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## A Weekly Review of Business Opportunities

### **EVEN WITH LOSS, GUARANI PLANS EXPANSION IN 2009**

Acucar Guarani, controlled by French group Tereos, will maintain its expansion projects in the agricultural sector for the 2009/10 crop, due to start in April. The company believes the scenario has started to change for the sugar/ethanol sector. In the 2008/09 crop, the group processed 14.4 million tons of sugarcane, showing an increase of 13.5% against the previous crop. The production mix was 59% for sugar and 41% for ethanol. The company wants to raise crushing capacity in its mills by 500,000 tons of sugarcane in the new crop. The company took advantage of the increase of capital, whose minimum value is 193 million reais, wholly provided by the controlling shareholder, and whose maximum value is 309 million reais, considering all minority shareholders. In late 2008, the company completed a loan with Tereos itself (mutual interest agreement) to ensure greater liquidity to the company. Reported by newspaper Valor Economico.

### **CTC TO OPEN FACILITY TO PRODUCE 1 MILLION SUGARCANE SEEDLINGS PER MONTH**

The Center for Sugarcane Technology (CTC), based in Piracicaba (Sao Paulo state), plans to launch its first bio-factory in early March to produce sugarcane nurseries. Currently, the research institute, one of the most traditional centers in Brazil, produces nearly 500,000 sugarcane seedlings per year. It aims to produce 1 million seedlings per month as from September. Investment in this bio-factory amounted to around 1 million reais, says Nilson Boeta, CTC Managing Director. This year, CTC will also open its first pilot plant for second generation ethanol production, in partnership with Danish company Novozymes. Investment in this project is estimated at 2 million reais. The two partners have been conducting research for a few months to produce ethanol from cellulose in sugarcane bagasse and straw, with enzymes breakdown. Reported by newspaper Valor Economico.

### **PETROBRAS PLANS TO BUILD A NEW FERTILIZER FACTORY**

On February 13, Petrobras presented its investment plans to build its third fertilizer factory. It aims to produce 1 million tons of urea as from 2013 to reduce Brazil's dependence on imports of this kind of fertilizer. Petrobras now has two facilities in Bahia and Sergipe states. The location of the new facility has not been decided yet, but Ceara and Espirito Santo states have already expressed their interest. Altogether, Petrobras supply area intends to invest US\$47.8 billion by 2013. The company also plans to produce lower sulphur diesel oil and gasoline and to invest in pipelines and terminals. Reported by Canal Rural.

### **MINAS GERAIS TO OWN ANOTHER FIVE MILLS**

According to the President of the Minas Gerais Ethanol Trade Union (Siamig), Luiz Custodio Cotta Martins, five mills will start operations in the state as from the second half of this year. Each plant requires investment worth 250-300 million reais. With mechanization, 600-1,000 jobs are expected to be created in each facility. These mills are projected to produce 50 million tons of ethanol. Martins says the Brazilian Development Bank (BNDES) will provide a credit line for the plants' working capital. Funds may reach 3 billion reais. "Ours is a sector that produces in six months and sells in twelve". Reported by website BrasilAgro.

### **DESPITE CRISIS, EMBARE EXPECTS 10% GROWTH**

Minas Gerais-based company Embare, which has recently invested 65 million reais in a new milk powder production plant, expects a 10% growth in its volumes this year in spite of the international financial crisis. Company income in 2008 amounted to 500.6 million reais, against income in 2007 (457 million reais). Embare also recognizes it should not use all its installed capacity this year. With investment of 65 million reais in 2008, production capacity in the Minas Gerais dairy plant has increased to 5,000 tons of milk powder per month from 2,800 tons before the launch of the new plant in Lagoa da Prata. The company plans to produce 45,000 tons per year, i.e. 3,750 tons per month. Reported by newspaper Valor Economico.