Agricultural Outlook Forum 2003 Presented: Thursday, February 20, 2003

BRAZIL: COMPETITION IN GLOBAL MARKET

A PRIVATE SECTOR VIEW ON BRAZIL'S COMPETITIVE POSITION

Antonio Sartori
President Brasoja

Felicidade
Horizonte
Mudanças
Fartura
Exportação
Miséria
Fome
Informação
Força
Amor
Sustento
Fruto
Energia
Política
Alegria
Riqueza
Mágica
Cultura
Imagem
Sonhos
Mercado
Pesquisa
Água
Agricultura
Luz
Prosperidade
Estratégia
Trabalho
Lucro
Família
Semente
Paixão
Expectativa
Produtividade
Determinação
Pobreza
Vida
Química
Esperança
Saúde
Raízes
Clima
Terra

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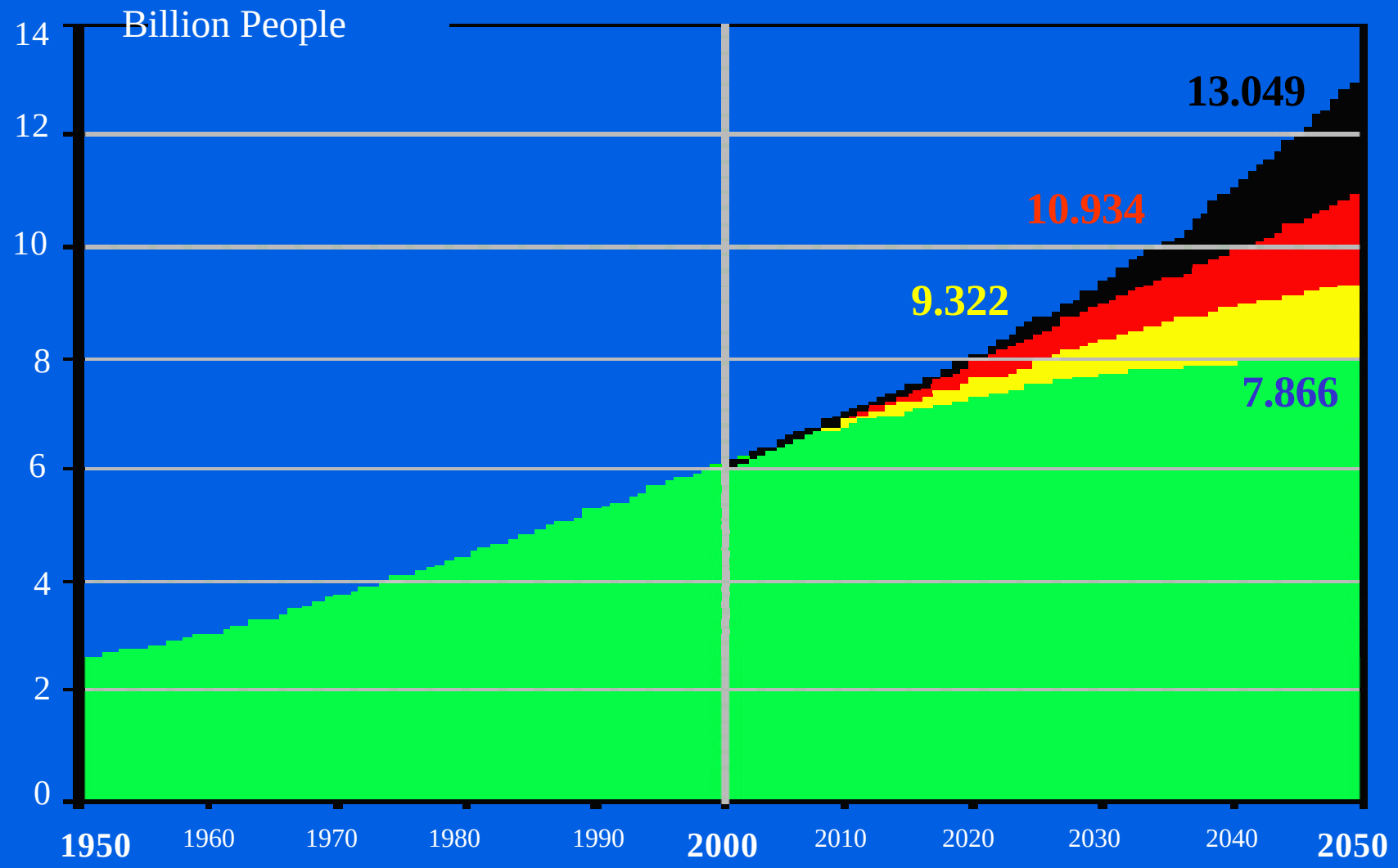
POPULATION GROWTH



Research: Brasoja 2 March 2001
Source: ONU 28 February 2001
United Nations Population Division

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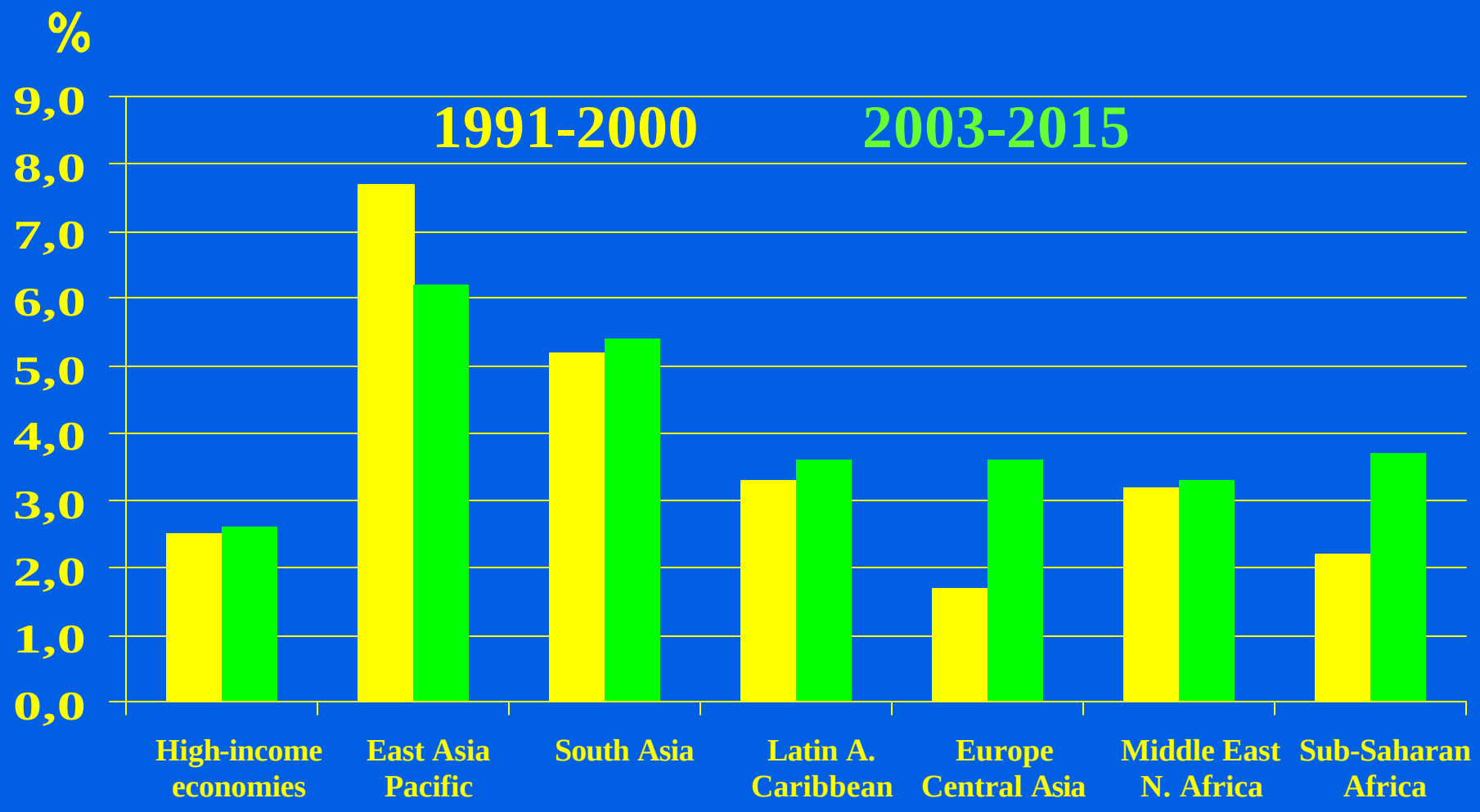
Real GDP growth 1991-2015



Source: World Bank – Global Economic Prospects 2003

Research: Brasoja 30 December 2002

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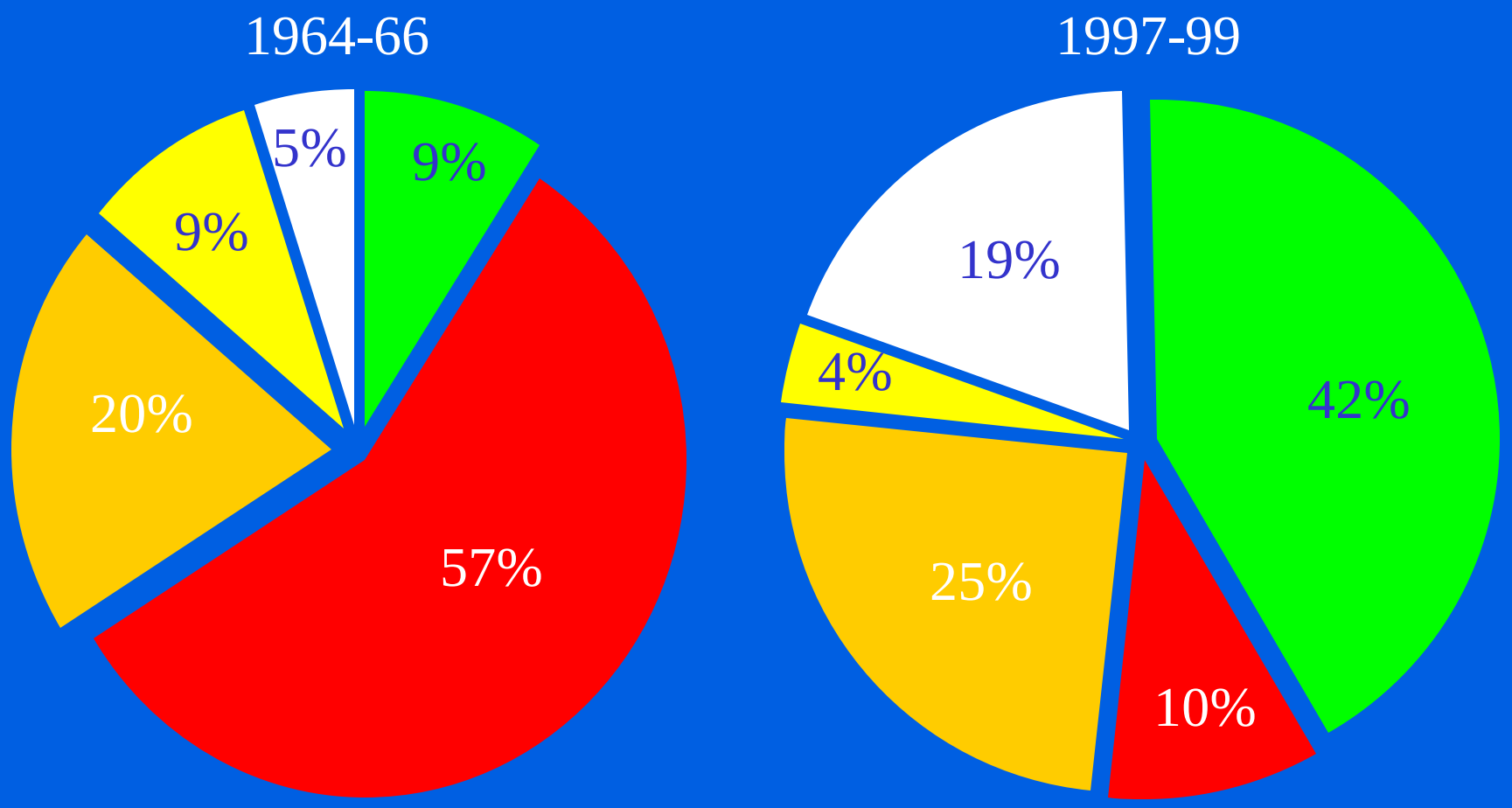
Global Progress in nutrition:
energy intake levels of world population.



Kcal. <2200 2200-2500 2500-2700 2700-3000 >3000

Source: FAO – World Agriculture 2015-2030 - August 2002
Research: Brasoja 19 August 2002

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PER CAP. MEAT CONSUMPTION

World - Year	1970	2002
Cons Thousand Tons	106.170	240.900
Pop Millions	3.900	6.224
Per Cap Kilos	27,2	38,7

≠ + 42,3 %

Research: Brasoja 16 May 2002
Source: Meat FAO 16 May 2002

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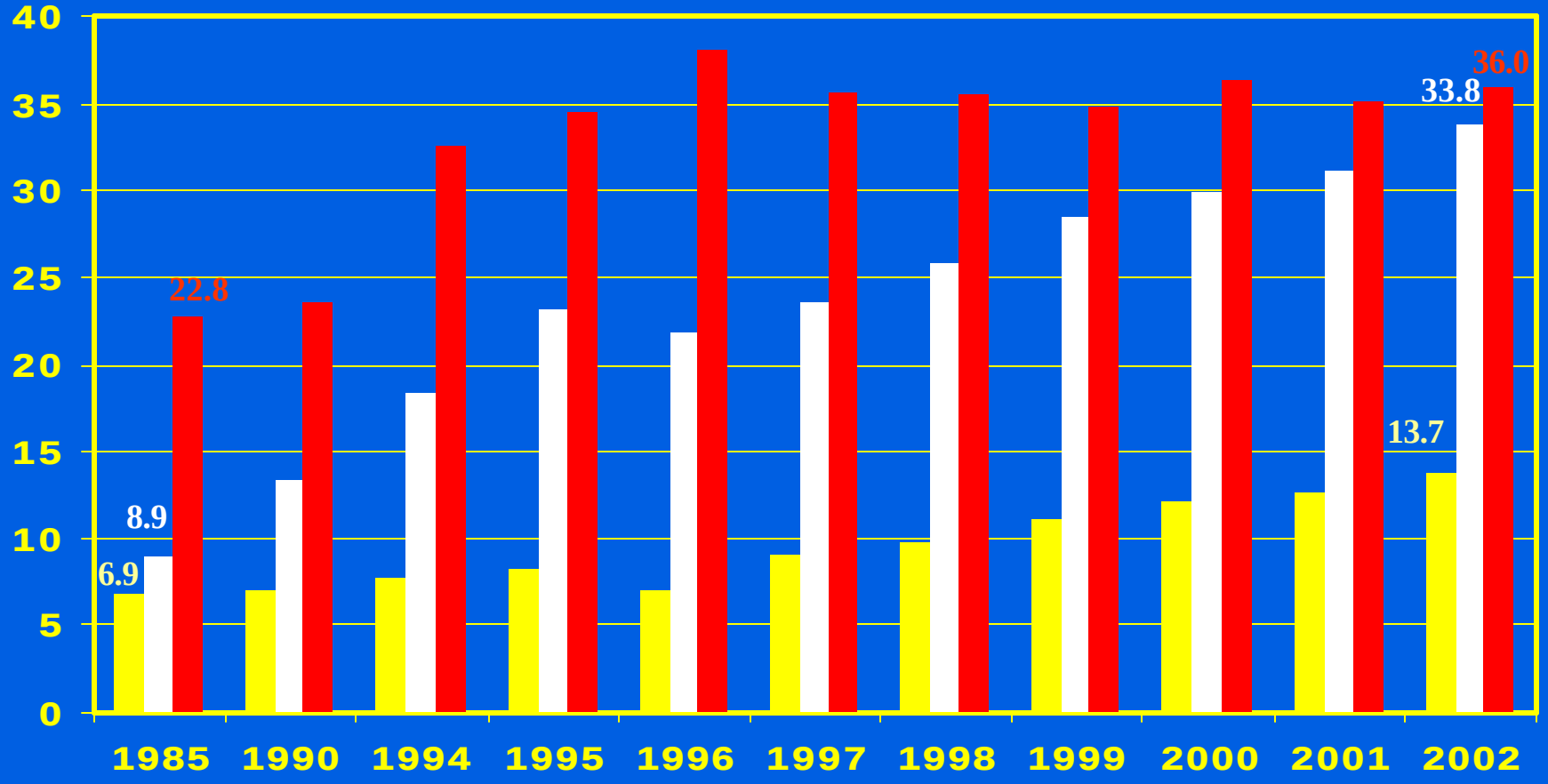
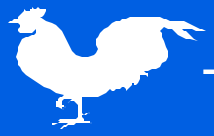
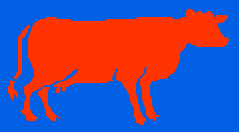
MEAT CONSUMPTION IN BRAZIL

KG-PER CAP. 38.6 → 83.5 +116.3%



+98.6%


+279.8%


+57.9%

Research: Brasoja 27 January 2003
Source: ABIPECS – SIPS-RS - ABIEC January 2003

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BRAZIL 2002

Agriculture	61.840	4,52 %
Livestock	46.020	3,36 %
Agronegócio	365.530	26,72 %

GDP Brazil 1.367.700

Million R$

Source: - MAPA
Research: Brasoja 9 January 2003

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Brazil 1970 - 1994

5 Monetary Systems

38 Coin Denominations

Source: Banco Central - FEDERASUL 20 Fevereiro 2002

"Plano Real" July 94 - US$1 = R$1

January 12-99 US$1 = R$ 1,21

October 10-02 US$ 4,005

Interest 45% → 15% → 25%

Research: BRASOJA 13 January 2003
Source: Banco Central 23 December 2002 * November 2002

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Brazilian Savannahs - Cerrados

