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A Weekly Review of Business Opportunities

ETHANOL PLANTS WANT TO RAISE ETHANOL BLEND IN GASOLINE

Some sugar and ethanol plants in Brazil are working to get the Government to raise the ethanol blend to 30% from 25%, the current maximum limit. But there are still no provisions for this change. Ethanol prices are falling steeply, as noted in the off season in Brazil's center-south. This country consumes nearly 25 billion liters of C gasoline (blended with anhydrous ethanol) per year, which implies the use of 6.25 billion liters of anhydrous ethanol. If the level went up to 30%, this volume of anhydrous ethanol used would increase to 7.5 billion liters, which means another 1.25 billion liters of ethanol would be taken out of the domestic market. Source: *Valor Econômico*.

TRADING COMPANY EISA TO ACQUIRE STAKE IN CARMO COFFEES

A traditional cotton and coffee trading company in Brazil, Eisa (Empresa Interagrícola SA), is negotiating a partnership with Carmo Coffees, in Carmo de Minas (Minas Gerais state). The trading company is expected to acquire a 55% stake in the special grain producer. The value of the transaction has not been disclosed. Last year, Eisa formed a partnership with Bourbon Specialty Coffees, based in Poços de Caldas (Minas Gerais), which also focuses on special coffee. Eisa acquired a 55% stake in Bourbon. If the Carmo Coffees partnership is created, special grain will represent 10% of Eisa coffee trade. The company now markets nearly 1 million 60 kilo bags of coffee per crop. Carmo Coffees currently produces 100,000-150,000 bags of coffee, depending on crop yields. Special grain accounts for nearly 25% of this total. Source: *Valor Econômico*.

COAGEL INCORPORATION TO INCREASE COAMO SALES BY 10%

On May 1, Coamo Agroindustrial announced the leasing of Coagel Agroindustrial (in the city of Goioerê, Parana state), which has been facing financial problems derived from management issues for a number of years. Coagel was founded 34 years ago and in 2008 received 152,000 tons of products in its 13 soybean, corn, wheat, cotton, coffee and milk collection units. The cooperative also has a cotton spinning factory with a capacity to produce 9 tons of yarn per day that stopped working 10 days due to lack of raw material. This transaction is expected to increase Coamo turnover by 10% within two years from 4.71 billion reais in 2008, 36% higher than in 2007, when sales reached 3.47 billion reais. Source: *Gazeta Mercantil*.

BERTIN INVESTS TO BOOST DAIRY PRODUCTION

When Bertin SA acquired Vigor in November 2007, the dairy company's production was declining and there were traces of a commodity company. A year and a half later, Bertin's dairy division now shows a recovery in production, invests in equipment renewal to sustain this growth and focuses on higher value-added products, with a repositioning of its brands. To support the growth strategy, Bertin is investing 17 million reais to renew its facilities in São Paulo and Santo Inácio (Parana state). The company will also export whey cheese, cream cheese and condensed milk, mainly to coastal Africa and Egypt, using a network of professionals working for Bertin's meat division in exports; it expects to reach US\$100 million in dairy shipments within five years. Source: *Valor Econômico*.

TWO MORE SAO PAULO POULTRY COMPANIES FILE FOR JUDICIAL REORGANIZATION IN APRIL

Only in April, two poultry companies filed for judicial reorganization in São Paulo state. The difficulties in running up debts and obtaining working capital loans were the common elements in the requests by Avícola Paulista, based in Louveira, and by Rei Frango, in São Carlos. With these two, the number of São Paulo companies in the sector that have filed for reorganization in the past six months has gone up to three. Frango Forte, based in Tietê (São Paulo) did so in November. Together they account for debts of nearly 300 million reais. The poor financial situation of Coperfrango, the largest São Paulo cooperative in this sector, based in Descalvado, is public too. The cooperative has recently announced the suspension of slaughters and the dismissal of workers. Avícola Paulista's debt is estimated at nearly 50 million reais. Rei Frango has reported debts of 100 million reais. Rei Frango's counsel, Júlio Mandel, from Mandel Advocacia, explains that the company's hardships started with the surge in corn and soybean prices in the past few months resulting from the use of these grains in biofuel production. This has raised chicken production costs, 75% of which is accounted for by these two commodities, according to the counsel. Source: *Gazeta Mercantil*.