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Brazil

Sugar

Annual

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Report Highlights: Brazilian sugarcane production for MY 03/04 is forecast at 333 mmt, up 4 percent from the previous crop. MY 2003/04 sugar supply and demand will be determined by the increased alcohol demand in MY 2002/03. Sugar production is projected at 22.4 mmt, raw value, down 6 percent from last season, since alcohol production is expected to increase by 1.3 billion liters to supply the market and supplement stocks. Sugar exports for MY 2003/04 are forecast at 12.42 mmt, raw value, down 13 percent from MY 2002/03, due to expected lower availability of the product.

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

PS&D Tables

PSD Table						
Country	Brazil					
Commodity	Sugar Cane for Centrifugal			(1000 HA)(1000 MT)		
	2002	Revised	2003	Estimate	2004	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		05/2001		05/2002		05/2003
Area Planted	4800	4800	5070	5070	0	5600
Area Harvested	4550	4550	4810	4810	0	5050
Production	293000	293000	320000	321000	0	333000
TOTAL SUPPLY	293000	293000	320000	321000	0	333000
Utilization for Sugar	144150	144150	159500	162590	0	155840
Utilizatn for Alcohol	148850	148850	160500	158410	0	177160
TOTAL UTILIZATION	293000	293000	320000	321000	0	333000

PSD Table						
Country	Brazil					
Commodity	Centrifugal Sugar				(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		05/2001		05/2002		05/2003
Beginning Stocks	860	860	210	210	210	100
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	20400	20400	22750	23760	0	22400
TOTAL Sugar Production	20400	20400	22750	23760	0	22400
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	21260	21260	22960	23970	210	22500
Raw Exports	8400	8400	9900	10100	0	8695
Refined Exp.(Raw Val)	3200	3200	3200	4130	0	3725
TOTAL EXPORTS	11600	11600	13100	14230	0	12420
Human Dom. Consumption	9450	9450	9650		0	0
Other Disappearance	0	0	0	0	0	0
Total Disappearance	9450	9450	9650	9640	0	9980
Ending Stocks	210	210	210	100	0	100
TOTAL DISTRIBUTION	21260	21260	22960	23970	0	22500

Production

Sugarcane

ATO/Sao Paulo has adjusted Brazilian sugarcane production for marketing year (MY) 2002/03 (May-April) to 321 million metric tons (mmt), up 1 mmt from our previous estimate, as a result of updated information from contacts. The Center-south (CS) region accounted for 269.5 mmt of sugarcane, while production from the North-Northeast (NNE) region is expected to amount 51.5 mmt. The NNE harvest is virtually over while the CS harvest was concluded in January 2003.

The following tables show monthly sugarcane crush data for the state of São Paulo and the CS region from the 1998/99 to the 2002/03 crops (April-March), as reported by the Sugar and Alcohol Millers Association of São Paulo State (UNICA). Note that the crushing season for 2002/03 was mostly concentrated in the May to mid-November 2002 period.

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	32,183.9
July	30,120.6	30,382.0	27,916.2	30,602.1	32,257.5
August	27,395.0	29,884.1	28,144.7	29,105.9	31,075.0
September	27,977.4	25,804.0	21,334.2	28,117.1	27,832.9
October	23,927.5	27,145.5	21,513.7	24,232.0	26,931.3
November	25,382.9	14,413.3	7,151.1	20,286.2	10,417.9
December	9,417.1	3,541.1	620.4	3,421.6	1,285.5
January	898.6	42.1	0.0	186.0	41.3
Cumulative	199,313.9	194,235.0	148,243.8	176,574.2	191,694.1
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	44,369.6
July	41,642.0	41,871.4	39,465.3	43,413.3	45,375.4
August	37,769.6	43,698.0	38,174.8	40,808.1	44,173.0
September	37,522.6	36,412.3	31,397.8	38,041.6	39,512.9
October	32,927.2	35,739.4	28,674.8	32,263.0	36,304.6
November	31,805.6	18,180.0	10,503.7	24,835.6	14,550.1
December	12,620.7	4,701.2	1,667.7	4,315.8	2,617.1

January	1,398.6	250.4	0.0	390.5	103.7
Cumulative	269,523.0	263,969.6	207,068.8	244,219.5	269,495.6
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

