

Biocontrol in Brazil

Overview of the Crop Protection Market

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ABC Bio

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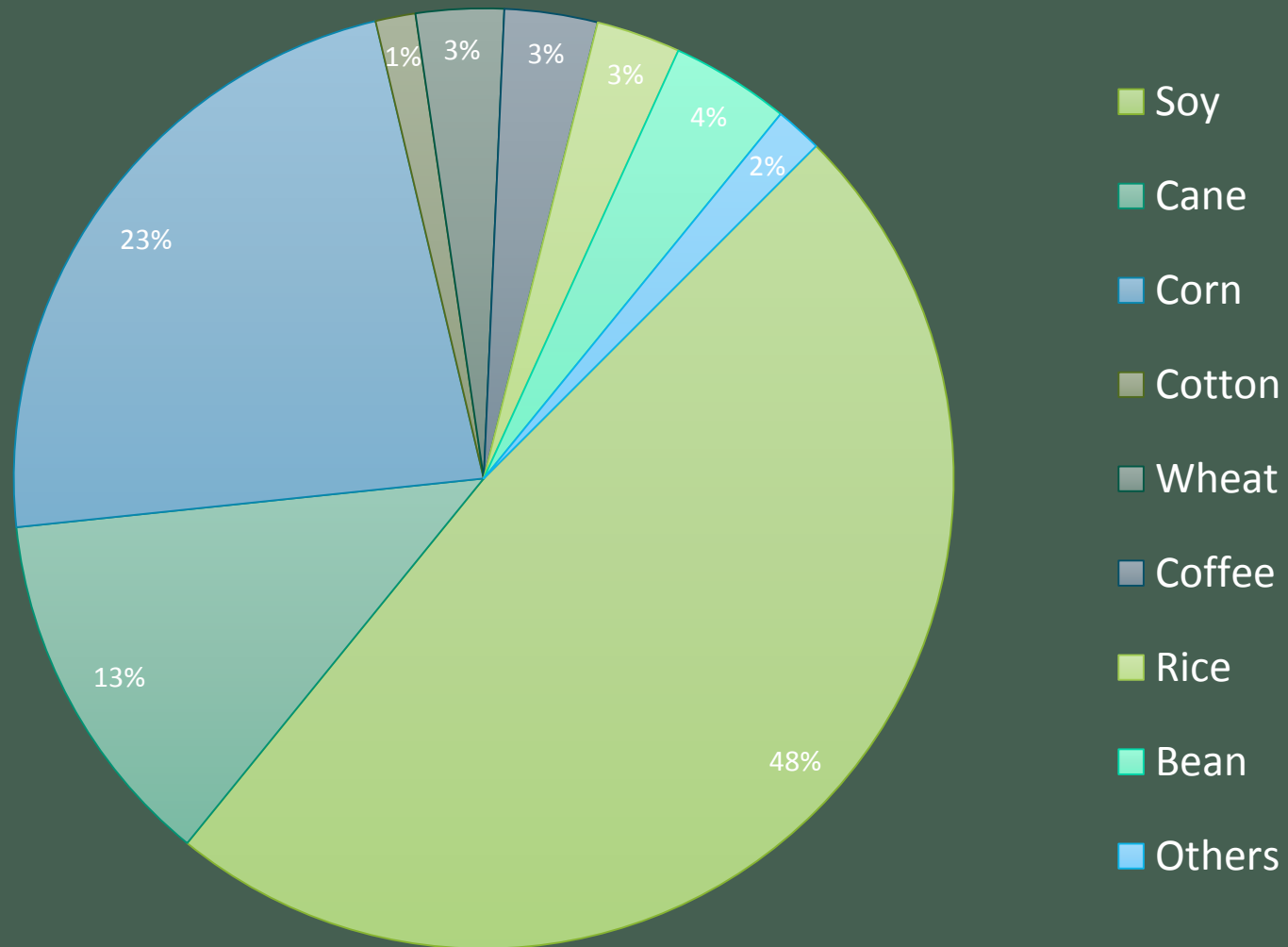
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 **SUMITOMO CHEMICAL**

Agribusiness in Brazil

- Total cultivated area / row crops
 - Soybean – 33,2 M ha, or 57%
 - Corn – 15,9 M ha
 - Beans – 2,84 M ha
 - Wheat – 2,09 M ha
 - Rice – 2,0 M ha
 - Cotton – 954 m ha
 - Peanuts – 119,6 m ha
- Total cultivated area / perennials and semi-perennials
 - Pastures – 168 M ha
 - Sugar cane – 9,07 M ha
 - Coffee – 1,9 M ha
 - Fruits – 2,5 M ha

Planted area (% , except pastures)



Market Share in the World Market, Sept 2014

- Sugar – 49% - 1st
- Coffee – 29% - 1st
- Orange juice – 80% - 1st
- Soybean – 42% - 1st
- Corn – 17% - 2nd
- Cotton – 6% - 5th
- Cattle meat – 20% - 1st
- Poultry meat – 34% - 1st
- Suine meat – 9% - 4th
- Soybean oil – 16% - 1st
- Soybean meal – 23% - 2nd