Million ha

Total Area..... 204

Agricultural Area..... 127

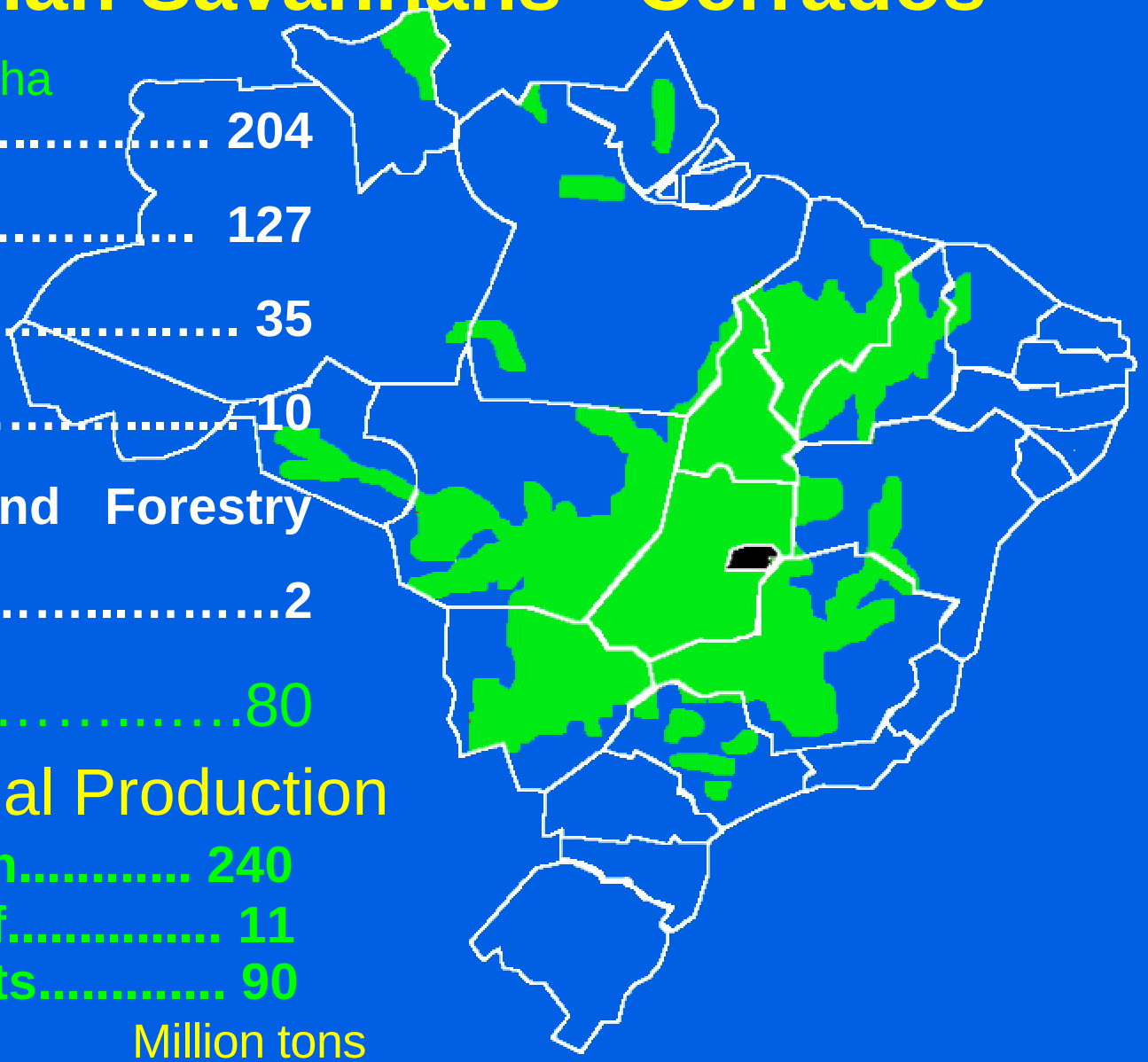
Cultivated Pasture..... 35

Annual Crops..... 10

Perennial Crops and Forestry

Plantation.....2

Available Area.....80

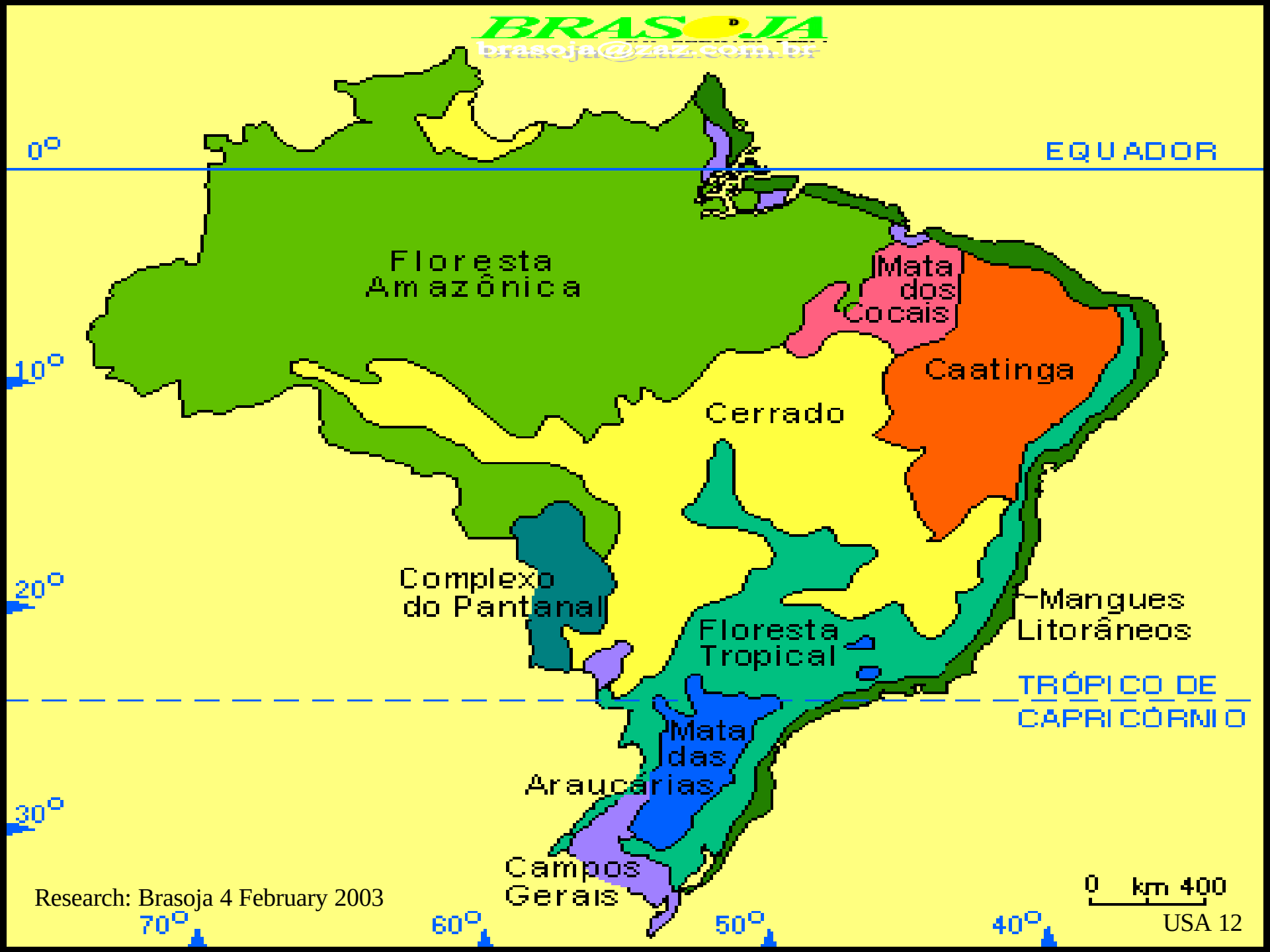


Potential Production

- **Grain..... 240**
- **Beef..... 11**
- **Fruits..... 90**

Million tons

Source: Brazilian Savannahs – Cerrados
Research: Brasoja 31 January 2003



Research: Brasoja 4 February 2003

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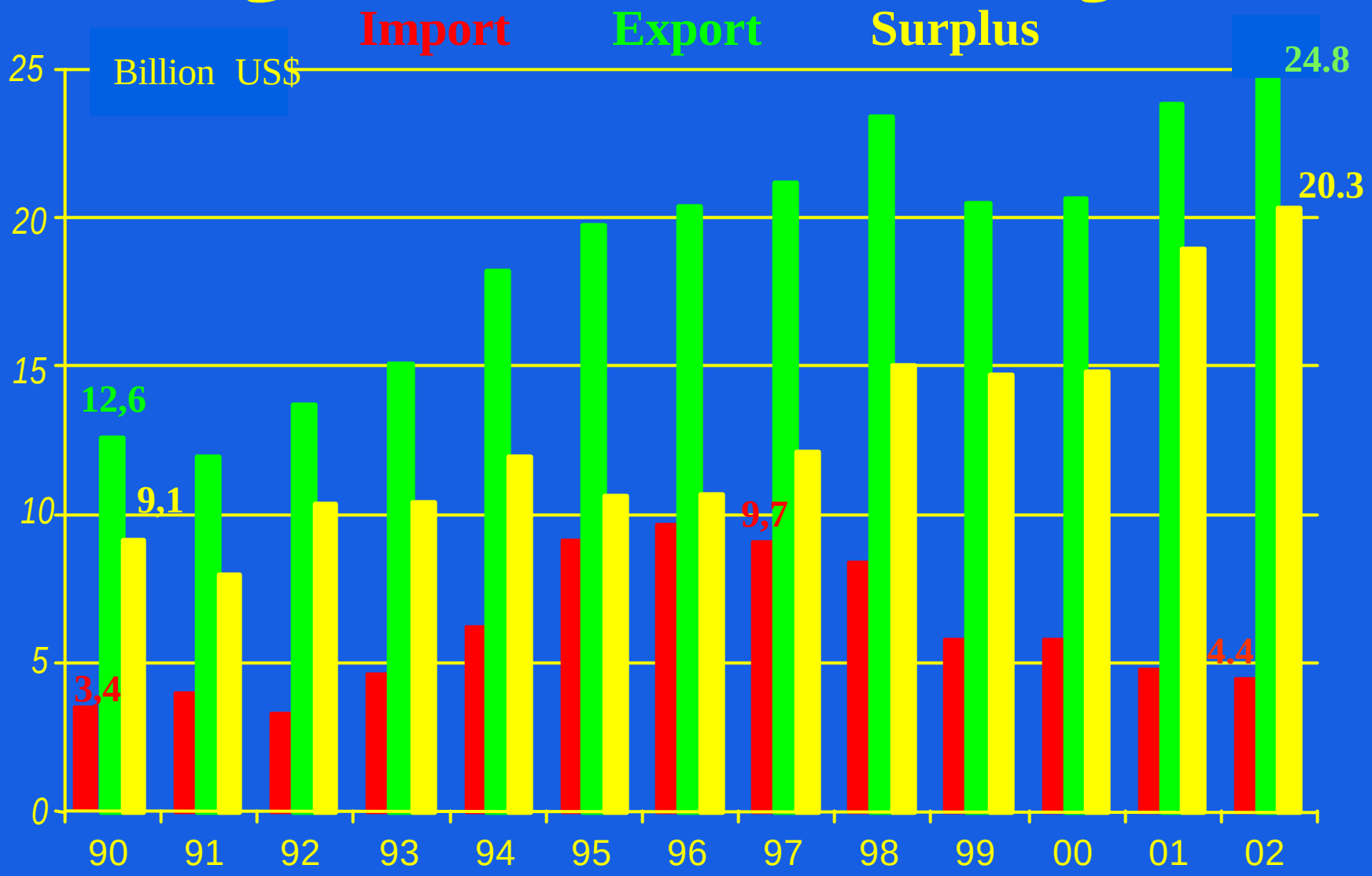
Agribusiness Brazil



Source: SECEX - MDIC 6 January 2003
Research: Brasoja 8 January 2003

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AGRONEGÓCIO

174.700.000

2,81%

Source: IBGE ONU 3 December 2002
Research: Brasoja 4 December 2002

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AGRIBUSINESS

6.314.454.970

100% MKT

Source: Ibiblio 20 February 2003
Research: Brasoja 20 February 2003

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World Cereals Situation

Food Outlook

million tonnes

Production	96-7	97-8	98-9	99-0	00-1	01-2	02-3
Wheat	588	613	598	592	586	582	562
Coarse Grains	920	905	915	889	876	912	880
Rice milled	383	387	390	409	401	399	391
All Cereals	1.891	1.906	1.903	1.890	1.863	1.894	1.833
Difference	+48	+44	+23	-6	-54	-49	-114
Utilization	1.843	1.862	1.879	1.896	1.918	1.942	1.946
All Stocks	634	675	683	681	630	575	466

17% MIN SAFE LEVEL FOR WORLD FOOD SECURITY

Source: FAO – ROME 18 December 2002
Research: BRASOJA 18 December 2002

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PROJETO FOME ZERO

Source: Programa do PT – October 2001
Research: Brasoja 29 October 2002

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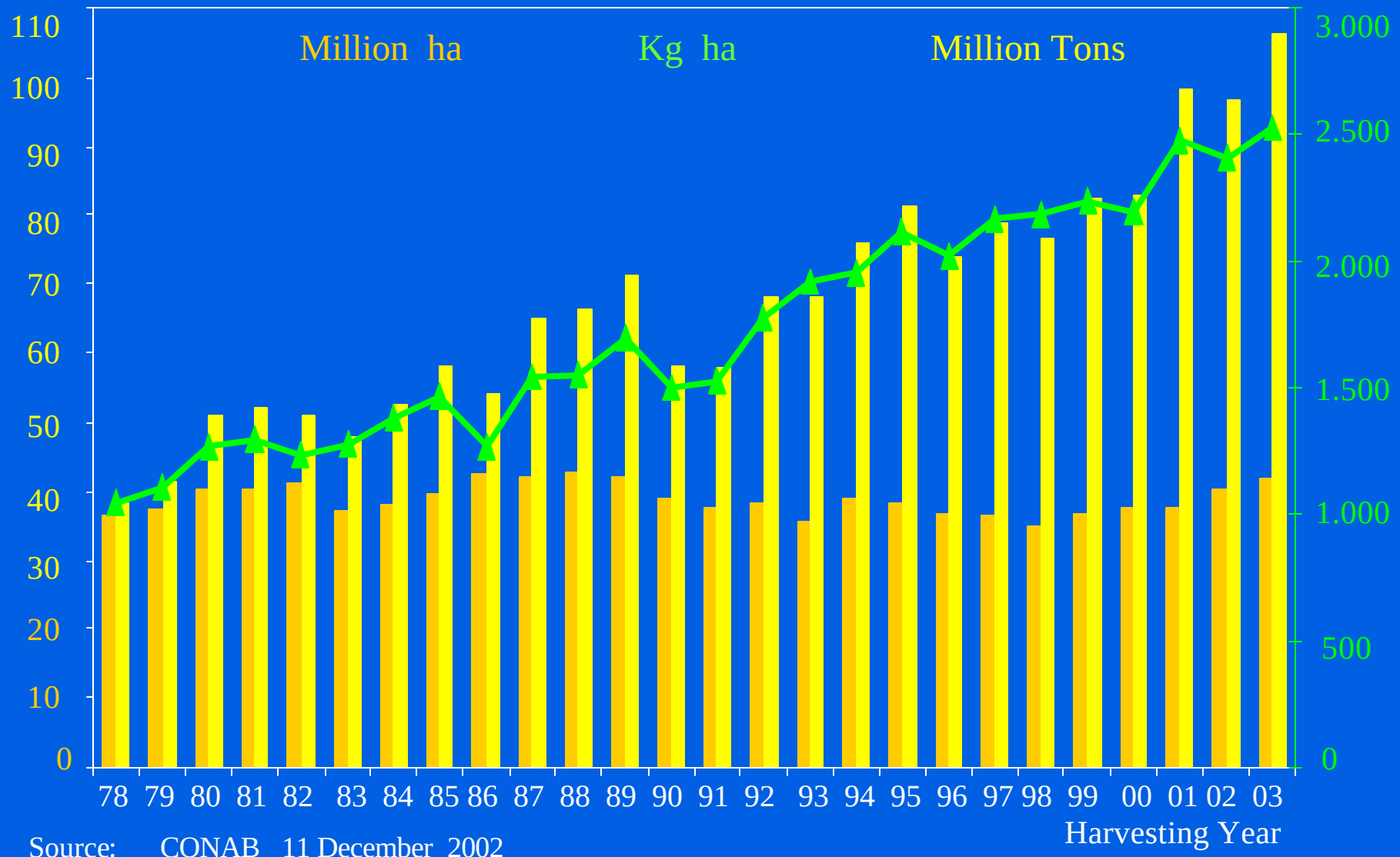
GRAIN BRAZIL

AREA YIELD CROP



Source: CONAB 11 December 2002
Research: Brasoja 13 December 2002

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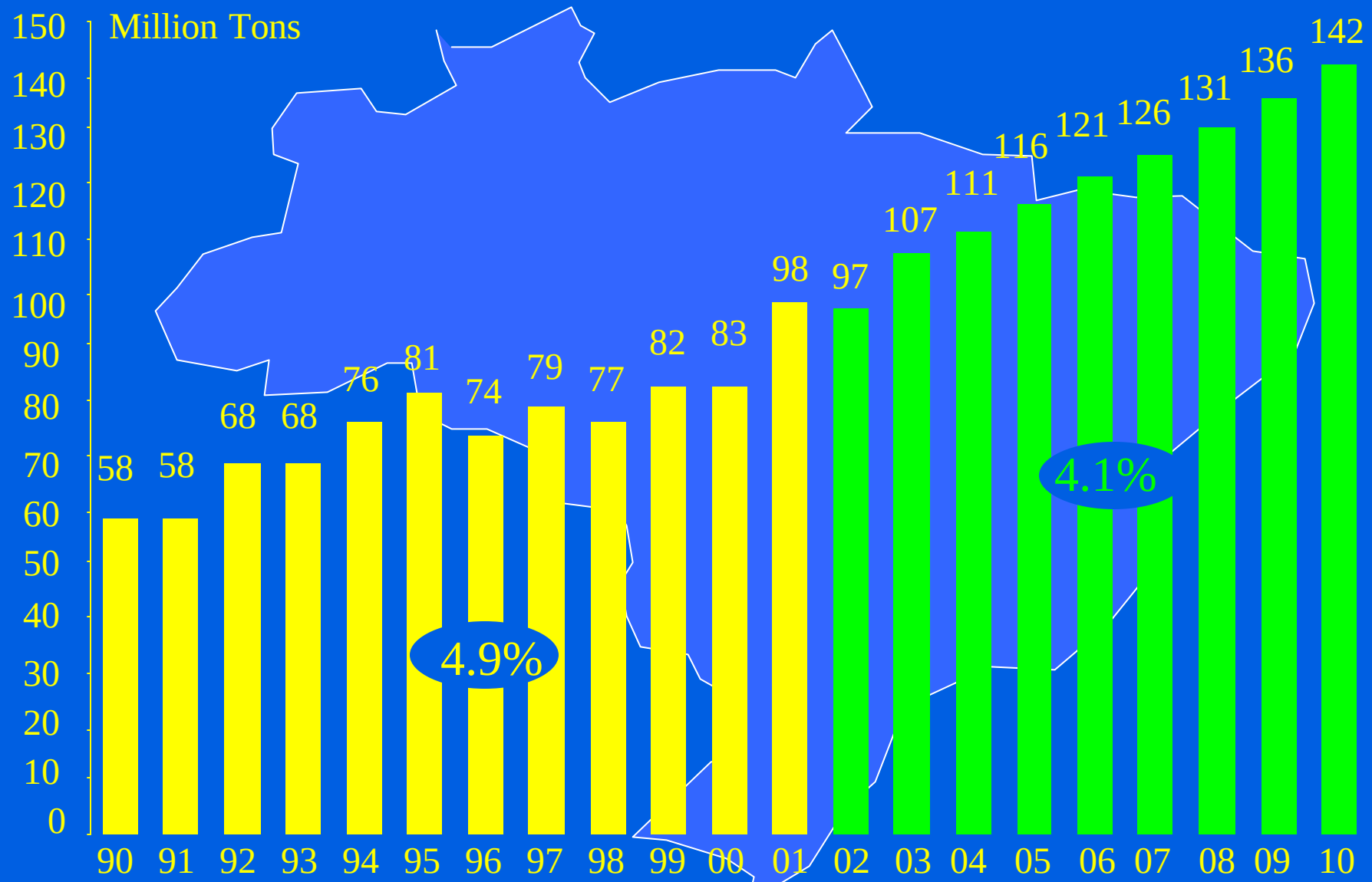
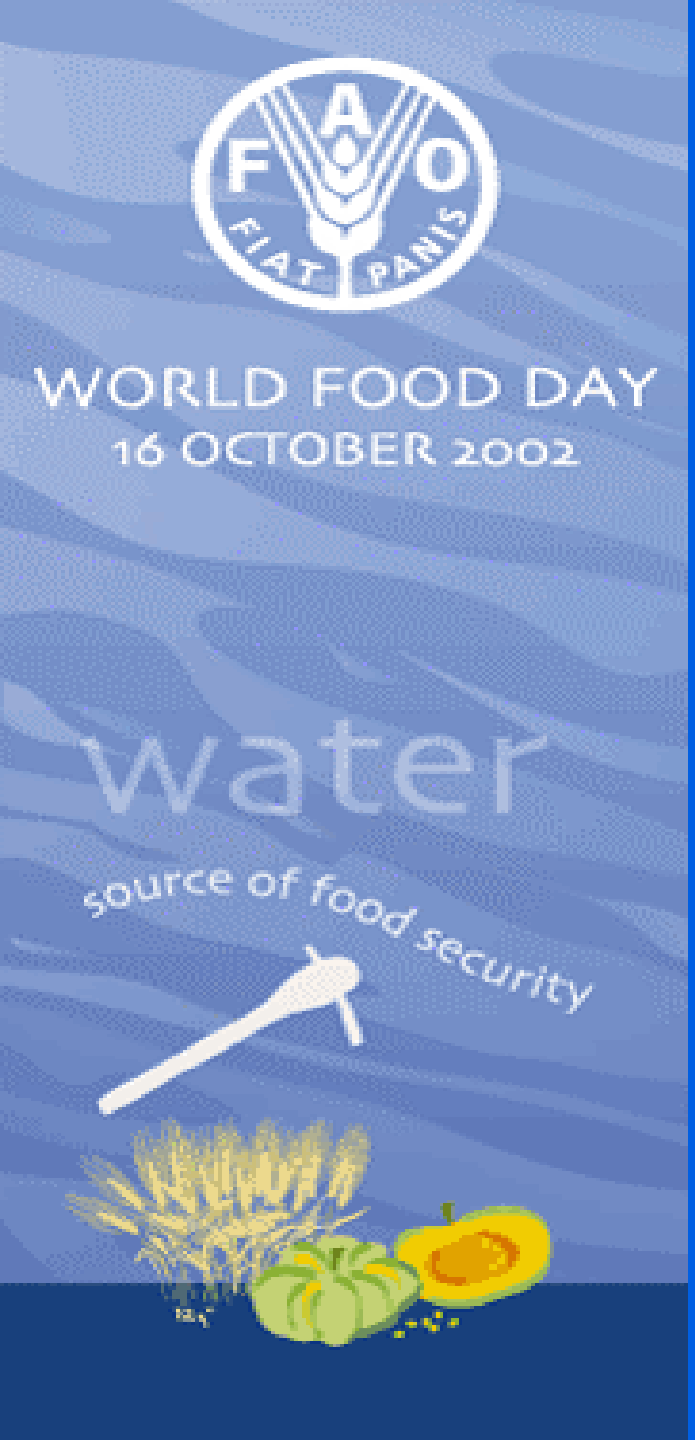
GRAIN PRODUCTION