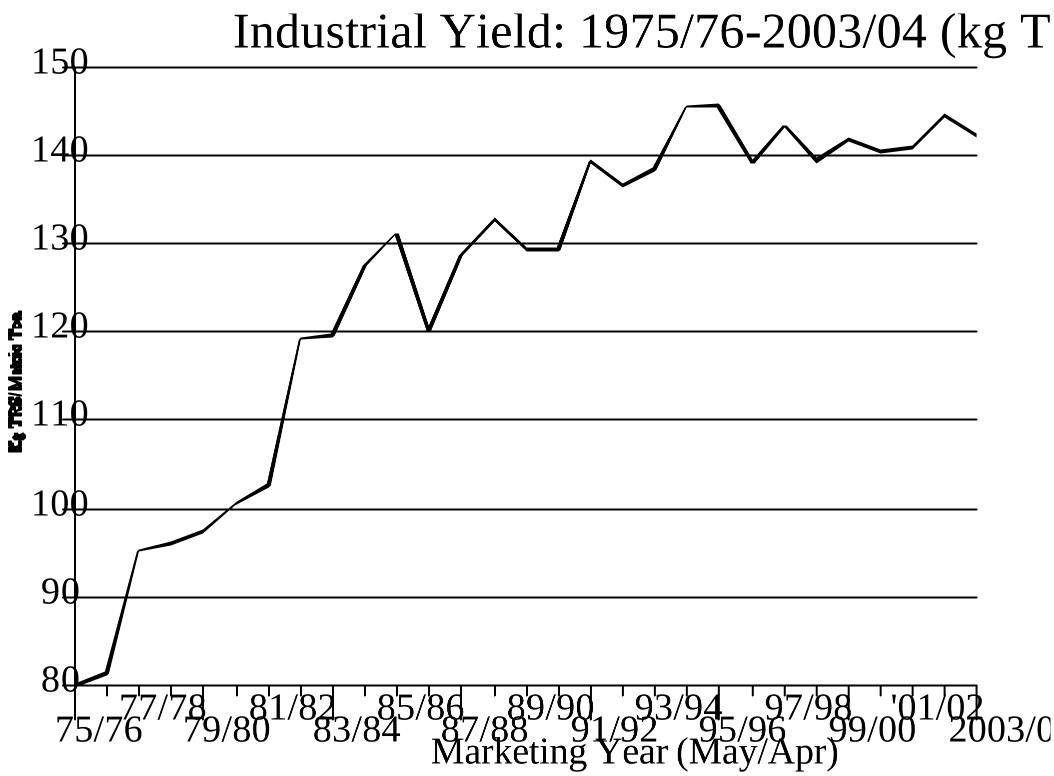
ATO/Sao Paulo projects Brazilian sugarcane production for MY 2003/04 at 333 mmt, up 4 percent compared to the previous season and a new production record. The CS region should contribute 282 mmt, up 5 percent from 2002/03. According to post contacts, weather conditions are satisfactory and the expected increase in volume is mostly due to area expansion. Slightly earlier than usual, the harvest season started in March/April for some sugar/alcohol mills in order to produce additional amounts of alcohol thereby averting a shortage of the product in the market. The NNE is projected to account for 51 mmt, similar to the 2002/03 figure, assuming typical weather conditions prevail. The NNE harvest is not expected until September/October. 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).

Area

Total area planted to sugarcane for MY 2003/04 is projected at 5.6 million hectares (ha.), up 0.53 million ha. from MY 2002/03 as a result of good market prices for both sugar and alcohol, thus encouraging area expansion. In addition, a considerable part of the sugar/alcohol mills are capitalized and can afford new investments in area. The MY 2003/04 sugarcane area for harvesting is forecast at 5.05 million ha., up 5 percent from the previous season, according to a survey conducted by UNICA.

