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BRAZILIAN DEVELOPMENT BANK

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1) GLOBAL OVERVIEW

1.1) The global economy's performance

The projections for 2006 and 2007 reveal a continuous global growth, led by the United States of America (USA) and by China, by a yet hesitant performance of European countries and by a more robust expansion of the Japanese economy – within a controlled inflation context and gradual unemployment reduction – see Tables 1 and 2, section “Forecasts and Economic Indicators”.

According to estimations of the World Bank, the international economy presented real growth of 3.2% in 2005, compared to 2004. For 2006 and 2007, the bank projects an average real global growth of about 3% - see other forecasts on Table 1, section “Forecasts and Economic Indicators”. As regards global trade, there was an expansion of approximately 6.0% in 2005, compared to the increase rate of 10.2% of 2004. For 2006 and 2007, the projections reveal an increase of about 7.0% in international trade.

The last available data show inflation rates under control in the USA, which indicate the maintenance of the policy of gradual increases in interest rates by FED, which are set at 4.5% per year after the last increase of 0.25 percentage point on January 31st, 2006. On his first statement to the USA congress, Ben S. Bernake – the new FED president – signaled that he will continue following the action steps of his antecessor, which was very positively received by the international market. Alan Greenspan has been the president of FED for 18 years and, like no other before him, knew how to masterly conduct the North American economy, giving priority to growth still carefully watching and controlling inflation.

According to the first estimation of the USA's Bureau of Economic Analysis (BEA) – the definite result will be announced on February 28th – the GDP of that coun-

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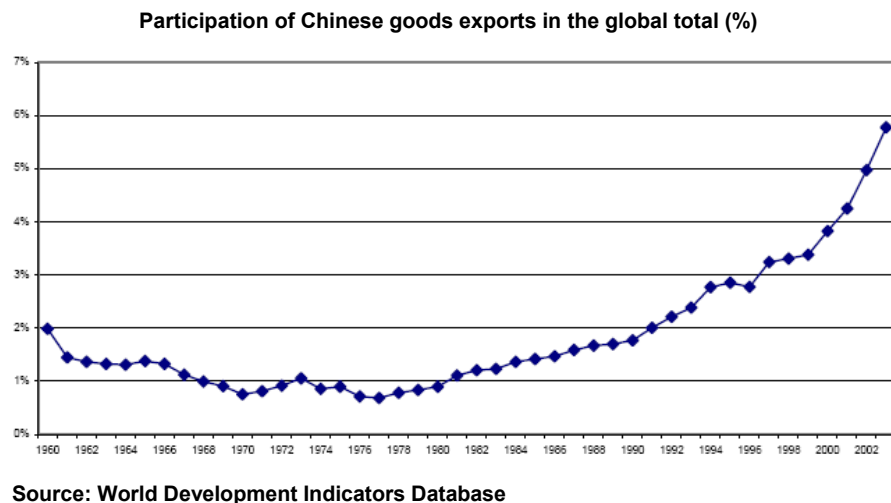
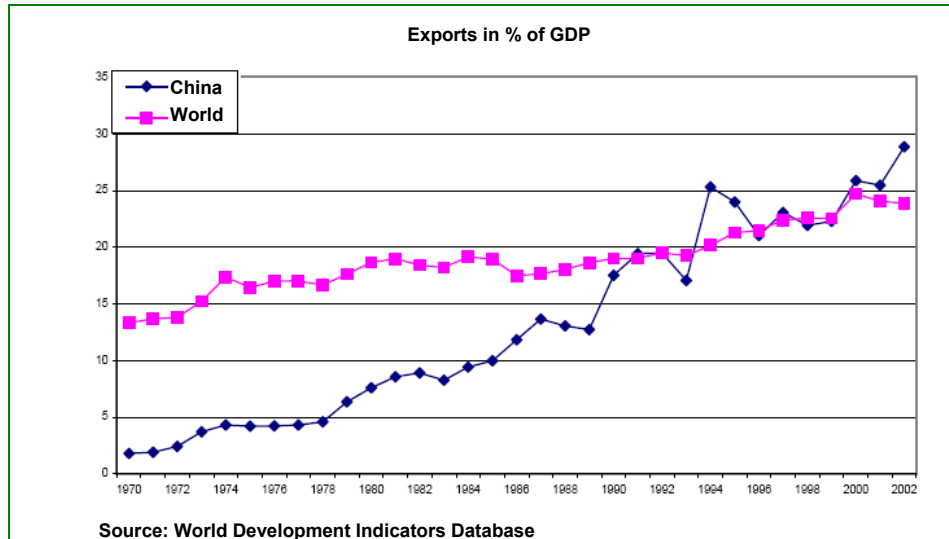
try presented real growth of 3.5% in 2005, below the 4.2% expansion recorded in 2004. The unemployment rate closed the year of 2005 below 5.0% of the economically active population. The inflation core was about 2.0% in 2005 – measured by the variation of ‘the consumer price index excluding food and energy prices. For 2006 and 2007, the projections indicate a continuous growth path with USA’s GDP showing an expansion of about 3.0-3.5% and 3.5% respectively – see forecasts on Tables 1, 2, 3, 4, 5, 6 and 8, section “Forecasts and Economic Indicators”. It is expected that the inflation core will remain stable around 2% for the next two years.

As regards the Asian continent, China’s National Statistics Office recently announced the review of GDP results from 1993 to 2004 which elevated the Chinese average GDP growth during this period from 9.4% to 9.9%. China continued to be the main growth highlight in 2005: the GDP recorded a real expansion of 9.9%, a bit below 2004’s growth of 10.1%. Industry, services and farming and cattle raising presented growths of 11.4%, 9.6% and 5.2%, respectively, compared to 2004. Chinese exports reached a total of US\$ 762 billion, which represented a 28.4% increase in relation to 2004. China’s trade balance, in turn, totaled US\$ 101.9 billion. The fixed investment expanded 25.7% in 2005, compared to 2004, reaching 48.6% of the GDP. In 2006 and 2007, the majority of estimations reveals a real Chinese GDP growth rate of about 9% - see other forecasts on Tables 1, 2, 3, 4, 5, 6 and 8, section “Forecasts and Economic Indicators”.

Special Box:
China: what is the secret of its success?

The views which indicate that the Chinese success has been determined by abundant and cheap labor and by “market reforms” only provide answers to part of the issue.

In his study “*What’s so special about China’s exports?*” (NBER Working Paper 11947), Dani Rodrik discusses this issue from the analysis of the evolution of Chinese exports. The graphs below – retrieved from the text – show the amazing performance of China’s exports: the participation of foreign sales in the GDP increased from practically zero during the 1960’s to 30% in 2003, a much greater growth than what is recorded in any other place in the world. That resulted in an increase of Chinese exports participation in the world total from approximately 2% during the 1960’s to about 6% in 2003.



According to the author, the Chinese performance goes against the theory of comparative advantage: despite the high quantity of labor available, and the fact that labor intensive exports play an important role in China's exports profile, that country also exports a large quantity of high-level technology products, intensive in capital and knowledge.

From the development of an exports productivity indicator for various countries, the author finds that the greater the indicator – which is associated to the sophistication level of exports profile – the greater the subsequent growth rates. With that in mind the author affirms that: *the most important is not how much is exported, but what is exported.*

The author notes that the sophistication level reached by the Chinese exports profile is equivalent to a country with *per capita* income at least three times greater than China's. And this search for a higher sophistication level in the exports profile has promoted a positive impact as regards growth.

