



# Brasil - China



Trade and Investment Opportunities in Brasil  
Innovation, Technology, Competitiveness and Productivity

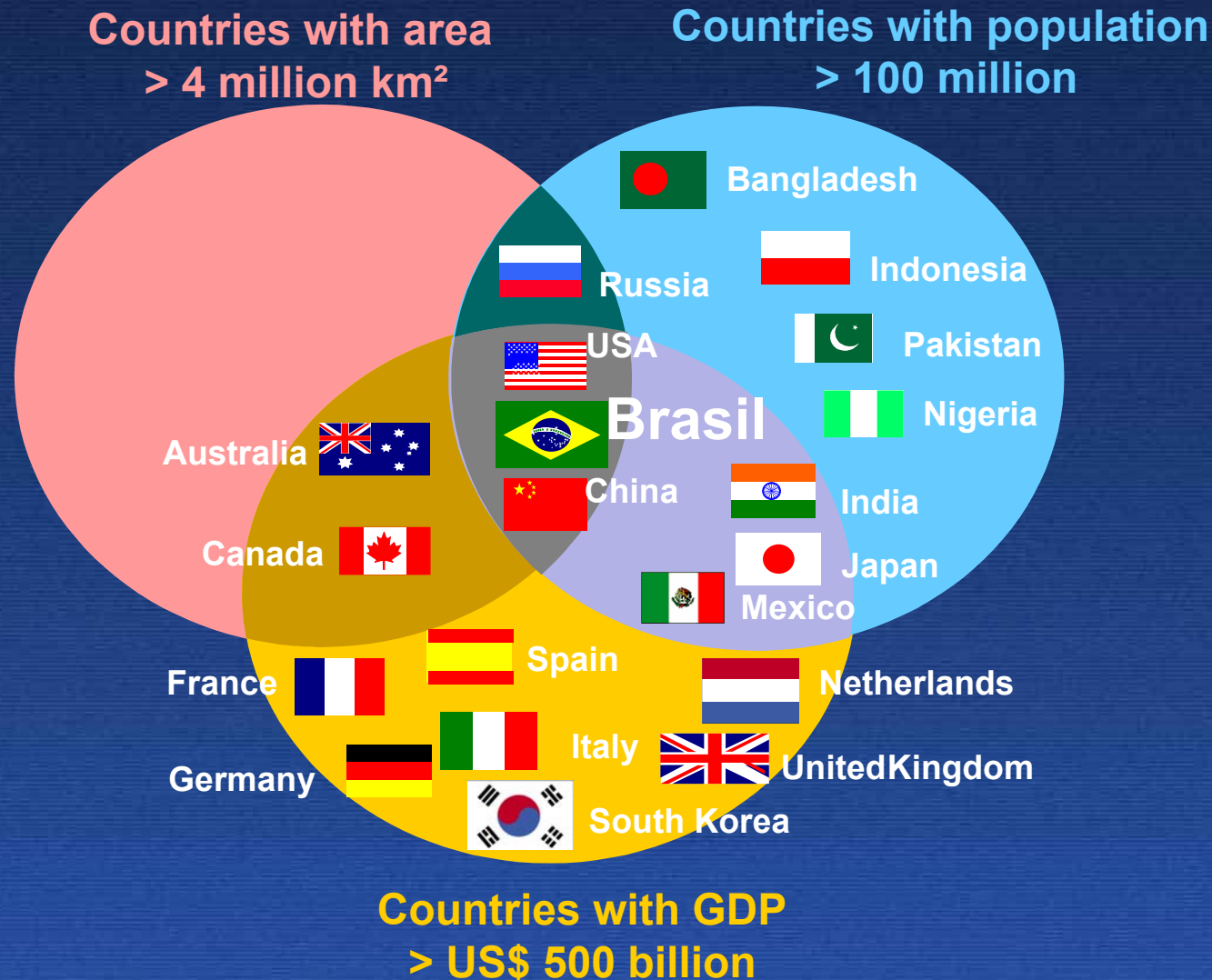


**ARMANDO MEZIAT**  
March 22nd 2006

*Ministry of  
Development, Industry  
and Foreign Trade*



# Brasil: Assets for Investments



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50% of South America's territory  
(MERCOSUL = 70%) 8,5 M/Km<sup>2</sup>

