Latin America's soybean market outlook 2025 – global market implications

Latin America, led by Brazil, is becoming a significant global soybean producer. This article explores how the region can navigate opportunities and risks amid rising geopolitical tensions and shifting trade dynamics.

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By Joao Morciani

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The past decade has seen Latin America, particularly Brazil, solidify its status as the backbone of the global soybean industry, marked by rapid production growth and extensive market penetration in key international markets. As Brazil's output soared, it not only outpaced US farmers but also emerged as the leading supplier to Chinese processors, a shift that has reshaped trade dynamics.

Now, with escalating tensions and the potential for a renewed US–China trade war on the horizon, South America stands at a strategic crossroads. The region's soybean exporters, particularly Brazil, Argentina, and Paraguay, are uniquely positioned to respond to volatility between Washington and Beijing. Should tariffs or export restrictions resurface, APAC …orters, led by China, are likely to intensify their r… …merican supply chains, thereby deepening the …n's influence and responsibilities within global …

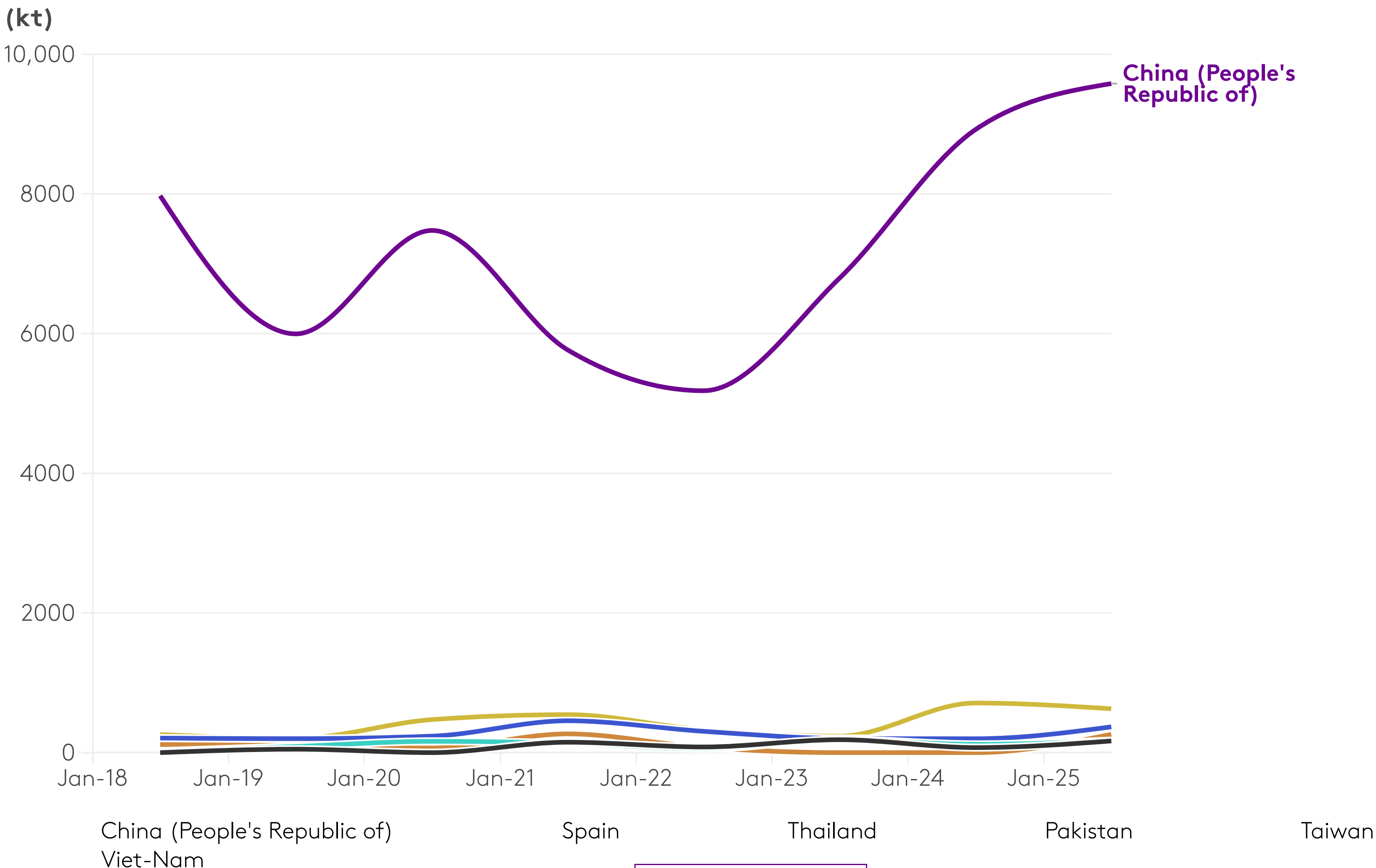
uncertainty of renewed geopolitical tensions.