To obtain this performance the role of public policies was fundamental: besides the maintenance of a favorable currency exchange rate, China knew how to maximize gains from attracting direct foreign investments. Taking as an example the industry of consumer electronics, the author points out that the access to the domestic market available to foreign investors had been highly conditioned to the creation of joint ventures with local companies – state-owned companies mostly – purposing to ensure the transference of technology, and so, internalize technological ability and skill.

Japan, after one decade of stagnation, finally embarked on a sustained growth phase. After having grown 2.6% in 2004 and 2.4% in 2005, the majority of projections indicates a real GDP growth rate of about 2.0% in 2006 and 2007 – see Tables 1, 2, 3, 4, 5, 6 and 8, section “Forecasts and Economic Indicators”. The signals reveal that the expansionist monetary policy will be maintained until the risks of a new deflation period are definitely eliminated. With the confirmation of the continuous growth path, the forecasts indicate that the Japanese unemployment rate will keep being reduced to about 4.0% in 2006 and 3.5% in 2007. In 2002, the unemployment rate had been 5.4%.

In India, the activity level indicators continue to rise. After real growth of 8.0% in 2005, the majority of projections indicates a real GDP growth a little lower, around 7.0% in 2006 and 2007. Inflation continues under control and it is forecasted an accumulated rate of about 4.0% in 2006 and 2007. The economy’s basic interest rate has been gradually reduced in the last few years and is currently at about 6.0% per year, which has contributed to the increase of the economy’s aggregated demand.

As regards the European Union, within the European zone, the growth rates continue to be restrained, but it is expected that expansion would be greater in the next two years: after presenting 1.5% growth in 2005, the projections indicate a greater GDP growth of about 2.0% in 2006 and 2007 – see Tables 1, 2, 3, 4, 5, 6 and 8, section “Forecasts and Economic Indicators”. In the last quarter of 2005, the European zone grew only 0.3% - less than what was expected – which owed mostly to Germany and France’s performances – the two major economies of the block. Germany presented zero growth during the fourth quarter of 2005 and France presented an expansion of 0.2%, compared to the immediate previous quarter. In 2005, estimations point out that Germany and France probably grew 1.1% and 1.4%, respectively. Spain, which GDP presenting an estimated real growth of 3.4% - compared to 2004, was the highlight regarding growth.

The economies of Latin America and the Caribbean presented growth for the third consecutive year in 2005 – for a detailed analysis of the region, see section “The Latin American Economy”. CEPAL [Economic Commission for Latin America and the Caribbean] estimates a GDP expansion for the region of about 4.3% last year. For 2006 and 2007, the projections indicate a real average growth of about 4.0% - see Tables 1 and 8, section “Forecasts and Economic Indicators”.

1.2) The evolution of the Foreign Direct Investments (FDI)

According to UNCTAD estimations, the global flows of FDI recorded growth of 29.0% in 2005, compared to 2004, reaching a total of US\$ 897billion – see Table 18, section “Forecasts and Economic Indicators”. The flows increase was freed by a 40.0% expansion of mergers and acquisition processes, which were mainly concentrated in Europe. The FDI on new projects (greenfield projects) presented a reduction in 2005, due mainly to the estimated decrease of 30.0% of the flows for Latin America and the Caribbean. China, India and the United Kingdom were the main receptors of greenfield projects.

The developed countries, which had a 29.0% increase in the inflow of FDI; continued to be the main receptors, recording a 64.0% participation of the total global flows in 2005. The major FDI receptor was the United Kingdom which recorded inflow of US\$ 219 billion. The highest FDI inflow amount of a European country resulted mainly from the merger between Shell Transport and Trading Company and the Royal Dutch Petroleum Company which created Royal Dutch Shell: this operation alone reached a total amount of US\$ 100 billion.

The developing countries presented an expansion of 13.0% of FDI inflows in 2005. Within this group of countries, China continues leading the way of FDI inflows, recording a total amount of US\$ 60 billion in 2005: adding the amount received by Hong Kong, the total would reach US\$ 100 billion on FDI.

1.3) Trade Negotiations – Highlights

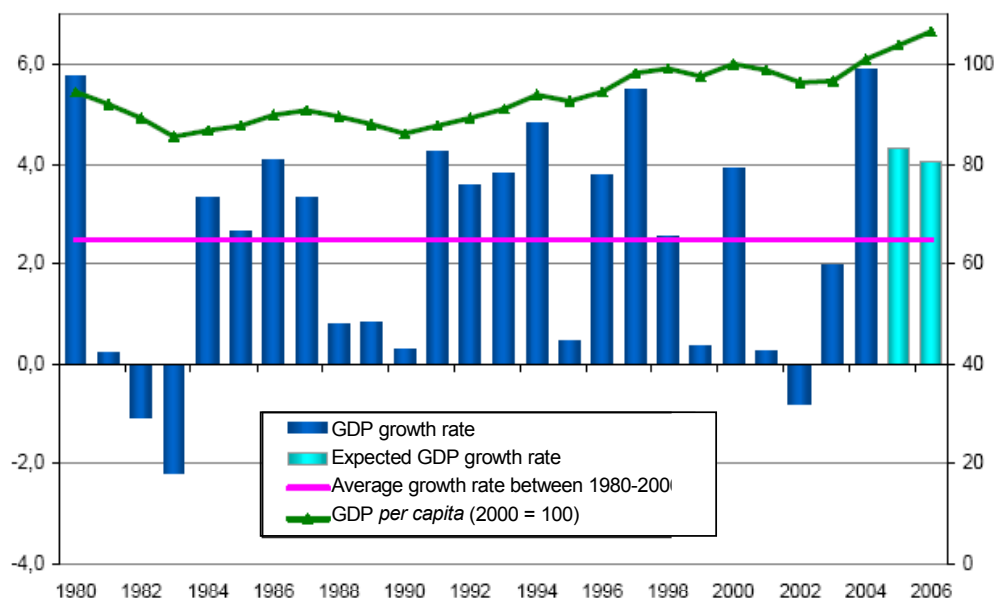
- After impasses generated in the last ministerial meeting of the Doha Round in 2005, held in Hong Kong, the WTO announced in the end of January the negotiations calendar for 2006:
 - ✓ Agricultural Products:
 - Define the amount of subsidies cuts and tariff cuts until April 30th;
 - Complete the disciplines about credit and assurances to exports, insurance programs, state-owned companies and food aid until April 30th;
 - Define the year 2013 as the year to eliminate all forms of subsidies to exports, to be confirmed only with complete modalities;
 - The countries must submit a schedule of cuts based on modalities until July 31st;
 - All forms of subsidies to cotton exports must be eliminated by rich countries in 2006.
 - ✓ Industrial Products
 - Formula of tariff cuts to be defined until April 30th;
 - Schedule of government taxes that will be cut must be presented at the WTO until July 31st.
 - ✓ Services
 - Countries that wish plurilateral agreements must submit proposals until February 28th;
 - Reviewed open market proposals must be submitted until July 31st;
 - The final appointments schedule must be ready by October 31st.

