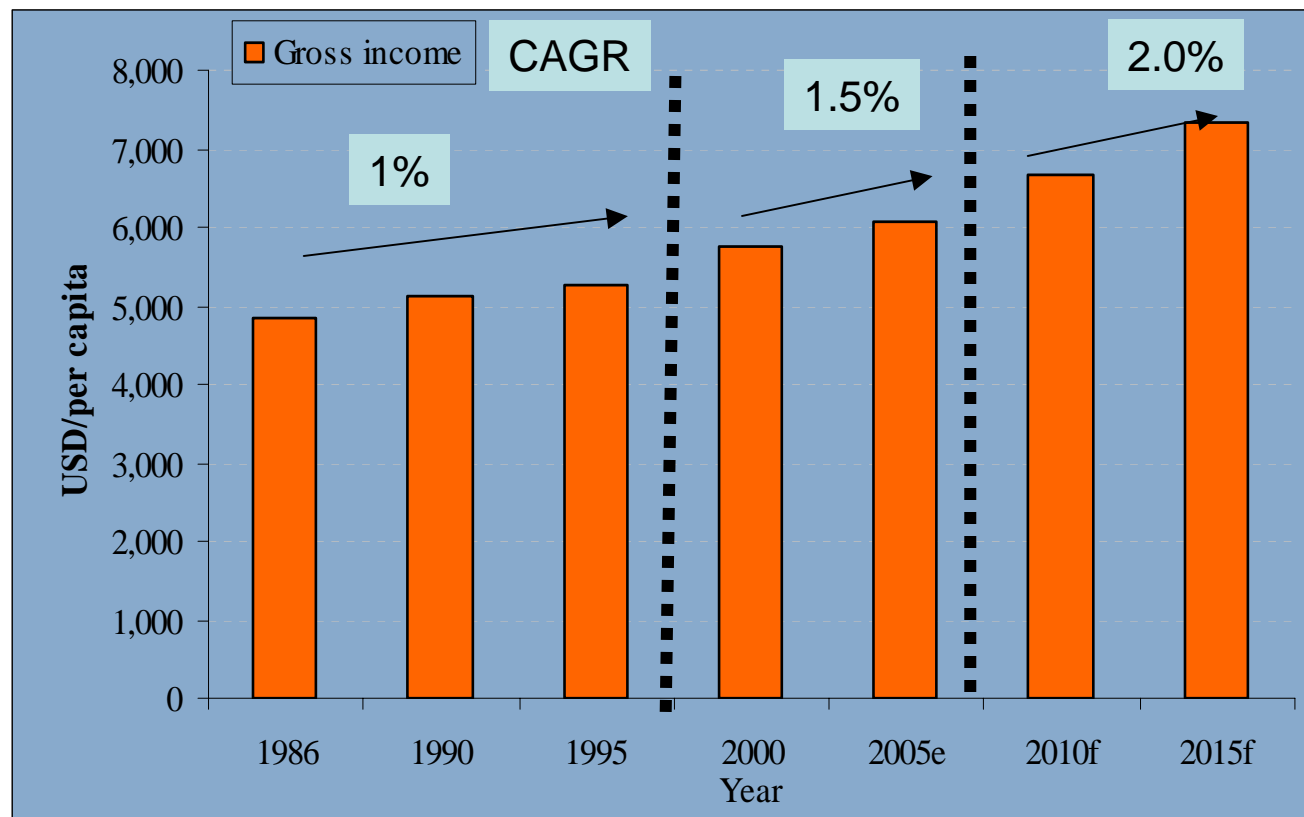
World population 6.4 bil  
Developed world 1.2 bil  
2050 close to 9.0 bil

## Population Change, 2005-2015



# Global income levels are expected to grow even faster in the next decade

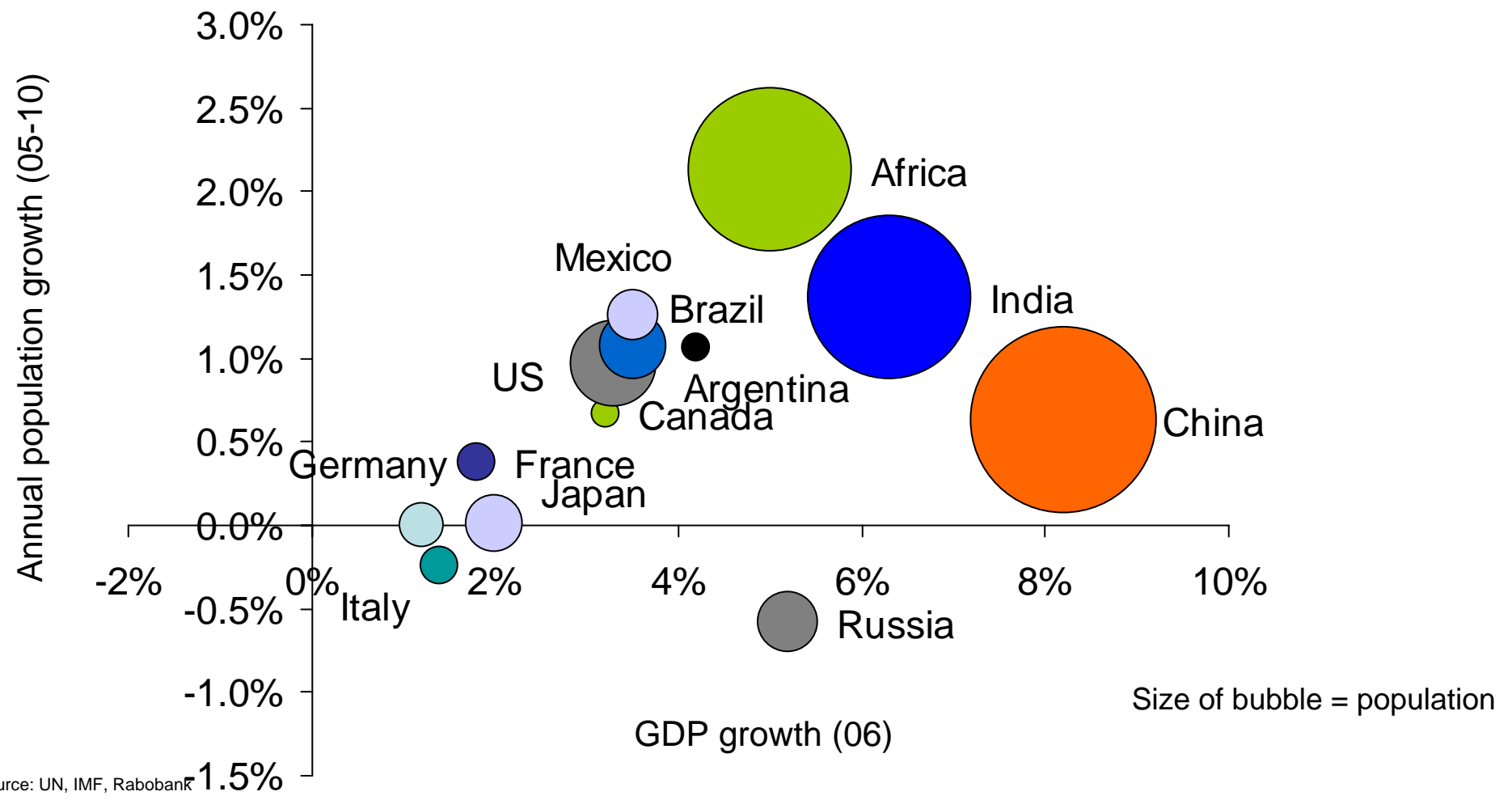
World per capita income indicators, 1986-2015f