Source: Conab 90-02 Abag 02-10

Research: Brasoja 20 January 2003



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Fighting Hunger with Information

Feeding minds ... Fighting hunger

Municipal 10%

Industrial 20%

Agricultural 70%

Irrigation 20% of world cropland
Produce 40% of food production

2030 → 60% more food
80% of 60% irrigated agriculture

More crops per drop

Source: FAO 16 October 2002
Research: Brasoja 16 October 2002

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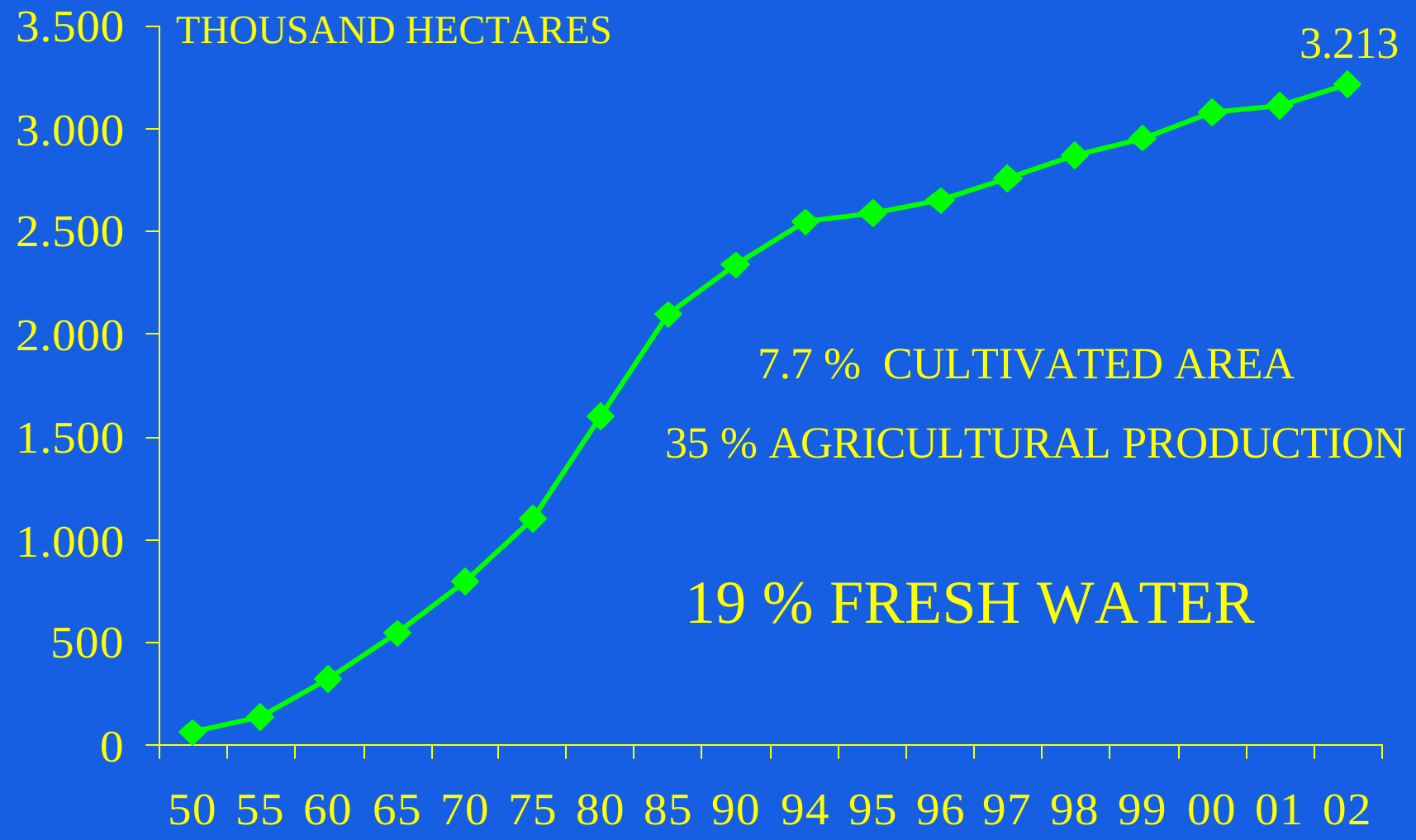
BRAZIL: IRRIGATED AREA



Source: UnB - A Granja 28 January 2003
Research: Brasoja 29 January 2003

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Rain - Seeding - Maturation

Soy Cycle ± 137 days

Rain Necessity 827 mm

827 l. – m² = 8.270.000 l. - Hectare

45.3 Bags - Hect. = 2.718 kg – Hect.

8.270.000 l. ÷ 2.718 Kg

3.042 l. water = 1 kg Soy 14% humid.

Source: D'Água – B.B. – Embrapa Passo Fundo
Research e Cálculos: Brasoja 6 November 2001

86 URUGUAY ROUND AGREEMENT : GATT

Tariffication Tariff Bindings and Reductions

"*Phasing out*"

Developed Country
36% in 6 years from 95

Developing Country
24% in 10 years from 95

Source: OCDE - 99 - M. Jang 2001
Research: Brasoja 23 August 2001

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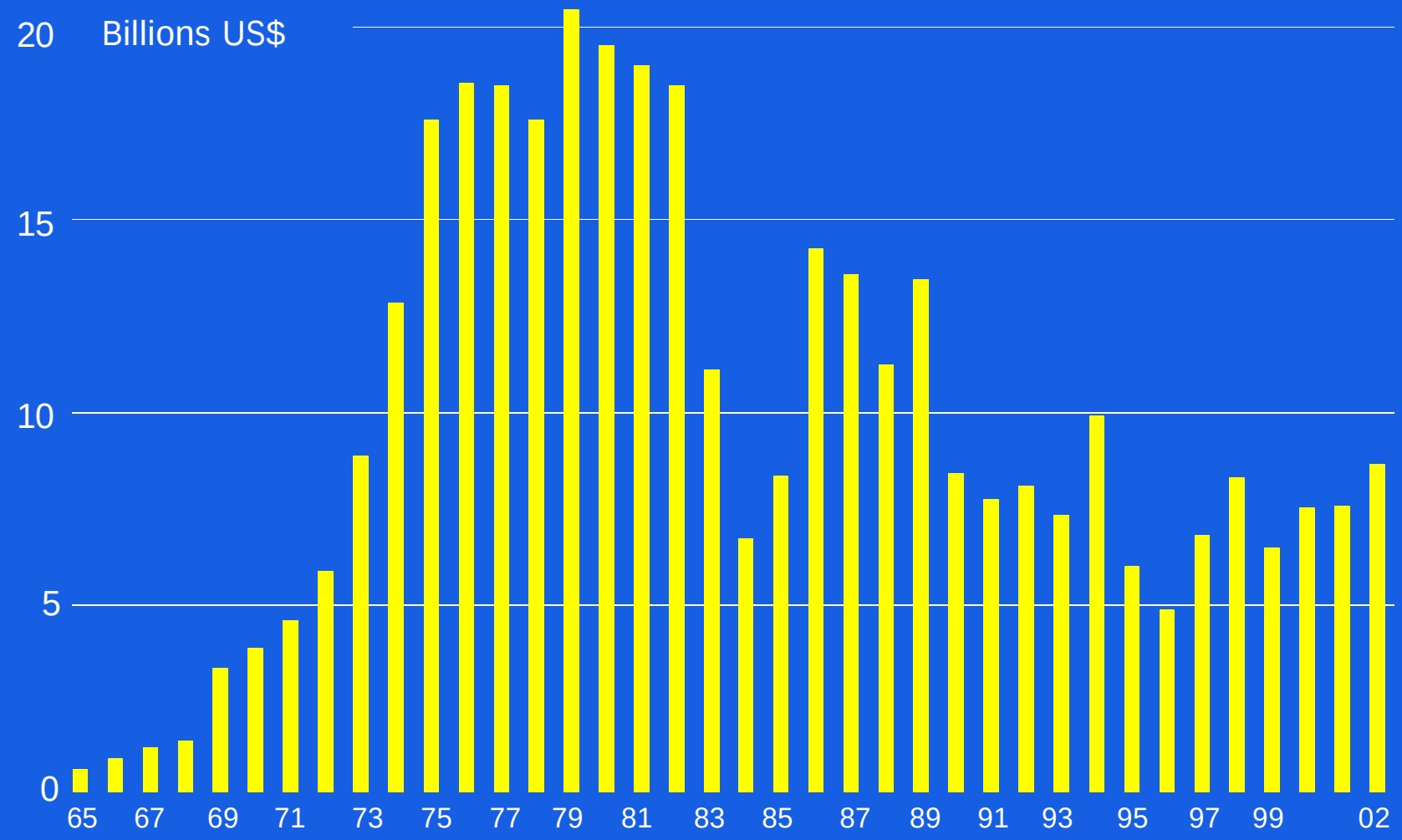
RURAL CREDIT

COST INVESTMENT COMERCIALIZATION



Source: MAPA December 2002
Research: Brasoja 11 December 2002

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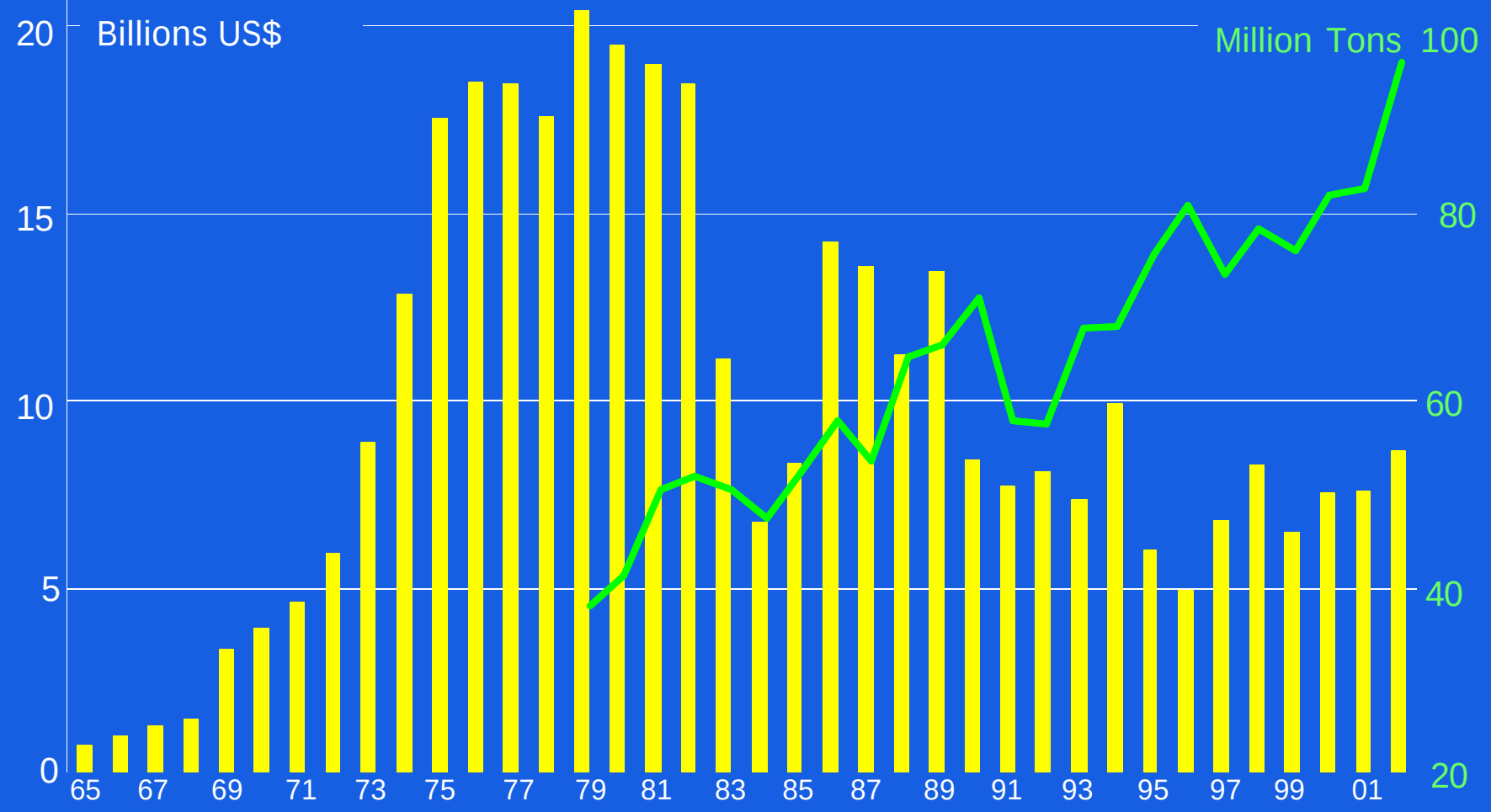
COST INVESTMENT COMERCIALIZATION



Source: MAPA December 2002
Research: Brasoja 11 December 2002

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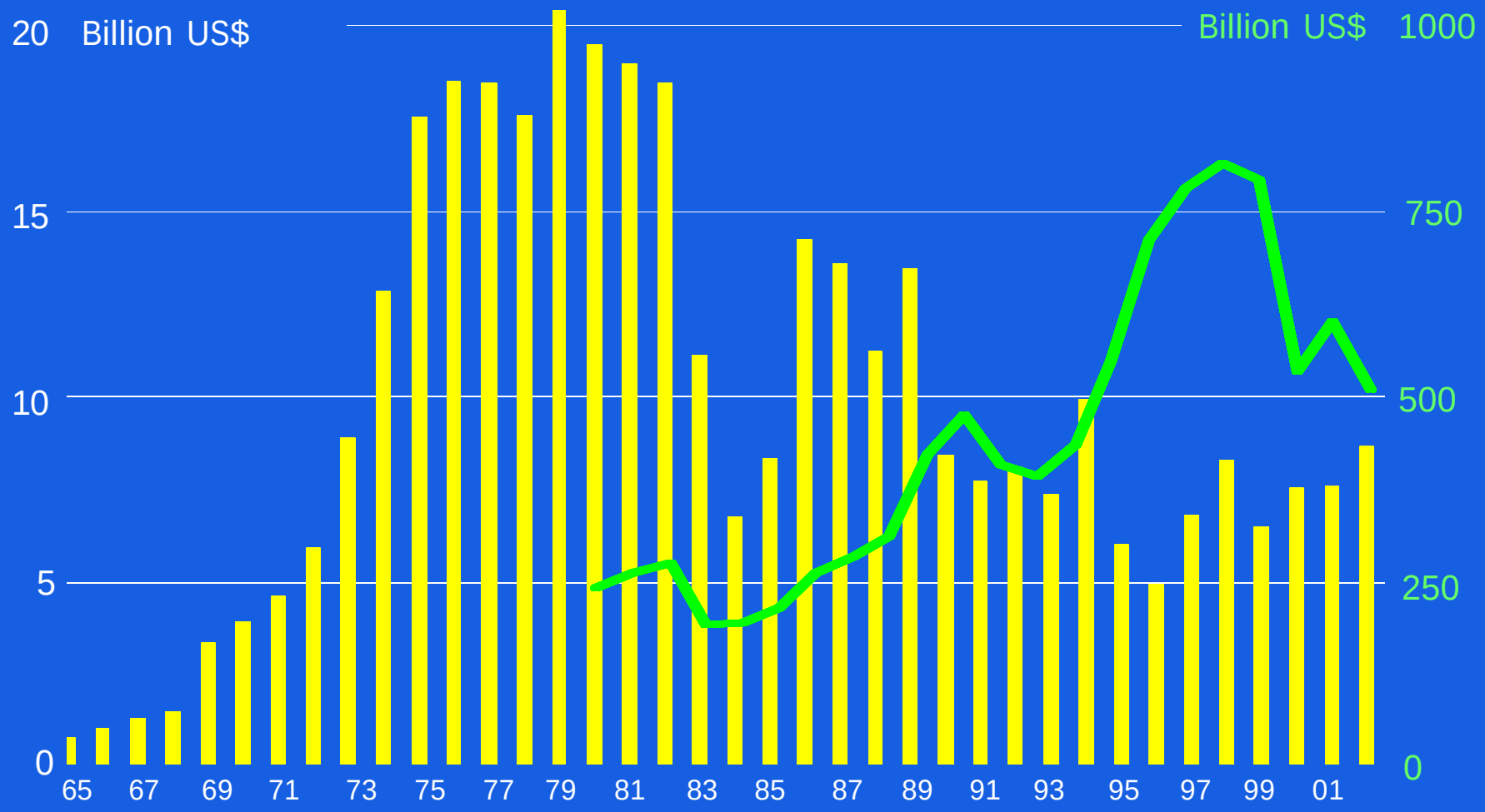
RURAL CREDIT

COST INVESTMENT COMERCIALIZATION



Source: MAPA December 2002
Research: Brasoja 11 December 2002

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

TSE – Total Support Estimate

Japan	**US$ 59.126**
United States	**US$ 95.259**
E. Union	**US$ 105.624**
2001	**US$ 310.959**

In Million

Source:OECD – PSE – CSE database 2002 Paris
Research: Brasoja - 21 May 2002

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BUDGETARY EXPENDITURE ON THE COMMON AGRICULTURAL POLICY

Year	EU Budget	Agriculture Rural Development	%
1998	79.244.6	43.273.2	54.6
1999	79.248.9	45.267.0	57.1
2000	77.878.8	41.905.5	53.8
2001	93.305.2	47.039.3	50.4
2002	96.845.5	47.591.7	49.1
2003	97.815.1	48.398.7	49.5

In Euros

Source: União Européia on Line January 2003
Research: Brasoja 30 Januery 2003

Lobby Function: verb 1837

1 : to promote (as a project) or secure the passage of (as legislation) by influencing public officials

2 : to attempt to influence or sway (as a public official) toward a desired action

Source: Britannic Dicionary

Lobby

Pessoa ou grupo que tenta influenciar os congressistas (deputados e senadores) a votar projetos de seu interesse, ou de grupos que representam.

