

1) GLOBAL OVERVIEW

1.1) The global economy's performance

Despite the maintenance of a high volatility in petroleum quotations and the new terrorist attacks, the optimism continues with respect to a global economy growth in 2005, even at a growth rate somewhat lower than the one recorded in 2004. The USA and China should continue leading the global growth. The last data available show inflation rates under control in the USA, which indicates the maintenance of gradual increases in interest rates by FED – in August 2005 that institution increased the interest rates by 0.25 percentage point for the tenth consecutive time since June 2004, fixing it in 3.50%.

IMF projects a global average growth about 4.00% in 2005 - see other forecasts in Table 1, section "Forecasts and Economic Indicators". With respect to global trade expansion, the projection is an expansion of around 7.5%, against an increase rate of 9.9% in 2004. In general lines, the forecasts for the following two years indicate a maintenance of growth rates in the United States of America (USA) and China – even slightly lower than the ones recorded in 2004 -, followed by a progressive recovery of European countries and the consolidation of Japan's economic recovery, in a context of inflation under control and gradual unemployment reduction – see Tables 1 and 2 of the section "Forecasts and Economic Indicators".

The Bureau of Economic Analysis (BEA) of the USA has just reviewed GDP's

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real growth rates for the period 2001/2004: in average the North American product grew 2.8% p.a. in the period, a rate slightly lower than the 3.1% previously disclosed. After growing 4.2% in 2004 - the best result in the last 5 years -, the USA economy proceeds in its course of growth. In second quarter/2005, GDP recorded an annualized growth rate of 3.4%, against the 3.8% presented in first quarter of the same year. The highlights were the growth in exports and in private investment, with annualized rates of expansion of respectively 12.6% and 9.0%. The accumulated inflation in second quarter was of 3.2%, over the 2.9% in first quarter/2005. However, excluding the price variances for food and energy, inflation was 2.0%, below the 3.0% recorded in first quarter/2005. For 2005, the forecasts indicate a continuity in the course of growth, with USA's GDP presenting an expansion between 3.5% and 4.0% - see other forecasts at Tables 1, 2, 3, 4, 5 and 6 of the section "Forecasts and Economic Indicators".

In the Asian continent, China proceeded in first half/2005 as the main growth highlight, despite the credit restriction measures adopted by the government. In second quarter/2005, the Chinese GDP grew at an annualized rate of 9.5%, after having increased 9.4% in first quarter/2005. Exports presented an increase of 32.7% in first half/2005, as compared to the same period of 2004. Investments, on the other hand, presented an expansion of 25.4% in first half/2005, against the equal period of 2004. Although it was a high rate, it represented a deceleration in relation to the growth rate in first half/2004, which had been about 40%. Even with some deceleration of the GDP growth rates in second half, it is probable that the growth in 2005 remains considerably over the official target of 8%. Despite the strong growth in first half, inflation presented an accumulated variance of only 1.6% in June – annualized rate -, the lowest recorded in 2005.

For 2005, the forecasts indicate a growth rate about 9% - see other forecasts at Tables 1, 2, 3, 4, 5 and 6 of the section "Forecasts and Economic Indicators".

China's performance continues fundamental to increase exports of other Asian countries, considering that its highest rates of investment resulted in a higher demand of raw materials and capital goods supplied by the region, as well as of intermediate goods destined to re-exportation – see subsection 1.2 that follows.

In Japan, after a decade of stagnation, the country seems finally having entered a phase of sustained growth. After having increased about 2.0% in 2003 and 3.0% in 2004, most of the forecasts indicate a growth rate about 2.0% in 2005 and 2006. Although the beginning of the Japanese recovery was mainly conducted by exports, presently the maintenance of growth has also been sustained by the expansion of investments and by a still subtle growth in private consumption. The continuing drop in Japanese foreign sales to the USA (mainly automobiles and other consumer goods) has been largely compensated by exports to other Asian countries (capital goods and high technology products) – chiefly to China, see subsection 1.2. The increase in exports has been stimulating the expansion in investments, which has been presenting positive growth rates since 2003. The continuing deflation of consumer prices has allowed the maintenance of interest rates close to zero. The Japanese rate of unemployment in June was 4.2%, below the 4.6% of 2004, and the 5.1% recorded in 2003. This was the lowest rate recorded since 1999.

For 2005, the average forecasts indicate a GDP real growth rate about 2% - see Tables 1, 2, 3, 4, 5 and 6 of the section "Forecasts and Economic Indicators".

In India, the activity level indicators continue increasing. After a real growth of 7% in 2004, the economy's performance in first half/2005 indicates a same growth rate

in current year. Inflation continues under control and an accumulated rate about 4% is projected for 2005. The economy's basic interest rates have been gradually reduced within recent years and are presently around 6.00% p.a., which has been contributing to increase the aggregate demand in the economy.

In relation to the European Union, at the Eurozone, the recovery signals are still too subtle: after having grown 2% in 2004, the forecasts indicate a lower growth, about 1.5% in 2005 – see section “Forecasts and Economic Indicators”. In June, the average rate of unemployment for the region was 8.7%, the lowest level since August 2003. In the United Kingdom, after the GDP having recorded in second quarter/2005 the lowest growth in 12 years (1.7%), the Central Bank decided to reduce interest rates in 0.25 percentage point, to 4.5% p.a. The European Central Bank, on the other hand, maintained the basic interest rates at 2.0% p.a.

In relation to Latin America, the 2004 results confirmed CEPAL [Economic Commission for Latin America and the Caribbean]'s statistics, notably the consolidation of Argentina recovery – for additional information, see the section “The Latin American Economy”. The growth rates presented an increase in relation to the moderate rates experienced in 2003. Brazil, Mexico, Venezuela, Chile and Uruguay are countries that stood out in this sense. Exports continue as the most dynamic component of demand, specially considering the high quotations of commodities and the continuity in global expansion. For 2005, Cepal projects an average growth rate around 4.3% for the region – see this and other figures at Table 1 of the section “Forecasts and Economic Indicators”.

1.2) Japan and East Asia: how has the regional trade been developing?

The trade evolution played an important role both in the “burst” of the Asian crisis and in the recovery period. The existence of strong regional trading ties was fundamental to the contagious effect, mainly considering that the foreign exchange stability was an essential ingredient to the regional integration. In recovery, the same regional interdependence contributed to strengthen the retaking of growth rates in exports and GDP, functioning as a multiplying effect of the gains obtained from the increase in competitiveness based on the foreign exchange adjustment and the demand increase in the USA.

| Table 1.1: Destination of Exports - % Share in total (1990 and 2003) | | | | | | | | |
|--|------|------|-------------|------|-----------------------------------|------|-------------------|------|
| | Asia | | West Europe | | North America and Central America | | Rest of the World | |
| | 1990 | 2003 | 1990 | 2003 | 1990 | 2003 | 1990 | 2003 |
| China | 69 | 47 | 10 | 17 | 10 | 24 | 11 | 12 |
| Hong Kong (China) | 47 | 60 | 20 | 14 | 27 | 21 | 6 | 5 |
| South Korea | 35 | 51 | 15 | 13 | 33 | 23 | 16 | 12 |
| Taiwan | 38 | 59 | 18 | 14 | 36 | 20 | 8 | 6 |
| Indonesia | 68 | 60 | 12 | 14 | 14 | 15 | 6 | 11 |
| Malasia | 60 | 59 | 16 | 13 | 18 | 22 | 6 | 7 |
| Phillippines | 38 | 59 | 19 | 15 | 40 | 23 | 4 | 3 |
| Singapore | 51 | 61 | 16 | 14 | 23 | 16 | 10 | 9 |
| Thailand | 39 | 55 | 24 | 16 | 25 | 19 | 11 | 11 |

Source: Asian Development Bank (ADB).

Tables 1.1 and 1.2 show the trade structure of the Asian countries. Excluding the region, the principal destination of the East Asia exports – including China and Ja-

pan - is the United States. Except for China, it is noted an increase in the share of exports to Asia from the total exported by the countries, including Japan. In relation to imports, the principal origin is Asia, including China and Japan. Except for China, the USA has lost importance in East Asia trade, with an increase in regional trade.

It is worth mentioning the Chinese insertion in regional trade: it is a net importer of the countries in the region. This position was made viable because of the surplus obtained by China with the United States.

Table 1.2: Destination of Imports - % Share in total (1990 and 2003)

| De\Para | Asia | | West Europe | | North America and Central America | | Rest of the World | |
|-------------------|------|------|-------------|------|-----------------------------------|------|-------------------|------|
| | 1990 | 2003 | 1990 | 2003 | 1990 | 2003 | 1990 | 2003 |
| China | 52.7 | 56.4 | 18.1 | 13.7 | 16.0 | 9.9 | 13.3 | 20.0 |
| Hong Kong (China) | 75.7 | 80.7 | 12.2 | 9.7 | 8.6 | 6.2 | 3.5 | 3.4 |
| South Korea | 35.2 | 50.7 | 13.1 | 12.0 | 25.4 | 16.1 | 26.3 | 21.2 |
| Taiwan | 43.6 | 58.2 | 17.5 | 12.8 | 24.9 | 14.4 | 14.0 | 14.5 |
| Indonesia | 49.6 | 60.3 | 21.7 | 13.0 | 13.7 | 7.7 | 15.0 | 19.0 |
| Malasia | 56.2 | 69.3 | 17.4 | 11.5 | 18.1 | 12.8 | 8.4 | 6.4 |
| Phillippines | 46.3 | 60.2 | 12.5 | 8.9 | 21.1 | 19.4 | 20.2 | 11.5 |
| Singapore | 52.4 | 57.7 | 15.3 | 14.3 | 17.0 | 15.0 | 15.4 | 13.0 |
| Thailand | 58.4 | 59.9 | 18.3 | 11.1 | 12.1 | 10.4 | 11.1 | 18.7 |

Source: Asian Development Bank (ADB).

In terms of its trade structure, Japan, from the 50's until half of the 80's decade, characterized by being basically an importer of raw materials to its industries and an exporter of manufactured products to the USA and Europe. This overview has changed, thanks to the new cycle of external direct investment. The Southeast Asia countries have become import markets for machinery and components to manufacturing plants of Japanese branches, attracted by the lower salaries and, in exchange, would send finished products to the industrialized countries, including Japan. It was also important the implementation of factories in the USA and Europe with the purpose of skipping non-tariff barriers and reduce trade disputes.

The increase in trade with Southeast Asia, particularly after 1998, caused that region to take the position traditionally held by the USA as the main trade partner of Japan, accounting, in 2002, for the destination of 44.9% of its exports and 42.4% of imports. The great highlight for this period was China. The sales of Japanese products to this country more than doubled between 1990 and 1998 and again repeated such accomplishment between 1998 and 2003.

Table 1.3: Japan Foreign Trade by Origin and Destination (%)

| | Exports | | | Imports | | |
|----------------|---------|------|------|---------|------|------|
| | 1990 | 1998 | 2003 | 1991 | 1998 | 2002 |
| USA | 32 | 31 | 25 | 22 | 26 | 15 |
| Southeast Asia | 28 | 28 | 45 | 22 | 24 | 42 |
| China | 2 | 5 | 12 | 5 | 14 | 20 |
| European Union | 20 | 18 | 15 | 16 | 15 | 13 |
| Other | 21 | 23 | 15 | 40 | 36 | 29 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

Source: METI, Japan Government

In this last year, the Chinese market was directly responsible for 12.2% of the Japanese exports. At the same time, Japan purchases from China almost quadruplicate in percentage terms between 1991 and 2002, accounting for almost 20% of total Japanese purchases abroad, surpassing in importance the American market.

The Chinese performance has been fundamental to increase exports of the other Asian countries. China consolidates itself not only as an Asian country inserted in the American work division, but also as a regional center with independent economic policy. China has been more and more strengthening itself as the main producer of cheap products and a large market for the global production of machinery and equipment, industries of technology and raw materials. This double role has generated an important impact over the Asian region.

1.3) China allows fluctuation of the Yuan

After 11 years maintaining a fixed quotation, People's Bank of China effected in July an adjustment to the yuan/dollar exchange rate, which went from 8.28 yuans to 8.11 yuans per dollar, which represented a small appreciation of 2.1% of the Chinese currency. Simultaneously to the adjustment, China announced the adoption of a fluctuating exchange managed system based on a currency basket. There are not yet details on the currency basket that will be used as a reference, but the yuan daily fluctuation range in relation to dollar will remain at 0.3% and the parity between currencies will be daily disclosed. The Chinese initiative led many specialists to believe in the beginning of a continuous process of the yuan correction. However, several statements from the Chinese authorities has made plain that despite the measure represents an increase in the flexibility of the Chinese foreign exchange system, there is not a purpose of effecting other adjustments impairing the foreign exchange stability and, consequently, the economic performance. In China, the combination of an exchange rate stable and depreciated with low interest rates has been guaranteeing for many years a macroeconomic environment extremely favorable to the economic growth.

2) THE LATIN AMERICAN ECONOMY

In accordance with the data disclosed by central banks of the six leading Latin American countries², the region's GDP grew about 6.11% in 2004, against an expansion of around 1.50% in previous year. This growth rate was the highest since 1980. In this first quarter/2005, the expansion in the economies of the six leading Latin America countries surpassed slightly the 3.6% as compared to the same quarter of last year.

The growth in this period was pushed by exports (+25.1% in 2004 and +17.5% in first quarter of 2005), which were benefited by the high prices of the basic products exported by the region. This triggered an increase in investments (+15.16% in 2004 and +9.29% in first quarter/2005) and a decrease in the unemployment rate, with positive impacts on consumption (+6.44% in 2004 and +5.13% in first quarter/2005). The average rate of inflation dropped about 10.6% in 2003 to 6.4% in 2004, and in first quarter/2005 it accumulated a variance of 3.0%.

² Mexico, Brazil, Argentina, Venezuela, Colombia and Chile account for over 90% of Latin America's Gross Domestic Product. For this section it was decided to use the performance of this group of countries as an approach to the region's behavior as a whole.

The forecasts indicate continuity in the economic expansion initiated two years ago, although at a lower pace, with 4.3% of growth (see the section “Forecasts and economic indicators”).

2.1) Macroeconomic evolution

In accordance with the data disclosed by central banks of the six leading Latin American countries in, the region's GDP grew about 6.11% in 2004, against an expansion of around 1.50% in previous year. In first quarter/2005, the data suggest a deceleration in the pace of growth. The gross domestic product expansion was 3.64% against the same period of 2004. This performance meets the forecasts made since the end of 2004, which already indicated a reduction in the dynamism of the region.

The growth in 2004 was pushed by the expansion in exports (+25.1%), which were benefited from the high prices of basic products exported by the region. This triggered an increase in investments (+15.16%) and decrease of the rate of unemployment to 8.7%, with positive impacts on consumption (+6.44%).

Notwithstanding the growth deceleration in first quarter/2005, investments (+9.29%) and consumption (+5.13%) have been presenting significant expansion rates as compared to the first quarter/2004.

The good performance of Latin American economies have allowed governments to increase the primary surplus and reduced the nominal deficit (which includes expenditures with public debt interests). In the six countries analyzed, the nominal deficit dropped from 2.7% of GDP in 2003 to 1.13% of GDP in 2004. Such result arose mainly from the increase in revenues.

The actual exchange rate was maintained relatively stable within 2004. In South America, there was an actual appreciation of the effective exchange, especially during the second half of the year, with the dollar devaluation.

The inflation rates continued in course of drop. In 2004, the average rate in the countries selected was 6.4%, compared to 10.6% recorded in 2003. Worth of mention were the reductions in Venezuela, Brazil and Argentina. Some countries experienced an increase in the rate of inflation, because the increase in quotations of basic products pressed the domestic prices. In 2005, price increases were intensified. The accumulated inflation in first quarter for the six leading Latin America countries already reached 3.0%.

The value of exports increased 25.1% in 2004, a growth high above the 8.6% recorded in 2003. In first quarter/2005, the foreign sales increased 17.5% against first quarter/2004, with emphasis in the increase of 35% in Venezuela and Colombia exports. In accordance with CEPAL, the expansion in 2004 and 2005 resulted from increases in price and volume, although in those countries in which the program is more concentrated in basic products the price factor tended to be the most significant. In the institution's evaluation, however, a big portion of foreign sales resulted from the offer capacity of a limited mix of agricultural and mineral products under a favorable external environment. In Argentina and Brazil, the growth in exports of manufactured products was significant. Mexico and Venezuela recovered from the depressed levels of exports.

The amount imported expanded by 19.1% in 2004, against a growth of 3.7% in 2003. With this increase, imports surpassed the peak recorded in 2000. In first quar-

ter/2005, the external purchases continued increasing at the same pace: 18.6% in relation to same period of 2004. All the countries increased imports, especially Venezuela (86% in 2004 and 56% in 2005) and Argentina (54% in 2004 and 29% in 2005). In Mexico, Venezuela and Mercosur, the quantum imported effect prevailed, in face of the previous levels unusually low.

The current account balance reached US\$ 21.89 billion in 2004, or 1.3% of GDP in the six leading Latin American countries (three times the amount of 2003). Venezuela and Brazil were the countries that mostly contributed to this result. Only Mexico and Colombia recorded a deficit. In first quarter/2005, the countries analyzed already accumulated US\$ 4.56 billion in surplus. Considering only Venezuela and Brazil, the surplus was US\$ 7.31 billion.

The Foreign Direct Investment [FDI] totaled US\$ 41 billion in 2004 in the six leading Latin American economies. Notable were the retaking of flows to Argentina and the growth of 344% of flows to Chile. Only Brazil recorded a drop in FDI. In first quarter/2005, the six countries received US\$ 9.86 billion.

