GLOBAL AGRIBUSINESS FORUM

FOOD SECURITY & GEOPOLITICS

Marcos Jank

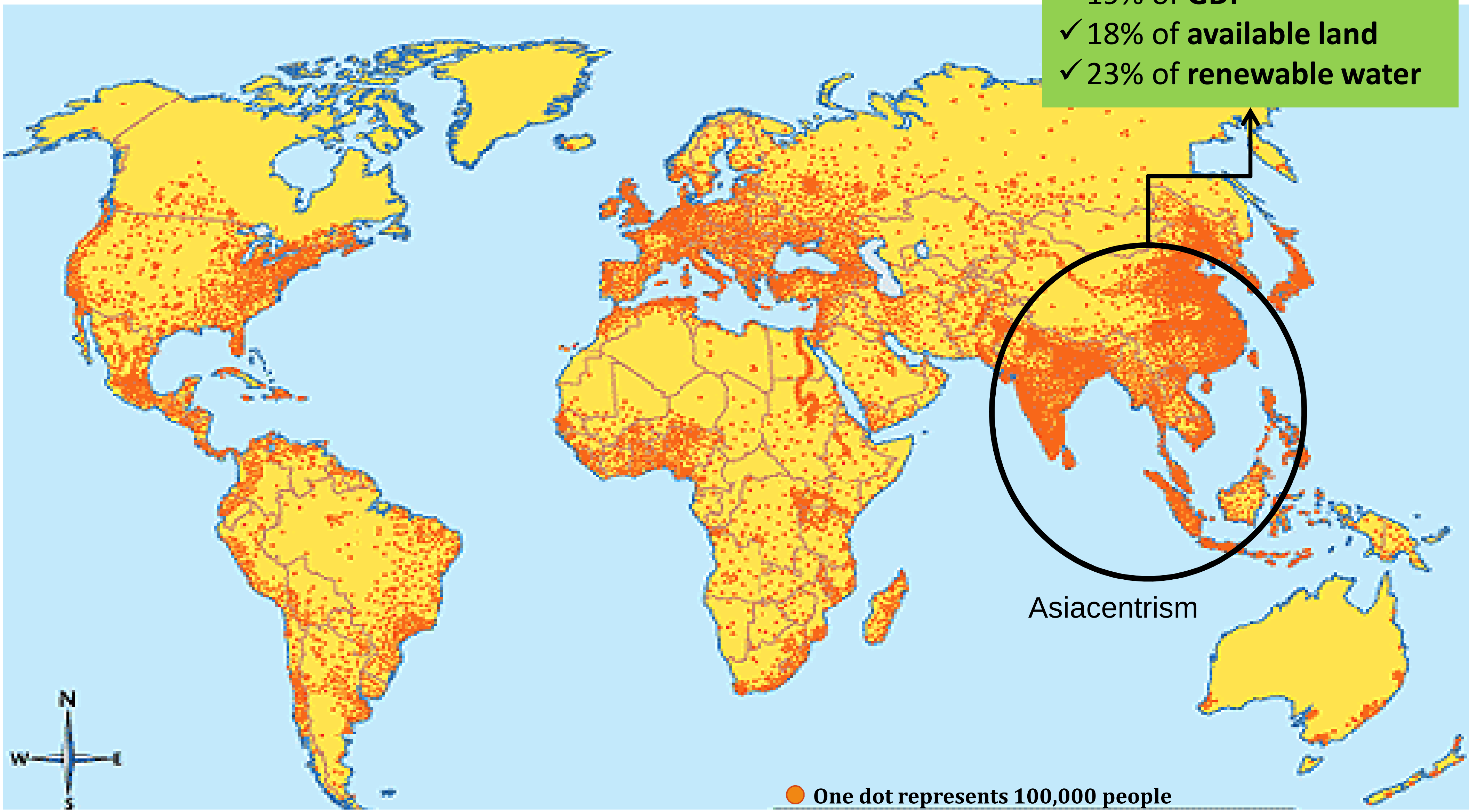
Vice President, Corporate Affairs & Business Development

