



# *Navigating...*

*...Geopolitics and Economic Turbulences, ESG & Food Security*



*September 2023*

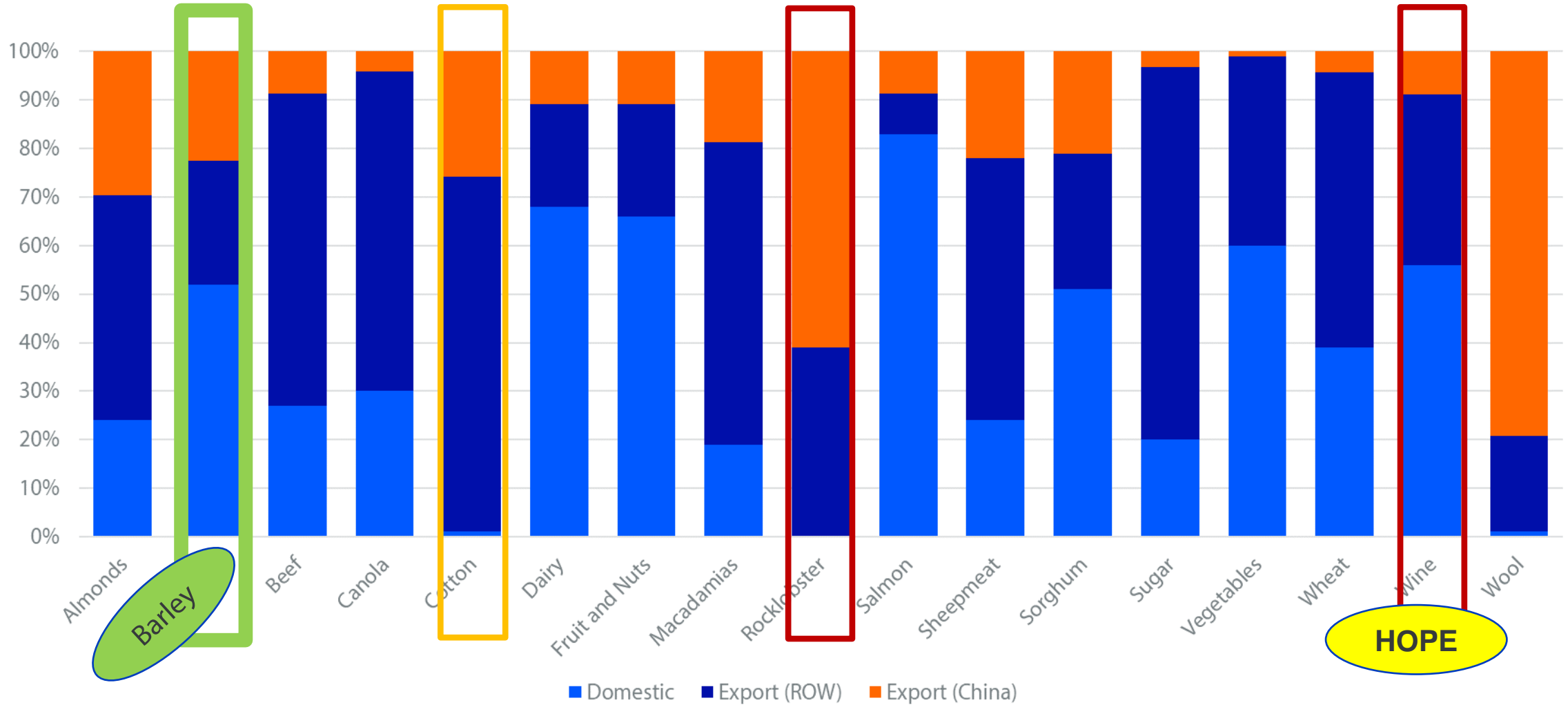
*Stefan Vogel, GM RaboResearch*

*de coöperatieve Rabobank*

# *Trade & Geopolitics*

# Trade Is Key For Australian Agri!

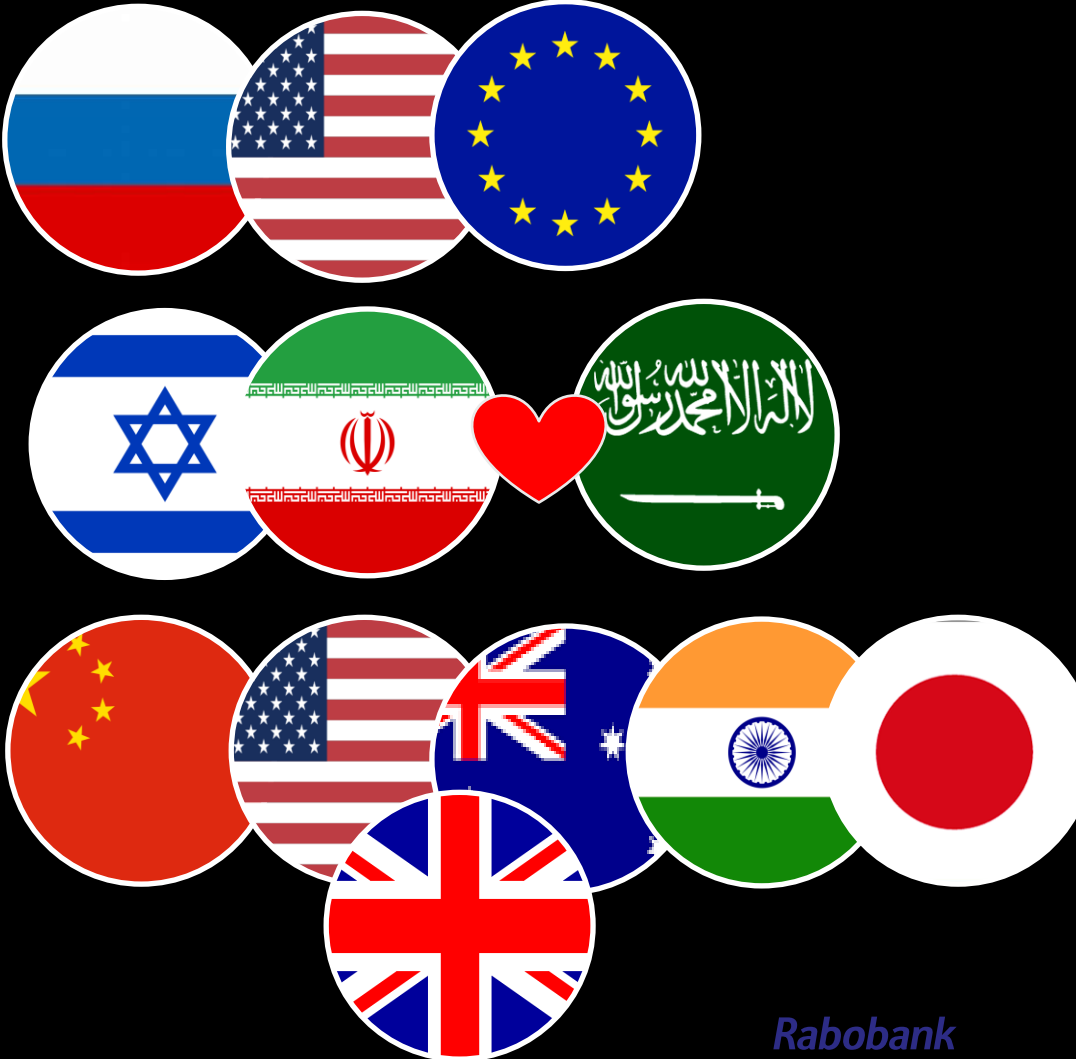
Given a small domestic population of 26m people, most agri products are exported