International reserves amounted to US\$ 187.16 billion in December 2004 in the six countries surveyed, which meant an increase of 9.9% in relation to previous year. In first quarter/2005, excluding Mexico, the total volume of reserves grew 9.1%. Foreign debt of the countries analyzed reached US\$ 666 billion in December of 2004, and in first quarter/2005, its growth was 0.9%.

With respect to the labor market, there was an increase in job generation, because the economic growth increased the demand for work. On the other hand, the expansion in labor offer was less intensive than in 2003. Therefore, the unemployment rate in the region decreased from 10.7% in 2003 to 8.7% in 2004, which corresponded to the highest reduction since 1986. In first quarter/2005, the governments recorded a new drop in unemployment rates, of about 0.3 percentage point for the region.

This improvement in employment, however, was concentrated in some countries like Argentina, Brazil and Venezuela. In others, the expansion in labor offer conducted to an increase in the unemployment rate. In relation to real salaries, there was a moderate improvement, of around 0.9% in 2004. Improvement in the acquisition power was not significant, but interrupted the previous course of drop and the poverty indexes had a moderate reduction.

2.2) Performance by countries

The Latin America economic expansion in 2004 surpassed the expectations. The six leading economies recorded a growth rate over 4.5%.

Venezuela grew 18% in 2004, leading the expansion in the region. The economy recovered from a severe crisis, which conducted the country to reach very low demand levels. In first quarter/2005, the economy recorded an expansion of 8% over the same period of 2004. Worth mentioning were the consumption (+16.6% in 2004 and +12.2% in first quarter/2005) and the investment retaking (+43% in 2004 and +39% in first quarter/2005). As Venezuela is a large producer and exporter of petroleum, the increase in international quotation contributed to the good result.

In Argentina, the recovery of domestic demand and investments to the levels that preceded the economic crisis of 2001 guaranteed a high growth in 2004 and in beginning of 2005. The expansion of 9% in 2004 and 8% in first quarter/2005 was ex-

plained by the maintenance of high growth rates in external demand and the push of domestic demand. The drop in unemployment and the increase in remuneration allowed a big expansion in consumption (+8.3% in 2004 and +7.4% in first quarter/2005).

**Table 2.1: GDP Increase in Latin America
by countries - 2004 and 2005 I**

| | 2004 | 2005 I |
|----------------------|-------------|---------------|
| Argentina | 9.0 | 8.0 |
| Brazil | 4.9 | 2.9 |
| Chile | 6.1 | 5.8 |
| Colombia | 4.5 | 3.6 |
| Mexico | 4.9 | 2.4 |
| Venezuela | 17.9 | 7.9 |
| Latin America | 6.1 | 3.6 |

Brazil, on the other hand, grew 4.9% in 2004 and 2.9% in first quarter/2005. To the dynamism in exports presented since 2003 it was added the internal market recovery.

Mexico was benefited by the expansion in North American demand and, like Brazil, recorded an expansion of 4.9% in 2004. There was a reactivation in the production of maquiladoras and significant growth of investments in machinery and equipment and in civil construction (+10.9%). Consumption (+7%) was pushed by credit expansion and by the increase in remittances of non-residents. In first quarter/2005, the Mexican gross domestic product expanded 2.4% in relation to same period of 2004, with a great contribution from investment (+6.5%) and consumption (5.4%).

In the Andean countries, the economic activity expansion was tied to sectors producing commodities (hydrocarbons, metals and minerals), as well as the increase in domestic demand, especially in investments. Although quantitatively less significant, exports of manufactured products increased considerably (strengthening these sectors), taking into consideration the trade agreements entered into with the USA.

In Mercosur, the economic growth was related to the recovery of domestic demand in Argentina, Brazil and Uruguay and with the persistent external demand for farming goods like soy and by-products, meat and wool.

2.3) Trade between Brazil and Latin America

The trade between Brazil and the countries of Latin American Integration Association³ [Aladi] was fully favorable to Brazil in 2004 and in first half/2005.

The trade surplus reached US\$ 9.68 billion in 2004, which meant a growth of 105% in relation to 2003. In first half/2005, the trade surplus amounted to US\$ 6.23 billion, which meant an expansion of 54.6% in relation to same period of 2004, despite of the comparison base being already high. With these results, Aladi accounted for about 50% of the increase in Brazilian trade balance in the period. In 2004, Mercosur

³ Mexico, Cuba, Venezuela, Colombia, Ecuador, Peru, Bolivia, Paraguay, Uruguay, Chile and Argentina are the countries participating of Aladi.

contribution prevailed and in 2005 other Aladi countries stood out, like Chile and Colombia.

Brazilian exports to Aladi increased 52.5% in 2004 and 35.7% in first half/2005 against same period of previous year. In 2005 until June, exports amounted to US\$ 11.7 billion. The share of these countries in total exported by Brazil increased from 17.7% in 2003 to 20.4% in 2004 and 21.7% in first half/2005. Sales to Argentina, Mexico, Venezuela and Chile were the ones that most contributed to such expansion.

The increase in sales is explained by the behavior of the manufactured goods, since they account for 88% of the Brazilian exports to Aladi. The economic recovery of the region was fundamental to this performance, mainly considering that the demand for manufactured products increases greatly when there is an income expansion.

Brazilian imports from Aladi, on the other hand, expanded by 22% in 2004 and 19% in first half/2005. They amounted to US\$ 10 billion in 2004, returning to the volume recorded in 2001. Imports from Argentina and Chile were those most contributing to this result, of which Argentina contributed with about 50% of total growth in both periods. This increase, however, did not prevent Aladi share in Brazilian imports from dropping from 17% in 2003 to less than 16% last year. The 2005 data showed stability in this share.

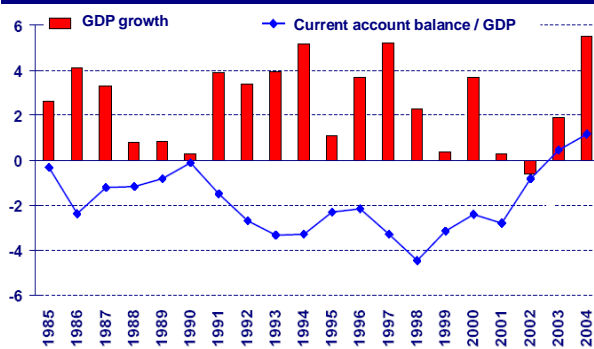
With respect to imports from Mercosur, its growth rate was 12.5% in 2004 against previous year and 15.2% in first half/2005. Both rates were lower than the expansion of total exports in same comparison. This explains the reversal in the negative trade balance from US\$ -12.9 million in 2003 to a significant surplus in 2004, of US\$ 2.5 billion. In first half/2005, the surplus with Mercosur reached almost US\$ 2 billion.

2.4) Characteristics of 2004 growth

The Preliminary Accounts for Latin America and the Caribbean Economies, published in December 2004 by CEPAL, highlighted two characteristics that distinguish the present process of economic recovery from the previous ones:

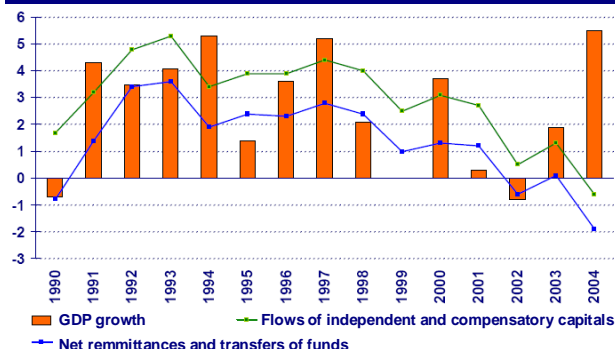
- In the past two years, the GDP growth has been followed by a positive current account balance in the balance of payments (see graph 2.1); and
- The GDP growth occurred simultaneously to the outflow of capitals (see graph 2.2).

Graph 2.1: GDP Growth and Current account balance in Latin America 1985-2004



Source: CEPAL

Graph 2.2: Capital flows and growth rates in Latin America 1990-2004



Source: CEPAL

2004 growth was conducted by the 25.1% expansion in exports. The increase in quantum exported and the improvement in exchange terms, that increased the purchase power of exports, allowed to increase the demand for imports (+19.1%)⁴ maintaining a significant trade surplus. Investments increased around 15% in the same year, due to the economic recovery, reduction of idle capacity in industry and low levels of previous investment. Investments in machinery and equipment, mostly imported products, were also favored by the foreign exchange, lower interest rates and higher availability of credit. Investment as a percentage of GDP reached 20%, a level considered low but representing a significant increase in relation to the recent past. On the other hand, private consumption increased 6.44%, a performance important considering the low dynamism presented in recent years. Only in 1994 and 1997 this mark was surpassed. Public consumption remained at same level and private consumption was stimulated by the increase in employment and a moderate improvement in remuneration of work.

Beginning in 2003, the favorable external conditions conducted to an increase in exchange terms and purchase power of exports. The high profitability in foreign sales stimulated the offer and, therefore, exports became the initial push to economic recovery. Gradually, this push reflected an increase in investments, especially in sectors producing marketable goods. On the other hand, the consumption reaction had to wait for the beginning of the increase in employment and real salaries. Many analysts consider that the domestic demand delayed to react, because only in 2004 it showed signals of dynamism. The high rates of unemployment, low real salaries and low utilization of the installed capacity are factors that contributed to the slowness of answer.

The present growth presents two positive aspects. In first place, it is associated to the gross capital formation. This characteristic is desirable, because it reduces the risks of interrupting expansion on account of limits of the aggregated offer. Additionally, the trade surplus that characterizes this cycle does not arise from contraction of imports (like in previous cases), but from the dynamism in exports. Therefore, the risk for the economic growth conducting to a fast deterioration of external accounts is diminished, because there is a margin for expansion of imports and these are not based on levels depressed.

2.5) Perspectives for 2005

Forecasts indicate that the external context should continue positive, but with a little deceleration of growth in key economies like China, the United States, Japan and the Eurozone⁵. For Latin America and the Caribbean, the perspective is of continuity of the economic expansion initiated two years ago, although at a lower pace (around 4.3% in accordance with the forecasts of the section "Forecasts and macroeconomic indicators").

A great doubt of the analysts is to what extent the Latin American growth may be considered solid and capable to be maintained beyond short-term and the conditions extremely favorable of international market. CEPAL, in the Preliminary Accounts for Latin America and the Caribbean Economies, presented the following reasons to believe that the growth cycle is sustainable: (i) healthy internal macroeconomic context; (ii) multiplier effect and the existence of depressed consumption, due to low salaries and unemployment, allowing to trigger a new increase in demand; (iii) surplus in current account, allowing a higher growth without pressing external accounts.

⁴ The growth rates presented herein are based on the evolution presented by the six leading economies in Latin America, as stated by the central banks of the respective countries.

⁵ For further details on the forecasts, see the section "Global overview".

For CEPAL, Latin America and the Caribbean should take advantage of the context of high international prices that allowed the surplus in current account, to make structural changes in the economy and change the pattern of international insertion. The proposal is to reduce the dependence of natural resources, with low aggregated value.

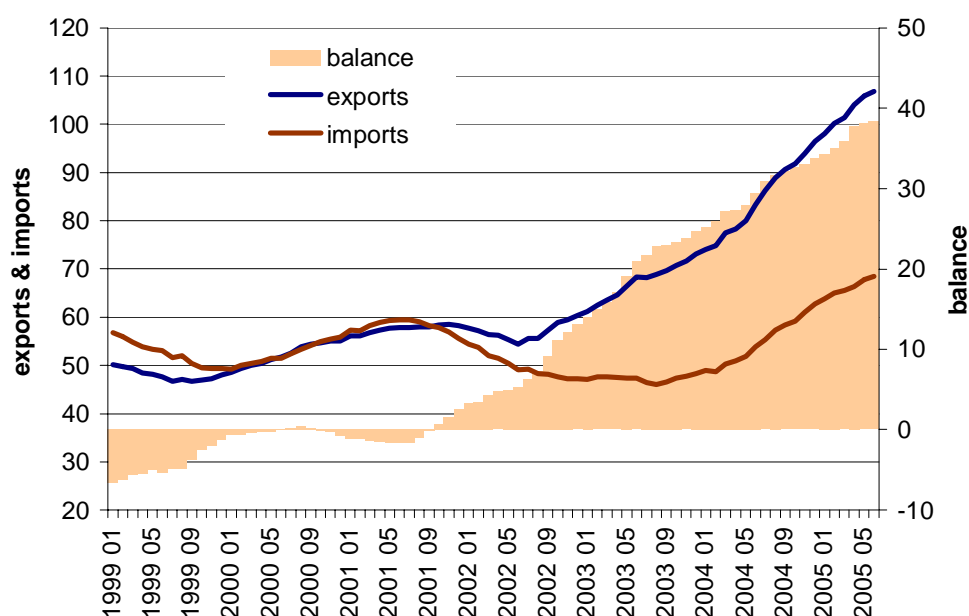
3) THE BRAZILIAN ECONOMY'S FOREIGN SECTOR

3.1) Evolution of foreign trade

The Brazilian balance of trade presented an excellent performance in first half/2005. Exports of US\$ 53.677 million constituted a record, with a growth of 23.9% in relation to 2004. Brazilian exports recorded by the first time an amount higher than US\$ 106 billion for the accumulated for twelve months. The trading balance was also a historical record, both for the half-year (US\$ 19.667 million) and for the twelve months (US\$ 38.330 million). The good performance remained during almost the entire period, not losing vitality in any month — see Graph 3.1. Like in previous months, exports presented a record value also in June, totalizing US\$ 10.206 million. This amount represented an increase of 4.4% by the daily average in relation to same month in 2004.

Graph 3.1

**Brazilian Trade Balance: from January 1999 to June 2005
(accumulated on 12 months in US\$ billion)**



The main destinations of Brazilian exports in the half-year were the United States, Argentina and China. Exports to Argentina increased 25.4%. Last year, sales to that country had already increased over 60%, with a recovery of the trade interchange existing before the years under crisis.

The increase in Brazilian exports occurred in all main economic blocks and the movement of diversification in export destinations remains. In June 2005, growths over

100% occurred in sales to various countries with monthly Brazilian exports lower than US\$ 10 million, like Somalia, Iraq, Tanzania, Gabon, Vietnam and Burkina Faso.

Exports to Latin American countries increased 36% in first half/2005 in relation to same period of last year – see Table 3.1. Sales to ALADI countries amounted to US\$ 11.7 billion and ranked second for the half-year, surpassing sales to the United States (US\$ 10.9 billion). The principal block of countries for destination of Brazilian exports was the European Union, with US\$ 12.8 billion.

The share of exports to Mercosur on total Brazilian program grew from 9.2% in 2004 to 10.0% in 2005. Brazilian exports to Argentina represented 85% of total sold to Mercosur.

Table 3.1

| Brazilian Trade Balance by Economic Blocks: first halves of 2005 and 2004 (in US\$ million) | | | | | | |
|--|---------------|---------------|-------------|---------------|---------------|--------------|
| | Exports | | % Var. | Imports | | % Var. |
| | 2005 | 2004 | 2005/04 | 2005 | 2004 | 2005/04 |
| European Union | 12,760 | 11,199 | 13.9 | 8,865 | 7,280 | 21.8 |
| Holland | 2,455 | 2,373 | 3.5 | 286 | 256 | 11.8 |
| Germany | 2,378 | 1,974 | 20.5 | 2,953 | 2,319 | 27.3 |
| Italy | 1,636 | 1,475 | 10.9 | 1,152 | 926 | 24.4 |
| USA* | 10,871 | 8,812 | 23.4 | 6,113 | 5,471 | 11.7 |
| ALADI | 11,659 | 8,592 | 35.7 | 5,433 | 4,564 | 19.0 |
| MERCOSUL | 5,358 | 3,981 | 34.6 | 3,397 | 2,949 | 15.2 |
| Argentina | 4,548 | 3,281 | 38.6 | 2,984 | 2,552 | 16.9 |
| Uruguay | 415 | 305 | 36.3 | 241 | 239 | 0.8 |
| Paraguay | 395 | 396 | -0.3 | 173 | 159 | 9.2 |
| Bolivia | 270 | 243 | 11.4 | 402 | 302 | 33.2 |
| Venezuela | 1,017 | 588 | 73.0 | 110 | 72 | 52.4 |
| Peru | 450 | 265 | 69.3 | 231 | 162 | 42.7 |
| Ecuador | 340 | 202 | 68.5 | 42 | 38 | 10.0 |
| Colombia | 673 | 466 | 44.3 | 72 | 56 | 28.5 |
| Chile | 1,486 | 1,120 | 32.7 | 759 | 631 | 20.3 |
| Mexico | 1,955 | 1,667 | 17.3 | 397 | 330 | 20.1 |
| Cuba | 109 | 61 | 79.2 | 23 | 24 | -3.6 |
| Asia | 7,916 | 6,786 | 16.7 | 7,479 | 5,262 | 42.1 |
| China | 2,709 | 2,901 | -6.6 | 2,272 | 1,492 | 52.3 |
| Japan | 1,633 | 1,220 | 33.9 | 1,629 | 1,284 | 26.9 |
| India | 546 | 169 | 223.2 | 550 | 206 | 167.3 |
| Africa | 2,652 | 1,845 | 43.7 | 3,126 | 2,766 | 13.0 |
| South Africa | 625 | 409 | 53.0 | 152 | 123 | 23.9 |
| Nigeria | 410 | 215 | 90.7 | 1,549 | 1,659 | -6.6 |
| Middle East | 1,827 | 1,730 | 5.6 | 899 | 943 | -4.7 |
| Iran | 507 | 532 | -4.8 | 1 | 1 | 59.5 |
| Saudi Arabia | 470 | 355 | 32.4 | 570 | 430 | 32.5 |
| Europa Oriental | 1,832 | 1,083 | 69.2 | 465 | 533 | -12.7 |
| Russia | 1,424 | 690 | 106.4 | 282 | 346 | -18.7 |
| Romania | 125 | 195 | -36.0 | 11 | 2 | 364.9 |
| Other | 4,160 | 3,260 | 27.6 | 1,630 | 1,485 | 9.8 |
| Total | 53,677 | 43,307 | 23.9 | 34,010 | 28,304 | 20.2 |

Source: MDIC/Secex

* includes Puerto Rico.

