

"I'm going to work my butt off to keep the guys happy that invested and had faith in me," says Tyler Bruch, who started farming in Bahia, Brazil, in 2003. In this 500-acre field of popcorn, he's getting \$12-14/bu. on 55 bu./acre yields. He's planning on 1,200 acres of popcorn next season.

Young Gun

Tyler Bruch thrives on the Wall Street risks of farming in Brazil.

By Greg Lamp

Had Tyler Bruch been born in the mid-1800s, he'd surely have been one of the "Go West, Young Man" frontiersmen. Instead, he's fallen into the elite "Go South" adventurers that have settled in Brazil, in many ways a wide-open frontier that's still rich with opportunity.

A daredevil of sorts, that's just what Bruch, now 27, did four years ago when he packed up and left for the state of Bahia, more than 6,000 miles from the comfort of his family's farm in Emmetsburg, IA.

"Dad said, 'I think it's a good idea to see if there's an opportunity down there. And if there is, we'll support you as much as we can. Go down and see if it's legit,'" says Bruch, who was heading to Brazil to finish his final six credits for a degree in ag studies from Iowa State University.

When the Brazilian ag school where he was enrolled turned into a disappointment, he decided to charge ahead anyway and look for opportunities to start a farming operation there.

"I'd read about some American farmers in Bahia, so I headed there,

got a rental car and lived in a dive apartment for six months. I toured Brazil, worked on my Portuguese (now fluent) and planned ways on how I could start farming.

"Mom and dad came down in March 2003 and we looked at possibilities of buying some land," Bruch recalls. "I remember one day dad saying, 'Learn faster and let's go. This is too good to be true.'"

That's when the adrenaline really kicked in. After a couple of false starts in trying to buy land, Bruch put his first purchase together in August 2003 with 2,000 acres of "rough ground," called Cerrado,

just outside a little town of Luis Eduardo Magalhaes in northwest Bahia. The town of 40,000 people didn't exist when Bruch was born.

"Everyone says land is cheap here at \$300-400/acre," says Bruch. "It is, but you have to pay for it in 18 months. There's no 20-30 year ARM. And you don't buy an 80 here, you buy 800 to 2,000 acres at once."

That land, covered in scrub trees and brush, had to be cleared and limed before it could be planted. The first year the land was planted to rice to build soil tilth and structure. "But the rice was a disaster

and we couldn't sell it. We then went to all soybeans plus added another 2,000 rented acres," he says.

Generally, Bruch plants his acres to soybeans and cotton, then rotates. That mix changes if he's able to lock in higher profits on one crop over another. At the moment, he's getting heavier into cotton. "I even have some popcorn because I was able to lock in a better return than with cotton or beans," he says.

Within two years, Bruch saw the writing on the wall that his efforts were paying off. He was itching to get bigger.

Now even though you might start thinking Bruch is a bit of a risk junkie, he doesn't dive into a new enterprise without a solid plan for financial reward. He's there to make money.

"We're trying to expand because we know from an economic standpoint where our numbers are and what our returns are; and we're locking in fantastic profits," he says. "Costs in Brazil haven't caught up to the U.S. yet. We're hedging two years out on the Chicago Board of Trade. We're hedging the 2007 crop into the May 2007 futures, and a large portion of the May 2008 crop into the May 2008 futures. If the profits get high enough, we'll also hedge a portion of the 2009 crop into the May 2008 futures.

"We're locking in high profits and generating great returns," he adds. "We don't want to hit the homerun because we can't afford to strike out. So we're just locking in consistent returns and that's where we're getting our growth base. We do our marketing and business off a spreadsheet – absolutely zero emotion involved."

And the plan is working. In fact, in 2005 Bruch started Global Ag Investments, a limited partnership with 13 investors. That group currently farms 6,500 acres, next to the family acres, and is managed and operated by Bruch. That group now has just secured another 12,000 acres with their eye on an additional 10,000 more. Those acres will be rented, not owned.

"I wanted to create a company where an investor could get in for five or six years and then get out," says Bruch. "The LLC is relatively short term and has an easy exit. By

On A Personal Front

Imagine only spending about 25 days a year in the U.S. and only about a week of that with your family and friends. That's exactly what it's been like for Tyler Bruch the past four years since he started farming in Bahia, Brazil.

"When I came here I was pretty scared. I asked myself what I was going to do down here. Was I really going to try this?" he recalls.

"Once you're here, you don't get back for Christmas because you're planting; no birthdays or Thanksgiving trips either. You give up a lot of those things," Bruch says. "No college football or any hunting and fishing with your buddies.

"I'm close to mom and dad, too, and I only see them a few days out of the year. There are huge tradeoffs living here," he says.

Fortunately, Bruch has forged a group of American farmer friends, all with the risk tolerance he has. "We all got here around the same time and we're all fighting the same problems every day. For example, John and Mike and I are all friends, but we have to be," he says. "I'll ask one of them what to do and they do the same with me. We're all trying to help each other."

That's especially challenging in a Latin American culture where the business culture is relaxed and calm. "Nobody gets excited about anything around here," Bruch says. "As Americans we want it now or five minutes ago. So you have to adapt to it and do business on their terms and their schedules."

What's kept him going, though, has been his family back in Emmetsburg, IA. "You need a support group. It takes a lot of money and people to stand behind you and raise your spirits when things go bad," he says.

Bruch thrives on the rush of building and managing an operation. For example, he's now in the final stages of building the first-ever biodiesel plant in the town of Luis Eduardo. He's put together a business plan, found partners and investors, and will break ground on a 28 million gallon plant in the coming months. "I guess I've got to have a project or I just go nuts," he says.

"I suppose I could see myself going back to Iowa someday and being involved on the ag business side. But I don't see myself being the guy out there on the tractor planting corn and beans," Bruch says. ■

PHOTOS: GREG LAMP



Tyler Bruch bought and cleared scrub brush and small trees, or rough land, when he first arrived in Brazil. This rough land sold for \$300-400/acre.

renting property at \$25-30/acre with long-term lease contracts, we're doing that. In three years I'd like to be pushing 60,000 acres."

Bruch points to an Iowa State University report that claims if you can rent ground for 8% of the price of owning it, rent. He's currently at 2%.

Acquiring the farmable acres isn't difficult. Bruch says he could easily find another 50,000 acres next year, but he has to create the management staff to take on that kind of acreage. At the farm about 50 miles from town, he has an overall farm manager and 35 employees. He'll be bringing a farm manager/agronomist from the U.S. to the operation soon.

The idea for this family and partnership operation is simple: generate profits. But for Bruch it's much more. It's about the satisfaction of building the operation and making it successful.

"I don't know what I'd do that would be more gratifying than having the investors come down and look at their crops and farm, then pat me on the back and tell me I'm doing a good job," says Bruch. "It's a great feeling knowing that people are putting a lot of money with you and trusting you to do a good job –

and you are. That's what gets me up every morning to do it again." ■

(Editor's Note: Read more about the daily challenges of farming in Brazil in Tyler Bruch's regular column called "Our Farm." It's on page 16 in this issue.)



Bahia Stats

- Located in east-central Brazil
- Average temperature of 64-91°F
- Annual rainfall of 59-71 in.
- 12° south of the equator
- Not a rain forest
- 1,980-2,970 ft. above sea level
- Planting begins in October and ends in April
- Harvest begins in April