



Exports are good business

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In the latter half of the Twentieth Century, rapid industrialization and urbanization led to a rift between Brazil's increasingly urban society and its roots in the countryside. Despite broad recognition that Brazilian agriculture has modernized, adopted advanced technologies and now generates significant trade surpluses, views are still largely influenced by certain negative preconceptions.

This is exemplified by the type of criticism often leveled at the so-called primary nature of Brazilian export products. I've heard phrases along the lines of "our export agenda today looks like it did back in the 1970s," "our exports prove that the country is de-industrializing rapidly," or "products that haven't really evolved dominate our export agenda," and other similar bits of nonsense.

First, these supposedly "primary" export products include items in which Brazil has acquired significant comparative advantages because of the prevailing broad availability of natural resources in the country, as along with the adoption of top technology. There is no doubt also that food, fiber and energy are groups of products that will continue to experience rising demand globally, particularly in developing countries.

This trend is driven by strong population growth in emerging economies, combined with increasing per capita income, intense urbanization and changing food habits in the direction of increased protein intake. In this context, agricultural commodities are poised to become increasingly dynamic and highly valued export products in coming decades.

As restrictions involving land and water availability become more common and problems stemming from climate change gain visibility, producing commodities tends to become more complex and relevant, beyond simply processing them. At the same time, the idea that agricultural exports are somehow evolving backwards into the 1970s is absolutely false. At that time, we lived in a labor-intensive model based on exports of large quantities of a major primary product, coffee. Today, our agricultural agenda is highly diversified.

Brazil has become the third largest exporter in global agribusiness, with remarkable emphasis on soy complexes, coffee, sugarcane, oranges, beef, cotton, corn, cellulose and other items. Today's export agenda is based on a capital-intensive model in which farmers develop sophisticated contractual relationships with suppliers of agricultural equipment, inputs and machinery, financing, processing, transportation, storage and numerous other services.

Gone are the days when it made sense to divide the economy into primary, secondary and tertiary sectors. The notion that any level of "de-industrialization" is taking place does not make sense, given the current status of Brazilian agriculture. In fact, the country's agribusiness activity is made up of integrated systems of food production, fiber and agro-energy, that bring together at the same time players from the primary (farmers), secondary (industries upstream and downstream of agriculture) and tertiary (services agricultural, agribusiness and financial) sectors.

In recent years, agriculture has played a vital role supporting Brazil's positive trade numbers. Last year alone, agricultural products generated a trade surplus of US\$ 57 billion that handily offset a US\$ 46.5 billion deficit from other sectors of the economy. That there is concern about a growing deficit of non-agricultural manufacturing is understandable. What's harder to understand is why there is so much discrimination against agricultural commodities.



With the developing world desperately in need of food and agro-energy, we should urgently begin an organized process of strategic planning, to define how we will meet these demands in a competitive and sustainable manner.

This is far more than a market opportunity: it is a key issue for the future of humanity!

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