In the first six months of 2005, Brazilian exports presented a record performance in the three categories of aggregated value. The leading relative growths occurred in the categories of manufactured products (30.4%) and semifinished products (31.3%), while the basic increased 8.4%.

Manufactured products increased their share in the program, reaching 55.9% of total exported in 2005. For the segments of manufactured goods, the main products exported were: passenger automobiles (US\$ 2.028 million), transmission and reception equipment (US\$ 1.334 million), aircrafts (US\$ 1.180 million), auto parts (US\$ 1.167 million), flat rolled products (US\$ 1.120 million), motors for vehicles (US\$ 1.117 million) and footwear (US\$ 968 million).

Table 3.2
Brazilian exports by aggregated factor:
first halves of 2005 and 2004 (in US\$ million)

| | 2005 | 2004 | % Var. 2005/04 | % Share | |
|--------------------------------|---------------|---------------|-------------------|--------------|--------------|
| | | | | 2005 | 2004 |
| Basics | 14,816 | 13,663 | 8.4 | 27.6 | 31.5 |
| Iron ore | 3,073 | 2,080 | 47.7 | 5.7 | 4.8 |
| Soy grain | 2,419 | 3,032 | -20.2 | 4.5 | 7.0 |
| Chicken meat | 1,445 | 1,175 | 23.0 | 2.7 | 2.7 |
| Soy flour | 1,354 | 1,175 | -22.0 | 2.5 | 4.0 |
| Coffee in grain | 1,261 | 742 | 69.9 | 2.3 | 1.7 |
| Industrialized products | 37,836 | 28,974 | 30.6 | 70.5 | 66.9 |
| Semi-manufactured | 7,815 | 5,951 | 31.3 | 14.6 | 13.7 |
| Iron and steel | 1,347 | 922 | 46.1 | 2.5 | 2.1 |
| Raw sugar | 1,072 | 519 | 106.6 | 2.0 | 1.2 |
| Cellulose | 964 | 832 | 15.9 | 1.8 | 1.9 |
| Cast iron | 890 | 316 | 181.6 | 1.7 | 0.7 |
| Leather and fur | 673 | 629 | 7.0 | 1.3 | 1.5 |
| Manufactured | 30,021 | 23,023 | 30.4 | 55.9 | 53.2 |
| Automobiles | 2,028 | 1,454 | 39.5 | 3.8 | 3.4 |
| Transm./recep.equip. | 1,334 | 595 | 124.2 | 2.5 | 1.4 |
| Aircrafts | 1,180 | 1,552 | -24.0 | 2.2 | 3.6 |
| Auto parts | 1,167 | 877 | 33.1 | 2.2 | 2.0 |
| Flat rolled products | 1,120 | 890 | 25.8 | 2.1 | 2.1 |
| Special operations | 1,025 | 670 | 53.0 | 1.9 | 1.5 |
| Total | 53,677 | 43,307 | 23.9 | 100.0 | 100.0 |

Source: MDIC/Secex

Besides the growth in exports of the main products in the Brazilian program, there is also a continuous movement of diversification of products in Brazilian sales. In first half/2005, 130 more types of products were exported then in the same period of last year.

Despite the growth in relation to last year, the category of basic products had its share in the Brazilian exports program reduced, in detriment of the segments of manufactured products. In relation to 2004, the basic products went from 31.5% to 27.6%.

The lower share of basic products in the program was partially caused by the strong performance of manufactured products, but it was also due to a drop in sales of

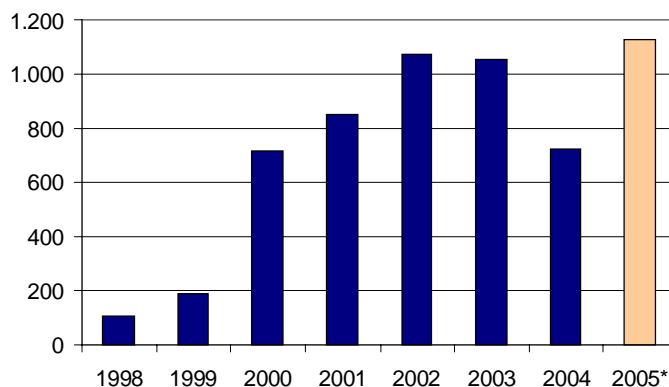
some important categories. There was a reduction in the amount exported of soy grain (-20.2%), soy flour (-22.0%) and crude oil (10.8%). Jointly, these products totalize a drop of US\$ 1.1 billion in absolute figures.

Special Box:
US\$ 1.1 billion exports of cell phones

One of the main highlights of the Brazilian exports program was the cellular telephony, leading the segment of transmission and reception equipment to the second position among manufactured products. From January to June 2005, US\$ 1,125 million were exported in cell phones, with a growth of 330% in relation to same period of last year. The amount exported in first half/2005 already surpasses the exported in the whole year 2004, also higher than the amount reached in 2002, the annual record until then.

The main destinations of exports of that product in the half-year were the United States (US\$ 338.6 million), Argentina (US\$ 245.9 million) and Venezuela (US\$ 134.1 million). The program of countries of destination is diversified, comprising 36 countries in the total. Sales to South American countries account for 53% of total. After the United States and South American countries, the principal destination is the European countries, with a share of 14% in January to June 2005 exports.

Graph 3.2
Exports of cell phones – 1998 to 2005 (in US\$ million)



Source: Own preparation based on MDIC/Secex data.

* until June

However, the prices of main Brazilian commodities exported continued increasing. The higher growths occurred in the segments of coffee in grain (57.2%), iron ore (56.2%), corn (49.7%), fuel oils (46.0%) and swine meat (31.7%). The price of petroleum exported by Brazil increased 31% in relation to June 2004. In this case, the reduction of the amount exported was caused only by the lower quantities shipped.

In accordance with Foreign Trade Study Center Foundation [Funcex], the price variances had little influence in recent Brazilian trading balance. The increase in import prices compensated exports prices. The growth in Brazilian trading balance was mainly due to an increase in the quantum exported. In 2004, the quantum of Brazilian products

exported grew almost the double of global trade. The growth in international prices is important, but it is not determinant for total Brazilian exports. By the end of 2004, the level of exchange terms was 13.5% below the presented in January 1998. In recent years, the exchange terms remained below of the ones recorded between 1995 and 1998. In 2003 and 2004, there was a big increase in exports prices, generating a total gain of 4% in exchange terms, but failing to recover the 1998 levels. In first half/2005, the picture is similar: the price indexes for imports grew more than for exports.

If the Brazilian balance is not caused by a favorable variance in prices, it is also not due to a drop in imports. In 2005, imports also present a strong growth, 20.2% in relation to previous year. Imports for the period were US\$ 34.010 million, representing a historical record for equal periods. The previous record was in first half/2001, in which US\$ 28.994 million was imported. From January to June 2005, there was a growth in imports for all categories of usage: capital goods (27.1%), consumer goods (20.5%), raw materials and intermediate goods (18.6%) and fuels and lubricants (16.8%).

The good performance in exports and imports allowed for a trading flow never seen before in the Brazilian economy. The trading flow surpassed for the first time the half-annual amount over US\$ 87 billion and annual over US\$ 175 billion.

Table 3.3

Brazilian imports by category of use: 2005 and 2004

| | January to June | | | June | | |
|----------------|-------------------|-------------------|-------------|-------------------|-------------------|------------|
| | 2005 US\$ thd. | 2004 US\$ thd. | % Var. | 2005 US\$ thd. | 2004 US\$ thd. | % Var.* |
| Capital Goods | 7,045 | 5,544 | 27.1 | 1,336 | 1,013 | 25.9 |
| Intermediate | 17,973 | 15,160 | 18.6 | 3,407 | 2,957 | 9.6 |
| Consumer Goods | 3,816 | 3,167 | 20.5 | 738 | 580 | 21.5 |
| Nondurables | 2,114 | 1,672 | 26.4 | 418 | 296 | 34.8 |
| Durables | 1,703 | 1,495 | 13.9 | 320 | 284 | 7.6 |
| Automobiles | 340 | 289 | 17.6 | 62 | 59 | 0.3 |
| Fuels | 5,175 | 4,432 | 16.8 | 694 | 976 | -31.4 |
| Total | 34,010 | 28,303 | 20,2 | 6,176 | 5,529 | 6.6 |

* per daily average

Source: MDIC/Secex

Share of capital goods segment in the total imports program increased 1 percentage point in relation to first half/2004. The category of capital goods was also the one presenting the higher growth of imports in the year.

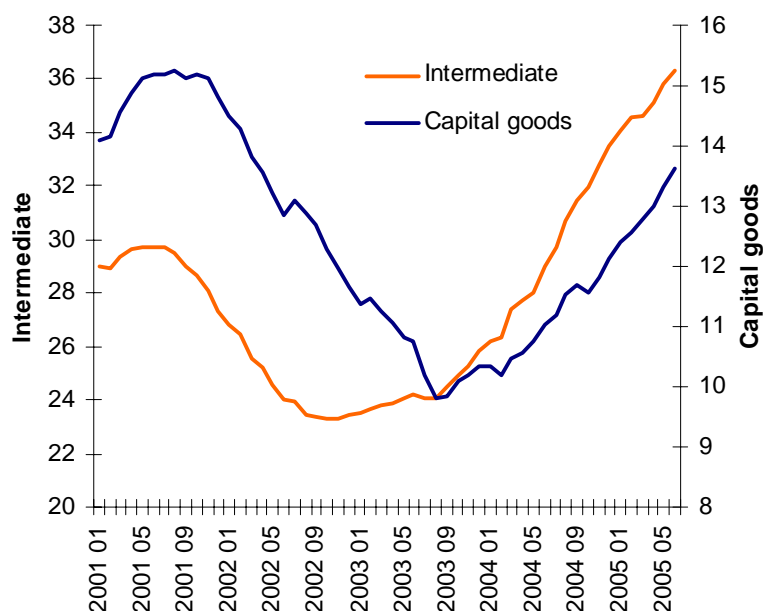
Imports of capital goods are presently at an increasing course, despite of not having recovered the 2001 levels. Intermediate goods are also the ones presenting higher absolute amounts in relation to recent years – already higher than the 2000/2001 levels.

The purchases of capital goods present a stronger growth when considering their peculiarities. Capital goods also suffer influence of the foreign exchange, but are lastly determined by business expectations. Imports of these goods occur not only to meet today's demand but also future's. The favorable foreign exchange is a necessary condition to the purchase of capital goods, but may not be sufficient. Capital goods are used in the production, and its purchase is conditioned to the possibility of outflowing the goods produced thereby. It should exist a expectation favorable to investment for the purchase of capital goods. The industries willingness to purchase capital goods is,

generally, more cautions than for other goods, because the dependence on long-term expectations.

Graph 3.3

Imports of capital and intermediate goods: January 2001 to December 2004 (accumulated 12 months in US\$)



Source: Own preparation based on MDIC/Secex data

The necessity of capital goods to meet the increasing demand appears in the indicators of capacity usage. In a *Sondagem Conjuntural* series, the use of installed capacity (86%) presented by the end of 2004 was the highest since 1977. The higher uses of installed capacity were in the segments of intermediate goods (89% in October 2004), followed by construction materials (86%), consumer goods (82%) and capital goods (81%). In the first months of the year, the use of installed capacity is normally reduced, but in current year a high drop has not yet happened. At the series with seasonal adjustment, during the whole first half/2005 the use of installed capacity was similar to the end of 2004. The use of capacity in July was practically equal to the end of 2004. The highest occupation index continued in the segments of intermediate goods (87.1%), followed by capital goods (82.5%) and consumption (82.3%). The July index is 0.2 p.p. higher than April's, the month prior to the survey.

In first half/2005, the principal origin of Brazil's purchases of capital goods was the European Union countries (US\$ 2.542 million), Asia (US\$ 2.214 million) and the United States (US\$ 1.531 million).

From total goods purchased, the main origins were the United States (US\$ 6.113 million) and Argentina (US\$ 2.984 million), both with a growth over 10% in relation to previous year. However, the composition of increase in purchases from these countries is well distinct, which confirms a growth of imports pertinent to the various sectors of the Brazilian economy. In imports from the USA, the most important segments were turbochargers, coal, aircraft parts and chemical products; while those coming from Argentina were mainly wheat, petrochemicals and motor vehicles. The 2005 amount for Brazilian purchases from Argentina surpassed those of 2002, 2003 and

2004, but there has not yet been a recovery of the levels prior to the Argentine crisis. From January to June 2005, Brazil's imports of Argentine products were 12% lower in relation to same period of 2001.

Table 3.4

**Imports per usage categories and origin economic blocks:
January to June 2005 (in US\$ million)**

| Block | Capital goods | Consumer goods | Fuels and lubricants | Intermediate | Total |
|----------------|---------------|----------------|----------------------|---------------|---------------|
| European Union | 2,542 | 1,024 | 165 | 5,133 | 165 |
| Asia | 2,214 | 1,088 | 478 | 3,699 | 478 |
| United States* | 1,531 | 595 | 435 | 3,551 | 1,030 |
| ALADI | 406 | 783 | 675 | 3,569 | 1,865 |
| Africa | 5 | 10 | 2,478 | 633 | 648 |
| Middle East | 42 | 11 | 640 | 206 | 899 |
| Western Europe | 6 | 5 | 12 | 443 | 443 |
| Other | 299 | 300 | 292 | 740 | 1,653 |
| Total | 7,045 | 3,816 | 5,175 | 17,973 | 34,010 |

* Includes Porto Rico

Source: Own preparation based on MDIC/Secex [Ministry of Development, Industry and Foreign Trade/Foreign Trade Secretary] data.

Besides the United States and Argentina, the main origins of Brazilian imports were from European Union and Asia, which jointly accounted for 48% of total Brazilian imports in first half/2005. Germany (US\$ 2.954 million) and China (US\$ 2.272 million) ranked, respectively, third and fourth origin of Brazilian imports in the period.

Imports from all main economic blocks increased in the period: Asia (42.1%), ALADI (26.1% except Mercosur), European Union (21.8%), Mercosur (15.2%), Africa (13.0%) and the United States (11.7%). And the composition of these growths is varied. The increase in imports from Africa, Middle East and ALADI derived from purchases of chemical products and ore. The increase in purchases from the European Union and Asia occurred in the segments of machinery and equipment, electronics, auto parts and pharmaceutical products.

4) TRADE NEGOTIATIONS

4.1) Brazil - Arab Countries

The Summit of South America - Arab Countries was held last May, in Brasília. Among the subjects discussed, it was outstanding the importance that the Brazilian external policy has been presently giving to the following themes: diversification of trade, relations with the South Axis, the USA and South America. The conference emphasized the opening of new markets, in the trade aspect. The big objective is to deep trade relations between Brazil and the Arab countries, considering that around 5% of our exports are already destined to such countries.

4.2) Mercosur

The Mercosur Summit was held last June, in Paraguay. Among the subjects discussed it was outstanding the creation of an structural fund to help the development of smaller countries and the articulation between the continent leaders to solve the energetic question.

The Mercosur Structural Fund may contribute to solve the differences in growth existing between the countries in the block. The fund will have US\$ 50 million next year, which distribution will give priority to smaller countries.

With respect to the relation outside the block, Mercosur intends to give priority to trade negotiations with the following partners: EU, USA, Canada, India and South Africa.

4.3) Mercosur – European Union

A ministerial meeting between EU and Mercosur was programmed to next September in Brussels. The meeting has the purpose of pushing the negotiations that has been developed for five years, but have relatively halted since October 2004 due to some impasses.

On one hand, the EU wants a Mercosur more aggressive to offer the opening of its markets in the areas of industry and services. On the other hand, the South Americans allege that there is no way to liberalize such areas at once, considering the unbalances existing between the countries integrating Mercosur. The latter, on the other hand, claims larger EU concessions in relation to markets of agriculture products.

4.4) Mercosur – Korea

In May 2005, Korea's Foreign Affairs Ministry Head and key negotiator showed interest in negotiating a free trade agreement with Mercosur. The country has already entered into an agreement with Chile, presenting favorable results for both countries, through an increase in exports.

In this context, the Agency for Promoting Exports [APEX] contracted a consultancy in order to study the possibility of exporting a series of Brazilian products (beef, fish, shrimp, cosmetics, beverage, processed food, raw fruits, marble granite, ceramic coating) to the Korean market.

By the end of same month, the president traveled with a group of businessmen to Korea and Japan. Petrobras, Eletrobrás, Vale of Rio Doce, Etesco and BNDES closed businesses and financing agreements that totalizing US\$ 3,850 billion. In the trip, other agreements involving over US\$ 2,750 billion were negotiated.

4.5) FTAA

Having begun in 1994, the discussions on the constitution of the Free Trade Area of the Americas should have been formalized in December of last year. However, the negotiations decelerated from September 2003, due to some questions. On one hand, the USA want larger concessions in services and intellectual property. On the other hand, Brazil claims a reduction in agriculture subsidies. In view of the slow development of negotiations, some analysts don't believe that negotiations may be concluded before 2009.

