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1) GLOBAL OVERVIEW

1.1) The global economy's performance

The climate of relative optimism with regards to the growth perspectives of the global economy in the current year and in 2005 continues, in spite of the increase of American interest rates, the uncertainties pertaining to the sustainability of China's economic performance and the high of oil prices. The resumption of gradual increases of interest rates in the United States was already widely expected by the market, therefore not causing significant negative effects on the international economy.

The forecasts point out towards an average global growth of about 4.00% in 2004 and 2005 – see Table 1 in the “Economic Forecasts and Indicators” section. With regards to the expansion of global trade, the forecast is of an expansion of approximately 7.0% compared to the growth rate of 5.0% in 2003. In general terms, the forecasts for the two next years indicate the maintenance of growth rates by the United States of America (USA), accompanied by a progressive recovery of European countries and Japan, and in a context of low inflation and a gradual decrease of unemployment – see Tables 1 and 2 of the “Economic Forecasts and Indicators” section.

The international economy's growth continues to be led mainly by the USA, whose recovery has been stimulated by largely

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expansionist monetary and fiscal policies. According to the FED, the interest rate increases of 0.25 percentage points in the last meetings have been based on the determination of the consolidation of the North American economy's growth with positive signals in terms of job creation and the evolution of inflation slightly above the expected. Recent declarations by Allan Greenspan, Chairman of the FED, indicate that it is the intention for there to be a gradual increase of interest rates that does not compromise the continuity of economic growth in the United States. In the meantime, the institution will not hesitate to promote new increases in light of signals of an acceleration of inflation. With regards to the evolution of inflation, there are no signs for concern: the variation of the consumer price index – excluding energy prices – decreased from 2.1% per year in the first quarter, to 1.8% in the second.

In the second quarter of 2004, the GDP of the United States registered an annual increase of 3.0%, lower than the market forecast of 3.6%. This result represented a significant deceleration in the level of economic activity compared to the first quarter – when the annual growth of the GDP was of 4.5% - and represented the lowest quarterly expansion of the last 3 years. This result was mainly caused by the deceleration of expenditures with consumption – with a share of approximately two thirds of the GDP -, which grew only 1% during the period, compared to a growth of 4.1% in the first quarter. With the result of the second quarter, the North American economy registered an annual growth of 3.75% in the period from January to June 2004. In spite of the deceleration of the GDP's expansion, some specialists believe in a more accelerated growth for the second semester, mainly supported by good results of preceding indicators from the evolution of expected internal consumption – for diverging views on the sustainability of the United States' economic recovery, see Box below. According to the Conference Board, the consumer's trust indicator reached 106.1 percentage points in July, higher than June's 102.8 – the best result since June 2002 – the index's base is 1985=100.

It is estimated that the unemployment rate for the end of 2004 will remain at 5.25% and 5.50%. The FED forecasts a real expansion of 4.00 to 4.75% of the American GDP in 2004. An accrued inflation in the order of 1.75% to 2.00% is expected in 2004 – variation related to the consumer price index. In 2005, the FED forecasts a real increase in the GDP of 3.50% to 4.00%, with an unemployment rate of 5.00% to 5.50% - see other forecasts in Tables 1, 2, 3, 4, 5 and 6 of the “Economic Forecasts and Indicators” section.

In Asia, China continued to be the main highlight of growth in the beginning of 2004: the GDP registered an increase of 9.7% in the first quarter, compared to the same period of 2003, in spite of the credit contention measures adopted by the Chinese government to limit investments in sectors such as steel, aluminum and cement, which would be in a situation close to overheating. The industrial production led the expansion during the period, registering a growth of 11.6%. For 2004, China's National Department for Statistics forecasts a significant growth rate of 9.00%, significantly above the goal of 7.00% that was announced by the Chinese Government – see other forecasts in Tables 1, 2, 3, 4, 5 and 6 of the “Economic Forecasts and Indicators” section.

In addition to the contention of credit, another factor that may limit Chinese growth is the lack of energy: rations have already been adopted in a general manner across the country. The increase of oil demand by China may be a reflection of the effort to build long-term reserves. The oil imports increased from an average of 2.5 million barrels/day in the first quarter of 2004, to 2.8 million barrels/day in June. Currently, the Chinese oil reserves correspond to the consumption needs for only 20

days. The government intends to build reserves that correspond to 2 to 3 months of consumption.

China's performance continues to be fundamental towards increasing the exports of other Asian countries, bearing in mind that their highest investment rates reflected on a higher demand for raw materials and capital goods supplied by the region, as well as intermediate goods destined for re-export.

In Japan, after a decade of stagnation, the country seems to have finally entered a phase of sustained growth. After having grown approximately 3.00% in 2003, compared to 2002, a growth rate of 2.7% is forecast for 2004. The Japanese economy's expansion has been driven mainly by exports. The continuous decrease of foreign Japanese sales to the United States (mainly of automobiles and other consumer goods) has been compensated mostly by exports to other Asian countries (capital goods and high-technology products) – with a highlight for China. In 2003, foreign Japanese sales increased 11.00% and an expansion of 8.00% is forecast for 2004. The increase of exports has encouraged the expansion of investments that registered an increase of 12.4% in 2003, compared to 2002 – when, in its turn, a decrease of 4.7% was registered compared to 2001. For 2004, it is forecast that investments will continue in an ascending trajectory, registering a growth of approximately 9.00%, compared to 2003. Private consumption – with a share of 55% of the GDP –, in the meantime, remains at a low level: the growth was of only 1.6% in 2003 and should be of around 2.0% in 2004. The remaining uncertainties pertaining to the economy's future and expectation for pension reforms that may lead to an increase of contributions and decreases of benefits are factors that should continue to limit the increase of consumption expenditures by the population. The continuous deflation of prices to the consumer have allowed for the maintenance of interest rates close to zero. The Japanese unemployment rate has been in the order of 5% in 2003 and a number slightly below this is forecast for the following years.

In India, the economic activity level indicators remain high and the country's Central Bank forecasts a real growth of the GDP in the order of 7% of the GDP in 2004, compared to 2003. The inflation remains under control and should accrue a variation of about 5.00% in 2004. In June 2004, the level of international reserves reached the record value of US\$ 119 billion. The economy's basic interest rates have been gradually decreased and are currently at about 6.00% per year, which has contributed towards the economy's increase in aggregated demand.

In the European Union (EU), the signs of recovery have become clearer throughout the first semester of 2004. In May, the industrial production registered the fourth consecutive growth rate, registering an expansion of 3.9% compared to the same month of 2003. Among the countries in the region, the performance of the United Kingdom stood out, with a real growth of the GDP registering at 3.7% in the second quarter of 2004, compared to the same period of the previous year. The forecasts point out towards a real growth of 3.5% of the United Kingdom's GDP in 2004, almost 2 percentage points above the estimate for the "Euro Zone". In this region, the unemployment rate remained at 9.00% in June, significantly above the rates registered in the United States and Japan, of 5.6% and 4.6%, respectively. The countries that registered the highest unemployment rates were: Spain (11%); Germany (9.8%) and France (9.5%). The forecasts indicate expansion rates for the EU's GDP of 2% and 2.5%, respectively, for 2004 and 2005.

With regards to Latin America and the Caribbean, the first months of 2004 confirmed the CEPAL's estimates which suggested a recovery process in Argentina –

for more information, see “The Latin American Economy” section. The growth rates registered increases compared to the moderate rates observed in 2003. Brazil, Mexico, Venezuela, Chile and Uruguay are countries that stood-out in this respect. The composition of this growth, in the meantime, seems not to have changed compared to 2003. Exports continued to be the most dynamic component of demand, especially considering the elevated prices for commodities and the continuing global expansion. An average growth rate in the order of 4.5% is forecast in the region for 2004 – see Table 1 of the “Forecasts and Economic Indicators” section.

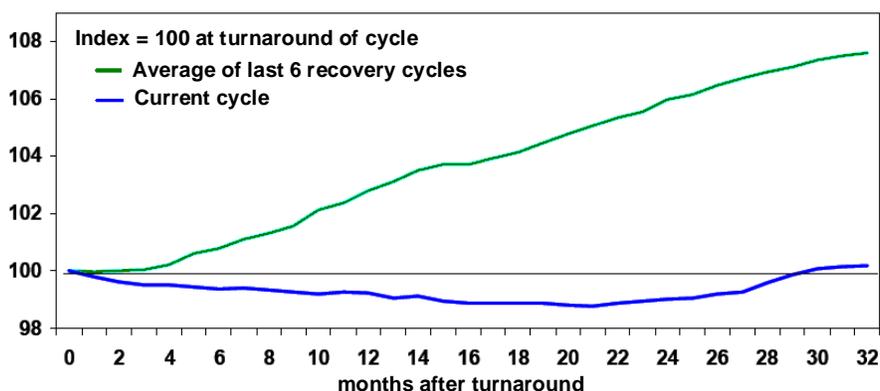
Box: Is the recovery of the United States sustainable or not?

In spite of the fact that economic activity level indicators generally point out towards the continuity of the North American economy’s growth, there is no consensus among specialists with regards to the sustainability of this trend.

On one side, some analysts along with the FED believe that a deceleration of annual growth in the second quarter is temporary and that the GDP’s expansion will accelerate again in the second semester. The fact that the interest rates were increased by 0.25 percentage points for two months in a row reflects the FED’s belief in the sustained recovery of growth rates.

On the other hand, there are those who interpret the decelerating growth in the first quarter as an important sign of the cooling down of the expansion trajectory of the economy in the United States. This point of view is mainly based on the weak creation of new jobs and in the unfavorable evolution of worker’s earnings. 32,000 new jobs were created in July, a number that is considerably lower than the market forecasts, which pointed out to something in the neighborhood of 200,000. This was the worst result in eight months. Anyways, the unemployment rate of 5.5% in July was slightly below the 5.6% registered in May, and was the lowest since October 2001.

Graph 1.1: Total private earnings



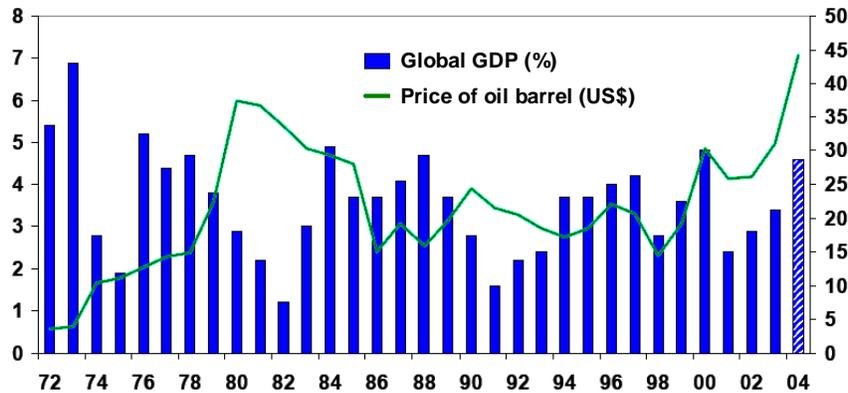
Source: Morgan Stanley

The analysts reiterate that since the start of the recovery, 32 months ago, the growth of job positions exceeded the amount of 200,000 in only three, contrary to that which was observed in other periods of economic

recovery. This has been reflected in the evolution of total labor earnings that has grown significantly below the level that was registered in the previous economic recovery cycles – see Graph 1.1. This scenario, combined to an already elevated level of family debt points out to a limited growth of consumption in the following months, with negative impacts on the GDP – bearing in mind the high participation of these expenditures in the economy of the United States. In the second quarter, consumption registered an annual growth rate of only 1%, equaling the number registered in the first quarter of 1995, the worst result since then.

Another important factor for a potential deceleration of the American economy would be the evolution of oil prices. Some specialists point out to the fact that each one of the five recession periods that occurred since 1970 were preceded by a “shock” of oil – see Graph 1.2. In the meantime, the certainty that the oil’s recent significant increase really consists of a new oil “shock” or not would remain with regards to this point. Certainly, the current price of the barrel, which has fluctuated at around US\$ 40, is significantly greater than the average of US\$ 29 that has been registered after the year 2000.

Graph 1.2: Oil price and global GDP



Source: Morgan Stanley

2) THE LATIN AMERICAN ECONOMY

2.1) Economic performance

The first months of 2004 not only confirm ECLAC's expectations that suggest a process of recovery in Latin America, but they also led the institution to review its estimates. The growth rates registered an increase compared to the moderate rates that were observed in 2003. Brazil, Mexico, Venezuela, Chile and Uruguay are countries that stood-out in this respect.

The composition of this growth, in the meantime, does not seem to have changed in comparison to 2003. The exports continue to be the most dynamic component of demand, especially bearing in mind the elevated prices for commodities and the continuous global expansion that is led by China and the United States – see "Global Overview" section. However, the economic growth has also increased imports in several countries. Even so, the trade balance and current account of the balance of payments tend to remain with a surplus. ECLAC also pointed out towards the perspective in the recovery of foreign direct investments.

The good performance of the Latin American economy continues to reflect discreetly in the employment and workers' income indicators. On the other hand, the impact on prices is also small. In spite of the acceleration, the inflation indexes have remained under control. In the public accounts, the economic recovery and the elevated prices for commodities have increased the fiscal revenues and improved the primary results.

In spite of the fact that some indicators suggest the recovery of the investment and the start of a recovery in the internal market, the frailness of the domestic demand is still notable in several economies in the region. According to a recent study by ECLAC, this scenario puts the sustainability of the recovery process in Latin America in doubt.

Finally, it should be noted that the perspective of a gradual increase of interest rates in the North American market does not seem to scare the region's economies any more. After the first declarations by the Chairman of the FED, in April, the markets reacted in a vigorous manner, promoting a major portfolio adjustment at a global level and a retraction of capital flows to emerging countries. Currently, the gradual increase of American interest rates was absorbed, although Latin America continues to suffer the impact from lower liquidity in international markets and a lower flow of capital.

According to the study by ECLAC, disclosed on August 5th, the GDP of Latin America and the Caribbean should grow 4.5% in 2004, a rate that is higher than the 4.0% estimated in May. This expansion will be led by Venezuela, Uruguay and Argentina – three countries that have been recovering from economic crises. The growth forecasts were increased for all countries, except Paraguay. Refer to the "Forecasts and Economic indicators" section to see the forecasts of other institutions.

The performance of Mexico, Argentina, Venezuela, Chile, Uruguay and Bolivia will be analyzed in further detail below.

2.2) Mexico

The expansion of the Mexican economy gained more momentum in 2004. After a growth rate of only 1.20% for the Gross Domestic Product in 2003, the first quarter of 2004 registered an increase of 3.73% compared to the same quarter of the previous year. The industrial production increased at a rate of 4.86% this year until April, compared to an accrued rate of 3.28% in the same period of 2003.

Although private consumption has demonstrated signs of recovery (urban commercial sales expanded 3,70% in March 2004 compared to March 2003), in exports, the Mexican performance is more significant. In the year accrued until May, the exports increased 12.64% compared to the same period in 2003, led by oil sales, that expanded by 16.70%, mainly due to the price effect. The manufactured products registered an increase of 11.75% in accrued exports for the year, with a highlight for the performance of maquiladoras (12%), which corresponded to more than 50% of manufacturing exports. These numbers are notable mainly when considering the decrease of production in the United State's automotive industry and its importance for Mexican exports.

In the bilateral trade with Brazil, Mexican exports increased 37.00% in the first semester of 2004 compared to the same period in 2003, a percentage that is very close to the increase of sales from Brazil to Mexico (38.00%). Currently, Mexico ranks in sixth place among destinations for Brazilian exports. The products that stood-out were automobiles, aircraft and motors, parts and pieces for vehicles and tractors, that respectively corresponded for 31.50%, 9.10% and 8.70% of the US\$ 1.67 billion in exports to Mexico during the first semester.

The Mexican trade balance has registered consecutive improvements: in the year accrued until May, the deficit was of US\$ 871 million, compared to US\$ 1.24 billion in the same period in 2003. In the capital account, the main highlight was the significant increase of foreign direct investments in the Mexican economy. Adding-up to US\$ 7.40 billion in the first quarter, the FDI increased 280% compared to the same period of the previous year.

In the meantime, the growth of the economy and exports reflected in a discrete way in employment indicators. The unemployment rate was of 3.50% in May, compared to an average of 2.70% in the same month of the previous year and of 3.85% in the first quarter of this year. In the meantime, the price indexes remained practically stable and in June, the PIC registered a high of 4.37% in the 12 accrued months. In public accounts, the high of oil prices have had a positive impact on the government revenues. In the first quarter alone, the unplanned revenues totaled US\$ 1.30 billion, also allowing for an increase in expenses.

What explained, in greater part, Mexico's economic and exporting performance was the recovery rhythm of the United States (see "Global Overview" section). The correlation between the industrial activity of the United States and Mexico is very strong and approximately 89% of exports have the American market as a destination. This situation should benefit the Mexican economy in 2004.

The market forecasts point out towards a growth rate between 3.10% and 4.00% in 2004, increasing to 3.20%-4.20% in 2005 – see Tables 1 through 6 of the "Forecasts and Economic Indicators" section. The inflation tends to remain around 4.00% in 2004 and should decrease to 3.60% in 2005. It is also estimated that the

public deficit will settle between 0.20% and 2.50% of the GDP in 2004, being able to reach a balance in the following year.

2.3) Argentina

The recovery of the Argentine economy, which started in the first quarter of 2002, maintained its strength in the first quarter of 2004. The GDP registered an annual increase of 11.20%, a rate that is close to the record of 11.70% of the first quarter of 2003.

Investments led the expansion: the annual growth rate was of 51% and corresponded to 18.3% of the GDP, compared to the 15% registered in 2003. Consumption increased at an annual rate of 10.1%, while net exports decreased 46%.

