

NORONHA ADVOGADOS

BRAZILIAN AND INTERNATIONAL LAWYERS

São Paulo | Rio de Janeiro | Brasília | Curitiba | Porto Alegre | Recife



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Durval de Noronha Goyos Jr.
Noronha Advogados

São Paulo, 27 February 2008.

POINTS OF PRESENTATION

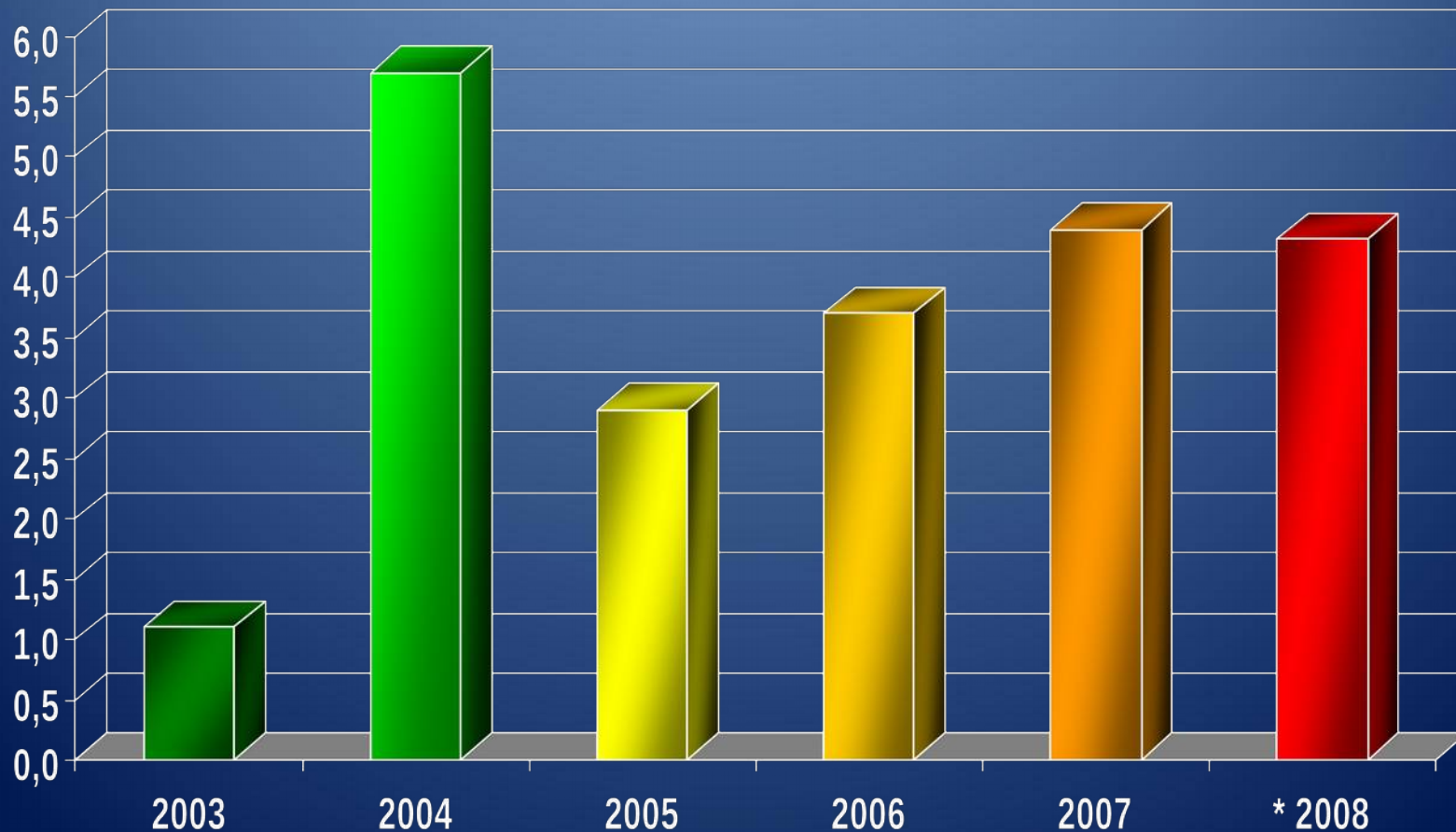
- 1. Fundamentals of Brazil's Economy**
- 2. Brazil's external trade and trade with selected partners**
- 3. Some Social Aspects of Brazil**
- 4. General Aspects of Brazil's Foreign Policy**

Map of South America



Fundamentals of Brazil's Economy

Economic Growth %



Source: IBGE

* estimate Central Bank

Fundamentals of Brazil's Economy

Brazil's GDP in purchase power parity

- Total purchase power parity is US\$ 1.803 trillion
- Purchase power parity per capita is US\$ 9.108 (2006)
- Purchase power parity per capita is US\$ 9.531 (2007)

Fundamentals of Brazil's Economy

Brazil's GDP in US\$

	2003	2004	2005	2006	2007
GDP (US\$)	552 (billion)	663.4	882	1,006 (trillion)	1,300
Population (million)	178.9	181.5	185.5	186.7	188.9
GDP per capita (mil US\$)	3,085	3,655	4,754	5,388	* 8,600

Source: IBGE and US Census database web site In yellow – IBGE's new methodology .

*** CIA World Factbook**

Fundamentals of Brazil's Economy

Evolution of External Debt

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	-4,0

Source: Central Bank

*JAN/2008

Fundamentals of Brazil's Economy

Brazil: Inflation rate %



Source: Central Bank

* Estimate

Fundamentals of Brazil's Economy

Foreign Direct Investment in Brazil

US\$ Billion

Year	Total
2001	21
2002	18,7
2003	12,9
2004	20,2
2005	21,5
2006	22,7
2007	34,5
* 2008	4,81

Fundamentals of Brazil's Economy

Foreign Direct Investment in Brazil

US\$ Billion



Source: Central Bank/Treasury Department

Fundamentals of Brazil's Economy

Brazilian Direct Investment Abroad

US\$ Billion

Year	Total
2002	4,73
2003	0,46
2004	14,30
2005	10,06
2006	27,30
2007	11,65
* 2008	2,54

