

PolicyPennings by Dr. Daryll E. Ray

## Getting a first-hand look at Brazil

This week's column will be a little different from our usual ones because we are not in our offices. Instead we are in a hotel in Brasilia, Brazil after three days of travel from almost one end of the country to the other. We came here to get a first hand view of Brazilian soybean production and learn about the agronomic, production, infrastructure and marketing issues that farmers here face.

After a long overnight flight from Knoxville, Tennessee via Chicago and Miami, we arrived, short of sleep, in Sao Paulo on Thursday morning along with seven others. We had just a few minutes to check into the hotel before heading down a long and winding road to the Port of Santos on the Atlantic coast.

The Port of Santos is organized around two sides of a channel that separates Santos Island from the mainland. The Santos side is on the island and the Guarujá side is adjacent to the community of Guarujá. We spent several hours visiting Cargill's Guarujá facility which handles soybeans, soybean meal, and sugar.

Guarujá is the busiest of Cargill's Brazilian ports. During peak season it will handle 200 semi-truck loads of soybeans or meal and 300 truck loads of sugar during a 24-hour-three-shift day at the same time that it is transferring those loads to ships that are moored at Cargill's dock.

Meanwhile there are several days worth of trucks waiting to be unloaded. Some of the trucks bring soybeans in from the middle of Mato Grosso state, some 1,200 miles away. In addition to the trucks, they can handle 30 rail cars a day for grain and meal and 80 railcars of sugar.

Cargill Guarujá is capable of handling the equivalent of over 150 million bushels of soybeans a year, loading product onto 250 vessels of various size. The Panamax freighters hold approximately 2 million bushels and are capable of going through the Panama Canal. Capesize freighters hold approximately 3.3 million bushels and can be used to deliver soybean and sugar products across the Atlantic to European markets and around the Cape of Good Hope to South Asian markets.

After visiting with Cargill staff and touring the facility, we decided that we were too tired to take a boat trip around the Port of Santos and returned to our hotel in Sao Paulo. Early the next morning we were off to the airport to board a plane that took us 2,042 miles through airports in Brasilia and Manaus to the Port of Santarém on the Amazon River.

It is hard to describe the experience of flying into the Santarém Airport and viewing the Amazon River for the first time. It is huge even though Santarém is 500 miles upstream of the mouth.

We have crossed the Mississippi River on I-70 at St. Louis many times. It is nothing like that. The Amazon consists of a main channel and many side channels and adjacent wetlands. To country boys from the grain belt it looks more like a lake than a river; it is that wide.

We wanted to visit Santarém in the state of Para because it is the location of Cargill's newest Brazilian port facility. This location has the potential to handle a significant portion of the soybeans being produced in the northern and western portions of Mato Grosso where in recent years soybean acreage has been growing by leaps and bounds.

The Cargill facility there is in the first stage of development and exported just over 29 million bushels of soybeans during the last crop year. In the coming crop year they hope to load nearly 37 million bushels on ocean going vessels.

At present 90 percent of the soybeans come by barge via a river port on the Madeira River, a tributary of the Amazon. The beans are trucked to the river from the western portions of Mato Grosso. Most of the other 10 percent of the beans come from within a 60 mile radius of the plant.

In the long run, Cargill officials expect that their Santarém facility will surpass Cargill Guarujá. The key to that growth is the construction of a paved road, BR 163, from northern Mato Grosso through Para to Santarém. While we were visiting Santarém, we were told that another hurdle had been overcome in the quest to get the road built.

Returning to the hotel, we met a young man who arranged for us to take a boat ride out on the Amazon River so that we could see the grain loading equipment from that side. After the short excursion, we docked in downtown Santarém and ate a dinner at an outdoor restaurant across the street from the river.

Today was spent getting back from Santarém to Brasilia where we are staying for the night. Tomorrow we will fly into Cuiaba, Mato Grosso and travel by van to Prima Verde do Leste where we will have our first opportunity to walk into a Brazilian soybean field.

Don't worry, we have been instructed to wear an old pair of sneakers for our field visits. Before we come home, we will wash our clothes and throw those sneakers away to remove all traces of soybean rust.

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