

BRICs: actual growth and cooperation perspectives

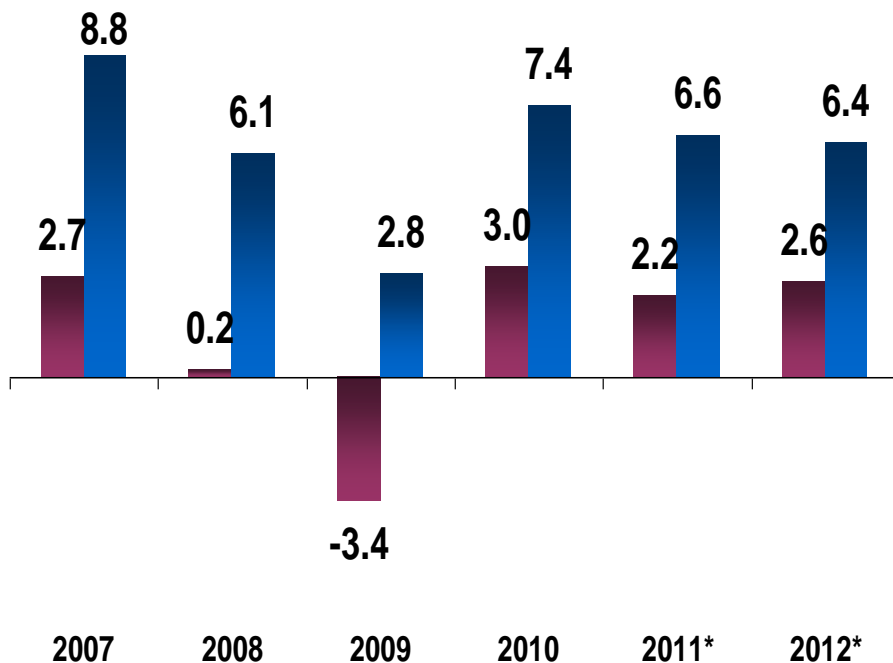
International Advisory Council – 3rd Meeting
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Luciano Coutinho
President

 **BNDES** *Brazilian
development bank*

Emerging countries remain ahead in worldwide growth...

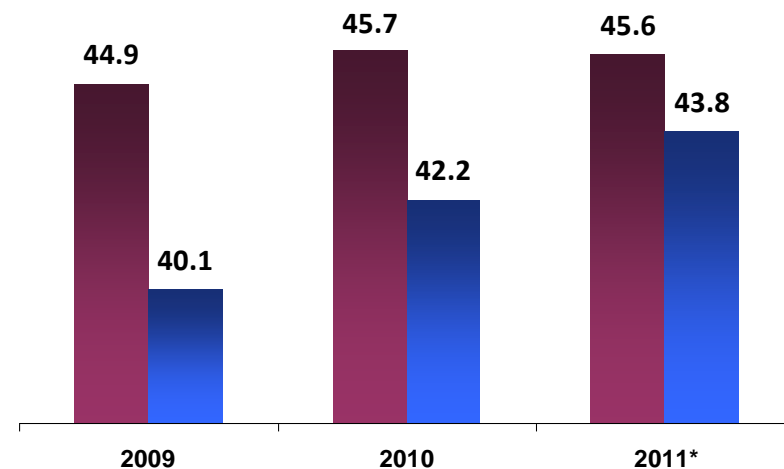
Annual Growth of GDP (%)



