



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 10/1/2002

GAIN Report #BR2020

Brazil

Sugar

Semi Annual

2002

Approved by:

Ron Verdonk, Director

ATO Sao Paulo

Prepared by:

Sergio Barros, Agricultural Specialist

Report Highlights: Brazilian sugarcane production for MY 2002/03 is estimated at 320 million metric tons, down 4 percent from our previous projection due to weather related problems. The Center-South harvest is expected to be over in November, whereas the North-Northeast crushing season has just started. Total sugar production for MY 2002/03 has been revised downward to 22.75 mmt, raw value to reflect updated sugarcane availability. Brazil's MY 2002/03 sugar exports are projected at 13.1 mmt, raw value, up 13 percent from MY 2001/02, reflecting higher availability of the product and the steady devaluation of the local currency. As of July 1 2002, the Brazilian Government set total alcohol content in gasoline at 25 percent. On September 27, the Brazilian government requested consultations on European sugar subsidies at WTO.

Includes PSD changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Sao Paulo [BR3], BR

TABLE OF CONTENTS

PS&D Tables	1
Production	2
Area	4
Yield	4
Sugar and Alcohol	5
Sugar and Alcohol Prices in the Domestic Market	10
Consumption	12
Trade	12
Sugar Exports	12
Alcohol Exports	15
Stocks	17
Policy	17
Exchange Rate	18

PS&D Tables

PSD Table						
Country	Brazil to					
Commodity	Sugar Cane for Centrifugal				(1000 HA)(1000 MT)	
	Revised 2001		Preliminary 2002		Forecast 2003	
	Old	New	Old	New	Old	New
Market Year Begin		05/2000		05/2001		05/2002
Area Planted	4700	4700	4800	4800	0	5070
Area Harvested	4650	4650	4550	4550	0	4810
Production	256500	256500	272000	293000	0	320000
TOTAL SUPPLY	256500	256500	272000	293000	0	320000
Utilization for Sugar	121000	121000	132000	144150	0	159500
Utilization for Alcohol	135500	135500	140000	148850	0	160500
TOTAL UTILIZATION	256500	256500	272000	293000	0	320000

PSD Table						
Country	Brazil					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		05/2000		05/2001		05/2002
Beginning Stocks	710	710	860	860	410	210
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	17100	17100	20350	20400	22950	22750
TOTAL Sugar Production	17100	17100	20350	20400	22950	22750
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	17810	17810	21210	21260	23360	22960
Raw Exports	6100	6100	8150	8400	10600	9900
Refined Exp.(Raw Val)	1600	1600	3200	3200	2900	3200
TOTAL EXPORTS	7700	7700	11350	11600	13500	13100
Human Dom. Consumption	9250	9250	9450	9450	9650	9650
Feed Dom. Consumption	0	/0	0	0	0	0
TOTAL Dom. Consumption	9250	9250	9450	9450	9650	9650
Ending Stocks	860	860	410	210	210	210
TOTAL DISTRIBUTION	17810	17810	21210	21260	23360	22960

Production

Brazil's sugarcane production for marketing year (MY) 2002/03 (May-April) is projected at 320 million metric tons (mmt), down 4 percent compared to the previous estimate, especially due to a downward revision in the Center South (CS) region projection. The CS is expected to contribute 270 mmt of sugarcane, down 12 mmt relative to the previous projection as a consequence of the lower-than-foreseen yield. According to post contacts, the October 2001 to April 2002 period was characterized overall by good weather conditions. However, the distribution of the rainfall volume and sunlight were not uniform. Excellent rainfall volumes prevailed during the October-February period as opposed to March-April. Conversely, adequate sunlight patterns mainly occurred in the latter period. Thus, the development of the root system of the sugarcane was primarily superficial and the dry weather that prevailed since April affected yields. The harvest season has been moving well and should be over by November for the majority of sugar-alcohol mills due to the expected lower availability of the product.

The North-Northeast region (NNE) has just started crushing. ATO/Sao Paulo forecasts sugarcane production at 50 mmt, down 2 mmt relative to previous figure. The flowering of the sugarcane that occurred, mainly in Alagoas, somewhat affected sugarcane production. The harvest season should be extended through March.

