



Agriculture & Agri Food

A Bright Future

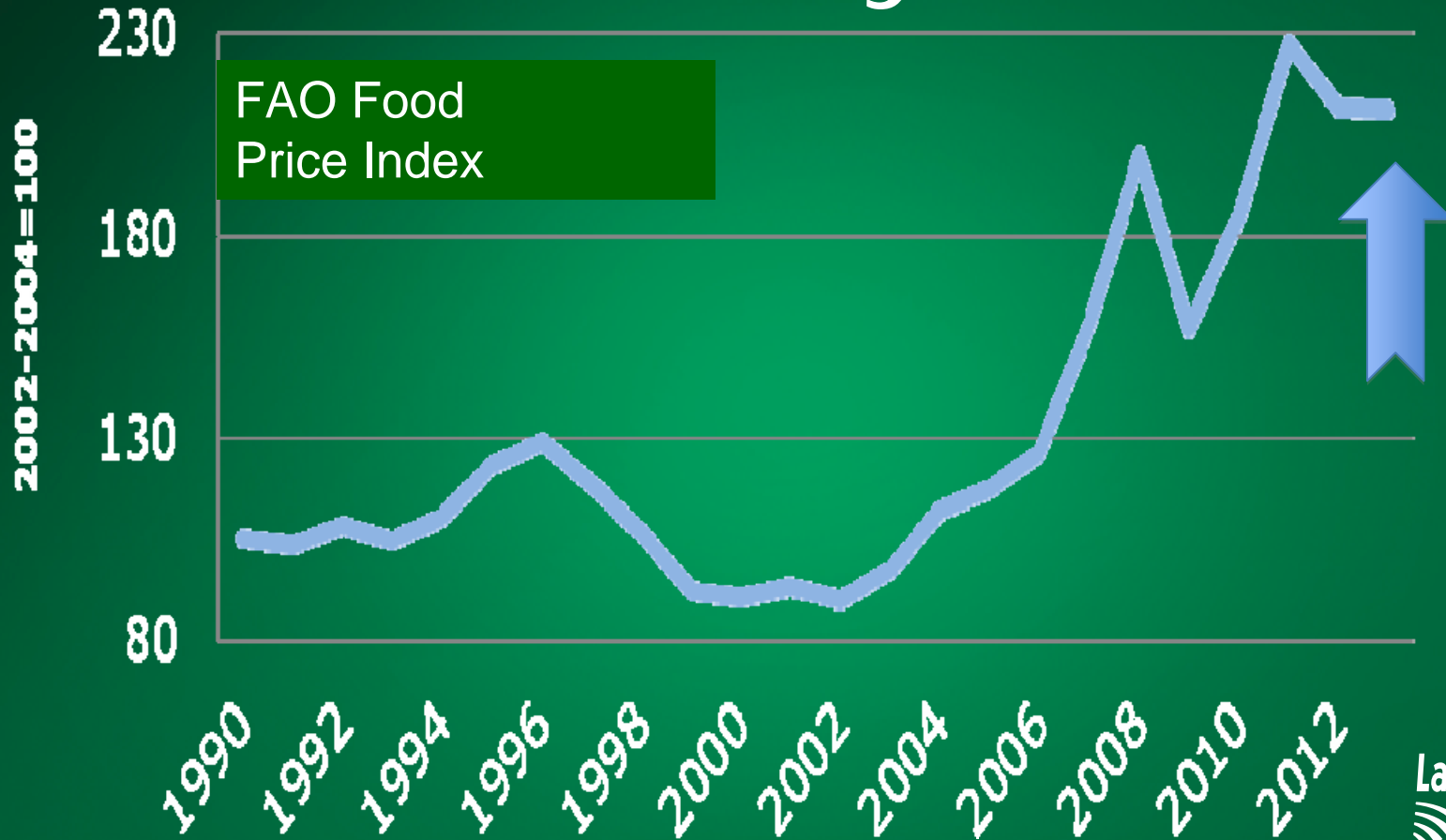
Vincent Cloutier, agr.

Chief Economist

La Coop fédérée

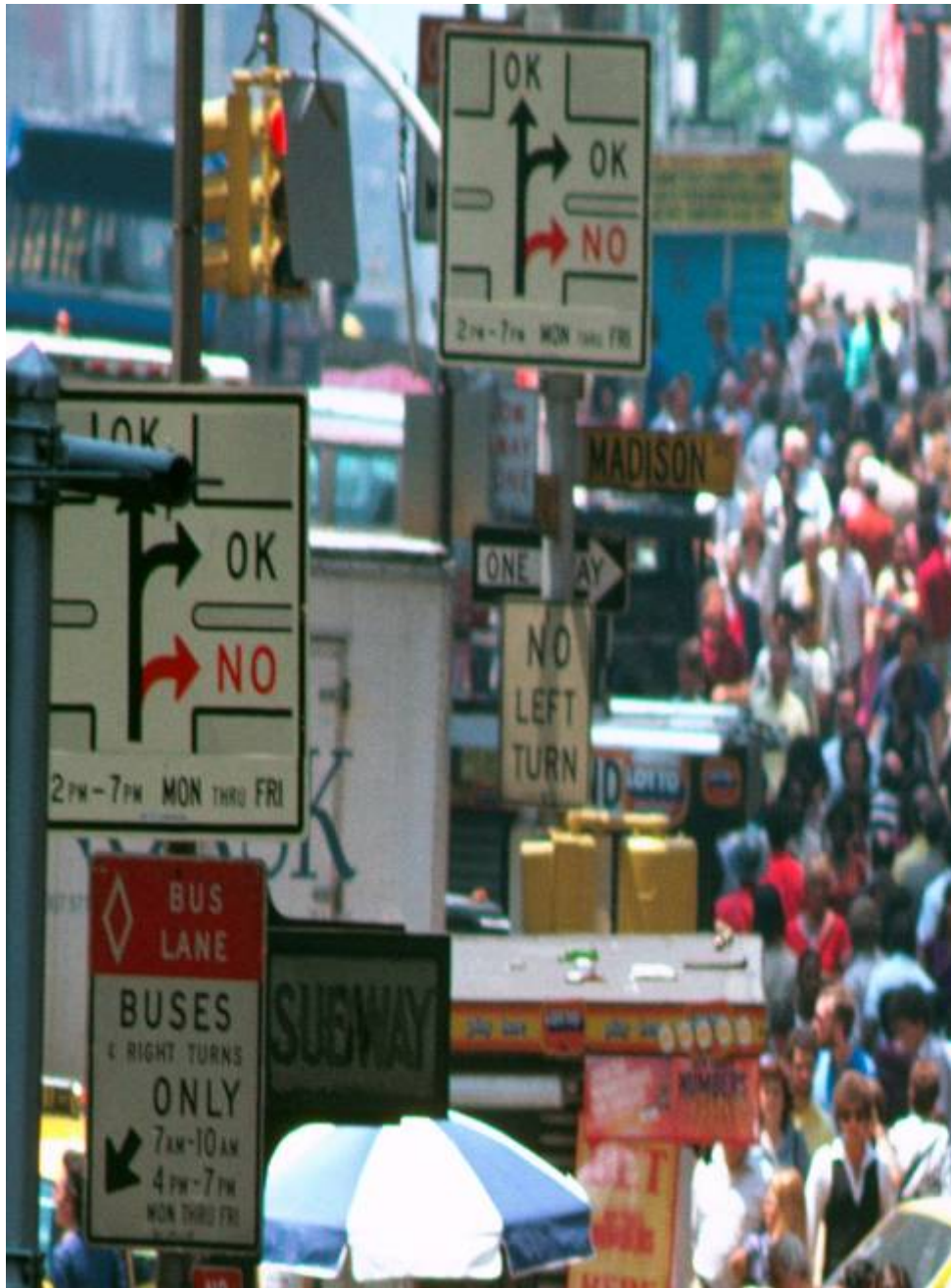
Twitter: @vincentcloutie2

Drop in food prices... really?