Food as a weapon is happening!



Geopolitics

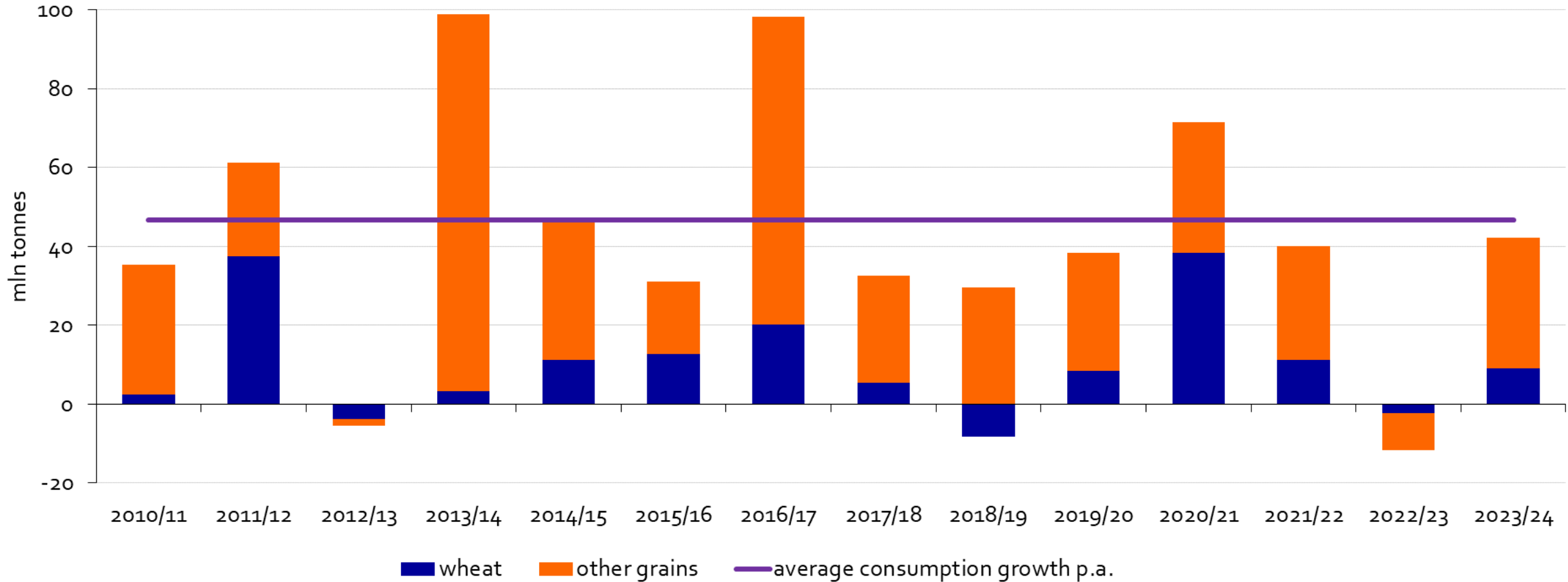


# Ukraine: Expensive logistic hurt farm margins

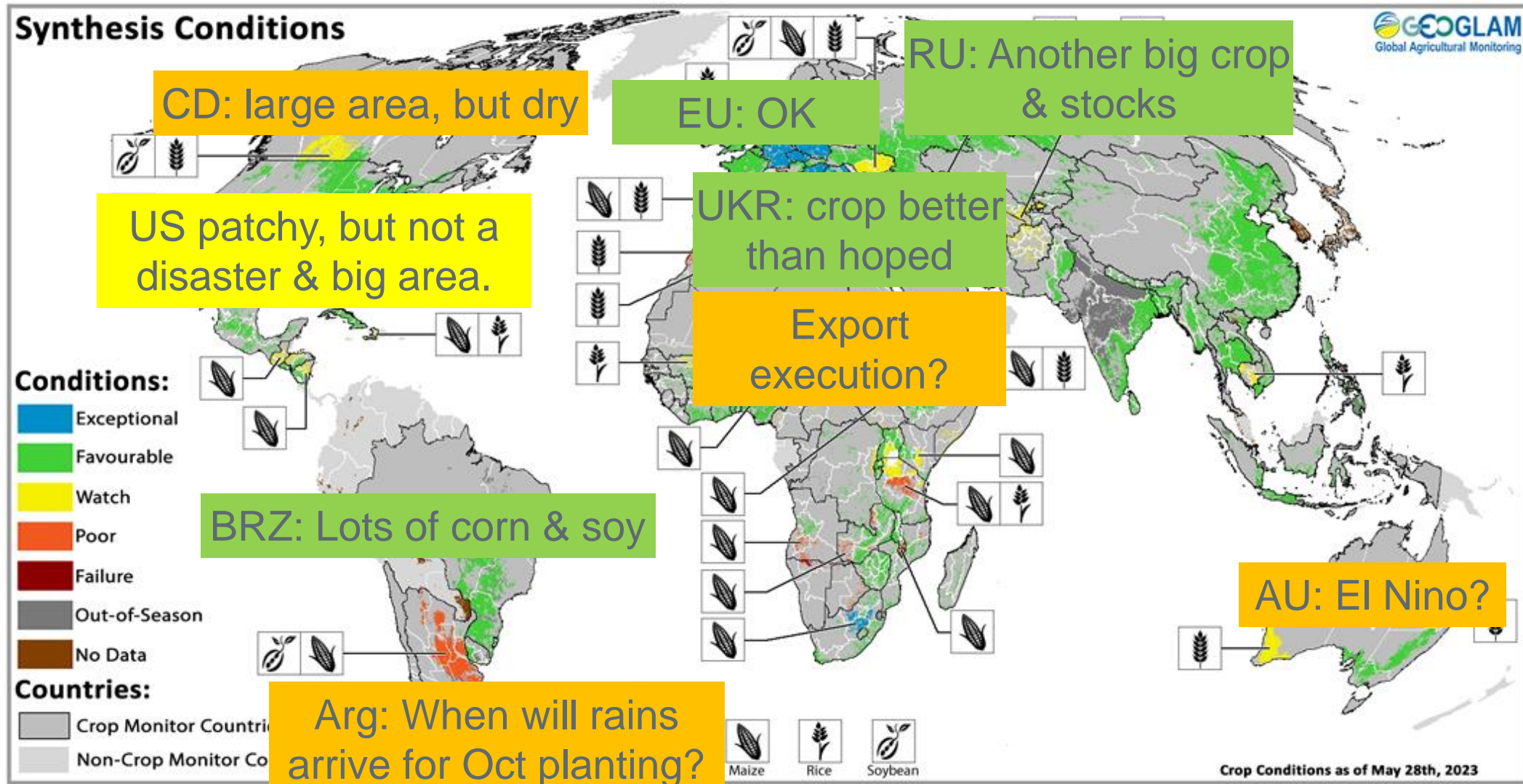


# Global grain consumption changes:

If all (corn) goes well, the world gets the growth it needs.