Soybean production capacity and 2025/26 outlook

Between 2020 and 2022, the soybean market experienced a period of exceptional profitability. High global demand, tight soybean stocks, and favorable pricing created a surge in margins that incentivized producers across South America to aggressively expand their soybean farms. According to the Brazilian Company of Supply (CONAB), at the peak in 2021, Brazilian farmers experienced profitability levels that were three times the historical average, generating a surge in investments in Brazilian fields.

This surge was evident in the expansion of more than ten million hectares from 2021 to the last season, increasing from nearly 37 million hectares to 47.3 million hectares, according to CONAB. Argentina and Paraguay also saw growth in soybean acreage, albeit at a more measured pace. Argentina expanded from 15.87 to 17.1 million hectares, while Paraguay increased from 3.5 to 3.95 million hectares over the same period.

Production figures reflected the area's expansion. Brazil's output rose from 139 million tons in 2020/21 to a record-breaking 169 million tons in 2025. Argentina maintained relatively stable production levels, while Paraguay saw modest growth. Overall, South America's total soybean production reached 230 million tons in 2024/25, up from 193 million tons in 2020/21.



ce: Global Trade Tracker (GTT)

Even as expansion slows, Fastmarkets anticipates South America's total soybean production will climb to 240 million tons in the upcoming season, over 57 million tons higher than just five years prior. Strengthening trade partnerships with China and growing global demand for biofuels continue to propel the region's production outlook.

Brazil's plentiful natural resources position it as a vital supplier capable of meeting the world's growing demand for both food and renewable energy. Building on its recent momentum, Brazil has the unique opportunity to expand soybean production by repurposing approximately 28 million hectares of degraded pastureland with strong agricultural potential—a strategy highlighted by the Brazilian Agricultural Research Corporation (Embrapa). This approach enables Brazil to increase output without resorting to deforestation, thereby supporting global sustainability goals and advancing environmental stewardship. By revitalizing underutilized land, Brazil can simultaneously enhance food security while meeting the growing demand for biofuels.

Shifting soybean trade flows: South America's rise amid US – China disruptions

The global soybean market has undergone significant transformations since 2018, driven by geopolitical tensions and evolving trade relationships. Central to these changes are the trade flows from the United States and South America to the Asia-Pacific (APAC) region, particularly China.

As the global agricultural landscape faces new waves of uncertainty, it's worth recalling that history doesn't repeat itself, but it often rhymes. In navigating the unpredictable shifts of today's trade environment, especially the escalating tensions between the US and China, stakeholders would be wise to draw lessons from recent historical patterns. The echoes of 2018's tariff disruptions and the realignment of global supply chains offer valuable insights into what may lie ahead.

…er than expecting exact repetitions, we must re… themes—such as the rapid pivot of Chinese demand

The 2018 disruption: a turning point

In mid-2018, the US–China trade relationship faced its first major rupture when China retaliated against US tariffs by imposing heavy duties on American soybeans. This sparked a dramatic realignment in global soybean trade flows, especially affecting exports to China and other Asian markets.

Before the trade war, China was by far the largest buyer of US soybeans, accounting for roughly 60% of US export volume. After the tariffs, this volume plummeted to near zero. In the latter half of 2018, US soybean shipments to China virtually ceased. For the full year 2019, US exports to China were under 2 million metric tons, a drop of over 90% from pre-tariff levels. Facing a huge surplus, American exporters scrambled to find alternative markets. Some of the excess was absorbed domestically, but US traders also aggressively courted other buyers in Asia and elsewhere.