Source: World Bank and Rabobank estimates, 2006

# Income & population provide the basis for consumption growth

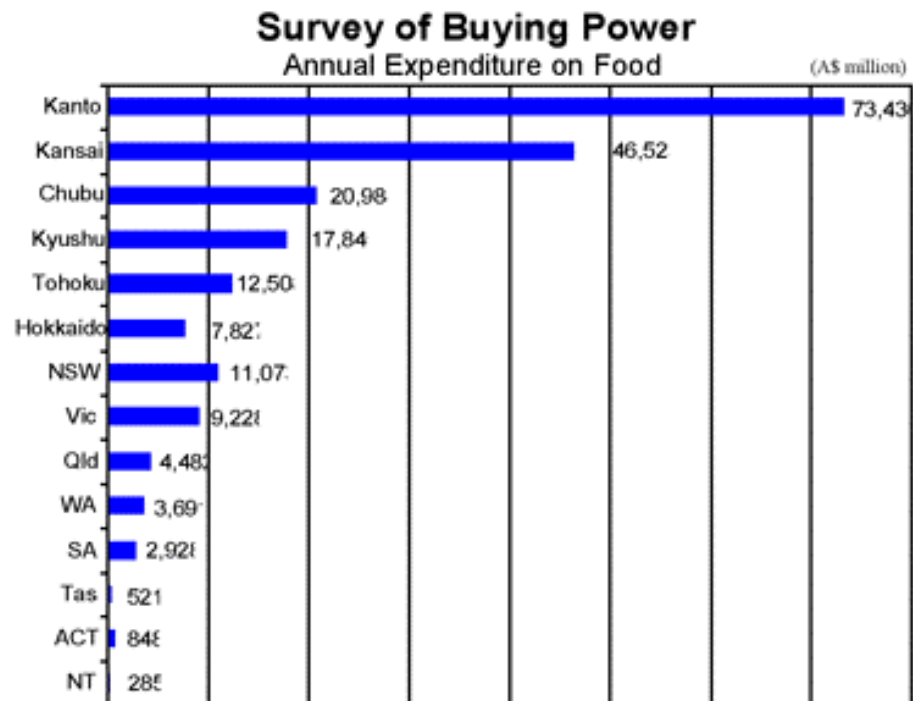
Income & population growth in selected countries



Source: UN, IMF, Rabobank

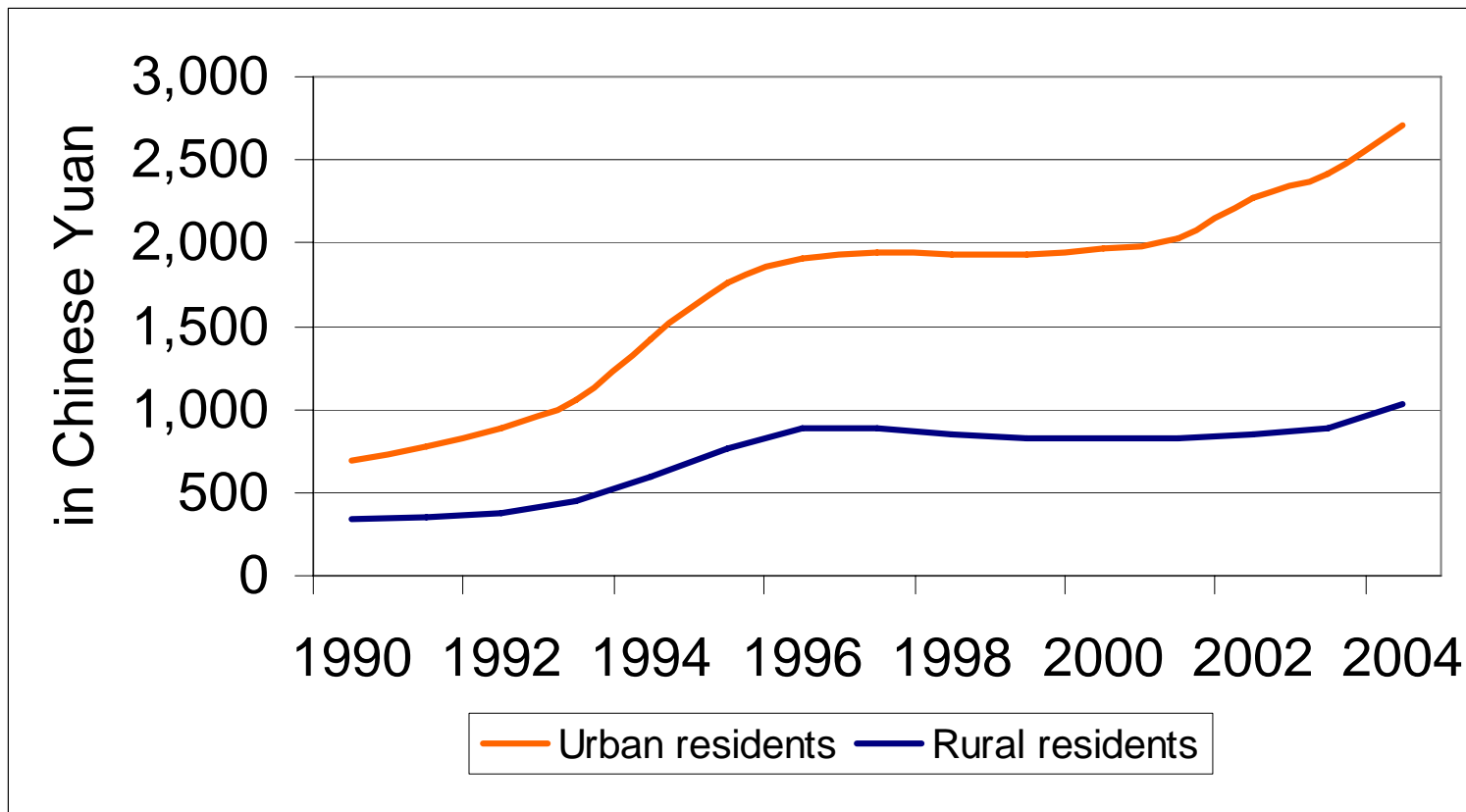
# Japan's major regions are compared against Australian states regarding food consumption

- Japan's individual regions represent large economies in themselves. Compared to the size of the Australian economy, the Kansai regional economy (where Osaka is located) is four times as large, the Chubu (Nagoya) region is twice as large, and the Kyushu region is about the same size. Austrade operates six offices in Japan: in Sapporo, Sendai, Tokyo, Nagoya, Osaka and Fukuoka.



