



# Brazil

## The Future of Cotton Exports

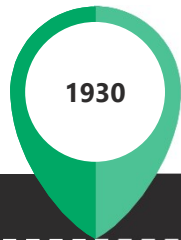
Lidiane Eichelt



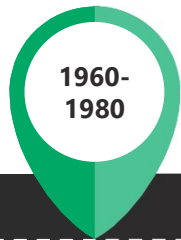
# A Bit of History



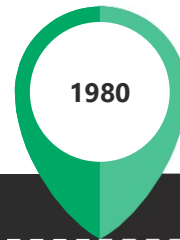
XVIII  
Century



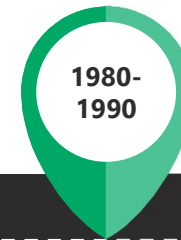
1930



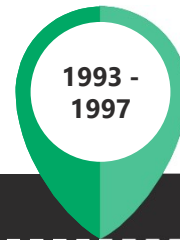
1960-  
1980



1980



1980-  
1990



1993 -  
1997

## Commercial Production in NE Region

Colony of Portugal

Textile Industry in England

## SE Region as Main Producer

1929 Coffee Crisis

## Small Properties

Low Level of Mechanization and Technology

Hand Picked Harvesting

Family Farming Model

## Record Area

4.1 mi ha

Yield 144 kg/ha of Lint

## Cotton Boll Weevil

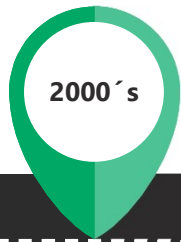
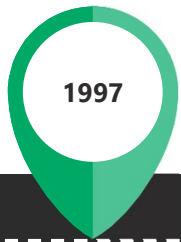
Local Textile Stimulus

Focus on Imports

## Brazil Record Imports

500kmt

# A Bit of History



## Cotton Production Collapses

Lowest Production  
306k mt

## The New Start

Changing in Production  
Model

Expansion to CW  
(Cerrado)

## Re-Organization of the Agribusiness Chain

Focus R&D (EMBRAPA  
and Foundations

Growers Associations  
(ABRAPA)

## Large Areas – Flat

Technology (Soil is not  
Naturally Fertile)

Mechanization

Crop Rotation with  
Soybean

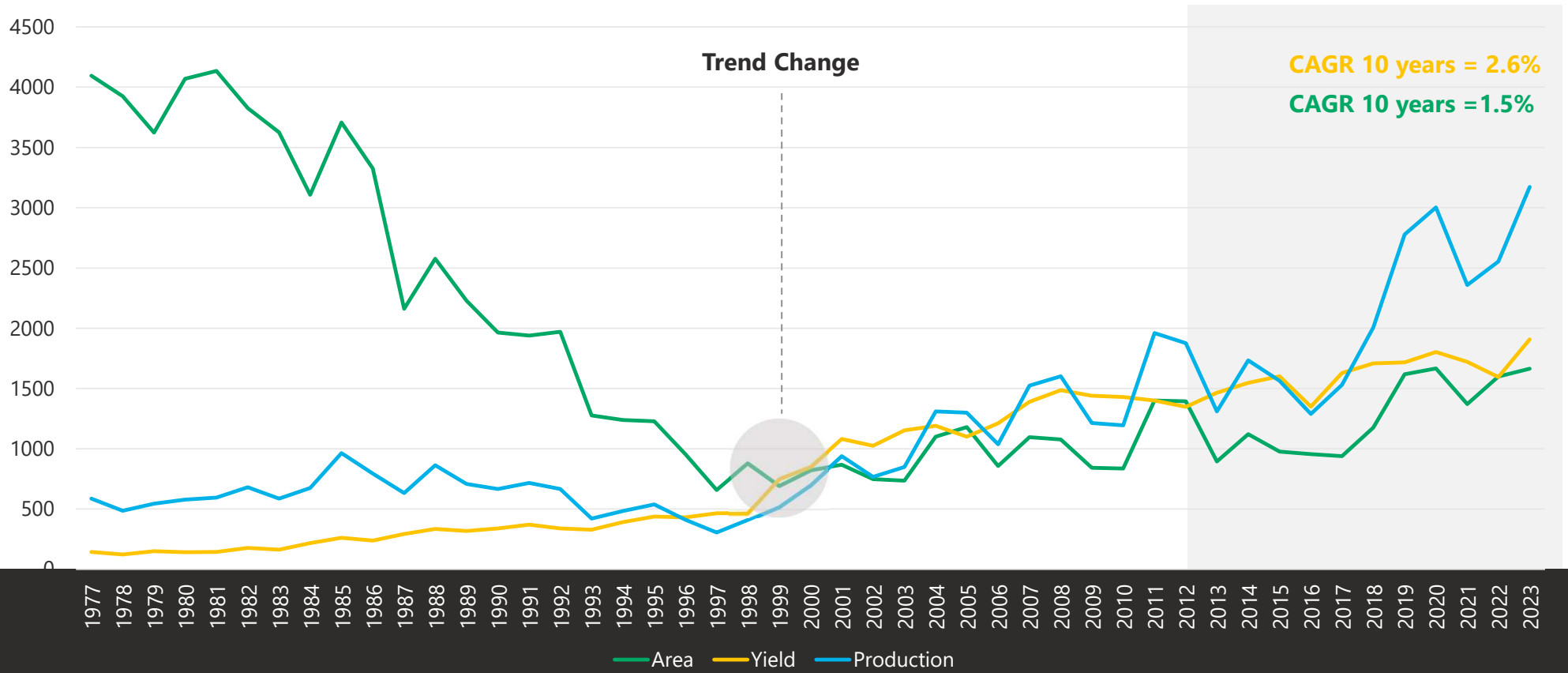
## Growers Owns the Cotton Gins

Quality Improvement

Higher Yields



# Historical Pattern



Source: CONAB 2023

# Main Producing States

**MT**

2nd Crop Advantages

**BA**

Competition with Soybean/Corn

**MATOPI**

New Frontier

**92%** Rainfed

**8%** Irrigated



Source: CONAB 2023

# How Cotton is Grown



**28%**  
of the Area 472k ha



**45%**  
of the Area 744k ha



**72%**  
of the Area 1,202k ha

**250 to 300**

Growers Actively Planting

**6,500 ha**

Average Size

**1,750 kg/ha**

Avg Yield (Lint)

