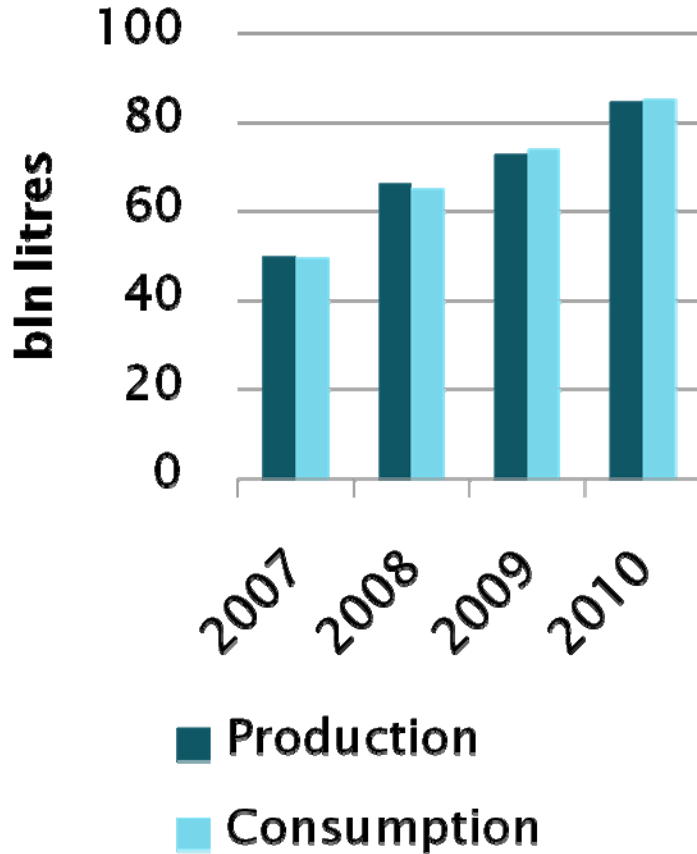


World Ethanol

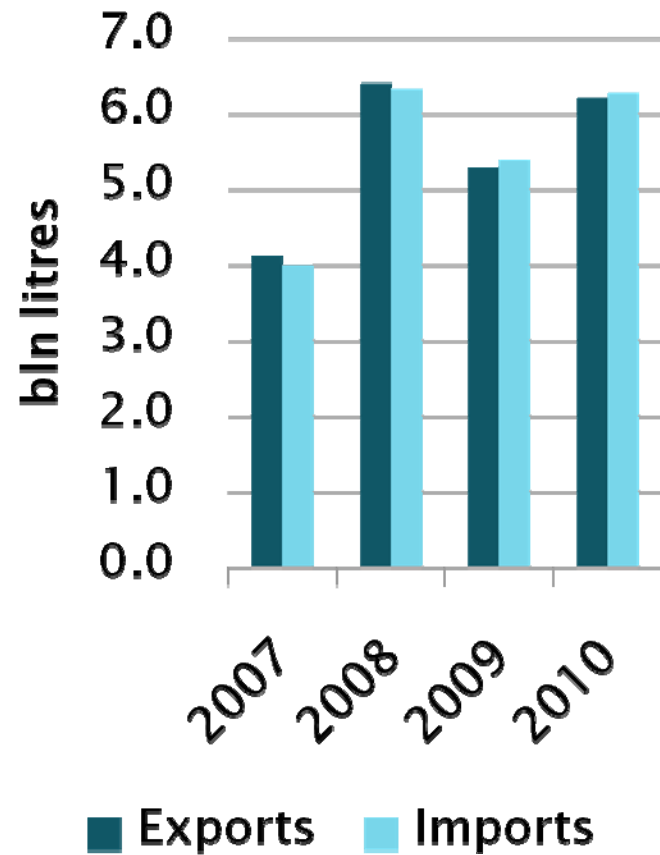
Thai-Qld dialogue

World Ethanol


Production & Consumption



