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A Comparative Study of the Brazilian and Chinese External Trade

Durval de Noronha Goyos Jr.
Open University
United Kingdom, September 17, 2008.

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- 2. Foreign Trade;**
- 3. Brazil and China: Market Aspects and Features;**
- 4. Sino-Brazilian Bilateral Cooperation.**

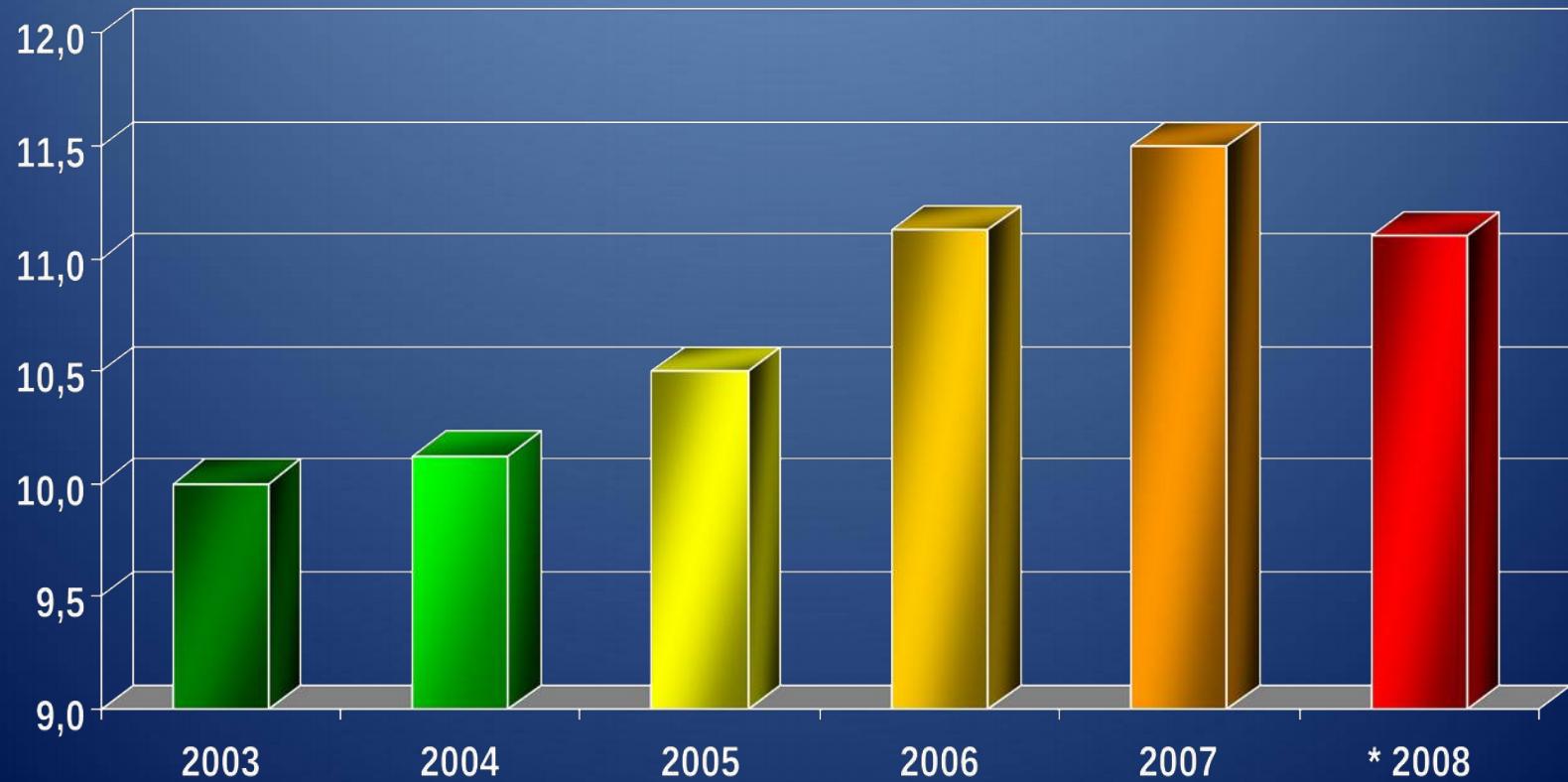






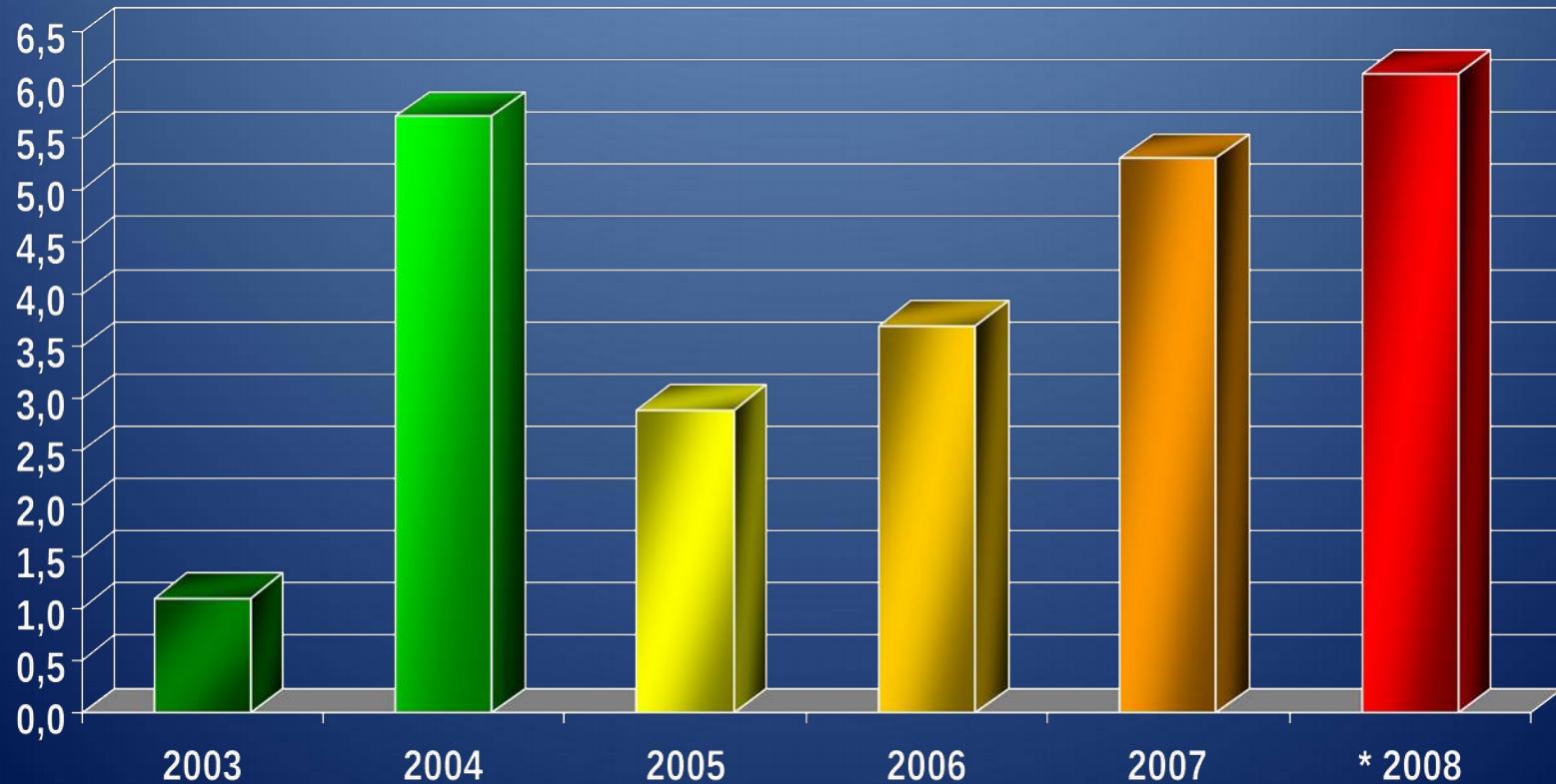
Economic Fundamentals

Economic Growth of China (%)



Economic Fundamentals

Economic Growth of Brazil (%)



Economic Fundamentals

GDP Growth Purchase Power Parity of China

- Total GDP: US\$ 11,3 trillion
- GDP per capita: US\$ 8,700 (2007)

Economic Fundamentals

GDP Growth Purchase Power Parity of Brazil

- Total GDP: US\$ 1.929 trillion
- GDP per capita: US\$ 10.152 (2007)

Economic Fundamentals

GDP x Population

China

US\$

	2003	2004	2005	2006	2007	2008 *
GDP (trillion)	1,60	1,90	2,30	2,60	3,41	3,68
GDP Growth (%)	10	10,1	10,5	11,1	11,5	11,1
Population (billion)	1,292	1,299	1,300	1,310	1,320	1,329
GDP per capita (mil)	1,240	1,473	1,770	1,984	2,583	2,787

Economic Fundamentals

GDP x Population

Brazil

US\$

	2003	2004	2005	2006	2007	2008 *
GDP (billion)	552	663,4	882	1,006	1,300	1,380
Population (million)	178,9	181,5	185,5	186,7	188,9	192,0
GDP per capita (mil)	3,10	3,66	4,77	5,41	6,91	7,18

Economic Fundamentals

Foreign Debt

China

Year	Value (US\$ Billion)
2000	175,3
2001	170,5
2002	173,8
2003	195,6
2004	226,6
2005	281,2
2006	295,2
2007	306,2
* 2008	310,3

Economic Fundamentals

Foreign Debt

Brazil

Year	Value (US\$ Billion)
1998	233,8
1999	241,5
2000	216,9
2001	209,8
2002	210,7
2003	214,9
2004	201,4
2005	191,3
2006	156,0
2007	4,3
* 2008	-18,8

Economic Fundamentals

International Reserves

China

Year	US\$ Trillion
2003	0,403
2004	0,609
2005	0,818
2006	1,066
2007	1,528
* 2008	1,930

Economic Fundamentals

International Reserves

China

US\$ Trillion



Source: People's Bank of China

* Estimate

Economic Fundamentals

International Reserves

Brazil

Year	US\$ Billion
2003	49,296
2004	52,935
2005	53,799
2006	85,839
2007	180,334
* 2008	237,8

Economic Fundamentals

International Reserves

Brazil

US\$ Billion



Sources: Central Bank of Brazil and Financial Times

* Estimate

Economic Fundamentals

Evolution of Inflation

China (%)



Economic Fundamentals

Evolution of Inflation Brazil (%)



Economic Fundamentals

Chinese Foreign Direct Investments Abroad

US\$ Billion

Year	Total
2003	52,7
2004	53,5
2005	64,5
2006	82,4
2007	89,2

Source: People's Bank of China

Economic Fundamentals

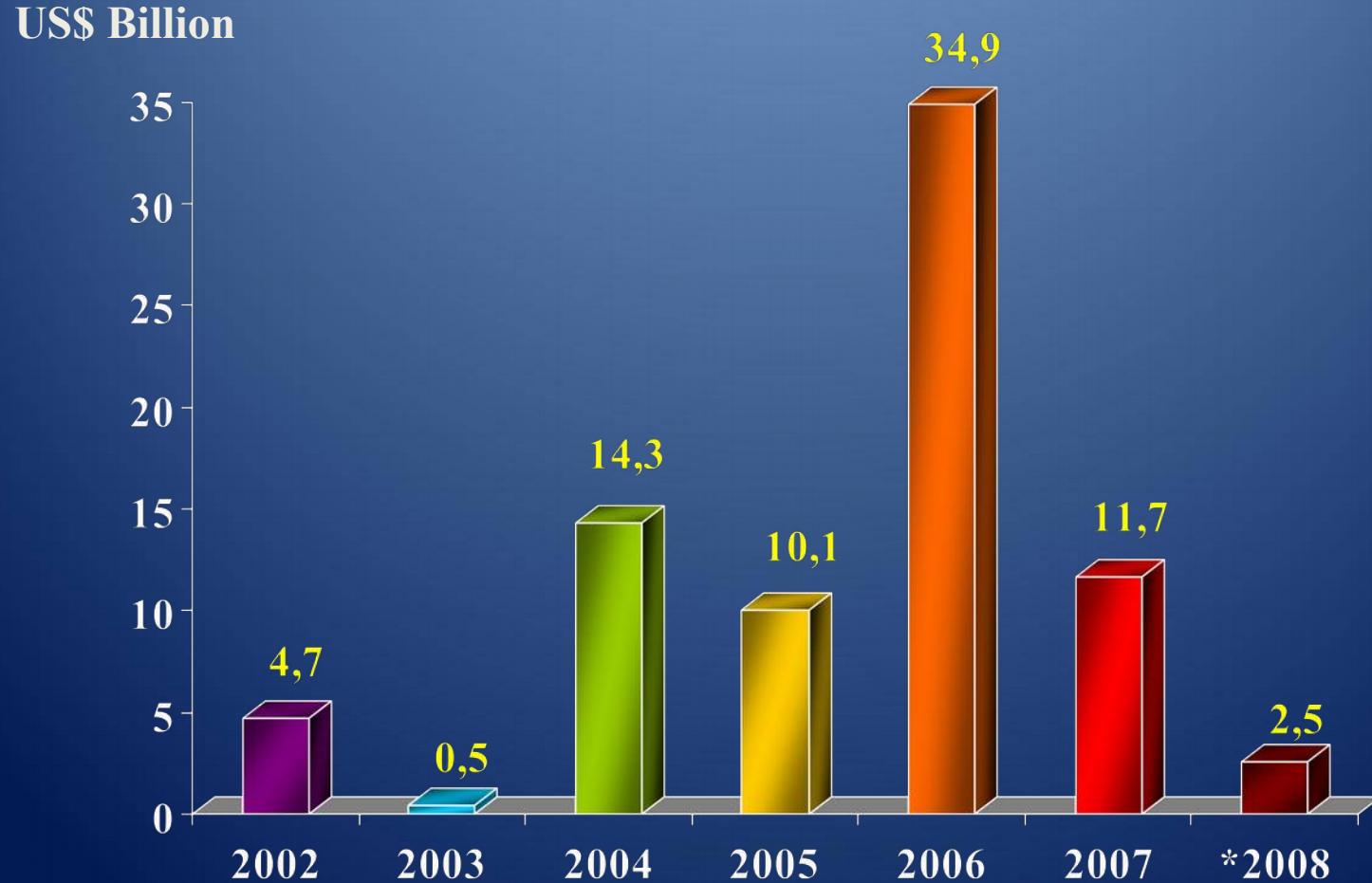
Brazilian Foreign Direct Investments Abroad