**100%**

Machine Picked

Growers Sell

**2 Years**

in Advance

**Own the Assets**

Gins / Harvesters

**Up To Date**










New Technologies  
Management Techniques



# Cost of Production

	2020		2021		2022		2023	
	Cost	%	Cost	%	Cost	%	Cost	%
<b>Crop Protection</b>	983	39%	873	46%	958	32%	1,055	31%
<b>Fertilizer</b>	503	20%	494	26%	1,037	35%	755	22%
<b>Seeds</b>	237	9%	196	10%	263	9%	325	10%
<b>Ginning</b>	211	8%	161	8%	207	7%	251	7%
<b>Depreciation/Land</b>	369	15%	256	14%	472	16%	746	22%
<b>Operations</b>	148	6%	122	6%	212	7%	246	7%
<b>Interest/Adm Expenses</b>	136	5%	87	5%	198	7%	262	8%
<b>Others</b>	166	7%	159	8%	208	7%	203	6%
<b>Revenue Ginning</b>	-253	-10%	-453	-24%	-555	-19%	-468	-14%
<b>Total Cost / ha (BRL)</b>	<b>9,864</b>		<b>9,803</b>		<b>16,199</b>		<b>17,422</b>	
<b>Total Cost / ha</b>	<b>2,500</b>		<b>1,895</b>		<b>3,000</b>		<b>3,375</b>	
<b>Total Cost / acre</b>	<b>1,012</b>		<b>767</b>		<b>1,214</b>		<b>1,366</b>	

# Second Crop Calendar

Crop	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Cotton 1 <sup>st</sup> Crop												
Soybean 1 <sup>st</sup> Crop												
Cotton 2 <sup>nd</sup> Crop												



Planting



Cotton Harvest



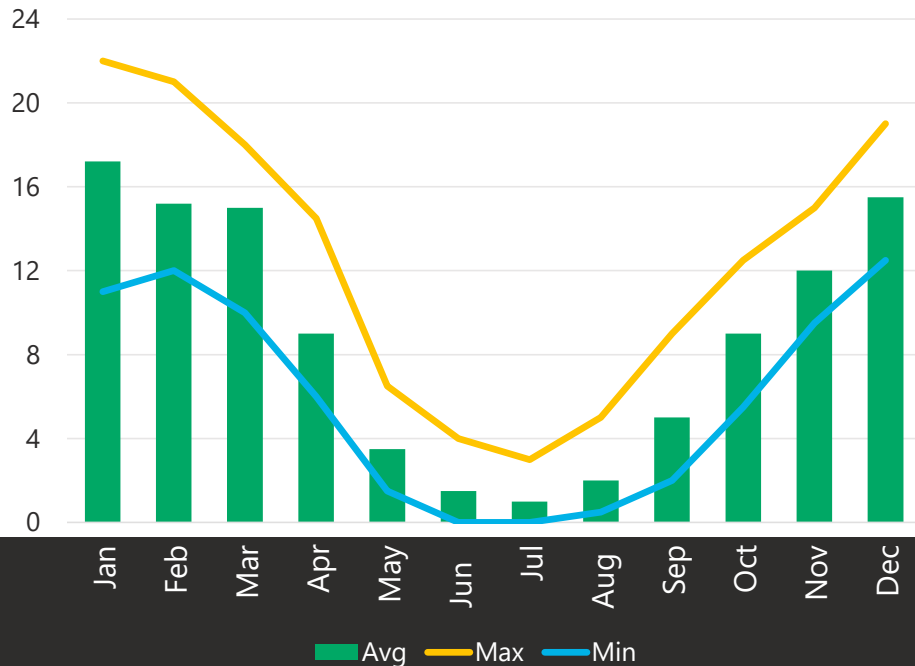
Soybean Harvest





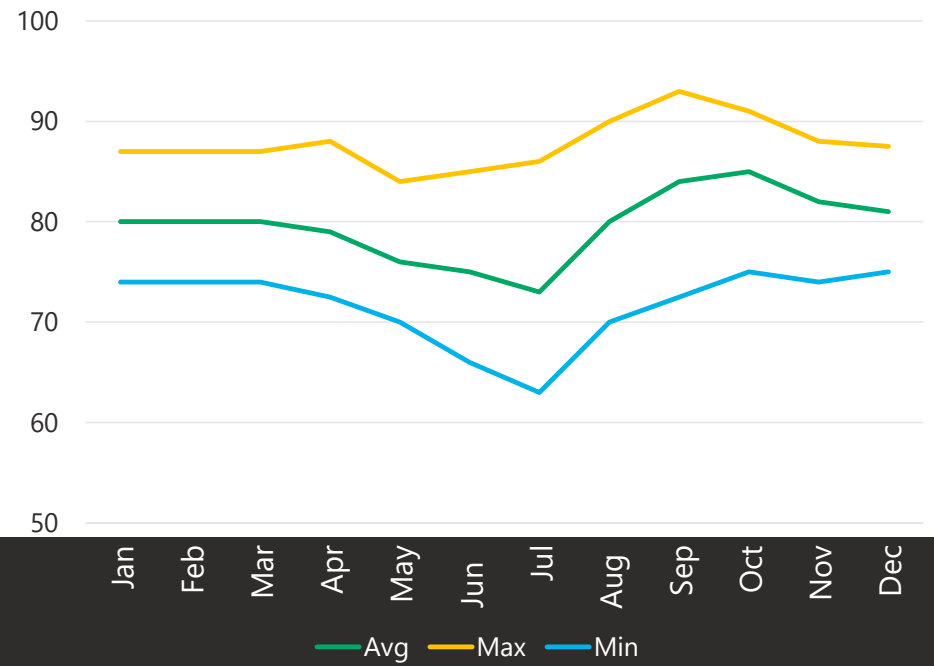
# Second Crop Calendar

Rain Pattern Mato Grosso Avg Last 15 Years



1650mm to 1900mm annually

Temperature Mato Grosso Avg Last 15 Years



# Second Crop

24

2<sup>nd</sup> Crop / 1,02 mi ha / **85%**  
1<sup>st</sup> Crop / 185 k ha / **15%**

