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Brazil

Sugar

Annual Report

2004

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Report Highlights:

Brazilian sugarcane production for MY 2004/05 is forecast at 373 mmt, a new production record. Sugar production is forecast at 27.55 mmt, raw value, up 8 percent from the previous crop. Increased production should be diverted mainly to the international market. Total Brazilian sugar export for MY 2004/05 is projected at 16.7 mmt, raw value, up 2.16 mmt compared to MY 2003/04.

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

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PS&D Tables

Country Commodity	Brazil Sugar Cane for Centrifugal (1000 HA)(1000 MT)						UOM
	2003 USDA Official [	Revised Estimate [DA	2004 Official [	Estimate Estimate [DA	2005 Official [	Forecast Estimate [New]	
Market Year Begin	05/2002		05/2003		05/2004		MM/YYYY
Area Planted	5070	5070	5600	5600	0	6050	(1000 HA)
Area Harvested	4810	4810	5050	5030	0	5350	(1000 HA)
Production	321000	320000	333000	352400	0	373000	(1000 MT)
TOTAL SUPPLY	321000	320000	333000	352400	0	373000	(1000 MT)
Utilization for Sugar	162590	162820	155840	172850	0	187955	(1000 MT)
Utilizatr for Alcohol	158410	157180	177160	179550	0	185045	(1000 MT)
TOTAL UTILIZATION	321000	320000	333000	352400	0	373000	(1000 MT)

PSD Table

Country Commodity	Brazil Centrifugal Sugar (1000 MT)						UOM
	2003 USDA Official [	Revised Estimate [DA	2004 Official [	Estimate Estimate [DA	2005 Official [	Forecast Estimate [New]	
Market Year Begin	05/2002		05/2003		05/2004		MM/YYYY
Beginning Stocks	210	210	270	270	750	1210	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	23810	23810	24780	25530	0	27550	(1000 MT)
TOTAL Sugar Production	23810	23810	24780	25530	0	27550	(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	24020	24020	25050	25800	750	28760	(1000 MT)
Raw Exports	9990	9990	10150	10320	0	11870	(1000 MT)
Refined Exp.(Raw Val)	4010	4010	4100	4220	0	4830	(1000 MT)
TOTAL EXPORTS	14000	14000	14250	14540	0	16700	(1000 MT)
Human Dom. Consumptic	9750	9750	10050	10050	0	10250	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	9750	9750	10050	10050	0	10250	(1000 MT)
Ending Stocks	270	270	750	1210	0	1810	(1000 MT)
TOTAL DISTRIBUTION	24020	24020	25050	25800	0	28760	(1000 MT)

Production

Sugarcane

The Agricultural Trade Office (ATO)/Sao Paulo forecasts Brazilian sugarcane production for marketing year (MY) 2004/05 (May-April) at 373 million metric tons (mmt), up 6 percent from the revised estimate for MY 2003/04, representing a new production record for the third consecutive season, due to the increased output coming from the Center-South region (CS).

The CS is expected to produce 320 mmt, a 7 percent increase compared to MY 2003/04, mostly attributed to an increase in the area planted to sugarcane and good crop management. According to post contacts, weather conditions did not fully support crop development and a small reduction in the agricultural yield is expected for the upcoming crop. The harvest season should start at the end of April and beginning of May for most mills, although some of them have already started the crushing of the sugarcane. Stocks for both sugar and alcohol are at reasonable levels and there is no need to accelerate the harvest as occurred last season.

Note that the MY 2003/04 production estimate for the CS has been revised to 299.4 mmt, up 8.4 mmt from the previous forecast, based on updated information from the Sugar and Alcohol Millers Association of Sao Paulo State (UNICA). The following tables show monthly sugarcane crush data for the state of Sao Paulo and the CS region from the 1999/2000 period to the 2003/04 crops (April/March), as reported by UNICA.

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

Month	99/00	00/01	01/02	02/03	03/04
April	8,667.5	202.0	449.3	5,002.0	8,802.9
May	27,113.4	13,283.6	12,396.2	25,039.6	27,359.7
June	27,242.1	28,078.0	27,777.8	31,825.9	32,571.8
July	30,382.0	27,916.2	30,602.1	32,242.6	34,499.9
August	29,884.1	28,144.7	29,105.9	31,146.4	33,539.6
September	25,804.0	21,334.2	28,117.1	27,761.5	31,901.2
October	27,145.5	21,513.7	24,232.0	26,931.3	27,211.2
November	14,413.3	7,151.1	20,286.2	10,417.9	11,149.1
December	3,541.1	620.4	3,421.6	2,061.9	536.6
January	42.1	0.0	186.0	57.6	238.9
Cumulative	194,235.0	148,243.8	176,574.2	192,486.6	207,811.0

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

The North-Northeast (NNE) region's sugarcane production for MY 2004/05 is forecast to remain stable at 53 mmt, assuming typical weather conditions prevail up to the beginning of the harvest season in September/October. Note that ATO/Sao Paulo revised the MY 2003/04 figure down 1 mmt, according to updated information from post contacts.