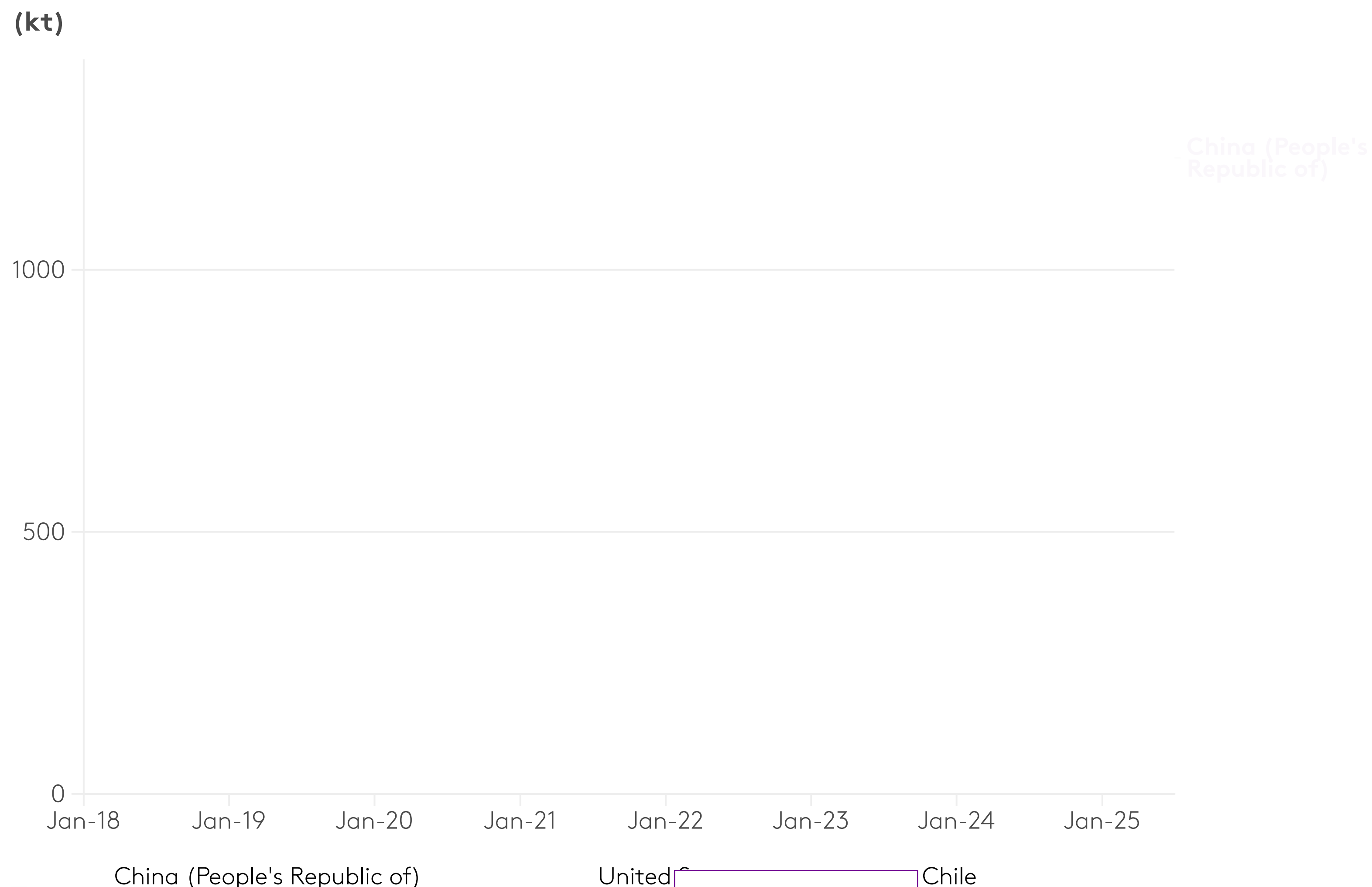
New Asian destinations picked up some slack. Countries like Thailand and Vietnam significantly increased their US soybean purchases once Chinese demand disappeared. Despite these new outlets, none could fully replace China. US ending stocks hit record highs in 2018/19, and farm-gate prices fell sharply, reflecting the loss of China's market.

Brazil moved swiftly to capitalize on China's pivot away from the US. In 2018, Brazil's soybean exports to China surged to unprecedented levels, easily offsetting the shortfall from the US. During the peak tariff period, month after month saw record volumes of Brazilian soy headed to China. By 2018, Brazil's share of Chinese soybean imports was around 75%, cementing its role as China's top supplier. Brazilian soybeans were not only plentiful but also price-competitive for Chinese buyers due to the absence of tariffs. Brazil's exporters commanded premium prices from China while still underpricing US soy for tariff-adjusted costs.

