



AGRO BRAZIL

BULLETIN

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The Amazon Biome on the green spotlight: restoring degraded areas in the Amazon

The Project Restoration of Degraded Areas in the Amazon (PRADAM) is part of a cooperation agreement of the Food and Agriculture Organization of the United Nations (FAO) with the National Rural Learning Service (SENAR), the Ministry of Agriculture, Livestock and Food Supply (MAPA) and the Brazilian Agricultural Research Corporation (Embrapa). The purpose of the project is to promote the use of sustainable technologies for agricultural production in the Brazilian Amazon and to disseminate low-carbon agriculture practices.

Low-carbon agriculture is currently an international public policy. For this reason, PRADAM aims to present low-carbon technologies to rural producers and to assist in their implementation through qualification, training and technical assistance.

PRADAM's ultimate goal is to disseminate eco-friendly technologies in order to allow agriculture and environmental sustainability to walk together and to preserve one of the world's most vital ecosystems.

SENAR has led the way to sustainable farming in Brazil, becoming a natural partner of the Project. The reason behind this natural partnership lies in the fact that SENAR's portfolio includes multi-faceted eco-friendly professional trainings that match with some of the technologies PRADAM is based upon. The initial goal was to train sixty public and private agents to multiply Amazon-friendly technologies in five Northern Brazilian states.



Biome Project - Amazon in July, 2012 | Source: Pedro Ladeira

SENAR's training combines two parts: the first is conducted in partnership with Embrapa and carries information about the Zero-Till Farming Systems, Restoration of Degraded Areas, Planted Forests and Agroforestry Systems, such as Integrated Crop-Livestock-Forest; the second part is about SENAR's technical and managerial assistance. The actions of PRADAM also include the mobilization of producers in campaigns to raise awareness about the adoption of sustainable technologies in the Amazon Biome. Each event will have a theme that is consistent with the city where it will happen.

About SENAR

Founded in 1991, SENAR is the branch of the CNA System responsible for providing professional training, technical assistance and social improvements for rural producers and their families.

SENAR is currently Brazil's – and perhaps the world's – largest training institution for rural workers.

Over the past 20 years, SENAR has provided training for 60 million farmers and farm workers. During the same

period, it has conducted 2.1 million classes in various fields of agricultural activity, including vocational training and social promotion courses. In addition, these trainings have been replicated in other Portuguese-speaking countries, notably Angola and Mozambique, under an international cooperation agreement between the CNA System and the Brazilian Cooperation Agency (ABC) of the Ministry of External Relations, as a contribution towards the United Nations' Millennium Development Goal of reducing hunger by 50% by 2015.

Agribusiness products represent 46% of Brazil's exports in 2016

Recently, Brazil began a process of economic stabilization in the face of the strong recession that began in 2014. The agricultural sector was not immune to the effects of this crisis. However, this sector has shown strength. Brazilian farmers continue to do their homework, investing in technology and meeting high quality and sustainability standards. For this reason, even in a period of economic and political difficulties, Brazil emerges as an

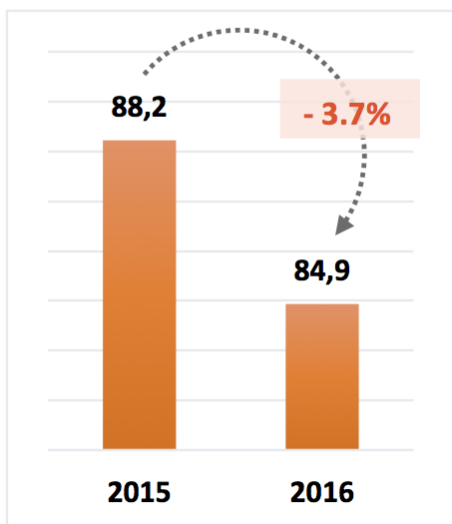
agricultural powerhouse and a major responsible for feeding the world population.

