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For further information, contact

Coordinator: marco.ortega@iica.int

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MARKET REACTS TO MARFRIG-BERTIN MERGER

The opening of the new plant of meatpacker Bertin in Diamantino, in Mato Grosso state, and the expected merger with another big Brazilian firm, Marfrig, promise to help offset the drastic reduction in cattle slaughter capacity in Mato Grosso, after the outbreak of the crisis in the segment, which worsened in late February. The new Diamantino plant, which has already completed the experimental stage, will be able to process 2,000 head a day alone. The volume represents nearly 10% of the state's total capacity today, i.e. 22,000 head a day. Should the merger take place, it would involve bringing together the positive characteristics of the two firms of the beef market. Another element in common is the financial soundness, which may be seen as "gold" by cattle farmers in the face of a series of bankruptcies and restructurings in the sector. *Source: Diário de Cuiabá.*

SHELL TO INVEST IN ETHANOL FROM SUGARCANE AND CELLULOSE

Shell will invest in ethanol from sugarcane. The oil giant believes that biofuel can be "very attractive" and that ethanol is resulting in fuel companies lobbying against countries like Brazil. The company, however, states it will not bet on United States corn-based ethanol. "When one analyzes sugarcane production, like in Brazil, it is clear that this is an attractive sector for investment and we believe this model in Brazil is environmentally sustainable", said Jan van der Eijk, Shell's Group Chief Technology Officer. Van der Eijk explains Shell will invest in both sugarcane ethanol and cellulosic ethanol development. The rejection of corn-based ethanol produced in the United States seems to be due to the need for large subsidies for the product to be competitive. *Source: Gazeta do Povo.*

AMYRIS NEGOTIATES ACQUISITION OF PLANT IN BRAZIL'S CENTER-SOUTH

The Brazilian subsidiary of Amyris, a California-based biofuel development company, is in the final stage of negotiation for the acquisition of its first sugar and ethanol plant in Brazil, which has not been decided yet. The acquisition is the final stage for Amyris to start producing sugarcane-based diesel in the 2011 crop. A pilot plant with this technology was launched in mid-2008 in Campinas. On Thursday a more powerful plant opened, the so-called demonstration plant, with a production of up to 40,000 liters of sugarcane diesel per year. It is in this plant that Amyris will make the final adjustments while it tests the technology at the Technology Research Institute (IPT) and awaits the approval of Brazil's National Petroleum Agency (ANP). The executives expect the acquisition to be made before August. According to the company, the adaptation costs for a plant processing 2.5 million tons of sugarcane per year is US\$50 million. *Source: Valor Econômico.*

TCU TO INVESTIGATE BNDES OVER MEATPACKER LOANS

The Financial Inspection and Oversight Commission of the House of Representatives requested the Brazilian Court of Audit (TCU) to investigate the Brazilian Development Bank (BNDES) over meatpacker loans. In Inspection and Oversight Proposal 65/08, Representative Ernandes Amorim (Brazilian Labour Party, Rondônia state) says that in the Santa Tereza transaction, the Brazilian Federal Police found that a group was taking bribes to arrange loans from the official bank. Although the request does not establish the period of time under investigation, Moreira Mendes proposes the 2005-2009 period should be inspected, "in order to focus the work". In the investigation request, Ernandes Amorim states that newspaper O Globo reported in May 2008 that meatpacker Friboi, based in Mato Grosso state, had received 300,000 reais through the corruption scheme. The Representative also points out that there seem to be complaints that the BNDES benefits large meatpackers and promotes concentration in the sector. *Source: Agência Câmara.*

INDEBTED INFINITY TO SELL PLANTS

Infinity Bio-Energy Brasil Participações SA, which controls five sugar and ethanol plants in Brazil, is negotiating the sale of assets to reduce or clear part of its debt of 981.35 million reais, which led the company to file for bankruptcy protection on May 19. The firm was granted protection by the Judiciary last week and must submit creditors a recovery plan within 60 days. The Infinity Press Department said asset sale is one of the options to be considered in the restructuring plan. Other actions include seeking a new partner and obtaining new debt financing lines. The total amount is divided into 327.5 million reais and US\$326.91 million, as submitted to the Judiciary. Even with the procedure under way, Infinity says its sugar and ethanol facilities continue processing sugarcane from the 2009/2010 crop. *Source: O Estado de S. Paulo.*