

The chain starts at the farm

PHOTO'S TJEERD FONK

Discussions on the production of adequate food supplies soon touch on topics such as scarcity of water, land or resources, or on climate issues, yet the crucial factor often goes unmentioned: the farmer. It is time for a revaluation of the farmer and his or her indispensable role in food production. Executive Board member of Rabobank and farmer's son, Berry Marttin, discusses the key role farmers have to play.

MAARTJE SMEETS

"We have entered an 'era of scarcity'," states Rabobank in Rethinking the Food & Agricultural Supply Chain (2011). World population numbers are rising, people's eating habits are changing, and climate problems are affecting the available agricultural land and water. Current production levels are not sufficient to feed everyone in the future.

You say that farmers are the key to solving this immense challenge. Do you feel that this is fair on the farmers?

"The problem is precisely that farmers are now overlooked. Shortage of land and water are not the biggest challenges, although it often seems that way. With improvements in technology and efficiency, major steps have been taken in those areas, and there is still much to gain. However, the actual scarcity is the farmer. There are not enough farmers in the world who are young and willing to embrace innovation in order to change existing practices.

To innovate, farmers need access to education, technology, financing and information. We as a society have to invest in that. Events such as Floriade have an important role in the dissemination of the latest knowledge, through much-needed international dialogue. For example, Rabobank has invited 50 farmers from 18 countries – from Brazilian commercial farmers to African farmers who have yet to commercialise – to come to Venlo. Together with these farmers, experts and academics, Rabobank wants to have a dialogue about, for example, sustainability. The 50 farmers are currently staying with Dutch farmers. This kind of exchange inspires them to think about topics they will not likely come across in their own environment. They can learn from each other, take the experience home and talk about it with their colleagues."

Food-supply chains are increasingly complex structures. Today, these are industries in which mega companies seem to rule, in



In Tanzania Rabobank helps local coffee farmers to improve their yield and income.

often opaque ways. Is it not too simplistic to pinpoint farmers, within that complex system, as the solution to our food problems?

“Precisely because of this complexity, we forget who is at the source of our food: farmers. In the United States, there is only 1 farmer to 125 inhabitants, which is less than 1%. People do not realise how much we depend on farmers, despite the fact that they are at the very beginning of the food-supply chain. It is the farmer who produces the food, not the chain.

In recent years, there has been a growing trend for large retailers and food-processing companies to focus more on the farmer's role again. They pay attention to the origin of products and use that in their communication to the consumer. In this way, the entire chain is involved in a revaluation of the farmer. It gives farmers the necessary space, information and awareness to innovate and to become more entrepreneurial.

There is a growing demand for food, but there are fewer farmers. How can we maintain the balance between producers and consumers?

In the United States, there are 350,000 farmers aged 75 and over, and 55,000 farmers younger than 25. That is the scarcity element I am talking about. Farming needs to become attractive again, ‘but farming companies get very low returns.’

Only in recent years, prices have become high and volatile due to scarcity. Brazilian and American farmers have never before received higher value for their products, which indicates that the appreciation for their profession is changing slowly but surely. It is a gradual process. Farmers do not always receive a fair price for their products, but that situation is slowly shifting.

Does the farmers' position simply depend on the goodwill of the rest of the chain, or

“The scarcity elements are not water or land; the world is lacking innovative farmers.”

can they strengthen their position on their own?

Rabobank was first established in order to provide credits to farmers, enabling them to purchase the machinery necessary to increase their production. That is in fact what we still do. In countries such as Tanzania and Rwanda, we provide access to financial services where this is fragmented, through a minority stake in rurally orientated partner banks. We are currently improving access to credit, in order to stimulate innovation and entrepreneurship.



“It is the farmer who produces the food. Not the chain.”

Farmers need to evolve into rural entrepreneurs. The goodwill towards and knowledge about more sustainable methods is there, but the necessary investment and credit to facilitate these innovations are lacking. With laws and regulations, governments can create preconditions for excellent farming.

Isn't it asking too much of farmers to evolve into rural entrepreneurs and to meet the sustainability demands of the chain and of consumers?

This indeed requires extra effort and investment from farmers. “Being a farmer is a lifestyle in itself: it is a fairly isolated

life, demanding a lot of hard work. On top of that, you also need to be innovative and sustainable. Food wastage needs to be halved and productivity has to go up. Businesses, governments and banks can create the conditions to facilitate these extra efforts and create an enabling environment for the rise of the rural entrepreneur. For example, Rabobank distributes a sustainability checklist in Brazil. Farmers who meet the criteria can receive a discount on our credit products. These kinds of things can offer a helping hand to farmers and stimulate them to innovate.”

“We have to be careful not to discourage farmers from becoming more sustainable by pointing a didactic finger. At the same time, there is not going to be any increase in land or water, so we have to innovate in order to raise production. And this is possible. In the Netherlands, for example, production is 8 tonnes per acre compared to 3 tonnes in Brazil. The problem is not scarcity, but lack of innovation.” ●



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Berry Marttin (1965) is the son of Dutch emigrants, and was born and raised in Brazil. As an Executive Board member of Rabobank, he is responsible for the International Rural and Retail division of Rabobank International. He joined Rabobank in 1990, after completing a degree in business administration in Brazil. His career at Rabobank International has given him extensive experience as an international banker, in both the wholesale and retail banking business. His career has taken him to managerial positions in Curacao, Hong Kong and Indonesia and he served as Deputy General Manager of Rural Banking in Australia and New Zealand.