It' worth noting that Brazil did reallocate some exp aller buyers in Asia to prioritize the Chinese and boom. Countries like Thailand, Bangladesh, and Vietnam saw Brazil's shipments to them level off or drop slightly

Argentina, traditionally a soybean meal exporter rather than a bean exporter, also stepped into the fray. Historically, China had not imported soybeans from Argentina. The trade war changed that. In 2018, for the first time, Argentina exported significant volumes of whole soybeans to China. Starting around April 2018, Argentine beans began flowing to China. By the end of 2018, Argentina had shipped roughly 1.5 million metric tons to China, and in 2019, with a rebound in its production, Argentina's soybean exports to China jumped even more. Argentina achieved this in part by diverting some of its beans away from its own crushing plants to export.

Argentina's key soybean export regions (2018-2025)



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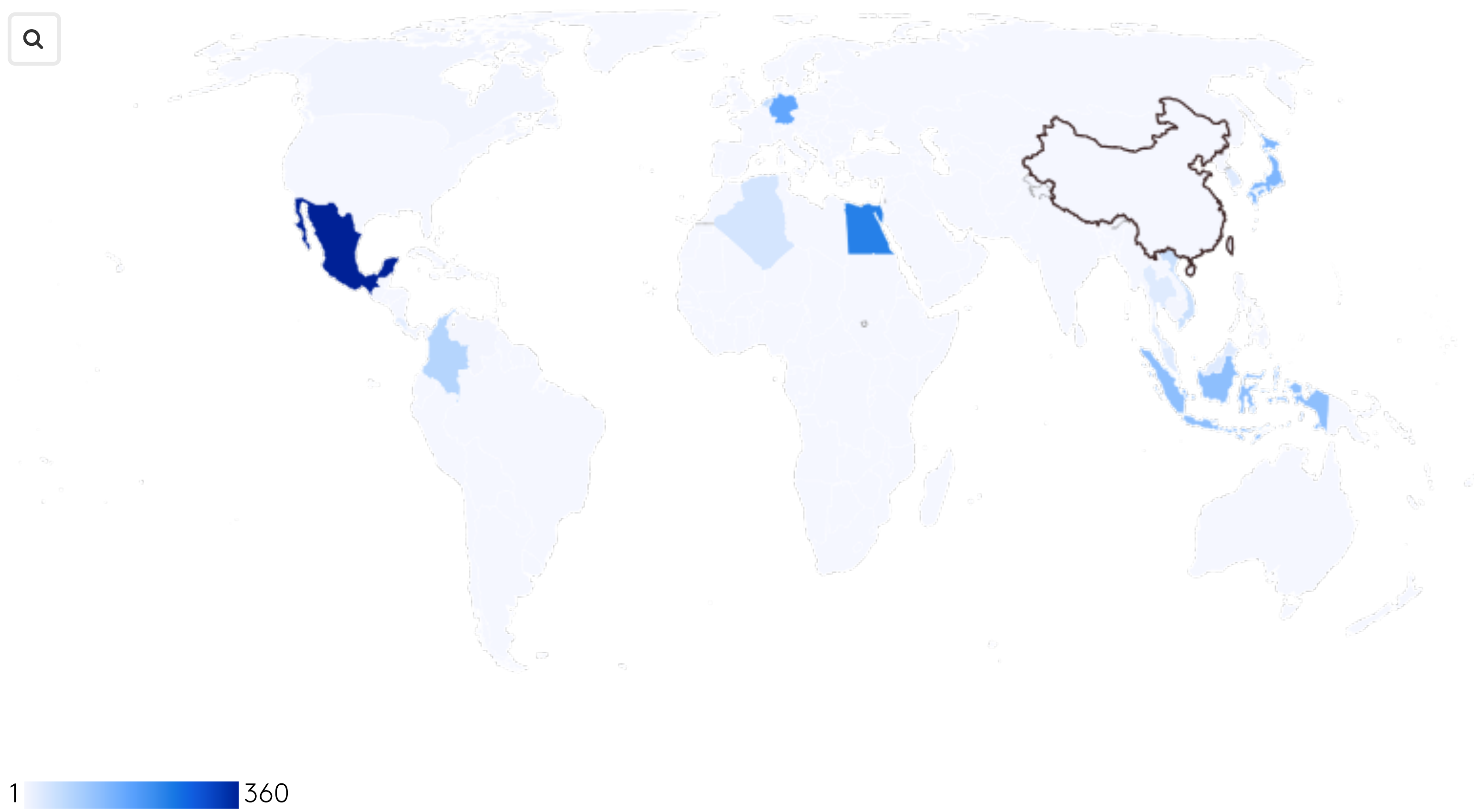
precedents for 2020 and beyond. When another US–China trade flare-up occurred in 2025, these patterns resurfaced, with South America again absorbing demand and the US again finding itself on the outside. The 2018 disruption thus served as both a warning and a proof of concept: it showed how quickly trade flows can change and cemented South America's ascendancy in the soybean world.

