



China's Demand for Brazilian Food Products on the Rise

OE Watch Commentary: China's presence spreading throughout Latin America is nothing new. What is significant is that in 2000, China was not even in Brazil's top five trade export markets, but Beijing has been Brasília's main trading partner every year since 2009, as indicated in the accompanying excerpted article from *Mazars*. This excerpt points out that soybeans from Mato Grosso are highly desired by China and account for more than 40 percent of Brazil's total exports to China; a number that is only expected to increase in the coming years.

Because of its interest in Brazilian soybeans, China is investing heavily to upgrade Brazil's infrastructure to move soybeans from the landlocked Mato Grosso, since half of the country's soybeans are produced here. To date, an estimated \$20 billion in funds from China are already being used to renovate the railways and roads to bring Brazilian soybeans to port at a lower cost. As part of this investment, which has been ongoing for almost 7 years, new infrastructure financed by Chinese money is making the cost of export cheaper as discussed in the excerpted article from *La Prensa*. As the excerpted article from *Globo.com* points out, China is not only interested in soybeans. In fact, the Asian giant has been involved in more than 250 separate projects in the country since 2013. **End OE Watch Commentary (Fiegel)**

Source: "Relações e negócios entre Brasil e China (Brazilian and Chinese Trade Continues to Grow)," *Mazars*, 20 March 2018. <https://por.mazars.com.br/Pagina-Inicial/Noticias/Nosso-Conteudo/Relacoes-e-negocios-entre-Brasil-e-China>

Trade between Brazil and China is expected to grow in the coming years as the Asian giant needs more and more food to support its population. Specific food products desired by China from Brazil are soybeans and milk.

Source: "Apetito de China impulsa precios de la soya brasileña (Chinese Appetite for Brazilian Soy Comes with a Cost)," *La Prensa*, 5 April 2018. https://impresa.prensa.com/economia/Apetito-China-impulsa-precios-brasilena_0_5000499969.html

Exporting soybeans from Brazil to China is not a cheap endeavor, but with more than \$20 million in investments, things are finally changing, but the exportation process is still not cheap. Traditionally, exportation has been expensive because for the past 5 decades, Mato Grosso (state which produces largest quantity of soybeans in the country) antiquated railways and roads were used to transverse the 1,300 mile route to get to export sites.

Source: "Investimento da China no Brasil em 2017 atingiu máxima de 7 anos (China's Investment in Brazil in 2017 Reached 7 Years Record)," *Globo.com*, 9 January 2018. <https://g1.globo.com/economia/noticia/investimento-da-china-no-brasil-em-2017-atingiu-maxima-de-7-anos.ghtml>

2017 marked China's most significant year of investment in China. However, investment in the region is not new and is used as a means to obtain commodities. According to this source, China was involved in 250 projects in Brazil between 2003 and 2017, with a total of \$123.9 billion. Of these, 93 projects were confirmed and totaled \$53.5 billion. New investments are also slated for 2018.

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Soybean plantation in Rio Grande do Sul, Brazil.

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