

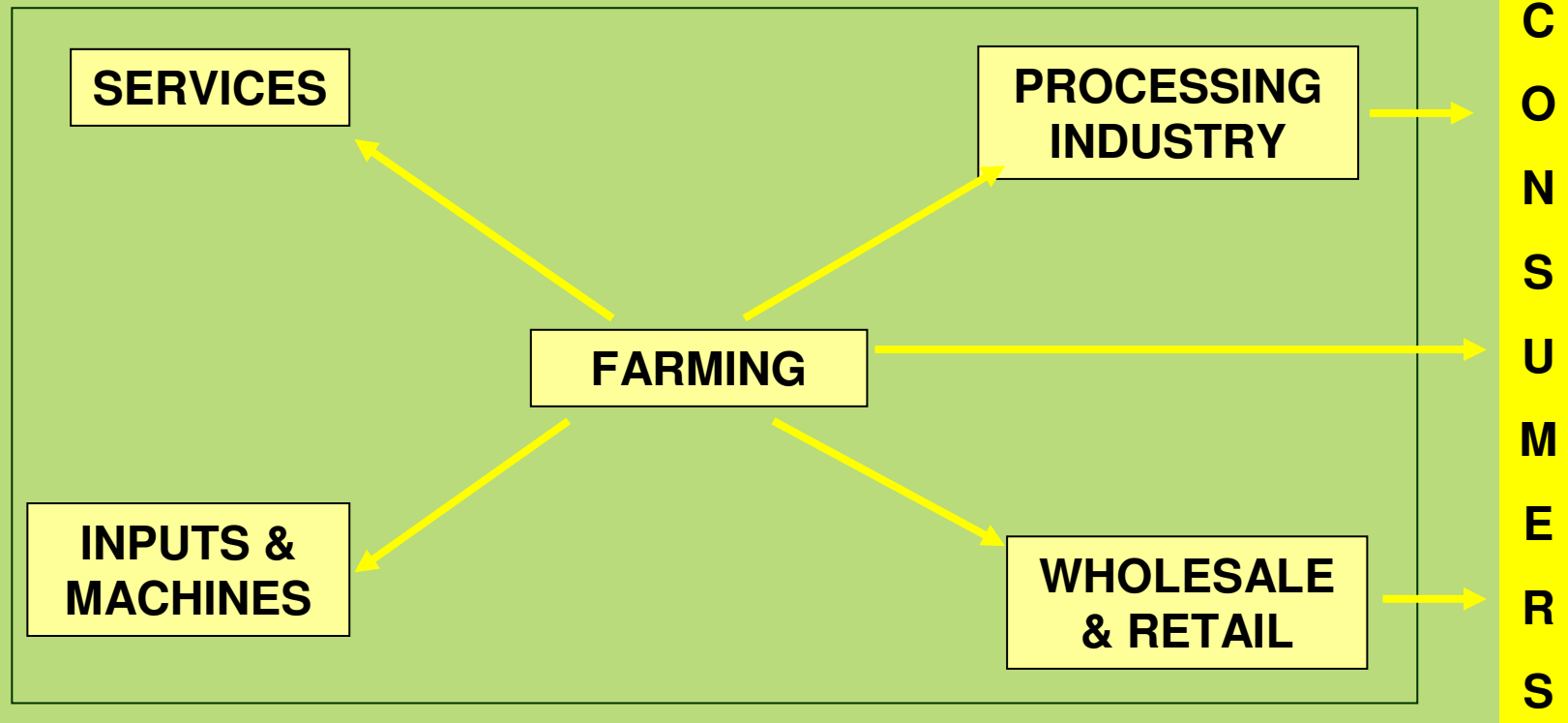
# BRAZILIAN AGRIBUSINESS



March, 2007

# The Agribusiness meaning

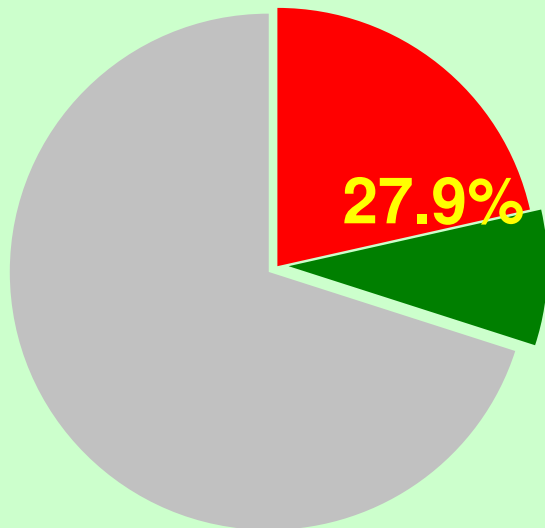
**INSTITUTIONAL ENVIRONMENT**  
CULTURE, TRADITIONS, EDUCATION, CUSTOMS



**ORGANIZATIONAL ENVIRONMENT**  
INFORMATION, ASSOCIATION, R&D, FINANCES, FIRMS

# Agribusiness was responsible for:

## GDP - 2005



**Total: US\$ 796 bi**

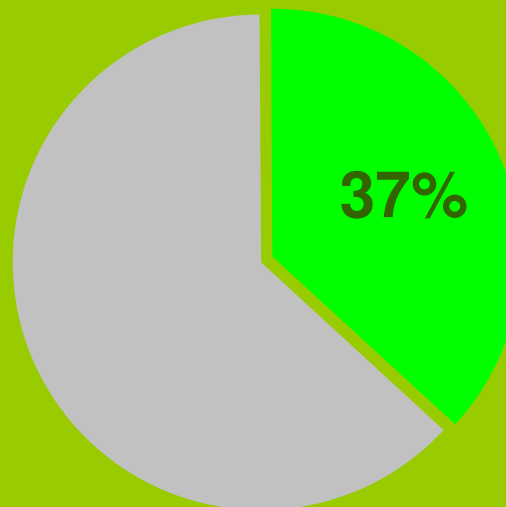
**Agribusiness: US\$ 222.1 bi**

**Agriculture: US\$ 156.1 bi (70.3%)**

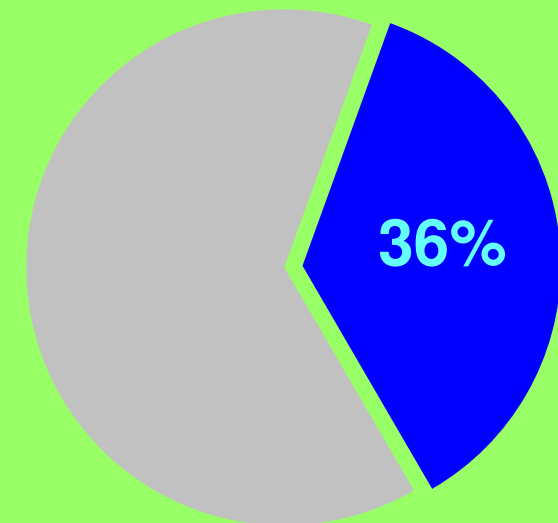
**Livestock: US\$ 66.0 billion (29.7%)**

**Non-Agribusiness: US\$ 573.9 bi**

## JOBS - 2005



## EXPORTS - 2006



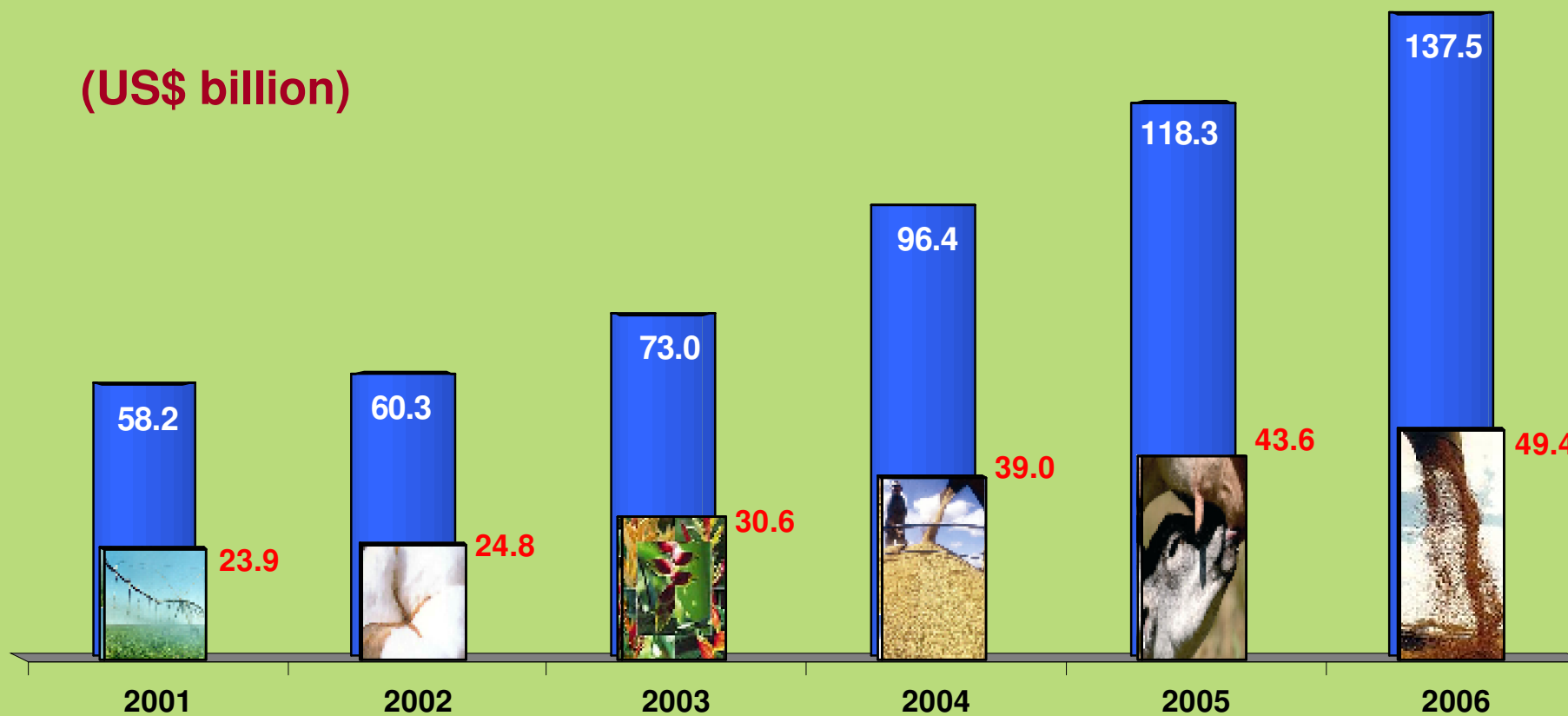
**Total: US\$ 137.5 bi**

**Agribusiness US\$ 49.4 bi**

**Non-Agribusiness US\$ 88.1 bi**

# Brazilian Exports: total x agribusiness

(US\$ billion)