In 2016, Brazil enjoyed the highest trade surplus in the past 20 years, US\$ 47.7 billion. This result was mainly due to a 19.8% drop in imports, which totaled US\$ 137.6 billion. The country's exports reached US\$ 185.2 billion. Despite the positive balance, Brazil's overall trade flow has

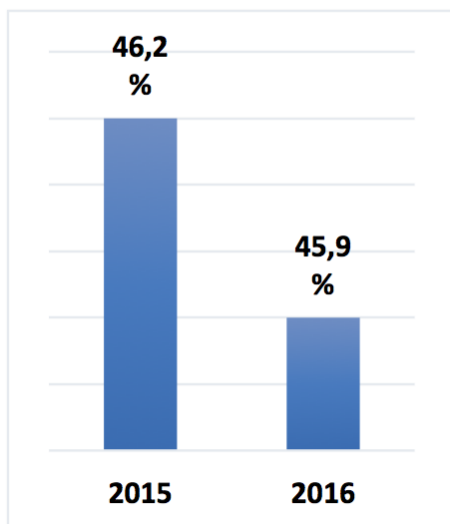
decreased 11% when compared to 2015.

From January to April 2017, Brazil's foreign trade has picked up from the year before. Imports increased 9.5%, reaching US\$ 46.8 billion, while exports augmented 21.8%, to US\$ 68.1 billion. These results secured a US\$ 21.4 billion surplus to Brazil's trade balance in the first four months of 2017.

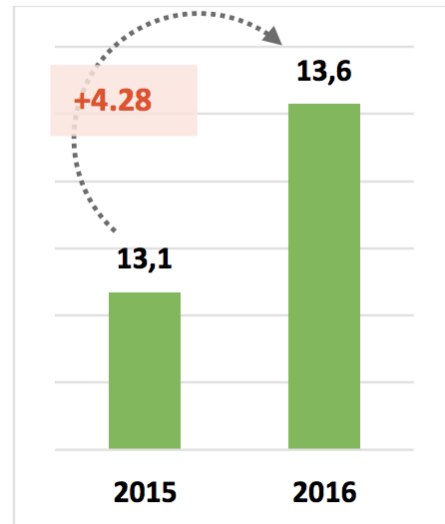
BRAZIL'S AGRIBUSINESS EXPORTS (US\$ BILLION)



AGRIBUSINESS' SHARE OF BRAZIL'S TOTAL EXPORTS



BRAZIL'S AGRIBUSINESS IMPORTS (US\$ BILLION)



Source: SECEX/MDIC | Made by SRI/CAN

Agriculture Outlook

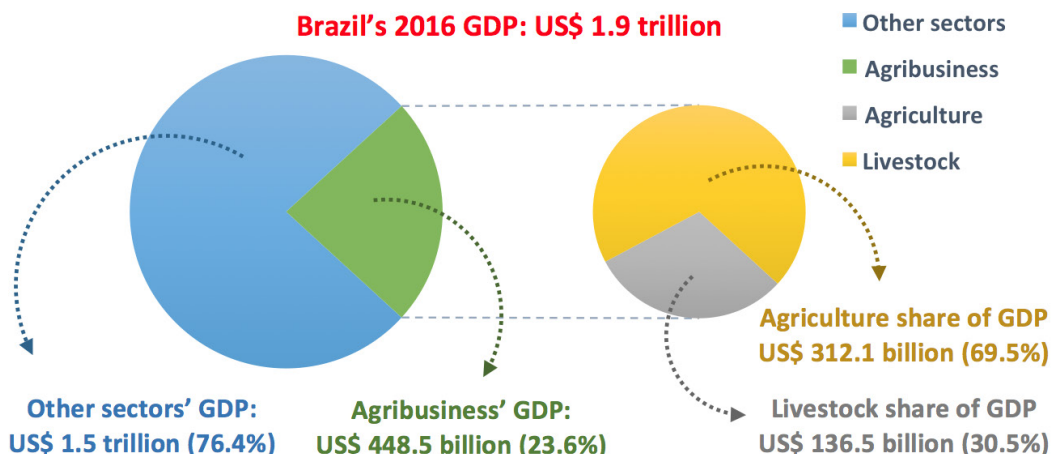
As previously mentioned, agriculture is the most vibrant sector of the Brazilian economy, making a significant contribution to the country's trade balance. In 2016, its products represented 45.9% of Brazil's total exports. Agricultural exports amounted to US\$ 84.9 billion, a 3.7% drop when compared to the US\$ 88.2 billion sold the year before. Imports reached US\$ 13.6 billion. That way, Brazil's agribusiness enjoyed a trade surplus of US\$ 71.3 billion.

