

Meeting future challenges

The set up for a new program on
entrepreneurship in Dutch agriculture

Prof. dr. Vinus Zachariasse and Bert Smit
Wageningen UR



'and welfare crowns the farmer's work'
(Anthem of Province of Zeeland,
Netherlands)

- Development of social welfare has highest priority
- Besides a multitude of functions and financial values social appreciation is important as well
- Relative differences in welfare result in dynamism



Situation: welfare of the farmer (1)

- On average low compensation for use of (own) means of production
- Characteristic and generic international picture
- Relative income differences agriculture/non-agriculture
- Declining number of enterprises is logical consequence, particularly by transition between generations

Situation: welfare of the farmer (2)

- Gross production primary sector stable
- Net added value at low level
- Number of enterprises declining fast
- Very large income differences between enterprises
- Scale increases continue
- Value of scarce production factors (land, quotas, etc.) very high
- Primary sector remains in the Netherlands

Strategic Vision of Dutch Government 2005:

- 'Choosing for Agriculture'
- Critical success factor: entrepreneurship

Prospects for future welfare (1)

- Very big differences due to differences in
 - entrepreneurship
 - management
 - innovation
 - technical development
 - (system) environment: governance, culture, etc.
 - 3Ts of creative economics (talent, technology and tolerance)
- cause dynamism in developments

Prospects for future welfare (2)

- Balance economy/ecology is socially determined and therefore shifts over time
- Sustainable welfare development by balanced addition of value in economic, ecological and social context

Uncertainty of entrepreneurship in the EU-agricultural sector increases

- WTO: liberalization and globalization of world trade
- EU: decrease of support
- Changes in product column
- Decrease in electoral numbers
- Retreat of government in regulations and support

Tension between EU market and regional policy

- EU price level towards global market
- Increasing international competition in the market
- Consequences for value of 'scarce' production factors
- Fewer but bigger enterprises
- Towards decoupling of production and income support
- Increasing decoupling of private and collective product
- Farm payments: from compensation to payments for collective product 'nature and landscape'

From agricultural to rural entrepreneur

- Income required from primary and secondary functions in more farms
- Secondary functions: (in)direct external effects
- Definition and compensation of secondary functions
- Besides nature and landscape, also options for bio-based economy
- New arrangements and marketing green and red
- Goal function: exploitation of space

Changing decision environment

- Continuing importance and impact of total agro-complex on 'food and green space'
- Clearer choices for linking to chains/networks and to environment in sets of preconditions
- Position and role of government towards facilitating
- Less legislation, enlarged scope beyond the statutory scope, more space for Corporate Social Responsibility
- Requires more self-organisation in sector and/with environment

Broadening the provision of goods and services by rural regions

- Private goods: agricultural products and recreation, care/health, energy, education
- Public goods: nature and landscape

Tasks of the farmer as manager and entrepreneur

- Skill
 - Management
 - Entrepreneurship
- } to do things right
- } to do the right things

Choices in alliances in product column/ network

- Private or cooperative
- Risk of prices increasing
- Professionalism in chains/ networks of rural activities to be improved

Room for entrepreneurship

- Entrepreneur: capacities, ambitions, self-confidence
- Match of own farm and own competences
- Own environment: global and/or local
- Combination of functions per farm and region
- Development of regions



Choice for functions

- Entrepreneurship for global competition
- Regional/local entrepreneurship
- Entrepreneurship in alliances in (global) product chains and (regional) society

Relevant choices:

- Growth
- Stabilization
- Shrink
- Stop



Consortium for Strategic Choices/ Decision making

- Leader: National Farmers Organization
- Partners:
 - Ministry of Agriculture
 - Rabobank
 - Wageningen UR
 - Agribusiness
 - Young Farmers Network



Making of strategic choices

- A. Joint vision of stakeholders
 - Central issue: empowerment of entrepreneurship throughout the product chain
 - Definition of smart goals
- B. Goal oriented cooperation
 - Joint investment in R&D
 - Stimulation of innovations
- C. Coherence in approach
 - Development of instruments for empowering entrepreneurship
 - Assessment/ certification by consortium of projects and instruments to improve entrepreneurship



Main goal of concerted action is:

- To get the right awareness
- To make the right choices and at the right time
- To guide future developments
- The farmer is responsible for the strategic choices



Thank you for your attention

© Wageningen UR

