

# Clay Hamilton Agricultural Minister Counselor US Embassy, Brazil

USDA United States States Department Agriculture

**USDA's 92<sup>nd</sup> Annual**

## AGRICULTURAL OUTLOOK FORUM

TRANSFORMING AGRICULTURE

BLENDING TECHNOLOGY AND TRADITION

February 25-26, 2016 / Crystal Gateway Marriott Hotel, Arlington, Virginia

## Why Brazil?



- **Third largest agricultural producer behind the United States and China.**
- **Potential crop area expansion**
- **Technologically advanced**
- **2<sup>nd</sup> largest ag exporter behind the United States**





# Brazil Biomes

- Amazonia - rainforest
- Cerrado – savannah/grassland
- Caatinga – dry lands
- Pantanal – wetlands
- Mata Atlantica – coastal forests
- Pampa - grassland



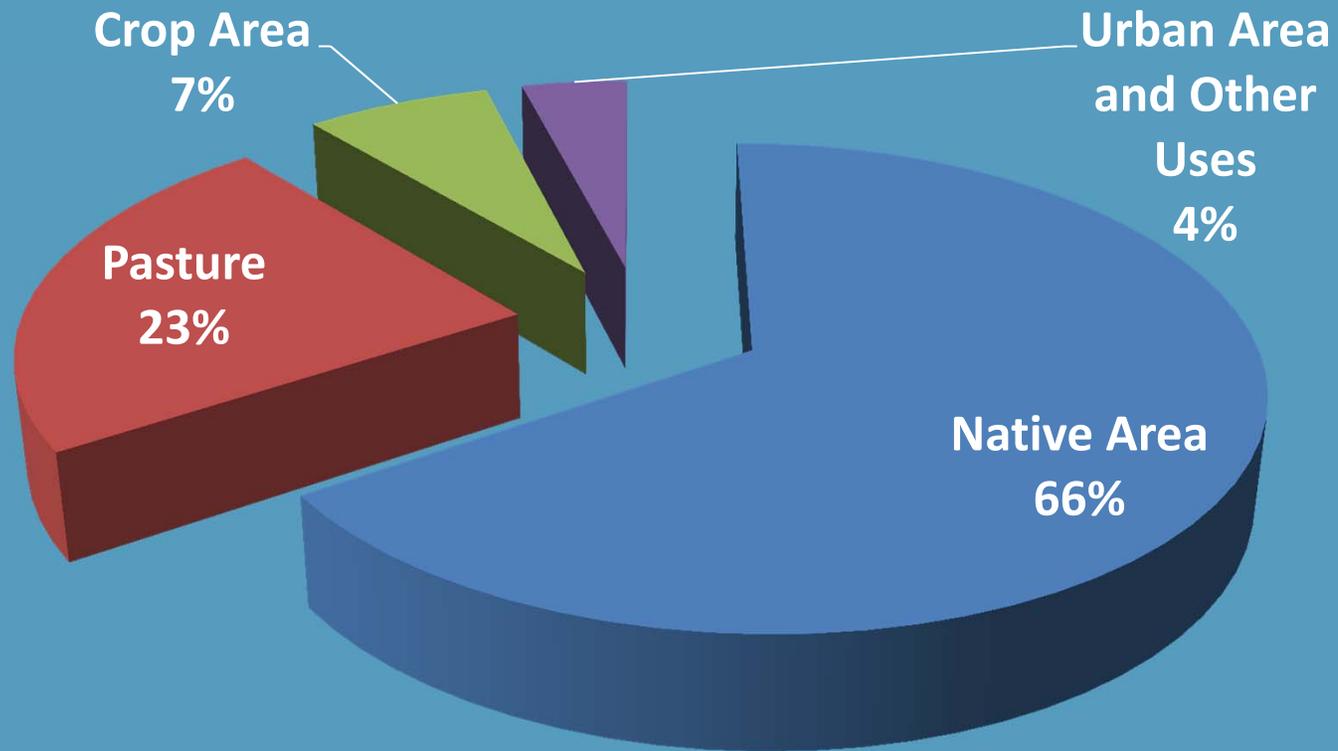
## Only Recently an Agricultural Powerhouse



Expansion from the Coasts to the interior in the 70's began an agricultural revolution

