

Cargill opens soybean terminal at Santarem on the Amazon in Brazil

A couple of weeks ago I wrote a column on the potential for Brazil to significantly increase its cropland by a conservatively estimated 420 million acres. One of the conditions that directly affects the rate at which this additional productive capacity is brought online is improvements in the transportation infrastructure (roads, railroads, river barges and seaports). In the past Brazil producers have had to face higher costs to get their beans to port because of the lack of all-weather roads and rail access.

This week Cargill announced that they have opened an export terminal at the port of Santarem on the Amazon river, bringing the port closer to soybean producers in the center-west of Brazil. Santarem is some 450 miles inland in the state of Para. The opening of this facility will help reduce the transportation costs for nearby Brazilian soybean producers.

According to OsterDowJones, Cargill hopes that the construction of this facility will encourage soybean plantings nearer to the port. For growers further to the south in the state of Matto Grosso, the opening of Brazilian highway 163 allow producers to truck their soybeans directly to Cargill's new facility. There are also plans in

the works to extend the Ferronorte rail line from Cuiaba, Matto Grosso to the Amazon river port of Santarem.

As this column is being written in mid-April, 2003, Cargill director of international development, Van Yeutter, said the first ship has berthed at Santarem and is being loaded with 55,000 tonnes of soybeans headed for Belgium. Because the port has a draft of 40 to 55 feet, Cargill is able to load ocean going vessels directly and avoid the costly transfer of freight once the ship reaches the ocean.

At present, Cargill has some 120 units in Brazil ranging from crushing plants, to farms, to buying stations, to export terminals. Even before this expansion, Cargill was Brazil's largest soybean exporter. This new terminal will expand Cargill's soybean export capacity by over 10 percent.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of the UT's Agricultural Policy Analysis Center. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; http://agpolicy.org.