The most recent fact that would contribute, in accordance with some specialists, to push FTAA's development is the approval of Cafta - a free trade agreement of the USA with Guatemala, Nicaragua, El Salvador, Honduras, Costa Rica and Dominican Republic. The approval of Cafta will allow the American government to make possible its plan of replacing FTAA in the top of the hemispheric program and the agenda of the Americas Summit, forecasted for November.

4.6) WTO

Brazil has been recording important victories in the ambit of trade negotiations. In April 2004, WTO [World Trade Organization] determined a deadline to the USA to retire the subsidies to agriculture exports disputed by Brazil, since they cause serious losses to the Brazilian interests. This WTO's decision was historical, because for the first time in the history of the multilateral system, WTO took a decision on domestic subsidies to agriculture. In relation to the EU, Brazil succeeded in having WTO declaring the European sugar subsidy illegal.

With respect to the discussion on industrial tariffs with WTO, there are significant divergences. The countries members of Apec (Asia-Pacific Economic Cooperation) decided to support the proposal defended by the USA and EU, which may perform an aggressive cut in import tariffs, the so-called "Switzerland" formula. The proposal made by Brazil, jointly with Argentina and India, up to now, counts only on the support of the Caribbean countries.

The "Switzerland" formula, presented at the Tokyo Round (1973-79) cuts higher tariffs more proportionally. Brazil, Argentina and India fight for a variance to this formula, which would consider the average tariff consolidated by WTO countries, so that countries with higher tariffs would not be so affected.

There is an speculation that the Southeast Asia countries may support the "Switzerland" formula, because their markets already are sufficiently open to support tariff cuts on imports of industrial goods.

The stagnation of Doha Round was due to several reasons, however, most of the negotiators agree that the most important thereof is the EU refusal to accept the proposed formula cutting tariffs for agriculture products.

The question is that the developing countries should not compromise with an opening of industrial products and services, as desired by Americans and Europeans, without a compensation in agriculture. With the resistance of the developed countries with respect to the concessions at the WTO round, it is probable that the Doha Round to be completed at the December meeting in Hong Kong reaches less ambitious results than the ones initially desired.

FORECASTS AND ECONOMIC INDICATORS

FORECASTS

Table 1 - Forecasts

| Gross Domestic Product - % | | | | | | | | | | | | | | |
|-----------------------------|--------------------|--------|----------------------|--------|---------------------|--------|--------|--------|-----------|--------|--------------------------|--------|-----------|--------|
| | IMF ⁽¹⁾ | | ECLAC ⁽²⁾ | | OECD ⁽³⁾ | | BBVA | | Citigroup | | Economist ⁽⁴⁾ | | Santander | |
| | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f |
| Developed Countries | 2,6 | 3,0 | - | - | - | - | - | - | - | 2,5 | 2,5 | - | - | - |
| European Union | 2,1 | 2,5 | - | - | 2,5 | - | 1,4 | 2,2 | - | - | - | - | - | - |
| Japan | 0,8 | 1,9 | - | - | 1,5 | 1,7 | 1,5 | 3,0 | 1,9 | 1,5 | 1,6 | 1,8 | - | - |
| United States | 3,6 | 3,6 | - | - | 3,6 | 3,3 | 3,6 | 3,2 | 3,7 | 3,4 | 3,5 | 3,2 | - | - |
| Canada | 2,8 | 3,0 | - | - | 2,8 | 3,1 | - | - | 3,0 | 3,7 | 2,8 | 3,0 | - | - |
| UK | 2,6 | 2,6 | - | - | 2,4 | 2,4 | 2,5 | 2,6 | 2,1 | 2,3 | 2,2 | 2,2 | - | - |
| Euro Zone | 1,6 | 2,3 | - | - | 1,2 | 2,0 | 1,7 | 2,4 | 1,5 | 1,9 | 1,3 | 1,7 | - | - |
| Germany | 0,8 | 1,9 | - | - | 1,2 | 1,8 | 1,1 | 1,9 | 1,1 | 1,1 | 1,1 | 1,3 | - | - |
| France | 2,0 | 2,2 | - | - | 1,4 | 2,0 | 2,0 | 2,4 | 1,6 | 2,0 | 1,5 | 1,9 | - | - |
| Italy | 1,2 | 2,0 | - | - | -0,6 | 1,1 | 1,0 | 2,1 | -0,2 | 0,8 | -0,2 | 1,1 | - | - |
| Developing Countries | 6,3 | 6,0 | - | - | - | - | - | - | 5,6 | 5,6 | - | - | - | - |
| Africa | 5,0 | 5,4 | - | - | - | - | - | - | 4,5 | 4,3 | - | - | - | - |
| Latin America and Caribbean | - | - | 4,3 | 4,0 | - | - | 4,1 | 3,6 | 4,0 | 3,8 | - | - | 4,4 | 3,9 |
| Argentina | 6,0 | 3,6 | 7,3 | - | - | - | 7,0 | 4,5 | 6,4 | 4,0 | - | - | 6,5 | 4,5 |
| Bolivia | 4,4 | 4,5 | 3,5 | - | - | - | - | - | - | - | - | - | - | - |
| Brazil | 3,7 | 3,5 | 3,0 | - | 3,7 | 3,5 | 3,0 | 3,0 | 3,0 | 3,7 | 3,7 | - | 3,2 | 3,5 |
| Chile | 6,1 | 5,4 | 6,0 | - | - | - | 6,1 | 5,7 | 5,5 | 5,0 | - | - | 5,8 | 5,2 |
| Colombia | 4,0 | 4,0 | 4,0 | - | - | - | 3,8 | 3,5 | 3,4 | 3,4 | - | - | 3,8 | 3,6 |
| Ecuador | 3,9 | 3,7 | 3,0 | - | - | - | - | - | 2,7 | 3,4 | - | - | - | - |
| Mexico | 3,7 | 3,3 | 3,6 | - | 4,0 | 4,2 | 3,9 | 3,5 | 4,2 | 3,7 | - | - | 3,5 | 3,8 |
| Paraguay | 2,5 | 3,0 | 2,8 | - | - | - | - | - | - | - | - | - | - | - |
| Peru | 4,5 | 4,5 | 5,5 | - | - | - | 5,3 | 4,5 | 5,0 | 4,4 | - | - | 4,7 | 4,0 |
| Uruguay | 5,0 | 3,5 | 6,2 | - | - | - | 5,5 | - | 5,5 | 4,0 | - | - | - | - |
| Venezuela | 4,6 | 3,8 | 7,0 | - | - | - | 3,9 | 2,3 | 5,2 | 4,0 | - | - | 7,4 | 3,7 |
| Dominican Republic | 2,5 | 4,3 | 3,5 | - | - | - | - | - | - | - | - | - | - | - |
| Asia and Pacific | 7,4 | 7,1 | - | - | - | - | - | - | 6,7 | 6,6 | - | - | - | - |
| China | 8,5 | 8,0 | - | - | 9,0 | 9,2 | 8,5 | 8,0 | 9,3 | 8,5 | - | - | - | - |
| South Korea | 4,0 | 5,2 | - | - | 4,3 | 5,0 | - | - | 3,1 | 4,3 | - | - | - | - |
| Indonesia | 5,5 | 6,0 | - | - | - | - | - | - | 5,6 | 5,9 | - | - | - | - |
| Tailand | 5,6 | 6,2 | - | - | - | - | - | - | 4,0 | 4,7 | - | - | 4,0 | - |
| India | 6,7 | 6,4 | - | - | - | - | - | - | 7,5 | 7,4 | - | - | - | - |
| Central and Easter Europe | 4,5 | 4,5 | - | - | - | - | - | - | 5,0 | 5,5 | - | - | - | - |
| Russia | 6,0 | 5,5 | - | - | 6,0 | 6,0 | - | - | 5,8 | 5,9 | - | - | - | - |
| World | 4,3 | 4,4 | - | - | - | - | - | - | 3,2 | 3,2 | - | - | - | - |

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2005 (April/2005) and Reports of countries

(2) Proyecciones de América Latina y el Caribe, 2004-2005 (August/2005)

(3) OECD Economic Outlook No. 77 (June/2005)

(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⁾ | | OECD ⁽²⁾ | | BBVA | | Citigroup | | Economist ⁽³⁾ | |
| | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f |
| Developed Countries | 2,0 | 1,9 | - | - | - | - | 2,1 | 1,9 | - | - |
| European Union | 2,0 | 1,9 | - | - | 2,1 | 1,6 | - | - | - | - |
| Japan | -0,2 | 0 | -0,2 | 0,1 | 0,0 | 0,3 | -0,1 | 0,2 | -0,1 | 0,2 |
| United States | 2,7 | 2,4 | 2,8 | 2,6 | 2,7 | 2,6 | 3,0 | 2,9 | 2,9 | 2,5 |
| Canada | 2,1 | 1,9 | 1,9 | 1,9 | - | - | 2,2 | 2,4 | 2,1 | 2,2 |
| UK | 1,7 | 2 | 2,0 | 2,1 | 1,8 | 1,6 | 2,1 | 2,3 | 1,9 | 1,9 |
| Euro Zone | 1,9 | 1,7 | 1,8 | 1,3 | 1,7 | 1,5 | 2,1 | 1,8 | 1,9 | 1,5 |
| Germany | 1,5 | 1,2 | 1,2 | 0,8 | 1,3 | 1,0 | 1,7 | 1,9 | 1,4 | 1,1 |
| France | 2,0 | 1,9 | 1,6 | 1,7 | 1,5 | 1,3 | 1,9 | 1,7 | 1,7 | 1,6 |
| Italy | 1,8 | 1,8 | 2,0 | 2,0 | 1,7 | 1,8 | 1,9 | 1,8 | 2,0 | 1,9 |
| Developing Countries | 5,5 | 4,6 | - | - | - | - | 5,3 | 5,2 | - | - |
| Africa | 7,7 | 5,9 | - | - | - | - | 5,5 | 6,1 | - | - |
| Latin America and Caribbean | - | - | - | - | 6,5 | 6,0 | 6,2 | 5,8 | - | - |
| Argentina | 7,7 | 6,7 | - | - | 10,9 | 10,0 | 9,4 | 9,6 | - | - |
| Bolivia | 3,7 | 3,2 | - | - | - | - | - | - | - | - |
| Brazil | 6,5 | 4,6 | 6,3 | 5,0 | 6,0 | 5,0 | 6,9 | 5,5 | - | - |
| Chile | 2,5 | 3,1 | - | - | 3,4 | 3,0 | 2,6 | 2,9 | - | - |
| Colombia | 5,2 | 4,8 | - | - | 5,0 | 4,7 | 5,0 | 4,9 | - | - |
| Ecuador | 2,0 | 2,0 | - | - | - | - | 1,0 | 0,7 | - | - |
| Mexico | 4,6 | 3,7 | 4,4 | 3,7 | 4,0 | 3,9 | 4,3 | 3,8 | - | - |
| Paraguay | 5,3 | 5,3 | - | - | - | - | - | - | - | - |
| Peru | 2,1 | 2,4 | - | - | 2,3 | 2,5 | 1,8 | 2,3 | - | - |
| Uruguay | 7,0 | 6,2 | - | - | 5,5 | - | 4,9 | 6,7 | - | - |
| Venezuela | 18,2 | 25 | - | - | 20,6 | 23,5 | 17,1 | 19,2 | - | - |
| Dominican Republic | 8,9 | 8,4 | - | - | - | - | - | - | - | - |
| Asia and Pacific | 3,9 | 3,4 | - | - | - | - | 3,4 | 3,5 | - | - |
| China | 3,0 | 2,5 | 4,0 | 4,0 | 4,5 | 4,5 | 2,5 | 3,0 | - | - |
| South Korea | 2,9 | 3,0 | 3,2 | 3,0 | - | - | 3,0 | 3,2 | - | - |
| Indonesia | 7,0 | 6,5 | - | - | - | - | 7,9 | 7,1 | - | - |
| Taiiland | 2,9 | 2,1 | - | - | - | - | 3,6 | 3,3 | - | - |
| India | 4,0 | 3,6 | - | - | - | - | 5,0 | 4,0 | - | - |
| Central and Easter Europe | 5,2 | 4,0 | - | - | - | - | 8,4 | 6,8 | - | - |
| Russia | 11,8 | 9,7 | 13,0 | 12,0 | - | - | 13,0 | 9,5 | - | - |
| World | 3,6 | 3,1 | - | - | - | - | 2,8 | 2,5 | - | - |

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2005 (April/2005) and Reports of countries

(2) OECD Economic Outlook No. 77 (June/2005)

(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 3 – Forecasts

| Public Account Balance - % do GDP | | | | | | | | | | |
|-----------------------------------|--------------------|--------|---------------------|--------|--------|--------|-----------|--------|-----------|--------|
| | IMF ⁽¹⁾ | | OECD ⁽²⁾ | | BBVA | | Citigroup | | Santander | |
| | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f |
| Developed Countries | -3,5 | -3,4 | - | - | - | - | -2,9 | -2,8 | - | - |
| European Union | -2,7 | -2,8 | - | - | - | - | - | - | - | - |
| Japan | -6,9 | -6,5 | -6,4 | -6,3 | - | - | -6,9 | -6,5 | - | - |
| United States | -4,4 | -4,2 | -4,1 | -3,9 | - | - | -2,4 | -2,1 | - | - |
| Canada | 1,3 | 1,2 | 1,2 | 0,8 | - | - | 0,6 | 0,3 | - | - |
| UK | -3,1 | -2,9 | -2,9 | -3,0 | - | - | -2,9 | -3,0 | - | - |
| Euro Zone | -2,6 | -2,6 | -2,8 | -2,7 | -2,6 | -2,7 | -3,2 | -3,4 | - | - |
| Germany | -3,5 | -3,4 | -3,5 | -3,2 | - | - | -3,7 | -3,6 | - | - |
| France | -3,1 | -3,1 | -3,0 | -3,0 | - | - | -3,4 | 3,6 | - | - |
| Italy | -3,5 | -4,3 | -4,4 | -5,0 | - | - | -4,3 | -5,0 | - | - |
| Developing Countries | - | - | - | - | - | - | -1,2 | -1,3 | - | - |
| Africa | - | - | - | - | - | - | -1,9 | -2,2 | - | - |
| Latin America and Caribbean | - | - | - | - | -1,0 | -1,0 | -1,7 | -1,6 | -0,9 | -1,1 |
| Argentina | - | - | - | - | 3,7 | 3,4 | 0,5 | 0,0 | 1,5 | 0,3 |
| Bolivia | - | - | - | - | - | - | - | - | - | - |
| Brazil | - | - | -3,8 | -2,8 | -3,0 | -3,0 | -4,2 | -3,1 | -4,4 | -4,3 |
| Chile | - | - | - | - | 2,4 | 1,2 | 1,0 | 1,0 | 2,3 | 1,8 |
| Colombia | - | - | - | - | -2,5 | -2,0 | -2,5 | -2,8 | -2,5 | -2,0 |
| Ecuador | - | - | - | - | - | - | 0,2 | -0,5 | - | - |
| Mexico | - | - | - | - | -0,1 | -0,2 | -0,3 | -0,5 | -0,2 | -0,2 |
| Paraguay | - | - | - | - | - | - | - | - | - | - |
| Peru | - | - | - | - | -1,0 | -1,0 | -1,0 | -1,0 | -1,1 | -1,1 |
| Uruguay | - | - | - | - | - | - | -1,5 | -1,0 | - | - |
| Venezuela | - | - | - | - | -1,8 | -2,1 | -1,0 | -3,0 | -0,4 | -3,8 |
| Dominican Republic | - | - | - | - | - | - | - | - | - | - |
| Asia and Pacific | - | - | - | - | - | - | -1,4 | -1,4 | - | - |
| China | - | - | -0,4 | -0,2 | - | - | -1,0 | -1,2 | - | - |
| South Korea | 2,1 | 2,7 | 2,8 | 2,9 | - | - | 0,4 | 0,6 | - | - |
| Indonesia | - | - | - | - | - | - | -1,0 | -0,8 | - | - |
| Tailand | - | - | - | - | - | - | -0,3 | -1,4 | - | - |
| India | - | - | - | - | - | - | -4,3 | -4,0 | - | - |
| Central and Easter Europe | - | - | - | - | - | - | 0,3 | -0,5 | - | - |
| Russia | - | - | 2,0 | 1,5 | - | - | 7,0 | 4,0 | - | - |
| World | - | - | - | - | - | - | -2,5 | -2,5 | - | - |

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2004 (April/2005) and Reports of countries

(2) OECD Economic Outlook No. 77 (June/2005)

Table 4 – Forecasts

| Trade Balance - US\$ Billion | | | | | | |
|------------------------------------|---------------------|--------|--------|--------|-------------|-------------|
| | OECD ⁽¹⁾ | | BBVA | | Citigroup | |
| | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f |
| Developed Countries | - | - | - | - | - | - |
| European Union | - | - | - | - | - | - |
| Japan | 79,0 | 97,0 | - | - | - | - |
| United States | -710,5 | -761,7 | - | - | - | - |
| Canada | 39,4 | 49,7 | - | - | - | - |
| UK | -77,4 | -83,5 | - | - | - | - |
| Euro Zone | 151,2 | 166,3 | - | - | - | - |
| Germany | 150,3 | 166,9 | - | - | - | - |
| France | -8,0 | -0,7 | - | - | - | - |
| Italy | -9,6 | -14,8 | - | - | - | - |
| Developing Countries | - | - | - | - | - | - |
| Africa | - | - | - | - | - | - |
| Latin America and Caribbean | - | - | - | - | - | - |
| Argentina | - | - | 9,5 | 8,1 | - | 72,8 47,7 |
| Bolivia | - | - | - | - | - | 9,0 4,6 |
| Brazil | - | - | 35,0 | 22,0 | - | - |
| Chile | - | - | 7,5 | 3,1 | - | 34,2 26,1 |
| Colombia | - | - | 2,2 | -1,0 | - | 9,1 7,3 |
| Ecuador | - | - | - | - | - | 0,2 -1,4 |
| Mexico | -19,4 | -21,5 | -10,0 | -12,0 | - | - |
| Paraguay | - | - | - | - | - | -11,8 -15,6 |
| Peru | - | - | 3,0 | 2,5 | - | - |
| Uruguay | - | - | 0,0 | 0,0 | - | 2,8 2,2 |
| Venezuela | - | - | 20,4 | 15,3 | - | - |
| Dominican Republic | - | - | - | - | - | 29,3 24,6 |
| Asia and Pacific | - | - | - | - | - | - |
| China | - | - | - | - | 66,4 90,9 | - |
| South Korea | 26,5 | 16,8 | - | - | 39,6 40,3 | - |
| Indonesia | - | - | - | - | 17,3 14,7 | - |
| Tailand | - | - | - | - | -9,9 -19,3 | - |
| India | - | - | - | - | -34,2 -35,9 | - |
| Central and Easter Europe | - | - | - | - | - | - |
| Russia | - | - | - | - | - | - |
| World | - | - | - | - | - | - |

Source: Prepared based on reports of the institutions.