Source: FAO

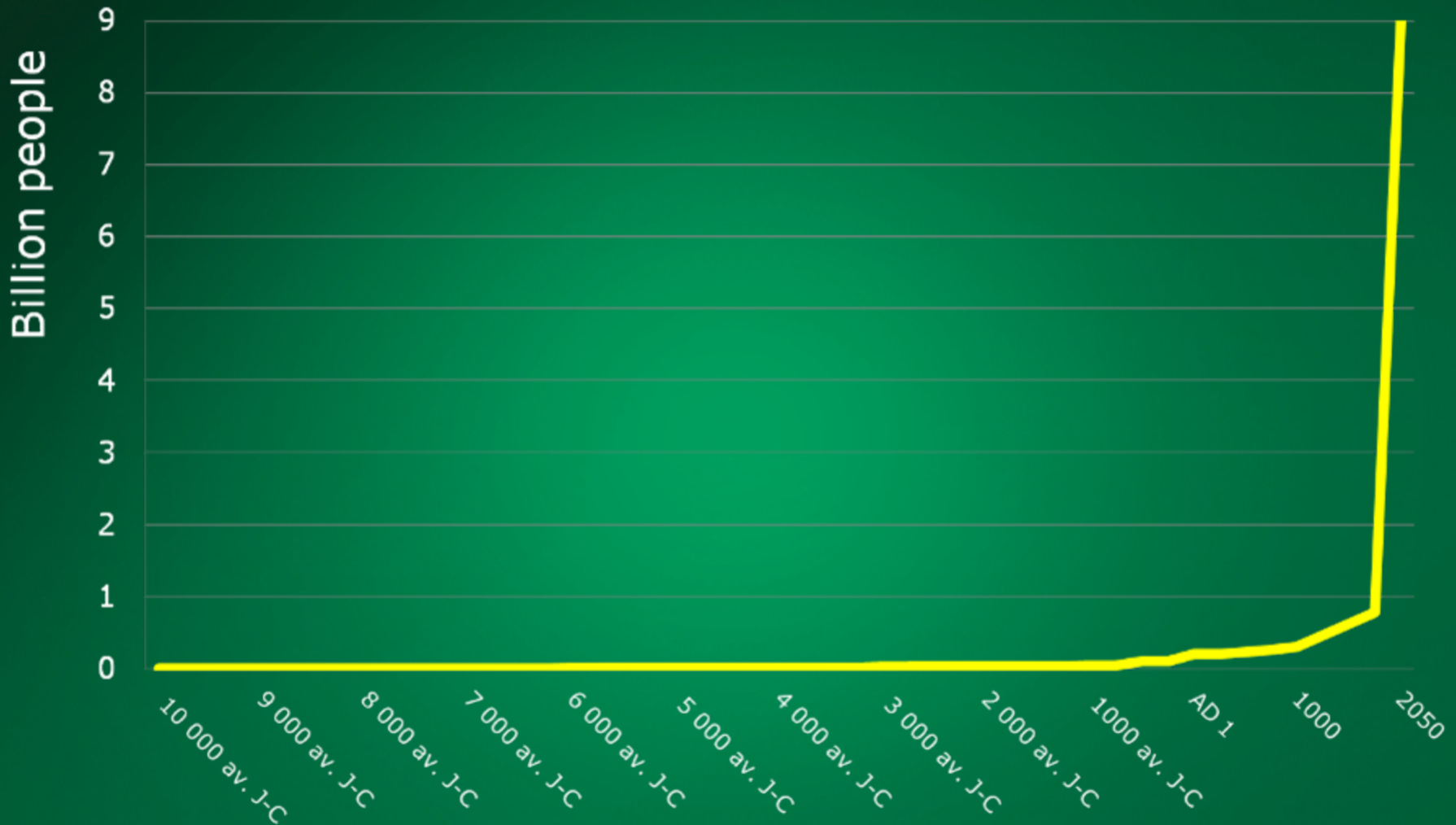




Megatrends

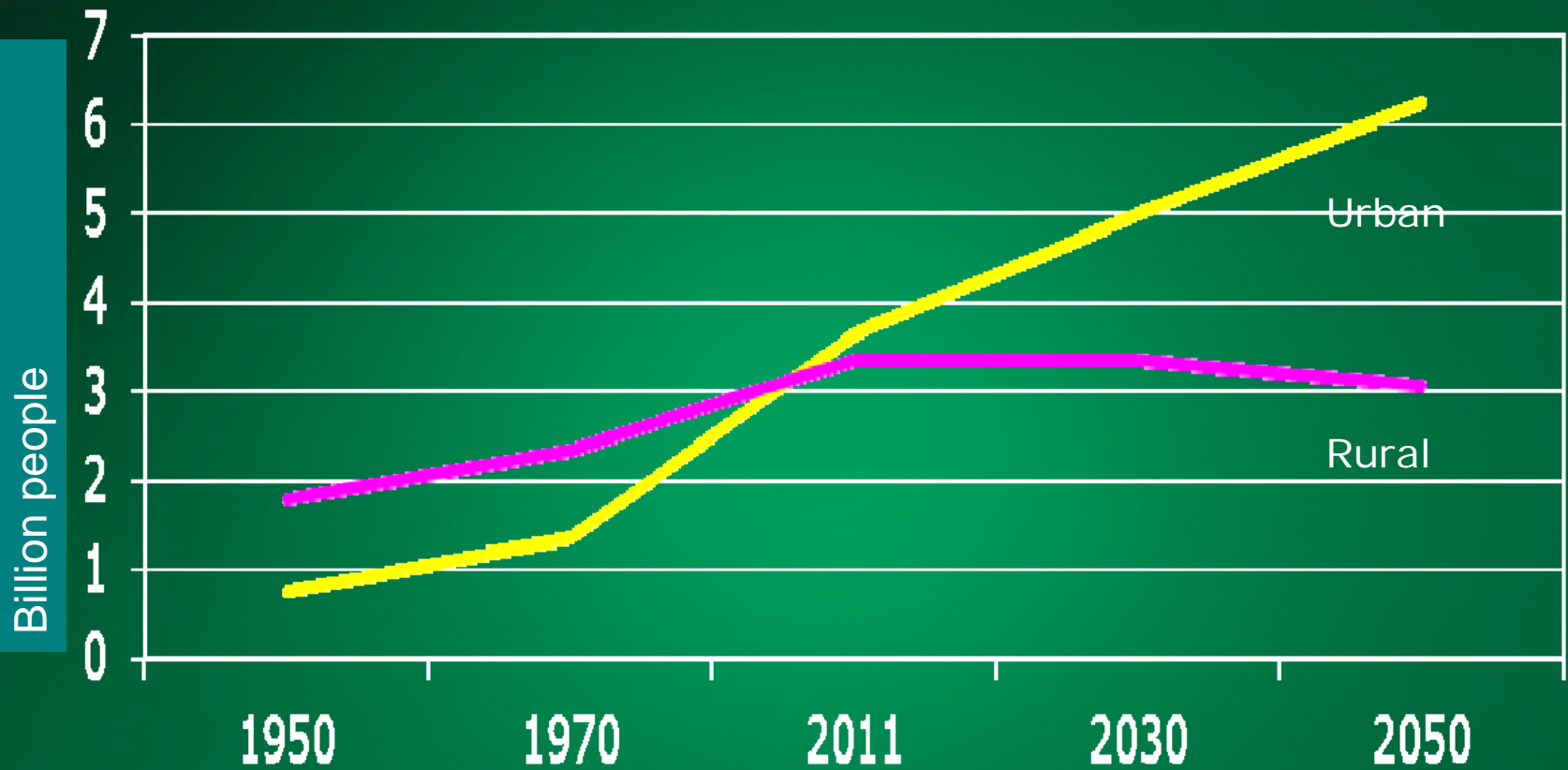
- World population growth
- Urbanization
- Energy: Tectonic change
- Volatility
- Speed of execution