Trade



Ethanol – a story of

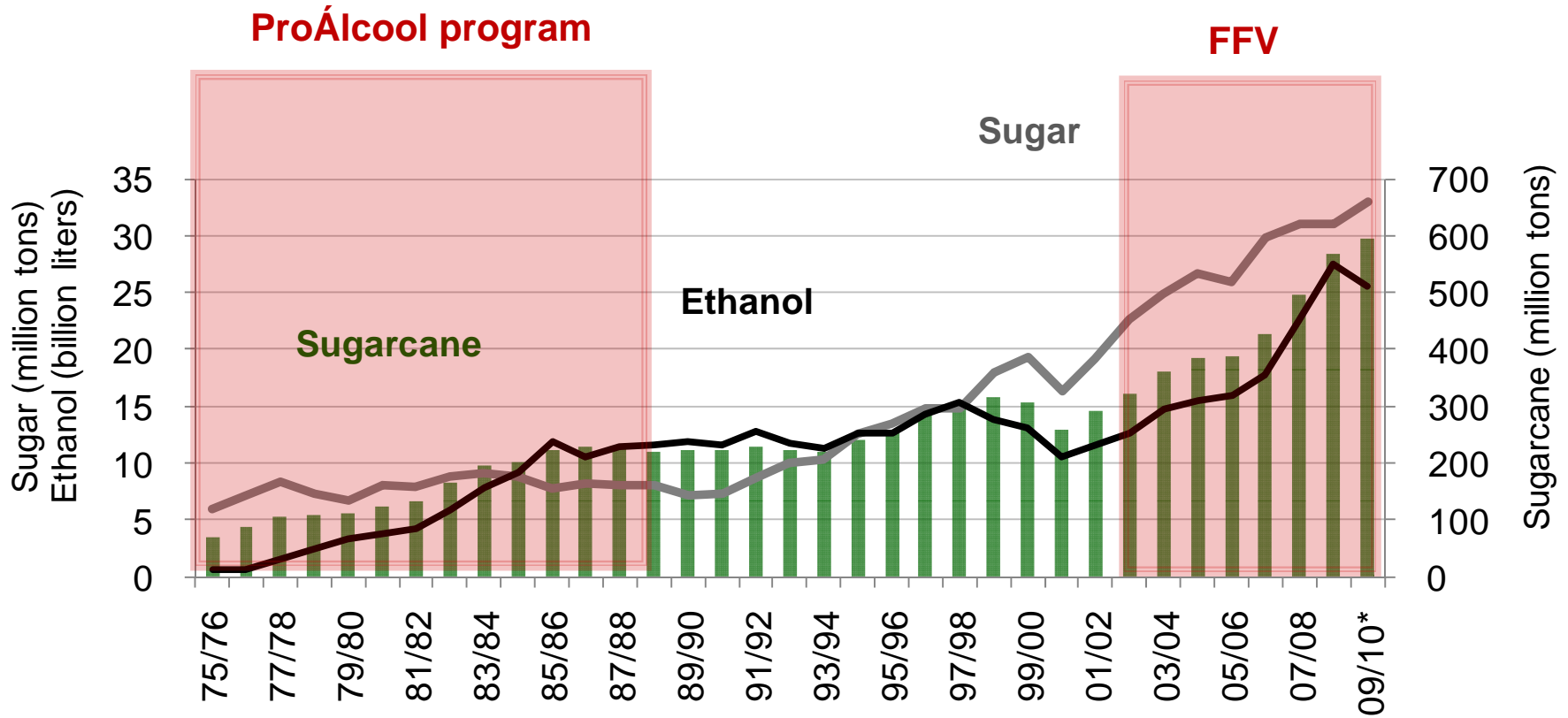
- Brazil
 - United State of America
 - European Union
 - Rest of the world
- 