# A grain world filled with uncertainty

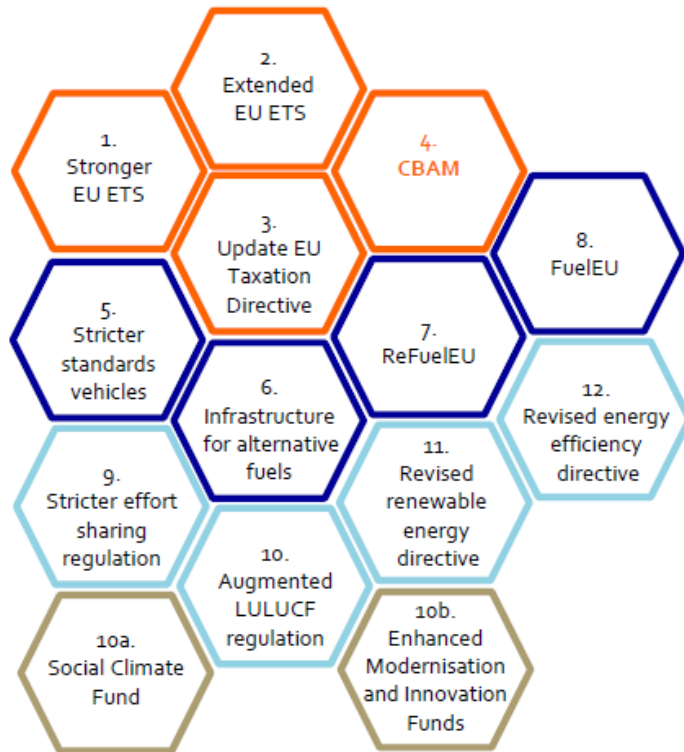





*EU Policy  
Changes and  
what it means  
for AU*



# EU Fit for 55 package

13 measures for reducing EU GHG emissions by 55% in 2030 compared to 1990 levels

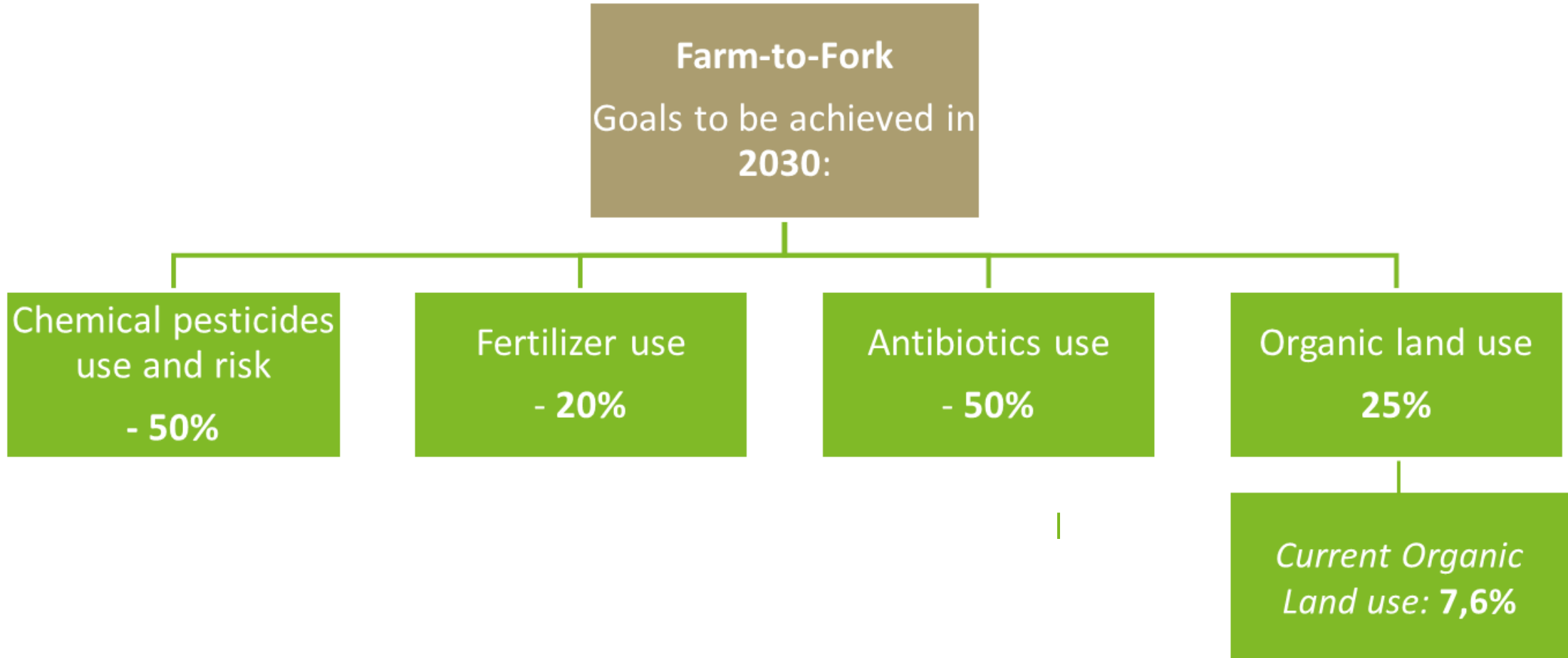


Building blocks	Regulations and measures
<b>Pricing</b> 	1 <b>Stronger ETS</b> including in aviation: lower emission cap and increase rate of reduction; phase out free emissions for aviation and align with the global Carbon Offsetting and Reduction Scheme for International Aviation
	2 <b>Extending the ETS</b> to maritime shipping; new ETS for road transportation and buildings
	3 <b>Updated energy taxation directive:</b> Member States to spend all ETS revenues on climate and energy related projects
	4 <b>Introduction CBAM – import levy on imports of specific products</b>
<b>Rules</b> 	5 <b>Stricter CO<sub>2</sub> performance cars &amp; vans:</b> 55% reduction in 2030 and 100% in 2035 compared to 2021; zero-emission car sales post as of 2035
	6 <b>New infrastructure for alternative fuels:</b> expand charging capacity to accommodate new vehicle fleet
	7 <b>ReFuelEU:</b> more sustainable aviation fuels
	8 <b>FuelEU:</b> cleaner maritime fuels including limit on the GHG content of energy used by ships calling at EU airports