The index of industrial activity (EMI) accrued a growth rate of 12.40% in 2004 until May, compared to the same period of the previous year. In the meantime, in April and May, this index registered below the average growth rate of 14% registered in the first three months of the year compared to the same months of 2003. The decrease in the growth rhythm was already expected, taking the energy crisis into account, with the rationing of gas and electric energy. The peak of the crisis will be reached between June and September, and the high level of activity should recover only towards the end of the year.

In addition to the decrease in the production rhythm, the energy crisis also tends to have an effect on the inflation indexes through the increase of tariffs and production costs. The IPC-GBA already accrued a high of 3.30% in the year until June, compared to a total of 3.70% in 2003. Other factors that contributed towards the increase in the inflation indexes were: (i) the recovery of domestic demand and (ii) the existence of bottlenecks in some sectors (textile, steel and chemicals). The monetary policy, however, tends to follow the economic activity and employment indexes. Since the unemployment rate remained at the same 14.50% during the first quarter, the average for 2003, in spite of the economic recovery, the Central Bank Bills (LEBAC) rate for 1 year (in pesos) was decreased in 2004: from 8.00% in January to 6.40% in June.

The higher level of economic activity continues to contribute towards the improvement of public accounts. The primary surplus between March and May of this year remained around 6.80%, greater than the average of 4.50% in the first two months of the year and significantly above the percentage registered in 2003 (2.30%) and the goal agreed upon with the IMF (2.4%).

With regards to the foreign sector, the exports accrued a growth of 16% from January to May 2004 compared to the same period of the previous year. The exports to Brazil added-up to US\$ 2.55 billion in the first semester of 2004, increasing 8.8% compared to the same period of the previous year. Wheat in grains is the main exported product (15% of the total), followed by naphtha, parts and pieces for automobiles and tractors and the automobiles themselves. In turn, Brazil exported US\$ 3.30 billion to Argentina in the first semester of the year, which represented an increase of 78% compared to the same period of last year. Automobiles, cargo vehicles and mobile phones are the main Brazilian products imported by Argentina. This bilateral trade volume grants Argentina the second place both as the origin of Brazilian imports as well as the destination of exports.

The total imports of Argentina, as well as the import of Brazilian products, were stipulated by the economic growth, increasing 71% between the accrued values in the first semester of 2003 and of 2004. The commercial balance decreased from 7.10 billion to 5.60 billion in the same comparison. Notwithstanding, the international reserves have been increasing continuously in 2004. They increased from US\$ 14.10 billion in December 2003, to US\$ 17.60 billion in June 2004.

The evolution of the energy crisis and the industry's reaction will naturally be determinant towards the performance of the Argentine economy, as well as the debt renegotiation process. The Argentine bonus is in default since December 2001 and private foreign creditors are currently demanding improvements in the conditions presented by Argentina². The approval of the Fiscal Responsibility Law, in the beginning of August, was a demonstration of the Argentine government's efforts. On the other hand, the negotiations with the IMF are suspended until the conclusion of the debt restructuring.

The uncertainties reflect on the forecasts issued by institutions – see the "Forecasts and Economic Indicators" section: the growth rate estimated for 2004 varies between 4.0% and 8.3%. For 2005, the estimate is that the GDP's expansion will settle between 3% and 4%. The forecasted inflation rates reach between 3.8% and 7.0% in 2004 and the trade balance should accrue a surplus of about US\$ 13.70 billion in the same year.

2.4) Venezuela

After two consecutive years of decreases of the GDP (in 2003, the GDP decreased 9.40%), Venezuela registered a growth rate of 29.80% in the first quarter of 2004 compared to the same quarter of 2003. In spite of the significant rate, much of this growth is due to a statistic effect, the result of a comparison with a depressed base.

Venezuela's expansion was led by oil activity, whose growth reached 72.5%. The other activities expanded by 19.00% in comparison to the first quarter of last year, noting the good performance of manufactured products (48%). The industrial production of the private sector accrued a variation of 47% in 2004 until April compared to the same period of 2003.

Driven by economic activity and by the greater control, tax collections increased, exceeding the goal of 20% until May. Inflation, in turn, registered signs of deceleration. The accrued Consumer Price Index in 2004 until June remained at 11%, compared to the 15.40% for the same period in 2003.

The result was also positive for foreign accounts. The export of goods increased 91.00% in the first quarter compared to the same quarter of the previous year. Oil sales increased 105.00% and represented 81.00% of Venezuela's exports. The exports to Brazil, in the meantime, decreased 35.50% in the first semester of 2004 compared to the same semester in 2003.

Venezuela's imports grew at a lower rhythm than exports, 50%, guaranteeing an increase of 134% in the trade balance of the first quarter of 2004 compared to the same period in 2003. The import of Brazilian product expanded by 210.65% in the first semester of 2004 compared to the same period of 2003. In the meantime, it should be

² Currently, the Argentine proposal forecasts a discount of 75% on the value of the titles.

noted that Venezuela holds control over the exchange rates and that the Foreign Currency Administration Commission (CADIVI) has a list of products that may be imported at the official exchange rate. In the meantime, foreign direct investments registered net outflows of US\$ 629 million in the first quarter of 2004. In the accrued year until June, the international reserved increased 8.70% and reached US\$ 23.30 billion.

A popular referendum was held on August 15th on the mandate of President Hugo Chávez. With the broad participation by the population, the referendum guaranteed Chávez's victory and alleviated the oil market.

The market estimates point out towards an expansion of the Venezuelan GDP between 7.70% and 13.30% - see the "Forecasts and Economic Indicators" section. The inflation may reach as much as 38.00% in 2004, although the average forecasts remain at 27.00%. The trade balance should register a surplus between US\$ 13.50 billion and US\$ 17.90 billion in the same year.

2.5) Chile

The Chilean GDP expanded by 4.80% in the first quarter of 2004 compared to the same period of the previous year. This performance signaled an acceleration of growth compared to the previous year, when the GDP increased 3.10%.

The exports were the most dynamic component of demand, with a growth rate of 10.00% compared to the first quarter of 2003. In the meantime, domestic demand increased at a slower pace, 5.20%, led by the gross formation of fixed capital (6.30%). Imports registered an increase of 12.40%.

With regards to the accrued values for the year until June, exports increased 44% in 2004 compared to the same period in 2003. The elevated price of copper, that represented 37% of Chilean sales in 2003, and other commodities explained this leap in exports. The exports to Brazil added-up to US\$ 619 million in the first semester, registering a growth rate of 73% compared to the same period of last year. Copper ores and cathodes correspond to more than 50% of exports.

On the other hand, Chile's total imports increased by 17% in the accrued year until June. The purchase of Brazilian products reached US\$ 1.10 billion in the first semester of this year, with a growth rate of 30.60% compared to the same period of 2003. The products in highlight include oil (16.40%), bovine meat (8.70%) and automobiles (6.10%). The Chilean trade balance registered an increase of 175%, totaling US\$ 4.90 billion, and the international reserved reached US\$ 15.85 billion on June 30th.

The acceleration of growth may also be verified through the industrial production index (INE). In 2004, until May, the index registered an expansion of 4.40%, compared to an expansion of 5.60% in 12 months. Notwithstanding, the good economic and industrial performance did not reflect on the decrease of the unemployment rate. In May, the unemployment in the metropolitan region reached 9.90%, while the average rate for 2003 was of 8.40%.

As for prices, their trend is of highs, although it is not concerning. The accrued inflation for the year measured by the Consumer Price Index was of 1.60%, compared to a rate of 1.1% accrued throughout all of 2003. For public accounts, the economic growth and the price of copper have guaranteed a good result.

The greatest risk for the Chilean economy comes from the Argentine energy crisis. The need to decrease the import of gas and the deficiency of the national energy sector may harm the Chilean performance.

According to the market forecasts, the Chilean GDP should maintain a growth rate of approximately 5% for both 2004 and 2005 – see the “Forecasts and Economic Indicators” section. The estimated inflation remains at low levels, between 0.90% and 2.80% in the accrued rate for 2004, and the public account should register a positive result, with an average fiscal surplus forecasted at 0.90% of the GDP.

2.6) Uruguay

In the first quarter of 2004, the economy of Uruguay continued in the recovery process from the crisis of 2002, when the GDP decreased 10.80%. The gross domestic product of Uruguay increased 14.30% in the first quarter of 2004 compared to the same period of 2003.

The accrued exports for the year until April totaled US\$ 598.30 million, retracting 2% compared to the same period of 2003. The imports, in turn, added-up to US\$ 1.17 billion between January and May, representing an increase of 41% compared to the same period of 2003. In the meantime, foreign direct investments in the first quarter of 2004 decreased 43% compared to the same quarter of 2003, totaling US\$ 45.40 million.

With regards to the bilateral Brazil-Uruguay trade, the 82% increase of Uruguayan imports in the first semester of this year compared to the same period of 2003 stands-out. The exports to Brazil, in turn, decreased 3.8% in the same comparison. In this way, Uruguay’s surplus of US\$ 81.20 million in bilateral trade for the first semester of 2003 passed to a deficit of US\$ 65.58 million in 2004 until June.

For 2004, the institutions in the “Forecasts and Economic Indicators” forecasted a real growth for Uruguay’s GDP of 4.5% to 10.5%. In 2005, the rates converge to 4.0% and 4.5%. The inflation should settle between 8.3% and 9.6% in 2004 and the trade surplus should remain between US\$ 0.10 billion and US\$ 0.3 billion both for 2004 and 2005.

2.7) Bolivia

In 2004, Bolivia maintained its trend of expansion of 2003, when the GDP’s growth reached 7.70%. In 2004, the GDP in the first quarter registered a growth rate of 10.40% compared to the same period of the previous year.

Analyzing the growth by components of demand, it is clear that the exports are the most dynamic item, with a variation rate of 47 % in the same comparison. The gross formation of fixed capital grew at a rate of 9.40% in this first quarter compared to the same quarter of 2003. The consumption of families increased by 5.50% and the public administration consumed 2.80% more. It should be noted that in 2003, the exports also played an important role in the GDP’s growth, but that the public administration’s consumption registered an important contribution, with an increase of 15.50%.

The economic growth has been accompanied by a slight increase of inflation indexes. In 2004 until June, the Consumer Price Index accrued 1.73 percentage points compared to 0.78% in the same period of 2003. In public accounts, the result has been positive. In the first semester of 2004, the tax collections increased 38.50% compared to the same period of 2003 and the total expenditures only increased 3.90%. Excluding pensions, the government registered a global surplus of US\$ 1.46 billion accrued until June, compared to a deficit of US\$ 262 million in the same period of 2003.

The good macroeconomic performance guaranteed, in the beginning of June, the approval of the IMF in the review of the stand by agreement that was approved in April 2003. In this occasion, another installment of the disbursement was released. The executive committee also extended the agreement's validity until December of this year and increased the total value by US\$ 63 million.

With regards to the foreign accounts, the balance of merchandize had a surplus of US\$ 32 million in the first quarter, reverting the deficit of US\$ 62 million registered in the same quarter of 2003. The exports to Brazil added-up to US\$ 301.60 million in 2004 until June, while the import of Brazilian products totaled US\$ 242.80 million, generating a positive balance of US\$ 58.80 million in with regards to Brazil.

Bolivia's balance of services continues to register a deficit, US\$ 24 million in 2004. The foreign direct investments totaled 35.30 million, while there were net outflows of US\$ 29 million in the same quarter of 2003.

On July 18th, a plebiscite on Bolivia's gas policy was held. The government's victory created the conditions for the forwarding of the new hydrocarbonates law. The estimated impacts are the increase of the tax burden for companies that explore gas and the greater share of the state-run company YPFB in the sector.

According to market forecasts, Bolivia's GDP should expand between 3.30% and 4.30% in 2004 and the inflation should not exceed 4.90% in the same year – see the "Forecasts and Economic Indicators" section.

3) THE BRAZILIAN ECONOMY'S FOREIGN SECTOR

3.1) Economic performance

The most recent indicators of economic activity suggest that the recovery process led by the expansion of exports has been generalized to the other components of the aggregated demand. The main question is to know up to which point there will be a sustained recovery of the investment levels that are essential for the growth trajectory of the economy to be consolidated.

According to the Quarterly National Accounts of the IBGE, the Brazilian GDP registered a growth rate of 2.70% in the January/March period, compared to the same period of 2003. This was the first positive result following three periods of negative variations. The exports, once again, were the highlights, registering a growth rate of 19.30% in the period. The consumption by families, in turn, registered an expansion of 1.20%; a positive result, bearing in mind that with the exception of the third quarter of 2002, this component was registering consecutive decreases in this type of comparison since mid 2001. The government consumption registered an increase of 1.50%. The Gross Fixed Capital Formation – that measures the economy's investment rate -, registered an increase of 2.20% in the first quarter of 2004, compared to the same period of 2003, following consecutive negative results through 2003 as a whole.

In spite of the fact that the data from the GDP in the second quarter is only disclosed in the end of August, a series of economic activity level indicators that have already been disclosed confirm the growth trend of the Brazilian economy.

The physical industrial production indicator of the IBGE accrued an increase of 7.70% in January through June of 2004, compared to the same period of 2003. The growth in production of capital goods and durable consumer goods during the period was notable, with accrued rates of 25.20% and 23.90%, respectively. It should be noted that if the last results pertaining to production confirmed the sustainability of foreign sales and the greater dynamism of the investment – that reflect in the performance of capital goods and durable consumer goods -, they also indicate the reaction of sectors that are predominantly dependant on the evolution of the wage mass, such as the semi-durable and non-durable consumer goods. With regards to the economic report disclosed by the FIESP, the industry's real sales registered an increase of 22.40% in the accrued period of January/June, compared to the same period of 2003. The level of use of the installed capacity reached 84.10% in June, greater than the 78.60% that were registered in the same month of 2003.

Finally, it should be noted that the good results of the level of economic activity started to reflect on the employment and workers' earnings indicators, although only in the final months of the first semester. With regards to the unemployment rate, there was a decrease in the indicator as of May compared to the same period of 2003. In June, the rate was of 11.70%, lower than the 13.00% registered in June 2003. With regards to the employed population, the increase in the number of employees with signed work documentation in June stood out, compared to the same month of 2003. As for the evolution of the usually received real average earnings, the IBGE pointed out towards a growth of 1.80% in June, compared to May, following two consecutive months of decreases. In the meantime, in the comparison with the month of June 2003, the usually received real average earnings registered a decrease of 0.50%.

The forecasts of the “Forecasts and Economic Indicators” section demonstrate a growth of the GDP between 3.50% and 4.00% in 2004 – see Tables 1 and 7. The trade surplus should be in the order of US\$ 29 billion – see Tables 4 and 7. The forecast amount of FDI for 2004 is in the order of US\$ 10 billion – see Table 7. It is expected that the inflation will be close to the target of 5.50% for the year, and the fiscal target of 4.25% of the GDP is expected to be met.

3.2) Evolution of foreign trade

In the first semester of 2004, a strong performance in the Brazilian foreign trade accounts was registered. Exports were of US\$ 43,306 million and imports were of US\$ 28,257 million during the period, resulting in a surplus of US\$ 15,049 million. Exports grew 29.10% over the same period of 2003 and imports, 23.00%. Exports and the balance constituted historic records for the first semesters.

One of the novelties in the Brazilian trade balance during the period was the growth of both exports and imports, with these also being at a heightened level. The imports registered the second highest result for the periods of January through June, exceeded only by the value registered in 2001.

In the semester, the imports grew in all categories of use: capital goods (US\$ 5,536 million, +12.30%), raw materials and intermediates (US\$ 15,141 million, +24.70%), consumer goods (US\$ 3,167 million, +19.20%) and fuels (US\$ 4,413 million, +36.10%).

The import of capital goods registered the greatest growth in the last month of the semester due to the acceleration in the purchase of industrial machinery, office and scientific machines and equipment and parts and pieces. The variation of capital goods was slightly greater than that of consumer goods in the month of June, in spite of being lower in the accrued year. In the semester, the durable consumer goods registered a greater high than non-durables.

Table 3.1

Imports and Industrial Production: Variations 2004/2003 (%)					
Category of use	Imports*		Industrial production		
	June	semester	June	semester	12 months
Capital goods	33,7	12,3	32,8	25,2	16,6
Raw materials and intermediates	46,8	24,7	10,7	6,2	3,9
Consumer goods	33,0	19,2	11,7	6,1	1,5
Non-durables	13,2	12,6	6,3	2,1	-1,4
Durables	62,5	27,6	36,7	23,9	14,9
Fuels	98,1	36,1	-	-	-
Total	49,2	23,0	13,0	7,7	4,0

Source: MDIC/Secex and IBGE

* by daily average

The growth of imports reflected the recovery of the industrial production during the period. The production of capital goods was one of the ones that grew the most in all comparisons by periods of time, having also accelerated in the last months – see table 3.1. It should be remembered that the increase in production and imports took place, in part, to serve the production of goods to be exported, as in the example of the growth verified in the purchase of aircraft turbines and parts originating from the United States. The business expectations that were raised by the FGV's Economic Probe of

the Manufacturing Industry demonstrate that 45% of the industries expect an increase in exports compared to only 12% that forecast a decrease.

From January through June 2004, the trade flow also established a historic record (US\$ 71.563 million), widely exceeding the previous record that had been established in 2001 (US\$ 57,921 million). In the meantime, exports grew at higher rates and from more elevated bases, which maintained the trend of elevated trade balances.

The exports in the three categories of added value registered record values in the semester: basics (US \$ 13,663 million), semi-manufactured (US\$ 5,950 million) and manufactured (US\$ 23,023 million). The basic products (+39.70%) registered the greatest increase compared to 2003, followed by manufactured (+27.80%) and semi-manufactured (+17.90%) – see table 3.2.