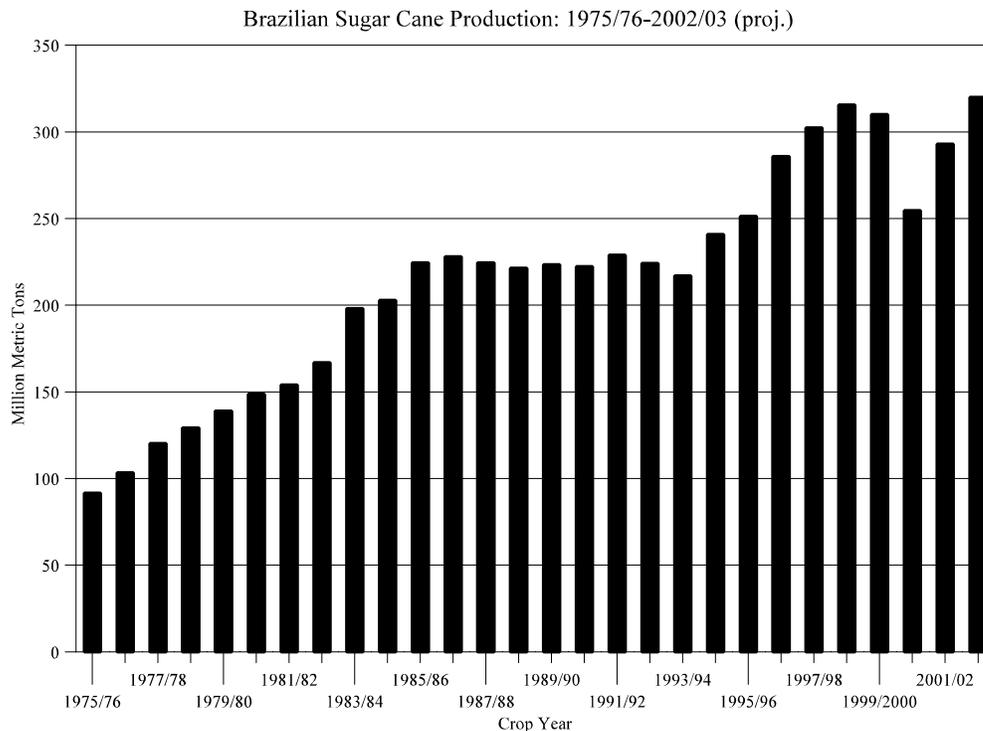
The tables below show monthly sugarcane crushed for the state of Sao Paulo, approximately 60 percent of total Brazilian production, and the CS region for the 1998/99 to 2002/03 crops (April-March), as reported by the Sugar and Alcohol Millers Association of Sao Paulo State (UNICA). The crushing pace has been exceptionally good due to the dry weather that has prevailed. Cumulative sugarcane crushed in the CS for current crop is 20 percent higher compared to the 2001/02 crop and 13 percent greater than in 1998/99. The 1998/99 crop accounted for similar volumes to what is currently estimated for the region.

Sugarcane crushed in the state of Sao Paulo (1,000 metric tons).					
Month	98/99	99/00	00/01	01/02	02/03
April	3,307.1	8,667.5	202.0	449.3	4,972.5
May	19,944.3	27,113.4	13,283.6	12,396.2	24,696.2
June	30,943.3	27,242.1	28,078.0	27,777.8	31,127.0
July	30,120.6	30,382.0	27,916.2	30,602.1	31,234.0
August	27,395.0	29,884.1	28,144.7	29,105.9	30,352.3
September	27,977.4	25,804.0	21,334.2	28,117.1	--
October	23,927.5	27,145.5	21,513.7	24,232.0	--
November	25,382.9	14,413.3	7,151.1	20,286.2	--
December	9,417.1	3,541.1	620.4	3,421.6	--
January	898.6	42.1	0.0	186.0	--
Cumulative	199,313.9	194,235.0	148,243.8	176,574.2	122,382.1
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

Sugarcane crushed in Center-Southern Brazil (1,000 metric tons).					
Month	98/99	99/00	00/01	01/02	02/03
April	4,993.4	11,310.4	737.4	2,158.5	8,481.2
May	27,407.2	35,232.3	18,228.4	19,319.1	34,008.1
June	41,436.1	36,574.3	38,218.9	38,674.0	43,741.6
July	41,642.0	41,871.4	39,465.3	43,413.3	43,983.9
August	37,769.6	43,698.0	38,174.8	40,808.1	43,437.5
September	37,522.6	36,412.3	31,397.8	38,041.6	--
October	32,927.2	35,739.4	28,674.8	32,263.0	--
November	31,805.6	18,180.0	10,503.7	24,835.6	--
December	12,620.7	4,701.2	1,667.7	4,315.8	--
January	1,398.6	250.4	0.0	390.5	--
Cumulative	269,523.0	263,969.6	207,068.8	244,219.5	173,652.2

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

The graph below shows an official historical series for sugarcane production since MY 1975/76, according to the Ministry of Agriculture, Livestock and Supply (MAPA). Note that the 2002/03 crop is expected to top the 1998/99 crop.



