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Brazil

Sugar

Annual Report

2005

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Report Highlights:
Brazilian sugarcane production for MY 2005/06 is forecast at 407 mmt, a new production record. Sugar production is forecast at 29.5 mmt, raw value, up 5 percent from the previous crop. Total Brazilian sugar exports for MY 2005/06 are projected at 18.8 mmt raw value, up 1 mmt compared to MY 2004/05. Alcohol exports for MY 2005/06 are projected at 2.3 billion liters, slightly down from current season. Sugarcane should remain an attractive crop for MY 2005/06 since a prices remain firm and are expected to continue to be appealing to producers.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Sao Paulo [BR3]
[BR]

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PS&D Tables

Country	Brazil						
Commodity	Sugar Cane for Centrifugal				(1000 HA)(1000 MT)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [	Estimate [U	DA Official [	Estimate [U	DA Official [	Estimate [New]	
Market Year Begin		05/2003		05/2004		05/2005	MM/YYYY
Area Planted	5600	5600	0	6050	0	6250	(1000 HA)
Area Harvested	5050	5050	0	5350	0	5650	(1000 HA)
Production	333000	358900	0	386800	0	407000	(1000 MT)
TOTAL SUPPLY	333000	358900	0	386800	0	407000	(1000 MT)
Utilization for Sugar	155840	176940	0	194175	0	201870	(1000 MT)
Utilizatn for Alcohol	177160	181960	0	192625	0	205130	(1000 MT)
TOTAL UTILIZATION	333000	358900	0	386800	0	407000	(1000 MT)

Commodity	Sugar, Centrifugal				(1000 MT)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [	Estimate [U	DA Official [	Estimate [U	DA Official [	Estimate [New]	
Market Year Begin		05/2003		05/2004		05/2005	MM/YYYY
Beginning Stocks	270	270	1290	1030	1260	710	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	26400	26400	28370	28150	0	29500	(1000 MT)
TOTAL Sugar Production	26400	26400	28370	28150	0	29500	(1000 MT)
Raw Imports	0	0	0	0	0	0	(1000 MT)
Refined Imp.(Raw Val)	0	0	0	0	0	0	(1000 MT)
TOTAL Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	26670	26670	29660	29180	1260	30210	(1000 MT)
Raw Exports	10820	10820	12630	12770	0	13450	(1000 MT)
Refined Exp.(Raw Val)	4420	4420	5470	5050	0	5350	(1000 MT)
TOTAL EXPORTS	15240	15240	18100	17820	0	18800	(1000 MT)
Human Dom. Consumpti	10140	10400	10300	10650	0	10850	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	10140	10400	10300	10650	0	10850	(1000 MT)
Ending Stocks	1290	1030	1260	710	0	560	(1000 MT)
TOTAL DISTRIBUTION	26670	26670	29660	29180	0	30210	(1000 MT)

Production

Sugarcane

The Agricultural Trade Office (ATO)/Sao Paulo adjusted the total Brazilian sugarcane production for marketing year (MY) 2004/05 (May-April) to 386.8 million metric tons (mmt), up 1.8 mmt relative to the previous estimate, based on information provided by the Sugar and Alcohol Millers Association of Sao Paulo (UNICA) and post contacts. The Center-South (CS) crushing period ended in January and the production estimate for the region is estimated at 328.8 mmt. Expanded area and solid yields are the major factors explaining the increase in production for the CS. According to post contacts, approximately 6 to 8 mmt of sugarcane were left in the fields and will be crushed during the 2005/06 harvest. The North-Northeastern (NNE) region's harvest is virtually over and should account for 58 mmt, down 2 mmt from previous estimate due to weather problems.

Total Brazilian sugarcane production for MY 2005/06 (May-April) is forecast at 407 mmt, a new production record for the fourth consecutive season. This figure represents a 5 percent increase compared to the previous MY and is explained by the enhanced production in the CS region which is expected to yield 355 mmt. Area expansion and normal weather conditions are the major factors contributing to the expected increase in production. The CS harvest season started in the beginning of April for sugar-alcohol mills located in the states of Sao Paulo, Mato Grosso do Sul, Mato Grosso and Parana and should run though December.

The NNE's output should amount to 52 mmt for MY 2005/06, down 6 mmt from the current season as a consequence of prolonged dry weather that has affected the region in late 2004 and into 2005. The harvest is expected to start in August-September.