50% of South America's population  
(MERCOSUL = 60%) 182 M

50% of South America's GDP  
(MERCOSUL = 65%) US\$ 800 B (2004)



# Brasil: Assets for Investments



- ▶ Largest regional jets manufacturer;
- ▶ Fourth steel exporter;
- ▶ Largest consumer of alternative fuels;
- ▶ E-Government: fast elections / over 100 million voters;
- ▶ 99% of income tax returns delivered through the internet;



# Brasil: Assets for Investments



- ▶ Largest exporter and producer of coffee, orange juice, sugar and ethanol;
- ▶ Second producer and largest exporter of soybeans, beef and chicken;



## Brasil: Assets for investments



- ▶ 31.000 km of railways – Largest system in LA in terms of transported cargo: 162 bi tku (11th in the world);
- ▶ 1,7 million km of roads – 3rd in the world;
- ▶ 67 airports with annual flow of 75 million people;
- ▶ 54 ports with capacity for over 500 million tons/year – projected expansion to 200 million tons. by 2007;
- ▶ 22% of world arable land;





# Brazil: Assets for investments



**Developed technology park**

**Qualified labor**

**High science standards**

# Brazil: Assets for investments



## COMPETITIVE ADVANTAGES

- ▶ Expanding GDP;
- ▶ Growing industrial output;
- ▶ Increasing foreign trade
- ▶ Expanding innovative companies;
- ▶ Increasing infrastructure projects.

## BALANCED GOV POLICIES

- ▶ Austere government policy;
- ▶ Responsible fiscal policy;
- ▶ Contained inflation rate;
- ▶ Contracting public debt/GDP ratio;
- ▶ Diminishing investment costs.



# Initiatives for Development



- ▶ Enhancement of the country's technological base in areas that show potential for growth;
- ▶ Creation of a favorable environment for private and public investments;
- ▶ R\$ 15 billion (more than US\$ 7 billion) of Government investments;
- ▶ Creation of the National Council on Industrial Development;
- ▶ Creation of the Brazilian Agency for Industrial Development;

# Focus of Initiatives



## Competitiveness and innovation:

### ► Strategic options

Semiconductors

Software

Capital goods

Medical and pharmaceutical products



### ► Future bearer sectors

(Biotechnology, Nanotechnology, Biomass)

# BUSINESS OPPORTUNITIES

## Renewable energy sources



### Expansion in alcohol production

**Brazil has 90 million hectares available for producing sugar cane.**

- ▶ **Alcohol Production in 2004: 18billion liters/year**
- ▶ **Alcohol Production cost: US\$ 0,20/liter (at least 30% less than any other world producer).**
- ▶ **Anhydrous alcohol barrel US\$ 25-32**
- ▶ **Oil barrel US\$ 35 - 50 (presently near US\$ 60)**