Source: Central Bank

*Only JAN

Fundamentals of Brazil's Economy

Brazilian Investment Abroad



Source: Central Bank

Fundamentals of Brazil's Economy

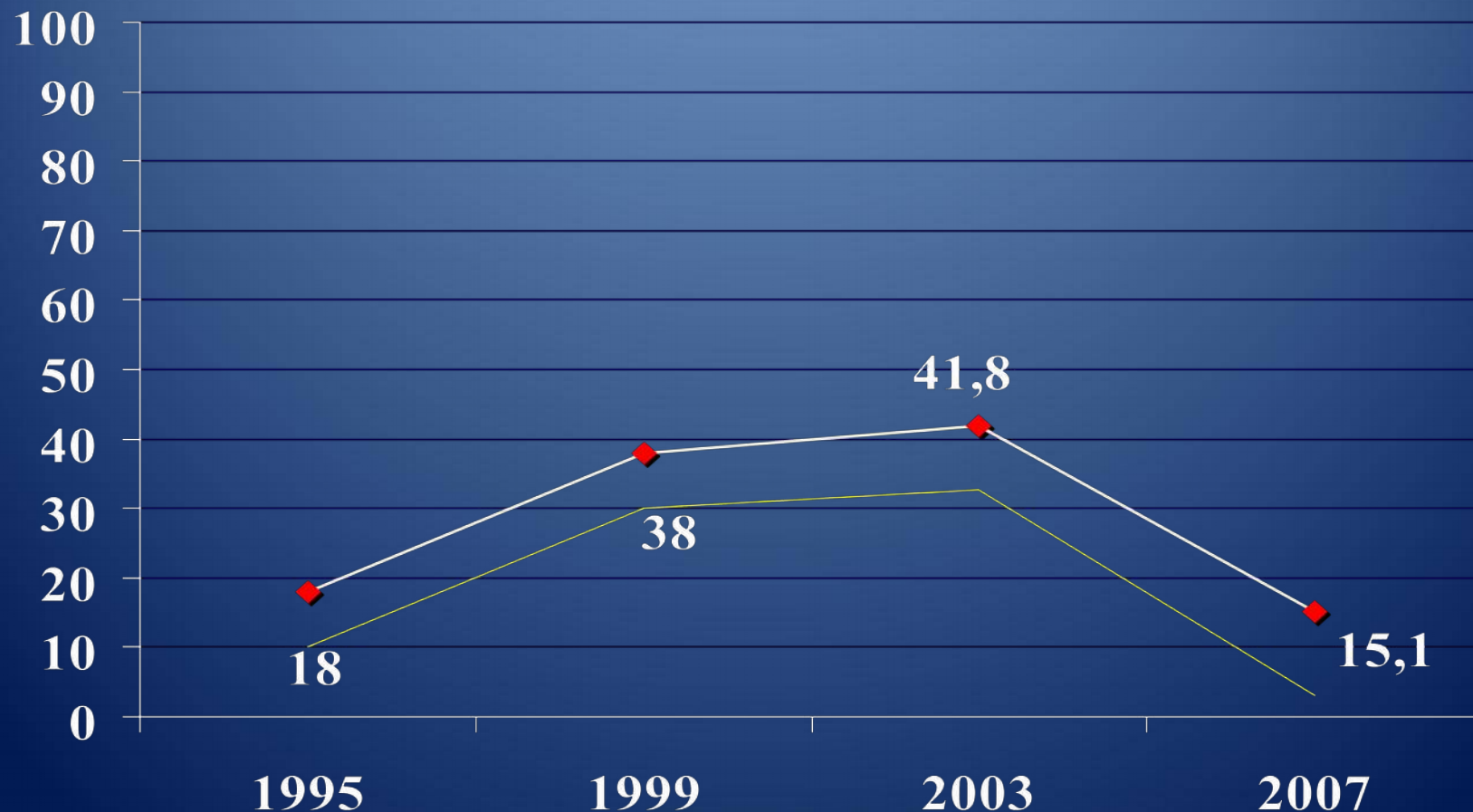
Evolution R\$ x US\$



Source: Central Bank

Fundamentals of Brazil's Economy

External Debt/GPD x Liquid Debt/GPD %



Source: Central Bank, Bulletin Focus, February 2008.

RED: External Debt/GDP; YELLOW: Liquid Debt/GDP

Fundamentals of Brazil's Economy

Main problems yet to be solved

- taxes are not competitive;
- interest rates are very high;
- exchange rates are overestimated.



Fundamentals of Brazil's Economy

Brazilian Agribusiness

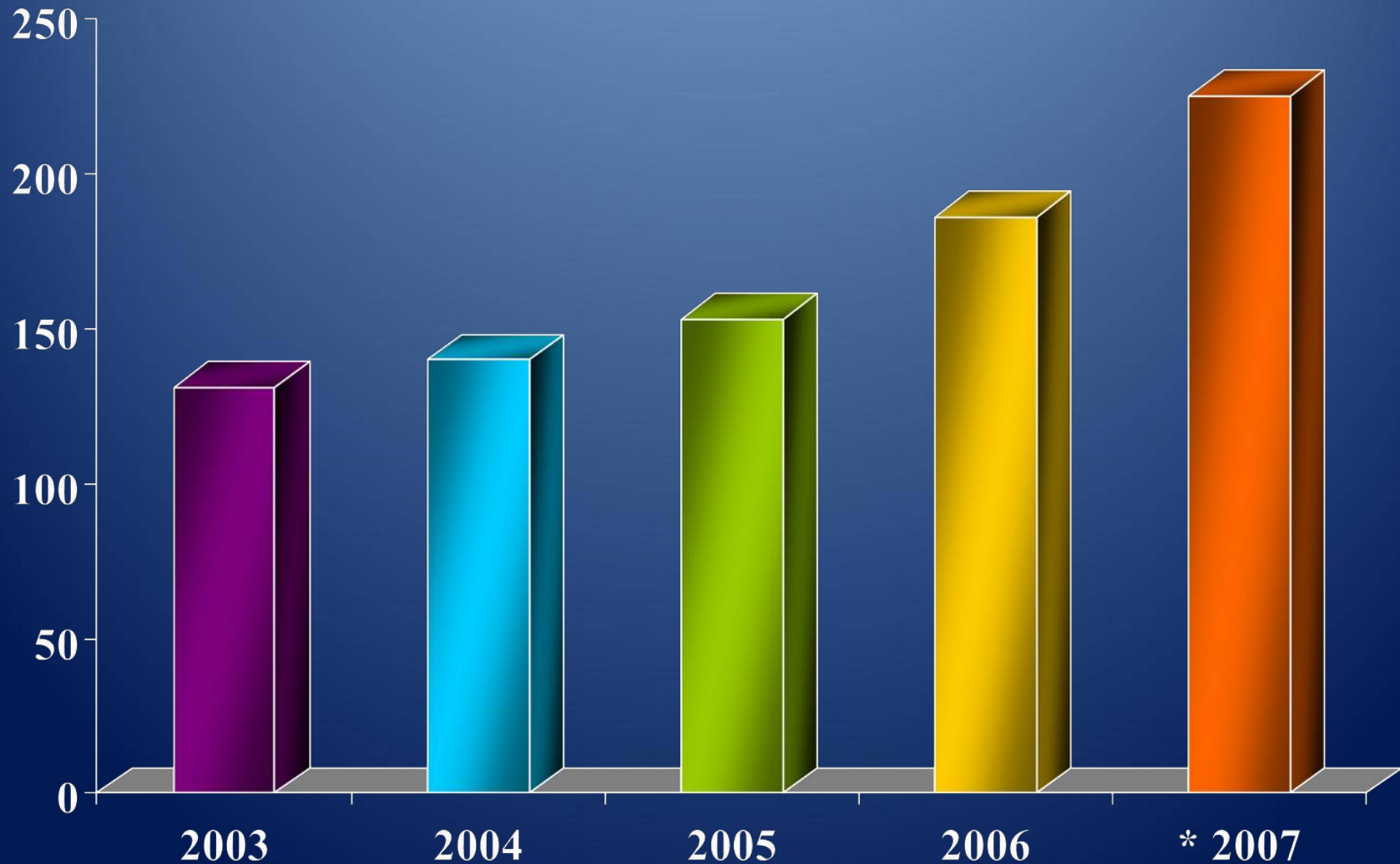
Products	Position between main exports	% Total Global Exportations
Orange juice	1º	81%
Chicken Meat	1º	35%
Sugar	1º	33%
Coffee	1º	30%
Tobacco	1º	27%
Bovine Meat	1º	24%
Ethanol	1º	13%
Soy	2º	32%
Soy Oil	2º	28%
Pork Meat	3º	11%
Cotton	3º	5%

Source: Icone Brasil

Fundamentals of Brazil's Economy

Brazilian Banking System: Net-Assets Evolution

R\$ Billion



Source: FEBRABAN

* September 2007

Fundamentals of Brazil's Economy

Automotive Production

Year	Cars and light commercials	Trucks	Buses	Total
2003	1,721.110	78,938	26,990	1,827.038
2004	2,181.131	107,338	28,758	2,317.227
2005	2,375.142	117,892	35,266	2,528.300
2006	2,471.224	106,001	33,809	2,611.034
2007	2,794.679	136,980	38,785	2,970.444
* 2008	240.611	10,592	3,710	254,913

