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Measuring the Impact of the BRIC Countries on Global Supply and Demand



The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

The Dynamics of Global Food Production

Rising incomes boost the demand for protein and processed food.

Who Supplies the Food?

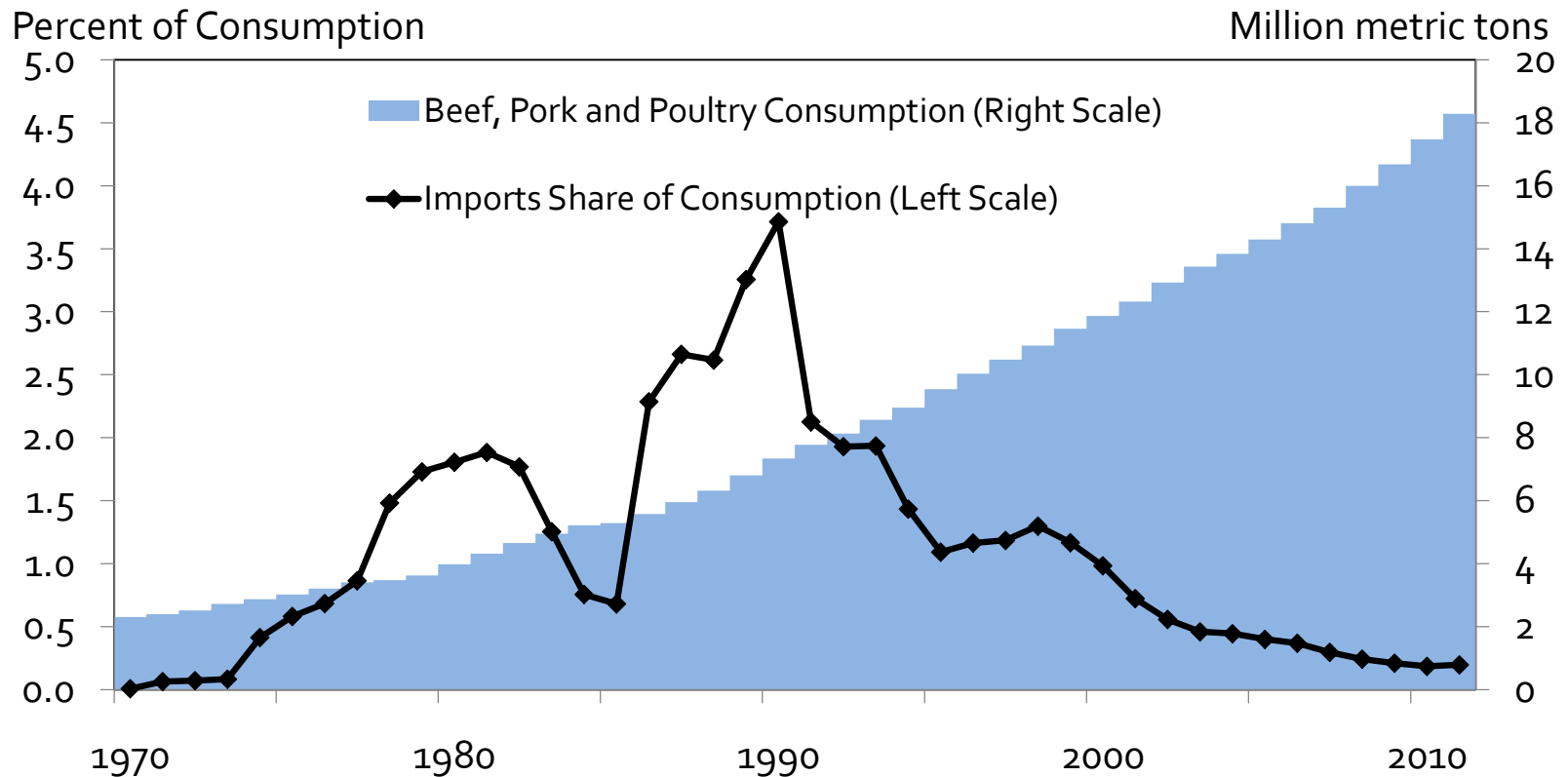
- Stage 1: Import Food to Satisfy Demand
- Stage 2: Expand Protein Production
 - Shrinks Meat Imports
 - Grain Imports Remain High
- Stage 3: Expand Crop Production
- Stage 4: Export Protein and Crops

Source: Henderson, Jason. 2011. "Building U.S. Exports One BRIC at a Time," *Economic Review*, Federal Reserve Bank of Kansas City, First Quarter



