MINISTRY OF AGRICULTURE, LIVESTOCK AND FOOD SUPPLY
Secretariat of Agribusiness International Relations

Mission
To promote the sustainable development and the agribusiness competitiveness in benefit of the Brazilian society.

Brazilian Agribusiness at a Glance

BRAZIL - Brasilia
2010
Brazil is a strategic partner when it comes to agribusiness products supply. At the same time, Brazilian agricultural commodities are recognized for their intrinsic technology and competitiveness. There are, still, some boundaries to surpass and opportunities to show, information and interest being vital for so.

In a time when natural resources, food security and renewable energy are being largely debated, this publication aims at providing brief information on Brazilian agricultural products, the country’s capacity to produce and supply and, furthermore, its care in using sustainable procedures, in order to guarantee food, work and resources for our future generations.

The content of this material came from several lectures given by authorities and technicians of this Ministry in different places and occasions. Due to the high demand of hardcopies after each presentation, we consider that the information can be relevant to your acquaintance.

We hope this information can be useful as a way of making you interested in getting to know more about Brazil and its agricultural production.

Should you need further information, please contact us at: dpi@agricultura.gov.br.

We will be delighted in hearing from you.

Wagner Rossi
Minister of Agriculture, Livestock and Food Supply
SUMMARY

COUNTRY OVERVIEW .......................................................................................... 6
GLOBAL DYNAMICS .......................................................................................... 10
TOP PRODUCTS HIGHLIGHTS .............................................................................. 18
Grain .................................................................................................................. 21
Meat .................................................................................................................... 33
Sugarcane .......................................................................................................... 38
Coffee ............................................................................................................... 45
Milk .................................................................................................................... 48
Fruits .................................................................................................................. 50
SUSTAINABILITY: AGRICULTURE & ENVIRONMENT ................................... 54
FOREIGN INVESTMENT OPPORTUNITIES ..................................................... 60
COUNTRY OVERVIEW
Brazil’s Profile

- Area: 8,514,000 km² (5th largest)
- Population: 191.3 million (5th biggest population)
- GDP: US$ 1.6 trillion (8th biggest economy)
- Per capita income: US$ 8 thousand
- 2009 exports: US$159 billion
- 2009 imports: US$136 billion
Brazil’s continental dimensions gather different biomes (*), protected by national legislation.

Agriculture and livestock areas make up around 30% of Brazil’s territory, mainly concentrated in the southern and central regions of the country.

(*) any of several major life zones of interrelated plants and animals determined by the climate.

Sources: Ministry of Agriculture; Ministry of Environment - 2006
Agricultural production started primarily in the southern region and, later on, expanded to other areas towards the middle-west of the country.

High levels of productivity as a result of investments in tropical technology allow coexistence of expansion of food and energy production, along with environmental protection.
Brazil plays a leading role as a global supplier of agribusiness products, exporting for more than 180 markets.

Diversified product range ensures food security for the world.

2009 Ranking: Brazilian Production and Exports

<table>
<thead>
<tr>
<th>Main Products</th>
<th>Production</th>
<th>Exports</th>
<th>Number of Markets</th>
<th>Exports US$ Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>1st</td>
<td>1st</td>
<td>124</td>
<td>8.378</td>
</tr>
<tr>
<td>Coffee</td>
<td>1st</td>
<td>1st</td>
<td>81</td>
<td>3.762</td>
</tr>
<tr>
<td>Orange Juice</td>
<td>1st</td>
<td>1st</td>
<td>75</td>
<td>1.619</td>
</tr>
<tr>
<td>Soybean</td>
<td>2nd</td>
<td>2nd</td>
<td>46</td>
<td>11.413</td>
</tr>
<tr>
<td>Beef</td>
<td>2nd</td>
<td>1st</td>
<td>142</td>
<td>4.118</td>
</tr>
<tr>
<td>Tobacco</td>
<td>2nd</td>
<td>1st</td>
<td>100</td>
<td>2.992</td>
</tr>
<tr>
<td>Ethanol</td>
<td>2nd</td>
<td>1st</td>
<td>48</td>
<td>1.338</td>
</tr>
<tr>
<td>Broiler</td>
<td>3rd</td>
<td>1st</td>
<td>146</td>
<td>5.307</td>
</tr>
<tr>
<td>Corn</td>
<td>4th</td>
<td>3rd</td>
<td>49</td>
<td>1.259</td>
</tr>
<tr>
<td>Pork</td>
<td>4th</td>
<td>4th</td>
<td>81</td>
<td>1.225</td>
</tr>
</tbody>
</table>

Sources: USDA, Ministry of Agriculture
Brazil exports a great deal of agricultural products, including traditional goods, such as coffee and sugar, besides recently introduced ones, such as corn and ethanol.