Source: ANFAVEA * JAN/2008

Fundamentals of Brazil's Economy

Oil Production

- ⇒ 2005 – 1.85 million barrels a day
- ⇒ 2006 – Brazil achieves self sufficiency in oil
- ⇒ 2007 – Tupi hydrocarbon discovery estimated to have between 8 to 10 billion of BOE ¹. The discovery could double the petroleum reserves.
- ⇒ 2010 – 3.4 million barrels a day²

Source: Petrobrás

¹ Barrels Oil Equivalent

² Estimate Petrobrás

Fundamentals of Brazil's Economy

Ethanol Production

- 500 million liters/years
- Increase in cultivated area by 67,000 hectares
- Creation of 20,000 direct jobs and 60,000 indirect jobs
- Investments in productive chain estimated at around USD 150 million/year
- CO2 emission reduction by 3.5 million tons/years

Fundamentals of Brazil's Economy

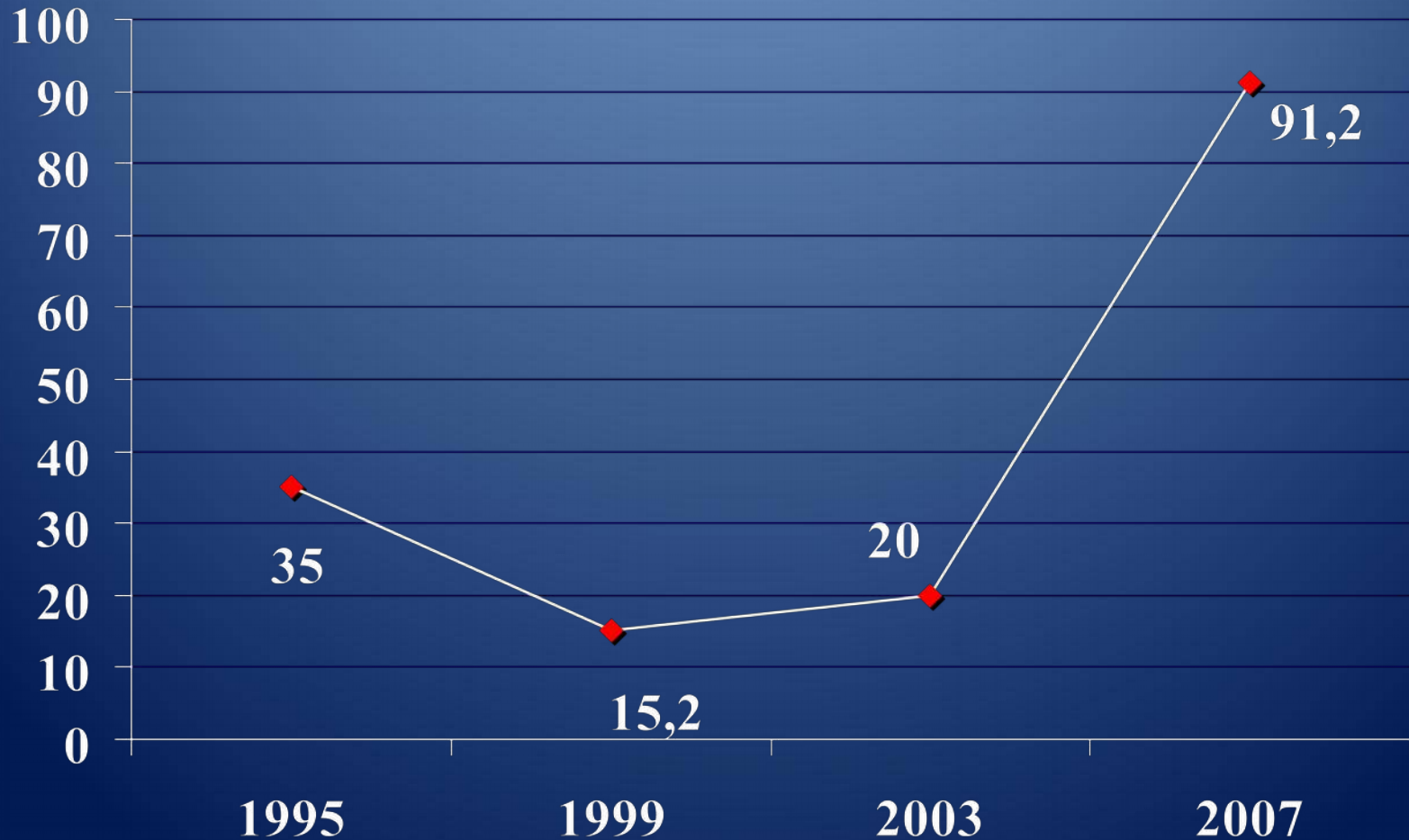
Airplane Trade (US\$ Million FOB)

	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

Source: MDIC

Fundamentals of Brazil's Economy

International Reserves/External Debt %



Source: Central Bank, Bulletin Focus, February 2008.

Fundamentals of Brazil's Economy

International Reserves

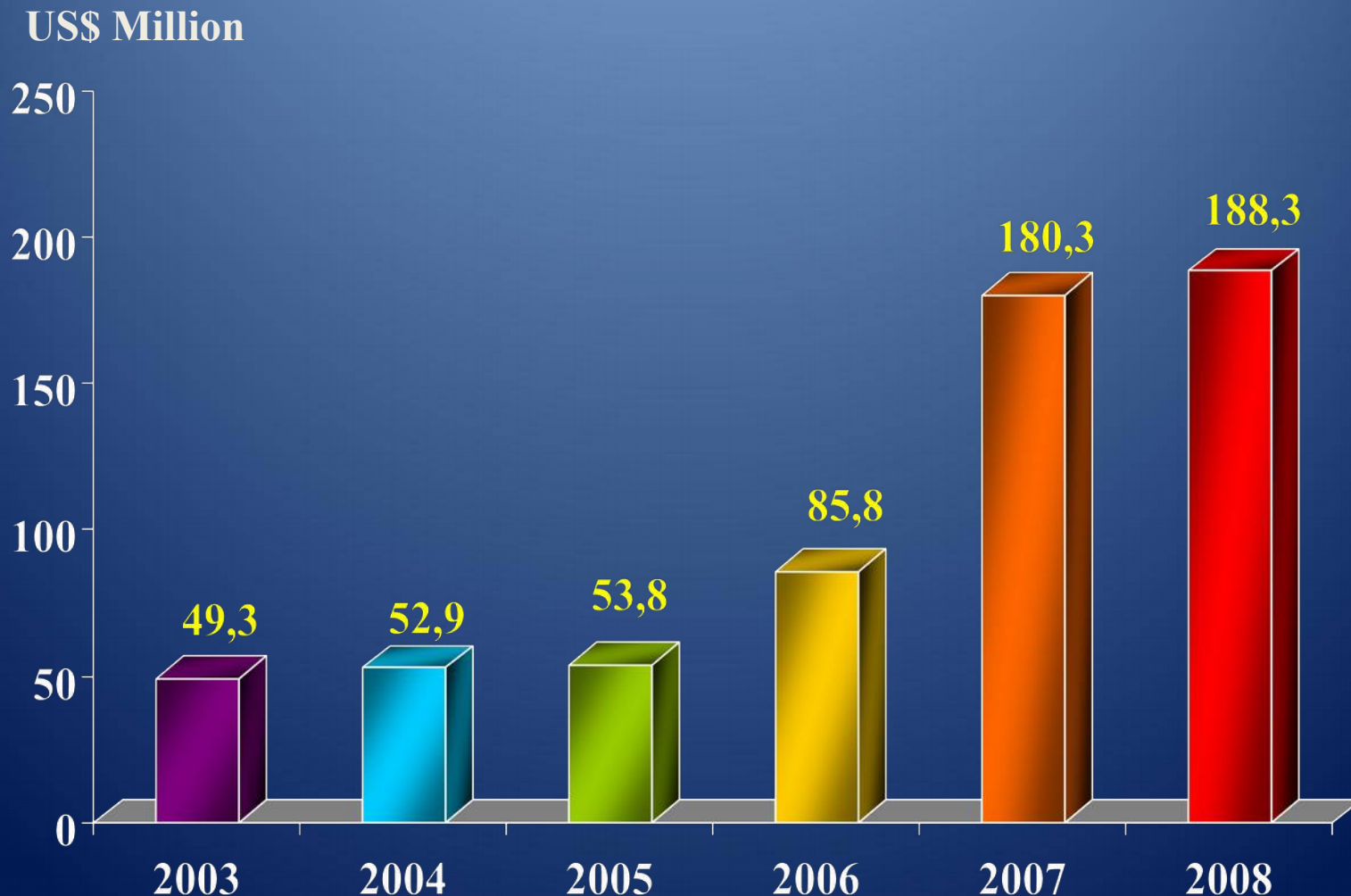
Year	US\$ Millions
2003	49,296
2004	52,935
2005	53,799
2006	85,839
2007	180,334
2008	188,308

