

## Cotton Cultivation in Brazil Falls 28% and Rice 24%

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The eighth national 2005/2006 grain harvest survey, released Thursday, July 6, by Brazil's National Supply Company (CONAB), indicates a production of 119.4 million tons, 4.8% more than the 113.9 million tons gathered in the previous harvest.

This figure compares unfavorably, however, with last month's estimate of 120.3 million tons. The 0.7% decrease is a consequence of adverse climatic conditions, such as excessive rainfall in the Center-West region, and the incidence of fungus diseases, such as Asian rust in the soybean crop.

According to CONAB president Jacinto Ferreira, the climatic problems have no relationship with a lack of investment in technology.

"Agriculture has its risks, such as rainfall, since we have no way to compensate the lack of rainfall with fertilizer technology."

There was a 3.8% reduction in cultivated area, from 49.1 million hectares in the previous harvest to 47.1 million hectares in the current one. The reduction occurred mainly in the cultivation of cotton (-28.4%), rice (-23.5%), soybeans (-4.7%), and wheat (-14.3%).

According to Ferreira, the change in the country's exchange rate policy may stimulate agricultural growth. "The exchange rate is one of the factors that might help raise rural income. This could logically lead to an increase in cultivated area and, consequently, greater production."

The survey was conducted between June 19 and 23 and included the following crops: cotton, peanuts, rice, oats, rye, barley, beans, sunflowers, castor beans, corn, soybeans, sorghum, wheat, and triticale.

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