

# Medium-Term Prospects for Major Agricultural Commodities 2017-2026

## Brazil

### Highlights

- Brazil is projected to strengthen its position as a leading producer and exporter of soybeans, sugar, and other commodities
- Brazilian exports are expected to outperform global trade growth for maize and for beef and veal.
- Strong growth is foreseen in the Brazilian dairy industry and in domestic dairy consumption.
- The Brazilian diet will continue to be characterised by high meat consumption and a high intake of sugar, while fish consumption will remain low by international standards.

### Overview

Brazil is a major agricultural exporter. It is endowed with vast areas of agricultural land which produce a wide range of commodities. The *OECD-FAO Agricultural Outlook* projects that agricultural surpluses for several commodities will increase over the outlook period. In recent years, agricultural output increases have been driven mainly by growth in total factor productivity, which has outpaced the average global growth rate. Marginal changes in food demand are expected over the outlook period, with meat remaining the key source of caloric and protein intake in the national diet. Fish will be the fastest growing source of protein, albeit based on low rate of consumption. Support for agriculture is low, although biofuel production is supported by several policy measures, including mandatory blending requirements which affect the sugar cane sector in particular.

#### Macroeconomic assumptions

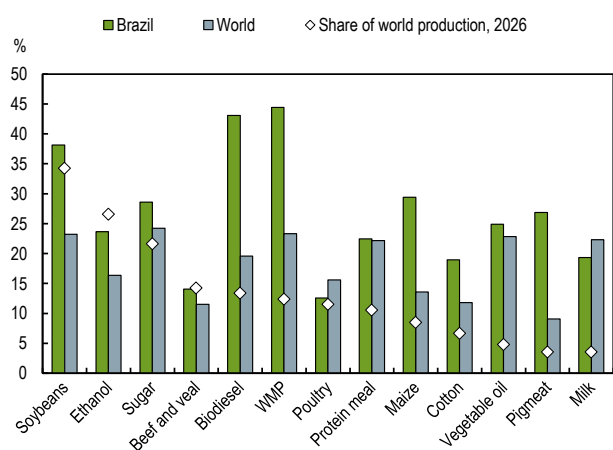
- Population is assumed to increase at an annual rate of 0.7%, from 210 million in 2016 to 224 million in 2026.
- Annual inflation is expected to average 4.8% over the coming decade.
- The Brazilian real is projected to depreciate by 20% in nominal terms relative to the USD to BRL/USD 4.2 in 2026.
- GDP is projected to increase by about 2% per year.

#### Policy assumptions

- Tariffs are assumed to remain at their 2016 levels until 2026.

### Production

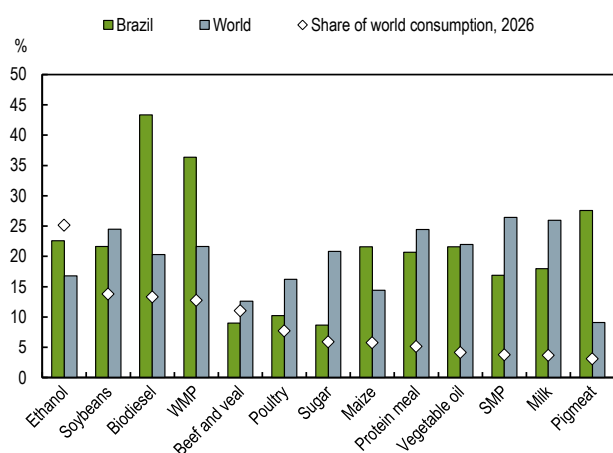
Production: Percentage change 2026 compared to 2014-16 average



- Strong production growth is expected for **soybeans**, with a projected increase of 38% over the next decade, outpacing the expected global production growth of 23%. As a result, Brazil will strengthen its position as the world's leading soybean producer, with an expected share of 35% of global production by 2026. Growth in the production of **protein meals** and **vegetable oils** is expected to be in line with global trends.
- **Ethanol** and **biodiesel** production growth will be strong, at 24% and 43% respectively, with the latter increasing at more than twice the global growth rate.
- Brazil will remain a leading producer of **sugar**, accounting for 22% of global production in 2026. The growth in **sugar** production is projected to be 29%.
- Production growth for **beef and veal** and **poultry** is expected to be in line with global trends, but strong growth (27%) is expected in Brazilian **pigmeat** production, more than twice the global average.
- **Whole milk powder** (WMP) will be the fastest-growing major agricultural commodity, with an expected growth rate of 44%, compared to the global rate of 23%.
- The Brazilian growth rate for **maize** production, projected at close to 30%, is also expected to exceed the global average.