41.0%

41.1%

41.9%

40.5%

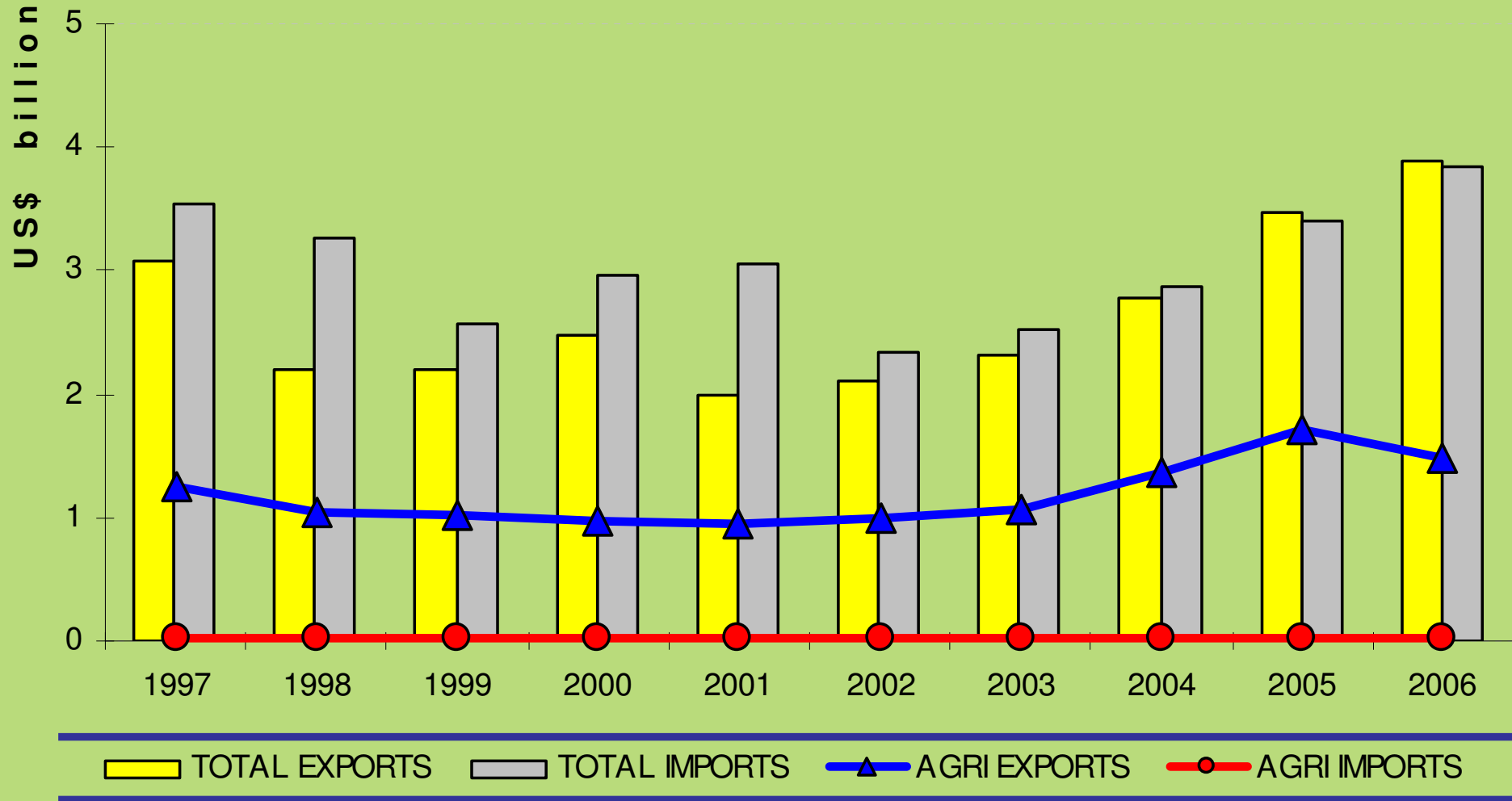
36.9%

36.0%

**AGRIBUSINESS PARTICIPATION**

Source: MAPA

# Brazil – Japan Trade Flow



Source: AgroStat Brasil – MAPA / MDIC

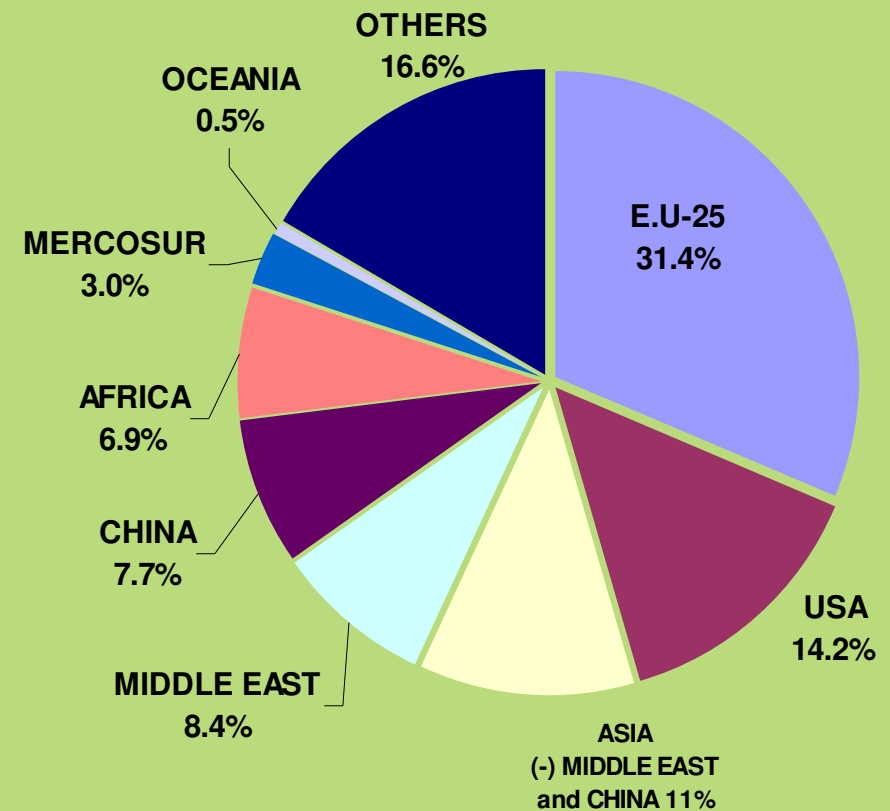
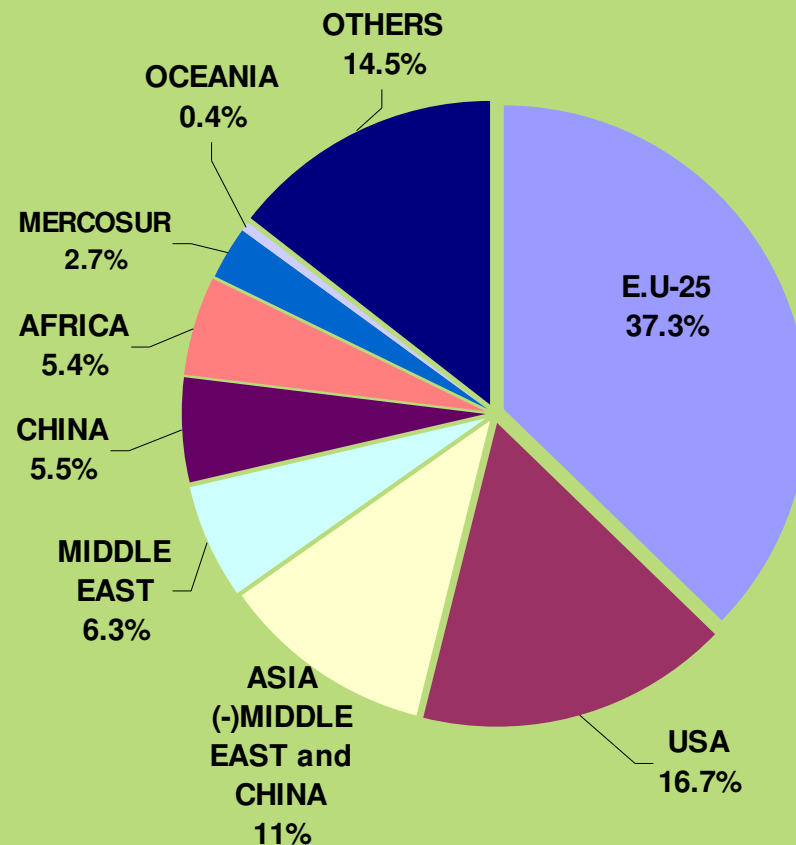
# Brazilian Exports (by value): *Main Markets*

