

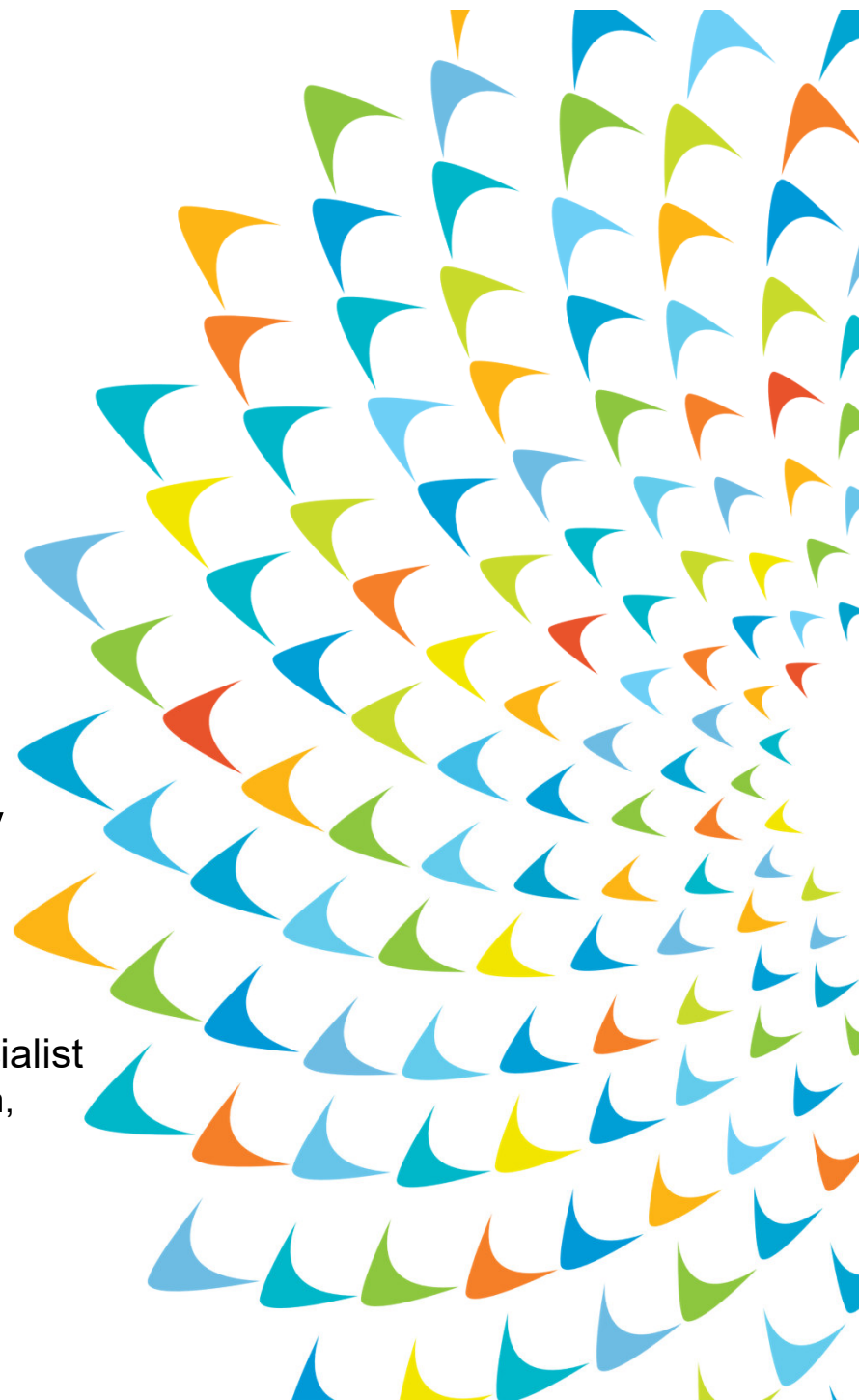


# **Modern WSM Roles and Functions:**

## **Current Marketing Context, Trends, Food Security, Price Stability and Food Safety**

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## What are the key roles and functions of WSMs and agricultural logistic centers? (1/2)

- **Integration of supply chains:** linking farmers and traders (the suppliers), with retailers, supermarket chains, and processors (the buyers).
- **Aggregation of production:** from many small farmers in different locations to a central hub.
- **Facilitate distribution over space and time:** from regions with surplus to regions with deficit (transport logistics), and from periods of surplus to periods of scarcity (storage logistics).