■ Advanced Economies

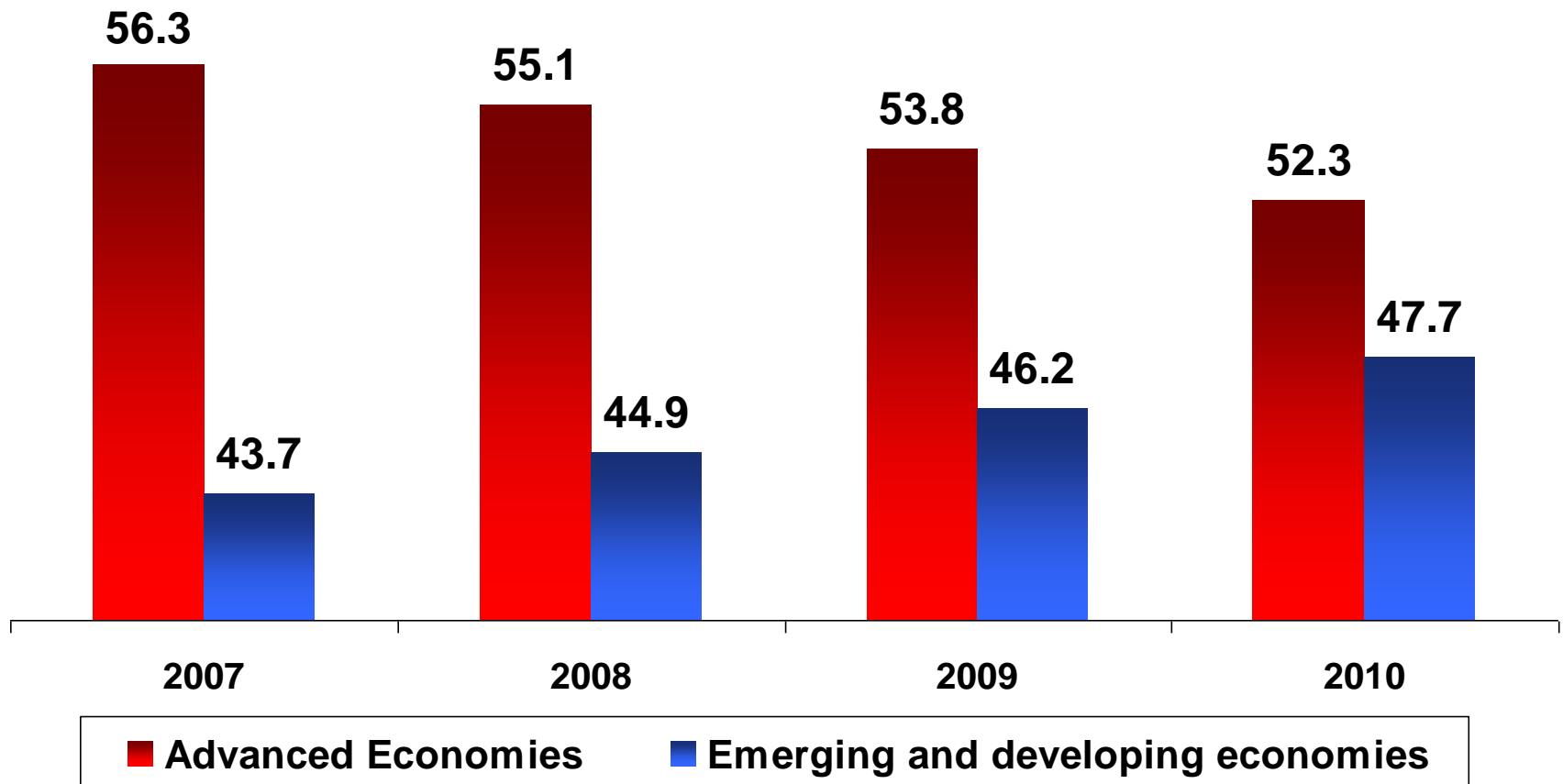
■ Emerging and developing economies

Global Oil Demand Millions of Barrels p/d



... and will account for the largest part of world GDP in the coming years

Participation of World GDP (%)



Emerging and developing economies received 52% of foreign direct investments in 2010



Evolution of FDI Inflows in the World US\$ billion and change %

Region	2009	2010	Change %
World	1,185.03	1,243.67	4.95
Developed Economies	602.84	601.91	(0.15)
Developing Economies	582.20	641.77	10.23
Africa	60.17	55.04	(8.52)
Latin America and Caribbean	141.00	159.17	12.89
Western Asia	65.99	58.19	(11.82)
Southern, Eastern and Southeastern Asia	241.53	299.65	24.06
Southeastern Europe and CIS*	71.62	68.20	(4.78)
Oceania	1.89	1.51	(19.93)

Source: UNCTAD

* Commonwealth of Independent States (former members of the Soviet Republic)

Within the emerging countries, the BRICs stand apart

- ✓ Between 2008 and 2009, the BRICs accounted for 2/3 of global demand;

GDP Growth of BRICs in 2010 (%)



7.5



4.0



10.4



10.3

The BRICs have posted expressive participation in the flow of investments

Evolution of FDI Inflows in the developing economies US\$ billion, change (%) and share (%)

Region	2009	2010	Change %	Share (%)
Developing Economies	582.20	641.77	10.23	100%
Brazil	25.95	48.44	86.67	7.55
China	95.00	105.74	11.30	16.48
India	35.65	24.64	(30.88)	3.84
Russia	36.50	41.19	12.86	6.42
BRICs	193.10	220.01	13.94	34.28

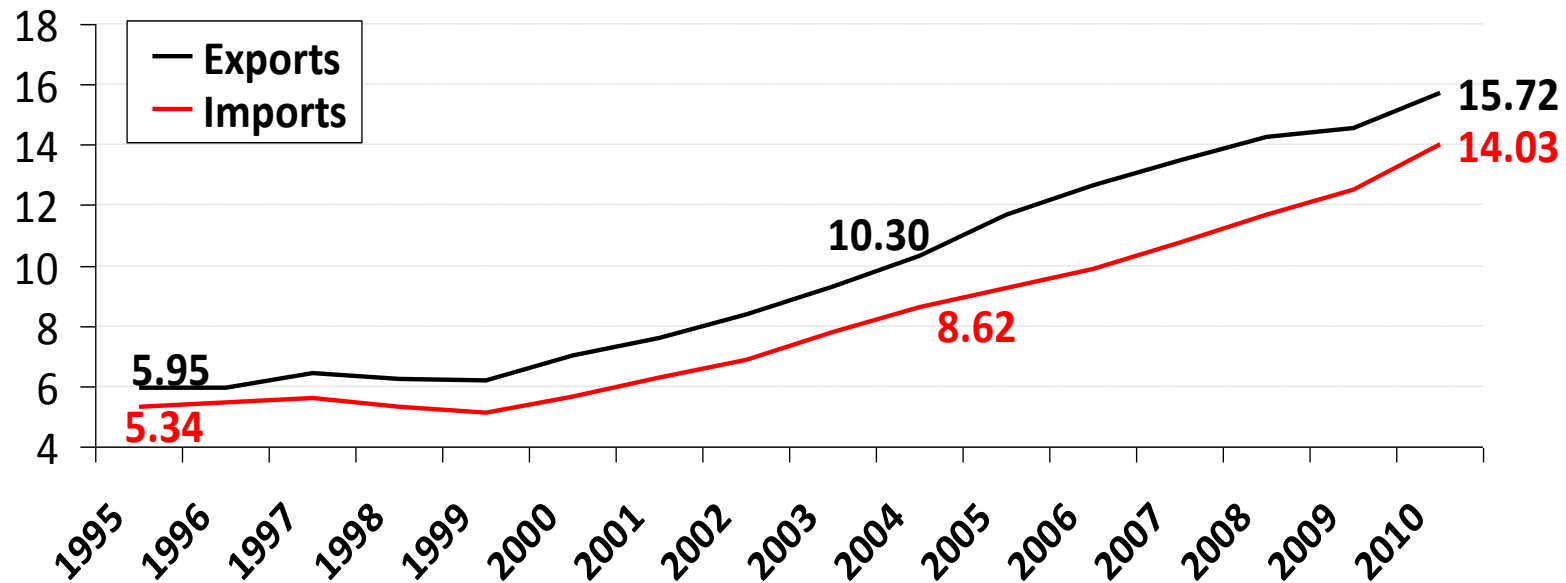
17.7% of Foreign Direct Investment (FDI) in the world goes to BRIC countries

The BRICs have posted expressive participation in world trade

✓ In 2010, the BRICs:

- ✓ imported 14.03% of the world total; and
- ✓ accounted for 15.72% of world exports.