The basic exported products registered a significant growth in prices (+22.30%) during the period, in spite that the quantum (+7.60%) also increased (see Funcex Foreign Trade Bulletin, June 2004). It should be noted, in the meantime, that basics registered a decrease of 1% in the exported quantum and an expansion in the price increase (28.30%). In the semester, the manufactured products registered a behavior that was opposite than that of basics: the quantum index (+21.40%) grew more than the price (+3.20%) in the period. The semi-manufactured product registered a growth that was similar to the quantum (+7.30%) and the price (+8.10%).

Table 3.2

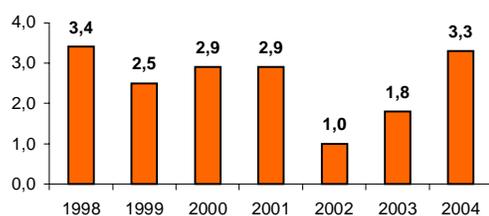
Main products exported in the 1st semester of 2004		
	Value US\$ millions	2004/2003* %
Basics		
Soy grain	3.032	+37,4
Iron ore	2.080	+25,7
Soy bran	1.737	+59,4
Gross oil	1.290	+28,3
Chicken meat	1.175	+55,8
Bovine meat	874	+79,2
Semi-manufactured products		
Iron/steel semi-manu.	921	+16,3
Cellulose	832	-2,5
Leathers and skins	629	+22,1
Gross soy oil	613	+43,9
Gross sugar	518	+5,1
Gross aluminum	480	+4,4
Manufactured products		
Aircrafts	1.551	+65,0
Automobiles	1.454	+26,7
Plain laminates	890	+49,2
Footwear	882	+12,5
Autoparts	877	+27,3
Motors for vehicles	853	+0,6

Source: MDIC/Secex

* by daily average

Graph 3.1

Brazilian exports to Argentina in the periods of January to June: 1998 to 2004 (in US\$ billions)



Source: Elaborated based on data from MDIC/Secex

The main destinations for Brazilian exports were: United States (US\$ 8,812 million), Argentina (US\$ 3,281 million) and China (US\$ 2,901 million). It should be noted that the share of the United States decreased from 24.80% to 20.30% while that of ALADI increased – see table 3.3. The continuing recovery of exports to Argentina is notable, that increased 75.20% compared to the same period in 2003. The Brazilian exports to that country

settled close to the value registered in 1998 for the same period – see graph 3.1. This result reflected in the significant growth of 73.90% of foreign Brazilian sales to Mercosur in the first semester, significantly greater than the expansion of exports to China – see Table 3.3, again.

Table 3.3
Brazilian Trade Balance by Economic Blocks: January to June - 2004 and 2003
(in US\$ millions)

	Exports		Var. %	Imports		Var. %
	2004	2003	2004/03*	2004	2003	2004/03**
European Union**	11.199	8.377	33,7	7.244	6.242	16,1
Netherlands	2.373	1.866	27,2	256	234	9,4
Germany	1.974	1.495	32,0	2.319	2.095	10,7
Italy	1.475	1.054	39,9	924	875	5,5
USA***	8.812	8.195	7,5	5.467	4.468	22,4
ALADI	8.592	5.451	57,6	4.548	3.936	15,5
MERCOSUR	3.981	2.289	73,9	2.950	2.833	4,1
Argentina	3.281	1.843	78,0	2.553	2.345	8,9
Uruguay	305	167	82,1	239	248	-3,8
Paraguay	396	279	42,0	159	230	-31,0
Bolivia	243	167	45,5	302	239	26,0
Venezuela	588	189	210,7	72	112	-35,5
Peru	265	220	20,8	162	106	53,2
Ecuador	202	164	22,9	38	9	328,5
Colombia	466	322	44,5	56	45	25,2
Chile	1.120	857	30,6	619	357	73,3
Mexico	1.667	1.210	37,8	330	241	37,0
Cuba	61	32	87,0	24	4	542,6
Asia	6.786	5.382	26,1	5.263	4.045	30,1
China	2.901	2.161	34,2	1.492	902	65,4
India	169	327	-48,3	206	276	-25,4
Japan	1.220	1.039	17,4	1.285	1.111	15,6
Africa	1.845	1.132	63,0	2.733	1.520	79,8
South Africa	409	301	36,0	123	92	32,9
Nigeria	215	223	-3,6	1.643	677	142,6
Middle East	1.730	1.137	52,2	951	740	28,5
Iran	532	391	36,2	1	11	-92,0
Saudi Arabia	355	269	32,0	430	375	14,6
Eastern Europe	1.082	856	26,4	533	448	19,0
Russia	690	669	3,2	346	176	96,7
Romania	195	97	100,4	2	3	-25,8
Other	3.260	2.472	31,9	1.518	1.205	26,0
Total	43.306	33.002	31,2	28.257	22.604	25,0

Source: MDIC/Secex

* by daily average

** ten new countries became members of the European Union: Cyprus, Slovakia, Slovenia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland and Czech Republic. As a consequence, Cyprus was withdrawn from the Middle East classification and the others, from

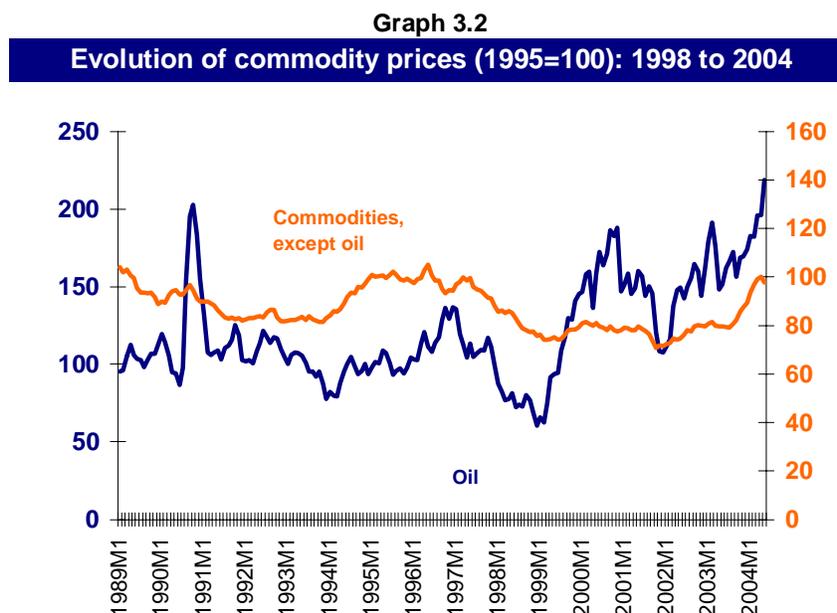
*** includes Puerto Rico

In the 12 months accrued until June, the good performance of the Brazilian trade accounts was maintained. The trade balance was of US\$ 29.453 million, with exports of US\$ 83.388 million and imports of US\$ 53.935 million. The exports and the trade balance are at a historic record for the periods of 12 months. In the period, the Brazilian balance is greater than that of countries that are traditionally aimed at exports, such as China, Indonesia and South Korea. The trade flow is a historic record (US\$ 137.323 million), registering above US\$ 130 million for the second month in a row.

The dynamic of Brazilian exports is determined by a set of conditions in international demand and the internal economy.

Accompanying the expansion of global trade, the price variation of commodities has been a major influence in the Brazilian trade balance, since the Brazilian portfolio still has a significant share of these products. Both the export of agricultural and mineral commodities, as well as oil, registered price increases – see graph 3.2. Even for the products that are considered manufactured, there are those that are internationally classified as commodities (as is the case with orange juice).

In the first semester of the year, the prices of Brazilian exported commodities registered a good performance. Compared to June 2003, that already represented an elevated standard, the main Brazilian commodities registered increases that were greater than 20%: soy grain (33.60%), soy bran (38.90%), gross soy oil (20.30%), bovine meat (27.80%), chicken meat (20.40%) and iron ore (33.80%).

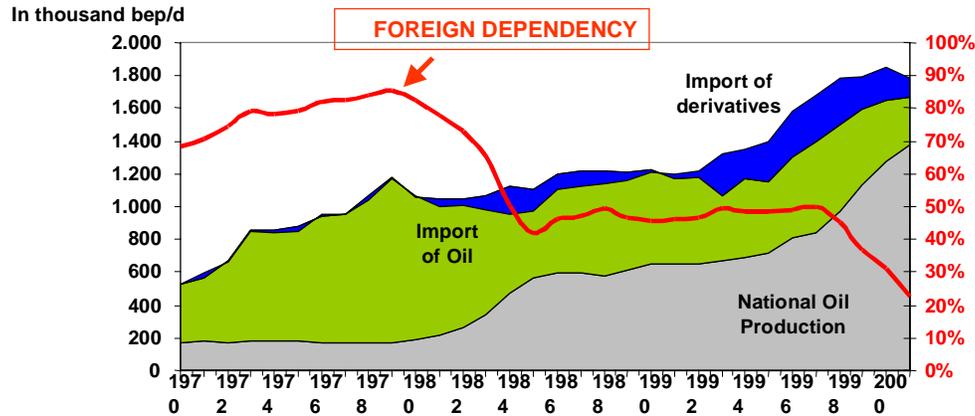


Source: Elaborated based on data from the IMF

The evolution of oil exports and imports also held a favorable dynamic for the Brazilian trade balance. Oil recently registered a strong high in its prices, having reached prices that exceeded US\$ 40 per barrel. The disclosure of the weekly report of United States' reserves demonstrated that they increased less than expected, reinforcing the expectation for a high in oil prices. The oil workers' strike in Nigeria, the terrorist attacks on Iraqi oil ducts and the threat of Yukos's bankruptcy, the largest Russian oil producer, contributed towards the price's high. In addition to economic

factors, the acceleration of the global economic activity signaling an increase in fuel consumption is even more relevant. According to the International Energy Agency, the demand for oil in the world (80 million barrels per day) already is greater than the production (78 million).

Graph 3.3
Evolution of oil production and imports by Brazil: 1970 through 2003



In the meantime, the Brazilian trade balance does not seem to be as sensitive to the price of oil as it used to be some years ago. A study by the Central Bank estimates that a high of 20% in the price of oil will only decrease the Brazilian trade balance by US\$ 400 million. The increase of oil production in Brazil has made the country less sensitive to the international price variations. The Brazilian production increased 130.00% in the last ten years – see graph 3.3.

The start of operations in a new platform in the Marlim Sul field (Rio de Janeiro) in June was a highlight. This platform has the capacity to process 100 thousand barrels per day and compress 2.3 million m³ of gas per day. Petrobras has another 15 projects in progress and another 39 under evaluation. It is expected that another four platforms will start operations between 2004 and 2005 – see table 3.4 with the operation forecasts for the new platforms. Projects that have been financed by the Foreign Trade Area of the BNDES have strongly contributed towards this result. In the last three years, US\$ 832 million were granted towards the construction of platforms for Petrobras in the ambit of REPETRO.

Table 3.4

Start of operations of new platforms				
Unit	Type	Field	Capacity (bod)	Year
Marlim Sul	FPSO	Marlim Sul I	100.000	mid 2004
P-43	FPSO	Barracuda	150.000	October 2004
p-48	FPSO	Caratinga	150.000	December 2004
P-50	FPSO	Albacora Leste	180.000	mid 2005
P-34	FPSO	Jubarte fase I	60.000	2005
P-51	SS	Marlim Sul II	180.000	March 2006
P-52	SS	Roncador I fase II	180.000	March 2006
P-53	FPSO	Marlim Leste	140.000	end of 2006
P-54	FPSO	Roncador II	180.000	end of 2006
-	-	Frade	110.000	2007

Source: Pactual Research

The strength of Brazilian exports is not only derived from the positive phase of a commodity price cycle. Industrialized goods with a greater value added also have a good performance in the Brazilian trade balance; more than half of the Brazilian portfolio is composed of these goods. Even with the success of Brazilian agriculture, the share of manufactured products has not decreased significantly in the last years. In fact, it increased from 52% in 1990 to 54% in 2003 (see following insert). The share of manufactured commodities is of only 6% in the Brazilian portfolio. The aircraft, automobiles, footwear, auto parts and motors for vehicle sectors are among the main exporters in the semester.

Brazil is the world's 28th exporter of manufactured products

Brazil is one of the largest exporters of manufactured products in absolute values. The export of US\$ 39.7 billion in 2003 earned it the 28th positing in the ranking of exporters of manufactured products in the world, placing ahead of Russia, Indonesia, South Africa and Australia.

In the meantime, the share of only 54% of the portfolio by manufactured products made Brazil fall several positions in relative terms, only placing in 57th place. Manufactured products exports by East Asian countries represent more than 80% of their portfolio, with the same being the case for Europe and the United States – see table 3.5. The share of manufactured products in Brazilian exports is even below the average of low and medium wage countries (60%). Other countries in Latin America also have a low share in manufactured products, as is the case with Argentina (31%), Chile (18%) and Uruguay (37%). Venezuela and countries from the Middle East have shares in the export of manufactured products that are lower than 15%, since oil sales cause their averages to fall.

Table 3.5

Exports of manufactured products in the world

	Country*	Share of manufactured products over the exported total	Absolute values of manufactured exports (2003)
1	Taiwan	94%	134.420
2	Japan	93%	415.803
3	Switzerland	93%	102.300
4	Israel	93%	27.268
5	South Korea	92%	185.196
6	China	90%	392.490
7	Czech Rep.	89%	41.625
8	Italy	88%	244.728
9	Ireland	88%	86.513
10	Germany	86%	599.334
11	Hungary	86%	36.146
12	Portugal	86%	26.772
13	Singapore	85%	121.040
14	Finland	85%	46.138
15	Slovakia	85%	18.063

Source: World Bank and CIA World Factbook

* Countries with annual exports greater than US\$ 20 million.

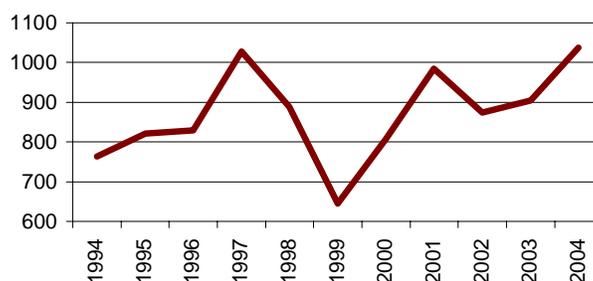
With manufactured products, except for the eminently exporting sectors, the domestic market's low absorption capability is added to the growing foreign demand. A domestic economy marked by low growth results in the exports being one of the main opportunities for companies to maintain and/or expand their production. In this process, there is both the increase in foreign sales through use of the inactive capacity as well as new investment exclusively aimed at exports.

The exports of aircraft increased 65% compared to the same semester of the previous year, recovering part of the performance of previous years. In this case, the domestic market's conditions contributed little towards the industry's demand, but the same does not happen in other sectors.

The automobile segment seems to fit better into the dynamic of exports explained by domestic vs. foreign demand. A good part of its performance in exports may be explained for being a way in which manufacturers overcome the inactivity of assembly plants. The forecasts of the 1990's, under which the productive capacities were determined, turned out to be super-estimated in comparison to the growth of domestic demand. In 2004, there was a historic record in the volume of produced vehicles during the semester (1,038 million units), representing a production that was slightly greater (growth of 1%) compared to 1997, the year in that held the previous record – see graph 3.4. The exports sustained this result: in June, the manufacturers obtained the highest revenues with exports in all of their history (US\$ 699.7 million, +43.90% compared to 2003). Anfavea estimates that the earnings originating from foreign sales will be of US\$ 6.9 billion in 2004, representing a growth of 25.00% compared to 2003.

Graph 3.4

**Brazilian production of vehicles: January to June
(in thousand units)**



Source: Elaborated based on data from Anfavea

Other sectors also registered similar behavior that that of the automotive sector. In the footwear segment, as well as in other consumer goods, the domestic demand did not allow for the expansion of companies through the domestic market. According to data from Abicalçados, the domestic consumption of footwear demonstrated stability throughout the last years. In the same way, the export of refined sugar (with a growth of +96.10% compared to 2003) follows the increase of food consumption in the world, being able to be aimed at either the final consumer as well as for the elaboration of other foods.

The only relevant category of manufactured products of greater technological sophistication that registered a decrease of exports in the semester was that of transmission and reception devices (-23.60%). The Brazilian Association of Electric and Electronic Industry – Abinee explained this decrease in foreign sales by the increase of domestic demand. According to data from Anatel, there were 52.4 million mobile phones in service in Brazil in May 2004, 6 million more than in December 2003. Additionally, the increase in domestic demand for cellular telephony devices did not only take place through the acquisition of new lines but also through the exchange of

devices due to the introduction of new technologies (GSM and the new generation CDMA). In 2003, the cellular telephony devices represented 23% of the total exported by the electro-electronics sector; in 2004, only 12%.

The effect resulting from the domestic demand may also take place in other sectors, as in the case of intermediate goods. The Brazilian Metallurgy Institute – IBS forecasts that foreign sales of steel will decrease if there is an economic recovery. It is estimated that a total of US\$ 12.30 million tons will be exported in 2004 (decrease of 5.70%). With the recovery of industrial production, this will be one of the first affected sectors. At Usiminas, that holds 60% of the domestic market for cold galvanized and laminates for automobiles, the exports decreased 10.00% in the first quarter of 2004 compared to 2003 and domestic sales expanded from 801 thousand tons to 833 thousand tons. In the meantime, this movement did not start in a general manner: until May, exports grew 2.20% and domestic sales increased 4.60% for plain steel and 16.20 for long steel. Civil construction, a major generator of demand in the sector, has still not recovered.

3.3) Foreign direct investment

The elevated trade surplus has contributed for the current transactions account to remain positive, registering a balance of US\$ 4.40 billion in the accrued year until June. The month of June registered an excellent result, in which current transactions were positive by US\$ 2.10 billion. The current transactions / GDP ratio is at 1.60%.