23

2<sup>nd</sup> Crop / 1,02 mi ha / **87%**  
1<sup>st</sup> Crop / 153 k ha / **13%**

22

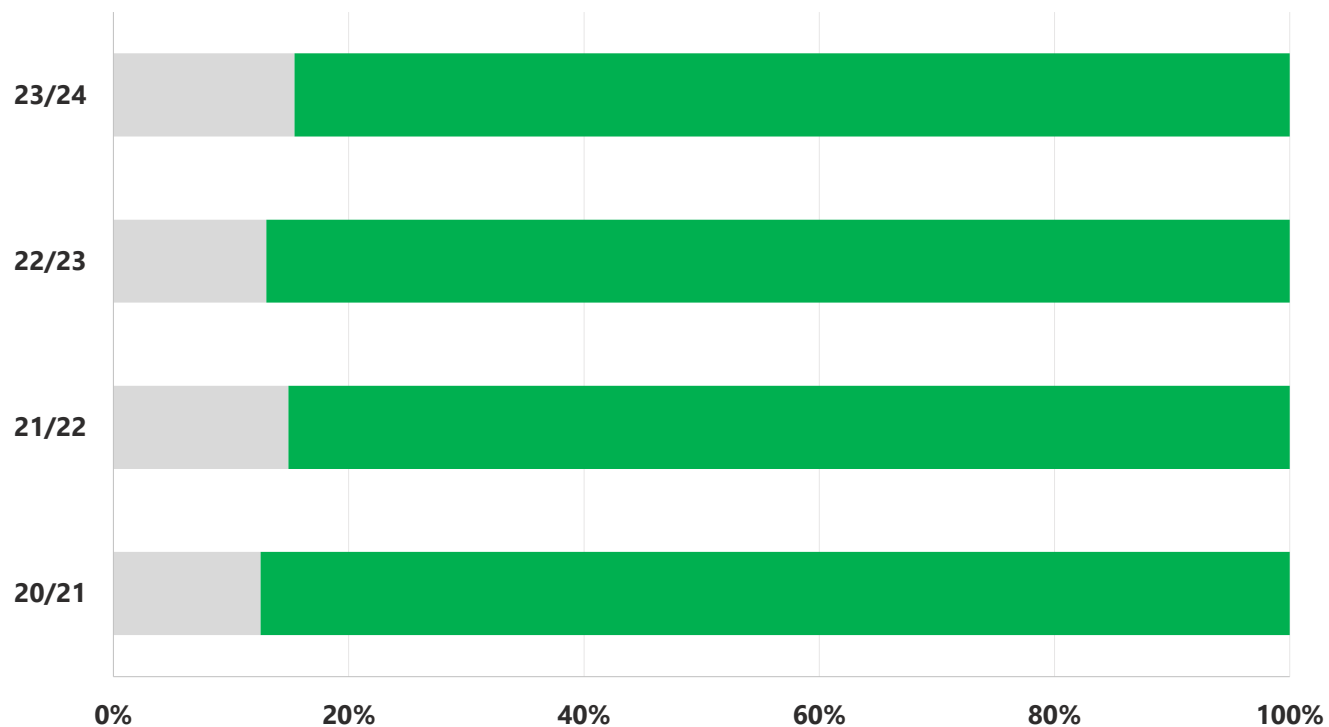
2<sup>nd</sup> Crop / 819 k ha / **85%**  
1<sup>st</sup> Crop / 143 k ha / **15%**

21

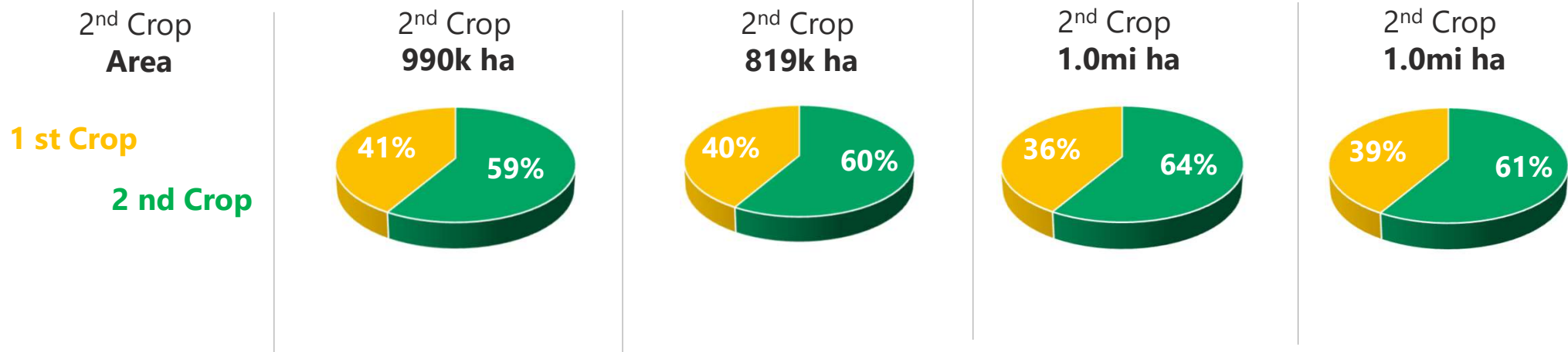
2<sup>nd</sup> Crop / 990 k ha / **87%**  
1<sup>st</sup> Crop / 141 k ha / **13%**