Evolution of the BRIC's participation in the world merchandise trade



- ✓ **Economic and commercial cooperation:**
 - ✓ Technological exchange;
 - ✓ Cooperation agreements between development banks to jointly finance infrastructure projects;
 - ✓ Bilateral trade agreements; and
 - ✓ Foreign direct investments.

✓ The agenda is in tune:

- ✓ Construction of a new world order based on multilateralism and the decentralization of power;
- ✓ Reform of the International Financial System, especially the World Bank and the IMF;
- ✓ Stronger representativeness in international organs : the UN, the WTO, etc;
- ✓ Creation of a new International Monetary System.

✓ To overcome:

- ✓ the vast differences among the countries;
- ✓ the US priority in bilateral relations; and
- ✓ the aversion of developed countries to more participation of the emerging countries in the global decision-making process.

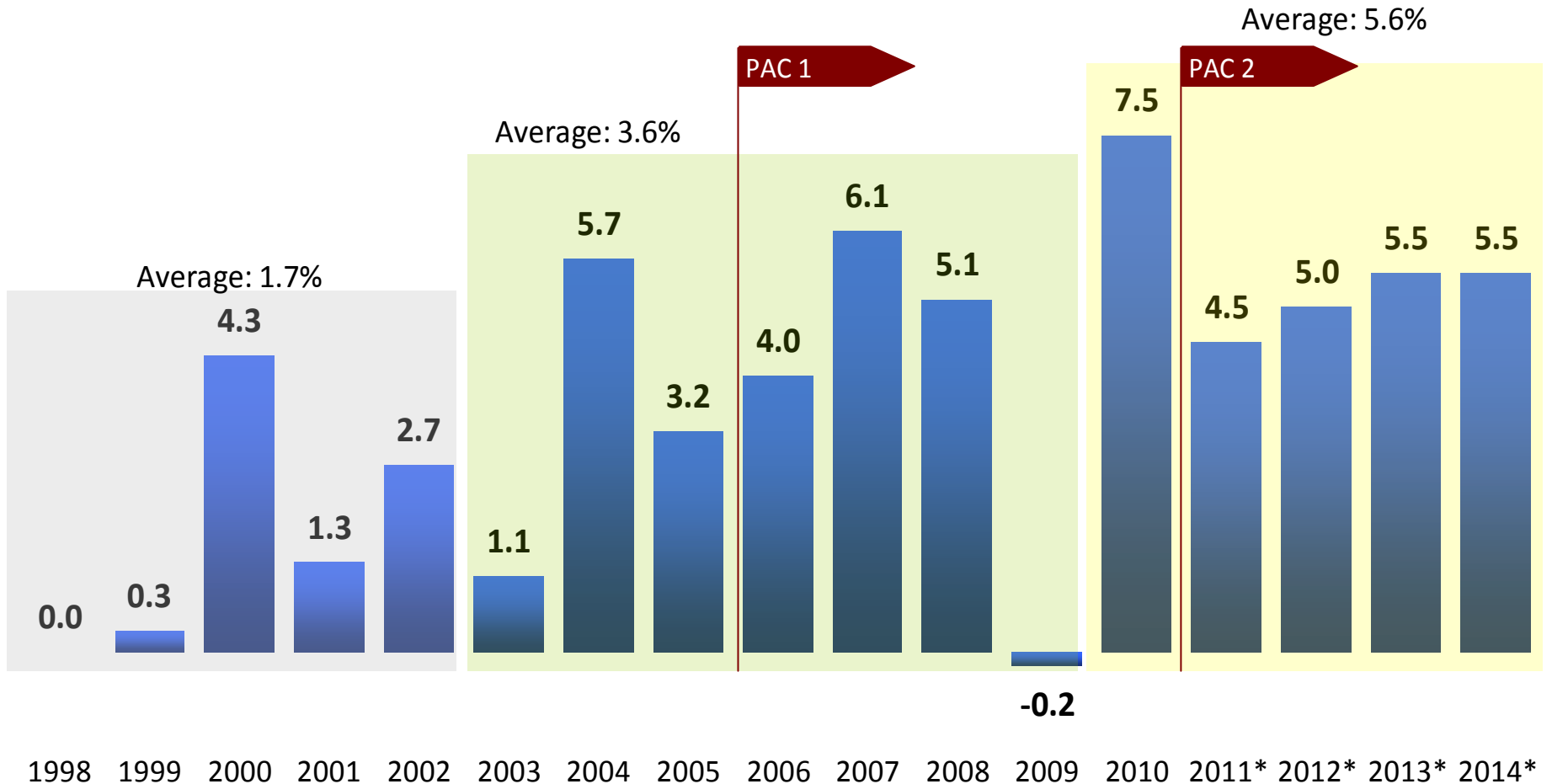


The Brazilian Economy

- ✓ The Brazilian economy will continue to grow strong over the coming years, which will bring about great investment opportunities;
- ✓ The domestic market will make the growth in demand feasible: basic household consumption, housing and durable goods;
- ✓ Investment will be driven by five main sectors: Oil & Gas, Electric Energy, Logistics, Residential Construction and Agribusiness;
- ✓ Main challenges: i) to increase the aggregate GDP/investment rate, and ii) to make the competitive advance of the manufacturing industry feasible.

