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## **Brazil**

### **Grain and Feed Annual Report**

#### **2012/2013 Forecast: Significant Increase in Corn Production, Rice and Wheat Recovery**

**Approved By:**

Robert K Hoff

**Prepared By:**

Caleb O'Kray

**Report Highlights:**

2012/13 corn production is forecast at a record 68 million metric tons (mmt), with exports placed at 12.5mmt. 2012/13 wheat and rough rice production are forecast to recover planted area lost to production in 2011/12 and to reach 6.1mmt and 13.5mmt, respectively. 2011/12 rice exports are forecast at 900 thousand metric tons (tmt). U.S. wheat exports in 2011/12 are estimated to reach 700tmt, the second highest level on record. With the 2011/12 rice prices and trade environment, rice exports are projected at 700tmt without the support of government programs.

**Commodities:**

**WHEAT**

Wheat Brazil	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,150	2,150	2,170	2,000		2,200
Beginning Stocks	1,517	1,517	782	782		482
Production	5,900	5,900	5,800	5,700		6,100
MY Imports	6,665	6,665	7,000	7,100		7,000
TY Imports	6,710	6,710	7,000	7,300		7,100
TY Imp. from U.S.	405	405	0	700		400
Total Supply	14,082	14,082	13,582	13,582		13,582
MY Exports	2,500	2,500	1,500	1,800		1,500
TY Exports	2,539	2,539	1,500	1,820		1,500
Feed and Residual	200	200	500	600		600
FSI Consumption	10,600	10,600	10,700	10,700		10,800
Total Consumption	10,800	10,800	11,200	11,300		11,400
Ending Stocks	782	782	882	482		682
Total Distribution	14,082	14,082	13,582	13,582		13,582

1000 HA, 1000 MT, MT/HA

**2011/2012 Wheat Supplies:** Wheat production is placed at 5.7mmt. The slight decrease in production reflects the area loss to second-crop corn planting. Wheat production area is estimated at 2 million hectares, a seven percent decrease from 2010/11. Wheat production, mostly concentrated in the three southern-most states of Paraná, Santa Catarina and Rio Grande do Sul, is shifting further south. Paraná, long the lead producer of Brazilian wheat, is expected to undergo a wheat production shift from the northern and western to the central and southeast regions of the state. Paraná is expected to lose some area planted to wheat as more producers shift to second-crop corn. Santa Catarina and Rio Grande do Sul are expected to gain more area harvested to wheat, offsetting the area loss in Paraná.

**2011/2012 Wheat Consumption:** Wheat consumption is projected at 11.3 mmt. The almost five percent increase from 2010/11 has three primary influencing factors: stable (albeit low) population growth (incorporating nascent immigration trends from neighboring countries), increasing usage of wheat feed, and wheat-product consumption rates that mirror the growth in the middle class (particularly Brazil's income classes C and D). Bread production accounts for approximately 55 percent of wheat consumption: loaf bread consumption is slowly taking market share away from the consumption of French bread, long the local staple. Pasta accounts for approximately 15 percent of wheat consumption. Pastries and other niche products also account for 15 percent of wheat use. Feed is expected to account for ten percent of the wheat consumption, a 300 percent growth from 2010/11—a growth which government support programs have facilitated. It is expected that millers will be able to source more domestic wheat from Rio Grande do Sul as wheat quality there continues to improve due to better weather patterns and particularly through better seed.

**2011/2012 Wheat Trade:** Brazil's wheat imports are estimated at 7.1 mmt in 2011/12, a six percent increase from 2010/11, and slightly higher than USDA's March estimate due to expected consumption growth. Imports of U.S.-origin hard winter wheat are estimated at 700tmt, the second highest level on record. Brazil historically has produced enough wheat to meet only half of its consumption needs. Given logistical advantages and tariff exemptions, Mercosul members (Argentina, Uruguay and Paraguay) typically account for 98 percent of Brazil's wheat imports. The United States has been the primary back-up supplier in years when Mercosul cannot meet Brazil's import needs. U.S. wheat typically enters Brazil to supply millers in the Northeast, where it can compete due a waiver on the merchant-marine tax. U.S. wheat is favored by Brazilian millers due to its superior quality that allows for blending with domestic wheat to achieve the varied quality traits demanded by the industry. While Mercosul wheat production is anticipated at normal levels, Argentina, and to a lesser degree, Paraguay, are expected to export more wheat to markets other than Brazil.

