

David DuByne of ADAPT 2030 interviews Sergio Santos Conab National Company of Agriculture and Provisions Brazil on the state of Brazilian Agriculture Q3 2016

David DuByne ADAPT 2030: Good Afternoon Everyone, David DuByne from ADAPT 2030. Today on the show we have Sergio Santos from Conab National Company of Agriculture and Provisions in Brasília, Brazil.

<http://www.conab.gov.br/>

I have talked about losses in July due to the cold and unusually heavy rains across South America, so we have somebody here who is going to give us firsthand information, on the ground.

Sergio specializes in the rice sector in Brazil and Conab also does all of the market analysis and execution. They are responsible for 180 warehouses throughout the country. And I will leave it there, Sergio would you like to take it over.

The screenshot shows the Conab website homepage. At the top, there is a navigation bar with links for "BRAZIL", "Services", "Participate", "Information access", "legislation", and "Information channels". Below this is a secondary navigation bar with "Conab Corporate" and "Ombudsman | Addresses | Site map | SIC". The main header features the Conab logo and the text "Conab Companhia Nacional de Abastecimento" and "Agricultura e abastecimento em boa companhia". To the right of the header, there are accessibility options: "RSS | Reduzir tamanho da letra | Aumentar tamanho da letra | Padrão colorido | Alto contraste | Cleartext". Below the header, there is a search bar with "more accessible areas" and "Explore a CONAB". A main navigation menu includes "A Conab", "Produtos e Serviços", "Imprensa", and "Licitações". The main content area features a large banner for "Calendário de Divulgação de Safras 2016" with a "Acesse aqui" button and a "See the dates of upcoming announcements Conab" link. To the right, there is a section for "indicators Conab" with a "prices" sub-section listing: "minimum prices - PGPM", "Food Acquisition - PAA", "Bonus Pronaf - PGPAF", "Horticulture (Prohort)", "agricultural inputs", "electronic auctions", and "Agricultural prices", "Sales Counter". At the bottom of the indicators section, there are links for "other indicators", "harvests", and "Production costs".

Sergio Santos Conab National Company of Agriculture and Provisions Brazil:

Hello David, Thank you for having me on today. My name is Sergio Santos, I am an economist working for Conab and I am in charge of the area which is responsible to analyze markets and develop new products along with a highlight on rice, coffee, beans, grapes, dairy, which we are also responsible for.

As you told about Conab, we execute the policies on the minimum price and the buyer diversity program. As well we are responsible to provide to the market information about the global agriculture market, plus profit reports. My area is to develop market analysis for the crop, as well we provide that to private sector.

Ordinances Minimum Prices
Agricultural Production Costs - The methodology Conab
Agricultural Policy Magazine
Agricultural Indicators
Agricultural and Livestock Plan
Gross Revenue of Farmers Brazilian
Storage Newsletter
other Publications