BRF Asia

4-5 July 2016

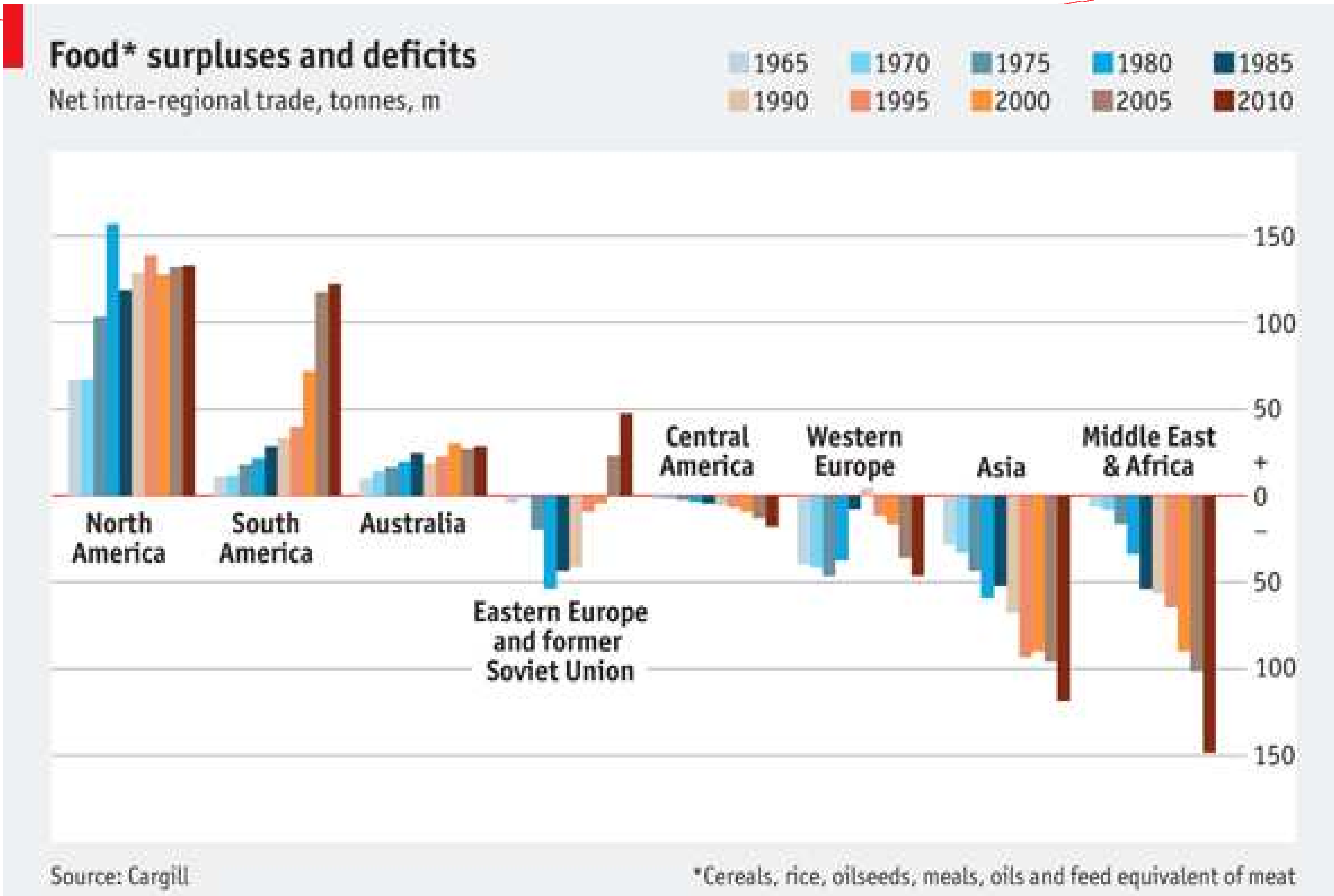
Uneven distribution of consumption and resources

- ✓ 51% of world's **population**
- ✓ 19% of **GDP**
- ✓ 18% of **available land**
- ✓ 23% of **renewable water**