Wheat exports are estimated at 1.8 mmt. 2010/11 wheat exports were a record high, and 2011/12 exports, while 29 percent lower from the year before, are estimated to reach the second-highest level on record. Wheat exports will continue to be strengthened by Brazilian government support through the *Premium for Product Outflow Program* (PEP).

Flour imports from Argentina, estimated at 810 tmt, are expected to continue growing. This remains a contentious issue between the Brazilian industry and the Brazilian government.

**2012/13 Wheat Supplies:** Wheat production area is forecast at 2.2 million hectares, a nine percent increase from 2011/12. Wheat area is forecast to recover some land from soybeans in Rio Grande do Sul and Santa Catarina. Wheat production is forecast to continue its shift further south and it is expected that Rio Grande do Sul will overtake Paraná to become the largest wheat producing state. Wheat production is forecast at 6.1mmt, a seven percent increase over 2011/12. Domestic wheat should continue to improve in quality for two reasons: (1) the production area shifts to the South should provide a more conducive growing climate, (2) Post anticipates that Brazil's new flour standards will enter into force. The new flour standards call for better wheat characteristics, encouraging producers to invest in better seeds. Currently, the standard is scheduled to enter into force in July 2012. However, as the new standard remains an ongoing discussion among producers, millers and the government, it is likely that the standard implementation will be postponed for a third and final time to 2013.

**2012/13 Wheat Consumption:** Wheat consumption is forecast at 11.4 mmt, a slight increase from 2011/12. There are no major alterations anticipated to current consumption trends. Feed wheat is forecast to continue at 600 tmt, assuming that PEP will still influence market decisions and transactions. Corn prices have become the floor for wheat prices. When wheat prices reach this floor, livestock producers will have the possibility to alternate between feed sources.

**2012/13 Wheat Trade:** Wheat imports are forecast at 7mmt and exports are forecast at 1.5mmt, one and 20 percent decreases, respectively, from 2011/12. U.S. wheat exports to Brazil are forecast at 400 tmt. These forecasts are all predicated on a return to Mercosul countries supplying the bulk of Brazil's import needs, as opposed to the unusual trade scenario of 2011/12.

**Table 1.1: Brazil Wheat Imports**

<b>Brazil Wheat Imports HTS 100110 and 100190 Wheat, Group 60 (2007)</b>			
<b>Partner Country</b>	<b>Quantity (Unit: 1,000 mt)</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
World	5,445.60	6,323.21	5,740.45
Argentina	3,215.31	3,620.68	4,546.38
Uruguay	862.98	1,163.60	686.49
Paraguay	820.66	635.00	363.82
United States	218.15	494.01	104.25
Canada	302.32	371.11	39.49
Lebanon	0.03	0.04	0.03
Angola	0.00	10.00	0.00
France	0.00	0.04	0.00
Poland	26.16	0.00	0.00
Russia	0.00	28.72	0.00

Source : Secretaria de Comércio Exterior

**Table 1.2: Brazil Wheat Flour Imports**

<b>Brazil Wheat Flour Imports HTS 1101 Wheat Flour, Group 44 (2007)</b>			
<b>Wheat Equivalent (conversion 1.368)</b>			
<b>Partner Country</b>	<b>Quantity (Units: 1,000 mt)</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
World	637.54	636.79	701.46
Argentina	596.45	590.90	656.28
Uruguay	35.38	35.85	33.41
Paraguay	4.57	7.05	9.56
Canada	0.05	1.98	1.49
Italy	0.09	0.14	0.35
United States	0.00	0.00	0.14
United Kingdom	0.89	0.82	0.11
France	0.10	0.03	0.08
Belgium	0.00	0.01	0.03

Source : Secretaria de Comércio Exterior

**Table 1.3: U.S. Wheat Exports to Brazil**

<b>U.S. Wheat Exports to Brazil (tons)</b>				
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
354,000	907,000	218,000	494,000	104,248

