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The Food and Agriculture World Forum and Symposium 2009 in Budapest

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The International Food and Agribusiness Management Association (IAMA) serves as an effective worldwide networking organisation and acts as a functional bridge between the agribusiness sector, government, academics, consumer groups and non-governmental organisations. It has over 600 members from about 50 countries. IAMA also has corporate members e.g. Carrefour, Coca Cola, Danone, Monsanto, Nestlé, Pioneer, Rabobank, Royal Ahold, Syngenta, Unilever, etc.

The Annual IAMA Conference is a world-wide leadership forum stimulating strategic thinking across the global food chain and bringing together over 400 top food and agribusiness leaders, academics, government policy makers, consumers and other concerned stakeholders from around the world. At the Budapest event in 2009 more than 420 high-level people from 52 countries took part.

A tense and very sensitive transition is under way in Central Europe as the region moves from a closed to an open market system while integrating into the European Union. The Central European Countries (CECs) are important participants in the global agri-food market and seek to share solutions while strengthening their competitive global position. This conference provided regional solutions to global food system challenges while generating a dynamic and open exchange of strategies from top managers, policy makers and food experts from around the world.

The high level technical programme included almost 200 papers and 16 posters as well as several panel discussions which were held in the Europa Congress Centre in Budapest on 20-23 June 2009. The participants appreciated also the social events: the Welcome Reception in the Hungarian Agricultural Museum and the Presidential Banquet near Gödöllő were very successful. The World Forum and Symposium were sponsored by large organisations including OTP Bank, Coca Cola, Nestlé, the Ministry of Agriculture and Rural Development, Rabobank and Auchan.

The whole event included:

- Scientific Symposium (122 papers and 16 posters)
- Case Conference (21 cases)
- Student Case Competition (9 teams)
- FAO Workshop (16 papers)
- Special Discussion Sessions (7 sessions with 23 papers)
- Bridge Session: Agribusiness Education in Past, Present and Future (5 papers)
- World Forum with nine Sessions (30 papers and 9 panel discussions)

The opening plenary lecture of the **Scientific Symposium** given held by Professor Ernesto J. Gallo, Zamorano University, Honduras with the title „Megatrends Shaping the Future of Agribusiness”. He analysed the Megatrend Drivers from the consumer’s side, the firm’s side, and the suppliers’ side and from the market’s side. On the demand side he addressed three points: the growing demand of the social groups, the current financial crisis and the 10 Fs of agribusiness demand which are competing for the world’s resources. The 10 Fs are the following: Food, Feed, Fibre, Fuels, Flowers, Forest, Fish, Pharmacy, Furfural (for Bioplastics), Foods (Drugs). According to several

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research projects, aquaculture is the most efficient way of producing protein foods for human consumption.

The Scientific Symposium included following sessions:

- Food Chain Management
- Innovation in the Food Chain
- Supply Chain Management
- Financial Risk Management in the Food System
- Agribusiness Strategies
- Customer Orientation and Marketing
- Food Quality and Safety
- Environmental Challenges and Rural Development
- Recent Developments in the field of Biofuels

The high-level scientific papers were presented mostly in the milk and meat but also in the wine, and fruits and vegetables, sectors.

The **Case Conference** was organised by the Harvard Business School, Agricultural Programme, USA and by the INHolland University, The Netherlands. The successful Alltech Case Study was presented in the Opening Session of the Case Conference. Under the 21 interesting Case Studies which were introduced were the following from Hungary:

- Organic Food – Organic Milk (Kaposvár University)
- Traditional Pork – Mangalica (Hungarian Meat Research Institute)
- Fresh Fruit and Vegetables (Szent István University)

The **International Student Case Competition** was one of the most interesting parts of the IAMA Conference where 9 university teams representing universities from Australia (Curtin), Canada (Guelph), Hungary (Budapest Corvinus; Kaposvár; Szeged), Netherlands (InHolland) and USA (New Mexico; Purdue; Santa Clara) competed with each other. The case study prepared for the preliminary round dealt with the business problem of the Bánffi family company in Szeged producing “soda water” bearing the Guaranteed Traditional and Special Trademark in Hungary.

Soda water case

Soda water constitutes an important chapter in the history of Hungarian gastronomic culture. Through time, soda water, also known as seltzer, has been a clever innovation that created a fast growing market for small family business ventures such as Bánffi Soda Limited Partnership (Bánffi). Soda water could be mixed with wine, i.e. consumed as “spritzer”. However, the Managing Director faces many challenges in the years ahead, first among them rapidly declining industry sales. While his industry was heavily influenced by tradition, he wondered if it was time for a new strategy.