The Green Revolution and the Chemistry

- Mechanization and economies of scale
- Genetic Improvement
- Soil amendment and plant nutrition
- Chemical control of insects and plant diseases



The Agricultural Model in Brazil - the last 25 years -

- Strong performance of trading companies and prioritization of commodities
- Drop in public funding sources for crop costing
- Growing participation of trading companies in the private financing of the cost of crops
- Growth in the share of private banks in the transfer of funds from the federal government (BNDES) to finance equipment and infrastructure
- Performance of machine manufacturers in own financing for customers

**But where the
biologicals appear in
this agribusiness growth
scenario ????**

The signs of exhaustion of the current system of agricultural pest control

- High rate of resistance of pest populations to chemical products used in crop protection
- Increase of production costs due to low efficiency in pest control
- Society pressure for food with no chemical contaminants
- Search for a lower environmental impact solution

The challenges to be overcome

- Wrong approach to the legislation by inspectors of regulatory agencies
- Slow registration process
- Dissemination of home made bio-factories that makes products with no quality control and uses as active ingredients formulated products registered legally
- Illegal Businesses and non-registered biological products that exploit the same niche market of legalized companies elude the oversight of inspectors

The challenges to be overcome

- Low number of biological active ingredients registered
- Lack of marketing strategies for wide dissemination of knowledge
- To develop better positioning strategies of formulated products for maximum efficiency of biological active ingredients
- To develop biological active ingredients and formulated products to control foliar diseases

The challenges to be overcome

- Lack of official extension service for biological control
- Lack of credit lines for resellers and distributors
 - Barter and rebate policies
- Lack of adequate training of commercial agents
 - Technical Knowledge of IPM
 - Knowledge of the biology of both pests and biological control agents