Agricultural Expansion 1950's to the 1990's

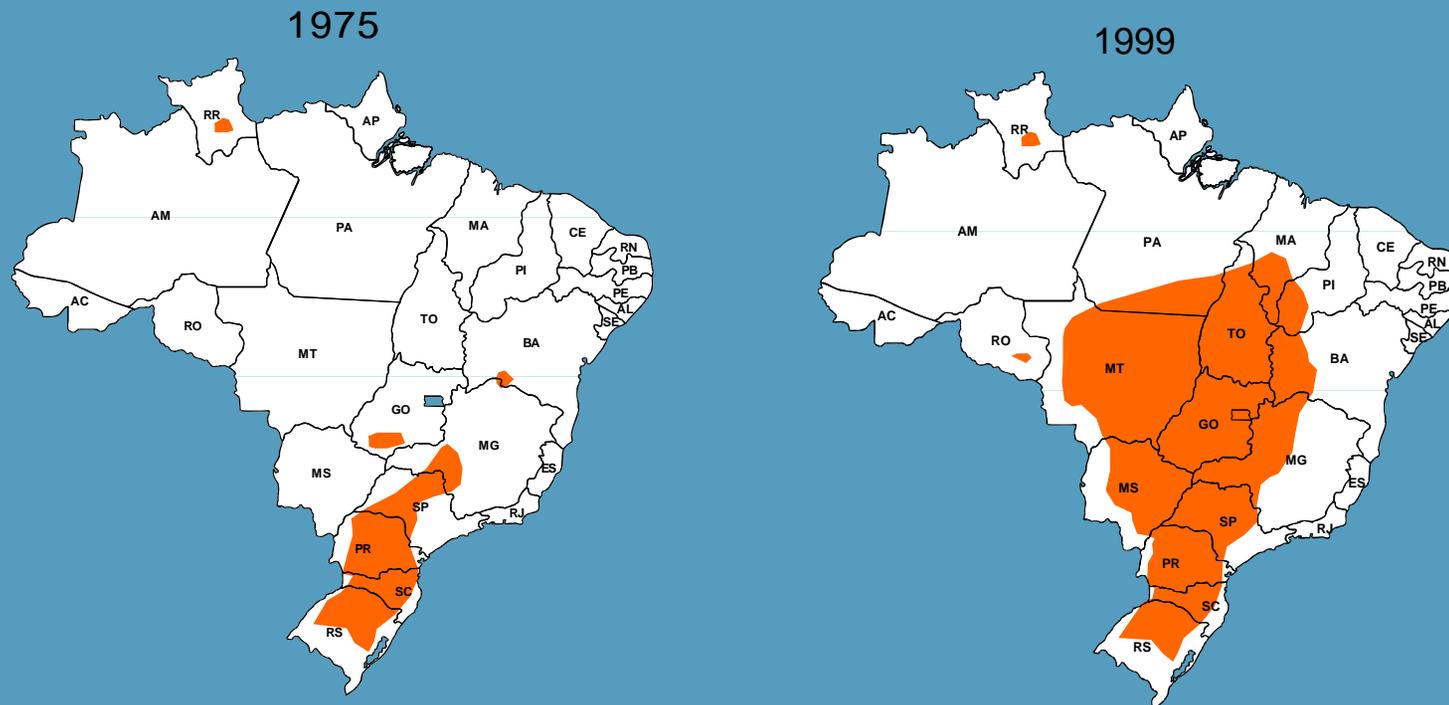
# Brazilian Land in Use



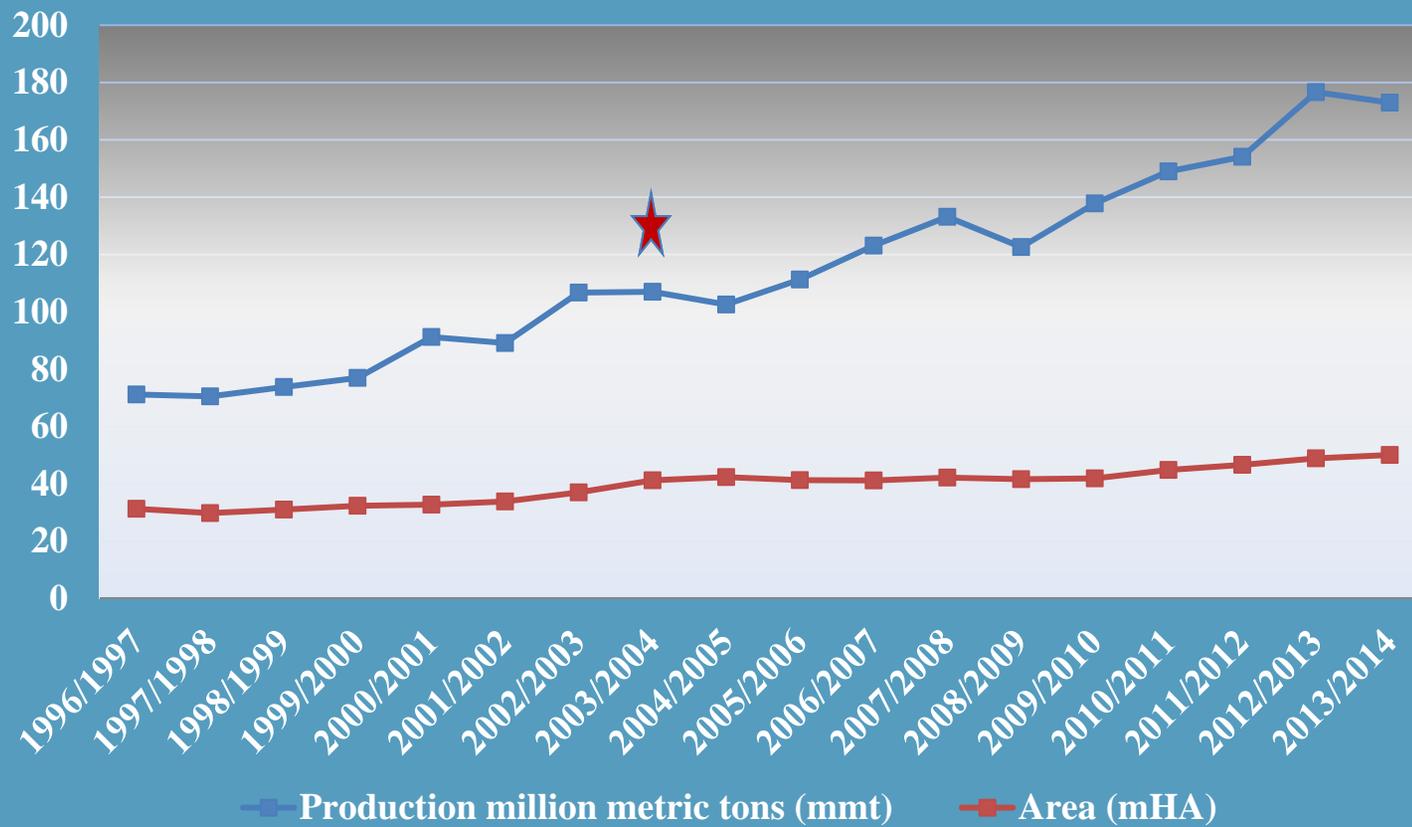
# Production



# Grain Crop Expansion

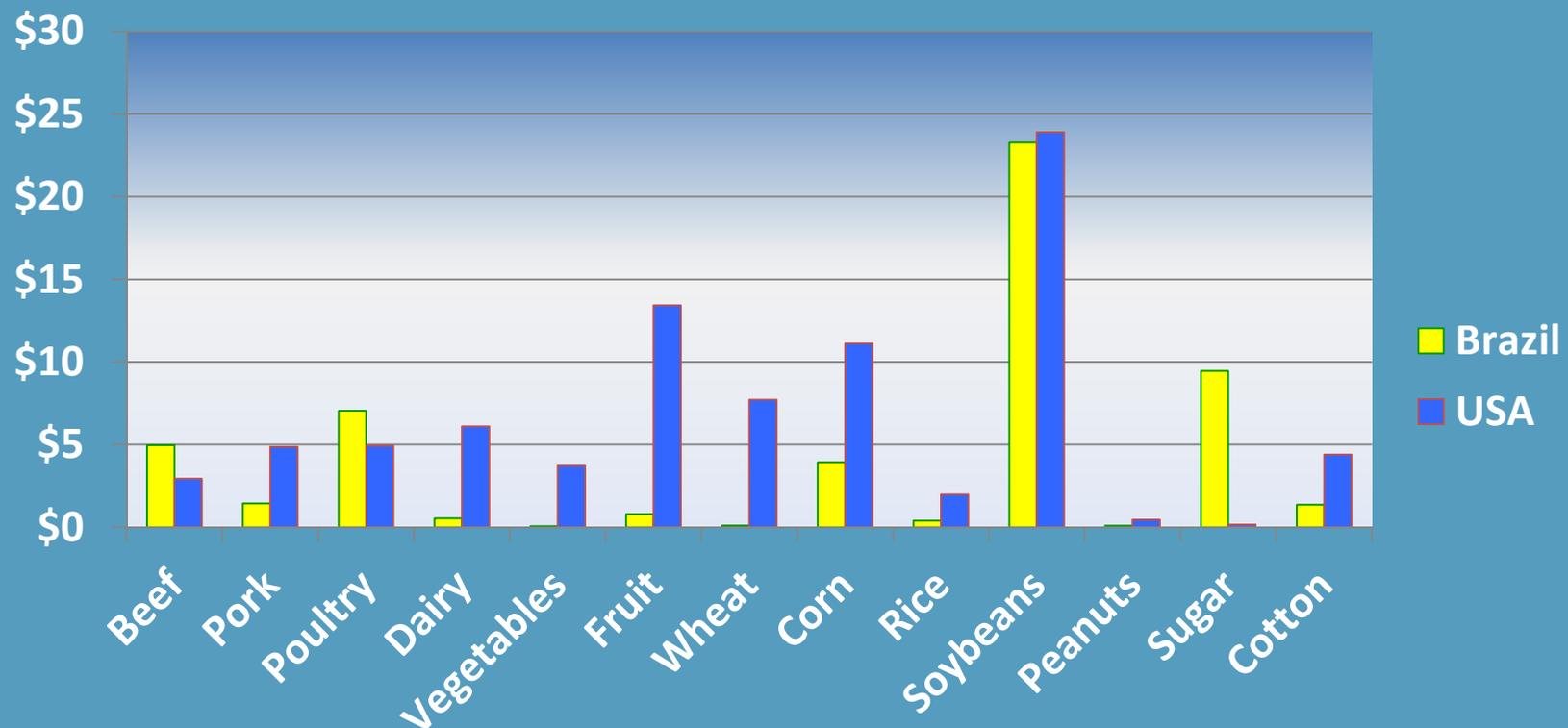


