

U.S. Commercial Service

Understanding the Brazilian Market



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Why Brazil?



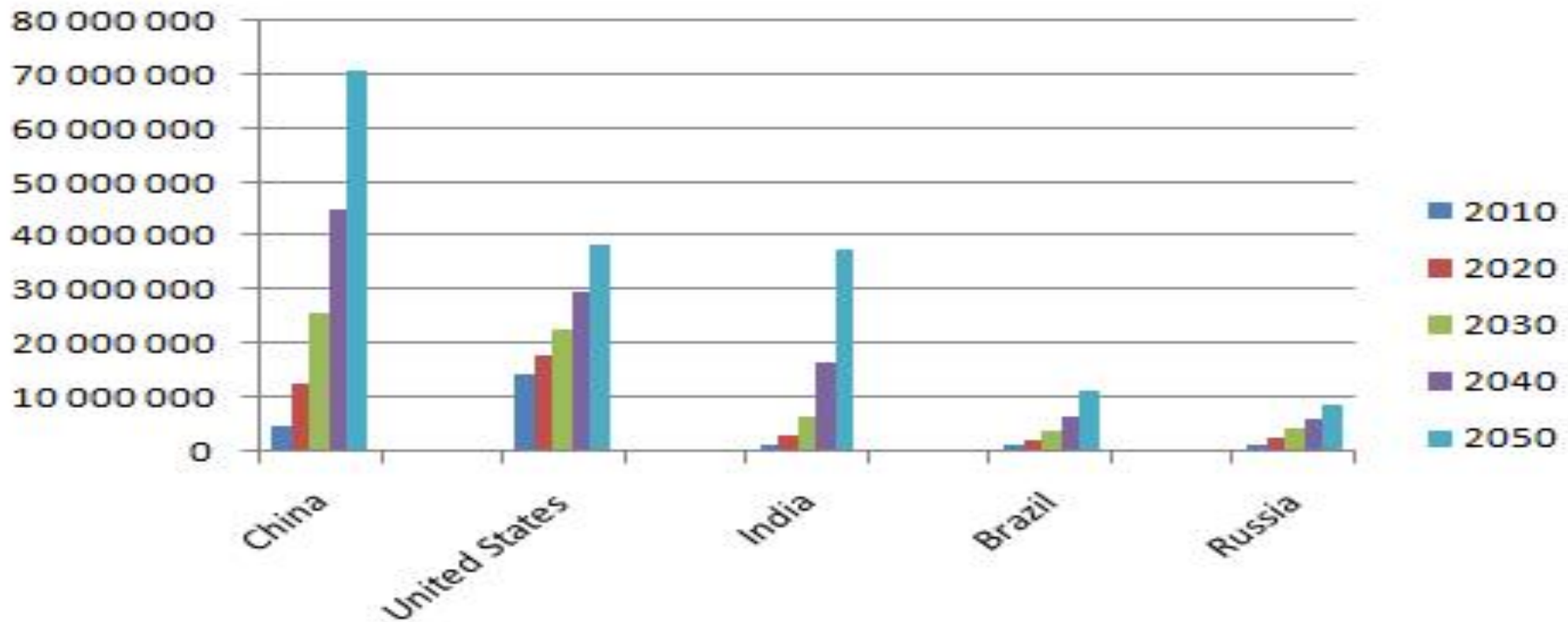
- Almost 200 million consumers with increased purchasing power
- Represents half of the economy of Latin America
- GDP of over \$2.5 trillion in 2011 > U.K., Russia or India
- Per capita income 45% higher than China
- Weathered financial crisis better than other world markets.
- Agricultural superpower

Why Brazil?



- Massive pre-salt offshore oil and gas deposits
- FDI in Brazil expanded fourfold between 2005 and 2011, from \$163 billion to \$660 billion (US is largest investor)
- Two-way goods trade between the US and Brazil topped \$74 billion in 2011.
- US exports to Brazil totalled \$42.9 billion.

Forecasts vary, but the IMF has predicted that Brazil will be the 5th largest economy by 2015 (overtaking France).

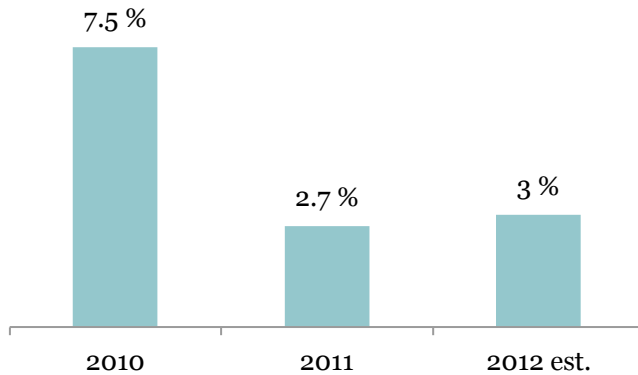


The five largest economies in the world in 2050, measured in GDP nominal (millions of USD), according to [Goldman Sachs](#).^[18]