The following tables show monthly sugarcane crush data for the state of São Paulo and the CS region from the 2000/01 to 2004/05 crops (April-March), as reported by the Sugar and Alcohol Millers Association of São Paulo State (UNICA).

Sugarcane crushed in the state of Sao Paulo (1,000 metric tons).

Month	00/01	01/02	02/03	03/04	04/05
April	202.0	449.3	5,002.0	8,802.9	4,649.8
May	13,283.6	12,396.2	25,039.6	27,380.0	20,491.1
June	28,078.0	27,777.8	31,825.9	32,563.2	31,267.0
July	27,916.2	30,602.1	32,242.6	34,488.3	34,617.1
August	28,144.7	29,105.9	31,146.4	33,539.6	37,798.3
September	21,334.2	28,117.1	27,761.5	31,994.8	35,418.2
October	21,513.7	24,232.0	26,931.3	27,318.7	28,980.7
November	7,151.1	20,286.2	10,417.9	11,217.8	26,280.2
December	620.4	3,421.6	2,061.9	505.3	9,982.5
January	0.0	186.0	57.6	0.0	748.6
Cumulative	148,243.8	176,574.2	192,486.6	207,810.5	230,233.6

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Sugarcane crushed in Center-Southern Brazil (1,000 metric tons).

Month	00/01	01/02	02/03	03/04	04/05
April	737.4	2,158.5	8,430.9	13,666.4	8,680.4
May	18,228.4	19,319.1	34,281.5	38,432.9	30,040.4
June	38,218.9	38,674.0	44,240.3	45,983.6	44,554.0
July	39,465.3	43,413.3	45,281.5	48,933.5	48,608.4
August	38,174.8	40,808.1	44,244.4	47,704.9	53,965.8
September	31,397.8	38,041.6	39,441.5	44,886.1	50,128.1
October	28,674.8	32,263.0	36,304.6	38,456.9	41,425.3
November	10,503.7	24,835.6	14,550.1	19,165.6	35,831.1
December	1,667.7	4,315.8	3,393.5	1,542.2	14,009.0
January	0.0	390.5	238.5	625.2	1,561.2
Cumulative	207,068.8	244,219.5	270,406.7	299,397.3	328,803.8

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Area

ATO/Sao Paulo projects total sugarcane area for MY 2005/06 at 6.25 million hectares (ha), up 3 percent from MY 2004/05. Total area for harvest is forecast at 5.65 million ha, a 6 percent increase relative to 2004/05. Area expansion has been driven by firm sugar and alcohol prices in both the domestic and international markets. In addition, sugar-alcohol prices remain attractive vis-à-vis other commodities, thus supporting migration from cattle, grain and permanent crops such as oranges and coffee to sugarcane. New sugarcane area is being brought into production mostly in the western and northwestern parts of the state of Sao Paulo, but also in other states such as Parana, Minas Gerais, Goias and Mato Grosso.

The table below shows area for sugarcane production, according to the Brazilian Institute of Geography and Statistics (IBGE), UNICA and the Agricultural Economics Institute (IEA) of the State of Sao Paulo Secretariat of Agriculture.

Sugarcane Area (1,000 ha).

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Brazil	4,830.5	4,881.6	5,050.0	4,975.2	4,879.8	5,022.2	5,206.7	5,377.2	5,788.7	5,868.6
Sao Paulo	2,493.2	2,446.3	2,565.0	2,500.0	2,822.1	3,008.7	3,117.6	3,312.8	3,415.9	3,435.7

Sources: IBGE, IEA

Yields

The MY 2005/06 average yield for sugarcane production is forecast at 72 metric tons per hectare (mt/ha), slightly down from the revised 2004/05 sugarcane yield (72.3 mt/ha). Weather conditions for MY 2004/05 have contributed to better than average agricultural yields. In addition, post contacts report that the volume of sugarcane for crushing in the CS from older cuts (third, fourth, fifth, etc) will increase compared to MY 2004/05. As a result, I yield should be reduced somewhat in comparison to the previous season due to the relative aging of the sugarcane fields.

ATO/Sao Paulo places the MY 2004/05 industrial yield at 142.5 kg TRS (total reducing sugars)/mt. The excessive rainfall during the May-June 2004 period contributed to lowering this TRS estimate. The industrial yield for MY 2005/06 is projected at 143.3 kg TRS/mt, a 1 percent increase compared to the previous crop, assuming regular weather prevails throughout the season.

