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## A Weekly Review of Business Opportunities

### INDEPENDENCIA'S SUSPENSION OF ACTIVITIES SURPRISES MARKET

Meatpacker Independencia has indefinitely suspended activities related to cattle slaughter in its ten operating plants in Brazil. As has been reported, the main reason for this decision was cash flow issues. The company started delaying payments to breeders and ended up stopping plants' activities. The company did not comment when asked. Neither did Independencia say to the market why it canceled the change transaction in financial clauses restricting bonuses, which set out the maximum leverage degree and rules to characterize changes in company capital control. In late 2008 the company's slaughter capacity was 12,000 head per day but was operating with 40% idleness owing to the scarcity of cattle in the market. Reported by website BeefPoint.

### LAND SALE IN SMALL ENTERPRISES ONLY

Argentine group Calyx Agro, whose majority stakeholders included Louis Dreyfus Commodities, and Radar, a land company controlled by Cosan, are holding talks to purchase agricultural land to expand their business activities in Brazil. These two companies are an exception in a market that was preparing to take off before the global financial crisis but was halted. The land market has been inactive these last few months as a result of the global turbulence. The areas oriented to sugarcane cultivation have slowed down the most. It is precisely because of this opportunity that Radar, owned by Cosan, is in talks to buy nearly 20,000 hectares for sugarcane in central Sao Paulo state. Reported by newspaper Valor Economico.

### BRAZIL SEEKS OPPORTUNITIES IN ARAB WORLD

The appreciation of the euro in the past few months has created opportunities for Brazil's agricultural products in the Arab market in 2009. Brazilian producers and businessmen are preparing to grab this opportunity and thus expand or even open up new markets. Al-Ayed Mohammed, international imports manager of Saudi Arabia-based Awrad Aldana Est, says the Arab market is extremely dependent on imports and the appreciation of the euro has created an opportunity for Brazil's production chain. The executive adds the demand for food in the region has grown gradually, but Brazilian exporters have not shown enough flexibility in negotiations. Unlike Brazilian businessmen, Europeans know how to negotiate, he stated. "Brazilians need to learn to struggle to place a product in the market rather than just promote it". Reported by newspaper Gazeta Mercantil.

### INDIA BACKS OUT OF ETHANOL PRODUCTION IN BRAZIL

Due to the economic slowdown, Indian Oil, Hindustan Petroleum and Bharat Petroleum have shelved plans to invest in sugarcane farms in Brazil for ethanol production. "The project seemed to be feasible and strategic for India's energy industry. However, given the limited funds, public companies from this country do not envisage, for now, any ethanol production projects in Brazil", says India's Oil Minister, Murli Deora. Indian Oil, Hindustan and Bharat Petroleum together had planned to buy or rent mills in order to use ethanol as an alternative to reduce dependence on imported oil. The companies were working on proposals to acquire stakes of 15-35% in two companies (Louis Dreyfus Commodities Bionergia and Infinity Bio-Energy). Indian investment is estimated at US\$600 million. Reported by newspaper Folha de Sao Paulo.

### LOWER EXPORTS STOPS ITAMBE'S PROGRESS

After an exceptional 2007 and a reasonable 2008, Itambe is preparing for a more difficult context this year, with a drop in dairy exports and limited revenue growth. The company is implementing a program to reduce expenditure and waste. The plan is to save 80 million reais with an increase in efficiency and changes in suppliers and in boiler fuels, from diesel oil to firewood. The reason for Itambe's losses last year was exchange-rate movement, which generated a loss of 76 million reais and financial expenditure of 71 million reais. This expenditure is associated with dollar financing, like down payments and equipment investment. In late 2008, the company's debt in foreign currency was US\$100 million. Exports are expected to go down to 12-15% of 2009 sales. Reported by newspaper Valor Economico.