<b>Targets</b> 	9 <b>Updated effort sharing regulation:</b> tighter emission reduction targets for buildings, road and domestic maritime transport, agriculture, waste and small industries
	10 <b>Updated LULUCF regulation:</b> 1) carbon sequestration target of 310 mtCO <sub>2</sub> by 2030 ; 2) AFOLU* combined and carbon neutral by 2035 3) AFOLU* has negative emissions post 2036
	11 <b>Updated renewable energy directive:</b> 40% energy production from renewable sources in 2030
	12 <b>Updated energy efficiency directive:</b> stricter annual targets that would almost double the energy saving obligations of member states
<b>Support measures</b>	13 a) <b>New Social Climate Fund:</b> equivalent to 25% of carbon taxes b) <b>Enhanced Modernisation and Innovation Funds</b>

Source: [official communication EU Fit for 55 package](#)

# The EU Green Deal & Farm 2 Fork Policy

An ambitious initiative to make the European Union a climate-neutral continent

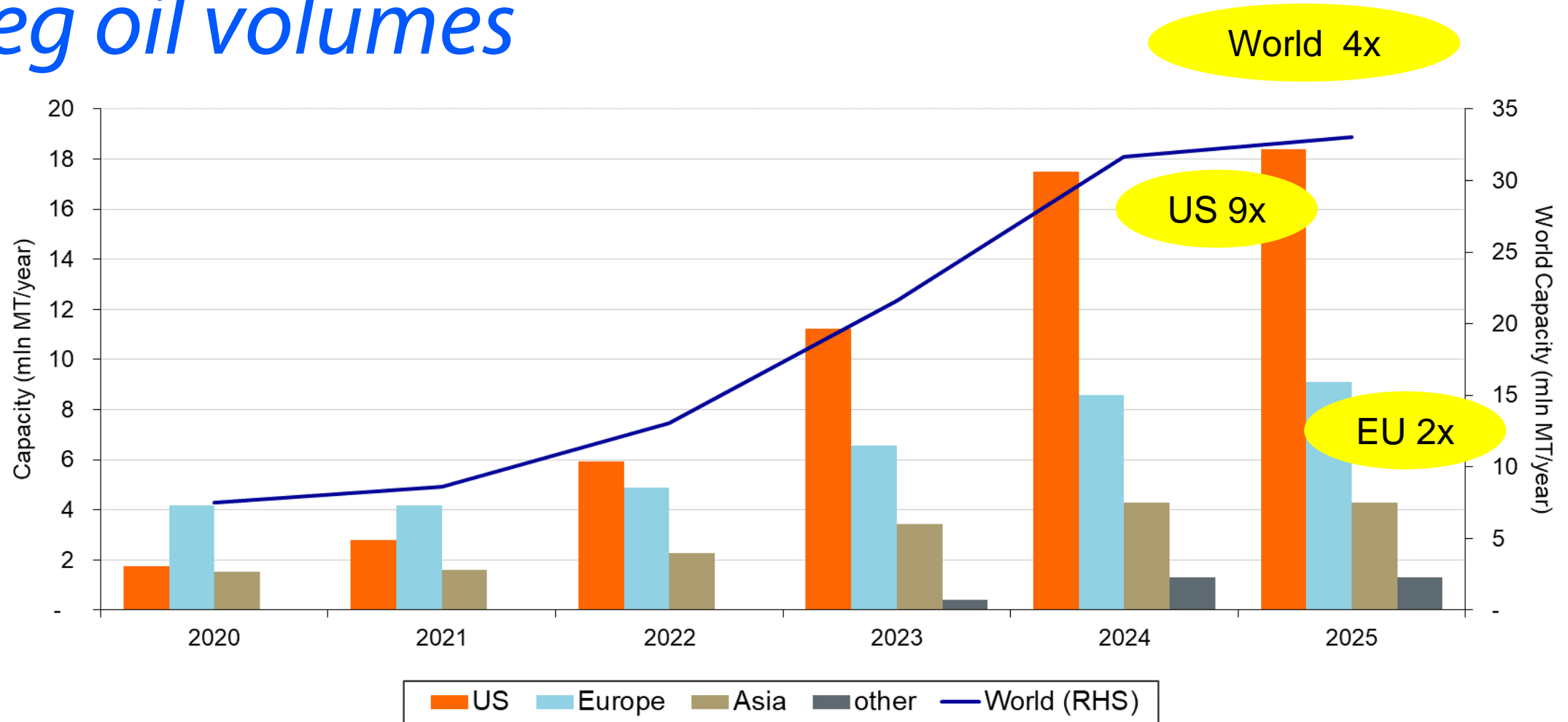


# *CBAM (Carbon Border Adjustment Mechanism)*

- Goal: prevent carbon leakage
- Coverage:
  - EU imports of electricity, cement, aluminium, fertilizer and iron and steel products
  - EFTA exempted
- Way of working
  - CBAM certificates based on emission content; yearly declaration
  - Price reflects EU ETS, corrected for carbon pricing at home and any free allowances in the EU
- Planning
  - Come into force in January 2026 after a three year transition period