US\$ Billion

Year	Total
2002	4,73
2003	0,46
2004	14,30
2005	10,06
2006	34,09
2007	11,65
*2008	2,54

Economic Fundamentals

Brazilian Foreign Direct Investments Abroad



Economic Fundamentals

Foreign Direct Investments in Brazil

US\$ Billion

Year	Total
2001	21,0
2002	18,7
2003	12,9
2004	20,2
2005	21,5
2006	22,7
2007	44,0
2008*	33,0

Source: Central Bank of Brazil

*Estimate

Economic Fundamentals

Foreign Direct Investments in Brazil

US\$ Billion



Economic Fundamentals

Foreign Direct Investments in China

Year	Total
2002	52.74
2003	53.51
2004	60.63
2005	60.33
2006	69.47*
2007	82.66*

Sources: Ministry of Commerce of Popular Republic of China

US- China Business Council

* FDI statistics explicitly include financial and non-financial FDI

Economic Fundamentals

Chinese Direct Investments in Brazil

US\$ Million

Year	Total
2001	28,08
2002	9,74
2003	15,51
2004	4,35
2005	7,56
2006	6,65
2007	24,30

Source: Central Bank of Brazil

Economic Fundamentals

Chinese Direct Investments in Brazil

US\$ Million

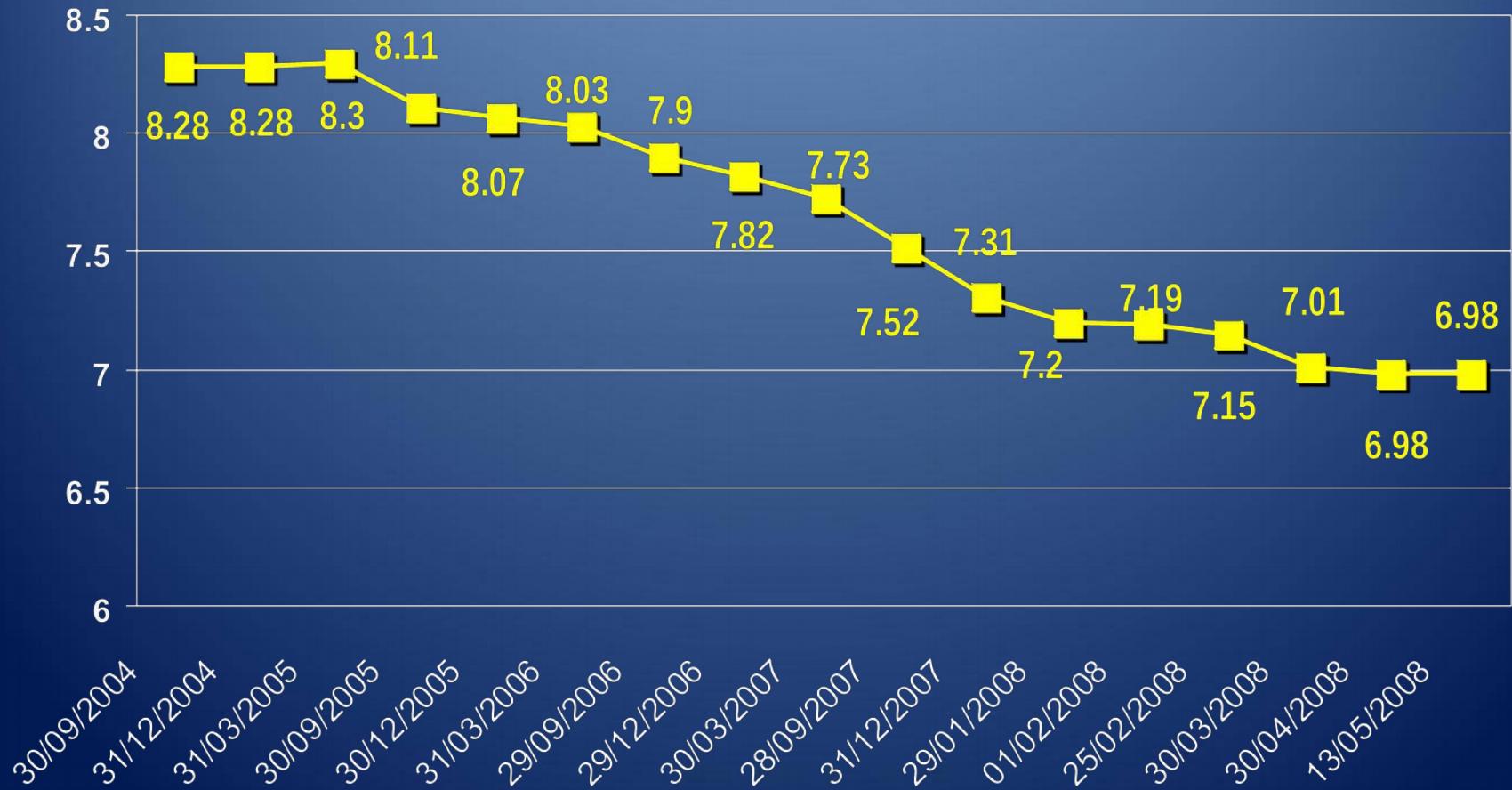


Source: Central Bank of Brazil

* Estimate

Economic Fundamentals

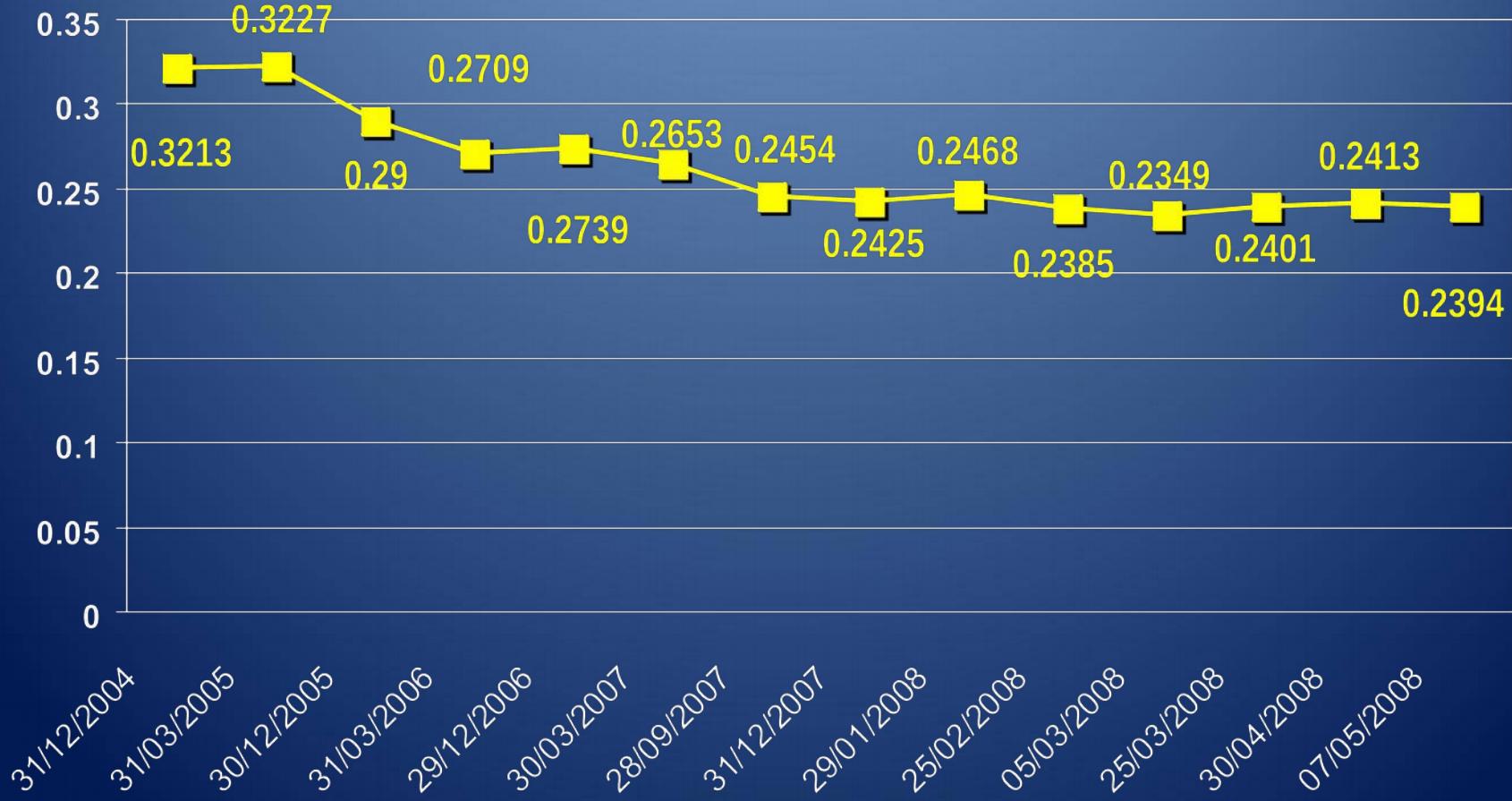
US\$ x YUAN



Source: People's Bank of China

Economic Fundamentals

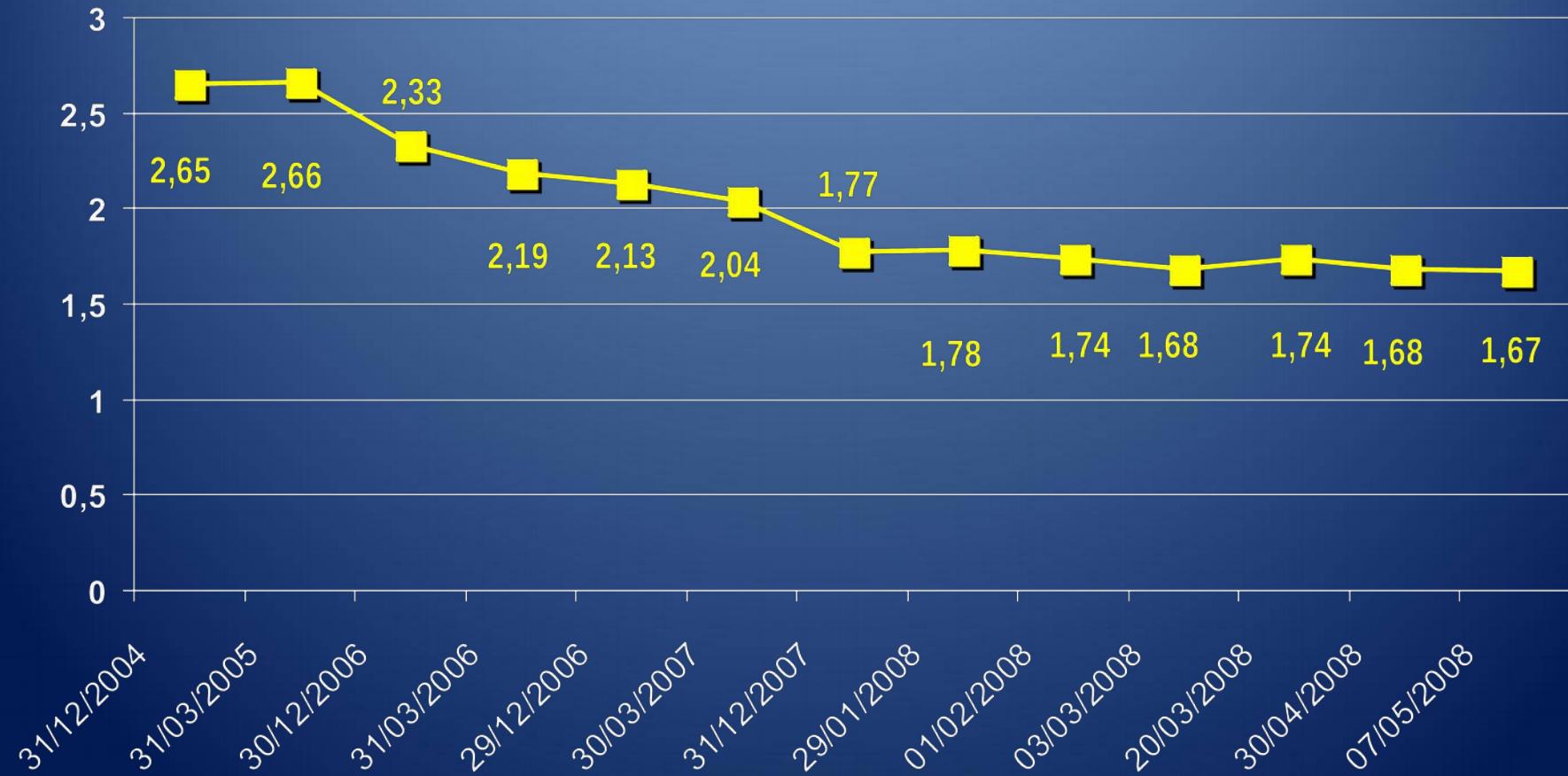
R\$ x YUAN



Source: Central Bank of Brazil

Economic Fundamentals

R\$ x US\$



Source: Central Bank of Brazil

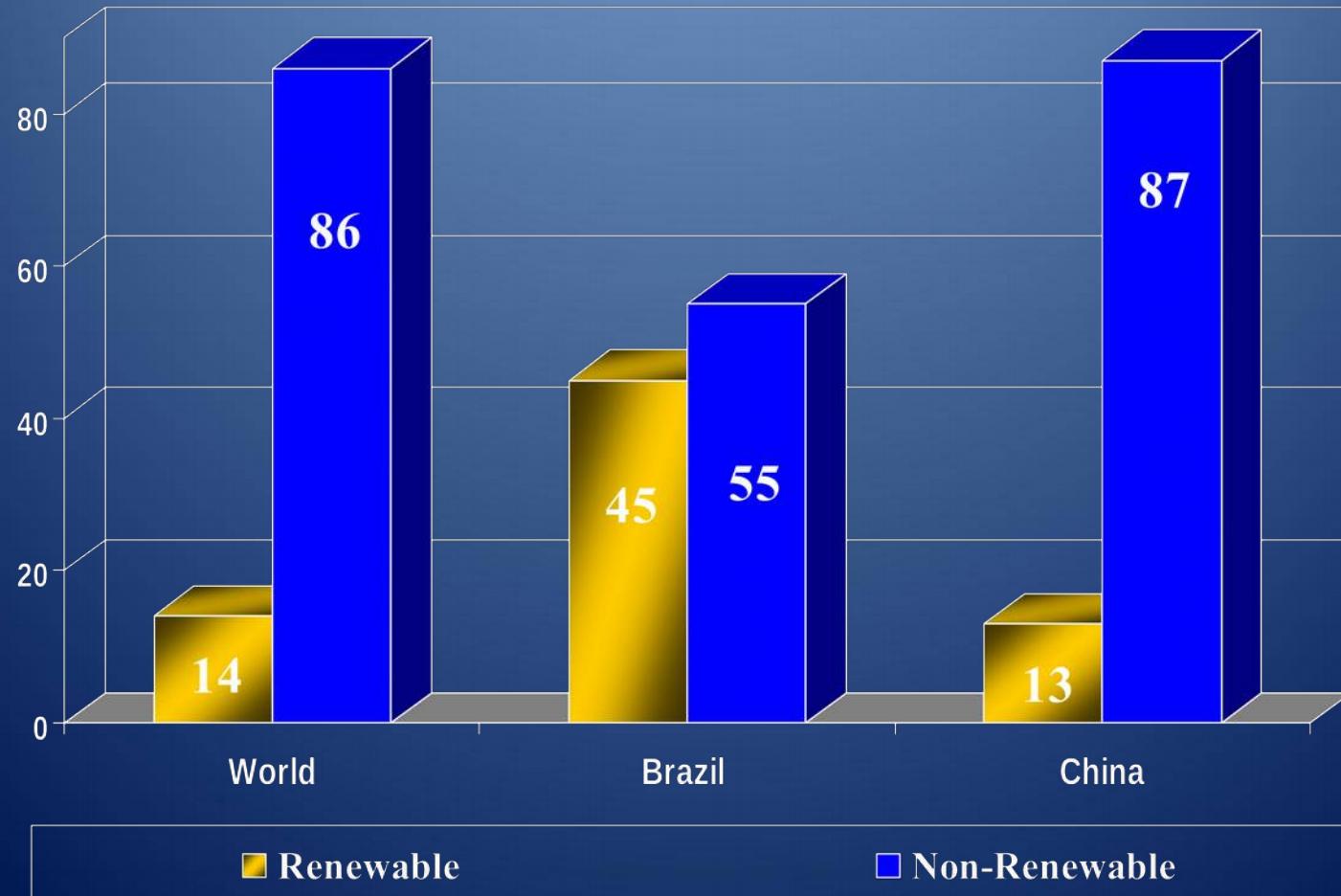
Economic Fundamentals

World's Interest Rates – July 2008

Country	Nominal Rate	Inflation	Real Rate
Turkey	19%	11%	8%
Brazil	13,75%	6%	7,75%
Mexico	8%	4,8%	3,2%
South Africa	12,5%	9,5%	3%
India	9%	7%	2%
Euro Area	5%	4%	1%
Japan	0,70%	1,41%	(0,7%)
China	4,5%	6,5%	(2%)
USA	2,3%	4,3%	(2%)
Russia	11%	13,9%	(2,9%)

Economic Fundamentals

Sources of Energy



Source: Brazilian Ministry of Mines and Energy

Economic Fundamentals

Oil Production in Brazil

- 2005 – 1.85 million barrels a day
- 2006 – Brazil achieves self sufficiency in oil