Yields

The average Brazilian MY 2003/04 yield for sugarcane production is projected at 65.94 metric ton/hectare (mt/ha.), slightly down from the 02/03 season (66.74 mt/ha.), assuming normal weather conditions in both the CS and NNE regions. In spite of the lower agricultural yield than previously expected for MY 2002/03, the dry weather, especially in the months of April, July and October, sustained an above average industrial yield - 144.55 kg TRS (total reducing sugars)/mt. ATO/Sao Paulo forecasts MY 2003/04 industrial yield at 142.3 kg TRS (total reducing sugars)/mt, down 2 % from previous MY 02/03, mainly due to the anticipation of the beginning of the CS harvest to March/April. According to UNICA, the average industrial yield for the 2002/03 crop in the CS is 146.58 kg TRS/mt, up 3 percent relative to 2001/02 (142.66 kg TRS/mt). 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 thru 2003/0

Sugar and Alcohol

ATO/Sao Paulo estimates the MY 2002/03 TRS breakdown for sugar and alcohol production at 50.65 and 49.35 percent, respectively, continuing the past years' trend towards sugar production. Total sugar production for MY 2002/03 has been revised upward to 23.76 mmt, raw value, up 4 % from the previous figure, since sugar/alcohol mills were encouraged by strong sugar prices in the market. The CS region accounted for 19.86 mmt, raw value, or 84 % of total Brazilian production. The tables below show monthly sugar production for the state of Sao Paulo and the CS region for the 1998/99 to 2002/03 crops (April-March), as reported by UNICA. Cumulative sugar production in the CS for the 2002/03 crop is 17 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	2,544,492
August	1,664,943	2,181,023	1,863,854	2,231,847	2,480,137
September	1,875,937	1,883,064	1,408,147	2,087,352	2,180,993
October	1,465,678	1,943,423	1,491,660	1,706,829	2,208,774
November	1,555,440	999,561	464,352	1,316,443	764,557
December	430,622	187,934	33,329	213,281	60,300
January	14,216	(33)	0	7,917	1,086
Cumulative	11,684,279	13,051,306	9,674,960	12,328,458	14,272,855
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	25,258.0	58,258.0	454,368
May	1,318,881	2,032,230	1,017,346.0	1,032,988.0	1,976,018
June	2,169,685	2,270,956	2,229,577.0	2,342,597.0	2,883,209
July	2,481,906	2,732,482	2,521,123.0	2,946,675.0	3,325,729
August	2,200,853	2,881,204	2,487,751.0	2,938,992.1	3,270,590
September	2,359,148	2,518,834	1,830,899.0	2,676,100.2	2,904,557
October	1,884,441	2,461,466	1,856,717.0	2,155,272.7	2,805,862
November	1,859,532	1,176,672	602,246.0	1,551,962.0	974,101
December	559,149	227,361	61,513.0	239,187.0	102,043
January	25,719	5,205	0.0	7,918.0	3,981
Cumulative	15,051,869	16,851,352	12,632,430.0	15,949,950.0	18,700,458
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

Total alcohol production for MY 2002/03 is estimated at 12.63 billion liters (7.05 billion liters of anhydrous alcohol and 5.58 billion liters of hydrated alcohol), a 10 % increase compared to the marketing year, due to increased demand for the product during 2002. Better alcohol vis-a-vis gasoline retail prices was the major factor creating strong alcohol demand leading many gasoline powered car owners to fill their tanks using a hydrated alcohol and gasoline blend ("rabo de galo") in different proportions. According to a Datagro survey, the "rabo de galo" effect was responsible for an addition of approximately 47.8 million liters/month increase in demand. Also, some gasoline companies and gas stations did not respect the 25 percent alcohol to gasoline blend established by the Brazilian Government (GOB), adding a higher proportion of alcohol to the mixture. The increase in the number of cars and alcohol exports also contributed to higher alcohol demand. According to MAPA, cumulative alcohol production through March 1 is 12.40 billion liters – 6.93 and 5.47 billion liters of anhydrous and hydrated alcohol, respectively.

The table below shows official sugarcane crush data, sugar and alcohol (anhydrous and hydrated) cumulative production through March 1, 2003 by state for the 2002/03 crop year, as reported by MAPA. Note that the official CS and NNE crop years are April-March and September-August, respectively.