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

Month	99/00	00/01	01/02	02/03	03/04
April	11,310.4	737.4	2,158.5	8,430.9	13,666.4
May	35,232.3	18,228.4	19,319.1	34,281.5	38,412.7
June	36,574.3	38,218.9	38,674.0	44,240.3	45,989.3
July	41,871.4	39,465.3	43,413.3	45,281.5	48,948.1
August	43,698.0	38,174.8	40,808.1	44,244.4	47,704.9
September	36,412.3	31,397.8	38,041.6	39,441.5	44,792.6
October	35,739.4	28,674.8	32,263.0	36,304.6	38,349.3
November	18,180.0	10,503.7	24,835.6	14,550.1	18,789.4
December	4,701.2	1,667.7	4,315.8	3,393.5	1,881.1
January	250.4	0.0	390.5	238.5	863.6
Cumulative	263,969.6	207,068.8	244,219.5	270,406.7	299,397.3

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

Area

Increased area planted to sugarcane in the CS is sustaining the expected increase in production for MY 2004/05. Total sugarcane area for harvesting is forecast at 5.35 million hectares (ha.), up 6 percent compared to revised number for MY 2003/04 (5.03 million ha.). The growth in area is predominantly concentrated in the states of Parana, Minas Gerais, Mato Grosso and the western part of Sao Paulo. The CS region accounts for 3.85 million ha, up 9 percent from MY 2003/04 (3.53 million ha.), whereas the area for harvesting in the NNE should remain stable at 1.5 million ha.

Attractive sugar and alcohol prices and the good profitability of sugarcane processing in the past years vis-à-vis other agricultural crops represented the main incentive towards growing more sugarcane. Note that part of the expansion in the CS is related to some important sugarcane groups from the NNE also purchasing/opening new sugar/alcohol plants in the CS, while maintaining their business in their original region.

Yields

The average Brazilian agricultural yield for MY 2003/04 is estimated at 70 metric tons of sugarcane per ha. (mt/ha.), up 1.75 mt/ha. compared to the previous estimate and up 5 percent compared to the previous crop, due to favorable weather conditions that prevailed during the season and slight downward adjustment in area harvested. The average agricultural yield for the CS is estimated at 84.83 ton/ha and, according to UNICA, the agricultural yield breakdown by cut follows:

1 st cut (sugarcane – 1 year)	90.0
1 st cut (sugarcane – 1.5 year)	100.0
2 nd cut	92.0
3 rd cut	80.0
4 th cut	73.0
5 th cut	70.5
other cuts	71.5

The agricultural yield for MY 2004/05 is projected at 69.7 ton/ha., slightly down from previous MY, based on prevailing weather conditions. The CS yields are forecast at 83.1 mt/ha, down 1.7 mt/ha. from the previous crop, as a consequence of rainfall distribution: early and mid season varieties were affected by insufficient precipitation.

The MY 2004/05 industrial yield is projected at 145.3 kilogram of total reducing sugars per metric ton (kg TRS/mt), slightly down from the revised estimate for MY 2003/04 (146.4 kg TRS/mt). According to UNICA, the average industrial yield for the 2003/04 crop in the CS is 149.7 kg TRS/mt, up 3.26 kg TRS/mt compared to the previous season, due to new more productive sugarcane varieties, favorable weather conditions and excellent crop management.

Sugar and Alcohol

ATO/Sao Paulo has revised upward total sugar and alcohol production for the MY 2003/04 as a result of a higher volume of sugarcane for crushing and higher industrial yields than initially projected, amounting to approximately 51.6 million metric ton of TRS, up 2.3 mmt relative to the previous figure. The TRS breakdown for sugar and alcohol is estimated at 49.05 and 50.95 percent, respectively. Total sugar production is estimated at 25.53 mmt, raw value, up 3 percent from the previous figure. The CS region accounted for 21.35 mmt, raw value, whereas the NNE should contribute 4.18 mmt, raw value. Total alcohol production for MY 2003/04 is estimated at 14.48 billion liters (8.75 billion liters of anhydrous and 5.73 billion liters of hydrated alcohol). The tables below show monthly sugar production for the state of Sao Paulo and the CS region for the 1999/2000 to 2003/04 crops (April-Mach), as reported by UNICA.