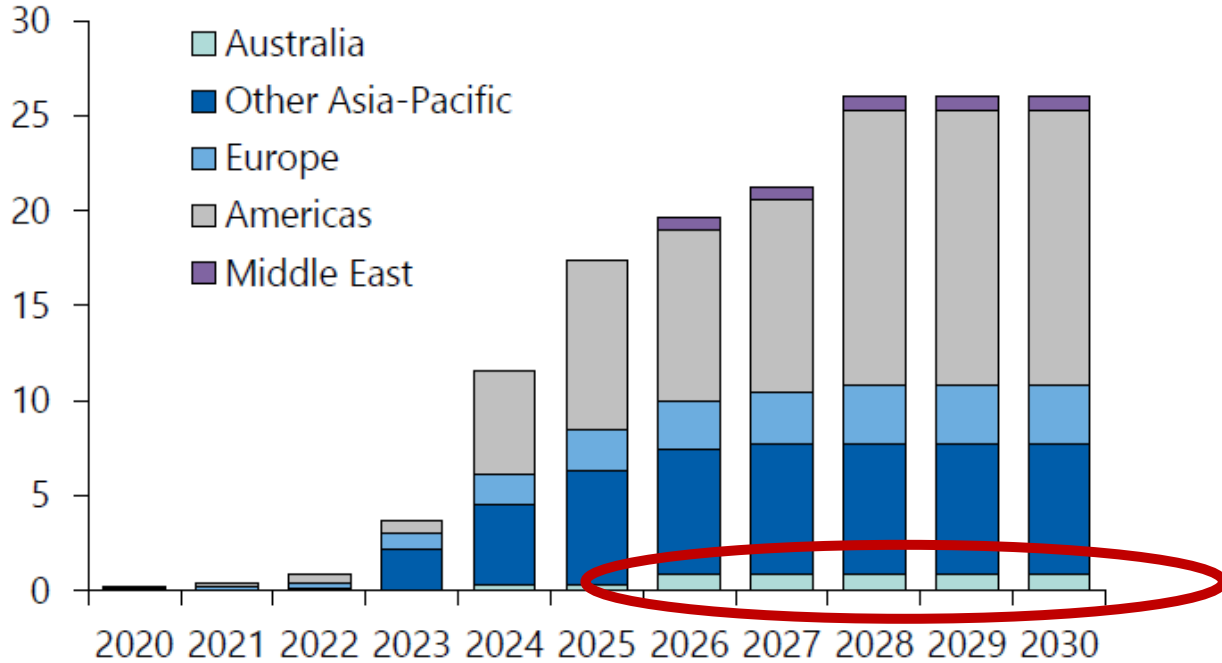
*Biofuel/SAF =  
Canola's gain*

# Renewable Diesel Capacity requires massive veg oil volumes

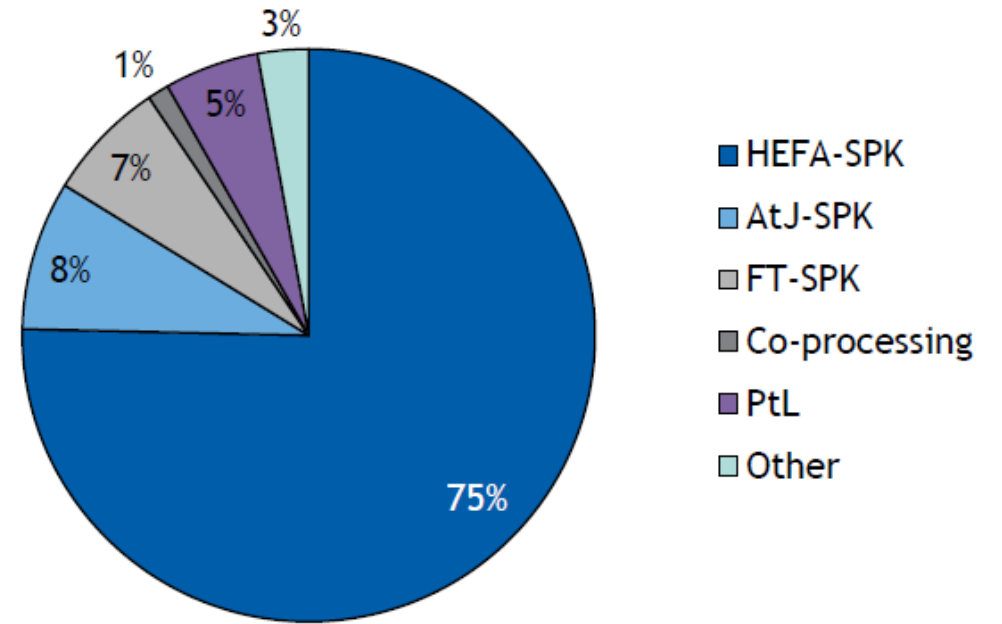


# SAF: >25m t capacity announced, mostly HVO

**Total Announced SAF Production Capacity**



**Announced SAF Production Capacity by Type 2030**



— Argus Consulting

**Growing HVO/HEFA capacity will compete for finite volumes of feedstocks such as UCO, tallow etc.**

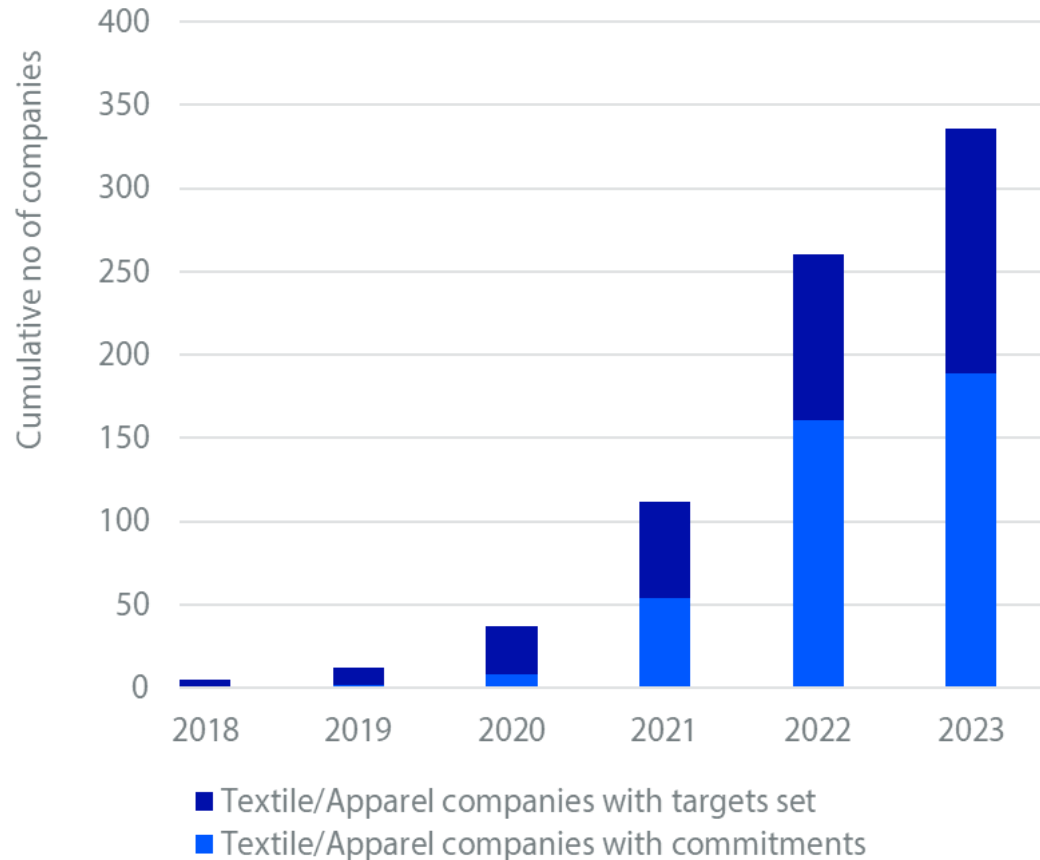