- ✓ Others
 - The countries commit to intensify the negotiations of making trade an easier process, reform of the controversies solving body, the environment, intellectual property, regulations (subsidies, antidumping, and regional agreements), special treatment and distinguished treatment and aid for freeing up trade;
- In the beginning of February, the USA annulled the Byrd amendment, condemned by WTO in 2003. However, the measure will only be in effect starting in October, 2007. Created in 2000, the amendment enables the payment of the revenue with antidumping tariffs to North American companies that request investigation against imports, which stimulates the opening of new processes by USA firms. According to the General Accountability Office (GAO)'s report – USA Congress body responsible for the inspection of public expenditures – only 39 North American companies received more than 80% of the total collected by antidumping tariffs between 2001 and 2004.
- Brazil and Argentina recently created the Competitive Adaptation Mechanism (MAC) which will enable that sectors of one of the countries that feel aggrieved by the increase of imports of the other country may use a trade protection mechanism. MAC may be used in case the interested sector proves that the imports of the neighboring country causes damage to its production and after the attempts to solve the problem through a private accord have failed. The measure will have maximum duration of four years and will imply the imposition of a quota upon the exported product affected, upon which will accrue a Common Foreign Tariff (TEC) charge, with a 10% reduction.
- Brazil and China signed in February an agreement to limit the entrance of Chinese textile products in the Brazilian market for three years. The measure, which falls upon 60% of the total Chinese textile products imported by Brazil, encompasses 70 products within eight categories: silk fabric, polyester fiber, synthetic fabric, velvet, knit shirts, sweaters, jackets and garnished clothes. The agreement, which will prevail until 2008, establishes limits for the growth of imports and establishes quotas – getting larger every year – for the entrance increase of each product.

2) THE LATIN AMERICAN ECONOMY

The economies of Latin America and the Caribbean presented growth for the third consecutive year in 2005. CEPAL in its “Preliminary Overview of the Economies of Latin America and the Caribbean 2005”, estimates a GDP expansion for the region of about 4.3%, while the United Nations in the “World Economic Situation and Prospects 2006” report work with a slightly lower growth of 4.1%. In both cases, the expectation is cooling off in relation to the 5.9% recorded in 2004 – see Graph 2.1.

Graph 2.1: GDP growth of Latin America and the Caribbean – 1980 to 2006



Source: CEPAL (2005)

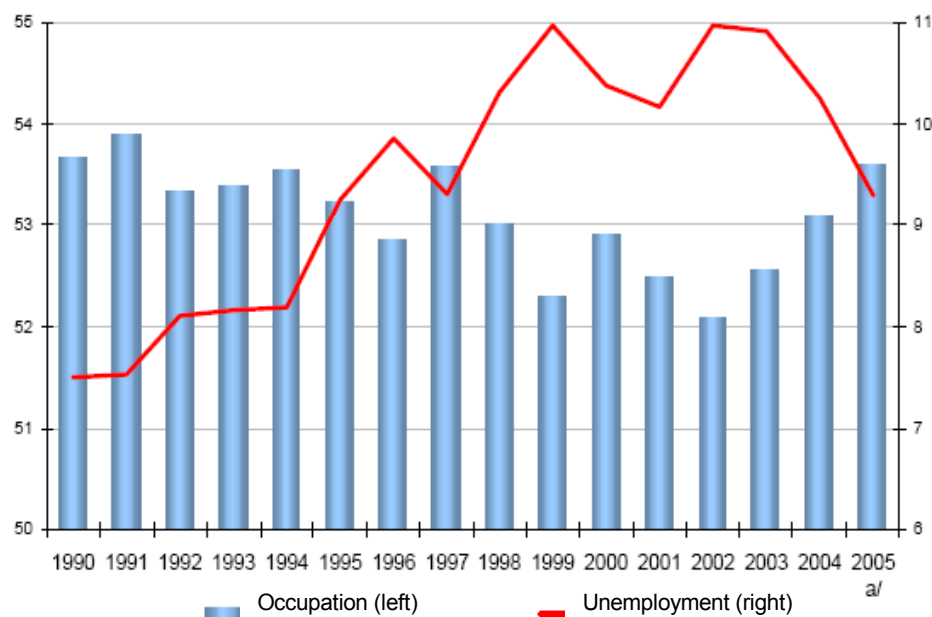
The Latin American expansion encompassed all the regions, highlighting South America (+4.9%) and the Caribbean (+4.1%). Venezuela (9.0%), Argentina (8.6%), Dominican Republic (7.0%), Uruguay (6.0%), Chile (6.0%), Peru (6.0%) and Panama (6.0%) presented above average growth; while Mexico (3.0%) and Brazil (2.5%) remained among those less dynamic countries. With this performance, CEPAL predicts a per capita GDP expansion of about 3.0%.

For 2006, the UN and CEPAL predict the continuity of the growth cycle with a rate around 4.0% and increase of about 2.5% of per capita GDP. The maintenance of the global growth, the strengthening of exports and the dynamism of the internal demand would be crucial for this expansion. The expectation is that all countries grow. Some countries which recovered from crises tend to decelerate its expansion rates, contributing to a lower growth of the region in relation to previous years. Yet, the average growth between 2003 and 2006 must surpass 4% per year, compared to the annual average growth of 2.6% between 1990 and 2002.

The expansion in 2005 occurred with a reduction on the inflation rates and reduction of unemployment rates. At the end of 2005, the inflation in the region slightly surpassed 6.0%, while in December 2004 it recorded 7.4%. As regards unemployment, it decreased from 10.3% in 2004 to 9.3% in 2005, the lowest rate since 1997 – see Graph 2.2. This drop was accompanied by an increase on formal employment and con-

tributed to the recovery of the domestic demand. Governments take advantage of the increase on tax income to reduce indebtedness and improve public balances. The ratio debt/GDP decreased from 61.3% in 2002 to 45.9% in the end of 2005.

Graph 2.2: Unemployment rate and occupation rate in Latin America and the Caribbean – 1990 to 2005

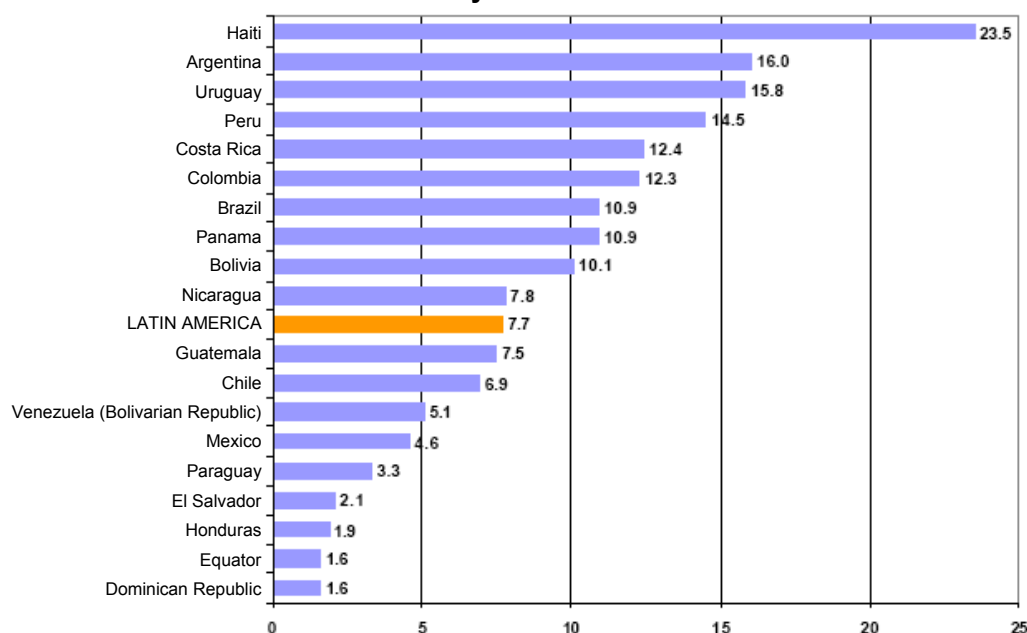


a/ Estimation

Source: CEPAL (2005)

Once again exports were one of the most dynamic components of the aggregate demand with 19.0% growth in 2005. The exported volume grew about 8.0%, above the global trade expansion of about 7.0%. Exports of many countries surpassed 10.0% of growth in 2005 – see Graph 2.3. South American countries recorded the highest growth rates, inversely, Mexico and Central America suffered with currency exchange appreciation and with Chinese competition within the North American market. In 2005, foreign sales represented 24.9% of the regional GDP, according to CEPAL.