Source : Secretaria de Comércio Exterior

**Table 1.4: Brazil Wheat Exports**

<b>Brazil Wheat Exports HTS 1001 Wheat, Group 60 (2007)</b>			
<b>Partner Country</b>	<b>Quantity (Unit: 1,000 mt)</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
World	384.50	1324.09	2350.47
Algeria	22.50	0.00	705.55
Egypt	27.50	57.30	185.95
Tunisia	0.00	27.25	178.70
Kenya	26.25	36.75	158.95
Turkey	0.00	0.00	154.05
Bangladesh	0.00	0.00	135.33
Libya	0.00	48.64	112.43
Yemen	0.00	0.00	110.92
South Africa	50.15	135.13	90.85
Saudi Arabia	0.00	0.00	89.16
Morocco	0.00	0.00	85.80
United Arab Emirates	0.00	0.00	61.49
Mozambique	0.00	14.00	41.78
Nigeria	0.00	0.00	35.02
Sudan	0.00	0.00	33.99
Israel	0.00	0.00	27.50
Syria	0.00	0.00	26.50
Indonesia	25.00	0.00	22.50
Sri Lanka	0.00	0.00	21.30
Oman	25.00	0.00	19.35
China	0.00	0.00	18.00
Ethiopia	0.00	0.00	16.01
Mali	0.00	0.00	8.80
Congo	0.00	0.00	8.10

Source : Secretaria de Comércio Exterior

## Wheat Prices:

**Table 1.5: Brazil Wheat Prices**

<b>Monthly Wheat Prices in Paraná</b>			
Prices in R\$ per mt (Curitiba c.i.f.)			
<b>Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Jan	520.95	474.74	457.81
Feb	566.84	457.22	473.89
Mar	554.55	460.00	493.59
Apr	549.00	431.00	499.40
May	540.50	430.95	496.20
Jun	540.00	426.00	493.18
Jul	538.68	420.00	488.19
Aug	509.10	452.27	480.21
Sep	480.48	487.14	480.92
Oct	490.00	480.00	474.28
Nov	484.00	486.71	458.68
Dec	486.71	474.29	447.72

Source: CEPEA

(Calculated using the exchange rate: 1US\$=\$1.72)

**Commodities:  
CORN**

Corn Brazil	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Mar 2011		Market Year Begin: Mar 2012		Market Year Begin: Mar 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	13,800	13,800	15,300	14,300		16,000
Beginning Stocks	9,989	9,989	9,789	9,789		10,089
Production	57,500	57,500	62,000	62,000		68,000
MY Imports	800	800	500	800		800
TY Imports	474	474	800	850		800
TY Imp. from U.S.	0	0	0	0		0
Total Supply	68,289	68,289	72,289	72,589		78,889
MY Exports	9,000	9,000	10,000	10,500		12,500
TY Exports	11,583	11,583	9,500	10,000		12,500
Feed and Residual	42,500	42,500	45,000	44,500		47,500
FSI Consumption	7,000	7,000	7,000	7,500		8,000
Total Consumption	49,500	49,500	52,000	52,000		55,500
Ending Stocks	9,789	9,789	10,289	10,089		10,889
Total Distribution	68,289	68,289	72,289	72,589		78,889
1000 HA, 1000 MT, MT/HA						

**2011/2012 Corn Supplies:** Corn production area is estimated at 14.3 million hectares, a three percent increase from 2010/11 but a seven percent decrease from USDA's official 2011/12 estimate. The corn area lost to the December-January drought in the South (particularly the estimated 20 percent corn loss in Paraná's first-crop corn) led to lower estimates. Corn production is held steady at 62mmt. These numbers already reflect the corn losses from the drought. Second-crop corn planting has gone very well throughout the country. The second-crop corn was planted in the ideal period of time (the optimal planting window is between mid-December and mid-March, depending on the region of the country) and has had propitious levels of precipitation. The window for second-crop corn in Mato Grosso closed at the end of February and in Paraná in mid-March. Second-crop corn yields will be contingent on two factors: (1) the continuation of rain to the grain filling phase, (2) the absence of frost events in Paraná.