Source: IMEA and CONAB 2023

### % Area Mato Grosso



# Second Crop

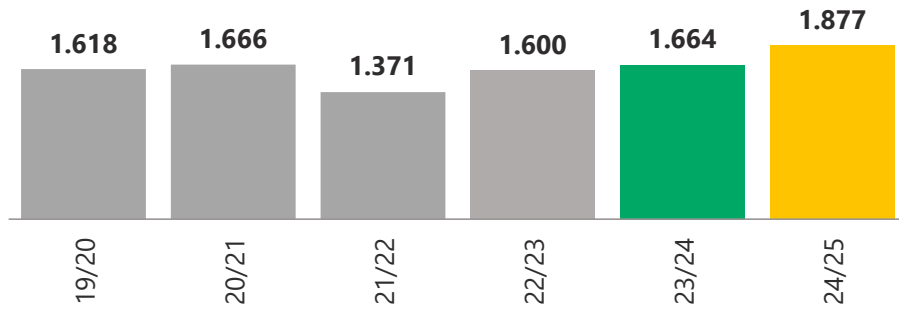


CROP	20/21	21/22	22/23	23/24
<b>Total Area</b>	<b>1.666 mi ha</b>	<b>1.371 mi ha</b>	<b>1.600 mi ha</b>	<b>1.664 mi ha</b>

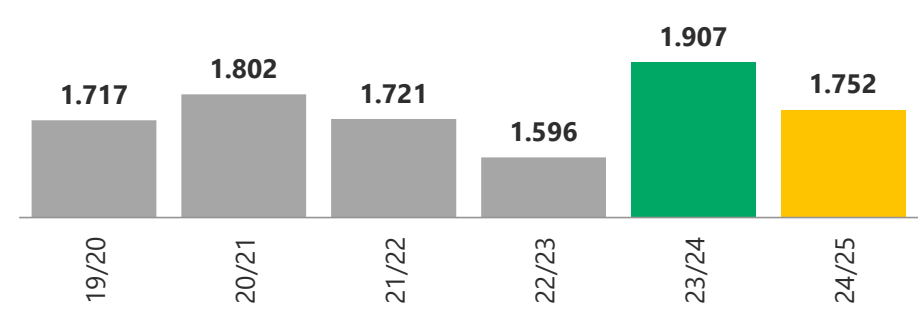
Source: IMEA and CONAB 2023

# Historical Production

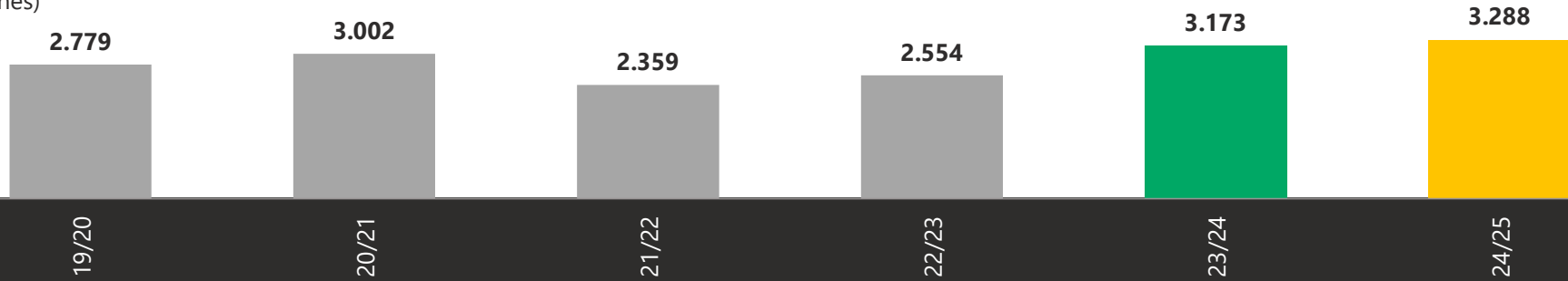
Planted Area  
(1,000 hectares)



Yield  
(kg/ hectare)



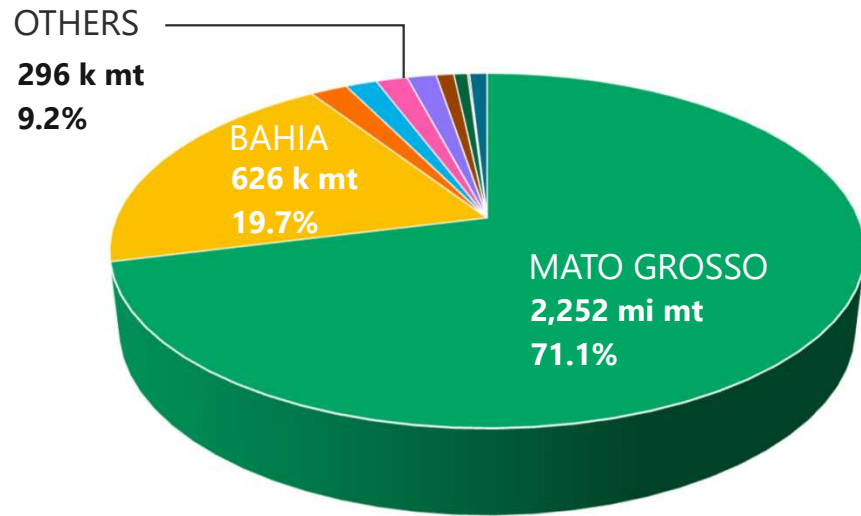
Production  
(1,000 tonnes)