# Rising affluence in developing countries is driving growth in per capita food spending...

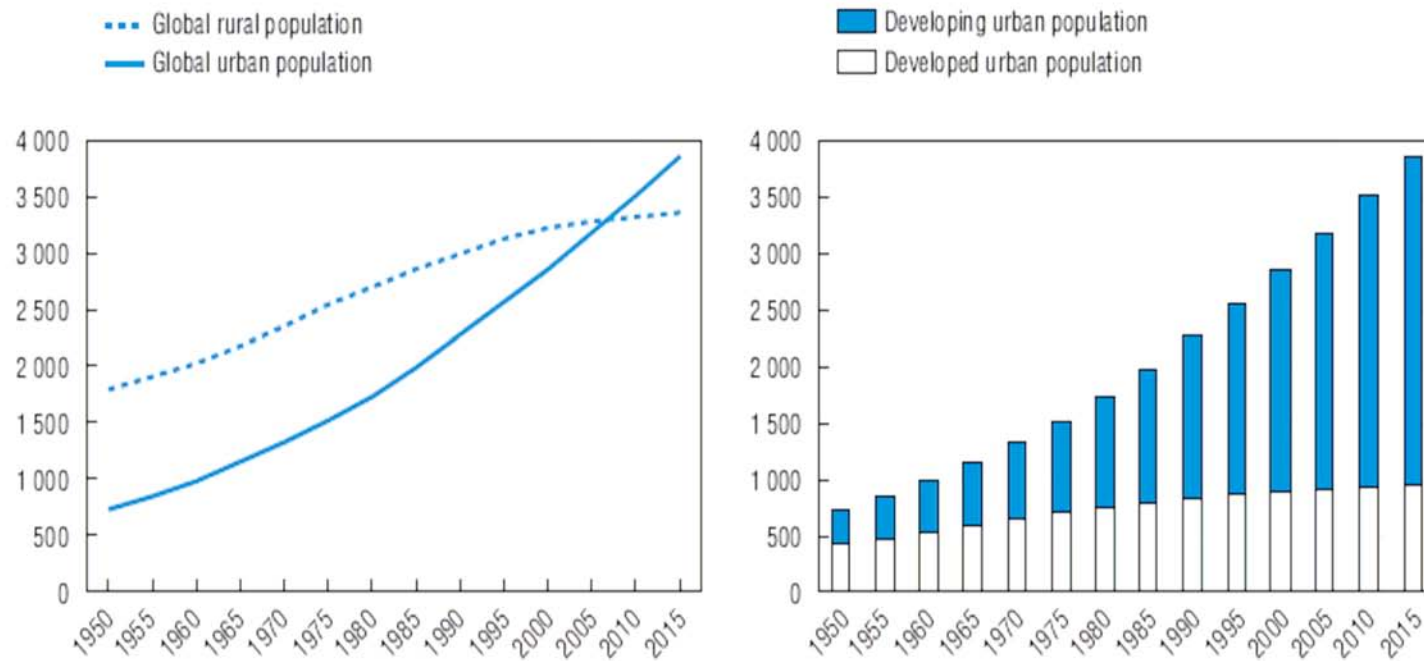
## Chinese Per Capita Food Expenditures



Source: USDA, Rabobank, 2006

# More than half the world's population will live in large cities

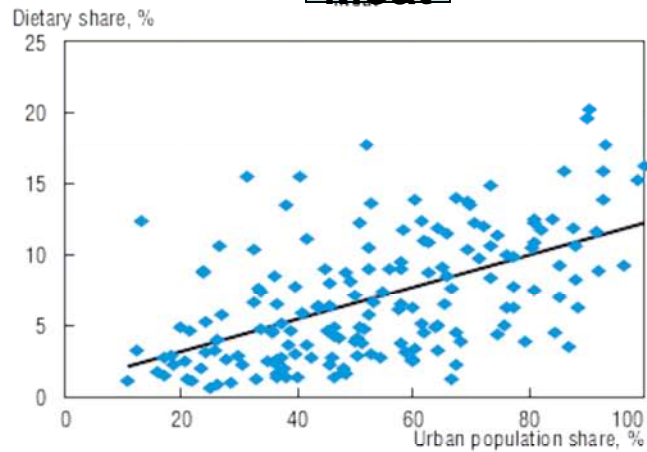
Figure 1.4. Rural and urban population structures: 1950-2015



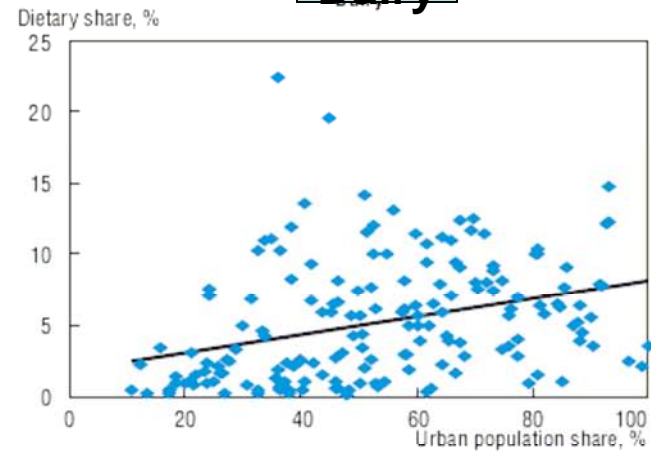
Source: UN Population Division (World Population Prospects: 2004 revision).