A SWOT analysis was completed through in-depth interviews with the Managing Director, István Bánffi. In order to analyse the situation at Bánffi Soda it was important to look at Porter’s five main forces: barriers to entry, suppliers, competition, customers and substitutes. The strategic planning by teams was based on market segments analysis, product life cycle analysis and marketing mix. The following three questions had to be answered by the nine student teams:

- 1) Summarise the situation for the Bánffi Soda Limited Partnership as you see it.
- 2) Develop and analyse several opportunities for Bánffi.
- 3) What strategy do you recommend for Bánffi to pursue?

Comparing the innovative and inspiring solutions submitted by the finalists for new development and marketing strategies in the short, medium and long terms, we can establish that the Bánffi Company has an opportunity to develop its traditional Hungarian roots into a sustainable, innovative producer of quality seltzers throughout the EU.

Evaluation was performed in compliance with the following seven points of view included in the IAMA Judging Guidelines:

1. Situation Analysis
2. Decision-Making and Recommendations
3. Quality of the Executive Summary
4. Quality of the Power Point Presentation
5. Overall Quality of the Oral Presentation
6. Responses to the Judges' Questions
7. Creativity and Originality

A score sheet was used to score each team (1-5). Ranking of the teams was arranged according to the numerical scores achieved. According to the decision of the Jury, four teams gained the right to take part in the final round. These were: University of Guelph; Santa Clara University; Szeged University and Purdue University.

Green Care Amsterdam Case

During the final round the teams had to find a solution for a timely agribusiness problem outlined in the Green Care Amsterdam Case. The term 'Green Care' (also known as: Farming for Health, Care Farming, or Social Farming) is defined as the use of farms as a base for extra-mural care, promoting physical and mental health. These farms are used to provide work-related or recreational activities for a wide range of care patients, including psychiatric patients, children with educational problems, the mentally or physically disabled, ex-prisoners, former drug addicts, long-term unemployed, people with burn out, etc. The objectives of the project were to develop and professionalise Green Care services in order to create new possibilities for interaction between the city of Amsterdam and its rural countryside. The objectives, value chain and performance measures for the project were discussed in the People, Planet, Profit (3P) Business Plan.

At the end of the case they were asked to provide their evaluation of the project and make recommendations as to what should be done to improve the performance of the project:

1. How would you evaluate the 3P- business performance of Green Care, given the data in the case?
2. What recommendations would you make in order to make the overall Green Care Farm project more successful, given the several different stakeholders?

According to the original idea of the Szeged team, they suggested reintegrating the unemployed people into society. Then the expenditure they impose on the state, such as unemployment benefit, will be decreased. On the one hand the expenditure of the government will be less. On the other hand, the reintegrated unemployed people could generate a higher consumption in the local market as well, which would also increase revenues of the local farmers. This system is able to create a direct connection between the state, firms and society. They emphasized the importance of local growth by the new marketing system. By adding these new factors into the system the PPP model can be more beneficial.

Based on the judges' collective evaluation, the Student Case Competition winners were as follows:

- I. University of Guelph, Canada
- II. Santa Clara University, USA
- III. Szeged University, Hungary

The Szeged University was awarded a prize for the best European team as well. We would like to express gratitude and thanks to the following persons who assisted the many phases of both content and delivery of a successful SCC.

Co-chairs: Gregory Baker, Santa Clara University, USA and Imola Kisérdei-Palló, Ministry of Agriculture, Hungary

Advisors from Hungary: Csaba Forgács, Budapest Corvinus University; Viktória Szente, Kaposvár University; Ágota Panyor, Szeged University.

Judge from Hungary: György Raskó, President of Csopak Holding.

On the first two days of the 19th Annual World Forum & Symposium a joint **FAO-IAMA Workshop** was held with following sessions:

- Overview of Agri-food Sector Development in Central and Eastern Europe
- Linking Farmers to Markets
- Enabling Environment Reforms
- Supply Chain Management and Agri-food Sector Competitiveness
- Implications for Poverty Reduction and Rural Development

Special attention was paid to the vertical coordination related with chain quality management in the agri-food sector of the Central and Eastern European countries as well as in the Western Balkans. Foreign investors are already well aware of strategic chain management in their home countries but know-how transfer is still problematic due to the new local environment where even basic infrastructure requirements are often missing and have to be created. However, due to the rising food quality demands and to the increasing competition in the food business, vertical coordination shall also be intensified in transition economies. Development has started in this region as well: a literature review shows that in the transition countries vertical coordination and hence Western investors are using chain management involving local processors and retailers.

