BRASIL-CANADA AGRICULTURE FORUM Brazil-Canada Trade in the Agri-Food Sector (Session 2)

GLOBAL CHALLENGES FOR BILATERAL TRADE (KEYNOTE SPEECH)

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Insper AGROGLOBAL Global Agribusiness Center

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- ✓ Senior Professor of **Global Agribusiness** and coordinator of **Insper Agro Global.**
- ✓ Chair Professor of the Luiz de Queiroz Chair on Integrated Agri-Food Systems at ESALQ-USP (2019/2020)
- President of the Asia-Brazil Agro Alliance (ABAA), an initiative to represent the Brazilian trade associations in Asia, located in Singapore (2017-19)
- ✓ Vice-President of Corporate Affairs and Business Development of **BRF Asia-Pacific** (2013-16)
- ✓ CEO of the Brazilian Sugarcane Industry Association (UNICA) (2007-12)
- ✓ President of the Brazilian Institute for International Trade Negotiations (ICONE) 2002-07
- ✓ Associate Professor at the University of São Paulo's (USP) Colleges of Economics (FEA), Agricultural Sciences (ESALQ) and International Relations (IRI) 1989-2007
- Board Member of RUMO Logistics, COMERC Energy, Agrotools and at Minerva and Cargill Global Committees on Sustainability and Forest Protection.
- Education: Tenure in Agricultural Economics at ESALQ-USP, Doctorate in Business Economics at USP Scholl of Economics and Business (FEA), M.Sc. in Ag Policy in Montpellier-France, and a B.Sc. degree in Agronomy at ESALQ

Canada & Brazil

Competitive Advantages in the Agri-Food Sector

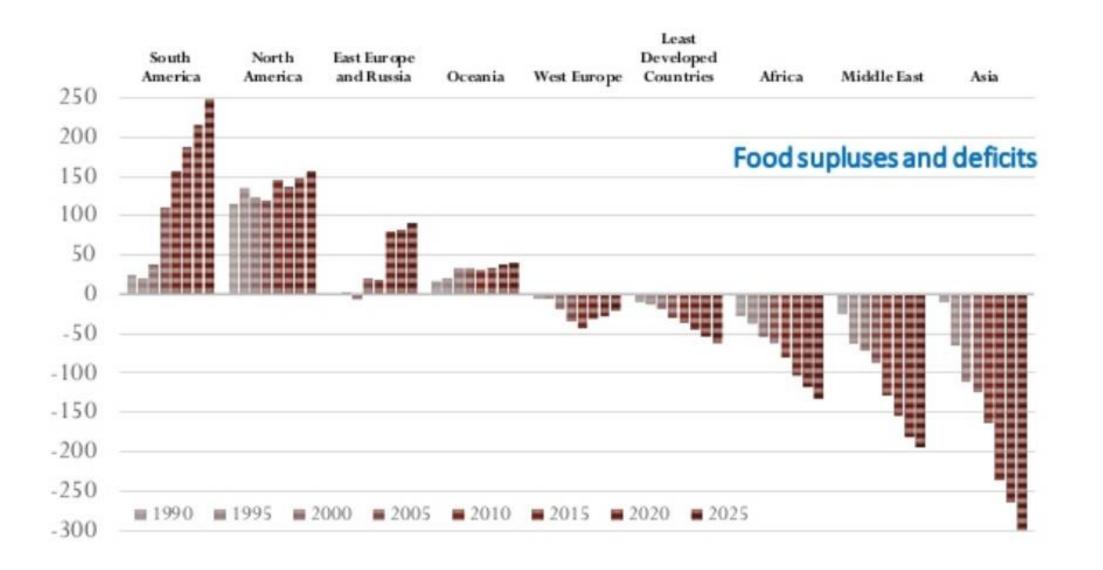
CANADA	BRAZIL
 5th ag exporter and 9th in total ag area. 	 3rd ag exporter and 5th in total ag area.
 Trade agreements covering most ag exports: market access, lower tariffs. 	 Availability of natural resources: land, water, climate conditions.
• Reputation and differentiation : quality, food safety, traceability.	• "Tropicalization": genetic improvement (soy, grasses, zebu), double cropping, crop-livestock
 Long-term international presence → government and private sector. 	integration, no-till, large scale farming systems, integrated supply chains
 Commodity based exports, value- 	 Benchmark in biofuels (ethanol biodiesel).
added products and branding.	 Commodity based exports: volumes and low costs, value-added still a challenge.
 Food Chain organization. 	
 Regulatory system: simple, focused. 	 Farmers: young entrepreneurs, motivated, risk takers, intense internal migrations.
	 New agricultural frontiers, especially pasture conversions and MAPITOBA).

More complementarities than competition!



Agricultural trade balances by region

Food surpluses and deficits (contant value 1990–2025)



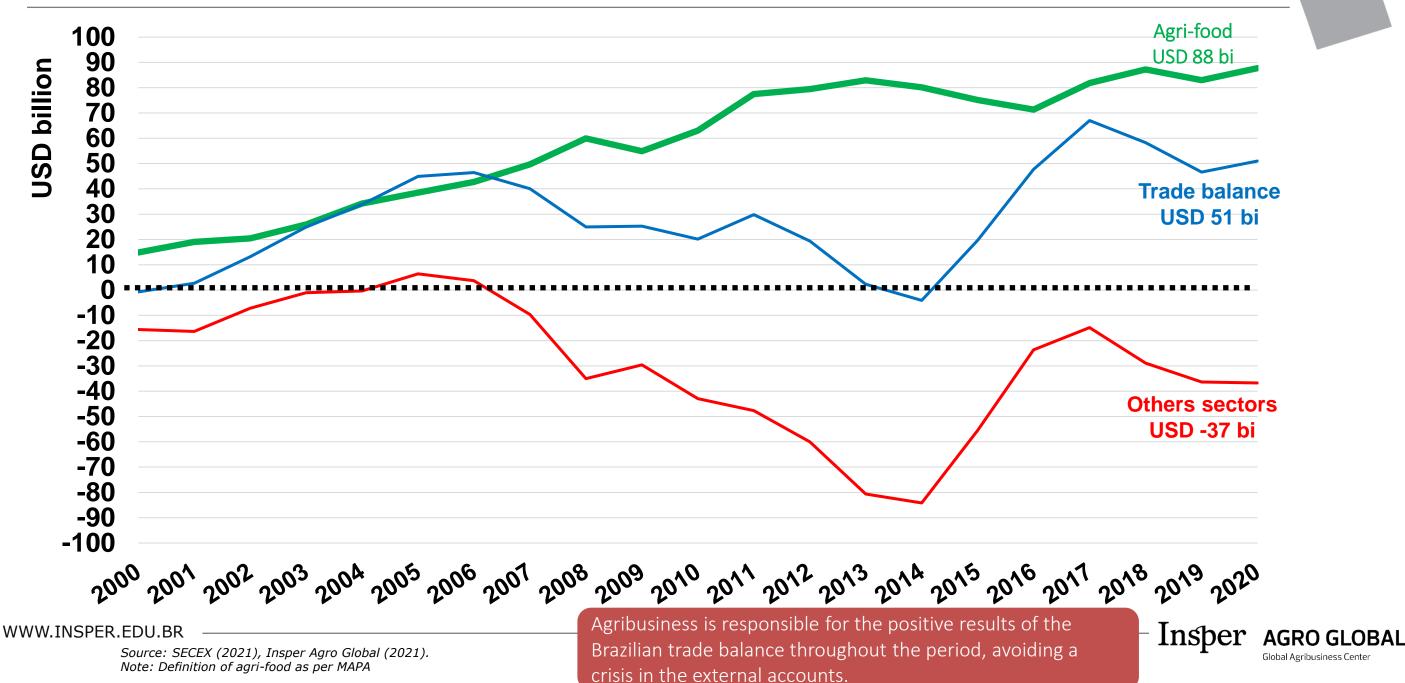
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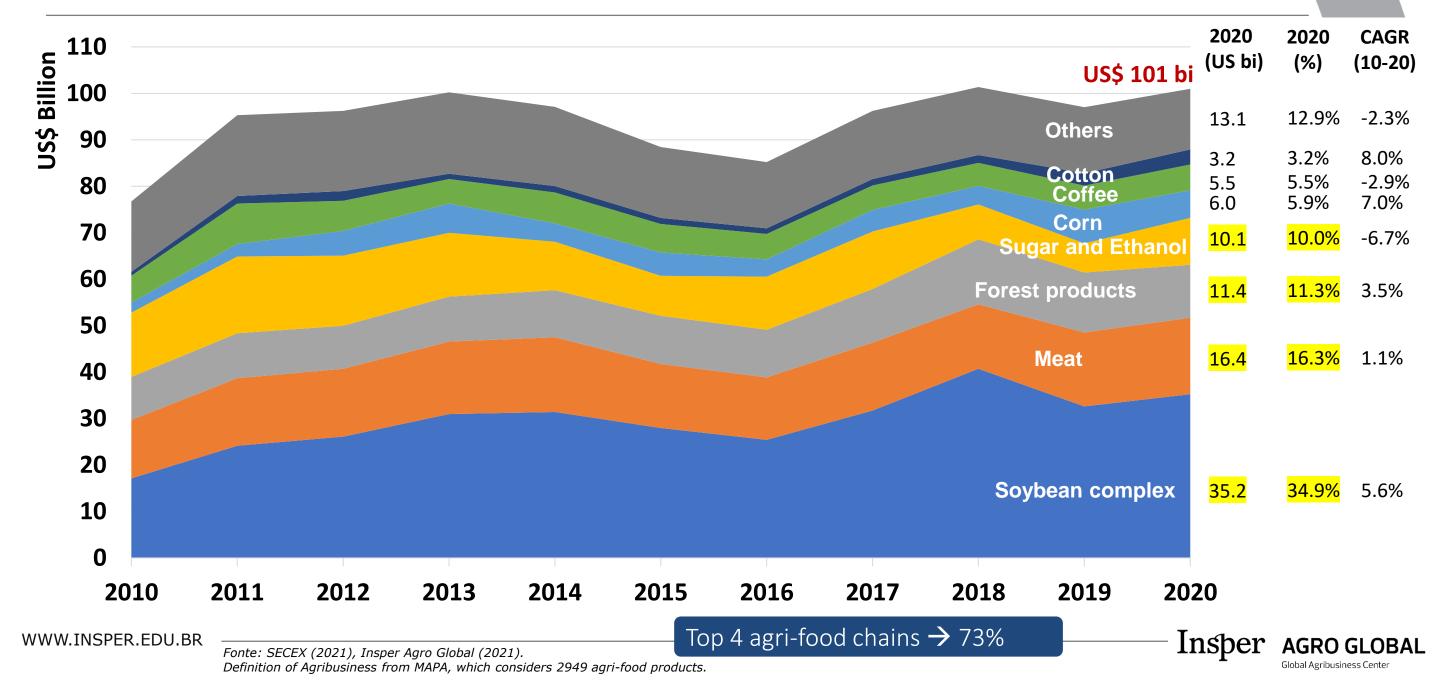
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Brazilian Trade Balance