Source: Central Bank

* Position on 21 February 2008

Fundamentals of Brazil's Economy

International Reserves



Source: Central Bank

* Position on 21 February 2008

Brazil's external trade and trade with selected partners

US\$ Million

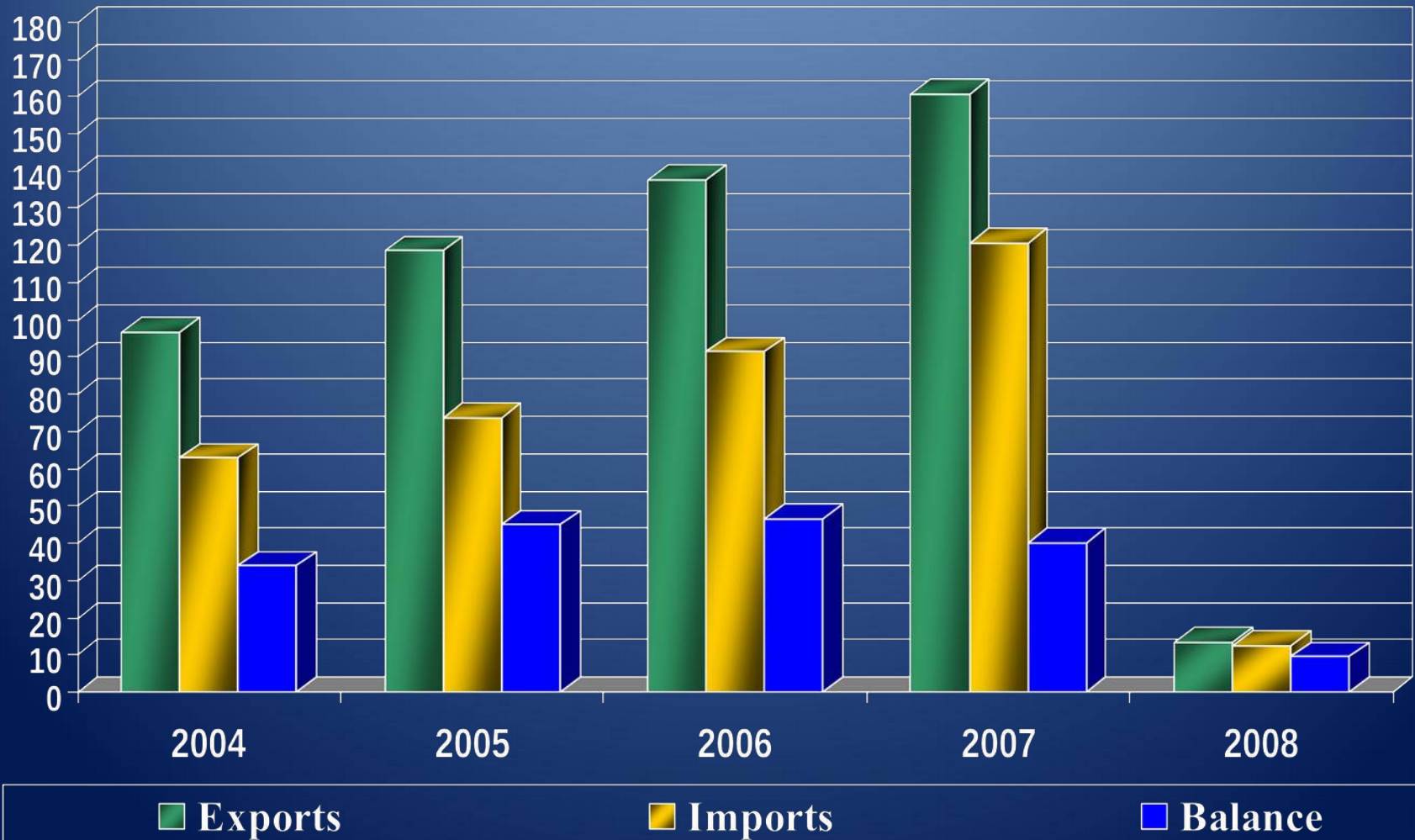
Brazilian Trade

Exportation			Importation		
Year	US\$ FOB	Var.%	US\$ FOB	Var.%	Balance
2004	96,677	32,07	62,835	30,03	33,841
2005	118,529	22,60	73,600	17,13	44,928
2006	137,807	16,26	91,350	24,12	46,456
2007	160,649	16,58	120,624	32,05	40,024
2008 *	13,276	-	12,332	-	944,015