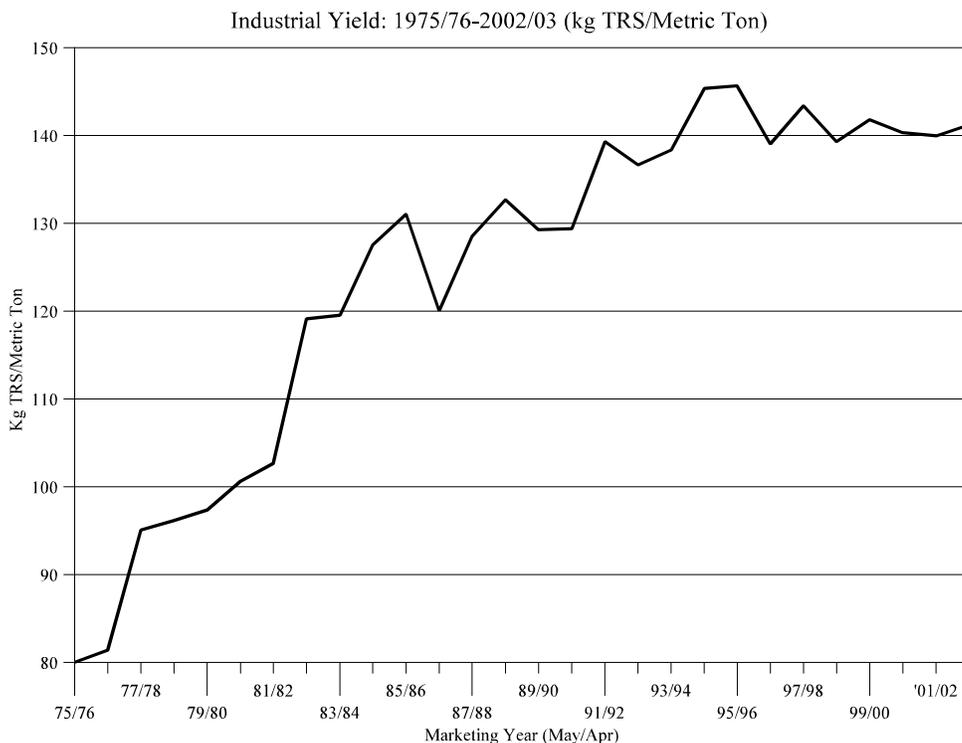
Area

The ATO/Sao Paulo estimate for area planted to sugarcane remains unchanged at 5.07 million hectares (Mha). Total area for harvest is projected at 4.81 Mha. No significant increase in area has been reported by post contacts. In spite of the good market prices for both sugar and alcohol (see Price section), sugar-alcohol mills have been adjusting their finances rather than investing in new sugarcane areas. The graph 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 Sao Paulo State Secretariat of Agriculture.



Yield

The average Brazilian yield for sugarcane production is estimated at 66.5 metric tons per hectare (MT/Ha), a 4 percent decrease compared to the previous figure as a result of the dry weather that prevailed during the April/May to August period. The dry weather has, in turn, supported good industrial yields and the updated projection for the MY 2002/03 industrial yield is 141.23 kg of total reducing sugars (TRS) per metric ton of sugarcane, up 2 percent from previous projection. The shortening of the harvesting season to November is an additional factor that has contributed to this upward revision, since industrial yields follow an inverted "U-shape" curve with lower industrial yields at both ends of the curve. Note that the June-September period is traditionally the peak of the harvest season. According to UNICA, cumulative TRS of sugarcane is 144.26 kg/mt until September 1, up 3.96 kg/mt compared to the same period of last season. The following graph shows historical yields for the Center-South, since MY 1975/76, measured in TRS per metric ton.



Source: UNICA, ATO/SP estimates for 2000/01, 2001/02 and 2002/03

Sugar and Alcohol

The MY 2002/03 TRS breakdown for sugar and alcohol production is estimated at 49.8 and 50.2 percent, respectively, similar to the 49.2-50.8 percent adjusted breakdown for MY 2001/02 showing the ongoing strategy towards sugar production. Total TRS for the 2002/03 crop is projected at 45.19 mmt, up 4.19 mmt relative to 2001/02. The expected decrease in the sugarcane output has been partially offset by higher industrial yields.

ATO/Sao Paulo estimates total Brazilian sugar production for MY 2002/03 at 22.75 mmt, raw value, slightly down from previous projection, but up 2.35 mmt from revised production estimate for MY 2001/02 (20.4 mmt, raw value). The CS should account for 19.4 mmt of sugar, whereas the remaining 3.35 mmt should be produced in the NNE. Total alcohol production for MY 2002/03 has been revised downward to 12.5 billion liters (7.05 billion liters of anhydrous alcohol and 5.45 billion liters of hydrated alcohol), a 0.5 billion liters decrease relative to previous forecast. The 2002/03 updated projection is, however, 1.03 billion higher than the final official figure for MY 2001/02 alcohol production, as reported by MAPA (6.48 billion liters of anhydrous alcohol and 4.99 billion liters of hydrated alcohol).

The 2002/03 projections indicate that most of the expected reduction in sugarcane production is likely to affect total alcohol output, vis-a-vis sugar production. Note that alcohol projections take into account the alcohol content in the gasoline-alcohol mixture set at 24 percent from May 1 to June 30 and at 25 percent as of July 01, 2002, as determined by the Brazilian Government. Projections also take into account the projected increase in alcohol demand as a consequence of projected growth in the automobile fleet and alcohol exports. In addition,

the significant difference between alcohol and gasoline retail prices in the domestic market has led many car owners to fill their tanks using a 50-50 percent hydrated alcohol and gasoline blend ("rabo de galo"), thus increasing total alcohol demand. According to post contacts, alcohol stocks are likely to be notably low by the end of the MY, as opposed to the initial projection of rebuilding alcohol stocks.

The tables below show monthly sugar production for the state of Sao Paulo and the CS region for the 1998/99 to 2001/02 crops (April-March), as reported by UNICA. Cumulative sugar production in the CS for the 2002/03 crop is 26 percent higher compared to the 2001/02 crop.