2000-2020

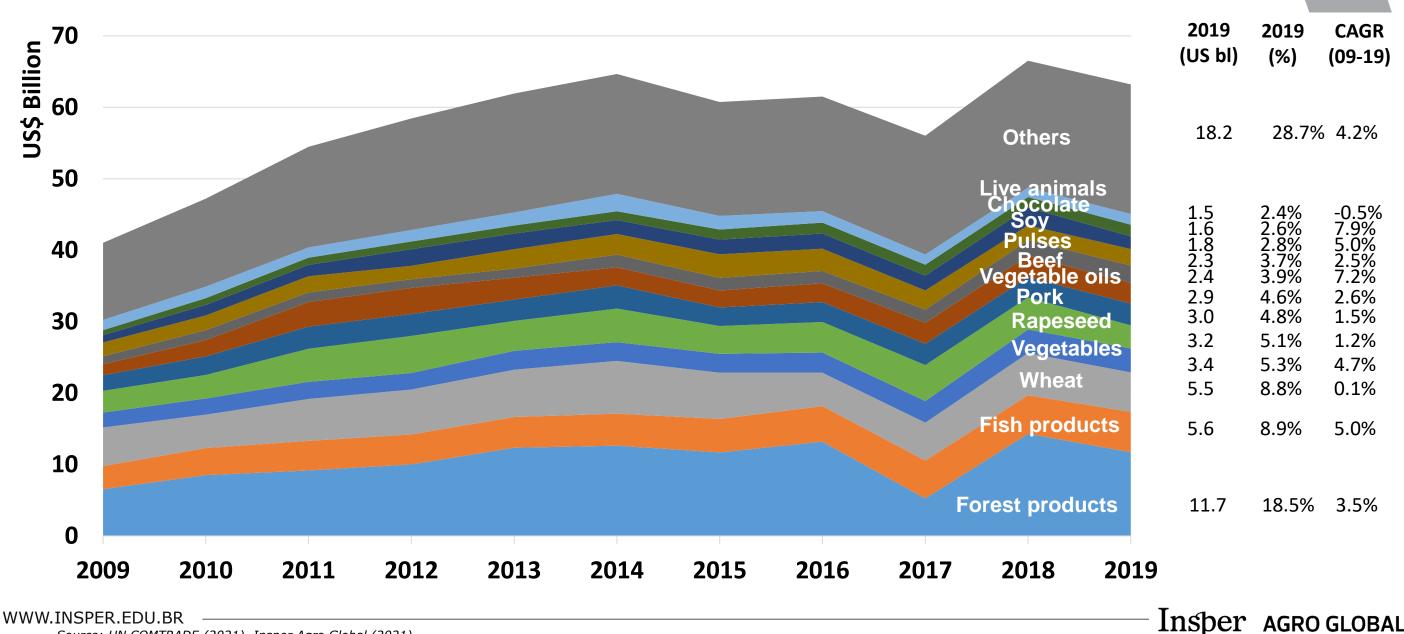


Brazil: Agri-Food Exports by products Value, 2010 to 2020 (USD billion)



