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A Weekly Review of Business Opportunities

BNDES invests 7.5 billion reais in FRIBOI

Without the apparent interest of the financial market, BNDESPar, the equity arm of the Brazilian Development Bank, bought 99.9% of securities. The other shareholders, including the Batista family, owner of 59% of JBS, acquired 0.05% and there remained 523 securities that nobody bothered to buy. The transaction was intended to make effective the payment of the company's last acquisition in the United States: Pilgrim's Pride Corporation, a highlight in the US chicken market, which was facing financial difficulties. The entry in the US market was the most daring step in an international move begun in 2005, with the acquisition of Swift Argentina, and which always had BNDES support. Eager to see Brazilian multinationals, a task that comes from Lula's industrial policy, BNDES has contributed at least 7.5 billion reais to Friboi, in which it holds a 22.36% stake. The meatpacker's support goes beyond other key transactions, like the 2.6 billion for the Oi-Brasil Telecom merger. **Source: Agência Estado (2/17/2010)**

BRDE first in financial investment in agriculture

Although its activities are limited to the three South states and Mato Grosso do Sul, the Brazilian regional development bank (BRDE), was number one in the country's 2009 ranking of Federal Government agricultural program financing specifically intended for investments. This information comes from the ranking disseminated by the Brazilian Development Bank (BNDES), with data from January to December 2009, and considers all loan types of credit operated by the system in the financing of projects for rural property modernization, infrastructure, setting-up and expansion of agribusinesses. **Source: BRDE (Assessoria de Comunicação - AGCUR) (2/18/2010).**

ETH and Brenco announce agreement to merger operations

On Thursday ETH Bioenergia, Odebrecht's sugar and ethanol company, and Brenco will announce an agreement to merge their operations, creating one of the biggest global companies in the sector. The CEO of ETH, José Carlos Grubisich, and the CEO of Brenco, Philippe Reichstul, will participate in the announcement in São Paulo, which will eventually lead to the acquisition Brenco, which last year faced cash flow difficulties and managed to negotiate with Petrobras. The companies together will have a processing capacity of 37 million tons of sugarcane per year. ETH, founded in 2007, is the sugar and ethanol arm of Odebrecht. Led by Grubisich, former CEO of petrochemical Braskem, it planned a 6 billion real investment to develop three production poles in São Paulo, Goiás and Mato Grosso do Sul states. Japanese trading company Sojitz holds a 33% stake in ETH. The investors of Brenco, led by Reichstul, former CEO of Petrobras, include Vinod Khosla, one of Sun's creators, and Steve Case, who participated in advent AOL in the US. **Source: Reuters Brasil (2/17/2010).**

Yara buys fertilizer producer for US\$4.1 billion

On 16 February Norwegian Yara, the world's biggest fertilizer producer, closed an agreement to acquire US rival Terra Industries for US\$4.1 billion in order to increase its presence in the US market. The agreement was announced at a time of growing transactions in the sector. Since the beginning of the year, a series of huge deals have taken place in the fertilizer sector, consolidating a segment that is so far quite fragmented. Yara, for instance, barely controls nearly 8% of global stocks. These moves, involving other giants like Canadian Potash Corporation and Agrium, as well as mining companies such as Brazilian Vale, reflect the increase in fertilizer prices during the global food crisis in 2007-2008, in which prices went up by more than 400%. **Source: Folha de São Paulo (2/17/2010).**

Northeast Brazil honey gets fairtrade label

Already internationally certified as an organic product, honey produced by the Central of Beekeeping Cooperatives of the Brazilian Semiárid (Casa Apis), based in Picos (Piauí state), has recently been granted another certification. The Fairtrade certification was obtained through a Sebrae project and this is the first time a company in the sector (in Brazil and Latin America) has obtained this label, given by German certifier Flo-Cert. "This achievement comes after little more than a year's work. We already exported, but we had to make adjustments to meet the Fairtrade certification requirements", said Casa Apis' marketing manager, Maurilo Oliveira. "The Fairtrade Seal is based on transparent, respectful trade partnership. It is always aimed at greater equality in international trade", he explains. In addition, the audit considers criteria like respect for labor law and environmental protection. **Source: O Estado de São Paulo (2/17/2010)**