The 2023/24 non-GMO soybean crop in Brazil:

PRODUCTION: 156 million tons.
0,4% increase compared to last year.

AVERAGE YIELDS: 3.431 kg/ha.
2.2% decrease compared to last year.

PLANTED AREA: 45,259.50 thousand ha.
2.7% increase compared to last year.

Overview

The Brazilian 2023/24 crop is estimated at 155.3 million tons, down 4.2% compared to the previous November estimate (162 million tons). Erratic weather conditions are the main reason for the revised figures. The lack of consistent rainfall, extremely high temperatures, and the possibility of growing alternative crops to face the falling soybean prices in Chicago, have all contributed to such a significant revision in the figures. The weather caused delays in the seeding, the decline in seed germination percentages, abortion of flowers, and scorching of leaves and stems, all of which pushed yields down – yields are expected to be 2.2% lower than last year, from 3.507 to 3.431 (January figures).

The overall production, though, due to the recovery of crops in the South, especially in Rio Grande do Sul, is estimated to grow 0.4% from last year, from 154,609.5 to 155,269.3.

Brazilian Soybean Crop (2018/2024)

CROP YEAR	AREA (thousand ha)	YIELDS (kg/ha)	PRODUCTION (thousand tons)
2017/18	35.149,2	3.507	123.258,9
2018/19	35.874,0	3.337	119.718,1
2019/20	36.949,7	3.379	124.844,8
2020/21	39.531,2	3.526	139.385,3
2021/22	41.492,0	3.026	125.549,8
2022/23	44.080,1	3.507	154.609,5
2023/24 DEC 23	45.309,0	3.535	160.177,2
2023/24 JAN 24	45.295,5	3.431	155.269,3

Perspectives

As crops go through the final stages of development towards harvest, rainfall is critical for their performance. In the state of Mato Grosso, the main producer of non-GMO soybeans, 98.6% of fields have been planted following a period of severe droughts and high temperatures, and harvesting is already beginning in the northern areas. The extreme weather has damaged a significant proportion of the state´s crops, with temperatures exceeding 40°C.

However, in the greater Centre-West area, intensive and regular rainfall has recently arrived, reaching volumes between 100 mm and 150 mm, recovering soil moisture, and building a scenario where no further losses are expected. The exception is the Southern areas of Mato Grosso do Sul, where the forecast is for scarce rainfall and high temperatures.

The great positive surprise is the crop in Rio Grande do Sul, where sunny days and good moisture levels in the soil resulted in the full recovery of the soybean crop in the state, 68% higher than last year. From nearly 13 million tons in 2022/23, the current crop is now estimated at 21.9 million tons. In Parana, the country´s second largest non-GMO producer, rainfall is becoming less abundant, especially in the west of the state, a scenario that could still bring the soybean volumes down in the state.