2025: a new trade war, familiar patterns

The escalation of trade tensions in 2025 has once again disrupted traditional soybean trade flows. China has not booked any US soybeans for the 2025/26 marketing year – a startling departure from the norm. Recent USDA export sales figures highlight the dramatic shift: as of early September 2025, China had not booked any US soybeans for the upcoming season. In previous years, Chinese buyers would typically have committed to at least 3 million tonnes by this stage—sometimes as much as 12 million tonnes, as seen five years ago, or 2 million tonnes by this time last year.

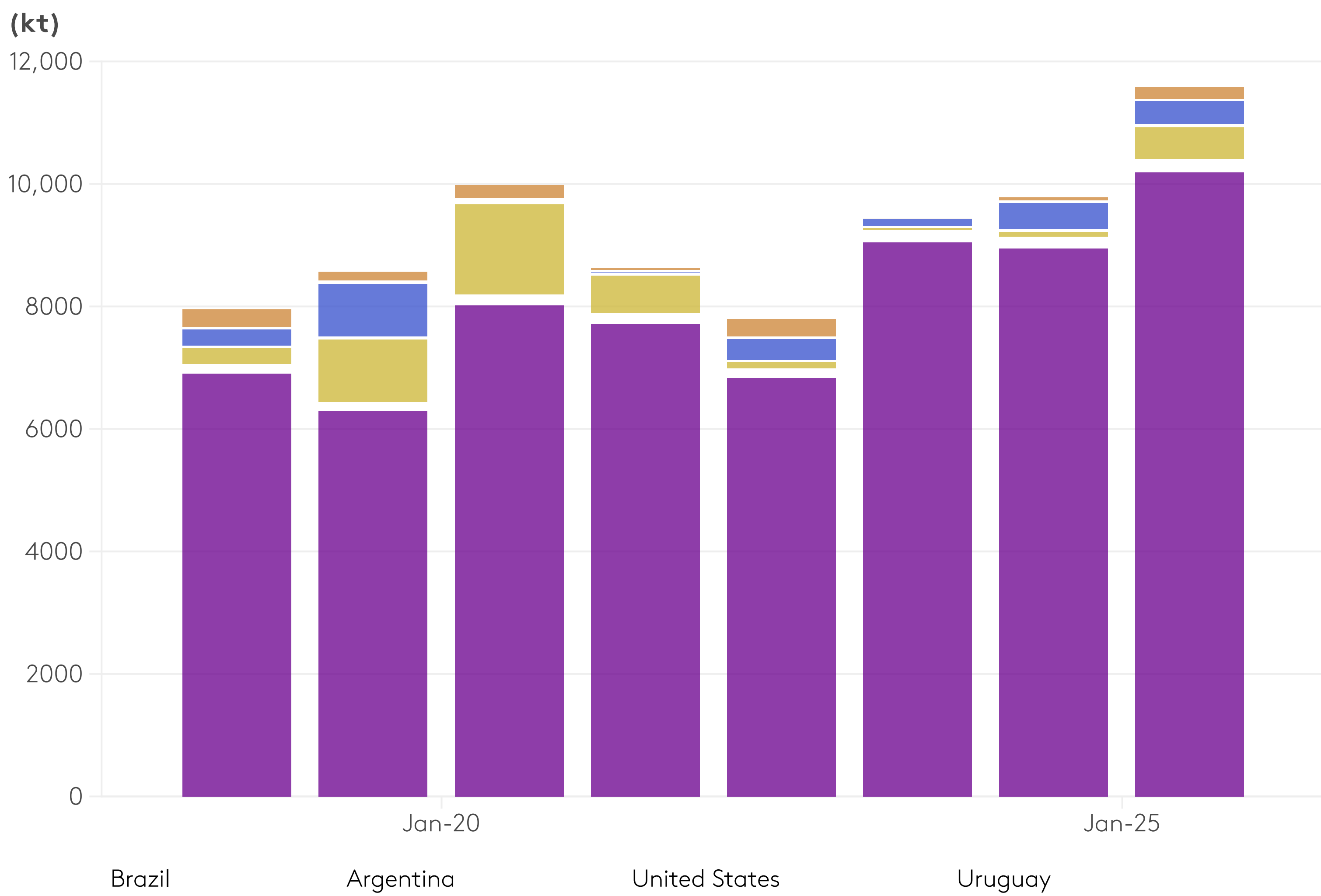


Source: Global Trade Tracker (GTT)