BRAZIL'S SUGARCANE



expansion is driven by sugarcane **ethanol**

ETHANOL CALLS THE SHOTS AND DRIVES THE INVESTMENT

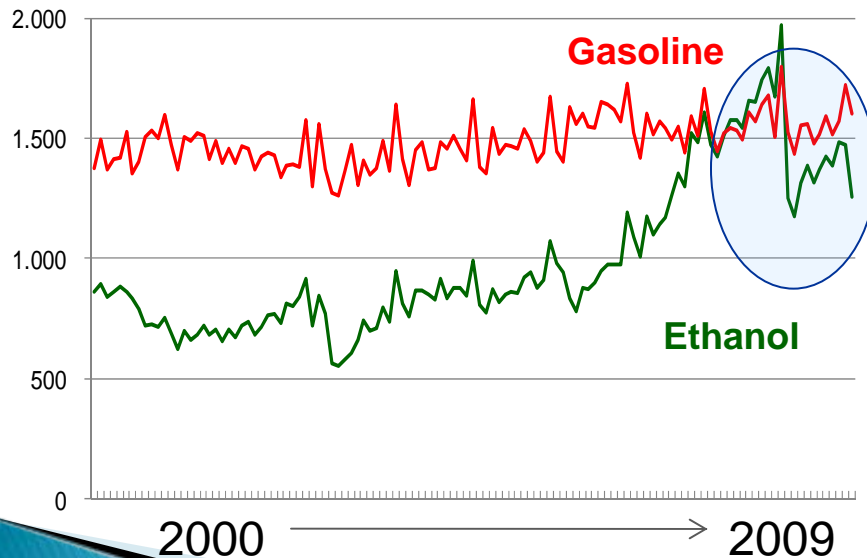


Growth rate in the last decade:

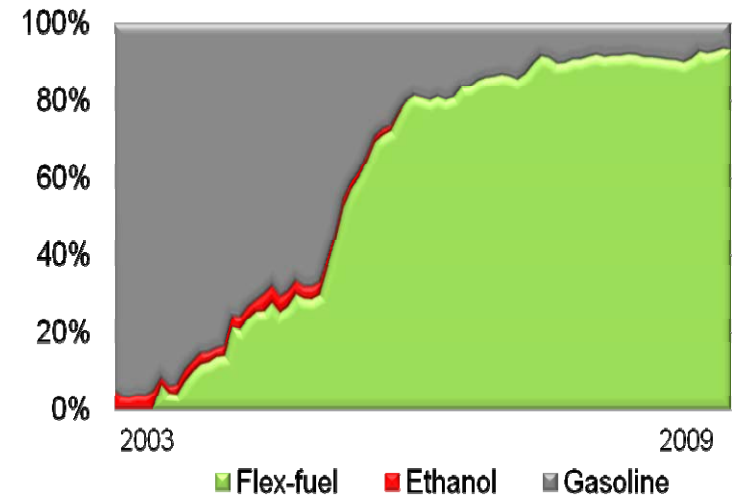
- Sugarcane** → 121%
- Sugar** → 91%
- Ethanol** → 160%

FLEX-FUEL VEHICLES – ONE SOURCE OF GROWTH

- now 90% of all new-car sales, 80+ models available
- 10 millionth FFV sold in February
- Almost 40% of total fleet