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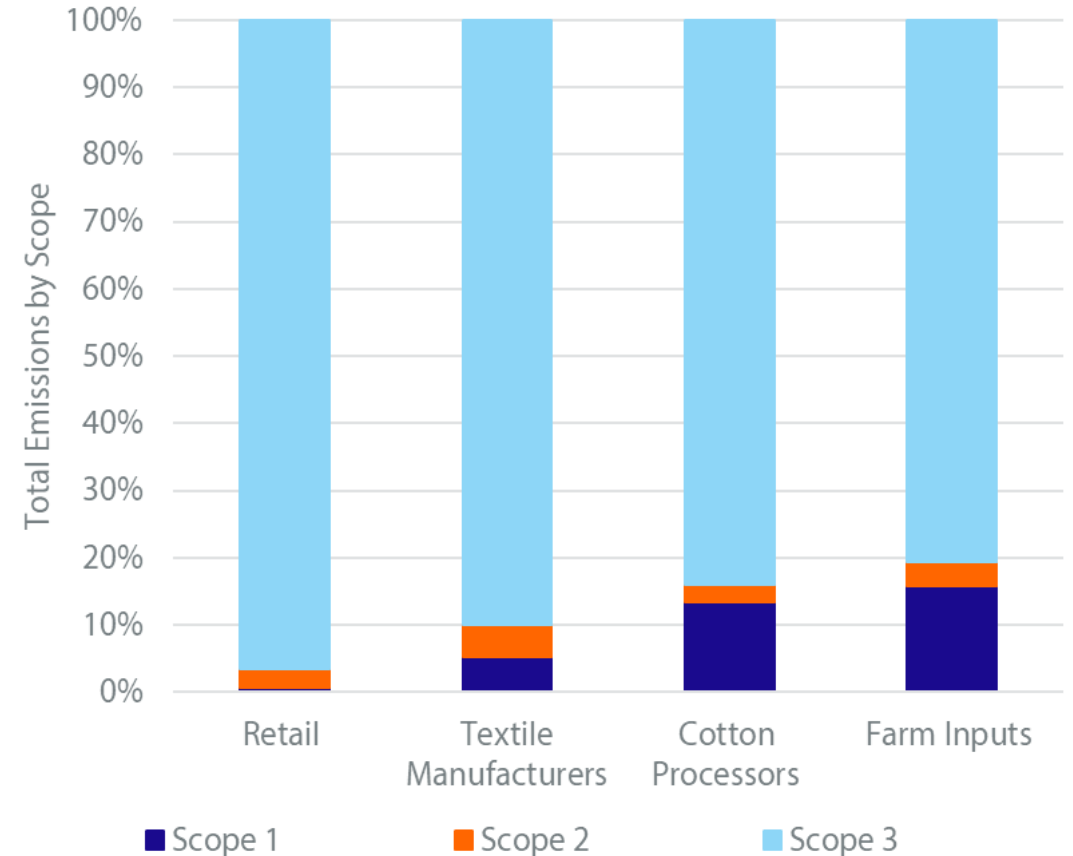
# *Sustainability & Emissions*

# Cotton emission reductions through chain

## Targets/Commitments in Textil Supply Chain

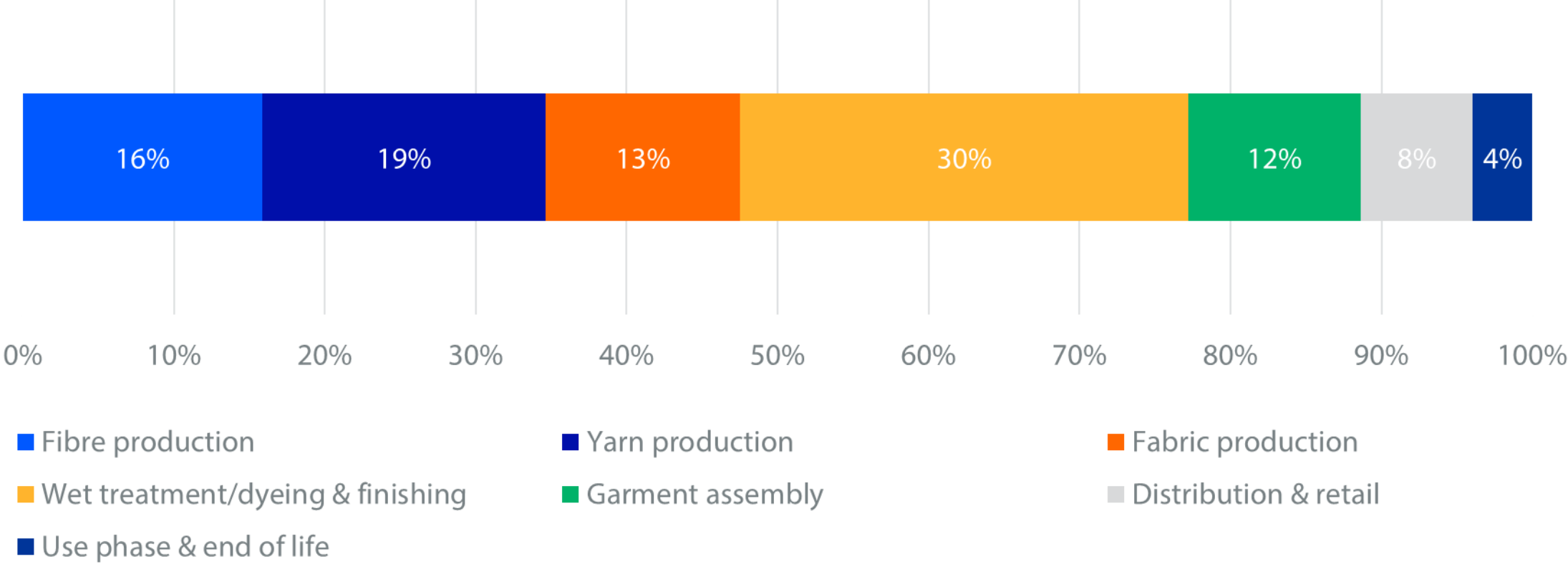


## Scope 1, 2, 3 emissions in the cotton chain





# Contribution of cotton supply chain processes to GHG emissions



# Sustainability: Finding carrots, not sticks!

## *Intrinsic*

I just believe in it and WANT to change.