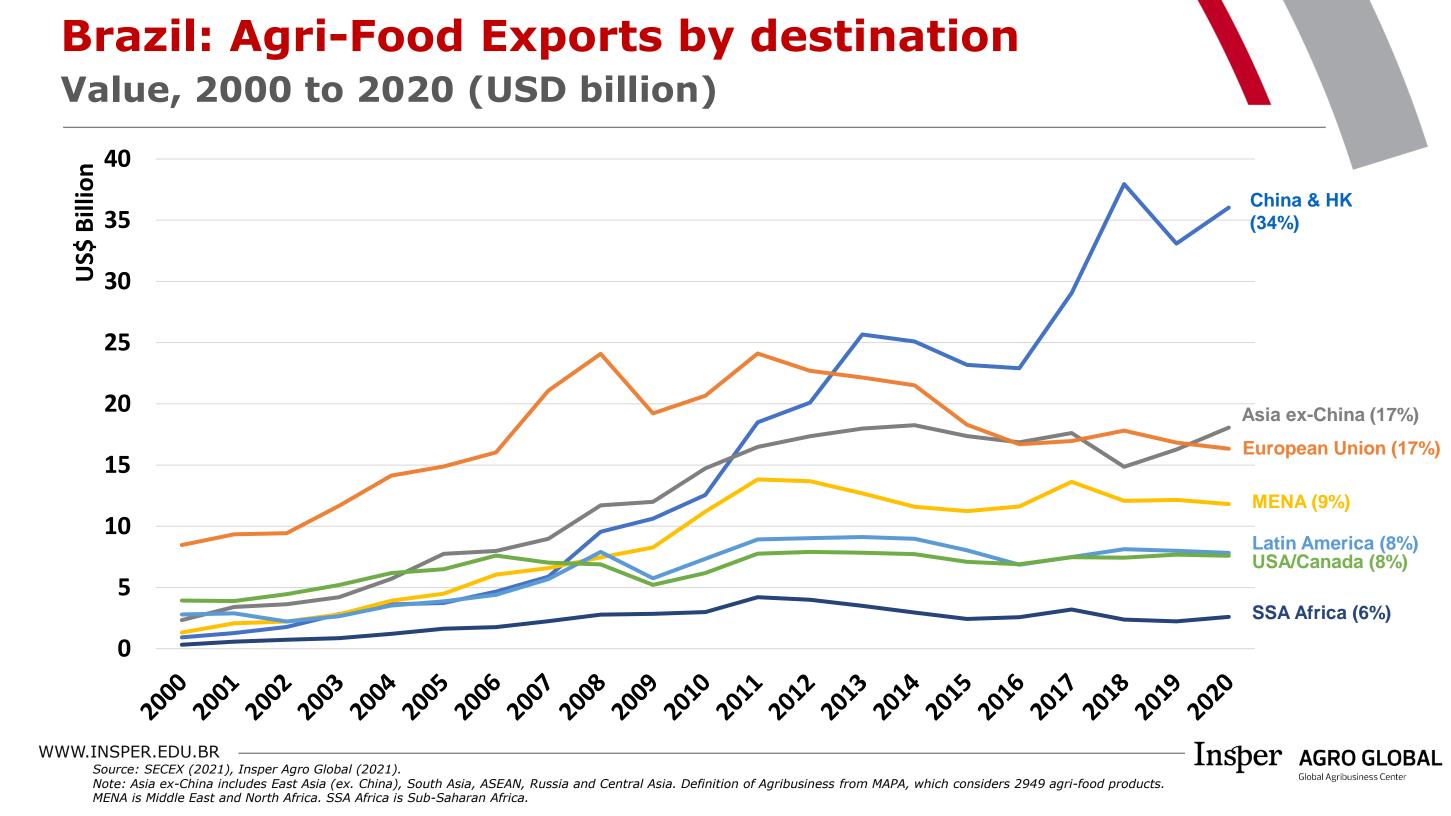
Canada: Agri-Food Exports by products

Value, 2009 to 2019 (USD billion)

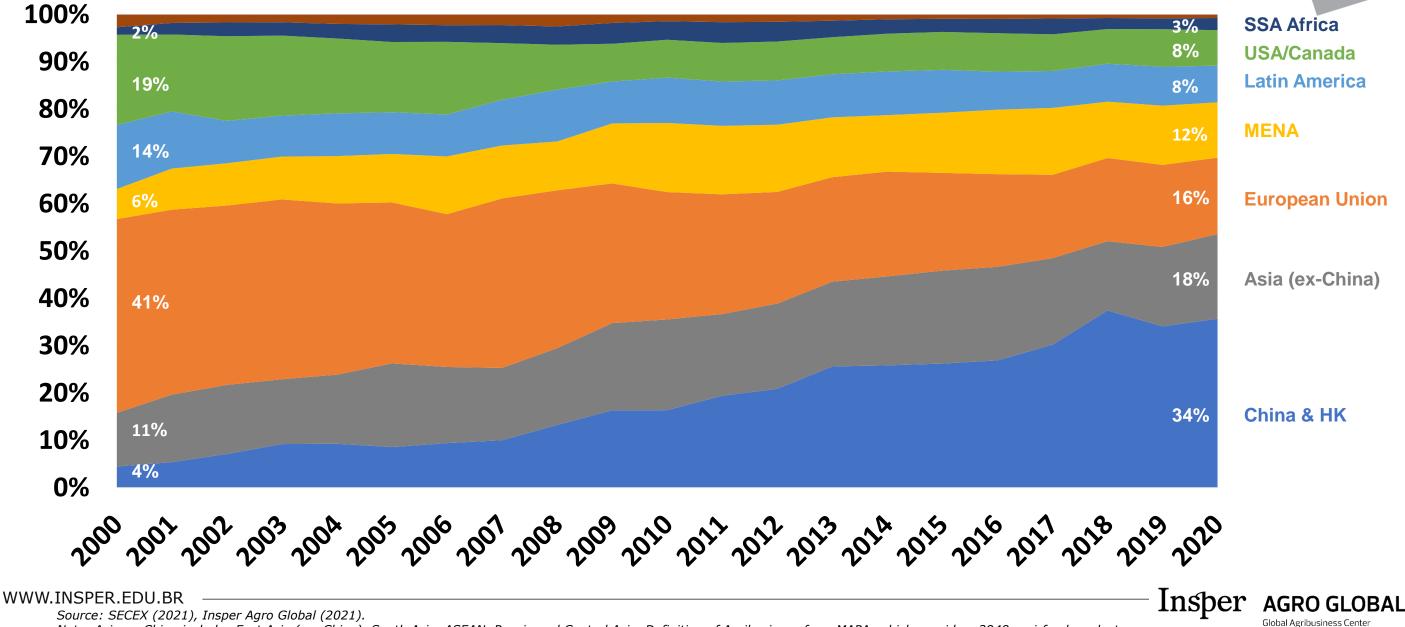


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Source: UN COMTRADE (2021), Insper Agro Global (2021).



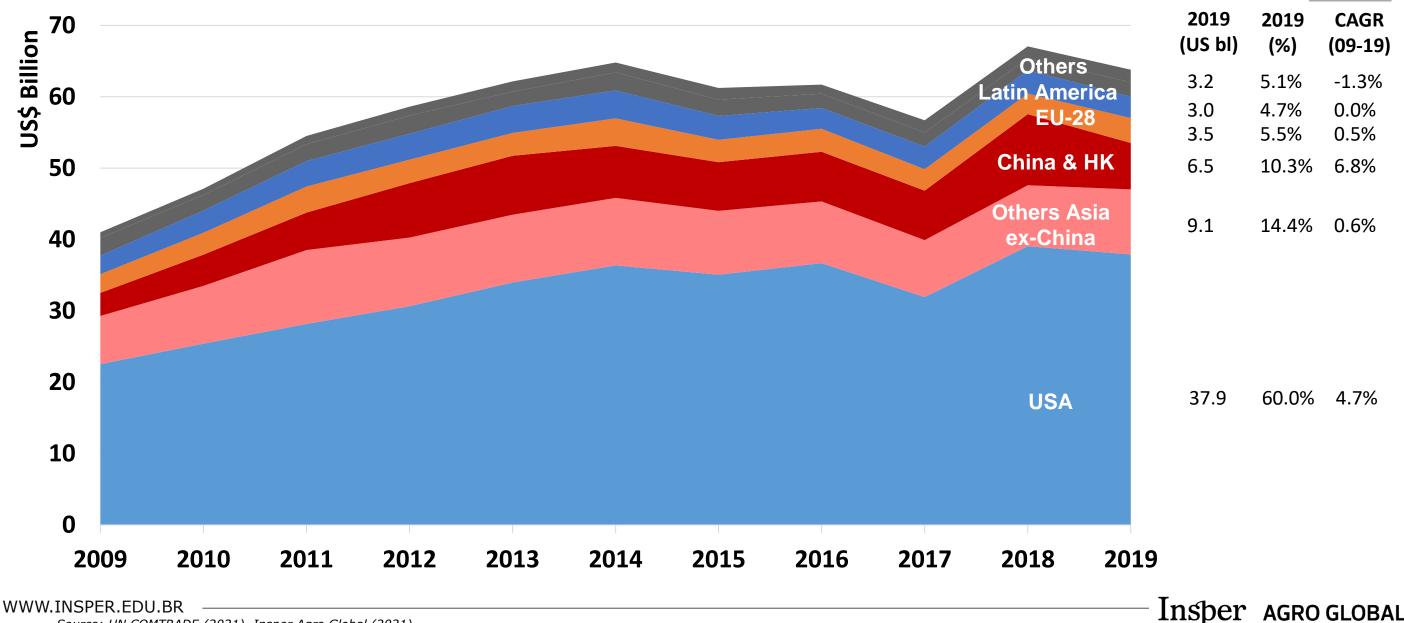
Brazil: Agri-Food Exports by destination Share, 2000 to 2020 (%)



Note: Asia ex-China includes East Asia (ex. China), South Asia, ASEAN, Russia and Central Asia. Definition of Agribusiness from MAPA, which considers 2949 agri-food products. MENA is Middle East and North Africa. SSA Africa is Sub-Saharan Africa.