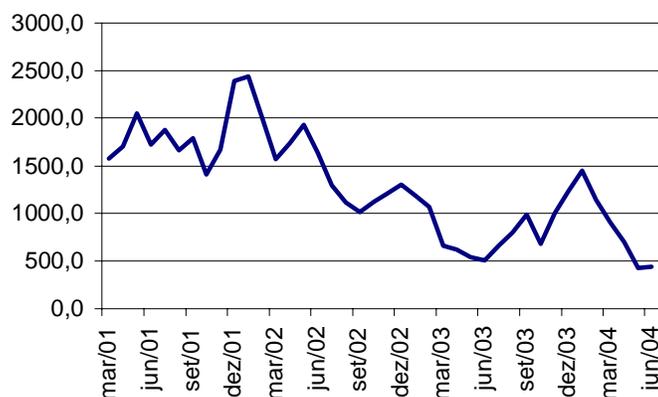
The Balance of Payments in the year is positive (US\$ 1.30 billion), in spite of the capital and financial account being negative, with a deficit of US\$ 1.80 billion.

The foreign direct investments were of US\$ 737 million in June and in the accrued year registered a growth rate of 16.00% compared to the same period in 2003 – see graph 3.5. From January to June, there were net inflows of US\$ 4,044 million in 2004, compared to US\$ 3,500 million in 2003. The FDI/GDP comparison remains practically stable compared to the previous year, passing from 1.44% in 2003 to 1.47% in 2004 in the accrued period of January to June.

In the first semester of 2004, the main foreign investors in Brazil were the United States, the Netherlands, Germany, the Cayman Islands, and Canada. The sector that received the most foreign direct investments was services (US\$ 2,977 million), where the telecommunications segment stood-out (US\$ 903 million). The industrial sector came in second place in the semester, with receipts of US\$ 1,851 million. The main industry segment to receive foreign investments was that of automotive vehicles (US\$ 603 million).

Graph 3.5

Foreign direct investment in Brazil: moving quarterly average in US\$ millions



Source: Brazilian Central Bank

3.4) BNDES Foreign Trade Area (AEX) Disbursements

In the first semester of 2004, the disbursements of the Foreign Trade Area (AEX) grew 50.4% compared to the same period in 2003. The total value of the disbursements of US\$ 1,899 million between January and June 2004 represented a historic record for the same periods in previous years. From the total that was disbursed between January and June 2004, the Post-shipment was the main line of disbursements by the AEX, representing 49% of the total granted value, followed by the Pre-shipment line, with 35%. Compared to the same period of the previous year, the greatest growth took place in the disbursements in the Pre-shipment line (+437.00%). The disbursements of the Export Area of the BNDES reached the most varied sectors, practically all the classifications of economic activities, with the main focus on high added value goods. There was significant participation by the capital goods sector (50.20%), in addition to leisure vehicles (16.20%) and food (12.10%).

Table 3.6
Total Disbursements: Distribution by Sector
2004 (until June)

RK	Sector	Value (US \$ millions)	Share %
1	Capital Goods	953	50,2
2	Leisure Vehicles	319	16,8
3	Food Products	229	12,1
4	Services	134	7,1
5	Electronic Material	47	2,5
6	Chemical Products	37	1,9
7	Other	180	9,5

Source: BNDES

Another standout is the growth of disbursements in operations associated to services. In the first semester of 2003, the disbursements for this segment were of US\$ 40 million; in 2004, these increased to US\$ 134 million, passing to represent 7% of the AEX's disbursements. The disbursements in projects associated to the export of services should remain relevant throughout the year, since the support to the South American integration is one of the main objectives of the AEX, following the priority given by the Brazilian foreign policy itself.

The disbursements to micro, small and medium sized enterprises added-up to US\$ 46 million in the semester. In the number of companies, the micro, small and medium enterprise represented 46% of the total that were served by export support lines of the BNDES, having supported 84 companies of this size. In 2003, the disbursements to these companies registered a growth rate of 30.40% compared to the previous year.

In 2004, the sectors that demanded the most disbursements in the segment of micro, small and medium sized enterprises were food (24.80%), leather and footwear (17.70%), machines and equipment (13.10%) and furniture (11.90%). The Southern region concentrated the greatest part of disbursements to these companies, with 46.50% of the total.

In the first semester of 2004, the AEX launched a new mode of financing to facilitate the export of goods produced by micro, small and medium enterprises. These companies face barriers in the access to credit, market prospecting and in the operational procedural steps when they seek to position their products in the foreign market. Faced with this determination, a new operational mode was developed starting to support smaller sized companies through the participation of a large company, which became known as the anchor company.³ In addition to the incentive to their exports, this operation answers for the difficulties of small and medium producers, involving their organization, scale for the negotiation of their purchases and sales, training and specialized operational structure in the area of exports, among others. The anchor company is responsible for the financial management and logistics of the operation, also being able to be responsible for the intermediation in the risk evaluation of the importer and for the export itself.

Since 1999, the AEX has successfully developed an operation of this type with the participation of a large exporting trading company, specialized in the trade of shoes and leather items – that, in 2003, enabled the exports for 280 micro and small exporting companies located in the footwear Local Productive Arrangement in Rio Grande do Sul. With the adoption of a specific program to meet these operations, the BDNES will contribute to increase the exporting base in the segment of micro, small and medium enterprises, in a way to enable the constant growth of foreign sales, guaranteeing the generation and preservation of jobs and the increase of the Brazilian trade surplus.

In the ambit of activities related to the integration of South America, negotiations for the creation of cooperation agreements were developed with Argentina, Paraguay and Bolivia, with the purpose of regulating the financing of the BNDES to Brazilian exports for integration projects in these countries, in addition to signing the cooperation agreement with Mercosur.

In the first semester of 2004, the activities of the AEX in the ambit of Repetro, especially with regards to the support to Petrobras, had as the main objectives: to enable the company's project, that foresees the self-sufficiency of the production of hydrocarbonates in a period of 5 to 10 years; and develop the Brazilian industry of goods and services for the oil and gas sector, through the continuous increase of demands on the minimum nationalization indexes.

The negotiations for the contracting of platform P-52 were practically concluded, regarding the Roncador field, with the contracting activities supposed to be completed still in the month on July. The negotiations for the financing contract for the P-51 and P-54 (Marlin Sil and Roncador fields, respectively) were also started, whose commercial contracts were signed this past June. The efforts to stimulate the increase of the nationalization indexes in the construction of Petrobrás's platforms also continued.

³ The anchor company may be a trading company, an exporting commercial company, or an industrial company, that will be responsible for the financial logistics and management of the operation in addition to the export of goods that are produced by smaller sized companies. The anchor company remains responsible for the attributes that represent barriers to the completion of business abroad by MSME's, such as market prospecting, negotiation with clients, risk evaluation of the importer, enablement of the payment period and the logistics in managing the business itself.

4) TRADE NEGOTIATIONS

4.1) UNCTAD

The UN's Conference for Trade and Development was held in São Paulo, on the week of 06/14 – 06/18, being the largest international event held in Brazil since Rio-92. Delegations of more than 190 countries came to participate in the XI UNCTAD (United Nations Conference for Trade and Development).

One of the conference's highlights was the discussion on the expansion of agreements between developing countries or even the poorer nations, so that they may grant mutual benefits when trading among each other. According to UNCTAD's Secretary General, Rubens Ricuperio, the objective is to increase the number of participating countries, that are currently 42, but may reach 130 countries.

Another important matter was the donation of R\$ 15 million by the Government of Germany for a project that foresees the creation of jobs in the Northeast of Brazil in small and medium enterprises.

The greatest priority was the resumption of South-South negotiations between more than 40 nations. The idea is to allow that the 40 countries exchange trade advantages, without the need to extend them to other partners in the World Trade Organization (WTO) – which has been referred to the South-South agreement, for joining countries that are located, in most cases, in this hemisphere.

The agreement, know as the General System of Trade Preferences, is composed of 44 countries, including the members of Mercosur, India, Mexico, Egypt, both Koreas and Malaysia. Trade between them reaches US\$ 2 trillion, approximately 55% of the total from developing countries. This agreement foresees not only the trade liberation, but also the possibility of cooperation in terms of investments, which could be a connecting network to integrate productive structures in these countries.

4.2) Brazil and Bolivia

On 07/06/2004, in Brasília, Brazil and Bolivia signed a term of agreement for the creation of a bi-national committee with the objective of defining details on the construction of a gas-chemical complex in the border between the two countries. The project is estimated to consume three million cubic meters of gas per day, of Bolivian production, flowing off from the Brazil-Bolivia gas duct. The expected investment for the complex is in the order of US\$ 1.35 billion. The intention is to have the complex, which will transform iron ore into sponge iron, attract a range of manufacturing industries in the region. According to the Executive Secretary of the Ministry of Mines and Energy, Maurício Tolmasquim, 5 to 6 thousand jobs should be created in the complex's construction phase, and 400 direct and 2 thousand indirect jobs in the operations phase. The committee will also deal with legal matters, products, gas prices and environmental matters.

4.3) Mexico and Uruguay Agreement

The free trade agreement between Uruguay and Mexico, signed on last November 15th, came into effect on 07/14/2004. With this, Mexico increased to 11 agreements of this type, signed with 42 countries. The treaty determines the liberation of practically all industrial products and several agricultural products. Other products,

such as bovine meat and cheeses, will benefit in the following years. It was announced at the meeting of the heads of Mercosur, last week, that the Mexicans will negotiate a free trade agreement with the remainder of the block.

4.4) Brazil and Argentina

In the beginning of July, Argentina created a new obstacle in the trade relations with Brazil. The Argentine Government withdrew the automatic license for the import of Brazilian household appliances from the "white line". In practice, this makes the exports to the neighboring country, which grew 176% this year, more difficult. Argentina also announced a tariff of 21.5% for the import of television sets that are produced in the Free Zone of Manaus.

In the second week of July, in spite of efforts by the involved sectors to reach an agreement, the Argentine government adopted measures to penalize the Brazilian export of TVs originating from Manaus with tariffs and imposed restrictions on the entry of household appliances from the white line. Sony and Semp-Toshiba announced on 07/13 the temporary suspension of TV sets exports to Argentina, as a reaction to the surtax of 21% for the products that are manufactured in the Free Zone of Manaus. On 07/14, representatives from Brazil and Argentina made an agreement on the trade dispute between the two sides in the area of ovens. In the agreement, Brazil agreed to define a quota of 90 thousand gas ovens to be exported to the neighboring country and another quota of 47.5 thousand units to be shipped in the first semester of 2005.

The restrictions imposed by Argentina on Brazilian household appliances will not hinder the plans of the Brazilian Development Bank (BNDES) to finance the Argentine import of Brazilian products and services. Since the beginning of the Lula administration, the BNDES has had a project to support the integration of Latin America through financings to countries in the region.

On 07/16, following two days of meetings, Brazilian executives from the household appliances sector ceded to Argentina's pressures and agreed to voluntarily decrease their exports to the Argentine market. Brazil and Argentina reached an understanding with regards to the sale of ovens and refrigerators to the neighboring market. It was determined that Brazilian factories will limit the export of ovens to 90 thousand units and account for approximately 50% of refrigerator sales in that country. Two days after the implementation of the surtax of 21.5% on the import of television sets manufactured in the Free Zone of Manaus, the Argentine government published Resolution 177/2004 on 07/22 in the Official Journal, that foresees the end of the automatic licensing for the import of washing machines. According to the neighboring government, Brazil currently holds 49% of the Argentine market for washing machines and, therefore, will be the most affected country with the imposition of non-tariff barriers on imported products.

4.5) Mercosur

The Presidents of Brazil, Argentina, Paraguay and Uruguay, began putting into practice the Program Objective 2006 in the month of July, created to end, in two years, the main obstacles to the real integration between the Mercosur markets. One of the main measures will be to decrease the bureaucratic lag that is responsible for keeping almost 60% of decisions taken in the summit meetings without practical effect.

A good part of the agreements that are expected to be signed at the Mercosur Summit will have to be delayed, according to the Sub-Secretary General for South America, Luiz Filipe Macedo Soares. According to the Ambassador, the double charging by customs in Mercosur, the automatic internalization of the blocks norms that do not need to be sent to Congress and the exemption of certificates of origin for products that are typically from the region will remain for the second semester.

There will be three new agreements, according to Soares. The first will be to make the Mercosur Permanent Review Tribunal, an organ of last resort to resolve trade disputes. Once the tribunal is activated, countries that are involved in disputes in the block may not take their claims to the World Trade Organization. The block will determine the signing of a democratic clause. Finally, Mercosur will allow for some inputs that are imported with zero tariffs to be accounted in the calculation of regional content.

President Luiz Inácio Lula da Silva took over the Temporary Presidency of Mercosur on 07/08/2004, in Puerto Iguazú, in Argentina, from the Argentine President, Néstor Kirchner, for a term of six months. Agreements for the implementation of education, health and agricultural social matters will be signed in the negotiations round between Brazil, Argentina, Paraguay and Uruguay.

In the meeting with President Luiz Inácio Lula da Silva, at the Itamaraty Palace, the President of Mexico, Vicente Fox, admitted that, in addition to formalizing the request for addition of his country to Mercosur, as an associate member, it is "fully disposed" to sign a free trade agreement with the economic block.

Mercosur and Egypt signed an agreement on 07/08/2004, starting negotiations for a free trade agreement. The Argentine President, Néstor Kirchner, said that he hopes something similar will take place soon with Morocco. Kirchner also announced that Venezuela would become an associated state as soon as the free trade agreement between Mercosur and that country is registered with the Latin American Integration Association (Aladi). Brazilian negotiators said that only technical adjustments are missing for that to take place. President Hugo Chávez, which also participated in the meeting of Presidents, affirmed that Venezuela has been waiting for six years to join the block.

4.6) Mercosur and EU

Negotiators of Mercosur and the European Union met in Buenos Aires on 06/10/2004 for another advance in negotiations for an agreement, with the objective of signing it in October. In this agreement, Mercosur has a proposal to adopt a quota system for the import of European vehicles, as another way to enable the bilateral trade agreement between the two blocks. In the end of the month of June, analysts and negotiators of Mercosur received the approval of the Portuguese Prime Minister, José Manuel Durão Barroso, for the Presidency of the European Commission (EC) with optimism. The new commission will work in the EU-Mercosur matter.

In the last half of July, trade negotiations between Mercosur and the European Union suffered a setback. The reason was the conflict on agricultural barriers and the European demand for more access in the Latin American market. In the second day of meetings in Belgium, the European block demonstrated that it was not willing to cede as Mercosur would like it to. The 50% of the export quotas for agricultural products from Mercosur, that were being offered by the European Union in the signing of the

agreement between the blocks, would pass to 60% at a first stage, but would be divided throughout 10 years.

Mercosur suspended negotiations with the European Union (EU) on 07/21, demonstrating dissatisfaction and frustration with the withdrawal of the European agricultural offer two months from the final deadline for the free trade agreement. Representatives of the two countries will meet again on August 9th. In the meantime, negotiation attempts failed once again. Representatives of the two trade blocks interrupted discussion on 08/12. Both sides complained on the lack of flexibility: the European Union defends a negotiation per area, while Mercosur will only accept to analyze proposals as a block. A new round of negotiations was scheduled to September. With the postponement, it will be more difficult to meet the deadline to conclude a trade agreement in October.

4.7) WTO

i) The cotton panel

In June, Brazil obtained an important victory in the fight against agricultural subsidies adopted by developed countries. Firstly, in the cotton panel, the WTO agreed with Brazil that the subsidies of the United States disrespect the Peace Clause that prohibits countries to grant subsidies that are greater than those that were already in place in the end of 1992. In addition, the WTO admitted that the *Production Flexibility Contract* and *Direct Payment* programs distort the global cotton production and trade. The WTO also recognized that that the domestic support from the United States – of approximately US\$ 13 billion between 1999 and 2003 – harms Brazil considering the pressure it exerts in lowering international prices. Finally, the WTO regarded two other Brazilian revindications: a) that the “Step 2” program constitutes a prohibited subsidy for demanding the export or consumption of an American product in detriment of the imported one; and b) that the credit guarantees for exports should be considered incompatible with the Agreement on Subsidies and Compensatory Measures, established in the ambit of the WTO itself. The impact of this decision should take some time, bearing in mind that the United States may still appeal the decision.

ii) Advances in the Doha Round

In the end of July and beginning of August, the countries that are part of the WTO reached an agreement that represented an important advance in negotiations in the agricultural area. For the first time, the 147 member-countries of the WTO agreed in the complete end to subsidies for exports, that cause most distortion to competition in the international market. In addition, they will significantly decrease the subsidies for domestic production, that cause an excess in production and supply in global markets, decreasing prices and harming developing countries. In the meantime, it is still early to make any specific evaluation on the results of the agreement, considering that the final negotiation should still extend itself for years.

With regards to the subsidies for production, the following directives were agreed upon:

- a) Subsidies that support the production of agricultural merchandize must be decreased significantly;
- b) These subsidies must be decreased by 20% in the first year that the future agreement is place;
- c) Wealthy countries, that spend more with subsidies must make larger cuts;

- d) There will be limits for official help in the case of some merchandizes; and
- e) Subsidies of a lower impact will be submitted to new limits and may not exceed 5% of the country's production.

With regards to the subsidies for exports:

- a) Those that offer direct support to exports will have to be eliminated at a date to be determined;
- b) Credits, guarantees and insurance programs offered by governments to agricultural exporters must be eliminated;
- c) There will be rules to restrict abuses in countries where the agricultural exports are monopolized by state-run companies; and
- d) There will be rules to prohibit humanitarian aid programs from being used to subsidize agricultural exports.