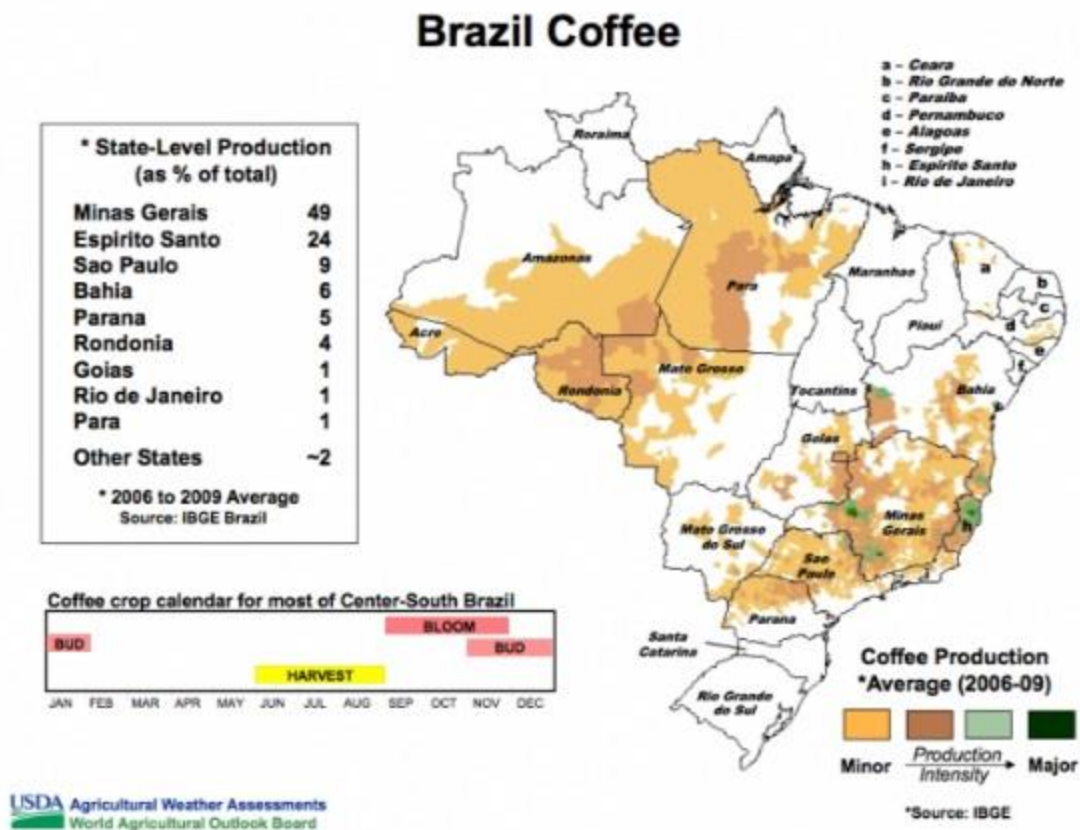
Journal of Agricultural Indicators - Complete Edition
Family Farming - Indicators
Crop Research and Geographic Information Brazilian Agriculture
Price Guarantee Policy and Agricultural Prices
Production cost indices, and supplies Gross Revenue
Marketing and Supply Instruments
Table Supplies and Trade
Hortigranjeiro market
Economic indicators
Prices of Agricultural Inputs

David DuByne ADAPT 2030: Regarding the reporting was doing on Adapt 2030 in July of the record cold across Brazil, especially in the southern part of Brazil, with the Arabica coffee bean losses.

I was hoping you could go into that, as well as some of the other crops you were talking about, beans and pulses etc.... and the different types of losses whether in be drought or cold that are occurring in Brazil right now.

Sergio Santos Conab National Company of Agriculture and Provisions Brazil:

About the coffee the production was lower than what we expected. The production of coffee in Brazil was damaged because of cold in the major state Minas Gerais, damage was observed during the harvest and the coffee didn't ripen in the way we expected so we had smaller production. As for the cold we can highlight a state called Parana which is a producer as well of coffee. The damage from coffee production in Parana is not so drastic as Parana is not the major producing state, but this did effect some coffee production in Brazil.



David DuByne ADAPT 2030: And then over all what types of percentage losses were you looking at? When you said a small amount of production, what is that in terms of a percentage?

Sergio Santos Conab National Company of Agriculture and Provisions Brazil: The percentage in Parana I would have to check that data to get you exact figures. I can check and get you a figure later, would that be ok?

David DuByne ADAPT 2030: Yes, thank you for wanting to make sure all figures are correct. It wouldn't be something drastic like half would it?

Sergio Santos Conab National Company of Agriculture and Provisions Brazil: No, definitely not. I can guarantee it's not that much.



When we talked about the cold earlier, the record cold temperature that had swept through southern Brazil in mid-August, were the farmers prepared for any type of this cold weather? Did it catch everyone off guard? And recently have you seen the weather patterns transitioning to a new cooler winter trend in the Southern Hemisphere? What are you noticing in terms of the climate changing?