# Urbanization and dietary consumption shares in 180 countries

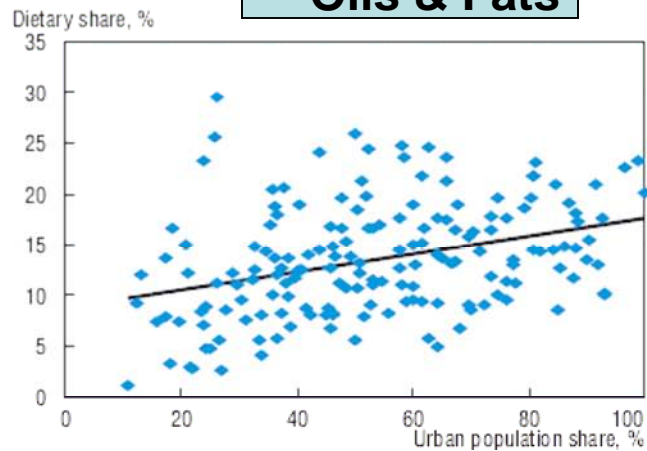
**Meat**



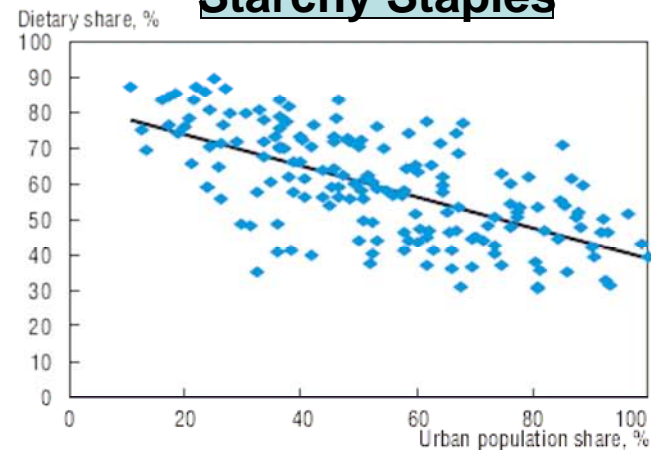
**Dairy**



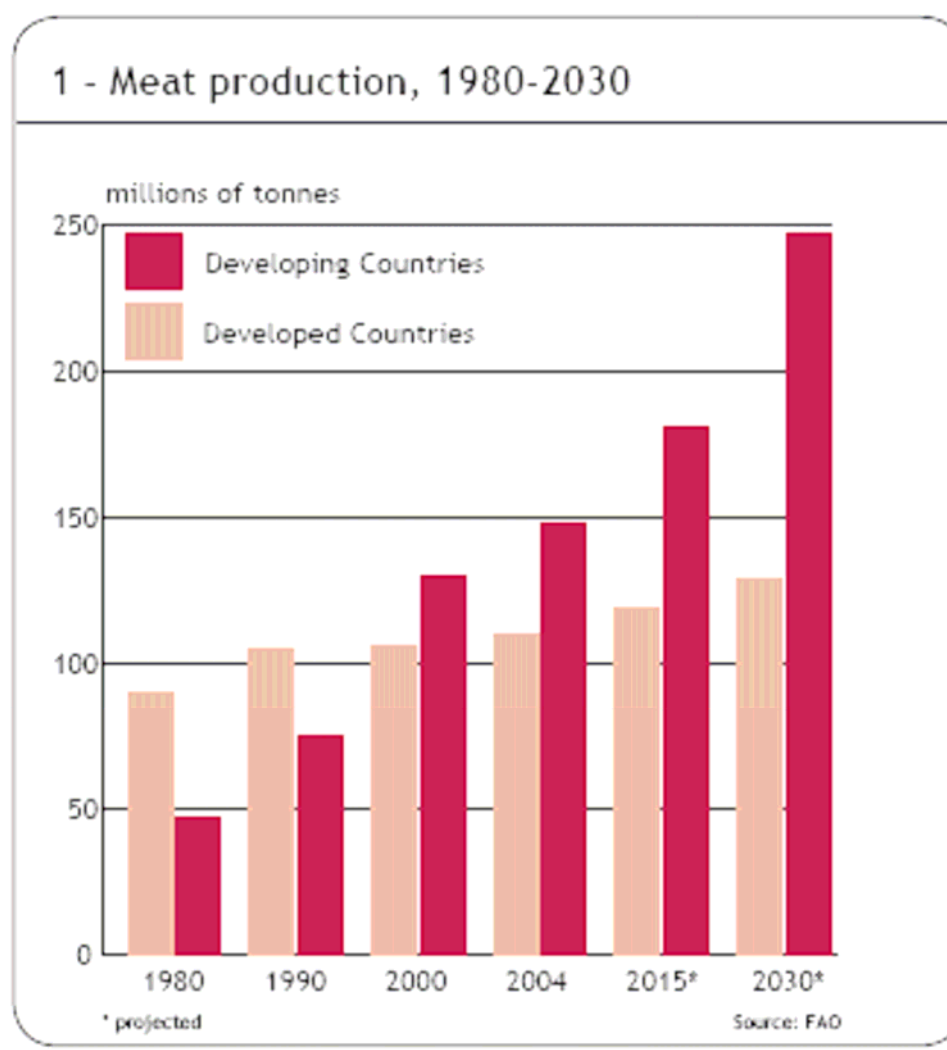
**Oils & Fats**



**Starchy Staples**

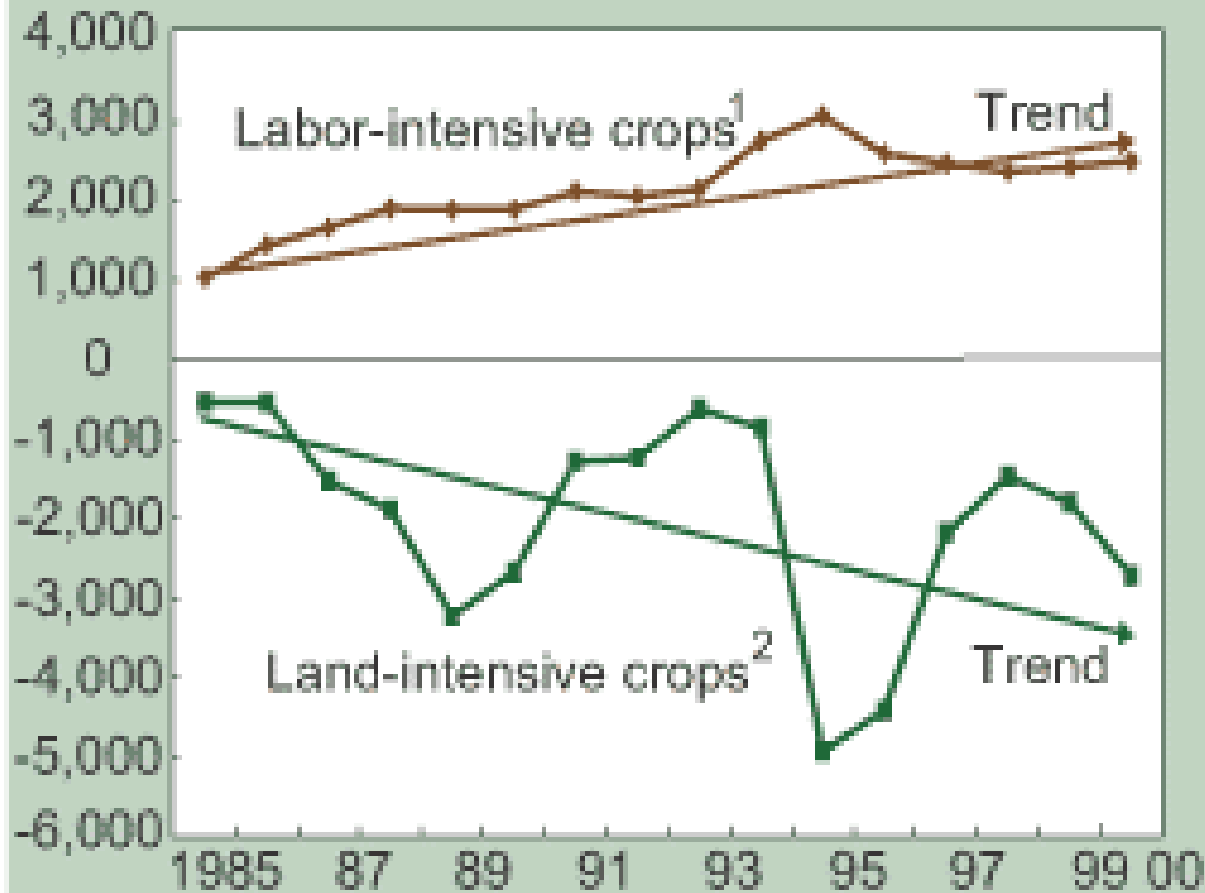


# Globalization has created unprecedented growth in meat production in the developing world



## Net exports of labor- and land-intensive crops increasingly reflect China's comparative advantage

\$ Million U.S.