## What are the key roles and functions of WSM and agricultural logistic centers? (2/2)

- **Value addition:** sorting, packing, cooling, labelling to meet demand of different retail market segments (e.g., bulk packs, family-sized and individual-sized portions) and exporter requirements.
- **Business hub development:** facilitate a business zone hub effect, creating a deeper business enabling environment, specialist packaging suppliers, transporters, export agents, seed supply for growers, customs, finance, etc.
- **Food safety, quality and traceability:** to meet domestic and export market sanitary and phytosanitary (SPS) requirements, and customs clearance





## WSM facilities for collection, storage, and distribution plays an important role for Food Security

- **Efficient supply chains** = lower prices
- **Post-farm losses can be reduced:** from higher estimates of around 35/40% in less developed country scenarios compared to 10% or less in developed countries. Lower losses = improved supply.
- **Food availability can be improved:** by colocation of storage facilities with WSM to make use of surplus production or importation of peak seasonal surplus.
- **Stabilize prices** through storage and logistics.



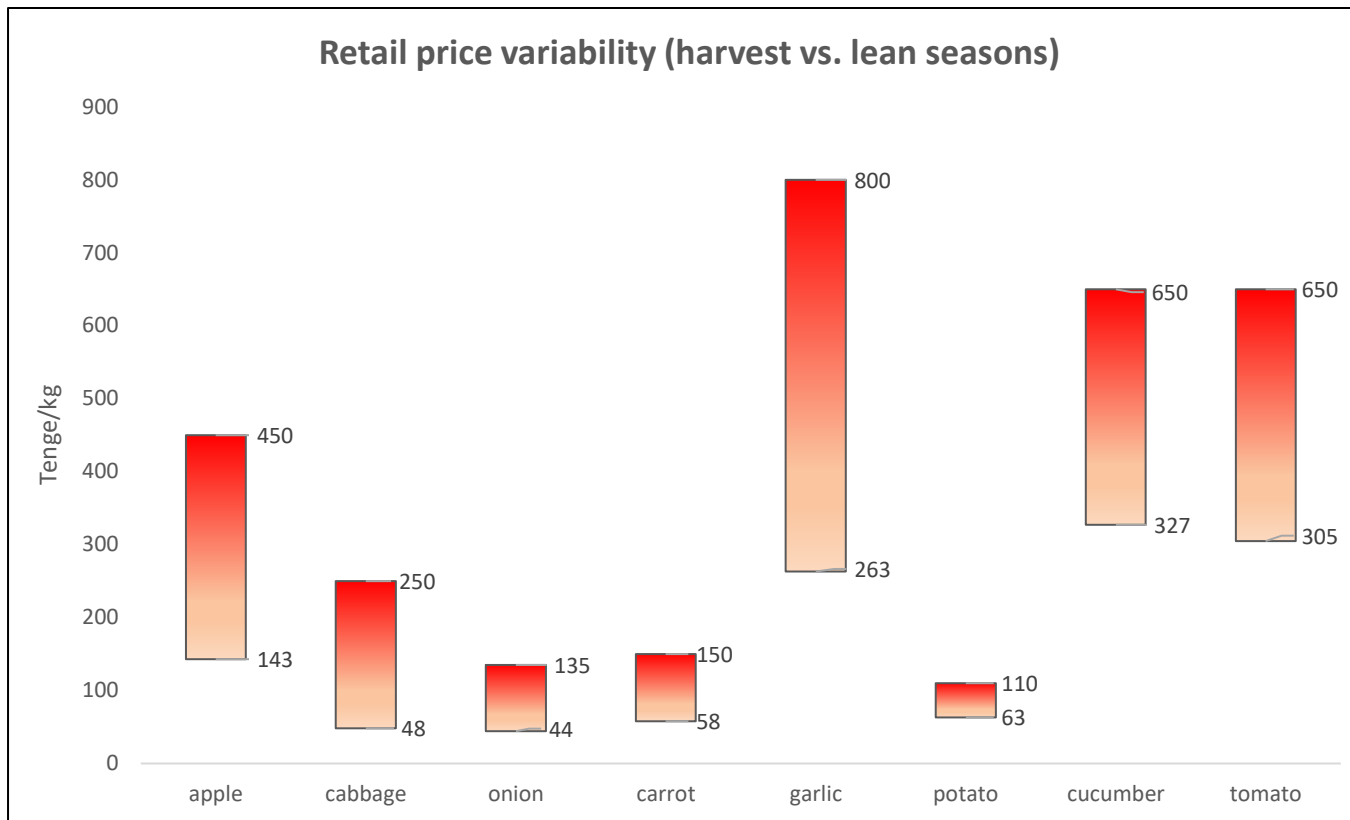


## WSM market information services also support Food Security

- **Price trends in WSM are passed on to consumers**
  - ❑ Thus, consumption of discretionary foods rises when prices drop due to seasonal oversupply
- **WSM provide a large scale, efficient opportunity** for public or private entities to collect market information and turn that into market intelligence
  - ❑ for example, so that growers, importers and retailers can achieve efficiency gains through identifying production and trading opportunities



# Seasonal Price Variation: Kazakhstan





## WSM in the current marketing context and trends

- There are **inefficiencies in traditional value chains** which involve multiple actors between farm producers and consumers that result in higher consumer prices without benefitting producers. Competitive and efficient value chains lead to lower consumer prices.
- **Growth of urban populations** requires improved logistics to connect with distant farm production areas
- **Global trade** is facilitated by WSMs, creating export opportunity but also brings competition from imports with quality and price-competitive products.