- 2007 – Discovery of Tupi oilfield with estimated 10 billion of barrels of oil. The discovery could double the Brazilian reserves. Discovery of Iara oilfield with 5 million barrels of oil.
- 2008 – Discovery of Carioca oilfield with estimated 70 billion barrels of oil. Discovery puts Brazil's oil reserves among the world's largest¹
- 2010 – 3.4 million barrels a day²



Sources: (1) Financial Times, July 08, 2008; and (2) Petrobras

Economic Fundamentals

World's Oil Reserves

In Billion of
Barrels

1	Saudi Arabia	264
2	Iran	130
3	Iraq	105
4	Kuwait	100
5	UAE	95
6	Brazil	90
7	Venezuela	80
8	Russia	75
9	Libya	37
10	Kazakhstan	37
11	Nigeria	35
12	USA	27

Economic Fundamentals

Oil Production and Demand in China

Oil in China	
Production	3,37 million bbl /day
Consumption	6,93 million bbl/day
Exports	76,060 bbl/day
Imports	3.19 million bbl/day
Oil proved reserves	12.8 billion bbl

Economic Fundamentals

Brazilian Agribusiness

Products	Position between main exporters	% of Total Global Exports
Orange Juice	1st	81%
Poultry	1st	35%
Sugar	1st	33%
Coffe	1st	30%
Tabacco	1st	27%
Beef	1st	24%
Ethanol	1st	13%
Soya	2nd	32%
Soya Oil	2nd	28%
Pigs	3rd	11%
Cotton	3rd	5%

Source: Icone Brasil

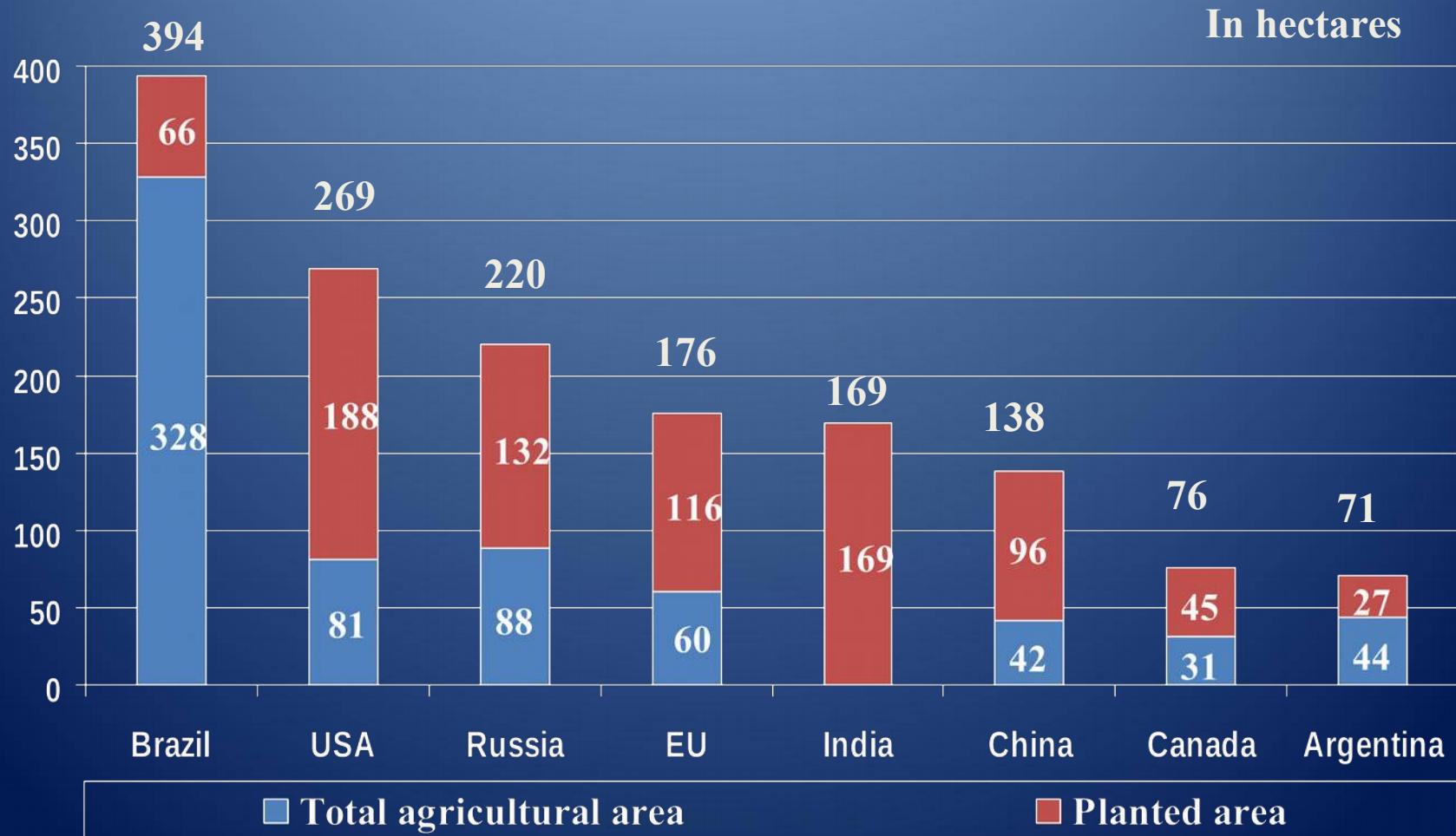
Economic Fundamentals

Brazilian Agribusiness

- GDP of Brazil's APIB do Agribusiness was US\$ 316 billion in 2007, having grown 5,52% in relation to 2006.
- Brazilian Agribusiness represented in 2007 30% of the country's total GDP, 37% of jobs and 35% of total exports.
- In 2007, the balance of trade of the Brazilian Agribusiness was positive in US\$ 50 billion.

Economic Fundamentals

World's Areas per Expansion of Agriculture



Foreign Trade

Totals China

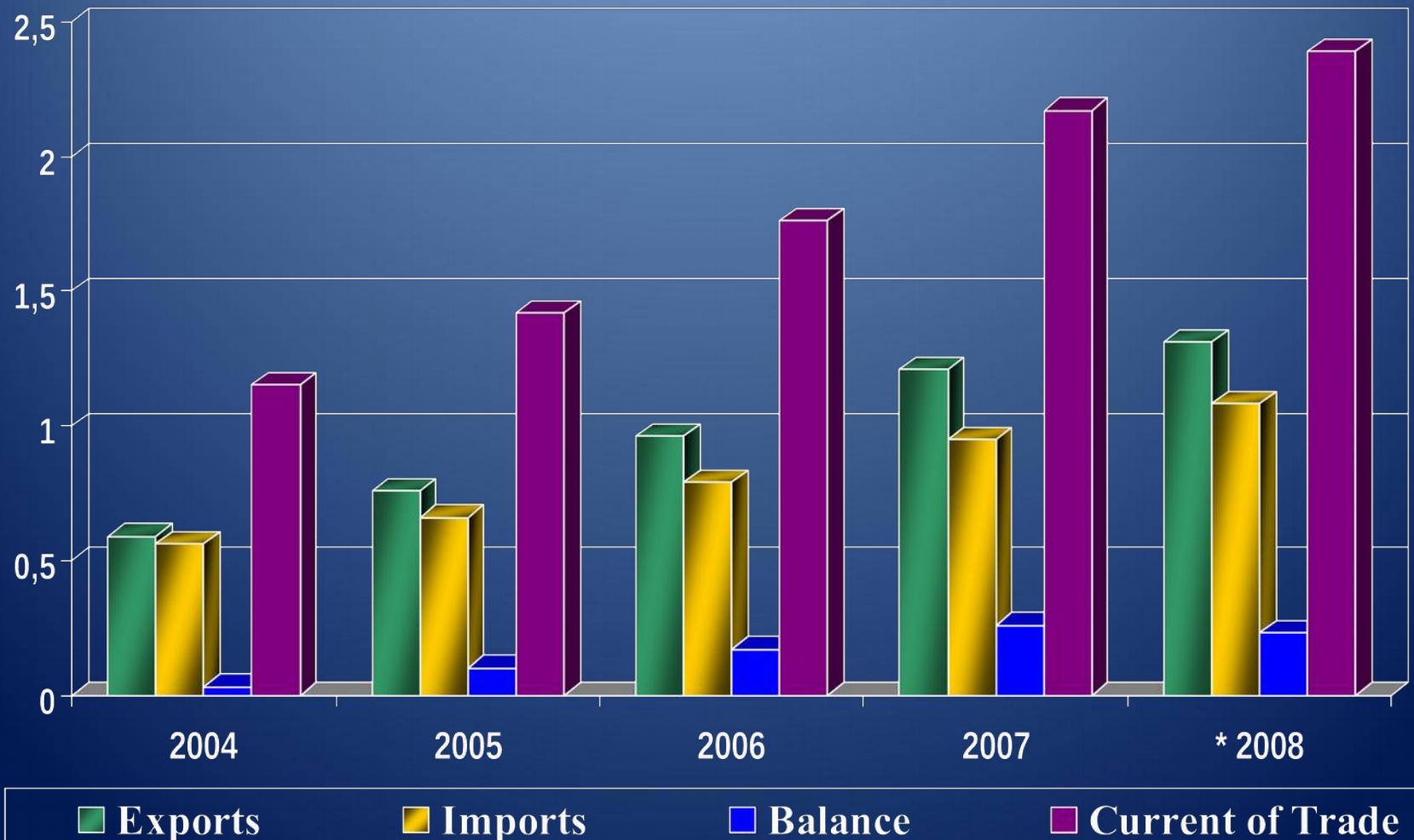
US\$ Trillion

Year	Exports US\$ FOB	Imports US\$ FOB	Balance US\$ FOB	Current of Trade US\$ FOB
2004	0,59	0,56	0,03	1,15
2005	0,76	0,66	0,10	1,42
2006	0,96	0,79	0,17	1,75
2007	1,21	0,95	0,26	2,16
* 2008	1,31	1,08	0,23	2,39