The following seven **Special Discussion Sessions** were successfully implemented after the Scientific Symposium:

- Metropolitan Agriculture: Creating the Next Green Revolution?
organised by TransForum and Alterra, The Netherlands
- Food Dynamics and Innovation: The Challenge of Sustainability
organised by International Centre for Food Chain and Network Research, University of Bonn, Germany
- Market Opportunities for Hungarian Wine and Spirits
organised by the Hungarian Association of Food Science and Technology as well as by the Hungarian National Committee of the European Organisation for Quality, Hungary
- Biofuels Session I: Tension between the 4 F's Food – Fibre – Fuel – Feed
organised by the McLaren Holdings, Argentina
- Sustainability in Agri-Food Chain – Global Reporting Initiative
organised by SAI Platform, GRI, INHolland University, Baker Tilly International and Rijnconsult/ACE, The Netherlands

- Market Oriented Strategies to Revitalise Albania's Agricultural Industry organised by University of Hawaii, USA
- The Next Green Revolution organised by Brad Roberson and Dr. Edwin Price of the Borlaug Institute for International Agriculture, USA

Mary Shelman chaired the **Bridge Session** and provided an overview of agribusiness education programmes in the USA. An over-arching theme of the session was that employers are often global, with managers and leaders needing to be multi-skilled with an ability to handle risk. In addition, there is an emphasis on "soft skills" that are not often taught in schooling. There is a shortage of qualified agribusiness professionals in the USA. There is a growing need to convey the importance of agribusiness to young children and to engage them early in order to prepare them for agricultural jobs in the future.

Joydeep Bose is President and Global Head of Human Resources at Olam International in Singapore, a supply chain management company of agricultural raw materials. It processes 25% of the world's cashew nuts and is the third largest procurer of cotton. In the last five years, it has grown at a rate of 26% per year. Olam is the supplier of choice to many large brands. Olam's core competencies are its origin capabilities, its trading, marketing and risk management, and its unique competitive position. It buys directly from producing countries, it establishes strong relationships with customers and it has a unique combination of origins and sourcing capabilities. Areas for future potential growth in agriculture include Latin America and Sub Saharan Africa where talent must be developed.

Marcos Fava Neves, Professor of Planning at the University of São Paulo in Brazil, noted that the concept of agribusiness was not launched in Brazil until 1990. It was not until 1994 that the Silent Revolution of Agriculture occurred in Brazil to make it a well-respected centre for research and innovation. The speaker characterised global challenges as suffering from food and fuel myopia. He surmised that meeting industry needs includes developing integrated research groups as think tanks and supply methods for sustainable business projects. He concluded that human capital requires a global family, knowledge, socialisation, inclusion, acceptance and tolerance in order to develop solutions to arising challenges.

Csaba Forgács, Associate Professor from the Department of Agricultural Economics and Rural Development at the Budapest Corvinus University, based on a paper written with two co-authors (Gábor Szabó, Debrecen University and Csaba Székely, West-Hungarian University and Szent István University, Gödöllő), spoke about the centrally planned economy of Hungary after WWII. The first educational reforms occurred in 1968. The most powerful educational reforms occurred in 1989 and in the following decade led to a new curriculum meeting international standards. Forgács stressed that the curriculum will need more changes in the future, to reflect factors such as environmental challenges, social changes, technological development, globalisation and the current economic and financial crises among others.

Aidan Connolly, Vice President of Alltech Biotechnology, spoke about the nature of Alltech and its employees. Alltech is a leader in providing natural nutritional solutions to the animal food industry. The company is currently growing at 20% annually, demanding an increasing need for talent. The workforce at Alltech is well educated, with a large portion of recruitment done through universities, internships and relations in the industry. The most critical success factor for employees is "fire in the belly," something not often included in schooling. Alltech believes in "investing in people" through customised programmes and mini MBA programmes. Connolly concluded that the leaders of tomorrow must be innovative, proactive, quick to react in a crisis and IT savvy.