Graph 2.3: Exports volume growth in Latin America and the Caribbean per country – 2005



Source: CEPAL (2005)

Exports also benefited with the continuing improvement of the terms of trade, even though under a slower pace compared to 2004. In 2005, the terms of trade improved 4.8% for the entire region of Latin America and the Caribbean, according to CEPAL data. For South American countries, the increase reached 31.0% between the average of the 1990's and the year 2005. The increase in Mexico totaled 22.0% under the same comparison. Now, Central American countries suffered deterioration of the terms of trade of 12.0% during the period, due to importation of petroleum and to the competition with China.

Special Box: Exports among Latin America countries grew about 28% in 2005

According to the ALADI Bulletin, intraregional exports grew about 28.0% in 2005 until September compared to the same period in 2004, while total exports of the region expanded approximately 18.0% under the same comparison – see Table 2.1. The sales for the rest of the world also presented significant growth of 16.0% between the amount accumulated between January and September 2005 and equal period of the previous year.

The increase of exports, both for ALADI countries and for the rest of the world, was generalized. Only the foreign Paraguayan sales to the rest of the world decreased (-8.9%), besides its exports to countries of the region had recorded the lowest growth rate among the countries analyzed (+3.0%). The expansion of sales to ALADI countries hovered between 12.0% and 52.0%, led by Peru (52.0%), Equator (49.0%) and Mexico (42.0%). As regards sales to the rest of the world, Peru and Colombia presented the highest growth rates, of 32.0% and 29.0%, respectively.

Table 2.1: Exports* growth of ALADI countries per destination - 2005 (until September)

Destination	Argentina	Bolivia	Brazil	Chile	Colombia	Equator	Mexico	Paraguay	Peru	Uruguay	Total
ALADI	14.9	19.1	31.8	26.5	33.3	49.1	42.2	3.8	52.3	12.0	27.9
CAN ⁽¹⁾	20.4	-9.3	48.8	26.9	36.5	44.1	64.5	1.3	38.5	54.7	39.7
Group of the Three ⁽²⁾	15.5	-9.6	23.0	23.4	36.3	37.7	71.1	-57.4	43.7	8.3	29.1
Mercosul	12.6	41.3	32.4	28.7	-0.5	14.0	13.1	0.8	27.8	4.3	22.4
Rest of the World	17.0	18.4	21.3	25.1	29.4	21.8	11.1	-8.9	32.1	19.9	16.3
United States	20.6	12.7	14.4	29.9	26.1	44.5	9.8	-4.1	48.7	38.5	12.7
European Union	6.5	-3.0	13.9	16.8	27.5	18.6	39.3	-6.4	-15.3	-2.1	15.4
Japan	-27.7	141.2	25.7	21.1	39.5	-8.7	22.6	0.1	3.2	117.0	20.4
China	21.6	-30.0	8.6	54.1	72.2	-90.0	1.4	-1.9	62.8	-1.3	24.1
E.R.I. ⁽³⁾	22.6	8.1	22.4	12.1	26.8	-90.6	11.5	-41.5	9.8	10.7	16.1
Others	24.8	28.4	40.6	31.1	36.5	-0.8	12.5	-8.0	103.8	32.1	31.1
Total	16.3	18.9	23.4	25.4	30.3	26.3	11.8	-1.6	35.4	17.2	17.9

Source: ALADI

* Growth rate accumulated in 2005 until September compared to the same period in 2004

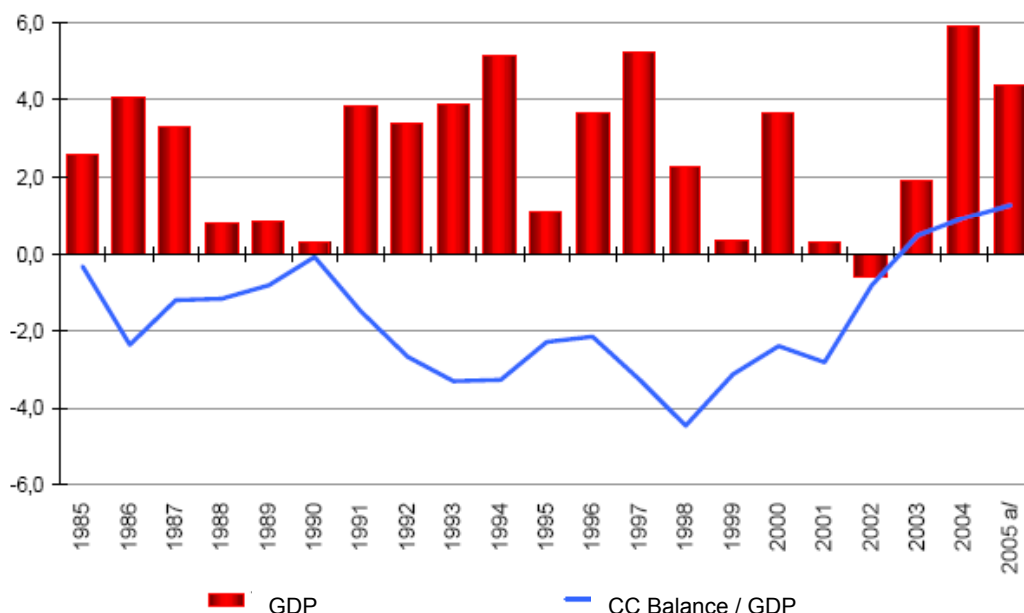
(1) Andes Community (2) Mexico, Colombia e Venezuela (3) Asian economies of recent industrialization, including South Korea, Hong Kong, Indonesia, Philippines, Malaysia, Singapore, Thailand and Taiwan

The most dynamic destinations of Latin American exports were the Andes Community within ALADI and China and Japan among the countries of the rest of the world. Andes Community sales grew 39.7% regarding the accumulated amount in 2005 until September compared to the same period in 2004, while exports to China and Japan grew respectively 24.1% and 20.4% under the same comparison.

The strong exports growth made many countries accumulate surpluses on the trade balance, despite the imports expansion. In its turn, Mexico and Central America watched their deficits increase due to the loss of dynamism of foreign sales and due to the increase of imports, especially petroleum. For Latin American and the Caribbean, imports grew 17.5% according to CEPAL, driven by economic grow.

The surpluses of the trade balance were decisive for the growing surplus on current account. According to CEPAL's estimates, the current account balance of Latin America and the Caribbean will be positive with 1.3% of the GDP in 2005 – see Graph 2.4. South America contributed with a 3.0% surplus of the GDP, while Mexico and Central America were on deficit of 1.8% of the GDP and the Caribbean deficit, excluding Trinidad and Tobago, surpassed 10% of the GDP. For the region as a whole, the combination of growing surpluses with positive growth rates is the main distinction point between the preceding periods and the current one.