## Brazilian Productivity Gains Outpacing Crop Area Expansion



Source: USDA PSD

# Brazil is now our largest agricultural competitor



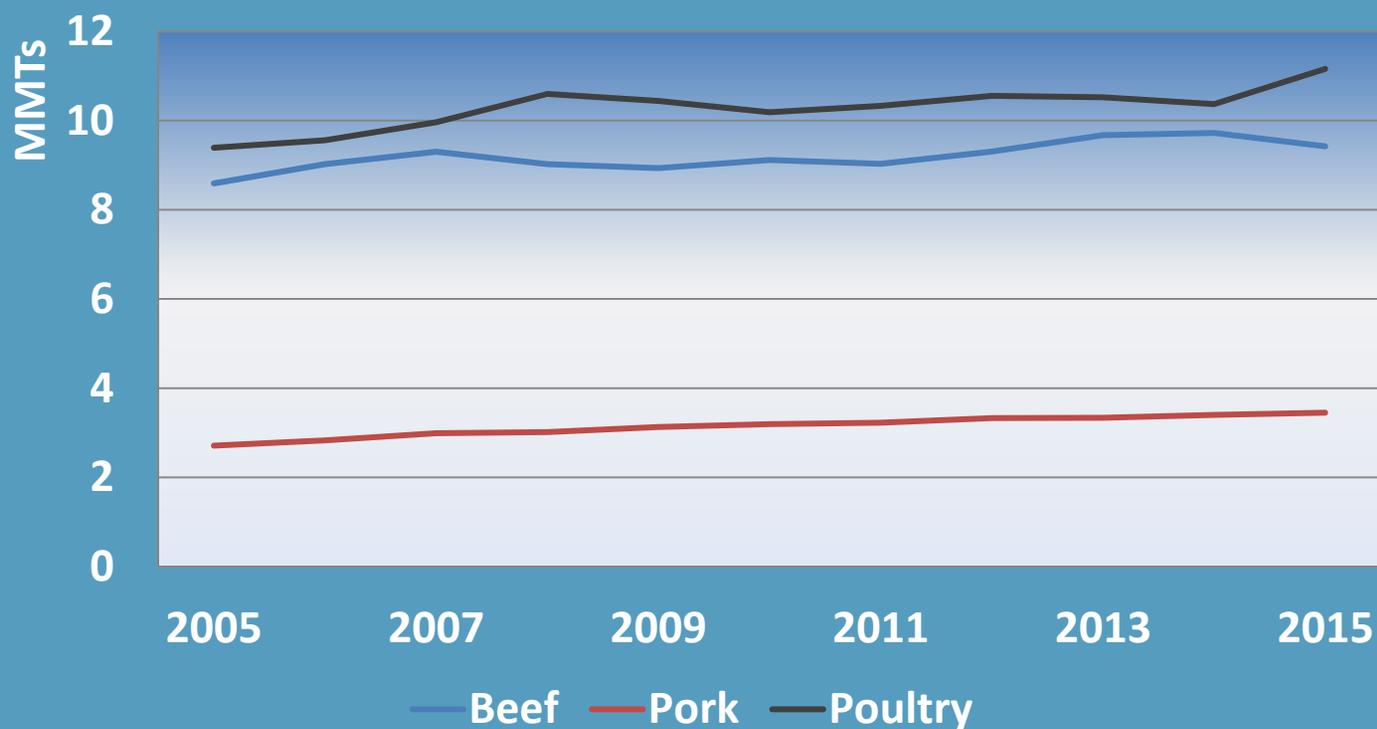
2014 Exports in Billion U.S. Dollars