From January to April 2017, Brazil sold US\$ 29.19 billion in agricultural products to the world, a 3.8% increase from the US\$ 28.11 billion exported in the same period of 2016.

Imports grew by 21%, going from US\$ 4.0 billion in 2016 to US\$ 4.84 billion this year. Therefore, Brazil's 2017 cumulative trade balance is a US\$ 24.34 billion surplus. The economic challenges currently faced, combined with weather issues that heavily affected the harvest and the instability of the Brazilian currency helped to delineate these trade results. Nevertheless, Brazil's agricultural goods remain highly competitive in foreign markets. The opening of new and promising markets for Brazilian agricultural products is a proof of that. These factors have leveraged the overall share of the agricultural sector in the economy.

Agriculture, food and related industries contributed nearly US\$ 448.5 billion (R\$ 1.48 trillion) to Brazil's gross domestic product (GDP) in 2016. The share of this sector in the country's total GDP has increased continuously over the past few years, going from 20.5% in 2012 to 23.6% in 2016. By delving into this number and dividing it between agriculture and livestock, one can see the contribution made by each segment separately. Agriculture, alone, was responsible for 69.5% of agribusiness' GDP, whereas livestock activities made up 30.5%, as illustrated below.

AGRIBUSINESS SECTOR CONTRIBUTED WITH NEARLY US\$ 448.5 BILLION TO GDP IN 2016



Source: CEPEA/USP | Made by SRI/CNA

According to the Brazilian Ministry of Industry, Foreign Trade and Services (MDIC), in 2016, six out of Brazil's top ten exports were produced within a farm. **Soybean** continues to lead the list, with US\$ 19.33 billion in sales. That is, this product alone represented over 10% of Brazil's total international sales. Nonetheless, in the period, there was a 5% fall in the volume exported, mainly due to a decrease in sales to China (- US\$ 1.4 billion), Spain (- US\$ 311 million) and Egypt (- US\$ 196 million).

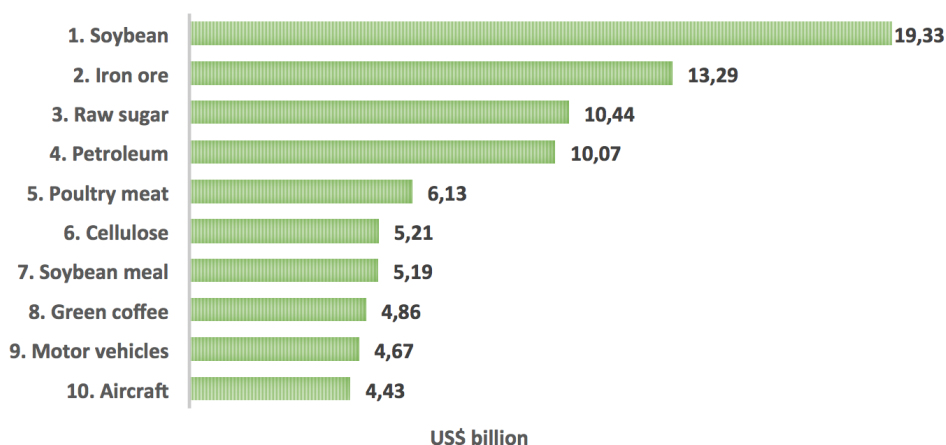
The **sugar** sector is one of the highlights of 2016. Sugar prices saw an expressive increase in 2016 due to a deficit in world production. Thailand, Australia and India had their harvest severely affected by droughts. This motivated the recovery of Brazilian sugar and ethanol sectors, which recently experienced one of the worst crisis in its history. Raw sugar had US\$ 10.44 billion in foreign sales, 37% more than in 2015. Asian countries imported 51% more, particularly Indonesia (+ US\$ 468

million), India (+ US\$ 426 million) and Malaysia (+ US\$ 190 million).

The **poultry meat** sector came in third place, with exports of US\$ 6.13 billion. Saudi Arabia, the main importer of Brazilian chicken meat, bought quantities well below those of 2015.

