

Brazil's Largest Sugar Company Sells 33% of Its Exports to Arabs

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Brazil's sugar and alcohol company Copersucar ships 33% of its sugar exports to the Arab countries. The firm is the largest in the Brazilian sugar and alcohol sector. They have just announced the establishment of Copersucar S.A. - a switch from cooperative to joint-stock company (JSC).

The new company has the goal of increasing its share in the Brazilian market from the current 14% to 30% over the next 10 years. It also aims to establish itself as a leading global player in the industry.

According to Copersucar, becoming a joint-stock company was the solution found to enable the expansion goal, as the move frees the company from restrictions imposed by the Brazilian Law of Cooperatives.

According to the company, the law provides that cooperative members cannot own the organization's assets, and that was hindering new investment. As shareholders, farmers are going to own assets that they will be able to sell or use as guarantees.

Copersucar also informed that, in the form of a JSC, it will have the opportunity to establish partnerships with other companies, which is part of its business plan for Brazil and foreign markets. In the current crop, the company aims to sell 4.3 million tons of sugar, 22% more than in the previous season, and 3.8 billion liters of alcohol, representing growth of 18%.

In the foreign market, the group intends to export 3 million tons of sugar, growth of 25%, and 1 billion liters of alcohol, growth of nearly 50%. Forecasted revenues for the 2008/2009 season are 5.7 million reais (US\$ 2.9 million), as against 4.5 billion reais (US\$ 2.3 million) for the 2007/2008 crop, representing growth of 28%.

In the current crop, the company expects to process 70 million tons of sugarcane and aims to reach the 200 million-ton mark within 10 years, almost three times the current volume. Copersucar also wants to buy sugar and alcohol from independent farmers in order to sell in the domestic and foreign markets, a type of transaction that should generate turnover of US\$ 200 million in the 2008/2009 crop, with sales of 590,000 tons of sugar and 40 million liters of alcohol. These volumes are forecasted to double in the 2009/2010 season.

The Egyptian minister of Industry and Trade, Rachid Mohamed Rachid, stated that during his visit to Brazil, in August, he was informed that Copersucar intends to purchase a 20% stake in a refinery in Suez.

The company declared that it has business interests in Egypt and that there are ongoing efforts, but that it cannot confirm

anything regarding this specific project nor provide further detail on partnerships, due to matters of strategy.

With the change in legal structure, cooperative members become shareholders in a holding company baptized as Produpar, which in turn becomes the controller of the JSC.

Currently, the company does not plan on trading on the stock market, but it will seek new partners among sugar and alcohol producers. It has also informed that proposals are welcome for associations and investment from Brazil and foreign countries.

Founded in 1959, Copersucar, or the Cooperative of Sugarcane, Sugar and Alcohol Producers of the State of Sao Paulo, owns 33 plants in the states of São Paulo, Paraná and Minas Gerais.

It has its own terminal in the Port of Santos, the country's largest, with capacity for shipping 5 million tons a year, as well as three warehouses for packed sugar and two silos for bulk sugar. The company employs 180 people in administrative positions and another 320 at the Santos terminal.

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