IS IT SUGAR OR ETHANOL-CANE? PUBLIC POLICY AND ITS EFFECTIVENESS ON SUGAR AND ETHANOL MARKETS.


The world concern about land destination and use has found Brazil in the center of world discussion about ag-flation and the energetic increase demand from renewable non pollutant resources. Among constantly challenged cultures, the sugar cane has been the focus of discussion and aim of public policies conflicting feed and energetics interest due to duality of destination, ethanol or sugar. Being sugar a needful item differing from other food models and a source of low carbohydrate, and ethanol from sugar cane a high competitive biofuel facing other renewable options, it's necessary to analyze how destination from this raw material can affect sugar prices to the ultimate consumer. Data from 2002 to 2011 (CEPEA/UNICA/IFM/IFS) was analyzed using correlation between prices of sugar and ethanol, and exported volume of both commodities. Sugar prices in the international market has a strong correlation (0.848) with ethanol in the domestic market, contrasting with the correlation between price and production of ethanol (0.385). Energetic policies aim to establish fuel prices supply which are interfering on sugar relation to internal and external market consequently affecting their international prices.