<sup>1</sup>Fruits and vegetables. <sup>2</sup>Cereals and oilseeds.

Source: Food and Agriculture Organization, United Nations (January 2003).

China's major shift out of land intensive crops is creating new opportunities for grains and oilseeds

# China becomes a significant importer of wheat

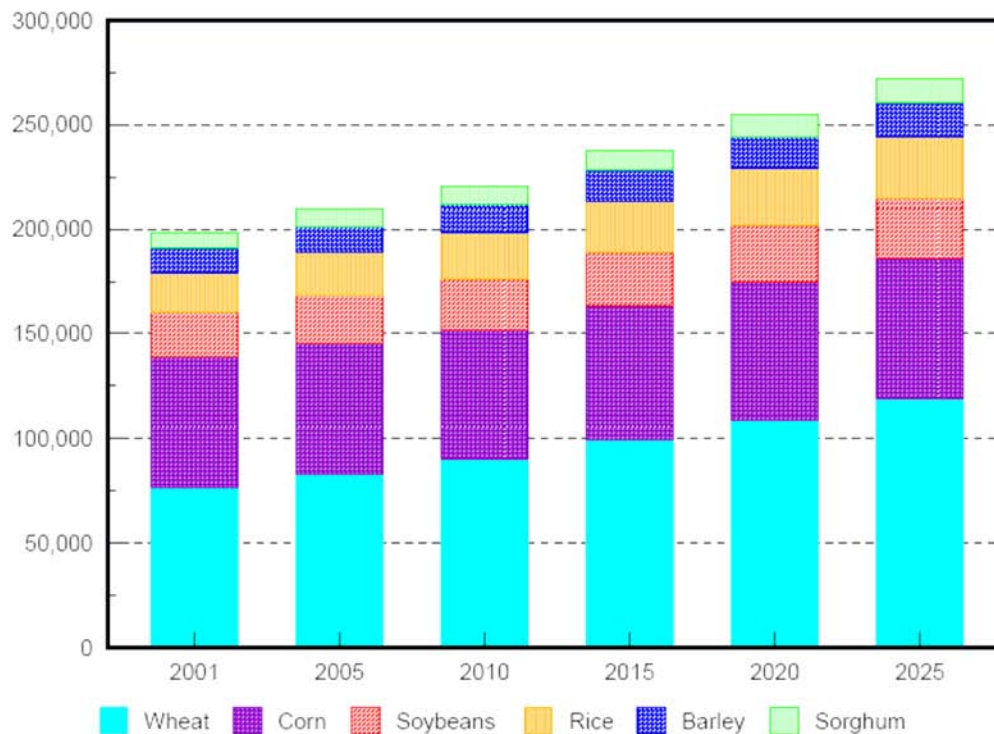
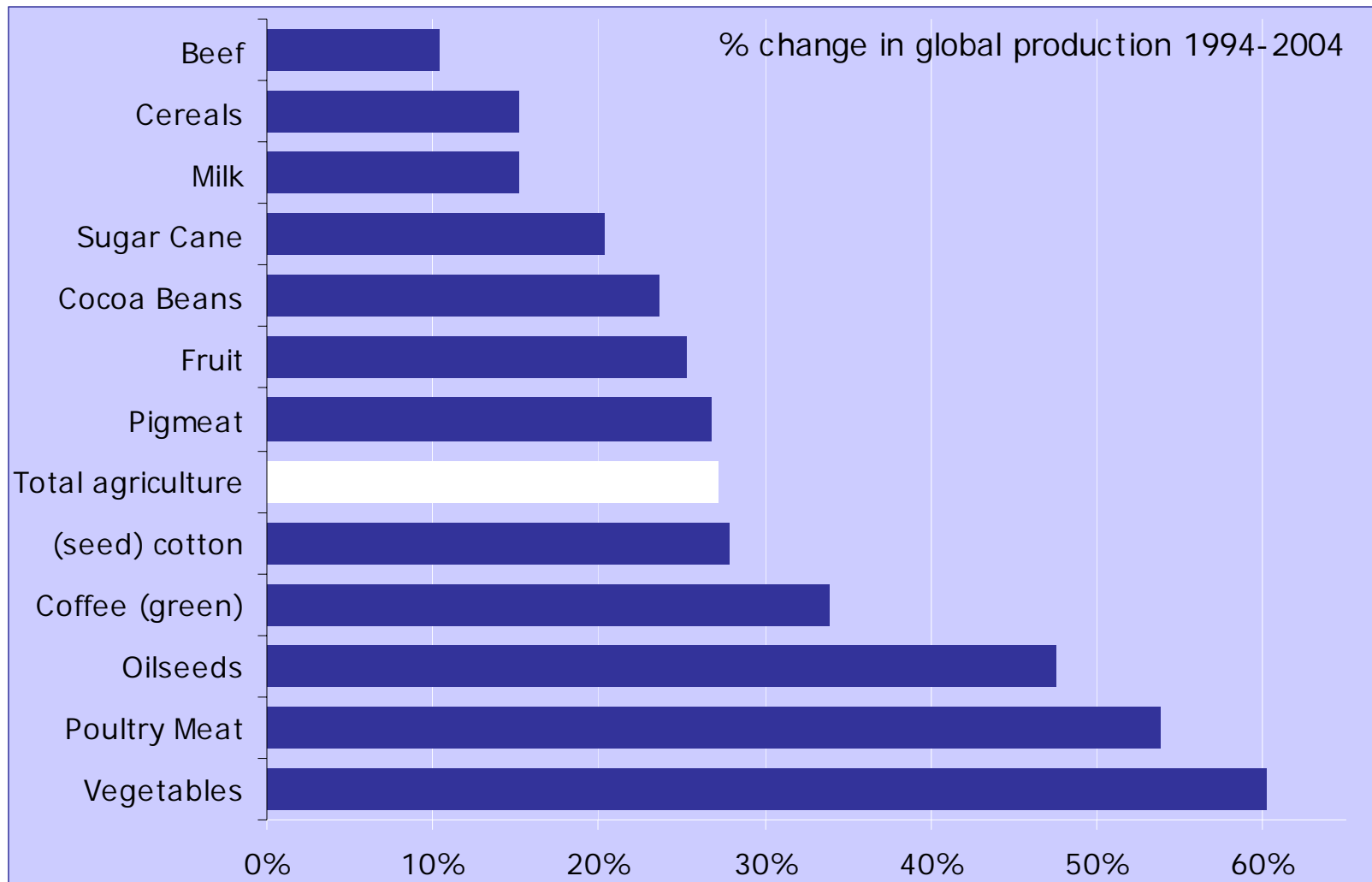


