MORE FUEL FOR BRAZIL'S CROP MACHINE?

MARKETING STRATEGIES | BY BRUCE BLYTHE

BRAZIL'S AGGRESSIVE cropland expansion in recent years secured it the title of the world's top soybean producer but also created a conundrum: Where to source key crop inputs, such as potassium fertilizer, amid a global environment fraught with trade uncertainty and geopolitical tensions?

The solution lies within Brazil and far underground, according to Matt Simpson, CEO of Brazil Potash Corp., a Canadian company focused on becoming the South American country's top domestic potash source by the start of the next decade.

Brazil Potash plans to begin construction soon on its $2.5 billion Autazes Project, located in northwest Brazil in the Amazon "potash basin." The project will include two potash ore mine shafts, a processing plant and a river port to ship potash to crop growers elsewhere in the country. Construction is expected to begin in early 2026 and be completed by late 2030.

The project may provide much-needed

diversification in global potash production, which is currently dominated by Canada, Russia and Belarus. While production from the project is several years away, a new potash supplier could leave more of the critical fertilizer available for U.S. farmers, but also further turbocharge Brazil's rapid cropland expansion and reinforce its position as one of the world's top grain exporters.

Brazil Potash is headquartered in Toronto and its shares are listed on the New York Stock Exchange. In November, the company sold 2 million common shares in an initial public offering (NYSE ticker "GRO") that raised $30 million. But the company remains in early stages and has yet to generate revenue or profit. The company reported a $46.6 million operating loss in 2024 and its shares trade below $2, down from $15 in the initial public offering.

The company's efforts come amid escalating trade tensions between the U.S. and countries around the globe, as Brazil continues to ramp up production of corn, soybeans and other agricultural products to keep pace with demand from China. As of mid-August, the U.S. and Brazil were at loggerheads after President Donald Trump hiked tariffs on some Brazilian goods from 10% to 50%.

While Canada typically accounts for 80% to 90% of U.S. potash imports, the Trump administration's aggressive tariff stance against top trading partners earlier this year raised concern among U.S. farmers already pressured by low crop prices and elevated input costs.

Brazil faces its own challenges, including a history of strikes by truck drivers and port workers. As recently as October 2024, about 60,000 port workers across Brazil went on strike for 12 hours to protest a controversial bill that would have dissolved unions at some ports, according to news reports. **FF**

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> A new potash supplier could … further turbocharge Brazil's rapid cropland expansion and reinforce its position as one of the world's top grain exporters.

WHERE'S THE POTASH?

Canada is the world's top potash producer, accounting for slightly over 32% of global production, according to Natural Resources Canada. Russia and Belarus follow at 18% and 16.6%, respectively.

The U.S. produces only about 400,000 to 500,000 metric tons of potash a year, less than 1% of overall supplies, but consumes over 5 million metric tons annually.

Brazil consumes about 13.8 MMT of potash a year — nearly all of it imported — and demand for the fertilizer is growing by nearly 7% each year.