Brazil's external trade and trade with selected partners

US\$ Million

Brazilian Trade

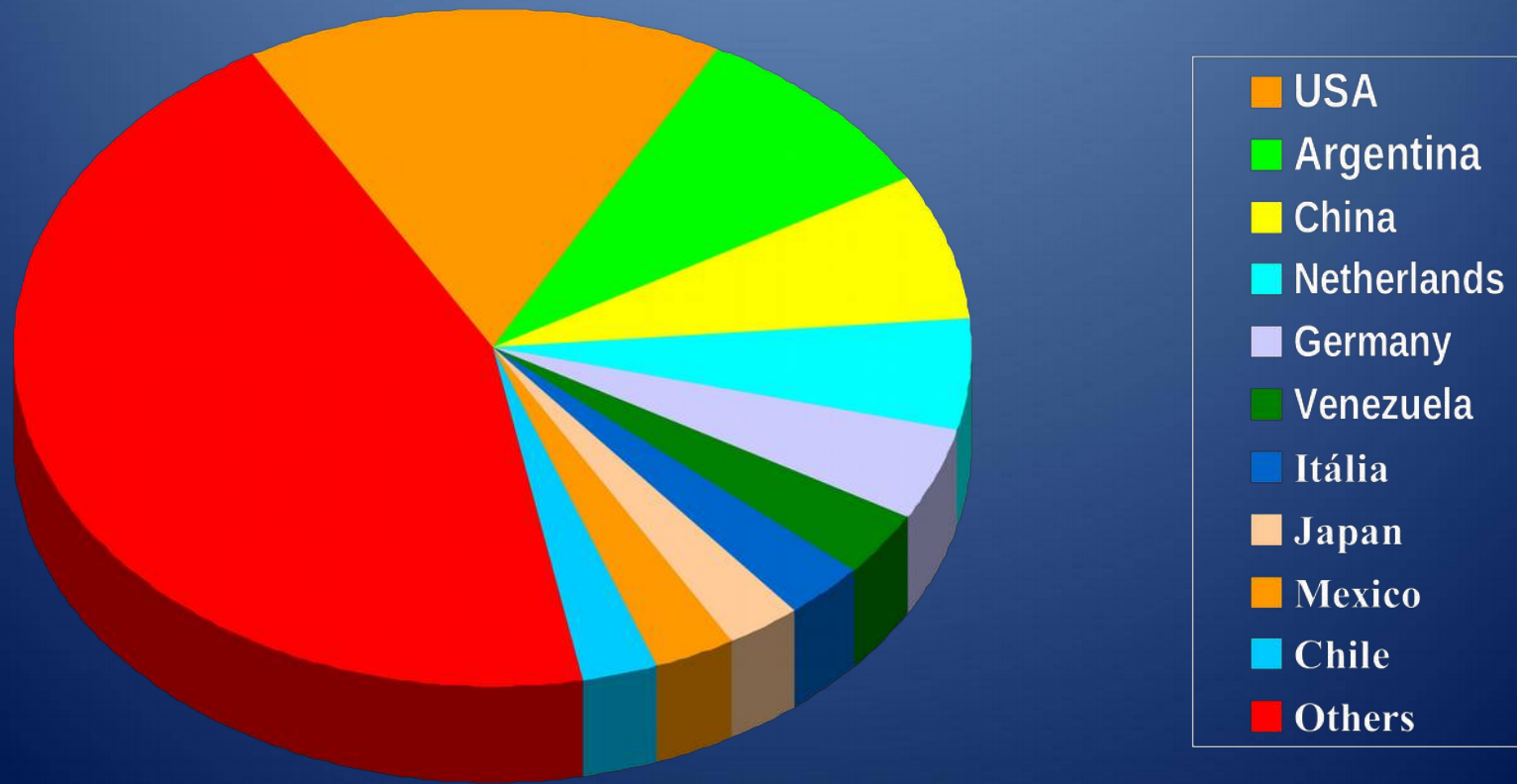


Source: MDIC

* JAN/2008

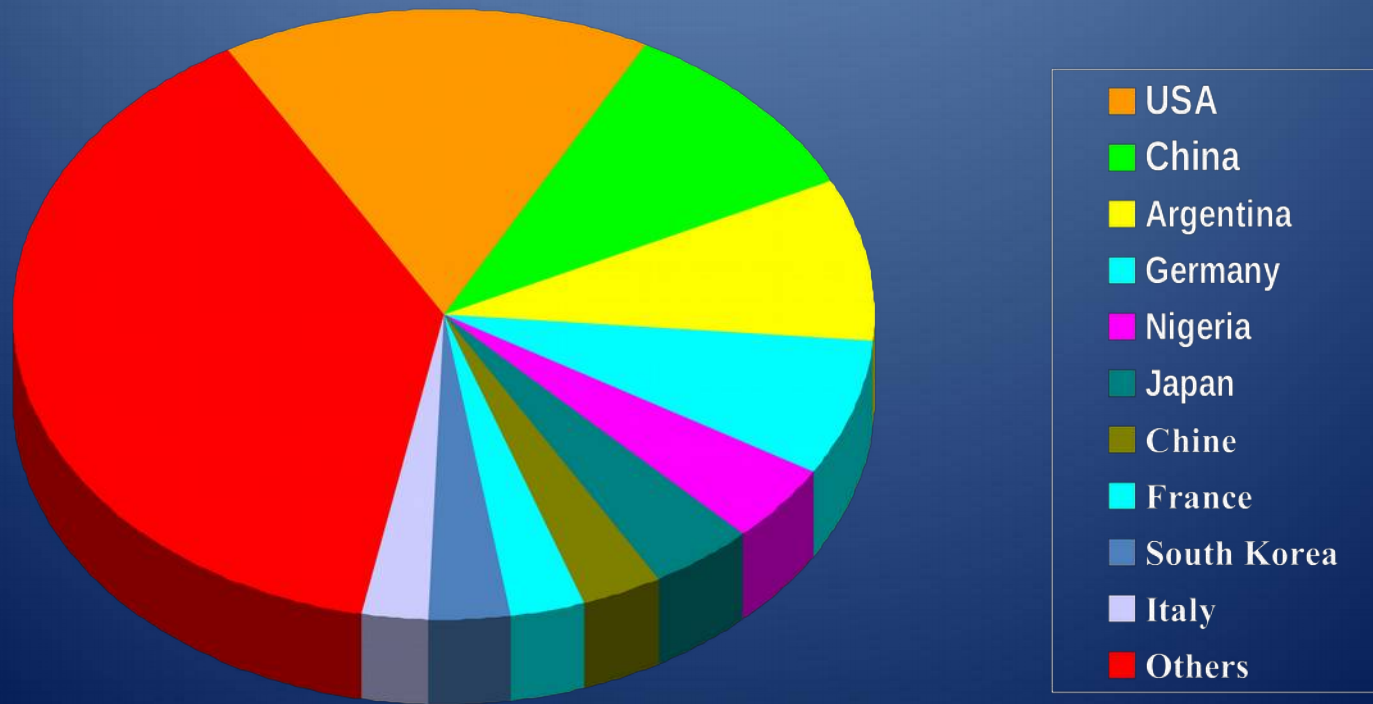
Brazil's external trade and trade with selected partners

Brazil's Export Markets



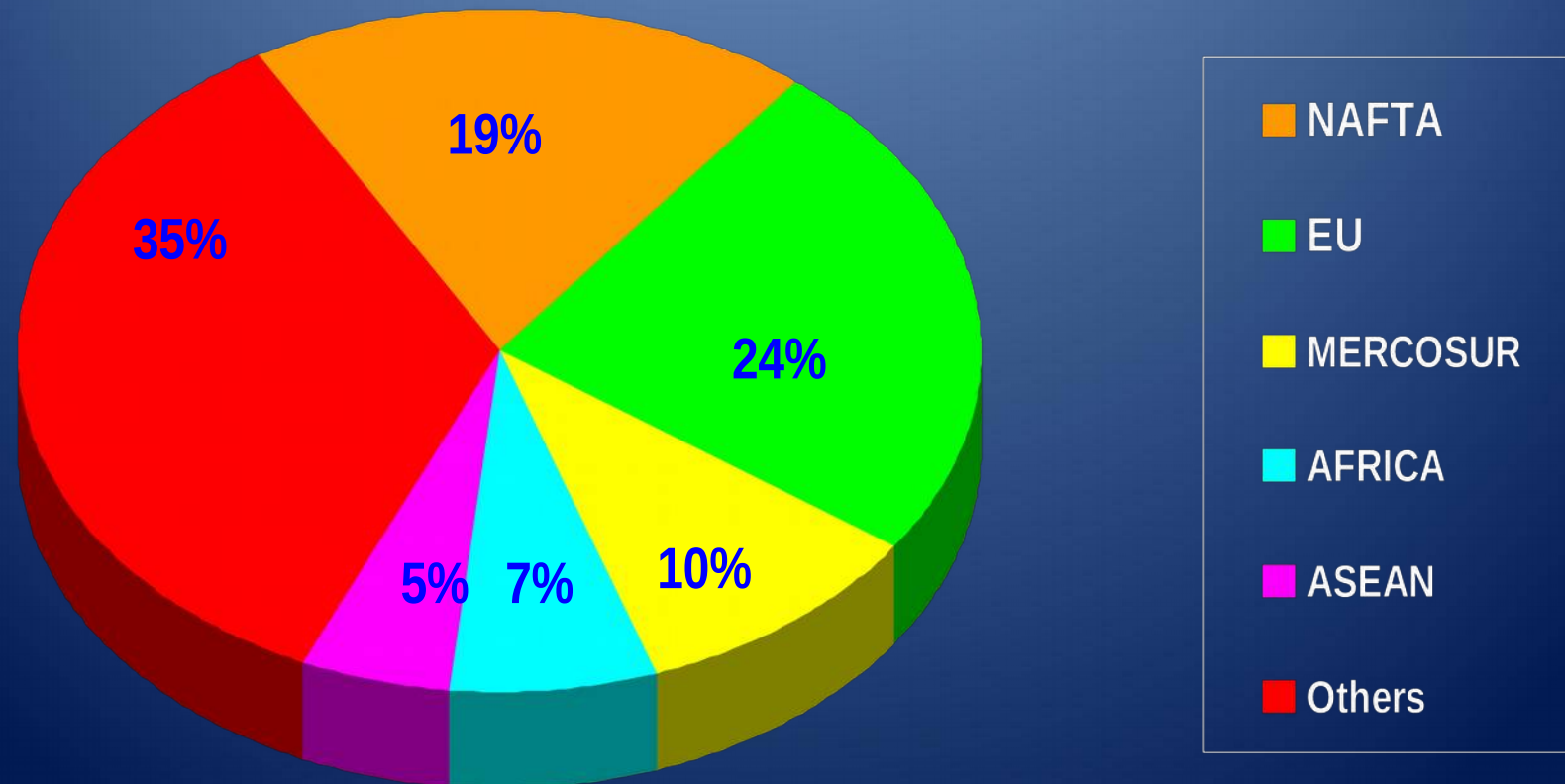
Brazil's external trade and trade with selected partners