Finally, with regards to the determination of tariffs and quotas, the next steps in the negotiations must follow the following directives:

- a) The decrease of tariffs that make the import of agricultural products more expensive must be progressive: the greater the rate, the greater the required cut;
- b) Wealthy countries may protect a limited number of "sensitive" products, using quotas or delaying the decrease of tariffs;
- c) Quotas that restrict the entry of foreign agricultural products may be expanded; and
- d) Poor countries will receive special treatment, to decrease the losses that the opening of their markets may cause to local producers.

iii) The sugar panel

In the beginning of August, Brazil earned a new victory in the "crusade" for the decrease of agricultural subsidies granted by developed countries. In a historic decision, the WTO ruled in favor of Brazil, Australia and Thailand in a dispute against the European Union's policy on subsidies for sugar and recognized that the EU imports 1.6 million tons of the product from its former colonies at a price of US\$ 600 (per ton), re-exporting it at a significantly lower price, of around US\$ 200. In addition the WTO ruled the "crossed subsidy" mechanism through which an internal benefit turns into unfair support for export as being illegal. Brazil alleged that the European exports of subsidized sugar reach approximately 5 million tons per year and result in a loss of approximately US\$ 1 billion for the country. It is expected that this victory may encourage new investments in part of Brazilian production plants. Brazil's participation in the global market may increase from the current 40% to 60%.

4.8) FTAA

In general terms, the Free Trade Area of the Americas (FTAA) negotiations are paralyzed. The United States claims to agree with the eradication of subsidies for the export of agricultural products, but they want to preserve the alternative to re-issue them in case subsidized goods from outside the block enter FTAA, particularly from Europe, and Mercosur has been resistant because of this. The challenge is to adjust the level of ambition of each negotiating group for it to be decreased to a level that may be considered acceptable by all, but that it remains high enough to offer benefits for everyone. It is expected that the agreement that is reached in the ambit of the WTO – described above – will ease discussions on agricultural matters for FTAA.

FORECASTS AND ECONOMIC INDICATORS

FORECASTS

Table 1 - Forecasts

Gross Domestic Product - %																
	IMF (1)		ECLAC (2)		OECD (3)		BBVA		Citigroup		Economist (4)		Merrill Lynch		Santander	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Developed Countries	3,5	3,1	-	-	3,0	3,1	2,8	-	3,5	2,8	-	-	3,2	2,6	-	-
European Union	2,0	2,4	-	-	1,9	2,5	1,7	2,3	-	-	-	-	-	-	-	-
Japan	3,4	1,9	-	-	3,0	2,8	3,7	2,6	4,5	2,1	4,4	2,2	4,4	2,6	-	-
United States	4,6	3,9	-	-	4,7	3,7	4,1	3,3	4,5	3,7	4,6	3,6	4,2	3,4	-	-
Canada	2,6	3,1	-	-	2,8	3,3	-	-	3,0	4,0	3,0	3,4	-	-	-	-
UK	3,5	2,5	-	-	3,1	2,7	3,1	2,7	3,4	3,2	3,2	2,7	3,4	2,8	-	-
Euro Zone	1,7	2,3	-	-	1,6	2,4	1,7	2,3	1,8	2,0	1,8	2,0	1,9	2,2	-	-
Germany	1,6	1,9	-	-	1,1	2,1	1,6	-	1,2	1,5	1,4	1,7	-	-	-	-
France	1,8	2,4	-	-	2,0	2,6	1,6	-	2,1	2,0	2,2	2,2	-	-	-	-
Italy	1,2	2,0	-	-	0,9	1,9	1,5	-	1,2	1,8	1,2	1,8	-	-	-	-
Developing Countries	5,6	-	-	-	-	-	5,5	-	5,8	5,5	-	-	-	-	-	-
Africa	4,2	5,4	-	-	-	-	-	-	3,3	3,9	-	-	-	-	-	-
Latin America and Caribbean	-	-	4,5	-	-	-	4,4	3,4	4,3	4,0	-	-	5,2	3,4	4,4	4,0
Argentina	4,0	4,0	7,1	-	-	-	7,2	4,0	8,3	3,7	-	-	7,5	3,3	6,8	3,0
Bolivia	4,3	4,8	3,3	-	-	-	3,3	-	-	-	-	-	-	-	-	-
Brazil	3,0	-	3,7	-	3,0	3,5	3,0	2,5	3,5	4,0	-	-	4,1	3,2	3,8	4,0
Chile	4,5	5,2	4,8	-	-	-	5,3	5,5	5,4	4,9	-	-	5,0	4,7	5,1	4,5
Colombia	3,3	3,7	3,7	-	-	-	4,0	4,0	3,6	3,8	-	-	3,8	3,0	3,6	3,5
Ecuador	5,0	-	5,5	-	3,5	4,2	2,6	-	5,4	2,3	-	-	-	-	-	-
Mexico	3,5	-	3,9	-	3,6	4,2	4,0	3,8	3,1	3,2	-	-	3,9	3,5	3,2	4,0
Paraguay	1,0	-	2,5	-	-	-	-	-	-	-	-	-	-	-	-	-
Peru	4,0	4,5	4,2	-	-	-	4,3	3,9	3,5	3,5	-	-	3,6	3,0	3,8	3,8
Uruguay	4,5	4,0	9,5	-	-	-	10,5	4,5	8,0	4,0	-	-	-	-	-	-
Venezuela	7,7	-	12,0	-	-	-	8,7	2,1	10,5	9,0	-	-	13,3	3,3	9,7	5,9
Dominican Republic	0,5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	7,4	7,0	-	-	-	-	-	-	6,8	6,5	-	-	-	-	-	-
China	8,5	8,0	-	-	7,8	7,4	-	-	8,5	8,2	-	-	9,5	8,0	-	-
South Korea	5,5	5,3	-	-	4,7	5,5	-	-	5,8	6,5	-	-	5,5	4,5	-	-
Indonesia	4,5	5,0	-	-	-	-	-	-	4,8	5,0	-	-	4,5	4,0	-	-
Taiiland	5,1	-	-	-	-	-	-	-	7,0	6,7	-	-	6,5	5,0	-	-
India	6,8	6,0	-	-	-	-	-	-	6,6	7,0	-	-	8,2	7,1	-	-
Central and Easter Europe	4,5	4,4	-	-	-	-	-	-	5,9	5,4	-	-	-	-	-	-
Russia	6,0	5,3	-	-	5,0	5,0	-	-	8,0	6,5	-	-	6,2	4,0	-	-
World	-	-	-	-	-	-	-	-	4,0	3,7	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2004 (April/2004) and Reports of countries

(2) Proyecciones de América Latina y el Caribe (August/2004)

(3) OECD Economic Outlook No. 75, May/2004

(4) Average of the predictions of a group of forecasters surveyed by The Economist (ABN Amro, Deutsche Bank, Economist Intelligence Unit, Goldman Sachs, HSBC Securities, KBC Bank, JP Morgan Chase, Morgan Stanley, Decision Economics, BNP Paribas, Royal Bank of Canada, Citigroup, Scotiabank and UBS)

Table 2 - Forecasts

Consumer Price Index - %																
	IMF (1)		ECLAC (2)		OECD (3)		BBVA		Citigroup		Economist (4)		Merrill Lynch		Santander	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Developed Countries	1,7	1,7	-	-	1,4	1,4	1,6	-	1,7	1,4	-	-	2,0	1,9	-	-
European Union	1,7	1,7	-	-	1,8	1,7	2,2	1,9	-	-	-	-	-	-	-	-
Japan	-0,4	-0,1	-	-	-0,2	-0,2	-0,4	-0,1	-0,1	-0,1	-0,1	-0,1	0,2	0,0	0,5	-
United States	2,3	2,2	-	-	1,7	1,8	3,1	1,7	2,4	1,7	2,5	2,2	2,7	2,5	-	-
Canada	1,4	1,9	-	-	1,4	2,1	-	-	1,9	2,1	1,9	2,1	-	-	-	-
UK	1,6	1,8	-	-	2,6	2,7	1,6	1,9	1,6	1,9	1,5	1,9	1,7	1,8	-	-
Euro Zone	1,7	1,6	-	-	1,7	1,4	2,0	1,7	1,9	1,6	2,0	1,7	2,0	1,8	-	-
Germany	1,0	0,9	-	-	0,8	0,7	1,3	-	1,5	1,2	1,6	1,2	-	-	-	-
France	1,8	1,6	-	-	1,4	0,9	1,8	-	2,1	1,4	2,1	1,6	-	-	-	-
Italy	2,1	2,0	-	-	2,0	1,9	2,2	-	2,4	2,2	2,2	2,1	-	-	-	-
Developing Countries	5,7	5,0	-	-	-	-	4,6	-	5,0	4,9	-	-	-	-	-	-
Africa	8,6	6,7	-	-	-	-	-	-	5,5	5,8	-	-	-	-	-	-
Latin America and Caribbean	7,0	-	7,5	-	-	-	6,8	6,3	6,1	5,1	-	-	6,9	7,4	6,4	5,8
Argentina	6,7	9,5	4,9	-	-	-	7,5	8,0	3,8	4,7	-	-	7,0	11,0	6,0	9,0
Bolivia	3,5	3,5	4,9	-	-	-	3,0	-	-	-	-	-	-	-	-	-
Brazil	5,9	4,7	6,1	-	6,5	5,5	7,0	6,0	6,5	5,9	-	-	7,2	5,8	5,8	5,0
Chile	1,3	2,9	1,1	-	-	-	2,8	3,1	0,9	2,6	-	-	1,7	3,0	1,4	2,8
Colombia	5,7	5,0	6,1	-	-	-	5,5	5,0	5,8	5,2	-	-	5,6	5,8	6,0	5,5
Ecuador	3,2	2,7	2,9	-	-	-	6,0	-	3,7	3,2	-	-	-	-	-	-
Mexico	4,3	3,2	4,4	-	3,5	4,2	4,1	3,7	4,1	3,0	-	-	4,0	3,8	3,9	3,5
Paraguay	8,0	6,7	5,5	-	-	-	-	-	-	-	-	-	-	-	-	-
Peru	2,5	2,5	4,3	-	-	-	3,0	2,3	2,3	1,9	-	-	2,4	2,7	2,5	2,5
Uruguay	8,3	7,7	9,6	-	-	-	9,0	10,0	8,6	8,6	-	-	-	-	-	-
Venezuela	29,3	35,0	22,3	-	-	-	26,2	26,4	22,6	16,3	-	-	25,0	30,0	37,9	29,4
Dominican Republic	28,8	10,6	60,3	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	4,0	3,6	-	-	-	-	-	-	3,4	4,0	-	-	-	-	-	-
China	3,5	3,0	-	-	1,0	1,5	-	-	3,5	4,5	-	-	4,5	6,0	-	-
South Korea	3,4	3,2	-	-	3,2	3,2	-	-	3,3	3,3	-	-	3,0	3,0	-	-
Indonesia	5,0	-	-	-	-	-	-	-	6,6	7,1	-	-	6,0	6,0	-	-
Thailand	0,1	-	-	-	-	-	-	-	2,5	3,3	-	-	2,5	2,5	-	-
India	4,3	4,1	-	-	-	-	-	-	5,5	5,0	-	-	5,0	5,0	-	-
Central and Easter Europe	6,9	5,5	-	-	-	-	-	-	8,2	7,2	-	-	-	-	-	-
Russia	11,2	9,9	-	-	11,0	9,0	-	-	11,0	9,0	-	-	10,0	9,0	-	-
World	-	-	-	-	-	-	3,4	-	2,8	2,6	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2004 (April/2004) and Reports of countries

(2) Proyecciones de América Latina y el Caribe (August/2004)

(3) OECD Economic Outlook No. 75, May/2004

(4) Average of the predictions of a group of forecasters surveyed by The Economist (ABN Amro, Deutsche Bank, Economist Intelligence Unit, Goldman Sachs, HSBC Securities, KBC Bank, JP Morgan Chase, Morgan Stanley, Decision Economics, BNP Paribas, Royal Bank of Canada, Citigroup, Scotiabank and UBS)

Table 3 - Forecasts

Public Sector Deficit - % of GDP												
	IMF (1)		OECD (2)		BBVA		Citigroup		Merrill Lynch		Santander	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Developed Countries	-3,2	-2,6	-3,8	-3,7	-	-	-3,3	-3,1	-	-	-	-
European Union	-2,6	-2,3	-2,6	-2,7	-	-	-	-	-	-	-	-
Japan	-7,1	-6,6	-7,1	-6,6	-7,4	-	-7,0	-6,6	-	-	-	-
United States	-4,8	-3,5	-4,7	-3,9	-4,3	-	-3,2	-2,7	-	-	-	-
Canada	1,0	1,3	1,2	1,3	-	-	0,7	0,3	-	-	-	-
UK	-3,0	-3,0	-2,9	-2,9	-2,6	-	-2,6	-2,2	-	-	-	-
Euro Zone	-2,8	-2,4	-2,8	-2,7	-2,8	-	-2,9	-2,7	-	-	-	-
Germany	-3,5	-3,1	-3,7	-3,1	-	-	-3,9	-3,5	-	-	-	-
France	-3,9	-3,2	-3,8	-3,6	-	-	-4,1	-3,5	-	-	-	-
Italy	-2,9	-2,8	-3,1	-3,9	-	-	-2,9	-3,5	-	-	-	-
Developing Countries	-2,7	-2,5	-	-	-	-	-2,7	-2,3	-	-	-	-
Africa	-1,9	-1,4	-	-	-	-	-3,8	-3,4	-	-	-	-
Latin America and Caribbean	-	-	-	-	-2,0	-1,7	-2,1	-1,5	-1,3	-1,2	-1,4	-1,3
Argentina	0,9	-	-	-	2,3	1,2	1,5	0,0	1,7	0,2	1,9	1,5
Bolivia	-6,0	-5,5	-	-	-5,5	-	-	-	-	-	-	-
Brazil	-1,9	-1,0	-3,0	-2,5	-5,0	-4,0	-2,8	-1,7	-3,8	-2,5	-2,9	-3,0
Chile	-	-	-	-	1,9	1,0	1,0	0,5	0,9	1,0	-0,2	-0,3
Colombia	-2,5	-2,0	-	-	-2,5	-2,4	-2,7	-2,8	-2,6	-2,5	-3,1	-3,1
Ecuador	-	-	-	-	-0,1	-	0,1	0,2	-	-	-	-
Mexico	-1,3	-1,4	-	-	-0,3	-0,3	-2,5	-1,5	-0,4	-0,4	-0,2	0,0
Paraguay	0,3	-	-	-	-	-	-	-	-	-	-	-
Peru	-1,4	-0,9	-	-	-1,6	-1,4	-1,7	-1,6	-1,8	-2,0	-1,7	-1,5
Uruguay	-2,5	-2,1	-	-	-2,9	-2,5	-2,8	-1,5	-	-	-	-
Venezuela	-	-	-	-	-5,1	-4,3	-2,0	-2,0	-0,6	-2,5	-5,3	-4,9
Dominican Republic	-	-	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	-3,5	-3,2	-	-	-	-	-2,6	-2,4	-	-	-	-
China	-2,7	-2,5	-2,8	-2,7	-	-	-2,7	-2,5	-	-	-	-
South Korea	2,9	3,5	4,0	4,5	-	-	1,0	1,3	-	-	-	-
Indonesia	-1,3	-0,9	-	-	-	-	-1,2	-0,9	-	-	-	-
Thailand	-	-	-	-	-	-	1,0	-0,5	-	-	-	-
India	-5,6	-5,3	-	-	-	-	-5,5	-5,0	-	-	-	-
Central and Easter Europe	-5,2	-4,1	-	-	-	-	-3,6	-2,7	-	-	-	-
Russia	2,2	1,0	1,0	0,5	-	-	2,0	1,0	-	-	-	-
World	-	-	-	-	-	-	-3,1	-2,8	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2004 (April/2004) and Reports of countries

(2) OECD Economic Outlook No. 75, May/2004

Table 4 - Forecasts

Trade Balance - US\$ Billion														
	IMF (1)		ECLAC (2)		OECD (3)		BBVA		Citigroup		Merrill Lynch		Santander	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Developed Countries	-95,1	-	-	-	-234,3	-217,5	-	-	-	-	-	-	-	-
European Union	173,0	-	-	-	162,8	180,4	-	-	-	-	-	-	-	-
Japan	59,2	-	-	-	83,9	112,0	-	-	-	-	-	-	-	-
United States	-478,1	-	-	-	-526,5	-555,8	-	-	-	-	-	-	-	-
Canada	38,0	-	-	-	39,6	39,9	-	-	-	-	-	-	-	-
UK	-34,2	-	-	-	-69,6	-75,9	-	-	-	-	-	-	-	-
Euro Zone	178,2	-	-	-	194,9	214,5	-	-	-	-	-	-	-	-
Germany	84,5	-	-	-	116,6	131,3	0,3	-	-	-	-	-	-	-
France	30,0	-	-	-	21,0	24,6	-	-	-	-	-	-	-	-
Italy	11,9	-	-	-	-0,6	-2,3	-	-	-	-	-	-	-	-
Developing Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America and Caribbean	-	-	-	-	47,7	-	-	-	-	-	60,2	45,5	55,9	36,9
Argentina	14,2	13,8	-	-	13,3	-	-	12,5	9,3	15,3	17,0	-	-	-
Bolivia	-	-	-	-	0,4	-	-	-0,4	-	-	-	-	-	-
Brazil	-	-	-	-	28,8	-	-	19,0	18,0	27,5	26,7	28,6	25,0	30,0
Chile	3,3	3,7	-	-	5,1	-	-	5,7	3,7	4,1	2,7	7,2	5,7	4,8
Colombia	-0,4	-	-	-	0,7	-	-	0,1	-1,1	0,1	0,2	-0,4	-0,6	0,8
Ecuador	-	-	-	-	0,5	-	-	-1,6	-	0,2	0,1	-	-	-
Mexico	-	-	-	-	-6,0	-	-	-5,4	-10,7	-6,7	-9,3	-7,8	-11,4	-7,3
Paraguay	-0,3	-	-	-	-0,2	-	-	-	-	-	-	-	-	-
Peru	0,8	1,1	-	-	0,9	-	-	1,7	1,8	0,1	0,1	0,8	0,8	1,4
Uruguay	0,3	0,3	-	-	0,3	-	-	0,1	0,1	0,3	0,3	-	-	-
Venezuela	-	-	-	-	16,0	-	-	14,7	13,4	15,2	12,3	17,9	13,2	13,5
Dominican Republic	-	-	-	-	-2,7	-	-	-	-	-	-	-	-	-
Asia and Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Korea	21,8	20,3	-	-	-	-	-	-	-	24,1	24,7	-	-	-
Indonesia	19,5	-	-	-	5,4	-1,8	-	-	-	24,7	22,0	-	-	-
Thailand	-	-	-	-	-	-	-	-	-	5,6	4,6	-	-	-
India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central and Easter Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Russia	-	-	-	-	-	-	-	-	-	-	-	-	-	-
World	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2004 (April/2004) and Reports of countries