(1) OECD Economic Outlook No. 77 (June/2005)

Table 5 - Forecasts

| Current Account Balance - % of GDP | | | | | | | | | | | | |
|------------------------------------|--------------------|--------|---------------------|--------|--------|--------|-----------|--------|--------------------------|--------|-----------|--------|
| | IMF ⁽¹⁾ | | OECD ⁽²⁾ | | BBVA | | Citigroup | | Economist ⁽³⁾ | | Santander | |
| | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f | 2005 f | 2006 f |
| Developed Countries | -1,1 | -1,1 | - | - | - | - | - | -1,7 | -2,0 | - | - | - |
| European Union | - | - | - | - | - | - | - | - | - | - | - | - |
| Japan | 3,3 | 3,5 | 3,6 | 4,1 | - | - | - | 3,2 | 2,8 | 3,6 | 3,5 | - |
| United States | -5,8 | -5,7 | -6,4 | -6,7 | - | - | - | -6,3 | -6,9 | -6,3 | -6,2 | - |
| Canada | 2,6 | 2,5 | 1,7 | 2,5 | - | - | - | 1,1 | 0,0 | 1,3 | 1,1 | - |
| UK | -2,3 | -2,4 | -2,3 | -2,4 | - | - | - | -2,5 | -2,9 | -2,4 | -2,5 | - |
| Euro Zone | 0,5 | 0,5 | 0,1 | 0,3 | 0,6 | 0,4 | 0,6 | 0,6 | 0,7 | 0,5 | 0,4 | - |
| Germany | 3,8 | 3,4 | 4,2 | 4,9 | - | - | - | 3,6 | 3,1 | 3,5 | 3,3 | - |
| France | -0,4 | -0,1 | -1,0 | -0,6 | - | - | - | -1,7 | -1,8 | -0,6 | -0,3 | - |
| Italy | -1,3 | -0,9 | -2,2 | -2,3 | - | - | - | -2,0 | -2,2 | -1,2 | -1,3 | - |
| Developing Countries | 3,2 | 2,4 | - | - | - | - | - | 2,9 | 2,6 | - | - | - |
| Africa | 0,8 | 0,5 | - | - | - | - | - | 3,1 | 2,3 | - | - | - |
| Latin America and Caribbean | -0,3 | - | - | - | 0,1 | - | - | 0,6 | -0,1 | - | - | 0,2 |
| Argentina | -1,2 | -2,9 | - | - | 0,9 | 1,2 | 1,5 | -1,0 | - | - | - | 0,7 |
| Bolivia | 2,6 | 2,4 | - | - | - | - | - | - | - | - | - | - |
| Brazil | 1,1 | 0,4 | 0,9 | 0,3 | 1,5 | 0,0 | 1,4 | 1,2 | 1,2 | - | - | 1,2 |
| Chile | 0,9 | -1,3 | - | - | 0,3 | -2,1 | 1,0 | 1,0 | 1,0 | - | - | 0,7 |
| Colombia | -2,6 | -2,6 | - | - | 0,4 | -2,1 | -0,9 | -0,7 | - | - | - | -1,9 |
| Ecuador | 0,8 | 1,2 | - | - | - | - | 0,0 | -1,2 | - | - | - | - |
| Mexico | -1,4 | -1,6 | -1,9 | -2,0 | -1,5 | -1,8 | -0,4 | -1,0 | - | - | - | -1,3 |
| Paraguay | 0,2 | 0,0 | - | - | - | - | - | - | - | - | - | - |
| Peru | 0,5 | 0,2 | - | - | -0,1 | -0,5 | -0,5 | -1,2 | - | - | - | 0,0 |
| Uruguay | -0,2 | -0,6 | - | - | - | - | -1,0 | -1,5 | - | - | - | - |
| Venezuela | 12,0 | 8,4 | - | - | 11,3 | 7,5 | 11,1 | 4,8 | - | - | - | 16,4 |
| Dominican Republic | 2,0 | 0,5 | - | - | - | - | - | - | - | - | - | - |
| Asia and Pacific | 2,8 | 2,5 | - | - | - | - | - | 3,9 | 3,7 | - | - | - |
| China | 4,1 | 4,0 | 5,2 | 4,6 | - | - | - | 5,5 | 6,0 | - | - | - |
| South Korea | 3,6 | 2,9 | 3,0 | 1,7 | - | - | - | 2,0 | 1,3 | - | - | - |
| Indonesia | 2,2 | 0,9 | - | - | - | - | - | 0,6 | -0,5 | - | - | - |
| Tailand | 2,0 | 1,4 | - | - | - | - | - | -2,7 | -4,0 | - | - | - |
| India | -0,3 | -0,3 | - | - | - | - | - | -0,9 | -0,6 | - | - | - |
| Central and Easter Europe | -4,7 | -4,4 | - | - | - | - | - | 2,7 | 2,8 | - | - | - |
| Russia | 11,4 | 8,7 | 12,0 | 8,5 | - | - | - | 12,0 | 11,6 | - | - | - |
| World | - | - | - | - | - | - | - | -0,7 | -1,0 | - | - | - |

Source: Prepared based on reports of the institutions.

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

(2) OECD Economic Outlook No. 77 (June/2005)

(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)

MACROECONOMIC INDICATORS AND FORECASTS FOR BRAZIL

Table 6 - Forecasts and Macroeconomic Indicators

| Key Macroeconomic Indicators of Brazil and Forecasts | | | | | | | | | | |
|--|------|------|------|------|------|------|---------------------------------------|--------|---------------------------------------|--------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | International Bulletin ⁽¹⁾ | | Central Bank of Brazil ⁽²⁾ | |
| | | | | | | | 2005 f | 2006 f | 2005 f | 2006 f |
| GDP (Variation %) | 0,8 | 4,4 | 1,3 | 1,9 | 0,5 | 4,9 | 3,4 | 3,4 | 3,0 | 3,5 |
| Consumer Prices Index | 9,1 | 6,2 | 7,9 | 12,2 | 8,9 | 6,3 | 6,4 | 5,0 | 5,5 | 4,9 |
| Nominal Interest Rate (Selic end of period) | 25,6 | 17,4 | 17,3 | 19,2 | 23,4 | 16,3 | - | - | 17,9 | 15,7 |
| Public Sector Deficit (% of the GDP) | 5,8 | 3,6 | 3,6 | 4,6 | 5,1 | 2,7 | -3,7 | -3,4 | 2,7 | 2,3 |
| Public Sector Debt (% of the GDP) | 49,7 | 48,8 | 52,6 | 55,5 | 57,2 | 51,7 | - | - | 51,2 | 49,9 |
| Export (US\$ Billion) | 48,0 | 55,1 | 58,2 | 60,4 | 73,1 | 96,5 | - | - | 113,2 | 117,2 |
| Import (US\$ billion) | 49,2 | 55,8 | 55,6 | 47,2 | 48,3 | 62,8 | - | - | 74,9 | 85,5 |
| Trade Balance (US\$ Billion) | -1,2 | -0,7 | 2,7 | 13,1 | 24,8 | 33,7 | 32,7 | 24,4 | 38,1 | 31,4 |
| Current Account Balance (% of the GDP) | -4,7 | -4,0 | -4,6 | -1,7 | 0,8 | 1,9 | 1,2 | 0,4 | - | - |
| Foreign Direct Investment (US\$ billion) | 26,9 | 30,5 | 24,7 | 14,1 | 9,9 | 8,7 | - | - | 15,3 | 15,1 |

Source: Central Bank of Brazil

(1) The forecasts for 2005 and 2006 are average expectations from the forecasts' tables.

(2) Average of market predictions surveyed by the Central Bank on 08/05/2005.

MACROECONOMIC INDICATORS OF SELECTED COUNTRIES

Table 7 - Macroeconomic Indicators

| Gross Domestic Product - US\$ Billion | | | | | | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 E |
| Developed Countries | 24.939,4 | 25.264,3 | 24.918,2 | 26.003,1 | 29.115,5 | 32.228,1 |
| European Union | 8.923,1 | 8.264,4 | 8.320,3 | 9.091,1 | 11.030,5 | 12.694,6 |
| Japan | 4.472,6 | 4.751,2 | 4.165,4 | 3.978,9 | 4.299,7 | 4.668,4 |
| United States | 9.268,4 | 9.817,0 | 10.128,0 | 10.487,0 | 11.004,1 | 11.733,5 |
| Canada | 661,3 | 725,2 | 715,7 | 738,0 | 872,3 | 995,8 |
| UK | 1.461,5 | 1.441,2 | 1.431,8 | 1.567,5 | 1.799,7 | 2.125,5 |
| Euro Zone | 6.682,6 | 6.081,8 | 6.135,3 | 6.691,7 | 8.222,9 | 9.397,7 |
| Germany | 2.110,8 | 1.875,8 | 1.857,5 | 1.990,2 | 2.406,6 | 2.706,7 |
| France | 1.444,7 | 1.313,6 | 1.321,7 | 1.443,3 | 1.762,6 | 2.018,1 |
| Italy | 1.182,0 | 1.077,9 | 1.091,3 | 1.190,4 | 1.471,1 | 1.680,7 |
| Developing Countries | 5.699,0 | 6.190,9 | 6.277,1 | 6.406,9 | 7.211,9 | 8.442,5 |
| Africa | 428,9 | 440,4 | 438,9 | 464,2 | 561,5 | 679,8 |
| Latin America and Caribbean | 1.797,9 | 1.991,3 | 1.918,4 | 1.478,0 | 1.543,0 | - |
| Argentina | 283,5 | 284,2 | 268,7 | 101,5 | 127,3 | 151,9 |
| Bolivia | 8,2 | 8,4 | 8,1 | 8,2 | 8,6 | 9,4 |
| Brazil | 524,1 | 599,8 | 508,9 | 460,6 | 505,4 | 599,7 |
| Chile | 73,0 | 75,2 | 68,4 | 67,4 | 72,1 | 93,7 |
| Colômbia | 86,2 | 83,8 | 82,0 | 81,6 | 79,3 | 95,2 |
| Ecuador | 16,7 | 15,9 | 21,0 | 24,3 | 27,2 | 29,9 |
| Mexico | 480,5 | 580,8 | 623,9 | 648,5 | 639,1 | 676,5 |
| Paraguay | 7,8 | 7,7 | 6,9 | 5,6 | 6,0 | 7,0 |
| Peru | 51,4 | 53,1 | 53,7 | 56,5 | 60,6 | 67,9 |
| Uruguay | 20,9 | 20,1 | 18,6 | 12,3 | 10,8 | 12,0 |
| Venezuela | 98,0 | 117,2 | 122,9 | 92,9 | 84,3 | 107,5 |
| Dominican Republic | 17,6 | 19,9 | 21,9 | 21,6 | 16,1 | 19,4 |
| Asia and Pacific | 2.037,1 | 2.175,7 | 2.263,6 | 2.456,0 | 2.770,1 | 3.169,0 |
| China | 991,4 | 1.080,7 | 1.175,7 | 1.270,7 | 1.416,6 | 1.649,4 |
| India | 436,8 | 458,4 | 471,3 | 495,0 | 576,1 | 661,0 |
| Central and Eastern Europe | 615,8 | 616,5 | 603,7 | 688,3 | 842,7 | 1.015,2 |
| Russia | 195,9 | 259,7 | 306,6 | 345,1 | 430,1 | 582,7 |
| World | 30.638,4 | 31.455,2 | 31.195,3 | 32.410,0 | 36.327,4 | 40.670,5 |

Source: IMF

Note: Gross Domestic Product at the exchange in force.

Table 8 - Macroeconomic Indicators

| | Real GDP Growth - % | | | | | | | |
|-----------------------------|---------------------|------------|------------|------------|------------|------------|------------|------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E | 2005 f | 2006 f |
| Developed Countries | 3,5 | 3,8 | 1,2 | 1,6 | 2,0 | 3,4 | 2,6 | 2,8 |
| European Union | 2,9 | 3,7 | 1,8 | 1,2 | 1,2 | 2,5 | 2,0 | 2,4 |
| Japan | 0,0 | 2,4 | 0,2 | -0,3 | 1,4 | 2,6 | 1,5 | 2,0 |
| United States | 4,4 | 3,7 | 0,8 | 1,9 | 3,0 | 4,4 | 3,6 | 3,3 |
| Canada | 5,5 | 5,2 | 1,8 | 3,4 | 2,0 | 2,8 | 2,8 | 3,2 |
| UK | 2,9 | 3,9 | 2,3 | 1,8 | 2,2 | 3,1 | 2,4 | 2,4 |
| Euro Zone | 2,8 | 3,6 | 1,6 | 0,9 | 0,5 | 2,0 | 1,5 | 2,1 |
| Germany | 2,0 | 2,9 | 0,8 | 0,1 | -0,1 | 1,7 | 1,1 | 1,6 |
| France | 3,2 | 4,2 | 2,1 | 1,1 | 0,5 | 2,3 | 1,7 | 2,1 |
| Italy | 1,7 | 3,0 | 1,8 | 0,4 | 0,3 | 1,2 | 0,2 | 1,4 |
| Developing Countries | 4,0 | 5,8 | 4,2 | 4,7 | 6,4 | 7,2 | 6,0 | 5,8 |
| Africa | 2,8 | 3,2 | 4,0 | 3,6 | 4,6 | 5,1 | 4,8 | 4,9 |
| Latin America and Caribbean | 0,5 | 3,7 | 0,4 | -0,6 | 1,7 | 4,6 | 4,2 | 3,8 |
| Argentina | -3,4 | -0,8 | -4,4 | -10,9 | 8,8 | 9,0 | 6,6 | 4,1 |
| Bolivia | 0,4 | 2,3 | 1,5 | 2,8 | 2,5 | 3,8 | 4,0 | 4,5 |
| Brazil | 0,8 | 4,4 | 1,3 | 1,9 | 0,5 | 4,9 | 3,4 | 3,4 |
| Chile | -0,8 | 4,5 | 3,4 | 2,2 | 3,3 | 6,0 | 5,9 | 5,3 |
| Colômbia | -4,2 | 2,9 | 1,5 | 1,9 | 4,0 | 4,0 | 3,8 | 3,6 |
| Ecuador | -6,3 | 2,8 | 5,1 | 3,4 | 2,7 | 6,6 | 3,2 | 3,6 |
| Mexico | 3,6 | 6,6 | 0,0 | 0,6 | 1,6 | 4,4 | 3,7 | 3,6 |
| Paraguay | 0,5 | -0,4 | 2,7 | -2,3 | 2,6 | 2,1 | 2,7 | 3,0 |
| Peru | 0,9 | 2,9 | 0,2 | 4,9 | 3,8 | 5,1 | 5,0 | 4,3 |
| Uruguay | -2,8 | -1,4 | -3,4 | -11,0 | 2,5 | 12,0 | 5,6 | 3,8 |
| Venezuela | -6,0 | 3,7 | 3,4 | -8,9 | -7,7 | 17,3 | 5,7 | 3,4 |
| Dominican Republic | 8,1 | 7,8 | 4,0 | 4,3 | -1,6 | 2,0 | 3,0 | 4,3 |
| Asia and Pacific | 6,2 | 6,5 | 5,8 | 6,5 | 8,1 | 8,2 | 7,1 | 6,9 |
| China | 7,1 | 8,0 | 7,5 | 8,3 | 9,3 | 9,5 | 8,8 | 8,4 |
| India | 6,9 | 4,7 | 4,8 | 4,4 | 7,5 | 7,3 | 7,1 | 6,9 |
| Central and Eastern Europe | 0,4 | 4,9 | 0,2 | 4,4 | 4,6 | 6,1 | 4,8 | 5,0 |
| Russia | 6,3 | 10,0 | 5,1 | 4,7 | 7,3 | 7,1 | 5,9 | 5,8 |

Source: ECLAC, IMF, Merrill Lynch.

Note: The forecasts for 2005 and 2006 are average expectations from the forecasts' tables.