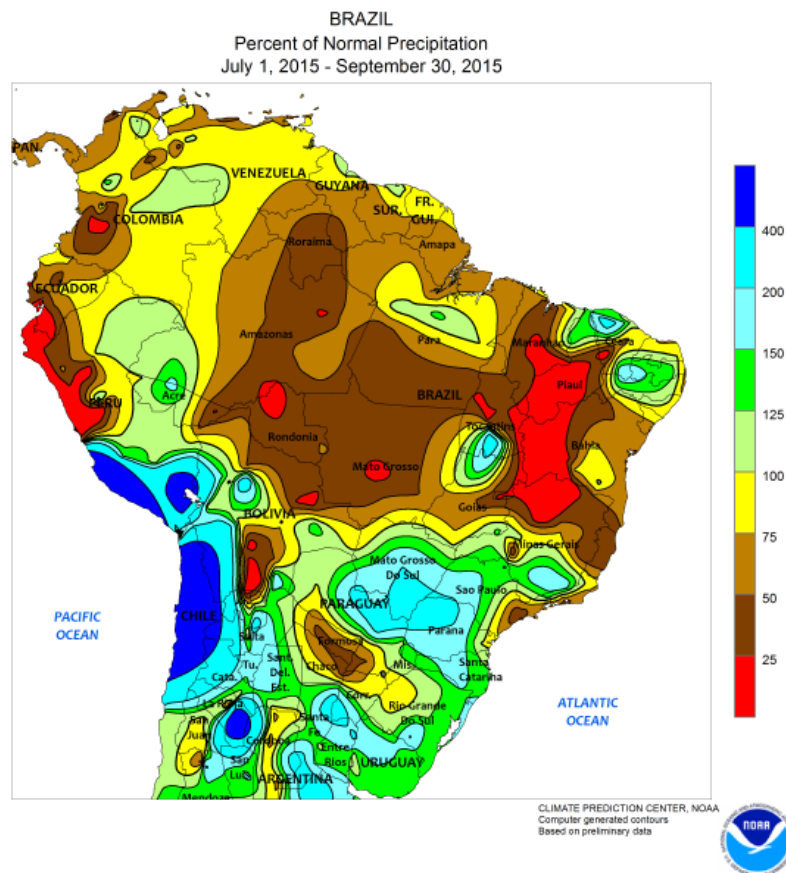
Especially in the south of Brazil, Parana, Santa Catarina, Espirito Santo these three states, usually we expect some cold during the winter, we are facing huge problems with the climate in terms of the droughts and amount of rainfall.

For example we can highlight a drop in production in rice and beans. Rice we dropped around 2 million tons of production. That is a huge drop in rice production in the Brazilian market.

As well beans, we saw a 1 million ton drop in production this season, mainly because of the dry climate, and amount of rainfall.

For example in the south of Brazil because of the lack of rainfall, we saw a lot of damage across all crops. We observed a huge drop in production.

David DuByne ADAPT 2030: Thank you. With longer term cycles, there is a lot of talk and information pointing to a new grand solar minimum. I was wondering if anyone is talking about that in Brazil, or are there any mitigation measures in case the climate continues to dry? Because over the last couple of grand solar minimums it does show that Brazil goes into an extended drought and then it switches in to an extended wet period. First the drought lasts about 20 years, and I didn't know if anyone is talking about that as this drought intensifies.



Sergio Santos Conab National Company of Agriculture and Provisions Brazil:

Actually I have not heard that before, but in terms of overall climate change we are aware of it, and still facing damage in our crops over the last season. If you follow our agriculture data, you can see prior to these years were expanding output.

http://www.conab.gov.br/OlalaCMS//uploads/arquivos/16_09_19_17_39_44_arroz_semana_37-12-09-16_a_-16-09-16.pdf and <http://www.conab.gov.br/>

This drought occurring is the first year in say the last 10 years that is has been this low of rainfall.