Sugar production in the state of Sao Paulo (Metric tons, tel quel, Apr/Mar).					
Month	98/99	99/00	00/01	01/02	02/03
April	138,645	406,791	5,413	21,120	293,703
May	1,003,522	1,606,628	791,387	696,427	1,540,549
June	1,658,469	1,766,064	1,740,032	1,802,011	2,198,264
July	1,876,807	2,076,851	1,876,786	2,245,231	2,411,932
August	1,664,943	2,181,023	1,863,854	2,231,847	2,451,295
September	1,875,937	1,883,064	1,408,147	2,087,352	--
October	1,465,678	1,943,423	1,491,660	1,706,829	--
November	1,555,440	999,561	464,352	1,316,443	--
December	430,622	187,934	33,329	213,281	--
January	14,216	(33)	0	7,917	--
Cumulative	11,684,279	13,051,306	9,674,960	12,328,458	8,895,743

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

Sugar production in Center-Southern Brazil (Metric tons, tel quel, Apr/Mar).					
Month	98/99	99/00	00/01	01/02	02/03
April	192,555	544,942	25,258	58,258	454,368
May	1,318,881	2,032,230	1,017,346	1,032,988	1,976,018
June	2,169,685	2,270,956	2,229,577	2,342,597	2,883,209
July	2,481,906	2,732,482	2,521,123	2,946,675	3,193,169
August	2,200,853	2,881,204	2,487,751	2,938,992	3,239,749
September	2,359,148	2,518,834	1,830,899	2,676,100	--
October	1,884,441	2,461,466	1,856,717	2,155,273	--
November	1,859,532	1,176,672	602,246	1,551,962	--
December	559,149	227,361	61,513	239,187	--
January	25,719	5,205	0	7,918	--
Cumulative	15,051,869	16,851,352	12,632,430	15,949,950	11,746,513

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

The tables below shows official sugarcane crush data, sugar and alcohol (anhydrous and hydrated) production

by state for the 2001/02 and 2002/03 crop years, as reported by MAPA. Note that the official CS and NNE crop years are April-March and September-August, respectively. The tables show final figures for the 2001/02 crop and cumulative production through September 1 for the 2002/03 crop.

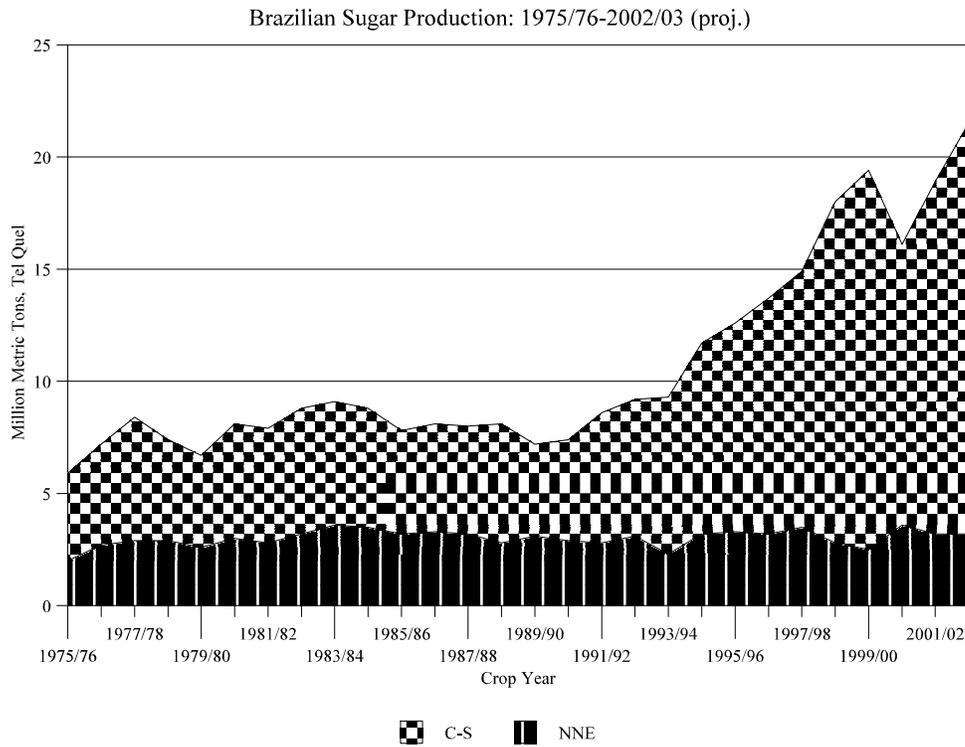
Cane, Sugar and Alcohol Production by State and Region: 2001/02 Crop (Metric Tons and 000 Liters)					
State/Region	Cane	Sugar	Alcohol		
			Total	Anhydrous	Hydrous
Alagoas	23,124,558	1,678,222	562,286	317,513	244,773
Amazonas	201,036	14,188	2,666	963	1,703
Bahia	2,048,475	143,448	54,632	32,898	21,734
Ceara	73,637	6,220	1,186	0	1,186
Maranhao	1,094,115	12,406	75,097	65,714	9,383
Para	283,406	0	24,993	14,048	10,945
Paraiba	4,001,051	114,539	226,606	87,832	138,774
Pernambuco	14,342,504	1,104,199	261,933	120,417	141,516
Piaui	273,691	0	18,676	5,507	13,169
Rio Grande do Norte	2,064,515	116,952	79,865	46,592	33,273
Sergipe	1,316,925	55,662	52,024	27,728	24,296
NNE	48,823,913	3,245,836	1,359,964	719,212	640,752
Espirito Santo	2,010,903	22,953	131,020	76,299	54,721
Goiias	8,882,275	505,843	380,155	190,143	190,012
Minas Gerais	12,230,820	747,053	524,441	331,438	193,003
Mato Grosso do Sul	7,798,913	327,854	396,521	225,201	171,320
Mato Grosso	10,673,433	448,750	580,187	276,007	304,180
Parana	22,868,767	1,338,013	948,598	358,517	590,081
Rio de Janeiro	2,947,423	212,669	63,855	23,898	39,957
Rio Grande do Sul	80,262	0	5,306	0	5,306
Sao Paulo	176,012,432	12,145,392	7,077,748	4,278,472	2,799,276
C-S	243,505,228	15,748,527	10,107,831	5,759,975	4,347,856
Total	292,329,141	18,994,363	11,467,795	6,479,187	4,988,608