However, countries such as China, Hong Kong and Egypt imported significantly more, balancing out the sectors' export revenue. Sales have also grown to Mexico, the

BRAZIL'S TOP TEN EXPORTS IN 2016 (US\$ BILLION)



Source: SECEX/MDIC | Made by SRI/CNA

most recently opened market for this product from Brazil. Brazil's chicken meat accesses around 150 countries

Other important exports were **cellulose** (US\$ 5.21 billion), **soybean meal** (US\$ 5.19 billion) and **green coffee** (US\$ 4.86 billion).

In 2016, the ten main destinations for Brazil's agribusiness exports accounted for 64% of the sector's exports. And just as soybeans – as the country's leading export – may not surprise those who constantly follow Brazil's trade balance, China – as the main buyer – does not

either. The sector's shipments to China amounted to US\$ 9.4 billion in the first four months of 2017, 25.2% more than in the same period of 2016. Soybeans accounted for 79% of these sales, or US\$ 7.44 billion.

- 1st**
Green coffee
US\$ 302.18 mi.
105.4 thousand tons
- 2nd**
Cellulose
US\$ 251.72 mi.
624.4 thousand tons
- 3rd**
Ethanol
US\$ 196.25 mi.
241.0 thousand tons

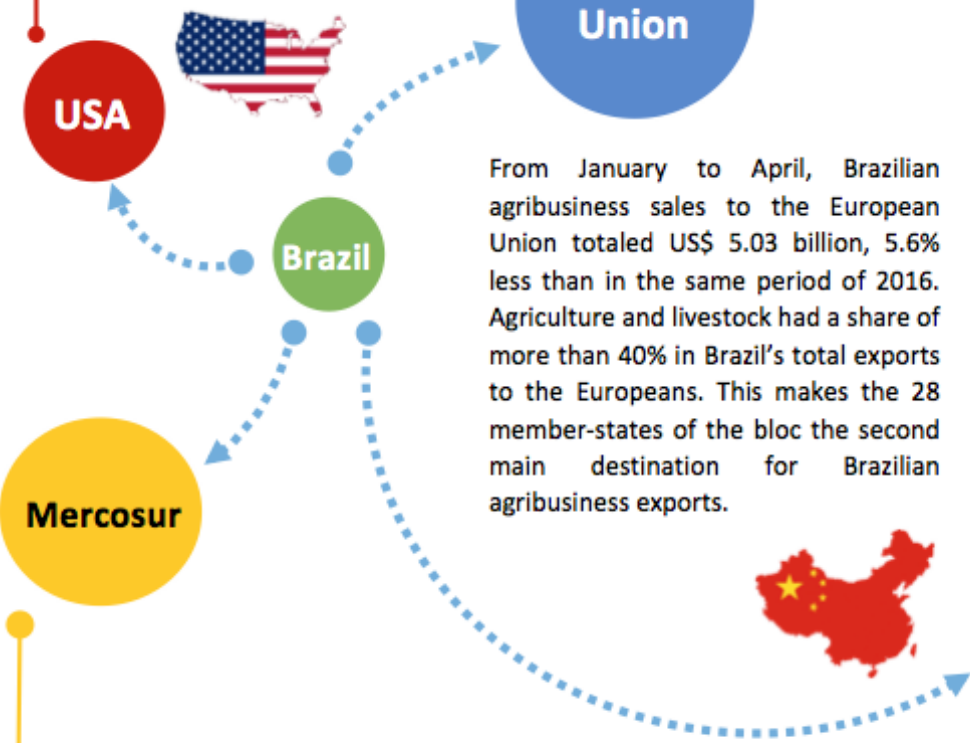
In the first four months of 2017, Brazil exported US\$ 1.97 billion to the United States in agribusiness products, 2% more than in the same period of 2016. Agriculture and livestock were responsible for almost 25% of the total exports to the US. This value makes the country the third largest destination for agribusiness exports this year.