Foreign Trade

Totals China

US\$ Trillion



Source: Ministry of Commerce of People's Republic of China

* Estimate

Foreign Trade

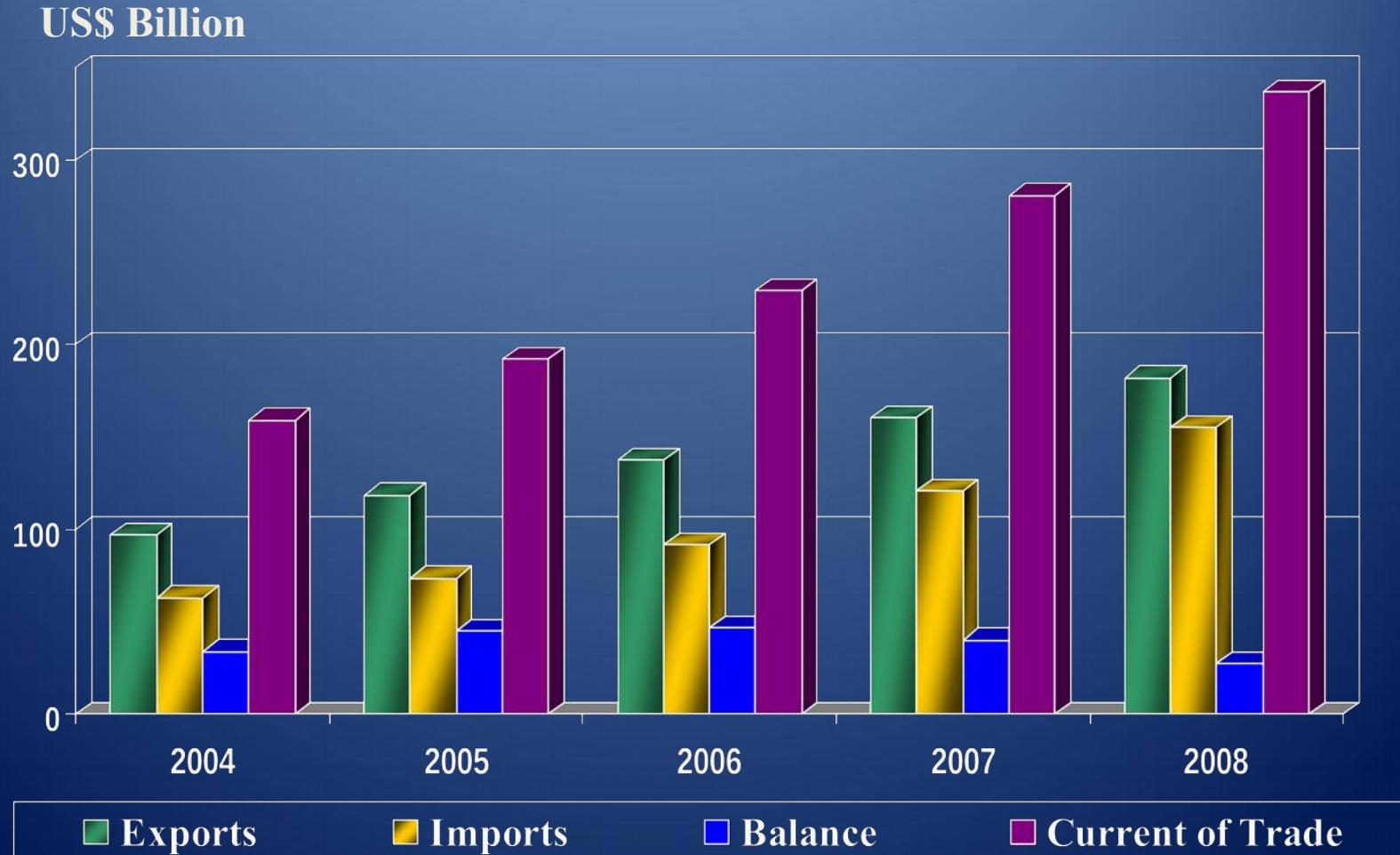
Totals Brazil

US\$ Billion

Year	Exports US\$ FOB	Imports US\$ FOB	Balcance US\$ FOB	Current of Trade US\$ FOB
2004	96,67	62,83	33,84	159,51
2005	118,52	73,60	44,93	192,12
2006	137,80	91,35	46,45	229,15
2007	160,64	120,62	40,02	281,27
* 2008	182,00	155,00	27,00	337,00

Foreign Trade

Totals Brazil



Source: Development, Industry and Trade Ministry – MDIC

* Estimate

Foreign Trade

Brazilian Trade Balance with China

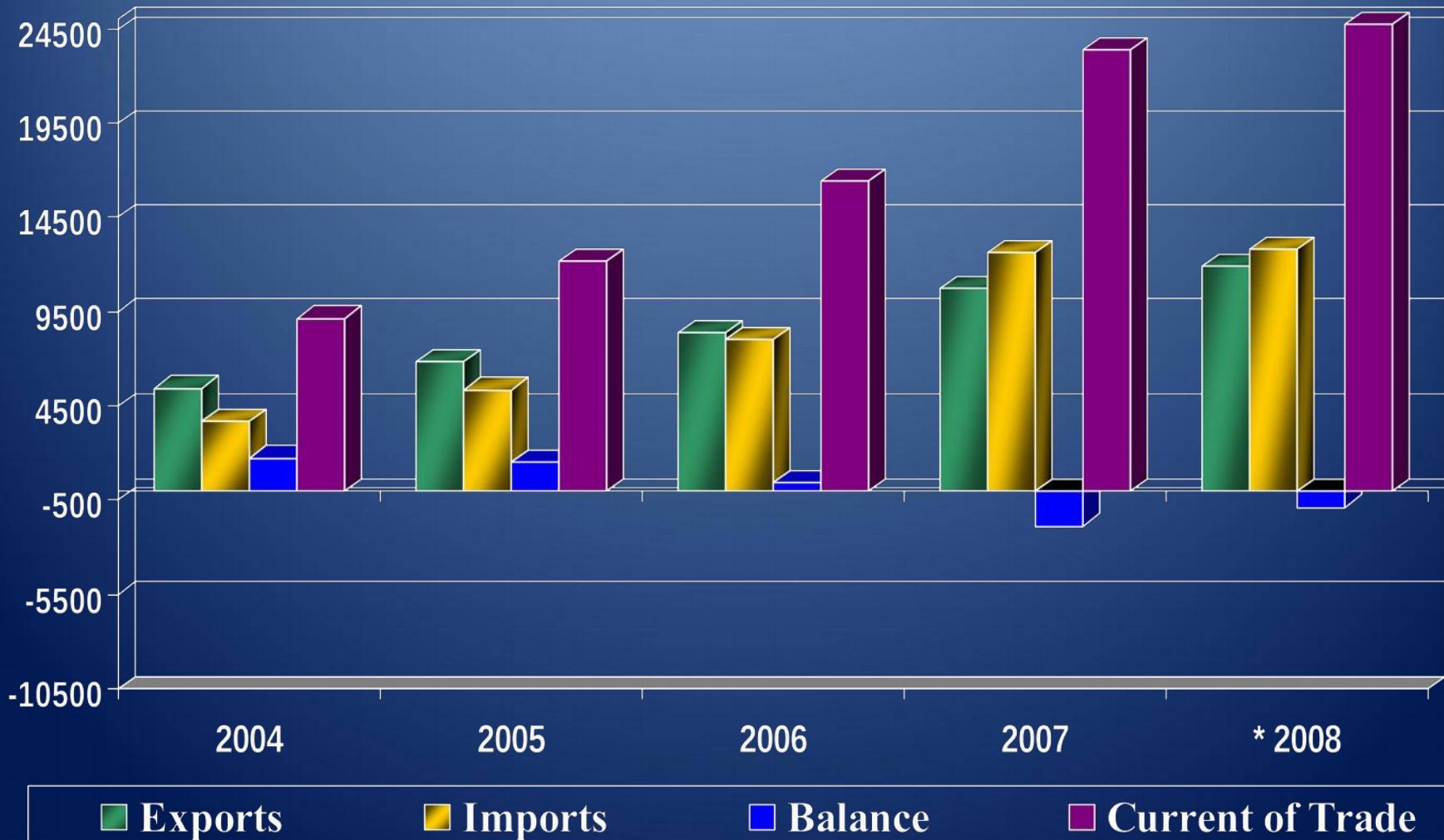
US\$ Billion

Year	Exports FOB	Imports FOB	Balance FOB	Current of Trade FOB
2004	5,44	3,71	1,73	9,15
2005	6,83	5,35	1,48	12,18
2006	8,40	7,99	411	16,39
2007	10,74	12,61	-1,86	23,36
* 2008	15	20	-5	35

Foreign Trade

Brazilian Trade Balance with China

US\$ Bilhões



■ Exports

■ Imports

■ Balance

■ Current of Trade

Source: Development, Industry and Trade Ministry- MDIC

* up to Aug /2008

Foreign Trade

Main Brazilian Exports to China

US\$ Million

Product	US\$ FOB Jan/Aug 2008	US\$ FOB Jan/Aug 2007	Var. 08/07 %	Part. Aug 2008 %
Soya	4.706	2.184	115,47	39,49
Iron Ore	2.699	1.974	36,68	22,65
Oil Derivatives	983	558	76,03	8,25
Soya Oil	662	151	311,85	5,22
Industrialized Oil	509	430	18,36	4,28
Wood	474	232	103,83	3,98

Foreign Trade

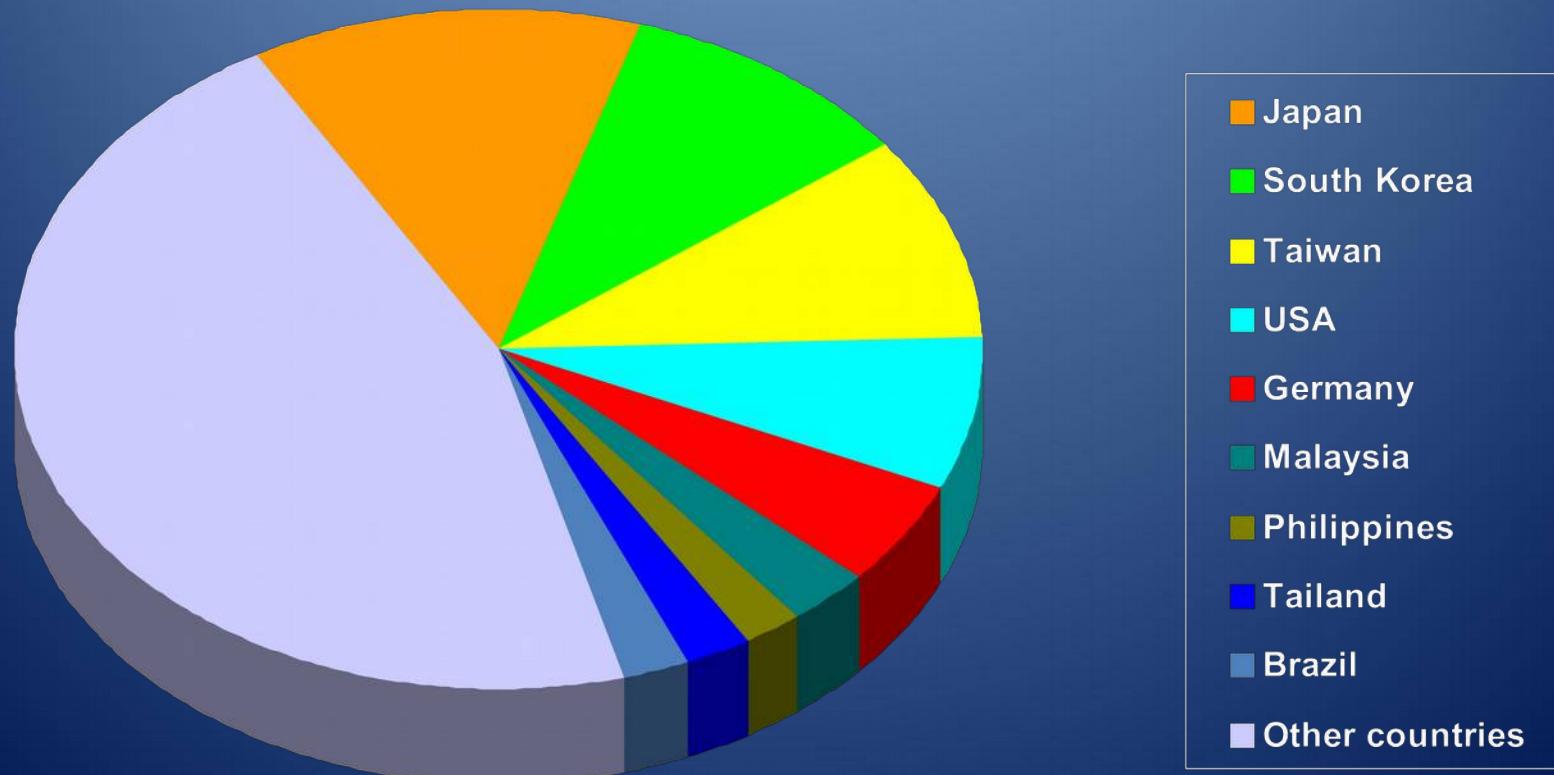
Main Chinese Exports to Brazil

US\$ Million

Products	US\$ FOB Jan/Aug 2008	US\$ FOB Jan/Aug 2007	Var. 08/07 %	Part. Jan/Aug 2008 %
LCD	619	288	114,59	4,84
Telephone Parts	593	450	31,67	4,63
Coal	408	155	162,34	3,19
Mobile Telephones Terminals	207	67	209,59	1,62
TV Parts	177	91	94,97	1,39
Fertilizers	143	25	467,59	1,12