Brazilian Agribusiness Exports
Main Products

Total: US$ 64.8 billion

Elaboration: Ministry of Agriculture
Brazil’s diversified product portfolio enables strategic partnerships around the world. Besides the capacity to assure food security, Brazilian agribusiness has recently been seen as an opportunity for foreign investment.

Brazilian Agribusiness Exports Main Destinations

Total: US$ 64.8 billion

Elaboration: Ministry of Agriculture
Brazilian agribusiness trade balance evolution shows a 8-year surplus increasing trend (2000 to 2008). It reiterates the country’s agricultural vocation.
The positive results of the Brazilian trade balance rely on agriculture. Solid institutional framework and resilient economy mitigate risk of agribusiness commodities exports setback.

Brazilian Trade Balance

Source: Ministry of Development, Industry and Foreign Trade
Elaboration: Ministry of Agriculture
Roughly 70% of the Brazilian agricultural production aims the national market. Domestic demand ensures critical mass for market predictability, enabling expansion planning.

Domestic Consumption and Exports

Sources: Ministry of Agriculture, Brazilian Institute of Geography and Statistics - 2009
Brazilian agricultural production has been reaching successive records in gross value. Worldwide leading products such as beef, soybean, sugar, broiler and coffee account for the majority of the production value.
Pasture lands occupy nearly 70% of the total area dedicated to agricultural production. Pasture productivity is still low – 1 head per hectare. Improvements on cattle raising enable agriculture growth over these areas.

Sources: Ministry of Agriculture, Brazilian Institute of Geography and Statistics (Pasture – 2006)
Increase in grain production over the last 20 years has been a result of high levels of productivity. Grain volume has increased by 2.5 in the period, while the harvested area has grown less than 30%. Productivity in the area, therefore, doubled.
Grain crops’ increasing productivity allows supply of domestic market while Brazil stands out as a big exporter of soybean, corn and cotton.

### Main Grains

<table>
<thead>
<tr>
<th>Product</th>
<th>Area (1,000 ha)</th>
<th>% of Total Grain Area</th>
<th>1,000 Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soybean</td>
<td>21,743</td>
<td>42%</td>
<td>57,166</td>
</tr>
<tr>
<td>Corn</td>
<td>14,171</td>
<td>38%</td>
<td>51,004</td>
</tr>
<tr>
<td>Bean</td>
<td>4,147</td>
<td>3%</td>
<td>3,491</td>
</tr>
<tr>
<td>Rice</td>
<td>2,909</td>
<td>9%</td>
<td>12,602</td>
</tr>
<tr>
<td>Wheat</td>
<td>2,396</td>
<td>4%</td>
<td>5,884</td>
</tr>
<tr>
<td>Cotton</td>
<td>843</td>
<td>2%</td>
<td>1,891</td>
</tr>
</tbody>
</table>

Source: National Company of Food Supply - 2009
Grain productivity has been increasing in Brazil over the years, as a result of technology use and best practices dissemination.
In 2008/2009 harvest, Brazilian cotton producers reached the highest productivity in the world, making a high-quality, competitive product that stands out from the top 5 global producers. That was a cornerstone to recover its leading position in this market.
Soybean is the major agricultural crop in Brazil. Its production increase has been a result of high levels of productivity. Over the last 20 years, soybean volume has increased by 3.5, filling up domestic consumption and enabling Brazil’s leverage to second biggest world exporter position.
Although China and the European Union were the destinations for 79% of soybean and its products’ exports in 2009, dozens of other markets also imported from Brazil, since these products compound both animal and human diets.

Soybean Exports – Grain, Meal and Oil
Main Destinations

Total: US$ 17.2 billion

Elaboration: Ministry of Agriculture
Since 2006, private representatives of the soybean segment declared “moratorium” to the soybean produced in the Amazon Biome - a comprehensive commitment prohibiting to buy or sell the product of such region. Satellite monitoring controls the origin of the product and ensures the Rain Forest protection.

“Soybean is no longer an issue for the Amazon Biome deforestation”.
Minister of Environment of Brazil

Sources: Ministry of Agriculture, Brazilian Institute of Geography and Statistics
The increasing production of corn from double cropping, planted after the soybean summer crop, reduces fixed costs, boosts the growth of the meat industry in Brazil and, at the same time, allows Brazil to become a relevant exporter in these segments.

Source: National Company of Food Supply
Double Cropping
Corn after Soybean

Scale, mechanization.
Two crops in the same year without irrigation.
BRAZILIAN AGRIBUSINESS AT A GLANCE

Total: US$ 1.3 billion

Elaboration: Ministry of Agriculture
The combined expansion of the meat production and industrialization in Brazil leveraged the country to the #1 position in exports worldwide, while keeping up with the domestic market, which presents a high and growing per capita consumption (more than 80kg/inhabitant/year).