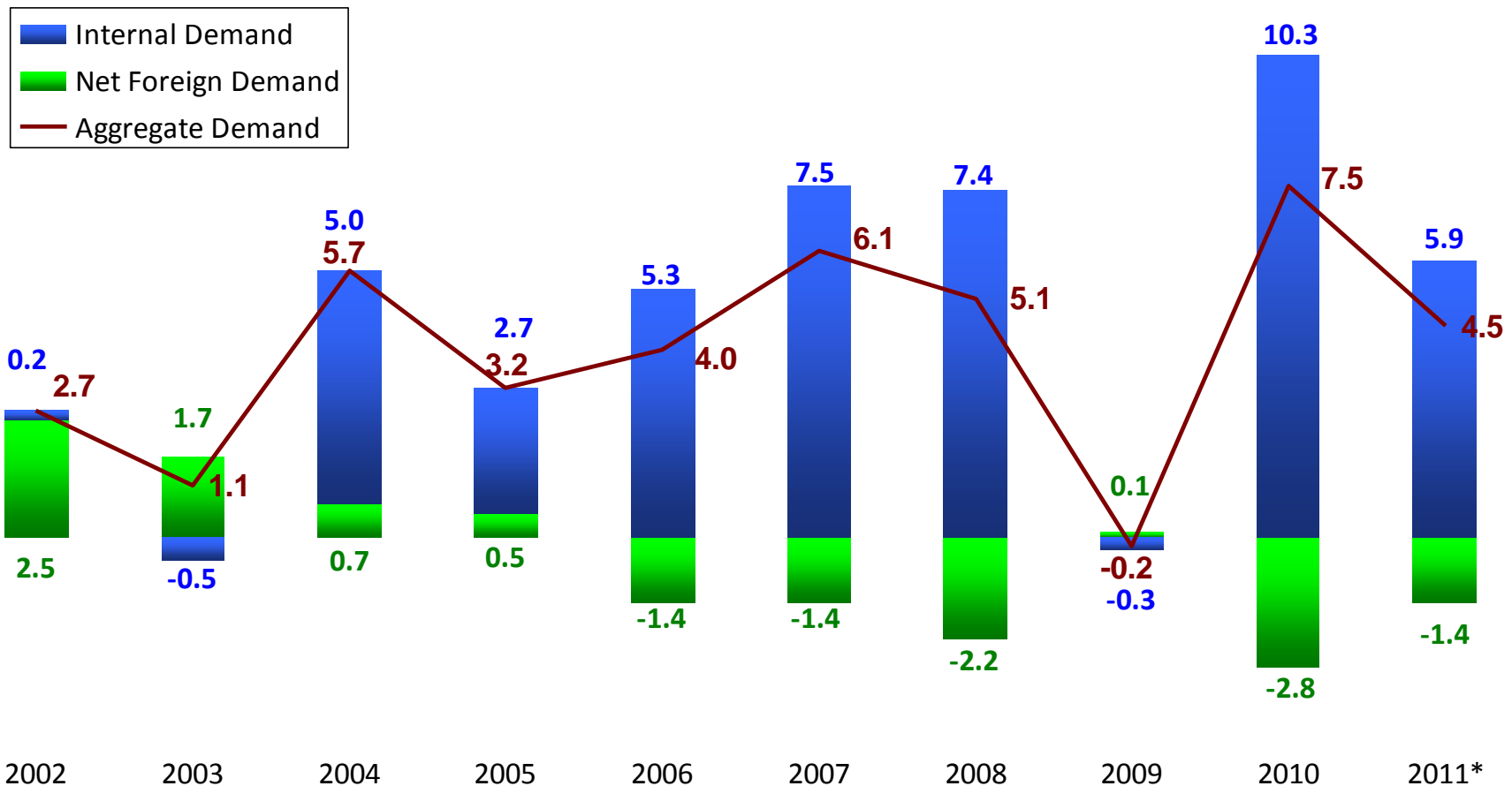
Brazil resumes growth at expressive rates, above the world average

Brazil: GDP Growth Rates (%)