Source: Ministry of Agriculture and UNICA



# BUSINESS OPPORTUNITIES

## Renewable energy sources



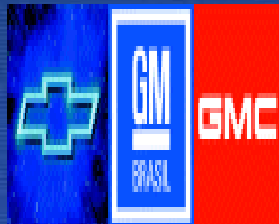
### FLEX FUEL

- 1 → Gasoline
- 2 → Alcohol (Ethanol)
- 3 → Combination of 1 and 2



Clean Development Mechanism - CDM

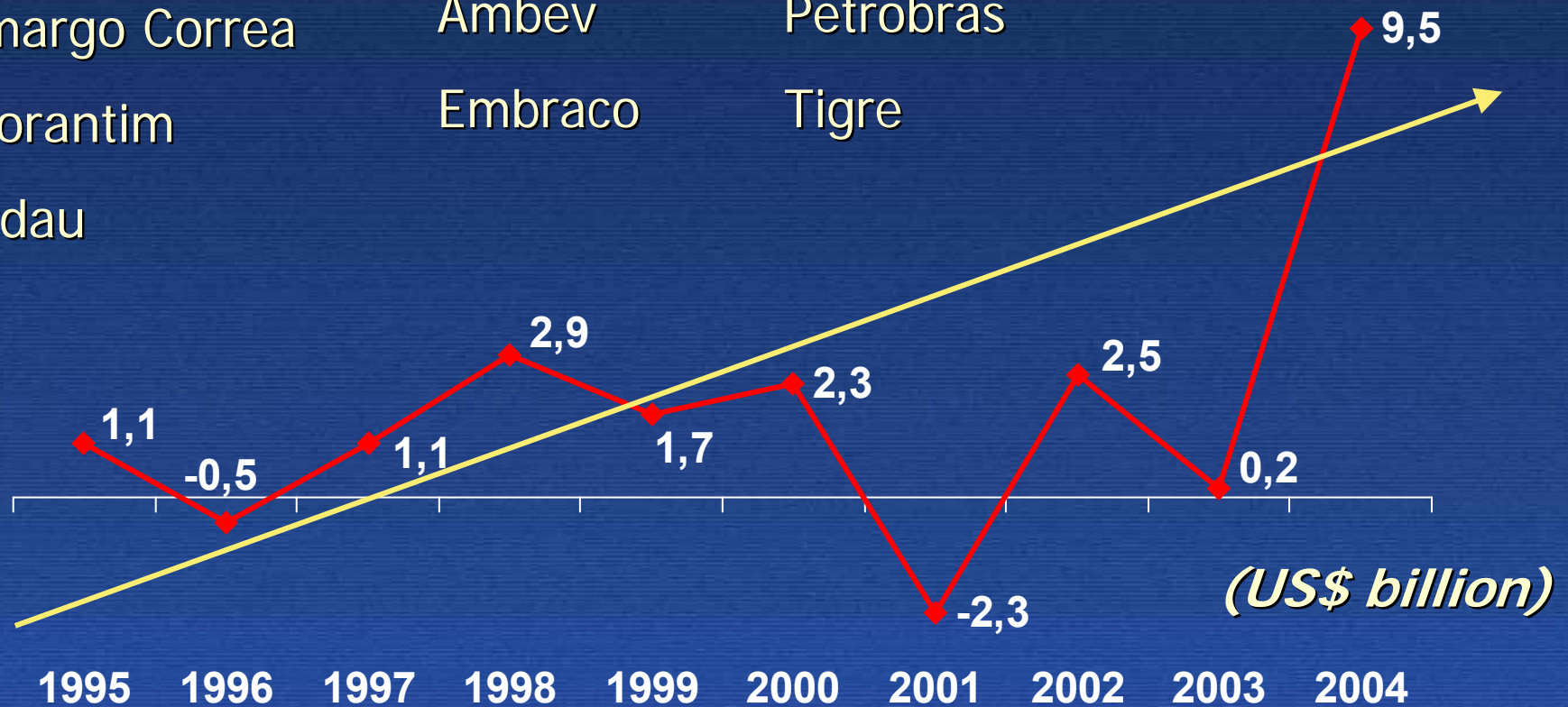
Carbon Credits



# Brazilian companies increasingly invest abroad

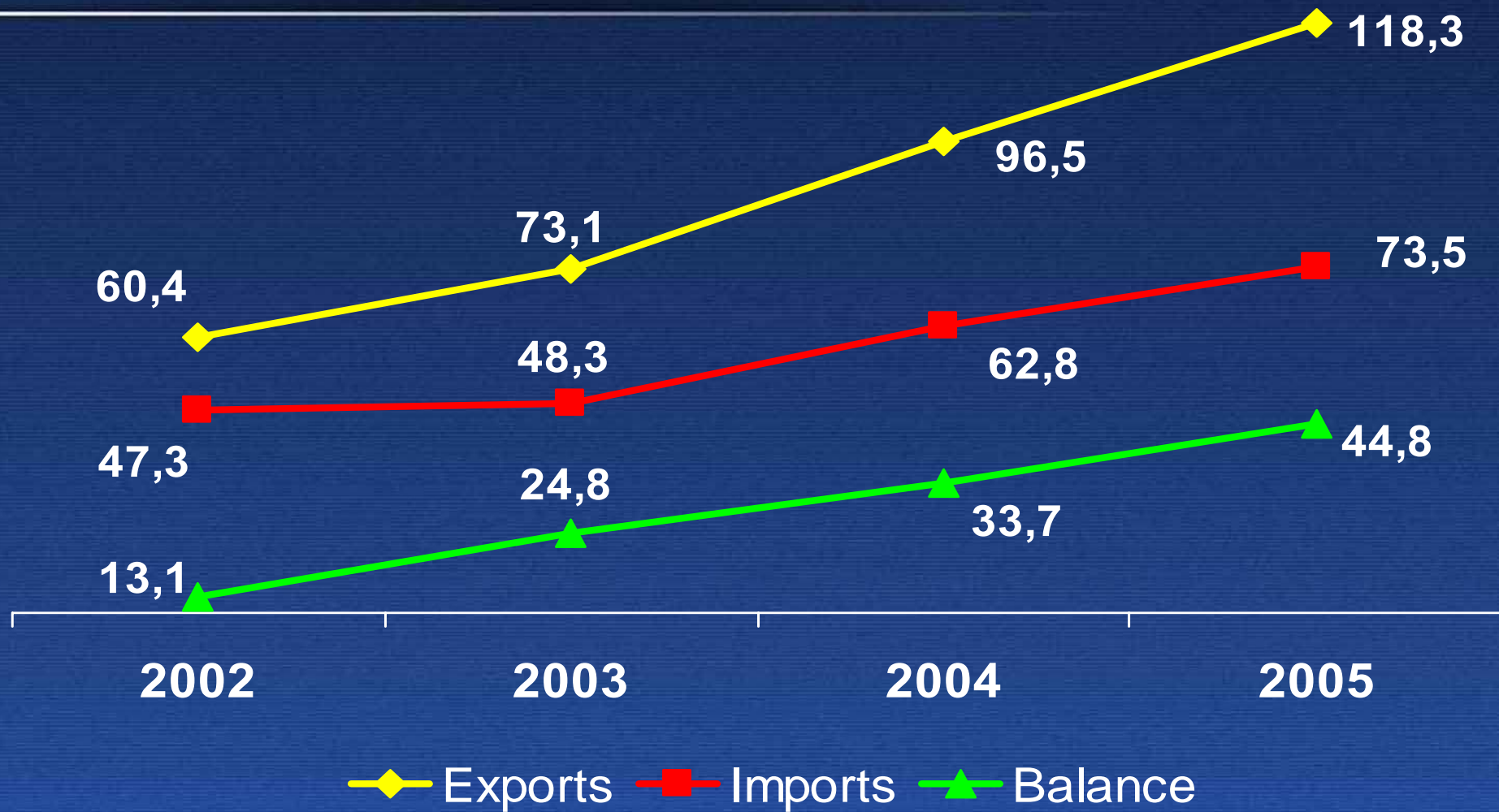


Odebrecht	Randon	WEG	Embraer
Andrade Gutierrez	Braskem	CVRD	Marcopolo
Camargo Correa	Ambev	Petrobras	
Votorantim	Embraco	Tigre	
Gerda			