World Population



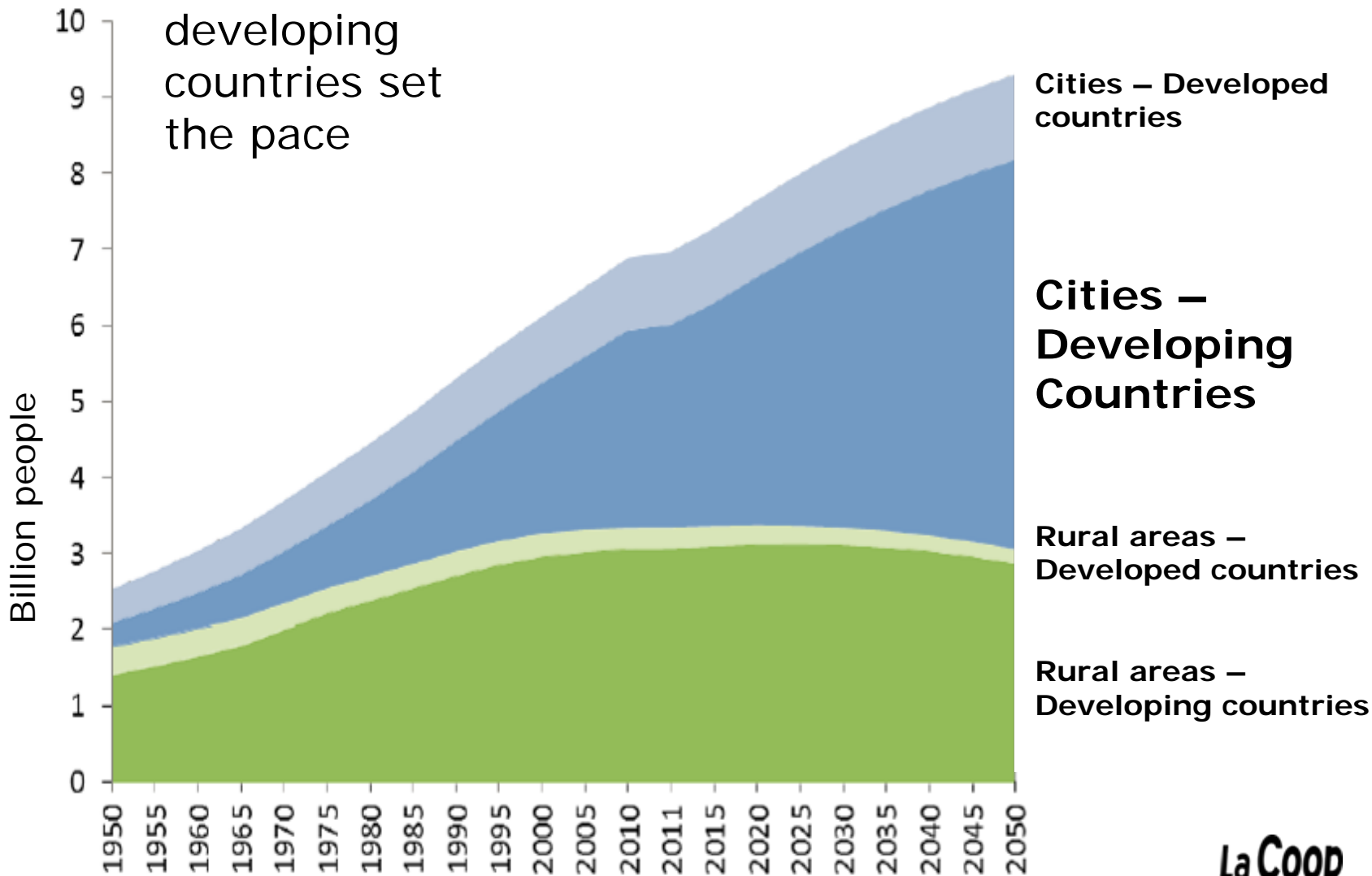
Source: US Census Bureau

More and more people in the cities



Source: UN

Cities in developing countries set the pace



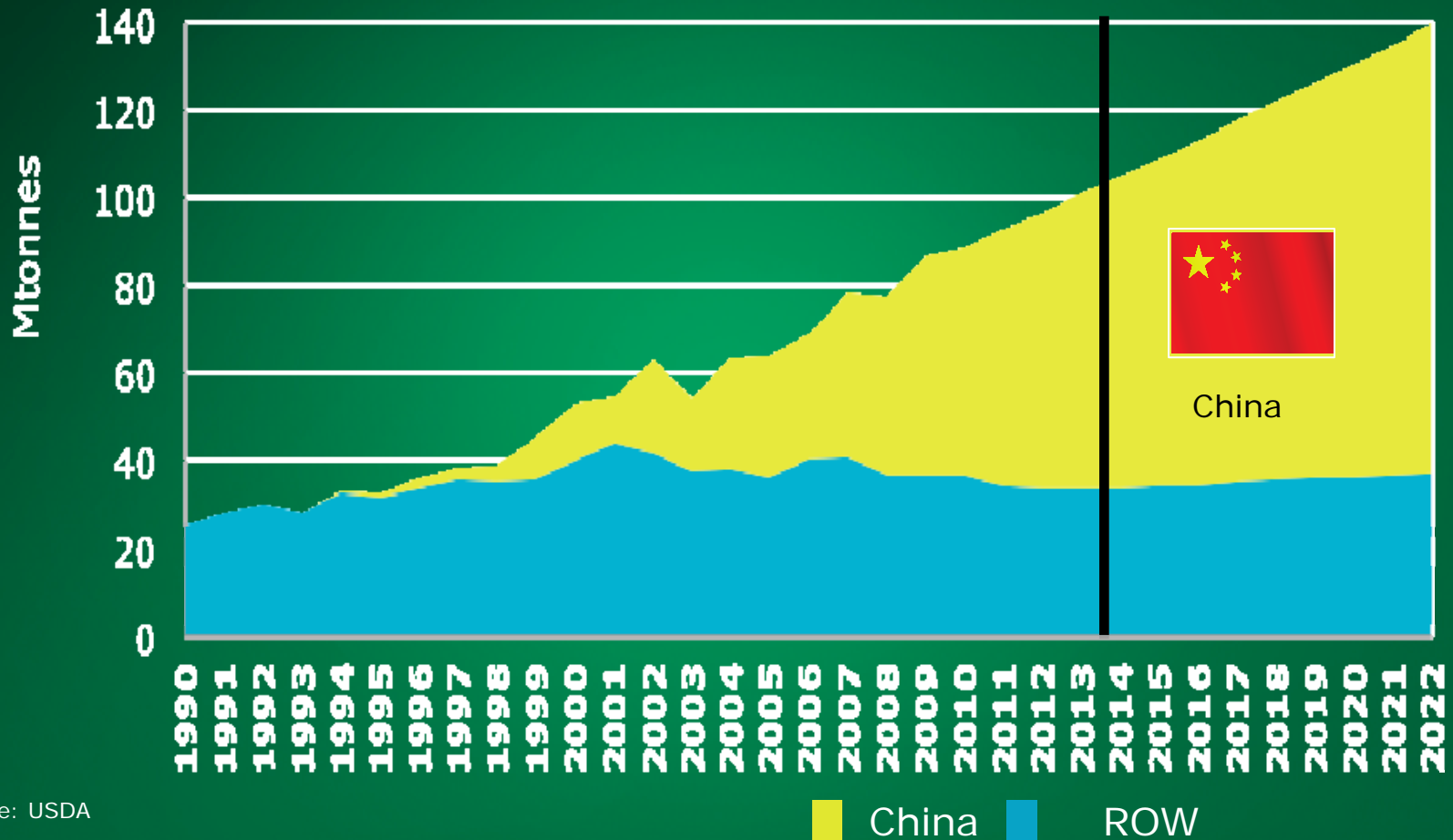
Source: UN



Shanghai 2010

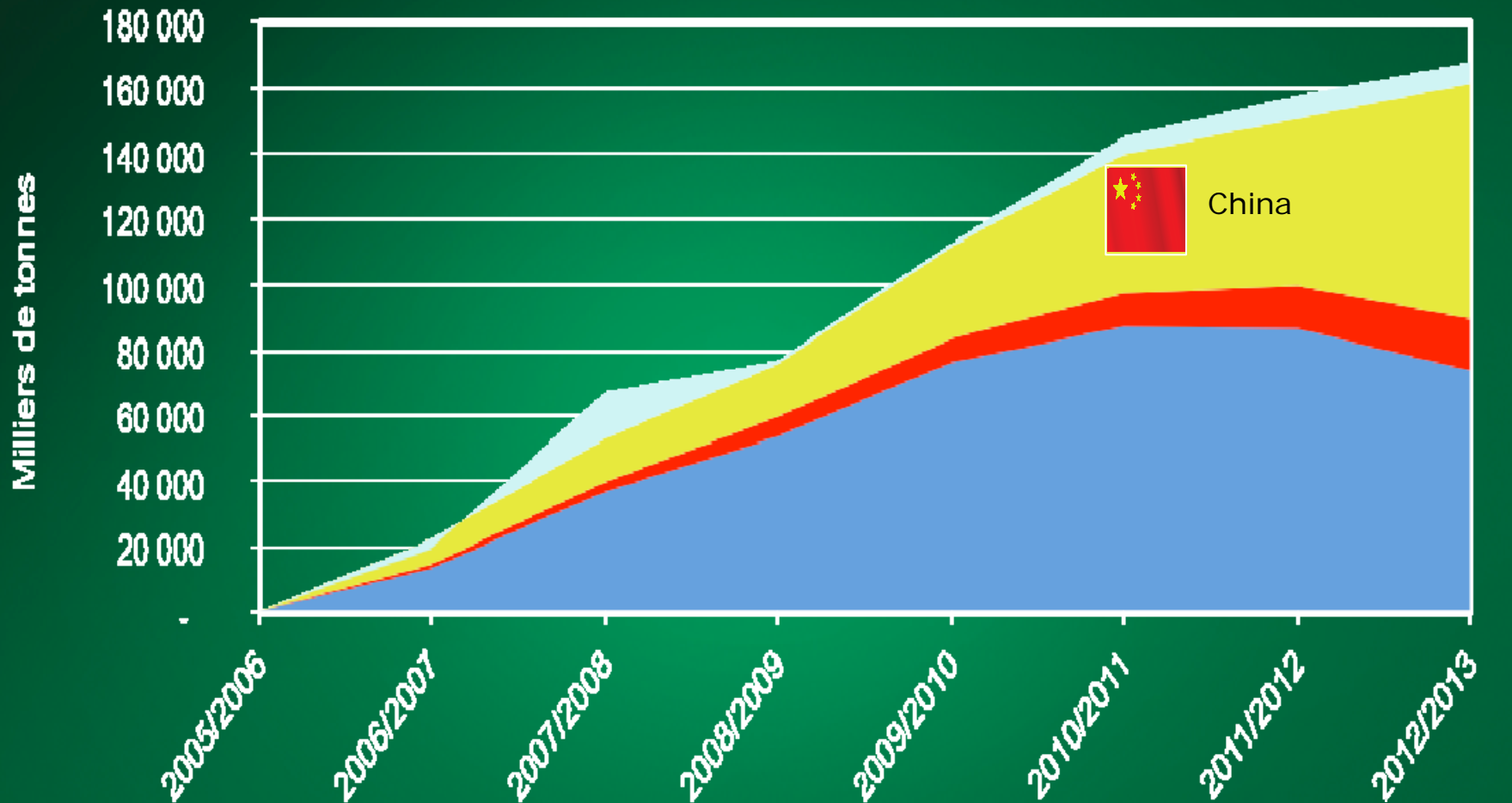


Soybean: World imports



Source: USDA

Growth in corn demand since 2005

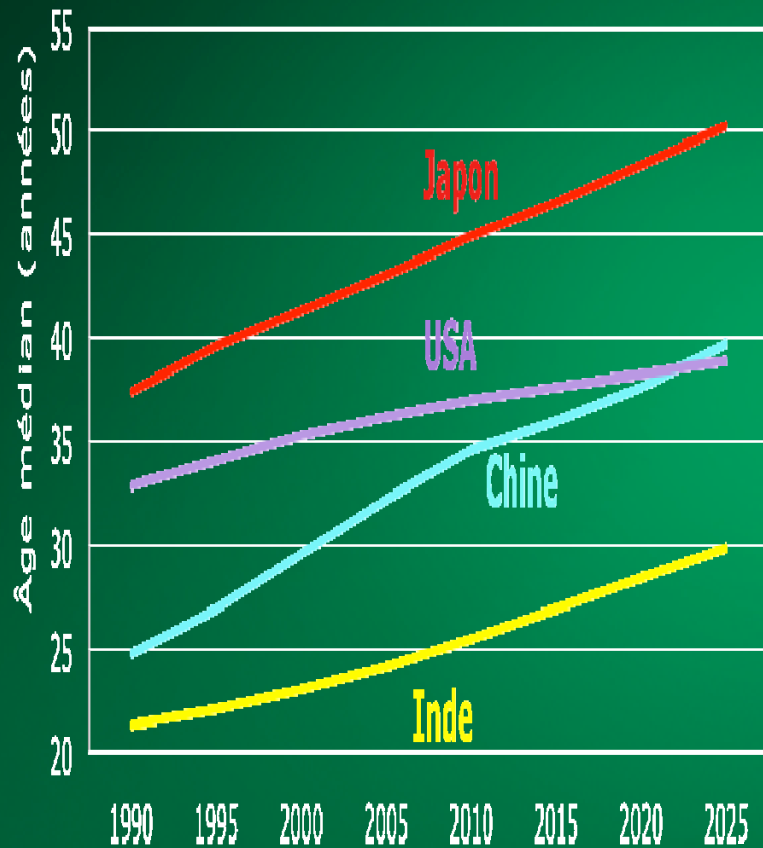


Source: FAS, compilation La Coop fédérée

Others China Brazil Ethanol US

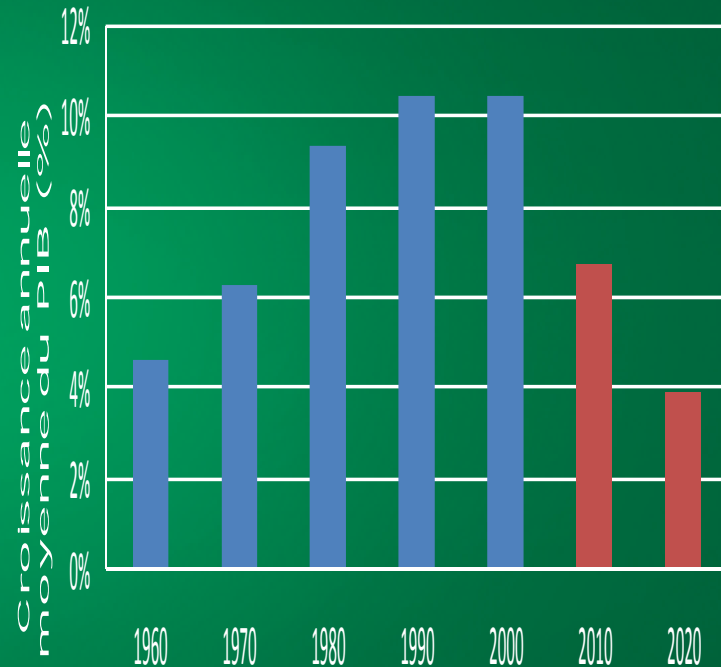
Signs of a slowdown?

China aging quickly



Source: UN

China's GDP



Source: World Bank, estimates CME Economics

Worth of some agrifood giants (USD Billion)