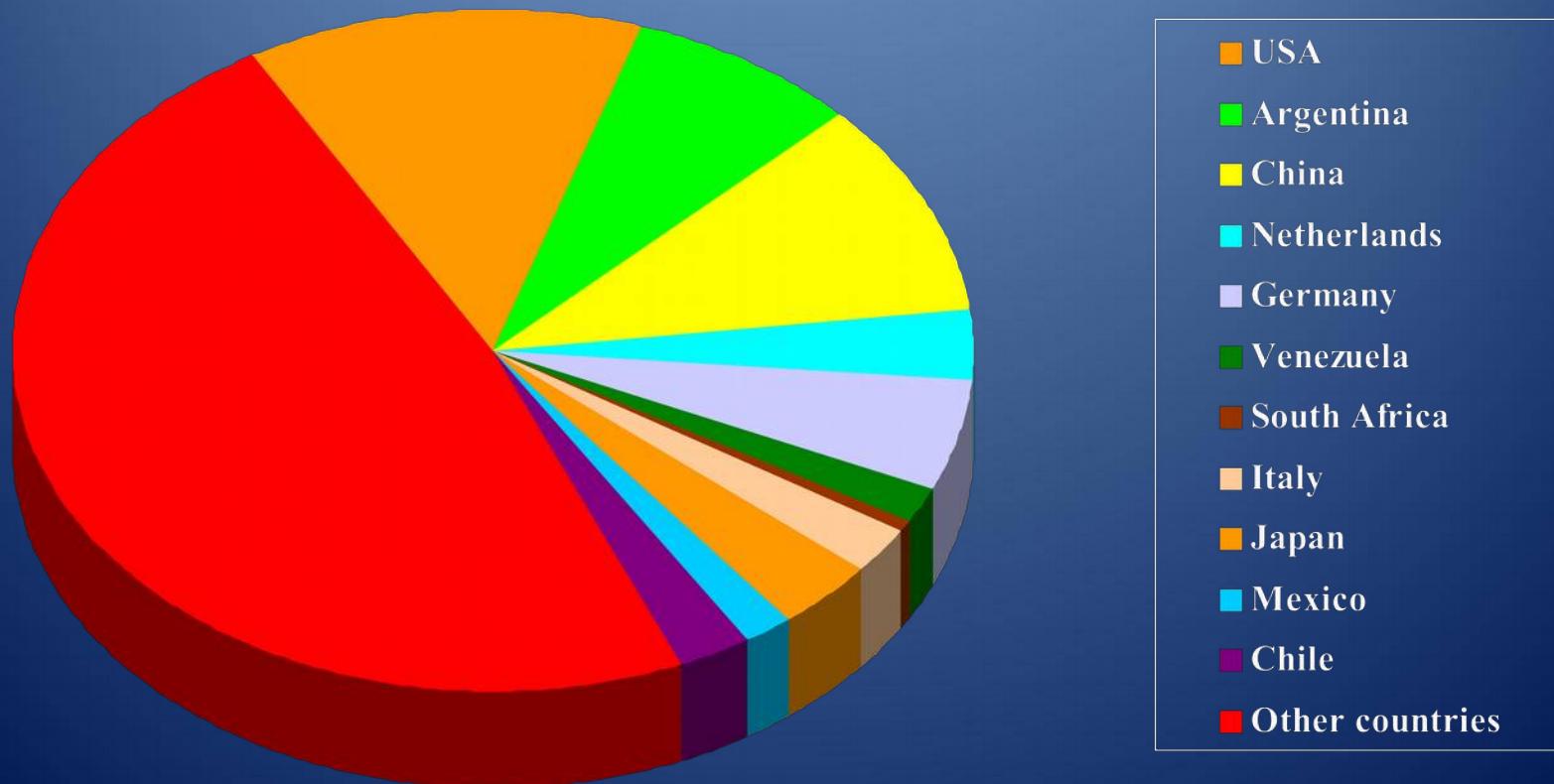
Foreign Trade

Chinese Current of Trade and its Markets



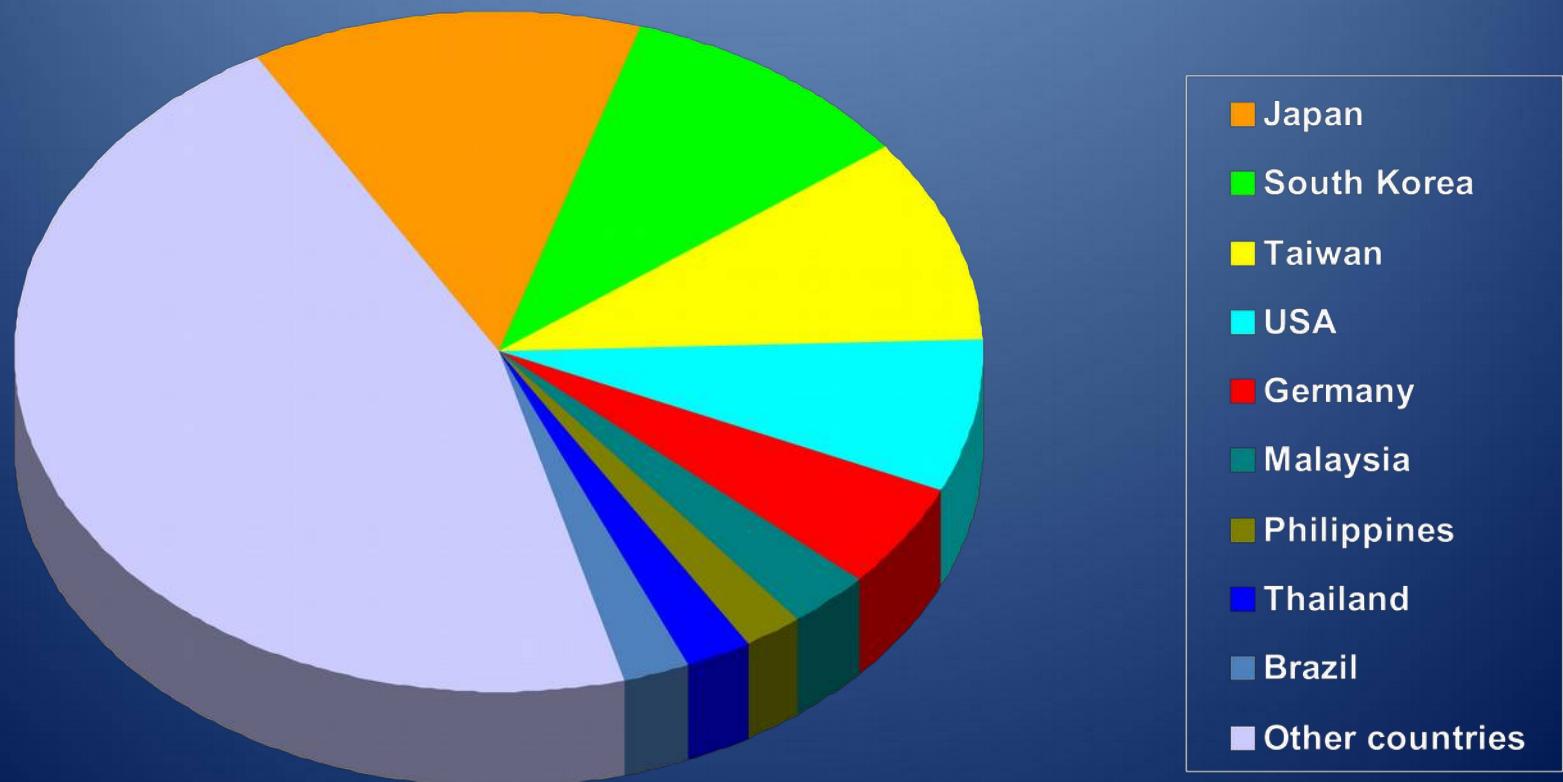
Foreign Trade

Brazilian Current of Trade and its Markets



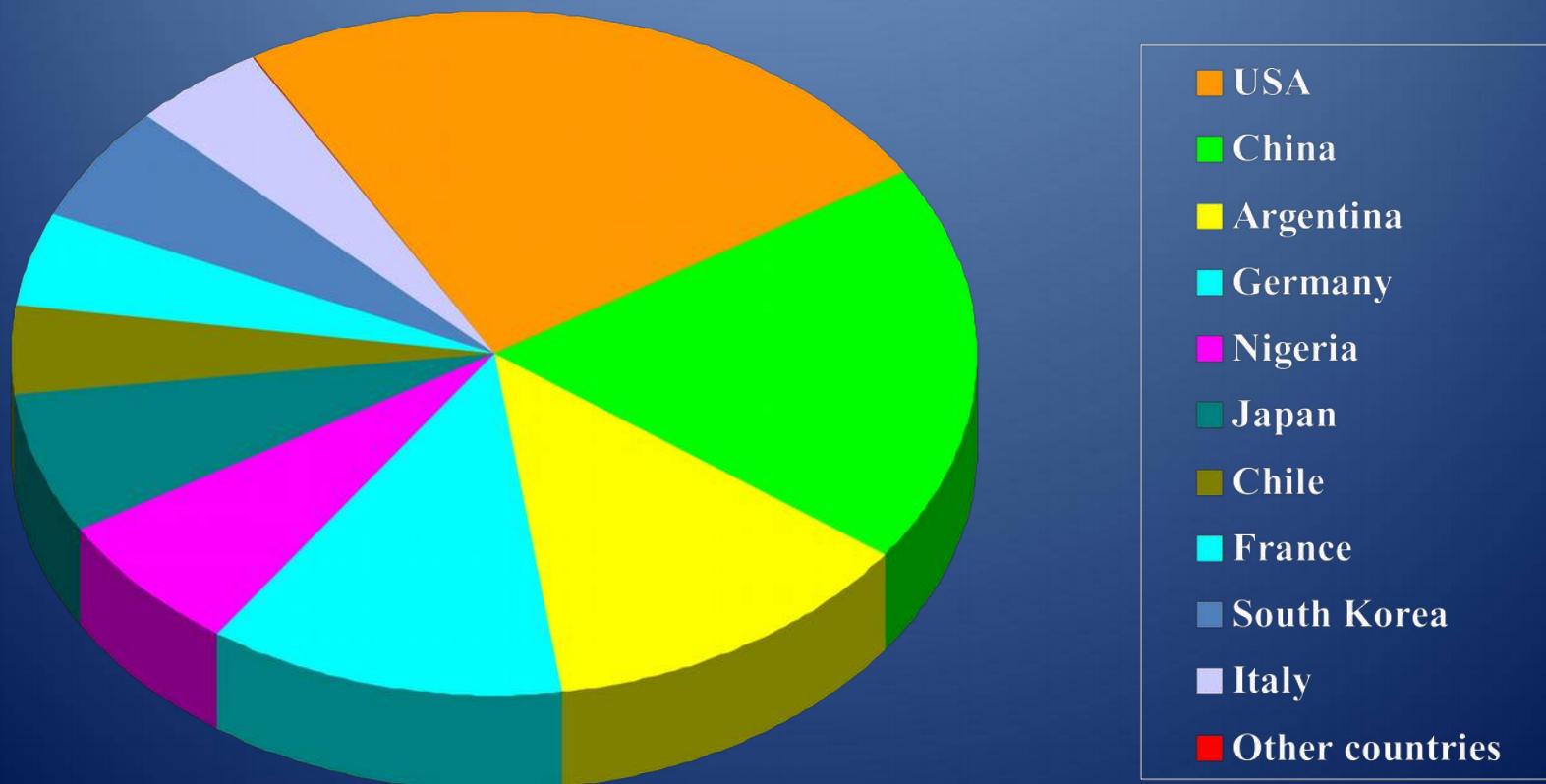
Foreign Trade

Chinese Imports by Origin



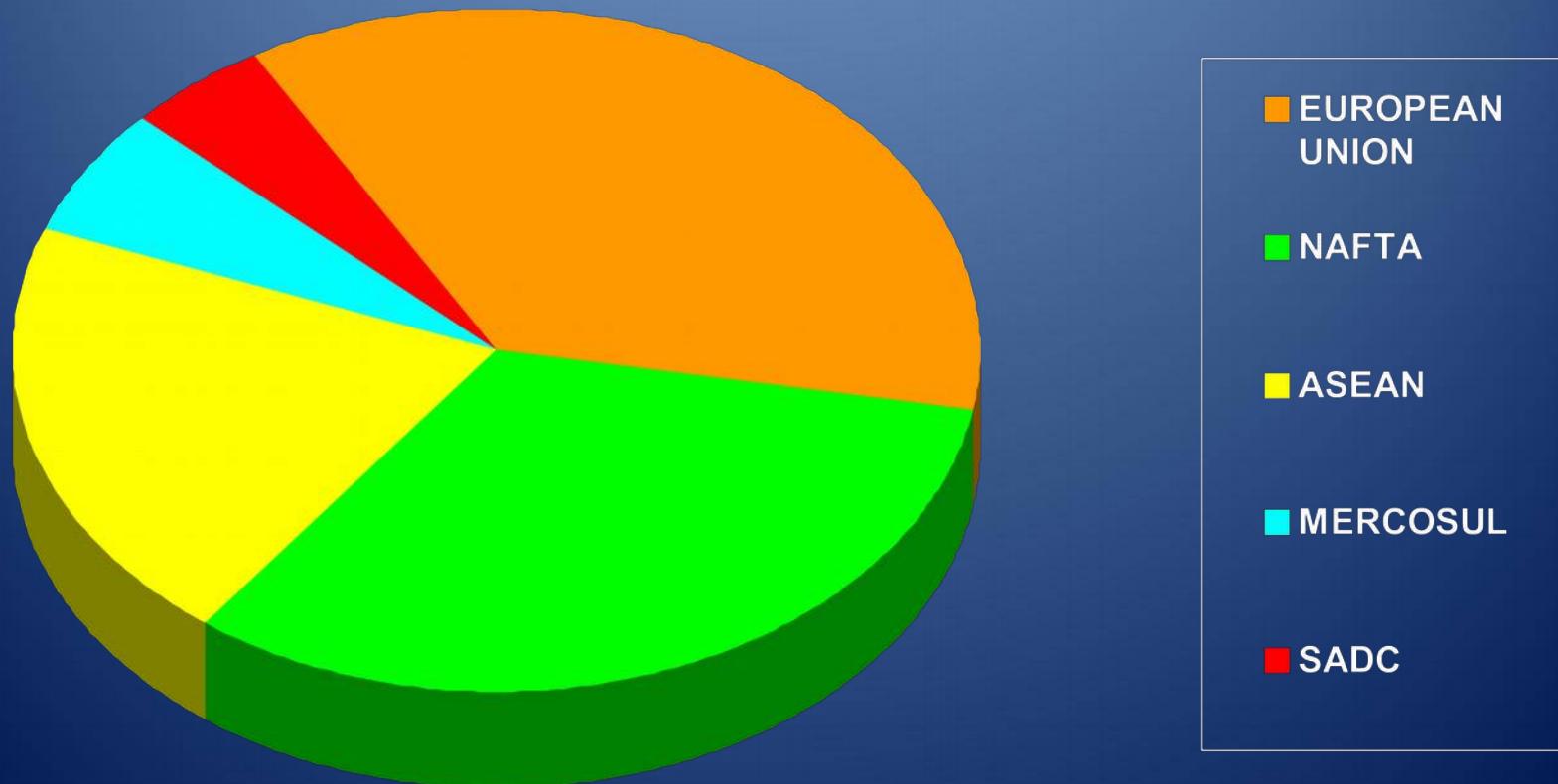
Foreign Trade

Brazilian Imports by Origin



Foreign Trade

Chinese Current of Trade by Economic Blocs



Foreign Trade

Brazilian Current of Trade by Economic Blocs



Foreign Trade

Brazilian Trade Balance of Agribusiness

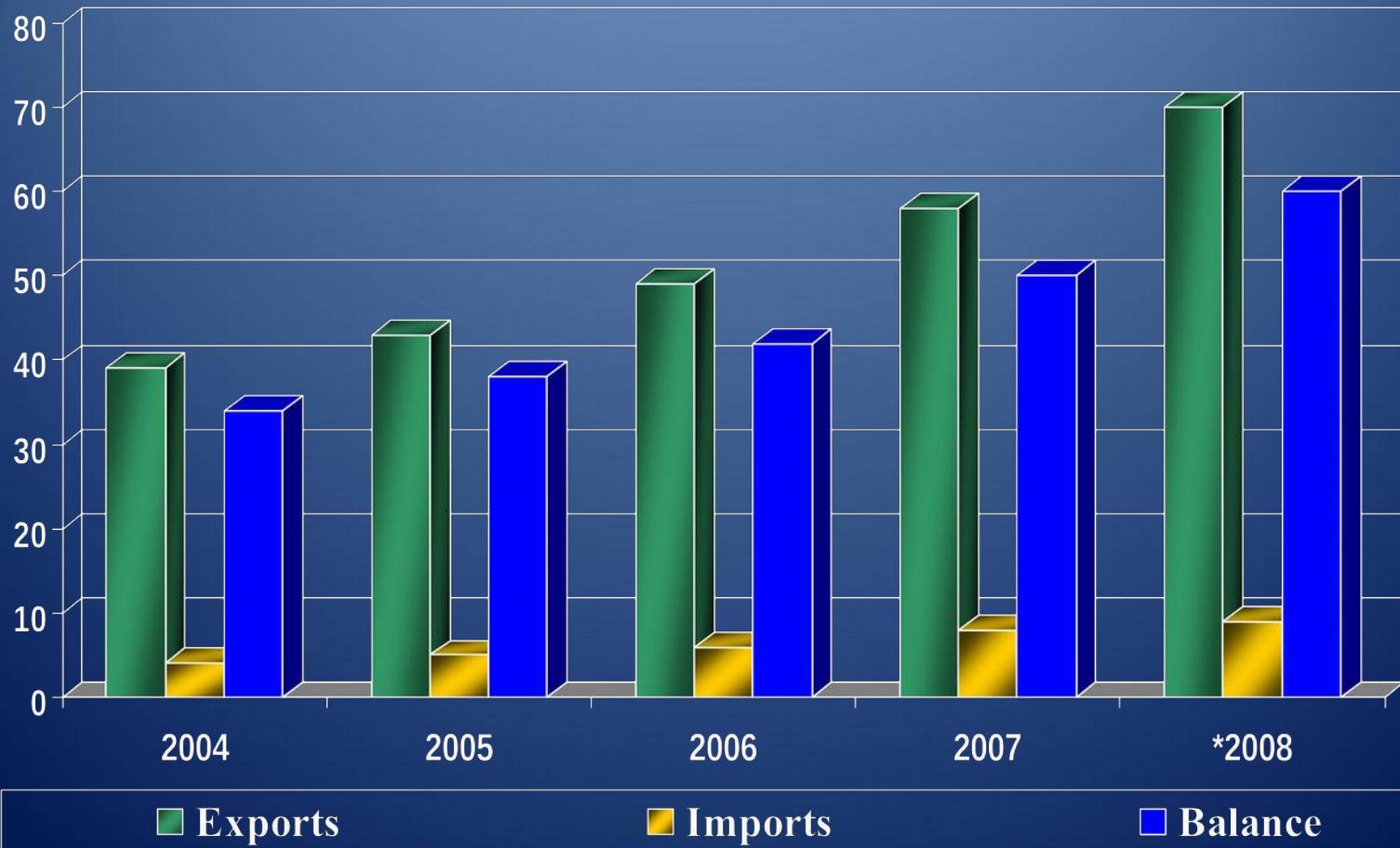
US\$ billion

Year	Exports	Var. %	Imports	Var.%	Balance	Var.%
2004	39	27,3%	4	1,9%	34	32,1
2005	43	11,8%	5	6,2%	38	12,5%
