



Greenwood
Management ApS

► Chinese Soy Company
Invests 4 billion Reais
in Bahia, Brazil

Greenwood
Management appoints
Mr. Sérgio Canella to
our Advisory Board

Brazil could soon
lead the way in the
production of green
pig iron

Agroforestry law
changes in the pipeline

Charcoal Prices

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Newsletter

May 2011 edition

Welcome to the May edition of the Greenwood Management monthly newsletter.

Our aim is to send out a newsletter on a monthly basis to advise you of future events, and report on previous industry related events and news articles.

As you may be aware from previous correspondence we have made good progress with our projects in Brazil and will shortly be announcing the launch of a new product.

In addition to our monthly newsletter, Greenwood Management will be producing a quarterly "Client Report", purely for our existing investors into Greenwood Management's projects in Brazil, Canada and Costa Rica. The Client report will contain news which is more specifically related to the forestry projects, together with up to date **exclusive** access to the most recent charcoal prices in Minas Gerais and the neighbouring states surrounding the forestry investment projects.

We have included some investment articles that may be of interest. Enjoy reading and look out for our annual reports which will be issued shortly.

Chinese Soy Company Invests 4 billion Reais in Bahia, Brazil



In April, the Chinese company Red Dragon, a subsidiary of the Chongqing Grain company, signed a Protocol of Intentions with Jacques Wager, the governor of the Bahia state, relating to their agri-industrial project worth 4 billion Reais (US\$2.4 billion).

The investment outline includes a construction of a soy production industrial complex in Barreiras, which is the base of Greenwood Agropecuária.

Companhia Nacional de Abastecimento (Conab) predicts that once the factory is operating at full capacity, it will be able to crush 1.5 million tonnes of soy, compared to a harvest of 3.1 million tons in Bahia. There is also the capacity to refine 300,000 tons of oil and store 400,000 tons of soy.

The group's decision to build the facilities in Barreiras indicates that China is not solely interested in acquiring land for production, particularly following the approval by the Commission of Constitution and Justice of the Chamber of Parliamentary Members of a project that limited the size of plots that could be bought by foreigners in Amazônia Legal—an area that covers the states of Amazonas, Acre, Rondônia, Roraima, Mato Grosso, Pará, Amapá, Tocantins and part of Maranhão—to 1,140 hectares. Interest from Chinese companies to buy land and to plant soy in Brazil has increased over the last few months.





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The Greenwood Management Advisory Board was formed in late 2009, and comprises a wide range of industry related professionals, specifically selected and tasked to identify innovative trends in forestry investment markets. The Advisory Board will develop recommendations and provide advice in respect of legislative developments, regulatory matters, and assist in long range planning for Greenwood Management's strategies in forestry investment in Brazil.

Mr. Sérgio Canella, a Brazilian national, living in Barreiras, Bahia (the base of Greenwood Agropecuaria operations in Bahia state, Brazil), has been working in the agroforestry business since 2000. Sergio has specialized in Brazil's charcoal market, trading with several steel industries over this period. Sergio will be scouting monthly prices in several steel states such as Minas Gerais, Maranhão and Pará.

From this research, Sérgio will be providing bi-monthly reports for the live strike prices within the industry on behalf of Greenwood Management, together with further analysis of future wood energy markets, timber price trends and financial forecasting. The relevant data collated by Sergio will be provided to investors of Greenwood Managements forestry projects in Brazil, as part of our investor relations service

Since Brazilian government legislation has required steel producers to replace heavy carbon fossil fuels with plantation grown charcoal, following the Copenhagen summit announcement in 2009, charcoal markets were identified by Greenwood Management as a niche area for investment in forestry projects.

Brazil could soon lead the way in the production of green pig iron

The CEO of Vector Steel has announced that Brazil could soon become a major leader in the production of green pig iron if there is a national mobilization, to include government and business.

Vector Steel is one of the largest independent producers of pig iron in the country and Gustavo Correa, the engineer and CEO, this year plans to invest in modernization and new energy sources in order to reduce costs and gain a competitive edge.

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Although the industry is very fragmented with a lack of innovation from most companies, Correa believes it is possible to turn things around if the entrepreneurs can become more efficient in their research and can count on a national policy for the sector that includes greater access to long-term financing.

The green pig removes the necessity for desulphurization in the steelworks, which equates a major environmental gain and numerous social benefits.

For more information read Magazine Metallurgy Mining & Materials for details of the full interview with Gustavo Correa.

Agroforestry law changes in the pipeline



The Brazilian Chamber of Deputies has just announced significant changes to help boost agricultural production, although the bill is expected to receive considerable opposition. The legislation has to go to the Senate for approval and then on to President Dilma Rousseff, the recently elected president who has indicated that she will veto any bill that gives amnesty to farmers that have illegally deforested land.

Greenwood Management fully support President Rousseff's strong stance on penalising action from past illegal deforestation practices.

For more details: [Click here](#)

Charcoal Prices

[Click here](#) to receive information on the latest charcoal prices from Brazil.

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