(2) Proyecciones de América Latina y el Caribe (August/2004)

(3) OECD Economic Outlook No. 75, May/2004

Table 5 - Forecasts

Current Account Balance - % of GDP														
	IMF (1)		OECD (2)		BBVA		Citigroup		Economist (3)		Merrill Lynch		Santander	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Developed Countries	-0,6	-0,6	-1,3	-1,3	-	-	-1,3	-1,4	-	-	-	-	-	-
European Union	0,3	0,3	0,1	0,3	-	-	-	-	-	-	-	-	-	-
Japan	3,1	3,2	3,8	4,4	3,0	-	3,6	3,9	3,4	-	-	-	-	-
United States	-4,2	-4,1	-4,7	-4,8	-5,7	-	-5,3	-5,0	-5,2	-5,0	-	-	-	-
Canada	1,8	1,7	2,2	2,3	-	-	2,5	0,3	2,4	1,8	-	-	-	-
UK	-2,2	-2,1	-2,3	-2,7	-1,1	-	-3,2	-3,7	-2,6	-2,6	-	-	-	-
Euro Zone	0,7	0,8	0,5	0,6	0,1	-	0,3	-0,1	0,5	0,5	-	-	-	-
Germany	3,1	2,7	2,8	3,5	-	-	2,2	1,9	2,6	2,6	-	-	-	-
France	0,3	0,7	0,7	1,2	-	-	0,2	-0,2	0,8	0,8	-	-	-	-
Italy	-0,8	-0,5	-2,0	-2,9	-	-	-1,4	-1,3	-0,9	-0,8	-	-	-	-
Developing Countries	-	-	-	-	-	-	1,6	1,2	-	-	-	-	-	-
Africa	-1,3	-2,0	-	-	-	-	-0,4	-1,1	-	-	-	-	-	-
Latin America and Caribbean	-	-	-	-	-0,3	-1,2	1,1	0,6	-	-	0,8	-0,5	1,1	-0,2
Argentina	4,6	1,6	-	-	3,1	0,7	5,7	3,5	-	-	2,7	0,2	5,7	1,3
Bolivia	-2,5	-2,5	-	-	-5,6	-	-	-	-	-	-	-	-	-
Brazil	-0,4	-0,9	0,2	-0,4	-1,1	-1,4	1,2	0,8	-	-	1,0	0,1	1,5	-0,2
Chile	-0,2	-0,6	-	-	0,6	-1,4	0,9	1,8	-	-	3,5	0,6	1,1	-1,1
Colombia	-2,3	-2,1	-	-	-1,8	-2,7	-1,9	-2,0	-	-	-2,1	-2,4	-1,3	-2,4
Ecuador	1,4	1,5	-	-	-5,0	-	0,1	-0,2	-	-	-	-	-	-
Mexico	-2,0	-2,2	-2,0	-2,4	-1,8	-2,7	-1,3	-2,2	-	-	-1,9	-2,4	-1,5	-1,9
Paraguay	1,0	-5,1	-	-	-	-	-	-	-	-	-	-	-	-
Peru	-0,7	-0,8	-	-	-1,1	-1,1	-2,1	-1,9	-	-	-1,1	-1,5	-1,3	-1,4
Uruguay	0,5	1,0	-	-	1,2	1,5	1,0	0,8	-	-	-	-	-	-
Venezuela	9,3	6,4	-	-	11,9	10,7	12,6	14,0	-	-	10,3	5,0	7,2	5,3
Dominican Republic	4,5	2,9	-	-	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	1,7	1,6	-	-	-	-	2,5	2,1	-	-	-	-	-	-
China	1,6	1,9	0,6	1,0	-	-	-0,5	-1,0	-	-	-	-	-	-
South Korea	1,7	1,2	1,3	0,0	-	-	2,0	1,6	-	-	-	-	-	-
Indonesia	-	-	-	-	-	-	2,0	0,8	-	-	-	-	-	-
Thailand	-	-	-	-	-	-	4,5	3,4	-	-	-	-	-	-
India	0,2	0,3	-	-	-	-	0,3	0,5	-	-	-	-	-	-
Central and Easter Europe	-3,8	-3,6	-	-	-	-	-0,3	-0,7	-	-	-	-	-	-
Russia	7,9	5,1	8,5	6,5	-	-	6,3	5,0	-	-	4,7	2,7	-	-
World	-	-	-	-	-	-	-0,3	-0,6	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2004 (April/2004) and Reports of countries

(2) OECD Economic Outlook No. 75, May/2004

(3) Average of the predictions of a group of forecasters surveyed by The Economist (ABN Amro, Deutsche Bank, Economist Intelligence Unit, Goldman Sachs, HSBC Securities, KBC Bank, JP Morgan Chase, Morgan Stanley, Decision Economics, BNP Paribas, Royal Bank of Canada, Citigroup, Scotiabank and UBS)

Table 6 - Forecasts

Foreign Currency Reserves - US\$ Billion										
	IMF (1)		BBVA		Citigroup		Merril Lynch		Santander	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Developing Countries	1.628,7	1.767,5	-	-	-	-	-	-	-	-
Africa	100,5	111,9	-	-	-	-	-	-	-	-
Latin America and Caribbean	-	-	-	-	-	-	-	-	-	-
Argentina	-	-	19,5	20,5	15,0	17,0	183,1	178,9	193,0	192,0
Bolivia	-	-	0,8	-	-	-	15,1	13,9	22,0	20,0
Brazil	47,2	45,0	53,0	55,0	46,1	38,9	44,3	41,4	54,0	52,0
Chile	-	-	17,0	17,5	16,1	17,0	18,9	20,5	15,5	15,5
Colombia	10,5	-	12,3	12,5	11,2	11,0	11,5	12,0	11,8	12,2
Ecuador	-	-	0,9	-	1,3	1,4	-	-	-	-
Mexico	64,5	68,9	62,5	64,0	58,0	58,0	60,8	58,0	58,9	60,2
Paraguay	0,9	-	-	-	-	-	-	-	-	-
Peru	10,1	-	10,8	11,0	10,5	11,1	10,7	10,8	10,4	10,5
Uruguay	1,9	-	-	-	2,4	2,6	-	-	-	-
Venezuela	-	-	20,6	21,7	27,0	33,0	21,8	24,8	20,5	22,0
Dominican Republic	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	847,7	928,6	-	-	-	-	-	-	-	-
China	547,1	600,0	-	-	-	-	-	-	-	-
South Korea	165,9	-	-	-	185,0	210,0	-	-	-	-
Indonesia	33,6	-	-	-	-	-	-	-	-	-
Thailand	-	-	-	-	-	-	-	-	-	-
India	131,3	146,9	-	-	-	-	-	-	-	-
Central and Easter Europe	148,5	156,3	-	-	-	-	-	-	-	-
Russia	101,9	125,6	-	-	-	-	-	-	-	-
World	-	-	-	-	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2004 (April/2004) and Reports of countries

MACROECONOMIC INDICATORS AND FORECASTS FOR BRAZIL

Table 7 - Forecasts and Macroeconomic Indicators

	Key Macroeconomic Indicators of Brazil and Forecasts															
	1999		2000		2001		2002		2003		International Bulletin		Economic Bulletin		Central Bank of Brazil(1)	
	2004f	2005f	2004f	2005f	2004f	2005f	2004f	2005f	2004f	2005f	2004f	2005f	2004f	2005f	2004f	2005f
GDP (Variation %)	1,0	4,0	1,4	1,9	-0,2	3,4	3,4	#	3,7	3,3	3,8	3,5				
Consumer Prices Index	4,9	7,1	6,8	8,4	9,3	6,4	5,5		7,2	5,5	7,2	5,5				
Nominal Interest Rate (Selic end of period)	19,0	16,2	19,1	23,0	16,9	-	-		15,5	13,9	16,0	14,3				
Public Sector Deficit (% of the GDP)	-10,5	-4,5	-5,2	-10,3	-5,2	-3,2	-2,5		-	-	-	-				
Public Sector Debt (% of the GDP)	49,2	49,4	52,6	50,9	53,5	-	-		57,0	56,0	57,0	55,0				
Export (US\$ Billion)	48,0	55,1	58,2	60,4	73,1	-	-		88,5	94,0	88,7	93,2				
Import (US\$ billion)	51,7	58,5	55,6	47,2	48,3	-	-		59,7	69,7	59,1	67,0				
Trade Balance (US\$ Billion)	-3,7	-3,5	2,6	13,2	24,8	26,8	23,5		29,0	25,4	29,7	25,1				
Current Account Balance (US\$ Billion)	-25,4	-24,6	-23,2	-7,8	4,1	-	-		-	-	-	-				
Current Account Balance (% of the GDP)	-4,7	-4,0	-4,6	-1,7	0,6	0,4	-0,3		-	-	1,2	-2,2				
Foreign Direct Investment (US\$ billion)	28,6	32,8	22,5	16,6	10,1	-	-		10,0	13,0	10,0	13,0				
Foreign Currency Reserves (US\$ Billion)	36,3	33,0	35,9	37,8	49,1	48,9	46,5		-	-	-	-				

Source: Central Bank of Brazil, Economic Bulletin n° 138

(1) Average of market predictions surveyed by the Central Bank on 08/06/04

MACROECONOMIC INDICATORS OF SELECTED COUNTRIES

Table 8 - Macroeconomic Indicators

Gross Domestic Product - US\$ Billion					
	1999	2000	2001	2002	2003
Developed Countries	24.902,3	25.227,2	24.818,7	25.864,3	28.581,1
European Union	8.571,6	7.915,6	7.936,9	8.652,5	10.375,0
Japan	4.473,4	4.766,1	4.175,9	3.986,3	4.190,7
United States	9.274,3	9.824,6	10.082,2	10.446,3	10.875,3
Canada	661,3	724,2	715,1	736,0	859,9
UK	1.460,4	1.440,9	1.430,1	1.566,7	1.761,5
Euro Zone	5.860,6	6.072,4	6.169,1	6.221,5	6.250,8
Germany	2.110,8	1.875,2	1.857,4	1.992,3	2.382,1
France	1.444,5	1.313,3	1.321,9	1.437,4	1.738,5
Italy	1.182,0	1.077,6	1.092,9	1.188,0	1.453,6
Developing Countries	4.956,8	5.376,7	5.348,2	5.290,5	5.817,9
Africa	418,5	423,2	418,3	435,8	534,1
Latin America and Caribbean	1.797,9	1.991,3	1.918,4	1.478,0	1.528,0
Argentina	283,7	284,3	268,8	92,9	127,2
Bolivia	8,3	8,4	8,0	8,2	8,5
Brazil	536,6	602,2	509,8	459,4	507,0
Chile	72,9	74,9	68,3	66,4	69,7
Colômbia	80,9	78,5	82,0	70,6	72,6
Ecuador	16,7	15,9	21,0	24,3	26,9
Mexico	481,1	581,4	624,1	637,1	615,3
Paraguay	7,7	7,7	6,9	5,6	5,6
Peru	51,6	53,5	54,1	56,8	61,2
Uruguay	20,9	20,1	18,7	12,1	11,1
Venezuela	103,3	121,3	126,2	94,3	77,5
Dominican Republic	17,4	19,7	21,5	22,0	26,5
Asia and Pacific	2.025,0	2.165,0	2.247,8	2.426,5	2.660,0
China	991,4	1.080,8	1.175,8	1.266,1	1.372,0
India	436,8	460,8	476,1	494,8	556,1
Central and Eastern Europe	418,2	412,8	454,4	511,6	596,1
Russia	195,9	259,7	309,9	346,5	428,8
World	29.859,1	30.603,9	30.166,9	31.154,8	34.399,0

Source: IMF

Note: Gross Domestic Product at the exchange in force.

Table 9 - Macroeconomic Indicators

Real GDP Growth - %							
	1999	2000	2001	2002	2003	2004f	2005f
Developed Countries	3,3	3,8	1,0	1,8	1,8	3,2	2,9
European Union	2,6	3,4	1,6	1,1	0,8	1,9	2,4
Japan	0,7	2,4	-0,3	0,2	2,7	3,9	2,4
United States	4,1	3,8	0,3	2,2	3,1	4,5	3,6
Canada	5,5	5,3	1,9	3,3	1,9	2,9	3,5
UK	2,4	3,1	1,9	1,7	2,4	3,3	2,8
Euro Zone	2,4	3,4	1,5	0,7	0,4	1,8	2,2
Germany	2,0	2,9	0,6	0,5	2,0	1,4	1,8
France	3,2	4,2	1,8	1,2	2,3	1,9	2,3
Italy	1,6	2,9	1,8	0,7	2,3	1,2	1,9
Developing Countries	4,0	5,7	4,1	4,6	6,1	5,6	5,5
Africa	2,8	3,0	3,7	3,1	4,1	3,8	4,7
Latin America and Caribbean	0,5	3,8	0,7	-0,1	1,3	4,6	3,7
Argentina	-3,4	-0,8	-4,4	-10,8	5,5	6,8	3,6
Bolivia	0,3	2,3	1,3	2,8	2,9	3,6	4,8
Brazil	1,0	4,0	1,4	1,9	-0,2	3,4	3,4
Chile	-0,7	4,4	3,1	2,1	3,3	5,0	5,0
Colômbia	-3,8	2,2	1,4	1,7	2,0	3,7	3,6
Ecuador	-7,9	2,3	6,0	3,4	2,0	4,4	3,3
Mexico	3,7	6,8	-0,4	0,9	1,5	3,6	3,7
Paraguay	-0,1	-0,6	2,4	-3,0	2,5	1,8	-
Peru	0,9	3,0	0,2	4,9	4,0	3,9	3,7
Uruguay	-3,4	-1,9	-3,4	-10,8	2,5	8,1	4,2
Venezuela	-5,8	3,8	2,9	-8,4	-16,7	10,3	5,1
Dominican Republic	7,8	7,3	2,7	4,2	2,5	0,5	-
Asia and Pacific	6,1	6,7	5,8	6,4	7,8	7,1	6,8
China	7,1	8,0	7,3	8,0	9,1	8,6	7,9
India	6,7	5,4	4,1	5,0	7,4	7,2	6,7
Central and Eastern Europe	2,3	3,9	3,1	3,0	3,4	5,2	4,9
Russia	6,3	10,0	5,0	4,3	7,3	6,3	5,2

Source: ECLAC, IMF, Merrill Lynch.

Note: The forecasts for 2004 and 2005 are average expectations from the forecasts' tables.

Table 10 - Macroeconomic Indicators

Consumer Price Index - %							
	1999	2000	2001	2002	2003	2004f	2005f
Developed Countries	1,4	2,2	2,2	1,5	1,8	1,7	1,6
European Union	1,4	2,2	2,4	2,3	2,2	1,9	1,8
Japan	-0,3	-0,9	-0,7	-0,9	-0,2	-0,2	0,0
United States	2,2	3,4	2,8	1,6	2,3	2,5	2,0
Canada	1,7	2,7	2,5	2,3	2,8	1,7	2,1
UK	2,3	2,1	2,1	2,2	2,8	1,8	2,0
Euro Zone	1,1	2,1	2,4	2,3	2,0	1,9	1,6
Germany	0,6	1,4	1,9	1,3	0,9	1,2	1,0
France	0,6	1,8	1,8	1,9	2,0	1,8	1,4
Italy	1,7	2,6	2,7	2,6	2,8	2,2	2,1
Developing Countries	6,5	5,8	5,8	5,3	5,9	5,1	5,0
Africa	12,2	14,3	12,9	9,3	10,6	7,1	6,3
Latin America and Caribbean	9,5	8,6	5,9	12,2	9,0	6,8	6,2
Argentina	-1,2	-0,9	-1,1	25,9	3,7	6,0	8,4
Bolivia	2,2	4,6	1,6	0,9	2,6	3,8	3,5
Brazil	4,9	7,1	6,8	8,4	15,0	6,4	5,5
Chile	3,3	3,8	3,6	2,5	3,4	1,5	2,9
Colômbia	10,2	9,3	7,8	6,3	6,9	5,8	5,3
Ecuador	-29,2	-7,7	37,7	12,6	8,2	4,0	3,0
Mexico	16,6	9,5	6,4	5,0	4,6	4,0	3,6
Paraguay	6,8	9,0	7,3	10,5	17,4	6,8	6,7
Peru	3,5	3,8	2,0	0,2	2,5	2,8	2,4
Uruguay	5,7	4,8	4,4	14,0	10,2	8,9	8,8
Venezuela	23,6	16,2	12,5	22,4	34,0	27,2	27,4
Dominican Republic	6,5	7,7	8,9	5,2	26,1	44,6	10,6
Asia and Pacific	2,5	1,8	2,7	2,0	2,5	3,7	3,8
China	-1,4	0,4	0,7	-0,8	0,8	3,1	3,8
India	4,7	4,0	3,8	4,3	4,0	4,9	4,7
Central and Eastern Europe	11,0	12,9	9,7	5,6	4,0	7,6	6,4
Russia	85,7	20,8	20,6	16,0	14,4	10,8	9,2

Source: IMF, Citigroup, OECD.