Source: Dicionário Michaelis

Source: Indy 500 26 May 2002
Research: Brasoja 21 August 2002

USA 30

SOYA BRASOJA USA

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A.Y	CROP	I. MKT	EXP	STOCK	%
91-2	54.065	36.922	18.614	7.578	14,0
92-3	59.612	38.319	20.972	7.955	13,3
93-4	50.885	37.318	16.006	5.691	11,2
94-5	68.444	42.305	22.867	9.112	13,3
95-6	59.174	40.306	23.108	4.993	8,4
96-7	64.780	42.317	24.110	3.588	5,5
97-8	73.176	47.701	23.760	5.438	7,4
98-9	74.598	48.736	21.898	9.469	12,7
99-0	72.220	47.390	26.540	7.900	10,9
00-1	75.060	49.200	24.100	6.740	9,0
01-2	78.670	50.890	28.920	5.660	7,2
02-3	74.283	49.876	25.577	4.490	6,0

THOUSAND TONS

Loan Price	US$ 5,00	US$ 183,73	Ton	=	US$ 11,02	Bag
Target Price	US$ 5.80	US$ 213,12	Ton	=	US$ 12,78	Bag
Minimun Price	R$ 11,00	Bag ÷	US$ 3,57	=	US$ 3,08	Bag

Research: **BRASOJA** **11 February 2003**

Source: USDA. **SUPPLY and USE** **11 February 2003**

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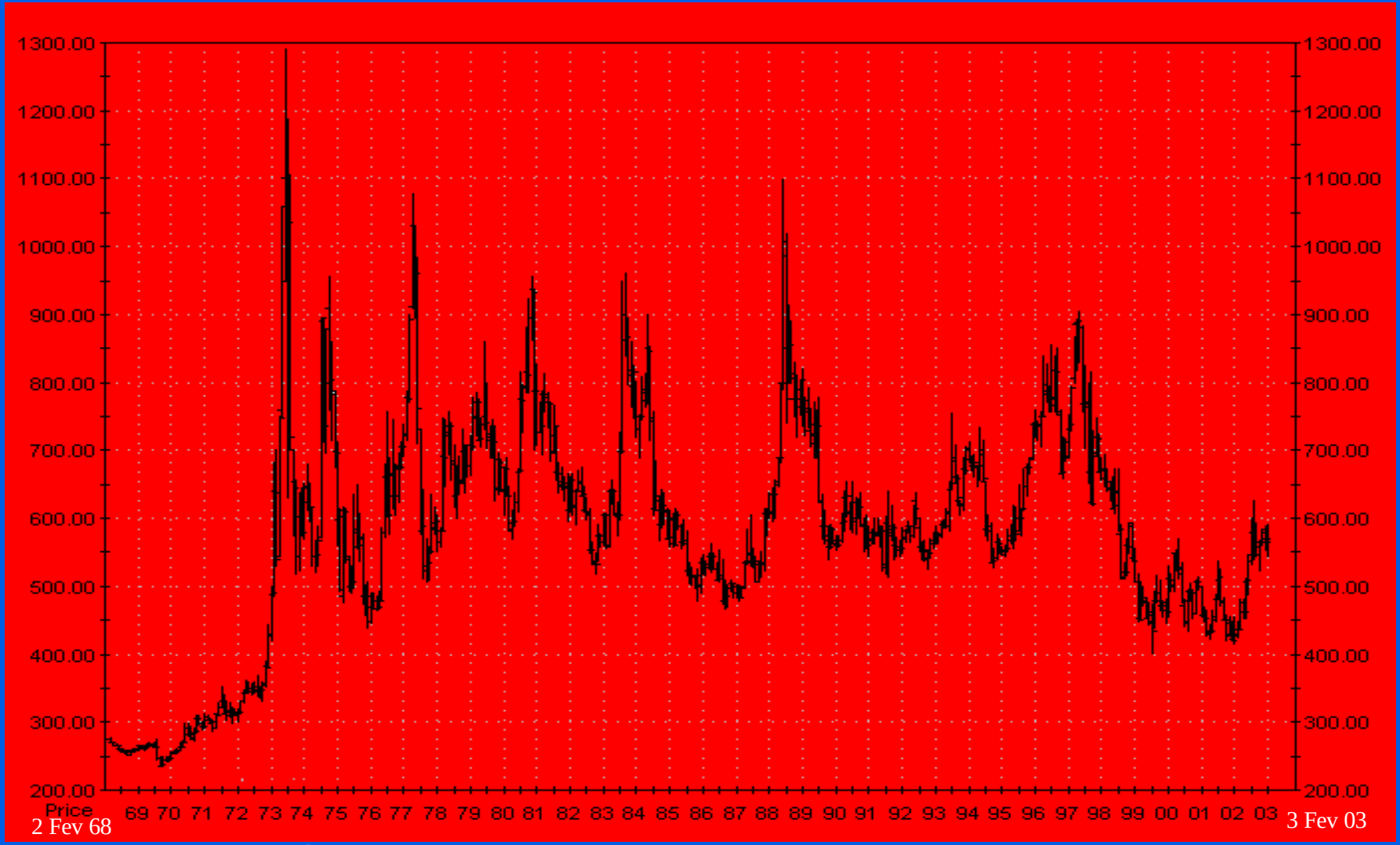
CHICAGO BOARD OF TRADE SOYBEANS



Source: CBOT 3 February 2003
Research: Brasoja 3 February 2003

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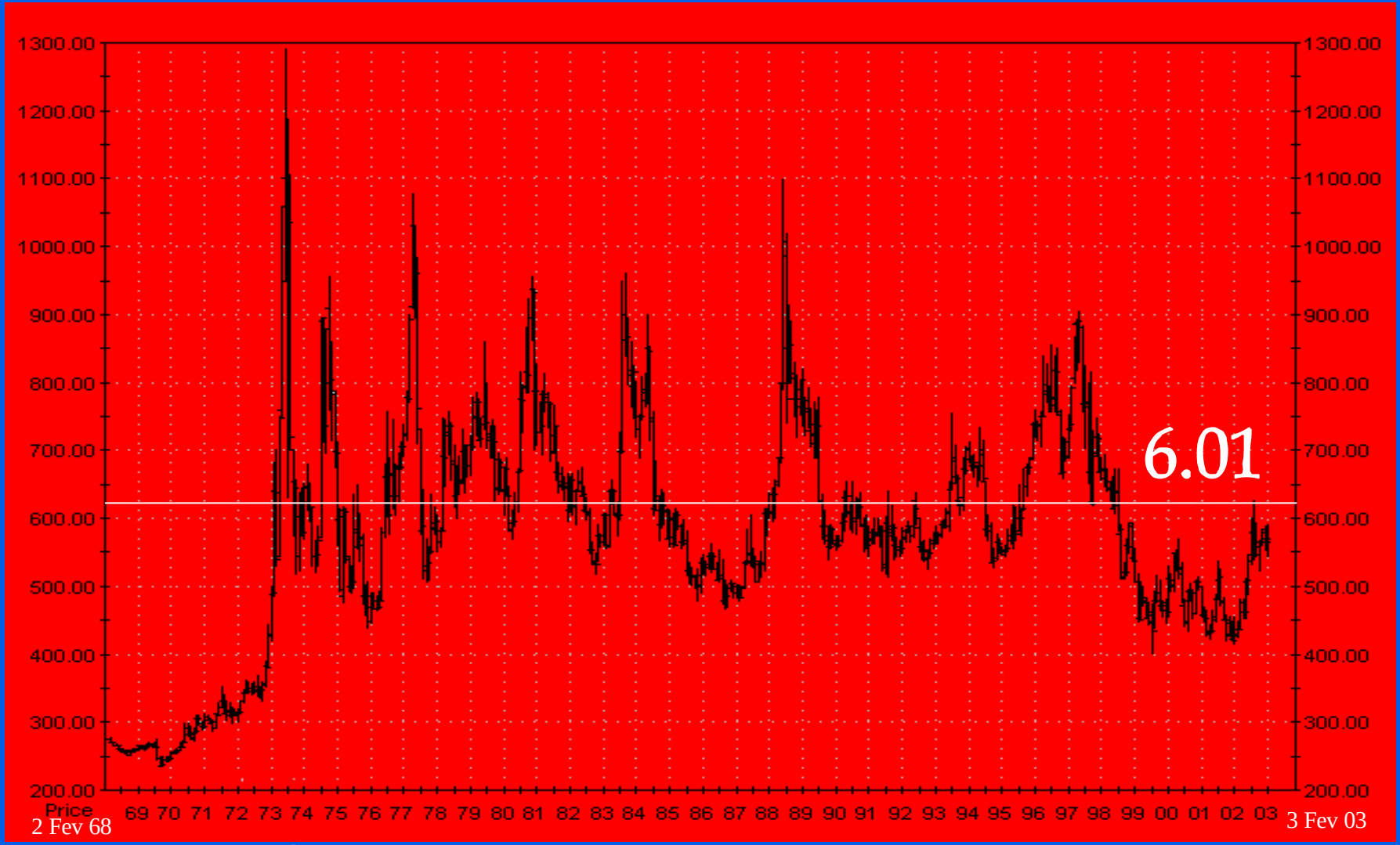
CHICAGO BOARD OF TRADE SOYBEANS



Source: CBOT 3 February 2003

Research: Brasoja 3 February 2003

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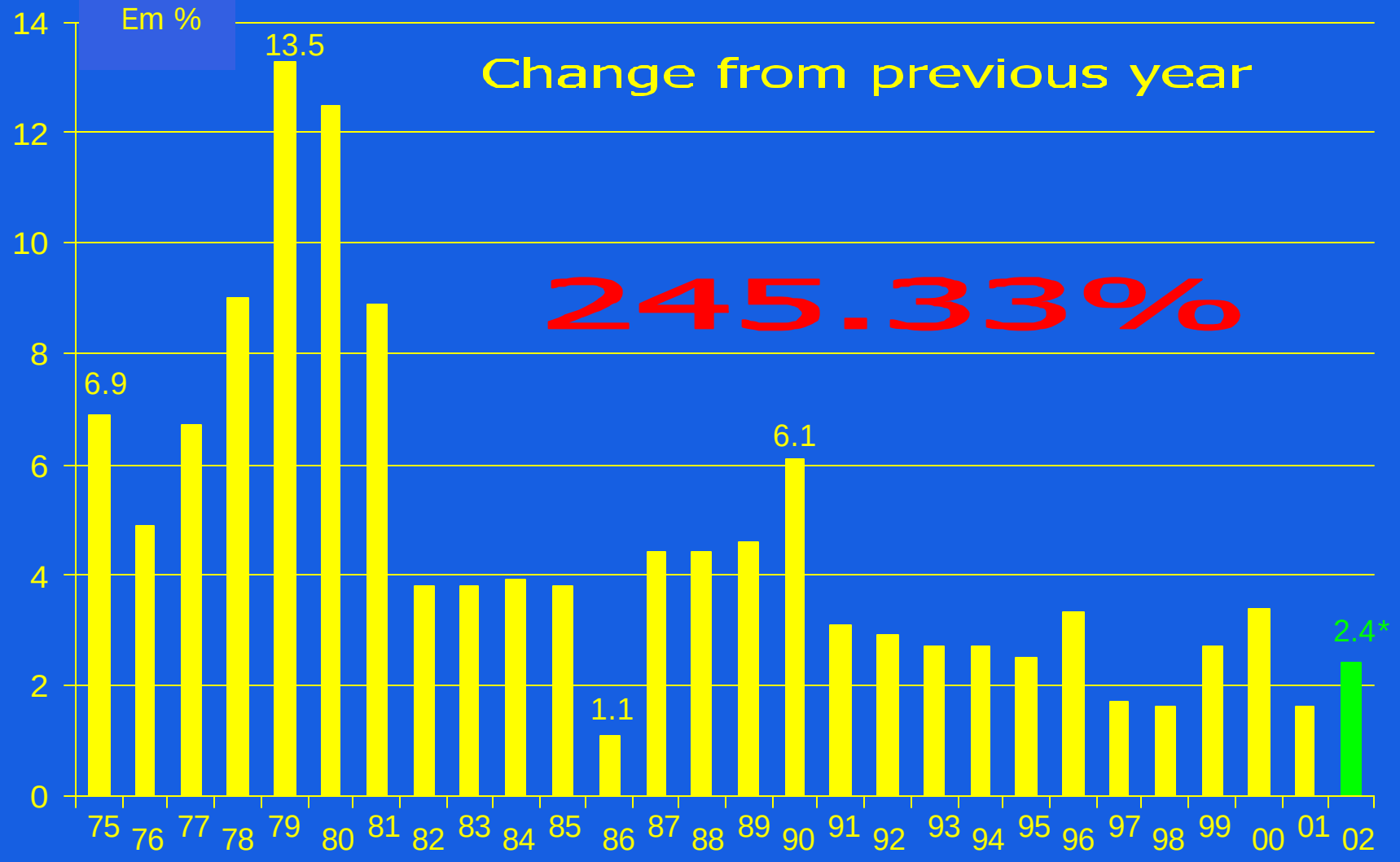
U.S. INFLATION
CPI - Consumer Price Index



Source: US Dept. of Labor 17 December 2002
Research BRASOJA 13 January 2003

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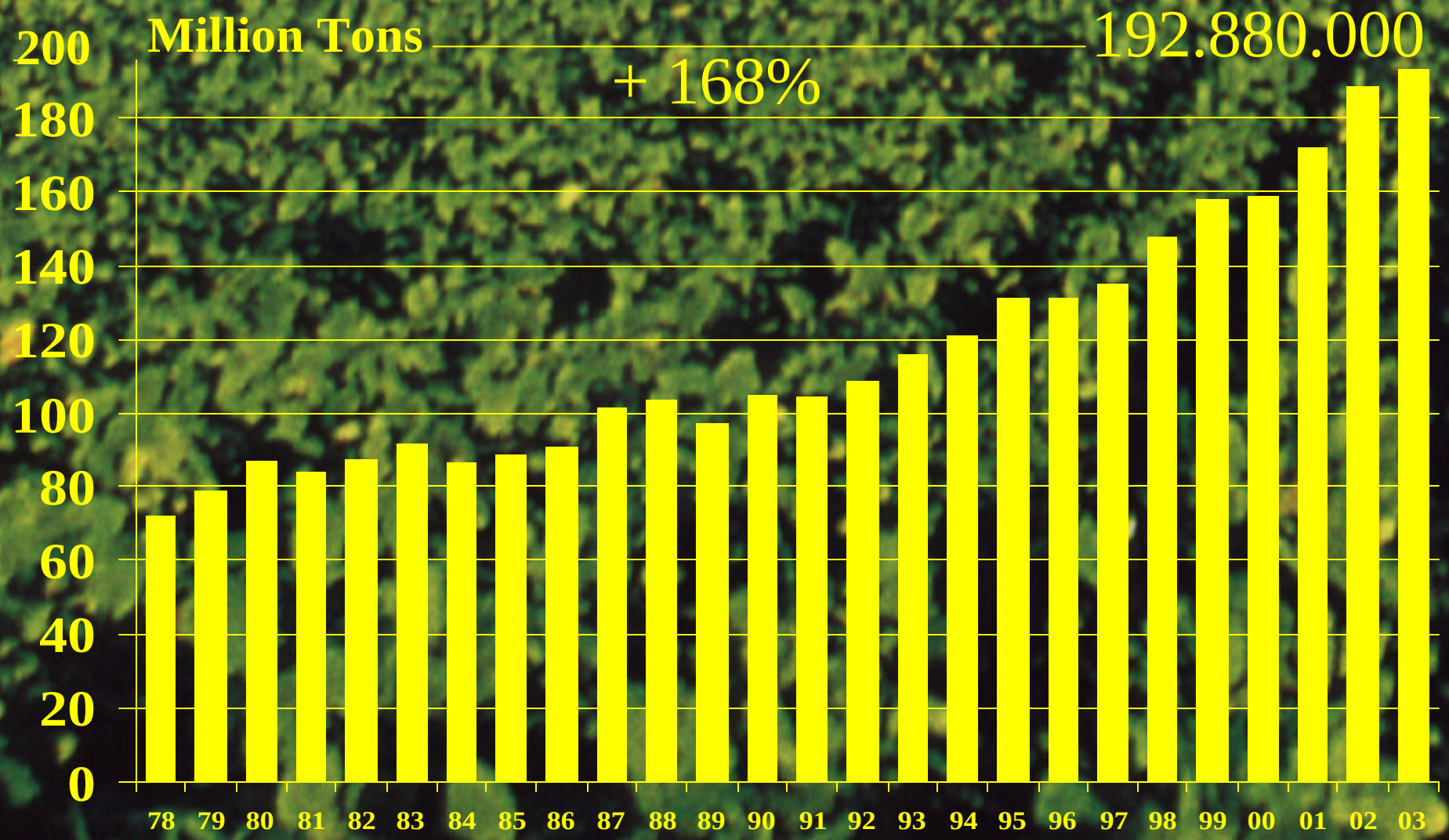
SOY COMPLEX 2002-3

CROP		EXPORT		IMPORT	
U. States	74.290	Brazil	37.730	E. Union	43.220
Brazil	51.000	U. States	32.020	Asia	42.800
Argentina	33.500	Argentina	31.700	L. America	14.050
China	16.400			Mid-East N.A	10.350
TOTAL	192.880		120.650		119.610

THOUSAND TONS

Source: USDA 12 February 2003
Research: BRASOJA 12 February 2003

SOY - WORLD DEMAND



Source: USDA 11 February 2003
Research: BRASOJA 11 February 2003

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CHINA

SOY COMPLEX IMPORTS

A.Year	SBO	SBM	SB	Total
95-6	1.445	1.550	795	3.790
96-7	1.674	3.600	2.274	7.548
97-8	1.650	4.198	2.940	8.788
98-9	950	1.400	3.850	6.200
99-0	556	633	10.100	11.289
00-1	80	100	13.245	13.425
01-2	370	20	10.385	10.775
02-3	900	50	15.000	15.950

Source: USDA 11 February 2003

Thousand Tons

REASON

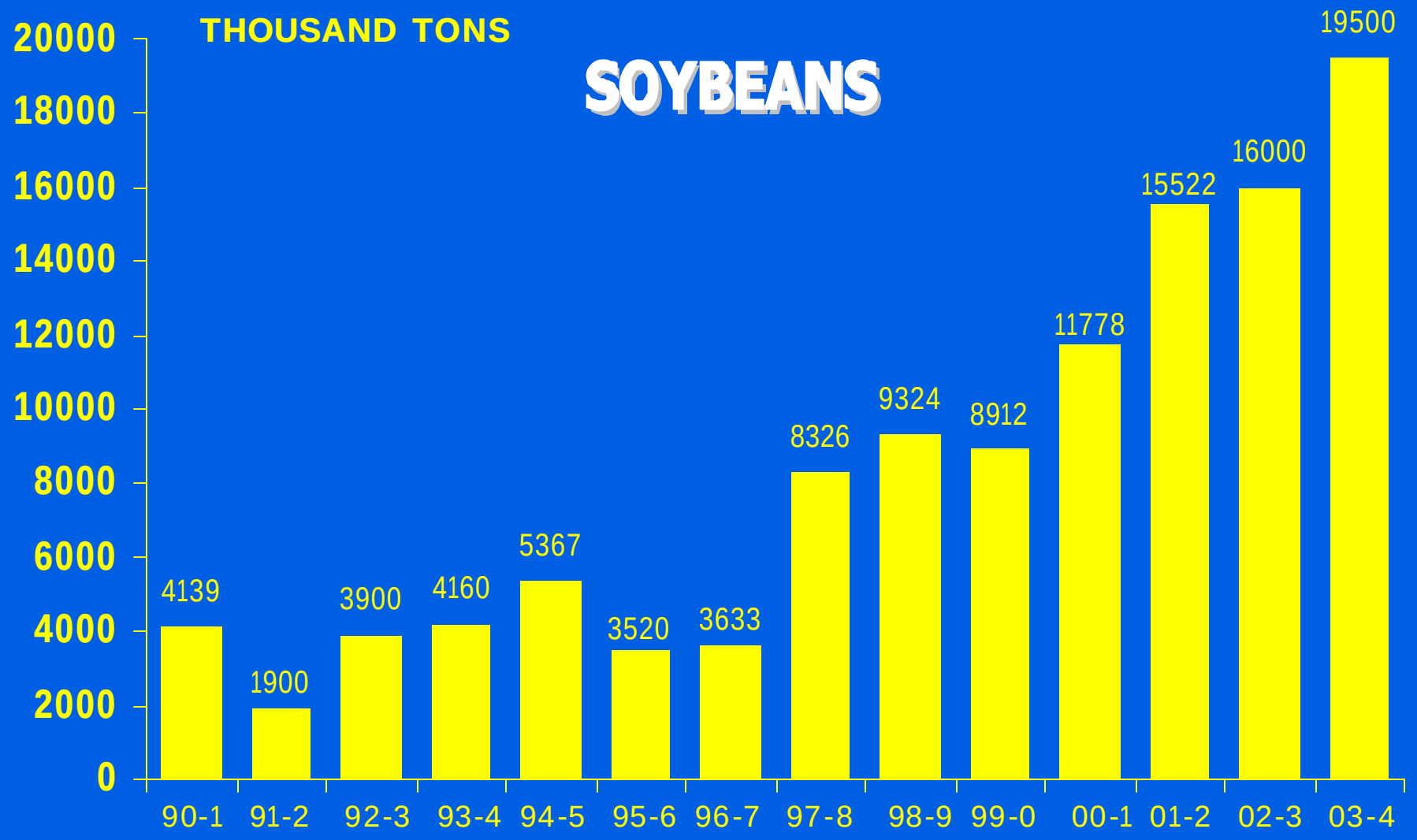
Protecionist Policy of the Chinese Government Since Jan 1999
Import Tax SBM V.A.T. Value Added Tax 13%