**2002**

**2006**

**Total: US\$ 24.8 bi**

**Total: US\$ 49.4 bi**



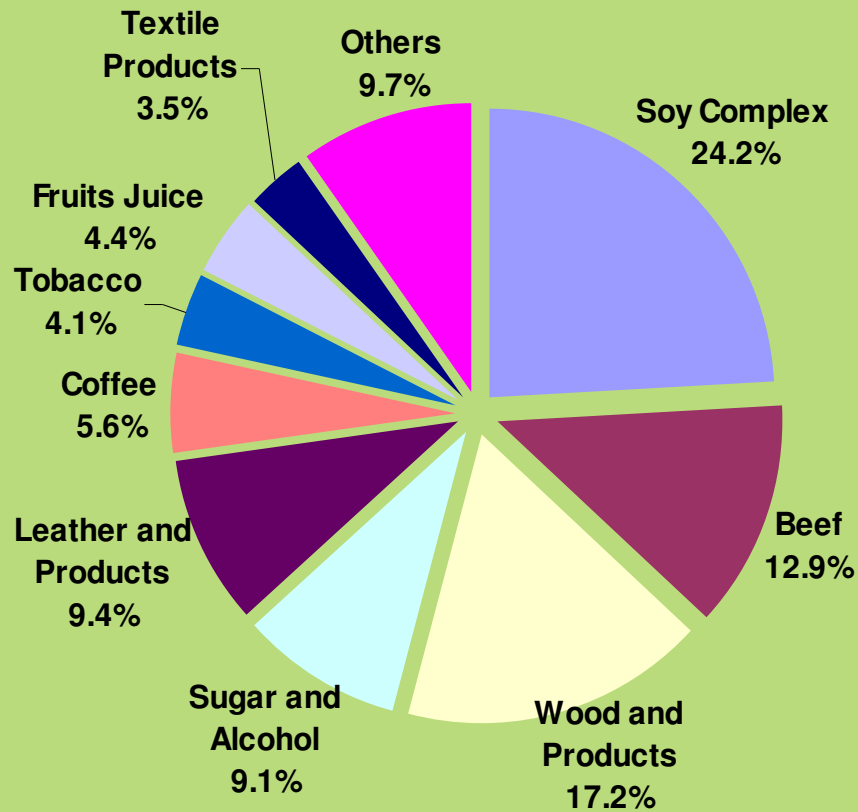
**Japan: 3.99% (US\$ 990 million)**

Source: MAPA

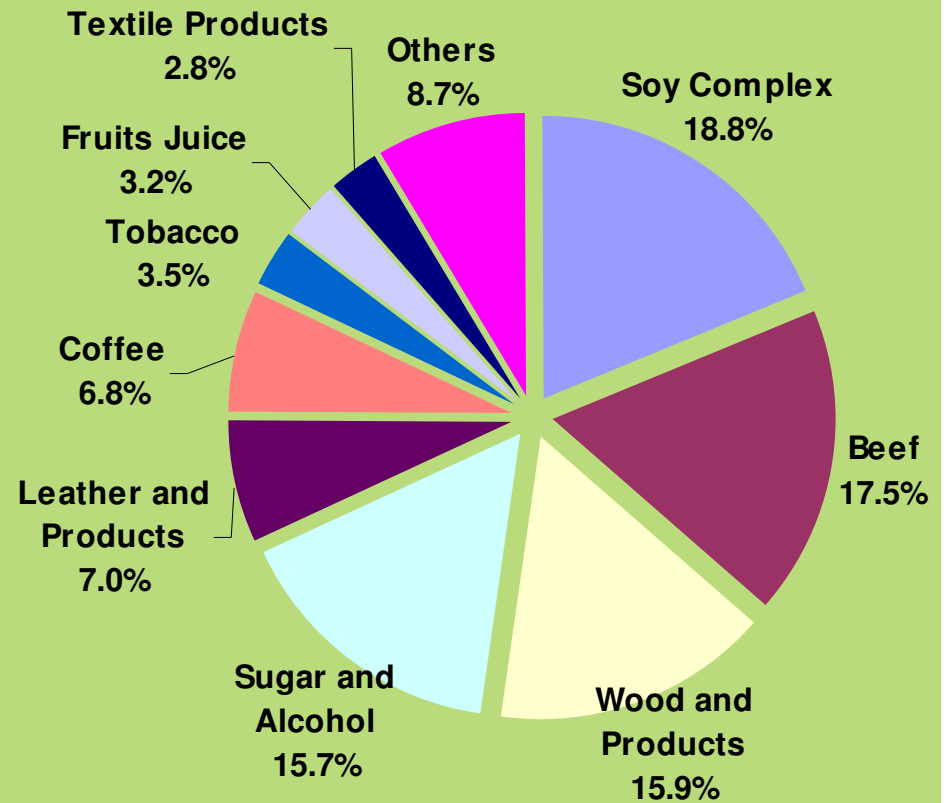
**Japan: 2.98% (US\$ 1.5 billion)**

# Brazilian Exports (by value): *Main Products*

**2002**



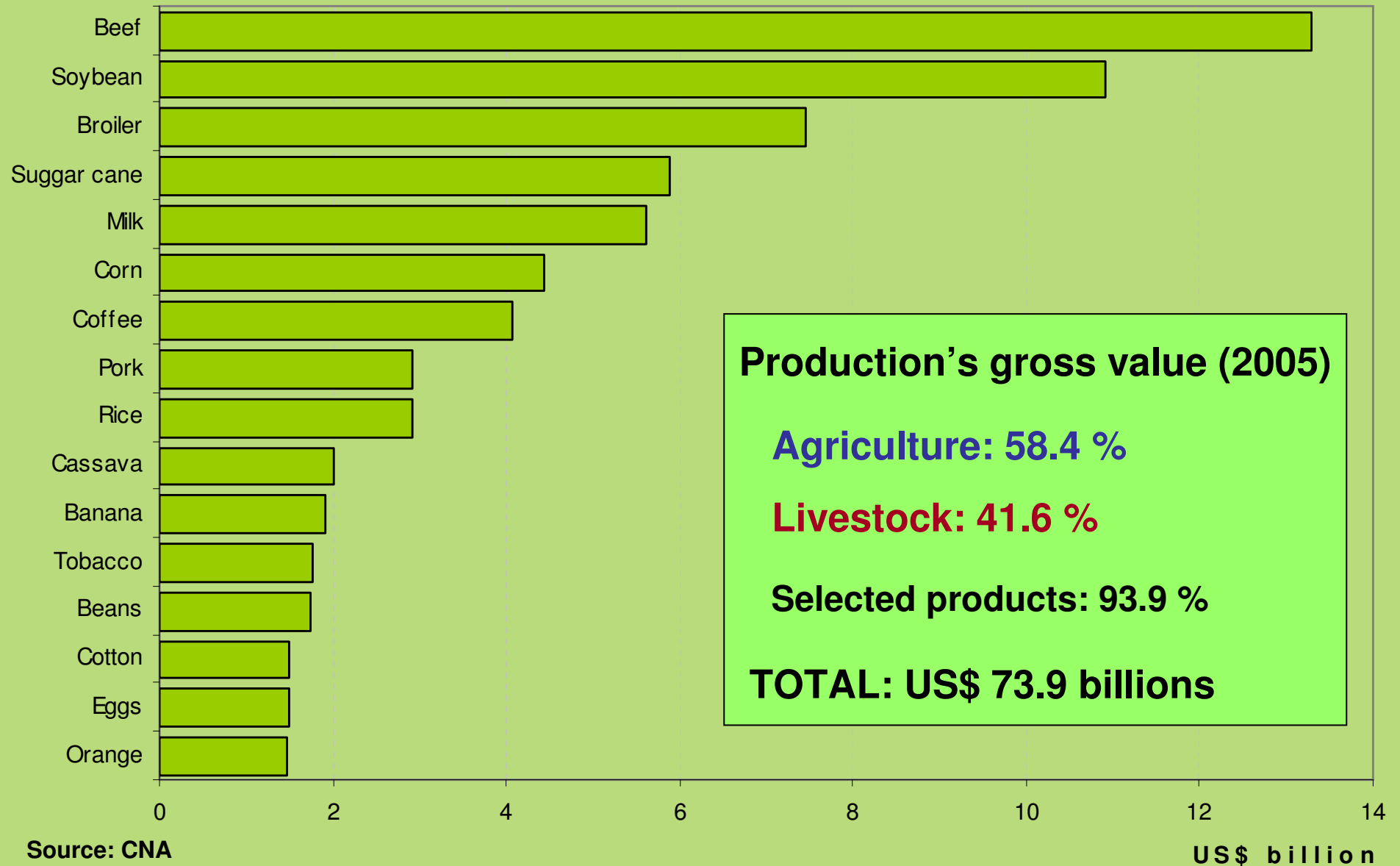
**2006**



Source: MAPA

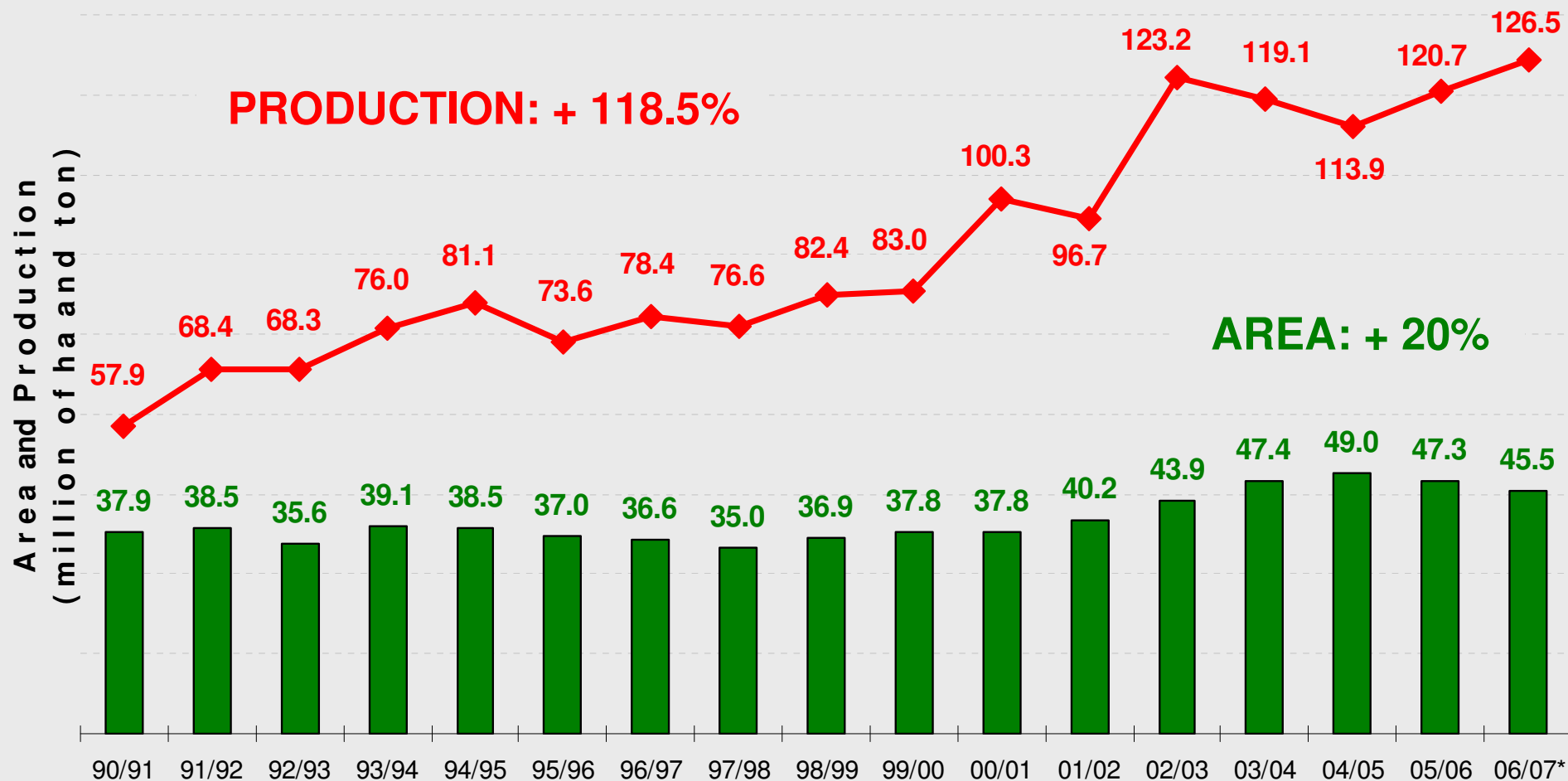
# Production's Gross Value - Main Products (2005)

(Production x Price)





# Grain Production



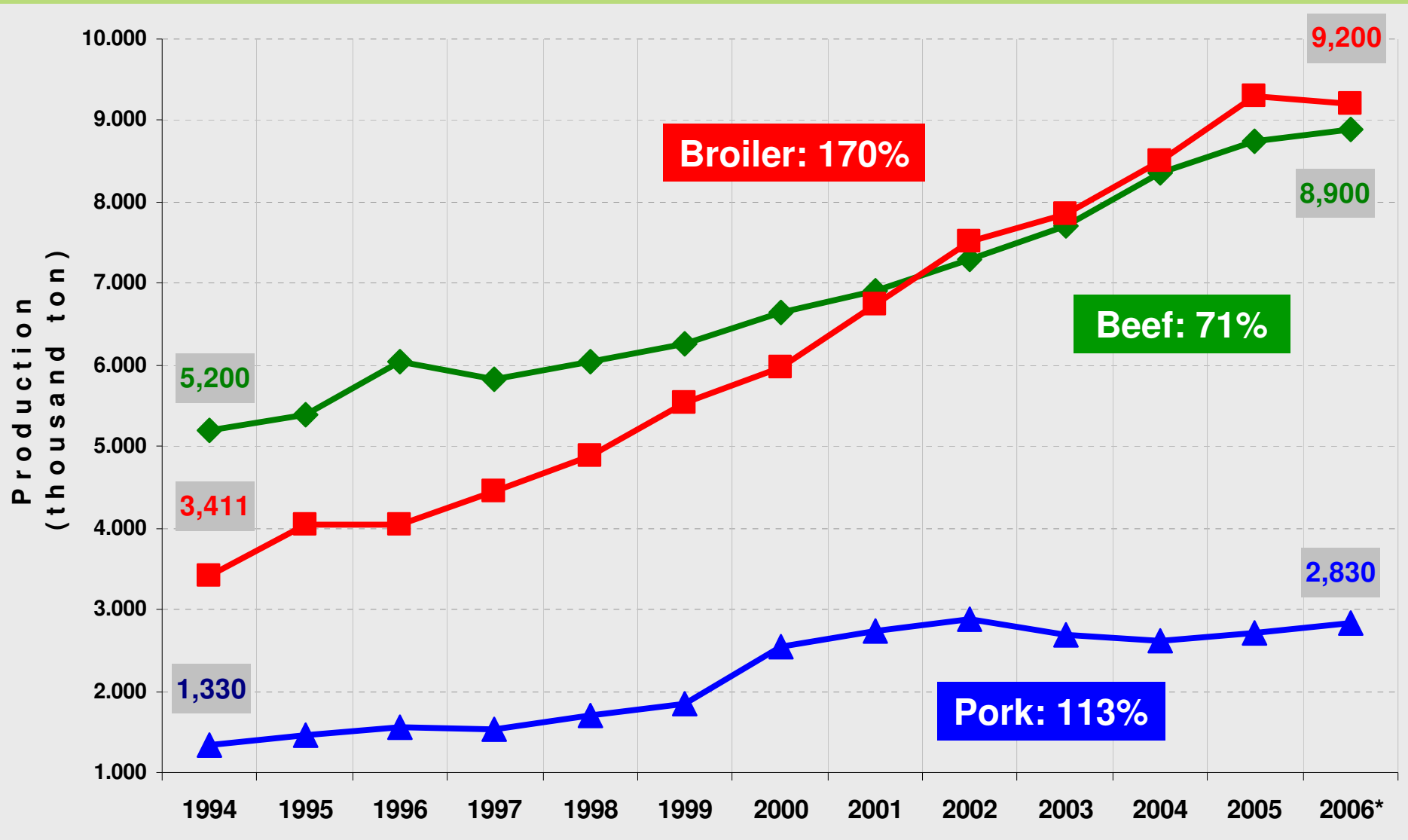
**PRODUTIVIDADE: + 86.7%**

GRAINS: cotton, peanut, rice, oats, rye, barley, beans, sunflowers, castor bean, corn, soy, sorgum, wheat and triticales.

