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TYSON SECURES ALLIANCE WITH GLOBOAVES TO INCREASE PRODUCTION CAPACITY

To increase production capacity, Tyson has signed an agreement with Cascavel, Parana state-based Globoaves, which produces chicken (whole birds and cuts), mainly for export. Under the agreement, Tyson will buy live chickens from Globoaves, which slaughters in one of its two shifts for Tyson's product mix. International expansion, one of the company's strategic goals, is the main reason for choosing Globoaves, which has the necessary certification for export to the European Union, Asia, Africa and the Middle East. In addition, with a view to increasing production nationally as well, Tyson will hire 670 new *integrados* (contract farmers) to supply the Sao Jose and Itaiopolis facilities, in Santa Catarina state, and the Campo Mourao plant, in Parana. Thus, in 2009, the network of *integrados* in Itaiopolis and Campo Mourao will go up to 340 batteries. In Sao Jose, there are plans to reach 350 batteries. Reported by website Agrosoft.

SADIA LEADS ON UPSIDE AND STOCK GOES UP BY 32%

Rumors that Sadia is about to work out how to deal with capitalization to stop financial loss have helped the company's securities at BM&F Bovespa (Sao Paulo Stock Exchange). In the past week, company stock has led Sao Paulo Stock Exchange Index (Ibovespa) rises, with a 32% increase from 4.20 reais to 5.55 reais. The market is waiting to see who will buy Sadia. Rumors first pointed to Nestle, Perdigao, the Brazilian Development Bank (BNDES) and investment funds. The rumor that Cosan will buy NovAmerica mill has helped company securities to go up by 9.6% at the Sao Paulo Stock Exchange. Another sugar and ethanol company with strong growth in the past week is Sao Martinho, whose securities have risen by 17.9%. Reported by newspaper Gazeta Mercantil.

BOM GOSTO ACQUIRED PARMALAT FACTORY

With BNDESPar financing, Laticinios Bom Gosto has acquired the Parmalat factory in Garanhuns (Pernambuco state) for 31 million reais. This facility is expected to create an annual income of 100 million reais, which will add to the 1.5 billion forecast for Bom Gosto this year. With only 15 years, Tapejara, Rio do Sul state-based Bom Gosto, stands out in Brazil's dairy sector for its aggressiveness. Before the merger with Lider, in November 2008, the company had already obtained control over Nutrilat and Corlac, in Rio Grande do Sul state, and over Laticinios DaMatta and Laticinios Santa Rita, both in Minas Gerais state, in 2007. The company is also building a dairy plant in Uruguay, with investment worth US\$30 million. Reported by newspaper Valor Economico.

COPEL SINGS CONTRACTS TO BUY BIOGAS POWER

On February 3, Companhia Paranaense de Energia (Copel) signed the first agreements in Brazil's power sector to buy power produced from biodigestion of organic materials. The six contracts account for a total 524 kW (kilowatts), enough electricity to light more than 100 average homes, which will be supplied by four producers: Companhia de Saneamento do Parana (Sanepar), Cooperativa Lar, Granja Colombari and Star Milk. The contracts will terminate in late 2012. Copel CEO, Rubens Ghilardi, Sanepar president, Stenio Jacob, the Parana state Secretary of Agriculture and Food Supply, Valter Bianchini, and the Brazilian Director General of Itaipu Binational, Jorge Samek, as well as the directors of those companies, were present at the signing. Copel's first steps, says CEO Rubens Ghilardi, should encourage other rural producers to do the same, as what they lacked was a mechanism for selling their power surplus. Reported by newspaper Agrosoft.

MEATPACKERS' INDEBTEDNESS CAUSES MISTRUST IN THE MARKET

In January, Credit rating agency Fitch issued a report warning the market about Arantes' late payment of US\$8 million in company issued promissory notes interests. In January, the meatpacker also acknowledged its inability to handle its debts and announced its conservatorship request. The overheating in the economy that preceded the current crisis had led other companies in the meat sector to invest heavily to increase production and meet demand, which was expected to continue growing. As a result, companies are in debt and with shrinking cash flows. The outlook for Frigorifico Independencia is negative too. The company's indebtedness will remain high and may negatively affect the company's payment capacity. With 85% of its total debt in dollars, the meatpacker has seen its indicators worsen as the dollar appreciated. The group's current total debt is nearly five times its cash flow. Reported by newspaper Gazeta Mercantil.