Note: The forecasts for 2004 and 2005 are average expectations from the forecasts' tables.

Table 11 - Macroeconomic Indicators

Public Sector Deficit - % of GDP							
	1999	2000	2001	2002	2003	2004f	2005f
Developed Countries	-1,2	-0,3	-1,8	-3,8	-4,0	-3,4	-3,1
European Union	-0,8	0,8	-1,0	-1,9	-2,6	-2,6	-2,5
Japan	-7,2	-7,4	-7,2	-7,7	-8,2	-7,2	-6,6
United States	0,5	1,2	-0,7	-3,6	-4,9	-4,3	-3,4
Canada	1,7	3,1	1,8	1,4	1,2	1,0	1,0
UK	1,1	4,0	0,9	-1,2	-3	-2,8	-2,7
Euro Zone	-1,3	0,1	-1,6	-2,2	-2,8	-2,8	-2,6
Germany	-1,5	1,1	-2,8	-3,6	-4	-3,7	-3,2
France	-1,6	-1,3	-1,4	-3,1	-4,1	-3,9	-3,4
Italy	-1,6	-0,6	-2,6	-2,3	-2,4	-3,0	-3,4
Developing Countries	-3,8	-3,2	-3,8	-3,8	-3,0	-2,7	-2,4
Africa	-3,2	-1,3	-2,1	-2,7	-1,8	-2,9	-2,4
Latin America and Caribbean	-2,9	-2,7	-3,2	-3,0	-2,4	-1,7	-1,4
Argentina	-1,7	-2,4	-3,2	-1,5	1,5	1,7	0,7
Bolivia	-3,9	-3,7	-6,9	-8,9	-6,5	-5,8	-5,5
Brazil	-10,5	-4,5	-5,2	-9,0	-4,8	-3,2	-2,5
Chile	-1,4	0,1	-0,3	-0,8	-0,7	0,9	0,6
Colômbia	-5,5	-3,4	-3,2	-3,6	-4,8	-2,7	-2,6
Ecuador	-4,7	1,7	1,2	0,9	1,5	0,0	0,2
Mexico	-1,5	-1,3	-0,7	-1,8	-0,7	-0,9	-0,7
Paraguay	-3,2	-4,1	-0,9	-3,9	-3,1	0,3	-
Peru	-3,1	-3,2	-2,5	-2,3	-2,4	-1,6	-1,5
Uruguay	-4,0	-3,9	-4,0	-4,1	-3,2	-2,7	-2,0
Venezuela	-1,6	-1,8	-3,0	-1,0	-5,8	-3,3	-3,4
Dominican Republic	-3,0	-2,0	-2,1	-2,6	-3,5	-	-
Asia and Pacific	-4,2	-4,3	-4,1	-4,0	-3,7	-3,1	-2,8
China	-4,0	-3,6	-3,2	-3,3	-2,9	-2,7	-2,6
India	-5,5	-5,7	-6,2	-6,1	-5,5	-5,6	-5,2
Central and Eastern Europe	-	-	-	-4,1	-5,1	-4,4	-3,4
Russia	-1,2	2,4	3,1	1,7	1,5	1,7	0,8

Source: IMF, Economist, Citigroup

Note: The forecasts for 2004 and 2005 are average expectations from the forecasts' tables.

Table 12 - Macroeconomic Indicators

Public Sector Debt - % of GDP					
	1999	2000	2001	2002	2003
Developed Countries	46,3	43,9	43,9	46,2	48,6
European Union	50,2	47,7	47,3	48,7	50,1
Japan	52,8	58,6	63,7	72,2	80,0
United States	48,2	43,3	42,6	44,9	49,1
Canada	74,8	64,7	59,1	56,1	51,7
UK	40,3	34,4	33,0	33,1	33,5
Euro Zone	72,6	70,2	69,2	69,1	70,3
Germany	54,9	52,8	53,5	55,4	57,8
France	48,8	47,5	48,2	49,2	51,6
Italy	108,4	104,5	103,7	101,0	100,9
Developing Countries	-	-	-	-	-
Africa	-	-	-	-	-
Latin America and Caribbean	-	-	-	67,0	-
Argentina	43,0	45,0	53,8	140,8	64,0
Bolivia	71,8	71,6	78,8	82,9	-
Brazil	49,2	49,4	52,6	50,9	57,4
Chile	13,4	13,0	14,7	13,3	14,8
Colômbia	39,8	45,1	49,6	58,4	56,3
Ecuador	100,6	88,9	67,2	58,0	53,7
Mexico	21,9	20,7	20,1	22,8	24,4
Paraguay	31,9	33,9	38,4	49,0	58,6
Peru	47,1	45,4	45,7	46,6	-
Uruguay	40,8	45,6	54,0	92,0	-
Venezuela	29,3	27,0	30,4	40,0	38,6
Dominican Republic	26,9	26,1	23,8	20,9	-
Asia and Pacific	-	-	-	-	-
China	16,8	15,6	14,0	13,5	13,3
India	52,7	56,5	57,3	61,6	62,2
Central and Eastern Europe	-	-	-	-	-
Russia	88,1	59,1	48,3	43,4	34,8

Source: IMF, Economist, BBVA.

Table 13 - Macroeconomic Indicators

External Debt - US\$ Billion					
	1999	2000	2001	2002	2003
Developing Countries	2.235,3	2.201,9	2.170,2	2.191,5	2.219,2
Africa	280,1	272,8	261,6	264,7	275,5
Latin America and Caribbean	764,4	741,7	726,7	726,6	752,8*
Argentina	145,3	145,9	136,7	134,2	148,2
Bolivia	4,6	4,5	4,4	4,3	5,2
Brazil	243,7	236,2	226,4	210,8	215,3
Chile	34,3	37,0	38,4	40,4	43,0
Colômbia	34,4	33,9	36,7	37,3	37,0
Ecuador	15,3	13,3	13,9	14,1	15,6
Mexico	167,3	158,5	158,3	157,3	140,3
Paraguay	2,7	2,8	2,7	2,7	3,0
Peru	29,2	28,7	27,5	27,8	29,7
Uruguay	7,5	8,2	8,9	9,5	11,4
Venezuela	37,3	37,8	34,7	32,6	33,4
Dominican Republic	3,6	3,7	4,2	4,5	5,9*
Asia and Pacific	701,1	673,9	681,5	675,5	696,2
China	152,1	145,7	170,1	177,2	196,8*
India	98,3	99,1	97,3	98,0	101,8
Central and Eastern Europe	177,3	184,9	194,4	221,8	402,2
Russia	177,1	158,3	150,4	154,6	150,8*

Source: Ministry of Planning of Brazil, Brazil Trade Net.

Table 14 - Macroeconomic Indicators

Exports - US\$ Billion					
	1999	2000	2001	2002	2003
Developed Countries	-	-	-	4.666,2	-
European Union	2.237,0	2.316,0	2.315,0	2.449,0	2.894,0
Japan	419,4	479,2	403,5	416,7	472,0
United States	702,1	781,1	730,8	683,9	724,0
Canada	238,5	276,6	259,9	252,4	272,0
UK	268,2	281,6	267,4	279,6	304,0
Euro Zone	1.830,0	1.892,2	1.915,5	2.031,2	2.422,0
Germany	542,9	550,2	570,4	613,1	748,0
France	300,8	298,8	294,7	331,8	385,0
Italy	235,2	239,9	241,7	251,0	290,0
Developing Countries	-	-	-	1.618,8	2.178,0
Africa	116,6	146,7	137,7	140,1	173,0
Latin America and Caribbean	299,1	358,3	343,5	346,4	377
Argentina	23,3	26,4	26,7	25,7	29,3
Bolivia	1,4	1,2	1,3	1,3	1,5*
Brazil	48,0	55,1	58,2	60,4	73,1
Chile	17,2	19,2	18,5	18,3	21,0
Colômbia	11,6	13,0	12,3	12,0	12,8
Ecuador	4,5	4,9	4,7	5,3	5,8
Mexico	136,4	166,4	158,5	160,7	165,0
Paraguay	0,7	0,9	1,0	1,0	1,3
Peru	6,1	7,0	7,1	7,7	8,4
Uruguay	2,2	2,3	2,1	1,9	2,5
Venezuela	20,2	31,8	27,4	26,9	25,8
Dominican Republic	5,1	5,7	5,3	5,2	5,5*
Asia and Pacific	1.546,0	1.831,8	1.671,8	1.803,1	1.897,0
China	194,9	249,2	266,1	325,7	438,0
India	38,4	44,3	44,4	50,1	55,0
Central and Eastern Europe	101,6	116,0	129,4	148,1	191,0
Russia	75,6	105,0	101,9	107,3	135,0
World	5.708,0	6.445,0	6.191,0	6.455,0	7.274,0

Source: Ministry of Planning of Brazil, Citigroup, ECLAC, Brazil Trade Net, World Trade Organization.

Table 15 - Macroeconomic Indicators

Imports - US\$ Billion					
	1999	2000	2001	2002	2003
Developed Countries	-	-	-	4.971,3	-
European Union	2.263,0	2.405,0	2.358,0	2.447,0	2.914,0
Japan	311,3	379,5	349,1	337,6	383,0
United States	1059,4	1259,3	1179,2	1202,4	1306,0
Canada	220,2	244,8	227,3	227,5	246,0
UK	318,0	334,4	321,0	345,3	388,0
Euro Zone	1.748,5	1.868,2	1.827,4	1.884,4	2.385,0
Germany	473,5	495,4	486,4	496,9	602,0
France	294,8	309,5	292,5	329,3	388,0
Italy	220,3	238,0	233,0	243,0	289,0
Developing Countries	-	-	-	1.441,5	1.963,0
Africa	127,7	129,6	132,1	135,1	165,0
Latin America and Caribbean	304,8	353,9	345,1	322,1	366
Argentina	25,5	25,2	20,3	9,0	13,3
Bolivia	2,0	1,8	1,7	1,8	1,5*
Brazil	51,7	58,5	55,6	47,2	48,3
Chile	16,0	18,5	17,8	17,1	18,0
Colômbia	10,7	11,5	12,8	12,7	13,1*
Ecuador	3,0	3,7	5,4	6,4	6,1
Mexico	148,6	182,7	176,2	173,1	179,0
Paraguay	1,7	2,2	2,2	1,8	4,0
Peru	8,1	8,8	8,6	7,5	8,2
Uruguay	3,4	3,5	3,1	2,0	1,0
Venezuela	14,1	16,2	18,0	11,8	10,1
Dominican Republic	6,0	7,4	8,8	8,9	7,9*
Asia and Pacific	1.354,4	1.662,9	1.544,8	1.640,9	1.734,0
China	165,7	225,1	200,9	295,4	413,0
India	47,7	52,8	51,9	63,5	70,0
Central and Eastern Europe	130,2	146,7	159,4	177,2	225,0
Russia	39,5	44,9	53,8	61,0	74,8
World	5.901,0	6.697,0	6.452,0	6.693,0	7.557,0

Source: Ministry of Planning of Brazil, Citigroup, ECLAC, Brazil Trade Net, World Trade Organization.

Table 16 - Macroeconomic Indicators

Trade Balance - US\$ billion							
	1999	2000	2001	2002	2003	2004f	2005f
Developed Countries	-	-	-	-305,1	-	-164,7	-217,5
European Union	-26,0	-89,0	-43,0	2,0	-20,0	167,9	180,4
Japan	108,1	99,7	54,4	79,2	89,0	71,6	112,0
United States	-357,3	-478,2	-448,4	-508,6	-582,0	-502,3	-555,8
Canada	18,3	31,3	32,6	24,9	26,0	38,8	39,9
UK	-49,8	-52,8	-53,6	-65,7	-84,0	-51,9	-75,9
Euro Zone	81,5	24,0	88,1	146,8	37,0	186,6	214,5
Germany	69,3	54,8	84,0	116,2	146,0	67,1	131,3
France	6,0	-10,7	2,1	2,5	-3,0	25,5	24,6
Italy	14,9	1,9	8,8	8,0	1,0	5,7	-2,3
Developing Countries	-	-	-	177,3	215,0	-	-
Africa	-11,1	17,1	5,6	5,0	8,0	-	-
Latin America and Caribbean	-5,7	4,4	-1,6	24,3	11,0	54,6	41,2
Argentina	-2,2	1,2	6,3	16,7	16,0	13,7	12,4
Bolivia	-0,6	-0,6	-0,4	-0,5	0,0	0,0	-
Brazil	-3,7	-3,5	2,6	13,2	24,8	26,8	23,5
Chile	1,2	0,7	0,7	1,3	3,0	5,0	3,9
Colômbia	0,9	1,5	-0,6	-0,7	-0,3	0,1	-0,5
Ecuador	1,4	1,2	-0,7	43,9	-0,3	-0,3	0,1
Mexico	-12,3	-16,3	-17,6	-12,4	-14,0	-8,3	-12,9
Paraguay	-1,0	-1,3	-1,2	-0,7	-2,7	-0,2	-
Peru	-2,0	-1,8	-1,5	-0,2	0,2	0,9	1,1
Uruguay	-1,1	-1,2	-1,0	0,0	1,5	0,2	0,2
Venezuela	6,1	15,6	9,4	15,1	15,7	15,5	12,4
Dominican Republic	-0,9	-1,7	-3,5	-3,7	-2,4	-2,7	-
Asia and Pacific	191,6	168,9	127,0	162,2	163,0	-	-
China	29,2	24,1	65,2	30,3	25,0	-	-
India	-9,3	-8,5	-7,5	-13,4	-15,0	-	-
Central and Eastern Europe	-28,6	-30,7	-30,0	-29,1	-34,0	-	-
Russia	36,1	60,1	48,1	46,3	60,2	-	-
World	-193,0	-252,0	-261,0	-238,0	-283,0	-	-

Source: Ministry of Planning of Brazil, Citigroup, ECLAC, Brazil Trade Net, World Trade Organization.

Note: The forecasts for 2004 and 2005 are average expectations from the forecasts' tables.

Table 17 - Macroeconomic Indicators

Current Account Balance - US\$ Billion					
	1999	2000	2001	2002	2003
Developed Countries	-102,2	-246,3	-206,7	-193,3	-241,9
European Union	3,0	-53,7	-5,7	66,8	36,1
Japan	114,6	119,6	87,8	112,7	136,4
United States	-290,8	-411,5	-393,7	-480,9	-541,8
Canada	1,7	20,7	17,3	14,9	18,4
UK	-39,5	-36,5	-33,9	-27,0	-42,7
Euro Zone	28,9	-29,8	14,0	77,9	53,2
Germany	-25,0	-25,8	3,7	56,3	57,5
France	42,0	18,0	23,0	25,9	14,7
Italy	8,1	-5,8	-0,7	-6,7	-13,1
Developing Countries	-18,1	88,1	37,9	83,6	121,0
Africa	-15,9	5,4	-1,5	-7,4	-3,9
Latin America and Caribbean	-54,7	-46,3	-51,5	-14,5	5,5
Argentina	-11,9	-8,9	-4,6	13,9	11,7
Bolivia	-0,5	-0,4	-0,3	-0,3	0,0
Brazil	-25,4	-24,6	-23,2	-7,8	4,5
Chile	-0,3	-1,1	-1,2	-0,9	-0,6
Colômbia	0,4	0,4	-1,8	-1,5	-1,4
Ecuador	0,9	0,9	-0,8	-1,2	-0,6
Mexico	-13,9	-17,8	-18,2	-13,9	-9,1
Paraguay	-0,2	-0,2	-0,2	0,1	0,2
Peru	-1,5	-1,6	-1,1	-1,2	-1,1
Uruguay	-0,5	-0,6	-0,5	0,3	0,1
Venezuela	3,6	13,0	3,9	7,4	9,6
Dominican Republic	-2,5	-5,2	-3,4	-4,0	1,0
Asia and Pacific	48,1	45,4	38,1	68,1	61,8
China	15,7	20,5	17,4	35,4	29,6
India	-3,2	-5,1	-0,8	4,8	3,0
Central and Eastern Europe	-25,4	-31,7	-14,8	-22,2	-31,7
Russia	22,2	44,6	33,4	30,9	38,5
World	-120,3	-158,2	-168,8	-109,7	-120,9

Source: IMF, OECD.

Note: The forecasts for 2004 and 2005 are measures of the tables of the provisions of the institutions.

Table 18 - Macroeconomic Indicators

Current Account Balance - % of GDP							
	1999	2000	2001	2002	2003	2004f	2005f
Developed Countries	-0.4	-0.9	-0.8	-0.7	-0.8	-1,1	-1,1
European Union	0.1	-0.6	0.1	0.7	0,2	0,2	0,3
Japan	2.6	2.5	2.1	2.8	3,2	3,4	3,8
United States	-3.2	-4.2	-3.9	-4.6	-4,9	-5,0	-4,6
Canada	0.3	2.9	2.4	2.0	2,1	2,2	1,4
UK	-2.2	-2.0	-1.3	-0.9	-2,4	-2,2	-2,8
Euro Zone	0.4	-0.5	0.2	0.9	0,4	0,4	0,4
Germany	-1.1	-1.4	0.0	2.3	2,4	2,7	2,7
France	2.9	1.4	1.7	1.8	0,8	0,4	0,6
Italy	0.7	-0.5	-0.1	-0.6	-0,9	-1,4	-1,6
Developing Countries	-0.2	1.2	0.5	1.4	2,8	1,6	1,2
Africa	-3.7	1.1	-0.5	-1.3	-0,7	-0,9	-1,6
Latin America and Caribbean	-3.2	-2.4	-2.8	-0.9	1,0	0,7	-0,3
Argentina	-4.2	-3.1	-2.0	9,3	9,0	4,4	1,5
Bolivia	-5.9	-5.3	-3.4	-4,3	-0,5	-4,1	-2,5
Brazil	-4.7	-4.0	-4.6	-1,7	0,9	0,4	-0,3
Chile	0.1	-1.0	-1.7	-0,8	-0,8	1,2	-0,1
Colômbia	0.8	0.7	-1.5	-2,0	-1,8	-1,9	-2,3
Ecuador	5.3	5.8	-2.6	-4,8	-1,9	-1,2	0,7
Mexico	-2.9	-3.1	-2.9	-2,2	-1,5	-1,8	-2,3
Paraguay	-2.1	-2.1	-4.0	1,7	2,0	1,0	-5,1
Peru	-2.9	-2.9	-2.2	-2,1	-1,8	-1,3	-1,3
Uruguay	-2.4	-2.8	-2.9	2,0	0,4	0,9	1,1
Venezuela	1.8	10,0	1,6	8,1	12,9	10,3	8,3
Dominican Republic	-2.5	-5.2	-3.5	-4,1	5,6	4,5	2,9
Asia and Pacific	2.3	2.0	1.6	2.7	2,3	2,1	1,9
China	2.1	1.9	1.5	2,9	2,1	0,6	0,6
India	-0.7	-0.9	0.0	1,0	0,5	0,3	0,4
Central and Eastern Europe	-5.7	-5.3	-4.5	-4.5	-3,9	-2,1	-2,2
Russia	12,6	18,0	11,3	9,5	9,0	6,9	4,8

Source: IMF, Economist, Citigroup.