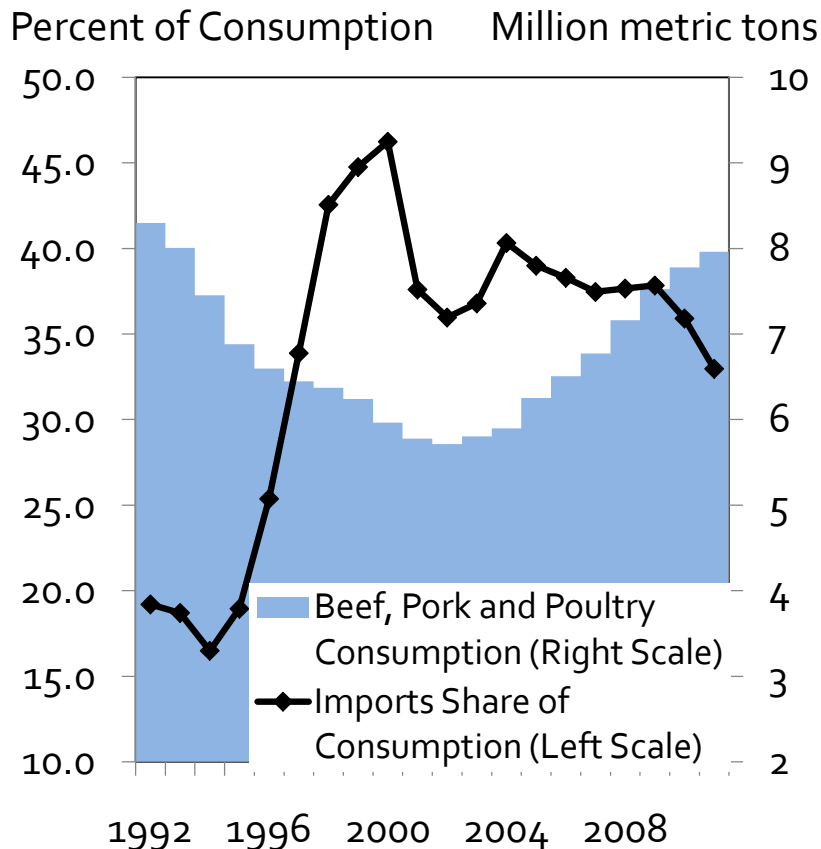
After rising between 1970 and 1990, Brazil's meat imports have shrank significantly.

Brazil Meat Consumption and Imports

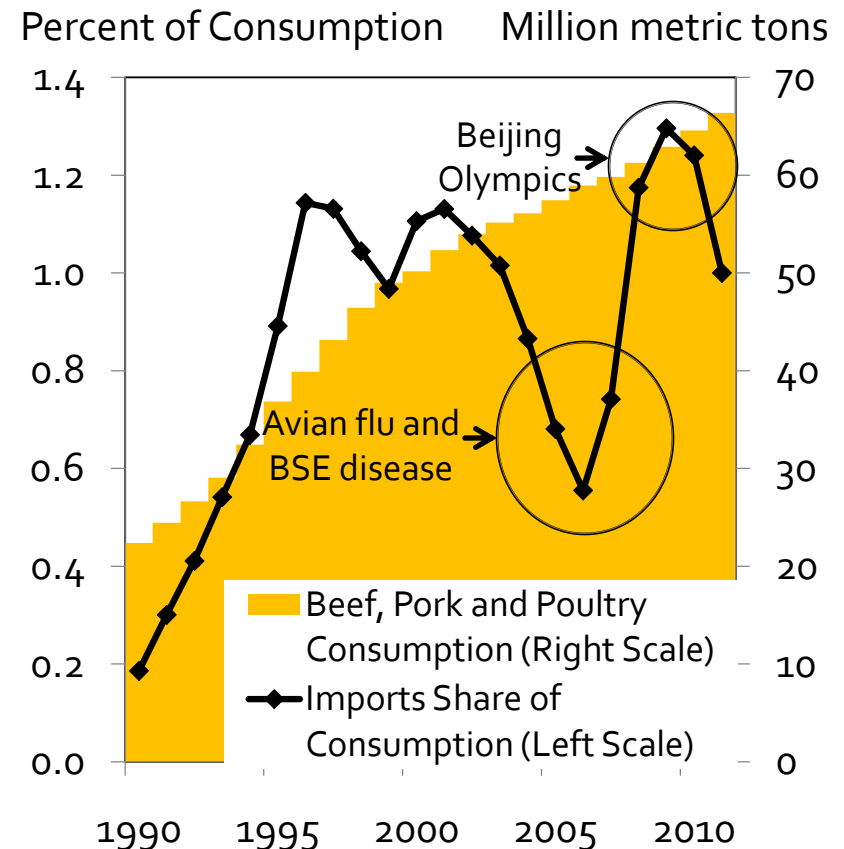


After rising, import's share of meat consumption in Russia and China is starting to decline.