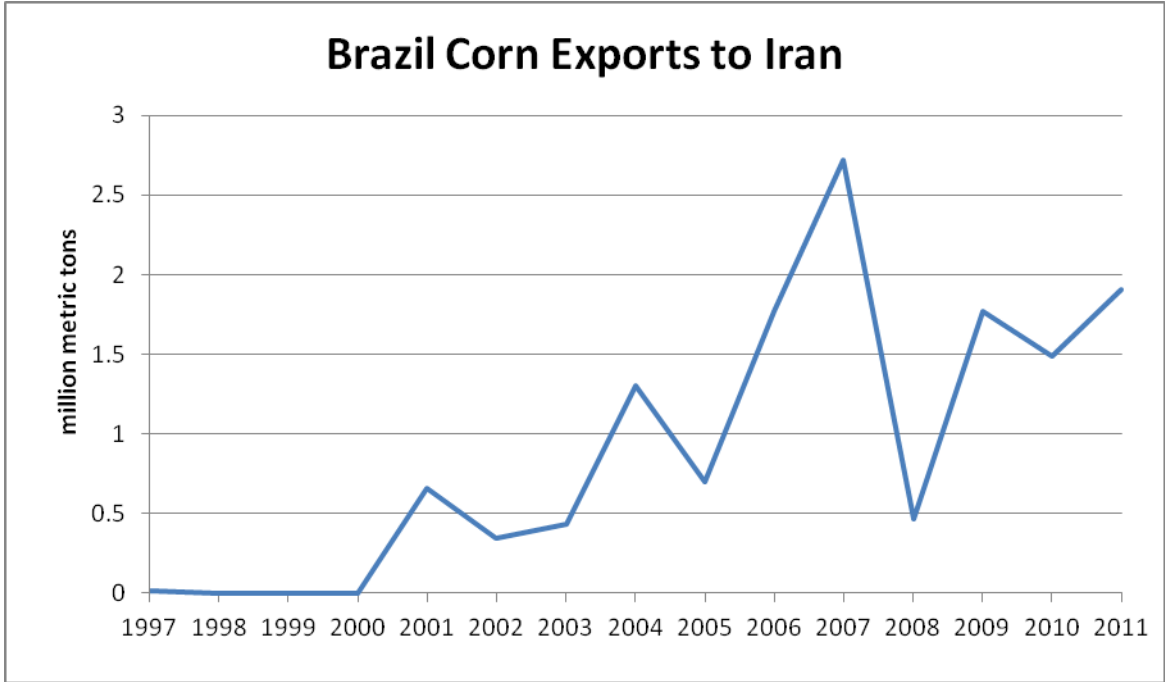
Producers throughout the country have experienced a shortage of high-quality seed for second-crop corn. The lack of advance planning, coupled with strong international prices, led to a larger-than-expected first-crop corn planting that utilized some of the seed supply that had been purchased for second-crop corn. Despite these reports, second-crop corn planting appears to have gone smoothly. The shortage of high-quality seed may have an impact on final yields.

**2011/2012 Corn Consumption:** Corn consumption is placed at 52mmt, in line with USDA official estimates. Feed is estimated at 44.5mmt. Corn feed use is expected to have the following consumption break-down among major livestock categories: poultry at 26mmt (58 percent), swine at 14mmt (31 percent), and cattle at 4mmt (9 percent).

**2011/2012 Corn Trade:** Corn imports are placed at 800tmt and exports at 10.5mmt, in line with USDA official estimates. Strong international prices continue to make corn exports not only feasible

but also desirable for both Brazilian producers and traders. Imports continue to come mostly from Paraguay to meet domestic needs. Iran, Taiwan, and northern Africa continue to be the largest export markets for Brazilian corn. (See Table 2.2) The December-January drought in Latin America caused greater corn loss in Argentina than in Brazil. Brazil will probably avail itself of this enhanced export window opportunity.

**The Iran Factor:** Iran continues to be by far Brazil’s largest corn export market. According to Brazil’s export statistics, Brazil’s CY2011 corn exports to Iran were estimated at 1.9mmt, a 27 percent increase from 2010. Brazil’s first quarter 2012 exports to Iran have been strong.



**2012/13 Corn Supplies:** Corn production area is forecast at 16 million hectares, a 12 percent increase from the 2011/12 production area (though only a six percent increase in planted area—since 6 percent of the 2011/12 planted area was abandoned due to the drought). Post forecasts that the first-crop corn production area will remain constant and that overall 2012/13 area gains will come from increased second-crop corn production. In essence, half of that 12 percent increase corresponds to the recovery of the corn area lost to the drought; the remaining 6 percent growth will come from increased second-crop corn production, particularly in the states of Mato Grosso, Goiás, and Paraná. While impossible to forecast, the La Niña phenomenon is predicted by many analysts to have a net positive impact on the 2012/13 corn crop.