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

Month	99/00	00/01	01/02	02/03	03/04
April	406,791	5,413	21,120	299,239	277,632
May	1,606,628	791,387	696,427	1,553,742	1,664,394
June	1,766,064	1,740,032	1,802,011	2,260,884	2,220,633
July	2,076,851	1,876,786	2,245,231	2,463,143	2,592,285
August	2,181,023	1,863,854	2,231,847	2,480,964	2,716,037
September	1,883,064	1,408,147	2,087,352	2,180,166	2,642,245
October	1,943,423	1,491,660	1,706,829	2,208,774	2,188,716
November	999,561	464,352	1,316,443	764,557	841,021
December	187,934	33,329	213,281	133,300	23,470
January	-33	0	7,917	3,139	23,970
Cumulative	13,051,306	9,674,960	12,328,458	14,347,908	15,190,403

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

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

Month	99/00	00/01	01/02	02/03	03/04
April	544,942	25,258	58,258	459,639	474,840
May	2,032,230	1,017,346	1,032,988	1,986,943	2,211,924
June	2,270,956	2,229,577	2,342,597	2,955,211	2,961,462
July	2,732,482	2,521,123	2,946,675	3,237,531	3,460,215
August	2,881,204	2,487,751	2,938,992	3,271,417	3,620,702
September	2,518,834	1,830,899	2,676,100	2,903,730	3,471,299
October	2,461,466	1,856,717	2,155,273	2,805,862	2,866,947
November	1,176,672	602,246	1,551,962	974,101	1,271,687
December	227,361	61,513	239,187	175,043	75,640
January	5,205	0	7,918	8,578	25,129
Cumulative	16,851,352	12,632,430	15,949,950	18,778,055	20,439,846

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

The table below shows official sugarcane crush data, sugar and alcohol (anhydrous and hydrated) cumulative production through March 1, 2004 by state for the 2003/04 crop year, as reported by the Ministry of Agriculture, Livestock and Supply (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: 2003/04 Crop (MT and 000 Liters)

State/Region	Cane	Sugar	Total	Alcohol	
				Anhydrous	Hydrous
Alagoas	25,344,585	2,197,259	614,127	223,945	390,182
Amazonas	250,881	17,455	4,375	0	4,375
Bahia	2,117,822	170,989	49,408	30,725	18,683
Ceara	63,907	5,887	317	0	317
Maranhao	1,303,509	11,118	89,865	84,256	5,609
Para	419,514	0	35,012	30,696	4,316
Paraiba	4,402,537	152,516	241,297	102,614	138,683
Pernambuco	14,689,641	1,237,323	315,732	180,854	134,878
Piaui	322,802	0	22,373	18,026	4,347
Rio Grande do Norte	2,421,193	168,998	83,623	36,216	47,407
Sergipe	2,140,454	54,529	44,492	23,749	20,743
NNE	53,476,845	4,016,074	1,500,621	731,081	769,540
Espirito Santo	2,513,438	54,405	150,744	101,593	49,151
Goiias	13,031,493	668,185	645,232	373,058	272,174
Minas Gerais	18,786,524	1,346,598	787,246	387,378	399,868
Mato Grosso do Sul	8,805,710	402,878	472,793	218,297	254,496
Mato Grosso	14,352,164	580,122	792,169	479,088	313,081
Parana	28,137,711	1,815,925	1,195,876	489,423	706,453
Rio de Janeiro	4,420,082	325,572	104,950	39,266	65,684
Rio Grande do Sul	93,836	0	6,045	0	6,045
Sao Paulo	206,476,611	15,215,854	8,744,608	5,886,998	2,857,610
Center South	296,617,569	20,409,539	12,899,663	7,975,101	4,924,562
TOTAL	350,094,414	24,425,613	14,400,284	8,706,182	5,694,102

Source: Ministry of Agriculture, Livestock and Supply, Sugar and Alcohol Dept, 03/01/04

The total TRS for MY 2004/05 is projected at approximately 54.2 mmt, up 5 percent from MY 2003/04, due to more sugarcane for crushing and good crop management. ATO/Sao Paulo projects that MY 2004/05 production will be diverted more towards sugar production compared to alcohol as a consequence of expected better liquidity and profitability of the former. The TRS breakdown for sugar and alcohol is estimated at 50.39 and 49.61 percent, respectively. Total sugar production is forecast at 27.55 mmt, raw value, up 8 percent from previous MY. The CS and the NNE should contribute 23.45 and 4.1 mmt, raw value, respectively. Total alcohol production is projected at 14.9 billion liters. The increased demand for flexfuel vehicles, which can be powered by both gasoline and alcohol and the expected increase in alcohol exports represent the major factors pushing demand up.