## WSM in the current marketing context and trends



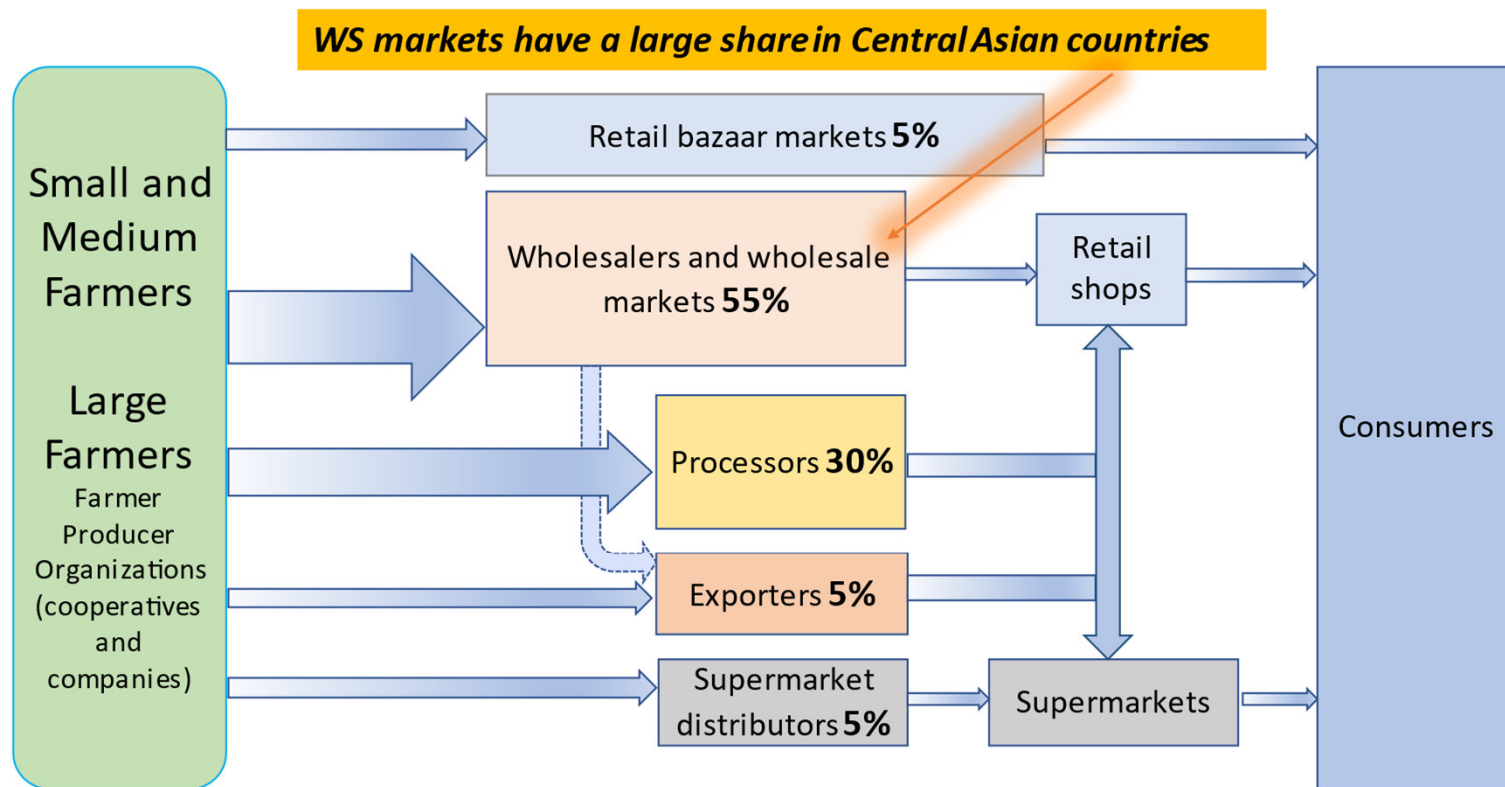
- **Development of logistics infrastructure and technology:** block chain, transport corridor networks, digital trading platforms >> all can fit within WSMs >> these are not mutually exclusive.
- **Standards:** mandatory SPS market access protocols, 'approved supplier' schemes (e.g., for supermarket chains, restaurant chains and airlines), and consumer-preference functional attributes (e.g., organic, geographic origin)