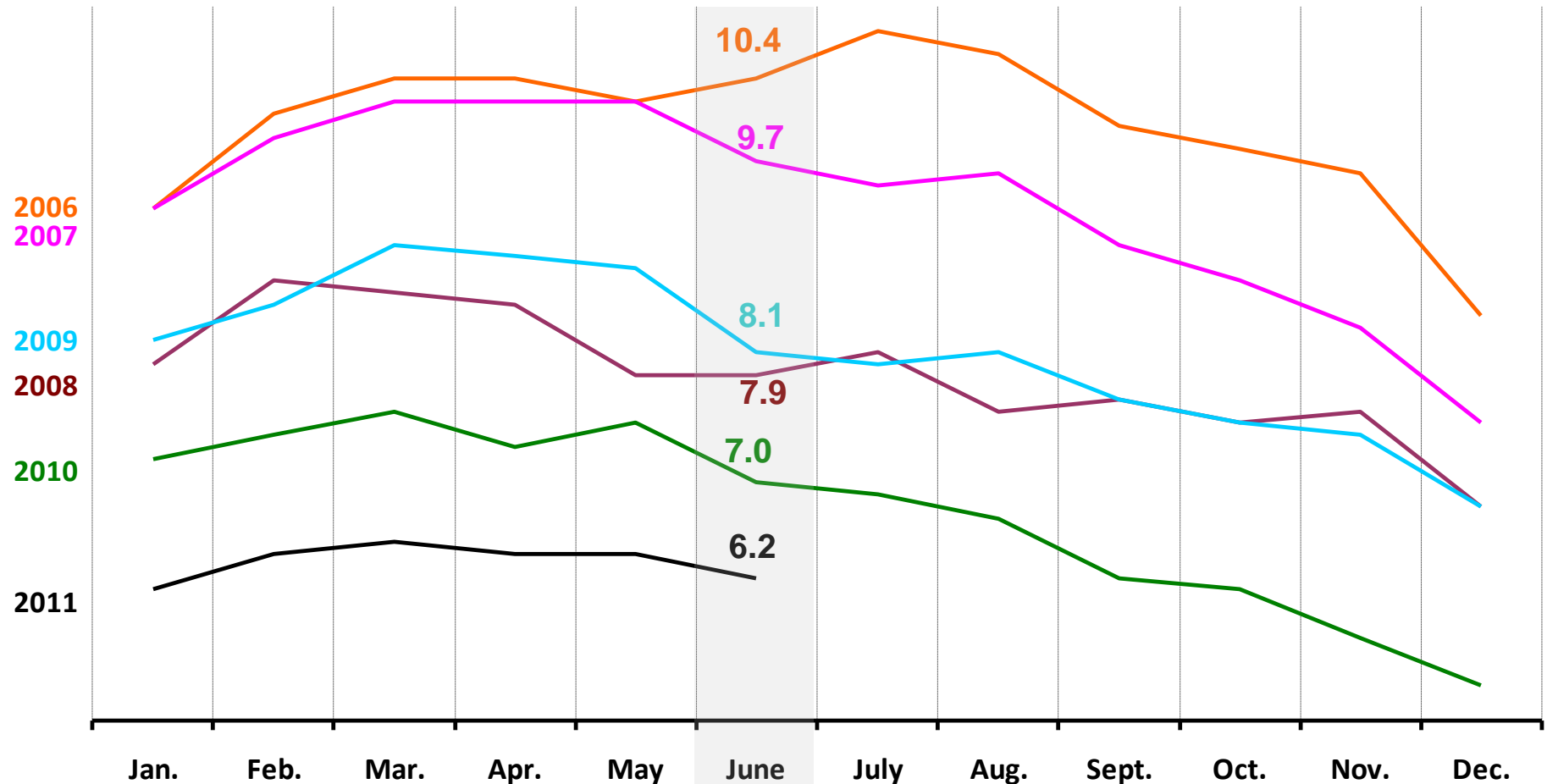
Domestic market is an engine for Brazilian growth...

Breakdown of GDP Growth (% p.a.)



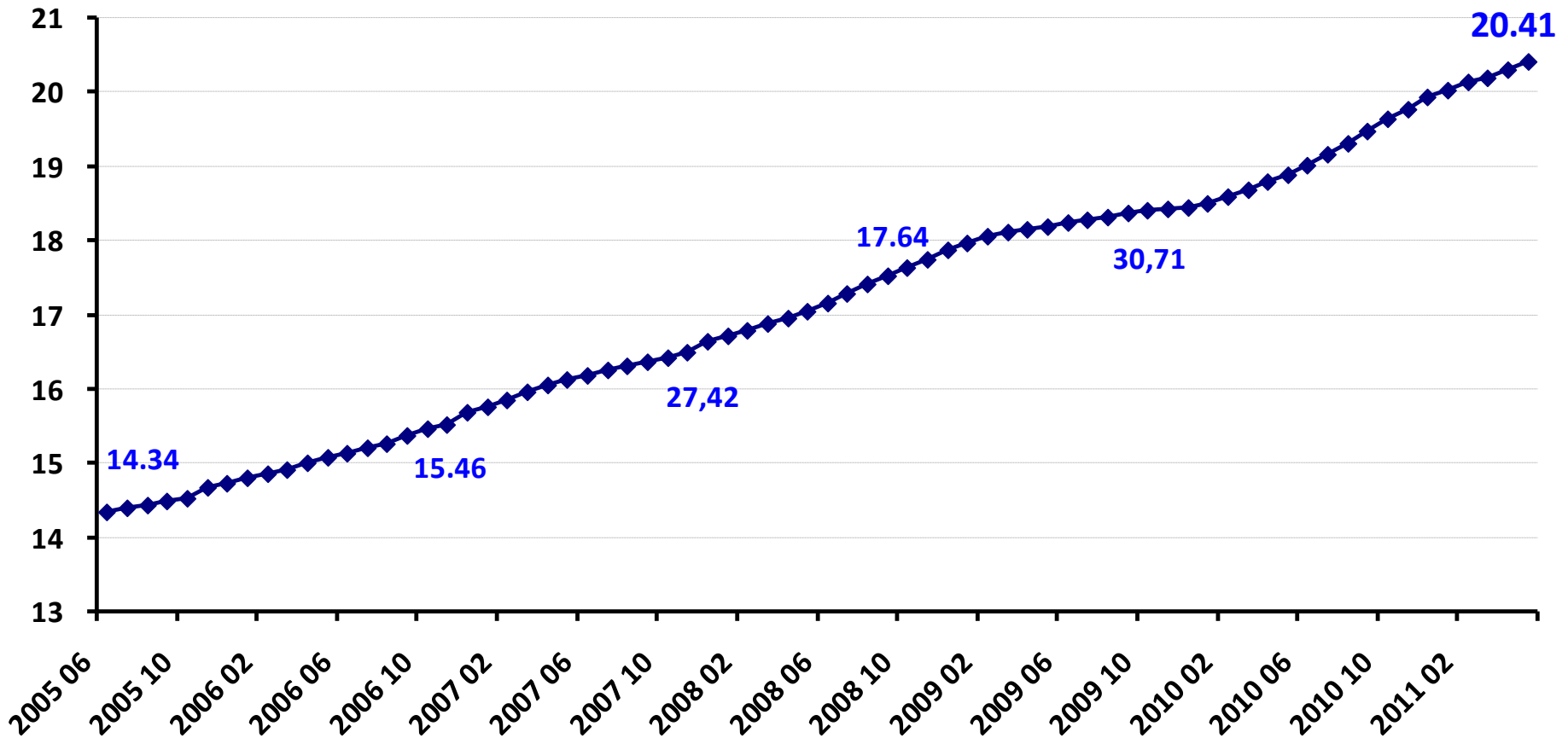
...thanks to reduced unemployment,

Unemployment Rate (%)