Cane, Sugar and Alcohol Production by State and Region: 2002/03 Crop
(000 MT and Million Liters)

State/Region	Cane	Sugar	Alcohol		
			Total	Anhydrous	Hydrous
Alagoas	21,907,922	1,939,681.0	549,434.0	245,602.0	303,832.0
Amazonas	255,852	16,214.0	3,889.0	0.0	3,889.0
Bahia	2,200,487	159,704.0	57,631.0	41,329.0	16,302.0
Ceara	88,954	6,260.0	976.0	0.0	976.0
Maranhao	1,105,114	3,149.0	83,579.0	77,355.0	6,224.0
Para	311,492	0.0	26,426.0	16,677.0	9,749.0
Paraiba	3,858,397	129,125.0	214,348.0	76,811.0	137,537.0
Pernambuco	14,414,834	1,192,213.0	282,859.0	149,877.0	132,982.0
Piaui	284,180	0.0	22,831.0	11,229.0	11,602.0
Rio Grande Norte	2,685,857	165,815.0	99,207.0	44,919.0	54,288.0
Sergipe	1,299,352	68,651.0	52,351.0	25,324.0	27,027.0
NNE	48,412,441	3,680,812.0	1,393,531.0	689,123.0	704,408.0
Espirito Santo	2,605,565	58,635.0	152,780.0	92,920.0	59,860.0
Goias	9,832,557	577,067.0	448,458.0	254,041.0	194,417.0
Minas Gerais	14,297,603	1,032,806.0	551,048.0	292,073.0	258,975.0
Mato Grosso Sul	8,205,343	373,715.0	412,720.0	202,135.0	210,585.0
Mato Grosso	12,384,480	546,153.0	657,763.0	323,526.0	334,237.0
Parana	23,493,934	1,452,501.0	961,436.0	398,252.0	563,184.0
Rio de Janeiro	4,337,274	304,420.0	106,113.0	44,499.0	61,614.0
Rio Grande do Sul	102,999	0.0	6,411.0	0.0	6,411.0
Sao Paulo	190,470,015	14,245,987.0	7,705,444.0	4,630,891.0	3,074,553.0
C-S	265,729,770	18,591,284.0	11,002,173.0	6,238,337.0	4,763,836.0
TOTAL	314,142,211	22,272,096.0	12,395,704.0	6,927,460.0	5,468,244.0

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

The MY 2003/04 sugar supply and demand will be at least initially, determined by the aforementioned increased alcohol demand. Alcohol MY 2002/03 carry-over stocks are minimal and close to zero. Last December, the sugar/alcohol sector committed itself to additional alcohol production of approximately 1.5 billion liters for the 2003/04 crop compared to 02/03, to guarantee the augmented demand. According to post contacts, over 95 percent of the CS sugar/alcohol producers are committed to this extra alcohol production.

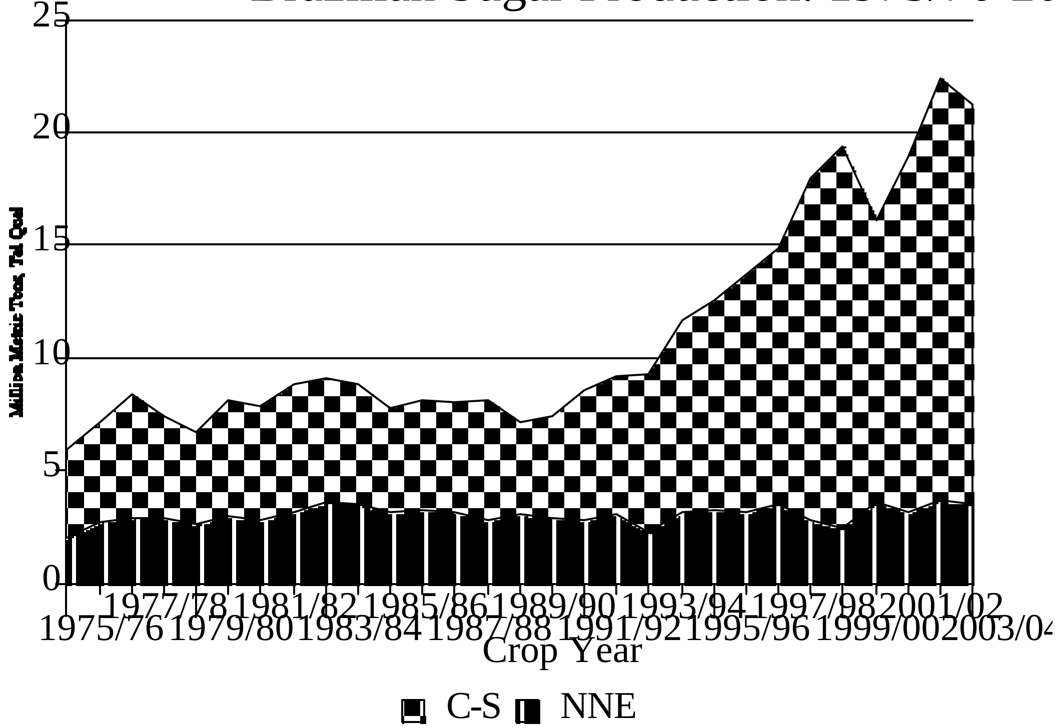
On February 1, 2003, the GOB reduced the required alcohol content in the gasoline-alcohol mixture to 20 %. The percentage should be increased back to 25 % on July 1. On February 6, 2003, Brazilian President Lula called the sugar/alcohol producers for a meeting to set the priorities for the sector for the upcoming crop in order to guarantee the supply of both sugar and alcohol in the domestic market. Major resolutions included:

- the CS harvest season started in March/April in order to produce approximately 600 million liters of alcohol until the end of April and cover current short alcohol supply;
- the sector restated the commitment not to exceed the limit of R$ 1/liter and R$ 0.90/liter for anhydrous and hydrated alcohol, respectively, as maximum selling prices to alcohol distributors. These upper limits will insure a hydrated alcohol/gasoline price ratio not greater than 60 percent, which is considered desirable by the Government;
- the GOB rejected changing the sugar export tariff, currently zero.

Based on the projected increase in alcohol production, ATO/Sao Paulo forecasts sugar production for MY 2003/04 at 22.4 mmt, raw value, down 6 percent from the previous crop. The CS should account for 18.74 mmt, raw value, whereas the remaining 3.66 mmt should come from the NNE. Brazilian alcohol production is forecast at 13.92 billion liters. The MY 2003/04 breakdown for sugar and alcohol is projected at 46.8 and 53.2 percent, respectively, representing a disruption in what had been a trend towards sugar vis-a-vis alcohol production.

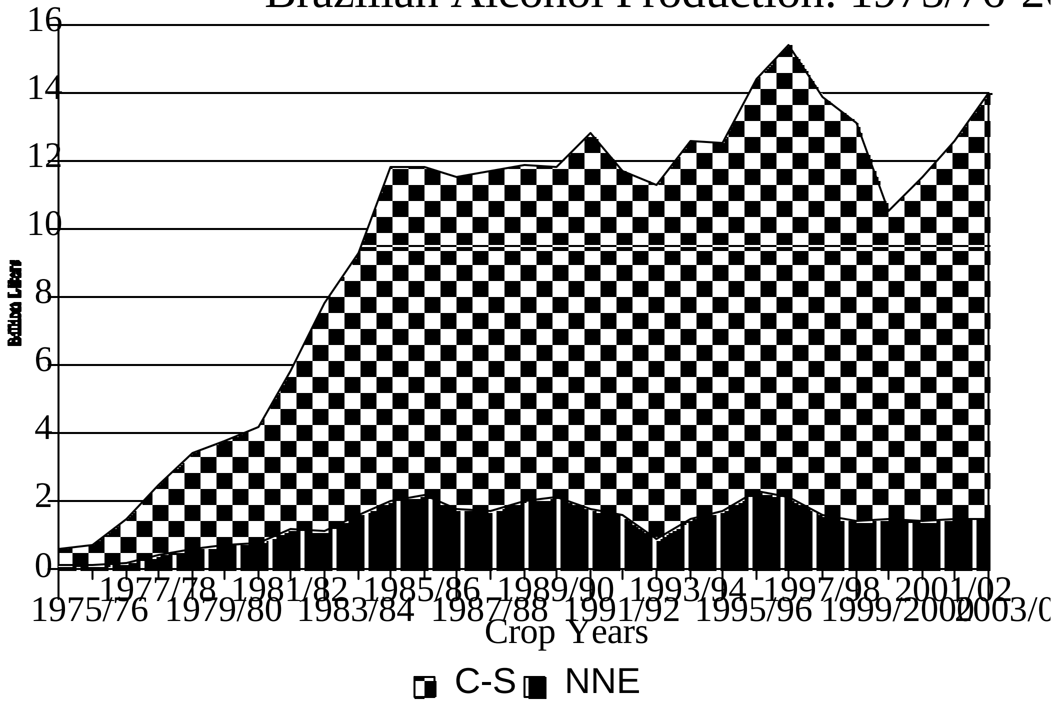
The following graphs show a historical series for sugar and alcohol production since MY 1975/76, with the new crop projection.