If the cooling climate does happen, it would for sure effect the production of our country. But like I said It's the first time I have heard about that.

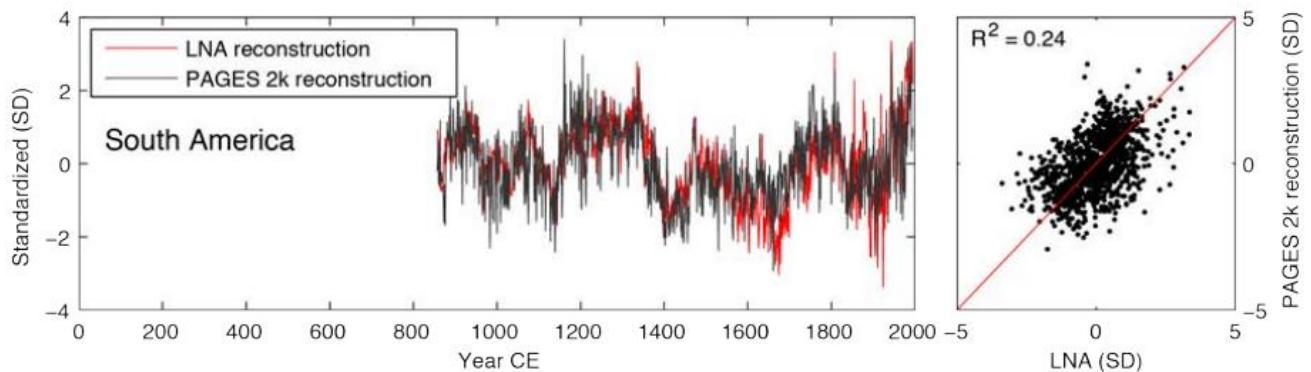


Figure S3b | PAGES 2k versus Bayesian hierarchical model (LNA) reconstructions.

David DuByne ADAPT 2030: When we are talking about the drought in the effected crops, what type of downgrade in quality does that mean for the average farmer or miller? Can you talk about the maturation of the plants being reduced due to the drought and the yield and quality at harvest? What does this mean in the end for a producer or supplier?

Sergio Santos Conab National Company of Agriculture and Provisions Brazil: It depends, on each product. Talking about beans we have varieties here that you cannot find anywhere else globally, but the main bean we consume the Brazilian Red Bean, faces trouble when there is a huge amount or rainfall. The color of the bean changes as well the value diminishes because of that. It loses its price. Brazilians prefer a very clear very light color of red bean. We faced this situation in some areas where there has been huge flooding but other areas there has been drought in Brazil.

If it is not harvested at the right time and the quality is not good it cannot be consumed by humans. That was a problem this year as well during the bean harvest for the bean market.

In the rice sector, we faced a decrease but the decrease was in volume more than quality across the rice sector.

In the Arabica coffee sector, the cold effected the quality of the green coffee beans. The quality dropped significantly in this year's crop.



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David DuByne ADAPT 2030: What do you see forecasting out through next year or two?

Sergio Santos Conab National Company of Agriculture and Provisions Brazil: All of the prices on all commodities products in Brazil are going sideways so we need to get to the rural areas to get extended growing area for several products. For example rice right now, we have less than the price we are looking to get. We expect expanding growing areas for the next crop for rice to increase supply.

Red Beans are a little different in that they are in the same area as soy beans in several states so it is difficult to compete on price when soy beans price is very satisfying on the international market at the moment. The price of the beans is high right now. We do have 3 crops per year of beans, so for this third crop right now we are expecting that it will not expand that much in production. Soy beans will remain steady in production area because of the current good prices for growers.