- | | | |
|---|--|---|
| 1st
Soybean meal
US\$ 866.76 mi.
2.3 million tons | 2nd
Green coffee
US\$ 854.98 mi.
294.8 thousand tons | 3rd
Soybeans
US\$ 680.62 mi.
1.8 million tons |
|---|--|---|

- 1st**
Soybeans
US\$ 7.45 bi.
19.2 million tons
- 2nd**
Cellulose
US\$ 826.47 mi.
1.9 million tons
- 3rd**
Fresh beef
US\$ 271.64 mi.
64.8 thousand tons

European Union

From January to April, Brazilian agribusiness sales to the European Union totaled US\$ 5.03 billion, 5.6% less than in the same period of 2016. Agriculture and livestock had a share of more than 40% in Brazil's total exports to the Europeans. This makes the 28 member-states of the bloc the second main destination for Brazilian agribusiness exports.



Mercosur

China

Brazilian agribusiness shipments to the other **Mercosur** member countries amounted US\$ 835.2 million between January and April 2017, down 7.3% over the same period of the previous year. Most of the exports to these partners are of industrial goods unrelated to agriculture.

In the first four months of 2017, Brazilian agribusiness exports to **China** totaled US\$ 9.4 billion, 25.2% more than in the same period of 2016. Agribusiness had a strong share of Brazil's total exports to the Asian market. This value makes China the main buyer of Brazil's agribusiness.

- | | | |
|---|--|--|
| 1st
Paper
US\$ 169.31 mi.
169.5 thousand tons | 2nd
Fresh pork
US\$ 54.73 mi.
20.1 thousand tons | 3rd
Beer
US\$ 40.78 mi.
68.4 thousand tons |
|---|--|--|

Source: AliceWeb/MDIC | Made by SRI/CAN

The AgroBrazil Exchange Program

AgroBrazil Exchange Program is an initiative of the Brazilian Confederation of Agriculture and Livestock (CNA) to bring foreign agricultural attachés closer to Brazil's agricultural production reality. The Program – which is named after this newsletter you now read – intends to offer foreign representatives stationed in Brazil the opportunity to participate in technical visits to a variety of Brazil's producing regions.

The first technical visit took place in April, in the São Francisco Valley, a fruit and sparkling wine production region bathed by the waters of the large and mystical São Francisco River. The Indonesian Ambassador to Brazil, Mr. Toto Riyanto, the Consul of Uruguay in Bahia, Ms. Lorena Garcia, and foreign agricultural and trade attachés of China, the European Union, Poland, Ecuador, Indonesia, Iran, and Mexico spent five days getting to know this productive cluster on Brazilian semi-arid region.

According to the head of CNA's International Relations Office, Mrs. Lígia Dutra, fruit-culture is a very important sector in Brazil. "It creates jobs and generates income, having an enormous social impact. Farmers are investing and expanding their value added exports. Starting this Exchange Program in a region that already has an export tradition, but which can still diversify more, was the best strategy because Brazil needs products with that kind of impact".

The irrigated agriculture made it possible for the São Francisco Valley to become a model of development for the Northeast of Brazil. The irrigated fruit-culture found in the climatic adversities of the region a great potential for growth. Mr. João Martins, President of CNA, added that the success of fruit sector in the São Francisco Valley is a result of the commitment of the rural producer that turned a scenario where the drought is a protagonist into the largest fruit-growing pole in Brazil.

Brazil is the third largest fruit producer in the world, with more than 2 million hectares planted, which represents R\$ 22.7 billion (nearly US\$ 6.88 billion) in gross value of production and creates



The first AgroBrazil Exchange Program participants. | Source: CNA

about 5 million jobs. In the mid-1980s, the São Francisco Valley region became one of the major fruit-producing and exporting hubs in the country. The fruit production in the area generates R\$ 2 billion (approximately US\$ 606 million) in revenue each year and represents about R\$ 440 million (\approx US\$ 133 million) in grapes and mangoes exports, creating 240 thousand direct jobs in the region. Drip irrigation is a major ally of producers in the area. The technology allows the farmer to uniformly distribute water and nutrients in quantities that are accurate to meet the needs of the plant. This means using smaller amounts of water, fertilizers and other chemicals while increasing incomes and obtaining better quality products.

