

The Analysis of Market Concentration of the Sugar Cane Industry

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The analysis of market concentration is an empirical study based on the theories of market structure and applied to the sugar and energy sector in order to understand how this industry is structured and how it behaves over time. This analysis consists of separate units in agribusiness conglomerates such units to which they belong, then the production of sugar cane, sugar and ethanol is added to each plant a total production of each group.

According to the production of each economic group, the empirical analysis is based on calculations of Concentration Ratios (CR's), which for this work, we used the CR (4), CR (10) and CR (20) and Herfindahl-Hirschman Index (HHI).

Concentration Ratios indexes provide market share of the largest companies in the industry k ($k = 1, 2, 3, \dots, n$) and are expressed in percentage units.

The HHI characterized as a more consistent because it analyzes the market shares of all companies on that market.

The analysis was performed in ten consecutive years 1999/2000 to 2008/2009 solely comprising the Central-South, which has been demonstrated 203 economic groups and 331 production units.

The results obtained for the CR's and HHI present low values that increase slightly over time, despite the entry of new units and economic groups, indicating low levels of market concentration. The absence of barriers to new entrants, sunk costs and the existence of absolute cost advantages are some causes that characterize the market for sugar cane industry, demonstrating that the sector is still highly competitive.

Despite presenting a large economic groups and attracting more foreign groups, the industry has a growing entry of independent industrial units based on family structures with specific characteristics.

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