REGION/STATE	AREA (thousand ha)			YIELDS (kg/ha)			PRODUCTION (thousand ton)		
	Crop Year 22/23	Crop Year 23/24	Change %	Crop Year 22/23	Crop Year 23/24	Change %	Crop Year 22/23	Crop Year 23/24	Change %
North	**3010.50**	**3284.70**	**9.10**	**3372.63**	**3197.78**	**-5.20**	**10153.40**	**10503.70**	**3.50**
Roraima	123.00	142.10	15.50	2800.00	3000.00	7.10	344.40	426.30	23.80
Rondonia	595.00	601.00	1.00	3423.00	3405.00	-0.50	2036.70	2046.40	0.50
Acre	12.00	12.00	0.00	3808.00	3240.00	-14.90	45.70	38.90	-14.90
Amazonas	6.90	9.40	36.20	2880.00	2960.00	2.80	19.90	27.80	39.70
Amapá	7.40	7.40	0.00	2658.00	2593.00	-2.40	19.70	19.20	-2.50
Pará	939.50	1042.80	11.00	3063.00	3063.00	0.00	2877.70	3194.10	11.00
Tocantins	1326.70	1470.00	10.80	3625.00	3063.00	-10.80	4809.30	4751.00	-1.20
Northeast	**4019.20**	**4264.50**	**6.10**	**3785.12**	**3510.58**	**-7.30**	**15213.20**	**14970.90**	**-1.60**
Maranhao	1112.70	1181.70	6.20	3514.00	3303.00	-6.00	3910.00	3903.20	-0.20
Piaui	976.60	1072.30	9.80	3634.00	3443.00	-5.30	3549.00	3691.90	4.00
Ceara	4.60	4.60	0.00	3894.00	3373.00	-13.40	17.90	15.50	-13.40
Alagoas	5.60	5.60	0.00	3405.00	3063.00	-10.00	19.10	17.20	-9.90
Bahia	1919.70	2000.30	4.20	4020.00	3671.00	-8.70	7717.20	7343.10	-4.80
Centre-West	**20494.50**	**20911.10**	**2.00**	**3791.66**	**3386.97**	**-10.70**	**77708.20**	**70825.30**	**-8.90**
Mato Grosso	12086.00	12218.90	1.10	3773.00	3290.00	-12.80	45600.50	40200.20	-11.80
Mato Grosso do Sul	3775.00	4001.50	6.00	3723.00	3393.00	-8.90	14054.30	13577.10	-3.40
Goiás	4547.40	4602.00	1.20	3900.00	3637.00	-6.70	17734.90	16737.50	-5.60
Distrito Federal	86.10	88.70	3.00	3699.00	3500.00	-5.40	318.50	310.50	-2.50
Southeast	**3468.20**	**3520.30**	**1.50**	**3822.69**	**3531.37**	**-7.60**	**13257.90**	**12431.50**	**-6.20**
Minas Gerais	2171.30	2223.40	2.40	3844.00	3475.00	-9.60	8346.50	7726.30	-7.40
São Paulo	1296.90	1296.90	0.00	3787.00	3628.00	-4.20	4911.40	4705.20	-4.20
South	**13087.70**	**13278.90**	**1.50**	**2924.64**	**3504.65**	**19.80**	**38276.80**	**46537.90**	**21.60**
Parana	5799.20	5810.80	0.20	3860.00	3724.00	-3.50	22384.90	21639.40	-3.30
Santa Catarina	733.40	795.00	8.40	3918.00	3787.00	-3.30	2873.50	3010.70	4.80
Rio Grande do Sul	6555.10	6673.10	1.80	1986.00	3280.00	65.20	13018.40	21887.80	68.10
TOTAL Brazil	**44080.10**	**45259.50**	**2.70**	**3507.46**	**3430.64**	**-2.20**	**154609.50**	**155269.30**	**0.40**

Source: CONAB: https://www.conab.gov.br/info-agro/safras/graos/boletim-da-safra-de-graos

The non-GMO figures:

Mato Grosso, the main producer of non-GMO soybeans (the state produces more than half of the country's non-GMO soybean crop), is expected to see losses of around 20% compared to last year. From 490 ha, yielding almost 1.8 million tons, the state´s planted area is estimated at 400 ha, and yields 3.4 tons/ha, totalizing close to 1.3 million tons.

In Paraná, the second largest producer, uncertain weather conditions are also expected to reduce production from 260 ha to close to 200 ha and yield close to 3.7 tons/ha, an estimated total of almost 750 thousand tons.

The national non-GMO soybean crop is expected to be around 2.3 million tons, lower than last year, but still more than enough to cover all exports from Brazil to Europe. The volumes in Parana are the main concern, with possible losses from January to the end of the harvest in March/April, under a scarce rainfall scenario.

The main factor behind lower volumes in Brazil is the lack of demand. The fact is that the demand for imported non-GMO soybeans - which is far greater than the domestic EU-27 production, has lost significant volumes, while the exports of soybean meal from Brazil to Europe have increased, especially in 2023, when the purchases of non-GMO volumes in Brazil hit the lowest levels.

The figures below for soybean imports from Brazil show that volumes increased from 2019 to 2021, then dropped in 2022 and 2023 (mostly due to the largest avian influenza/HPAI epidemic ever recorded across Europe - the outbreak peaked in November 2022).

Exports of Soybeans from Brazil

Destination	2019	2020	2021	2022	2023
China	57,963,479	60,595,851	60,476,502	53,682,583	74,491,280
Asia (except China)	4,898,102	7,308,194	8,959,840	8,274,071	7,136,975
EU-27	5,205,260	8,376,783	8,738,040	7,755,053	6,100,659
Middle East	2,038,350	1,235,263	1,943,660	3,086,125	3,138,033
Other Destinations	3,967,860	5,457,333	5,989,551	6,050,597	10,995,695
Total	**74,073,052**	**82,973,424**	**86,107,593**	**78,848,431**	**101,862,642**

Source: Abiove. https://abiove.org.br/estatisticas/

The overall demand has been depressed by the increased share of GMO materials imported into the EU, which are replacing non-GMO sources with local animal protein production.