Table 9 - Macroeconomic Indicators

| | Consumer Price Index - % | | | | | | | |
|-----------------------------|--------------------------|------------|------------|------------|------------|------------|------------|------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E | 2005f | 2006f |
| Developed Countries | 1,4 | 2,2 | 2,1 | 1,5 | 1,8 | 2,0 | 2,1 | 1,9 |
| European Union | 1,7 | 2,5 | 2,5 | 2,2 | 2,0 | 2,2 | 2,1 | 1,8 |
| Japan | -0,3 | -0,9 | -0,7 | -1,0 | -0,2 | 0,0 | -0,1 | 0,2 |
| United States | 2,2 | 3,4 | 2,8 | 1,6 | 2,3 | 2,7 | 2,8 | 2,5 |
| Canada | 1,7 | 2,7 | 2,5 | 2,3 | 2,7 | 1,8 | 2,1 | 2,1 |
| UK | 1,4 | 0,8 | 1,2 | 1,3 | 1,4 | 1,3 | 1,9 | 2,0 |
| Euro Zone | 1,1 | 2,1 | 2,4 | 2,3 | 2,1 | 2,2 | 1,9 | 1,6 |
| Germany | 0,6 | 1,4 | 1,9 | 1,3 | 1,0 | 1,8 | 1,4 | 1,2 |
| France | 0,6 | 1,8 | 1,8 | 1,9 | 2,2 | 2,3 | 1,7 | 1,6 |
| Italy | 1,7 | 2,6 | 2,3 | 2,6 | 2,8 | 2,3 | 1,9 | 1,9 |
| Developing Countries | 10,2 | 7,1 | 6,7 | 6,0 | 6,0 | 5,7 | 5,4 | 4,9 |
| Africa | 11,6 | 13,0 | 12,1 | 9,8 | 10,6 | 7,7 | 6,6 | 6,0 |
| Latin America and Caribbean | 9,5 | 8,6 | 5,9 | 11,4 | 7,1 | 6,8 | 6,2 | 5,9 |
| Argentina | -1,2 | -0,9 | -1,1 | 25,9 | 13,4 | 4,4 | 9,8 | 8,6 |
| Bolivia | 2,2 | 4,6 | 1,6 | 0,9 | 3,3 | 4,4 | 3,7 | 3,2 |
| Brazil | 8,9 | 6,0 | 7,7 | 12,5 | 9,3 | 7,6 | 5,5 | 4,9 |
| Chile | 3,3 | 3,8 | 3,6 | 2,5 | 2,8 | 1,1 | 2,8 | 3,0 |
| Colômbia | 10,9 | 9,2 | 8,0 | 6,3 | 7,1 | 5,9 | 5,1 | 4,8 |
| Ecuador | -29,2 | -7,7 | 37,7 | 12,6 | 7,9 | 2,7 | 1,5 | 1,4 |
| Mexico | 16,6 | 9,5 | 6,4 | 5,0 | 4,5 | 4,7 | 4,2 | 3,8 |
| Paraguay | 6,8 | 9,0 | 7,3 | 10,5 | 14,2 | 5,2 | 5,3 | 5,3 |
| Peru | 3,5 | 3,8 | 2,0 | 0,2 | 2,3 | 3,7 | 2,1 | 2,4 |
| Uruguay | 5,7 | 4,8 | 4,4 | 14,0 | 19,4 | 9,2 | 5,8 | 6,5 |
| Venezuela | 23,6 | 16,2 | 12,5 | 22,4 | 31,1 | 21,7 | 18,3 | 22,7 |
| Dominican Republic | 6,5 | 7,7 | 8,9 | 5,2 | 27,4 | 51,5 | 8,9 | 8,4 |
| Asia and Pacific | 2,6 | 1,9 | 2,7 | 2,1 | 2,6 | 4,2 | 3,7 | 3,5 |
| China | -1,4 | 0,4 | 0,7 | -0,8 | 1,2 | 3,9 | 3,5 | 3,5 |
| India | 4,7 | 4,0 | 3,8 | 4,3 | 3,8 | 3,8 | 4,5 | 3,8 |
| Central and Eastern Europe | 22,9 | 22,7 | 19,4 | 14,7 | 9,2 | 6,6 | 6,8 | 5,4 |
| Russia | 85,7 | 20,8 | 21,5 | 15,8 | 13,7 | 10,9 | 12,6 | 10,4 |

Source: IMF, IBGE and Central of Brazil

Table 10 - Macroeconomic Indicators

| Public Account Balance - % do GDP | | | | | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E | 2005f | 2006f |
| Developed Countries | -1,0 | 0,0 | -1,5 | -3,4 | -3,9 | -3,5 | -3,2 | -3,1 |
| European Union | -1,0 | 0,4 | -1,5 | -2,5 | -2,9 | -2,8 | -2,7 | -2,8 |
| Japan | -7,2 | -7,5 | -6,1 | -7,9 | -7,8 | -7,1 | -6,7 | -6,4 |
| United States | 0,6 | 1,3 | -0,7 | -4,0 | -4,6 | -4,3 | -3,6 | -3,4 |
| Canada | 1,6 | 2,9 | 1,1 | 0,3 | 0,6 | 1,4 | 1,0 | 0,8 |
| UK | 1,0 | 3,9 | 0,8 | -1,7 | -3,3 | -3,0 | -3,0 | -3,0 |
| Euro Zone | -1,3 | -1,0 | -1,8 | -2,4 | -2,8 | -2,7 | -2,8 | -2,9 |
| Germany | -1,5 | 1,3 | -2,8 | -3,7 | -3,8 | -3,7 | -3,6 | -3,4 |
| France | -1,8 | -1,4 | -1,4 | -3,2 | -4,2 | -3,7 | -3,2 | -0,8 |
| Italy | -1,7 | -0,6 | -3,0 | -2,6 | -2,9 | -3,0 | -4,1 | -4,8 |
| Developing Countries | -3,8 | -2,9 | -3,2 | -3,4 | -2,8 | -2,2 | -1,2 | -1,3 |
| Africa | -3,4 | -1,3 | -1,9 | -2,5 | -1,5 | -0,8 | -1,9 | -2,2 |
| Latin America and Caribbean | -2,9 | -2,7 | -3,2 | -2,6 | -2,5 | - | -1,2 | -1,2 |
| Argentina | -1,7 | -2,4 | -3,2 | -1,5 | 0,5 | 0,9 | 1,9 | 1,3 |
| Bolivia | -3,9 | -3,7 | -6,9 | -9,0 | -7,9 | -6,0 | - | - |
| Brazil | -10,5 | -4,5 | -5,2 | -4,6 | -5,2 | -1,9 | -3,7 | -3,4 |
| Chile | -1,4 | 0,1 | -0,3 | -0,8 | -0,8 | 2,5 | 1,8 | 1,3 |
| Colômbia | -5,5 | -5,9 | -5,9 | -3,6 | -2,8 | -2,5 | -2,5 | -2,3 |
| Ecuador | -3,9 | 1,5 | 0,4 | 0,6 | 1,2 | - | 0,2 | -0,5 |
| Mexico | -1,5 | -1,3 | -0,7 | -1,2 | -0,6 | -1,3 | -0,2 | -0,3 |
| Paraguay | -3,3 | -4,4 | -0,4 | -2,1 | -2,3 | 0,3 | - | - |
| Peru | -3,1 | -3,2 | -3,2 | -2,5 | -1,8 | -1,4 | -1,1 | -1,0 |
| Uruguay | -4,0 | -4,1 | -4,3 | -4,0 | -3,2 | -2,5 | -1,5 | -1,0 |
| Venezuela | -1,6 | -1,8 | -4,4 | -6,3 | -7,4 | -1,9 | -1,6 | -3,3 |
| Dominican Republic | -4,0 | -4,1 | -4,3 | -4,0 | -3,2 | - | - | - |
| Asia and Pacific | -4,3 | -4,4 | -4,2 | -4,1 | -3,6 | -3,2 | -1,4 | -1,4 |
| China | -4,0 | -3,6 | -3,1 | -3,3 | -2,8 | -2,2 | -0,7 | -0,7 |
| India | -5,5 | -5,7 | -6,2 | -6,1 | -5,3 | -5,5 | -4,3 | -4,0 |
| Central and Eastern Europe | -5,0 | -4,6 | -6,8 | -6,5 | -4,8 | -5,2 | 0,3 | -0,5 |
| Russia | -4,2 | 0,8 | 2,7 | 1,3 | 1,5 | 3,7 | 4,5 | 2,8 |

Source: IMF

Note: The forecasts for 2005 and 2006 are average expectations from the forecasts' tables.

Table 11 - Macroeconomic Indicators

| Public Sector Debt - % of GDP | | | | | | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E |
| 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 | 53,5 | 59,1 | 65,1 | 71,4 | 76,2 | 81,2 |
| United States | 44,3 | 39,0 | 38,0 | 40,8 | 42,8 | 44,3 |
| Canada | 53,5 | 44,8 | 40,5 | 37,9 | 34,3 | 32,2 |
| UK | 39,8 | 36,9 | 33,5 | 34,3 | 34,7 | 37,0 |
| Euro Zone | 54,1 | 52,3 | 52,7 | 55,0 | 56,1 | 56,7 |
| Germany | 45,5 | 42,5 | 44,2 | 48,4 | 53,2 | 57,4 |
| France | 33,6 | 34,9 | 36,7 | 42,3 | 44,0 | 44,4 |
| Italy | 104,6 | 99,1 | 98,9 | 98,6 | 97,2 | 95,6 |
| Developing Countries | - | - | - | - | - | - |
| Africa | - | - | - | - | - | - |
| Latin America and Caribbean | - | - | - | 67,0 | - | - |
| Argentina | 44,2 | 47,2 | 62,2 | 127,7 | 139,6 | 125,8 |
| Bolivia | 71,3 | 58,8 | 53,7 | 61,6 | 73,0 | 73,8 |
| Brazil | 49,2 | 49,4 | 52,6 | 55,9 | 57,2 | 51,7 |
| Chile | 40,1 | 41,7 | 42,9 | 43,4 | 40,2 | 35,5 |
| Colômbia | 39,8 | 36,9 | 44,3 | 50,3 | 52,3 | 53,0 |
| Ecuador | 100,6 | 91,4 | 70,2 | 58,2 | 53,2 | 47,2 |
| Mexico | 19,3 | 19,0 | 19,7 | 20,3 | 20,7 | 19,4 |
| Paraguay | 31,9 | 34,0 | 38,4 | 49,7 | 49,4 | 43,2 |
| Peru | 19,3 | 19,0 | 19,7 | 20,3 | 20,7 | 19,4 |
| Uruguay | 31,1 | 35,7 | 42,8 | 85,1 | 105,3 | 88,4 |
| Venezuela | 29,3 | 27,2 | 30,4 | 42,7 | 45,9 | 39,0 |
| Dominican Republic | 26,9 | 26,1 | 23,8 | 20,9 | - | - |
| Asia and Pacific | - | - | - | - | - | - |
| China | 6,1 | 8,6 | 10,4 | 13,2 | 13,3 | - |
| India | 52,7 | 56,5 | 57,6 | 60,6 | 62,2 | - |
| Central and Eastern Europe | - | - | - | - | - | - |
| Russia | 88,1 | 62,2 | 49,4 | 42,0 | 34,8 | - |

Source: IMF, Economist, BBVA, CEPAL, OECD

Table 12 - Macroeconomic Indicators

| External Debt - US\$ Billion | | | | | | |
|------------------------------|-------|-------|-------|-------|-------|-------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E |
| Latin America and Caribbean | 752,0 | 728,1 | 734,1 | 723,1 | 748,1 | 752,0 |
| Argentina | 152,6 | 155,0 | 166,3 | 156,7 | 165,0 | 172,8 |
| Bolivia | 4,6 | 4,5 | 4,4 | 4,3 | 5,0 | 5,0 |
| Brazil | 225,6 | 216,9 | 209,9 | 210,7 | 214,9 | 201,4 |
| Chile | 34,8 | 37,2 | 38,5 | 40,7 | 43,4 | 43,8 |
| Colômbia | 36,7 | 36,1 | 39,1 | 37,3 | 38,1 | 39,6 |
| Ecuador | 16,3 | 13,6 | 14,4 | 16,3 | 16,6 | 17,0 |
| Mexico | 166,4 | 148,7 | 144,5 | 134,7 | 132,0 | 130,5 |
| Paraguay | 2,7 | 2,8 | 2,7 | 2,9 | 3,1 | 3,0 |
| Peru | 28,6 | 28,0 | 27,2 | 27,9 | 29,6 | 31,1 |
| Uruguay | 8,3 | 8,9 | 8,9 | 10,5 | 11,0 | 11,6 |
| Venezuela | 37,0 | 36,4 | 35,4 | 35,5 | 39,7 | 44,5 |
| Dominican Republic | 3,7 | 3,7 | 4,2 | 4,5 | 6,0 | 6,4 |

Source: CEPAL

Table 13 - Macroeconomic Indicators

| Exports - US\$ Billion | | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E |
| Developed Countries | 5.482,4 | 5.926,6 | 5.693,5 | 5.904,4 | 6.762,7 | 7.944,8 |
| European Union | 2.237,0 | 2.316,0 | 2.315,0 | 2.449,0 | 2.901,0 | - |
| Japan | 419,4 | 479,2 | 403,5 | 416,7 | 472,0 | 538,8 |
| United States | 702,1 | 781,1 | 730,8 | 683,9 | 723,6 | 817,9 |
| Canada | 238,5 | 276,6 | 259,9 | 252,4 | 272,1 | 316,5 |
| UK | 272,2 | 285,4 | 272,7 | 280,2 | 320,1 | 348,4 |
| Euro Zone | 2.225,7 | 2.268,9 | 2.308,4 | 2.460,1 | 2.945,2 | 3.445,3 |
| Germany | 543,5 | 551,8 | 571,7 | 615,8 | 748,5 | 911,7 |
| France | 325,5 | 327,6 | 323,4 | 331,7 | 358,1 | 410,7 |
| Italy | 235,6 | 240,5 | 244,5 | 254,4 | 299,5 | 349,1 |
| Developing Countries | - | - | - | 1.618,8 | 2.178,0 | - |
| Africa | 116,6 | 146,7 | 137,7 | 140,1 | 173,0 | - |
| Latin America and Caribbean | 299,4 | 359,1 | 343,3 | 346,8 | 377,3 | 463,6 |
| Argentina | 23,3 | 26,4 | 26,7 | 25,7 | 29,6 | 34,5 |
| Bolivia | 1,1 | 1,2 | 1,3 | 1,3 | 1,6 | 2,1 |
| Brazil | 48,0 | 55,1 | 58,2 | 60,4 | 73,1 | 96,5 |
| Chile | 17,2 | 19,2 | 18,5 | 18,2 | 21,5 | 32,0 |
| Colômbia | 11,6 | 13,0 | 12,3 | 12,3 | 13,8 | 17,2 |
| Ecuador | 4,5 | 4,9 | 4,7 | 5,2 | 6,2 | 7,8 |
| Mexico | 136,4 | 166,4 | 158,5 | 161,0 | 164,8 | 188,0 |
| Paraguay | 0,7 | 0,9 | 1,0 | 1,9 | 2,2 | 2,7 |
| Peru | 6,1 | 7,0 | 7,1 | 7,7 | 9,1 | 12,6 |
| Uruguay | 2,2 | 2,3 | 2,1 | 1,9 | 2,3 | 3,0 |
| Venezuela | 20,2 | 31,8 | 27,4 | 26,8 | 27,2 | 38,7 |
| Dominican Republic | 5,1 | 5,7 | 5,3 | 5,2 | 5,5 | 5,8 |
| Asia and Pacific | 1.546,0 | 1.831,8 | 1.671,8 | 1.803,1 | 1.901,0 | - |
| China | 194,9 | 249,2 | 266,1 | 325,6 | 438,2 | 593,3 |
| India | 36,7 | 45,2 | 44,3 | 52,5 | 63,0 | 69,2 |
| Central and Eastern Europe | 101,6 | 116,0 | 129,4 | 148,1 | 192,0 | - |
| Russia | 74,7 | 103,0 | 100,7 | 100,4 | 133,7 | 180,9 |
| World | 7.032,3 | 7.828,3 | 7.567,0 | 7.936,3 | 9.216,1 | 11.068,9 |