Canada: Agri-Food Exports by destination

Value, 2009 to 2019 (USD billion)

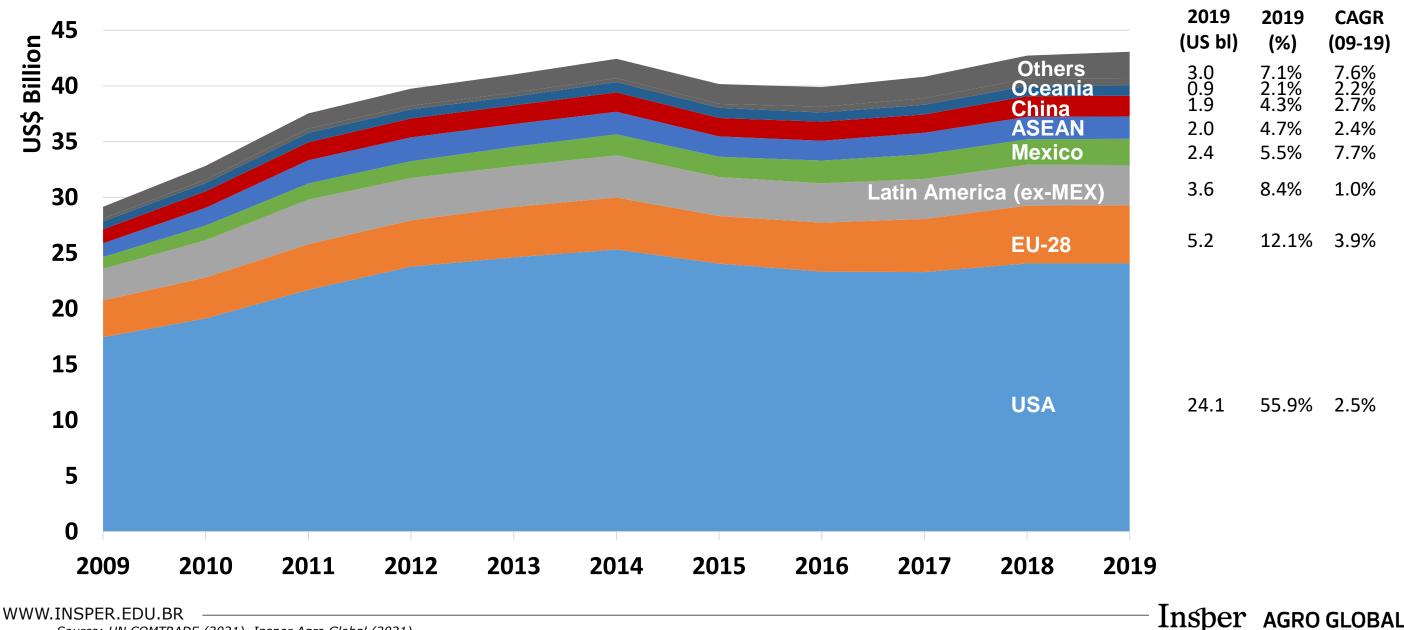


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Source: UN COMTRADE (2021), Insper Agro Global (2021).

Canada: Agri-Food Imports by origin

Value, 2009 to 2019 (USD billion)

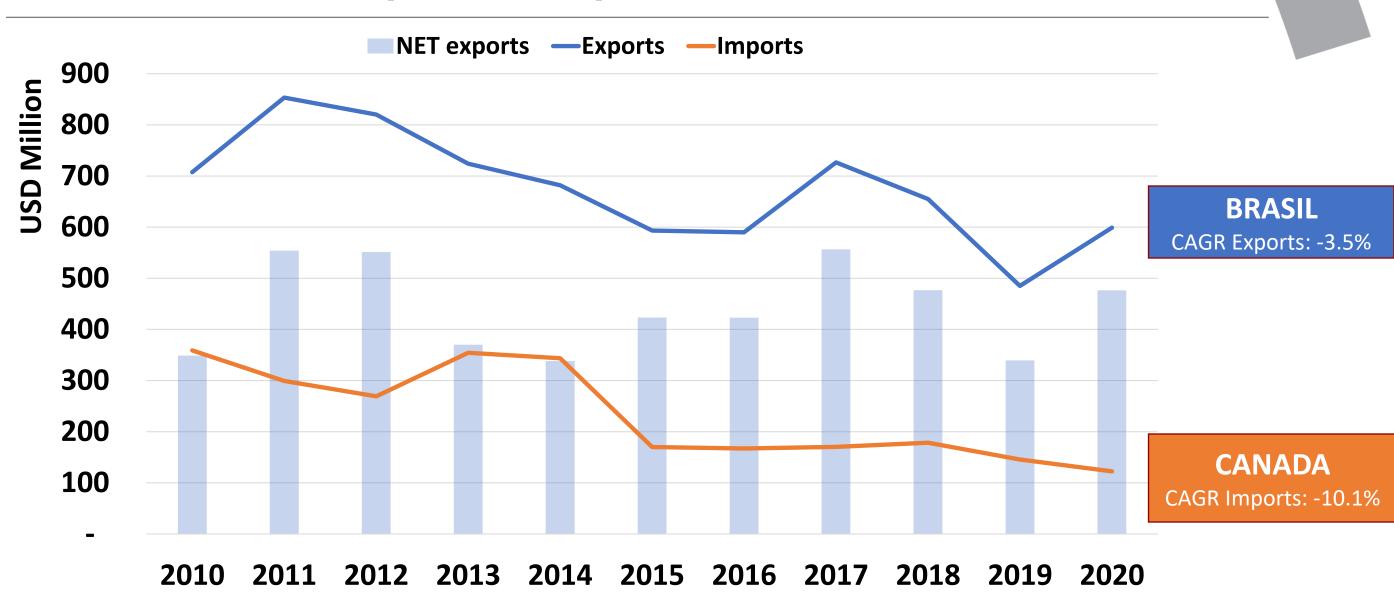


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Source: UN COMTRADE (2021), Insper Agro Global (2021).

Brazil-Canada Agri-Food Trade

Value, 2009 to 2019 (USD billion)