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 2003/04 crop is Reais (R\$) 0.2178 per kg of TRS, or R\$ 32.54 per ton of sugarcane. The average sugarcane price for the 2002/03 crop was R\$ 0.2364 per kg of TRS, or approximately R\$ 34.75/mt.

The table below shows the Crystal Sugar Index released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ). The index tracks crystal sugar prices in the domestic spot market for the state of Sao Paulo. The decline in prices during 2003/04 is a consequence of higher supply of the product during the crushing season and expected higher availability of the product for MY 2004/05. Note that both sugar and alcohol ending stocks are at higher levels compared to previous seasons (see Stocks). Price equivalence for late December 2003 among different sugarcane products is shown below.

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

Period	2000	2001	2002	2003	2004
January	19.04	25.01	25.64	41.92	19.66
February	19.81	23.28	22.88	45.17	18.18
March	18.61	23.36	21.28	43.89	20.91
April	18.63	24.81	20.80	39.24	29.20
May	16.09	24.06	20.69	30.87	--
June	18.86	23.44	18.76	25.09	--
July	21.43	23.66	19.20	23.93	--
August	25.42	22.81	22.95	29.41	--
September	23.60	23.56	24.46	24.31	--
October	24.16	23.93	34.53	21.14	--
November	24.64	23.78	40.06	20.38	--
December	23.80	24.43	39.82	21.42	--

Source: USP/ESALQ/CEPEA. Note: September 2004 refers to April 6-14.

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

Month	Anhydrous					Hydrated				
	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004
January	458.85	706.17	621.90	922.03	633.43	549.72	775.65	729.98	803.02	561.13
February	456.63	685.22	614.32	1024.82	451.61	549.49	724.80	721.13	876.62	372.62
March	463.37	634.43	608.22	1005.16	390.48	547.88	702.94	704.06	857.81	341.15
April	472.14	605.27	608.94	996.71	504.17	539.22	718.45	710.84	840.26	447.98
May	467.03	575.60	570.78	883.79	--	525.20	688.92	491.07	745.22	--
June	472.84	571.12	483.72	644.80	--	525.24	676.63	406.99	576.24	--
July	635.34	594.72	469.25	586.23	--	702.03	679.02	387.05	476.43	--
August	679.71	623.85	493.71	709.35	--	756.22	691.50	421.57	599.60	--
September	654.71	625.90	569.86	669.34	--	744.43	702.60	484.96	576.70	--
October	654.50	634.88	650.19	593.17	--	734.63	716.01	580.09	505.29	--
November	683.81	629.39	763.92	650.31	--	767.25	718.82	683.66	527.76	--
December	706.94	628.38	780.95	708.84	--	789.65	722.49	689.05	608.18	--

Source: USP/ESALQ/CEPEA. Note: April 2004 refers to average price between April 4-8.

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
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Hydrated Alcohol - R\$/m3 (including PIS, COFINS and ICMS)

700.77	742.82	784.86	826.91	868.96	911.00	953.05	995.09	1037.14	1079.19	1121.23
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Crystal Sugar for the domestic market - R\$/50 kg bag (including, PIS, COFINS and 7% ICMS)

20.25	21.39	22.53	23.67	24.82	25.96	27.10	28.84	29.39	30.53	31.67
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VHP Sugar for export market - US\$ cents/lb - FOB price, Port of Santos

5.81	6.09	6.37	6.66	6.94	7.22	7.50	7.78	8.07	8.35	8.63
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Source: Datagro. Note: Price equivalence should be read for each column, parameters updated in December 25, 2003

Exchange rate = R\$2.90/1US\$

Consumption

Post estimates total Brazilian domestic consumption for MY 2004/05 at 10.25 mmt, raw value, up 2 percent compared to MY 2003/04, a reflection of population growth.