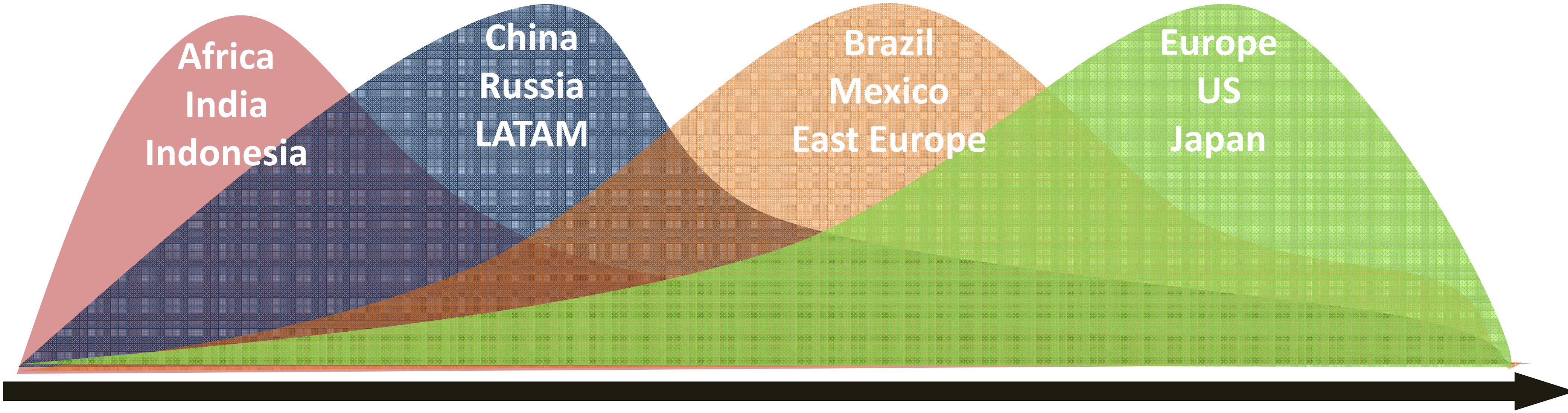


SOUTH AND SOUTH-EAST ASIA: Bangladesh, Bhutan, Brunei, Cambodia, China, Honk Kong, India, Indonesia, Lao, Macao, Malaysia, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, East Timor, Vietnam

Global Food Security



Food chains: different drivers, different speeds



Food Security

- Labor intensive agriculture
- High number of very small farms
- Self-sufficiency policy
- Social concerns: inflation,urbanization

Safety & Quality

- Quality
- Healthy & safe food
- Global players
- Value chain coordination
- Consolidation
- Economies of scale
- Traceability

Value Added

- Variety and branding
- Differentiation, taste
- Convenience
- Ready to cook/to eat
- Labeling
- Speed to market
- Food service
- Infrastructure