Source: Conab / MAPA

\* Estimate (5<sup>th</sup> Grain Harvest Survey: February/2007)

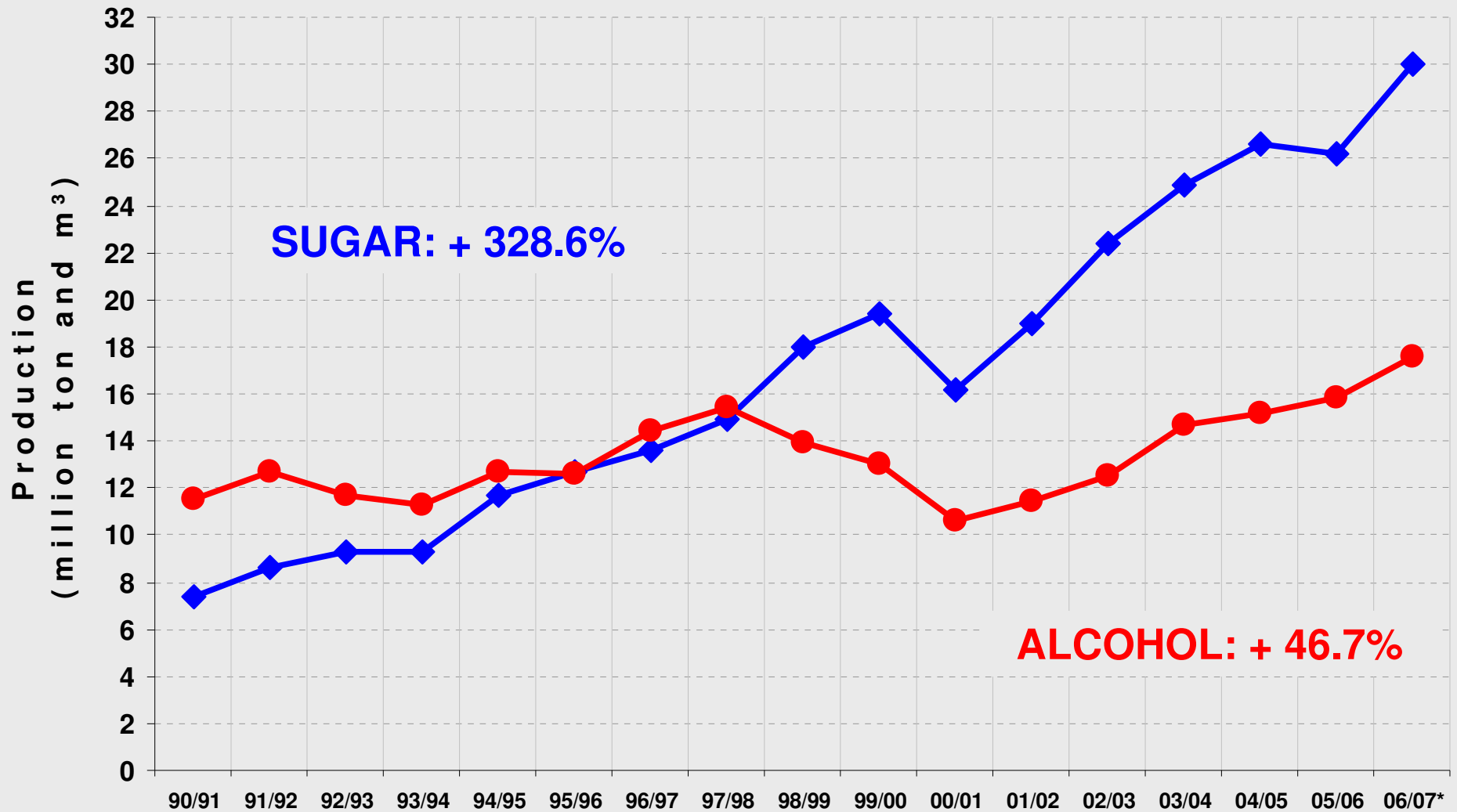
# Meat Production



\* Estimate

Sources: ABEF, ABIEC and ABIECS

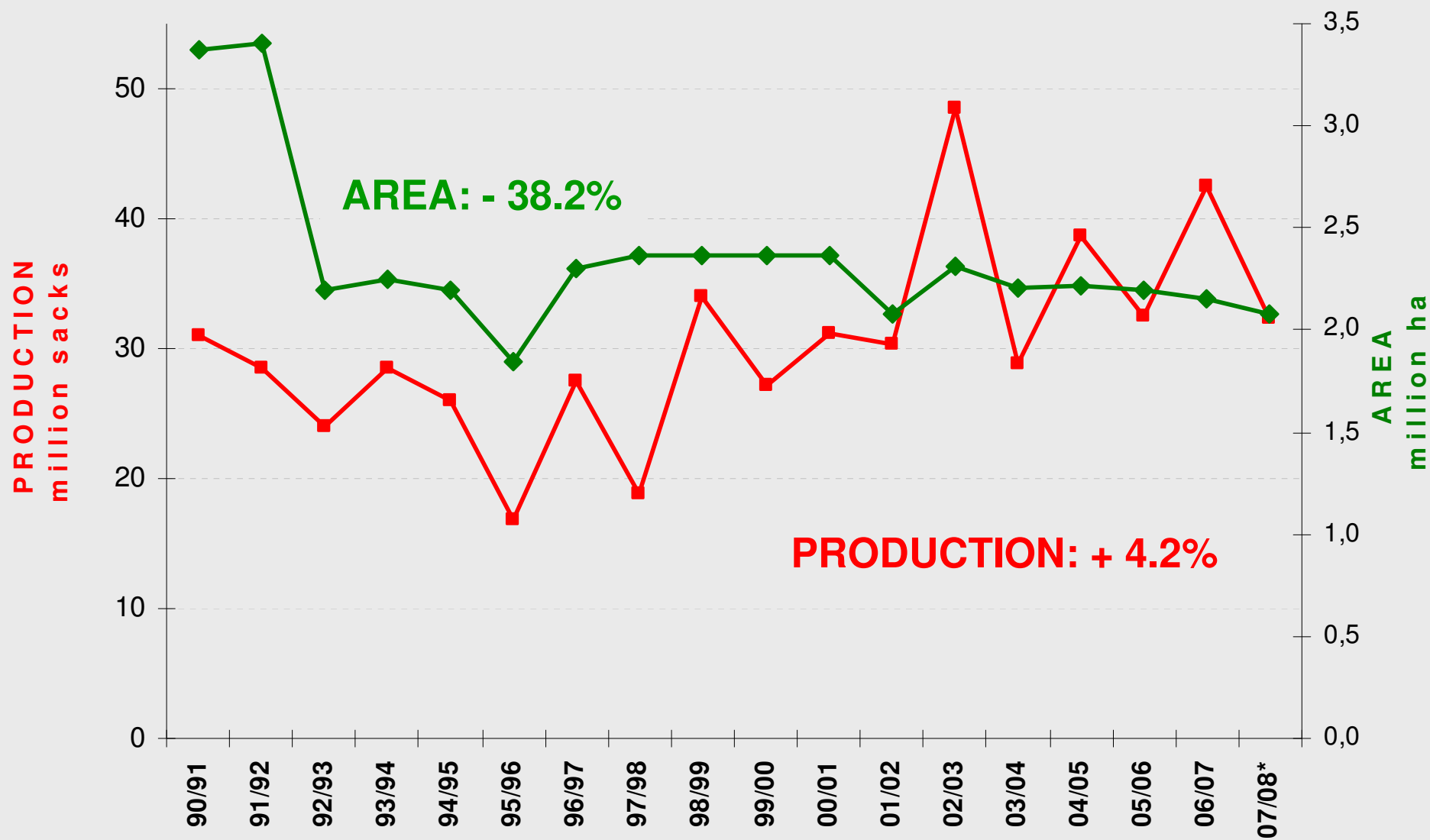
# Sugar and Alcohol Production



Sources: SPAE / MAPA and Conab / MAPA

\* Estimate (3<sup>rd</sup> Sugar Cane Harvest Survey: November/2006)

# Coffee Production



Sources: USDA and EMBRAPA / Conab (after 1996)

\* Projection (1<sup>st</sup> Coffee Harvest Survey: December/2006)

# Ranking 2006: Production and Exports

Main Products	Production	Exports	Number of Markets	Total Exports
				US\$ milhões
Suggar	1 <sup>st</sup>	1 <sup>st</sup>	113	6,167
Coffee	1 <sup>st</sup>	1 <sup>st</sup>	134	3,364
Orange Juice	1 <sup>st</sup>	1 <sup>st</sup>	82	1,469
Soy Complex	2 <sup>nd</sup>	1 <sup>st</sup>	74	9,308
Beef	2 <sup>nd</sup>	1 <sup>st</sup>	144	3,923
Tobacco	2 <sup>nd</sup>	1 <sup>st</sup>	114	1,752
Alcohol	2 <sup>nd</sup>	1 <sup>st</sup>	40	1,605
Broiler	3 <sup>rd</sup>	1 <sup>st</sup>	145	3,203
Corn	3 <sup>rd</sup>	4 <sup>th</sup>	34	460
Pork	4 <sup>th</sup>	4 <sup>th</sup>	72	1,036