Russian Meat Consumption and Imports



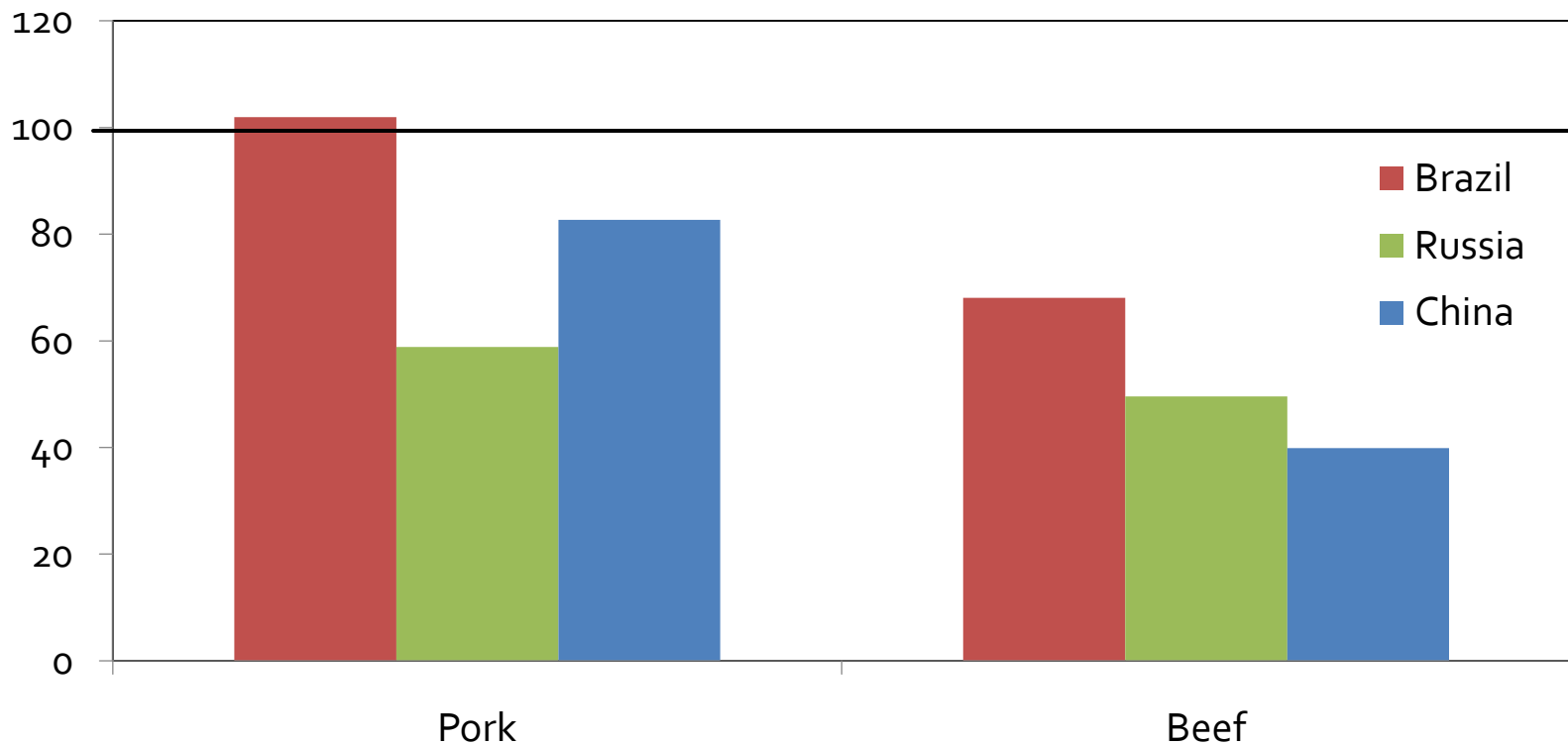
China's Meat Consumption and Imports



Can BRIC countries reach U.S. productivity standards?

Per Animal Meat Production in BRIC Countries

Percent of U.S. Yield



Calculations based on USDA data



Conclusions

- Rising incomes will boost BRIC protein consumption.
- How this demand is satisfied will depend on the stage of development?

Brazil – a major agricultural competitor

China – enhancing crop and livestock production

Russia– building a livestock sector

India – economic growth is needed

- While BRIC nations want more proteins and processed foods, the best export opportunities could be feed grains.
- Technology and water will determine the competitiveness of global agricultural systems.



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