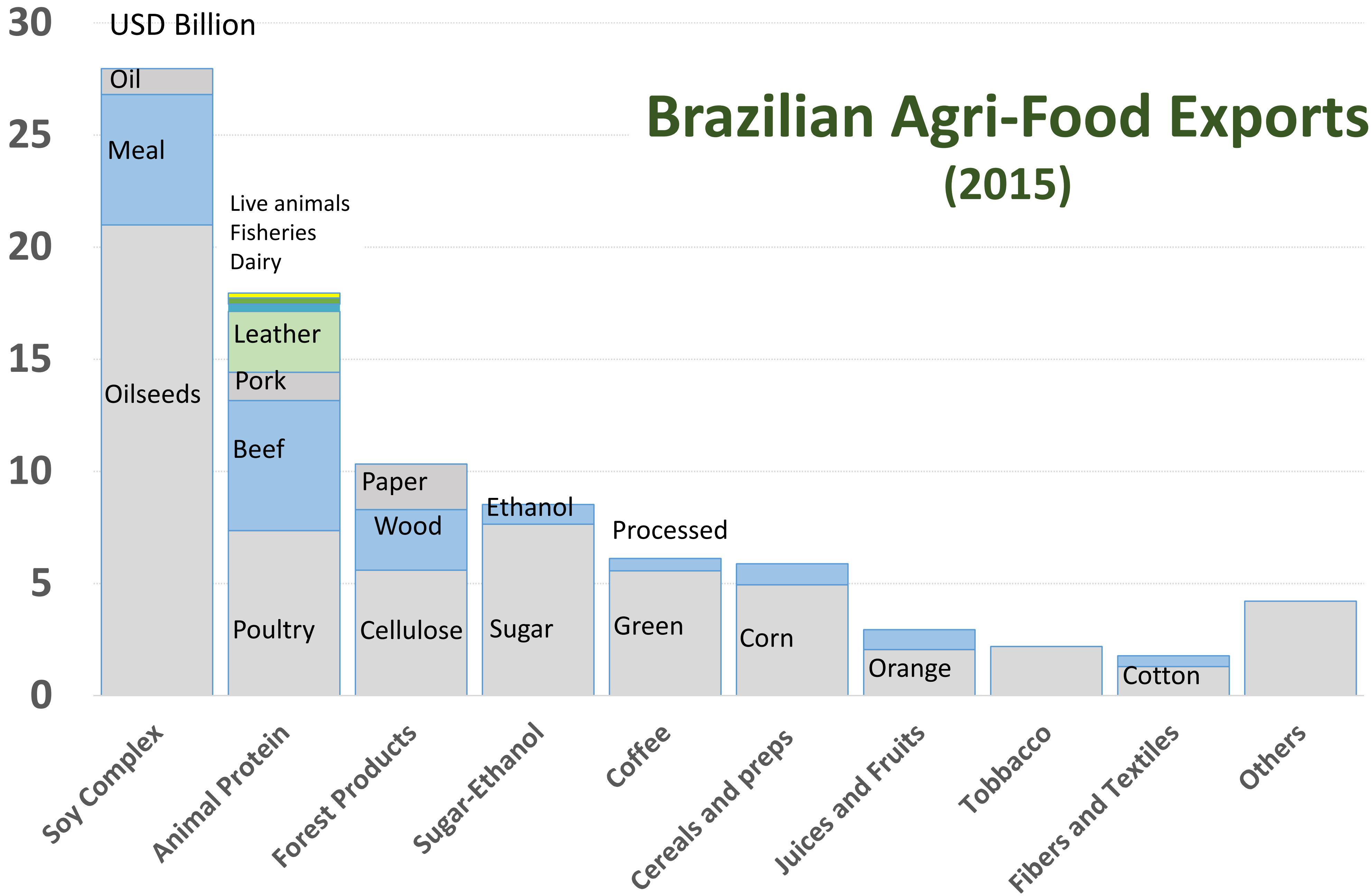
New Trends

- Individualized & emotional needs
- Environment issues
- Animal welfare
- “Buy local”, fresh
- GM/antibiotics free
- Organic, veggie, bio
- Land use changes