Figure 5. Total Import Demand, 2001-2025. All Grains (1,000 mt)

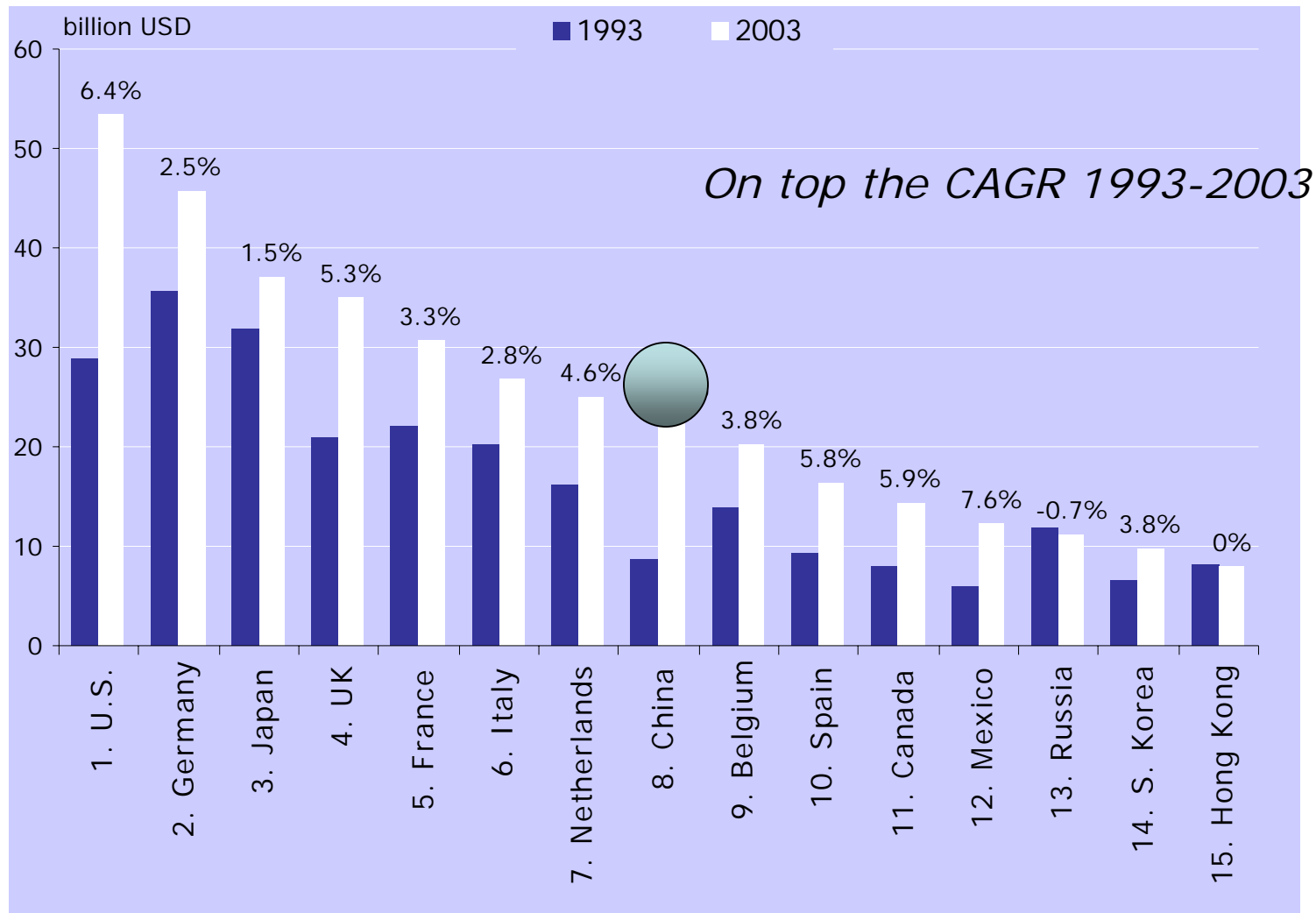
Import demand for wheat is expected to increase 61% for the 2001-2025. The largest importers are the Middle East and North Africa. However, China's import will increase faster than other countries and will become the third largest importer of wheat in 2025, with an import volume of about 15.7 million metric tons.