Brazilian Sugar Production: 1975/76-20



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

Brazilian Alcohol Production: 1975/76-2(



Source: UNICA, MAA/DAA / ATO/Sao Paulo projection foı

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 the 2002/03 crop is Reals (R$)0.2189 per kg of TRS, or approximately R$32.1 per ton of sugarcane. (Note $1 = R$3.20 on April 14, 2003.)

The Crystal Sugar Index released by the University of São Paulo's 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 December 2002 among different sugarcane products is also shown below.

Note that in spite of the expected higher sugar supply, sugar prices in the domestic market increased even during the peak of the crushing season. Sugar-alcohol millers have wisely managed both sugar and alcohol production and sugar distribution between domestic and export markets. Also note the sharp increase in alcohol prices, especially as of January 2003 as a consequence of the expected short supply of the product.

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

Period	1999	2000	2001	2002	2003
January	11.33	19.04	25.01	25.64	41.92
February	12.05	19.81	23.28	22.88	45.17
March	11.80	18.61	23.36	21.28	43.89
April	9.68	18.63	24.81	20.80	39.41
May	8.57	16.09	24.06	20.69	--
June	8.94	18.86	23.44	18.76	--
July	9.83	21.43	23.66	19.20	--
August	10.32	25.42	22.81	22.95	--
September	14.49	23.60	23.56	24.46	--
October	16.23	24.16	23.93	34.53	--
November	15.70	24.64	23.78	40.06	--
December	18.52	23.80	24.43	39.82	--

Source: USP/ESALQ/CEPEA
Note: April 2003 refers to April 4 price.

Fuel Alcohol Prices: State of São Paulo (R$/000 liters).										
	Anhydrous					Hydrated				
Month	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
January	297.32	458.85	706.17	621.90	922.03	413.40	549.72	775.65	729.98	803.02
February	292.60	456.63	685.22	614.32	1024.82	250.29	549.49	724.80	721.13	876.62
March	271.70	463.37	634.43	608.22	1005.16	227.60	547.88	702.94	704.06	857.81
April	238.56	472.14	605.27	608.94	998.80	176.55	539.22	718.45	710.84	836.86
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	569.86	--	328.19	744.43	702.60	484.96	--
October	374.57	654.50	634.88	650.19	--	394.59	734.63	716.01	580.09	--
November	428.22	683.81	629.39	763.92	--	518.81	767.25	718.82	683.66	--
December	452.71	706.94	628.38	780.95	--	539.44	789.65	722.49	689.05	--

Source: USP/ESALQ/CEPEA
Note: April 2003 refers to average price between Mar 31 and Apr 4.
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$/m3 (including PIS, COFINS, not including ICMS)										
448.37	481.99	515.62	549.25	582.87	616.5	650.13	683.76	717.38	751.01	784.64
Hydrated Alcohol - R$/m3 (including PIS, COFINS and ICMS)										
560.62	602.66	644.71	686.76	728.8	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										
3.81	4.02	4.24	4.45	4.67	4.88	5.10	5.31	5.53	5.74	5.96

Source: Datagro
Note: Price equivalence should be read for each column, parameters updated in December 10, 2002,
Exchange rate = R$3.80/1US$

Consumption

ATO/Sao Paulo estimates total Brazilian domestic sugar consumption for MY 2003/04 at 9.98 mmt, raw value, up 3.5 percent from MY 2002/03. Expansion in sugar consumption reflects Brazilian population growth and the expected increase in industrial activity. According to UNICA, the Brazilian sugar consumption breakdown is as follows: 62 percent of total for direct consumption (retail of refined or crystal sugar) and 38 percent for industrial use (the beverage industry represents 44 % of industrial consumption followed by the candy/cookie industry with 17 % of the share). In contrast, other industry sources estimate that sugar for direct use varies from 44 to 55 percent of total consumption.