According to UNICA, the average industrial yield for the 2004/05 crop in the CS is 144.23 kg TRS/mt, down 5.47 kg TRS/mt compared to previous season, due to weather related problems. The following table shows historical industrial yields since MY 1996/97, measured in TRS per metric ton of sugarcane.

Sugarcane Industrial Yields

	MY 96/97	MY 97/98	MY 98/99	MY 99/00	MY 00/01	MY 01/02	MY 02/03	MY 03/04	MY 04/05	MY 05/06
TRS/ton	139.1	143.4	139.3	141.8	142.1	142.7	146.4	146.4	142.5	143.3

Source: ATO/Sao Paulo

Sugar and Alcohol

The MY 2005/06 TRS breakdown for sugar and alcohol production is estimated at 49.6 and 50.4 percent, respectively, compared to 50.2-49.8 percent for MY 2004/05, indicating an increase toward alcohol production. The expected rise in alcohol production results from projected higher demand for the product both in the domestic and international markets, following the MY 2004/05 trend. Post contacts also report the need to increase alcohol carry-over stocks to guarantee the supply of the product at the beginning of the 2006/07 crop year.

The table below shows alcohol-powered vehicle sales since 1999, as reported by the National Association of Vehicle Manufacturers (ANFAVEA). The introduction of flex-fuel vehicles to the market in April 2003, which can be powered by either gasoline or hydrated alcohol or any proportion of the two, pushed sales up, increasing the demand for hydrated alcohol.

Domestic Sales of Alcohol Powered Vehicles (units)

1999	2000	2001	2002	2003	2004	2005			
						Jan	Feb	Mar	Cumulative
10,947	10,292	18,335	55,961	84,558	379,328	29,497	35,224	53,310	118,031

Source: ANFAVEA

Total alcohol production for MY 2005/06 is projected at 16.55 billion liters – 8.5 billion liters of anhydrous alcohol and 8.05 billion liters of hydrated alcohol, assuming the Government of Brazil's mandated 26/74 percent alcohol/gasoline blend does not change. The figures represent a new record in alcohol production for Brazil.

Brazilian alcohol production for MY 2004/05 is estimated at 15.3 billion liters (8.2 and 7.1 billion liters of anhydrous and hydrated alcohol, respectively). According to the Brazilian Ministry of Agriculture, Livestock and Supply (MAPA), cumulative alcohol production for the 2004/05 crop through March 1, 2005 was reported at 14.96 billion liters – 8.13 billion liters of anhydrous alcohol and 6.83 billion liters of hydrated alcohol.

Cane, Sugar and Alcohol Production by State and Region: 2004/05 Crop (MT and 000 Liters)

			Alcohol		
State/Region	Cane	Sugar	Anhydous	Hydrous	Total
Alagoas	25,540,156	2,314,298	264,347	399,376	663,723
Amazonas	267,767	17,170		4,671	4,671
Bahia	2,203,923	165,505	44,394	17,879	62,273
Ceara	79,444	6,225		153	153
Maranhao	1,275,119	11,881	87,190	8,715	95,905
Para	580,999		42,230	6,175	48,405
Paraiba	4,558,014	165,945	90,074	169,699	259,773
Pernambuco	15,473,062	1,418,612	268,930	123,980	392,910
Piaui	349,329	3,431	15,126	4,327	19,453
Rio Grande do Norte	2,886,976	233,015	48,739	38,503	87,242
Sergipe	1,303,255	72,457	23,918	28,982	52,900
NNE	54,518,044	4,408,539	884,948	802,460	1,687,408
Espirito Santo	3,064,087	56,006	126,554	48,273	174,827
Goias	13,292,175	729,760	359,118	291,752	650,870
Minas Gerais	20,943,505	1,629,907	331,527	429,822	761,349
Mato Grosso do Sul	9,693,621	490,750	190,997	289,392	480,389
Mato Grosso	15,078,253	566,728	443,120	371,124	814,244
Parana	28,736,337	1,779,466	422,085	762,227	1,184,312
Rio de Janeiro	5,865,316	358,060	65,532	101,945	167,477
Rio Grande do Sul	77,997			4,823	4,823
Sao Paulo	227,243,280	16,243,592	5,307,104	3,725,623	9,032,727
Center South	323,994,571	21,854,269	7,246,037	6,024,981	13,271,018
TOTAL	378,512,615	26,262,808	8,130,985	6,827,441	14,958,426