Source: World Trade Organization, CEPAL, Comtrade, CIA

Table 14 - Macroeconomic Indicators

| Imports - US\$ Billion | | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E |
| Developed Countries | 5.480,4 | 6.073,7 | 5.817,0 | 5.999,9 | 6.879,5 | 8.141,9 |
| European Union | 2.263,0 | 2.405,0 | 2.358,0 | 2.447,0 | 2.920,0 | - |
| Japan | 311,3 | 379,5 | 349,1 | 337,6 | 383,0 | 401,8 |
| United States | 1.059,4 | 1.259,3 | 1.179,2 | 1.202,4 | 1.305,1 | 1.525,3 |
| Canada | 220,2 | 244,8 | 227,3 | 227,5 | 240,2 | 273,4 |
| UK | 324,9 | 343,8 | 333,0 | 346,3 | 399,5 | 461,1 |
| Euro Zone | 2.120,2 | 2.219,4 | 2.207,0 | 2.291,0 | 2.768,3 | 3.252,7 |
| Germany | 474,3 | 497,2 | 486,1 | 490,3 | 601,8 | 718,1 |
| France | 315,7 | 338,9 | 328,6 | 329,3 | 362,5 | 431,0 |
| Italy | 220,3 | 238,8 | 236,2 | 247,0 | 297,5 | 351,1 |
| Developing Countries | - | - | - | 1.441,5 | 1.963,0 | - |
| Africa | 127,7 | 129,6 | 132,1 | 135,1 | 166,0 | - |
| Latin America and Caribbean | 306,2 | 355,6 | 347,2 | 322,8 | 333,2 | 405,4 |
| Argentina | 25,5 | 25,2 | 20,3 | 8,5 | 13,1 | 21,2 |
| Bolivia | 1,8 | 1,8 | 1,7 | 1,8 | 1,6 | 1,9 |
| Brazil | 51,7 | 58,6 | 58,4 | 47,2 | 48,3 | 62,8 |
| Chile | 16,0 | 18,5 | 17,8 | 15,8 | 18,0 | 23,0 |
| Colômbia | 10,7 | 11,5 | 12,8 | 12,1 | 13,3 | 15,9 |
| Ecuador | 3,0 | 3,7 | 5,4 | 6,2 | 6,3 | 7,5 |
| Mexico | 148,6 | 182,7 | 176,2 | 168,7 | 170,5 | 196,8 |
| Paraguay | 1,9 | 2,2 | 2,2 | 2,1 | 2,5 | 3,1 |
| Peru | 7,4 | 7,4 | 7,3 | 7,4 | 8,3 | 9,8 |
| Uruguay | 3,4 | 3,5 | 3,1 | 1,9 | 2,1 | 3,0 |
| Venezuela | 14,1 | 16,2 | 18,0 | 13,4 | 10,7 | 17,3 |
| Dominican Republic | 8,0 | 9,5 | 8,8 | 8,8 | 7,6 | 7,8 |
| Asia and Pacific | 1.354,4 | 1.662,9 | 1.544,8 | 1.640,9 | 1.739,0 | - |
| China | 165,7 | 225,1 | 202,0 | 295,2 | 412,8 | 561,2 |
| India | 49,7 | 51,4 | 51,9 | 61,1 | 77,2 | 89,3 |
| Central and Eastern Europe | 130,2 | 146,7 | 159,4 | 177,2 | 226,0 | - |
| Russia | 40,4 | 45,5 | 41,5 | 42,1 | 57,4 | 75,0 |
| World | 6.982,3 | 7.823,3 | 7.593,7 | 7.900,6 | 9.149,9 | 10.987,5 |

Source: World Trade Organization, CEPAL, Comtrade, CIA

Table 15 - Macroeconomic Indicators

| Trade Balance - US\$ billion | | | | | | | | |
|------------------------------|-------------|---------------|---------------|--------------|---------------|--------------|---------------|---------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E | 2005 f | 2006 f |
| Developed Countries | 2,0 | -147,1 | -123,5 | -95,5 | -116,8 | -95,1 | -239,4 | -228,0 |
| European Union | -26,0 | -89,0 | -43,0 | 2,0 | -19,0 | 173,0 | - | - |
| Japan | 108,1 | 99,7 | 54,4 | 79,2 | 89,0 | 137,0 | 79,0 | 97,0 |
| United States | -357,3 | -478,2 | -448,4 | -518,6 | -581,5 | -707,4 | -710,5 | -761,7 |
| Canada | 18,3 | 31,9 | 32,6 | 24,9 | 31,9 | 43,1 | 39,4 | 49,7 |
| UK | -52,7 | -58,4 | -60,3 | -66,1 | -79,4 | -112,7 | -77,4 | -83,5 |
| Euro Zone | 105,5 | 49,5 | 101,4 | 169,1 | 176,9 | 192,6 | 172,9 | 184,0 |
| Germany | 69,2 | 54,6 | 85,6 | 125,5 | 146,7 | 193,6 | 150,3 | 166,9 |
| France | 9,8 | -11,3 | -5,2 | 2,4 | -4,4 | -20,3 | -8,0 | -0,7 |
| Italy | 15,3 | 1,7 | 8,3 | 7,4 | 2,0 | -2,0 | -9,6 | -14,8 |
| Developing Countries | - | - | - | 177,3 | 215,0 | - | - | - |
| Africa | -11,1 | 17,1 | 5,6 | 5,0 | 7,0 | - | - | - |
| Latin America and Caribbean | -6,8 | 3,5 | -3,9 | 24,0 | 44,1 | 58,2 | 72,8 | 47,7 |
| Argentina | -2,2 | 1,2 | 6,3 | 17,2 | 16,5 | 13,3 | 9,8 | 7,1 |
| Bolivia | -0,7 | -0,6 | -0,4 | -0,5 | 0,0 | 0,2 | - | - |
| Brazil | -3,7 | -3,5 | -0,2 | 13,2 | 24,8 | 33,7 | 32,7 | 24,4 |
| Chile | 1,2 | 0,7 | 0,7 | 2,4 | 3,5 | 9,0 | 7,9 | 5,3 |
| Colômbia | 0,9 | 1,5 | -0,6 | 0,2 | 0,5 | 1,4 | 1,2 | -1,2 |
| Ecuador | 1,4 | 1,2 | -0,7 | -1,0 | -0,1 | 0,3 | - | - |
| Mexico | -12,3 | -16,3 | -17,6 | -7,6 | -5,8 | -8,8 | -13,0 | -15,6 |
| Paraguay | -1,2 | -1,3 | -1,2 | -0,3 | -0,3 | -0,4 | - | - |
| Peru | -1,3 | -0,4 | -0,2 | 0,3 | 0,8 | 2,8 | 2,9 | 2,6 |
| Uruguay | -1,1 | -1,2 | -1,0 | 0,0 | 0,2 | 0,0 | 0,0 | 0,0 |
| Venezuela | 6,1 | 15,6 | 9,4 | 13,4 | 16,5 | 21,4 | 22,6 | 18,6 |
| Dominican Republic | -2,9 | -3,8 | -3,5 | -3,7 | -2,1 | -2,0 | - | - |
| Asia and Pacific | 191,6 | 168,9 | 127,0 | 162,2 | 162,0 | - | - | - |
| China | 29,2 | 24,1 | 64,1 | 30,4 | 25,4 | 32,1 | 66,4 | 90,9 |
| India | -13,0 | -6,2 | -7,6 | -8,6 | -14,2 | -20,1 | -34,2 | -35,9 |
| Central and Eastern Europe | -28,6 | -30,7 | -30,0 | -29,1 | -34,0 | - | - | - |
| Russia | 34,3 | 57,5 | 59,2 | 58,3 | 76,3 | 105,9 | - | - |
| World | 50,0 | 5,0 | -26,7 | 35,7 | 66,2 | - | 91,2 | 54,0 |

Source: World Trade Organization, CEPAL, Comtrade, CIA

Note: The forecasts for 2005 and 2006 are average expectations from the forecasts' tables.

Table 16 - Macroeconomic Indicators

| Current Account Balance - US\$ Billion | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E |
| Developed Countries | -108,1 | -250,9 | -201,6 | -218,1 | -231,9 | -327,8 |
| European Union | -17,1 | -73,0 | -20,1 | 24,7 | 3,0 | -6,0 |
| Japan | 114,5 | 119,6 | 87,8 | 112,6 | 136,2 | 171,8 |
| United States | -296,8 | -413,5 | -385,7 | -473,9 | -530,7 | -665,9 |
| Canada | 1,7 | 19,7 | 16,1 | 14,4 | 17,0 | 26,0 |
| UK | -39,5 | -36,5 | -32,2 | -26,4 | -30,6 | -47,0 |
| Euro Zone | 30,5 | -28,5 | 13,1 | 53,5 | 25,8 | 35,6 |
| Germany | -24,0 | -25,7 | 1,6 | 43,1 | 51,8 | 96,4 |
| France | 42,0 | 18,0 | 21,5 | 14,5 | 5,0 | -5,4 |
| Italy | 8,1 | -5,8 | -0,7 | -6,7 | -21,9 | -24,8 |
| Developing Countries | -17,4 | 88,2 | 40,8 | 85,0 | 149,1 | 246,6 |
| Africa | -15,3 | 6,5 | -1,3 | -8,0 | -1,7 | 1,1 |
| Latin America and Caribbean | -54,7 | -46,3 | -51,5 | -13,5 | 7,9 | 18,0 |
| Argentina | -11,9 | -9,0 | -3,9 | 8,7 | 7,4 | 3,0 |
| Bolivia | -0,5 | -0,4 | -0,3 | -0,4 | 0,0 | 0,3 |
| Brazil | -25,4 | -24,2 | -23,2 | -7,6 | 4,2 | 11,7 |
| Chile | 0,1 | -0,9 | -1,1 | -0,6 | -1,1 | 1,4 |
| Colômbia | 0,7 | 0,7 | -1,1 | -1,3 | -1,0 | -1,0 |
| Ecuador | 0,8 | 0,8 | 0,0 | -1,4 | -0,5 | -0,2 |
| Mexico | -14,0 | -18,2 | -18,2 | -13,3 | -8,5 | -7,4 |
| Paraguay | -0,2 | -0,2 | -0,3 | 0,1 | 0,1 | 0,0 |
| Peru | -1,5 | -1,6 | -1,2 | -1,1 | -0,9 | 0,0 |
| Uruguay | -0,5 | -0,6 | -0,5 | 0,4 | -0,1 | -105,0 |
| Venezuela | 2,1 | 11,9 | 2,0 | 7,6 | 11,4 | 13,8 |
| Dominican Republic | -0,4 | -1,0 | -0,8 | -0,8 | 1,0 | 1,4 |
| Asia and Pacific | 48,7 | 46,3 | 40,8 | 72,2 | 85,8 | 103,3 |
| China | 15,9 | 20,5 | 17,4 | 35,4 | 45,9 | 70,0 |
| India | -3,2 | -4,6 | 1,4 | 7,1 | 6,9 | 2,1 |
| Central and Eastern Europe | -26,6 | -32,7 | -16,6 | -24,5 | -37,0 | -50,6 |
| Russia | 22,2 | 44,6 | 33,4 | 30,9 | 35,4 | 59,6 |
| World | -125,5 | -162,7 | -160,8 | -133,1 | -82,8 | -81,2 |

Source: IMF

Table 17 - Macroeconomic Indicators

| Current Account Balance - % of GDP | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E | 2005f | 2006f |
| Developed Countries | -0,4 | -1,0 | -0,8 | -0,8 | -0,8 | -1,0 | -1,4 | -1,6 |
| European Union | -0,2 | -0,9 | -0,2 | 0,3 | 0,0 | 0,0 | - | - |
| Japan | 2,6 | 2,5 | 2,1 | 2,8 | 3,2 | 3,7 | 3,4 | 3,5 |
| United States | -3,2 | -4,2 | -3,8 | -4,5 | -4,8 | -5,7 | -6,2 | -6,4 |
| Canada | 0,3 | 2,7 | 2,3 | 2,0 | 2,0 | 2,6 | 1,8 | 1,7 |
| UK | -2,7 | -2,5 | -2,3 | -1,7 | -1,7 | -2,2 | -2,4 | -2,6 |
| Euro Zone | 0,5 | -0,5 | 0,2 | 0,8 | 0,3 | 0,4 | 0,5 | 0,5 |
| Germany | -1,1 | -1,4 | 0,1 | 2,2 | 2,2 | 3,6 | 3,9 | 3,8 |
| France | 2,9 | 1,4 | 1,6 | 1,0 | 0,3 | -0,3 | -1,0 | -0,8 |
| Italy | 0,7 | -0,5 | -0,1 | -0,6 | -1,5 | -1,5 | -1,8 | -1,8 |
| Developing Countries | -0,3 | 1,4 | 0,7 | 1,3 | 2,1 | 2,9 | 3,1 | 2,5 |
| Africa | -3,6 | 1,5 | -0,3 | -1,7 | -0,3 | 0,2 | 2,0 | 1,4 |
| Latin America and Caribbean | -3,2 | -2,4 | -2,8 | -0,9 | 1,2 | 0,5 | 0,2 | -0,5 |
| Argentina | -4,2 | -3,2 | -1,4 | 8,5 | 5,8 | 2,0 | 0,6 | -0,8 |
| Bolivia | -5,9 | -5,3 | -3,4 | -4,2 | 0,4 | 2,7 | 2,6 | 2,4 |
| Brazil | -4,8 | -4,0 | -4,6 | -1,7 | 0,8 | 1,9 | 1,2 | 0,4 |
| Chile | 0,1 | -1,2 | -1,6 | -0,9 | -1,6 | 1,5 | 0,7 | -0,9 |
| Colômbia | 0,8 | 0,9 | -1,4 | -1,7 | -1,5 | -1,1 | -1,3 | -2,0 |
| Ecuador | 4,6 | 5,3 | 0,0 | -4,9 | -1,7 | -0,5 | 0,4 | 0,0 |
| Mexico | -2,9 | -3,1 | -2,9 | -2,1 | -1,3 | -1,3 | -1,3 | -1,6 |
| Paraguay | -2,1 | -2,1 | -3,9 | 2,3 | 2,5 | 1,3 | 0,2 | 0,0 |
| Peru | -2,8 | -2,9 | -2,2 | -2,0 | -1,8 | -0,1 | 0,0 | -0,5 |
| Uruguay | -2,4 | -2,8 | -2,9 | 1,6 | 0,7 | -0,3 | -0,6 | -1,1 |
| Venezuela | 2,2 | 10,1 | 1,6 | 8,2 | 13,6 | 13,5 | 12,6 | 8,5 |
| Dominican Republic | -2,4 | -5,1 | -3,4 | -3,7 | 6,3 | 5,8 | 2,0 | 0,5 |
| Asia and Pacific | 2,4 | 2,1 | 1,8 | 2,9 | 3,1 | 3,3 | 3,4 | 3,1 |
| China | 1,6 | 1,9 | 1,5 | 2,8 | 3,2 | 4,2 | 4,9 | 4,9 |
| India | -0,7 | -1,0 | 0,3 | 1,4 | 1,2 | 0,3 | -0,6 | -0,5 |
| Central and Eastern Europe | -4,3 | -5,3 | -2,7 | -3,6 | -4,4 | -5,0 | -1,0 | -0,8 |
| Russia | 11,3 | 17,2 | 10,9 | 9,0 | 8,2 | 10,2 | 11,8 | 9,6 |

Source: IMF, Economist, Citigroup.

Note: The forecasts for 2005 and 2006 are average expectations from the forecasts' tables.

Table 18 - Macroeconomic Indicators

| Foreign Direct Investment Inflows - US\$ Billion | | | | | | |
|--|----------------|----------------|--------------|--------------|--------------|--------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E |
| Developed Countries | 828,4 | 1.108,0 | 571,5 | 489,9 | 366,6 | 321,0 |
| European Union | 479,4 | 671,4 | 357,4 | 374,0 | 295,2 | 165,0 |
| Japan | 12,7 | 8,3 | 6,2 | 9,2 | 6,3 | 7,0 |
| United States | 283,4 | 314,0 | 159,5 | 62,9 | 29,8 | 121,0 |
| Canada | 24,7 | 66,8 | 27,5 | 21,0 | 6,6 | 12,0 |
| UK | 88,0 | 118,8 | 52,6 | 27,8 | 14,5 | 55,0 |
| Euro Zone | - | - | - | - | - | - |
| Germany | 56,1 | 198,3 | 21,1 | 36,0 | 12,9 | 49,0 |
| France | 46,5 | 43,3 | 50,5 | 48,9 | 47,0 | 35,0 |
| Italy | 6,9 | 13,4 | 14,9 | 14,5 | 16,4 | 15,0 |
| Developing Countries | 231,9 | 252,5 | 219,7 | 157,6 | 172,0 | 255,0 |
| Africa | 11,6 | 8,7 | 19,6 | 11,8 | 15,0 | 20,0 |
| Latin America and Caribbean | 107,4 | 97,5 | 88,1 | 51,4 | 49,7 | 69,0 |
| Argentina | 24,0 | 10,4 | 2,2 | 0,8 | 0,5 | - |
| Bolivia | 1,0 | 0,8 | 0,8 | 1,0 | 0,2 | - |
| Brazil | 28,6 | 32,8 | 22,5 | 16,6 | 10,1 | 16,0 |
| Chile | 8,8 | 4,9 | 4,2 | 1,9 | 3,0 | 6,0 |
| Colômbia | 1,5 | 2,4 | 2,5 | 2,1 | 1,8 | - |
| Ecuador | 0,6 | 0,7 | 1,3 | 1,3 | 1,6 | - |
| Mexico | 13,2 | 16,6 | 26,8 | 14,7 | 10,8 | 18,0 |
| Paraguay | 0,1 | 0,1 | 0,1 | 0,0 | 0,1 | - |
| Peru | 1,9 | 0,8 | 1,1 | 2,2 | 1,4 | - |
| Uruguay | 0,2 | 0,3 | 0,3 | 0,2 | 0,3 | - |
| Venezuela | 2,9 | 4,7 | 3,7 | 0,8 | 2,5 | - |
| Dominican Republic | 1,3 | 1,0 | 1,1 | 0,9 | 0,3 | - |
| Asia and Pacific | 112,9 | 146,2 | 112,0 | 94,5 | 107,3 | 166,0 |
| China | 40,3 | 40,7 | 46,9 | 52,7 | 53,5 | 62,0 |
| India | 2,2 | 2,3 | 3,4 | 3,4 | 4,3 | 6,0 |
| Central and Eastern Europe | 26,5 | 27,5 | 26,4 | 31,2 | 21,0 | 36,0 |
| Russia | 3,3 | 2,7 | 2,5 | 3,5 | 1,1 | 10,0 |
| World | 1.086,8 | 1.388,0 | 817,6 | 678,8 | 559,6 | 612,0 |