HS two and four digit categories (e.g., beef, poultry meat, fresh fruit, etc.)

Source: Global Trade Atlas

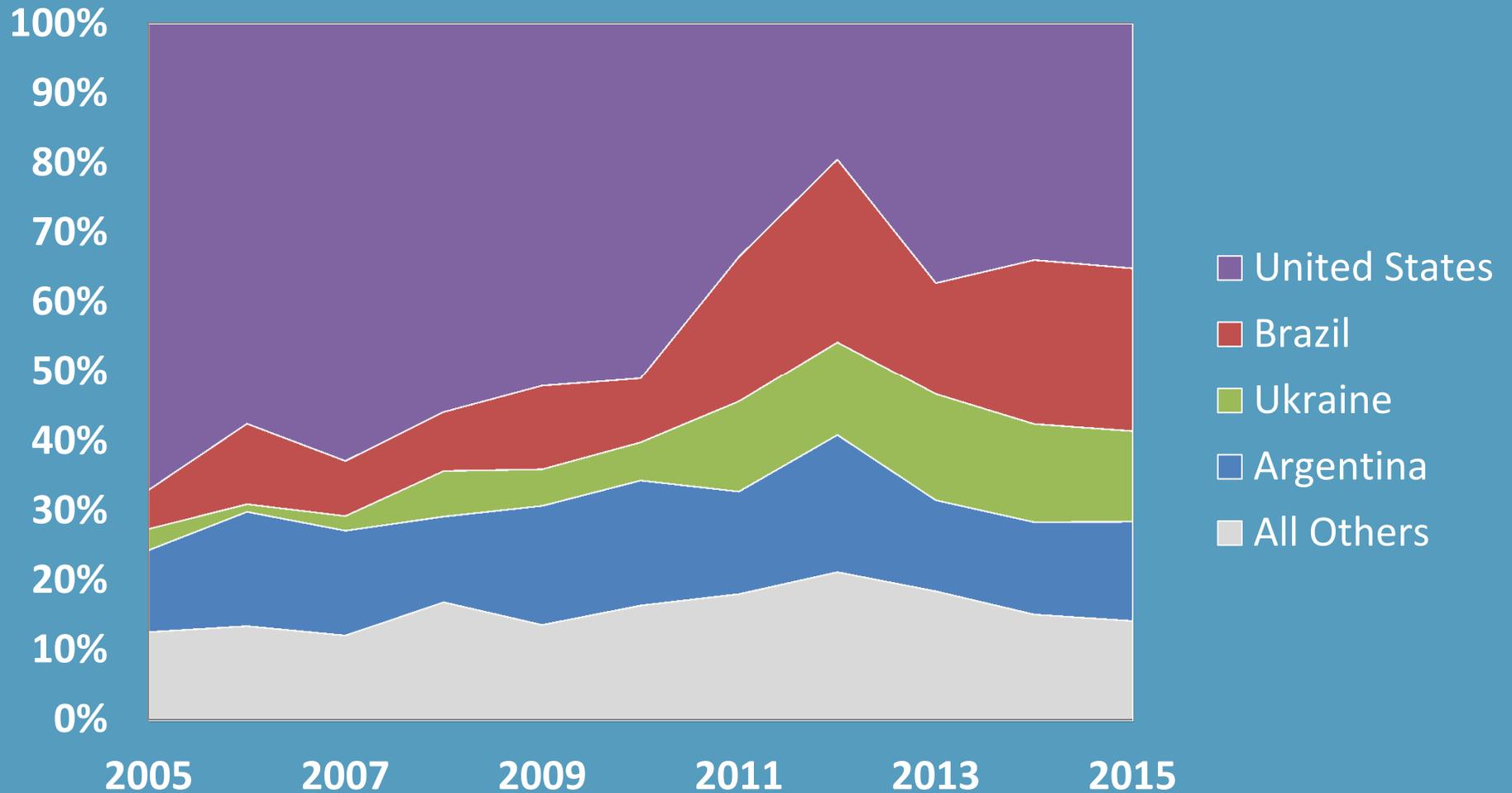
# Large soy and corn crops are leading to increased pork and poultry production