2006	49	13,4%	6	29,1%	42	11,2%
2007	58	18,4%	8	27,0%	50	17,0%
* 2008	70	20,0%	9	15%	60	20,0%

* Estimate

Foreign Trade

Brazilian Trade Balance of Agribusiness



* Estimate

Foreign Trade

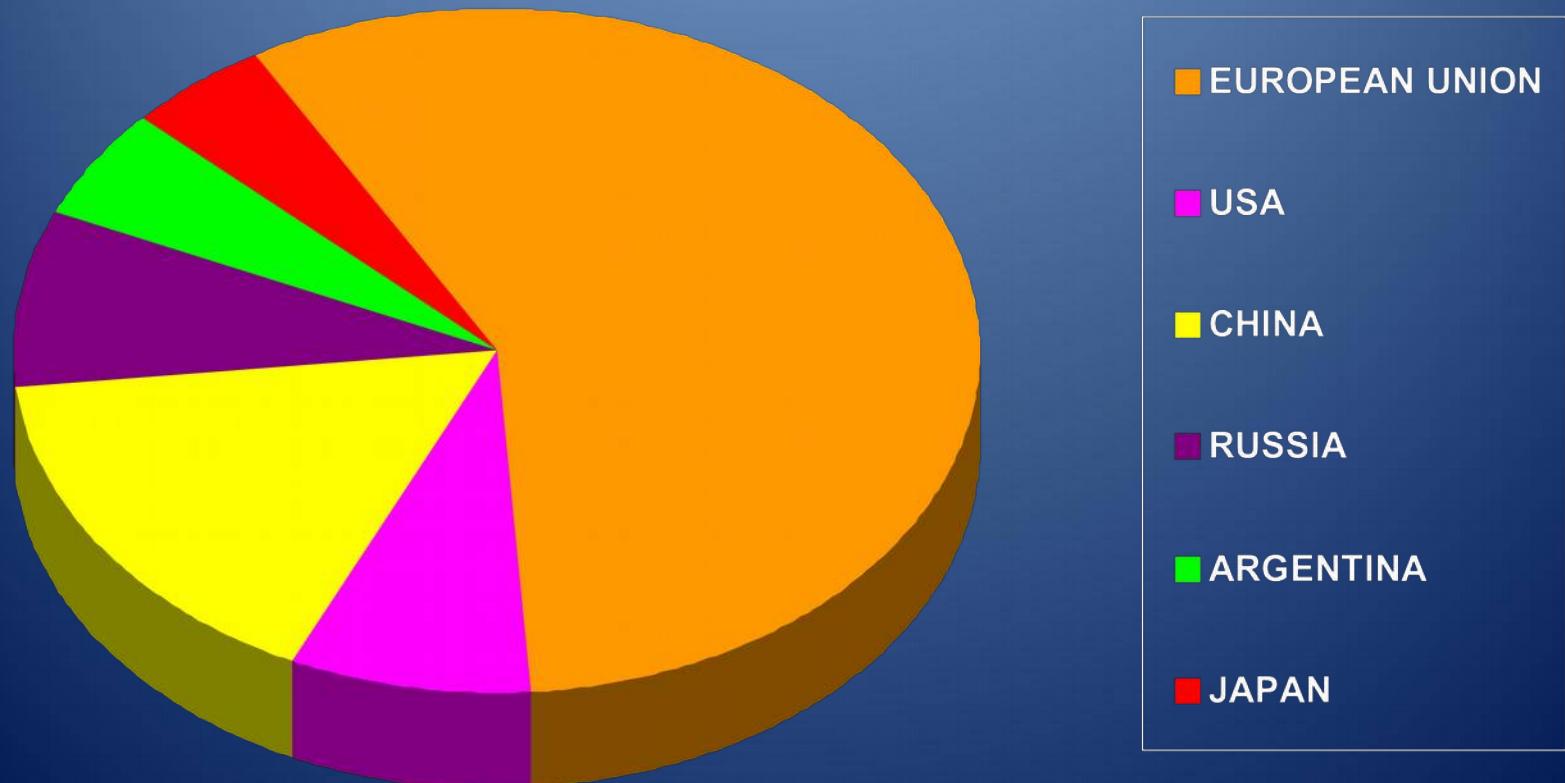
Main Destinations of Brazil's Agricultural Exports

Destination	Exports (US\$ million)		Var. % 07/06 (b/a)	Total Exp. (c)	Aggregate Value %		
	2006 (a)	2007 (b)			Basic	Semi	Manufactured
1. UK	16.153	21.232	31,44	40.357	57,43	14,53	28,04
2. ESA	7.370	6.840	-7,19	25.065	19,55	19,70	60,75
3. China	3.802	4.691	23,38	10.749	67,69	29,23	3,09
4. Russia	3.156	3.402	7,80	3.741	64,37	30,72	4,92
5. Argentina	1.571	1.917	21,97	14.417	11,19	6,31	82,50
6. Japan	1.491	1.768	18,57	4.321	58,42	14,65	26,93

