

**8 Apr, 2011, by R. Viswanathan**

## **India dependent on Brazil & Argentina for edible oil and pulses**

India imported a record \$2 billion worth of soy oil from South America in 2010, most of which came from Argentina, the largest soy oil exporter of the world. In the last two years, India's imports of sugar were \$2 billion from Brazil, the largest sugar exporter. India has been regularly sourcing small quantities of sunflower oil and pulses from the two countries.

India is expected to continue to be dependent on imports of edible oils and pulses and is likely to import wheat and sugar in future whenever domestic productions fall short. India could count on Argentina and Brazil as reliable long-term sources since the two have the potential to increase production in the future.

What will be the scenario of the production of the items of our interest in Brazil and Argentina in the next 10 years? The June 2010 report of the Brazilian agriculture ministry and the September 2010 report of an Argentine agricultural foundation give the following predictions for 2020:

Combined soy oil production of Argentina and Brazil is projected to increase from 10.8 million tones (mt) in 2010-11 to 16.9 mt in 2019-20. Their exports will increase from 6.5 mt in 2009-10 to 8.7 mt in 2020-21. Argentina will continue to be the largest exporter of soy oil and increase its share of global trade from 48% in 2009-10 to 58% by 2020-21. Soybean production of the two countries is expected to reach 150 mt in 2019-20 from 108 mt in 2010-11. The soybean area will increase from 40 million hectares to 48 million hectares in the same period.

Brazilian sugar production will increase to 46.7 mt from 34.4 mt and exports will go upto 32 mt from 23 mt. Brazil will continue to maintain its share of 46.5 % of the global sugar trade in the next decade. Sugarcane production will reach 893 mt from 732 mt. Argentine wheat production will go up from 9.3 mt to 16 mt and export surplus will be 5.8 mt in 2020. The detailed figures are given in the tables below. India has been importing limited quantities of pulses from Brazil and Argentina whose production of the items required by India is small. Farmers of the two countries have shown keenness to increase production of pulses of interest to India as part of their strategy of diversification of crops and export markets.

According to reports mentioned above, Brazil will add 10 million hectares (60 million hectares in 2010 to 69.7 m hectares in 2020) and Argentina 8 million ( from 31.2 m hectares to 39.5 million by 2020) of land for cultivation in the next 10 years. The projections for Brazil, in my view, are very conservative. Brazil has the largest surplus arable land in the world and they could easily add another 50 million hectares to the crop area.

Besides increasing the area, Brazil and Argentina are increasing the yield by innovations in technologies and practices, using their world-class research and development facilities. The two countries practice no-till cultivation in over 75% of the land under crops. This practice, implemented in the last two decades, has helped in better preservation of moisture and organic matter, prevention of soil degradation and erosion, increase in productivity and decrease in expenditure, making their agriculture sustainable. Argentina is a global leader in agricultural process outsourcing and is also a pioneer in the system of Silobag storage of grains. An Argentine expert of this system visited India in November 2010 to advise the Food Corporation of India and Central Warehousing Corp as well as the Indian authorities. India could learn from the best practices of the two countries.

Clearly, Argentina and Brazil are emerging as agricultural superpowers with their large fertile land, abundant water resources, best technologies and practices, globally competitive production and large exportable surplus. It should be noted here that agriculture is not subsidised in these countries unlike in the US and the EU. In fact, Argentina imposes export taxes on agriproducts and still they are competitive in global trade. The second point to note is that most of the cultivation in these two countries is rain-fed. If they choose to irrigate like India, they can increase the production even more significantly.

Given the growing demand in India and the challenges faced by our agriculture sector such as depletion of ground water, loss of agricultural land to industrial, residential and commercial use and uncertainties due to the vagaries of monsoon, it would be useful for India to keep track of the agriculture of Brazil and Argentina which complement Indian market. Indian companies could enter the agribusiness in the region following the lead shown by Renuka Sugar which has made investment of \$350 million in the Brazilian sugar sector.

(The author is Indian Ambassador to Argentina. Views are personal)