## Brazilian Meat Production





## Market Share of World Corn Exports

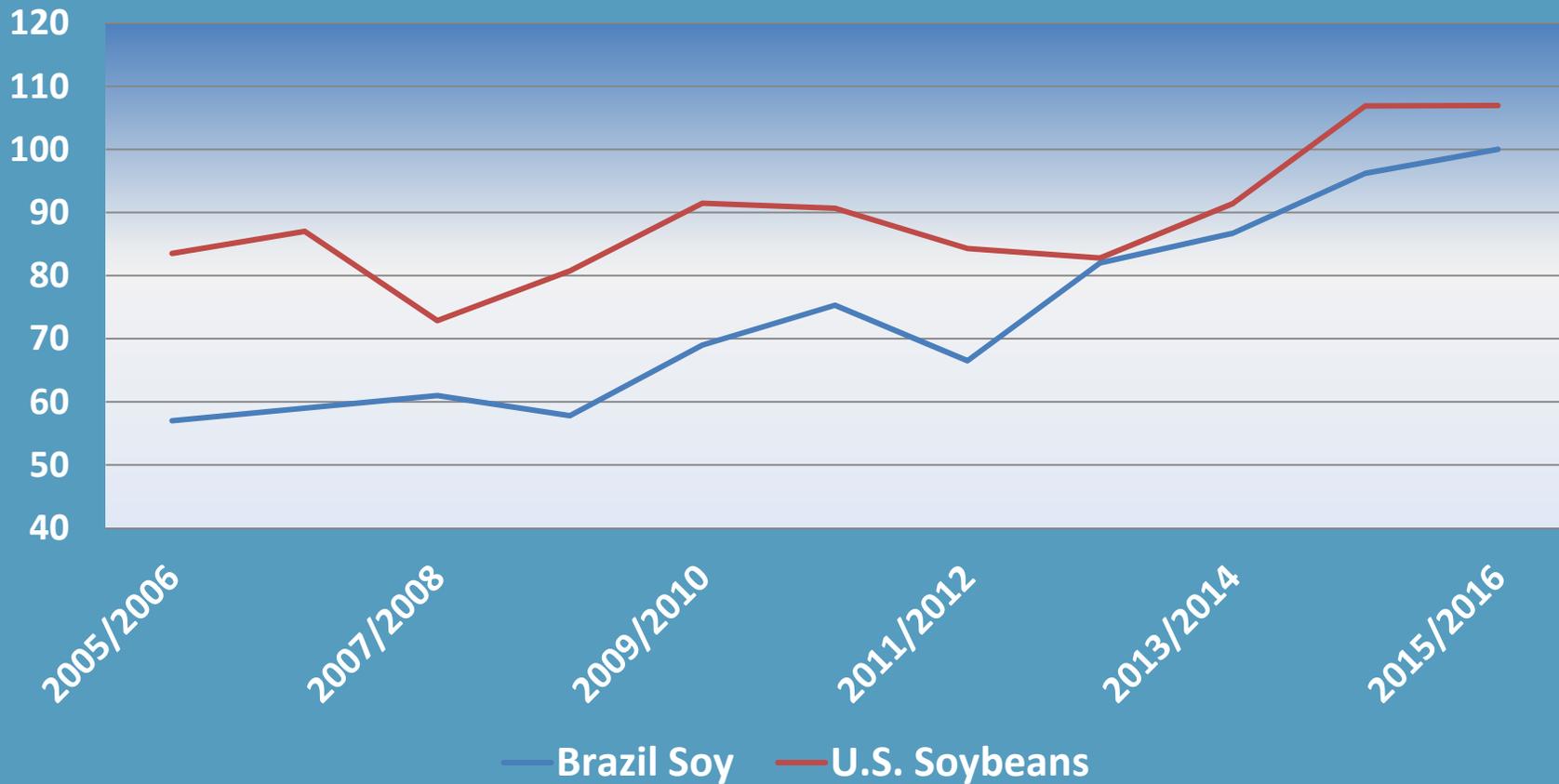




United States Department of Agriculture  
Foreign Agricultural Service

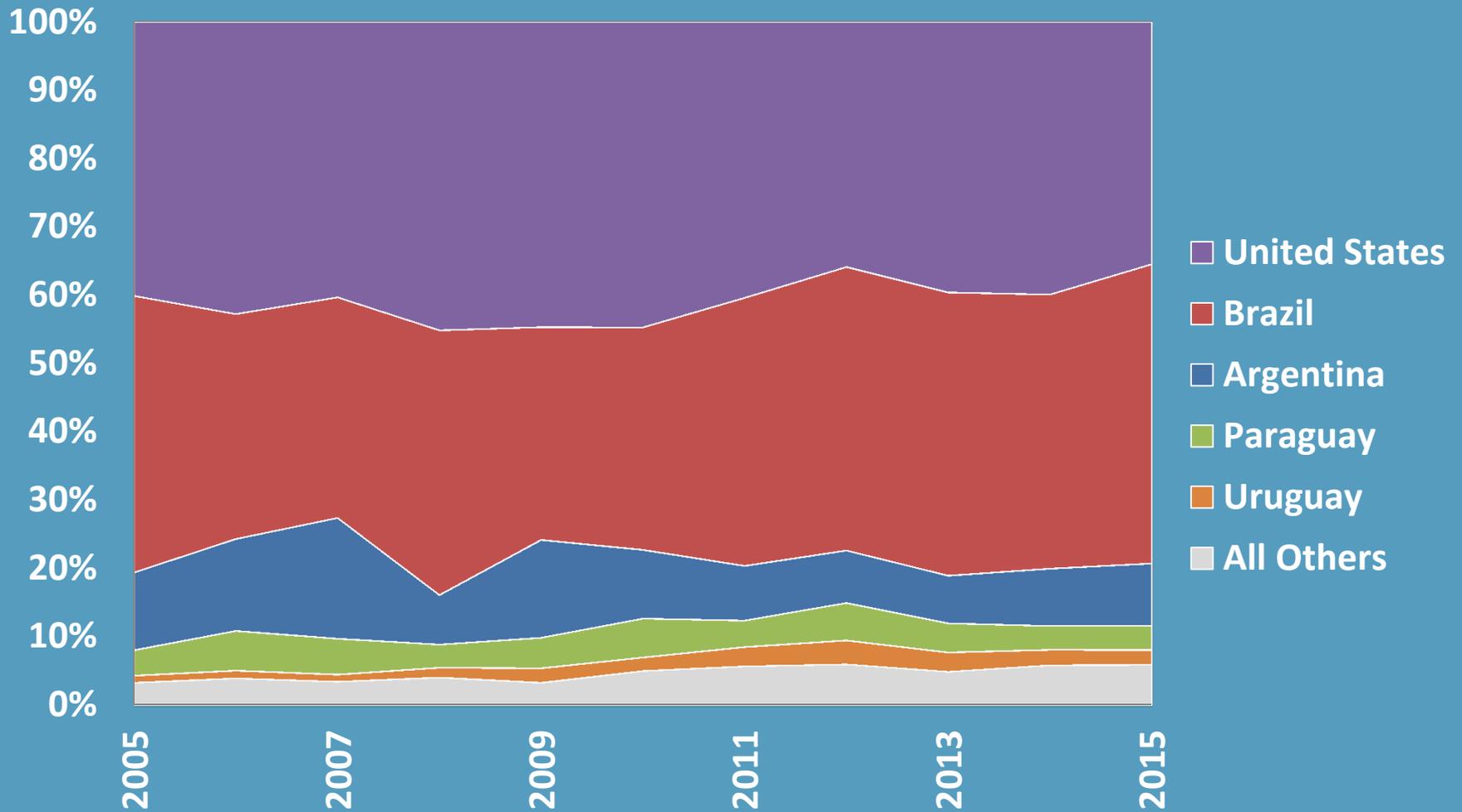
# Largest Soy Competitor

## Soybean Production (mmt)





### Market Share of World Soy Exports



# Brazil is not without Challenges



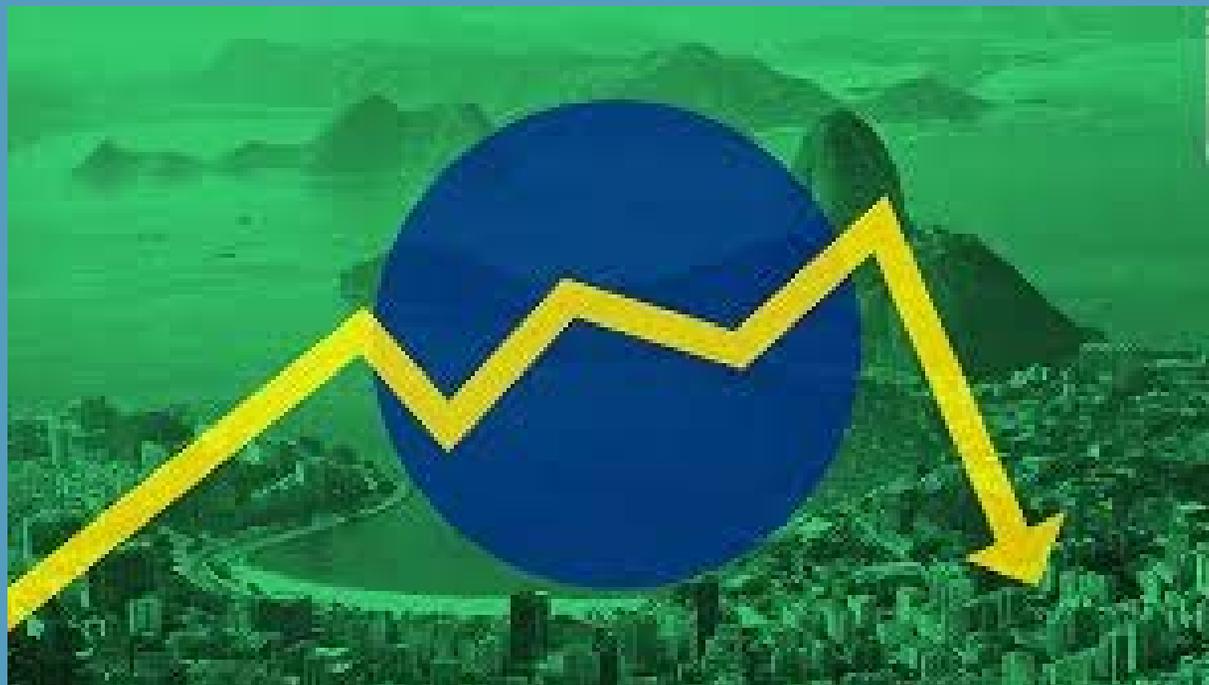