# Production of vegetables, poultry meat, and oilseeds on the rise



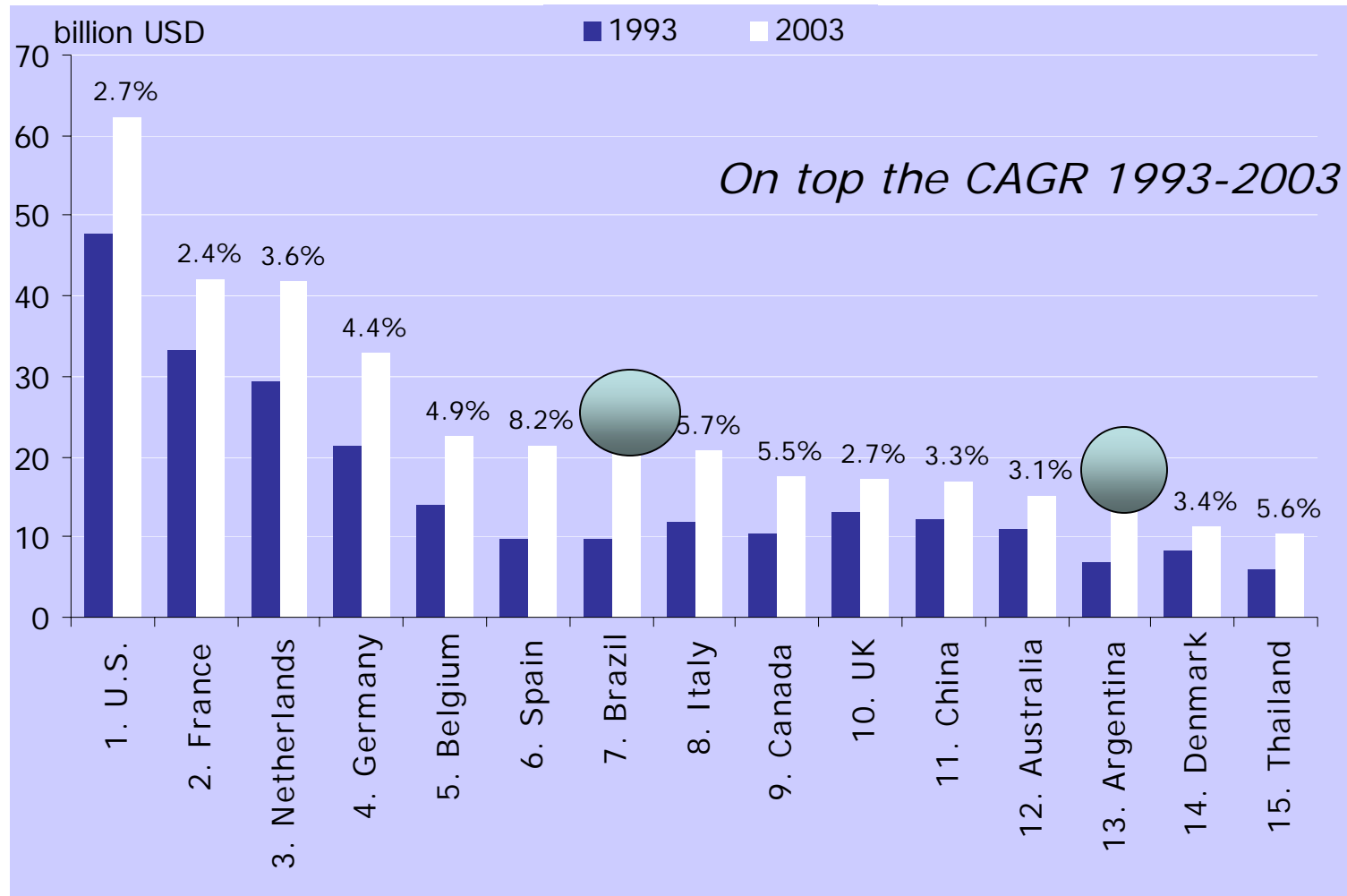
Source: FAO, 2005.

# US and China boost food & agri imports



Source: FAO, 2005

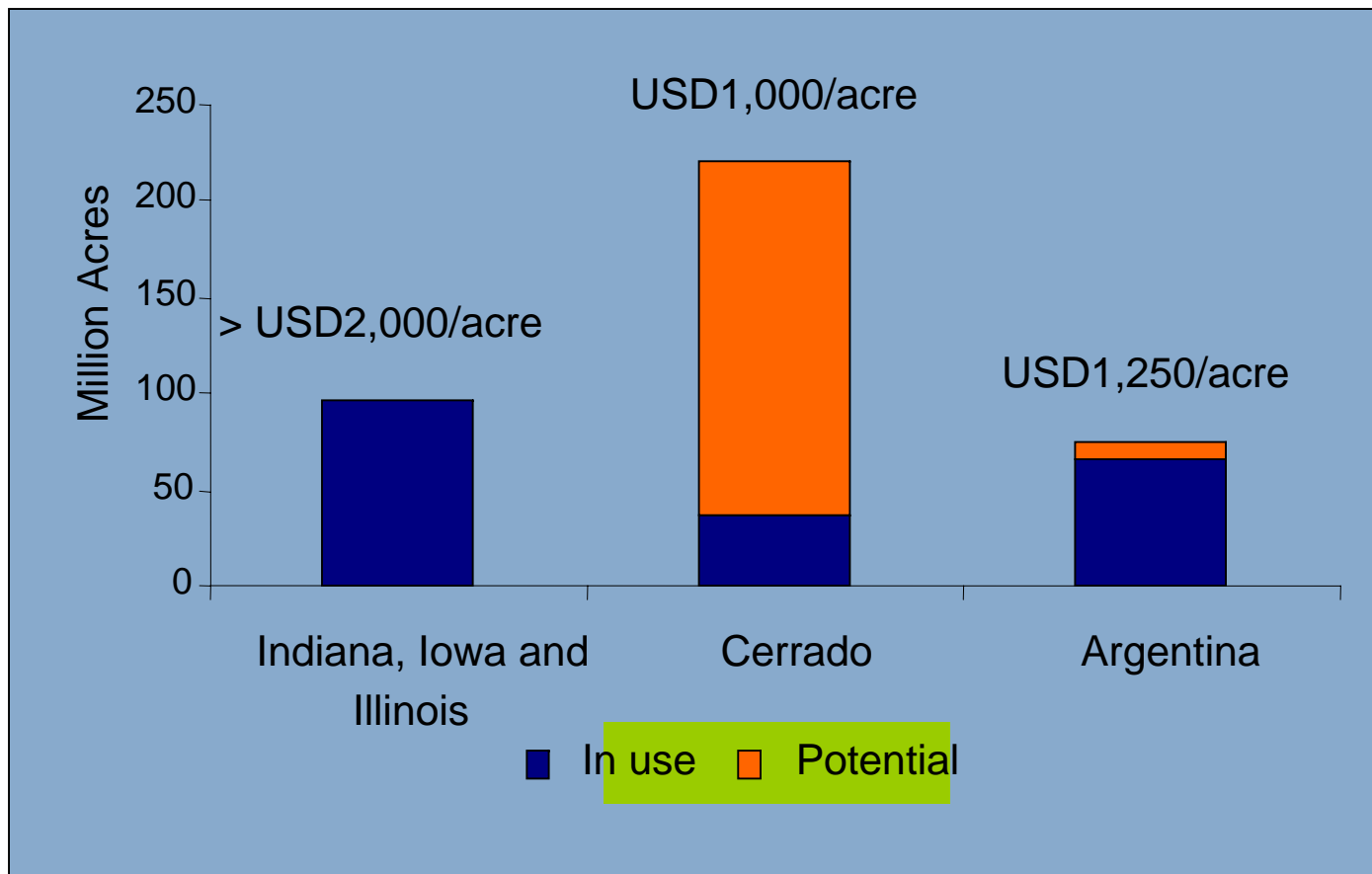
# South America wins ground in F&A exports