West		
	2006	2011
ADM	26,007	26,495
Bunge	12,904	13,347
Viterra	856	4,907

Asia/Africa		
	2006	2011
Wilmar	8,137	59,128
Noble	4,150	15,108
Olam	4,862	10,865

Source: Bloomberg

New geopolitical balance...

2000	2010	2020
U.S	U.S	China
Japan	China	U.S
Germany	Japan	India
UK	Germany	Japan
France	France	Brazil
China	UK	Germany
Italy	Brazil	France
Canada	Italy	Russia
Brazil	India	UK
Mexico	Canada	Indonesia

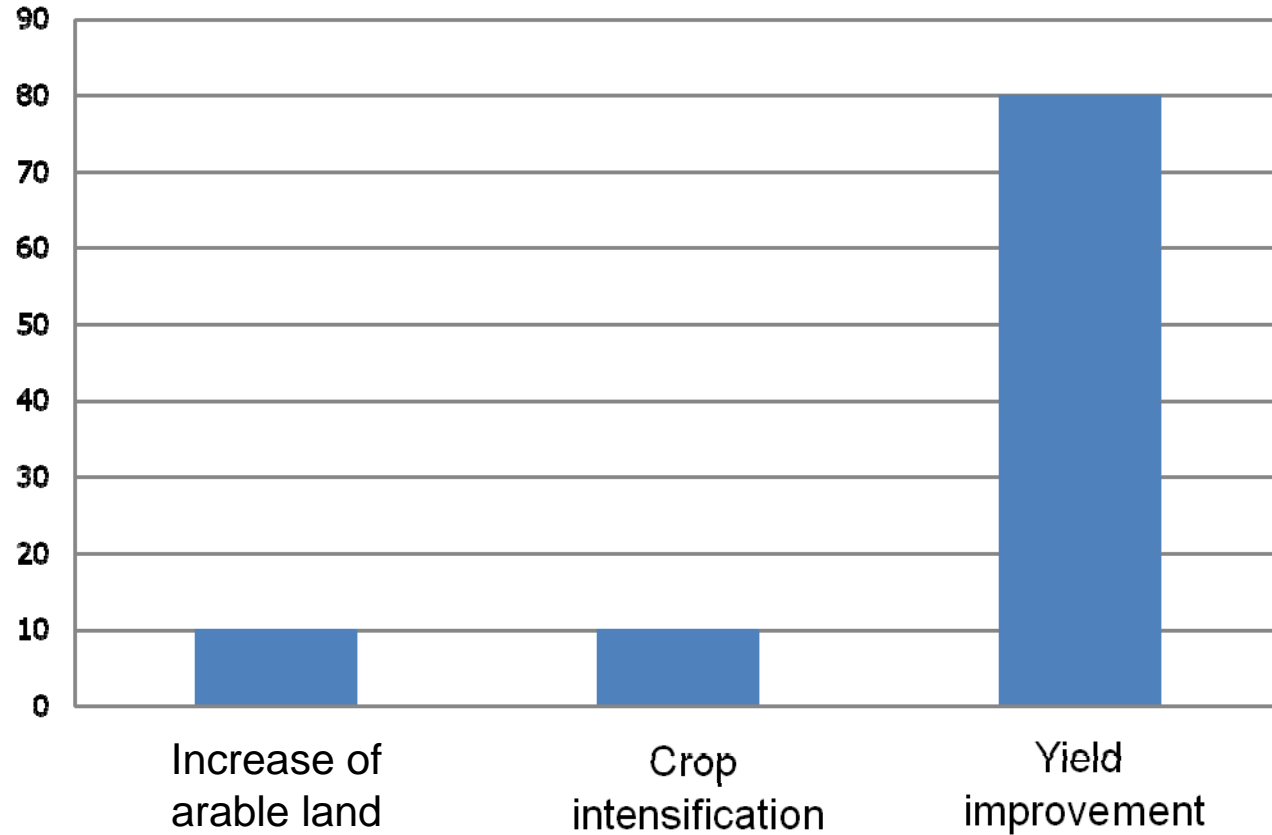
Sources: The Super-Cycle Report (Standard Chartered),
World Bank, Compilation La Coop fédérée

Food waste



*Stop
magic thinking!*

Sources of growth for cereal production worldwide 2005/07 – 2050 (%)