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**Meat Production Evolution**

Source: ABIEC, ABEF, UBA, ABIPECS
Elaboration: Ministry of Agriculture
Brazil is the worldwide leading supplier of both beef and Halal beef. Brazilian beef is recognized as the “green beef”, once cattle is raised free, in vast pastures. Vegetal feeding avoids harmful illnesses to human beings, such as the Mad Cow Disease.

Beef* Exports
Main Destinations

Total: US$ 3.0 billion

* In natura
Elaboration: Ministry of Agriculture
Brazilian chicken is present in the meals of consumers of most markets in the world. The integration of the productive chain, from egg to tailored cuts, make the Brazilian chicken products competitive and adaptable to each and every market niche. Brazil is the biggest world exporter of both broiler and Halal broiler.

Broiler* Exports
Main Destinations

- Saudi Arabia: 15.4%
- Japan: 12.8%
- Hong Kong: 12.2%
- Venezuela: 6.0%
- EU-27: 6.5%
- UAE: 6.5%
- Kuwait: 5.6%
- Iraq: 4.0%
- Others: 30.9%

Total: US$ 4.8 billion

* In natura
Elaboration: Ministry of Agriculture
The Brazilian integrated pork productive system results in high quality goods, according to the world’s most rigid standards.

**Pork* Exports**

**Main Destinations**

- **Russia**: 50.6%
- **Hong Kong**: 14.5%
- **Ukraine**: 9.5%
- **Singapore**: 6.3%
- **Argentina**: 4.5%
- **Angola**: 3.8%
- **Other**: 10.8%

*In natura*


Elaborated by Ministry of Agriculture

*Total: US$ 1.1 billion*
Sugarcane
Sugar and Ethanol: Production and Area

Sugarcane can be transformed in sugar and ethanol, besides other sub-products, such as fertilizer and electricity (from bagasse). In Brazil, production of food, fuel and energy can increase substantially, coexisting with all other food crops and environmental preservation.

Sources: Ministry of Agriculture, National Company of Food Supply
Brazil is the #1 exporter of sugar, accounting for almost half of the world’s market.

Sugar Exports
Main Destinations

- India: 17.5%
- Russia: 10.4%
- UAE: 7.1%
- Nigeria: 4.9%
- Algeria: 4.0%
- Saudi Arabia: 4.0%
- Bangladesh: 4.8%
- Canada: 3.6%
- Others: 43.7%

Total: US$ 8.3 billion

Elaboration: Ministry of Agriculture
Brazil leads the exports of ethanol, although 90% of its production is consumed domestically. The use of ethanol as fuel reduces the emission of pollutants.

Total: US$ 1.3 billion

Elaboration: Ministry of Agriculture
Almost half of the sources of the Brazilian energy matrix are renewable, sugarcane being the second most important one.

**Energy Mix**

### Brazil

- **Oil and Oil Products**: 35%
- **Sugarcane**: 18%
- **Biomass**: 14%
- **Hydraulic and Electricity**: 15%
- **Natural Gas**: 9%
- **Coal**: 5%
- **Uranium**: 1%

### World

- **Coal**: 24%
- **Biomass**: 11%
- **Uranium**: 6%
- **Hydraulic and Electricity**: 2%
- **Natural Gas**: 21%
- **Oil and Oil Products**: 33%

Share of renewable energy in the total primary energy: 47%

Source: Ministry of Energy and Mining – 2009
Elaboration: Ministry of Agriculture
Flex-fuel technology allows the use of gasoline, ethanol or its mixture at any proportion. Currently, more than 10 million cars in Brazil have flex-fuel engines. Ethanol is also being used as fuel for Formula Indy competition cars, as well as trucks and airplanes.

Source: Anfavea
Elaboration: Ministry of Agriculture
Coffee
Brazil is the world’s leading exporter of coffee. Over the last 20 years, investment on technology has increased production by 26%, while area has decreased by 38%.

Coffee: Production and Area

Sources: USDA, Embrapa and National Food Supply Company (as of 1996)
Elaboration: Ministry of Agriculture
Brazil exports mainly arabic coffee. Europe is its main market. Yet, under different brands and presentations, the Brazilian coffee can be savored by consumers all over the world.

Coffee Exports
Main Destinations

Total: US$ 3.7 billion

Elaboration: Ministry of Agriculture
Milk
The increasing milk production in Brazil made the country self-sufficient and exporter of dairy products.

Source: Milk National Forum – Brazilian Confederation of Agriculture and Livestock
Fruits
Brazilian climate diversity allows the production of several types of fruits in distinctive regions of the country. It is also possible to produce in different seasons of the year.

Fruits
Brazil’s Production and Ranking in the World

Source: IBRAF - 2009
Elaboration: Ministry of Agriculture
Fruits – Production Map
SUSTAINABILITY
AGRICULTURE & ENVIRONMENT
Brazil is a big exporter of wood, wood products and celulosis. It has leadership in the hardwood pulp market.

