

Brazil Betting Sugar Cane Will Be Answer to Fuel and Poverty

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Brazil's Minister of Agriculture, Roberto Rodrigues, went yesterday, August 8, to São Luiz, capital city of the state of Maranhão, for the launch of Maranhão's Bio-Energy Program.

The program will provide farmers around the country, but especially in the Northeast and Central-West, with incentives to cultivate sugarcane so it can be used for sugar, alcohol and biofuel.

"We hope to attract farmers who own low-quality land," explained José Reinaldo, the governor of Maranhão.

The program goal is to build 20 new sugar-alcohol mills over a five-year period, which would mean a 15% rise in production nationwide.

There are a number of reasons that the program is being brought to Maranhão where there are six mills in operation, two of which were recently reactivated. The state has a number of comparative advantages: land prices, productivity, export potential and good weather.

There is indeed an enormous land price difference: a hectare in Maranhão goes for around US\$ 80; in the sugarcane region of Ribeirão Preto, in the state of São Paulo, a hectare costs US\$ 5,000. Even so, productivity in some regions of Maranhão is equal to or superior to that of São Paulo.

Maranhão has one of the country's best ports, Itaqui, which is the only Brazilian port that can handle ships of over 360,000 tons. The state also has a good railroad system.

On the other hand, Maranhão has Brazil's lowest Human Development Index. Governor Reinaldo says the Bio-Energy Program will help improve that as it is expected to create 400,000 jobs with investments totalling US\$ 1 billion.

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