

Summary of the Working Session of the German Brazilian Initiative on Agribusiness

Fortaleza, 3rd of July 2005

The Working Group met on 3rd of July 2005 in Fortaleza, under the guidance, on the Brazilian side, of Mr. Mario Mugnaini (Secretary-Executive of the Foreign Trade Chamber) and Mr. Carlo Lovatelli (Brazilian Association of Agribusiness) and, on the German side, of Mr. Erhard Schwinne (Under-Secretary for International Affairs of the Ministry of Consumer Protection, Food and Agriculture) and Mr. Ulrich Ackermann (German Association of Manufacturing Industries).

The Working Group reviewed the activities developed since its last meeting in Nürnberg in February 2005 and concentrated its discussions on the following issues:

1) Biofuels (biodiesel and bioethanol)

Both sides expressed their interest in fostering bilateral cooperation in the field of biofuels between the relevant public – as INMETRO (Brazilian Institute for Metrology) and FAL (German Research Institute for Agriculture) – and private institutions – as ABNT (Brazilian Association for Technical Norms) and DIN (German Institute for Norms) – on the following subjects:

- standards and norms;
- metrology; and
- exchange of technology.

Biodiesel: the Brazilian side presented a pilot-project in Fortaleza to promote the use of biodiesel. Possibilities of cooperation between NUTEC (Institute for Technology of the State of Ceará) and FAL / Section Braunschweig in the scientific follow-up by testing the characteristics of biodiesel from the different origins (castor, soybean and palm oil) should be explored. Major importance was given to the substitution of methanol by ethanol in the processing of biodiesel. German industries and institutions (for example from the automotive production and engineering, environmental control as well as from the agricultural production) are invited to participate in this project. The German side will check these possibilities.

Bioethanol: the German side presented a pilot-project in Köln and Dortmund to promote the use of bioethanol in "flexible fuel" vehicles during two years. The German side explained that the fleet is composed of three different public and private companies. The Brazilian side praised the initiative. In view of future supplies of ethanol to Germany, the Brazilian side proposed to run the dedicated fleet alternatively with ethanol from Germany, Brazil and a mix of ethanol of both origins to be able to compare impacts and results. The German side will check these possibilities. The Brazilian side stressed the importance of fostering the use of bioethanol worldwide, for economic and environmental reasons.

2) Organics

Both sides expressed satisfaction with the enormous success of the Brazilian participation in the BioFach 2005 in Nürnberg.

It was informed that "Planeta Orgânico" and "Nürnberg Global Fairs" will organize the 4th edition of "BioFach America Latina" from 16 – 18th of November 2005 in Rio de Janeiro. Due to the growing demand of organic products in Brazil as well as in Latin America in

general, and the need to take sustainability into account, they decided to launch "Expo Sustentat", the first sustainable goods and services fair, in parallel to "BioFach America Latina". The German side confirmed its participation.

3) PPP Projects

The German Ministry of Economic Cooperation and Development (BMZ) with its Agencies for Technical Cooperation (GTZ and DED) are interested in setting up, with Brazilian counterparts as the Ministry of Rural Development, a PPP-project to foster castor oil for biodiesel production. The project will be addressed to small scale farmers with low income in the Northeast of Brazil.

GTZ announced that a project for sustainable coffee production in the State of Espírito Santo will be implemented soon.

It was also presented a possible project for the transport of perishable goods from the Northeast of Brazil to world markets.

4) Project Financing

The Brazilian side commented on agricultural production financing and ethanol price building.

The German side announced the forthcoming mission to Brazil - as well as to Argentina and Chile -in the food-processing sector, which will take place from 21st – 30th of September 2005.

The Working Group agreed to ask the Joint Commission to extend its mandate for three more years.

The Brazilian side proposed that the next meeting of the Working Group could be held in November 2005, on the occasion of the Biofach Latin America and Expo Sustentat (Rio de Janeiro, 16-18 November 2005). The German side welcomed the proposal and will confirm it as soon as possible.

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