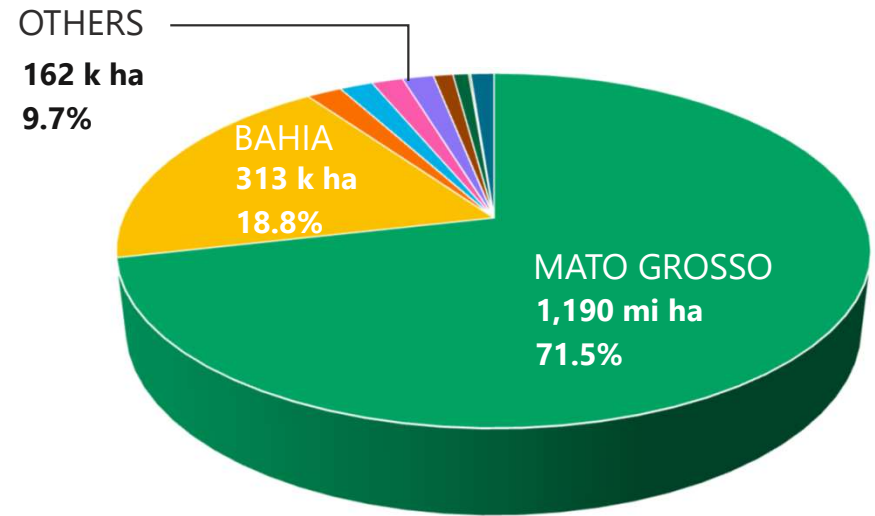
Source: CONAB 2023

# 2023/24 Crop

## Production



## Area



Brazil

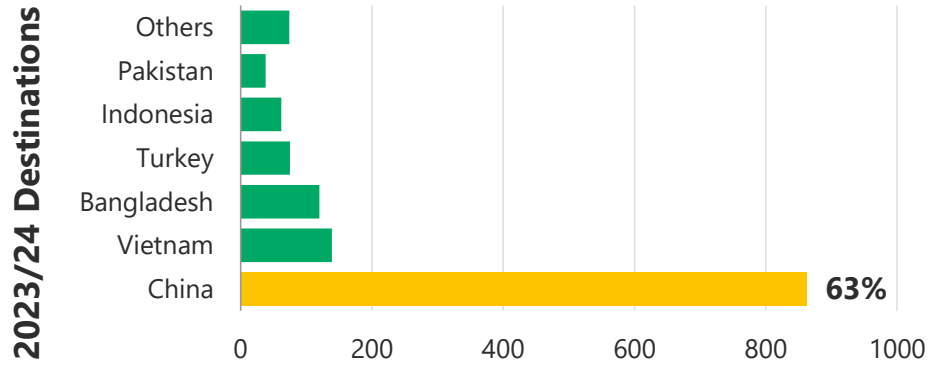
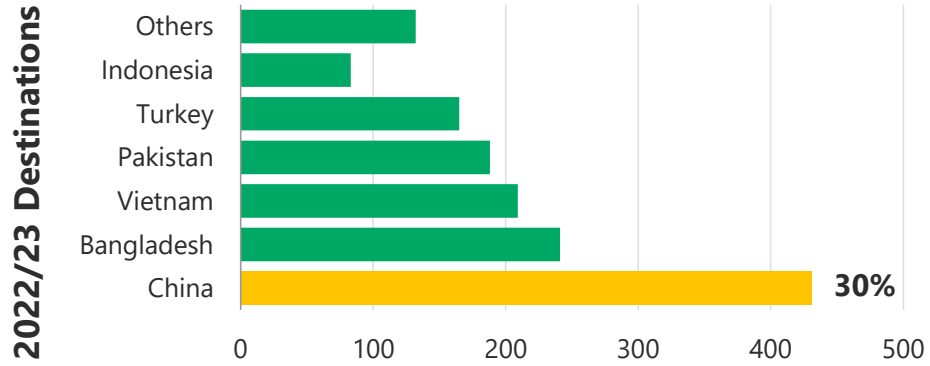
**3,173 mi mt**