Productivity → Integrated food chains → Segmentation Customization

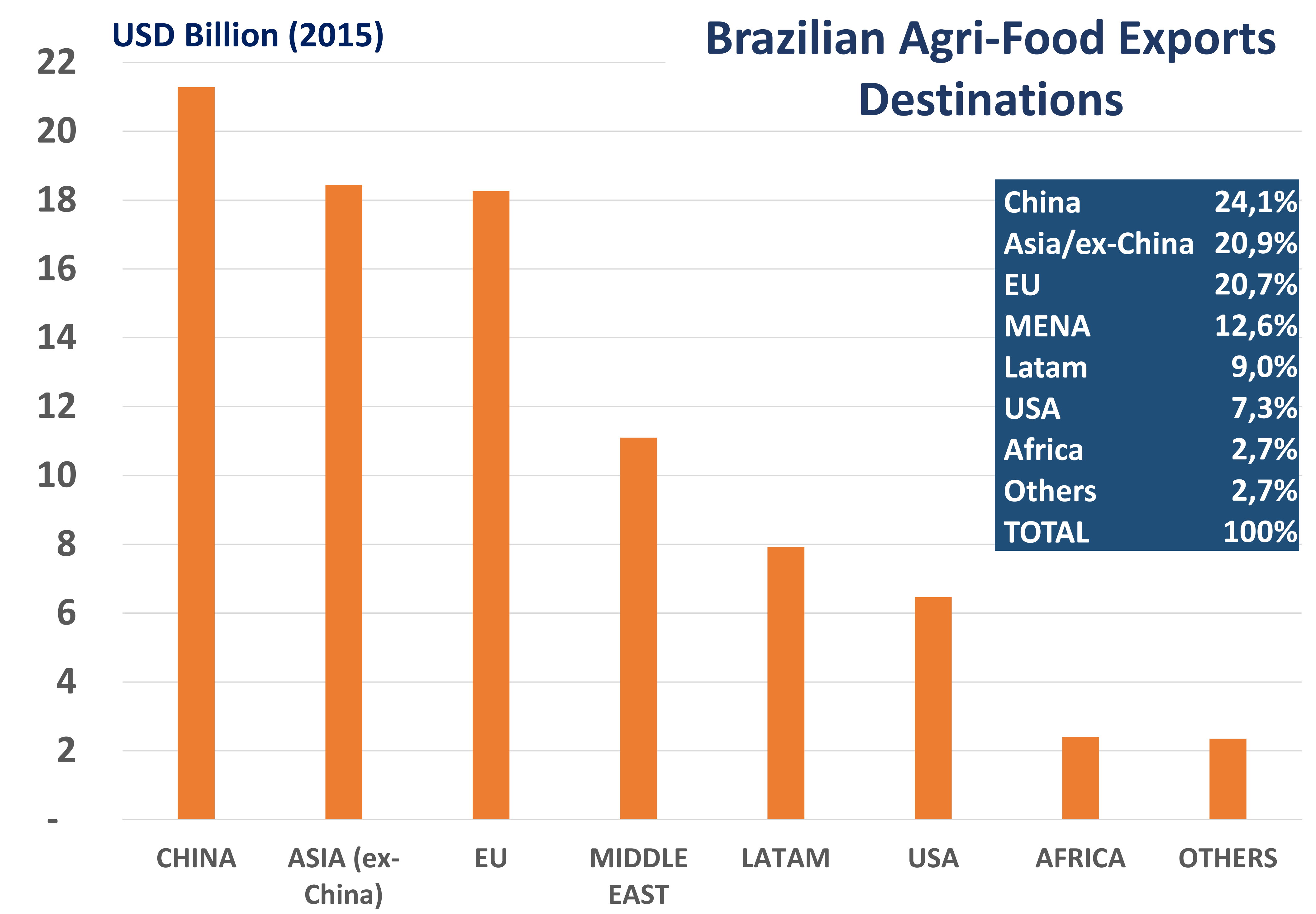
Elaboration: BRF (Marcos Jank). LDC: Least Developed Countries.

Brazilian Agri-Food Exports
(2015)



Exports: Brazil: USD 191 billion
Agri-food sector: USD 88 billion (46%)

