

Year 4 No. 14

06-10 April, 2009

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A Weekly Review of Business Opportunities

PETROBRAS OPENS BIODIESEL PLANT

The third biodiesel plant owned by Petrobras in Montes Claros (MG), named Darcy Ribeiro, was opened on April 6 in the presence of president Luiz Inácio Lula da Silva. The unit is operated by Petrobras Biocombustível. The plant has a capacity to produce 57 million liters of biodiesel per year. Moreover, it is already considering its enlargement. The unit started to operate in January this year. Petrobras Biocombustível expects investments of US\$ 2.4 billion in the biodiesel and ethanol production sector during 2009-2013; 91% of such investments will be in Brazil. According to Petrobras, Darcy Ribeiro has differentials such as completely automated instrumentation and control systems, pure vegetable oils and real time monitoring of processed and commercialized biodiesel volumes. *Source: Gazeta Mercantil.*

BRENCO AND ETH START THEIR PROJECTS

Brenco and ETH, group Odebrecht, had announced billionaire projects in the country to produce alcohol, but they could not get their projects running as planned; this year, however, the two companies will start to put their plans into practice. The market's estimates were that at least close to 40 new plant projects would be operating during the 2009/10 harvest. However, less than half this number will in fact come to life this year. Planning to crush 44 million tons of sugar cane by 2015, Brenco intends to create a large ethanol production pole, with ten production units centered in the center-west. The goal for 2011 is to produce 1.7 billion liters of alcohol. With ambitious projects in the field, ETH announced its debut in the sector stating that it would invest close to R\$ 5 billion to become one of the main ethanol producers in the country. During these almost two years, ETH purchased two operating plants and began the construction of new units. From July, it will begin to operate three new plants. Each plant will have a crushing capacity of 3 million tones. *Source: Valor Econômico.*

SÃO MARTINHO AND FOSFERTIL WENT UP IN THE STOCK EXCHANGE

São Martinho and Fosfertil were the only agribusiness companies listed in BM&F Bovespa with a valorization above Ibovespa in 2009. The sugar and alcohol plant's shares were increased by 38% yesterday, while the fertilizing company's shares were increased by 33.84%. Generally speaking, the companies with a more positive performance showed a reduction of debts or less short-term liabilities. According to data provided by Associação Nacional para Difusão de Adubos (Anda), last year Brazilian producers used 8.9% less fertilizers in their cultivation areas due to the high price of the raw material, which went as far as to double its price as a result of the increase in the price of oil in 2008. Last year, 22.4 million tones were sold as compared to the 24.6 million tones sold in the previous cycle. In addition to São Martinho's shares, which went from R\$ 9.16 last December to R\$ 12.65 yesterday, Cosan's shares performed quite as well. *Source: Gazeta Mercantil.*

INDEPENDÊNCIA RETAKES SLAUGHTERS IN MINAS GERAIS

After firing 6,200 people and closing seven units across the country, the slaughter house Independência announced yesterday their resuming of slaughter activities in the Janaúba (MG) plant. The industry, with a slaughtering capacity of 1,400 heads per day, will begin to operate again with an initial capacity of 400 heads of cattle a day. In order to resume operation, 300 employees were hired. According to Independência's finance director, Tobias Bremer, the reopening of Janaúba was made possible thanks to the agreement entered with **livestock farmers** who provide oxen for slaughter. Bank sources said, last week, that Independência is in talks to sell its factory in Paraguay and that it is also looking forward to get together or enter an operation agreement with a large player in the sector. *Source: Valor Econômico.*

DREYFUS SIGNS AN AGREEMENT WITH SANTELISA VALE

After several months of negotiation, the French multinational company Louis Dreyfus Commodities (LDC) yesterday signed an agreement to purchase Santelisa Vale's assets, the second largest sugar and alcohol producing company in Brazil. In addition to guaranteeing the agreement, as one of Santelisa Vale's stockholder, BNDES must increase its share in the new company after the transaction has been concluded. With approximately R\$ 3 billion in debts and losses with foreign exchange derivative transactions estimated in US\$ 300 million, Santelisa Vale began, at the end of last year, a selling process of part of its assets in order to overcome the crisis or to avoid a judicial recovery request, choosing LDC Bioenergia to strengthen negotiations. *Source: O Estado de S. Paulo.*