Sources: USDA and F.O. Litch's

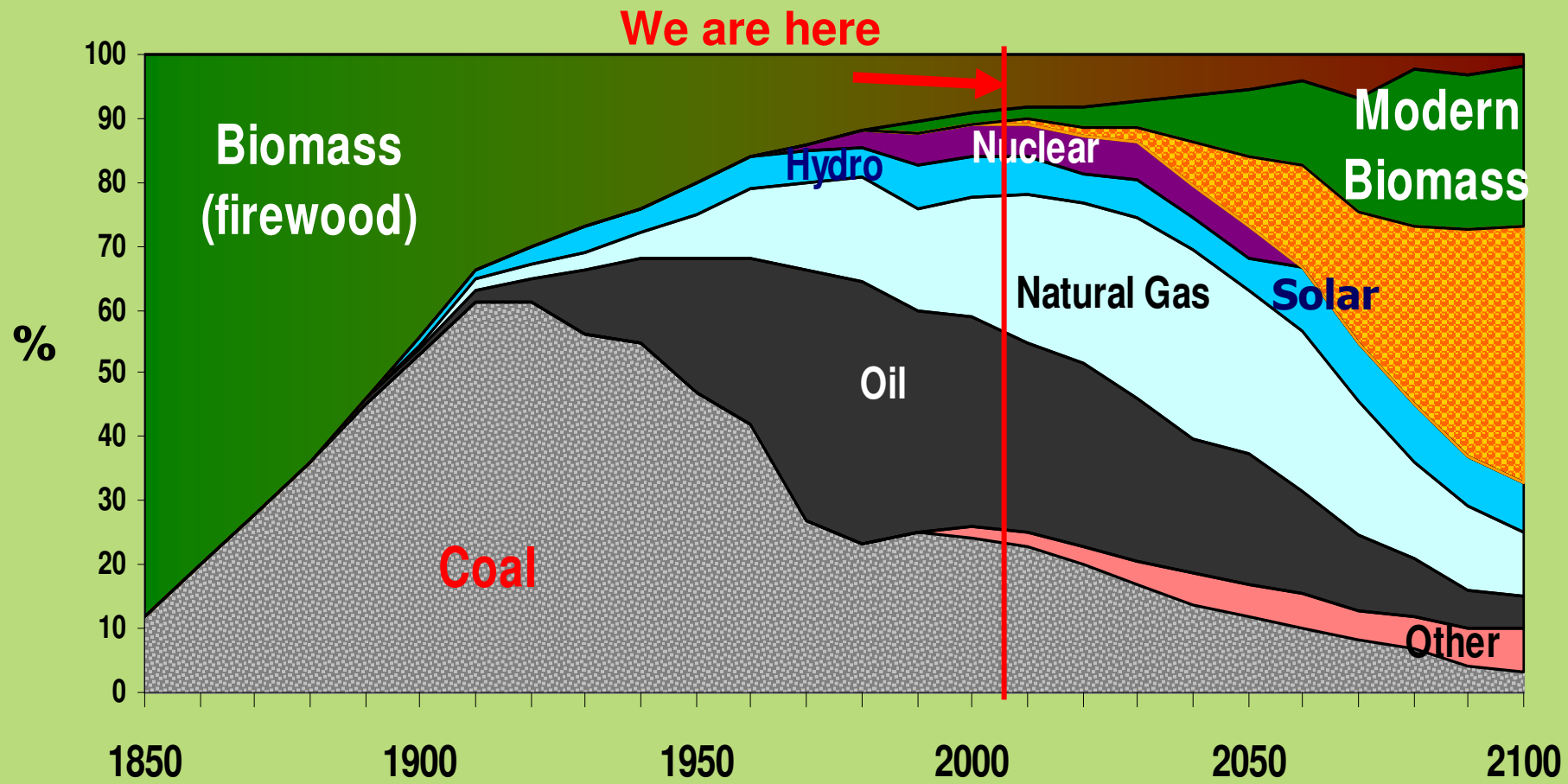
Preliminary data

# AGROENERGY:

## THE NEW PARADIGM OF WORLD AGRICULTURE



# 21<sup>st</sup> Century: the beginning of a New Era



Sources: Nakicenovic, Grübler and MaConald, 1998

**Challenge for mankind: TO DIVERSIFY ENERGY SOURCES**

# Why BIOFUELS?

## Environmental gains

- carbon capture
- lower emission levels in consumption

## Economic aspects

- new component of the demand
- impacts on trade balance

## Renewability

- short production cycle
- man-controlled process

## Social aspects

- jobs creation
- income deconcentration

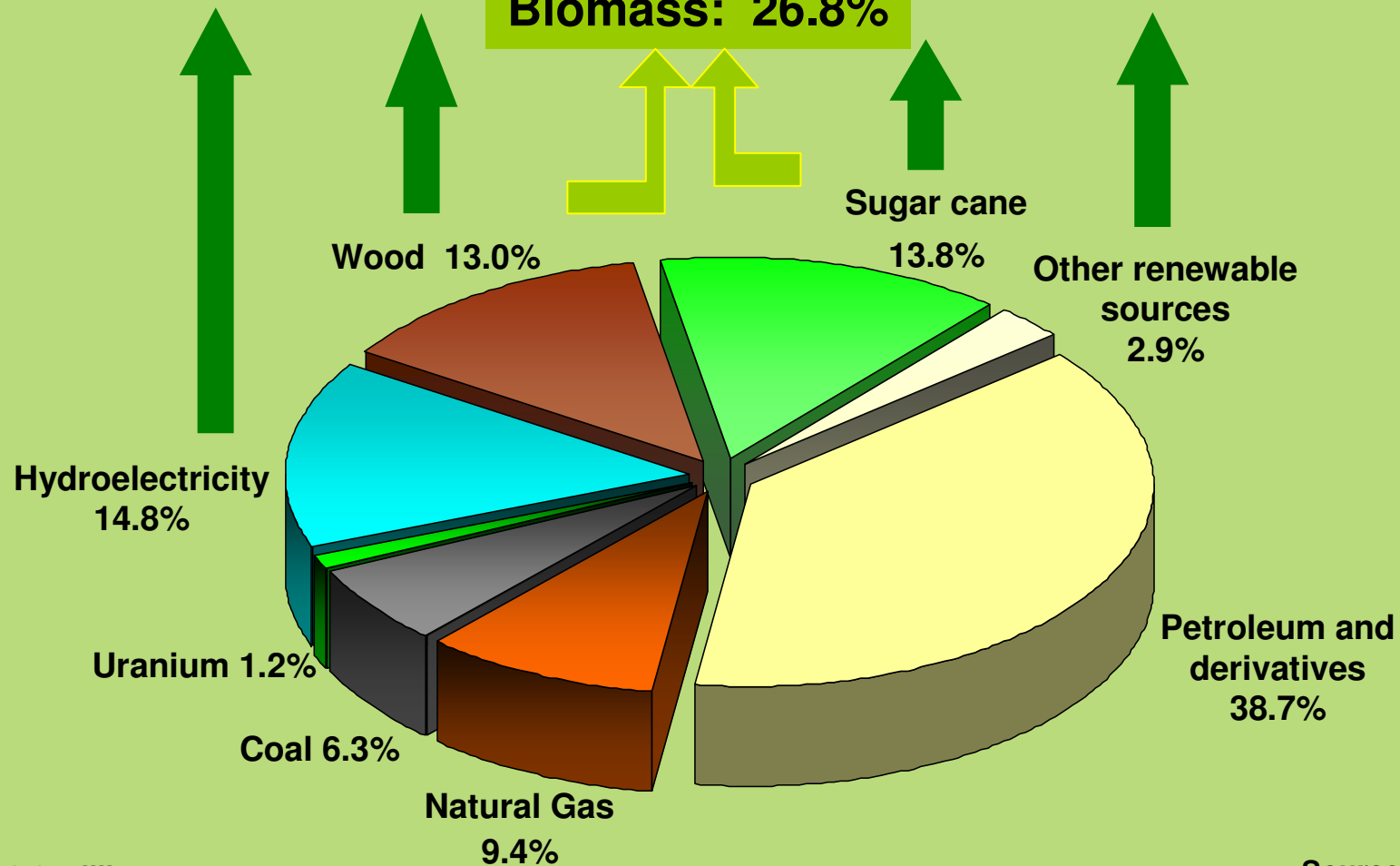


# Brazilian energetic matrix - 2005

**WORLD: Renewable Sources 13.3%**

**BRAZIL: Renewable Sources 44.5%**

**Biomass: 26.8%**



100% = 218,6 million tep

Source: BEN 2006

# Brazilian Experience: nowadays...



1) Since 2003, models of Flex-Fuel Vehicles can use any mixture of gasoline and alcohol.

2) More than 2.7 million flex-fuel vehicles.

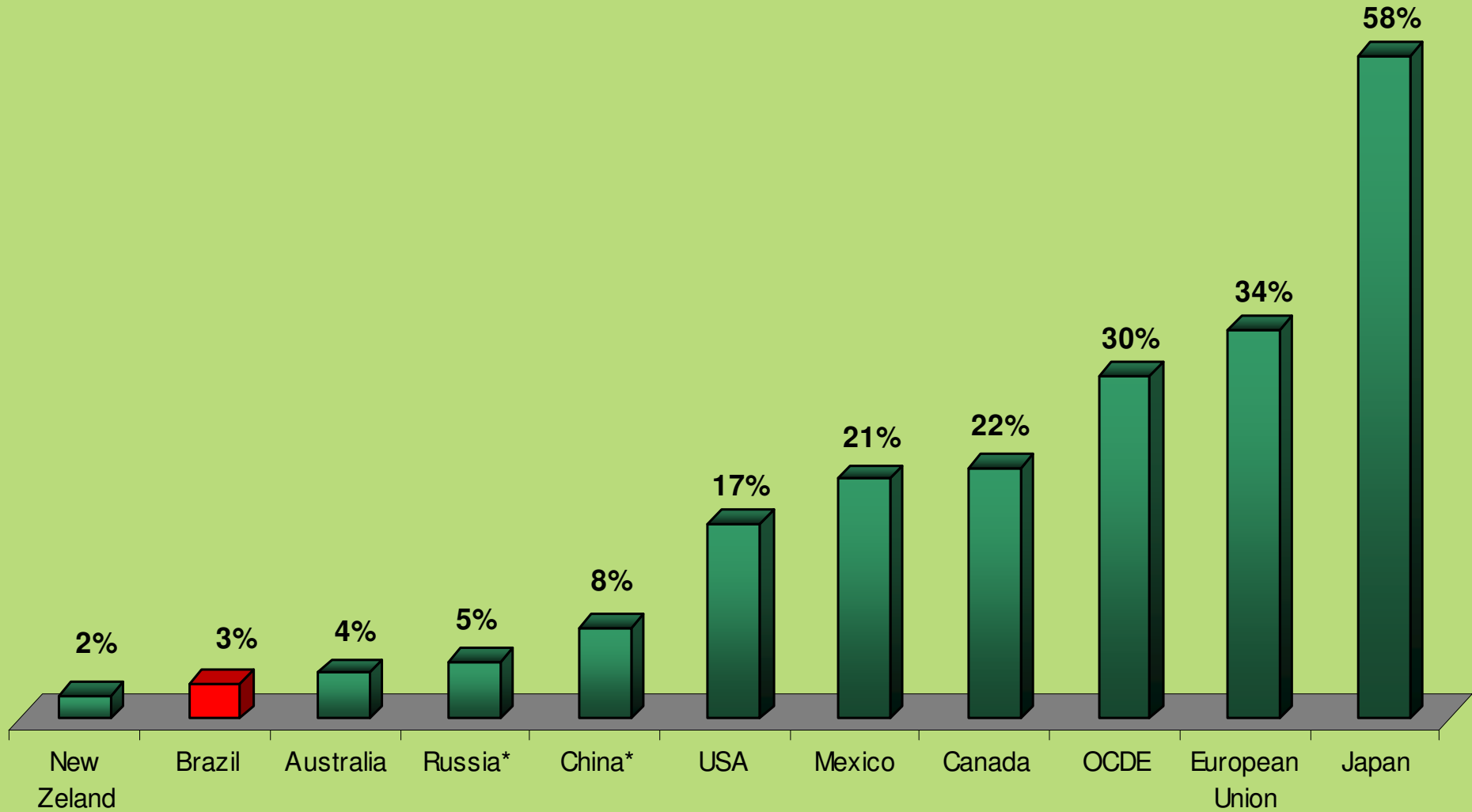
# **Ministry of Agriculture, Livestock and Food Supply's Mission:**

**to promote agribusiness' sustainable development and  
competitiveness in benefit of the Brazilian society.**

- 
- ✓ economic viability**
  - ✓ social justice**
  - ✓ environmental sustainability**

# Producer Subsidy Equivalent (PSE)

Average (2002-2004)



\* Average 2002-2003

Source: OCDE

# Forced labour exploitation is a crime in Brazil

## World:

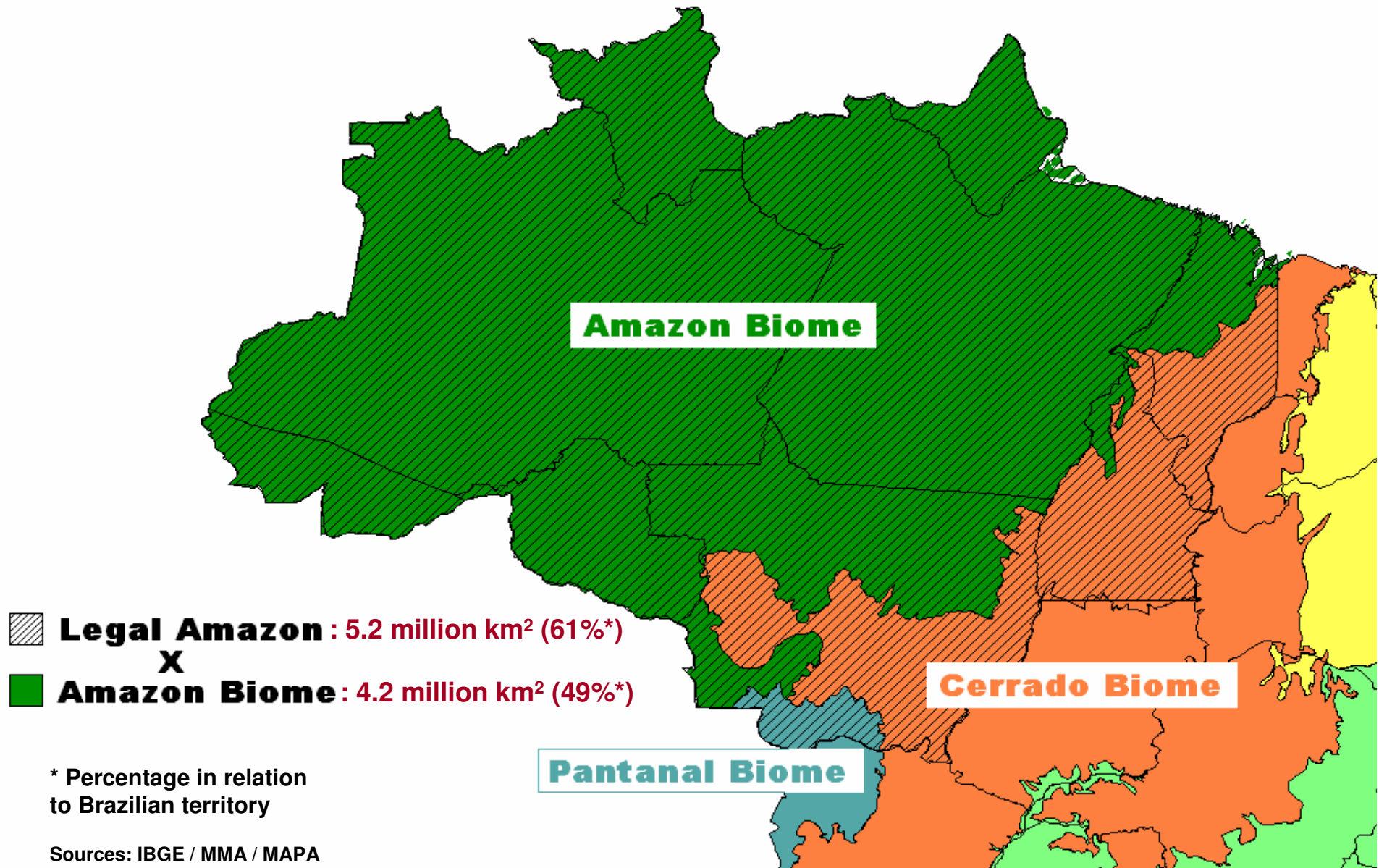
- ✓ forced labour = 12,300,000 people (ILO)