CONSEQUENCE

Brazilian Industry without "Crushing Margin"
Crushing Capacity 107.5 MT Day x 335 = 36.012.500 T
Crush in 2002 = 25.500.000 T Idle Capacity 29.2%

Source: ABIOVE 31 January 2003
Research: Brasoja 11 February 2003

BRAZIL EXPORTS



Source: ABIOVE 11 February 2003 Research: BRASOJA 11 February 2003

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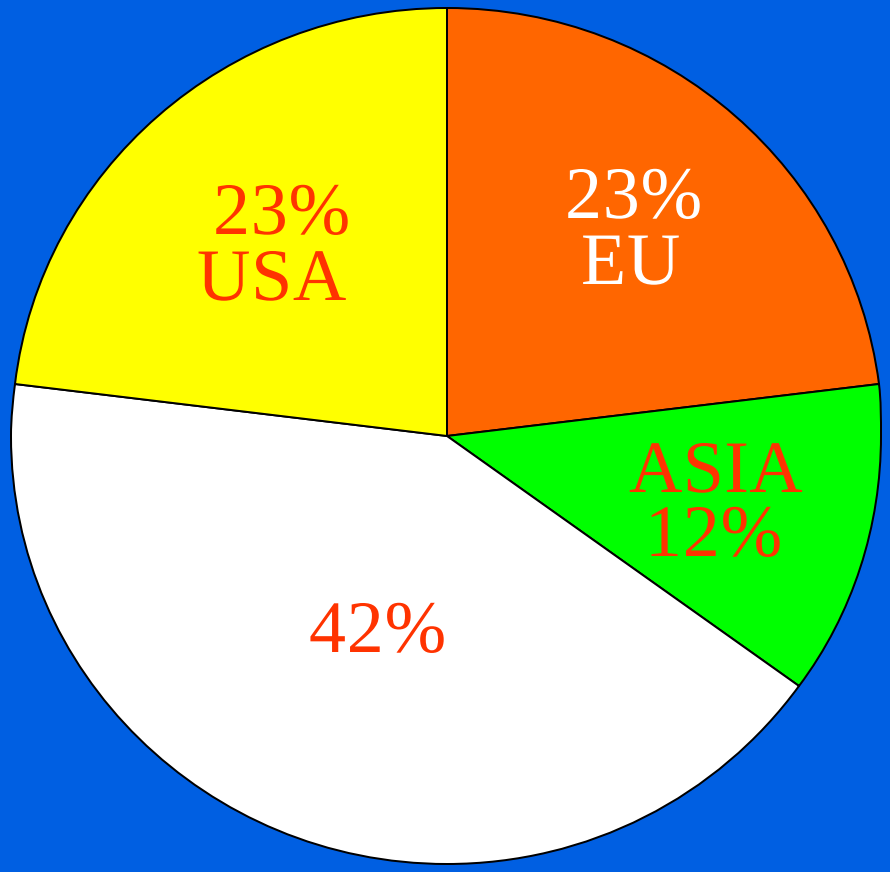
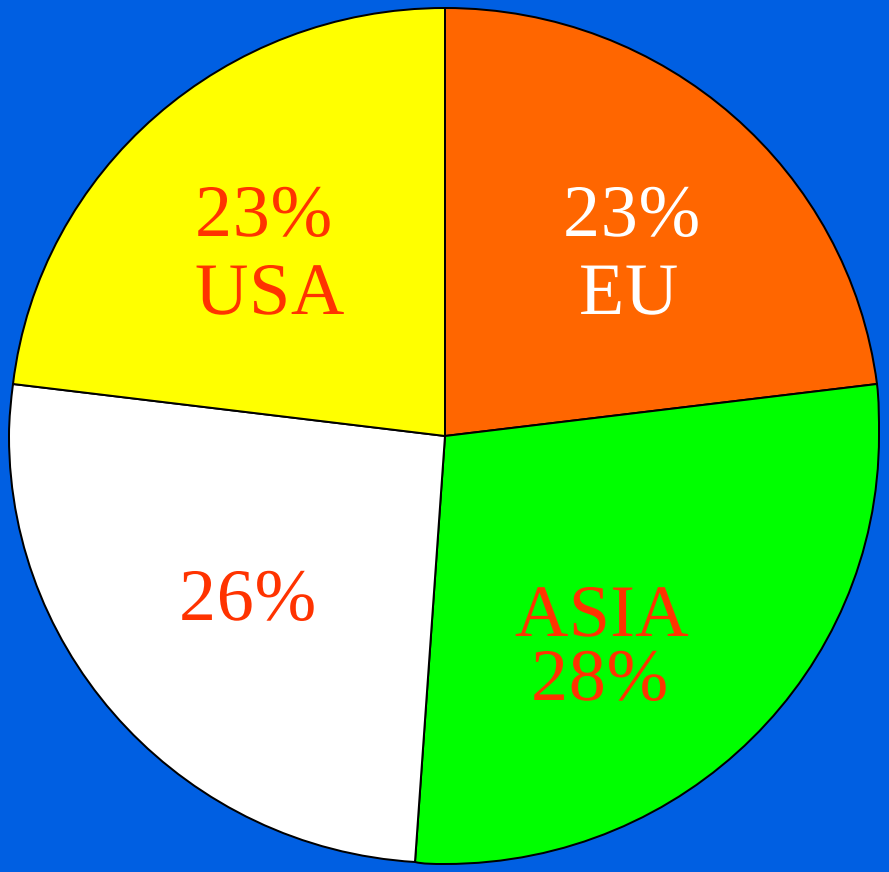
WORLD CONSUMPTION SOYBEAN MEAL

1990



69 Million Tons

2003



131 Million Tons

Source: USDA 12 February 2003
Research: Brasoja 12 February 2003

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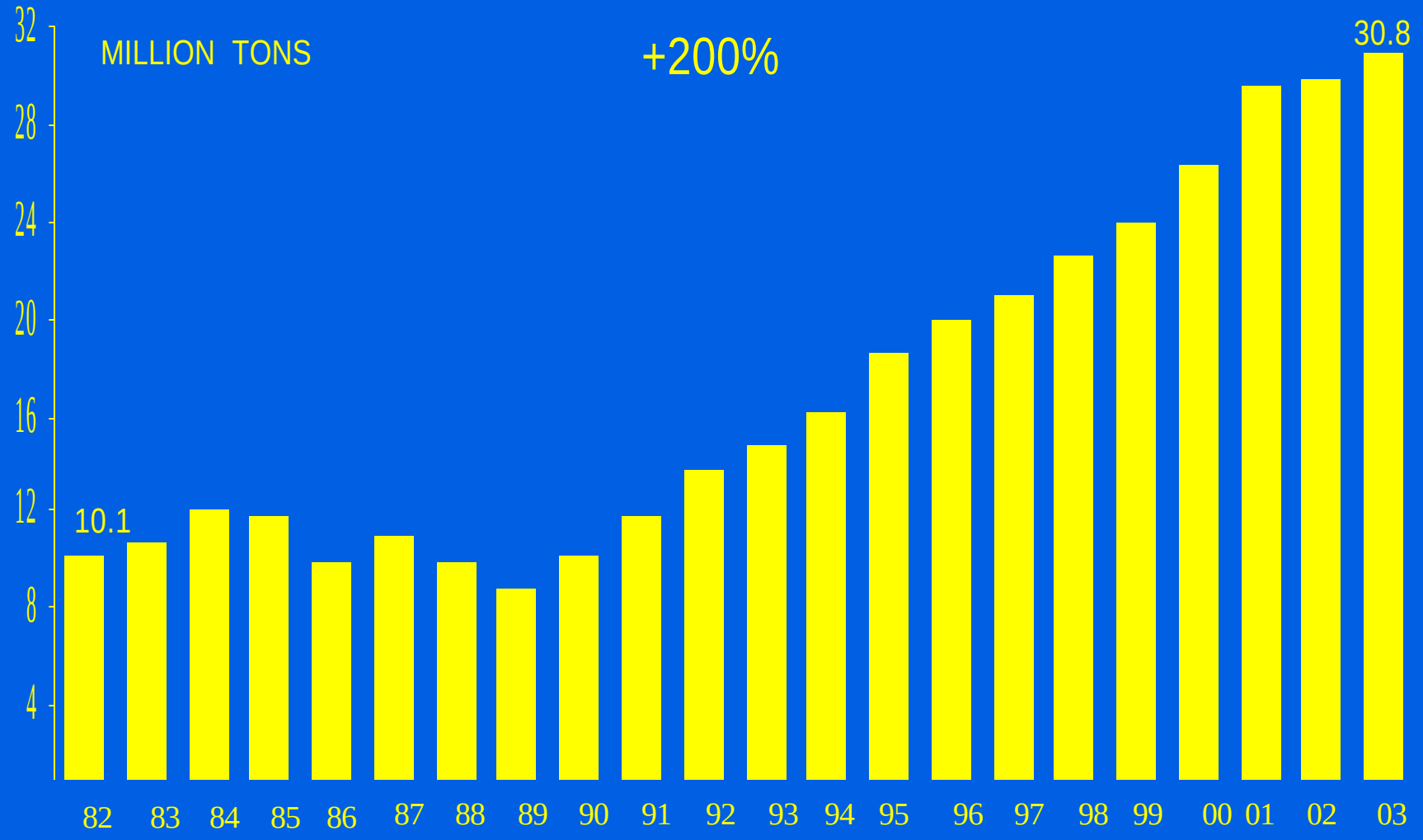
CHINA

VEGETABLE PROTEIN CONSUMPTION



Fonte: USDA 12 February 2003
Pesquisa: Brasoja 12 February 2003

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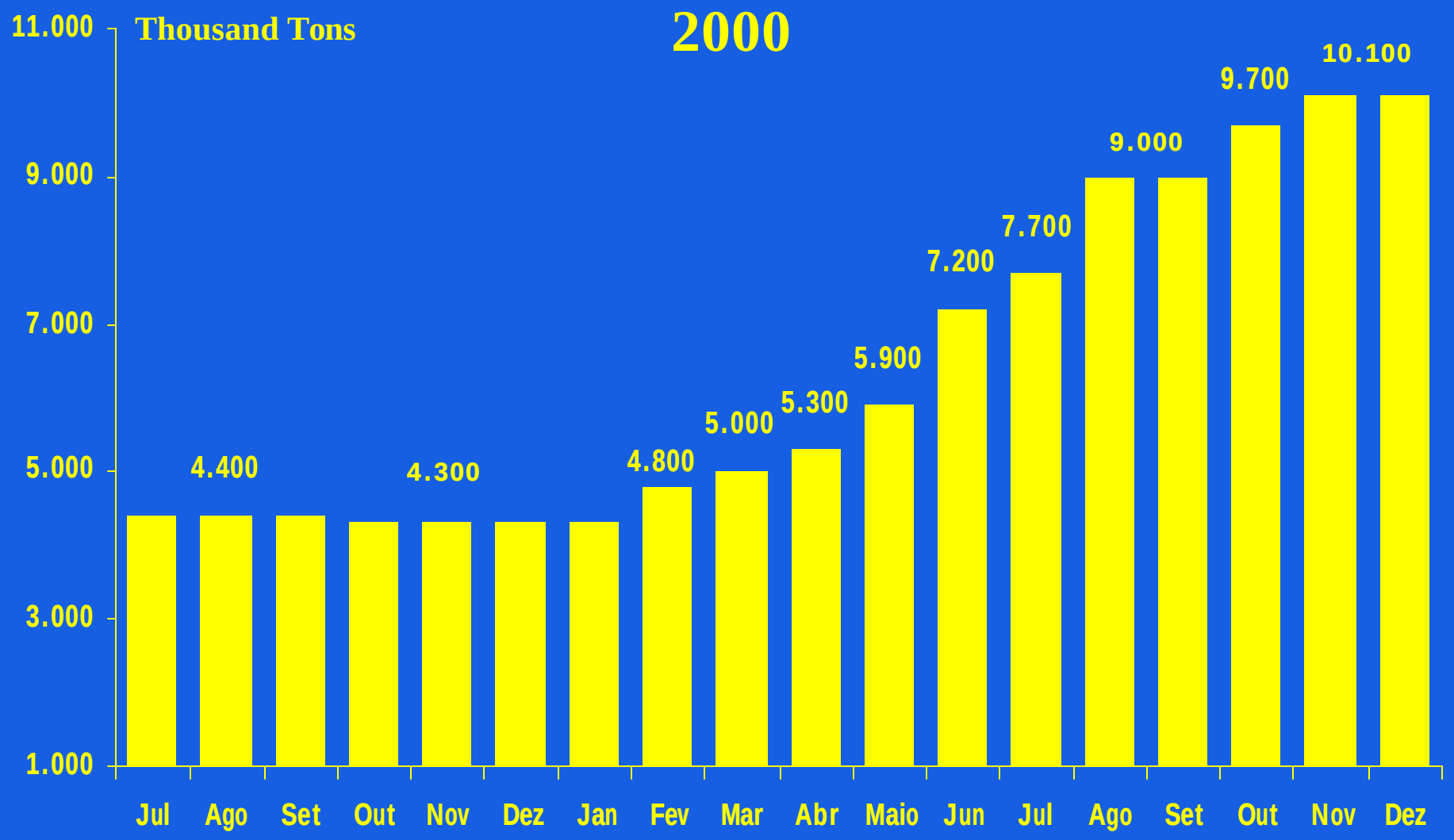
CHINA SOYBEAN IMPORTS



Source: USDA 11 July 2002
Research: Brasoja 11 July 2002

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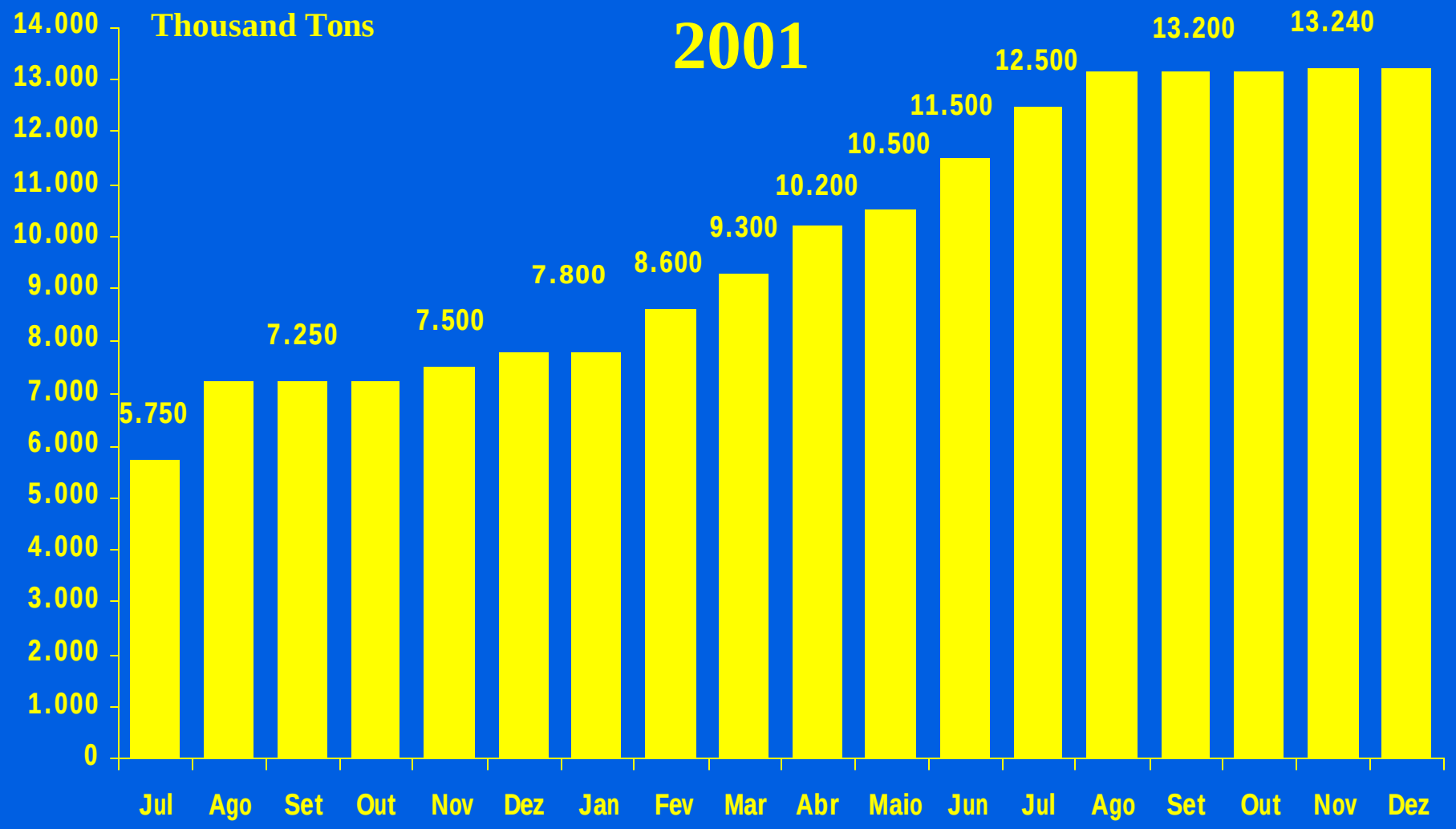
CHINA SOYBEAN IMPORTS