**Politics**

**Economics**

**Environment**

**Infrastructure**

# Brazil's Economy



# The Real



# Environmental Concerns



# Infrastructure - Comparison of waterways



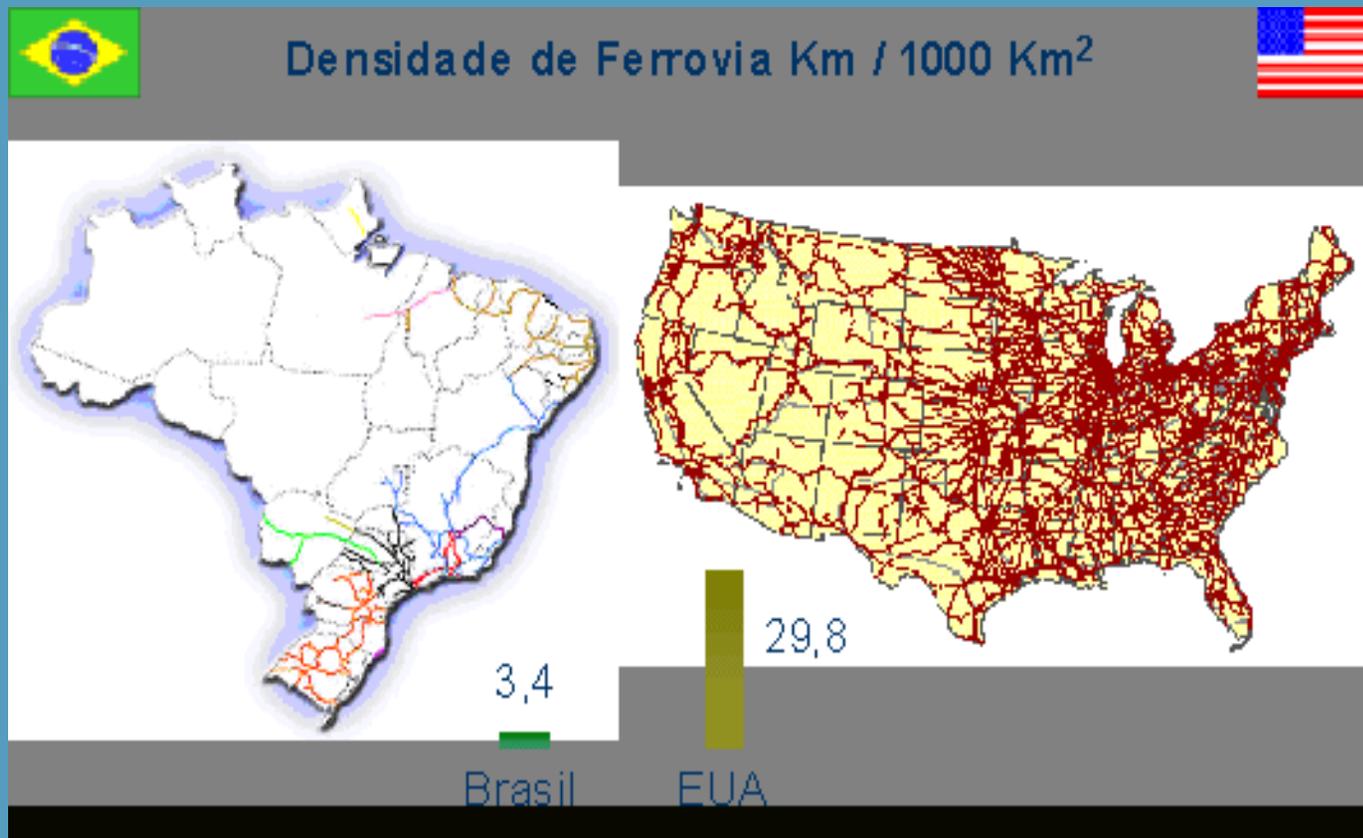
Source: <http://lizardpoint.com/geography/usa-rivers-quiz.php>

# U.S. - Brazil Ports Comparison



# U.S. – Brazil Railroad Comparison

RAILROAD DENSITY KM/1000KM<sup>2</sup>



BRAZIL 3,4

USA 29,8

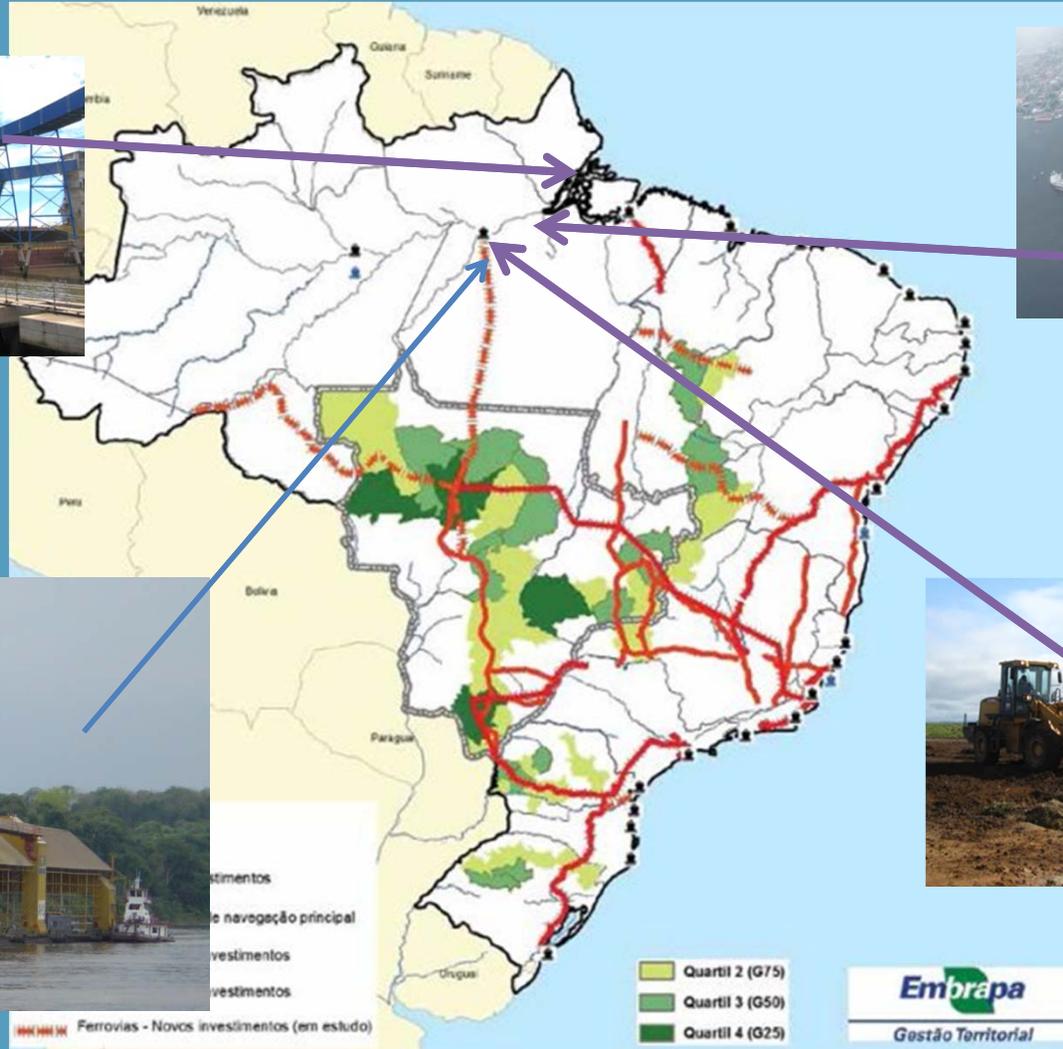
## BR – 163 NOVA MUTUM AND LUCAS DO RIO VERDE-MT