While consensus exists among analysts that second-crop corn will increase its production area, there is a lack of consensus on first-crop corn production area. Some analysts believe that international corn prices will dictate (perhaps at the last minute) whether 2011/12 first-crop corn area gains (mostly in the South from former soybean-producing regions) will continue for first-crop corn production or return to soybean production in 2012/13.



The sustained advances in shorter maturation soybean varieties will continue to increase the planting of second-crop corn in the appropriate window in 2012/13 and beyond. In this manner, these varieties with shorter maturation rates will strengthen second-crop corn yields.

**2012/13 Corn Consumption:** Corn consumption is forecast at 55.5mmt, a seven percent increase from 2011/12. An anticipated increase in animal feed and industrial use (corn syrup) are responsible for the forecast growth in corn consumption. Feed usage is forecast at 47.5mmt, a seven percent increase from 2011/12. Corn feed consumption is forecast to increase for expanding poultry, swine, and bovine production. Poultry operations are forecast to continue expanding at three percent, particularly for domestic market consumption. Swine production is also forecast to expand, since China recently visited Brazil to double the number of swine facilities approved to export to China. With 42 swine facilities now approved for export to China, a forecast increase in swine production of five percent would raise the 2012/13 corn feed demand. Corn feed demand is also forecast to increase to meet the needs of cattle finishing, via feedlots. Feedlot use is limited in Brazil, as 90 percent of Brazilian cattle are sold directly from pasture to slaughterhouse, but feedlot use is forecast to continue its gradual increase. Industrial corn use is forecast to increase to meet the growing domestic demand for corn syrup. Market trends strongly suggest that the growing middle class will increase its consumption of processed products (including both foods and beverages), requiring larger quantities of corn syrup.

**2012/13 Corn Trade:** Corn imports are forecast to hold steady at 800tmt and corn exports are forecast at 12.5mmt, a 19 percent growth from 2011/12. With Paraguay as the primary supplier, corn imports are expected to continue their role of meeting discrete local consumption needs. Forecast record corn exports at 12.5mmt are predicated on record corn production of 68mmt. Corn exports are forecast to grow for three reasons: (1) a domestic corn surplus as production growth is forecast to outstrip consumption growth, (2) continued attractive international commodity prices, and (3) increasing international demand. Export markets are forecast to remain the same as in years past, with the possible exceptions of China which could begin to import Brazilian corn and Iran which could be impacted by politically-influenced market irregularities.

**Table 2.1: Brazil Corn Imports**

<b>Brazil Corn Imports 1005, Corn (Maize)</b>			
<b>Partner Country</b>	<b>Quantity (Unit: 1,000 mt)</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
World	1,137.48	462.54	656.34
Paraguay	1,114.84	443.06	619.01
Argentina	21.27	18.47	37.01
United States	0.81	0.18	0.32

Source : Secretaria de Comércio Exterior

**Table 2.2: Brazil Corn Exports**

<b>Brazil Corn Exports 1005, Corn (Maize)</b>			
<b>Partner Country</b>	<b>Quantity (Unit: 1,000 mt)</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
World	7,857.39	10,895.81	9,592.07
Iran	1,767.39	1,490.64	1,905.67
Taiwan	701.90	1,090.88	1,174.42
Japan	269.49	606.68	734.56
Algeria	258.96	294.50	691.96
Morocco	417.87	958.59	578.74
Malaysia	838.08	924.30	567.29
Egypt	0.15	307.09	446.84
Colombia	785.57	754.71	427.47
Netherlands	32.62	324.49	423.53
Spain	210.60	819.37	401.99
Saudi Arabia	651.05	815.65	369.19
Indonesia	20.78	445.20	201.20
Dominican Republic	12.95	149.73	167.77
Cuba	0.00	121.27	155.60
Peru	57.90	75.92	149.77
Korea South	583.64	191.35	131.63
Portugal	0.05	405.45	124.32
Vietnam	190.51	147.29	119.73
Angola	97.91	81.45	105.75