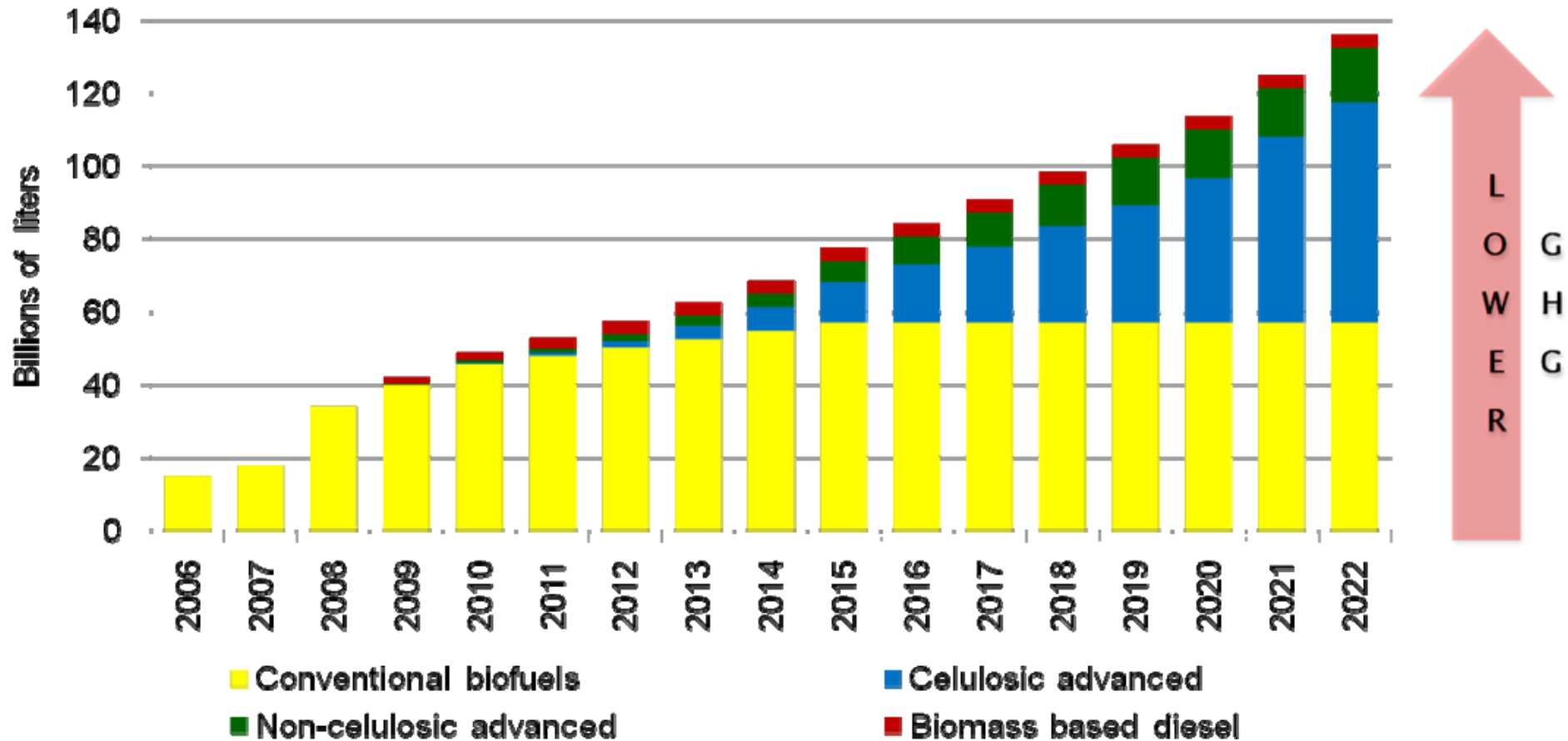


Light vehicles sales by fuel



- 35,000+ ethanol fuel