

Year 4 No. 42

October 18-23, 2009

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A Weekly Review of Business Opportunities

Investment in innovation grows and adds value to exports

Brazilian exporting companies have started consolidating sales of high-value added products through innovative technological processes. They have thus gained new markets, increased profits and become more independent from commodity shipments. Brazil's participation in the International Food Fair in Germany (*Anuga 2009*), the world's biggest food and beverage fair, resulted in deals worth US\$970 million. These are the sales expected for the next 12 months given the links made at the event, according to information from *Apex*. Some 7,000 links were made with importers from all over the world, including the Arabs. At Anuga, national companies launched a range of new products to ensure progress in specific niche markets. For example, flour company J. Macêdo launched vacuum-packed wheat flour, still not sold in Brazil. The product was attractive to importers because it has a longer shelf life, takes up 30% less space in trucks, eliminates paper packaging damage and prevents contamination. **Source: *Valor Econômico* and *AgroSoft* (10/22/2009).**

Brazilian real to remain strong until 2010, say experts

The Government's decision to tax the entry of investment in Brazil by 2% through the Financial Transaction Tax (IOF) is harmless, according to analysts. It is not believed the measure will contain the dollar fall, and the Brazilian real is expected to remain strong at least until 2010, with the commodity rise and the country's recovery. Brazil is considered the first emerging country with a floating exchange rate to adopt measures taxing the entry of funds. In general, these countries are concerned with the depreciation of their currencies, not with the appreciation, and the inflation resulting from depreciation. The objective in other emerging countries, like the argument now used by the Brazilian Government, is to inhibit the so-called "speculative capital", which comes and goes fast, knocking down the local currency. The measure announced by the Economy Ministry was compared to Chile's quarantine in the 1990s when the country's economy was expanding greatly. Some 10%-30% of the amount entered was retained compulsorily. Even with taxation, the country's returns are attractive. The real interest rate, over 5% a year, rewards fixed-income investment. International flows to Brazil are expected to remain strong until next year. The real will remain strong throughout this year and at least until late 2010. **Source: *O Globo* (10/21/2009).**

Bertin announces construction of processing facility in Campo Grande and opens slaughter plant

The facility, set up with 138 million reais, is the largest in South America and the third in the world. Reinaldo Bertin, shareholder of Grupo Bertin, one of the biggest animal product producers and exporters in Latin America, and Evandro Miessi, general manager of the Meat Division, announced the construction of a new industrial facility to produce super frozen processed food, which will receive an investment of 50 million reais. The Campo Grande industrial complex was developed to ensure reduced water use, reduced effluent generation and maximum energy efficiency. It works with an energy control system to monitor expenses and reduce power compressors, based on equipment consumption. The steam system maintained by boiler and supplied with sugarcane bagasse, a form of renewable energy. **Source: *PortaldoAgronegocio* (10/19/2009).**

Milk production again grows in São Paulo

After a decade of falling production and lower investment than in other states, the São Paulo milk chain again expanded in 2007 and reached the supply level of the 1990s. Now, with fiscal incentives and new projects, it is believed to be able to recover the relevance it had 30 years ago. São Paulo production rose by 5% in 2007 and by 3% in 2008 and again reached nearly 2 billion liters (Brazil produces almost 28 billion liters of milk a year), after remaining at 1.7 billion between 2001 and 2006. According to the São Paulo State Milk and Milk Product Union, the average price of a liter of milk is around US\$0.46, more expensive than in neighboring countries like Argentina (US\$0.23) and Uruguay (US\$0.20) and than is now paid in the European Union (€0.30), where local cattle farmers lead a new wave of protests over subsidies. **Source: *Valor Econômico* (10/19/2009).**

Traceability reaches retail sector

Grupo Pão de Açúcar has created, after four years of studies, the program called "Quality from the Origin", which is aimed at the mapping and controlling of fruit, legume and vegetable (FLV) products from the farm to the consumer and the adoption of necessary corrective actions. The program will analyze nearly 250 active principles. According to the FLV commercial director of the group, Leonardo Miyao, it was a necessary measure to ensure food safety for consumers, as well as to highlight and differentiate the quality of the products supplied in the retail sector. "This way we have brought the farm to our customers' table", he pointed out. Consumers interested in learning about the program and to know the origin of the food they are buying can visit <http://www.qualidadedesdeorigem.com.br>. **Source: *IEPEC* (10/17/2009).**