## Brazil:

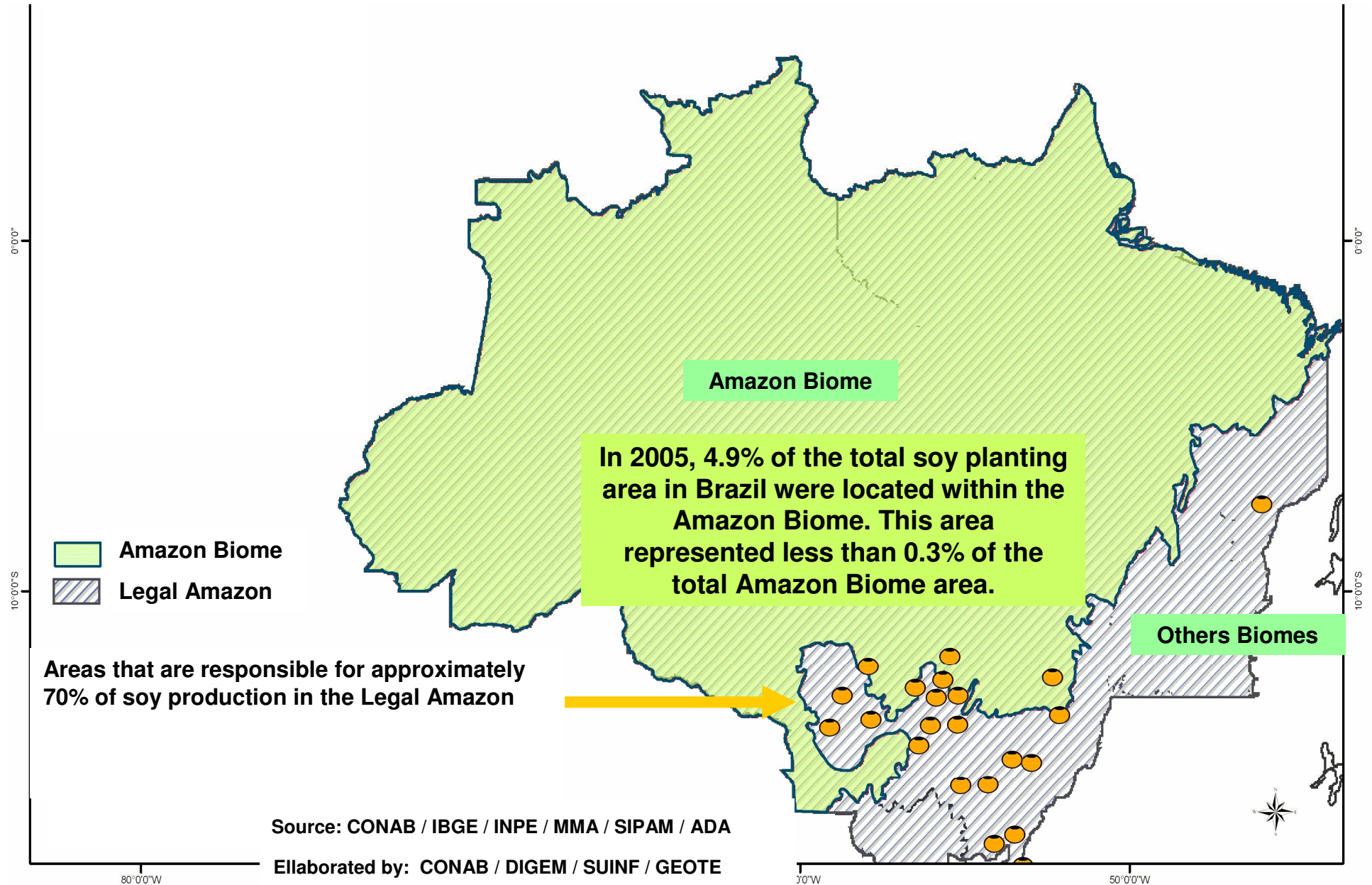
- ✓ 4,273 rural workers in forced labour in 2005
- ✓ 17,700,000 people working in agribusiness

*The ILO 2005 Report considered Brazil as an example on fight against forced labour*