The World Forum's Welcome Session was chaired by **László Vajda**, IAMA President, Hungary. **Csaba Molnár** Minister of the Hungarian Prime Minister's Office, **Sándor Csányi**, Chairman and CEO of OTP Bank Plc. Hungary and **Jerry Siebert**, Executive Vice President of IAMA, USA welcomed the participants with short presentations.

The **First Forum Session "Global Challenges, Local Solutions: Trends in Food and Agribusiness"** discussed trends in the agri-food chains of the world. **Chris Peterson**, Professor at Michigan State University from the USA, chaired the session.

Csaba Csáki, Professor and Head of Department at Budapest Corvinus University spoke about Central and Eastern European agriculture, which supplies 17% of the world's agricultural production. The average share of agriculture of the GDP in this region is 10% compared to a world average of 3%. While agriculture is an important part of the economy for this region, the role of agriculture in GDP has recently been decreasing. Csáki listed a number of challenges that countries in Central and Eastern Europe must meet including European Union (EU) membership, the increased competitive nature of domestic markets and the agri-food sector and the economic crisis. In general, gross farm income per hectare in this region is increasing, partly due to subsidies. Exports are increasing in many countries, such as agri-food and beverage exports in Poland and Hungary. Foreign investment in the agro-sector is increasing, specifically for high value-added products. However, the share of foreign owners in Hungary is decreasing. Csáki concluded that there have been many visible developments in Central and Eastern Europe. EU membership has created overall positive impacts while the global crisis has had both positive and negative impacts for individual countries. With significant diversity in the Central and Eastern European countries, the initial conditions and national policies of each country have a significant impact on their outcomes.

Hans Jöhr, Corporate Head of Agriculture for Nestlé in Switzerland, spoke about the importance of agriculture and sustainability in the EU. Europe relies heavily on imports, with significant constraints in respect to land, water and energy. With the world population expected to reach 9.7 billion by 2050, the growth in output demand will lead to substantial changes in the productivity and efficiency of production methods and systems. This will include the smarter use of natural resources without waste, pollution or destruction. The dissemination of better practices needs to begin with spending on primary education and on road and extension services. The speaker stated that more people die from natural poisons than from chemical toxins partly due to a lack of information. Improved roads help link farmers to markets and increase the flow of goods and information. Hans Jöhr explained the importance and cost-effectiveness of extension work: the rate of return to extension work is 13% to 500%, an amount far surpassing R&D. In Pakistan, Nestle worked with women in poor farm communities to establish the "Barefoot Vets" to offer reasonably priced veterinarian services including milk collection, feed supplies and animal clinics. The programme created income-generating opportunities and market linkages for women with few other options. The project trained 4,000 women at a cost of only USD 50 per woman. This is a very small price for such powerful results. In conclusion, Hans Jöhr stated that the most important topics for Nestlé are nutrition, rural development, water and agriculture. The company needs people in the supply chain who are "ready to serve, are well educated, and are humble" in order to pursue these areas of focus.

The **Second Forum Session introduced "How the Visegrad – 4 Countries are responding to Global Challenges"**. The Chair of the Session was **Jan van Roekel**, Managing Director of STIRR, the Netherlands. **Tomas Kreutzer**, Director for the Federation of Food and Drink Industries in the Czech Republic spoke about the current challenges facing the Czech Republic, including the harmonisation of EU legislation, the transformation into a market economy and the building of institutions. When the Czech Republic joined the EU in May 2004, it had a planned economy in

which actions not allowed by law were forbidden. This is very different from the market economy it is working toward in which all actions that are not forbidden by law are allowed. With a market economy come the issues of monitoring safety criteria and quality. Under a planned economy, an authority defined quality, and quality was average with consumers protected by a weak selection. Under a market economy, quality is defined by the consumer, quality is much higher and selection is much more diverse. Kreutzer identified the significant market power of the retail chain as another challenge creating an unbalanced relationship between the supplier and customer. He listed the key challenges of the food and drink industry for the Czech Republic as: ensuring healthy choices for consumers, developing quality products, labelling, and assuring safety.

György Raskó, President of Csopak Holding in Hungary, spoke about the losses to the food industry in Hungary after its accession to the EU. The food industry has also been negatively affected by the economic and financial crises. In particular, the demand for processed branded labels has declined, the loan capacity of banks is minimal, and many meat and poultry companies are threatened with bankruptcy. The change to a market economy and joining the EU has led to more competition and higher prices which is good for producers but has led to struggles in the processing sector. Profitability is very low in this sector, which is mainly explained by the high bargaining power of dominant retail chains. While the food industry is suffering, farming has further opportunities. EU subsidies and new investments brought success especially for large-scale oilseed and cereal producers. Solutions to these issues, in Mr. Raskó's opinion, are to reduce taxes, move to more market oriented production and more innovative marketing practices.