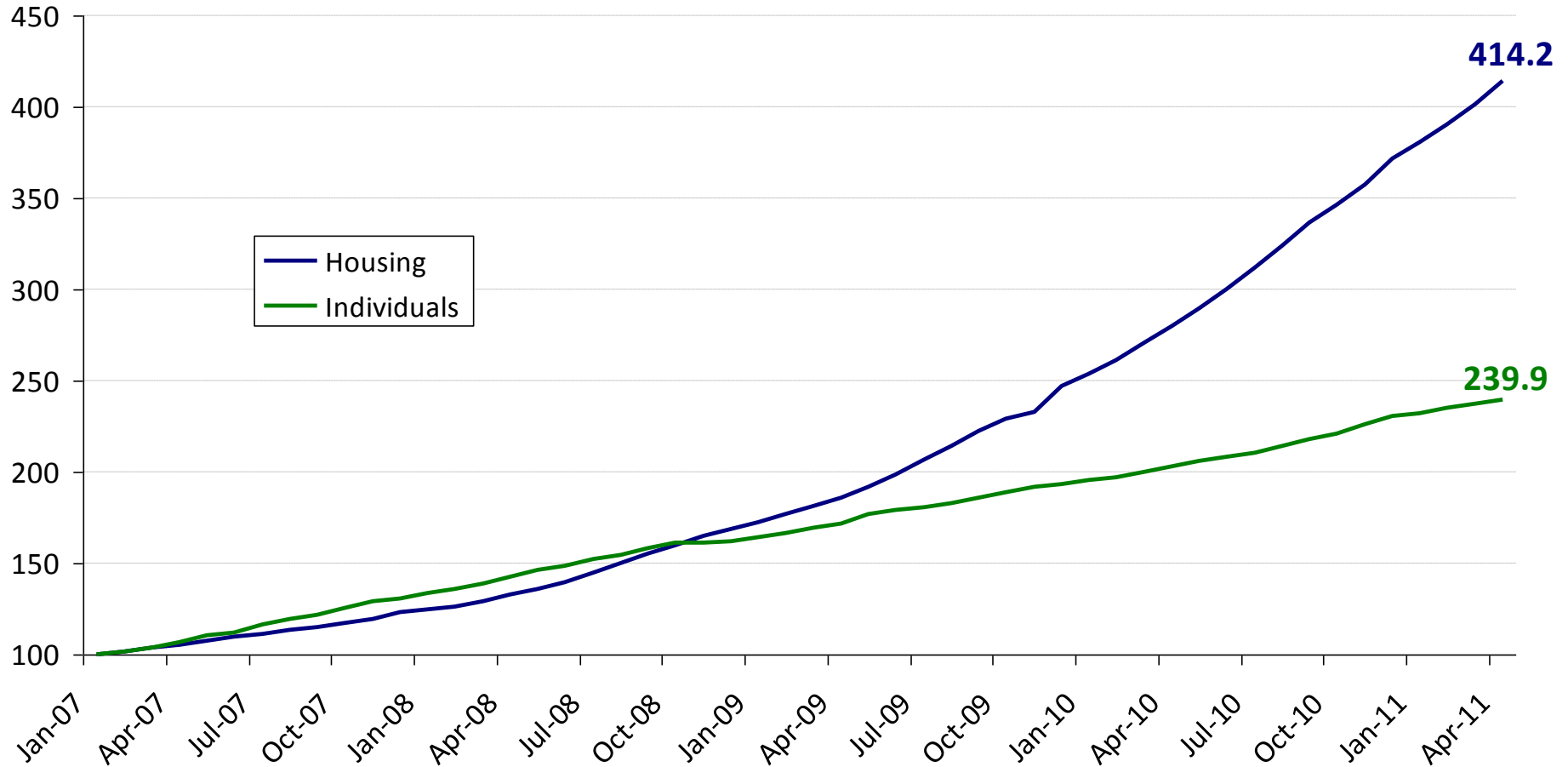
... the expanding payroll,

Monthly payroll – Average for last 12 months (US\$ bn)



... growth in credit,

Credit: Index (basis Jan.07=100)