Source: USDA 11 July 2002
Research: Brasoja 11 July 2002

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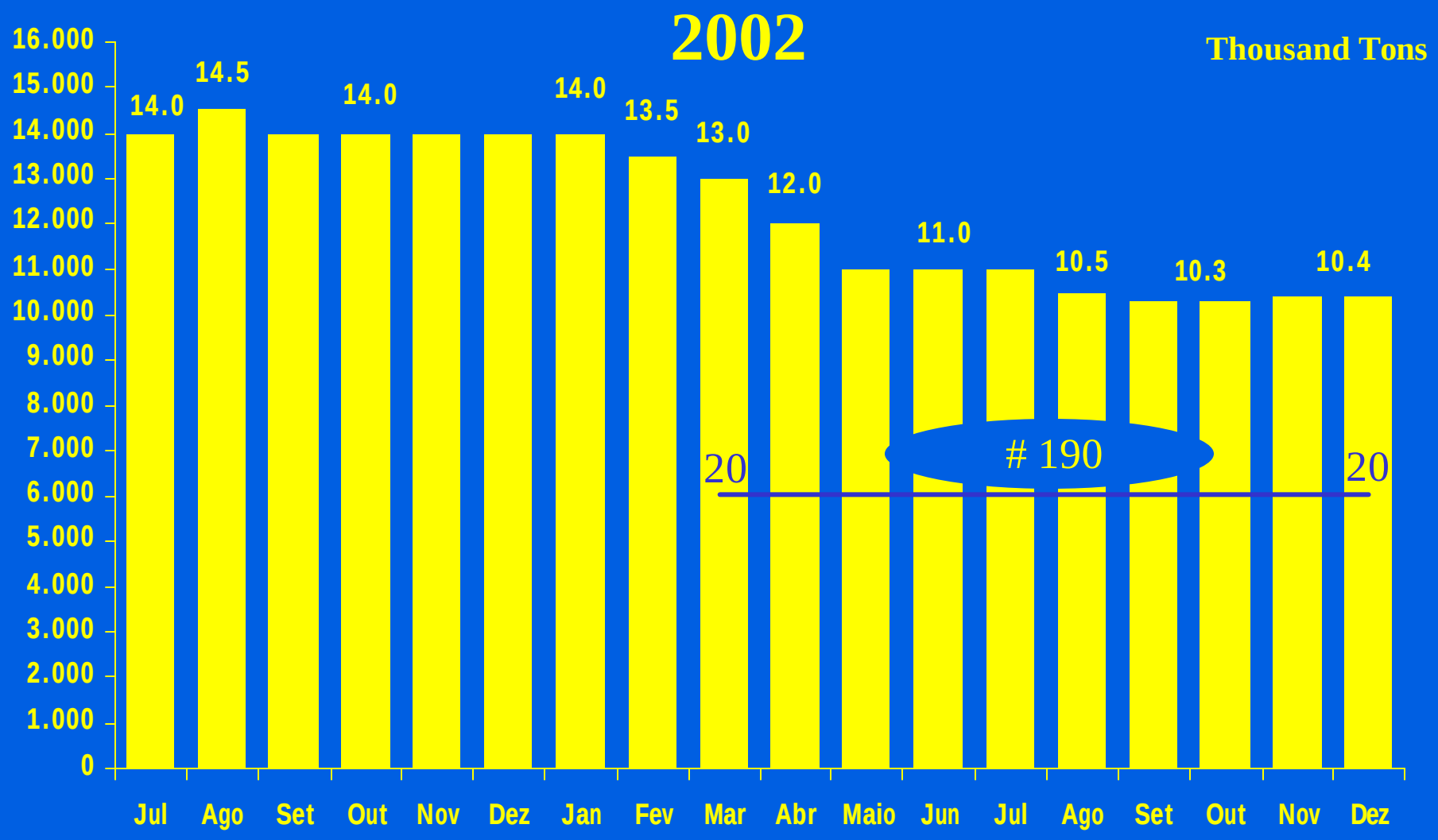
CHINA SOYBEAN IMPORTS



Source: USDA 11 February 2003
Research: Brasoja 11 February 2003

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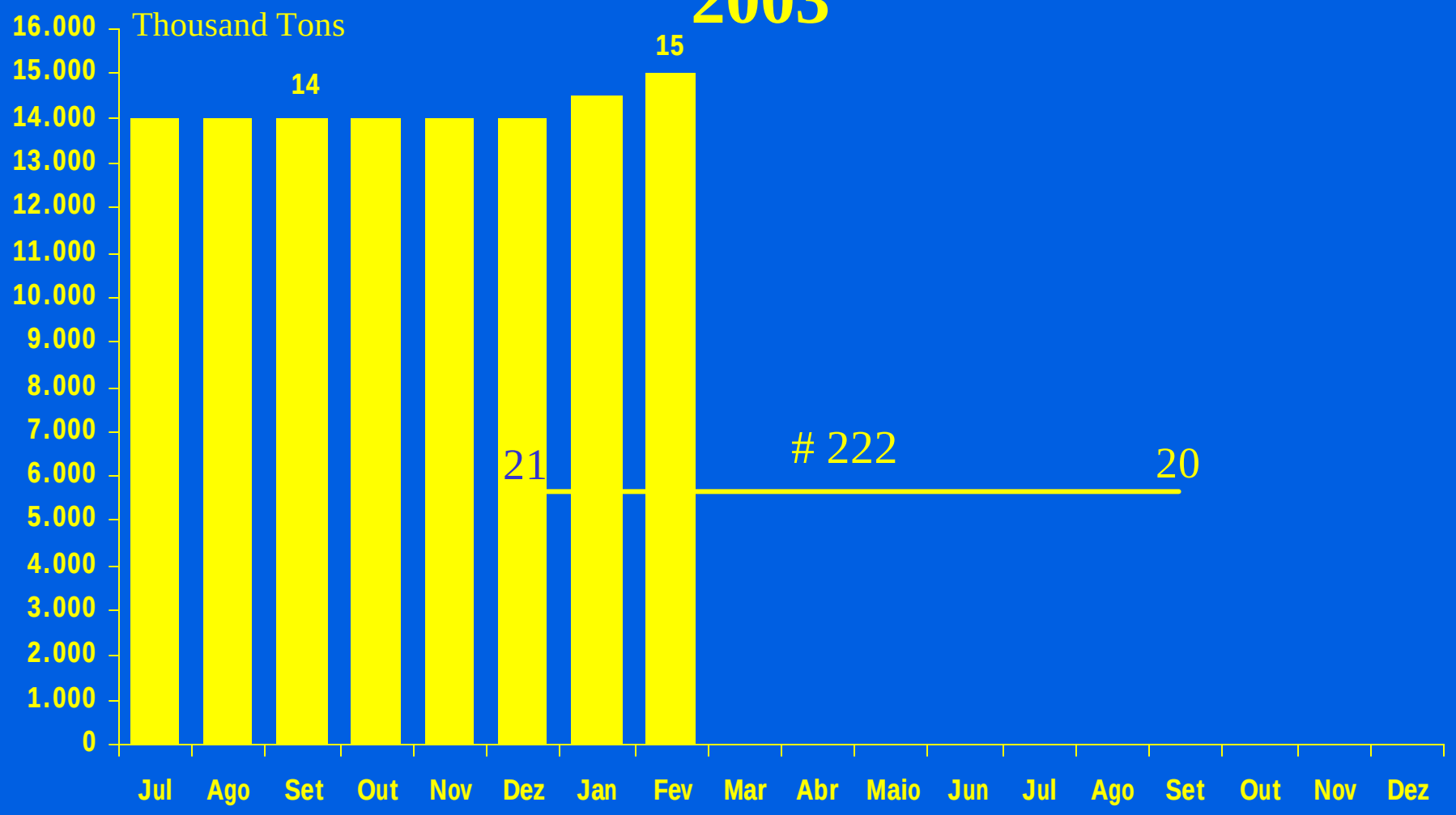
CHINA SOYBEAN IMPORTS

2003



Source: USDA 11 February 2003
Research: Brasoja 11 February 2003

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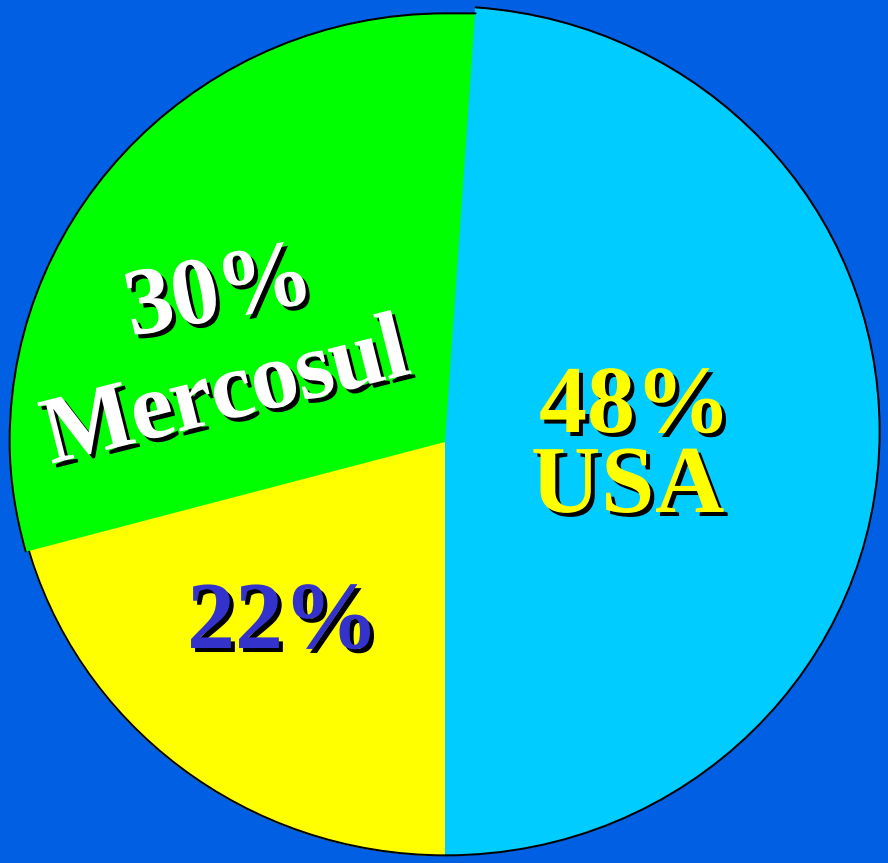
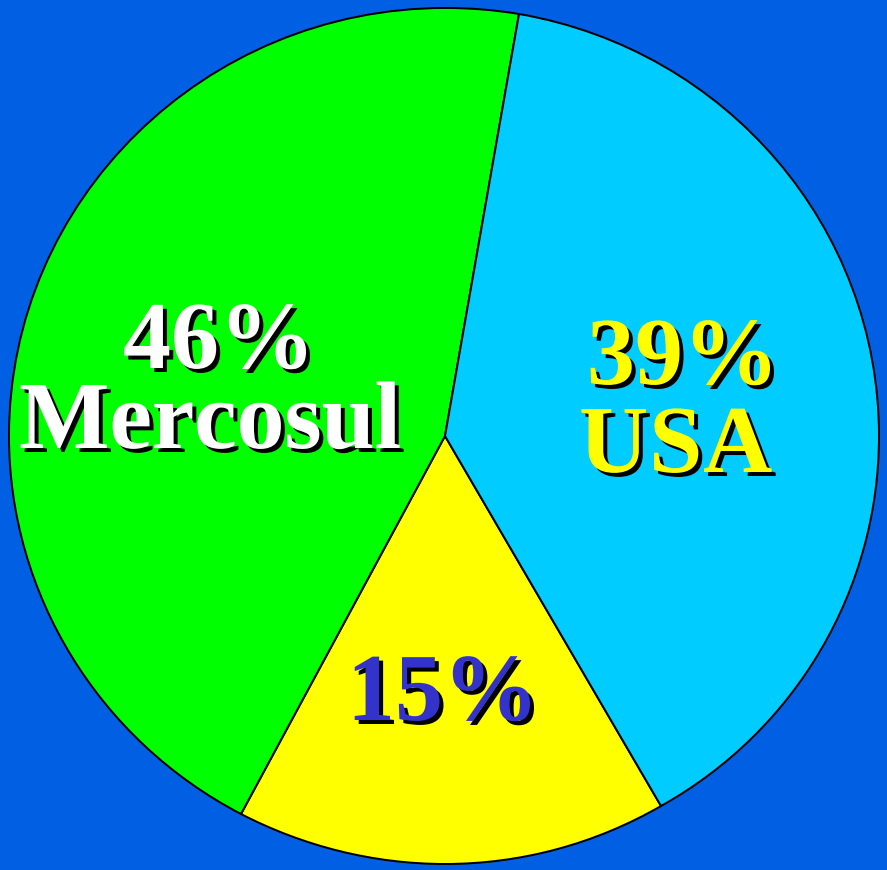
SOY PRODUCTION

1990



107.3 Million Tons

2003



192.9 Million Tons

Source: USDA 11 February 2003
Research: Brasoja 11 February 2003

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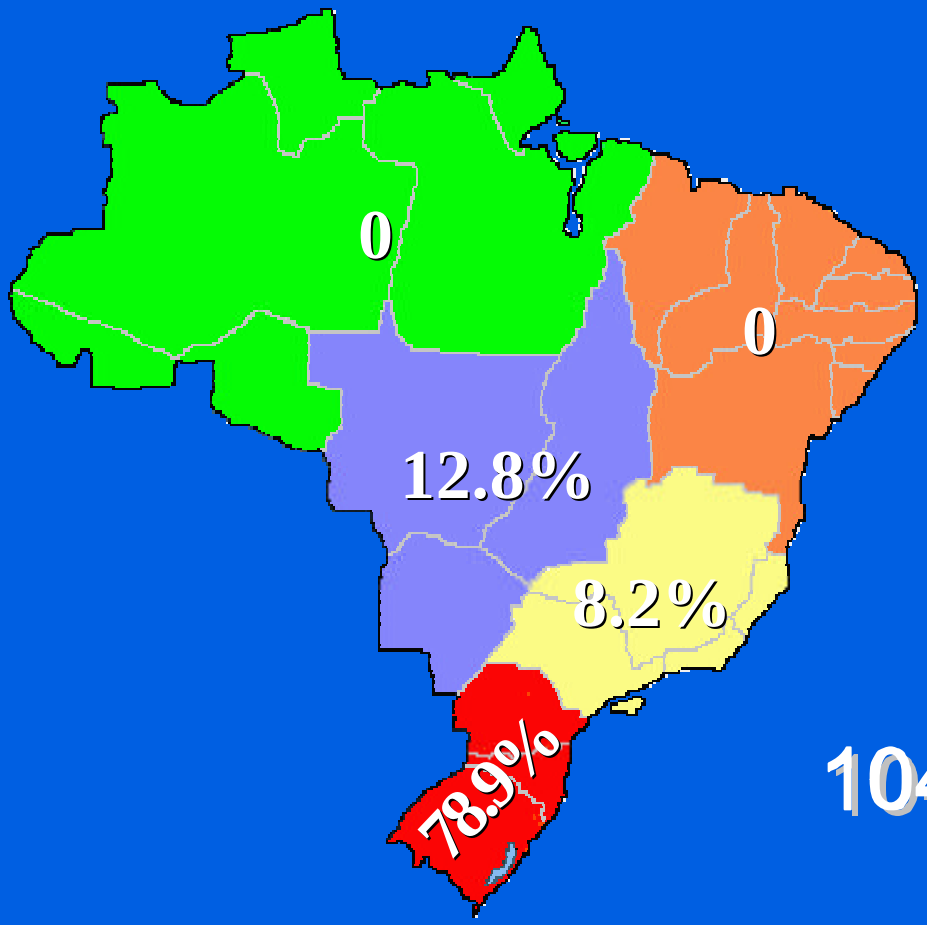
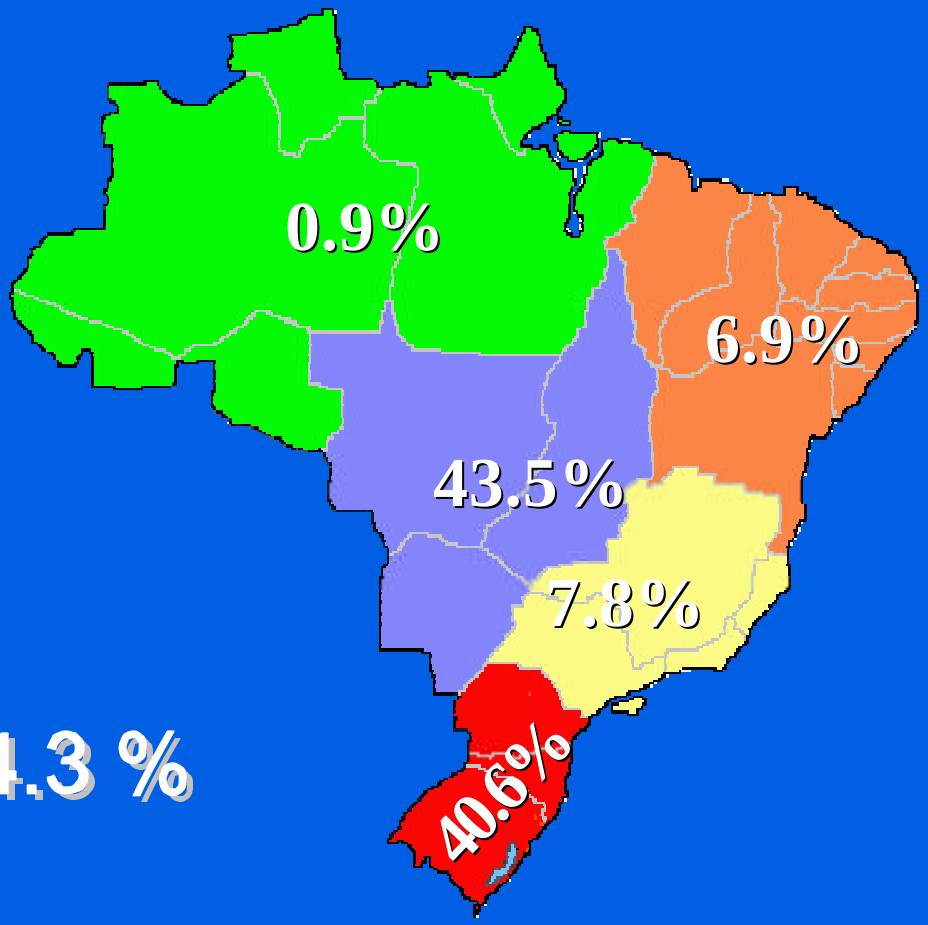
Soy Area by Region

1980
8.7 Million Ha



2003
17.9 Million Ha



104.3 %

Source: PAM IBGE 1980 CONAB December 2002
Research: Brasoja 17 December 2002

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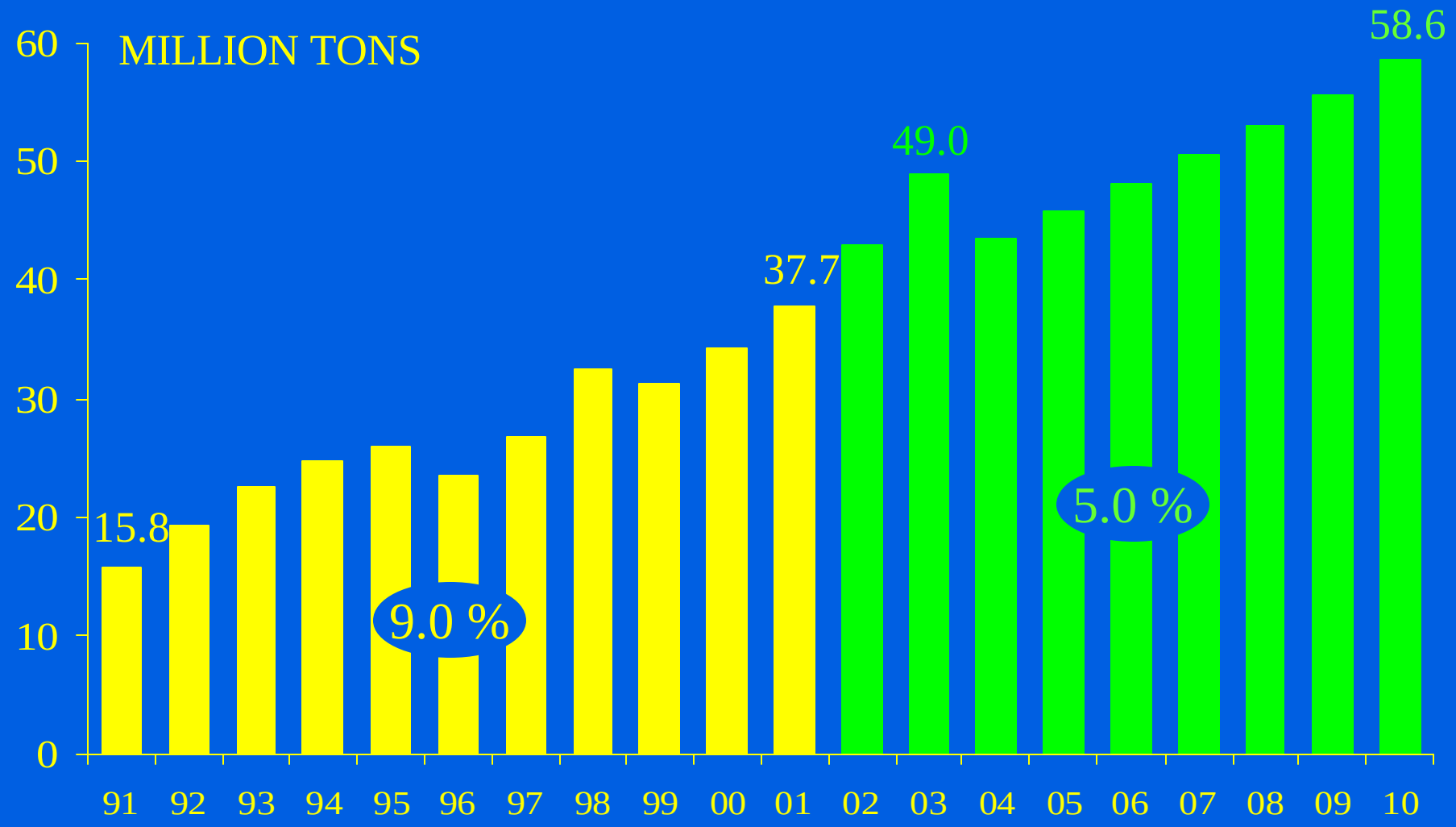
SOY PRODUCTION 1991-2010



