BRAZILIAN AGRICULTURE & COTTON PRODUCTION. NOW & THE FUTURE: A FARMERS OUTLOOK

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CHRIS WARD USDA -2005
BRAZIL: 5TH LARGEST COUNTRY
GNP: 700 BILLION DOLLARS
POPULATION: 174 MILLION
42% GNP BACK TO GOVT IN TAXES
INTER BANK - INTEREST RATE: 18.75%
INFLATION: +/- 6%
GNP GROWTH: 2% - 3%
270 MILLION ACRES OF AGRICULTURE
170 MILLION HEAD OF CATTLE
30% OF GNP FROM THE PRIMARY SECTOR & RELATED INDUSTRIES
530 Million Acres
25% National territory
60 - 70% Suited for AGRICULTURAL & PASTORAL EXPLORATION

THERE ARE OVER 80 MILLION ACRES OF DEGRADED PASTURE

BRAZILIAN - CERRADO SAVANNAH: REGION
UNTIL 1970s

THE CERRADO WAS NOT PRODUCTIVE

• AFTER 1970s:
  • DISCOVERY AND EXPLORATION OF LIME DEPOSITS
  • ALUMINIUM TOLERANCE PASTURE GRASS.
  • THE IMPACT OF SOYABEANS AFTER 1978
  • COTTON CAME TO THE CERRADO IN 1992, AS A CROP ROTATION ALTERNATIVE.
• 46 % OF THE SOYBEANS
• 19 % OF THE CORN
• 24 % OF THE RICE
• 88 % OF THE COTTON
• Mato Grosso, Goias, Bahia,
• Mato Grosso do Sul, Minas Gerais.
COTTON PRODUCTION
THE CERRADO 2004

5.7 million bales
4.1 million bales local consumption.
BALANCE 0.6 MILLION BALES.
FIBER USAGE IN THE
BRAZILIAN TEXTILE INDUSTRY

OTHER NATURAL FIBERS

SINTHETIC FIBERS

WOOL SILK ETC.

Brazil consumes 4.1 m. bales
COTTON
BRAZILIAN - COTTON PRODUCTION & CONSUMPTION / 1990-2006
BRAZILIAN COTTON
IMPORTS: LAST 12 YEARS

METRIC TONS LINT

MILLIONS OF DOLLARS

THOUSANDS OF TONS

0 100 200 300 400 500 600 700 800 900 1000

BRAZILIAN - COTTON import & export comparison/ 1990-2005

METRIC TONS OF LINT

IMPORTS

EXPORTS

BRAZILIAN PRODUCTION BY REGION
(1.255 tons)
5.7 MIL BALES
Conab - Brazil

Lint Production in Brazil MY 2004/05

N/NE
300
24,0 %

SE
80
6 %

S
50
4 %
BRAZILIAN - COTTON
LONG TERM STABILITY AND A LONG TERM FUTURE
Rainfall During The Cotton Cycle

- **Planting**
- **Planting/Growing period**
- **Growing period/squaring**
- **Flowering/Boll**
- **Open Boll**
- **Harvest**

Rainfall During The Cotton Cycle

- **DEZ**
- **JAN**
- **FEV**
- **MAR**
- **ABR**
- **MAI**
- **JUN**
- **JUL**
- **AGO**
- **SET**
- **OUT**
- **NOV**
COST OF PRODUCTION - COTTON BRAZIL

GROSS MARGINS 2003/04 SEASON US $ 80 to 175 / AC

ESTIMATED COST 2004/05 US $ 740 / ACRE (+/- 10%)
PRODUCTIVITY - Cerrado x Brazil

SEED COTTON

Ibs/AC)

Cerrado  Brazil

92/93  93/94  94/95  95/96  96/97  97/98  98/99  2000  2001  2002  2003  2004  2005
The Cerrado planting & harvest windows.

Mid-West   Nov – Jan.
Bahia   Dec-Feb

COTTON CAN BE GROWN AFTER SOYABEANS BECOMES A SECOND CROP OPTION, REDUCES CLIMATE & ENVIROMENTAL RISK.
Mechanized harvest
THE MOST COMMON GIN STANDS TODAY
THE LATEST GENERATION OF GINS: MANY HAVE BEEN BUILT IN THE LAST THREE YEARS
GOOD FIBER QUALITY

THREE MONTH HARVEST WINDOW

ABSENCE OF RAIN AT HARVEST TIME

MANY MARKETING OPPORTUNITIES

(EXPORT – HIGH GRADE) – (LOCAL - LOW GRADE)

BRAZIL CONSUMES ALMOST 75 % OF IT’S COTTON
LENGTH (UHM) 45% > 1 1/8
STRENGTH (77% > 27,1)
MICRONAIRE (72% 3.8 to 4.2)
UNIFORMITY  *(AVERAGE . > 80%)*
FARMER GROUPS HAVE BROUGHT ABOUT THE CHANGE: GROWER FUNDED FOUNDATIONS
FARM EXTENSION THROUGH
FIELD DAYS & SEMINARS
Plant breeding & Biotechnology
Economic Development
Social Development
IN CONCLUSION:

Market opportunities and Consumption will determine the future of The Brazilian Cerrado as a world supplier, of good quality cotton.

Innovative Farmers and ongoing investment will be the key to the future of Brazil’s modern Agricultural.

WE ARE HERE TO COMPETE IN A MARKET OF HIGH QUALITY & COMPETITIVE PRICES.
Production, Consumption & Preservation:
Words and actions that must advance together!
Thank you all
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