Brazil

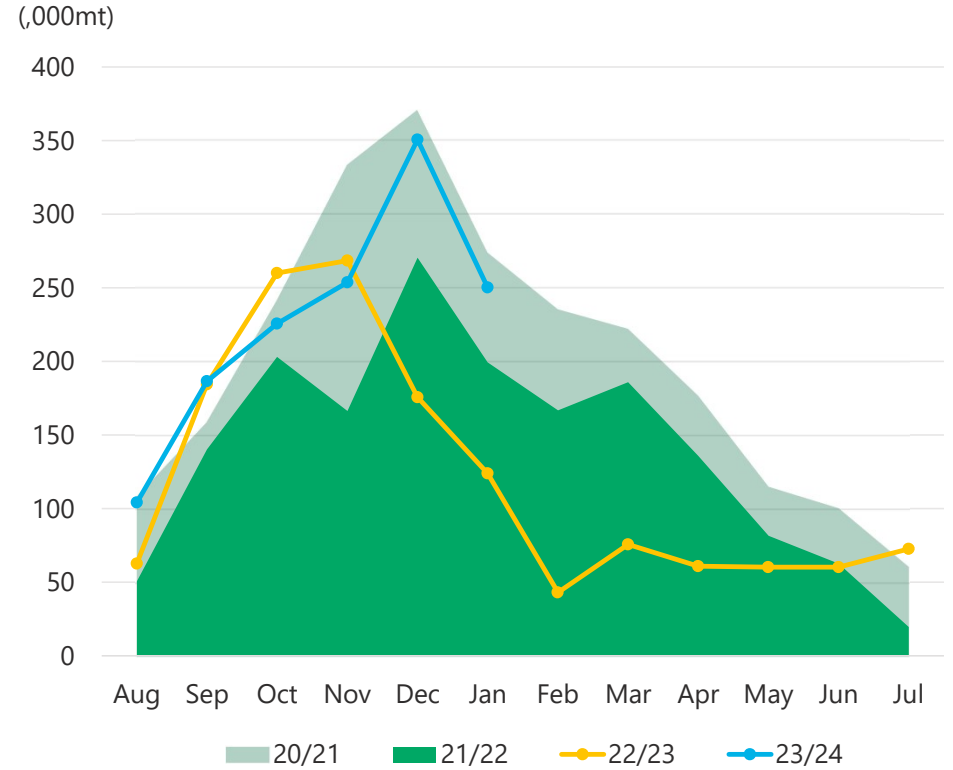
**1,664 mi ha**

Source: CONAB 2023

# Brazil Exports

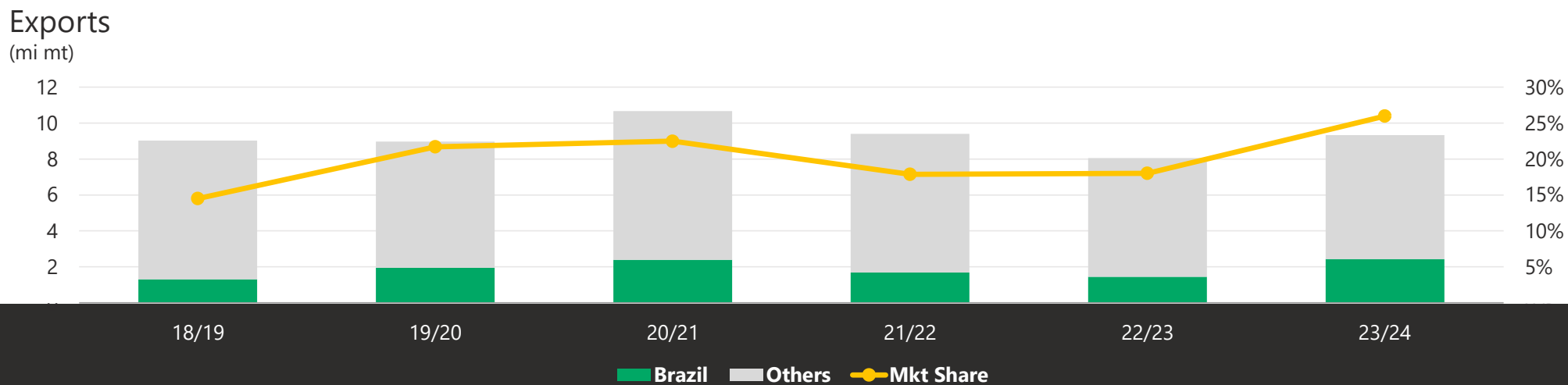


## Monthly Volume



Source: ComexStat 2023

# Market Share and S&D



(,000 mt)	2020/21	2021/22	2022/23	2023
Production	3,000	2,356	2,552	3,170
Import	3	5	2	4
Consumption	675	718	697	718
Export	2,398	1,682	1,449	2,439*