Source : Secretaria de Comércio Exterior

## Corn Prices:

**Table 2.3: Brazilian Corn Prices**

<b>Monthly Corn Prices</b>			
Prices in R\$ per 60 kg (discounted by the CDI/CETIP tax)			
<b>Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Jan	23.67	19.66	30.35
Feb	22.26	18.35	31.68
Mar	20.62	18.47	31.44
Apr	21.29	18.16	29.94
May	22.25	18.67	28.69
Jun	22.24	19.43	30.75
Jul	20.55	18.84	30.31
Aug	19.42	20.56	30.20
Sep	19.12	24.36	31.92
Oct	20.60	25.15	30.75
Nov	20.41	28.29	29.81
Dec	20.02	28.36	28.18

Source: CEPEA

(Calculated using the exchange rate: 1US\$=\$1.72)

**Commodities:**  
**RICE, MILLED**

Rice, Milled Brazil	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Apr 2011		Market Year Begin: Apr 2012		Market Year Begin: Apr 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,833	2,833	2,500	2,550		2,800
Beginning Stocks	550	550	800	600		400
Milled Production	9,300	9,300	7,684	8,000		9,200
Rough Production	13,676	13,676	11,300	11,765		13,529
Milling Rate (.9999)	6,800	6,800	6,800	6,800		6,800
MY Imports	600	600	640	600		600
TY Imports	620	620	640	620		620
TY Imp. from U.S.	0	0	0	0		0
Total Supply	10,450	10,450	9,124	9,200		10,200
MY Exports	1,250	1,450	600	700		900
TY Exports	1,300	1,350	625	625		800
Consumption and Residual	8,400	8,400	8,100	8,100		8,300
Ending Stocks	800	600	424	400		1,000
Total Distribution	10,450	10,450	9,124	9,200		10,200

1000 HA, 1000 MT, MT/HA

**2011/2012 Rice Supplies:** Rice production area is estimated at 2.55 million hectares, a ten percent decrease from 2010/11. The decreased production area is a result of the 2010/11 oversupply and subsequent low prices. Every rice-producing state in the country decreased production area or held steady from 2010/11. The appeal of soybean production has attracted some traditional rice producers, but for many growers rice may remain the only crop choice available due to climactic conditions. Rough rice production is placed at 11.765mmt, a 14 percent decrease from 2010/11. Factors contributing to the decreased production are the reduction in planted area and yield losses due to the December-January drought, which particularly impacted Southern Brazil. Southern Brazil accounts for 47 percent of the national rice production area but is responsible for 80 percent of the rice production, due to irrigation practices. The rice production area in Santa Catarina surpassed Mato Grosso, making it now the state with the third-largest amount of rice production area, behind Rio Grande do Sul and Maranhão (a state with extensive dry-land production areas but low productivity). Seed varieties most used in the South were IRGA417 and BR IRGA409, developed by the Rio Grande Rice Institute (IRGA). As of mid-March, the rice harvest is 35 percent complete, with the harvest anticipated to conclude in May.

**2011/2012 Rice Consumption:** Rice consumption is estimated to hold steady and in line with USDA official estimates at 8.1mmt, though a three percent decrease from 2010/11. The 2010/11 oversupply of rice led to the increased use of rice for feed, a phenomenon that will not be repeated to such an extent in 2011/12. Market trends indicate that rice consumption growth will be influenced by population expansion but that this growth in consumption will be somewhat undercut by consumptions patterns accompanying an increased economic prosperity. Population growth has been steady, continuing to spur consumption. While rice and beans have long been considered the traditional diet (even the *ideal* diet, according to some researchers), they continue to be associated

with the food of the rural poor. As income levels increase, consumption preferences shift from rice to pasta and bread.

Millers continue having difficulty with milling hybrid varieties of rice, due to higher breakage rates. Hybrid varieties benefit producers in the field but can create problems for producers when negotiating rice sales with the mills.