Source: Instituto de Economia Aplicada - IEA

Foreign Trade

Main Destinations of Brazil's Agricultural Exports



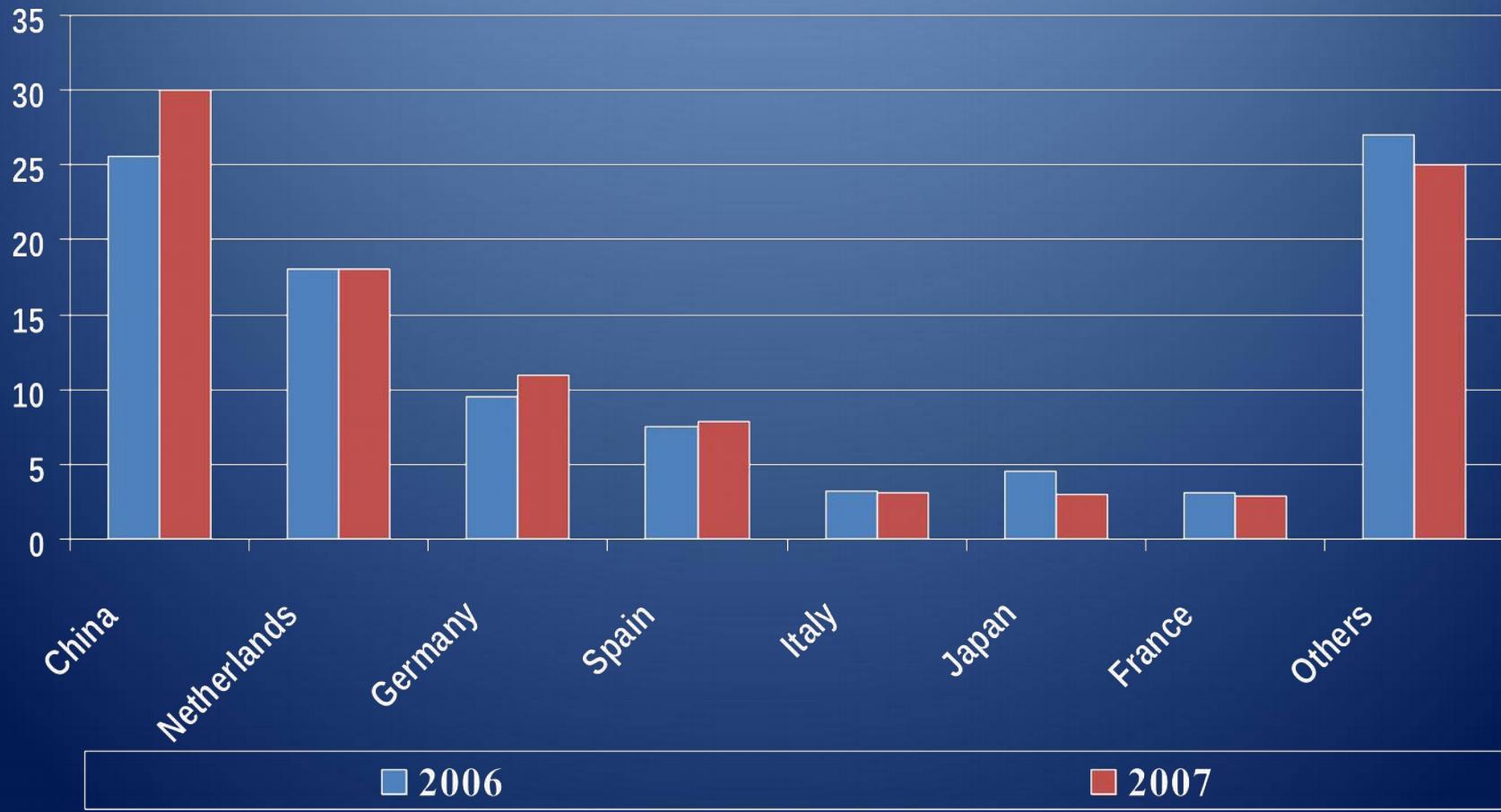
Foreign Trade

Main Brazilian Agribusiness Products Exported to China

Group	2006		2007		Var. 07/06 %
	US\$ 1,000	Participation %	US\$ 1,000	Participation %	
1. Soya Complex	2.551.168	67,11	3.155.216	67,27	23,68
2. Forest Products	570.647	15,01	578.631	12,34	1,40
3. Beef	378.117	9,95	491.230	10,47	29,91
4. Tabacco	77.611	2,04	271.340	5,78	249,62
5. Fruits	51.013	1,34	66.027	1,41	29,43
Total	3.801.726	100,00	4.690.651	100,0	23,38

Foreign Trade

Main Importers of Brazilian Soya (%)

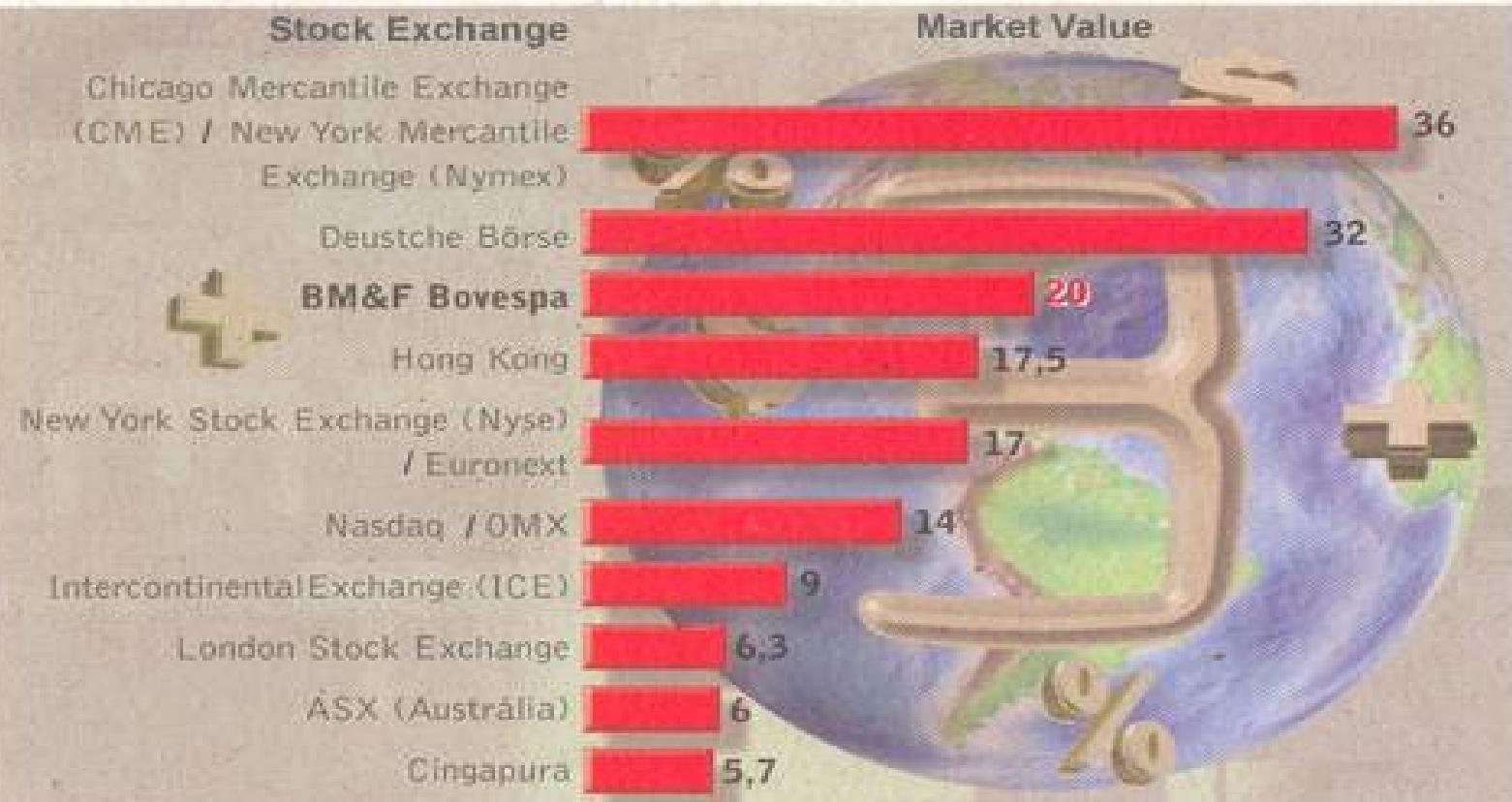


Some Market Aspects

Stock Exchange Markets

The third largest in The World

BM&F Bovespa is already the third largest in market value.
The ranking of the 10 largest - in US\$ Billions.



Source: World Federation of Exchanges

Some Market Aspects

Ranking 2007

Automotive Products (Million of Unit)	Sales of Cosmetic (US\$ Billion)	Sales of Computers (Millions of Units)	Sales of Mobiles Phones (Millions of Units)	Chocolate Consumption (Millions of e Ton)
1 st Japan 11,596	1 st USA 50,5	1 st USA 64	1 st China 547	1 st USA 1.600
2 nd USA 10,781	2 nd Japan 29,8	2 nd China 36	2 nd USA 253	2 nd Germany 1.077
3 rd China 8,882	3 rd Brazil 18,2	3 rd Japan 13	3 rd Indian 234	3 rd United Kingdom 531
4 th Germany 6,213	4 th France 14,1	4 th United Kingdom 11,2	4 th Russian 170	4 th Brazil 410
5 th Brazil 4,100	5 th Germany 13,6	5 th Brazil 10,7	5 th Brazil 121	5 th France 404

Some Market Aspects

Steel Production Growth Projection for 2008

- Brazil – 10%
- China – 10,8%



Some Market Aspects

Naval Industry

- In 2007, Brazilian Naval Industry Grew 74%;
- By 2011, China will be the world's largest manufacturer of bulk carriers and the second largest in oil tankers.



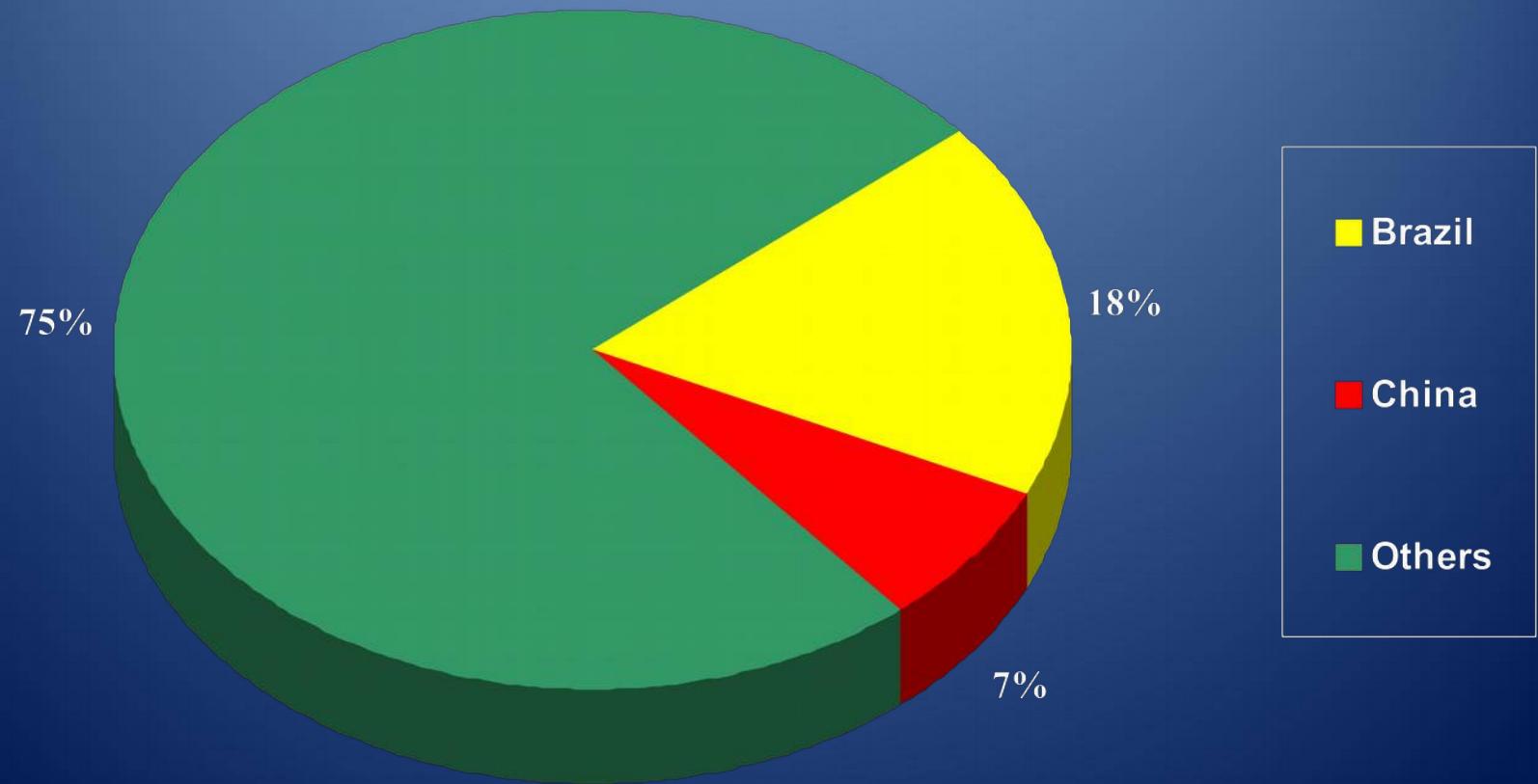
Some Market Aspects

Brazil's Aeroplane Trade (US\$ Million FOB)

	2002	2003	2004	2005	2006	2007
Exports	2,799.2	2,050.0	3,371.3	3,302.8	3,442.5	4,367.5
Imports	685.0	591.3	888.3	967.7	1,234.5	1,593,2
Balance	2,114.2	1,458.6	2,482.6	2,335.1	2,208.0	2,774.30
Flow of Commerce	3,484.2	2,641.3	4,260.0	4,270.5	4,676.0	5,960.70