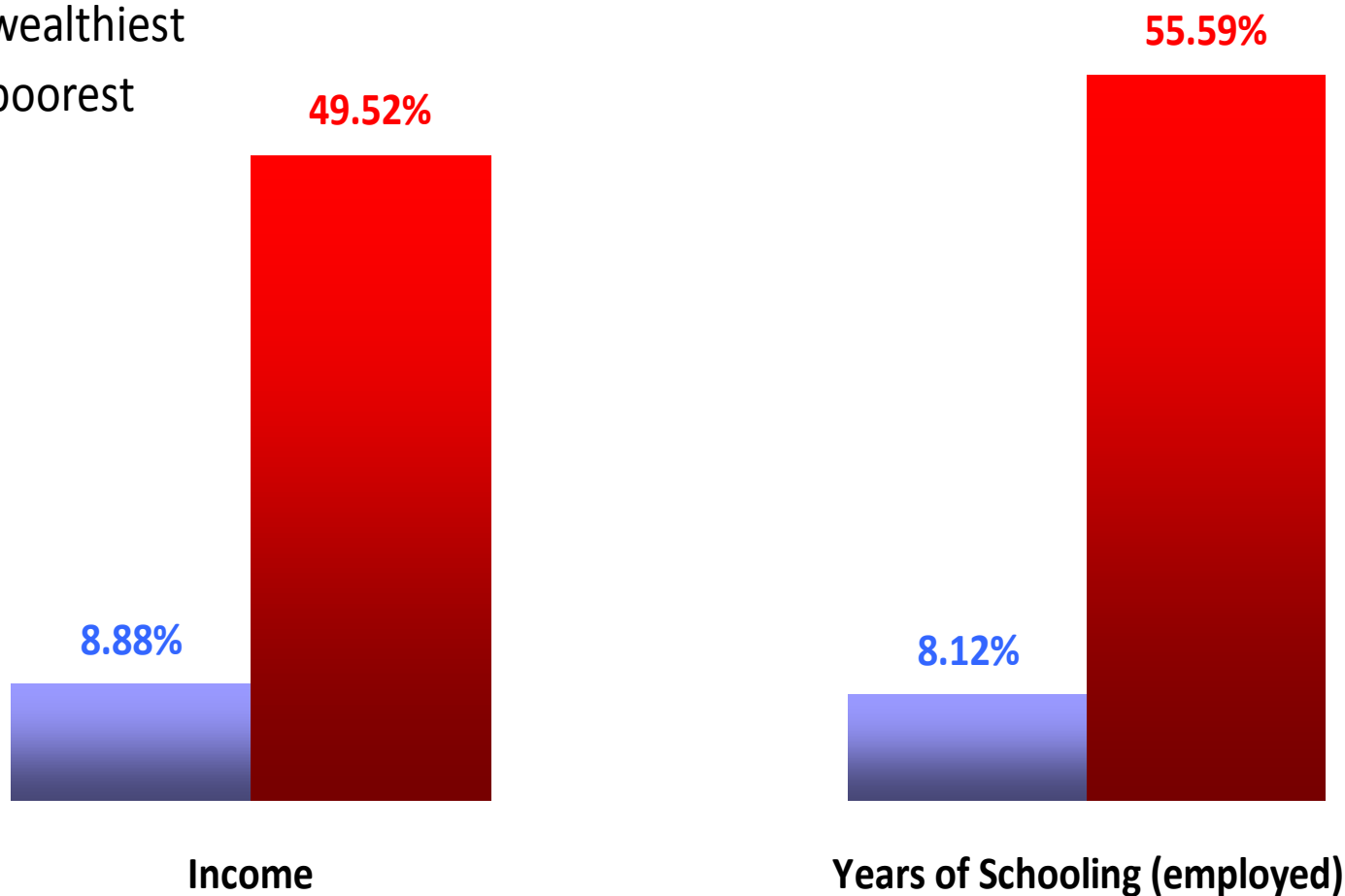
... and improved distribution of income.

Over the last decade, there has been a relevant drop in social inequalities

Accumulated variation between 2001 and 2009

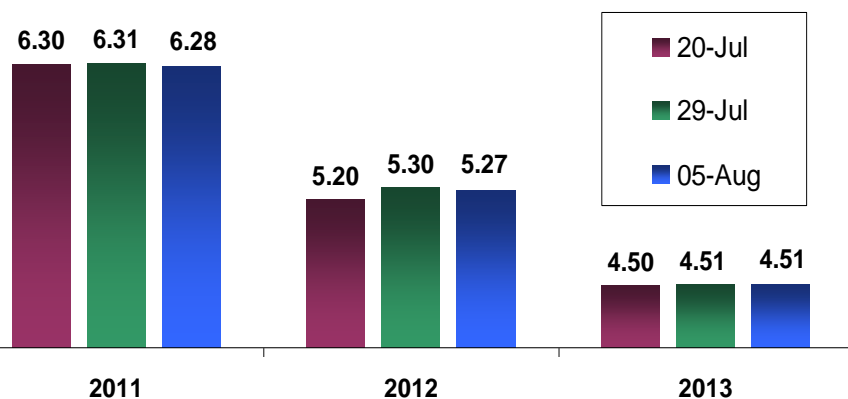
■ 20% wealthiest

■ 20% poorest

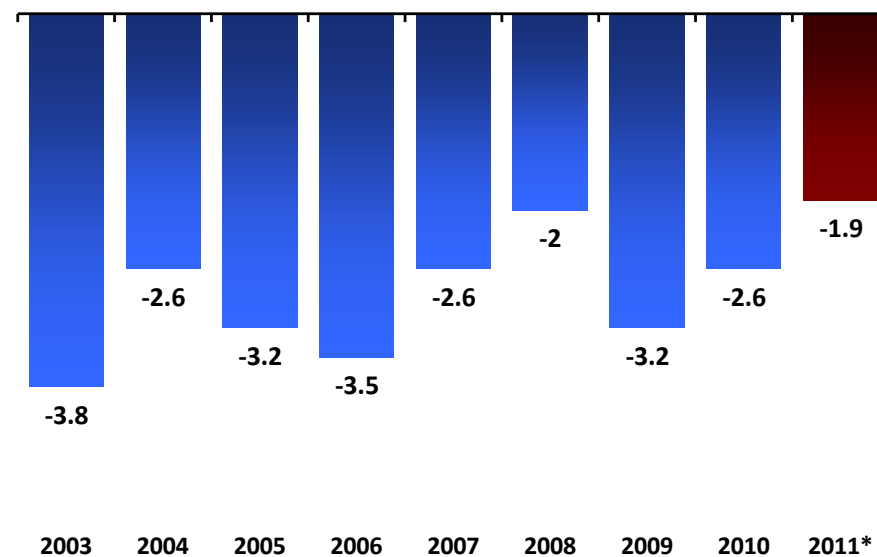


- ✓ Macro-prudential measures and cuts in public spending;
- ✓ Increase in Selic interest rate.