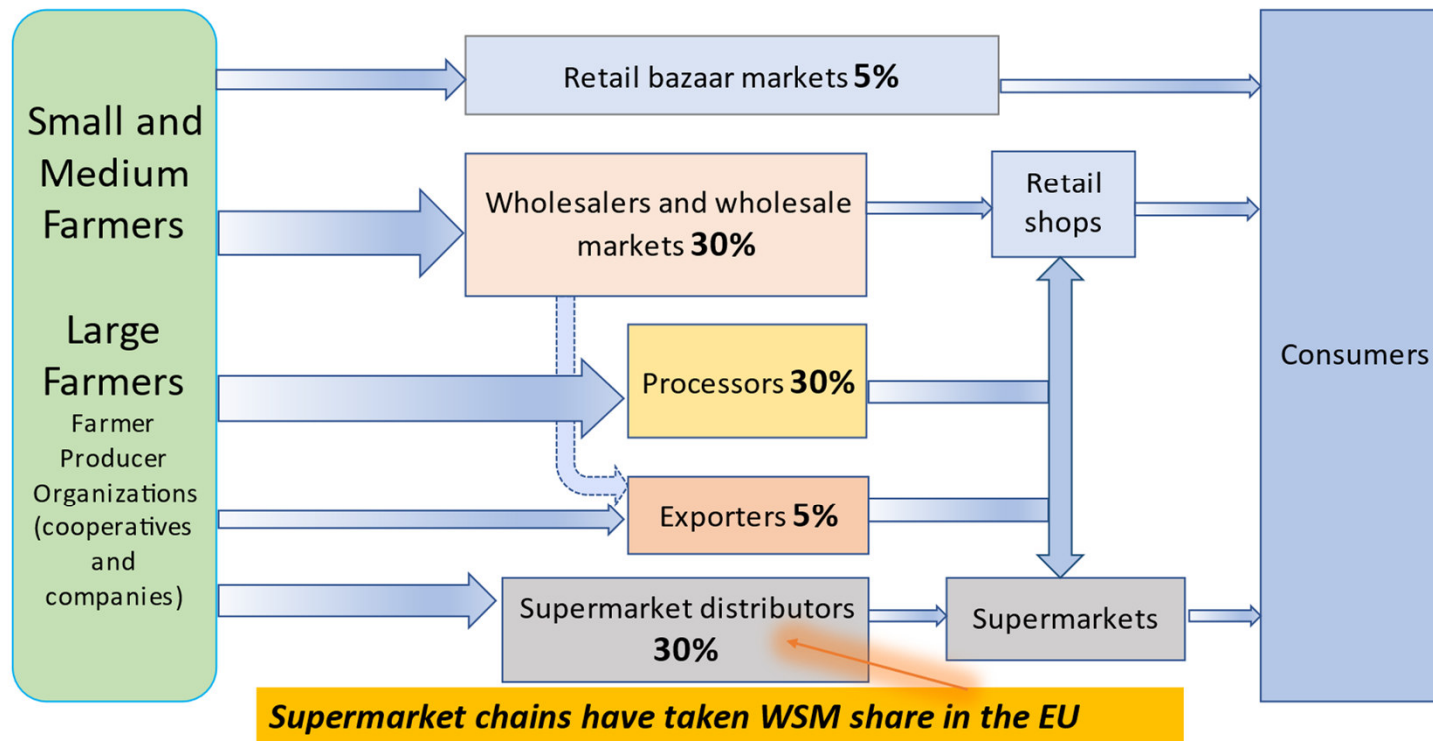
**Supermarket chains** have taken some WSM roles and replaced small retail stores, but the trend now is for supermarket chains to partner with WSM to share the costs and to address the shortage of urban space for new distribution centers

### FRESH PRODUCTION VOLUME FLOWS IN CENTRAL ASIA





## FRESH PRODUCTION VOLUME FLOWS IN THE EU





## **Modern WSM productivity gains are passed on to consumers, but farmers can also benefit**

- Farmers in Central and West Asia and traditional WSMs generally do not add value to their products.
- Farmer companies, cooperatives, and WSM in Europe and Australia add value through operations such as cleaning, final grading, partial or advanced processing (cut and wrapped portions), bulk pallet assembly, and standards certification.
- Many farmer cooperatives have taken part-ownership and operation of WSM in partnership with governments so they can capture the value generation opportunity.



## Conclusions (1/2)

- Traditional WSM functioned to link farmers to consumers. Traditional trust-based relationships were local and often personal.
- Demographic trends of urbanization, regionalization and globalization have impacts on:
  - ☐ Supply chain logistics
  - ☐ Trade access and harmonization
  - ☐ Trust in quality and food safety through standards certification and traceability



## Conclusions (2/2)

- Modern WSM deliver productivity gains through:
  - ☐ Expanded links and market opportunities for farmers to make their food available
  - ☐ Value adding functions
  - ☐ Efficient trading both locally and across international borders
  - ☐ Improved handling and storage to reduce losses, improve price stability, traceability and food safety
- These gains can be passed on to consumers, as well as farmers – but farmers also need to modernize to be competitive in increasingly open economies.





Thank you