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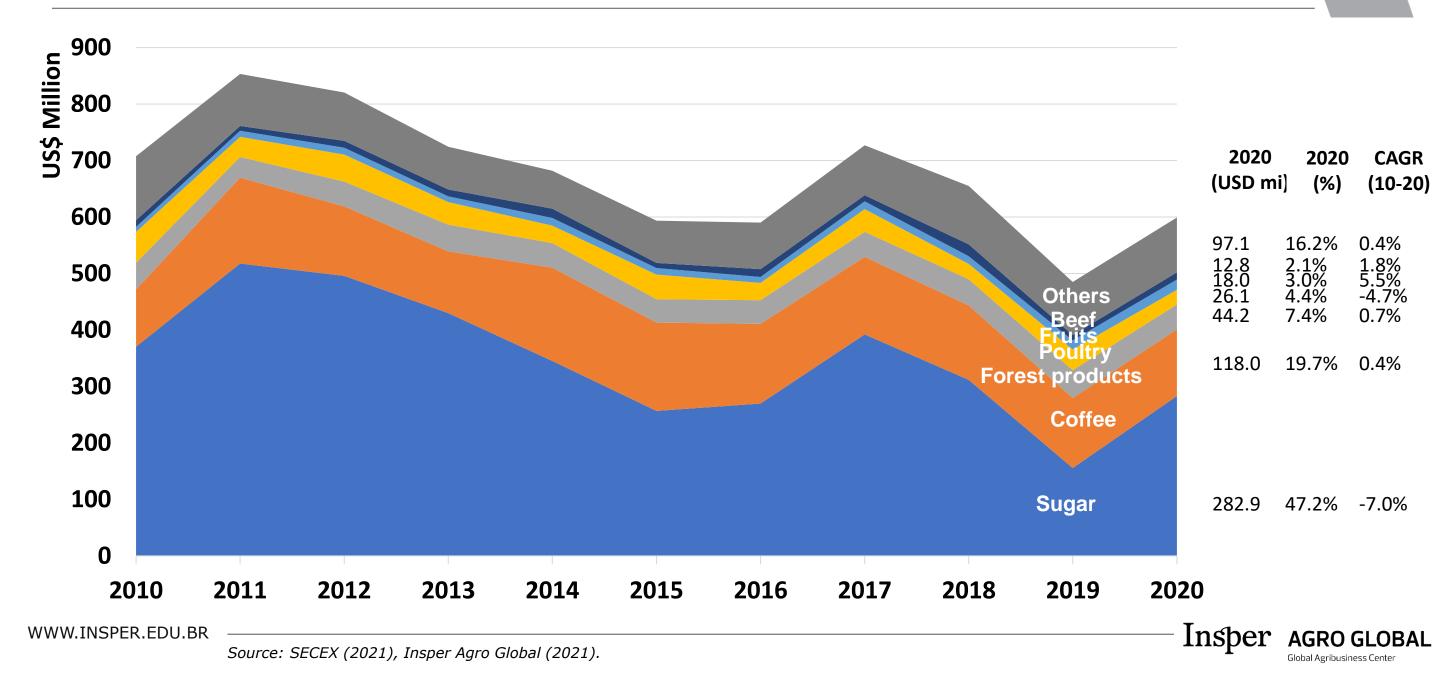
Source: SECEX (2021), Insper Agro Global (2021).

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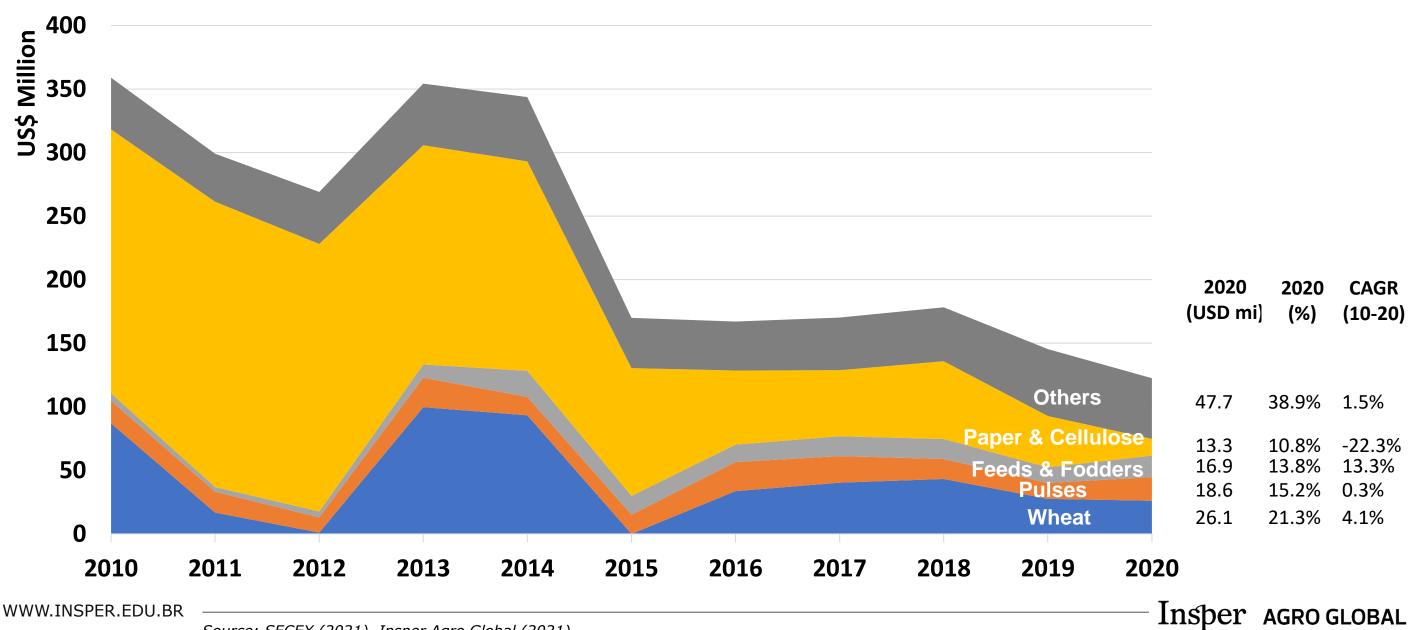
Brazil: Agri-Food Exports to Canada

Value, 2009 to 2019 (USD billion)



Brazil: Agri-Food Imports from Canada

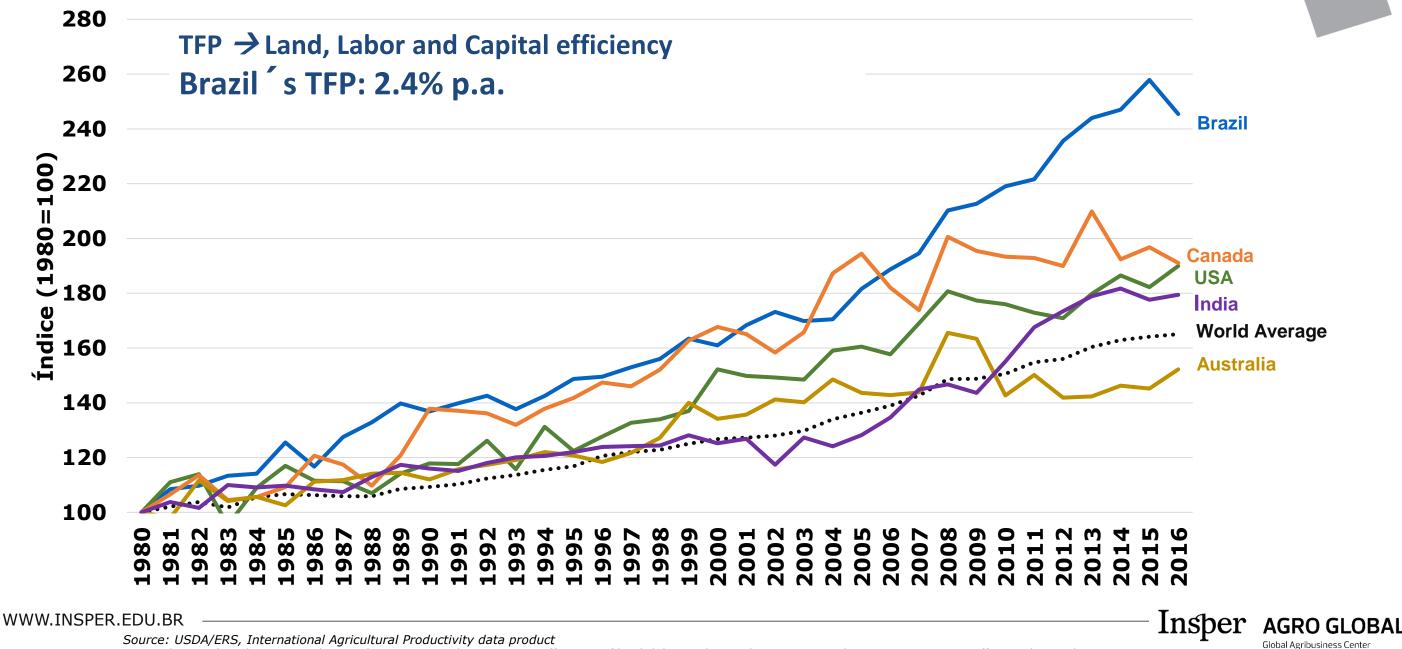
Value, 2009 to 2019 (USD billion)



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Source: SECEX (2021), Insper Agro Global (2021).