Market expectations FOCUS – IPCA (median)

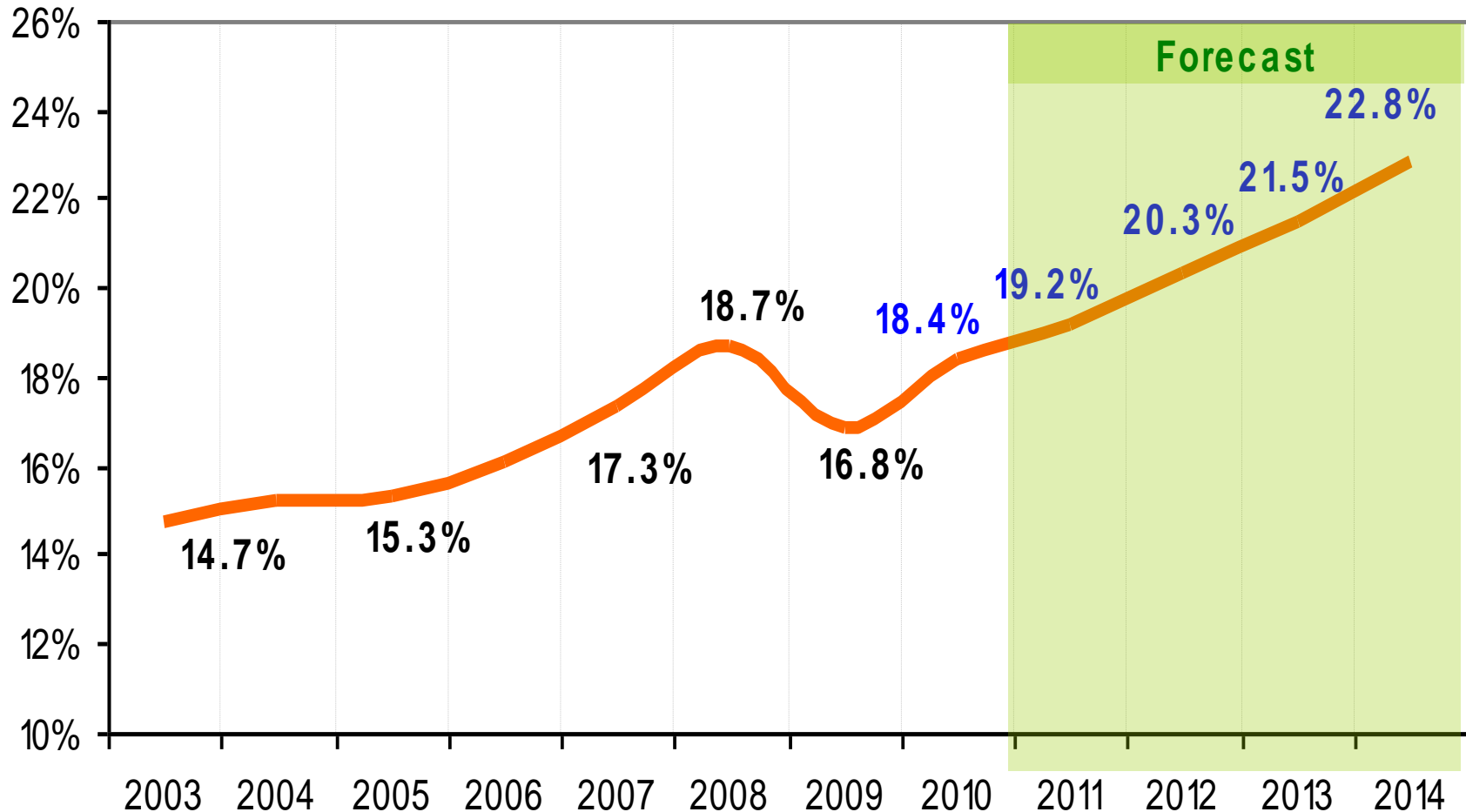


Nominal Result (% GDP)



Investment maintains a strong upward path of growth

Forecast for Rate of Investment 2010-2014 (% of GDP)



Source: IBGE and APE/BNDES.

Investment perspectives: positive expectations

- ✓ Infrastructure projects are important stimulus instruments and guarantee public as well as private investment so as to achieve inclusive and integrated development.

Sectors	US\$ billion		Growth	
	2006-2009	2011-2014	%	% year
Industry	221	351	58.7	9.7
Oil & Gas	117	216	84.3	13.0
Mining	34	35	3.3	0.7
Steel	16	19	16.8	3.2
Petrochemical	13	23	81.2	12.6
Vehicles	14	19	31.4	5.6
Electronics	11	17	46.0	7.9
Pulp & Paper	10	16	51.6	8.7
Textile and Apparel	5	7	39.1	6.8
Infrastructure	141	217	53.8	9.0
Electric Power	59	79	34.0	6.0
Telecoms	35	41	15.0	2.8
Sanitation	15	23	56.9	9.4
Railroads	11	34	202.1	24.7
Roads	17	29	71.4	11.4
Ports	3	10	225.1	26.6
Buildings	202	347	72.0	11.5
TOTAL	564	915	62.2	10.2

✓ Oil & Gas and the Domestic Market lead investments in Industry

✓ Electric Power leads investments in Infrastructure

✓ Investments in sanitation and logistics will grow at expressive rates

- ✓ To resume and qualify long-term planning (energy, logistics, environment, IT infrastructure, ...);
- ✓ To promote and stimulate domestic savings in order to provide long-term funds for investment (banks and capitals market);
- ✓ To increase opportunities for social mobility (job expansion, development/improvement in education) and reduction of inequalities in income distribution, both personal and regional;
- ✓ To develop capacity for innovation and competitiveness in the manufacturing industry, and promote global presence of Brazilian companies (vs. significant challenges stemming from exchange rate appreciation);
- ✓ To promote innovation and development, aiming at social and environmental sustainability.



FIFA WORLD CUP
Brasil





BNDES

*Brazilian
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