**Looking Ahead...**

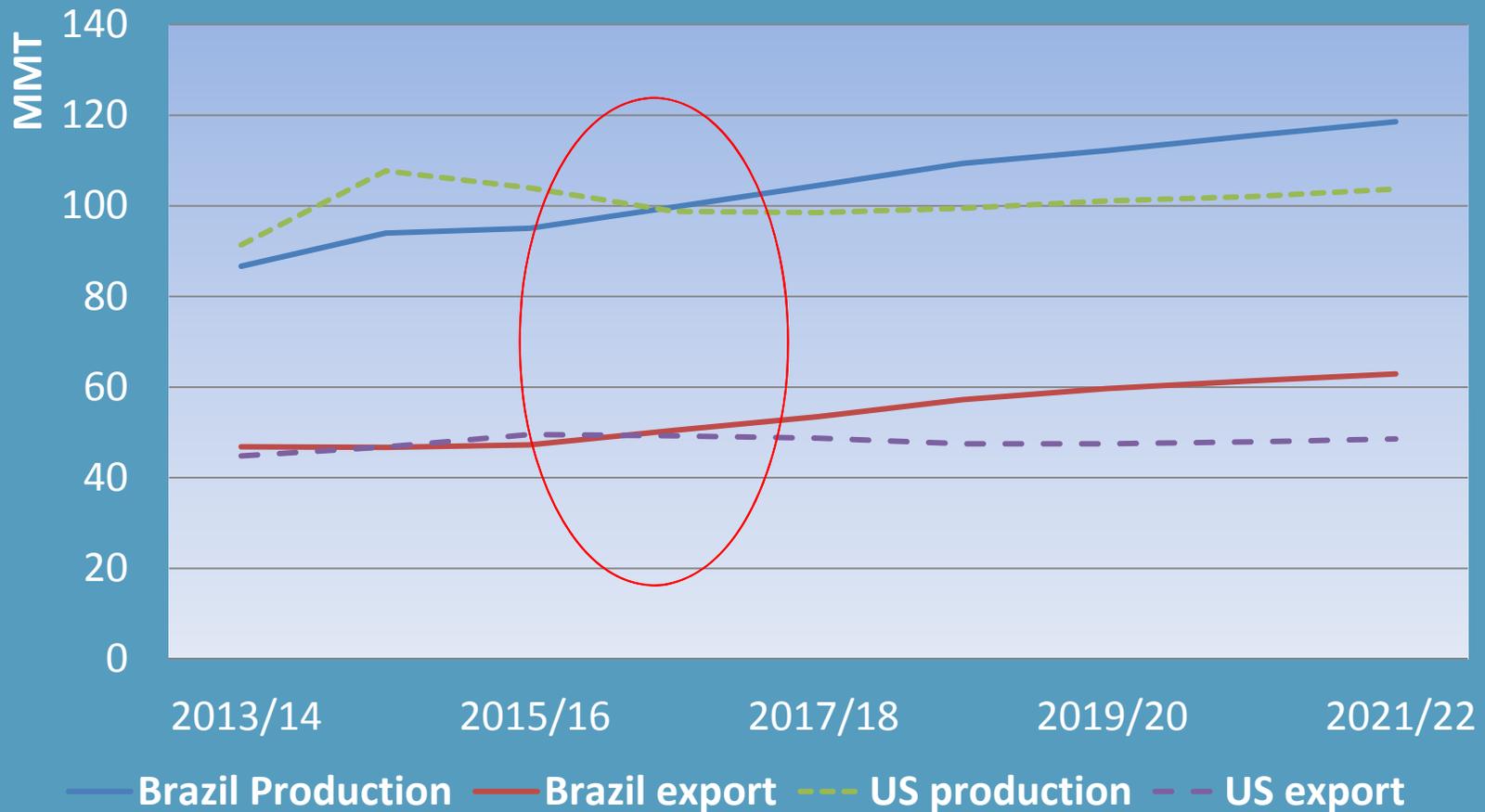
# Expansion in the North



Ferrovias - Novos investimentos (em estudo)



# Soybean Production and Exports Outlook



Source: USDA

## Brazil: Competitor or Partner

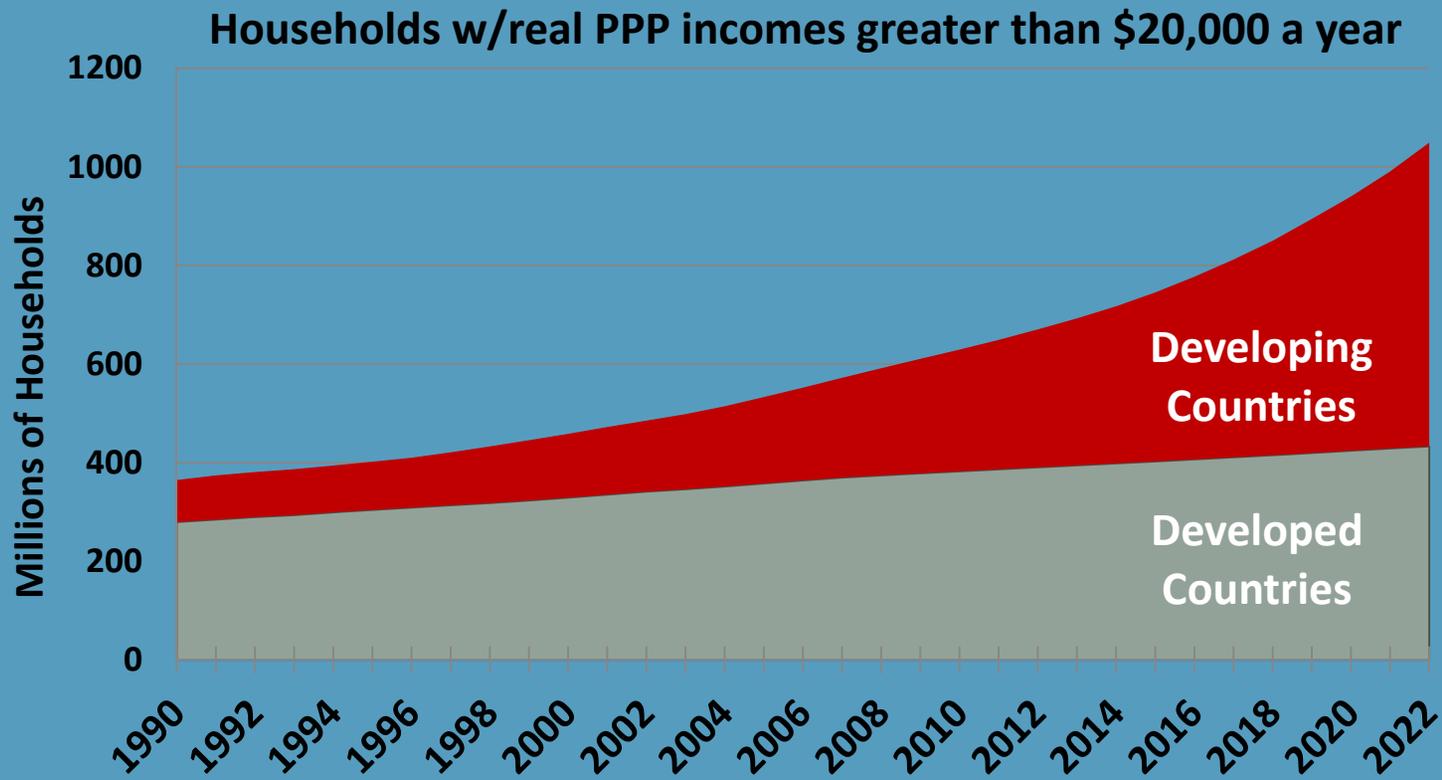
Similar challenges:

- Climate Change
- Drought
- Pest resistance
- Use of Biotechnology
- Multi-national companies
  - JBS, Cargill, Monsanto, etc.