Research: BRASOJA 28 January 2003
Source: CONAB January 2003 – ABAG 13 June 2002

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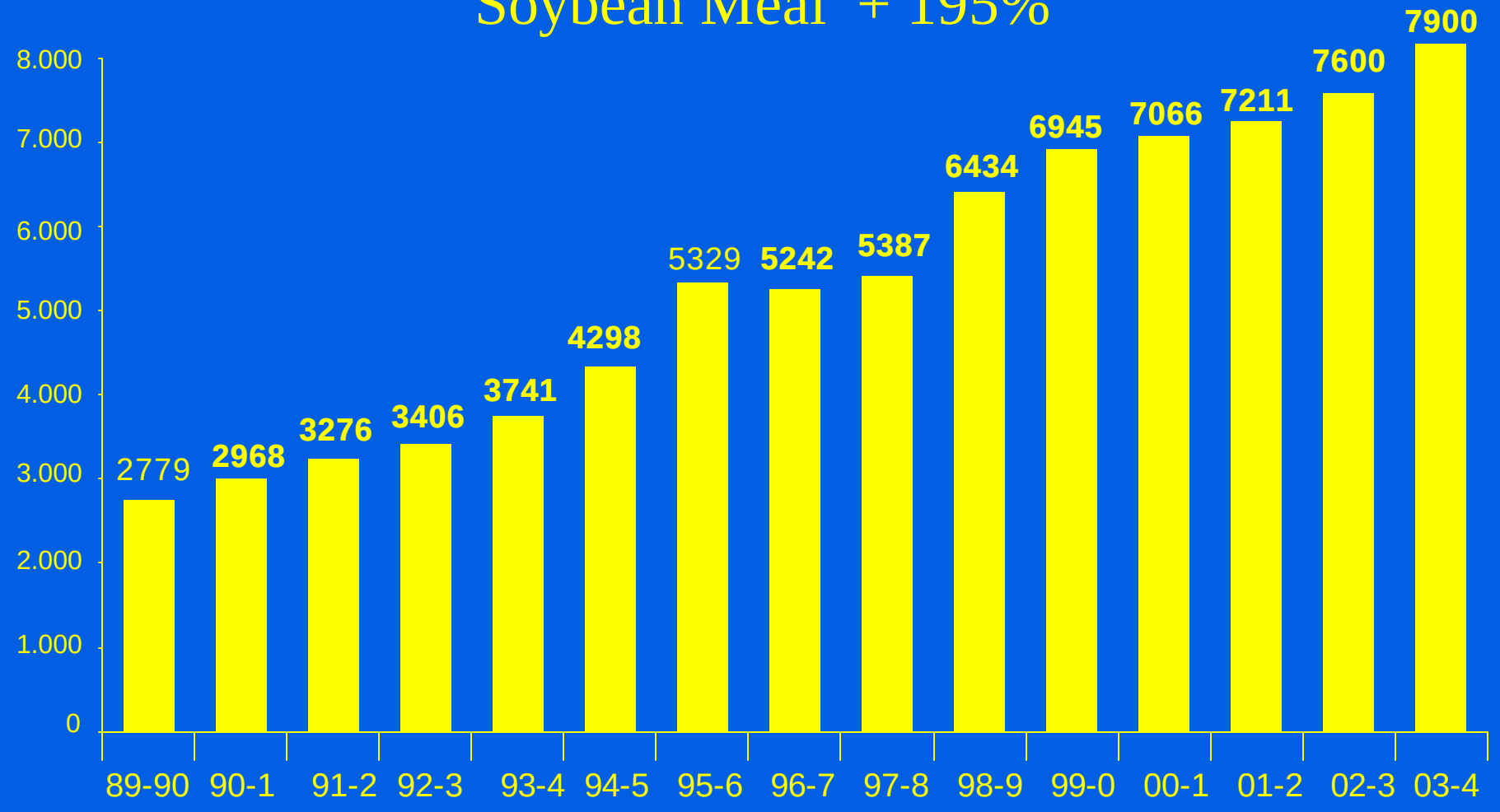
BRAZIL CONSUMPTION

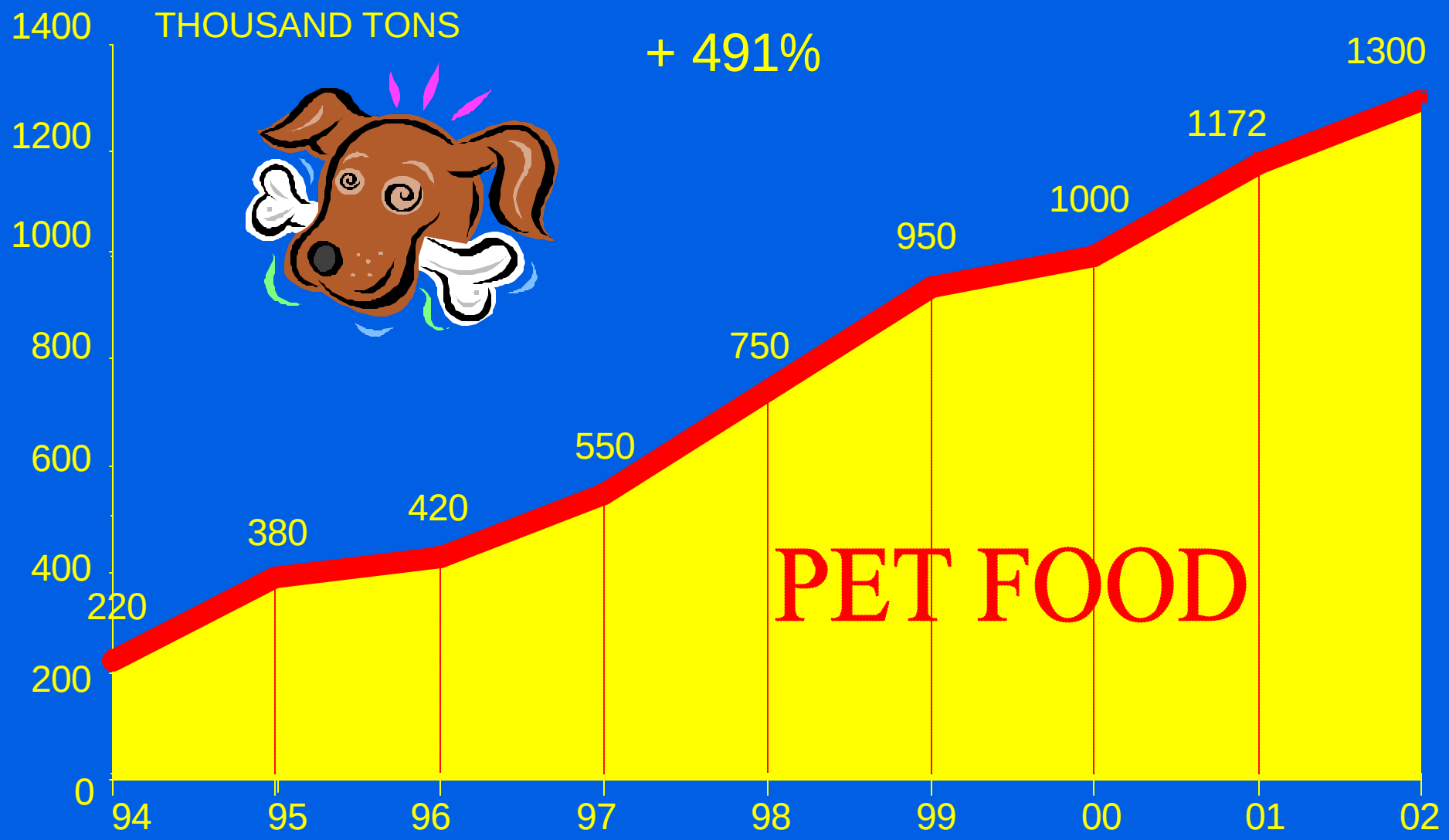
Soybean Meal + 195%



THOUSAND TONS

Source: ABIOVE 11 February 2003
Research: BRASOJA 11 February 2003

National Pet Food Consumption



Source: ANFAL SINDIRAÇÕES September 2002
Research: BRASOJA 16 September 2002

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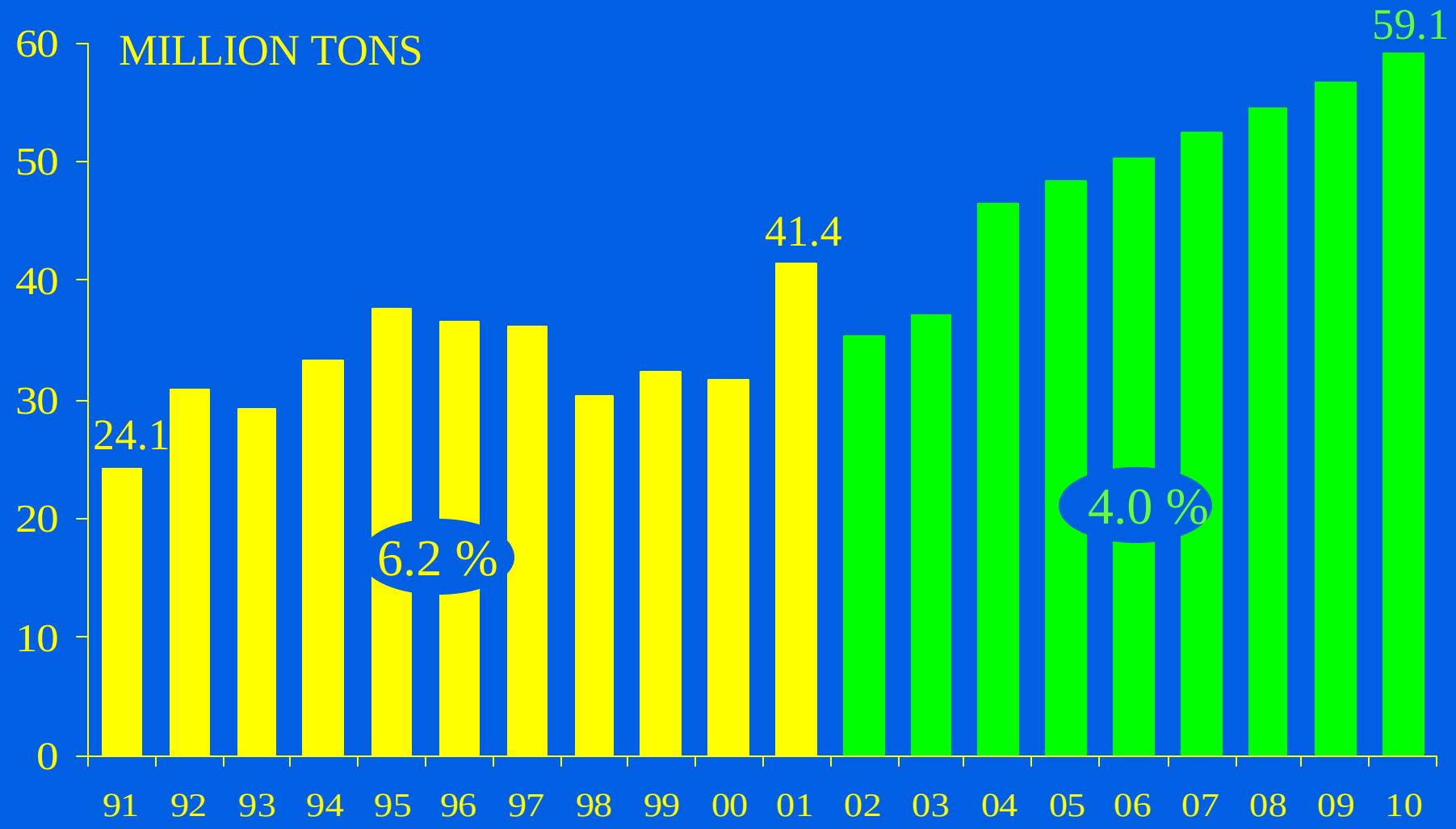
CORN PRODUCTION 1991-2010



Research: **BRASOJA 28 January 2003**
Source: CONAB January 2003 – ABAG 13 June 2002

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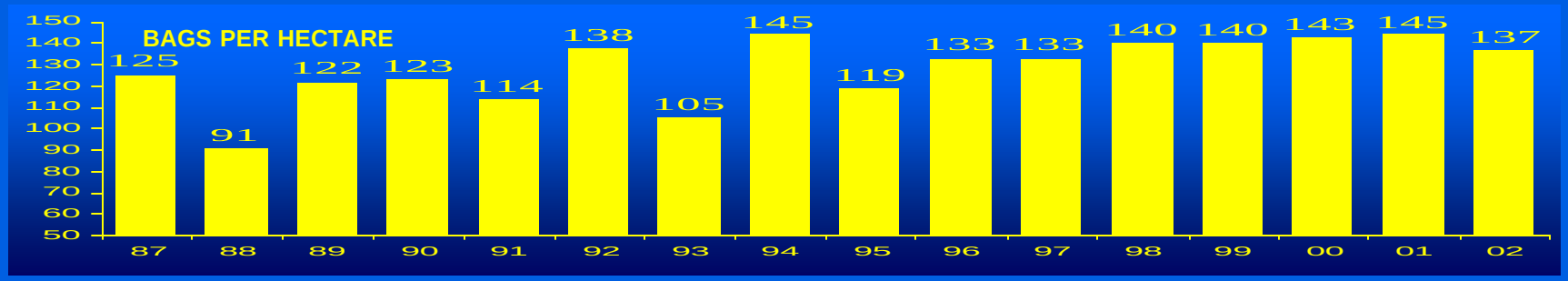
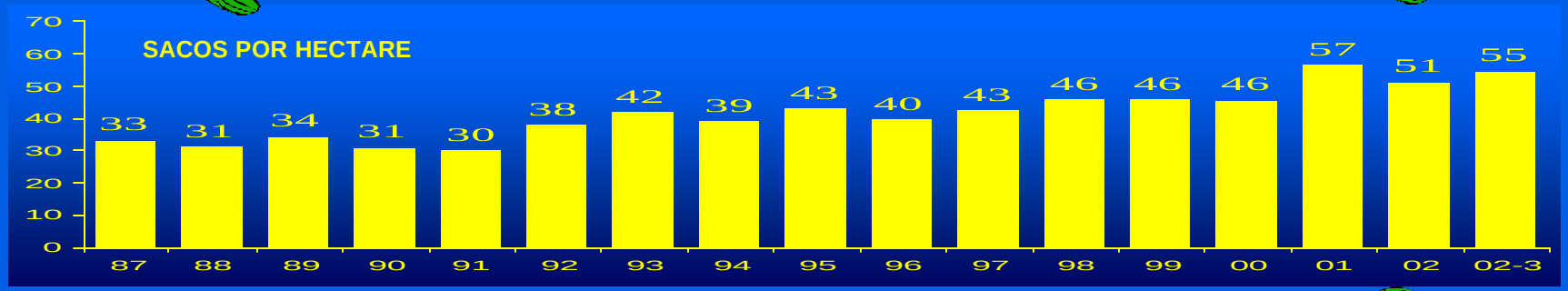
CORN YIELD USA