Source: Central Bank

# Brasil Trade Balance (US\$ billion)



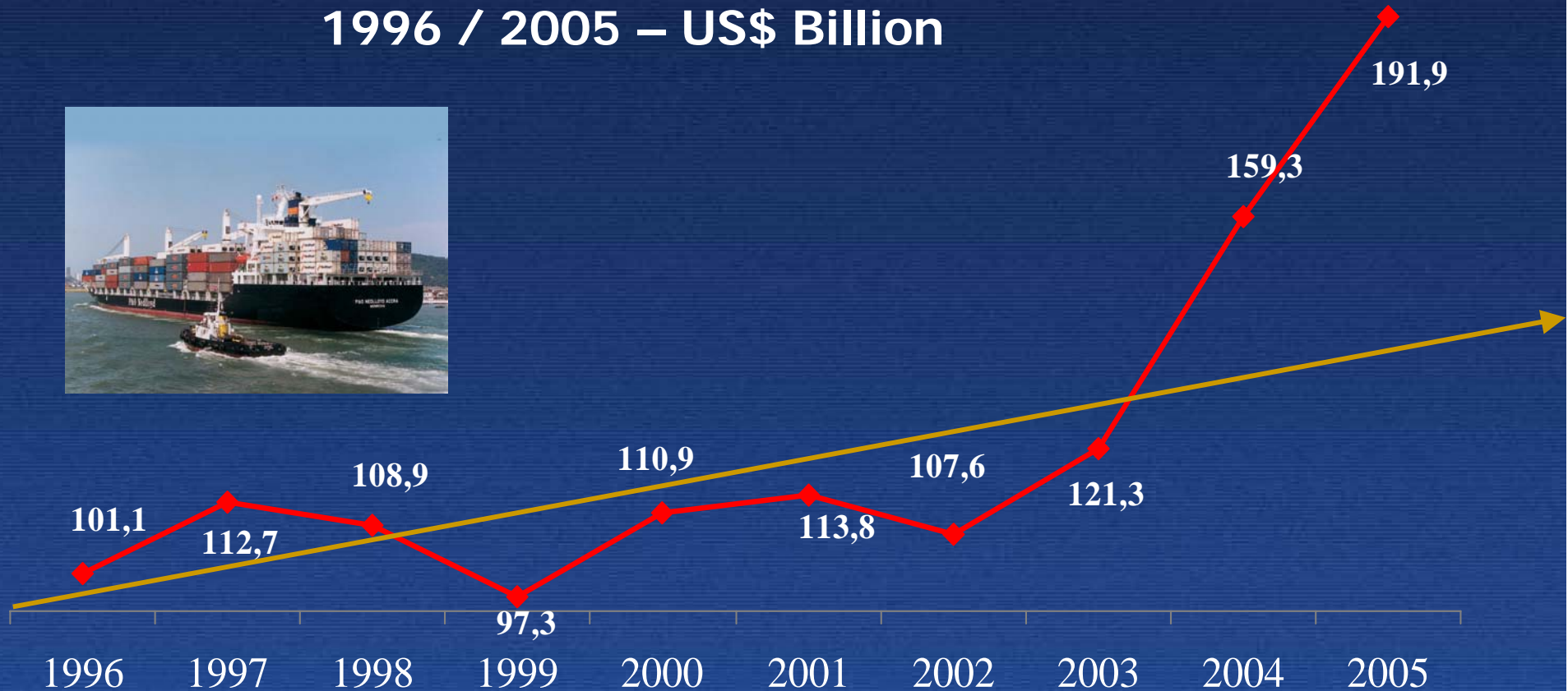
Source: SECEX/MDIC



# Increasing Trade Flow Demand Improved Logistics Network



1996 / 2005 – US\$ Billion



Source: SECEX/MDIC

# Leading Export Sectors (2005)



- ▶ Transport Equipment: US\$ 19.119 million + 19,2%;
- ▶ Steel Products: US\$ 12.623 million + 22,6%;
- ▶ Soya bean Complex: US\$ 9.477 million – 5,7%;
- ▶ Petroleum and petrochemicals: US\$ 9.078 million +58,4%
- ▶ Metallic Minerals: US\$ 8.025 million + 53,2%;