Sources of Brazil's Imports



Brazil's external trade and trade with selected partners

Flow of trade between Brazil and selected economic blocs



Brazil's external trade and trade with selected partners

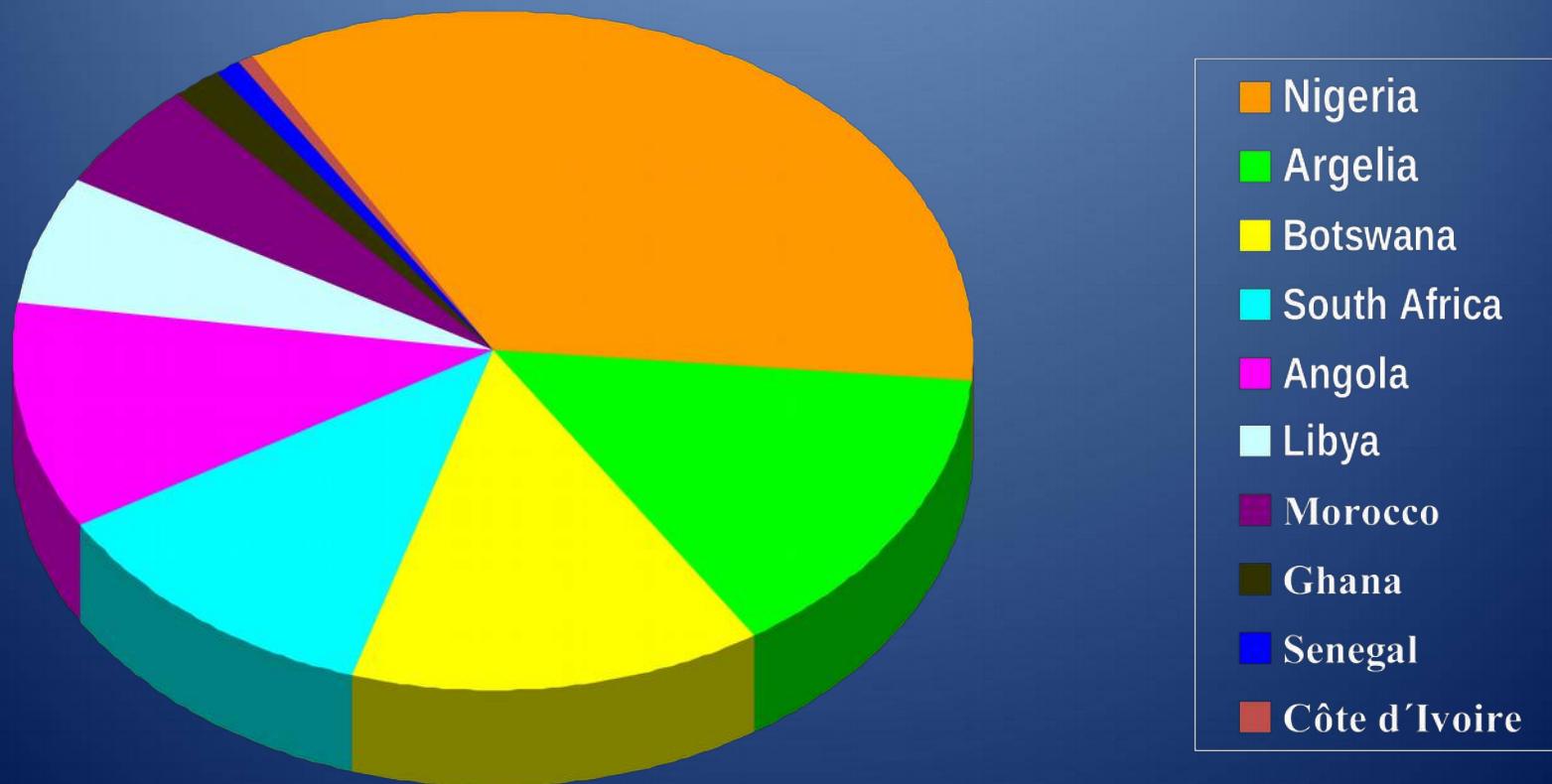
Main African Countries: Flow of Trade with Brazil

US\$ Million

Countries	Values	Countries	Values
Nigeria	6,886	Libya	1,833
Angelia	2,735	Morocco	970
Botswana	2,726	Ghana	523
South Africa	2,280	Senegal	159
Angola	2,163	Côte d'Ivoire	123

Brazil's external trade and trade with selected partners

Main African Countries: Flow of Trade with Brazil



Brazil's external trade and trade with selected partners

Brazilian Products Exported to South Africa

US\$ Million

Total			Products		
Year	US\$ FOB	Var.%	Basics Var.%	Semi Var.%	Manufactured Var.%
2004	1,037	41,31	97,88	-13,93	51,79
2005	1,371	32,20	10,60	-20,55	35,39
2006	1,464	6,68	-12,94	129,14	42,25
2007	1,757	26,39	14,39	64,74	26,89
2008 *	146	-	-	-	-

Brazil's external trade and trade with selected partners

Main Brazilian Products Exported to South Africa

Products	US\$ FOB 2008 (Jan/Jan)	US\$ FOB 2007 (Jan/Jan)	Var. 08/07	Part. 2008 (Jan/Jan)
Oil Soy	20.454.397	61.452	-	13,98%
Other Sugars	12.291.561	12.873.675	-4,52%	8,40%
Chicken parts	12.232.860	7.717.530	58,51%	8,36%
	8.321.321	8.089.582	2,86%	5,69%
Other Engines	5.211.133	4.456.267	16,94%	3,56%
Other parts of vehicles	4.795.606	6.483.231	-26,03	3,28%

Brazil's external trade and trade with selected partners

South African Products Exported to Brazil

Total		
Year	US\$ Million FOB	Var.%
2004	268	32,59
2005	341	27,40
2006	434	27,32
2007	522	20,11
2008 *	66	-