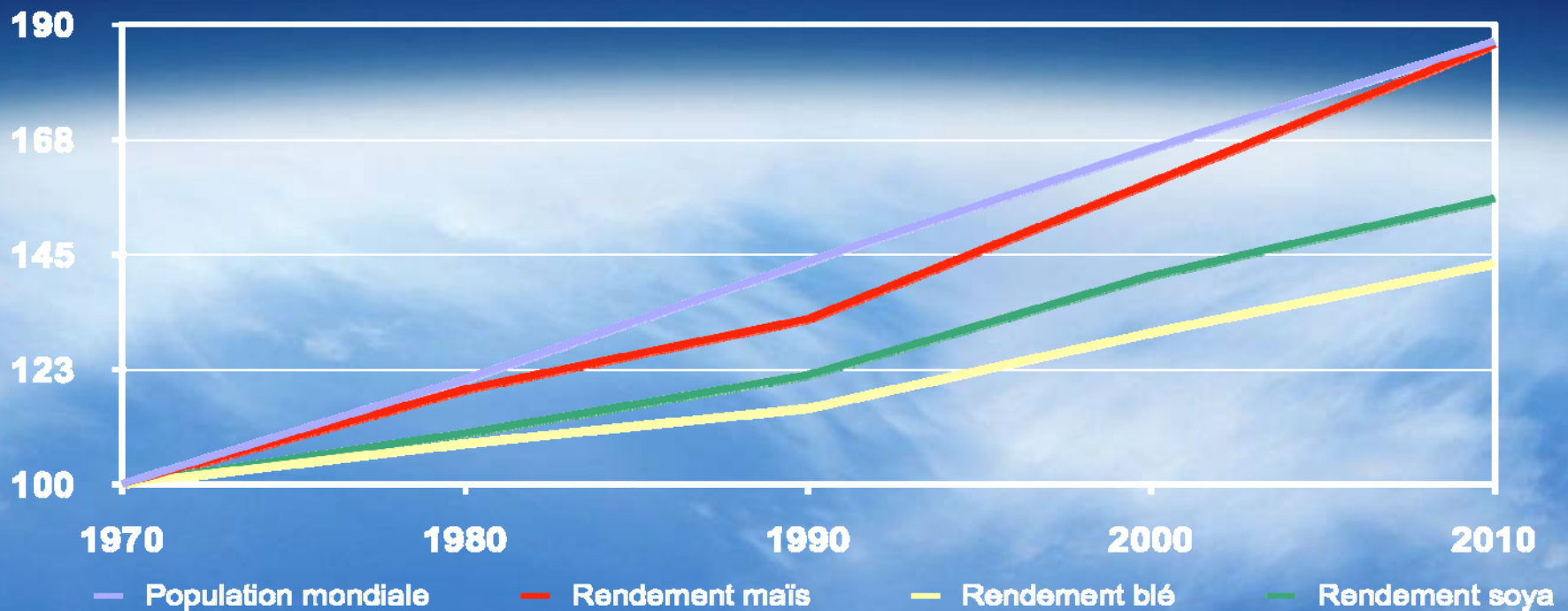


Source: FAO

Yields barely follow the trend

World population growth compared to yield increase for major crops

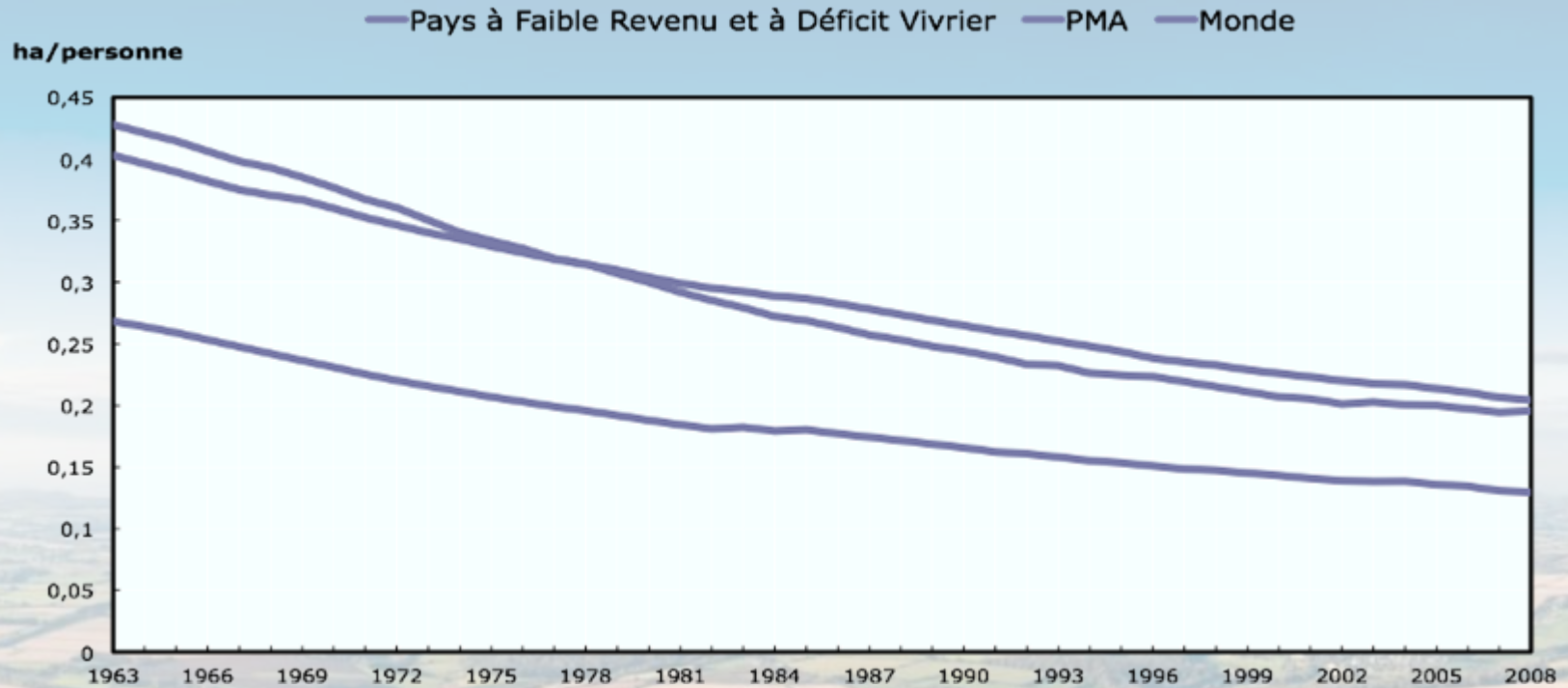
(1970 = 100)



Sources: UN, USDA, Compilation La Coop fédérée

Arable land under pressure

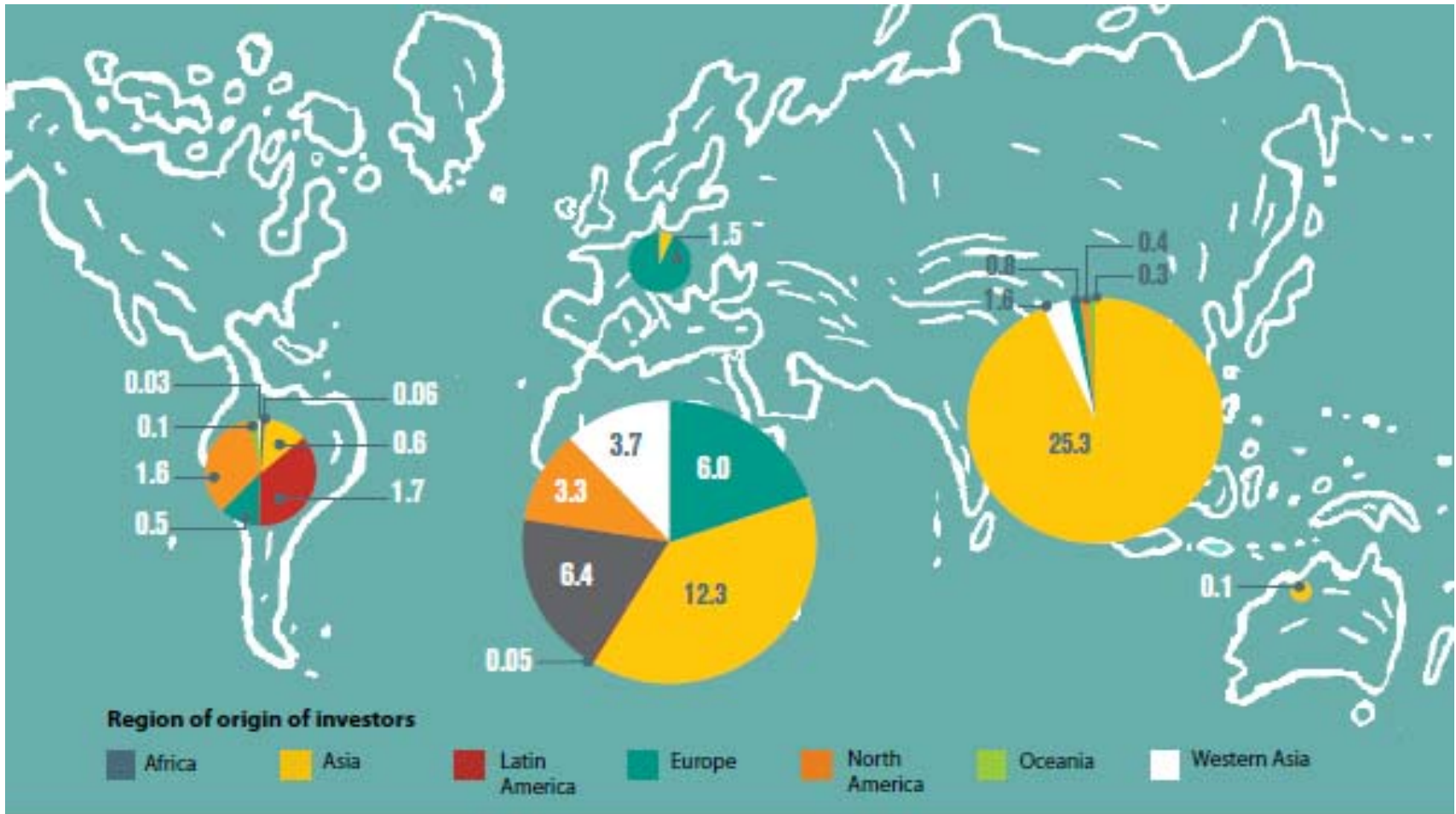
Farmland per capita



Source: OCDE-FAO



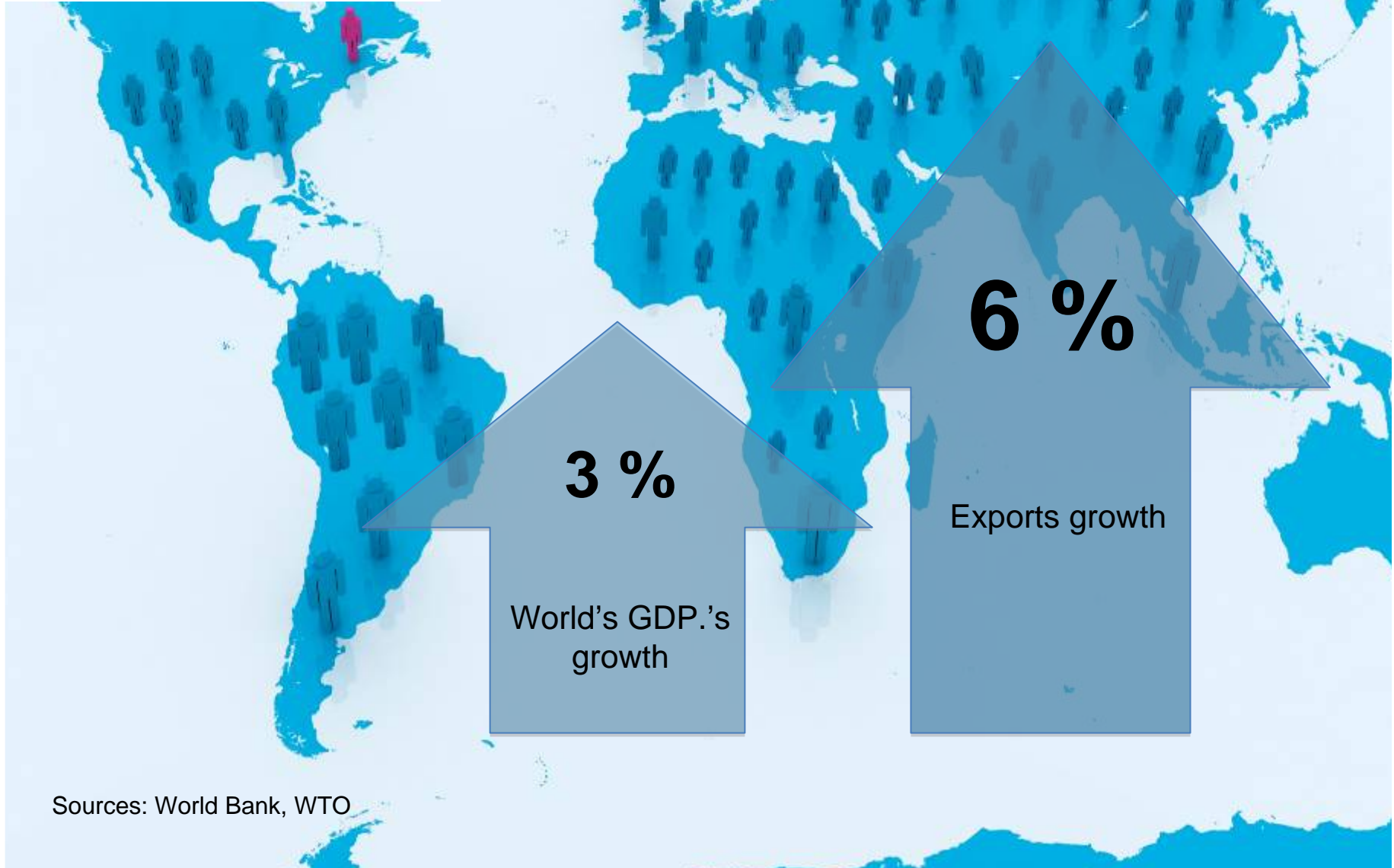
Africa: Main target for buyers



Source: Land Matrix



A smaller world



Sources: World Bank, WTO



WTO: Doha Round agonizing

« **Is multilateralism in crisis?** »

Paradox of the multilateral trading system

Doha Round agonizing...