Gerd Boeckenhoff, General Manager of Rabobank in Poland, presented a very different Poland perspective. The food and agriculture sector in Poland has grown faster than the overall economy since joining the EU in 2004. This is partly due to an increase in direct payments per capita income of farmers. Domestic growth drivers include an "attractive market in a supportive environment," while foreign growth drivers include a trade surplus with an increasing share of exports and trade. Challenges facing Poland are a lack of distribution logistics, a lack of certification/trading, a lack of horizontal and vertical integration and a lack of market consolidation.

Igor Mancel, Chairman of the Wine Growers Union of Slovakia in the Slovak Republic spoke about the wine industry of the Slovak Republic. The introduction of quality categories and imported wines has led to competition. Nevertheless there is a need for better competition between wines. Labelling with vintage and variety can play an important role but the requirements of globalisation and rationalisation are in conflict. Globalisation wants to reduce the importance of origin and wants to increase the importance of big markets.

Pál Molnár, Professor at Szeged University and President of HNC for EOQ, Hungary chaired the **Session "Food Products for Health and Well-being: Global and Local Developments"**.

Diána Bánáti, Director General of CFRI and the Hungary Chair of EFSA MB in Italy, began by addressing consumer concerns in Europe. Consumers are worried about food safety, especially in Italy, Greece, Hungary and Latvia where there have been a number of food scares. Consumers' concerns are not always based on facts. With respect to GMOs, consumers fear that technology can get out of hand. It is either the prospect of too much danger or too little information that often turns consumers away. Risk management becomes more complicated and requires timely information for a quick response. Companies should be able to address societal concerns, assess emerging risk, identify scientific uncertainty and dialogue proactively with risk managers, stakeholders and consumers. Bánáti summarised that (1) excellence in science, (2) independence, (3) openness and transparency and (4) responsiveness are the key elements for a firm to manage food safety and communicate with its stakeholders.

Antonio Di Giulio, Head of Unit, Food, Health and Well Being for the European Commission in Belgium, spoke about future challenges for the food industry. The world population will grow mainly in Asia and Africa, and demand for energy will also increase resulting in unstable energy prices. The changing nature of production is a cause for concern and economic strategies for growth will demand applying processes that have been developed elsewhere (imitations) and developing new innovative products and processes (innovations). The food chain plays a vital role as most of the value is developed in processing rather than in products. However, the current challenges for the agro-food industry (innovation) and consumers' protection will rely on more robust scientific data. This will require further investment in product research and development, which supports new innovations in nutrition science. Public and private partnerships that leverage both private investments with the support of public funding at the regional, national and transactional level is inevitable.

Joan Prats, Corporate Responsibility Director for Health and Well-Being for the Coca-Cola Europe Group in Belgium, spoke about Coca-Cola's role in tackling obesity and maintaining a balance between energy intake and energy expenditure. The development of obesity has been fuelled by a number of factors at the individual, community and global levels. Obesity is a complex issue that cannot be simplified by a single solution. A multifactor approach is required as a matter of public health priority. It is also vital that effective public policy be grounded in solid nutritional and behavioural science. Health and wellness is at the heart of their strategy in a practical and innovative way. Coca-Cola is working together with other stakeholders to address the obesity issue.

Hilary Green, Head of R&D Communications for Nestlé S.A. in Switzerland, spoke about Nestlé's global presence as well as its local presence serving a large market and catering to local traditions and needs. R&D and innovation play an important role for Nestle, with 27 R&D centres worldwide. The Nestle Nutrition Council is composed of internationally renowned nutritional scientists who review nutrition issues and advises senior management of its impact on Nestlé's policies and strategies.

The **Biofuels Task Group** hosted two sessions in Budapest. They were organised and chaired by **Hector Laurence**, President and CEO of McLaren Holdings, Argentina and former IAMA President. The first Biofuel Session was held under the Specific Discussion Sessions with following Speakers: **József Popp**, Deputy Director General, Research Institute of Agricultural Economics, Hungary, **Jordi Rossell**, Professor at the Applied Economy, UAB, Fundacion Triptolemos, Spain and **Laszlo Mathe**, Bioenergy Coordinator, WWF International / WWF Scotland, United Kingdom. The Speakers at the Forum Session were **Marcos Jank**, President of UNICA – Sugar and Ethanol Exporters Association, Brasil, **Hector Huergo**, Director of Diaro Clarin, USA, and **William Scott**, Vice President of Agland Investment Services Inc., USA.