Source: MDIC * JAN/2008

Brazil's external trade and trade with selected partners

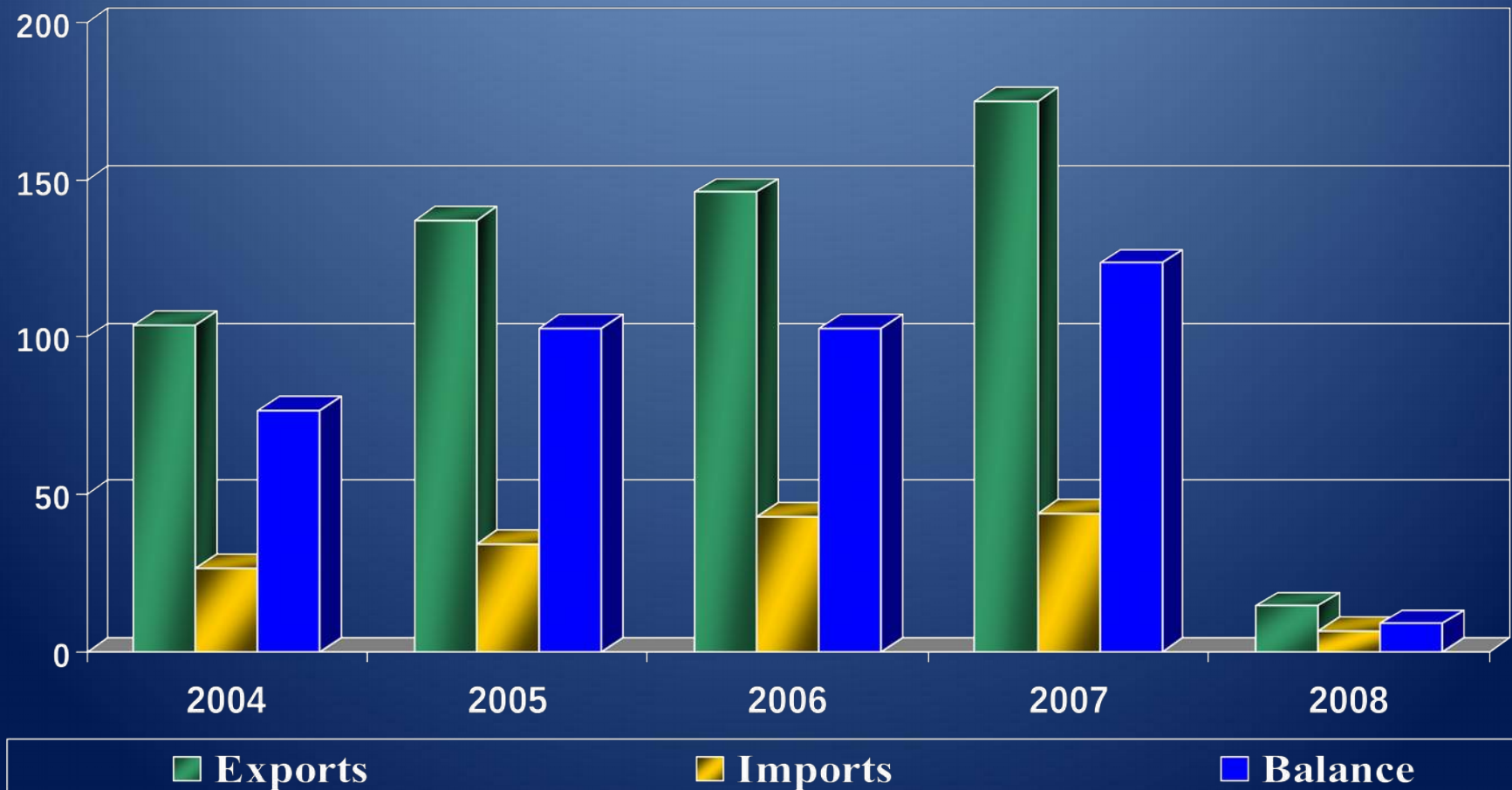
Main products imported from South Africa

Products	US\$ FOB 2008 (Jan/Jan)	US\$ FOB 2007 (Jan/Jan)	Var. 08/07	Part. 2008 (Jan/Jan)
Other Helicopters	12,427.876	-	-	18,83%
Steel Blade	6,321.357	-	-	9,58%
Rhodium	5,385.330	-	-	8,16%
Tebuthiuron	4,765.975	2,293.557	107,80 %	7,22%
Bituminous coal	3,305.382	7,439.732	-55,57 %	5,01%
Hydrocarbons	2,917.171	669.866	335,49 %	4,42%

Brazil's external trade and trade with selected partners

Trade Between Brazil and South Africa

US\$ Million



Brazil's external trade and trade with selected partners

Brazilian Products Exported to China

US\$ Million

Total			Products		
Year	US\$ FOB	Var.%	Basics Var.%	Semi Var.%	Manufactured Var.%
2004	5,441	20,03	42,60	14,30	-17,75
2005	6,834	25,61	44,62	-18,57	18,04
2006	8,402	22,93	32,93	26,92	-22,89
2007	10,748	27,93	27,59	51,87	-1,41
2008 *	654	17,15	0,22	84,35	-16,76

Source: MDIC * JAN/2008

Brazil's external trade and trade with selected partners

Chinese Products Exported to Brazil

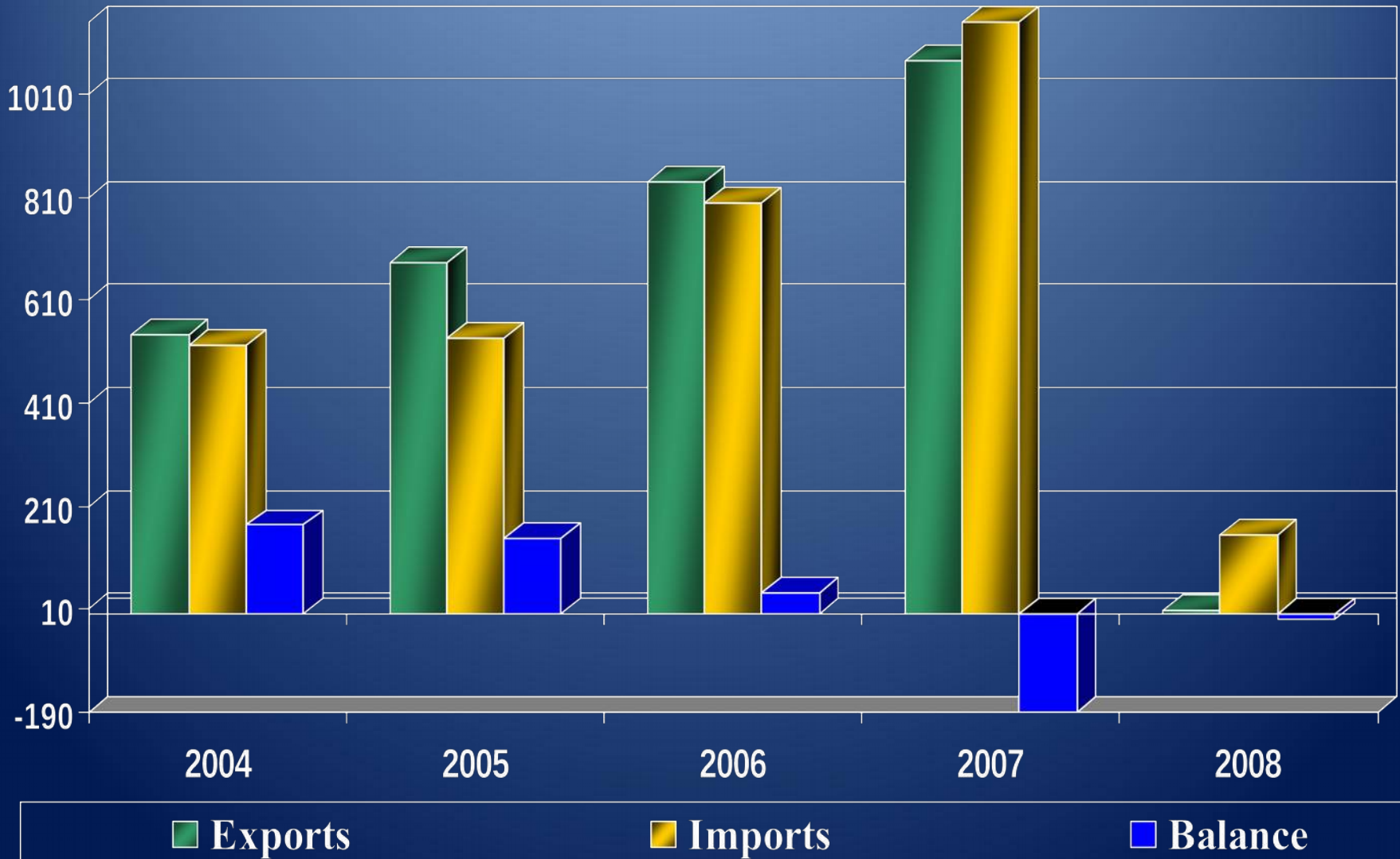
Total		
Year	US\$ Million FOB	Var.%
2004	3,710	72,76
2005	5,354	44,31
2006	7,990	49,23
2007	12,618	57,92
2008 *	1,536	-