Free trade is king!



An important partner

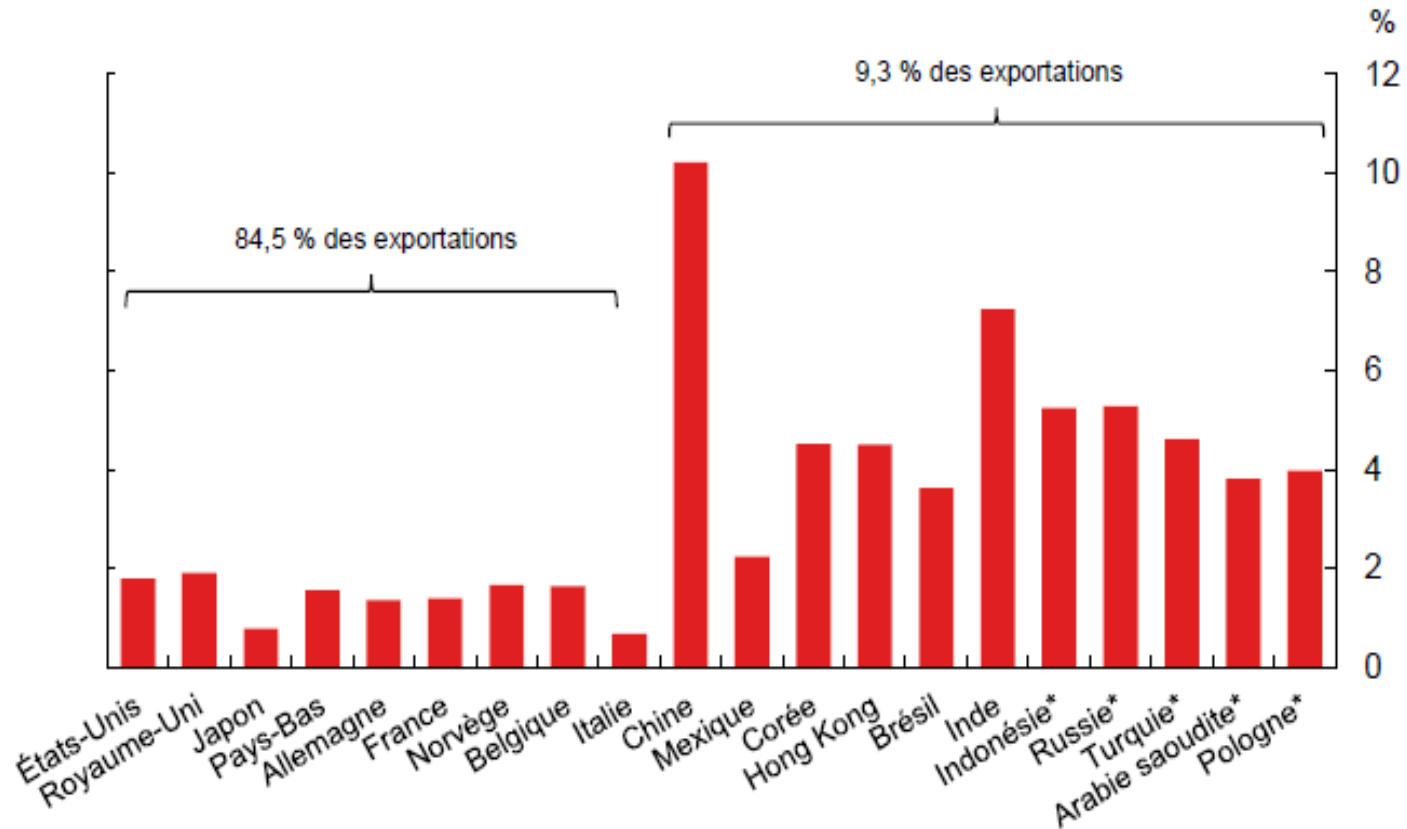


74%

Source: Industry Canada

Diversify our export markets

Taux de croissance moyens de 2000 à 2011, données annuelles



* Pays ne faisant pas partie des 15 principaux partenaires commerciaux du Canada.

Nota : Les parts des exportations ont trait aux données de 2011.

Sources : Fonds monétaire international, *Perspectives de l'économie mondiale*, Industrie Canada et calculs de la Banque du Canada

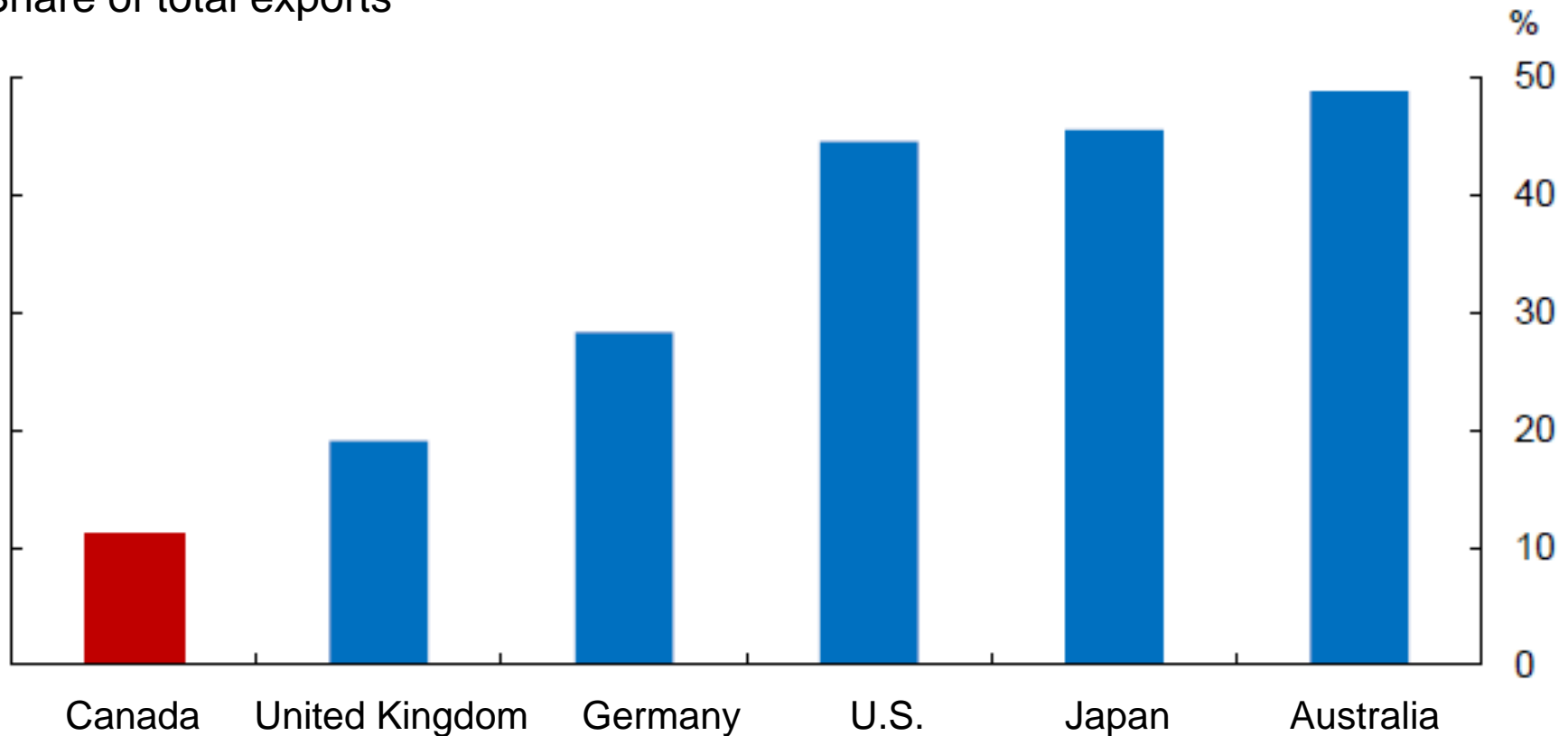
Dernière observation : 2011

Source: Banque du Canada

Canada not enough exposed to emerging economies

Exports to emerging and developing countries, 2011

Share of total exports



Source: Bank of Canada

Dernière observation : 2011

Quite clear intentions

FTAs in force

Jordan
Colombia
Peru
Canada-European Free Trade
association
Costa Rica
Chile
Israel
NAFTA
Honduras
Panama
CETA (concluded)

Ongoing FTA negotiations

South Korea
Central America Four
India
Japan
Caribbean Community
Morocco
MERCOSUR
Dominican Republic
Singapore
Transpacific Partnership
Turkey
Ukraine
Thailand
Israel (modernization)