Source: USDA, ComexStat 2023

# Logistics 2023/24



## Port

**92.3%**

Santos

**4.3%**

Paranagua

**3.3%**

Salvador



## Internal Logistic

**10%**

Railroad

Containers stuffed at the port

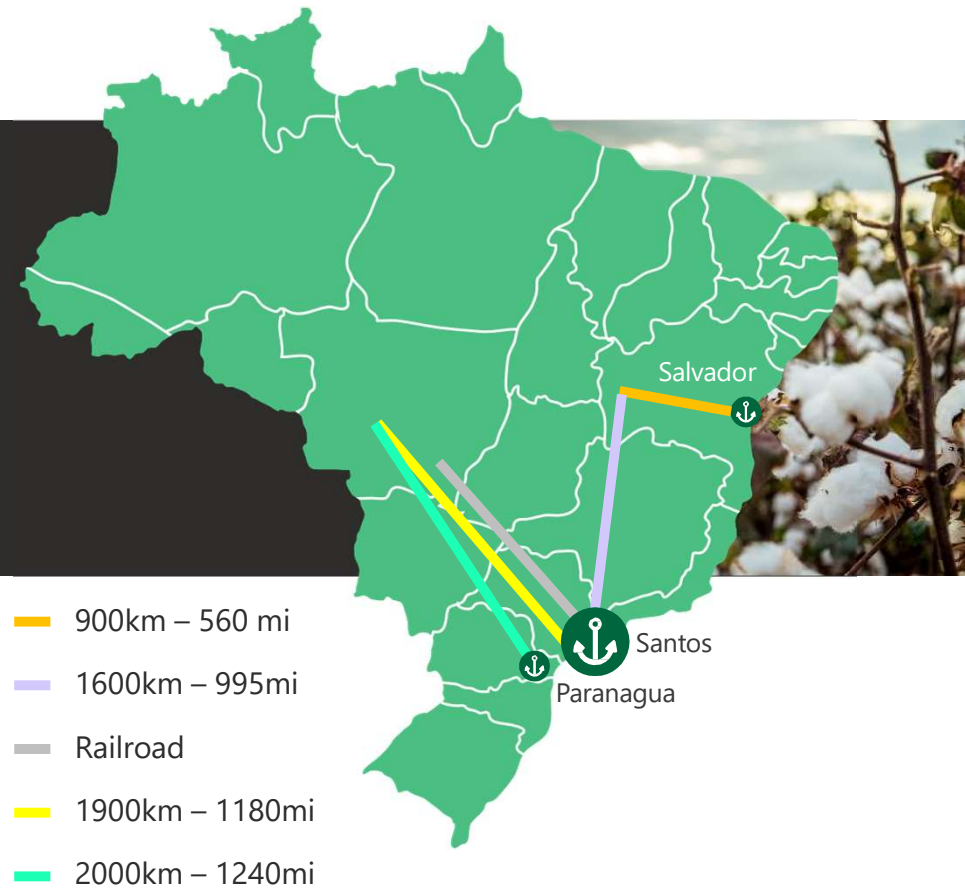
**90%**

Trucks

**Wet season**  
Challenge

**5** days min

from origin to unload at the port

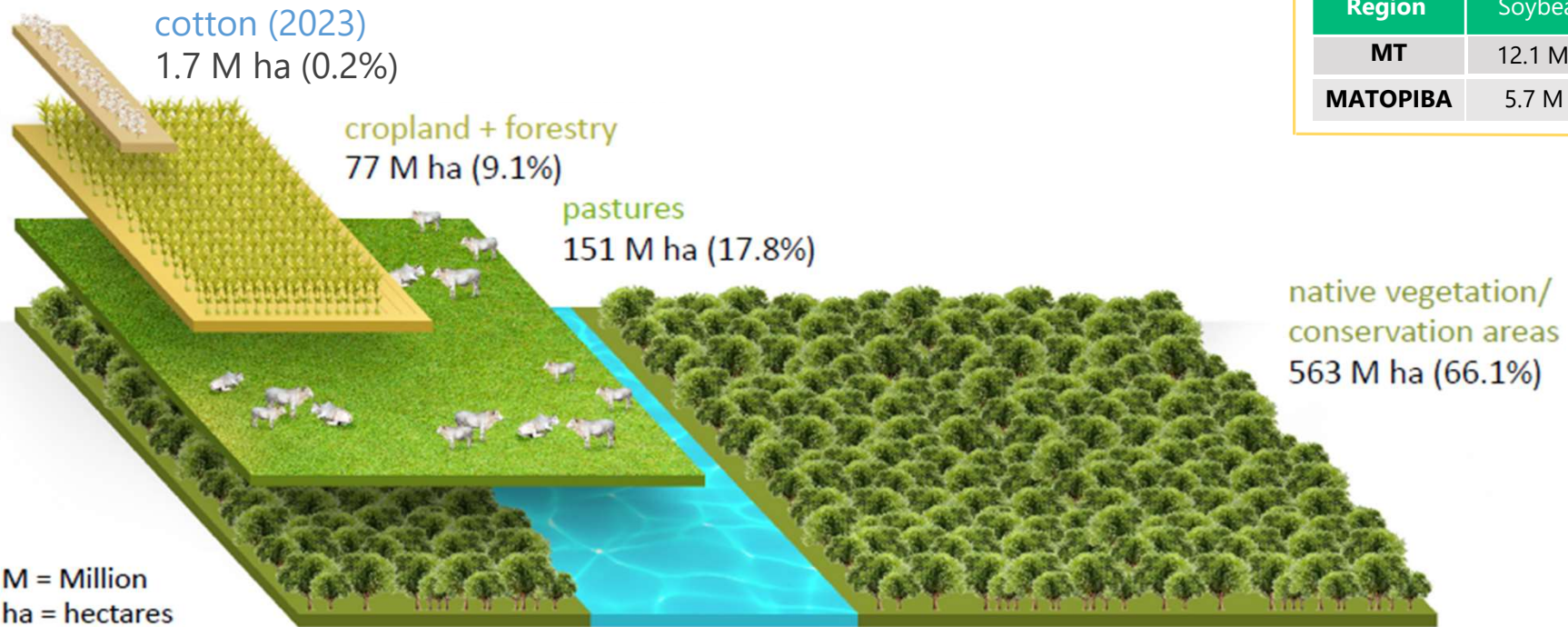


Source: Datamar 2023





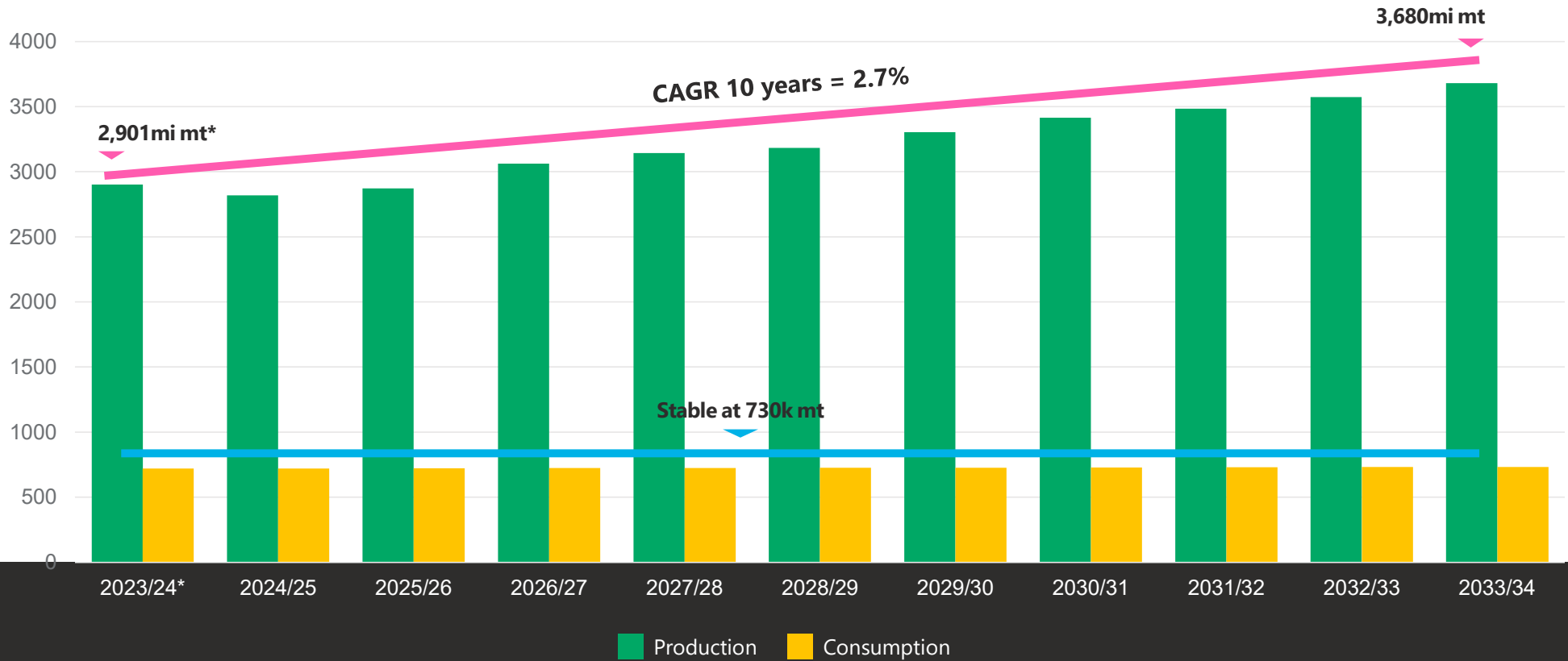
# Area Expansion



23/24 Crop		
Region	Soybean	Corn 2nd
<b>MT</b>	12.1 M ha	6.7 M ha
<b>MATOIPIBA</b>	5.7 M ha	0.8 M ha