Wood and paper industries in Brazil are based on planted forests.

Forestry Planted Area

Source: ABRAF
Elaboration: Ministry of Agriculture
• Brazil has the largest extension of arable lands of the world;
• Brazil contains the greatest diversity of ecosystems and unique biodiversity;
• Brazilian legislation protects preserved areas of all biomes.

## Legal Restrictions to Land Utilization

<table>
<thead>
<tr>
<th>Region</th>
<th>Legal Reserve</th>
<th>Land Available for economical use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon Forest</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Savannas neighboring Amazon</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>Other areas</td>
<td>20%</td>
<td>80%</td>
</tr>
</tbody>
</table>

Moreover, it is mandatory to preserve river banks, areas around lagoons, lakes or water reservoirs, peaks, among others.
Amazon Rain Forest
Our Greatest Treasure
No tillage system is a way of growing crops without disturbing the soil through ploughing. It has increased fast in Brazil and is largely used in grain production.

### Grain Planted Area

- **Conventional**: 31%
- **No tillage**: 69%

### No Tillage System Main Advantages

- reduces labor and machinery requirements
- saves fuel
- reduces soil erosion
- improves water retention and quality
- reduces release of carbon gases
- long-term productivity improvements

Source: National Company of Food Supply – 2008/09
Good Agricultural Practices

- Use of varieties adapted to local soil and climate conditions;
- Integrated crop-livestock-forestry production systems;
- No Tillage System (saves energy, controls erosion);
- Use of clean energy sources:
  - agrienergy: biofuels, biodigesters, wind and solar energy;
- Use of alternative techniques that dispense agricultural chemicals (biological control and integrated pest management);
- Adoption of micro basins as the basic planning units for rural land use.
FOREIGN INVESTMENT OPPORTUNITIES
Global Trends

- World population growth with increasing *per capita* income
- Increasing demand for higher-quality, better, protein-intensive food (i.e. meat)
  - Continuous need of food production increase
- Shortage of new lands for agricultural production
  - Challenges to food security
Brazilian Agribusiness
Competitive Advantages

• Strong, thriving economy & institutional framework;
• Leadership in tropical technology;
• Abundance of natural resources (land, water, solar energy);
• Farming vocation combined with business entrepreneurship.
OECD shows that Brazilian governmental subsidies to farmers are among the smallests vis-a-vis other countries. Brazil’s competitiveness in the international arena is due to a combination of the country’s natural resources, investments on R&D and private entrepreneurship initiatives.

Producer Support Estimate (Public Support to Farmers)

Source: Organization for Economic Cooperation and Development
Strong, Thriving Economy & Institutional Framework

New social and economic paradigms, with:
- Social inclusion and income distribution;
- Upgrowth of the middle class, ensuring solid and diversified domestic demand;
- Investment enhancement;
- Stable, consolidated democracy, legal and institutional framework;
- Infrastructure long-term investment program with strategic actions;
- Sustainable growth based on macroeconomic prudential policies;
- Inflation under control (efficient inflation target regime);
- Robust fiscal rules (primary surplus & continuous reduction of public deficit);
- Low external vulnerability.
Accelerated Growth Programme
Infrastructure to Come

Investment in US$ billion

- Santo Antônio Hydroelectric Power Plant (PPP)*: 7.5
- Jirau Hydroelectric Power Plant (PPP)*: 5.2
- North-South Railway (North Portion) (PPP): 2.5
- North-South Railway (South Portion): 1.2
- BR 101 Highway (Northeast and South Portions) (Public): 2.2
- São Paulo Subway (PPP): 12.8
- Belo Monte Hydroelectric Power Plant: 10.6
- New Trans-Northeastern Railway (PPP): 1.1
- São Francisco River Interchange (Public): 2.9
- Cacimbas-Catu Gas Pipeline (PPP): 7.0
- Port of Açu (PPP): 2.0
- East-West Railway: 3.4
- East-West Railway: 12.8
- To be concluded in 2010
- Estimated conclusion in the coming years

*PPP = Public-Private Partnership
*Includes public-private partnerships and concessions

Source: Exame Infrastructure Yearbook 2009-2010
Produced by: Ministry of Finance
Leadership in Tropical Technology

- Continuous & persistent public and private investments on R&D;
- Opened partnerships with other countries;
- Expressive results on productivity;
- Efficient use of natural resources.
Foreign Investment in Agribusiness

The agribusiness productive chains offer several possibilities for foreign investors:

- Direct Investment on Projects (Transportation, Storage, Harbourage);
- Contract Farming (Payment in Products);
- Capital Markets (Stocks, Investment Funds);
- Partnerships and Joint Ventures.