outlets in Brazil

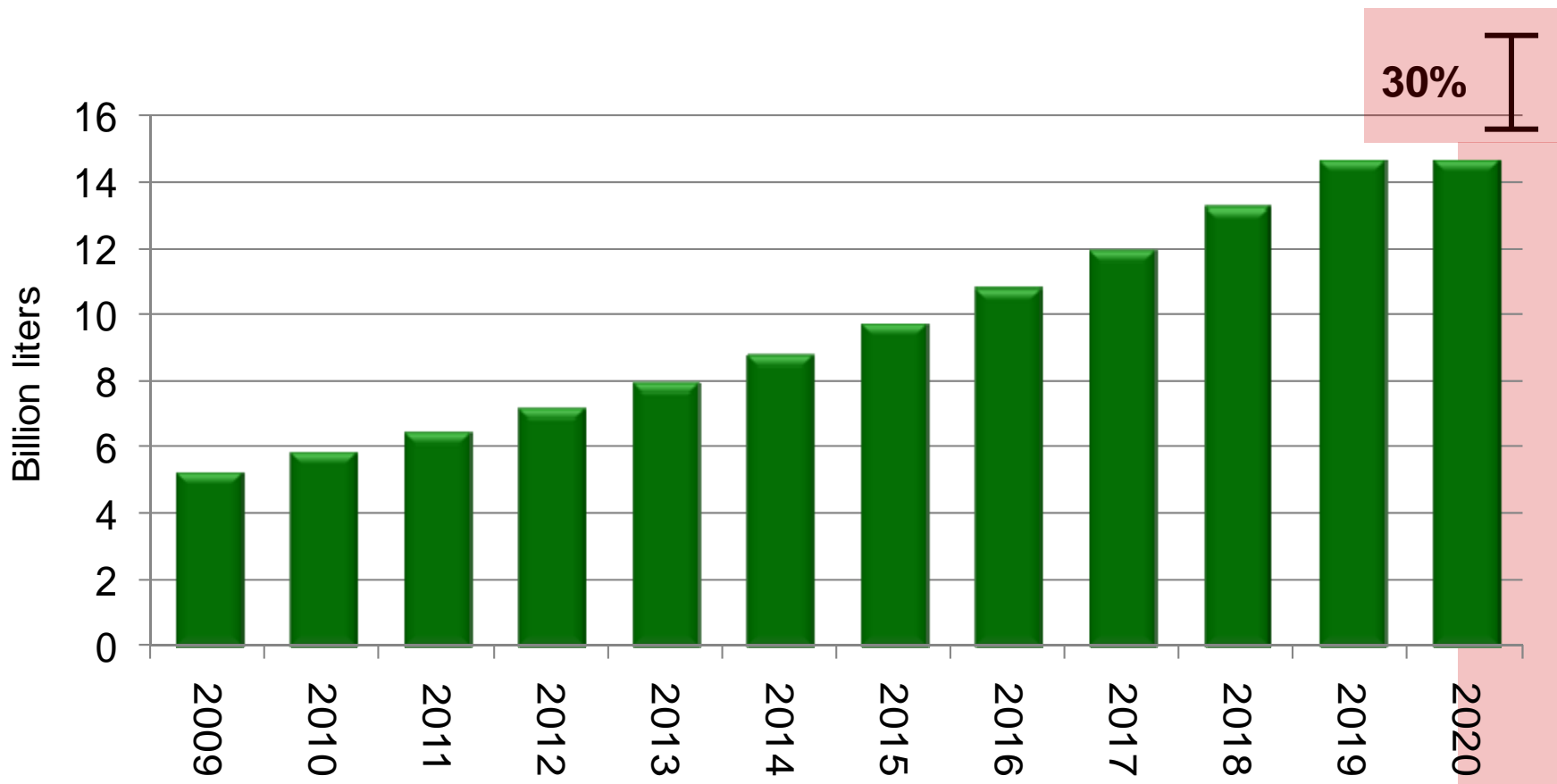
U.S. RENEWABLE FUELS STANDARD (RFS)