Graph 2.4: GDP growth rate (in %) and current account balance (in % of the GDP) in Latin America and the Caribbean – 1985 to 2005



a/ Estimation

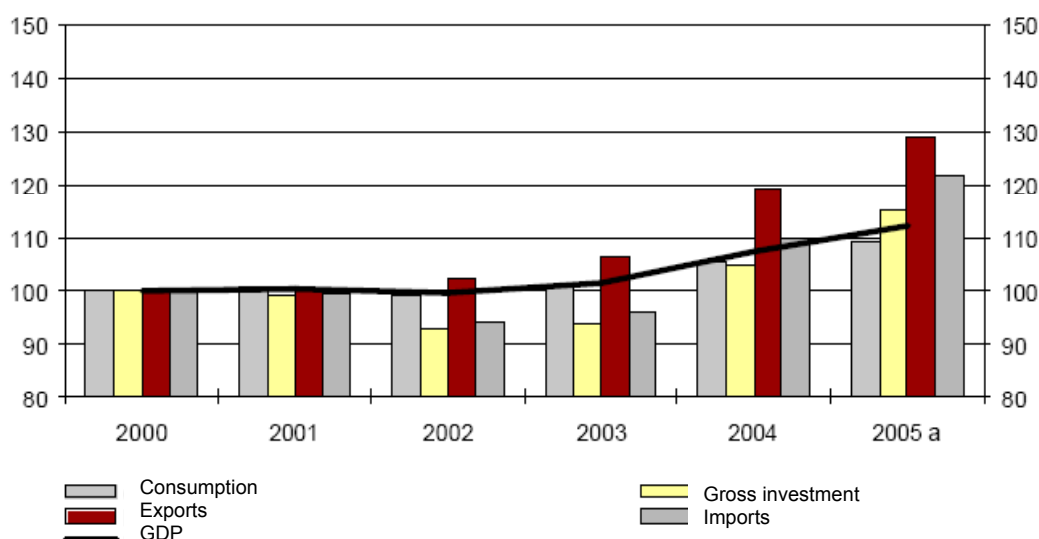
Source: CEPAL (2005)

The current account surplus, summed up with the inflow of US\$ 47 billion on direct foreign investment in 2005, enabled that countries to not only reduce their external debt, but also to accumulate international reserves. The reduction of the current liabilities of the region and the abundant international liquidity swayed the Country-risk to the lowest levels in the last 15 years for many economies.

As consequence of the greater attracting of capital, the currency exchange rates tended to appreciate and the central banks opted to accumulate reserves in an attempt to avoid or attenuate the appreciation. In comparison to the 1990's, however, the currency exchange rates in 2005 were kept greater in real terms.

Besides the exports push for the Latin American and Caribbean GDP expansion, the continuity of the domestic demand growth, which started in 2004, was also important – see Graph 2.5.

Graph 2.5: GDP per demand component – 2000 to 2005



Source: CEPAL (2005)

According to CEPAL, consumption grew 3.3% in 2005, displaying cooling off compared to the 4.8% in the previous year. Now, the gross formation of fixed capital in the region grew 10% in 2005, surpassing the GDP growth rate. In South America, this rate surpassed 12%. Chile, Colombia and Venezuela were the countries with greater investment expansion, stimulated by the increase in the prices of commodities. In Argentina, the recovery after the crisis resulted in the increase of investment on construction and on machines and equipment. In Mexico and Central America, the expansion of the gross formation fixed capital was 6.1%.

Despite the investment having reached 19.6% of the GDP in 2005, compared to 18.6% in 2004, according to UN data, the investment level is found below the level recorded in 1998. On other words, even though the investment has expanded significantly, the increase occurred upon dejected bases. There are doubts if this level of investment is sufficient to keep a growth rhythm of the economies compatible with the reduction of unemployment and reduction of poverty in the long run.

CEPAL and the UN emphasize that countries need to increase the investment level and adopt policies aiming at greater diversification, quality and aggregate value on exported products. These measures are needed to increase competitiveness and increase the growth rates of Latin American countries, contributing to the reduction of existent social unbalances.

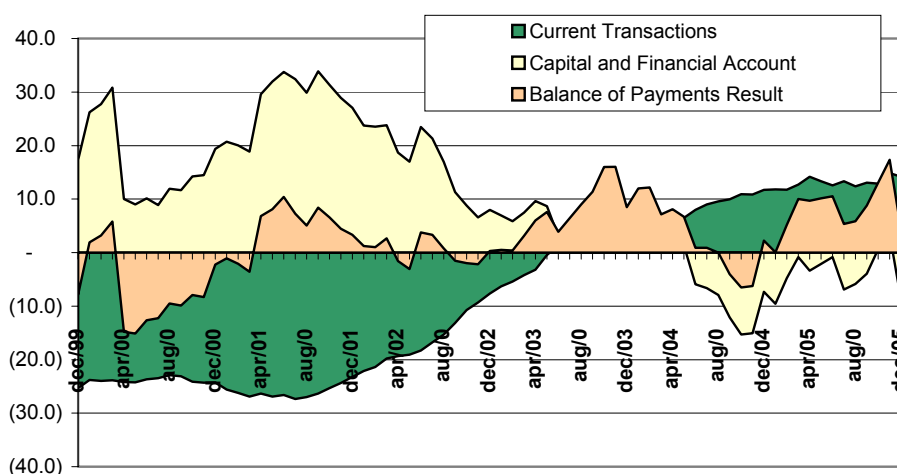
3) THE BRAZILIAN ECONOMY'S FOREIGN SECTOR

Brazilian exports reached in 2005 the greatest value ever recorded in its entire history: US\$ 118.3 billion. Today, the amount of Brazilian exports is more than twice the number observed during the second half of the 1990's. For the third consecutive year exports grew more than 20% per year.

The impressive growth of exports yielded a historical trade balance record (US\$ 44.8 billion) in spite of imports also having yielded a record of US\$ 73.6 billion. The amount imported in 2005 was US\$ 13.9 billion more than the amount checked in 1997, year which held the previous record.

The high trade balance offset the deficit on the services accounts, capital income and financial income, enabling a surplus in the general result of the Balance of Payments of US\$ 4.1 billion in 2005. In the last two years, the balance showed by the Balance of Payments has been so exclusively due to the good performance of the trade balance – see Graph 3.1.

Graph 3.1
Balance of Payments, current transactions, capital and financial accounts: 1999 to 2005 (twelve accumulated months, US\$ billion)



Source: Own elaboration with Brazil Central Bank data

The exports on all the aggregate factor categories grew approximately 20.0% and recorded a historical record. The manufactured products were the most representatives with 55.1% of the total exports (US\$ 65.1 billion), followed by the basic products (US\$ 34.7 billion) and semi-manufactured products (US\$ 16.0 billion). There was a significant increase in many sectors, from commodities to high-tech content products. Petroleum, mineral and electric and electronic devices segments presented growth above 50.0%. The only segment among the 20 main ones which presented relevant decrease was soybean, which registered an exported amount 5.7% lower than 2004.

Aside from fuels, the capital goods category was the one that presented the greatest growth in 2005, with 24.5% compared to 2004. Brazilian exports of industrial machines grew 29.7%. Consumer goods grew 20.7% and intermediate goods 19.2%.

The basic Brazilian products are, in general, exported to the European Union and Asia, while the most sophisticated industrial products are destined to Latin America and the United States. The main destinations of Brazilian sales of capital goods are the

ALADI countries, followed by the United States. The ALADI countries also are major importers of Brazilian consumer goods. The intermediate goods are mainly destined to Asia – see Table 3.1.