Source: Ministry of Agriculture, Livestock and Supply, Sugar and Alcohol Dept, 03/01/05

In view of the projected heightened demand for alcohol, ATO/Sao Paulo projects total Brazilian sugar production for MY 2005/06 at 29.5 million metric ton (mmt), raw value, a 5 percent increase compared to the revised estimate for MY 2004/05 (28.15 mmt). The CS states should account for 25.2 mmt, raw value, up 1.75 mmt from MY previous season (23.45 mmt). The NNE should contribute 4.3 mmt of sugar, raw value, down 400,000 metric tons from MY 2004/05 due to the expected decrease in the sugarcane crop.

The tables below show monthly sugar production for the state of Sao Paulo and the CS region for the 2000/01 to 2004/05 crops (April-Mach), as reported by UNICA.

Sugar production in the state of Sao Paulo (Metric tons, tel quel, Apr/Mar).

Month	00/01	01/02	02/03	03/04	04/05
April	5,413	21,120	299,239	277,632	237,758
May	791,387	696,427	1,553,742	1,661,920	1,281,288
June	1,740,032	1,802,011	2,260,884	2,223,107	2,106,071
July	1,876,786	2,245,231	2,463,143	2,592,285	2,574,357
August	1,863,854	2,231,847	2,480,964	2,716,037	2,997,607
September	1,408,147	2,087,352	2,180,166	2,642,245	2,955,467
October	1,491,660	1,706,829	2,208,774	2,188,716	2,195,367
November	464,352	1,316,443	764,557	841,021	1,674,667
December	33,329	213,281	133,300	45,924	523,059
January	0	7,917	3,139	1,516	-27,968
Cumulative	9,674,960	12,328,458	14,347,908	15,190,403	16,517,673

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Sugar production in Center-Southern Brazil (Metric tons, tel quel, Apr/Mar).

Month	00/01	01/02	02/03	03/04	04/05
April	25,258	58,258	459,639	474,840	416,907
May	1,017,346	1,032,988	1,986,943	2,209,450	1,763,053
June	2,229,577	2,342,597	2,955,211	2,963,936	2,829,235
July	2,521,123	2,946,675	3,237,531	3,460,215	3,392,082
August	2,487,751	2,938,992	3,271,417	3,620,702	4,026,046
September	1,830,899	2,676,100	2,903,730	3,471,299	3,941,544
October	1,856,717	2,155,273	2,805,862	2,866,947	2,936,870
November	602,246	1,551,962	974,101	1,260,481	2,135,517
December	61,513	239,187	175,043	98,094	677,265
January	0	7,918	8,578	13,881	-10,645
Cumulative	12,632,430	15,949,950	18,778,055	20,439,846	22,107,874

Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).

Sugarcane, Sugar and Alcohol Prices in the Domestic Market

The State of Sao Paulo Sugarcane, Sugar and Alcohol Growers Council (CONSECANA) reports that the average sugarcane price for the state of Sao Paulo for the 2004/05 crop is Reais (R$) 0.2424 per kg of TRS, or R$ 34.96 per ton of sugarcane. It should be noted that the average price for the 2003/04 crop was reported at R$0.2178 per kg of TRS, or approximately R$32,54 per ton of sugarcane.

The Crystal Sugar Index released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) follows. The Index tracks crystal sugar prices in the domestic spot market. The sugar/alcohol sector remains capitalized since producers received good prices for both sugar and alcohol over the past year. Area expansion and investments in new processing plants and technology continue. Post contacts report that sugarcane should remain an attractive activity for MY 2005/06 since a regular flow of production and a relative balance between supply and demand are expected for both sugar and alcohol. Price equivalences for mid-February among different sugarcane products are also shown below.

Crystal Sugar Prices in the Domestic Market (Real, 50kg/bag, including tax).

Period	2001	2002	2003	2004	2005
January	25.01	25.64	41.92	19.66	29.40
February	23.28	22.88	45.17	18.18	28.78
March	23.36	21.28	43.89	21.62	33.24
April	24.81	20.8	39.24	28.00	36.61
May	24.06	20.69	30.87	22.42	--
June	23.44	18.76	25.09	26.57	--
July	23.66	19.2	23.93	27.85	--
August	22.81	22.95	29.41	30.00	--
September	23.56	24.46	24.31	28.73	--
October	23.93	34.53	21.14	27.62	--
November	23.78	40.06	20.38	29.90	--
December	24.43	39.82	21.42	31.43	--

Source: USP/ESALQ/CEPEA Note: April 2005 refers to April 1-15.