The speakers expressed the view that biofuels is a new and rapidly growing agro-industry driven by the pursuit for energy independence, high petrol prices, and alternatives to fossil fuel consumption, sustainability and environmental concerns. Yet competition for the same natural resources is creating tension among the food, feed, fibre and fuel sectors. This session provided accurate data on supply projections, comparative costs, new technologies, trading opportunities and barriers. A team of panellists explored the answers to the following questions: What have we learned from the 2008 financial crisis? Are biofuels responsible for the increasing food prices? Is the biofuel industry sacrificing sowing land? What surface of the world is being used for the production of biofuels? What percentage of the industry is practicing sustainability? Where are the international trade barriers and opportunities? What is the five-year forecast for predicting future demand?

Jordi Rosell shared his perspective of the biofuel market in Spain. Rosell criticised the directives and policy investment on biofuels in the EU. On one hand, Spain is a net importer of oilseeds, so an increase in biofuel production causes an increase in the national trade deficit. On the other hand there are reasonable doubts concerning the impact of biofuels on overall carbon emissions. Rural development does not benefit from biofuels in Spain as biofuels production factories are mainly in port areas.

Laszlo Mathe believes biofuels are crucial to reduce the world's carbon emissions, which are having an extremely negative impact on world climate. However, the policies on stimulating the use of biofuels have to take into account food security, survival of small producers and indigenous people's rights. Mathe introduced a set of tools of impact assessment and certification tools that WWF is currently using with international organisations in the field of sustainable production. However, he stressed that globally harmonised systems of impact assessment and certification are increasingly needed. Brazil processes sugarcane for ethanol production; a method that has proven to be eight times more efficient than coal when comparing the amounts of pollution generated. Sugarcane also produces potassium as a by-product, which re-fertilizes the ground after harvest.

Michael Cook, Professor at Missouri University, USA, chaired the Session „How Governance Policies and Strategies Affect the Agri-Food Sector”.

László Vajda, Director General at the Ministry of Agriculture and Rural Development, EU Coordination and International Affairs in Hungary, described how Hungarian government policies have adapted to a changing environment. Beginning in 2005, the EU decided that it needed better regulations in order to achieve key political, social and economic objectives to reduce administrative burdens by 25% by 2012. Hungary experienced dire difficulties the first two years, but after the third year recorded better results by increasing its foreign trade balance, increasing farm incomes and adapting the new legislative and market environment. However, challenges common to all still exist. Climate change, renewable energy sources and the biodiversity of water management will demand strong cooperation from government, academia and business. This will be a future challenge undertaken by the Hungarian Ministry as it assumes the presidency of the EU Council in January 2011.

Marty Reagan, CEO of Ag. Processing, Inc. (AGP) in the USA, discussed how administrative changes in governmental policy will affect his company which is a large soybean cooperative in Omaha, Nebraska serving 200,000 producers and handling 6.5 million tonnes of soybeans per year. AGP is currently involved in renewable fuels and grain merchandising. Their largest challenge is change, because “change is unclear.” Change is present in the context of sustainability, climate, regulations and how they are interpreted, renewable fuels, and monetary and fiscal policy. Reagan stated that cooperatives have always been leaders of personalising food markets and that there are many opportunities for cooperatives that stay focused on long-term approaches while providing timely information to their producers. For AGP, its “primary goal [for biofuels] is to clear what is not needed for feed.” It is necessary to be pro-active rather than re-active.

Reto Battaglia, General Manager of Battaglia Food Safety Systems GmbH in Switzerland, spoke about China's rich history of product failures for both non-food and food items in fruits, tea; glass pieces in fruit, mushroom and vegetable preserves; and heavy metal contamination. The RASFF notifications of Chinese products have been increasing. As much as 12% or 355 of the RASFF notifications originated from Chinese goods and Hong Kong had roughly 50 notifications. These safety issues stem from negligence, sloppiness, ignorance and incompetence, but the overriding reason is the lack of food safety management. Battaglia explained that bad food from China gets more attention than any other source because, unlike other countries, the state guarantees the quality of exported goods and assumes full responsibility for those goods. Recently food safety standards

have been implemented in China, but there are still many problems and standards which are not tough enough. The Speaker concluded that quality from China is possible only if both processors and buyers take an active role and become more educated about food safety. Additionally, there are governmental and industrial efforts to strengthen food safety (food safety laws). So it is necessary to have quality assurance, knowledge of the food chain, a relationship of trust and fairness, plus audits, inspections and controls.