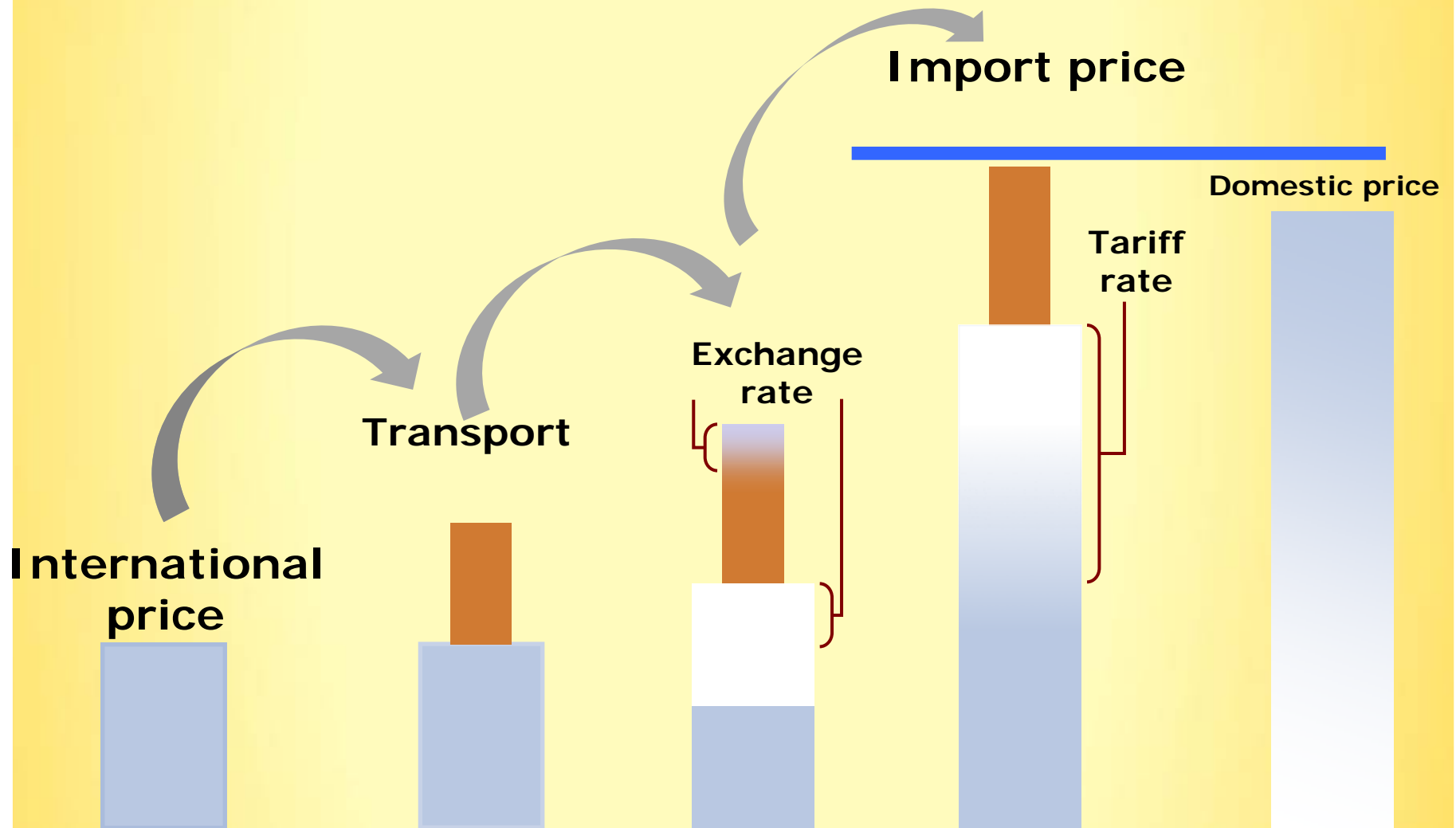
Increase of the import quotas

Decrease of the domestic production

Decrease of production quotas

Decrease of farm's profitability
How about **growth**?

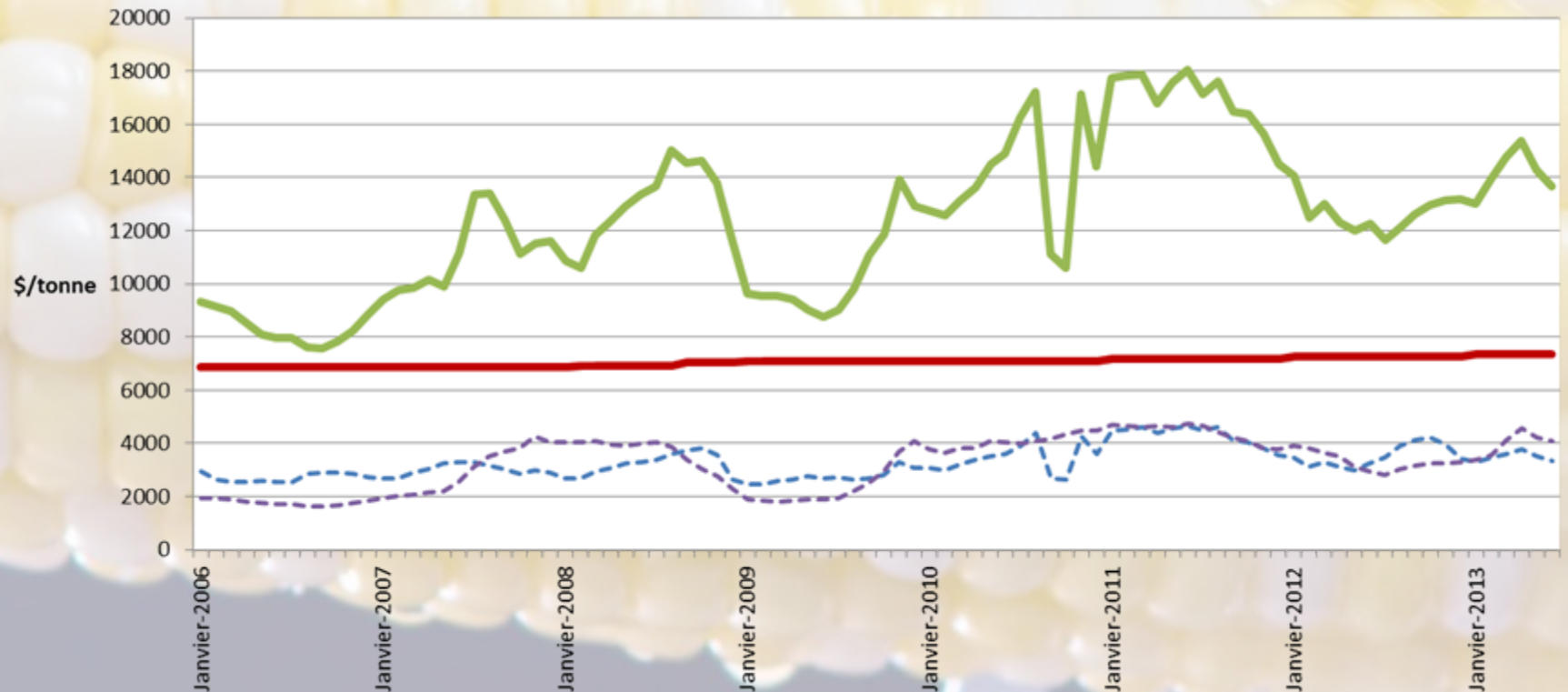
The tariff barrier



Butter

Evolution of butter prices (domestic, international & import price)

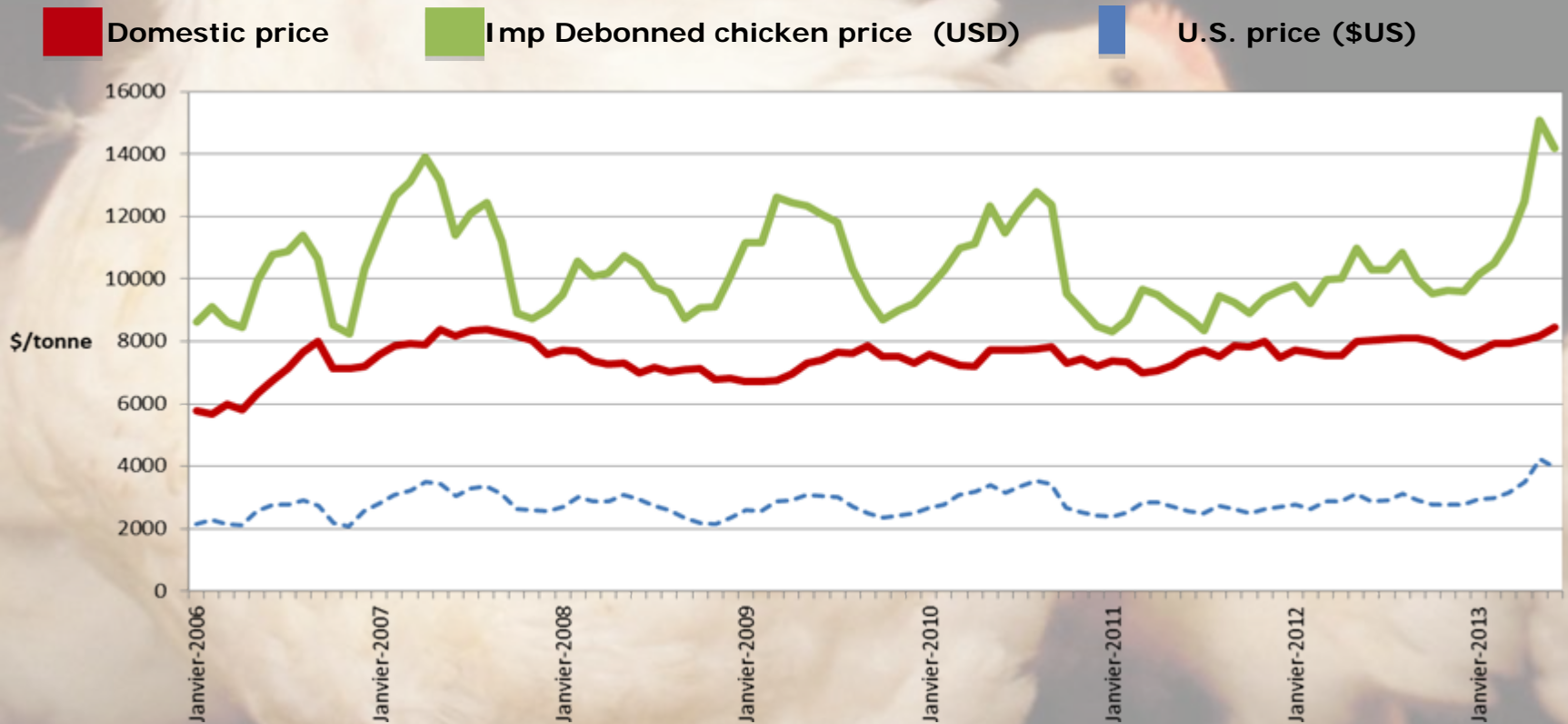
■ Domestic price ■ Price imported butter ■ J.S. price (USD) ■ NZ price (USD)



