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## A Weekly Review of Business Opportunities

### SAO PAULO STOCK EXCHANGE SEES POSITIVE FOREIGN INFLOW

Foreign investors are again showing their interest in Brazilian companies' stocks. In February, the Sao Paulo Stock Exchange foreign capital balance was 544.1 million reais. It had not been positive since May 2008. Despite last month's favorable figures, this year's balance is still negative (101.9 million reais). Foreigners account for 35% of the Sao Paulo Stock Exchange transactions. One of the effects of the long foreign investors' escape from the local market was the freeze of IPO (initial public offering) activities. Foreigners represented more than 70% of IPOs over the past few years. Improved foreign capital inflows have not been enough to knock down the dollar exchange rate. Last month, the dollar increased by 2.24%. In yesterday's transactions, the dollar fell by 1.7%, and closed at 2.37 reais –the dollar's accumulated rise in 2009 to date is 1.54%. Reported by newspaper Folha de Sao Paulo.

### PETROBRAS WANTS ETHANOL MILLS

Petrobras yesterday announced it will start acquisitions in the ethanol sector. Petrobras Biofuels (PBio) plans to acquire stakes of up to 40% in mills. The company's plan is to invest US\$2.4 billion in biofuels between 2009 and 2013 and to have a share of at least 20% of the Brazilian ethanol sector's total growth. Acquisitions should be completed by the end of the first half. In early 2009, the crisis has led to a large reduction in sugarcane harvest in the center-south of Brazil. The harvest surplus indicates a slowdown in investment. Some mills in Sao Paulo state that were due to start operations in the first two months of the year were not ready, and there have been budget cuts in two dozens of projects in Mato Grosso do Sul state. Reported by newspaper O Estado de Sao Paulo.

### BRAZILIAN FORESTS ATTRACT FOREIGN INVESTMENT FUNDS

With a large supply of available land and favorable climate conditions, Brazil is attracting the interest of foreign funds investing in forest growing with commercial purposes, known as TIMOs (Timber Investment Management Organizations). In January, Claritas Investimentos launched an investment fund, *Fundo de Investimento em Participação (FIP) Floresta do Brasil*, worth 101.8 million reais, focusing on the sale of timber for the pulp, energy and iron-related markets. Nearly 25% of these funds come from foreign investors. Investment will be made through Corus Agroflorestal, specializing in forest asset management. The company already has 4,000 hectares of eucalypt forest in Campo Grande and Tres Lagoas, in Mato Grosso do Sul state, oriented to paper and pulp industry supply. The company also works in the energy market; it supplies the steel industry with charcoal and the iron industry with ready wood. Reported by newspaper jornal Gazeta Mercantil.

### 300 MILLION REAIS FUND TO INVEST IN ETHANOL

Brazilian manager DGF Investimentos managed to launch a private equity fund of 300 million reais in the middle of the crisis. The portfolio, named FIP Terra Viva, will invest in ethanol. Six BNDES (Brazilian Development Bank) and FINEP (Financing Agency for Studies and Projects) pension funds contributed to the fund, which was launched in early January. The portfolio is made up of national funds only. The portfolio is intended for ethanol projects. Around six investments are expected as from this month. The areas of interest are associated with companies focusing on developing new materials and equipments related to the ethanol production chain and other projects concerning energy co-generation from bagasse. The third area of interest is mill strengthening. This segment will require larger investment, which may be up to 90 million reais. Reported by newspaper Valor Economico.

### RUSSIA CLAIMS ACTIVE ROLE BY BRAZILIAN MEATPACKERS

Russian authorities and importers criticized Brazilian companies for their limited lobbying compared to US exporters'. A candidate country for accession to the WTO (World Trade Organization), Russia has made concessions to trade partners but reduced some areas occupied by Brazilian products. The private sector rejects Russia's complaints and highlights the Government's obligation to maintain agreements and markets for national products. In 2005, almost 400,000 tons of pork were exported. In 2008, exports amounted to 260,000 tons. In addition, Russia reduced the quota for other countries (mainly accounted for by Brazil) by 50,000 tons, while increasing the quota for US pork by the same volume. Reported by newspaper Valor Economico.