

INSIGHT: Other (Non-ASF) Industry Challenges to Look Out for in 2020

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16 December 2019 - African swine fever (ASF) may very well have been a dominant theme and at the top of everybody's minds in 2019 - being such a disruptive event, it is hard to compare to any other factor - but the virus is not the only challenge to the animal nutrition industry.

Feedinfo News Service popped the question, *'if you were to name ONE additional threat/challenge that your company will be keeping an eye on in 2020, what would it be?'* to senior executives of leading global animal nutrition companies (compound feed businesses, premixers, and feed additive firms), they answered the following:

Trade wars/bans

Adriano Marcon, President, Cargill Animal Nutrition: "Trade wars may represent significant threats for countries involved in disputes and beyond. Trade allows food to move to where it is needed, when it is needed – across countries, continents or oceans. Trade restrictions, conversely, limit access to food, artificially raise prices for consumers, divert food from markets in need, and send mixed signals to farmers as they make investment decisions."

Franz Waxenecker, Managing Director, Biomin: "Apart from any specific pathogen or disease, I would say one of the biggest risks is increasing friction with regards to global trade in the form of trade wars, import restrictions, etc., which has an impact on the purchase/sale of agricultural commodities, specialised inputs such as feed additives and final products."

David Dowell, Executive Vice President and COO, Novus International: "Trade negotiations continue to be issue that must be monitored and managed actively. Given the large global footprint of Novus, we have been able to see the impact these trade disputes have created for our customers and their suppliers. This is important because it clearly has resulted in a shift in products and production in different regions around the world. From a feed additives perspective, it's important that we are able to support our customers when these shifts in production occur."

Geert Wielsma, Vice President Business Development, Perstorp: "Trade wars between China and US, Brexit etc. will complicate life for everyone including our industry. It will become increasingly difficult and unpredictable to do business internationally. Similarly countries policies on for example antibiotic reductions or product registration requirements and other rules and regulations seem to change overnight sometimes making it challenging to do business or form long term strategies."

Dr. Stefan Mack, Head of Know-how Development & Technical Services Marketing, Evonik: "The reduction or even ban of the use of antibiotics in animal production to avoid antibiotic resistance of pathogenic germs is one of the key issues in the global feed industry. This trend follows consumers' requests for safe meat without antibiotic residues. Currently, China's legislation takes strong efforts to follow the consumer concerns by banning antibiotic growth promoters as a first step."

Animal welfare, environmental pressure & communicating with the consumer

Patrick Charlton, Vice President, Alltech: "Present mainstream views are not positive with regard to the animal production industry's carbon footprint and sustainability. Yet, we believe that agriculture has the greatest opportunity to positively shape the future of our planet. The industry needs to respond on several fronts. It begins with understanding the true impact of our carbon footprint and then advancing new technologies, farm management practices and business models. Most importantly, we as an industry need to come together, across segments and geographies, to communicate the story and the facts with governmental groups, media and consumers."

Aart Mateboer, Business Unit Director, DuPont Animal Nutrition: "One of the biggest threats to the animal protein industry is to ignore clear consumer demand for nutritious, healthy and safe food that is produced in a sustainable manner. Failure to demonstrate commitment to this cause will result in loss of trust, loyalty and engagement. Recognising the need to adapt and find effective solutions will require the support and collaboration of all industry stakeholders."

Bernhard Putz, Vice President Global Marketing, DSM Animal Nutrition & Health: "The major challenge we oversee is that by 2050 we will have to feed 9.7 billion people sustainably and responsibly, within our planet's finite resources. At DSM, we're focusing our expertise to support the livestock value chain

and address the challenges facing our planet. We strongly believe in sustainable food systems and that the livestock industry can be a part of the solution. We want to work hand in hand with our customers and value chain partners to provide tangible and actionable solutions to build a sustainable future.”

Stefaan Van Dyck, President of Kemin Animal Nutrition and Health, EMENA: “Consumer awareness. Consumers will be asking themselves, how sustainable is the animal protein I am eating? This will in turn draw the attention of the politicians and more regulatory measures can be expected. Issues such as food waste or GHG emissions will be big challenges for the industry, so we need to be proactive. Improved FCRs is an answer to consumer concerns and we are making big steps here but we somehow need to find a way to communicate about it better.”

Johan De Schepper, Member of Executive Committee & Business Development Group Director, Royal Agrifirm Group: “What is also worth keeping an eye on is the animal husbandry trend we are seeing coming from food by-products used more and more in animal feed. They tend to lack in nutrients. We have to take this into account and there is a need for solutions here.”

Steven Read, Chief Operating Officer, ForFarmers UK: “The agri sector is under increasing pressure in the more developed countries which are densely populated. Public sentiment vis-à-vis animal welfare is becoming more prominent and more influential, and the carbon footprint of animal husbandry in relation to climate change are more frequently high on the political agendas of some countries such as the Netherlands and Germany. This leads us to believe that focus on efficiency of resource use and therefore production will be a key trend in 2020.”

Co de Heus, CEO, De Heus: “It is very likely that we will see some reduction in the number of animals in Western Europe, especially in the Netherlands. At the same time there are good arguments against this course of action. The impact of animal protein production in Europe is relatively low while attention for animal welfare and reduction of antibiotics usage is high. Given the challenges we face to produce enough safe and healthy food worldwide a case can be made for higher productivity and lower impact, which is precisely the way most Dutch farmers operate.”

Laurent Genet, Chief Strategy Officer, Nutreco: “In 2020 and beyond, animal nutrition as part of the animal protein production industry should be primarily keeping an eye on itself. The way we produce meat, milk, eggs and farmed seafood is under close scrutiny from consumers and all other kinds of stakeholders. The overall sustainability of our supply chain and own operations, our impact on climate as well as topics often disregarded like animal welfare, plastic usage or social impact on communities, will hit us directly or through our clients. Showing substantiated evidence of achievements and improvement, turning towards circular agriculture, securing the commitment of suppliers, and engaging our clients are the right thing to do. Ultimately the consumer will have to take their part of the burden by paying higher prices but if we do not explain what we do and rebuild trust with consumers and other stakeholders, even our best efforts won't be rewarded. The best we can do is to team up and reach the consumer via the retailers and the farming organisations and tell them about the efforts put in place to bridge the gaps between animal nutrition, health and farm management.”