# Increased Global Demand



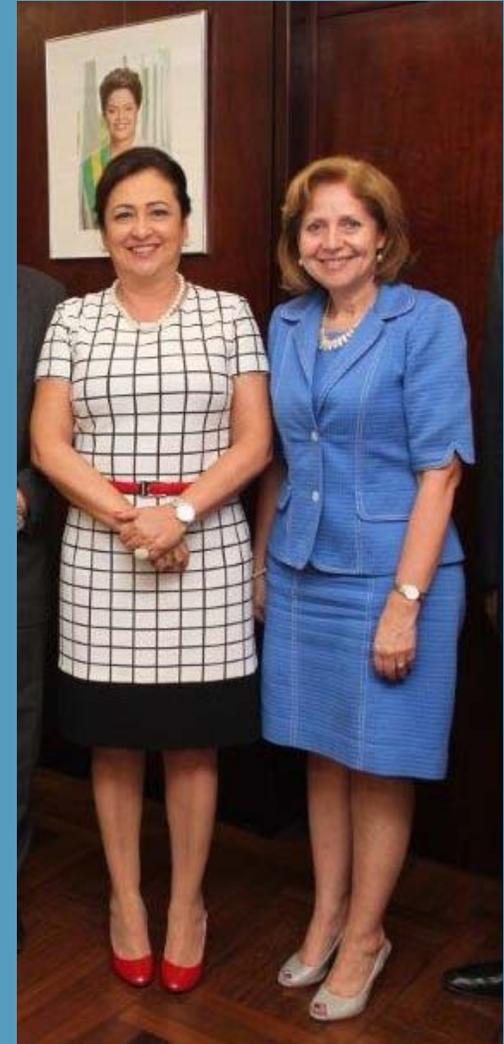
# Climate Change Collaboration

- U.S.-Brazil Climate Change Working Group
- The Global Open Data for Agriculture and Nutrition (GODAN) Initiative
- Brazil's ABC Plan for Carbon Reduction



## Shared Market Objectives

- Joint efforts to expand markets in China and EU
- Shared interest in science based decisions from international fora
- Current AgMinister is eager to expand two-way trade and bi-lateral trade agreements.



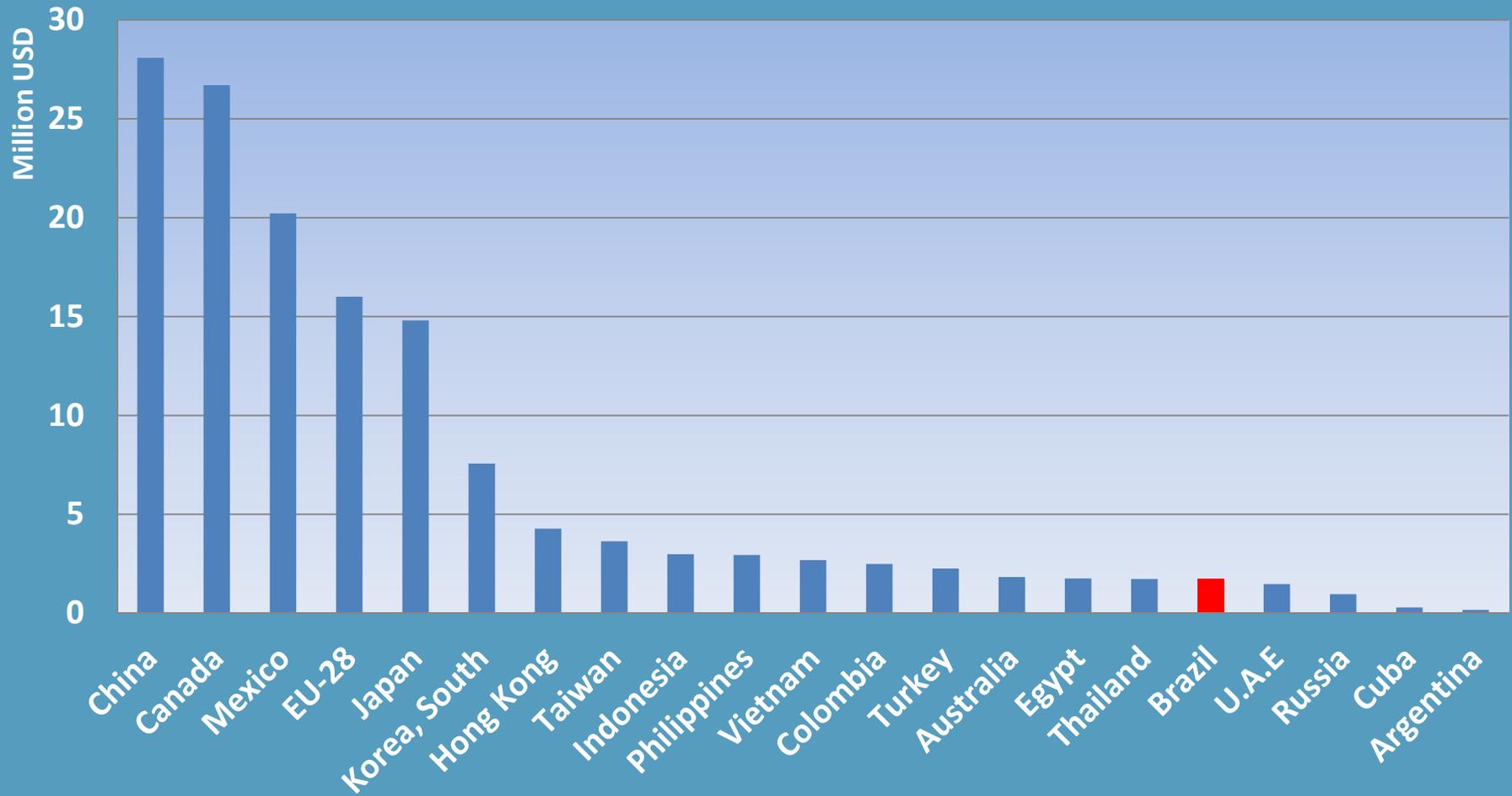
# MARKET OPPORTUNITIES

- The U.S. is a trend setter
- Cultural exchange between Brazil and the U.S. (1 million visas per year)
- Variety / quality of U.S. food products
- Brazilian market is underserved
- Focus on Brazilian high-end consumers





### U.S. Ag Export Markets by Value 2014



Source: USDA/FAS/GATS. CY data.

## Brazil 2036

- Productivity up 250% in 20 years.
- Strong economic growth.
- But many problems.
- What can we expect in the future?





**Thank You**