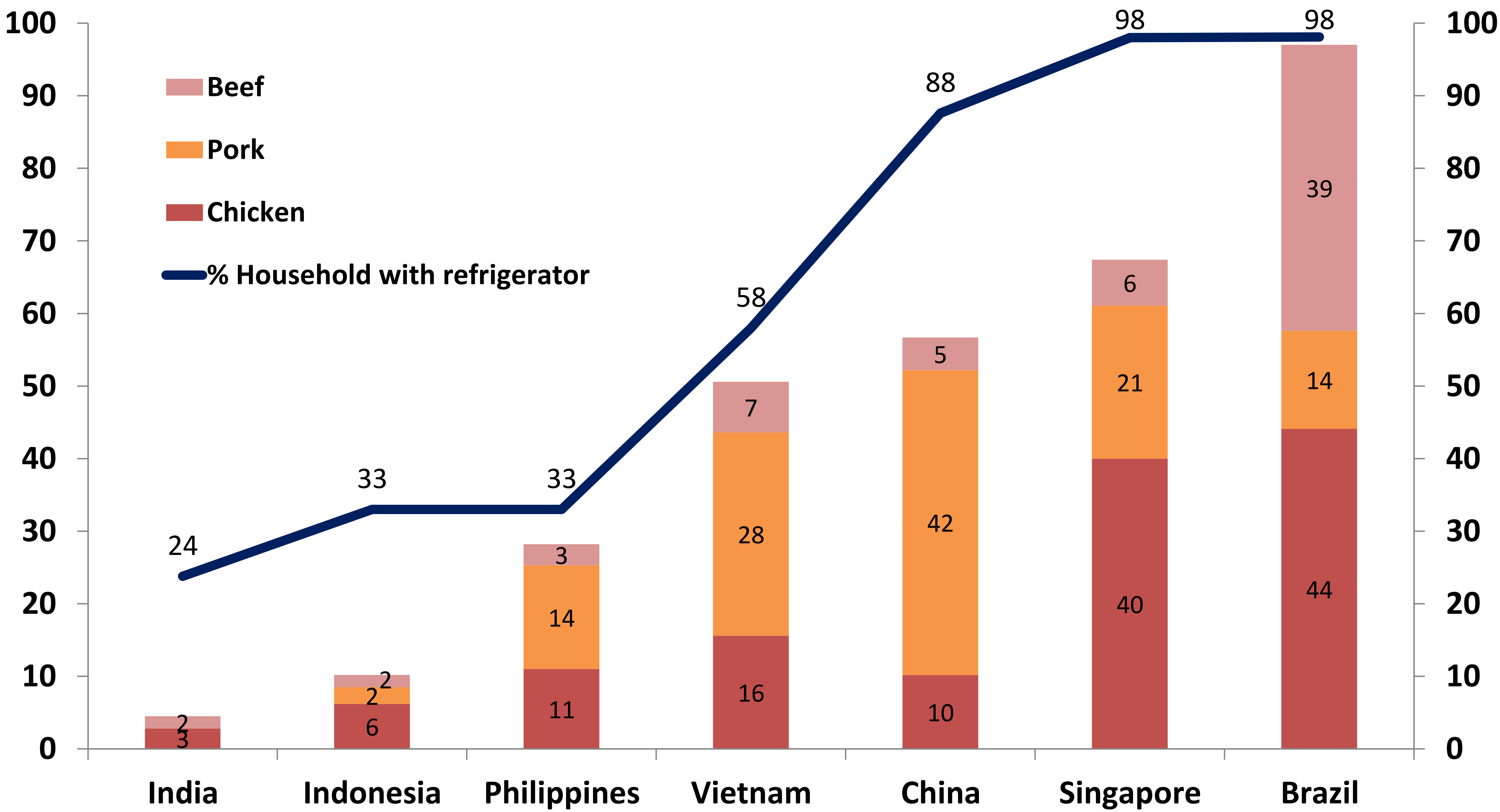
#3 world exporter, > 200 countries, traditional commodities: > 90%



USD Billion (2015)
Brazilian Agri-Food Exports Destinations
22
20
18
16
14
12
10
8
6
4
2
-
China 24,1%
Asia/ex-China 20,9%
EU 20,7%
MENA 12,6%
Latam 9,0%
USA 7,3%
Africa 2,7%
Others 2,7%
TOTAL 100%
CHINA
ASIA (ex-China)
EU
MIDDLE EAST
LATAM
USA
AFRICA
OTHERS

Refrigerator Ownership x Meat Consumption

Growth of household refrigerators ownership is favouring the consumption of perishable products, including meat



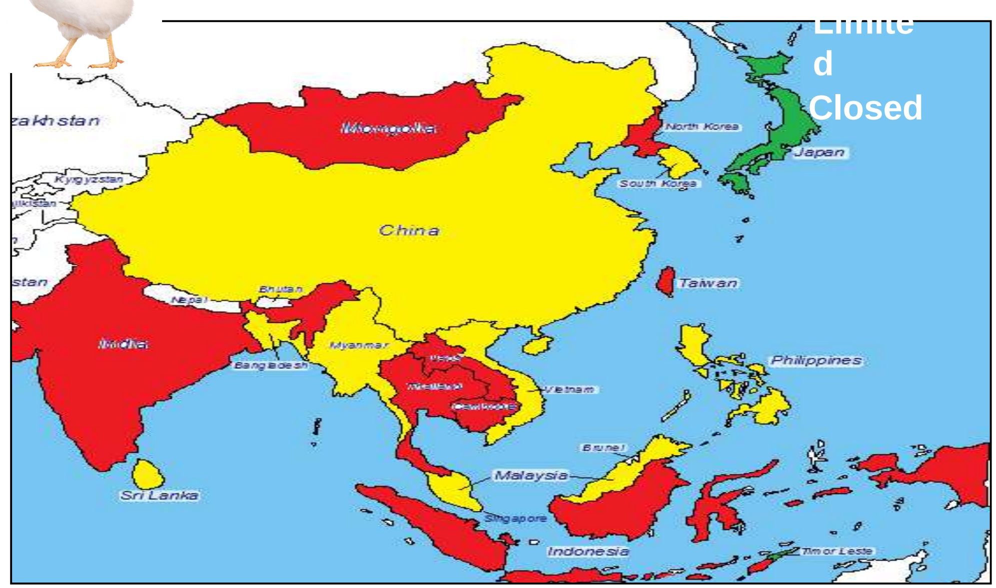
Fonte: Rabobank, FAO, OCDE. Elaboração: M. Jank BRF