Source: UNICA

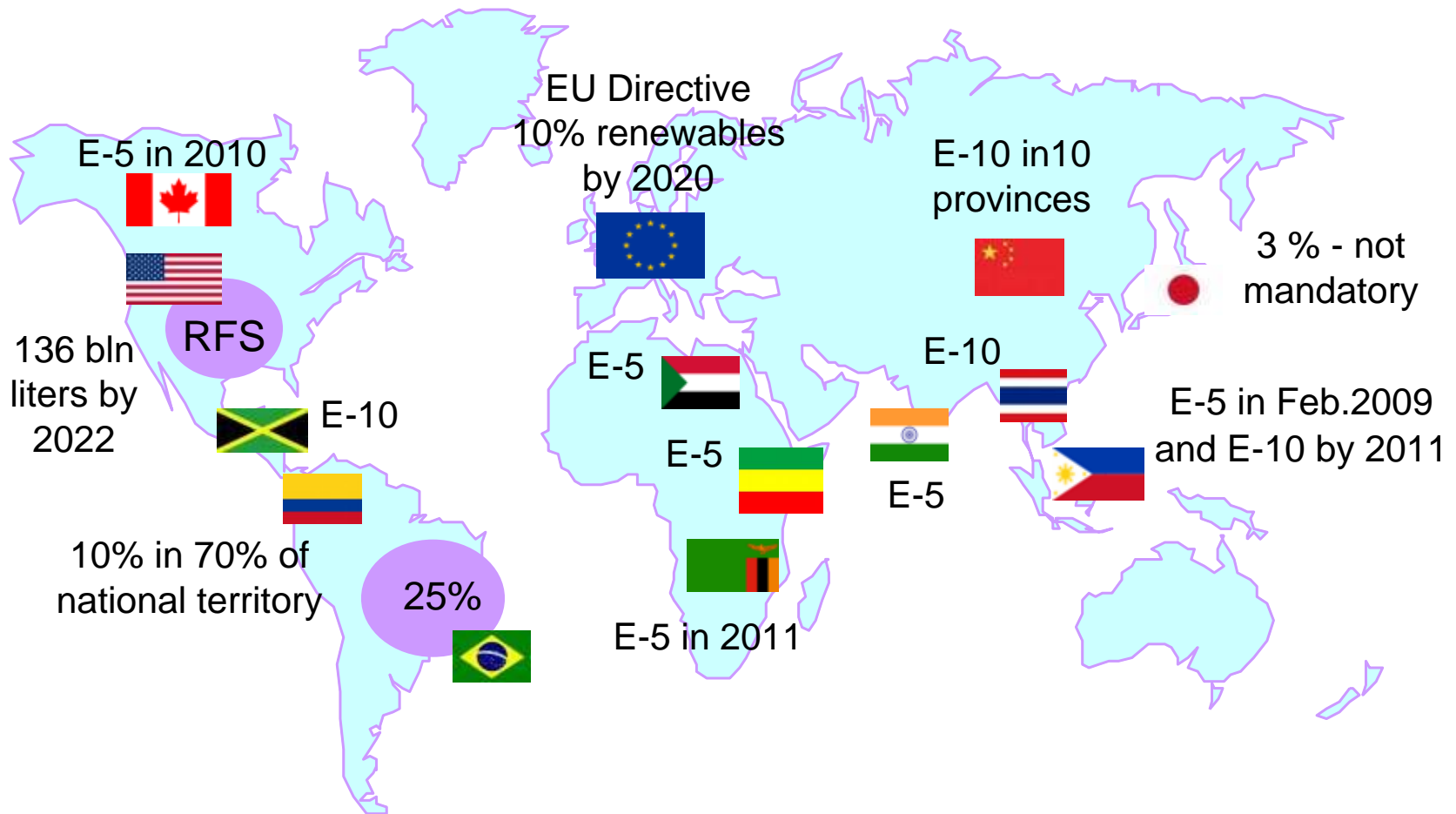


POTENTIAL ETHANOL DEMAND IN EUROPEAN UNION




Source: Eurostat and CERA. Elaboration: UNICA. Note: data from 2008 are projections. Potential demand ethanol calculated based on the gasoline consumption informed by Eurostat and CERA, considering the percentage of ethanol added to gasoline to 4% by volume.

INTERNATIONAL DEVELOPMENTS



Source: JOLLY, Lindsay - Future Trends in World Food Security; WSRO Annual Meeting 2008 ; F.O.Licht and LMC International

Key Take Away Points

- Brazil
 - Cane expansion driven more by ethanol than sugar
 - US Market
 - Cane based ethanol seen as an advanced bio-fuel
 - EU Sustainability Criteria
 - GHG Impact – 35% moving to 50% in 2017
 - Land with High Carbon Stock – ILUC no decision until 2010
 - Land with High Biodiversity Value
 - Agricultural & Economic Practices
 - Social Sustainability
 - Impacts on Trade
 - Compliance – higher costs
 - US laws favour cane
 - Changes in flows
- 

