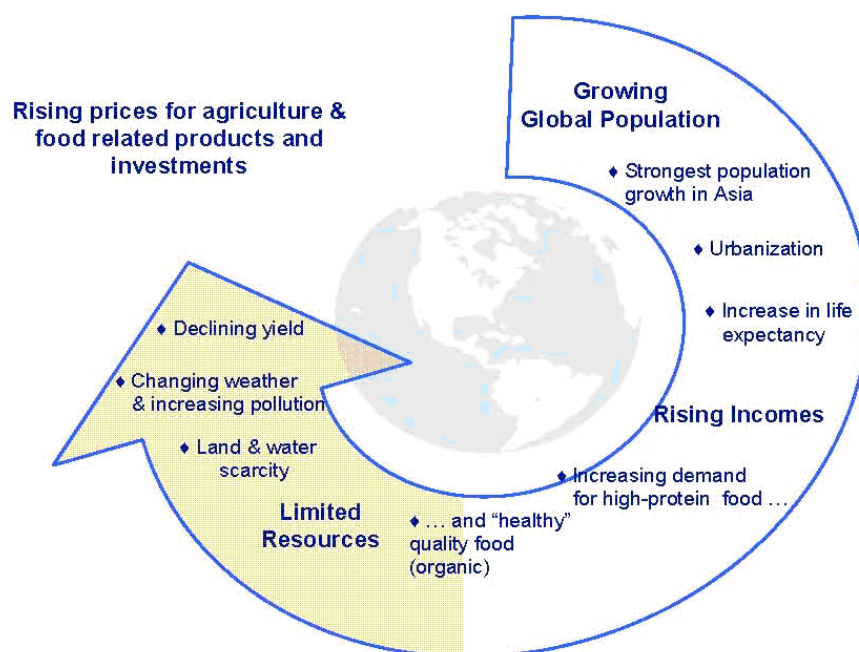


Who is going to feed the growing population? – Opportunities in agriculture

“World agriculture has entered a new, unsustainable and politically risky period”, says Joachim von Braun, the head of the International Food Policy Research Institute (IFPRI) in Washington, DC.*

As the world population increases the pressure on its natural resources becomes greater. The economic revolution in China, India and other parts of the emerging world is also seeing unprecedented levels of increased demand for “Western luxuries”. As people rise from poverty they demand better quality food such as fruit, vegetables, meat etc as well as continuing along the spectrum to goods such as electronics and cars. Last year we saw record prices for food which lead to a number of riots in countries across the world. Feeding the people is not just a problem for the poor but to maintain social order it is in governments’ interest to ensure these situations are avoided.



The quickest way to increase your crop is to plant more. But in the short run there is only a limited amount of fallow land easily available. (The substantial unused acreage in Brazil and Russia will take a decade or so to get ready.) For some crops - notably rice in East Asia - the amount of good, productive land is actually falling, buried under the concrete of expanding cities. In other words, food increases now need to come mainly from higher yields. Yields cannot be switched on and off like a tap. Spreading extra fertiliser or buying new machinery helps. But higher yields also need better irrigation and fancier seeds.*

Opportunities for investors will be in the following areas:

- **Producers.** Global demand for meat, poultry and fish is set to rise, due especially to strong demand from booming emerging markets.
- **Biotechnology.** Better quality, higher yielding, more weather resistant cereal crops are being developed to meet global challenges.
- **Agrochemicals and seeds.** The need for more efficient fertilisers and seeds will increase with the decline in arable land per capita due to rising population.
- **Agrotechnology.** Companies specialising in agricultural equipment and infrastructure, efficient water use systems and climate monitoring.
- **Agricultural commodities.** Food processing integrated with land cultivation, harvesting, processing and packaging industries.
- **Agricultural Land.** Quality land that can generate higher yields will result in a higher intrinsic value being placed on that land. The amount of agricultural land around the world is decreasing with urbanisation and alternative uses such as mining resources.

Please contact our office for information on how we can get you exposure to this investment option that will play out for decades.

*Taken from The Economist, 17th April 2008 "The new face of Hunger".