

# All that glitters isn't gold

By Meghan Sapp

**Brazil's sugar industry is trying its best to stay alive until RenovaBio rides in to save the day.**

If the Brazilians are good at anything, it's looking good. Big mills, big numbers, record harvests and a glitzy sugar dinner this week to boot and you'd assume that things were humming along nicely in this southern sugar giant. You don't get to be the world's largest sugar exporter for nothing.

But what do you expect when the global sugar industry comes to visit? Allow the tattered edges to show? Of course not. You bring out the good china, the best wines you've been saving for just such an occasion, and do everything possible to instill investor confidence so the money keeps coming in, allowing the industry to get back in shape in time to take advantage of RenovaBio—and that will make sure everything is fine for a long time to come.

Except RenovaBio isn't coming. At least not yet, and without it there's little hope for things to turn around quickly as the [world stares down the barrel of yet another bear market](#).

With everyone dancing in tune, showing the investors a good time, you'd expect everyone to play their roles so they may keep up the façade. But someone let the cat out of the bag. [And that someone was Biosev](#).

They announced this week they were shutting down their smaller Maracaju mill, located in Mato Grosso do Sul, and diverting its cane to other, bigger nearby mills in an effort to boost "resiliency in cash generation". What they're really saying is that they're saddled with an inefficient mill that isn't worth the money or effort to run for the remaining six weeks or so of the crush. Will it be upgraded and brought back online come April, or will it be thrown

on top of the pile with other rotting carcasses no longer viable enough to operate? All quiet on that front.

The company's [revenues are down but the crush is up](#), a trend unlikely singular only to Biosev thanks to sugar prices that refuse to break 15 cents, though there is hope the next few weeks could bring a few bright spots in the market. But by the time the crush ramps back up in April, the EU and India will be well entrenched in the market with their new crop sugar, which will likely [keep mills focused on ethanol for as long as they can](#).

Brazil keeps importing ethanol from the US, and despite a new 600 million-litre import quota and 20% tariff for anything on top of that, [the US doesn't care and expects to ship 1.7 billion litres next year anyway](#). So there's enough of a supply gap for mills to fill with ethanol next crush, but the future looks shaky until the long-awaited RenovaBio makes its appearance. [Raízen is very clear that RenovaBio is the future of ethanol](#).

With that policy stuck on the President's desk, the rest of the industry waits to see what his next move is and what theirs can be in response. Will it really be ready to go by mid-2018 or will there be more delays? When you have giants like [GranBio, who has to go back to BNDES for more cash](#) to keep its second-generation ethanol plant running after a number of unexpected setbacks, you have to worry. But without RenovaBio and a clear solution to the plant's technical barriers, getting that cash remains in doubt.

[Datagro believes a serious lack of rain will lead to a much smaller crush next season](#), keeping ethanol production flat and cut sugar production by nearly 4 million tonnes, which, to be honest, is probably the best gift the Brazilian sugar industry can give itself and the world right now.