Creating A Healthy Value Chain

The oilseed value chain can be only as strong as its weakest link.

By Michael Gunderson

You might not expect the president of the North American operations of one of the world’s largest oilseed processors to suggest that a strong value chain is a key ingredient for any one sector’s profits, but that is exactly what Carl Hausmann, president and CEO of Bunge North America, told attendees at the recent American Seed Trade Association Executive Management Forum.

Hausmann has a unique perspective in the oilseeds industry due to more than 30 years experience. During his 15-year tenure with Continental Grain, he worked in South America, Europe, Africa and the United States. From 1992 until 2002, he worked for Cereol, the French-owned oilseed processor, which had operations in North America and Europe. He joined Bunge in 2002 when the company purchased Cereol and has served as president and CEO of Bunge North America since 2004.

Bunge, founded nearly 200 years ago as a pure trading company, has expanded its position in the edible oilseeds value chain. Today, Bunge is involved in three areas of the agri-industry value chain — fertilizer, agribusiness and food products. The firm is the world’s largest oilseed processor and sells more bottled vegetable oil to consumers than any other company. With more than 23,500 employees and revenues in excess of $24 billion, Bunge is performing well as a stock listed on the New York Stock Exchange.

Government Subsidies

In his opening comments at the Forum, Hausmann noted that grain-trading firms have disappeared over the years. Firms like Continental Grain no longer exist because they were not adding value and agri-processors could easily integrate these functions into their own operations. Hausmann cautioned other firms in the value chain to continually seek ways to innovate and provide value or else face the same fate.

Hausmann believes companies will be more likely to improve their products and services if governments offer fewer subsidies and reduced protection. Decreased government support of agricultural production will force input suppliers to innovate and increase the efficiency of producers in all parts of the world. Less government intervention could reduce trade barriers, proving beneficial for agribusiness firms that are prepared to adapt and change with the industry.

He did acknowledge that while he believes it is a mistake to erect international barriers, politicians always will strive to keep a healthy national agriculture sector. He noted, however, that Bunge’s skills focus on international trading, moving and processing grain, not influencing the politics of subsidies.