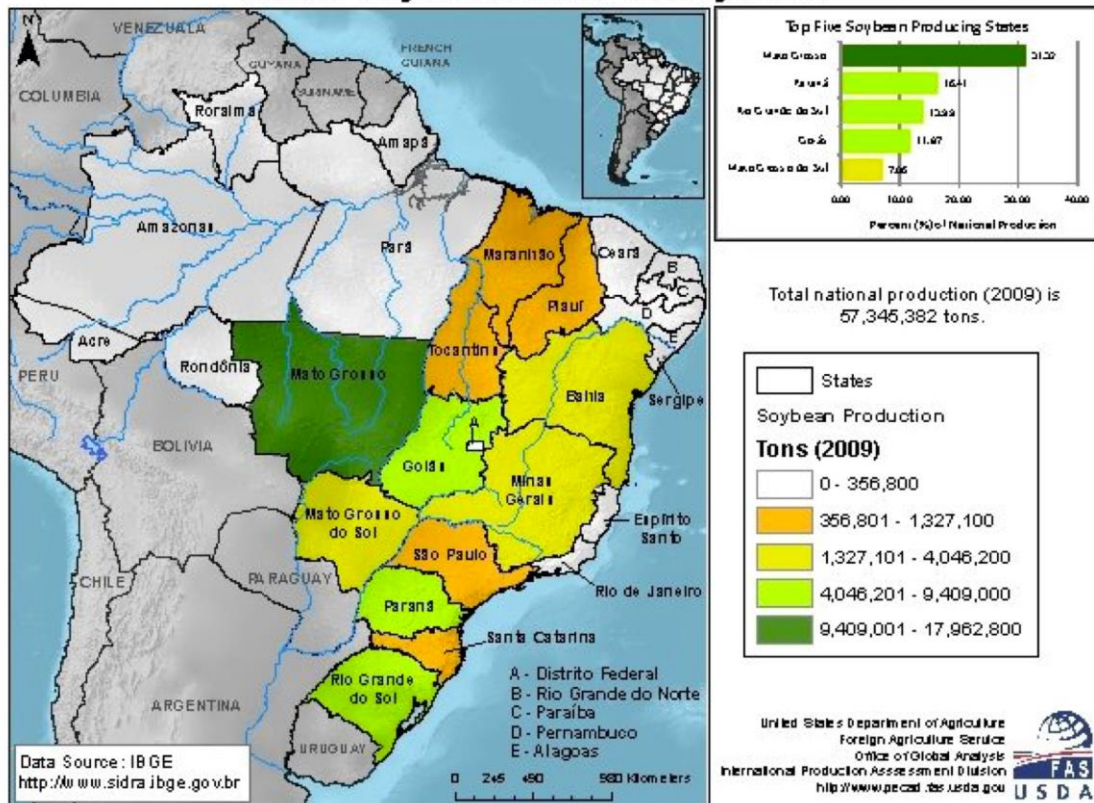
We are expecting climate conditions of La Nina for the next year in growing seasons, and La Nina is supposed to be good for several products.



David DuByne ADAPT 2030: In terms of total agricultural land, with the prices going up, what type of expansion in the number of hectares, could there be, if farmers decided to expand production. How much more additional land could be added into the total for arable land?

Sergio Santos Conab National Company of Agriculture and Provisions Brazil: Talking about rice in the south, it is going to take away some areas from soy bean growing, but not a huge area, around 5% at most in the switch over. As for a full number for all crops around Brazil, we are going to display this number in a report in the first week of October, it will include a prediction of the extent of conversion area.

Brazil: Soybean Production by State



David DuByne ADAPT 2030: You mentioned that this would be published, is there any you can direct my listeners to find that resource?

