

BRAZIL FOR BEGINNERS

Country Facts and Figures

Land surface: 8,514,215 km² (the world's 5th-largest);

Population: 182 million (the world's 5th-largest);

Gross Domestic Product (GDP): US\$ 605 billion (2004, US\$ 1.00 = R\$ 2.92);

Per capita income: US\$ 3,324 (2004);

Main exports: Manufactured goods, iron ore, coffee, oranges, other agricultural produce

50% of the surface area of South America (Mercosul - 70%)

50% of the population of South America (Mercosul - 60%)

50% of South American GDP (Mercosul - 65%)

7th-largest consumer market

United States

The US is Brazil's single largest trade partner.

It is home to Latin America's largest forestry-based industry.

It has the 5th-biggest rubber industry, and the 7th-largest paper and pulp industry.

It is the world's 6th-largest market for cosmetics, with annual sales of US\$ 9 billion

It has a modern and competitive textile complex, with 30,000 companies and annual sales of US\$ 21 billion.

Infrastructure

Brazil has the best infrastructure of all the BRIC countries (Brazil, Russia, India and China), considered the 4 developing countries with most potential for development in the next 50 years.

Brazil, the United States and China are the only countries possessing specific key factors for sustained growth:

Surface area of over 5 million Km²

GDP over US\$ 600 billion;

Population over 150 million;

Over 180 million consumers;

Economically active population of 90 million;

Brazil is also the world's:

largest producer of coffee, orange juice, sugar and ethanol

largest producer of regional jets

largest exporter of soy, beef and chicken

fourth largest exporter of steel largest consumer of alternative fuels

largest producers of electric power.

Largest producer and exporter of iron ore;
Largest producer and exporter of coffee, orange juice, sugar and ethanol;
Largest exporter of soybean, beef and chicken.

Alternative energies

The field of alternative energy sources also harbors several opportunities. Investors can benefit from carbon credits obtained through initiatives in biofuels including ethanol and biodiesel. Wind and solar are also highly developed sectors.

Brazil has privileged geographical conditions, with a guaranteed abundance of a wide range of natural resources. The country's agricultural research institutions are doing leading-edge work and reaching ever-higher yield levels.

Manufacturing

Fourth largest exporter of steel in the world;

Largest producer of regional aviation jets

The Brazilian manufacturing industry is widely diversified, with complex chains and domestic suppliers meeting world-class price and quality requirements. The competence of Brazilian manufacturers is recognized in sectors ranging from steel to aviation.

Information Technology

Over 50% of the entire Latin America IT market

99% of tax returns are filed electronically.

World's most modern electronic voting system, with over 100 million votes cast nationally and completely tabulated results by midnight election day.

Approximately 28 million Brazilians have internet access, the highest rate in Latin America.

18 million Brazilians use Internet banking, and the banking industry invests about US\$3 billion a year in IT.

Almost 100% of import and export procedures are performed electronically through the integrated trade control system (known as SISCOMEX).

20% of all the Brazilian investments in IT originate from banks and insurance companies.

The "Brazil IT Spending Trends 2006 Finance Report" showed that the investment in this sector is mainly coming from the financial services sector. are responsible for

Internationalization

The good performance of the domestic economy had a direct influence on the increased flow of trade (exports + imports), which rose to \$180.613 billion in the period from January to the first week of December 2005. This year, the flow of trade is expected to reach 30% of the country's GDP.

Brazil has emerged as a strong player in the world market, with a growing number of Brazilian companies establishing operations overseas. Their investments in South America, the United States and Europe amounted to US\$ 9.5 billion in 2004. Some of the Brazilian companies with international presence are Odebrecht, Votorantin, Gerdau, Ambev, Embraco, WEG, CVRD, Petrobrás, Marcopolo, and Tigre.

From 1994 through 2004, Brazil's outward investments in the international market jumped from US\$ 700 million to US\$ 9.5 billion - (an increase of 1,357%).

Initiatives from the private sector and efforts by government agencies have contributed towards encouraging foreign investors to choose Brazil as a prime investment option, as well as providing incentive for investment from within the country's borders through expansion, modernization and restructuring programs in various sectors of the economy.