## Consumption

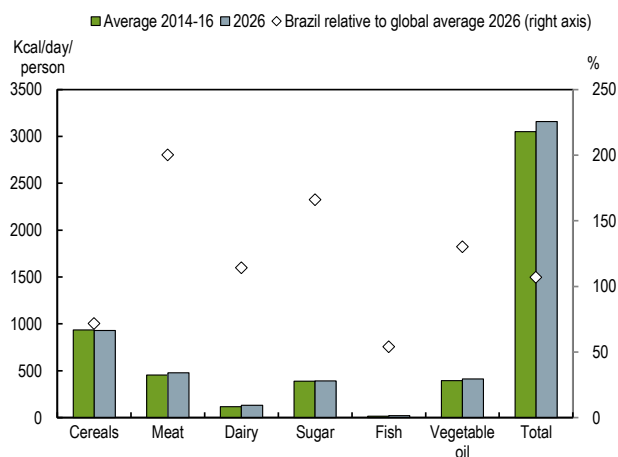
**Consumption: Percentage change 2026 compared to 2014-16 average**



- Strong growth in demand is expected for **ethanol** (+23% over the outlook period) and **biodiesel** (+43%), which is in line with strong production growth.
- Brazilian demand of **soybeans** will account for an expected 14% of global consumption in 2026. Consumption growth is expected to be in line with global trends, at 22% over the decade.
- **Whole milk powder** (WMP) consumption is expected to increase by 35%, mirroring strong growth in production. Strong growth is also expected for other dairy products such as **skim milk powder** (+17%), **milk** (+18%), and **cheese** (+21%).
- Consumption of **beef and veal** (+9%) and **poultry** (+10%) will lag behind global trends, but strong growth is expected in **pigmeat** (+28%), driving trends in production.
- Only moderate growth in **sugar** consumption is expected (+9% over the outlook period).
- A decrease in demand is expected for **roots and tubers** (-5%).

## Caloric and protein intake

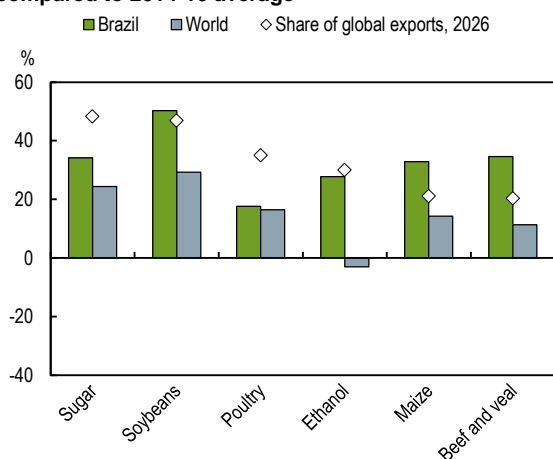
**Projections of caloric intake per capita by commodity, 2026 compared to 2014-16 average**



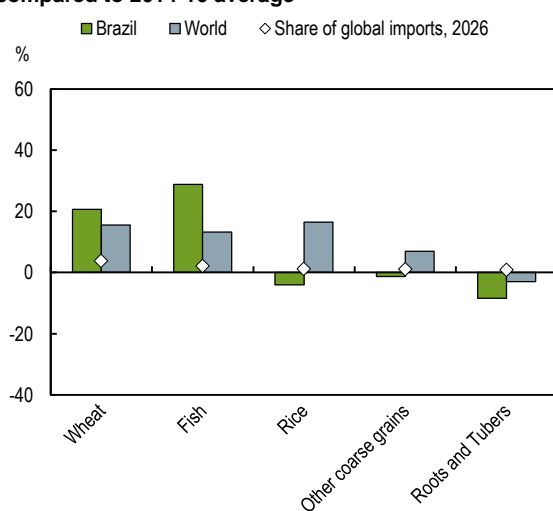
- Total calorie intake in Brazil is expected to increase from 3 050 to 3 160 kcal/ day/person, 7% above the global average.
- **Cereals** are a key source of calories, although their contribution is expected to be flat. Brazilian calorie intake from **meat** is twice the global average, while the intake of calories from **fish** is low at around half the global average.
- Over the outlook period, calorie intake from **fish** is projected to increase by 25%, albeit from a very low base. Calorie intake from **sugar** is 66% above the global average.
- Protein intake (not shown) is expected to increase by 6% over the next decade. **Meat** is the largest source of protein in Brazil, 130% above the global average, and is set to increase by about 3% over the outlook period.
- Protein intake from **dairy** is projected to grow by 13%, bringing its contribution to total protein consumption close to that of meat. By 2026, Brazilian protein intake from dairy is expected to be 50% higher than the global average.