The group visited were to research institutions, such as a private center for monitoring control of pest of fruit flies and the Brazilian Agricultural Research Corporation unit, which is specialized in the semi-arid region. Then, the representatives of the foreign delegations visited four different farms, where they not only visited the facilities, but also spoke directly with the farmers and their staff.

GrandValle, whose production volume is about 5 thousand tons of mango and 3 thousand tons of grapes, was the first farm visited. The production of

whole grape juice is approximately 300 thousand liters per year. In addition to the production of juices, the farm also has nearly 1,500 sheep, which are fed on grape marc, making waste minimal on this farm.

The second farm visited was **Ouro Verde**, which produces more than 600 hectares of grapes only for the production of wines and sparkling wines from the Terra Nova line. Ouro Verde is part of the Miolo Group, a national reference and one of the main companies in the sparkling and wine market in Brazil. The group maintains an award-winning line of sparkling wines, Miolo Cuvée Tradition, whose Brut version was already considered by the English magazine *Decanter* one of the best in South America.

The representative of Poland's Embassy, Ms. Marta Olkowska, stressed that the visits are important for foreign attachés to get to know how the farmers in the Northeast of Brazil produce in the semi-arid climate, where it rains only a few times in a year. She underlined that the reality of the region is very different from Europe's. "Even with the climate adversity, producers still worry about sustainability and the correct use of water resources", she added.

Another farm visited was **IBACEM**, which produces 20,000 tons of mangoes and

2,500 tons of grapes per year. The farm exports 90% of the mango and 50% of the grape to Argentina, Chile, United States, Canada, China and Japan. The highlight of the visit was the packinghouse, where the fruits go through the process of cleaning and packaging, and meet some of the strictest international markets' requirements, such as heat treatment.

The last farm visited was **Brasil Uvas**, of the Labrunier Group, which grows more than seven types of grapes for fresh consumption and exports to the United States, Europe and the United Arab Emirates. The Labrunier Group was responsible for 29% of Brazil's grape exports. It attributes its success to the research of new varieties of

grapes and international certificates. Labrunier gave the members of mission the opportunity to try out a new grape variety that the group plans to bring to the market soon. The Uruguayan Consul, Ms. Lorena Garcia, who visited the region for the first time, considered the CNA action crucial to strengthen the ties between Brazil and Uruguay. "Here,



Grape production. | Source: CNA



Grape production in the São Francisco Valley. | Source: CNA

we have access to a reality we usually don't get to know." According to her, the fruit on the table is already ready for consumption, and we do not know its origin and its production process.

"By seeing that everything is done with transparency, a lot of hard work, dedication and, mainly, with love, is the most important thing. The result is a high-quality product."

The second edition of AgroBrazil Exchange Program is scheduled for July. The mission will focus on livestock and grains production in the state of Mato Grosso do Sul.

CNA's Project Helps Small and Medium-Scale Farmers to Export

Rede InterAgro (or InterAgro Network) is a joint initiative between CNA, state-level Federations of Agriculture and Livestock and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil) that aims at informing and training farmers on the opportunities of foreign trade. Its final goal is, thus, to establish a network of agriculture and livestock partners, qualified and engaged in the international trade and ready to face its challenges.

Until now, in the scope of project, there were two major seminars: the first regarding flowers in the state of São Paulo, and the second regarding fruits, coffee and forestry in North Eastern state of Bahia. Five other training events are scheduled for this year, in the states of Ceará, Mato Grosso do Sul, Minas Gerais, Rio Grande do Sul and Amazonas. 🌿

Initiatives



SEMINARS – In the seminars, specialists from CNA, Apex-Brasil, the Brazilian government, and consultants address the specific realities of states and agricultural sectors *in loco*.



EXPORT ASSISTANCE – Through Apex-Brasil's sectoral projects, InterAgro supports Brazilian farmers' exports. This support may be embodied by activities that range from competitiveness enhancement to the realization of trade promotion actions.



VIDEO CONFERENCES – When dealing with urgent or broader topics, InterAgro connects the states' Federations of Agriculture and Livestock through online conferences.



INFORMATION NETWORK – In a globalized context, the agile sharing of information is key for the completion of international business and the development of different regions within the country. Rede InterAgro manages a broad network that shares strategic information to its members.