# MAJOR EXPORT PARTNERS

2005 - US\$ MILLION

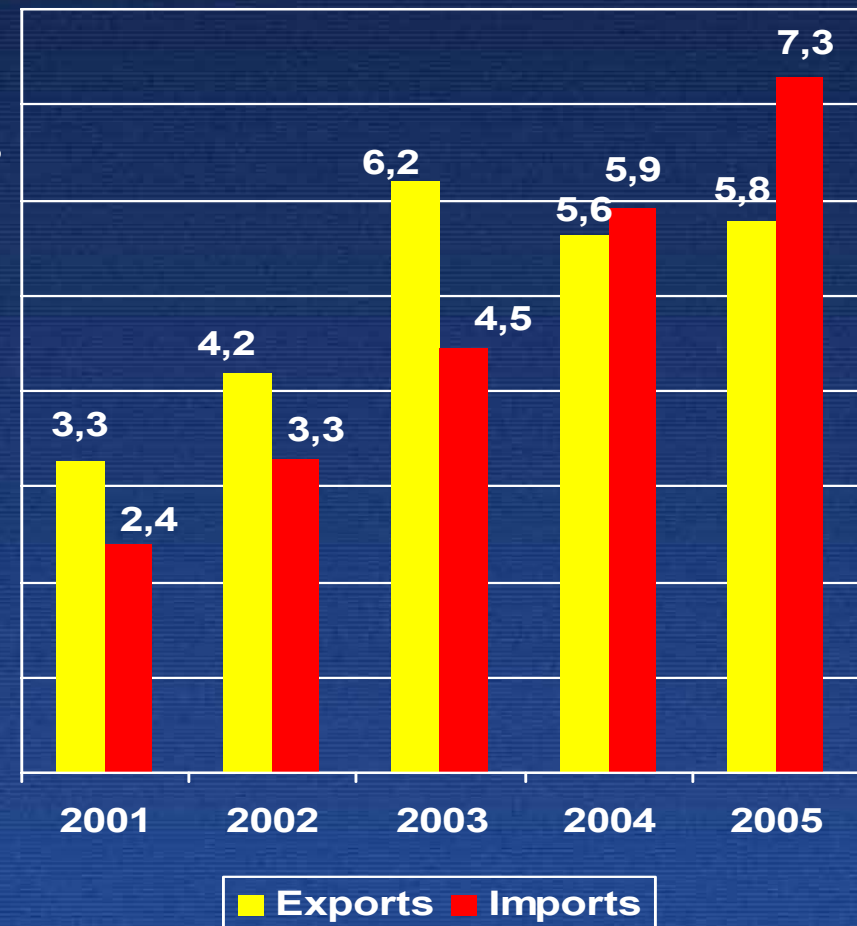
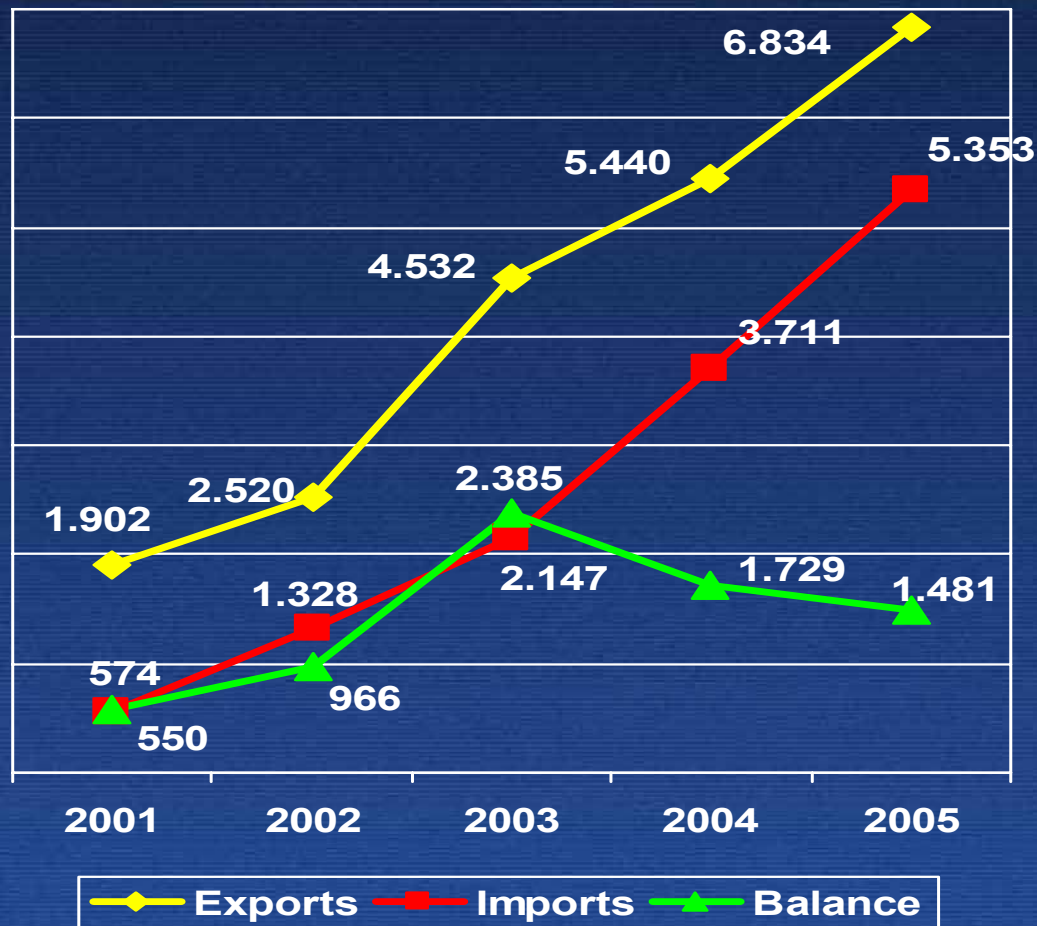