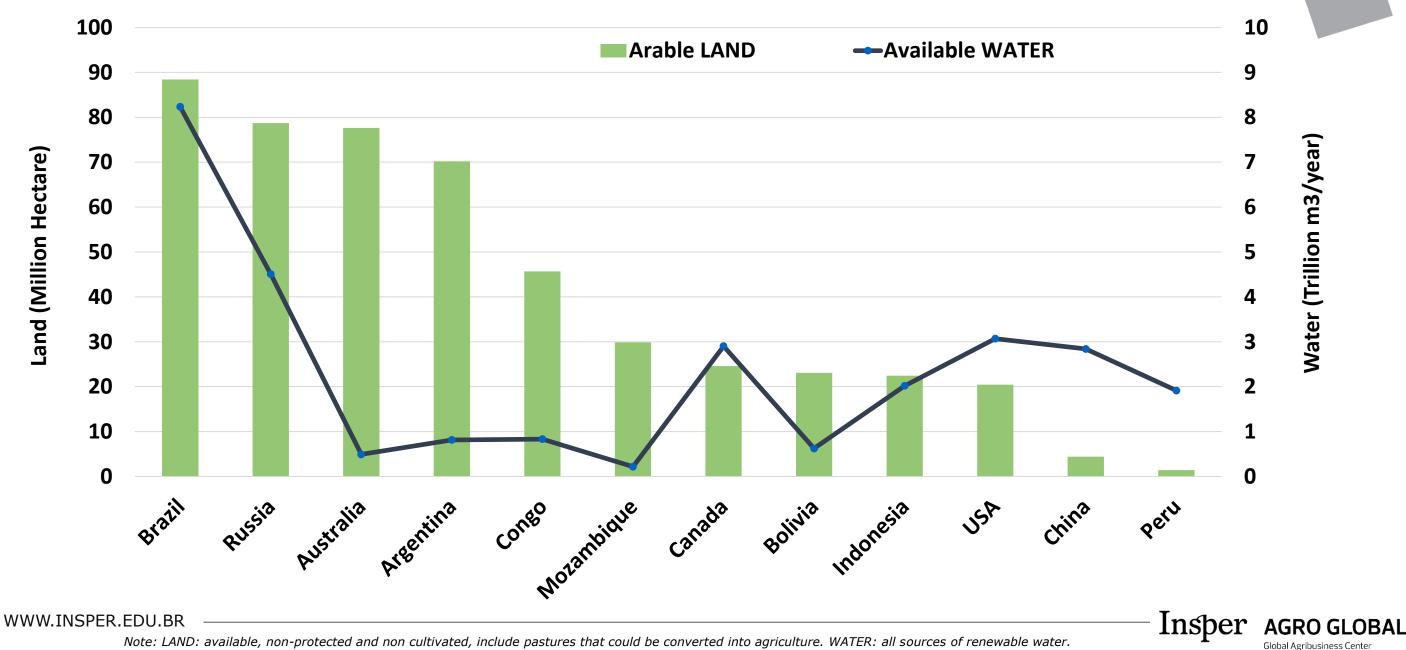
Total Factor Productivity (TFP) growth in Agriculture



Source: USDA/ERS, International Agricultural Productivity data product

Note: The TFP (Total Factor Productivity) representes the aggregate efficiency of land, labor and capital resources. Higher TFP means more efficient the production outcomes.

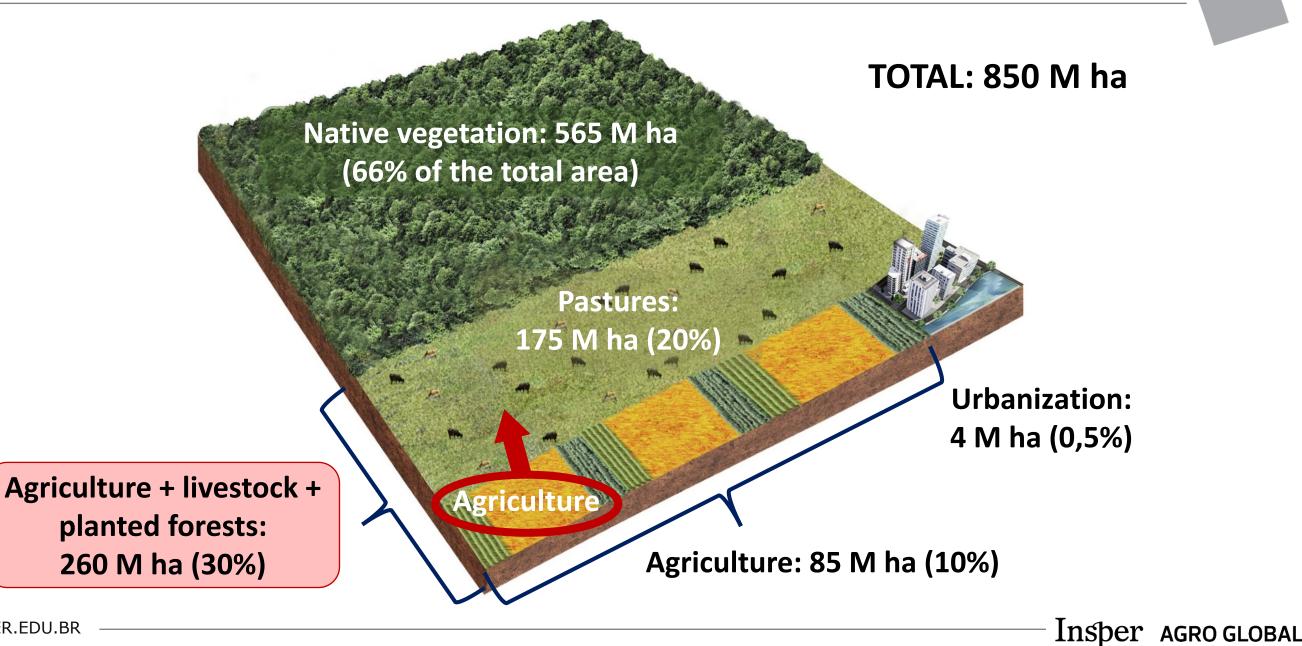
Land Potential and Water Availability



Note: LAND: available, non-protected and non cultivated, include pastures that could be converted into agriculture. WATER: all sources of renewable water. Sources: Fischer e Shah (2010), mentioned in World Bank, 2010 (Rising Global Interest in Farmland: Can it Yield Sustainable and Equitable Benefits?), ICONE, FAO.