**2011/2012 Rice Trade:** Rice import estimates are maintained at 600tmt, slightly lower than USDA official estimates. Imports are expected to come primarily from Brazil's Mercosul partners. (See Table 3.1) Rice exports are expected at 700tmt, a 52 decrease from 2010/11. Brazil's 2010/11 exports were a record high, nearly triple the prior record year, levels only made possible through government support. At 700tmt, 2011/12 exports are estimated to be the second-largest export volume on record. The government support program used in 2010/11—PEP—is triggered when the market price dips below the Brazilian government's official minimum price. Currently the market price for rice is 23 percent higher than it was in 2010/11, so it is probable that the market price will not go below the official minimum price. For that reason, it is expected that 2011/12 rice exports will not be supported by the PEP program. Traders anticipate a continuation of milled and parboiled rice shipments to the countries along the Atlantic coast of Africa and broken rice shipments to Senegal. (See Table 4.2)

**2012/13 Rice Supplies:** Rice production area in 2012/13 is forecast at 2.8 million hectares, a ten percent increase from 2011/12. The rice industry is forecasting that the 2011/12 production contraction will normalize rice supplies after the 2010/11 oversupply. The forecast growth incorporates the recovery of production area lost in 2011/12. Increased production area is forecast, in particular, for Santa Catarina and Rio Grande do Sul. The recovery of dry-land rice production area in Mato Grosso—in 2011/12 there was a 47 percent decrease from 2010/11—is not forecast. Rough rice production is forecast at 13.5mmt, a 15 percent increase from 2011/12. Production area recovery and the return to average trend yields (after the 2011/12 yield divergence due to the December-January drought) should account for the production increase.

**2012/13 Rice Consumption:** Rice consumption is forecast at 8.3mmt, a three percent increase from 2011/12. With increased rice supplies, consumption of feed rice is forecast to increase. After stocks dropped to 400tmt in 2011/12, stocks should rebound to 1mmt in 2012/13.

**2012/13 Rice Trade:** Rice imports are forecast to hold steady at 600tmt. Mercosul partner countries are expected to remain primary rice suppliers to Brazil. Rice exports are forecast at 900tmt, a 28 percent increase from 2011/12. The increase in rice exports is predicated on Brazil's ongoing work to establish export markets in Africa. Given the increased production, Brazilian producers and traders will be eager to export rice to keep domestic supplies low and keep prices from dropping. Should market prices drop below the official minimum price, it is probable that the Brazilian government would reactivate its PEP program to support rice exports, thereby reducing domestic supply and price pressures.

**Table 3.1: Brazil Rice Imports**

<b>Brazil Rice Imports Rice, Group 58 (2007)</b>			
<b>Partner Country</b>	<b>Quantity (Unit: 1,000 mt)</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
World	674.36	783.54	621.84
Argentina	244.15	251.02	259.02
Paraguay	115.74	124.28	185.17
Uruguay	312.54	370.63	174.59
Italy	1.29	1.19	2.31
Thailand	0.29	0.64	0.45
United States	0.22	35.41	0.17

Source : Secretaria de Comércio Exterior

**Table 3.2: Brazil Rice Exports**

<b>Brazil Rice Exports Rice, Group 58 (2007)</b>			
<b>Partner Country</b>	<b>Quantity (Unit: 1,000 mt)</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
World	602.12	430.49	1,350.92
Nigeria	81.45	53.51	317.69
Senegal	95.97	140.89	119.21
Gambia	30.62	72.95	95.78
South Africa	64.11	3.71	85.61
Haiti	0.77	0.71	80.82
Sierra Leone	0.00	12.28	77.27
Venezuela	38.09	0.00	66.00
Nicaragua	0.00	0.21	50.09
Cuba	1.57	0.13	42.00
Switzerland	57.37	37.61	40.04
Spain	3.33	0.00	39.70
Benin	110.00	39.95	30.77
Netherlands	0.87	0.46	30.53
Liberia	1.00	5.45	28.47
Mauritania	0.00	0.00	25.40
Bolivia	12.22	10.61	19.19
Angola	12.57	8.24	17.56

Source : Secretaria de Comércio Exterior

## Rice Prices:

**Table 3.3: Brazil Rice Prices**

<b>Monthly Rice Prices in Rio Grande do Sul</b>			
Prices in R\$ per 50 kg (type 1, Rio Grande do Sul; discounted by the CDI/CETIP tax)			
<b>Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Jan	32.22	32.03	22.63
Feb	31.23	30.39	22.27
Mar	28.60	27.35	21.29
Apr	27.59	28.06	19.33
May	26.27	28.14	19.08
Jun	25.61	26.71	19.53
Jul	27.88	26.90	21.80
Aug	27.02	27.36	23.58
Sep	27.89	26.52	23.21
Oct	27.71	25.65	24.36
Nov	26.62	25.60	25.57
Dec	28.25	24.76	25.60

Source: CEPEA

(Calculated using the exchange rate: 1US\$=\$1.72)

**Government Support for Commercialization and Export:** In 2011, corn production received minimal government support. 2012 corn production is forecast to operate similarly. There was no export support for corn.