## Trade

### Exports: Percentage change 2026 compared to 2014-16 average



### Imports: Percentage change 2026 compared to 2014-16 average



- Brazil is an important producer and exporter of sugar, soybeans and other agricultural commodities, and its market share is expected to increase over the outlook period as those exports typically grow faster than global trade volumes.
- It is expected that Brazil will account for almost half of world **sugar** exports by 2026, with exports growing by an estimated 34%.
- The highest growth rate for exports among the major export commodities is for **soybean**, with exports set to increase by an estimated 50%. In 2026, it is projected that Brazil will account for 47% of global soybean trade volumes.
- Brazilian exports will also outpace global trade growth for **ethanol, maize, and beef and veal**.
- For **poultry**, the country's exports are expected to grow by 18%, in line with global trends and thereby maintaining Brazil's share of total trade constant at 35%.
- **Wheat** imports are expected to grow by 20%, outpacing global trends. Brazilian imports of **fish** are expected to increase by 29%, considerably faster than the global average although from a very low starting point.
- Imports of **rice, other coarse grains, and roots and tubers** are expected to decline due to lower domestic demand.

## Policy and market uncertainties

- Biofuel markets are highly dependent on policy regimes. Several measures support biofuel production in Brazil, including mandatory blending ratios. Any changes to these policies would potentially have a significant impact on sugar and ethanol markets.
- Brazil's exports of **meat** products depend on the country maintaining high sanitary and phytosanitary standards. Following recent irregularities in meat certification, the Ministry of Agriculture has taken measures to ensure the safety and quality of animal products, although it is uncertain what impact these measures will have on Brazilian exports. Government efforts to obtain foot-and-mouth disease- (FMD) free status will also have an impact on the meat industry's trade potential.

## Further reading

OECD/FAO (2017), *OECD-FAO Agricultural Outlook 2017-2026*, OECD Publishing, Paris.

[http://dx.doi.org/10.1787/agr\\_outlook-2017-en](http://dx.doi.org/10.1787/agr_outlook-2017-en).

OECD-FAO Agricultural Outlook: [www.agri-outlook.org](http://www.agri-outlook.org)

Methodology of the Aglink-Cosimo Model: [www.agri-outlook.org/abouttheoutlook/Aglink-Cosimo-model-documentation-2015.pdf](http://www.agri-outlook.org/abouttheoutlook/Aglink-Cosimo-model-documentation-2015.pdf)

Policy information for these country notes is drawn from the *OECD Agricultural Policy Monitoring and Evaluation*: <http://oe.cd/pse>

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## Brazil: Selected commodity projections