Trade

Sugar Exports

Brazilian sugar exports for MY 2003/04 have been revised upward to 14.54 mmt, raw value, up 290,000 metric tons, due to updated information from post contacts and the Brazilian Secretariat of Foreign Trade (SECEX). The CS should account for 12.2 mmt, whereas the NNW should amount 2.34 mmt of sugar, raw value, respectively. Raw sugar exports should represent 10.32 mmt and refined sugar should contribute 4.22 mmt, raw value.

Total Brazilian exports for MY 2004/05 are forecast at 16.7 mmt, raw value, a 15 percent increase compared to MY 2003/04, as a consequence of the expected higher supply of the product in the market. The domestic market will not be able to absorb the expected additional production for MY 2004/05, which should be exported to some extent. Brazilian

product is extremely competitive in the international market due to low production costs and the devalued local currency, the Real, vis-à-vis the U.S. dollar. Post contacts report that the expected drop in sugar production in India and Thailand will support larger exports from Brazil. It is also reported that approximately 50 percent of the sugar exports for 2004/05 have already been contracted. The CS is projected to export 14.35 mmt, whereas the NNE should contribute 2.35 mmt, raw value. The following tables show Brazilian sugar exports by destination for MY 2002/03 and 2003/04 (May-February) and calendar year (CY) 2003, as reported by SECEX.

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

Country	MY 2002/03 1/		MY 2003/04 1/		CY 2003	
	Quantity	Value	Quantity	Value	Quantity	Value
Russia	3,851,367	544,867	4,091,229	627,028	4,383,538	681,768
Canada	634,565	90,461	760,321	115,681	760,428	117,008
Algeria	165,277	24,975	404,106	63,158	425,020	67,942
Romania	218,400	30,601	397,366	62,011	349,279	56,920
Morocco	125,358	19,282	333,986	50,503	317,261	50,664
Egypt	437,737	61,789	308,983	46,749	241,696	37,899
Nigeria	255,430	40,202	278,050	41,178	288,195	44,668
Saudi Arabia	248,834	36,508	276,063	40,963	295,549	44,899
Bulgaria	213,179	29,701	165,812	25,019	170,312	26,196
U.A.E.	263,470	37,763	153,761	23,582	164,821	25,001
Others	1,501,618	237,921	938,091	184,110	957,576	197,073
Total	7,915,234	1,154,070	8,107,768	1,279,982	8,353,676	1,350,039

Source: Brazilian Foreign Trade Secretariat (SECEX)

Note: Numbers may not add due to rounding. 1/May-Feb

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

Country	MY 2002/03 1/		MY 2003/04 1/		CY 2003	
	Quantity	Value	Quantity	Value	Quantity	Value
U.A.E.	535,847	80,071	787,208	119,621	773,238	119,781
Egypt	376,490	63,352	436,962	75,105	372,700	66,019
Nigeria	945,407	165,668	394,571	69,313	659,881	120,618
Ghana	138,500	25,352	330,647	57,495	320,752	57,154
Yemen	373,107	62,691	323,550	53,485	298,850	49,950
Angola	238,199	41,582	195,803	33,962	196,215	35,907
Syria	254,948	43,150	179,515	32,735	136,689	24,732
Georgia	83,200	14,273	157,506	27,617	150,506	26,436
Morocco	522,118	74,984	152,694	23,524	267,574	43,589
Somalya	103,250	17,742	135,750	22,131	131,550	21,577
Others	1,513,703	262,949	1,394,995	244,797	1,252,749	224,201
Total	5,084,769	851,814	4,489,200	759,784	4,560,704	789,963

Source: Brazilian Secretariat of Foreign Trade (SECEX)

Note: Numbers may not add due to rounding. 1/May-Feb

Alcohol Exports

Cumulative alcohol exports for MY 2003/04 up to February 2004 are estimated at 777 million liters, as reported by SECEX, up 59 million liters compared to the same period for MY 2002/03. Alcohol exports for MY 2004/05 are projected at 1.2 billion liters, up 300 million liters from the estimate for MY 2003/04 (900 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)