Source: MinAg, Sec. de Produção e Comercialização, Dept. do Açúcar e Álcool, 09/01/02

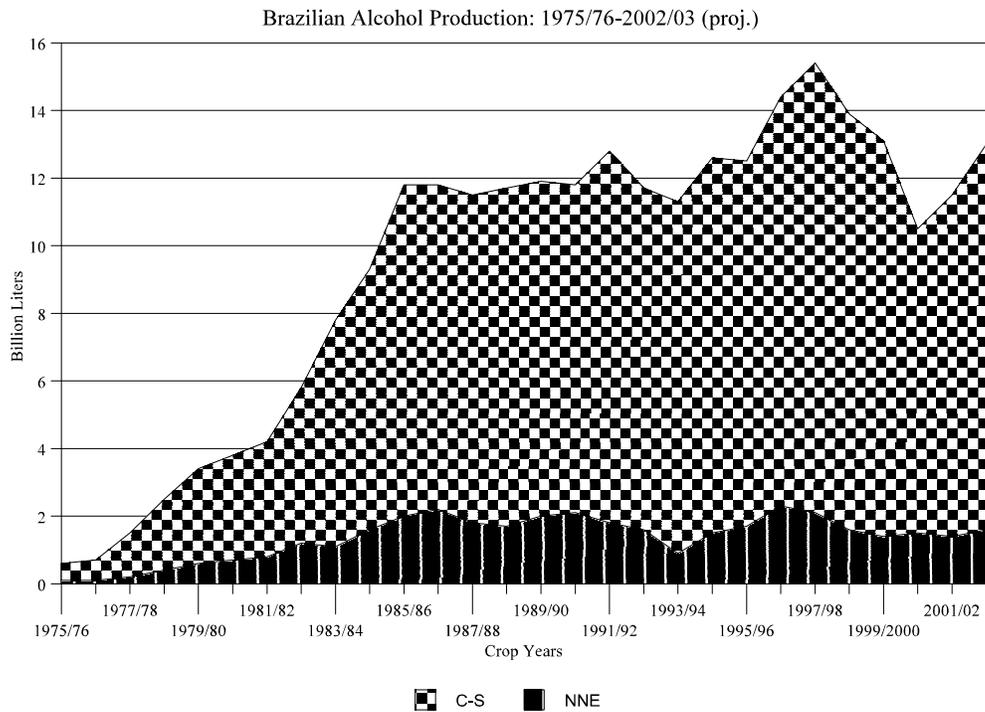
Cane, Sugar and Alcohol Production by State and Region: 2002/03 Crop (Metric Tons and 000 Liters)					
State/Region	Cane	Sugar	Alcohol		
			Total	Anhydrous	Hydrous
Alagoas	0	218	1,236	0	1,236
Amazonas	58,199	3,074	595	0	595
Bahia	1,214,140	80,980	36,705	25,916	10,789
Ceara	82,886	5,568	825	0	825
Maranhao	746,921	1,097	55,256	52,453	2,803
Para	130,686	0	9,979	5,950	4,029
Paraiba	286,533	9,723	11,920	4,603	7,317
Pernambuco	283,300	20,069	1,688	45	1,643
Piaui	136,377	0	10,562	4,589	5,973
Rio Grande do Norte	213,118	16,531	2,152	2,015	137
Sergipe	0	0	0	0	0
NNE	3,152,160	137,260	130,918	95,571	35,347
Espirito Santo	1,612,818	38,369	93,384	58,834	34,550
Goiias	6,103,842	341,970	273,915	158,911	115,004
Minas Gerais	9,157,898	678,008	347,000	178,614	168,386
Mato Grosso do Sul	4,972,308	209,067	250,572	130,555	120,017
Mato Grosso	9,268,782	369,426	495,967	210,151	285,816
Parana	15,048,518	909,292	614,443	248,553	365,890
Rio de Janeiro	2,408,581	180,359	57,387	28,604	28,783
Rio Grande do Sul	33,969	0	2,015	0	2,015
Sao Paulo	123,420,319	8,942,410	4,935,952	2,854,908	2,081,044
C-S	172,027,035	11,668,901	7,070,635	3,869,130	3,201,505
Total	175,179,195	11,806,161	7,201,553	3,964,701	3,236,852

Source: MinAg, Sec. de Produção e Comercialização, Dept. do Açúcar e Alcool, 09/01/02

The following graph shows a historical series for sugar and alcohol production since MY 1975/76, with the new crop projection.



Source: UNICA, MAA/DAA / Note: ATO/Sao Paulo projection for 2002/03
2002/03.



Source: UNICA, MAA/DAA / ATO/Sao Paulo projection for 2002/03

Sugar and Alcohol Prices in the Domestic Market

According to the State of São Paulo Sugarcane, Sugar and Alcohol Growers Council (CONSECANA), the average sugarcane price for the state of São Paulo for May-July is Reals (R\$)0.1694 per kg of TRS, or approximately R\$23.9 per ton of sugarcane.