Exports of Soybean Meals from Brazil

Destination	2019	2020	2021	2022	2023
EU-27	9,083,971	8,345,610	7,952,515	8,948,713	10,361,989
Asia (including China)	6,158,478	7,513,978	7,946,735	9,862,048	10,260,145
Middle East	1,033,820	348,225	941,429	1,290,085	1,487,454
Other Destinations	405,383	730,103	369,508	252,134	487,584
Total	**16,681,652**	**16,937,917**	**17,210,187**	**20,352,980**	**22,597,172**

Source: Abiove https://abiove.org.br/estatisticas/

EU-27 Demand and Supply – Soybeans

Oilseed, Soybean	2021/2022	2022/2023	2023/2024
Area Harvested	1,000	1,100	1,200
Production	2,750	2,500	2,800
Imports into EU	14,548	14,300	14,500
Total Supply	18,858	18,047	18,267
MY Exports	291	250	200
Crush	15,500	15,100	15,500
Food Use Dom. Cons.	220	230	230
Feed Waste Dom. Cons.	1,600	1,500	1,500
Total Dom. Cons.	17,320	16,830	17,230
Total Distribution	18,858	18,047	18,267

Source: USDA https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Oilseeds%20and%20Products%20Annual_Vienna_European%20Union_E42023-0015

EU 27 Demand and Supply – Soybean meal

Soybean Meal	2021/2022	2022/2023	2023/2024
Crush	15,500	15,100	15,500
Production	12,150	11,650	12,245
Imports	16,500	16,000	15,300
Total Supply	29,196	28,534	28,317
Exports	770	820	570
Industrial Dom. Cons.	10	10	10
Food Use Dom. Cons.	32	32	32
Feed Waste Dom. Cons.	27,500	26,900	26,600
Total Dom. Cons.	**27542**	**26942**	**26642**
Total Distribution	29,196	28,534	28,317

Source: USDA https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Oilseeds%20and%20Products%20Annual_Vienna_European%20Union_E42023-0015

Underlying causes

The lack of communication and transparency has once again created a huge gap between prices in Europe and Brazil. Farmers in Mato Grosso are selling the soybean bag at EUR 20/21, a difference of one Euro (per bag) or less compared to the GM soybeans. Current prices in the domestic market can be translated into a premium near EUR 16/ton in Brazil, while the spread in northern Europe is currently over EUR 120/ton. The scenario is challenging. Farmers see this as a sign of falling demand and are preparing to sell their crops on the regular unlabelled market. The situation is even more alarming for non-GMO seed producers. As they need to multiply non-GMO seeds months before the start of the planting in September, the current stagnated market may mislead them into not producing enough seeds for the next crop, as has happened in the past, pushing prices further up next year.

The non-GMO supply: unrewarded compliance to the demands

As the EUDR approaches, discussions about deforestation and traceability are dominating the Brazilian export scenario. Even though the Brazilian territory is still covered by native forests over more than 60% of the total area, few people in the country question efforts to stop deforestation. Agricultural activities, in which soybean cultivation is included, occupy only 7% of the country's area. Yet, Brazil is the number one soybean producer in the world (as well as coffee, oranges, and sugar) and could double its production without cutting down a single tree, just by restoring degraded soils or improving the performance of pastures.

In soybean crops, especially, non-till management associated with bio-inoculation (mycorrhizae) fixes Nitrogen in the soil, making it available for subsequent crops. The impact of 1 pound of N2O on atmospheric warming is 265 times that of 1 pound of carbon dioxide. Soil microbes inoculated into crops convert N2 into NH3 (ammonia), which is easily absorbed by the plants.

The country's production is crucial for animal protein production in Europe (almost 20 million tons exports per year in soybeans + soybean meal) and China (more than 70 million tons of soybeans per year), the world's two leading producers of meat (pork, poultry, and beef) in the world.

Resolute suppliers

To manage the EUDR demand for traceability (differentiating deforestation-risk products from deforestation-free exports), it will be necessary to segregate the flow of soybeans heading towards Europe from non-traceable soybean export volumes destined for non-EU destinations.

However, there is one sector in soybean production in Brazil that has been operating according to all the deforestation-free requirements – meeting all sustainability standards since the implementation of the Soybean Moratorium back in 2008. This sector has invested heavily in segregated logistics, exporters have built a highly verticalised structure to secure their compliance with European standards, operating certification schemes, dealing with the costs of developing special seeds, complex farm management procedures, running the whole nine yards to deliver products that will secure labelled end products at the supermarket shelves.

This is the sector organised around the non-GMO supply.

The EUDR offers a great opportunity to optimise the volumes running over the segregated structure established by non-GMO producers/exporters in Brazil. The segment does not require additional efforts to ensure certified traceability and deforestation-free supplies. Different from the regular market, non-GMO exports have had full traceability and segregation systems in place for years.