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A Weekly Review of Business Opportunities

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BANKRUPTCY PROTECTION FILINGS UP

According to the Brazilian Slaughterhouse Association (Abrafrigo), 50 plants have closed or suspended slaughter operations in the beef sector, one of the most affected by the international crisis. Independência, one of Brazil's major meatpackers, has filed for bankruptcy protection and suspended slaughtering in 13 facilities, five of which are in Mato Grosso state, where five Quatro Marcos plants and three Arantes facilities have closed as well. Only Arantes, when filing for bankruptcy protection, recorded a debt estimated at 1.5 billion reais. In Mato Grosso do Sul state, the impact of falling beef exports was even greater: 21 out of 36 slaughterhouses have suspended slaughtering. In the poultry sector, the crisis precipitated the Perdigão-Sadia merger that created Brasil Foods (BRF). The new company, however, started off with a debt of 10.4 billion reais. The larger amount came from Sadia, which had significant losses on derivatives last year. BRF is expected to shrink the large structure. *Source: Folha de São Paulo.*

MARFRIG-BERTIN MERGER TALKS PROGRESS

Negotiations between meatpackers Marfrig and Bertin over merging their operations are making progress; the deal may be completed within the next few days. According to what is being designed, a holding company will be created to control the new company, which will only merge the groups' food businesses. Bertin and Marfrig's stakes will be practically the same, but Marfrig will be responsible for the management, which will be made professional. The Brazilian Development Bank (BNDES) may also have a stake in the holding company. BNDES already has stakes in both meatpackers. According to a source, BNDES may inject nearly 3 billion reais to conduct the transaction, probably by issuing shares, as is being planned for the Sadia-Perdigão merger. *Source: O Estado de S. Paulo.*

LIBYA INTERESTED IN BRAZIL'S DEBT

The Government of Libya is negotiating the purchase of Brazil's debt securities and wants to enter the country's stock market. With one of the world's largest sovereign wealth funds, the Government of Muammar Gaddafi wants to invest in Brazil. The fund is also considering investing in agriculture in Bahia state, with irrigation projects and the food supply guarantee. According to the Brazilian Embassy in Tripoli, Libya plans to invest in Brazilian company shares, as well as public debt securities. The final value of investment in Brazil has not been determined. But Brazilian diplomats have declared the amount is substantial. Libya exported nearly US\$135 million of oil per day in 2008, at a time of rising prices. Brazil alone imported nearly US\$1 billion in oil from Libya in 2008. *Source: O estado de S. Paulo.*

MOEMA, OWNED BY MAURÍLIO BIAGI, HAS FIVE SUITOR COMPANIES

Bunge, Cargill, Cosan, São Martinho and Açúcar Guarani appear as potential buyers of a significant (perhaps even a 100%) stake in Grupo Moema. Considered a medium to large size company, Moema has become the target of these groups because its assets are seen as attractive and strategic for the expansion of companies interested in Brazil's center-south. Maurílio Biagi Filho, Chairman of the Board of Directors of Moema, said the company is analyzing market opportunities. Moema, which crushes about 15 million tons of sugar per season, has annual revenue estimated at about 1 billion reais. Meanwhile, specialists in this area say the talks have not made much progress. It is not clear for these companies whether Moema will sell stake with or without loss of control. But the contest has started. *Source: Valor Econômico.*

BUNGE FOCUSES INVESTMENT ON SUGAR AND ETHANOL

Bunge Alimentos is on its way to become a major player in the sugar and ethanol sector. This area of business relatively new to the group represents 2.1 billion reais of an investment package introduced in September 2007 and expected to reach 2.3 billion reais by early 2012. It was Bunge's first acquisition in this segment that marked the launch of the 2.3 billion real package. Located in the *Triângulo Mineiro* (west of Minas Gerais state), the Santa Juliana mill had a capacity to crush 800,000 tons of sugarcane per crop, which has now been raised to 2.5 million tons and is expected to reach 4.2 million in 2011. A facility in Ponta Porã, Mato Grosso do Sul state, completes Bunge's current plant "trio". Monte Verde, which will co-generate electric power and receive an investment of 200 million real by 2012, is part of the package and is expected to start operations in August, with an initial capacity of 1.4 million tons per crop (1,600 direct jobs) and plans to reach 4.5 million. *Source: Valor Econômico.*