Land Use in Brazil

Current sustainability challenges



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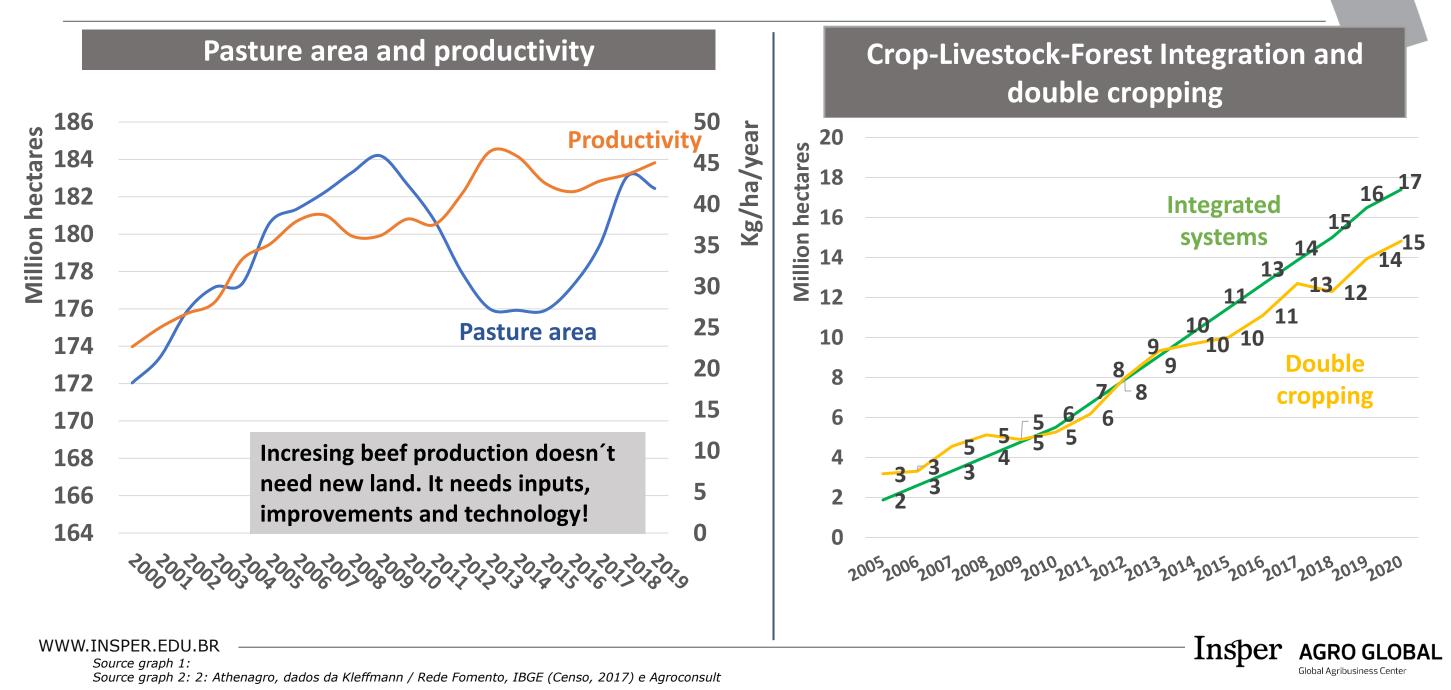
Source: Mapbiomas (2020)

Others: 21 M ha (2,5%): mining, waters, dunes, etc.

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Sustainability governance

Productivity gains and the proliferation of integrated systems



Logistics Infrastructure

Railways expansion projects

Santana AMAP Santarém VDC/Bacarena Itaqui/São Luís Itacoatiara BR-163 PARA CEARA AMAZON/ ARANHÃO PARAIBA BRASIL PIAUÍ PF ACRE ALAGOAS BR-364 PERU **BR-158** RONDÔNI Aratu Brasilia Ilhéus BOLÍVIA a Paz MINAS GERAIS MATO ESRIRITO SANTO Sucre ROSSO DO Vitória (Tubarão) RIO DE JANEIRO PARAGUAI Santos Assunção Paranaguá CHILE AJ/15 São Francisco **LEGENDA:** Porto Rodovia — Hidrovia Rio Grande Ferrovia Transbordo URUGUAI Santiago

Current



B

asilia

Fio

RIO DE

JANEIRO

Insper

ESRIRITO SANTO

MINAS GERAIS

Santos

Paranaguá

São Francisco

RINA

Rio Grande

Ilhéus

Vitória (Tubarão)

LEGENDA:

Ferrovia Projetos
Transbordo

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Porto — Rodovia

— Hidrovia

— Ferrovia

Projected

Rumo

PARAGUAI

Assunção

URUGUA

MATO

GROSSO DO

BOLÍVIA

Sucre

La Paz

CHILE

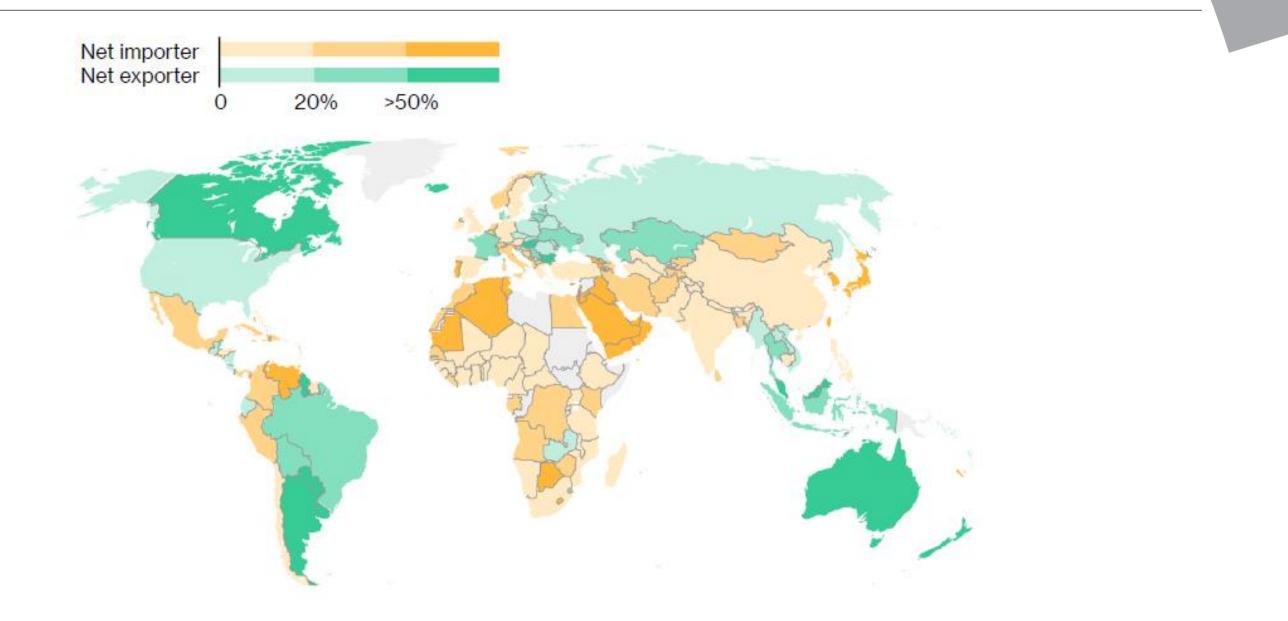
Santiago

ACRE

PERU

Food Dependence

Trade as a share of domestic food supply

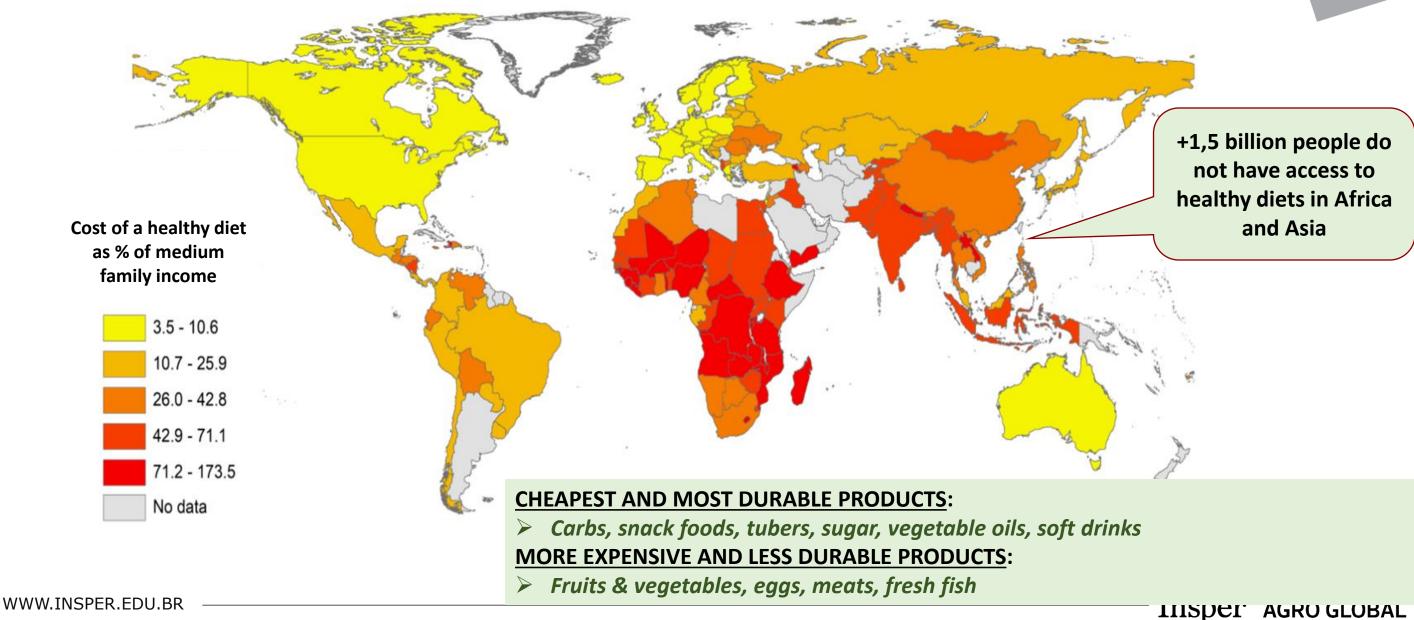


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Source: UN's Food & Agriculture Organization Global Perspectives Studies, Bloomberg.