Fuel Alcohol Prices: State of São Paulo (R$/000 liters).

Month	Anhydrous					Hydrated				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
January	706.17	621.90	922.03	633.43	885.13	775.65	729.98	803.02	561.13	763.41
February	685.22	614.32	1024.82	451.61	847.92	724.80	721.13	876.62	372.62	765.47
March	634.43	608.22	1005.16	390.48	875.67	702.94	704.06	857.81	341.15	772.09
April	605.27	608.94	996.71	462.93	870.79	718.45	710.84	840.26	415.9	760.12
May	575.60	570.78	883.79	541.86	--	688.92	491.07	745.22	472.73	--
June	571.12	483.72	644.80	628.86	--	676.63	406.99	576.24	536.48	--
July	594.72	469.25	586.23	678.64	--	679.02	387.05	476.43	580.63	--
August	623.85	493.71	709.35	756.54	--	691.50	421.57	599.60	653.07	--
September	625.90	569.86	669.34	774.52	--	702.60	484.96	576.70	654.32	--
October	634.88	650.19	593.17	905.57	--	716.01	580.09	505.29	766.69	--
November	629.39	763.92	650.31	978.91	--	718.82	683.66	527.76	837.73	--
December	628.38	780.95	708.84	907.16	--	722.49	689.05	608.18	774.33	--

Source: USP/ESALQ/CEPEA. Note: April 2005 prices refer to April 11-15.

Price Equivalence - prices paid for producers, Ribeirao Preto region, state of Sao Paulo

Anhydrous alcohol (R$/m3 (including PIS, COFINS, not including ICMS)										
560.46	594.08	627.71	661.34	694.97	728.59	762.22	795.85	829.48	863.10	896.73
Hydrated Alcohol - R$/m3 (including PIS, COFINS and ICMS)										
592.77	628.33	663.90	699.47	735.03	770.60	806.16	841.73	877.30	912.86	948.43
Crystal Sugar for the domestic market - R$/50 kg bag (including, PIS, COFINS and 7% ICMS)										
										20.25
VHP Sugar for export market - US$ cents/lb - FOB price, Port of Santos										
6.49	6.80	7.12	7.43	7.75	8.06	8.37	8.69	9.00	9.32	9.63

Source: Datagro. Note: Price equivalence should be read for each column, parameters updated in February 10, 2005. Exchange rate = R$2.60/1US$

Consumption

The ATO/Sao Paulo estimate for Brazilian MY 2004/05 consumption has been revised to 10.65 mmt, raw value, up 350,000 mt, based on updated information from post contacts. ATO/Sao Paulo projects sugar consumption for MY 2005/06 at 10.85 mmt, raw value, up 2 percent from 2004/05, reflecting Brazilian population growth and a continued expansion in food processing.

In March 2005, the Nova America Group purchased the sugar brand, Uniao, from Copersucar, a cooperative of approximately 30 sugar-alcohol mills located in Sao Paulo, Minas Gerais and Parana. Uniao is one of the most important brands in the Brazilian market, and its sugar "Uniao" has been marketed since 1910. In addition to sugar, Nova America purchased the brand for other Uniao products, as well as, other brands previously marketed by Copersucar such as Ducula, Neve, Cristalcucar, Docucar, Glacucar e Unico.

The Nova America Group is expected to become the leader in the domestic market for refined sugar. Copersucar announced that the transaction is part of the cooperative's strategy to withdraw from the retail market and leverage its efficiency and competitiveness in the wholesale business both domestically and abroad.

Trade

Sugar Exports

ATO/Sao Paulo has revised total Brazilian sugar exports for MY 2004/05 to 17.82 mmt, raw value, a 280,000 mt reduction from our previous estimate to reflect updated information from trade contacts. Raw sugar continues to dominate the export mix and should amount to 12.77 mmt, whereas the reminder should represent refined exports. Sugar exports for MY 2005/06 are projected at 18.8 mmt, raw value, up 1 mmt relative to MY 2004/05, reflecting higher domestic sugar production and projected steady and favorable prices in the international markets. Raw sugar exports are forecast at 13.45 mmt, while refined exports should contribute 5.35 mmt, raw value. Post contacts report that world sugar demand has been increasing 3 percent annually and that Brazil has been able to supply a significant part of this increase.