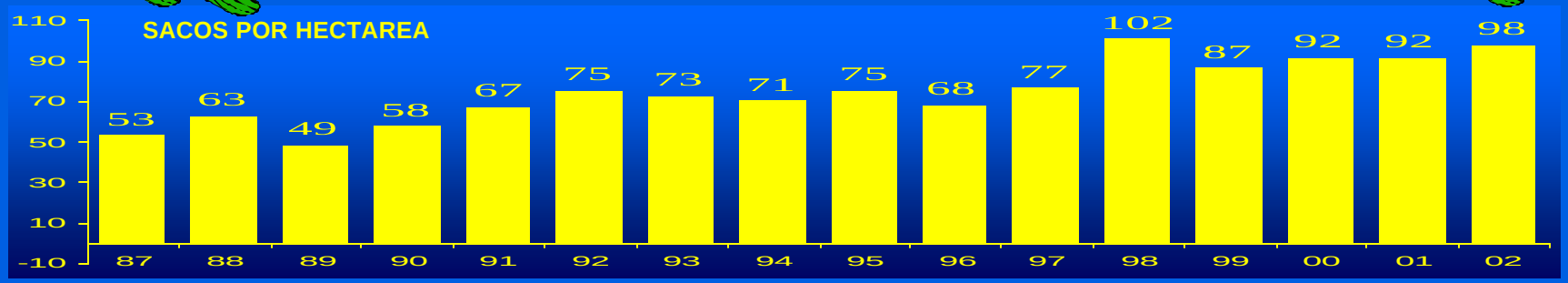
Source: USDA 12 February 2003

PRODUTIVIDADE MILHO BRASIL



Source: CONAB 10 Dezembro 2002

PRODUTIVIDAD MAIZ ARGENTINA



Source: USDA 12 February 2003
Research: BRASOJA 12 February 2003

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IRRIGATION SYSTEM

Brazil	7.500
Latin America	9.000
USA	230.000

Source: Fockink – N. S. September 2001
Research: Brasoja 25 October 2001

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FARM STORAGE

Brazil	9%
Argentina	25%
Europe	50%
USA	65%

Source: Kepler Weber - GM 2 October 2001
Research: Brasoja 2 October 2001

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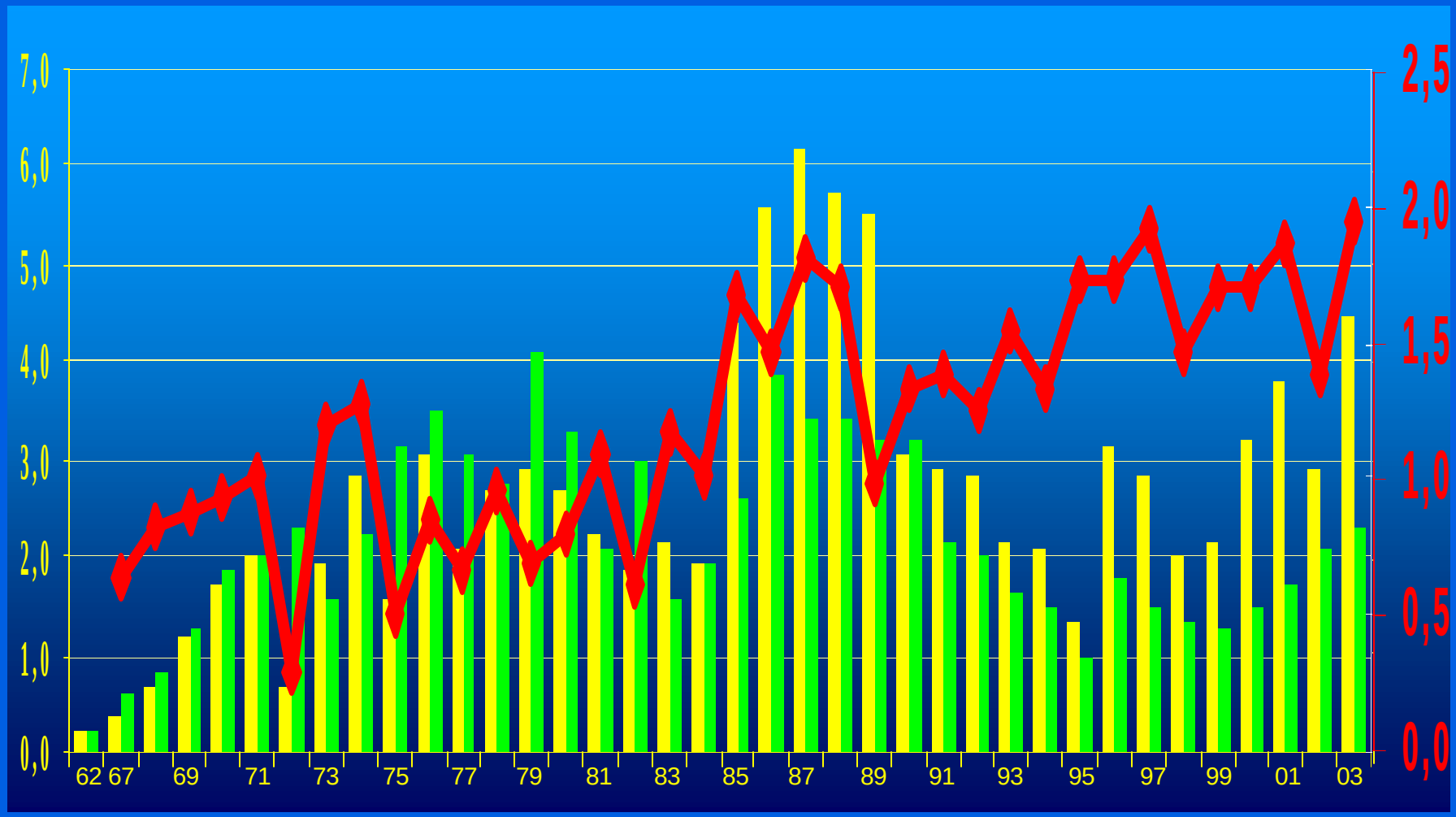
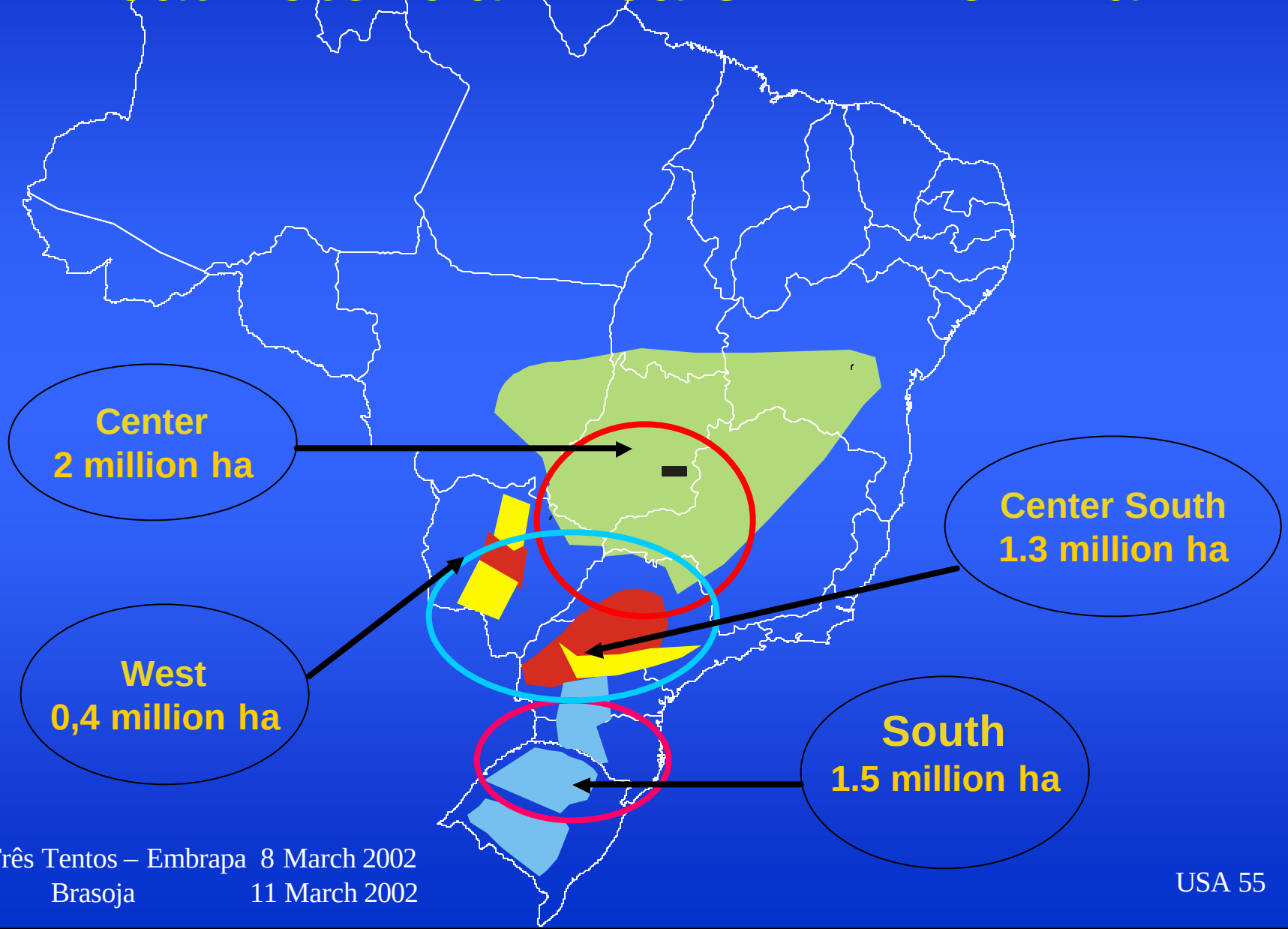
WHEAT BRAZIL

AREA – CROP - YIELD



Source: CONAB December 2002
Research: BRASOJA 12 December 2002

Wheat Potencial Area 5.2 Million Ha.



Source: Três Tentos – Embrapa 8 March 2002
Research: Brasoja 11 March 2002

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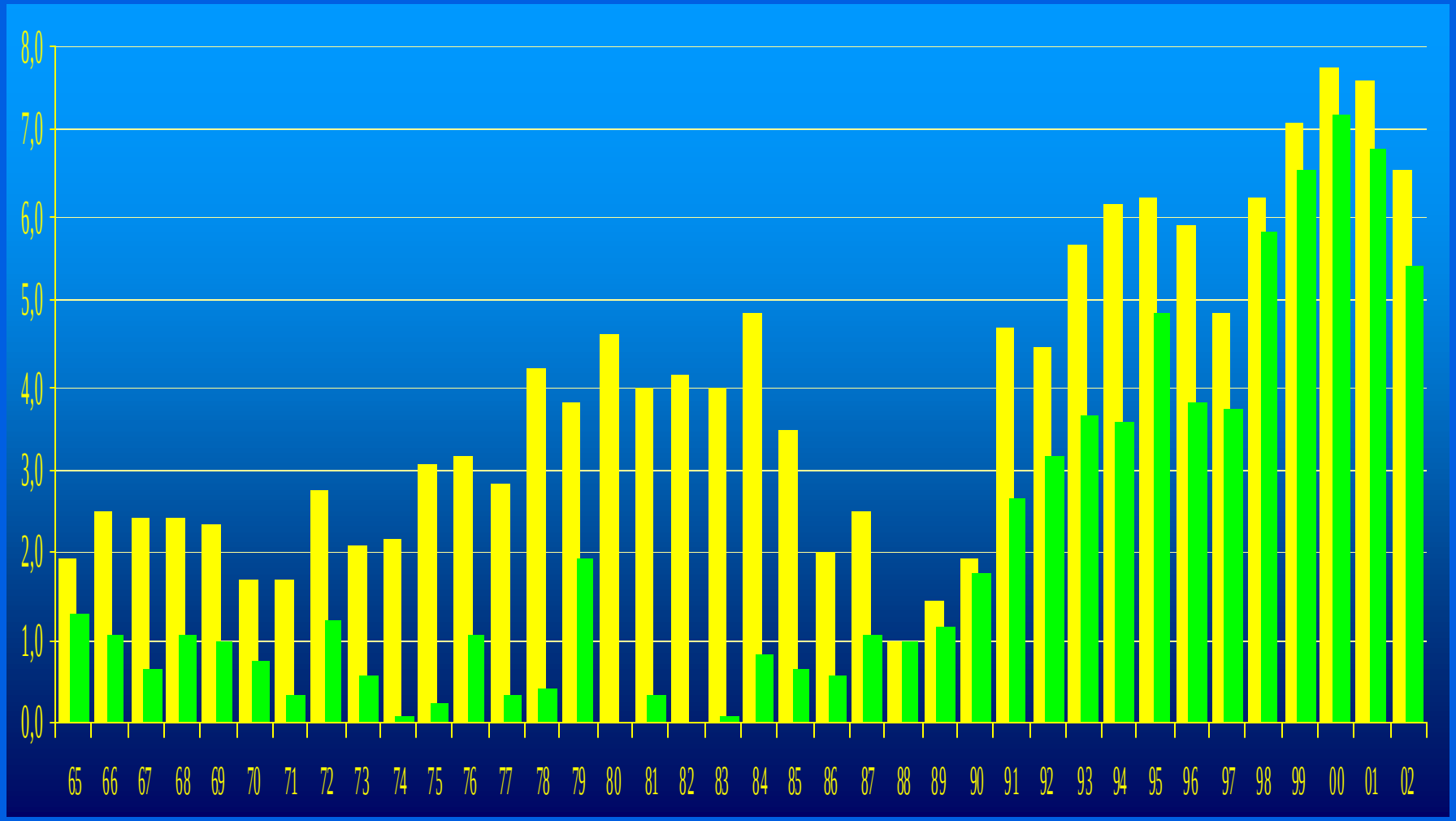
WHEAT IMPORT 1965-2002

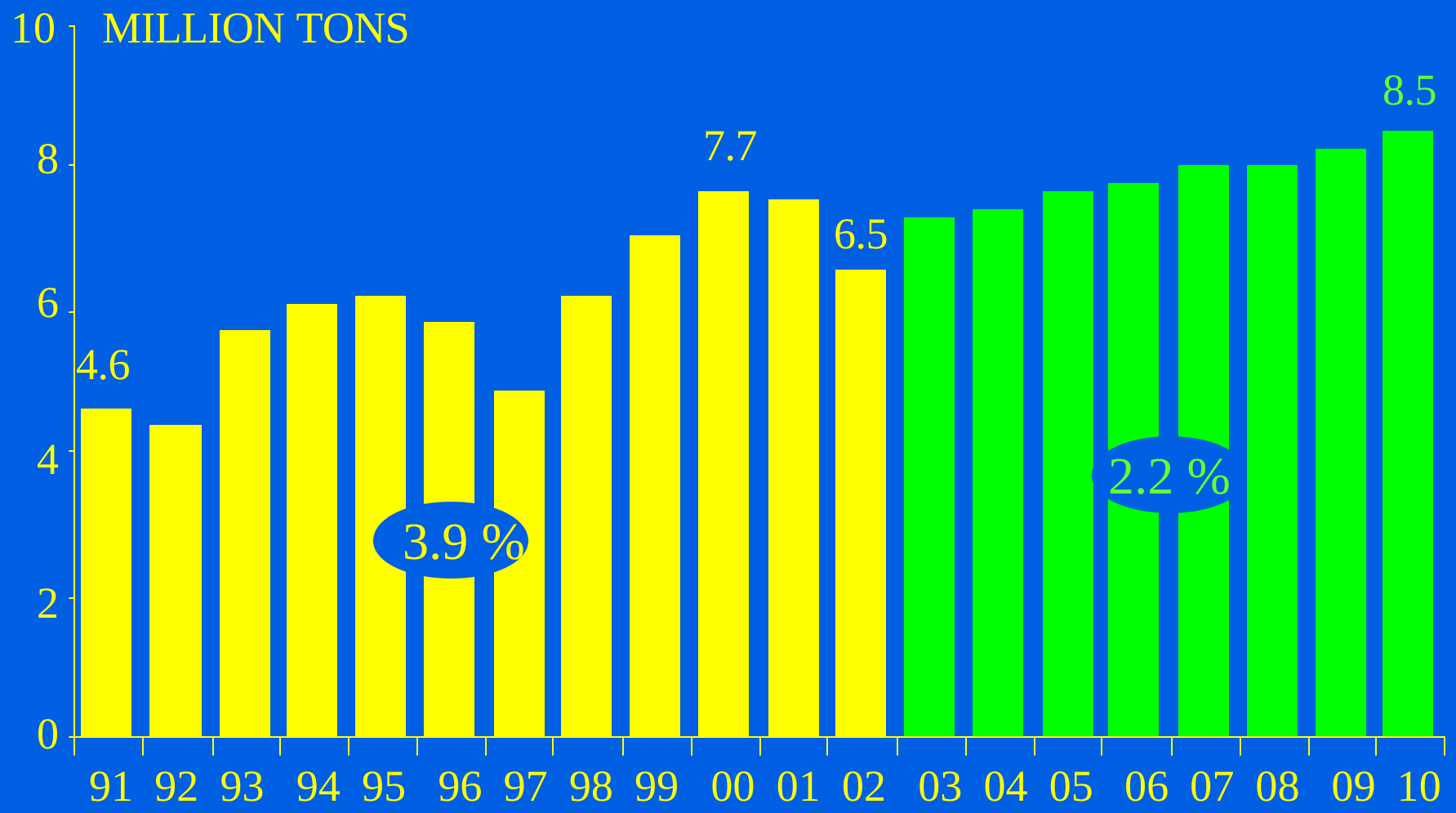
TOTAL ARGENTINA



Source: CONAB – MKT January 2003
Research: BRASOJA 28 January 2003

CONAB January 2003
6.572 5.423 82.5%
USA 56

WHEAT IMPORT 1991-2010



Research: **BRASOJA 28 January 2003**
Source: CONAB January 2003 – ABAG 13 June 2002

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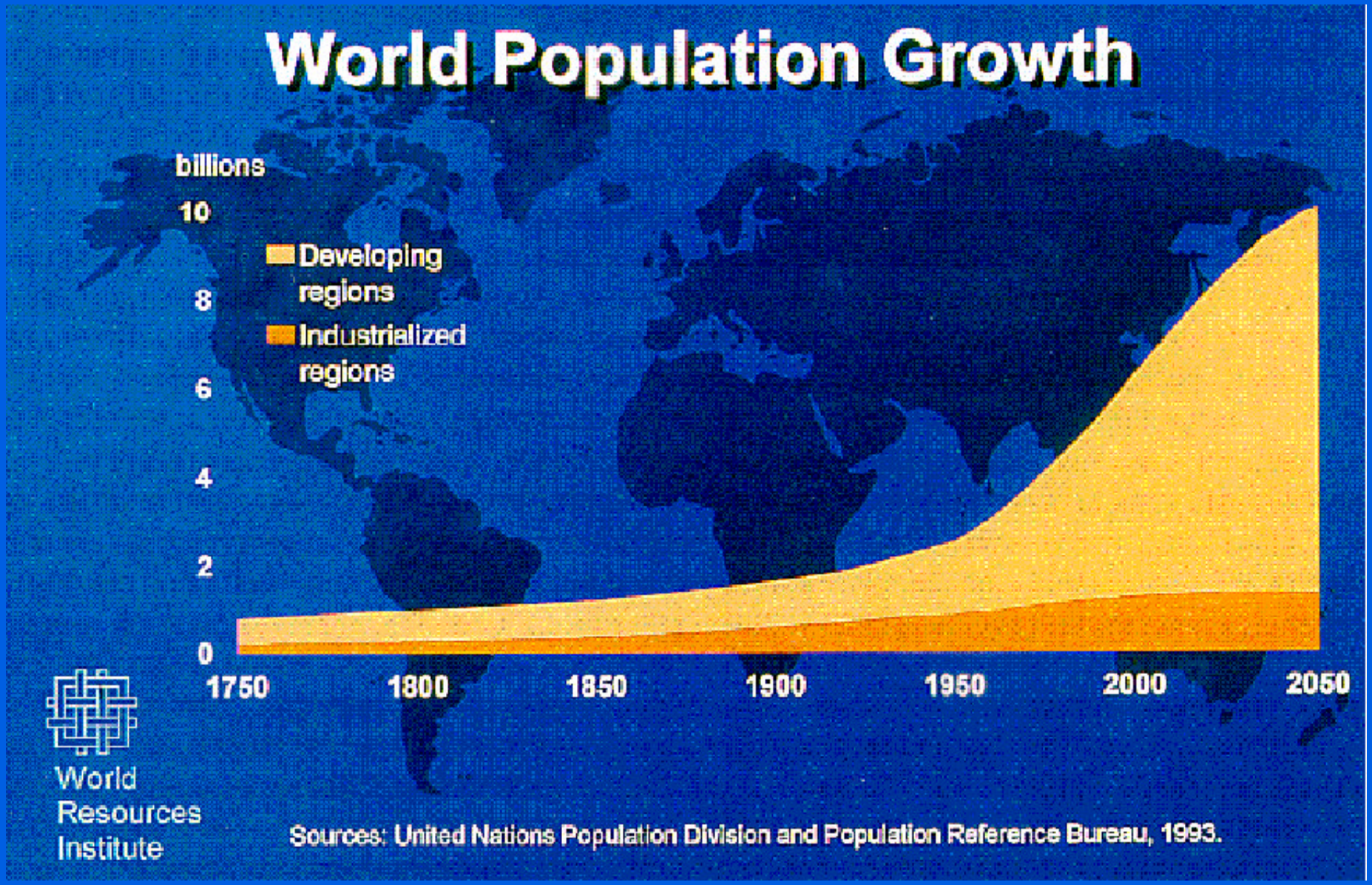
WHEAT GRAIN IMPORTS

Origin	1997	1998	1999	2000	2001	2002
Argentina	3.700	5.843	6.569	7.208	6.789	5.423
Canada	817	370	192	163	34	59
U. States			95	52	103	677
Paraguay	246	131	0.9	64	88	81
Uruguay	87	25	34	36	1	14
Total	4.850	6.369	6.890	7.523	7.015	6.559

Source: CONAB –SECEX January 2003
Research: BRASOJA 27 January 2003



Source: World Economic Outlook – FMI May 2001
Research: Brasoja 24 July 2001

Message from the Minister of Agriculture Mr. Roberto Rodrigues

"Democracy and peace are in check because of the social chaos that exists in the world.

The solution is in agriculture. An activity which diminishes the distance between rich and poor countries.

This will happen at the moment when the rich nations make room for the entrance of agribusiness from developing nations like Brazil."

Research: Brasoja 13 January 2003
Source : MAPA 13 January 2003 by phone 8:15hs

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WE ARE THE FUTURE

THE FUTURE IS NOW

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Free Trade Area of the Americas

FTAA

LET'S WORK TOGETHER

AMERICAS