This absence is directly tied to ongoing trade tensions and tariffs, which have effectively shut China out of the US soy market despite the new American harvest coming i traders are alarmed. Commonly, nearly 40% of ipated sales to China would be committed by r Chinese orders is unprecedented and leaves a

2025, Fastmarkets expects that Chinese crushers will demand roughly 20 million tonnes of soybeans before Brazil's next crop arrives in early 2026. Brazil and Argentina are expected to share the task of supplying this volume, effectively replacing the US during its usual export window.

In fact, Chinese importers have reportedly already lined up nearly 10 million tonnes from Argentina and Uruguay for shipment from fall 2025 into early 2026, on top of massive purchases from Brazil. Combined, these South American origins are stepping in to cover China's needs that the US would usually fill. This unprecedented realignment underscores how China's sourcing strategy has pivoted: Brazil (and to a lesser extent Argentina) is ensuring Chinese soy processors stay well-supplied, even as the US crop harvests in abundance with few buyers in China.



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change is estimated to require an extra 700,000 tonnes of soybean oil for biodiesel production compared to last year, to produce the additional 650 million liters of biofuel needed. It's a significant internal demand surge since soybean oil makes up about 70% of the raw material for Brazil's biodiesel.

As a result, oilseed processors are ramping up operations. Fastmarkets expects Brazil's soybean crush in 2025 at around 57 million tonnes, up from about 55.7 million tonnes in 2024. In other words, despite the massive export program, Brazil's domestic soy usage is also reaching record highs, driven by biodiesel needs and supported by 2025's bumper soybean harvest. This competition between export and domestic sectors is tightening the Brazilian balance sheet, as a portion of the crop that might have been exported as whole beans is instead processed domestically into fuel and feed.

Implications: Brazilian basis stays firm

These dynamics are keeping Brazilian soybean basis levels historically firm. Even as US new-crop soybeans flood the market, Brazilian cash premiums have remained elevated because both exporters and local crushers are bidding for available supply. The typical seasonal basis softening (when US harvest peaks) has been muted, a direct result of China's continued buying from Brazil and Brazil's own increased crushing. For context, Brazilian export prices in late August 2025 were still about $2.00 per bushel above benchmark Chicago futures, an unusually high FOB basis for that time of year. This strength reflects the supply tightness and competition: Chinese demand and the biodiesel mandate are effectively tightening Brazil's soybean supply despite a record crop. While we refrain from explicit price predictions, the current fundamentals suggest that the Brazilian basis will remain well-supported until new-crop supplies in early 2026 ease the pressure on the market.

Conclusion

'obal trade dynamics continue to shift, Latin Ar Get started il and Argentina has emerged as a resilient and
asingly indispensable supplier in the soybean market, particularly for APAC importers. The region's strategic

influence and operational flexibility. Meanwhile, Argentina and Uruguay have stepped up to fill supply gaps, further solidifying the region's role in global food and energy security.

Historical parallels with the 2018 trade disruption highlight the importance of agility and strategic foresight. As Chinese importers pivot away from US suppliers, Latin America's responsiveness and reliability become critical. However, this shift also introduces pricing volatility and logistical challenges that require careful navigation. To sustain momentum, stakeholders across Latin America and APAC must prioritize transparent decision-making, strengthen trade alliances, and invest in infrastructure and sustainability. By doing so, they can mitigate risks, capitalize on emerging opportunities, and ensure long-term resilience in a complex and evolving global landscape.

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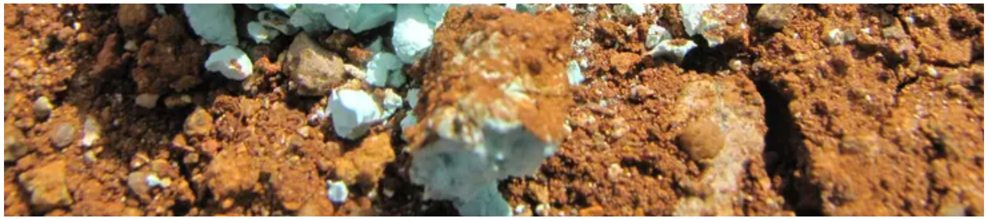

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