Trade

Sugar Exports

Brazilian sugar exports for MY 2002/03 have been revised upward to 14.23 mmt, raw value, up 9 percent from our previous estimate, as a result of higher sugar production and steady competitiveness of Brazilian sugar in the international market, due to the devaluation of the local currency, the Real, vis-a-vis the U.S. dollar. Raw sugar exports should contribute 10.1 mmt or approximately 70 percent of total exports. Brazil's MY 2003/04 sugar exports are projected at 12.42 mmt, raw value, a 13 percent drop compared to the current MY, as a consequence of an expected reduction in sugar availability. The following tables show Brazilian sugar exports by destination for MY 2001/02 and 2002/03 (May-Feb) and calendar year (CY) 2002, as reported by the Brazilian Department of Foreign Trade (SECEX). According to SECEX, cumulative exports for MY 2002/03 until February 2003 is 13 mmt, tel quel, up 25 percent from the same period last season.

Brazilian Sugar Exports by Country of Destination (NCM 1701.11.00, MT, tel quel, US$000 FOB)						
	MY 2001/02 1/		MY 2002/03 1/		CY 2002 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Russia	3,031,547	559,074	3,851,367	544,867	3,512,213	494,352
Canada	307,758	59,753	634,565	90,461	599,400	85,190
Egypt	304,045	56,381	437,737	61,789	439,737	62,127
Iran	457,648	83,107	372,605	49,439	553,706	80,440
USA	154,378	50,630	122,380	40,218	118,630	38,597
Nigeria	116,000	22,832	255,430	40,202	214,843	35,510
Malaysia	191,438	37,044	276,288	39,401	276,288	39,401
UAE	163,368	30,379	263,470	37,763	265,892	38,216
Saudi Arabia	168,250	33,819	248,834	36,508	230,478	33,202
Romania	326,127	62,957	218,400	30,601	202,780	28,094
Others	989,409	192,228	1,234,158	182,819	1,216,357	176,213
Total	6,209,968	1,188,204	7,915,234	1,154,070	7,630,323	1,111,343
Source: Brazilian Foreign Trade Secretariat (SECEX) 1/ May-Feb, 2/ Jan-Dec						

Brazilian Sugar Exports by Country of Destination (NCM 1701.99.00, MT, tel quel, US$000 FOB)						
	MY 2001/02 1/		MY 2002/03 1/		CY 2002 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Nigeria	859,650	181,979	945,407	165,668	903,257	159,199
UAE	521,275	94,635	535,847	80,071	723,886	110,483
Morocco	189,710	36,940	522,118	74,984	471,324	66,973
Egypt	432,596	94,867	376,490	63,352	432,140	75,087
Yemen	280,800	61,315	373,107	62,691	380,607	63,941
Iraq	40,950	9,036	275,666	46,766	316,616	55,802
Syria	109,194	24,153	254,948	43,150	306,142	54,665
Angola	86,528	19,247	238,199	41,582	245,337	43,521
Algeria	70,000	15,838	161,574	27,199	172,900	29,744
Ghana	89,750	19,882	138,500	25,352	161,500	30,582
Others	1,470,951	317,438	1,262,913	220,999	1,610,266	292,296
Total	4,151,404	875,331	5,084,769	851,814	5,723,976	982,293
Source: Brazilian Foreign Trade Secretariat (SECEX) 1/ May-Feb, 2/ Jan-Dec						

Alcohol Exports

Cumulative alcohol exports for MY 2002/03 up to February 2003 are estimated at 718 million liters, as reported by SECEX. This represents an increase of 260 million liters compared to the same period for the 01/02 marketing year. Alcohol exports for MY 2003/04 are projected between 0.6 and 1.1 billion liters, depending on the efforts of a major trading company to ship additional alcohol volumes, especially to Japan. The following tables show Brazilian alcohol exports by country of destination, as reported by SECEX. Note that exports to Jamaica and El Salvador are re-exported to the United States under 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.