The Session “**Regional Products in the Global Arena: Connecting People with the Origin of Food**” was chaired by **Francesco Braga**, Professor at University of Guelph, Canada.

Erhard Hobaus, Head of Nutrition and Quality Assurance for the Ministry of Agriculture in Austria, spoke about the importance of consumers knowing the origin of the food they eat. Hobaus stated that 75% of people believe that products from consumers’ local regions will be more important for consumers in the future. In Austria, there are currently a number of different labels and categories for products that link them to regions by having certain characteristics or traditions. The goals of these labels include establishing sustainable organisational structures, developing attractive goods and services, and boosting regional partnerships.

András Sebők, General Manager for Campden & Chorleywood in Hungary, spoke about traditional foods in Hungary, with references to soda water and “chimney cakes” (kürtös kalács), which are traditional Hungarian products. András Sebők mentioned that unique bottlenecks exist in traditional food chains that include a lack of trust, limited resources and a lack of knowledge. Success in this sector therefore relies on quality approaches, collaborative capacity and resource use, and innovations in these areas.

Ariane Angelier, Head of the Office for Quality Signs and Organic Farming for the Ministry of Agriculture in France, spoke about food quality policy in France and the shared responsibility of economic operators, consumers and public authorities. Quality labels for products in France include those for place of origin, manner of production, and traditional values which are good and favour the environment. These labels often provide a higher value-added for producers of certain products such as wine and cheese. INAO (Institut National des Appellations d’Origine), under the authority of the Ministry of Agriculture, is a council dedicated to controls for products and labels including Label Rouge, PGI (Protected Geographical Indication), and TSG (Traditional Specialties Guaranteed). The mission of INAO includes defining the official quality and origin signs, participating in the control and administration of designations of quality and origin, and contributing to their protection in France and abroad.

Arnoud-Jan Bijsterveld, Professor at Tilburg University in the Netherlands, spoke about connecting regional identity with regional products. He stated that the threat to sustainable regional products was “fake lore” and the attitude of “When I want to promote a product, I just invent a fairytale”. Those commercial partners who are more eager to reach the market than to raise cultural awareness create challenges for traditional regional products. For example, in the Brabant region of the Netherlands, inhabitants experienced a loss of belonging and feared losing their cultural identity due to industrialisation and secularisation in the early 1900s. Regionalist movements evolved depicting (more or less) true images of the past along with inventing new traditions in order to revive a strong regional identity and forgetting the harsh reality of the past. Fake lore threatens authenticity, connectedness and quality among products. This is dangerous for sustainability. There is a potentially rich reservoir of regional food cultures readily available. Through fieldwork and interviews, history knowledge (stories, experiences, recipes, etc.) can be gathered. This information can be used for product innovation, tourism, education and cultural renewal through appropriation. This serves as major ingredients for sustainability, for the benefit of people, planet and profit.

Walter Armbruster, former President of the American Farm Foundation, chaired the **Session „Impact of the Retail Sector on the Value Chain”**.

Peter Feiner, Chairman of the Board of Directors for SPAR Hungary Trade Ltd, spoke about the Hungarian retail trade. In 2009, there was a large setback in consumption due to the economic crisis. The retail trade is subject to fierce price competition because of the significant media presence and a decrease in the number of independent small shops. It is subject to excessive regulations and there is a high degree of black-market trade and concerns related to suppliers so that the importance of brands is becoming increasingly significant. Feiner proposed that the tasks of the retail sector in the value chain are to measure consumer expectations and satisfaction, develop quality food based on consumer needs, purchase and control food from reliable sources and present quality foods in a safe environment for consumers.

Tibor Zsombor, Operations Director for METRO Trade Ltd in Hungary, gave an account of the retail sector from the wholesaler point of view. METRO learns about what customers want by talking with them. Customers demand fresh and tasty products, homogenous quality, reasonable prices, permanent availability and a professional approach. As a wholesaler, METRO aims to exceed customer expectations and urges producers to act in a similar manner.