Asia - Market access for animal protein more difficult than feed

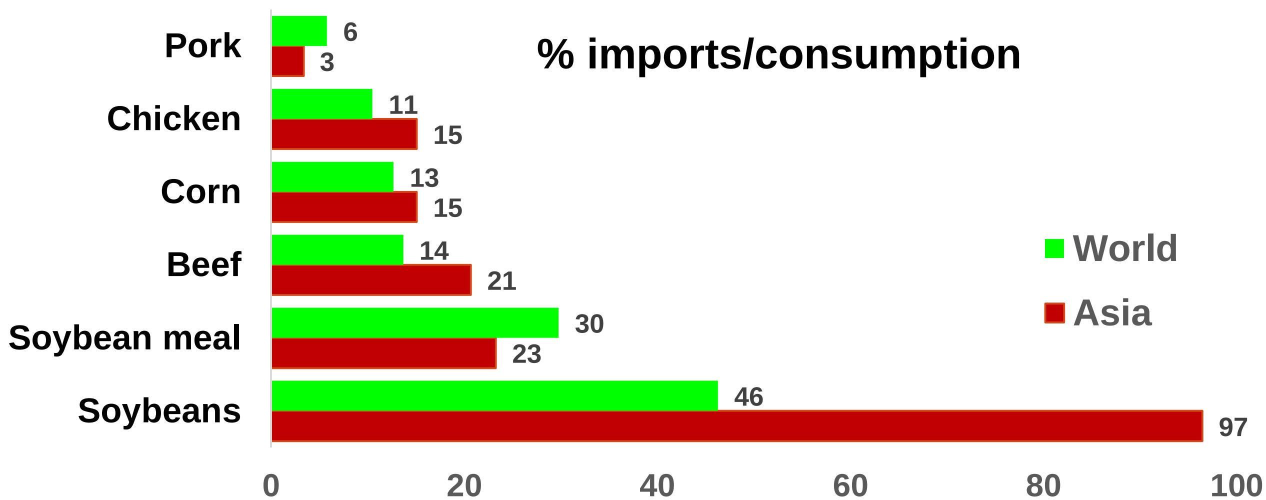
Soybean: free access

Note: Assessment of market access based on tariffs and NTMs for frozen chicken and soybean meal

Chicken: Access remains an issue in Asia



Open Limited Closed



Sources: 1. USDA reports on Livestock & Poultry, Grains and Oilseeds (2014 data) 2. OECD-FAO Agricultural Outlook 2014.

Note: For soybeans, crush volume is approximated for consumption volume.

Conclusions

Agenda	OLD	NEW
Drivers	food security	food safety, quality, value added, new trends
Relationship	spot markets	contracts, traceability, certification sustainability (water & carbon footprint),
Markets	traditional/wet	refrigeration, modern retail, food service, QSR, brands
Trade	Tariffs and quotas	NTBs: sanitary, technical (TNT), burocratic (plant approvals), environmental, private standards. New generation of trade agreements (TPP, convergences)
Geographic focus	developed countries	emerging economies: Asia, East Europe, Africa
Food companies	commodity exporters	consolidation, local players in 3rd countries globally integrated supply chains

Brazil: five international challenges

Competitiveness
Productivity, Costs
Infrastruture

Market Access
Advocacy, Awareness
Trade negotiations

Value Added
Trade Promotion
Differentiation

Image
Institutional Comms
Sustainability

Internationalizatio n
Companies and Associations
Global Value Chains

GLOBAL AGRIBUSINESS FORUM

Obrigado!   Thank you!

marcos.jank@brf-asia.com