Brazil has soybean potential, U.S. farmers find

ST. LOUIS, MO - It was coffee shop talk. The young farmer said his soybean crop looked good. He and his wife just built a house on their 300-acre farm, and he expects to pay it off this year. Fred Dirks feels pretty good about his future.

Dirks farms in Brazil. The twenty-five-year-old farmer grew up on a soybean and corn farm in Rio Verde, where he continues to work with his father as he builds his own farming operation.

Dirks is one of a community of progressive Mennonite farmers who produce corn and soybeans on farms northeast of Rio Verde, a town of 120,000 that just 10 years ago was a dusty outpost of 30,000 inhabitants. Today the city supports a thriving agricultural industry that includes a soybean processing plant, grain traders and farm cooperatives that furnish supplies and purchase the abundant crops of soybeans and corn.

A chance meeting with Dirks in a restaurant in Goiania, capital of the province of Goias, was one of many experiences of 16 U.S. soybean farmers who recently returned from a soybean study mission to Brazil and Argentina sponsored by the American Soybean Association. The tour, paid for by the participants, was

aimed at helping U.S. soybean farmers learn more about soybean production in South America.

"I wanted to see if all the stories I've heard about Brazilian and Argentine soybean production were true," says Sumner, Iowa, corn and soylean farmer David O'Brien. "And now that I've been there, I'm convinced that if these people can overcome political and economic problems, they will be an even greater force to reckon within the future. There's certainly plenty of opportunity for expansion.'

The 14-day tour took farmers into three major soybean producing areas: the west central and southern areas of Brazil and Argentina's Pampas region, a flat and fertile area that extends east and south of Buenos Aires.

"Brazil is a land with tremendous potential," says Jack Nagel of Davey, Neb. "They're using only about 30 million acres for crop production right now. Nearly 400 million more acres of productive land could easily be cleared and brought into production."

Southern Illinois University agronomist Jim Tweedy, also a participant in the study mission, notes that South American farmers have some cost advantages.

"For one thing they use smaller,

less complex equipment," says Tweedy. "They can use smaller equipment because they don't have the time constraints of weather that U.S. farmers have in the spring and fall. Farmers in both Brazil and Argentina typically have several weeks of good weather to plant and harvest."

Seed corn producer Rick Querna, of Danville, Iowa, says he expected to see farmers working with outdated technology and old equipment.

'That wasn't the case," he says. "Farmers in both Brazil and Argentina are very progressive. And we didn't see nearly the erosion problems I had expected perhaps because it has been so dry this year."

Despite advantages of readily available, inexpensive land, low labor and equipment costs, farmers in Brazil and Argentina have one big disadvantage — high transportation costs. Both countries lack developed rail and water transport systems. Nearly everything moves by truck.

"That's an expensive way to transport grain," says retired grain elevator operator and farmer Oliver Berry of St. Joseph, "especially when a high

percentage of their production comes from the western side of the country. They're transporting soybeans as far as 400 miles over hilly two-lane highways. They told us transportation costs run as high as \$1 per bushel."

What are the implications of soybean production growth in Brazil and Argentina for U.S. farmers? Jack Nagel agrees with other farmers that cutting costs and working to maximize yields is

the approach U.S. farmers must adopt. But he's not sure how he'll cut costs to levels that match South American costs.

"I've done a lot already to cut costs," he says. "But I don't think I've reached a cost level that will keep me competitive with the farmers down there. I think we can do it, but it is going to take some hard work and creative effort on the part of all U.S. farmers."

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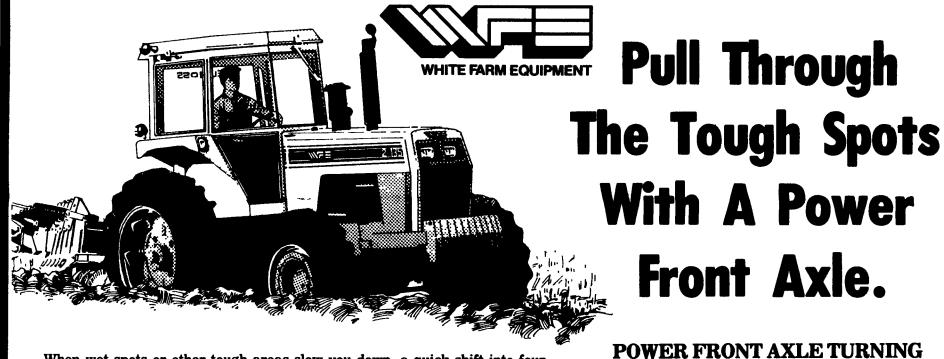
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