Source: UNCTAD

Table 19 - Macroeconomic Indicators

| Foreign Currency Reserves - US\$ Billion | | | | | | |
|--|--------------|--------------|--------------|----------------|----------------|----------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004E |
| Developed Countries | - | - | - | - | - | - |
| European Union | - | - | - | - | - | - |
| Japan | 286,9 | 354,9 | 395,2 | 461,2 | 663,3 | 829,4 |
| United States | 60,5 | 56,6 | 57,6 | 68,0 | 74,9 | 87,0 |
| Canada | 28,1 | 31,9 | 34,0 | 37,0 | 36,2 | 36,4 |
| UK | 35,9 | 43,9 | 37,3 | 39,4 | 41,9 | 43,1 |
| Euro Zone | 256,8 | 242,3 | 234,5 | 246,5 | 234,8 | - |
| Germany | 61,0 | 56,9 | 51,3 | 51,2 | 50,7 | 53,5 |
| France | 39,7 | 37,0 | 31,7 | 28,4 | 30,2 | 39,4 |
| Italy | 22,4 | 25,6 | 24,4 | 24,5 | 34,5 | 31,9 |
| Developing Countries | 725,9 | 815,4 | 910,5 | 1.088,1 | 1.412,6 | 1.711,2 |
| Africa | 42,4 | 54,5 | 64,8 | 72,6 | 87,0 | 113,8 |
| Latin America and Caribbean | 158,7 | 160,3 | 161,6 | 147,0 | 179,0 | - |
| Argentina | 26,3 | 25,1 | 14,9 | 10,4 | 14,1 | 19,6 |
| Bolivia | 0,9 | 0,8 | 0,8 | 0,5 | 0,7 | 0,7 |
| Brazil | 23,9 | 31,5 | 35,8 | 37,7 | 49,3 | 52,7 |
| Chile | 14,4 | 15,0 | 14,2 | 15,4 | 15,9 | 16,0 |
| Colômbia | 8,0 | 8,9 | 10,2 | 10,8 | 10,9 | 13,5 |
| Ecuador | 1,6 | 0,9 | 0,8 | 0,7 | 0,8 | 1,1 |
| Mexico | 31,8 | 35,5 | 44,7 | 50,6 | 59,0 | 61,5 |
| Paraguay | 1,0 | 0,8 | 0,7 | 0,6 | 0,9 | 0,9 |
| Peru | 8,7 | 8,4 | 8,6 | 9,6 | 10,2 | 12,6 |
| Uruguay | 2,1 | 2,5 | 2,9 | 0,8 | 1,9 | 2,3 |
| Venezuela | 12,3 | 13,1 | 18,5 | 14,8 | 21,3 | 24,1 |
| Dominican Republic | 6,9 | 6,3 | 11,0 | 8,3 | 4,9 | - |
| Asia and Pacific | 307,7 | 321,8 | 380,4 | 496,9 | 670,1 | 850,4 |
| China | 158,3 | 168,9 | 212,2 | 286,4 | 403,3 | 609,9 |
| India | 33,2 | 38,4 | 46,4 | 68,2 | 99,5 | 117,1 |
| Central and Eastern Europe | 94,9 | 97,3 | 98,9 | 132,0 | 160,9 | 170,3 |
| Russia | 9,1 | 24,8 | 33,1 | 44,6 | 73,8 | 93,9 |

Source: Central Bank of Brasil, IMF, OECD, Brazil Trade Net, Economist, BBVA.

OTHER ECONOMIC INDICATORS

Table 20 - Economic Indicators

| Average market prices for commodities: 2002 - 2005 | | | | | | | | | | |
|--|----------|-------|-------|-------------------|--------|--------|--------|--------|--------|--------|
| | Unidade | 2002 | 2003 | 2004 ¹ | 04 T3 | 04 T4 | 05 T1 | 05 T2 | may/05 | jun/05 |
| Food | | | | | | | | | | |
| Cereals | | | | | | | | | | |
| Wheat | \$/MT | 149 | 146 | 157 | 148 | 154 | 152 | 142 | 144 | 142 |
| Maize | \$/MT | 99 | 105 | 112 | 102 | 94 | 97 | 96 | 95 | 98 |
| Rice | \$/MT | 192 | 199 | 246 | 248 | 265 | 292 | 294 | 295 | 287 |
| Barley | \$/MT | 109 | 105 | 99 | 92 | 92 | 91 | 92 | 89 | 93 |
| Vegetables oils and protein meals | | | | | | | | | | |
| Soybeans | \$/MT | 189 | 233 | 277 | 241 | 196 | 209 | 239 | 233 | 255 |
| Soybean meal | \$/MT | 184 | 215 | 257 | 229 | 172 | 187 | 223 | 218 | 241 |
| Soybean oil | \$/MT | 410 | 500 | 590 | 535 | 457 | 464 | 510 | 501 | 530 |
| Palm oil | \$/MT | 357 | 410 | 435 | 394 | 379 | 356 | 372 | 370 | 370 |
| Coconut oil | \$/MT | 415 | 462 | 673 | 673 | 660 | 679 | 659 | 648 | 645 |
| Fish meal | \$/MT | 646 | 650 | 693 | 665 | 683 | 707 | 696 | 696 | 682 |
| Sunflower oil | \$/MT | 606 | 650 | 734 | 727 | 823 | 1116 | 1158 | 1161 | 1152 |
| Olive oil | \$/MT | 2.901 | 3.797 | 4.631 | 4630 | 4681 | 5525 | 5493 | 5487 | 5371 |
| Groundnuts | \$/MT | 655 | 856 | 910 | 910 | 910 | 910 | 762 | 758 | 727 |
| Meat | | | | | | | | | | |
| Beef | cts/lb | 95 | 90 | 114 | 125 | 118 | 118 | 120 | 121 | 120 |
| Lamb | cts/lb | 146 | 160 | 166 | 165 | 174 | 176 | 164 | 165 | 160 |
| Swine meat | cts/lb | 47 | 53 | 71 | 77 | 74 | 70 | 70 | 75 | 67 |
| Poultry | cts/lb | 63 | 66 | 76 | 80 | 75 | 74 | 74 | 74 | 74 |
| Seafood | | | | | | | | | | |
| Fish meal | \$/kg | 2,9 | 3,0 | 3,3 | 3,2 | 3,4 | 3,9 | 4,0 | 4,0 | 3,9 |
| Shrimp | \$/lb | 12,1 | 11,5 | 10,4 | 10,0 | 9,6 | 10,9 | 9,8 | 9,5 | 9,3 |
| Sugar | | | | | | | | | | |
| Free market | cts/lb | 6,2 | 6,9 | 7,5 | 8,2 | 8,8 | 9,0 | 8,7 | 8,5 | 9,0 |
| United States | cts/lb | 21 | 21 | 21 | 20 | 20 | 21 | 21 | 22 | 21 |
| EU | cts/lb | 25 | 27 | 30 | 30 | 31 | 31 | 31 | 31 | 30 |
| Bananas | \$/MT | 528 | 375 | 525 | 560 | 496 | 765 | 569 | 613 | 500 |
| Oranges | \$/MT | 565 | 683 | 855 | 944 | 774 | 831 | 1065 | 1096 | 935 |
| Beverages | | | | | | | | | | |
| Coffee | | | | | | | | | | |
| Other milds | cts/lb | 60 | 64 | 80 | 76 | 91 | 121 | 125 | 126 | 120 |
| Robusta | cts/lb | 31 | 38 | 37 | 36 | 35 | 45 | 58 | 59 | 63 |
| Cocoa Beans | \$/MT | 1.779 | 1.753 | 1.551 | 1.612 | 1.607 | 1.678 | 1.545 | 1.509 | 1.539 |
| Metals | | | | | | | | | | |
| Copper | \$/MT | 1.560 | 1.779 | 2.863 | 2.855 | 3.093 | 3.265 | 3.387 | 3.242 | 3.530 |
| Aluminum | \$/MT | 1.351 | 1.433 | 1.719 | 1.710 | 1.834 | 1.902 | 1.788 | 1.741 | 1.732 |
| Iron Ore | cts/DMTU | 29 | 32 | 38 | 38 | 38 | 47 | 65 | 65 | 65 |
| Tin | \$/MT | 4.061 | 4.890 | 8.481 | 9.020 | 8.852 | 8.085 | 7.946 | 8.099 | 7.604 |
| Nickel | \$/MT | 6.783 | 9.630 | 13.821 | 14.030 | 14.078 | 15.406 | 16.418 | 17.002 | 16.113 |
| Zinc | \$/MT | 779 | 828 | 1.048 | 982 | 1.116 | 1.314 | 1.272 | 1.246 | 1.273 |
| Lead | \$/MT | 452 | 514 | 882 | 927 | 957 | 976 | 983 | 985 | 983 |
| Uranium | \$/lb | 9.8 | 11.2 | 18.0 | 18.1 | 20.3 | 21.2 | 26.8 | 28.3 | 29.0 |
| Energy | | | | | | | | | | |
| Spot cru (APSP ²) | \$/bbl | 25,0 | 28,9 | 37,8 | 40,6 | 42,7 | 46,1 | 50,8 | 47,8 | 53,9 |
| U.K. brent | \$/bbl | 25,0 | 28,9 | 38,3 | 41,6 | 44,2 | 47,6 | 51,6 | 48,7 | 54,3 |
| Dubai | \$/bbl | 23,7 | 26,7 | 33,5 | 36,1 | 35,6 | 41,1 | 47,7 | 45,0 | 51,0 |
| West Texas Intermediate | \$/bbl | 26,1 | 31,1 | 41,4 | 43,9 | 48,3 | 49,7 | 53,1 | 49,8 | 56,4 |
| Natural Gas | | | | | | | | | | |
| Russian in Germany | \$/000M3 | 96,0 | 125,5 | 135,2 | 137,2 | 156,2 | 182,2 | 198,4 | 198,4 | 198,4 |
| Indonesian in Japan | \$/M3 | 93,1 | 104,8 | 123,9 | 126,7 | 141,2 | 128,9 | 148,1 | 148,1 | 148,1 |
| US, domestic market | \$/000M3 | 121,0 | 197,8 | 212,7 | 198,1 | 229,8 | 227,3 | 250,0 | 233,1 | 258,6 |
| Coal | | | | | | | | | | |
| Australian | \$/MT | 27,1 | 27,7 | 54,7 | 60,4 | 55,7 | 53,0 | 52,9 | 53,1 | 52,8 |
| South African | \$/MT | 26,0 | 30,0 | 54,7 | 64,4 | 58,2 | 47,8 | 46,8 | 44,9 | 49,1 |

¹ Preliminary² Average Petroleum Spot Price

Source: IMF

Table 21 - Economic Indicators

| Currency Quotations (in R\$) | | | |
|------------------------------|-------|--------|------|
| Month | US \$ | Euro € | UK £ |
| jan/04 | 2,85 | 3,60 | 5,20 |
| feb/04 | 2,93 | 3,70 | 5,46 |
| mar/04 | 2,91 | 3,57 | 5,32 |
| apr/04 | 2,91 | 3,49 | 5,26 |
| may/04 | 3,10 | 3,71 | 5,52 |
| jun/04 | 3,13 | 3,81 | 5,73 |
| jul/04 | 3,04 | 3,74 | 5,60 |
| ago/04 | 3,00 | 3,67 | 5,48 |
| sep/04 | 2,89 | 3,54 | 5,20 |
| oct/04 | 2,85 | 3,57 | 5,17 |
| nov/04 | 2,79 | 3,63 | 5,20 |
| dec/04 | 2,72 | 3,65 | 5,26 |
| jan/05 | 2,69 | 3,55 | 5,07 |
| feb/05 | 2,60 | 3,39 | 4,92 |
| mar/05 | 2,70 | 3,57 | 5,16 |
| apr/05 | 2,58 | 3,35 | 4,90 |
| may/05 | 2,45 | 3,14 | 4,59 |
| jun/05 | 2,41 | 2,94 | 4,40 |
| jul/05 | 2,37 | 2,86 | 4,16 |

Source: Central Bank of Brazil and BNDES.

Table 22 - Economic Indicators

| Currency Quotations (in m.u./US\$) | | | | | |
|------------------------------------|---------------------|-----------------|--------------------|------------------|-------------------|
| Month | Peso (Argentina) | Peso (Chile) | Peso (Colombia) | Peso (Mexico) | Peso (Uruguay) |
| jan/04 | 2,87 | 572,38 | 2.749 | 10,93 | 29,39 |
| feb/04 | 2,91 | 584,31 | 2.718 | 11,01 | 29,53 |
| mar/04 | 2,88 | 603,91 | 2.671 | 11,00 | 29,65 |
| apr/04 | 2,81 | 608,19 | 2.636 | 11,25 | 29,65 |
| may/04 | 2,90 | 635,76 | 2.719 | 11,51 | 29,75 |
| jun/04 | 2,94 | 643,18 | 2.717 | 11,38 | 29,74 |
| jul/04 | 2,96 | 632,39 | 2.654 | 11,47 | 29,43 |
| ago/04 | 2,99 | 635,93 | 2.599 | 11,40 | 28,95 |
| sep/04 | 2,97 | 616,20 | 2.552 | 11,49 | 28,04 |
| oct/04 | 2,95 | 607,28 | 2.581 | 11,39 | 27,17 |
| nov/04 | 2,93 | 596,72 | 2.530 | 11,39 | 26,64 |
| dec/04 | 2,95 | 576,17 | 2.417 | 11,21 | 26,53 |
| jan/05 | 2,92 | 576,17 | 2.363 | 11,26 | 25,53 |
| feb/05 | 2,90 | 573,58 | 2.340 | 11,15 | 24,81 |
| mar/05 | 2,91 | 586,38 | 2.354 | 11,13 | 25,47 |
| apr/05 | 2,88 | 580,61 | 2.353 | 11,13 | 25,18 |
| may/05 | 2,90 | 578,64 | 2.339 | 10,96 | 24,45 |
| jun/05 | 2,89 | 585,12 | 2.332 | 10,82 | 24,21 |
| jul/05 | 2,87 | 574,83 | 2.323 | 10,68 | 24,58 |

Source: BCRP and Mecon

Table 23 - Economic Indicators

| Interest Rate (annual percent change) | | | | | | |
|---------------------------------------|-------|-----------|--------|-----------|-----------|-----------|
| Month | TJLP | Selic (1) | TR (2) | Libor (3) | | |
| | | | | 6 months | 12 months | 60 months |
| 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 |
| apr/04 | 9,75 | 15,96 | 1,11 | 1,26 | 1,56 | 3,66 |
| may/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 | 15,86 | 2,32 | 1,94 | 2,30 | 4,11 |
| sep/04 | 9,75 | 16,09 | 2,09 | 2,08 | 2,35 | 3,87 |
| oct/04 | 9,75 | 16,41 | 1,41 | 2,21 | 2,46 | 3,82 |
| nov/04 | 9,75 | 16,96 | 1,45 | 2,46 | 2,76 | 3,96 |
| dec/04 | 9,75 | 17,50 | 2,66 | 2,70 | 3,00 | 4,05 |
| jan/05 | 9,75 | 17,93 | 2,28 | 2,87 | 3,20 | 4,04 |
| feb/05 | 9,75 | 18,47 | 1,36 | 3,02 | 3,35 | 4,15 |
| mar/05 | 9,75 | 18,97 | 3,06 | 3,26 | 3,65 | 4,57 |
| apr/05 | 9,75 | 19,32 | 2,55 | 3,38 | 3,75 | 4,56 |
| may/05 | 9,75 | 19,61 | 3,07 | 3,46 | 3,74 | 4,36 |
| jun/05 | 9,75 | 19,75 | 3,48 | 3,60 | 3,81 | 4,19 |
| jul/05 | 9,75 | 19,72 | - | 3,82 | 4,03 | 4,38 |

Source: Central Bank of Brazil and BNDES.

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

Table 24 - Economic Indicators

| Stock Index (basis points) | | | | | | |
|----------------------------|---------------------|--------------------|-----------------|-----------------------|-----------------|-----------------|
| Month | Bovespa (Brazil) | Dow Jones (USA) | Nasdaq (USA) | Merval (Argentina) | IPSA (Chile) | IPC (México) |
| jan/04 | 8.192 | 10.488 | 2.066 | 407,6 | 12,5 | 845 |
| feb/04 | 7.480 | 10.584 | 2.030 | 382,3 | 12,5 | 897 |
| mar/04 | 7.546 | 10.357 | 1.995 | 422,0 | 12,5 | 917 |
| apr/04 | 7.508 | 10.229 | 1.920 | 407,5 | 12,3 | 941 |
| may/04 | 6.085 | 10.188 | 1.987 | 327,2 | 11,3 | 859 |
| jun/04 | 6.465 | 10.435 | 2.048 | 313,8 | 11,4 | 893 |
| jul/04 | 7.146 | 10.140 | 1.887 | 327,5 | 12,2 | 875 |
| ago/04 | 7.423 | 10.174 | 1.838 | 316,2 | 12,6 | 883 |
| sep/04 | 7.850 | 10.080 | 1.897 | 350,0 | 13,5 | 929 |
| oct/04 | 8.206 | 10.027 | 1.975 | 402,7 | 14,3 | 977 |
| nov/04 | 8.612 | 10.428 | 2.097 | 423,8 | 14,8 | 1.046 |
| dec/04 | 9.422 | 10.800 | 2.178 | 431,8 | 15,6 | 1.116 |
| jan/05 | 9.066 | 10.490 | 2.062 | 454,1 | 15,2 | 1.132 |
| feb/05 | 10.181 | 10.766 | 1.052 | 512,0 | 15,7 | 1.220 |
| mar/05 | 10.203 | 10.504 | 1.999 | 496,9 | 15,9 | 1.187 |
| apr/05 | 9.895 | 10.193 | 1.922 | 470,3 | 16,1 | 1.105 |
| may/05 | 10.137 | 10.467 | 2.068 | 497,3 | 15,9 | 1.159 |
| jun/05 | 10.543 | 10.275 | 2.057 | 504,0 | 16,1 | 1.236 |
| jul/05 | 10.638 | 10.641 | 2.185 | 503,1 | 16,8 | 1.311 |

Source: Central Bank of Brazil and Mecon.