Source: MDIC *JAN/2008

Brazil's external trade and trade with selected partners

Trade Between Brazil and China

US\$ Million



Brazil's external trade and trade with selected partners

US\$ Million **Brazilian Products Exported to India**

Total			Products		
Year	US\$ FOB	Var.%	Basics Var.%	Semi Var.%	Manufactured Var.%
2004	652	17,85	-63,27	95,88	104,15
2005	1,137	74,38	30,71	64,21	102,65
2006	938	-17,49	180,14	-61,02	-28,16
2007	857	2,02	-6,05	57,15	-17,02
2008 *	67	42,96	272,00	42,24	11,07

Source: MDIC * JAN/2008

Brazil's external trade and trade with selected partners

Indian Products Exported to Brazil

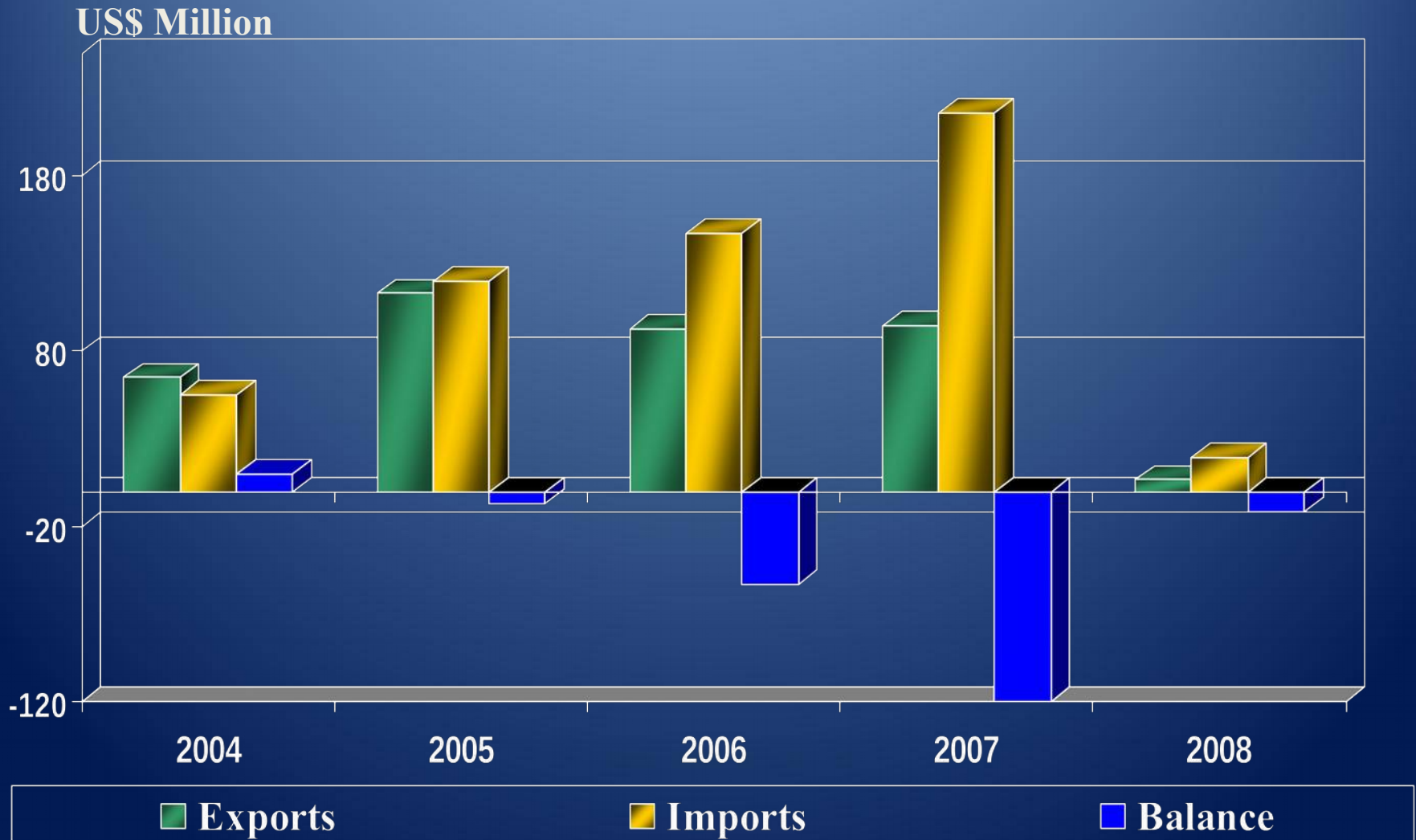
US\$ Million

Total		
Year	Value	Var.%
2004	556	14,48
2005	1,202	116,32
2006	1,473	22,53
2007	2,165	46,89
2008 *	194	33,37

Source: MDIC * JAN/2008

Brazil's external trade and trade with selected partners

Trade Between Brazil and India



Some Social Aspects of Brazil

Region	Human development index (HDI value)	Life expectancy at birth (years)	Adult literacy rate (% aged 15 and above)	Combined gross enrolment ratio for primary, secondary and tertiary education	Life expectancy index and education index
Brazil	0.800	71.7	88.6	87,5 th	0.779 / 0.883
Developing Countries	0.691	66.1	76.7	64,1 th	0.685 / 0.725
Latin America and the Caribbean	0.803	72.8	90.3	81.2 th	0.797 / 0.873
Sub-Saharan Africa	0.493	49.6	60.3	50.6 th	0.410 / 0.571
World	0.743	68.1	78.6	67.8 th	0.718 / 0.750

Source: Human Development Report 2007/2008, United Nations

Some Social Aspects of Brazil

	Infant mortality rate (per 1000 live births)	Population using improved sanitation (%)	Population using an improved water source	Total Population 2015 (millions)	Total fertility rate (births per woman)
Brazil	31	75	90	210	2,3
Developing Countries	57	49	79	5,956.6	2,9
Latin America and the Caribbean	26	77	91	626,5	2,5
Sub-Saharan Africa	102	37	55	913,2	5,5
World	52	59	83	7,295	2,6

Source: Human Development Report 2007/2008, United Nations.

General Aspects of Brazil's Foreign Policy

Brazil's prevailing foreign policy doctrine recognizes the country's:

- Economic;
- Technological;
- Political;
- Commercial; and
- Military vulnerabilities



General Aspects of Brazil's Foreign Policy

Brazil's present foreign policy doctrine recommends alliances with other major developing countries such as:

- China;
- India;
- Russia; and
- South Africa

Order to minimize such vulnerabilities.



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