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## **New road across Amazonia will facilitate Brazilian soybean exports**

Top world soybean exporter Brazil is getting ready to build a shortcut road across Amazonia to link its main soybean producing areas to the Panama Canal. This huge investment will help cut transport costs of soybeans from Brazil to China, the world's biggest importer. It will also further strengthen the position of Brazil on the world soybean market.

Until last year, the US had been the main soybean exporter, followed by Brazil and Argentina. But since last year Brazil has overtaken the US. This new position is expected to be further strengthened in 2013/2014 and even more once the roadlink will have been built.



Forecasts for 2013/2014 are that Brazil will be exporting 44 million tons soybeans, followed by the US (39.5 million tons) and Argentina (9.7million tons). China is expected to remain the main importer (69 million tons), followed by the European Union (12.1million tons) and Japan (2.8 million tons).

Main world producers of soybean are the US (89.5 million tons expected in 2013/2014), followed by Brazil (89 million tons) and Argentina (54.5 million tons). Total world production is expected to be 285 million tons of soybeans.

[Bunge](#), which has a long history in Brazil, [Cargill](#), [ADM](#) and other major soybean traders are getting ready to invest up to \$2.5 billion, mostly in port and handling facilities along the Amazon river. The new route will help reduce by two days the transportation time for soybean and other commodities from Brazil to Asia. This will make Brazilian soybean and maize even more competitive on Asian markets and could have an impact on world soybean prices. Until now, the poor quality of Brazilian roads has been one of the main constraints and a source of additional costs for the country's soybean exports. Once the new infrastructure is in place, in 2017, it is expected that Brazil's shipping capacity will increase by 30 million tons.

There are however valid fears that this new road will contribute to further accelerate deforestation and expansion of agriculture in the Amazon region. It is also likely to further boost the industrial soybean-based animal production system throughout the world and particularly in Asia.

It must be remembered here that Brazil had put the construction of trans-Amazonian roads on stall in 2008. It is clear that the agribusiness lobbies have been able to reverse this decision and convince Brazilian authorities to go ahead with the project.

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For more details:

G. Freitas Jr. and J. Wilson, [Amazon River Soy Route Seen Extending Brazil Lead on U.S.](#), Bloomberg.com,