Country	MY 2002/03 1/			MY 2003/04 1/			CY 2003		
	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
Jamaica	48,844	60,428	15,955	79,498	98,352	16,289	70,330	87,010	14,363
Japan	85,042	105,211	21,375	86,617	107,160	23,083	72,294	89,440	18,980
South Korea	90,389	111,826	22,254	78,101	96,624	20,455	44,697	55,297	11,697
Sweden	49,371	61,080	11,572	67,783	83,859	19,878	79,513	98,370	21,427
USA	30,791	38,094	8,585	43,133	53,363	11,384	35,607	44,052	9,690
Netherlands	46,283	57,260	12,956	54,765	67,753	14,332	63,015	77,961	17,219
Costa Rica	17,442	21,578	3,536	39,393	48,736	8,281	25,733	31,836	5,409
Nigeria	31,395	38,841	10,556	39,578	48,965	11,490	32,976	40,796	10,174
Mexico	36,344	44,963	9,180	34,548	42,741	9,091	32,420	40,109	8,695
Ghana	9,806	12,131	3,467	19,693	24,363	6,354	22,310	27,602	7,273
Others	99,144	122,657	25,151	62,138	76,875	19,334	79,208	97,993	21,834
Total	544,851	674,070	144,588	605,248	748,791	159,971	558,104	690,466	146,763

Source: Brazilian Foreign Trade Secretariat (SECEX)

Note: Numbers may not add to rounding, 1 liter = 0.8083 Kg. 1/ May-Feb

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

Country	MY 2002/03 1/			MY 2003/04 1/			CY 2003		
	Weight	Volume	Value	Weight	Volume	Value	Weight	Volume	Value
Jamaica	12,099	14,968	2,916	0	0	0	12,099	14,968	2,916
India	12,125	15,001	2,445	7,049	8,721	1,464	19,175	23,722	3,909
Nigeria	7,867	9,732	1,825	5,237	6,479	1,297	5,237	6,479	1,297
Ghana	3,469	4,292	1,009	0	0	0	0	0	0
Venezuela	39	48	33	186	230	141	225	279	173
Argentina	71	88	26	119	147	68	143	176	73
Peru	7	9	7	0	0	0	0	0	0
Paraguay	3	3	2	4	4	3	4	5	3
Portugal	0	0	0	0	0	0	0	0	0
Angola	0	0	0	0	0	0	0	0	0
Others	0	0	0	10,914	13,502	2,828	10,914	13,502	2,828
Total	35,680	44,142	8,263	23,508	29,084	5,800	47,796	59,132	11,199

Source: Brazilian Foreign Trade Secretariat (SECEX)

Note: Numbers may not add due to rounding, 1 liter=0.8083 kg. 1/May-Feb

Stocks

Increased sugar and alcohol stocks are estimated for MY 2003/04, due to higher availability of sugarcane for both sugar and alcohol production. Sugar ending stocks are estimated at 1.21 mmt, raw value, up 940,000 metric tons compared to previous MY, whereas alcohol stocks are estimated at approximately 1.2 – 1.3 billion liters. Note that the MY 2003/04 crushing season was accelerated in the CS to guarantee the alcohol supply, due to short ending stocks for MY 2002/03. Sugar ending stocks for MY 2004/05 are forecast at 1.81 mmt, raw value, up 600,000 metric tons from MY 2003/04, due to the higher availability of

product for crushing. Alcohol ending stocks are projected to remain stable at approximately the same levels as in MY 2003/04.

Policy

The Common External Tariff (TEC) applied to sugar imports from countries other than MERCOSUL partners (Argentina, Uruguay, Paraguay and Chile) has been reduced to 16 percent as of January 01, 2004. The import duty applied to alcohol imports is set at 20 percent. Both sugar and alcohol imports depend on the issuance of an import license by the Government of Brazil. No import quotas apply for such products.

In May 2003, the GOB created the Council for the Sugar and Alcohol Productive Chain (Camara Setorial da Cadeia Produtiva do Açúcar e do Alcool) including all sectors involved in the chain from the production of the raw material to the market of final products, in order to discuss several aspects of the activity and build a sustainable management for the sector. Several thematic sub-groups were formed to discuss specific issues such as markets, competitiveness, taxes, etc.

Exchange Rate

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

Month	1999	2000	2001	2002	2003	2004
January	1.92	1.80	1.97	2.42	3.53	2.94
February	2.03	1.77	2.04	2.35	3.56	2.91
March	1.77	1.75	2.16	2.32	3.35	2.91
April	1.66	1.81	2.22	2.36	2.89	2.90
May	1.72	1.82	2.36	2.52	2.97	--
June	1.77	1.80	2.30	2.84	2.87	--
July	1.79	1.78	2.43	3.43	2.97	--
August	1.81	1.82	2.55	3.02	2.97	--
September	1.92	1.84	2.67	3.89	2.92	--
October	1.95	1.91	2.71	3.65	2.86	--
November	1.92	1.98	2.53	3.59	2.95	--
December	1.79	1.96	2.32	3.53	2.89	--

Source: Gazeta Mercantil. Note: April 2004 prices refer to April 14.