SUGARCANE PRODUCTION IN CENTER-SOUTH REGION

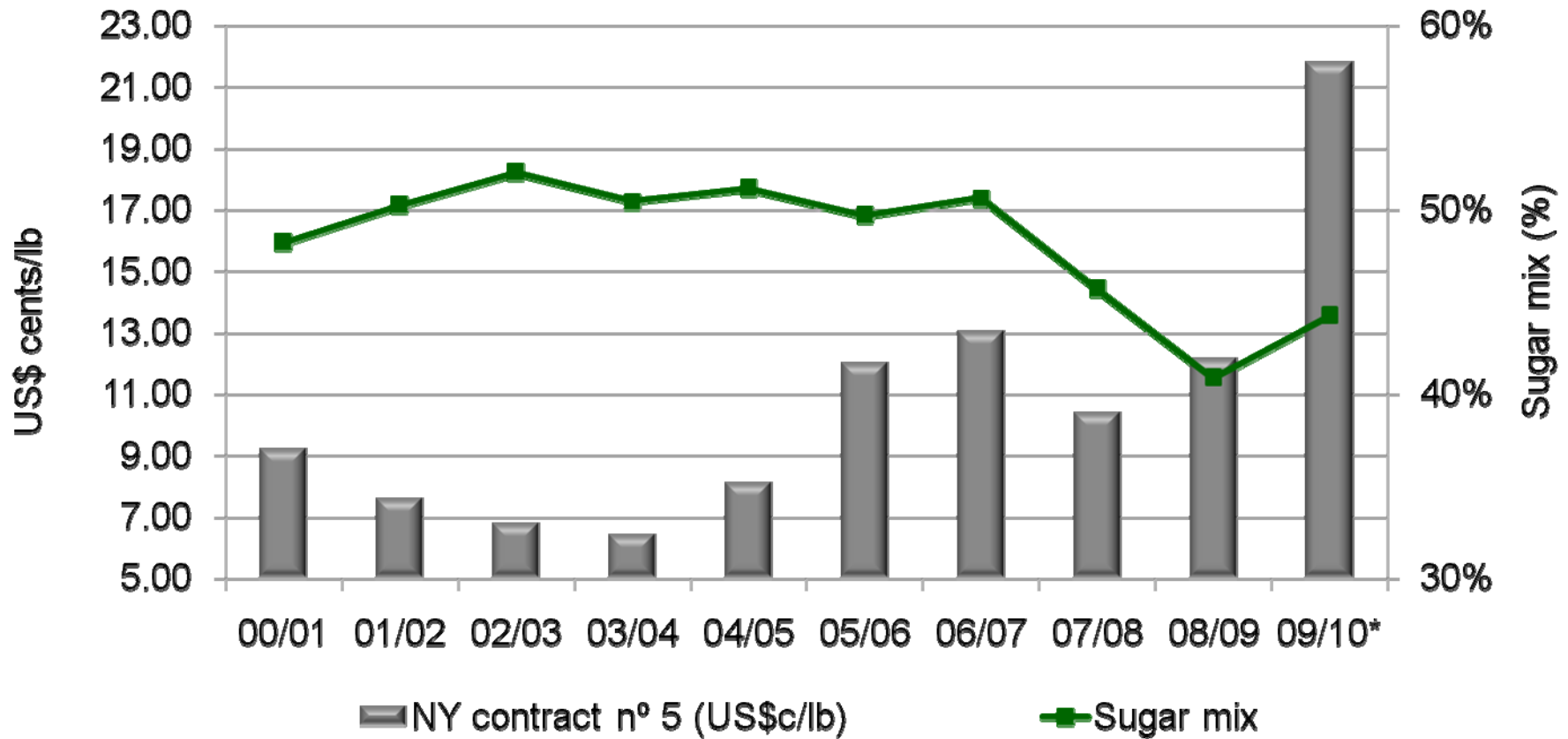
DISTILLERIES X SUGAR & ETHANOL MILLS

Plant	Crop year 09/10e - Cane	
	Million t	(%) Participation
Sugar & ethanol mill	450	84%
Distilleries	85	16%
TOTAL	535	100%

In Brazil, there are 253 sugar & ethanol mills, 16 sugar mills and 169 distilleries (50% of sugarcane increase will take place in ethanol-only facilities)

Note: 1) Distilleries: plants dedicated exclusively to ethanol production. 2) Sugar and ethanol mills dedicated to produce both ethanol and sugar. 09/10e = estimate. Source: UNICA

BRAZILIAN SUGAR MIX x INTERNATIONAL SUGAR PRICE



Source: UNICA and NYBOT. Note: international sugar prices per year refers to NY contract n° 5, based on the average monthly prices; 09/10* - previous data concerning the sugar mix and international sugar prices based on the average monthly prices until February 2010.