Table 3.1
Brazilian exports in 2005: economic categories and destination blocks
(US\$ million)

Block	Consumer Goods	Capital Goods	Fuels	Intermediate Goods	Special Operations	Total
European Union	6,066	2,211	859	17,311	-	26,447
ALADI	6,281	7,040	919	11,171	-	25,411
USA	3,747	5,067	1,260	12,641	-	22,715
Asia	2,422	1,107	1,068	13,948	-	18,545
Africa	1,916	802	418	2,827	-	5,964
Middle East	1,870	309	2	2,103	-	4,284
Eastern Europe	2,529	106	-	1,224	-	3,859
Other	1,155	1,385	2,477	3,887	2,179	11,084
Total	25,986	18,027	7,004	65,113	2,179	118,308

Source: Own elaboration with Secex/MDIC data.

The main importer of Brazilian products in 2005 was the United States (US\$ 22.5 billion), highlighting the sales of aircrafts (US\$ 1.9 billion), cast iron (US\$ 1.3 billion), footwear (US\$ 0.9 billion), auto parts (US\$ 0.8 billion) and automobile engines (US\$ 0.8 billion). The United States are the main destination of Brazilian foreign sales of manufactured goods. Argentina was the second main importer country of Brazilian products in the year and also has a exports profile with large presence of manufactured goods. In 2005, Brazilian exports to Argentina reached US\$ 9.9 billion, highlighting automobiles (US\$ 1.2 billion), transmission and reception equipment (US\$ 0.7 billion), cargo vehicles (US\$ 0.6 billion) and auto parts (US\$ 0.5 billion).

China was the third main destination of Brazilian sales in 2005, but Brazil's exports to that country are more concentrated than compared to the United States and Argentina and are composed mainly by basic products. Out of the US\$ 6.8 billion exported to China, three products represented 58% of the total: iron ore (US\$ 1.8 billion), soybean (US\$ 1.7 billion) and crude oil (US\$ 0.5 billion).

The analysis of the aggregate sum of the Brazilian foreign sector can not leave out, however, its microeconomic aspects. Exports are a result, in general, of a long term strategy by the companies. Rarely a corporate decision is taken which considers, in a given installed capacity, the distribution of production for the internal market or the external market in detriment of conjuncture factors. The majority of goods need – for exports – changes in its production that involves qualitative aspects or scale aspects.

The action of exporting may be understood – as a rule – as a company expansion decision that does not see as an attractive – or even possible – the growth of its revenues only through the domestic market. Sales to the external market require specific investments associated to the characteristics of the international demand which is not always the same as the internal demand.

The main Brazilian exporter in 2005 was Petrobras, and this is an example of an exporting company dynamics that involves prices and long term strategies. Last year, Petrobras exported US\$ 7.6 billion, with 66.3% growth in comparison to the previous year – see Table 3.2.

Table 3.2
20 main Brazilian exporters in 2005
(US\$ million and growth %)

	Exporter	2005 US\$ million	2004 US\$ million	2005 / 2004
1	PETROLEO BRASILEIRO S A PETROBRAS	7,585	4,562	66.3%
2	COMPANHIA VALE DO RIO DOCE	4,817	3,176	51.7%
3	EMBRAER EMPRESA BRASILEIRA DE AERONAUTICA S A	3,267	3,348	-2.4%
4	BUNGE ALIMENTOS S/A	2,194	2,543	-13.7%
5	VOLKSWAGEN DO BRASIL	2,137	1,549	38.0%
6	GENERAL MOTORS DO BRASIL LTDA	1,570	1,336	17.5%
7	FORD MOTOR COMPANY BRASIL LTDA	1,462	1,110	31.7%
8	CARGILL AGRICOLA S A	1,403	1,433	-2.1%
9	SADIA S.A.	1,381	1,046	32.1%
10	GERDAU ACOMINAS S/A	1,312	855	53.5%
11	DAIMLERCHRYSLER DO BRASIL LTDA.	1,302	755	72.5%
12	COMPANHIA SIDERURGICA DE TUBARAO	1,188	1,027	15.7%
13	ADM DO BRASIL LTDA	1,157	945	22.3%
14	MINERACOES BRASILEIRAS REUNIDAS S A MBR	1,079	725	48.8%
15	MOTOROLA INDUSTRIAL LTDA	1,035	453	128.6%
16	NOKIA DO BRASIL TECNOLOGIA LTDA	1,019	290	251.4%
17	SAMARCO MINERACAO S/A	987	592	66.5%
18	CATERPILLAR BRASIL LTDA	980	736	33.2%
19	PERDIGAO AGROINDUSTRIAL S/A	928	670	38.5%
20	BRASKEM S/A	881	603	46.2%
	OTHER	80,623	68,720	17.3%
	TOTAL	118,308	96,475	22.6%

Source: Own elaboration with Secex/MDIC data

The international growth of oil prices was relevant for the result of the total amount of oil exported by Brazil, but there needs to be considered as main factor of its expansion in the last few years the decision to invest on the production increase and direct a greater part of that to the foreign market. The production increases of a good such as petroleum is the result of years of research and investments. In 2005, Brazil produced 544 million oil barrels. It was exported 94 million barrels, a historical record. Five years ago Brazilian petroleum exports were no more than 7 million barrels.

Particularly in the Brazilian case, the major production increment comes from technical research exploration in deep waters. In 2005, there was a 100-million-barrel production increment coming from the sea in relation to 2000. In 2006, it is estimated an increment of 30% on exports and a reduction of 20% on imports, with the beginning operations of platform P-50.

The production of other commodities does not always require investments of the same magnitude, but also require specific investments to be able to supply foreign demand.

The soybean complex is the second main commodity exported by Brazil. The increase of the Brazilian soybean production is linked to the increase on the world demand, due to the expressive growth of Chinese consumption. Its prices declined a bit in 2005, but it continues at a level much higher than what it was five years ago. A greater global consumption level of soybean is not a conjuncture phenomenon, given the long-lasting broadening of the volume of the product consumed internationally.

Similar effect may be considered within the production of manufactured goods. Today, the main manufactured goods exported by Brazil are passenger automobiles. The initial drive of automobile exports sprang from the excess installed capacity existent due to the growth of the domestic demand inferior to what was forecasted by the assemblers during the second half of the 1990's. However, the current export drive of those companies happens through the decision of making Brazil a light automobile exportation platform within the low cylinder compact car segment. In 2005, Brazilian automobile exports totaled US\$ 4.4 billion, an amount 31% higher compared to last year and 125% higher compared to five years ago.

Other industries also benefited from a large domestic market like the Brazilian market, which enables favorable scale production to industries that are also exporters. As an example, the production of cell phone devices, which represented US\$ 2.4 billion of Brazilian exports in 2005, with 233% of growth in relation to last year. Brazilian exports of that product grew strongly beginning in the year 2000, reaching a number above US\$ 1 billion in 2003.

Manufactured goods mainly oriented towards the foreign market follow a similar dynamic, with long term decisions being fundamental upon their performance. As regards Brazil, the best example is the air sector, which makes large investments on research, development and fixed capital. Exports in 2005 were practically equal to 2004, totaling US\$ 3.2 billion.