Source: Embrapa, ABRAPA, CONAB

# Growth Perspective



Source: MAPA 2023

# Enablers for Expansion



01

## Area Expansion

Following Soybean  
2nd Crop Corn



02

## Genetical Enhancement

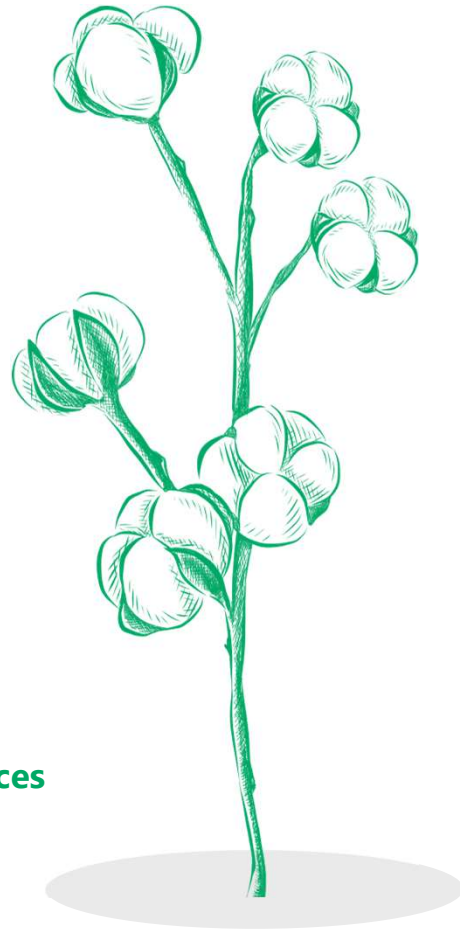
Seed Development  
New Traits



03

## Better Agronomic Practices

Increase the Use of Biological



04

## New Technologies

Internet  
Drones  
Harvesters



05

## Precision Agriculture



06

## MATOPI



# Challenges for Expansion



## Logistics

Dependence of one main Port (WH)

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Inland Freight Costs

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Competition with Growing Grains Crop



## CoP

Fertilizer Cost

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Crop Protection Cost

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High Inflation

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Salaries

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Fuel

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Interest



## Capacity

Gins

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Harvesters



## Carry

Cost of Money



## Infrastructure

Roads

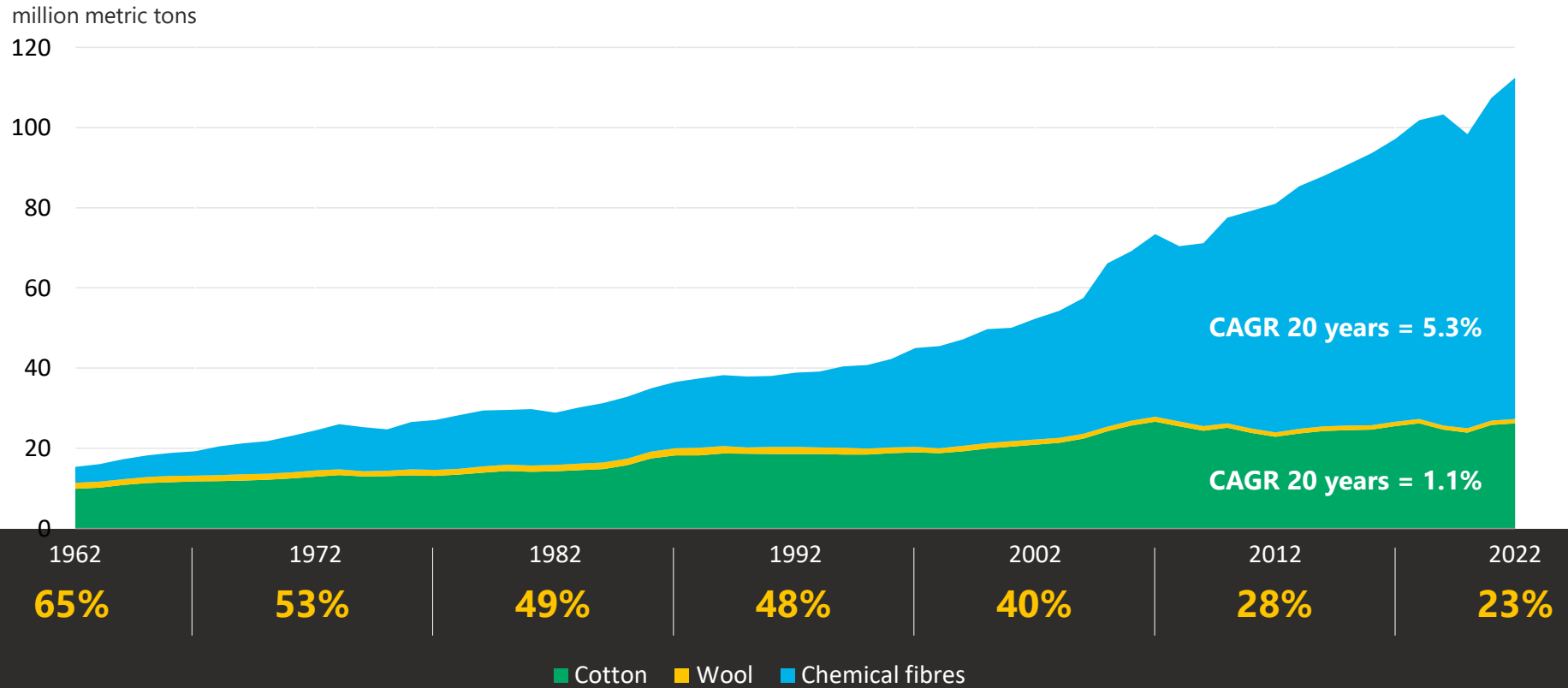
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Energy

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Railroad

# Cotton x Synthetic Fibers



Source: ICAC 2023



**Olam Agri**