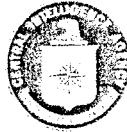


Central Intelligence Agency



Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE
12 JULY 1983

Brazil: The Soybean Market [redacted]

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Brazil now ranks second to the United States in the production and export of soy products. [redacted]

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According to US Department of Agriculture statistics, Brazil will harvest about 15 million metric tons of soybeans during the current crop year (table attached). The crop is allocated as follows:

- About 10.3 million tons is processed into meal, 80 percent for export. The trade publication, Oil World, indicates that Brazilian soybean meal is mainly exported to the EEC and Soviet Bloc countries.
- Brazilians will consume about 2.1 million tons of meal internally, primarily as feedstock for the livestock and poultry sectors.
- Another 2.5 million tons is processed into oil, about 60 percent for use by Brazilian low-income consumers. The remainder is exported, mainly to Mid-Eastern markets.
- About 1.2 million tons of beans is consumed in Brazil and about 1.0 million tons is exported worldwide.
- Brazil will hold about 4.5 million tons of beans in stock at the end of the harvest and another 1.1 million tons in meal and oil. [redacted]

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This memorandum was requested by the Deputy Secretary of Treasury. It was prepared by [redacted] South America Division, Office of African and Latin American Analysis. Questions and comments may be directed to Chief, South America Division, ALA [redacted]

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Unlike Washington, Brasilia intervenes heavily in the market. Prices are controlled, especially for soybean products, at the retail level. To assure an adequate domestic crop, however, farmers are treated to production incentives. The government guarantees producers a support price for soybeans. Farmers have the option of selling at market or to a Brazilian government agency. Soy producers are also treated to subsidized credit for production and marketing expenses. [redacted]

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Export marketing is also government controlled. Export taxes and quotas are used to assure adequate domestic soy supplies. Overseas marketing is handled by government and private firms. We believe Brazilian government trading companies are primarily responsible for handling sales to Soviet countries, especially those to the USSR guaranteed under long-term trading agreements. The private sector--Brazilian cooperatives and US multinational trading companies--apparently play the major role in shipping soy products to free-world destinations. These sales are negotiated annually on a contractual basis. [redacted]

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Brazilian soy exports are mainly shipped in the second half of the calendar year. The crop is planted in November and December, and the growing season lasts through March. Harvesting commences in April and is generally completed by the end of May. Export sales begin in June with the bulk sold in the September-November period. [redacted]

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Brazil: Soybean Production and Trade

	(1,000 Metric Tons)		
	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>
Production (Brazil/World)	15,200 18.8%	12,835 14.9%	15,000 15.7%
Exports (Brazil/World)	1,812 7.1%	740 2.5%	930 3.3%
Imports (Brazil/World)	1,069 4.0%	1,235 4.1%	300 Negl.
Crush (Brazil/World)	927 1.3%	1,500 2.0%	1,875 2.4%
Ending Stocks (Brazil/World)	4,467 28.6%	4,459 31.2%	4,549 23.5%

Soybean Meal

	(1,000 Metric Tons)		
Production (Brazil/World)	10,615 18.7%	9,643 16.3%	10,285 16.8%
Exports (Brazil/World)	8,587 43.2%	8,130 39.4%	8,100 37.1%
Imports (Brazil/World)	-- --	-- --	-- --
Consumption (Brazil/World)	1,699 3.0%	1,967 3.3%	2,100 3.4%
Ending Stocks (Brazil/World)	1,092 48.0%	638 39.5%	723 38.7%

Soybean Oil

(1,000 Metric Tons)

Production	2,601	2,329	2,500
(Brazil/World)	20.3%	17.9%	18.4%
Exports	1,265	908	925
(Brazil/World)	36.3%	25.3%	25.8%
Imports	--	6	16
(Brazil/World)	--	Negl	Negl
Consumption	1,419	1,361	1,550
(Brazil/World)	11.1%	10.4%	11.3%
Ending Stocks	285	351	392
(Brazil/World)	17.1%	23.0%	26.3%

SOURCE: US Department of Agriculture, World Oilseed Situation, June 1983.

Brazil: Soy Exports by Market

(1,000 Metric Tons)

Soybeans¹

Total	500.8
USSR	255.5
Mexico	178.1
Other	67.2

Soybean Meal²

Total	1,917.2
France	703.9
USSR	406.3
Netherlands	240.8
Hungary	134.3
Other	431.9

Soybean Oil²

Total	185.5
India	84.5
Iran	52.1
Other	48.9

¹ Exports during Jan-Dec 1982
² Exports during Jan-Apr 1983

SOURCE: Oil World, 16 June 1983.

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