Brazilian Alcohol Exports by Country of Destination (NCM 2207.10.00, MT, 000 Liters, US$000 FOB)									
	MY 2001/2002 1/			MY 2002/2003 1/			CY 2002 2/		
Country	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
South Korea	96,255	119,083	29,794	104,632	129,447	25,828	138,270	171,063	36,720
Japan	64,737	80,090	21,638	85,042	105,211	21,375	95,324	117,932	25,882
Sweden	0	0	0	49,371	61,080	11,572	35,574	44,011	8,353
Jamaica	79,075	97,829	24,037	48,844	60,428	15,955	69,898	86,475	22,784
Netherlands	27,135	33,570	9,644	46,283	57,260	12,956	47,849	59,197	13,864
Mexico	15,507	19,185	4,900	36,344	44,963	9,180	43,159	53,395	11,586
Nigeria	28,352	35,076	9,853	31,395	38,841	10,556	38,406	47,514	13,158
USA	14,627	18,096	4,601	30,791	38,094	8,585	27,763	34,347	7,745
Costa Rica	14,432	17,855	4,251	17,442	21,578	3,536	23,449	29,010	5,122
El Salvador	0	0	0	12,418	15,363	2,185	0	0	0
Others	29,231	36,163	10,157	82,288	101,804	22,859	76,111	94,162	21,074
Total	369,351	456,948	118,874	544,851	674,070	144,588	595,804	737,107	166,288
Source: Brazilian Foreign Trade Secretariat (SECEX) Note: Numbers may not add due to rounding, 1 liter = 0.8083 kg. 1/ May-Feb, 2/ Jan-Dec									

Brazilian Alcohol Exports by Country of Destination (NCM 2207.20.10, MT, 000 Liters, US$000 FOB)									
	MY 2001/2002 1/			MY 2002/2003 1/			CY 2002 2/		
Country	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
Jamaica	0	0	0	12,099	14,968	2,916	0	0	0
India	0	0	0	12,125	15,001	2,445	0	0	0
Nigeria	899	1,112	441	7,867	9,732	1,825	7,867	9,732	1,825
Ghana	0	0	0	3,469	4,292	1,009	3,469	4,292	1,009
Venezuela	0	0	0	39	48	33	0	0	0
Argentina	39	48	28	71	88	26	47	59	18
Peru	5	6	5	7	9	7	7	9	7
Paraguay	0	0	0	3	3	2	0	0	1
Others	0	0	0	0	0	0	20	24	5
Total	943	1,166	474	35,680	44,142	8,263	11,410	14,116	2,865
Source: Brazilian Foreign Trade Secretariat (SECEX) Note: Numbers may not add due to rounding, 1 liter = 0.8083 kg. 1/ May-Feb, 2/ Jan-Dec									

Stocks

Sugar ending stocks for MY 2003/04 are projected stable at 100,000 metric tons, raw value, equivalent to MY 2002/03 carry over stocks.

Policy

The Brazilian Government set the alcohol content in domestic gasoline at 20 % on February 1, 2003. The amount should return to 25 % on July 1.

No changes have been reported to the Common External Tariff (TEC) applied to sugar imports from countries other than MERCOSUL partners (Argentina, Uruguay, Paraguay and Chile) which has been set at 17.5 percent since January 1, 2002

In February 6, the New Brazilian Government Administration decided to request a WTO Dispute Panel against the sugar regime adopted by the European Union. According to post contacts, Australia and Thailand will join Brazil in this case. In this regard, econometric studies are still in progress. Two issues are the focus of attention:

- Improper export subsidies. The EU claims that subsidized sugar exports of approximately 1.6 mmt per year are legitimate, since they correspond to the sugar imported from former-colonies in Africa, Caribbean and the Pacific (ACP) under preferential treatment. Brazil, Australia and Thailand claim that the EU has the right to import under preferential treatment, but not export.

- "C" sugar exports. Brazil claims that the EU has a "C" sugar exportable surplus, because the sunk costs of the product are already covered by the domestic support given to "A" and "B" sugar. Therefore, the "C" sugar could be exported at international prices (much lower than the EU domestic prices), since sugar processors would have to cover only variable costs. The Brazilian Government claims that this is an indirect way to subsidize exports which are already the object of domestic supports to the product, and this is prohibited under WTO rules.

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)						
Month	1998	1999	2000	2001	2002	2003
January	1.12	1.92	1.80	1.97	2.42	3.53
February	1.13	2.03	1.77	2.04	2.35	3.56
March	1.14	1.77	1.75	2.16	2.32	3.35
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	1.19	1.92	1.84	2.67	3.89	--
October	1.19	1.95	1.91	2.71	3.65	--
November	1.20	1.92	1.98	2.53	3.59	--
December	1.21	1.79	1.96	2.32	3.53	--
Source: Gazeta Mercantil						