Some Market Aspects

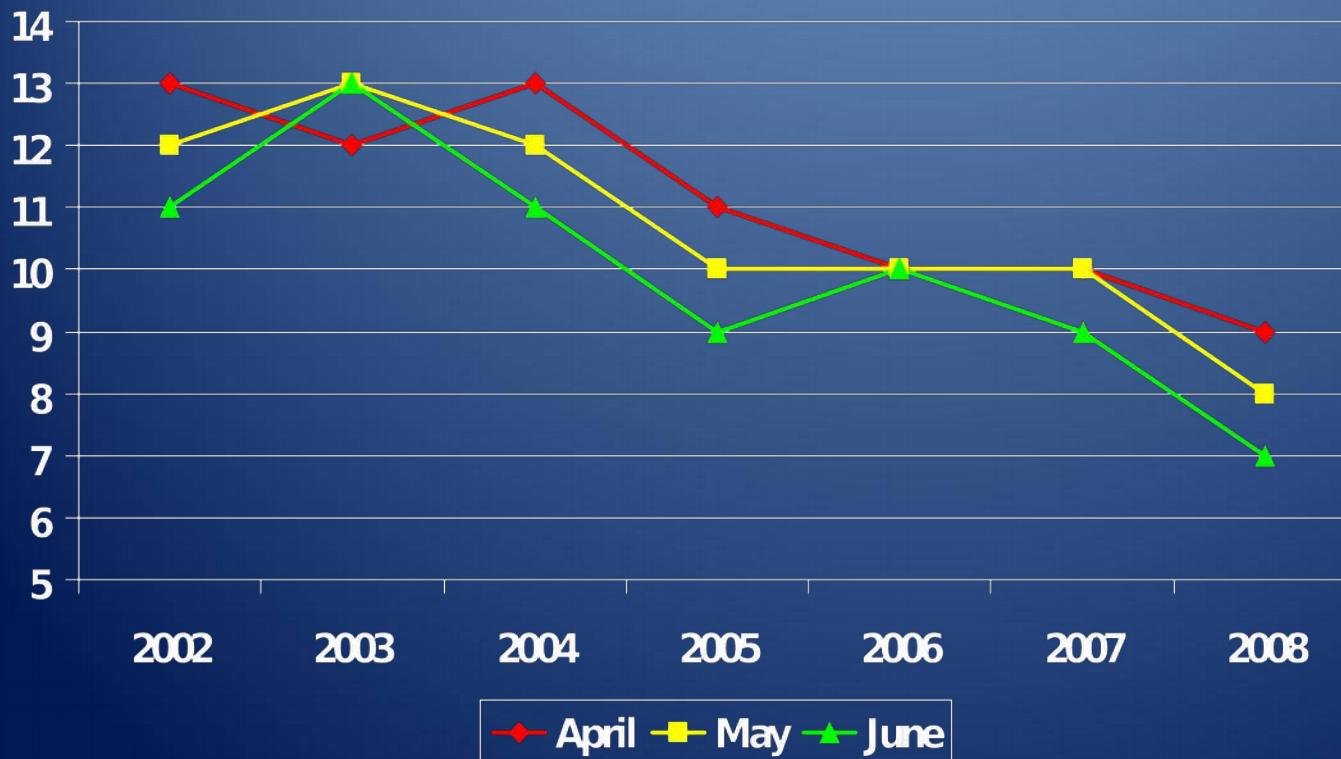
World's Availability of Fresh Water



Sources: Agência Nacional das Águas do Brasil and Embassy of the Popular Republic of China in Brazil

Some Market Aspects

Unemployment rate in Brazil Months of April, May and June – 2002 to 2008



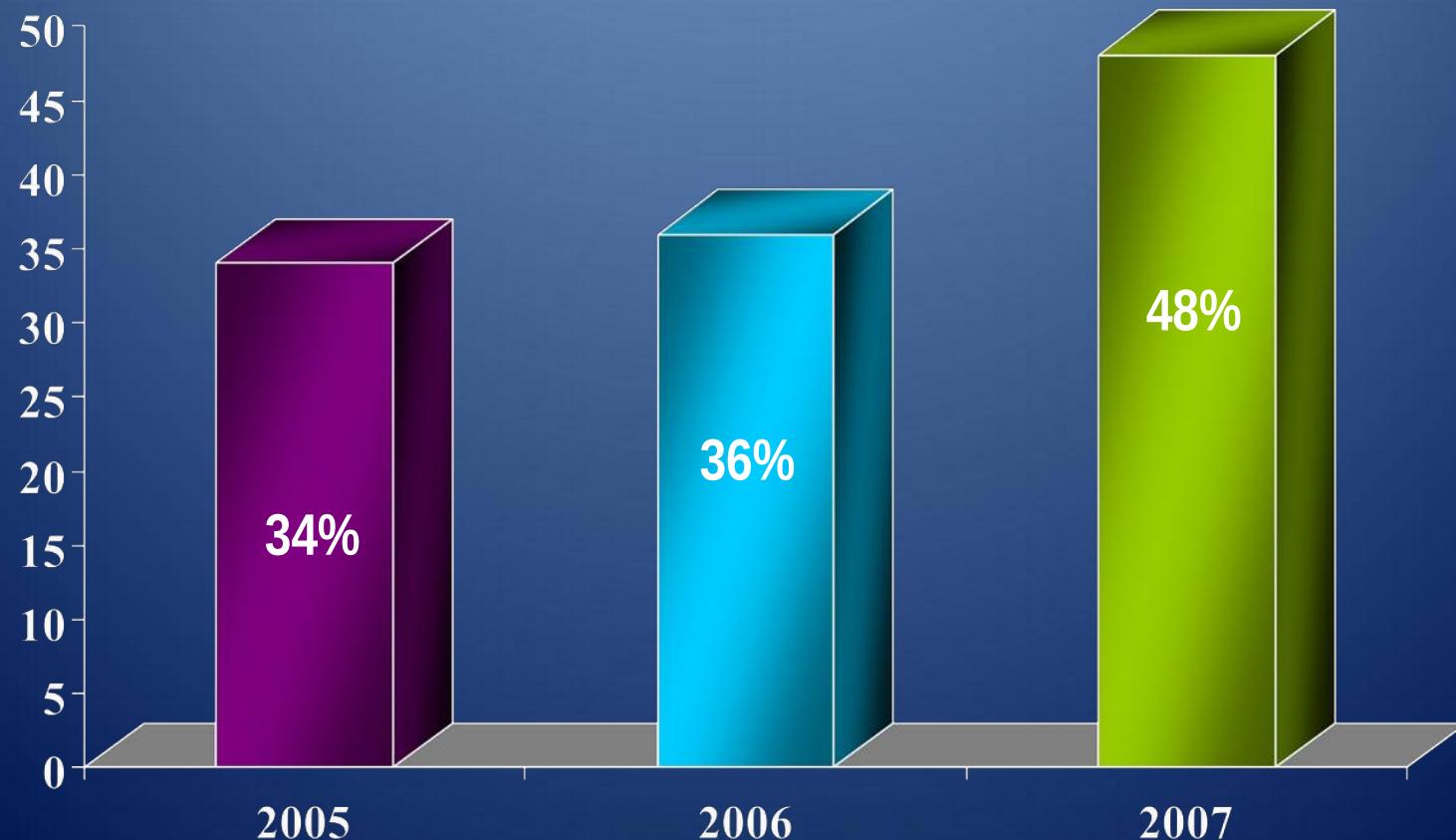
Some Market Aspects

Unemployment in China

Year	Unemployment rate	Rank	Percent change
2004	10.10%	93	-----
2005	9.80%	88	-2.97%
2006	9.00%	92	-8.16%

Market Aspects

Brazil's Social Development: Growth of Class C % of Population



Bilateral Sino Brazilian Cooperation



Political
World Trade
Agriculture
Health
Energy
Microelectronics
Informatics
Space

NORONHA ADVOGADOS

Located in one of the main financial centers of the city, the São Paulo office is the head office of Noronha Advogados and the oldest, having been opened in June 1978.

It concentrates the highest number of professionals and is the centre for the firm's administrative and financial departments.



Address:
Rua Alexandre Dumas, 1630
CEP: 04717-004
São Paulo SP Brasil

Phone: (55-11) 5188-8090
Fax: (55-11) 5184-0097
(55 11) 5184-2471

Contact:
Durval de Noronha Goyos Júnior

NORONHA ADVOGADOS IN LONDON

Noronha Advogados have had a presence in London since 1988.

Today, the firm assists clients of various nationalities wishing to do business in the United Kingdom, as well as the European Union. It also assists clients interested in business opportunities in Brazil.

The office has a wide range of international professionals, capable of practicing law in different European jurisdictions, as well as in Brazil.



**4th floor, 193/195 Brompton Road
SW3 1NE London England**

Phones:

Tel: (20) 7581-5040

Fax:(20) 7581-8002

Email: noadlon@noronhaadvogados.com.br

Contact:

Vera Helena de Moraes Dantas

vmd@noronhaadvogados.com.br

Winnie Pang Xiofang

wnn@noronhaadvogados.com.br

NORONHA ADVOGADOS

The Noronha Advogados office in Shanghai was opened in April 2001 and has a team of lawyers with fluency in English, Mandarin and Portuguese.



Address:

450 Fushan Road

Suntime International Mansion,

14th floor –Room F

200122 Pudong, Xangai, China

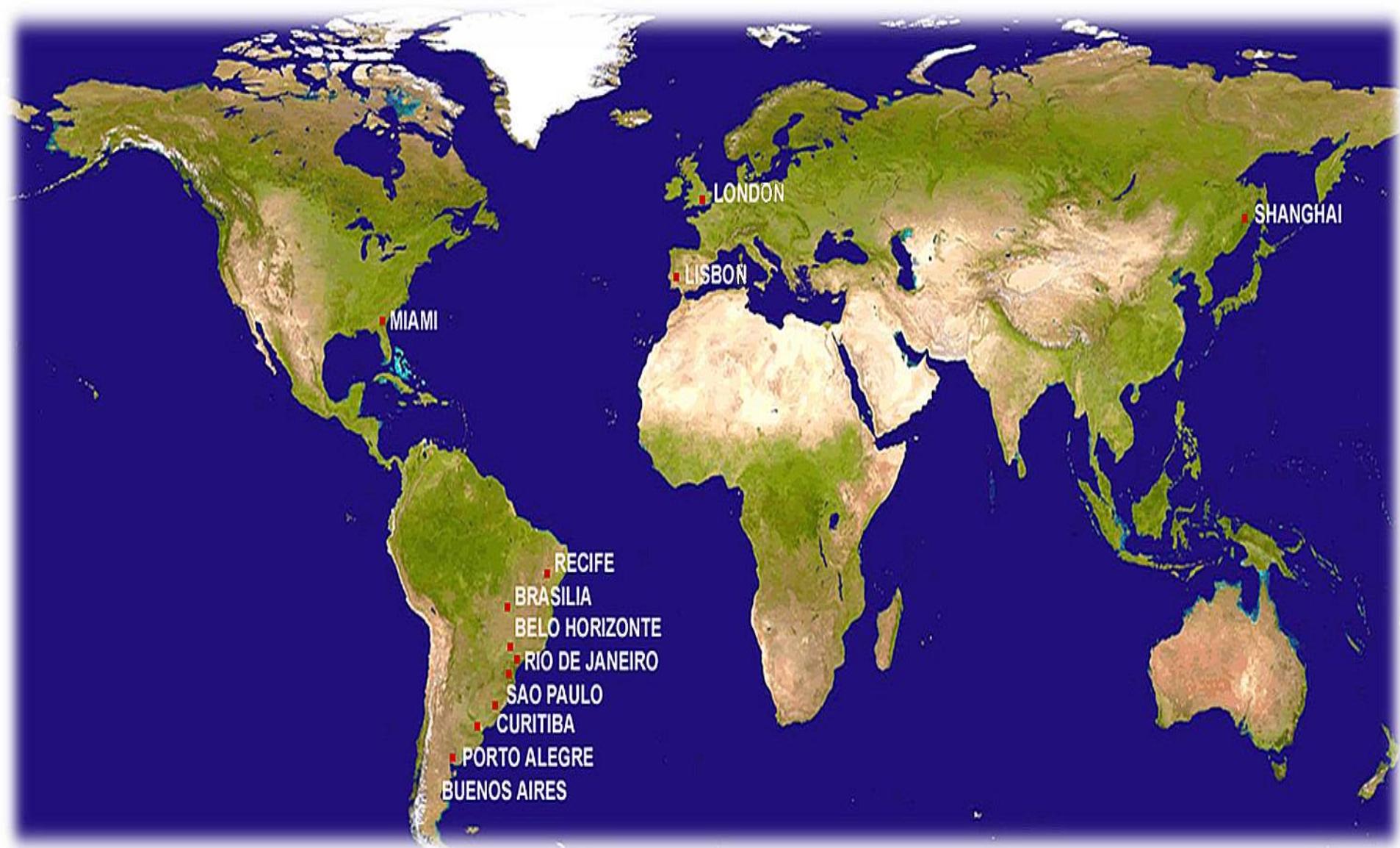
Phone: (86-21) 6876-6311

Fax: (86-21) 6876-6312

Contact: Gustavo Jacobina Rabello

gur@noronhaadvogados.com.br

NORONHA ADVOGADOS



Durval de Noronha Goyos Jr.

dng@noronhaadvogados.com.br

www.noronhaadvogados.com.br