			Average		Growth <sup>2</sup>		
			2014-16est.	2021	2026	2007-16	2017-26
<b>Wheat</b>	Area harvested	kha	2 474	2 213	2 282	132	0.61
	Production	kt	6 024	5 956	6 396	2.56	142
	Consumption	kt	11 127	11 787	12 301	0.66	0.95
	Per capita consumption <sup>1</sup>	kg/cap	514	52.0	52.7	0.05	0.32
	Exports	kt	1 244	912	1 204	0.09	4.76
	Imports	kt	5 897	6 755	7 118	-159	1.17
<b>Maize</b>	Area harvested	kha	15 347	15 568	15 930	151	0.50
	Production	kt	76 242	89 022	98 667	4.94	2.21
	Consumption	kt	54 806	59 739	66 642	3.02	2.19
	Per capita consumption <sup>1</sup>	kg/cap	23.8	23.8	23.8	0.57	-0.02
	Exports	kt	24 476	29 110	32 511	15.47	3.12
	Imports	kt	1040	666	675	0.42	0.15
<b>Protein meals</b>	Production	kt	33 115	37 473	40 556	3.17	164
	Consumption	kt	16 308	18 311	19 681	2.39	158
	Exports	kt	16 833	19 267	20 880	3.80	188
	Imports	kt	4	5	5	-36.93	0.00
<b>Vegetable oils</b>	Production	kt	8 416	9 673	10 512	2.44	172
	Consumption	kt	7 483	8 487	9 098	4.83	2.14
	Per capita consumption <sup>1</sup>	kg/cap	23.1	22.8	24.2	-0.55	0.94
	Exports	kt	1 437	1 687	1 924	-3.83	-0.35
	Imports	kt	463	501	510	5.92	0.34
<b>Sugar</b>	Production	kt	35 238	42 148	45 316	1.10	148
	Consumption	kt	10 970	11 414	11 921	-1.04	0.86
	Per capita consumption <sup>1</sup>	kg	52.8	52.5	53.2	-1.95	0.19
	Exports	kt	24 700	30 615	33 124	1.63	1.67
	Imports	kt	0	0	0	..	..
<b>Beef and veal</b>	Cow inventory	000 hd	54 348	57 980	59 664	1.35	0.60
	Production	kt (cwe)	9 519	10 314	10 855	0.62	1.15
	Consumption	kt (cwe)	7 692	8 120	8 384	1.20	0.54
	Per capita consumption <sup>1</sup>	kg/cap	25.9	26.1	26.2	0.27	-0.12
	Exports	kt (cwe)	1 877	2 249	2 526	-1.24	3.43
	Imports	kt (cwe)	51	55	55	8.65	0.00
<b>Poultry</b>	Production	kt (rtc)	13 434	14 513	15 122	2.43	0.86
	Consumption	kt (rtc)	9 205	9 844	10 147	2.36	0.65
	Per capita consumption <sup>1</sup>	kg/cap	39.0	39.8	39.8	1.41	-0.02
	Exports	kt (rtc)	4 232	4 672	4 979	2.60	1.29
	Imports	kt (rtc)	3	3	3	21.91	0.00
<b>Milk</b>	Cow inventory	000 hd	24 623	24 540	24 860	1.71	0.09
	Production	kt	28 871	30 968	34 457	0.16	2.16
<b>Cheese</b>	Production	kt	745	829	916	3.10	2.10
	Consumption	kt	771	858	930	3.59	1.72
	Per capita consumption <sup>1</sup>	kg/cap	3.7	3.9	4.1	2.63	1.05
	Exports	kt	3	4	6	-1.94	5.90
	Imports	kt	28	33	20	22.96	-8.12
<b>Fish and seafood</b>	Production	kt	1 297	1 550	1 750	2.01	3.06
	Food consumption	kt	1 900	2 173	2 568	4.06	3.25
	Per capita consumption <sup>1</sup>	kg/cap	9.1	10.0	11.5	3.10	2.57
	Exports	kt	42	56	52	-3.99	0.09
	Imports	kt	726	745	935	7.94	3.24
<b>Ethanol</b>	Production	mln L	29 368	33 340	36 317	2.18	2.06
	Domestic use	mln L	28 058	31 375	34 395	4.34	2.05
	Fuel use	mln L	26 267	29 563	32 492	4.26	2.11
	Share in gasoline fuel use	%	52.2	55.3	56.4	..	..
	Exports	mln L	1 857	2 565	2 373	-8.16	-0.51
	Imports	mln L	566	511	364	106.58	-5.77
<b>Biodiesel</b>	Production	mln L	3 784	5 038	5 414	..	3.66
	Fuel use	mln L	3 761	5 020	5 391	..	3.65
	Share in diesel fuel use	%	7.6	10.0	10.3	..	..
	Exports	mln L	21	18	23	..	6.11
	Imports	mln L	0	0	0	..	..

1 Per capita consumption expressed in retail weight. Carcass weight to retail weight conversion factor of 0.7 for beef and veal, 0.78 for pigmeat and 0.88 for both sheep meat and poultry meat.

2. Least squares growth rate.