The Crystal Sugar Index released by the College of Agriculture “Luiz de Queiroz” (ESALQ) follows. The index tracks crystal sugar prices in the domestic spot market. The following table shows alcohol prices in the domestic market since 1999. Price equivalence for mid August 2002 among different sugarcane products are also shown below. Note that in spite of the expected higher sugar supply, sugar prices in the domestic market have remained stable even during the peak of the crushing season. Sugar-alcohol millers have been wise to manage both sugar and alcohol production and sugar distribution to domestic and export markets.

The tables below also indicate that sugar and alcohol prices are not balanced and sugar prices for the domestic market have an advantage over sugar for export prices and alcohol prices for the domestic market. The tables shows that alcohol prices are somewhat depressed and the price distortion should be corrected by the market in the short turn. According to a study conducted by Datagro, a consulting company working in the sugar-alcohol business, prices by the end of August were R\$ 22,46 per 50 kg of sugar for the domestic market, R\$ 565,00 per liter of anhydrous alcohol, and R\$ 465,00 per liter of hydrated alcohol. Using sugar export prices (US\$ 5.98 cents per pound in the end of August) as a basis for comparison results in the following price equivalence: US\$ 6.46 for sugar for domestic market; US\$ 5.17 for anhydrous alcohol and US\$ 4.59 for hydrated alcohol. The price equivalences indicate that sugar for the domestic market is clearly preferable (+ 8 percent compared to sugar export prices), followed by anhydrous alcohol (- 13.5 percent) and hydrated alcohol (-23.2 percent).

Crystal Sugar Prices in the Domestic Market (Real, 50kg/bag, including tax).							
Period	1997	1998	1999	2000	2001	2002	
January	n/a	15.74	11.33	19.04	25.01	25.64	
February	n/a	15.86	12.05	19.81	23.28	22.88	
March	n/a	16.35	11.80	18.61	23.36	21.28	
April	n/a	18.32	9.68	18.63	24.81	20.80	
May	13.80	15.46	8.57	16.09	24.06	20.69	
June	12.90	12.76	8.94	18.86	23.44	18.76	
July	12.70	11.44	9.83	21.43	23.66	19.20	
August	12.98	11.56	10.32	25.42	22.81	22.95	
September	13.93	11.41	14.49	23.60	23.56	23.31	
October	14.93	9.73	16.23	24.16	23.93	--	
November	15.36	10.31	15.70	24.64	23.78	--	
December	15.32	11.12	18.52	23.80	24.43	--	

Source: USP/ESALQ/CEPEA
 Note: September 2002 refers to average price between Sep. 2-20.

Fuel Alcohol Prices: State of São Paulo (R\$/000 liters).								
	Anhydrous				Hydrated			
Month	1999	2000	2001	2002	1999	2000	2001	2002
January	297.32	458.85	706.17	621.90	413.40	549.72	775.65	729.98
February	292.60	456.63	685.22	614.32	250.29	549.49	724.80	721.13
March	271.70	463.37	634.43	608.22	227.60	547.88	702.94	704.06
April	238.56	472.14	605.27	608.94	176.55	539.22	718.45	710.84
May	200.67	467.03	575.60	570.78	165.32	525.20	688.92	491.07
June	262.64	472.84	571.12	483.72	213.76	525.24	676.63	406.99
July	308.65	635.34	594.72	469.25	226.59	702.03	679.02	387.05
August	297.61	679.71	623.85	493.71	224.53	756.22	691.50	421.57
September	324.99	654.71	625.90	585.52	328.19	744.43	702.60	504.82
October	374.57	654.50	634.88	--	394.59	734.63	716.01	--
November	428.22	683.81	629.39	--	518.81	767.25	718.82	--
December	452.71	706.94	628.38	--	539.44	789.65	722.49	--

Source: USP/ESALQ/CEPEA
Note: September 2002 refers to average price between Sep 16-20.
Note: Hydrated alcohol prices were set by GOB until January 99.
Note1: Anhydrous alcohol prices are cash, freight costs not included, taxes PIS and COFINS (3.65 %) included up to April 2002.
Note2: Hydrated alcohol prices are cash, freight costs not included, taxes PIS and COFINS (3.65 %) included up to April 2002, ICMS (25%) included from Sep.99 to Apr 02.

Price Equivalence - prices paid for producers, Ribeirao Preto region, state of Sao Paulo										
Anhydrous alcohol (R\$/m3 (including PIS, COFINS, not including ICMS)										
448.37	481.99	515.62	549.25	582.87	616.50	650.13	683.76	717.38	751.01	784.64
Hydrated Alcohol - R\$/m3 (including PIS, COFINS and ICMS)										
560.62	602.66	644.71	686.76	728.80	770.85	812.89	854.94	896.99	939.03	981.08
Crystal Sugar for the domestic market - R\$/50 kg bag (including, PIS, COFINS and 7% ICMS)										
16.44	17.58	18.73	19.87	21.01	22.15	23.29	24.44	25.58	26.72	27.86
VHP Sugar for export market - US\$ cents/lb - FOB price, Port of Santos										
4.68	4.95	5.23	5.50	5.77	6.04	6.32	6.59	6.86	7.13	7.41

Source: Datagro
Note: Price equivalence should be read for each column, parameters updated in August 10, 2002, Exchange rate = R\$3.00/1US\$

Consumption

The ATO/Sao Paulo estimate for Brazilian MY 2002/03 sugar consumption remains unchanged at 9.65 mmt, raw value. Sugar consumption reflects Brazilian population growth and the expected increase in industrial activity.