Source: FAO, 2005

# Availability of undeveloped land

## Leading soybean producing regions

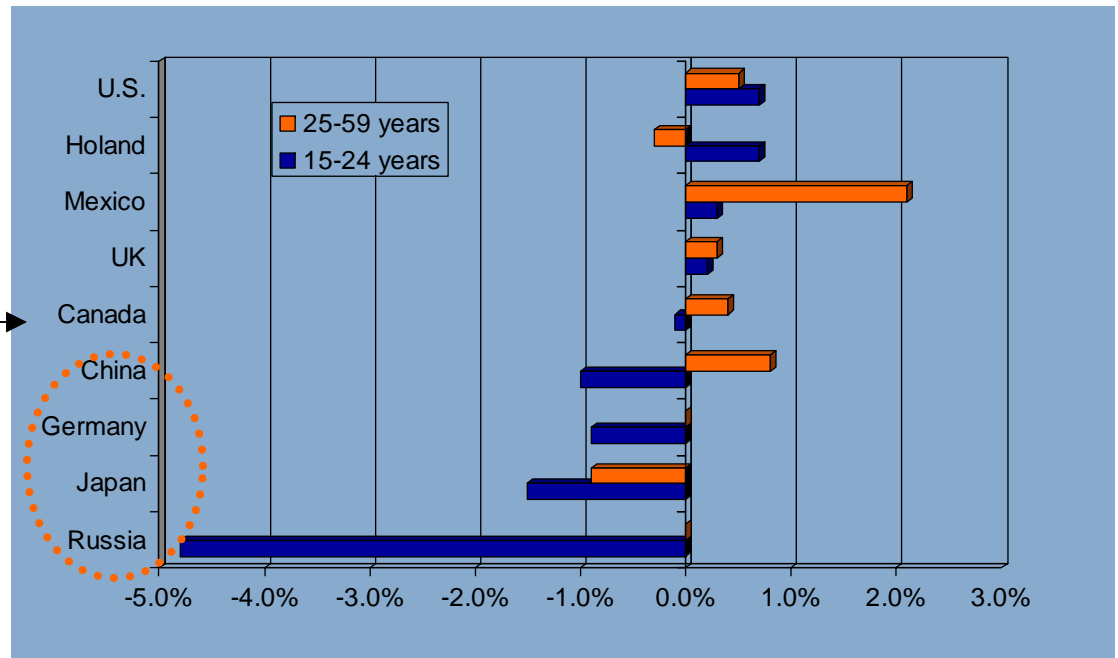


Source: Rabobank analysis

# Demographics is working against us

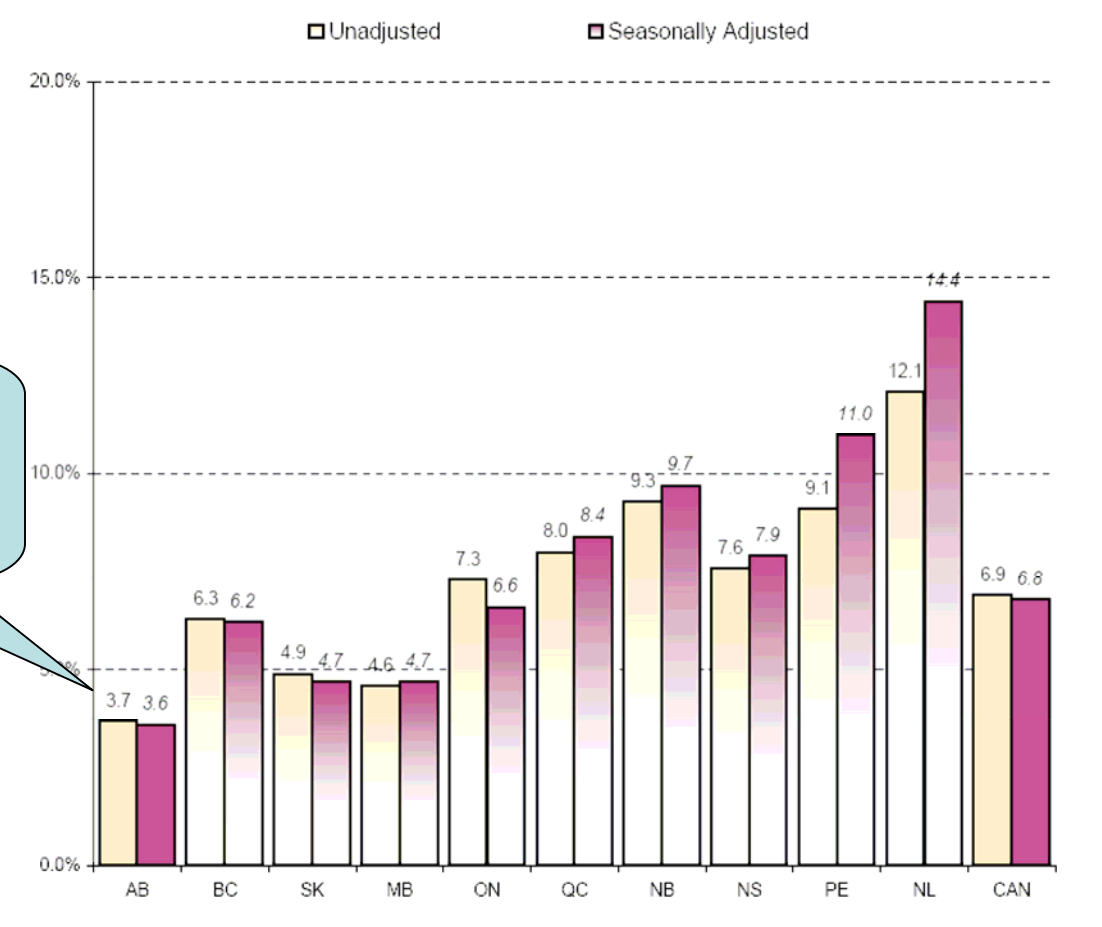
- In developed countries the median age is 39 years, 14 years more than in developing countries
  - Median age is increasing in all cases
- Canada's population of 15 to 24 year olds is decreasing despite increased immigration

CAGR for selected population segments, 2004-2014



Source: Rabobank analysis based on UN data

# Unemployment Rate Canadian Provinces



Choose value to add carefully, perhaps only very high value added or build value added early in the supply chain