Imports do not necessarily react to the conjuncture factors in the same way that exports do. Corporate decisions associated to imports have different characteristics compared to exports, being divided up into at least two cases: consumer goods and capital goods. Importation of consumer goods is a short term decision, exerting more influence upon conjuncture drawbacks. Price or quality in the international market may dictate a major part of imports of this type of good. However, imports of capital goods are linked to the long term decision, including decision regarding exports. In that sense, some intermediate goods will behave similarly to capital goods, mainly the ones linked to the formation of fixed capital or the ones that will serve as inputs to exports.

It is derived from that companies' behavior the fact that imports may answer to currency exchange fluctuations and/or variations of international related prices much quicker than exports.

The participation of consumer goods in the Brazilian imports profile is not a large one, representing 11.5% of the total in 2005 (US\$ 8.5 billion). The country possesses a mature industrial structure capable to supply the demand for a wide gamut of products, but with important exceptions. The most representative item in 2005 was pharmaceutical products (US\$ 1.7 billion in 2005), followed by foods (US\$ 1.4 billion) and personal use garnishment objects (US\$ 1.1 billion). Those exceptions are marked mainly by goods that cannot be produced on national territory due to patents, weather/climate and luxurious brands.

Chemical and pharmaceutical products are also highlighted in the intermediate goods category: totaling US\$ 10.7 billion, they represented 15% of total imports in 2005. Alone they were responsible for an amount greater than the entire consumer goods category during the year. The intermediate goods summed with fuels and lubricants are very significant within the Brazilian imports profile, having represented 67.6% of the total imports in 2005.

Capital goods purchase was the item that presented greater growth in Brazilian imports last year, having been 26.7% greater in comparison to the previous year; a number almost 10 p.p. above total imports growth. They represent 20.9% of Brazilian foreign purchases, reaching US\$ 15.4 billion in the year. The main segment was the industrial machines segment, with US\$ 4.2 billion and 29.6% growth in relation to 2004.

In 2005, the main origin of capital goods imported by Brazil was European Union, followed by Asia and the United States – see Table 3.3. Amongst the primal origins, Asia countries recorded the greatest increment (50%) in relation to the previous year.

Table 3.3
Brazilian imports in 2005: economic categories and blocks
(US\$ millions)

Block	Consumer Goods	Capital Goods	Fuels	Intermediate Goods	Total
European Union	2,267	5,288	311	10,280	18,146
Asia	2,620	5,175	1,012	8,063	16,870
USA	1,178	3,321	852	7,501	12,851
ALADI	1,743	883	1,564	7,378	11,567
Africa	20	13	5,400	1,234	6,667
Middle East	21	81	1,865	542	2,510
Eastern Europe	7	10	34	1,122	1,174
Other	626	614	886	1,641	3,767
Total	8,482	15,385	11,923	37,761	73,551

Source: Own elaboration with Secex/MDIC data.

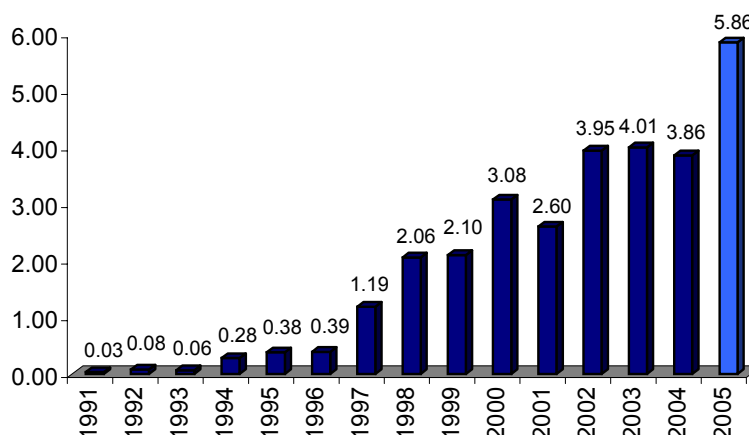
SPECIAL REPORT:

BNDES: 15 years supporting Brazilian exports

BNDES lines for the support of Brazilian exports reached fifteen years in 2005. This anniversary coincided with the best moment ever experienced by Brazilian exports. For the first time the US\$ 110 billion exports mark in a twelve month period was surpassed. At the time of the creation of financing lines to exportation in BNDES, annual Brazilian foreign sales hardly surpassed US\$ 30 billion. The number of exporters doubled during that time, summing today approximately 18000 Brazilian companies engaged in foreign sales. The Brazilian exports profile was never so diversified, at the same time that the presence of greater aggregate value products grows. Brazil exports large volumes of products from traditional agricultural products to high technological content goods.

The disbursements for BNDES' financing lines to exports went along the exports growth observed in the period. On November 8th, 1990, it was presented the first request for a financing of exports line, by Prensas Schuler S/A. The liberations jumped from an annual average of US\$ 100 million during the first half of the 1990's to US\$ 4 billion in the beginning of this century – see Graph 1. In 2005, the disbursements of the Foreign Trade Area reached the historical record of US\$ 5.86 billion. Throughout that decade and a half it was disbursed approximately US\$ 30 billion for the most varied sectors. BNDES-exim lines are today one of the main support tools to Brazilian exports.

Graph 1
BNDES Export Trade Finance: 1991 to 2005
(US\$ billion)



Source: BNDES

One of the goals of BNDES' support lines to exports is to broaden the presence of greater aggregate value products in Brazilian exports, just like the credit agencies operations toward exports in the world. This support reveals itself necessary due to two characteristics of these products. First, their production cycles tend to be longer, requiring special limit dates for working capital. On the other hand, their high value impedes that their purchase would be carried out in full, making its financing imperative for its sale.

To broaden the presence of greater aggregate value products in the exports profile of a country is fundamental to avoid that the economic growth would be interrupted by balance of payments' unbalances. Exports generate monetary resources on strong currency, which enables the country to face its import needs and needs regarding payment of foreign debts. So to not allow this foreign financing for development to fade away, it is important that the growth rate of exports would accompany or surpass the growth rate of imports.

However, many goods traded internationally are subjected to price deterioration, as well as to the low dynamism of its demand. Countries that specialized in the production of those goods which demand does not accompany the world income growth and/or which relative prices tend to drop throughout time will hardly ensure foreign sales and the generation of enough monetary resources to provide continuity to its growth and development.

The participation of greater aggregate value goods in the exports profile tends to assure greater expansion of exportation throughout time. In general, its demand is more dynamic and increases with income and its prices are less susceptible to decaying. Besides that, companies that are able to adopt product differentiation strategies and competition for quality strategies, as well as able to get inserted within market niches, thus avoid substitution for other products and competition through prices.

Parallel to its function to contribute toward foreign financing, the presence of greater aggregate value products in the exports profile is reflected upon the greater impact generated by the foreign sales upon GDP growth. These products possess greater integration with other economy sectors. Through these connections, export expansion makes the domestic market more dynamic and contributes to the generation of income and employment.

Keeping this multiplier effect of exports in mind, credit agencies to exportation and BNDES' support lines to exports also look to widen the percentage of domestic inputs on exported goods. Greater the national content in exported products, greater is the impact upon domestic growth.

BNDES' financing lines to exports developed a relevant role regarding the growth of Brazilian foreign sales. BNDES' financings to exports strengthen the Brazilian industry and assist the increase of the product's national content. Financings to exports enable Brazilian companies to compete in the international market in conditions similar to companies of other countries that receive support from their respective credit agencies to exportation.