Trade

Sugar Exports

Total Brazilian sugar exports for MY 2001/02 have been adjusted upward to 11.6 mmt, raw value, up 0.25 mmt to reflect updated information from the Brazilian Department of Foreign Trade (SECEX). MY 2002/03 Brazilian sugar exports have been revised downward to 13.1 mmt, raw value, a 3 percent decrease from previous figure, but up 13 percent relative to MY 2001/02 to reflect the new sugar production estimate as well as to balance sugar and alcohol demands in the domestic market. Contrary to market expectations, sugar prices in the international market did not drop sharply as a result of higher Brazilian export volumes. The steady devaluation of the local currency, the Real, represents another variable that has contributed to increased exports. The following tables show Brazilian sugar exports by country of destination for MY 2000/01, 2001/02 and 2002/03 , as reported by SECEX.

Brazilian Sugar Exports by Country of Destination (NCM 1701.11.00, Metric tons, tel quel, US\$000 FOB)				
Destination	MY 2000/01 1/		MY 2001/02 1/	
	Quantity	Value	Quantity	Value
Russia	2,008,535	394,840	3,076,422	565,660
Iran	285,846	56,040	489,753	87,650
Romania	339,590	58,144	326,127	62,957
Canada	173,000	28,095	325,825	62,723
Egypt	0	0	304,045	56,381
Morocco	319,247	59,788	255,524	46,762
Saudi Arabia	269,190	42,020	208,650	39,492
Malaysia	99,302	17,063	191,438	37,044
U.A.E.	356,597	61,490	181,539	32,803
United States	151,273	53,591	175,880	59,205
Nigeria	128,100	20,695	116,000	22,832
Others	778,517	151,082	805,953	157,780
Total	4,909,196	942,849	6,457,155	1,231,288

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

Brazilian Sugar Exports by Country of Destination. (NCM 1701.11.00, Metric Ton, tel quel, US\$000 FOB)				
Destination	MY 2001/02 1/		MY 2002/03 1/	
	Quantity	Value	Quantity	Value
Russia	668,398	136,131	1,181,902	161,871
Romania	135,609	27,718	82,555	10,801
Iran	35,900	7,114	82,500	10,360
Canada	95,920	19,078	72,502	10,422
Malaysia	5,000	1,042	57,565	8,397
Egypt	7,907	1,657	57,458	7,414
U.A.E.	34,581	6,839	35,220	4,818
Uruguay	17,389	3,541	26,000	3,508
Morocco	40,509	8,064	20,560	2,832
Algeria	16,000	2,976	19,100	2,525
United States	78,544	28,216	18,846	7,681
Others	240,557	49,293	53,238	7,653
Total	1,376,315	291,667	1,707,445	238,283

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

Brazilian Sugar Exports by Country of Destination (NCM 1701.99.00, Metric Ton, tel quel, US\$000 FOB)				
Destination	MY 2000/01 1/		MY 2001/02 1/	
	Quantity	Value	Quantity	Value
Nigeria	570,800	122,486	921,850	194,452
U.A.E.	426,188	96,376	604,240	107,068
Egypt	217,272	46,858	474,246	103,558
Yemen	257,400	54,634	294,800	63,975
Tunisia	13,300	3,482	193,595	44,005
Morocco	104,000	21,235	189,710	36,940
Somalia	82,800	18,536	185,000	39,323
Syria	0	0	116,194	25,712
Gambia	57,000	13,556	112,800	24,063
Saudi Arabia	42,000	9,270	112,740	21,598
Others	533,834	119,292	1,326,986	288,310
Total	2,304,594	505,726	4,532,160	949,004

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

Brazilian Sugar Exports by Country of Destination. (NCM 1701.99.00, Metric ton, tel quel, , US\$000 FOB)				
Destination	MY 2001/02 1/		MY 2002/03 1/	
	Quantity	Value	Quantity	Value
Nigeria	155,100	34,842	331,025	57,363
Egypt	174,346	39,072	178,000	30,421
Yemen	84,000	18,915	118,000	18,575
Morocco	24,182	5,190	112,196	15,012
U.A.E.	54,375	11,906	107,659	15,932
Syria	10,000	2,360	99,650	16,966
Angola	20,028	4,413	78,021	14,306
Algeria	0	0	75,700	12,496
Iraq	0	0	70,250	11,422
Georgia	0	0	64,000	11,274
Others	317,171	73,163	365,851	65,022
Total	839,201	189,861	1,600,352	268,788
Source: Brazilian Secretariat of Foreign Trade (SECEX)				
Note: Numbers may not add due to rounding. 1/ May-July.				

Alcohol Exports

Brazilian alcohol exports for MY 2001/02 are estimated at 513 million liters, as reported by SECEX. Major destinations include South Korea, Japan and Jamaica. Note that exports to Jamaica are re-exported to the United States under the U.S. government's Caribbean Basin Initiative (CBI) agreement, which exempts U.S. alcohol imports from the Caribbean from payment of the US\$ 0.54 per gallon import tariff. Alcohol exports for MY 2002/03 are projected between 500 and 600 million liters. 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)						
Destination	MY 2000/01 1/			MY 2001/02 1/		
	Weight	Volume	Value	Weight	Volume	Value
South Korea	2757.458	3411.4289	443.486	104,335	129,080	31,971
Japan	31199.363	38598.742	8566.466	82,376	101,913	26,697
Jamaica	0	0	0	68,149	84,312	26,672
Netherlands	11982.8	14824.694	2600.444	35,884	44,394	12,326
Nigeria	8070.5	9984.5354	3338.677	32,420	40,109	10,995
Mexico	0	0	0	27,880	34,493	8,643
United States	11783.785	14578.48	3130.672	16,665	20,618	5,109
Costa Rica	0	0	0	14,432	17,855	4,251
South Africa	0	0	0	9,710	12,013	3,469
Guatemala	0.018	0.022269	0.015	8,636	10,685	3,074
Others	10033.231	12412.756	3296.511	13,572	16,791	4,592
Total	75827.155	93810.658	21376.271	414,060	512,261	137,800
Source: Brazilian Secretariat of Foreign Trade (SECEX)						
Note: Numbers may not add due to rounding, 1 liter = 0.8083 Kg. 1/ May-April.						

