

Year 4 No. 29

July 20-24, 2009

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A Weekly Review of Business Opportunities

BUNGE FOCUSES ON SUGAR AND ETHANOL SECTOR

The food business of Bunge has expansion plans in the sugar and ethanol sector. The firm intends to use 2.1 billion reais, of the total due to be invested by 2012, to strengthen sugar and ethanol operations, a new area for the company. "This is a period of market consolidation, and we are consolidators", says Sérgio Roberto Waldrich, CEO of Bunge Alimentos. The multinational's position is similar to other firms'. Most of them want to take advantage of this fall to invest and strengthen their position. *Source: Dinheiro Rural.*

INDEPENDÊNCIA RECOVERY PLAN IS A FINANCIAL MANEUVER

"The judicial recovery plan submitted by meatpacker Independência is a maneuver, a financial strategy, to win a majority of votes at the creditor assembly which is due to take place". The accusation was made by the CEO of Acrimat, Luciano Vacari. The plan filed by the company provides for the immediate payment to creditors of up to 80,000 reais (45% accounted for by cattle farmers and 65% by producers). The percentage represented by the other creditors is even higher, reaching 70% with debts of up to 80,000 reais, and this represents 95% of the total amount. The president of the Commission of Farmer Creditors of Meatpackers in Judicial Recovery and Acrimat representative, Marcos da Rosa, shows there is a "maneuver" in a different way: "Independência saw that they would solve their problem with the 80,000 reais, as if they raised the proposal to pay 200,000 reais immediately, this percentage would go up 1%, i.e. 46% for farmers, and that would be the same", disse Marcos da Rosa. *Source: BeefPoint.*

PERDIGÃO SHARE OFFER RAISES 5.3 BILLION REAIS

The share offer of BRF Brasil Foods, Perdigão's new official name, raised 5.29 billion reais. The public offer totaled 132.25 million shares; priced set at 40 reais, 1.45% below yesterday's São Paulo Stock Exchange (Bovespa) price of 40.59 reais. The offer amounted to 115 million common shares (voting shares) in an initial lot and another 17.25 million in a supplementary lot. Most of the money raised will be used to clear the debt of Sadia, which is merging with Perdigão. The first preview for the Ibovespa theoretical portfolio, which will be valid September through December, will be made on August 3. Another move that deserves attention is the investors' arrangement to participate in the priority offer. The shares were primarily offered to current BRF and Sadia shareholders, and after this priority offer, 10% of the remainder was intended for retailers. *Source: O Estado de S. Paulo.*

NETAFIM WANTS TO DOUBLE ITS SIZE IN BRAZIL

A technology that ensures green lands even in times of drought was developed 44 years ago in a kibbutz (a typical agricultural community) in Israel and patented by Netafim. Netafim has manufactured its products in Brazil for nine years and forecasts, contrary to market trends, a 15% growth in sales in 2009. It is a lower rise than last year, when revenue was 40% higher than in 2007, reaching US\$ 40 million. It expects to increase its sugarcane growing activities, which now represent merely 10% of the company's business in Brazil. The firm, which has a factory in Ribeirão Preto (São Paulo state), has also sets its sights on public irrigation projects in the northeast. In 2008, the company's 40% growth in Brazil's territory was larger than in the world, where sales went up by 19%, reaching US\$ 650 million. The main Brazilian markets where Netafim operates are coffee (35%) and citrus fruit (35%). Irrigation is an incipient practice in Brazil, where rain ensures the development of most crops. *Source: Valor Econômico.*

NORTHEASTERN MILLS' DEBT IS 50% HIGHER THAN REVENUE

Weakened by the financial crisis facing the sugar and ethanol sector, northeastern mills are in a delicate situation, and most of them have debts more than 50% higher than their turnover; 73 northeastern mills have debts totaling nearly 7.5 billion reais, with revenue estimated at around 5 billion reais this crop. Most of this debt was incurred with banks in recent years to finance the expansion of production capacity in operating facilities in their states of origin, and also with trading companies and suppliers. Many groups also became indebted as a result of expansions, which is not economically feasible in the region. As part of the mills' balance sheet is not public, it was impossible to assess their borrowing. However, data from the legal proceedings of three northeastern mills that have filed for bankruptcy protection show that the companies' debts (due or yet to fall due) exceed revenue. *Source: Valor Econômico.*