Bernard Guntz, Director for Investment at Auchan Hungary Ltd., spoke about Auchan's role in the value chain. Auchan, an international retailer established in 1961 in Northern France, began internationalisation in 1981 and was founded in Hungary in 1995. Auchan has a presence in 12 countries. Their objective is to contribute to the local population by increasing the purchasing power of its customers. In recent years, globalisation has provided a positive experience for Auchan in spite of many pressures at the home, regional and national levels. The dynamic evolution of the company has also benefited its suppliers who have an opportunity for international appearances.

The **Closing Panel Discussion** had the current topic **“Global Economic Crisis: Strategies for Future Development”**, which was chaired by **László Vajda**, IAMA President. The Facilitator was **Carole L. Brookins**, Managing Director of Public Capital Advisors, LLC, USA. Other participants were **Paul T. Jasper**, President-elect of IAMA, USA, **Frans van Bijsterveld**, Head Food & Agribusiness Europe, Rabobank International, The Netherlands, **Jerzy Plewa**, Deputy Director General, DG Agriculture and Rural Development, European Commission, Belgium and **Johan van Rooyen**, University of Pretoria, South Africa.

The global economic crisis is having a broad impact across many sectors. Most notable is the crisis in financial institutions and markets as well as the impact on both developed and developing economies. In addition, commodity markets have been impacted and there are serious implications for the global food and agribusiness sector and its participants. This Session at the 2009 IAMA Forum discussed this situation and its implications for the food and agribusiness sector as well as strategies for managing its impacts and consequences. Its goal was to provide insights into the global economic crisis and its impact on the global food system. Financial markets have had an impact on food production. It has been difficult to secure financing for agricultural production. Until the financial markets are stabilised, the financial situation will be a problem for the food system. The decline in oil prices has had an impact in lowering input costs for agriculture, especially for fertiliser and fuel. However, a resumption of increasing oil prices will have a negative effect on costs.

Long term, the food system will have to respond to an increasing global population and incomes. Especially important are the emerging economies and their increased demand for value added food products as well as those that improve their diets. Response to this demand shift will

depend on credit, technology and natural resource availability, especially arable land and water supply. There are few areas in the world that have undeveloped potential. One of those areas is Africa, which also has the highest return on Foreign Direct Investment in the world. There is evidence that developing economies such as China and India are investing in Africa to secure desired food supplies as well as other commodities needed for their increasing economies and populations. In total, many changes will take place in the global food system over the long term. How participants fare in this changing scenario will depend on developing strategies that enable them to compete.

Opportunities for product innovation need to be identified and taken advantage of. Sustainable production methods, including those of suppliers, need to be developed. Lastly, human capital will be at a premium and programmes and strategies need to be put in place that develop human capital as well as inform, educate and provide overall direction and trust.

Globalisation remains a trend in motion for our food system. The financial crisis has increased pressures for trade protectionism and has increased industrial policy. Investment financing will be more difficult to attain and bear a higher cost. But the dominant trend of our global interconnection in markets, ideas and goods is here to stay. Banks and other financial institutions are already essentially being nationalised or brought under very tight supervisory controls. In trying to shore up their capital base, they have tightened credit to both the commercial and consumer markets; and this credit tightening has reduced income growth even further while raising unemployment.

Short summary: On the World Forum and Scientific Symposium in Budapest many high-level papers were presented and discussed. Several professional and scientific cooperations could be prepared, e.g. regarding the future of sustainable agriculture as well as innovations in the agriculture and food industry. Famous authorities' presentations delivered in the conference also confirm our conviction that the agri-food sector could play a key role in getting away from the present-day economic crisis as well. Experiences gained in the World Forum may provide all of us with a firm basis to consolidate the strategic role of the agri-food sector throughout the world. The World Forum could not give a comprehensive solution to the global challenges of the present days but highlighted a great variety of possible local responses it wanted to give support to for facing them.

After the Closing Session of the World Forum **László Vajda** handed over the presidency of IAMA to **Paul Jasper** (USA), who invited participants to the jubilee 20th World Forum 2010 in Boston (USA).

The turbulent business climate for the agricultural sector continues to provide challenges and opportunities for agribusiness firms. The theme of the 20th Annual World Forum and Symposium on 19-22 June 2010 “**Navigating the Global Food and Agribusiness System in a New Era**” was chosen not only to celebrate the 20 years of success of the International Food and Agribusiness Management Association (IAMA), but equally importantly to focus on the future opportunities in this increasingly dynamic industry.

Further information: www.ifama.org.