## *Stick = Pressure*

EU: Fit For 55 & Green Deal  
Canada: Fertilizer cuts  
New Zealand: HeWaKa & others.  
Netherlands: Ammonia cuts  
Market Access risks



## *Carrot = Reward*

Carbon Credits: Inset vs. Offset  
Market Premium?  
Trade agreements



## *Industry Demands/Standards*



Scope 3 reductions by Industry  
Example: MLA CN30 Initiative  
- Voluntary & Forward looking



# Global Biodiversity Framework

Framework:

- **4 outcome-oriented goals for 2050**
- **23 action-oriented global targets for action through 2030**
  - Protect 30% of both land & sea
  - Restore 30% of degraded ecosystems
  - Cut 50% of global food waste
  - Bring loss high biodiversity areas close to zero
  - Reduce pollution to ‘not harmful levels’ to biodiversity and ecosystems, & reduce risks from pesticides by at least 50%



*Implementation to be tracked by governments.*

*It is likely that national targets alongside sector KPIs will be developed.*

# Three Pathways for 'Future-of-Farming'

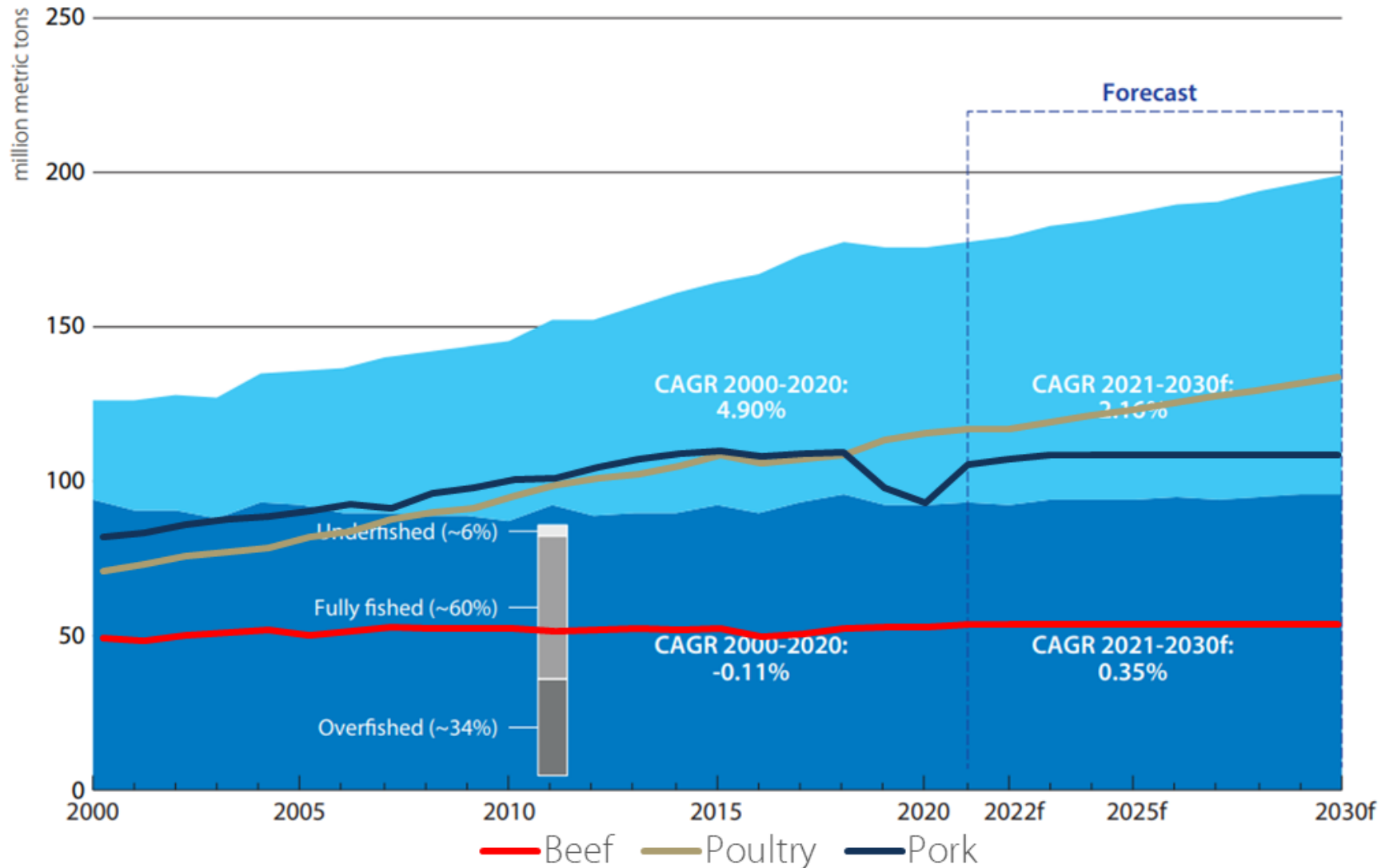
Diversification in farming **objectives**

Story 1	Story 2	Story 3
<b>Status Quo</b> Fine-tuning current farming practices	<b>Evolution</b> Transitioning current farming practices	<b>Revolution</b> Disrupting current farming system
<i>Maximizing economic value</i>	<i>Maximizing societal value</i>	<i>Squeezing soil and livestock out of the system</i>
<ul style="list-style-type: none"><li>• Sustainable Intensive Farming</li></ul>	<ul style="list-style-type: none"><li>• Organic Farming</li><li>• Regenerative Farming</li><li>• Agroforestry</li></ul>	<ul style="list-style-type: none"><li>• Greenhouse horticulture</li><li>• Vertical Farming</li><li>• Fermentation / Lab Farming</li></ul>

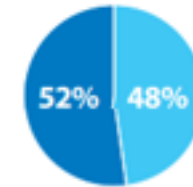
*Alternative  
Proteins no outlet  
for AU peas*