Note: The forecasts for 2004 and 2005 are average expectations from the forecasts' tables.

Table 19 - Macroeconomic Indicators

Foreign Direct Investment (FDI) - US\$ Billion					
	1999	2000	2001	2002	2003
Developed Countries	824,6	1.120,5	589,4	460,3	467,0*
European Union	475,5	683,9	389,4	374,4	341,8*
Japan	12,7	8,3	6,2	9,3	7,5*
United States	283,4	314,0	144,0	30,0	86,6*
Canada	24,4	66,6	27,5	21,4	11,1*
UK	88,0	116,6	53,8	25,0	23,9*
Euro Zone	323,9	636,3	249,5	-	-
Germany	54,7	195,1	31,8	38,1	36,3*
France	47,1	42,9	52,6	48,2	36,4*
Italy	6,9	13,4	14,9	14,6	-
Developing Countries	229,3	246,1	209,4	162,1	155,7*
Africa	12,2	8,5	18,8	11,0	14,4*
Latin America and Caribbean	108,0	94,4	83,7	56,2	48,7
Argentina	24,0	11,7	3,2	1,0	0,5
Bolivia	1,0	0,7	0,7	0,7	0,2
Brazil	28,6	32,8	22,5	16,6	10,1
Chile	9,2	3,7	5,5	1,6	3,0
Colômbia	1,5	2,4	2,0	2,0	1,8
Ecuador	0,6	0,7	1,3	1,3	1,6
Mexico	12,5	14,7	24,7	14,4	10,7
Paraguay	0,1	0,1	0,2	-0,3	0,1
Peru	2,3	0,7	1,2	1,5	1,3
Uruguay	0,2	0,3	0,3	0,2	0,3
Venezuela	3,3	4,5	3,4	1,3	2,5
Dominican Republic	1,3	1,0	1,1	1,0	0,3
Asia and Pacific	108,8	142,2	106,9	95,1	99,0*
China	40,3	40,8	46,8	52,7	57,0*
India	2,2	2,3	3,4	3,4	3,4*
Central and Eastern Europe	25,1	26,4	25,0	28,7	30,3*
Russia	3,3	2,7	2,5	2,4	5,2*
World	1.053,9	1.366,6	798,8	651,2	653,1*

Source: UNCTAD, OECD.

Table 20 - Macroeconomic Indicators

Foreign Currency Reserves - US\$ Billion							
	1999	2000	2001	2002	2003	2004f	2005f
Developed Countries	-	-	-	-	-	-	-
European Union	-	-	-	-	-	-	-
Japan	286,9	354,9	395,2	461,0	618,0*	-	-
United States	60,5	56,6	57,6	68,0	86,0*	-	-
Canada	28,1	31,9	34,0	36,0	36,0*	-	-
UK	35,9	43,9	38,0	40,0	41,0*	-	-
Euro Zone	256,8	242,3	234,5	246,5	234,8	-	-
Germany	61,0	56,9	51,3	51,2	50,7	-	-
France	39,7	37,0	31,7	28,0	30,2	-	-
Italy	22,4	25,6	24,4	24,5	38,0*	-	-
Developing Countries	641,0	711,4	792,3	933,5	1.377,6	1.628,7	1767,5
Africa	42,4	54,5	64,7	74,7	87,0	100,5	111,9
Latin America and Caribbean	158,7	160,3	161,6	147,0	179,0	188,1	185,5
Argentina	26,3	33,8	17,9	10,5	14,1	17,9	17,9
Bolivia	0,9	0,8	0,8	0,5	0,7	0,8	-
Brazil	36,3	33,0	35,9	37,8	49,1	48,9	46,5
Chile	14,4	14,7	14,4	15,4	16,4	16,9	17,6
Colômbia	8,0	8,9	10,2	10,7	10,8	11,5	11,9
Ecuador	1,6	1,1	1,1	1,1	0,8	1,1	1,4
Mexico	31,8	35,5	44,7	50,6	59,0	60,9	61,8
Paraguay	1,0	0,8	0,7	0,6	0,9	0,9	-
Peru	8,7	8,4	8,6	9,6	10,2	10,5	10,9
Uruguay	2,1	2,5	3,1	0,8	2,1	2,2	2,6
Venezuela	12,3	13,1	9,2	14,8	16,0	22,5	25,4
Dominican Republic	6,9	6,3	11,0	8,3	4,9	-	-
Asia and Pacific	306,6	321,0	379,7	495,4	665,6	847,7	928,6
China	149,0	158,0	168,0	216,0	403,0	547,1	600,0
India	32,7	37,9	45,9	67,7	98,9	131,3	146,9
Central and Eastern Europe	102,8	119,6	130,0	164,0	143,0	148,5	156,3
Russia	12,5	27,9	36,5	47,7	73,2	101,9	125,6

Source: IMF, OECD, Brazil Trade Net, Economist.

Note: The forecasts for 2004 and 2005 are average expectations from the forecasts' tables.

* Last data available.

OTHER ECONOMIC INDICATORS

Table 21 - Economic Indicators

Average market prices for commodities: 2001-2004										
	Units	2001	2002	2003	03 T3	03 T4	04 T1	04 T2 ¹	mai/04	jun/04 ¹
Food										
Cereals										
Wheat	\$/MT	127	149	146	142	158	165	162	164	155
Maize	\$/MT	90	99	105	100	108	122	129	129	123
Rice	\$/MT	173	192	199	200	201	220	250	252	244
Barley	\$/MT	94	109	105	92	99	99	113	112	114
Vegetables oils and protein meals										
Soybeans	\$/MT	195	214	264	244	324	377	348	326	295
Soybean meal	\$/MT	180	176	212	197	263	287	275	275	239
Soybean oil	\$/MT	354	455	556	535	631	675	625	622	580
Palm oil	\$/MT	286	390	443	408	499	526	494	507	437
Coconut oil	\$/MT	319	421	467	430	528	638	704	712	660
Fish meal	\$/MT	483	597	611	606	643	677	641	643	631
Sunflower oil	\$/MT	484	596	592	553	634	710	668	677	631
Olive oil	\$/MT	2.667	2.901	3.797	3.895	4.296	4.623	4.591	4.571	4.636
Groundnuts	\$/MT	833	753	976	950	968	999	970	970	970
Meat										
Beef	cts/lb	97	95	90	90	105	101	111	115	117
Lamb	cts/lb	130	146	160	159	164	163	161	158	164
Swine meat	cts/lb	61	47	53	58	50	60	74	79	78
Poultry	cts/lb	64	63	66	68	69	71	77	77	80
Seafood										
Fish meal	\$/kg	2,9	2,9	3,0	2,6	3,1	3,3	3,5	3,5	3,5
Shrimp	\$/lb	7,0	4,8	5,2	5,2	5,0	5,0	5,1	5,1	5,1
Sugar										
Free market	cts/lb	8.2	6.2	6.9	6.6	6.2	6.1	7.0	6.6	7.5
United States	cts/lb	21	21	21	21	21	21	21	21	20
EU	cts/lb	24	25	27	27	28	30	30	30	30
Bananas	\$/MT	585	528	375	296	376	482	562	558	596
Oranges	\$/MT	595	565	685	775	693	816	884	873	921
Beverages										
Coffee										
Other milds	cts/lb	62	60	64	64	63	76	77	76	82
Robusta	cts/lb	27	31	38	38	37	40	39	38	41
Cocoa Beans	\$/MT	1.088	1.779	1.753	1.583	1.546	1.566	1.418	1.413	1.405
Metals										
Copper	\$/MT	1.580	1.560	1.779	1.753	2.060	2.724	2.781	2.728	2.689
Aluminum	\$/MT	1.447	1.351	1.433	1.438	1.516	1.650	1.680	1.625	1.682
Iron Ore	cts/DMTU	30	29	32	32	32	38	38	38	38
Tin	\$/MT	4.489	4.061	4.890	4.814	5.550	6.899	9.153	9.392	9.159
Nickel	\$/MT	5.970	6.783	9.630	9.396	12.426	14.658	12.518	11.229	13.599
Zinc	\$/MT	887	779	828	821	930	1.068	1.026	1.031	1.019
Lead	\$/MT	476	452	514	509	633	839	805	804	864
Uranium	\$/lb	8,6	9,8	11,2	11,2	13,0	16,0	17,8	17,8	17,9
Energy										
Spot cru (APSP)	\$/bbl	24,3	25,0	28,9	28,4	29,4	32,1	35,6	37,6	35,5
U.K. Brent	\$/bbl	24,4	25,0	28,9	28,4	29,4	31,9	35,5	37,9	35,2
Dubai	\$/bbl	22,7	23,7	26,7	26,5	27,5	29,2	33,0	34,5	33,4
West Texas Intermediate	\$/bbl	25,9	26,1	31,1	30,2	31,2	35,2	38,3	40,3	38,0
Natural Gas										
Russian in Germany	\$/000M3	139,4	96,0	125,5	130,0	129,6	122,0	125,3	125,3	125,3
Indonesian in Japan	\$/M3	98,2	93,1	104,0	100,6	104,6	109,6	115,7	115,7	115,7
US, domestic market	\$/000M3	142,5	121,0	197,8	175,6	183,2	203,1	219,8	228,1	225,6
Coal										
Australian	\$/MT	32,3	27,1	27,7	27,2	32,2	44,6	58,2	58,2	61,3
South African	\$/MT	33,9	26,0	30,0	30,8	38,2	42,0	54,1	52,6	62,6

¹ Preliminary² Average Petroleum Spot Price.

Source: IMF

Table 22 - Economic Indicators

Currency Quotations (in R\$)				
Month	US \$	Euro €	UK £	UMBNDDES
fev/03	3,59	3,87	5,79	0,0679
mar/03	3,46	3,74	5,49	0,0657
abr/03	3,14	3,42	4,95	0,0595
mai/03	2,95	3,42	4,79	0,0563
jun/03	2,89	3,38	4,80	0,0552
jul/03	2,88	3,28	4,68	0,0547
ago/03	3,00	3,35	4,79	0,0570
set/03	2,92	3,29	4,71	0,0559
out/03	2,86	3,36	4,81	0,0554
nov/03	2,91	3,41	4,92	0,0563
dez/03	2,93	3,60	5,13	0,0570
jan/04	2,86	3,60	5,20	0,0558
fev/04	2,93	3,70	5,46	0,0573
mar/04	2,91	3,57	5,32	0,0565
abr/04	2,90	3,49	5,26	0,0565
mai/04	3,08	3,71	5,52	0,0596
jun/04	3,13	3,81	5,73	0,0607
jul/04	3,04	3,74	5,60	0,0590

Source: Central Bank of Brazil, BNDES and Macrométrica.

Table 23 - Economic Indicators

Currency Quotations (in m.u./US\$)								
Mês	Peso (Argentina)	Boliviano	Peso (Chile)	Peso (Colombia)	Peso (Mexico)	Guarani (Paraguay)	Peso (Uruguay)	Bolivar (Venezuela)
jan/03	3,26	7,53	723,40	2.915,30	10,64	7.128,30	27,70	1.715,95
fev/03	3,16	7,52	746,19	2.950,68	10,92	6.976,91	28,50	1.659,23
mar/03	3,05	7,54	740,22	2.958,90	10,87	6.860,53	28,65	1.598,00
abr/03	2,90	7,56	716,79	2.920,00	10,58	6.882,86	28,70	1.598,00
mai/03	2,84	7,57	704,25	2.859,14	10,26	6.494,57	29,15	1.598,00
jun/03	2,81	7,61	708,83	2.825,88	10,52	6.252,19	26,61	1.598,00
jul/03	2,80	7,66	702,08	2.865,52	10,47	6.053,04	26,72	1.598,00
ago/03	2,93	7,70	703,38	2.864,15	10,80	6.295,48	27,67	1.598,00
set/03	2,92	7,74	672,61	2.844,10	10,93	6.262,05	27,84	1.598,00
out/03	2,86	7,76	643,72	2.874,67	11,17	6.243,70	28,24	1.598,00
nov/03	2,88	7,77	624,89	2.842,27	11,15	6.193,25	28,83	1.598,00
dez/03	2,96	7,80	601,14	2.805,01	11,25	6.045,68	29,20	1.598,00
jan/04	2,89	7,85	573,78	2.752,18	10,93	6.192,38	29,39	1.598,00
fev/04	2,93	7,86	584,14	2.721,93	11,04	6.054,86	29,53	1.775,56
mar/04	2,90	7,89	605,56	2.670,98	11,02	5.999,89	29,65	1.917,60
abr/04	2,83	7,90	608,38	2.640,60	11,27	5.764,55	29,65	1.917,60
mai/04	2,92	7,91	637,06	2.728,26	11,52	5.767,38	29,75	1.917,60
jun/04	2,96	7,92	642,60	2.715,29	11,39	5.950,91	29,74	1.917,60
jul/04	2,96	7,93	632,51	2.648,64	11,46	5.920,00	29,43	1.917,60

Source: Macrométrica

Table 24 - Economic Indicators

Interest Rate (annual percent change)						
Month	TJLP (1)	Selic (2)	TR (3)	Libor (4)		
				6 months	12 months	60 months
feb/03	11,00	25,68	5,31	1,34	1,42	3,48
mar/03	11,00	26,32	5,13	1,27	1,34	3,30
apr/03	12,00	26,32	5,40	1,28	1,36	3,38
may/03	12,00	26,31	5,72	1,24	1,26	2,84
jun/03	12,00	26,09	5,38	1,09	1,10	2,59
jul/03	12,00	25,36	6,15	1,12	1,19	3,07
aug/03	12,00	23,50	4,95	1,19	1,39	3,88
sep/03	12,00	21,02	3,92	1,19	1,36	3,77
oct/03	11,00	19,54	3,58	1,20	1,39	3,63
nov/03	11,00	18,31	2,26	1,24	1,49	3,69
dec/03	11,00	16,91	2,20	1,24	1,50	3,70
jan/04	10,00	16,32	1,55	1,19	1,40	3,56
feb/04	10,00	16,30	0,64	1,12	1,41	3,46
mar/04	10,00	16,19	1,97	1,16	1,33	3,17
abr/04	9,75	15,96	1,11	1,26	1,56	3,66
mai/04	9,75	15,77	1,87	1,50	1,97	4,31
jun/04	9,75	15,80	2,13	1,78	2,32	4,40
jul/04	9,75	15,77	2,26	1,89	2,33	4,24
ago/04	9,75	-	2,32	-	-	-

Source: Central Bank of Brazil, BNDES and Macrométrica.

(1) Long term interest rate; (2) Basic interest rate, annual average - 252 days; (3) Referencial interest rate - first day of the month; (4) Monthly average

Table 25 - Economic Indicators

Stock Index (basis points)						
Month	Bovespa (Brazil)	Dow Jones (USA)	Nasdaq (USA)	Merval (Argentina)	IPSA (Chile)	IPC (Mexico)
fev/03	10.280,00	7.702,00	1.309,00	577,79	1.008,81	5.878,04
mar/03	11.273,00	7.992,00	1.341,00	569,83	1.015,03	5.944,56
abr/03	12.556,00	8.480,00	1.464,00	600,86	1.068,66	6.265,30
mai/03	13.421,00	8.850,00	1.596,00	645,45	1.199,47	6.551,97
jun/03	12.972,00	8.985,00	1.623,00	750,62	1.252,11	6.983,35
jul/03	13.571,00	9.234,00	1.735,00	731,80	1.267,35	7.173,60
ago/03	15.174,00	9.416,00	1.810,00	716,01	1.360,57	7.414,20
set/03	16.010,00	9.275,00	1.787,00	774,77	1.376,53	7.767,01
out/03	17.982,00	9.801,00	1.932,00	880,84	1.530,04	7.894,36
nov/03	20.183,00	9.782,00	1.960,00	950,44	1.435,91	8.397,65
dez/03	22.236,00	10.454,00	2.003,00	1020,50	1.466,14	8.541,62
jan/04	21.851,00	10.488,00	2.066,00	1185,79	1.456,74	9.271,61
fev/04	21.755,00	10.584,00	2.030,00	1112,70	1.463,76	9.895,23
mar/04	22.142,00	10.357,00	1.995,00	1223,13	1.483,00	10.104,65
abr/04	19.607,00	10.229,00	1.920,00	1154,95	1.466,90	10.599,21
mai/04	19.544,00	10.188,00	1.987,00	953,69	1.417,12	9.882,50
jun/04	20.214,79	10.364,00	2.000,81	928,47	1.447,85	10.161,72
jul/04	21.704,05	10.152,09	1.912,42	967,55	1.497,82	10.036,76

Source: Central Bank of Brazil and Macrométrica.