

Foreword

Since the mid-1990s, Argentina and Brazil have made enormous gains in agricultural output, particularly for soybeans. According to USDA data, their combined exports of soybeans and soybean products now exceed U.S. exports. But the data fail to tell the circumstances behind the production surge, and give no indication of its future potential. In the past, USDA's international focus has generally favored monitoring current and potential U.S. export markets, rather than export competitors. Distance and language have further encumbered the acquisition of information on agricultural developments in Argentina and Brazil.

The past several years have seen sensational media accounts of vast resource potential in Brazil. U.S. travelers to central Brazil report soybean fields that span the horizon, endless acres of inexpensive virgin soil, and boundless water resources.

This report attempts to demystify these claims and clarify the circumstances behind the agricultural boom in Argentina and Brazil. To this end, USDA's official data are supplemented by data from the U.N.'s Food and Agriculture Organization, the International Monetary Fund, the World Bank, and official data from various Argentine and Brazilian government ministries.

Based on a detailed description of the agricultural sectors and their underlying resource bases, this report also assesses the conditions likely to influence future agricultural growth in Argentina and Brazil. The intention is to lay a foundation and foster the further study of agricultural developments in Argentina and Brazil, particularly as they affect the U.S. farm sector and the government programs that support it.