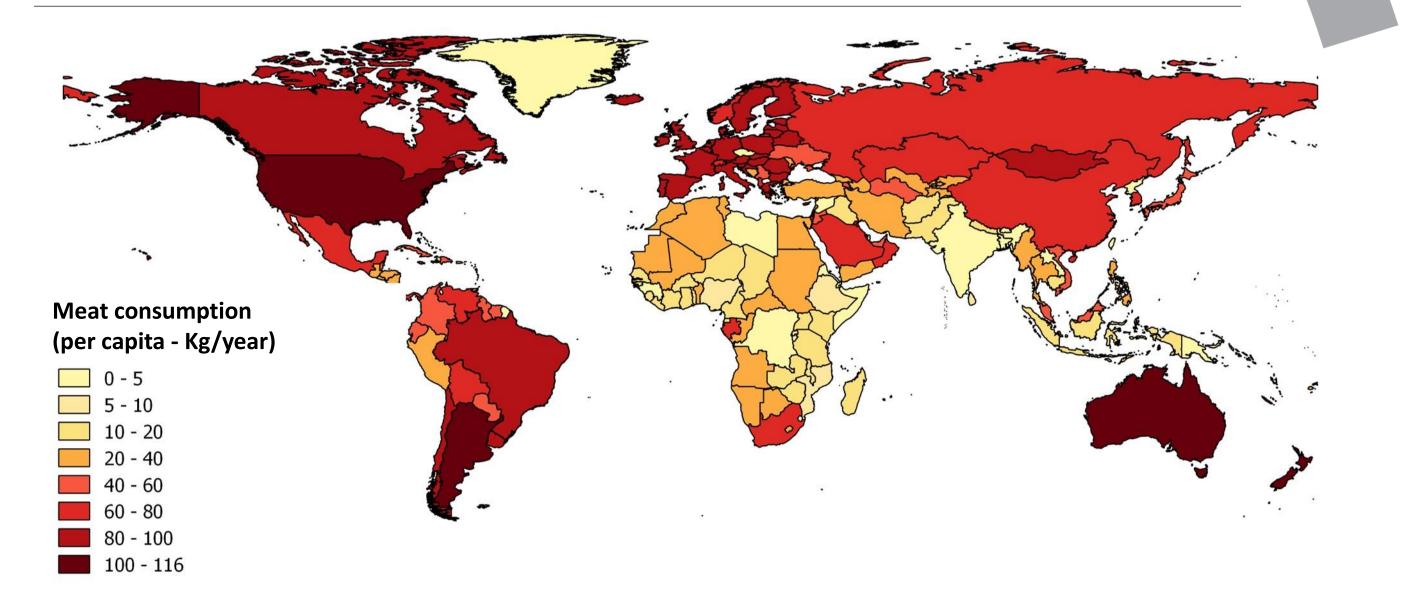
Challenge: access to healthy diets



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Source: from Derek Headey's presentation, Senior Research Fellow from the <u>International Food Policy Research Institute (IFPRI)</u>. Note: estimated on basis of price data from the ICP reference for a healthy diet EAT-Lancet (2011).

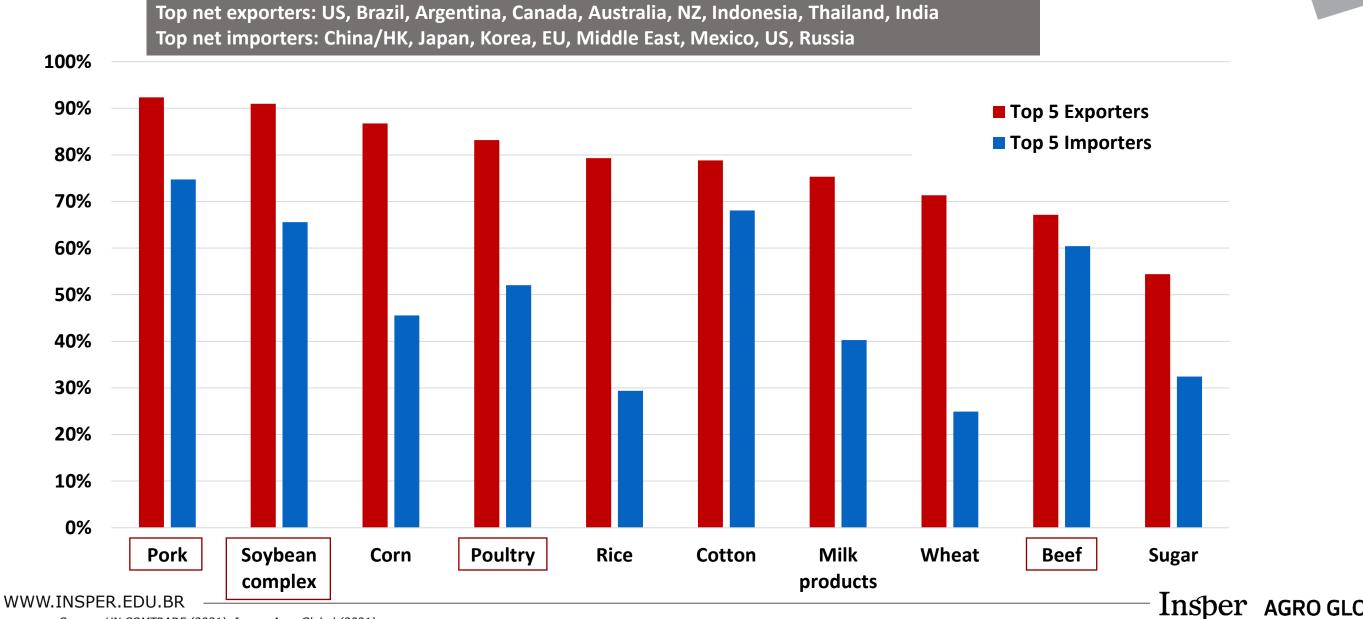
Meat Consumption Annual Average (Kg/year)



WWW.INSPER.EDU.BR Source: FAO (2019), Insper Agro Global (2019). Note: Data for meat, pork, poultry and sheep.



Top 5 exporters and importers Share by commodity (2017-2019)



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Source: UN COMTRADE (2021), Insper Agro Global (2021).

Top priority issues are challenging trade-offs



Food Security	Food Safety & Nutrition
Affordability Low Inflation	Sustainability

...with import restrictions and self-sufficiency policies?

Trade is still very limited in the agri-food sector...



Final Remarks Canada-Brazil Potential Areas of Bilateral Cooperation

- **1. Fighting global ag protectionism**: reinforce the WTO, coalitions on sectoral agendas (grains, animal protein, etc.)
- 2. WTO Reform and work on bilateral trade negotiations (Canada-Mercosur agreement).
- **3. Research and innovation**: genetics, biotechnology, mechanization, geotechnologies, precision agriculture, big data, drones, blockchains.
- 4. Value-added products and branding.
- 5. Food safety, quality, traceability.
- 6. Sustainability, climate-smart agriculture, bioenergy.
- 7. Building integrated agri-food value chains to address global food security and food safety challenges: exploring competitive advantages, crossinvestments, consolidation.

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Thank you / Obrigado

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