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## A Weekly Review of Business Opportunities

### PETROBRAS TO ACQUIRE TWO BIODIESEL PLANTS

Petrobras Biofuels (PBio) intends to acquire two biodiesel plants in 2009. Together the two facilities, the names and locations of which have not been disclosed, have the capacity to produce 230 million liters of biodiesel per year, more than the current capacity of the three plants of the Petrobras subsidiary together, i.e. 171,000 m<sup>3</sup> per year. The acquisitions, the only planned by the company for this year, are part of the strategic review undertaken after the global economic crisis. The initial plan was to invest in the construction of new plants by 2010. In this context, however, it is cheaper for Petrobras to acquire plants than to build new ones. According to the PBio strategic planning, US\$480 million will be invested in the biodiesel area in 2009-2013. Investment in new biodiesel plants will be concentrated in the last two years of the plan. *Source: Energia Hoje.*

### BRAZILIAN MEAT COMPANIES' SHARES TUMBLE ON SWINE FLU FEAR

Brazilian companies have already felt the effect of panic over cases of swine flu in humans in Mexico, United States, Canada and Scotland. Yesterday, shares of JBS, Marfrig and Minerva tumbled in the São Paulo Stock Exchange, even though only the first has pig production in the US, on worries that the disease may reduce consumption around the world. JBS securities dropped by 12.23%, Marfrig by 4.54% and Minerva by 9.59%. China and Russia's decision to suspend pork imports from Mexico and some US states bordering Mexico is behind investors' bad mood. Indonesia and Thailand have also banned imports. The World Organization for Animal Health (OIE) says that findings associated with circulation of the virus in pigs in parts of the countries where human cases have occurred would justify trade measures (bans) related to pig imports from those countries. Despite the OIE release, some countries have already suspended imports, which has caused pork exporting companies' shares to tumble. *Source: Valor Econômico.*

### NILZA'S JUDICIAL REORGANIZATION APPROVED

On April 23, Judge Héber Mendes Batista (from Ribeirão Preto's Fourth Civil Court) granted judicial reorganization to Indústria de Alimentos Nilza, as requested by the company in late March, when the firm also announced the dismissal of 550 people in its three milk processing plants. Nilza now has 60 days to present its creditors with a plan to pay debts totaling 200 million reais, 115 million of which are accounted for by the Montelac acquisition in the first half of 2008. Nilza, which currently processes 500,000 liters per day in its facilities in Ribeirão and Itamonte (Minas Gerais state), is negotiating the potential outsourcing of production or the provision of services to other milk companies to increase revenue. This way, it expects to raise collection and rehire some laid-off workers. *Source: Valor Econômico.*

### STANDARD & POOR'S CUTS SADIÁ'S RATING THREE NOTCHES

The rating of Sadia, which is facing the effects of heavy losses in derivatives in the last quarter of last year, has been cut three notches by Standard & Poor's Ratings Services as exports, now falling, due to momentary global meat trade demand, are reducing company cash flows to pay off its debt. Sadia's rating was downgraded to "B" from "BB", and the outlook is negative, said S&P in a release yesterday. The agency talked about the decline in international sales caused by the international financial crisis. Sadia's bets that Brazil's currency would continue its five-year recovery last year led to a loss of 2.04 billion reais in the fourth quarter. The real has dropped by 29% from a nine-year high. *Source: Gazeta Mercantil.*

### ORANGE CROP FALLS BY 20% WITH CARTEL, SAYS ASSOCIATION

The Brazilian Association of Citrus Farmers (Associtrus) expects a 20% fall in the orange crop this year, partly as a result of the alleged formation of a cartel by Brazil's five largest orange juice producers: Cutrale, Citrosuco, Citrovita, Coinbra (Louis Dreyfus) and Bascitrus. Associtrus says the forecast is based on major producers' accounts. Apart from the weather, reasons for the decline seemingly include producers' lack of money for fertilizing and the greening fight. They considered themselves victims of the "giant" cartel in the sector. Domestic orange production is nearly 400 million 40.8 kg boxes. Only São Paulo state accounts for 300 million. The association believes it is a victim of a "supplier selection" process. *Source: Folha de São Paulo.*