	Value	$\Delta$ % 2005/04	% Share
1 – United States	22.741	11,8	19,2
2 – Argentina	9.915	34,5	8,4
<b>3 – China</b>	<b>6.834</b>	<b>25,6</b>	<b>5,8</b>
4 – The Netherlands	5.283	-10,7	4,5
5 – Germany	5.023	24,5	4,2
6 – Mexico	4.064	2,9	3,4
7 – Chile	3.612	41,9	3,1
8 – Japan	3.476	25,6	2,9
9 – Italy	3.224	11,0	2,7
10 – Russia	2.917	75,9	2,5



# Brazil/China Trade Flow (US\$ million FOB)

Share (%)



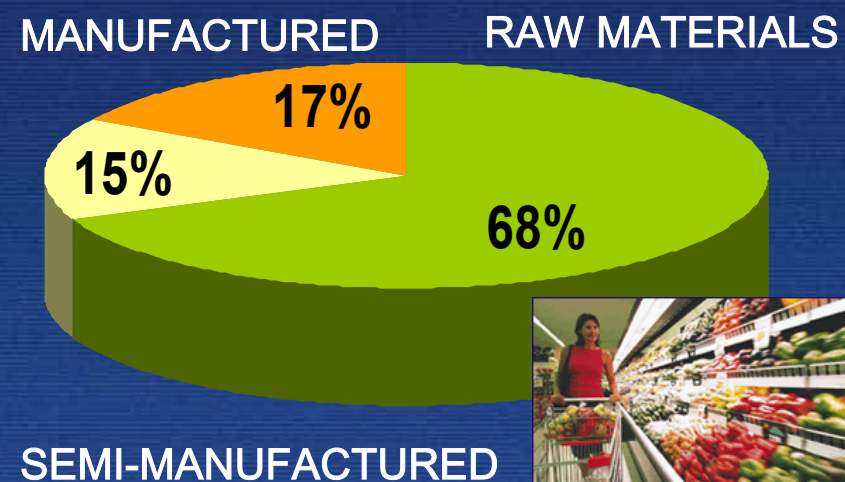
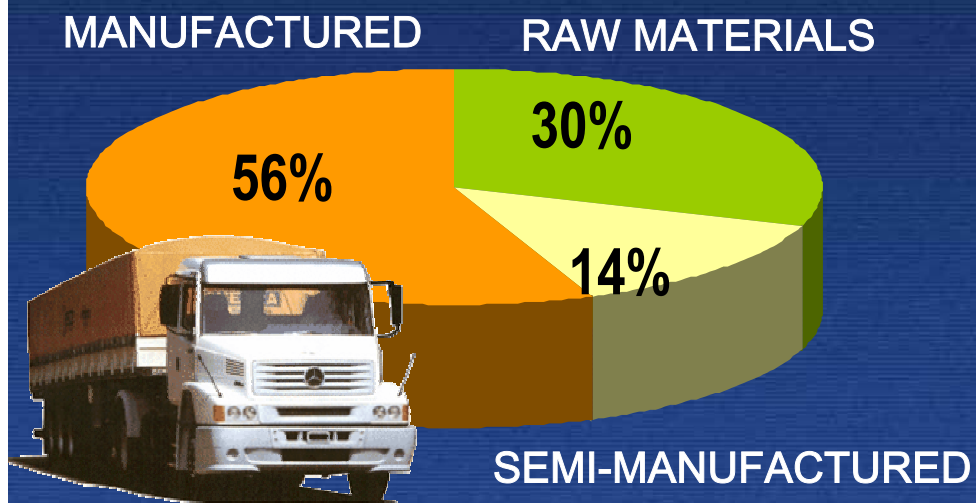
Source: SECEX/MDIC

# Brazilian Exports of Products 2005



## WORLD

## CHINA



Source: SECEX/MDIC

# MAIN PRODUCTS EXPORTED TO CHINA

## 2005 - / US\$ MILLION



PRODUCT	VALUE	% SHARE	Δ %
IRON ORE	1.785	26,1	60,1
SOYA BEAN	1.717	25,1	5,9
OIL	542	7,9	157,8
ROLLED STEEL	334	4,9	54,1
PAPER PULP	270	4,0	1,4
TOBACCO	249	3,6	144,3
LEATHER AND SKIN	249	3,6	27,3
SOYA OIL	144	2,1	-65,9
SWAN WOOD	138	2,0	9,3
COTTON	90	1,3	370,5
BROILER CHICKEN	79	1,2	132,6





Xie Xie!

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