Brazilian Alcohol Exports by Country of Destination (NCM 2207.10.00, MT, 000 Liters, US\$000 FOB)						
Destination	MY 2001/02 1/			MY 2002/03 1/		
	Weight	Volume	Value	Weight	Volume	Value
Korea, South	109.349	135.28269	33.517	16,844	20,839	4,482
Nigeria	8011.25	9911.2335	2399.769	10,101	12,496	3,477
Jamaica	16057.944	19866.317	5158.095	9,980	12,347	2,715
Sweden	0	0	0	9,950	12,310	2,646
United States	4043.358	5002.2987	1274.325	8,801	10,888	2,697
Mexico	0	0	0	8,390	10,380	2,288
Netherlands	1200	1484.5973	447	5,094	6,302	1,422
Japan	13146.823	16264.782	4425.848	4,034	4,991	1,150
Turkey	0	0	0	4,029	4,985	1,301
Ghana	584.191	722.74032	188.761	3,026	3,744	1,067
Others	11557.169	14298.118	3835.841	6,614	8,183	2,187
Total	54710.084	67685.369	17763.156	86,863	107,464	25,431

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

Brazilian Alcohol Exports by Country of Destination. (NCM 2207.20.10, MT, 000 liters, US\$000 FOB)						
Country	MY 2000/01 1/			MY 2001/02 1/		
	Weight	Volume	Value	Weight	Volume	Value
Nigeria	0.0	0.0	0.0	899.0	1,112.3	441.1
Argentina	0.0	0.0	0.0	38.6	47.8	27.6
Belgium	0.0	0.0	0.0	19.3	23.9	5.1
Peru	4.8	6.0	4.6	5.2	6.4	4.7
Angola	0.0	0.0	0.0	0.1	0.1	0.1
Germany	19.5	24.1	26.2	0.0	0.0	0.0
Paraguay	23.9	29.6	6.5	0.0	0.0	0.0
Chile	0.1	0.1	0.2	0.0	0.0	0.0
Total	48.3	59.8	37.5	962.2	1,190.4	478.6

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

Brazilian Alcohol Exports by Country of Destination. (NCM 2207.20.10, MT, 000 liters, US\$000 FOB)						
Country	MY 2001/02 1/			MY 2002/03 1/		
	Weight	Volume	Value	Weight	Volume	Value
Nigeria	899.0	1,112.3	441.1	0.0	0.0	0.0
Angola	0.0	0.0	0.0	0.1	0.1	0.1
Argentina	0.0	0.0	0.0	23.7	29.3	8.8

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

Stocks

The MY 2001/02 sugar ending stocks estimate has been revised to 210,000 mt, raw value to reflect adjustments in sugar production and exports. Total sugar endings stocks for MY 2002/03 are expected to remain stable at 210,000 mt.

Policy

The President of Brazil passed Bill # 10.464 of May 24, 2002, authorizing the Executive branch to set the content of alcohol in the gasoline within the 20 to 25 percent range. The decision has been delegated to the Ministry of Agriculture, Livestock and Supply (MAPA), dependent on the Alcohol Interministerial Committee's (CIMA) approval. On June 21, 2002, the MAPA set total alcohol content in the gasoline from 24 to 25 percent, +/- 1 percent, as of July 1, 2002, to balance expected higher alcohol supply for MY 2002/03 as a result of the projected higher crop.

The Brazilian government requested consultations on U.S. cotton subsidies and European sugar subsidies at the WTO on September 27, 2002. The Brazilian government inquires the "C" sugar exports, which represent the selling of 3.6 million tons of sugar per year with artificial low prices plus the subsidized shipment of 1.6 million tons of sugar per year, exceeding the volumes committed at WTO. As reported by the local press, unnamed European Union sources threatened to retaliate against supposed Brazilian subsidies for the production of sugar cane alcohol fuel. The MAPA has already prepared a paper refuting any such allegations and confirming that Brazil is in compliance with its WTO commitments.

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)					
Month	1998	1999	2000	2001	2002
January	1.12	1.92	1.80	1.97	2.42
February	1.13	2.03	1.77	2.04	2.35
March	1.14	1.77	1.75	2.16	2.32
April	1.14	1.66	1.81	2.22	2.36
May	1.15	1.72	1.82	2.36	2.52
June	1.16	1.77	1.80	2.30	2.84
July	1.16	1.79	1.78	2.43	3.43
August	1.18	1.81	1.82	2.55	3.02
September 1/	1.19	1.92	1.84	2.67	3.89
October	1.19	1.95	1.91	2.71	--
November	1.20	1.92	1.98	2.53	--
December	1.21	1.79	1.96	2.32	--
Source: Gazeta Mercantil					