Sources: AMS, Banque du Canada, our calculations

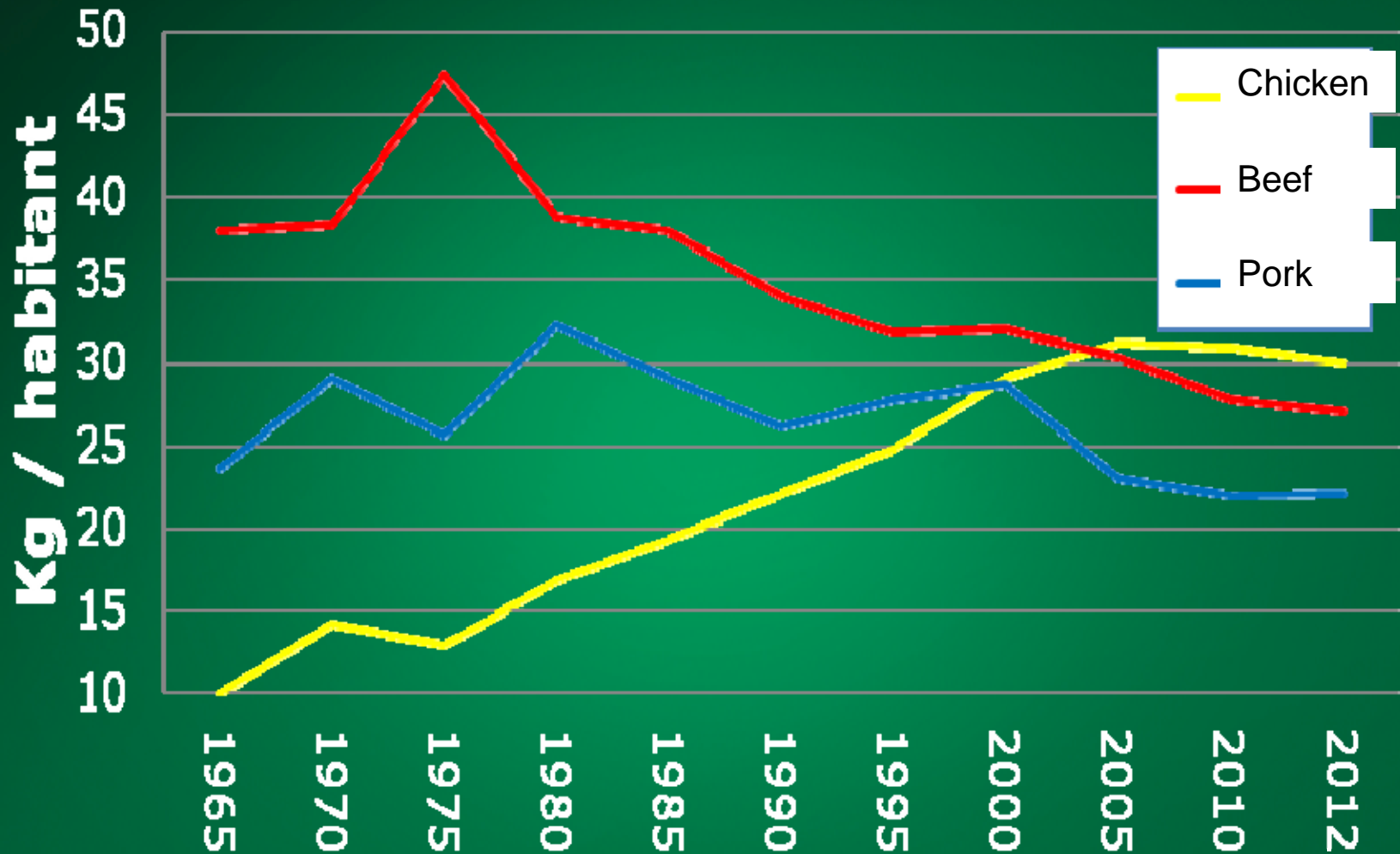
Chicken

Evolution of deboned chicken prices (domestic, international & import price)



Sources: Express Market inc, Banque du Canada, our calculations

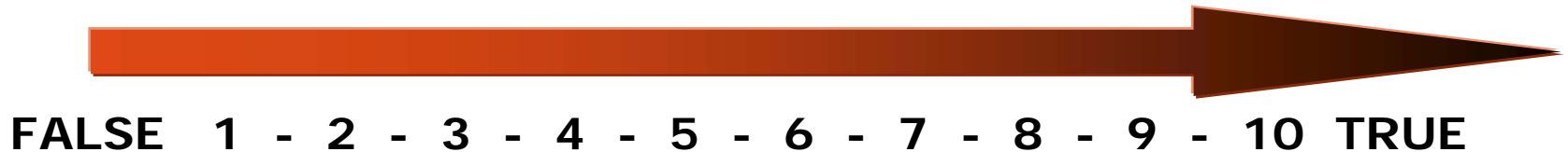
Meat consumption per capita in Canada



Source: Statistics Canada

Myth or reality?

«For decades, one's been crying wolf regarding the end of supply management; it's still in place. We can therefore sleep tight for quite some time. »



Not such an intense *love-in* from Rest of Canada for supply management...

English press, summer 2012

The National Post, 22 juin 2012, page A8

*Impoverishing Canadians —
as consumers and free-traders*

*Ignore the
conventional
wisdom*

The Conservatives assume they must support asbestos exports and supply management to stay in power. But what if the country's ready for a different tack?

COMMENT

*It's time
to break
a few
eggs*

Ex-Liberal MP
says end supply
management

The National Post, 22 juin 2012,

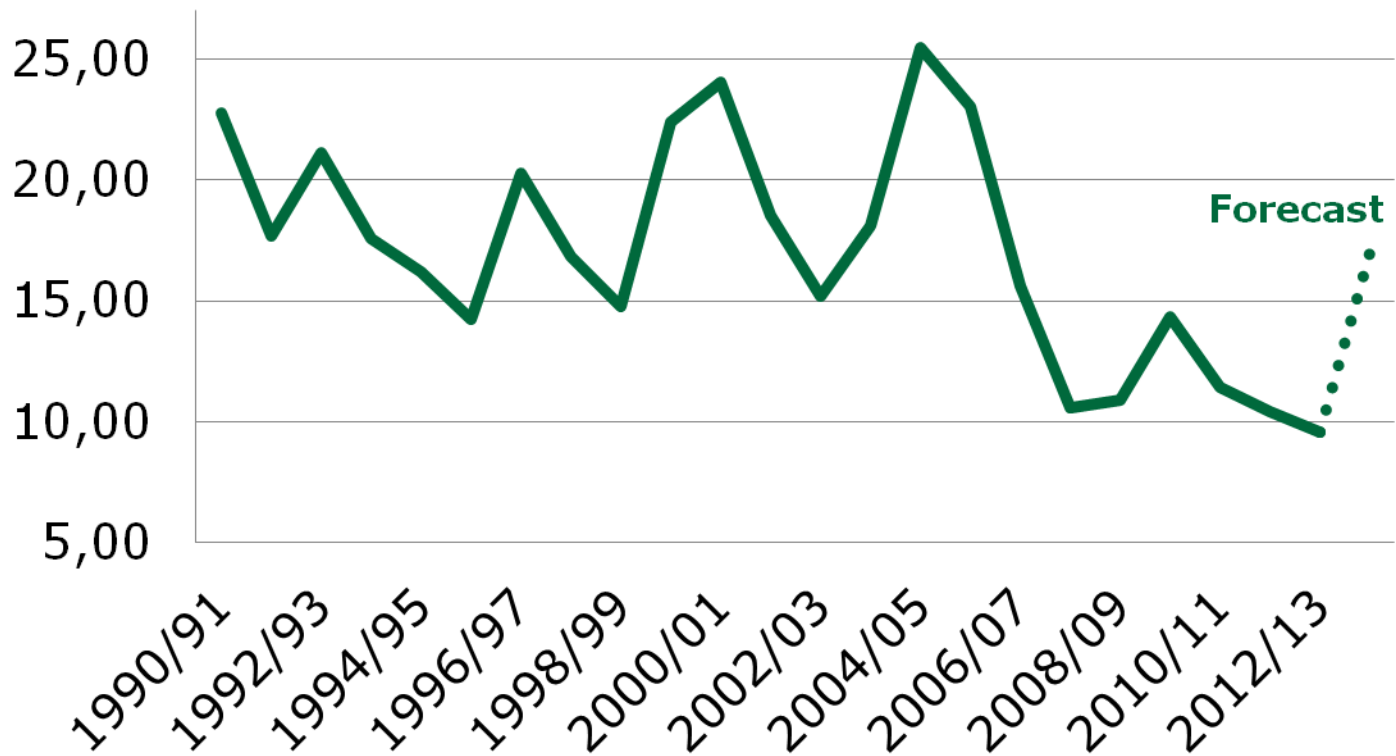
*Putting an end
to the milk tax*

he and Mail, 27 juin 2012, page A11

CANADIAN POLITICS

Sure, end supply management – but how?

Ratio price pork / corn in the U.S.



Sow stalls: We know where we're heading



Source: Smithfield



2014... International year
of Family Farming