Note that Brazil has become more and more price dependent on the international markets since approximately one-third of the total reducing sugar (TRS) is expected to be diverted to sugar for exports for MY 2005/06, similar to the previous season. In the past, domestic sugar consumption was the more important price driver, but exports now have a proportionally greater influence on pricing.

The following tables show Brazilian sugar exports by destination for MY 2003/04 and MY 2004/05, as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Sugar Exports by Country of Destination
(NCM 1701.11.00, MT, tel quel, US$ 000 FOB)

	MY 2003/04 1/		MY 2004/05 1/		CY 2004	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Russia	4,091,229	627,028	2,858,289	469,016	3,266,854	503,127
India	30,300	4,291	1,370,087	224,546	853,367	134,585
Egypt	308,983	46,749	846,760	133,120	826,507	127,515
Canada	760,321	115,681	582,140	91,115	646,986	97,279
Algeria	404,106	63,158	527,922	84,680	627,229	95,735
Morocco	333,986	50,503	514,833	81,790	528,008	78,998
U.A.E	153,761	23,582	499,863	78,292	461,685	71,332
Nigeria	278,050	41,178	486,606	74,259	548,818	80,571
Saudi Arabia	276,063	40,963	437,171	69,261	456,606	70,594
Malaysia	121,076	17,997	206,887	33,179	243,088	38,245
Others	1,349,894	248,852	931,108	186,250	1,106,599	213,002
Total	8,107,768	1,279,982	9,261,666	1,525,506	9,565,748	1,510,982

Source : Brazilian Foreign Trade Secretariat (SECEX) 1/ May-February.
Note : Numbers may not add due to rounding.

Brazilian Sugar Exports By Country of Destination
(NCM 1701.99.00, Metric ton, tel quel, US$ 000 FOB)

	MY 2003/04 1/		MY 2004/05 1/		CY 2004	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Nigeria	394,571	69,313	669,606	131,231	680,331	127,290
U.A.E.	787,208	119,621	570,682	95,210	974,969	155,669
Bangladesh	119,717	18,846	521,428	101,197	509,129	95,550
Ghana	330,647	57,495	364,626	70,720	422,247	77,583
Yemen	323,550	53,485	338,867	68,547	265,323	50,212
Syria	179,515	32,735	309,551	61,191	380,416	73,063
Somalia	135,750	22,131	255,201	49,706	235,601	44,301
Georgia	157,506	27,617	242,065	46,226	295,374	55,381
Saudi Arabia	44,050	6,255	228,178	38,225	135,525	21,150
Algeria	99,000	17,728	174,010	33,505	182,010	34,356
Others	1,917,686	334,558	1,582,896	317,887	2,117,252	394,690
Total	4,489,200	759,784	5,257,110	1,013,645	6,198,177	1,129,245

Source : Brazilian Secretariat of Foreign Trade (SECEX) 1/ May-February.
Note : Numbers may not add to rounding.

Alcohol Exports

Alcohol exports for MY 2005/06 are projected at 2.3 billion liters, slightly down from MY 2004/05 exports. Total Brazilian alcohol exports for MY 2004/05 are estimated at 2.45 billion liters, according to updated information from post contacts. Cumulative alcohol exports for MY 2004/05 until February 2005 are estimated at 2.08 billion liters, as reported by SECEX.

A significant volume of exports (approximately 420 million liters) were shipped to the U.S. which took advantage of the cost competitive Brazilian product vis-à-vis high gasoline prices. Other major alcohol exports included India and the Caribbean. Note that the U.S. Government's Caribbean Basis Initiative (CBI) agreement, which exempts U.S. alcohol imports from the Caribbean from payment of the US$0.54 per gallon import tariff, encouraged Brazilian alcohol exports to that region. Indeed, trading companies such as Crystalsev, Cargill and Coimex have been installing alcohol-reprocessing plants in the Caribbean to take advantage of such tariff exemption.

The following tables show Brazilian alcohol exports by country of destination, as reported by SECEX.