**Table 4.1: Government Support for Corn (Quantity Unit: 1,000 mt)**

Program	2006	2007	2008	2009	2010	2011
Acquisition (AGF)	2,223.7	273.3	149.5	587.9	103	1.2
PEP	3,087.9	1,183.3	599.2	4875.1	11,229	0
PROP	2,258.0	0.0	531.4	0	0	0
PEPRO	100.0	3,753.2	0.0	1,295.5	875	0
Total	7,669.7	5,209.8	1,280	6,758.5	12,208	1.2
Production	42,514.9	51,369.9	58,863.7	51,003.9	56,100	57,514
Participation %	18%	10%	2%	13%	21.6%	0

Source: Brazilian Ministry of Agriculture/SPA/DEAGRO and CONAB

2010/11 rice production received a small amount of government support, while exports are likely to have received significant support through the PEP program. (See Table 4.2) As a result of the strong implementation of the PEP program, accompanied by government-operated options contract for purchasing product from farmers, the Brazilian government estimates that almost 22 percent of 2010/11 rice production participated in its support programs. PEP use is not projected for 2011/12.

**Table 4.2: Government Support for Rice (Quantity Unit: 1,000 mt)**

Program	2006/07	2007/08	2008/09	2009/10	2010/11
Acquisition (AGF)	62.0	0.0	0.3	0.0	396.3
PEP	157.5	0.0	0.0	143.0	1,538.2
PROP	0	0.0	0.0	0.0	0
PEPRO	0	0	0	0	64.3
Options	0	0	0	0	
- Round 1					982.8
- Round 2					385.1
Total	219.5	0.0	0.3	143.0	2,981.7
Production	11,315.9	12,059.9	12,602.5	12,059.9	13,613
Participation %	8%	0%	0%	1%	21.9%

Source: Brazilian Ministry of Agriculture/SPA/DEAGRO and CONAB



When government support for 2009/10 wheat production and exports was originally reported in January 2011, participation rates were recorded at only 12 percent. (See Table 4.4) However, given the lengthy cycle of the PEP implementation and reporting, the government raised the 2009/10 government support for wheat production and exports. Final 2009/10 government support for wheat through PEP rose to 3.3mmt, and exports reached a record 2.5mmt, phenomena which testify to the impact which the PEP program has on trade. With the 2009/10 data revised in January 2012, program participation rose to 72 percent. 2010/11 exports at 1.8mmt were almost all supported by PEP. PEP use for wheat is forecast for 2011/12.

**Table 4.3: Government Support for Wheat (Quantity Unit: 1,000 mt)**

<b>Program</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Acquisition (AGF)	0	236.1	21.3	373.8	0.2
PEP	0	425.5	1,113.2	3,261.3	1,786
PROP	0	0	0	0	0
Total	0	661.6	1,416.9	3,635	1,786.4
Production	0	2,233.7	4,081.9	5,026	5,881.6
Participation %	0	29.6%	34.7%	72.3%	30.4%

Source: Brazilian Ministry of Agriculture/SPA/DEAGRO and CONAB

**Table 4.4: Comparison of Government 2009/10 Wheat Support as Originally Reported in 2011 versus Revised Reporting in 2012 (Quantity Unit: 1,000 mt)**

<b>Program</b>	<b>2009/10 (Originally Reported January 2011)</b>	<b>2009/10 (Revised Reported January 2012)</b>	<b>Percentage Difference in Reporting</b>
Acquisition (AGF)	49.3	373.8	658%
PEP	567	3,261.3	475%
PROP	0	0	0%
Total	616.3	3,635	490%
Production	5,026	5,026	0%
Participation %	12%	72.3%	503%

Source: Brazilian Ministry of Agriculture/SPA/DEAGRO and CONAB