# Global consumption of animal protein

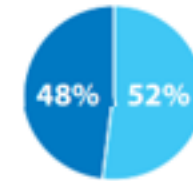
Global seafood production, 2000-2030f



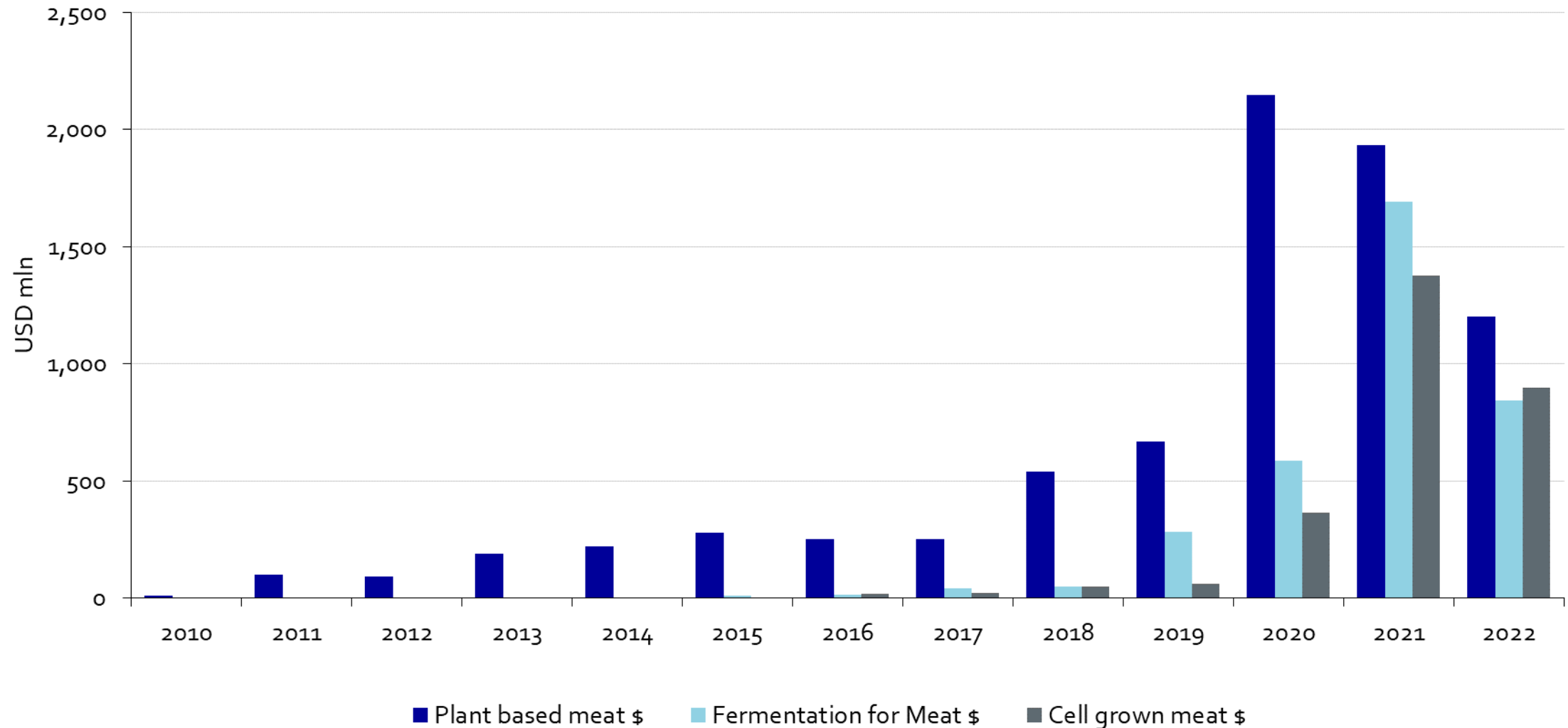
Fishery production, 2021



Fishery production, 2030f



# Alternative Protein Investments: -41% in 2022



# Taste & experience outweigh cost & health

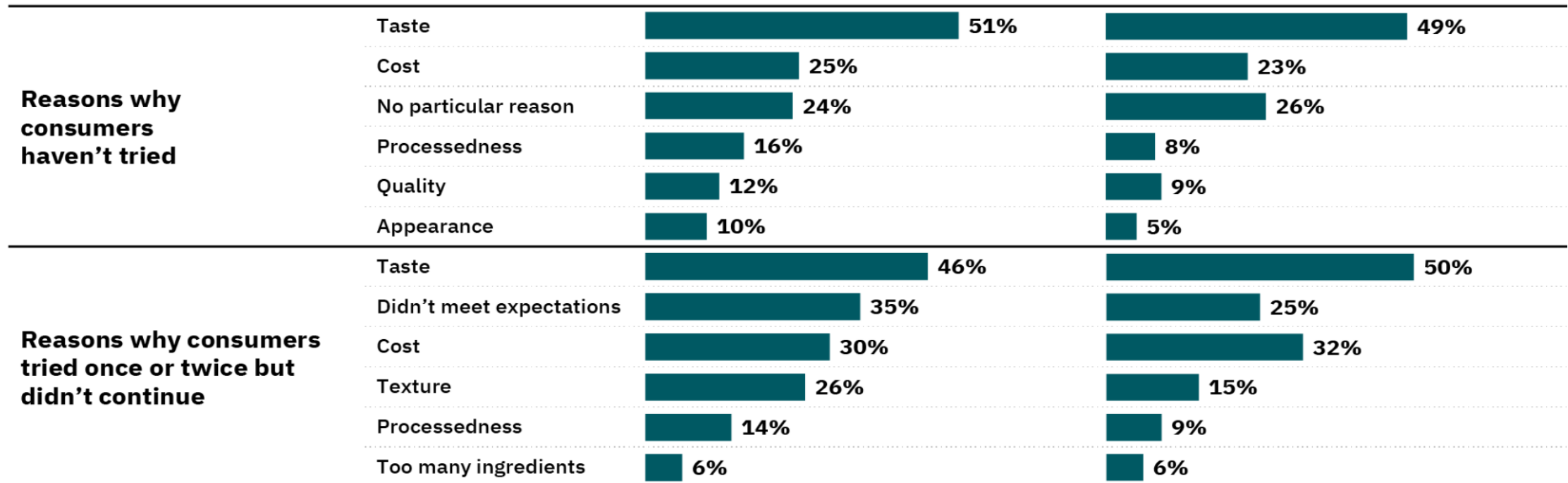
## Top barriers to plant-based foods consumption 2022



Plant-based meat



Plant-based dairy



Source: FMI, The Power of Plant-Based Foods and Beverages 2022

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# Let's talk about it

1. Trade & Geopolitics
2. EU Policy Changes and what it means for AU
3. Biofuel/SAF = Canola's gain
4. Sustainability & Emissions
5. Alternative Proteins no outlet for AU peas



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# *Thank you for your attention*

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