Brazilian Alcohol Exports by Country of Destination (NCM 2207.10.00, MT 000 Liters, US$ 000 FOB)

	MY 2003/04 1/			MY 2004/05 1/			CY 2004		
Country	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
U.S.A.	43,133	53,363	11,384	340,513	421,271	82,855	333,618	412,740	78,878
India	0	0	0	335,382	414,922	82,086	352,840	436,521	85,711
South Korea	78,101	96,624	20,455	156,556	193,686	40,021	222,734	275,558	56,013
Sweden	67,783	83,859	19,878	131,004	162,073	39,506	134,525	166,429	40,187
Japan	86,617	107,160	23,083	104,441	129,211	25,917	161,377	199,649	40,264
Jamaica	79,498	98,352	16,289	90,072	111,434	23,858	107,521	133,021	27,229
Netherlands	54,765	67,753	14,332	89,314	110,496	26,495	100,748	124,642	27,733
Costa Rica	39,393	48,736	8,281	73,280	90,659	18,852	93,371	115,515	23,249
Mexico	34,548	42,741	9,091	52,378	64,800	13,984	68,191	84,363	17,561
Nigeria	39,578	48,965	11,490	52,142	64,508	16,333	69,321	85,761	19,728
Others	81,831	101,238	25,688	125,219	154,916	41,487	142,882	176,769	44,754
Total	605,248	748,791	159,971	1,550,300	1,917,976	411,392	1,787,127	2,210,970	461,308

Source : Brazilian Foreign Trade Secretariat (SECEX) 1/ May - February
Note : Numbers may not add to rounding, 1 liter = 0.8083 Kg.

Brazilian Alcohol Exports by Country of Destination (NCM 2207.20.10, MT 000 Liters, US$ 000 FOB)

	MY 2003/04 1/			MY 2004/05 1/			CY 2004		
Country	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
India	7,049	8,721	1,464	30,033	37,156	7,252	30,033	37,156	7,252
Nigeria	5,237	6,479	1,297	17,084	21,135	4,097	17,084	21,135	4,097
Netherlands	4,843	5,991	1,198	24,715	30,577	6,317	32,761	40,531	8,661
Belgium	3,817	4,722	1,058	0	0	0	0	0	0
Finland	2,253	2,787	571	0	0	0	0	0	0
Venezuela	186	230	141	193	239	104	200	247	113
Argentina	119	147	68	122	151	77	149	184	89
Paraguay	4	4	3	0	0	0	2	3	2
Uruguay	1	1	1	3	3	2	3	3	2
Panama	0	0	0	0	0	0	0	0	0
Others	0	0	0	59,858	74,054	15,947	59,275	73,333	16,215
Total	23,508	29,084	5,800	132,007	163,314	33,797	139,507	172,593	36,432

Source : Brazilian Foreign Trade Secretariat (SECEX) 1/ May-February.
Note : Numbers may not add to rounding, 1 liter = 0.8083 kg.

Stocks

ATO/Sao Paulo has adjusted domestic carry over stocks downward for MY 2004/05 to 710,000 mt, raw value, based on industry information. Sugar ending stocks for MY 2005/06 are projected at 560,000 mt, raw value, down 150,000 mt from the previous season.

Policy

A World Trade Organization (WTO) Dispute Panel is expected to finalize its decision on the appeal made by the European Union (EU) in the sugar export regime dispute brought by Brazil, Australia and Thailand. Last September, the WTO reiterated the initial verdict of August 2004 that the EU had exceeded limits on the export of subsidized sugar. It is likely that the WTO will confirm the verdict again and that the EU must reform its policy or face sanctions from the complainants (see BR3015 and BR4015 for specific details).

Following the approval of the Biosafety Bill, which was signed by President Lula in March 2005, the National Technical Biosafety Commission (CTNBio) authorized in early April, field tests of a genetically modified sugarcane variety, which could be potentially resistant to the mosaic virus. The genetically modified variety was derived from the sugarcane variety Co740 brought from India during the 1960s. The Co740 variety is highly productive.

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)

Month	2001	2002	2003	2004	2005
January	1.97	2.42	3.53	2.94	2.62
February	2.04	2.35	3.56	2.91	2.60
March	2.16	2.32	3.35	2.91	2.67
April	2.22	2.36	2.89	2.94	2.54
May	2.36	2.52	2.97	3.13	--
June	2.30	2.84	2.87	3.11	--
July	2.43	3.43	2.97	3.03	--
August	2.55	3.02	2.97	2.93	--
September	2.67	3.89	2.92	2.86	--
October	2.71	3.65	2.86	2.86	--
November	2.53	3.59	2.95	2.73	--
December 1/	2.32	3.53	2.89	2.65	

Source: Gazeta Mercantil 1/ April rate refers to April 22