Brazil Offers Dale Opheim Another View of Farming

By Andrea Johnson, MN Farm Guide Assistant Editor Thursday, March 29, 2007 5:05 PM CDT

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OWATONNA, Minn. – His name is already familiar to many. Dale Opheim has been providing reports on Brazil via the Linder Farm Network for the past couple of years. Throughout the winter months, he is a radio guest from time to time to talk about planting conditions, whether or not the rain has fallen, rust concerns, and finally how harvest is progressing near his farm in north central Brazil. Farmers recently had an opportunity to see Opheim and listen to his talk on Brazil during the North American Farm & Power Show in Owatonna.

Opheim farms near Graettinger, Iowa, where he raises 3,200 acres of corn, soybeans and popcorn. Graettinger is about 100 miles southwest of Mankato. "I started out in Brazil the same as you all here today," he said to the farmers. "You're curious about it." He met a Nebraska banker with ties to Graettinger. The banker had a farm in Brazil, and he was looking for farmer partners. He asked several farmers to travel with him to Brazil, just six years ago. "I jumped at the chance – something I always wanted to do was see it," said Opheim. "I went down there, and I fell in love with the farm. It's something I never regretted." Now Opheim is a co-owner of a farm located about 120 miles – or three hours on dirt roads – from the nearest town.

The land is considered a new frontier in farming. The Cerrados, to the southeast of the Rain Forest, is brush land on flat plateaus. The brush is about 8 feet tall, and it's very shallow rooted. To farm the land, the brush is torn out during the rainy season, via a large chain pulled between two tractors. Then, an operator will go into the area with a tractor and loader. The brush is pushed into piles, allowed to dry and then burned. Next, the soil is worked with a plowing disk to tear out the roots. Tens or hundreds of farm workers walk across the field picking up the roots. The roots are placed in piles to be burned. Large amounts of lime are placed on the soil before it is farmed. Opheim said there was a lime quarry located about 30 miles from the farm, which was a great help.

The ground is lacking in organic matter. No-till farming is practiced throughout Brazil, and compaction is not an issue. Rain is very plentiful throughout the Cerrados from October through April. Planting occurs in November and early December, following the rains. "We've had this happen before – where we've started too soon, and you'll get just a small amount of rain, and it dries out again," said Opheim. "The beans will just sprout and die. The ground is very porous, and it dries out very quickly." The soil can absorb even a 6"-7" rainfall in one night. The roads cannot.

Rice is planted on the virgin farmland. The second year, a cereal crop of millet is planted as the rainy season begins. Serving as a cover crop, the millet is sprayed with glyphosate just before soybeans are planted. Millet seems to increase soil nutrients, provide residue against erosion, shade the emerging soybean plants, and build the organic matter in the soil. The soybeans are planted in 17" rows, with emergence in just three or four days, Opheim said. After the soybeans are planted, it's time to start spraying. Herbicides, micronutrients, insecticides and fungicides are applied. Fungicides are included in the cost of raising soybeans in Brazil. The soybeans are sprayed with fungicide when they begin to bloom, and again in six weeks.

"The rust has really been wild," said Opheim. "We have more rust than we ever had before. I have been told our soybeans were sprayed and controlled in time. Brazil deals with the rust, just as we deal with soybean cyst nematodes here." He added that the U.S. has an advantage over Brazil when it comes to chemicals. More chemicals are used in Brazil to keep the crops thriving, making total chemical costs more expensive there. Glyphosate-resistant soybeans are just being introduced in Brazil, and Opheim's group is not using GMO soybeans yet. The weeds are minimal in the newly broken soil. Weed pressure will come as the land is farmed longer.

"There's a lot of land left to be developed, but the good news for those of us in the U.S. is the best land has been developed," he said. The farm is managed by a Brazilian. Opheim and his partners own the land and facilities, and they supply all of the inputs. Their farm manager owns the equipment and controls the labor. The farm manager gets 30 percent of the crop, and Opheim and his partners get 70 percent. "It works very well for us when we're 5,000 miles away," said Opheim. Soybeans, rice, corn, cotton and sugarcane for ethanol are raised on the plateaus, while pasture, beef and tropical fruits are raised in the valleys. When conditions are right, the farm produces 60-70 bushel/acre soybeans, but it is hard to grow over 100-bushel/acre corn.

"Brazil doesn't have GMO corn. It's not approved yet, but when Bt corn comes out, they could raise 150-160-bushel/acre corn," he said. "The insect problem will be eliminated." It is common to see 15-20 combines in a field at harvest. The newly harvested soybeans are cleaned in the grain reception area to keep the beans in condition during storage. Harvest occurs in April, and conditions turn dry until November, so only one crop is raised each year. Double cropping requires irrigation which is too expensive at this time to justify on Opheim's farm.

When it's time to take the crops to market, the commodities are hauled over 120 miles of dirt roads and then another 241 miles on poorly paved roads to Imperatriz. It is then 378 miles by very good rail to the Sao Luis Port. "It's a lot of truck miles," said Opheim. "It's a long journey. One of the biggest problems is the infrastructure - the roads are horrible." There are big potholes in the paved roads that can ruin a car. When it rains, the dirt roads are sometimes impassable near the farm - very similar to field driveways in the upper Midwest. "We need more rail," said Opheim. "That's one huge advantage we have in the U.S. - we have good infrastructure. We can get it out, and that affects our basis."

From Sao Luis, ocean-going vessels can get soybeans to Europe faster than vessels from the Gulf of Mexico ports. The tons of soybeans shipped out from the port are phenomenal, said Opheim. In finishing his talk, Opheim said Brazil's thirst for agriculture offers positives and negatives for the South American country as well as agriculture in the United States. Inputs can be cheaper in Brazil, and land costs only about $800/acre to buy once it's cleared, limed and fertilized. People will work on the farmland for about $10/day, so labor is inexpensive.

The break-even cost to produce soybeans is low in Brazil, Opheim added - about $4.50/bushel cost. It's also possible to purchase 10,000-30,000 acres all in one parcel in Brazil. On the negative side, Brazil's farmers fight a wide basis - soybean basis in mid-March was about $1.70 under. "We need about $7/bushel Chicago futures just to break even," said Opheim. "If it's over that, we can make money - but the basis is killing us down there. One of the reasons is the transportation - it's horrible. The infrastructure isn't there - the rails, the ocean ports are all working against Brazil."

Brazil is also dealing with 20 percent interest for borrowed money and even higher rates of interest for farm equipment. The biggest concern for Brazil's agriculture is the exchange rate between Brazil's Real and the U.S. dollar. Brazil's soybeans are all sold at Chicago futures prices, and a few years ago four Reals were worth one dollar. Now two Reals are worth one dollar. "The cheap dollar is helping the U.S. exports, but it's killing agriculture in Brazil," said Opheim. "The U.S. can still compete."

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