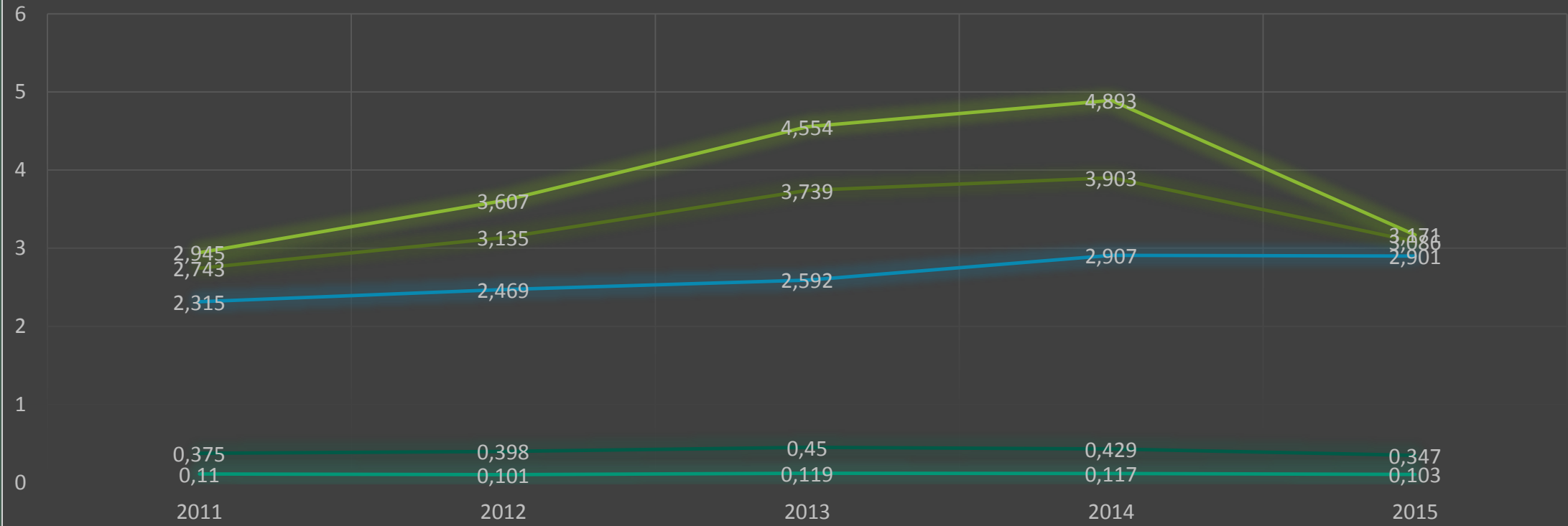


An Overview of the Crop Protection Market by SINDIVEG

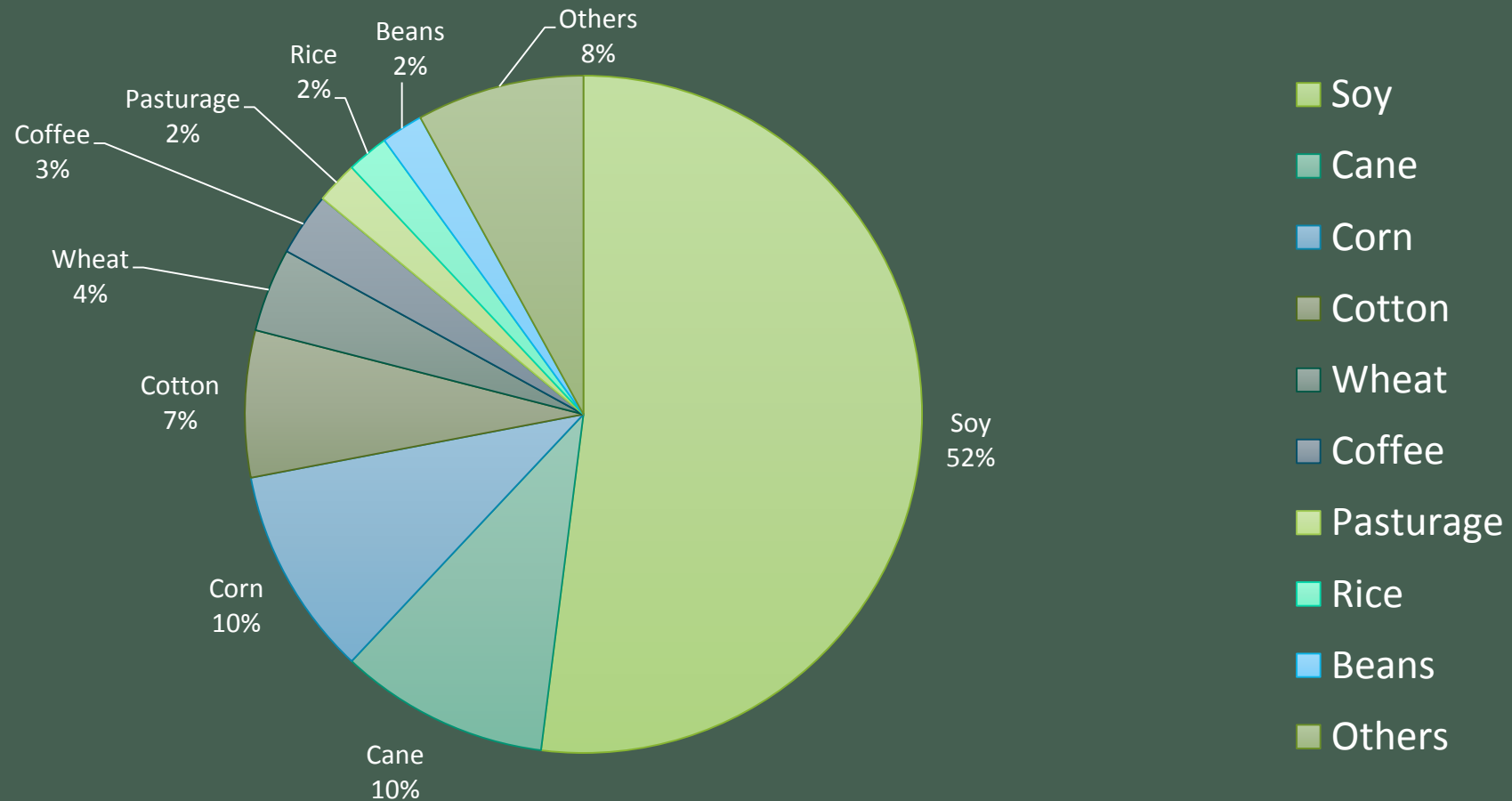
Classes	Gross Sales, US\$ MM					% Variation			
	2011	2012	2013	2014	2015	15/11	15/12	15/13	15/14
Total	8.488	9.710	11.454	12.249	9.608	13,20	-1,05	-16,12	-21,56
Insecticides	2.945	3.607	4.554	4.893	3.171	7,67	-12,09	-30,37	-35,19
Herbicides	2.743	3.135	3.739	3.903	3.086	12,50	-1,56	-17,46	-20,93
Other	375	398	450	429	347	-7,47	-12,81	-22,89	-19,11
Mite control	110	101	119	117	103	-6,36	1,98	-13,45	-11,97
Fungicides	2.315	2.469	2.592	2.907	2.901	25,31	17,50	11,92	-0,21

Gross sales, US\$ Billion

— Inseticidas
 — Acaricidas
 — Fungicidas
 — Herbicidas
 — Outros



Market Share per culture in 2015; gross sales



Total sales of biologicals in 2015

- around 2% of total Crop Protection Market
- Decrease in gross sales of biological insecticides (Bt)
- Increase in sales of biological fungicides for the control of soil born diseases
- Increase in sales of Trichogramma sp. in sugar cane and other row crops
- Increased market share of illegal Bt and Trichoderma spp. formulated products

The Opportunities

- The new generation is preparing to take charge of agricultural production in Brazil
- Major technological advances
 - Precision agriculture
 - Image Analysis
 - New generation of fertilizers and
 - New formulas of biopesticides
- The use of internet to access knowledge
- The adoption of the concept of Integrated Pest Management



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