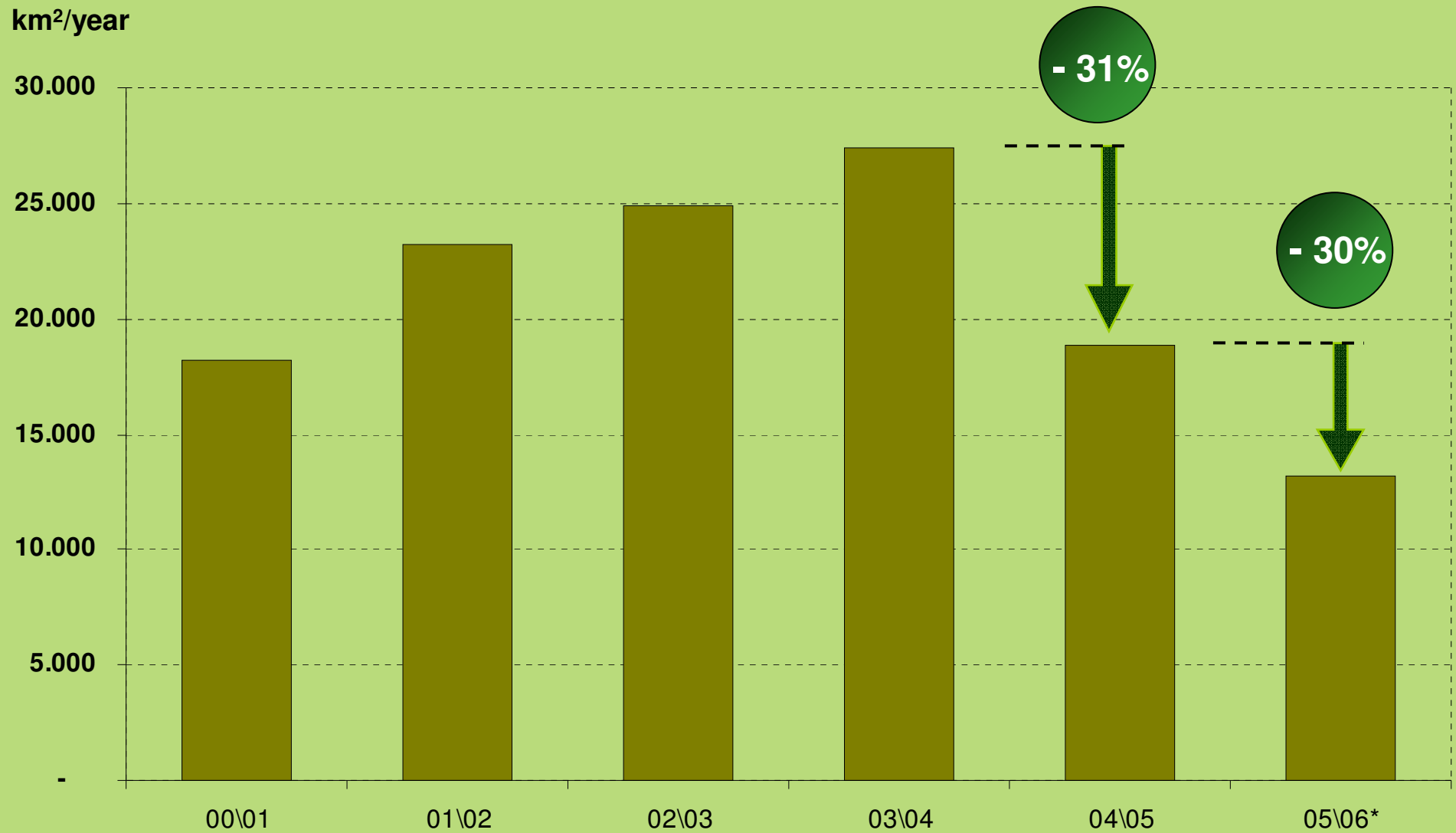
# Legal Amazon X Amazon Biome



# Soy Production - Amazon Biome (2005)



# Gross tax of deforestation reduction in the Amazon

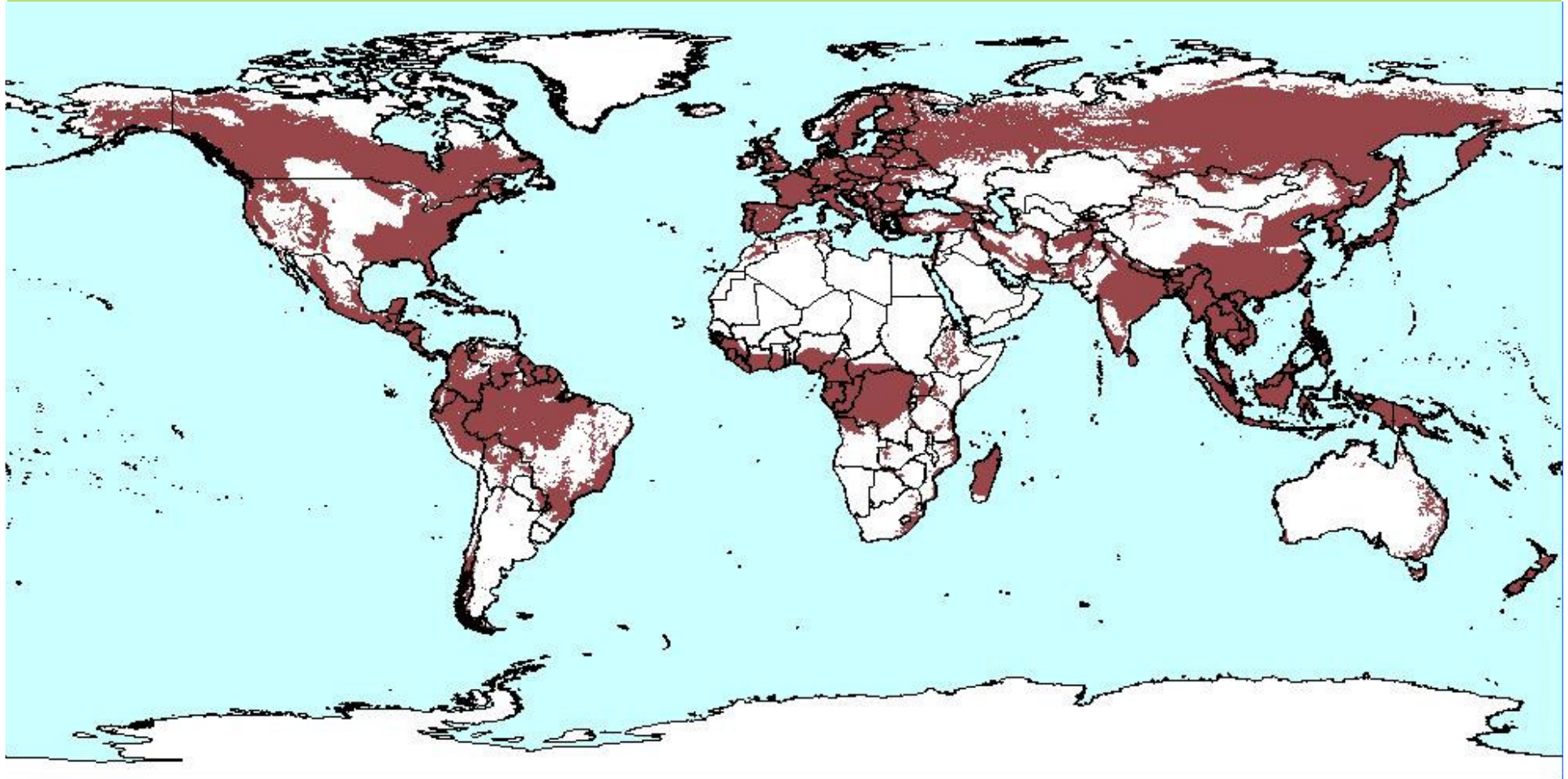


\* Estimate

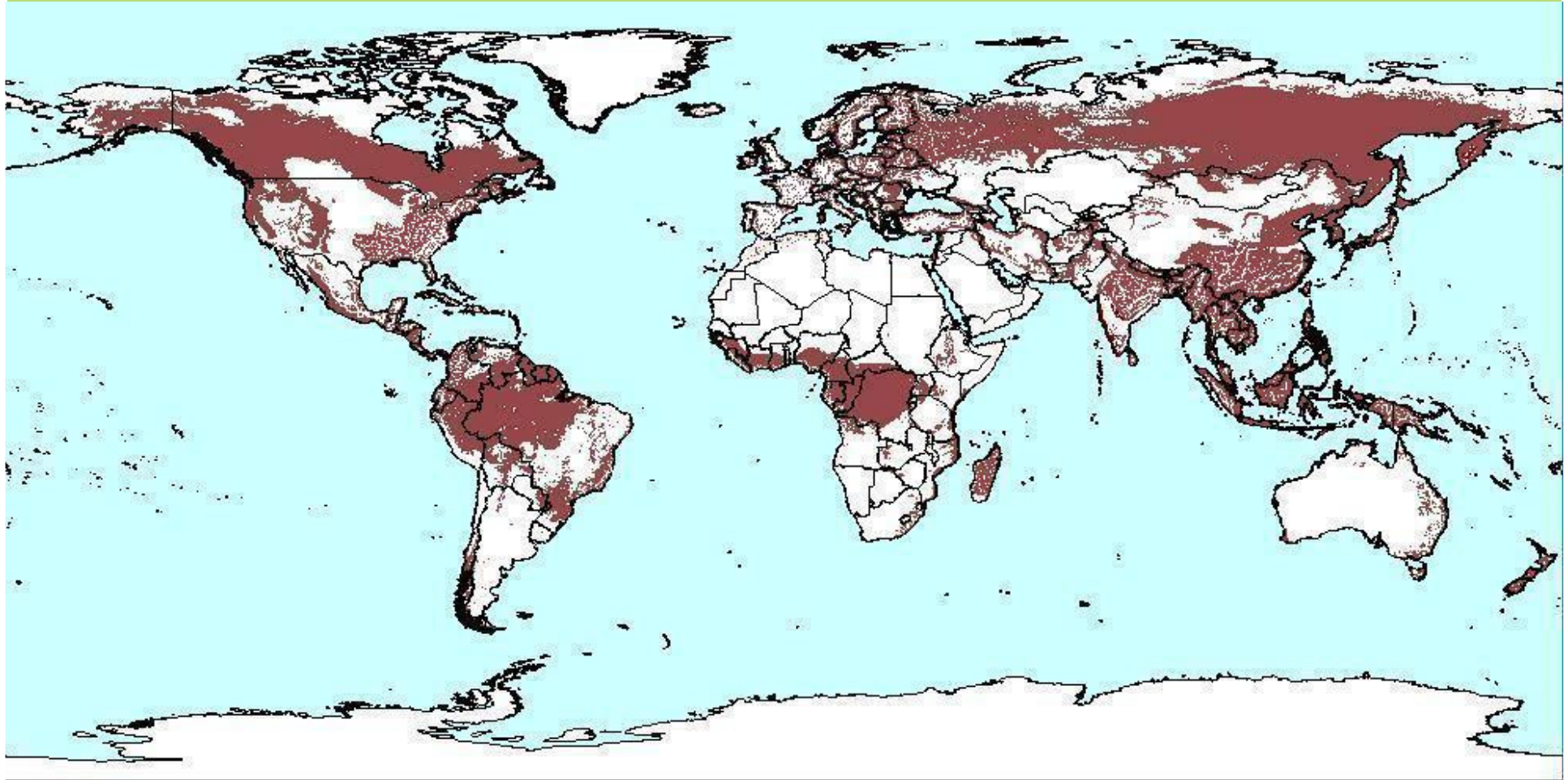
Source: Ministry of Environment



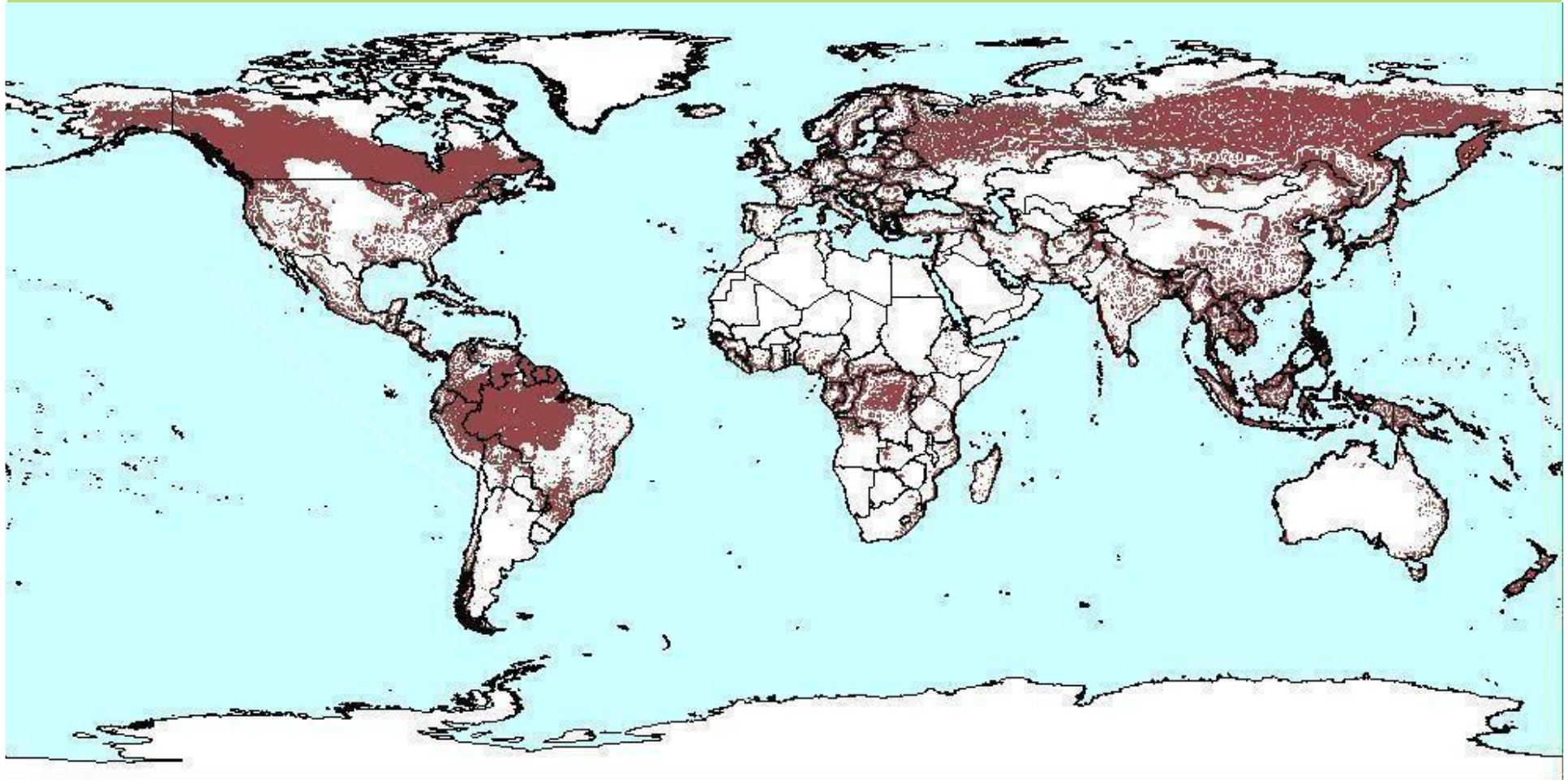
# Original Forests: 8.000 years ago



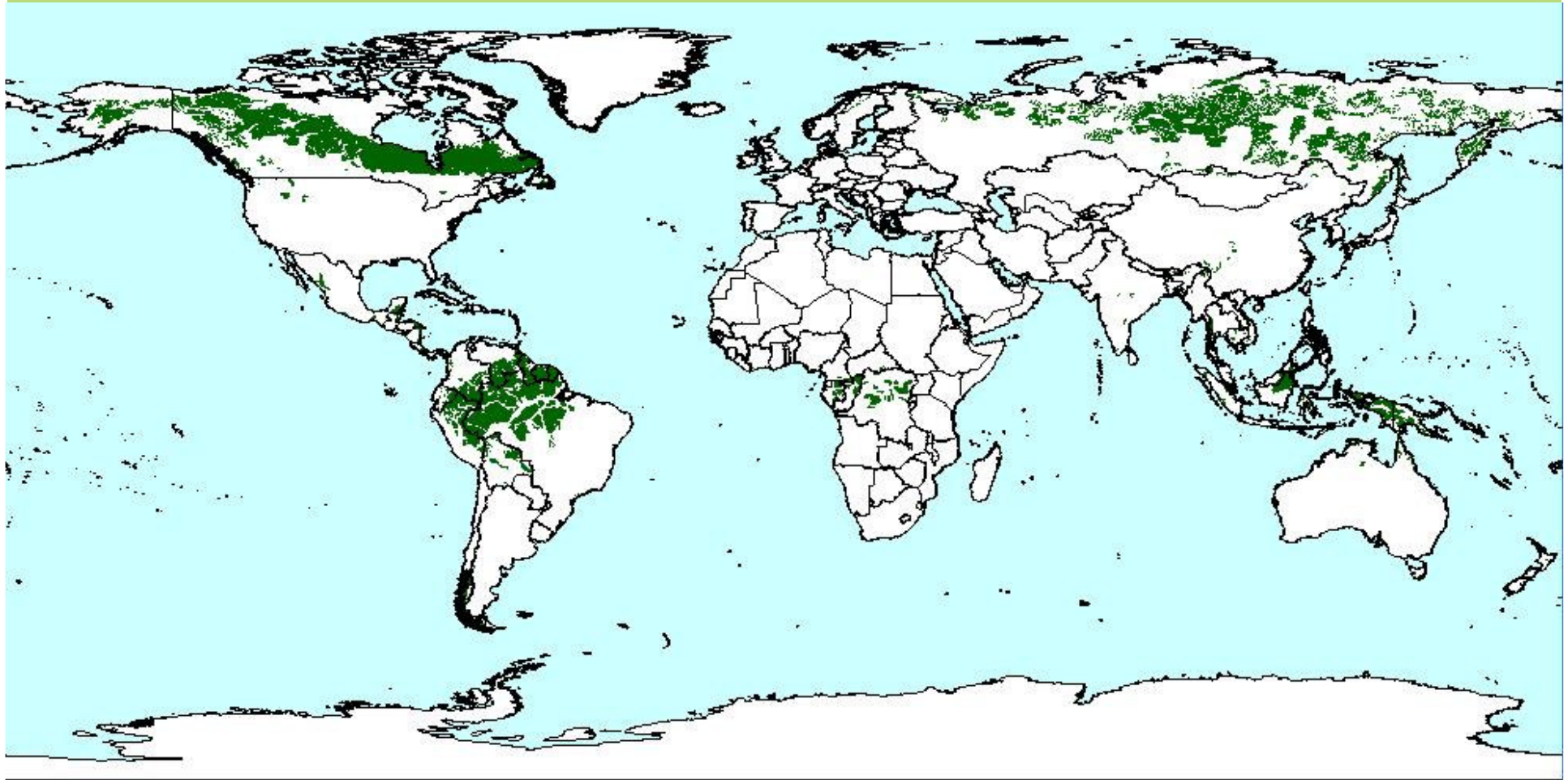
# Original Forests: year 1850



# Original Forests: year 1950



# Original Forests: year 1997



# Original Forests

(1000 km<sup>2</sup>)