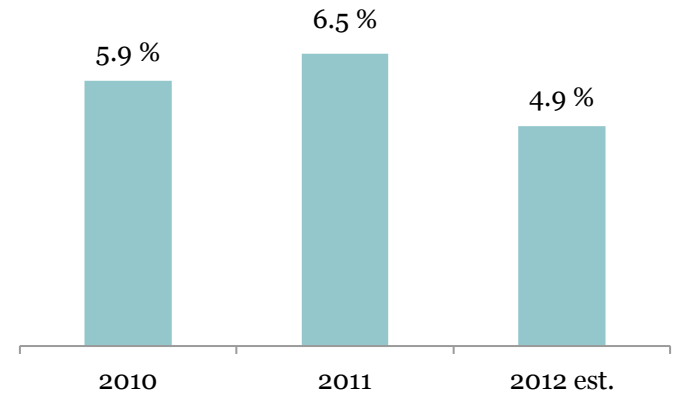


Healthy economy: Macroeconomic Analysis

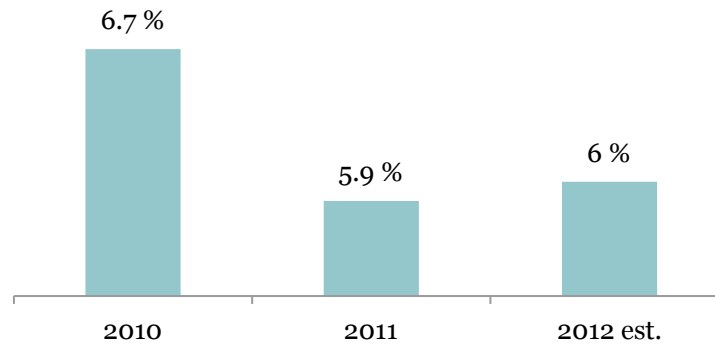
GDP Growth



Inflation Rate



Unemployment Rate





U.S. – Brazil Trade Relations

- **Brazil Business Concerns with the United States**
 - Agricultural Supports (cotton, ethanol, soybeans)
 - Tariff Rate Quotas (sugar, OJ, ethanol)
 - U.S. Anti-dumping policies
- **U.S. Business Concerns with Brazil**
 - High tariffs (20%) & complicated taxes (Up to 60% FOB)
 - Enforcement of Intellectual Property Rights
 - Onerous licensing & regulatory requirements
 - Transparency & bureaucracy.

2012 Best Prospects



- Agriculture Equipment
- Aerospace & Aviation
- Defense Equipment
- Information Technologies
- Telecommunications
- Electrical Power
- Oil & Gas
- Renewable Energy



- Travel & Tourism
- Education & Training
- Cosmetics & Beauty
- Safety & Security
- Environmental Technologies
- Mining
- Healthcare & Medical
- Infrastructure & ACE



KEY PAC PROJECTS

| SECTOR | MINISTRY | FUNDING |
|---------------------------------------|---|---------------------------|
| Infrastructure | Civil Cabinet, Ministry of Transportation and Ministry of Finance | R\$ 504 billion |
| Sanitation | Ministry of Cities | R\$ 40 billion |
| Science and Technology | Ministry of Science and Technology | R\$ 35 billion |
| Education | Ministry of Education | R\$ 8 billion |
| Security | Ministry of Justice | R\$ 6.7 billion |
| Youth Programs | Ministry of Labor | R\$ 5.4 billion |
| Health Care | National Health Foundation | R\$ 4 billion |
| Transportation | Ministry of Cities | R\$ 450 million |
| TOTAL PLANNED PAC EXPENDITURES | | R\$ 603.85 billion |

World Cup 2014 and Olympic Games 2016 Business Opportunities

- Rio de Janeiro will host the first-ever Olympic Games in South America August- September 2016
- 12 Brazilian cities will host the 2014 World Cup Games.
- These two events will generate numerous trade and investment opportunities in several areas.



Olympic Games 2016 – RIO DE JANEIRO

Estimated investments

- Investments from 2010-2016 may reach US\$50 billion in infrastructure, construction, transportation, public security, education and training, among others.
- Most of those investments will occur through Public-Private Partnerships (PPPs) under Brazil's Growth Acceleration Program (PAC).
- Political alignment on all levels will facilitate the procurement process.

World Cup 2014 Investments - BRAZIL

- WORLD CUP 2014 (Held in 12 Brazilian Cities)

- Infrastructure: US\$ 51 billion
- Stadiums: US\$2.7 billion
- Airport renewals: US\$3 billion
- -----
- TOTAL: US\$56.7 billion

Doing Business In Brazil



- Is complex!
- Requires an intimate knowledge of the local environment, including “Custo Brasil”.
- Best done for SMEs through a local agent or distributor.
- This is valid whether your company is a bank, a realtor, an engineering firm or any type of industry or service provider.

Five CS Offices in Brazil



Brasilia: Devin Rambo, Principal Commercial Officer

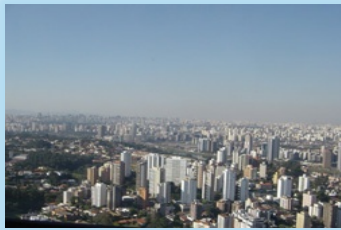
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