Sergio Santos Conab National Company of Agriculture and Provisions Brazil:

We have weekly reports about the Brazilian agricultural market at <http://www.conab.gov.br/> you can also find market analysis with both weekly and monthly reports about crop development. Look for that first week of October or so. This report will be the last for this season, which will be a prediction for the next season.

www.conab.gov.br/conteudos.php?a=526&t=2

Description	Product	Month year	File
Garlic September 2016	Garlic	09/2016	File (.pdf)
Babaçu Almond August 2016	babassu	08/2016	File (.pdf)
Baru August 2016	Baru	08/2016	File (.pdf)
Canola August 2016	Canola	08/2016	File (.pdf)
Carnauba August 2016	carnauba	08/2016	File (.pdf)
Cashew nuts August 2016	Cashew nut	08/2016	File (.pdf)
Sunflower August 2016	Sunflower	08/2016	File (.pdf)
Jute / Sisal Malva and August 2016	Jute / Malva	08/2016	
Milk August 2016	Milk	08/2016	File (.pdf)
Acai July 2016	Acai	07/2016	File (.pdf)

> 1 2 3 4 5 6 7 8 9 10

Highlighted



06/10/2016
GRAINS - 1 Survey of Safra
2016/17 - October / 2016



09/27/2016
Bulletin agricultural monitoring -
v. 5, n.9, in September 2016



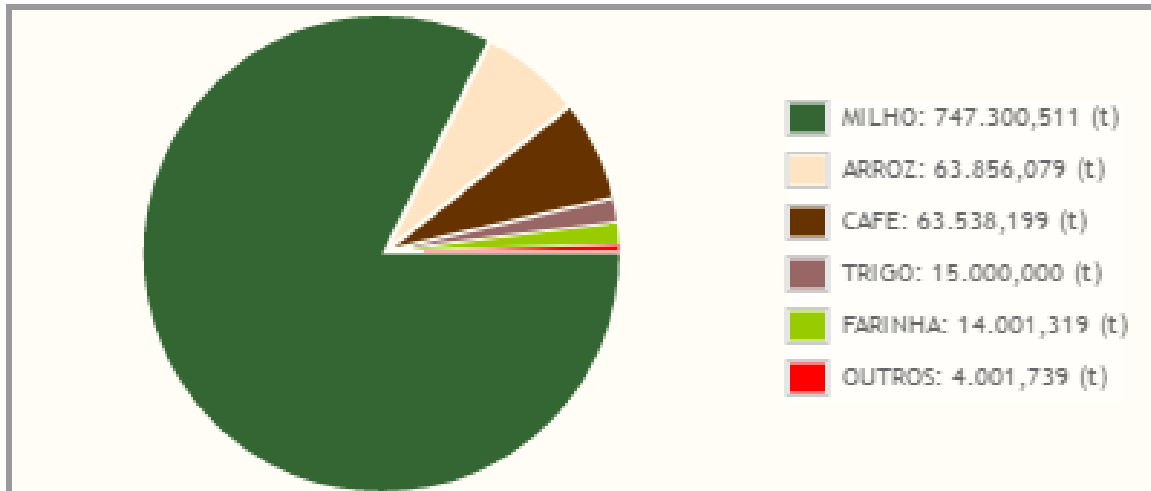
09/21/2016
Coffee - 3rd Survey of Safra 2016
- September



09/20/2016
Horticulture - Analysis of the
wholesale market - September /
2016

David DuByne ADAPT 2030: One last question, with the losses and heavy flooding, literally unprecedented flooding in China and then the partial wipe out of the rice crop in Louisiana in the SE USA, how do you think this will be driving the international price for delivery of rice?

Situação em: 09/10/2016



Sergio Santos Conab National Company of Agriculture and Provisions Brazil:

Definitely China is the biggest player in the rice sector as the biggest importer, the biggest producer and biggest consumer so anything that happens in China effects the entire rice sector.

This season in SE Asia we have basically seen in Thailand a decrease in production because of the droughts there caused by El Nino so that has effected some prices. It's around 15% higher than last season. Even though the USA isn't a huge global producer of rice as China for instance, it is still a big player in the international market. This will affect prices in the market though.

David DuByne ADAPT 2030: Sergio, thank you for spending your time with me. I will leave links so my listeners can reference reports and contact you directly.

Sergio Santos can be reached through sergio.santos@conab.gov.br