	Original Forest 8000 B.P.	%	1000	%	1650	%	1850	%	1950	%	Currently	%
African	6,799	100	6,459	95	5,779	85	5,099	75	2,380	35	527	7.8
Asia	15,132	100	13,619	90	11,349	75	8,323	55	3,783	25	844	5.6
North America	10,877	100	10,333	95	9,245	85	8,158	75	5,439	50	3,737	34.4
Central America	1,779	100	1,743	98	1,334	75	890	50	712	40	172	9.7
South America	11,709	100	11,592	99	11,475	98	11,124	95	8,196	70	6,412	54.8
Russian	11,759	100	10,583	90	9,407	80	7,055	60	5,880	50	3,448	29.3
Europe	4,690	100	3,752	80	1,407	30	469	10	235	5	14	0.3
Oceania	1,431	100	1,402	98	1,288	90	1,073	75	716	50	319	22.3
World	64,176	100	59,484	92.7	51,285	79.9	42,190	65.7	27,339	42.6	15,473	24.1
<b>Brazil</b>	<b>6,304</b>	<b>100</b>	<b>6,241</b>	<b>99</b>	<b>6,178</b>	<b>98</b>	<b>5,989</b>	<b>95</b>	<b>5,043</b>	<b>80</b>	<b>4,378</b>	<b>69.4</b>

B.P.: *Before Present*

# **Brazilian Agribusiness Potential**

# Potential

- ✓ **Land availability:**  
Pasture area = 220 million ha
- ✓ **Appropriate climate:**  
Up to three harvests during the same season
- ✓ **Technology for tropical agriculture**
- ✓ **Qualified human resources**
- ✓ **Public Policies**

# Sustainable Production

## Territorial distribution - estimate (million ha)

Amazon Forest	360
Pasture	220
Protect areas	55
Yearly crops	47
Perennial crops	15
Cities, lakes and roads	20
Cultivated forests	5
<b>Subtotal</b>	<b>722</b>
Other types of usage	38
Non exploited areas still available for agriculture	91
<b>TOTAL</b>	<b>851</b>

Sources: IBGE and Conab  
Adaptation: MAPA

# Potential of Production

## Brazilian Livestock

2005			Estimate		
Livestock	Area	Productivity	Livestock	Area	Productivity
(million heads)	(million ha)	(head/ha)	(million heads)	(million ha)	(head/ha)
207	220	0.94	207	148	1.4*

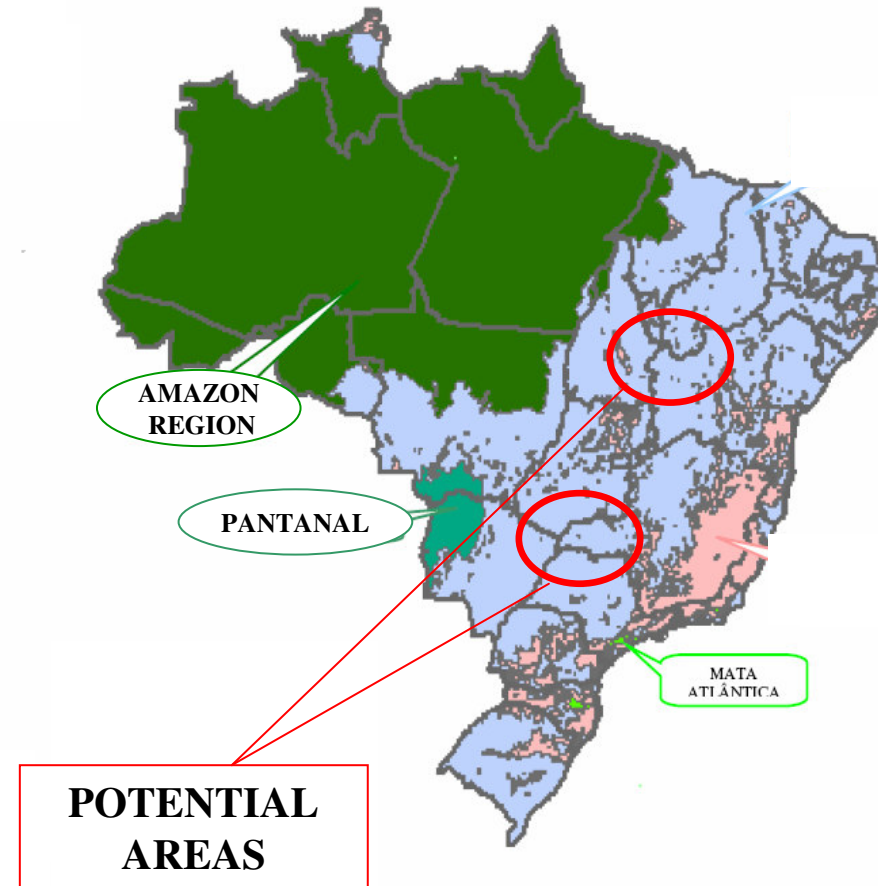
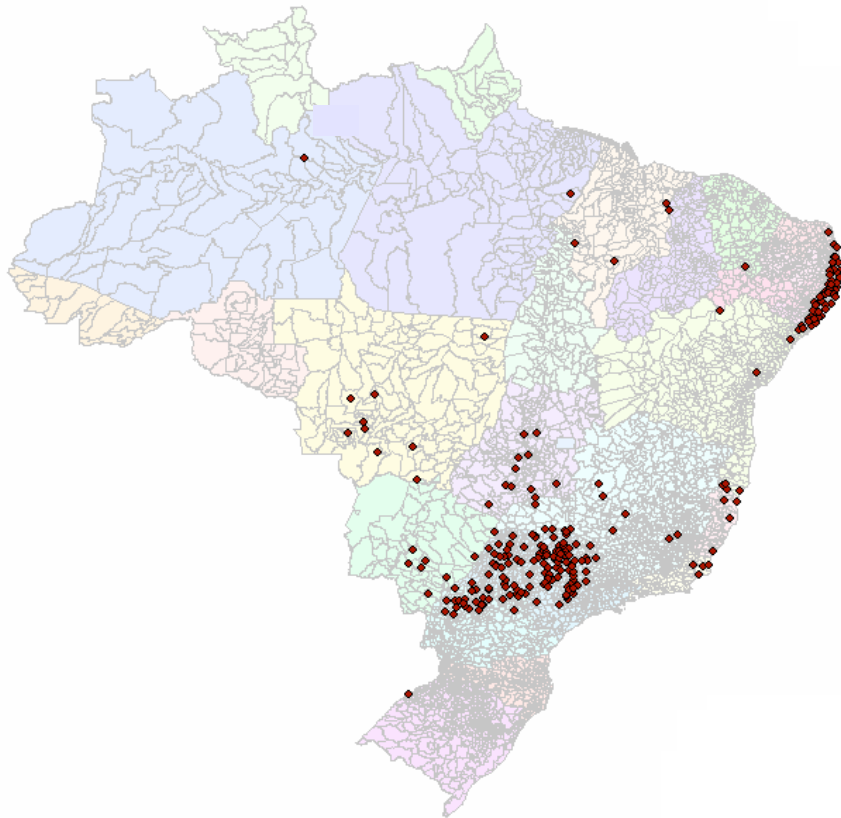
**Potential area - 72 million ha**

\* Average SP

Sources: IBGE and IEA / SP



# How to expand sustainable sugar-cane production?

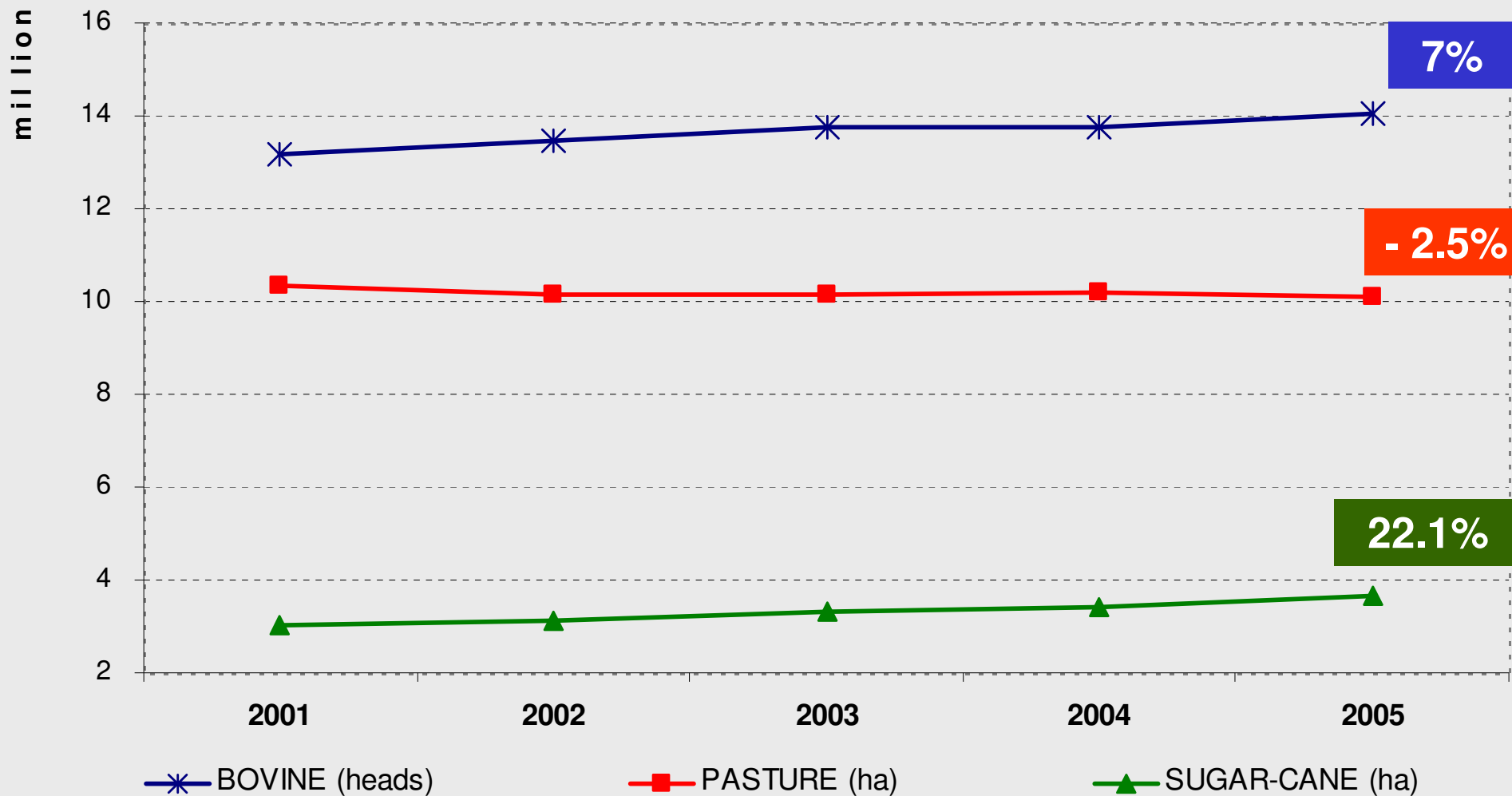


**Plants / distilleries:**

**Current number: 360 units**

**Estimate for 2010: 77 new units**

# São Paulo State: The expansion of sugar-cane



Source: Instituto de Economia Agrícola / SP

(Head/ha) - (2001) 1.27 → (2005) 1.4

# Challenges

- ✓ **Liberalization of world agricultural trade.**

Agricultural protectionism: it hampers the growth and the diversification of agricultural activities.

With a greater trade liberalization Brazil would be able to develop a more diversified agribusiness.

- ✓ **Infrastructure: agribusiness expansion implies bulky investments.**

**Lucky chances for private investments**

# **Ministry of Agriculture, Livestock and Food Supply**

**[www.agricultura.gov.br](http://www.agricultura.gov.br)**