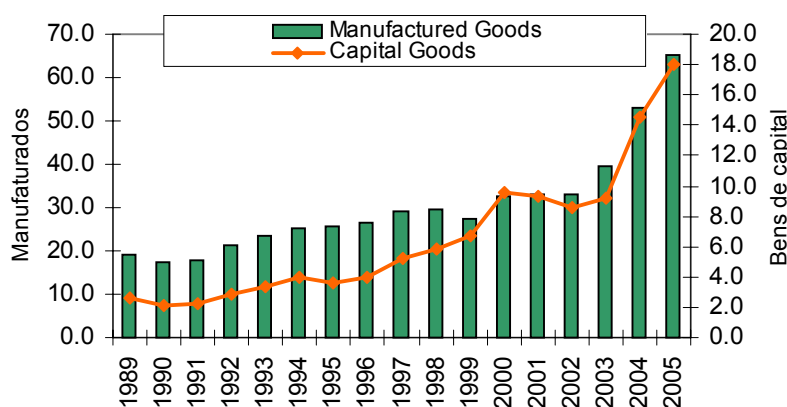
The beginning of BNDES' financing to exports took place through supporting the capital goods sectors, with the creation of the FINAMEX Program in 1990. Financing operations of capital goods were mainly done for importers in Latin America. Up to today, approximately 70% of the BNDES-exim disbursements are destined to the exportation of capital goods. Capital goods supported by BNDES-exim are generally high technology content goods.

The manufactured goods qualified as capital goods generally possess high aggregate value. Given that they participate in the productive process of all other goods, they also distinguish themselves by the linkage effects and as diffusers of technical progress by the economy. For a country, to produce machines and equipment may represent dominion of certain productive processes and the exportation of these goods is evidence of quality of its productive structure. Among developing countries, besides

Brazil, only South Korea, Taiwan, China and Mexico possess an expressive capital goods sector.

According to the Foreign Trade Office, capital goods represent 15% of the Brazilian exports profile in 2005. Brazilian capital goods exportation has evolved positively in the last decade – see Graph 2. Brazilian capital goods sales soared from US\$ 3.9 billion in 1994 to US\$ 18.0 billion in 2005. Nevertheless, the total amount of Brazilian capital goods sold to foreign countries is still low in comparison to large world exporters. The largest capital goods exporter in the world is the United States (US\$ 311 billion in 2004), followed by Germany (US\$ 296 billion) and Japan (US\$ 255 billion).

Graph 2: Capital goods and manufactured goods exports in Brazil: 1989 to 2005 (US\$ billion)



Source: Own elaboration with Secex/MDIC and Funcex data

During the fifteen years of BNDES' financing lines to exports, one of the main sectors which received support was aircrafts. BNDES' support was crucial for the consolidation of a national aeronautics industry.

Brazilian exports of the aircraft manufacturing sector present a large leap from the biennium 1997-98. In 2004, Brazilian aircrafts exportation was US\$ 3.3 billion. Embraer is today the fourth largest aircraft exporter in the world, present in 58 countries within 5 continents.

In 1996, Embraer disputed the first large international tender for the supplying of 150 aircrafts to the American regional aviation companies ASA and COMER. Despite Embraer having presented a proposal with better technical conditions and prices, it lost the tender due to the competitor's financing conditions, which had support from a credit agency to exports of its country. It became clear that the financing conditions to trade revealed themselves as important as the product's price and technology.

The development of BNDES support to trade of aircrafts was fundamental for the turnaround of that situation. In the following tenders, with the support of BNDES, Embraer gathered better results. It can be highlighted during this period the financing contracts to American Eagle, supporting the exports of more than 140 aircrafts. Those orders generated strong expansive effect upon Embraer's structure that, to be able to supply them, it had to hire more than 1400 employees. Currently, Embraer has approximately 16 thousand employees.

The financings through BNDES' support lines to exports are also essential for the development of the national industry of machines and equipment for the oil and gas sector production and exploration. Brazilian suppliers need the support to compete with foreign companies, which count on financing from credit agencies to exports of their countries and count on low or no taxation charges. Platforms are goods produced under specific order that involve high amounts and generate many direct and indirect job openings. It is estimated that the construction of a platform generates approximately 5000 direct jobs and 15000 indirect jobs.

The first financing operations to the construction oil platforms in Brazil were approved in the year 2000, being related to the EVM and Barracuda-Caratinga projects. The participation approved by BNDES in the EVM project was of up to US\$ 260 million: the project total amount was US\$ 1.2 billion. The Barracuda-Caratinga project involved the financing of platforms P-48 and P-43, together with JBIC and commercial banks. BNDES financing was of US\$ 760 million, which disbursement took place between 2001 and 2003. The total amount of the project was US\$ 2.4 billion on fixed investments.

In 2004, it was approved financing for the construction of platform P-52 and, in the beginning of 2005, financings for other two platforms: P-51 and P-54. All three platforms represented investments of about US\$ 3 billion and financings in the amount of US\$ 1 billion. Besides the minimum amount required for the nationalization of goods and services, susceptible to fines due to non-fulfillment, it was established an award for greater nationalization indexes. If greater nationalization indexes were obtained, there will be a reduction of the spread and an extension of the amortization date of the financing. These measures strengthened the local productive chain and ensured the greatest national content possible in the supplying of equipment, materials and services for oil exploration platforms.

During the fifteen years BNDES operated in financing exports, Argentina was the main destination in Latin America, followed by Equator, Dominican Republic and Venezuela. The Latin American countries were the initial focus of the BNDES financings to exports and more recently the support to these countries gained a new thrust. In Argentina, it can be highlighted the financing to Transportadora de Gas del Sur, approved in the beginning of 2005. The construction works will be carried out in the San Martín and Neuba II gas pipes with total project cost of US\$ 315 million and BNDES financing of up to US\$ 200 million for exportation of Brazilian goods and services. In the same period, it was also approved financing to the North Gas Pipe [Gasoduto Norte] in the amount of US\$ 37 million, for Brazilian goods to be exported.

In September 2000, it was created an Initiative for the South American Regional Infrastructure Integration – IIRSA and in 2003 the integration project of South America's countries was widened. BNDES' support to this initiative, through the financing to exports for the implementation of that physical structure, not only increments the Brazilian exportation directly involved in the projects, but also contributes to the development of its consumer market, generally stimulating the trade flow among countries. There is today more than US\$ 1 billion between approved and/or contracted operations for financings to exports of Brazilian goods and services for engineering and infrastructure construction projects that make feasible a large integration of South American countries.

FORECASTS AND ECONOMIC INDICATORS

FORECASTS

Table 1 - Forecasts

	Gross Domestic Product - %															
	IMF ⁽¹⁾		ECLAC ⁽²⁾		OECD ⁽³⁾		BBVA		Citigroup		Economist ⁽⁴⁾		Santander		United Nations	
	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f
Developed Countries	2,7	-	2,5	-	-	-	-	-	2,6	2,6	-	-	-	-	-	2,5
European Union	2,1	-	-	-	-	-	2,8	-	-	-	-	-	-	-	-	2,1
Japan	2,0	-	-	-	2,0	2,0	2,5	2,0	2,2	2,0	2,5	-	-	-	-	1,9
United States	3,3	-	-	-	3,5	3,3	2,8	3,0	3,3	3,5	3,3	-	-	-	-	3,1
Canada	3,2	-	-	-	3,2	3,1	-	-	3,4	2,6	3,2	-	-	-	-	2,6
UK	2,1	-	-	-	2,4	2,7	2,0	2,2	2,3	2,2	2,1	-	-	-	-	2,3
Euro Zone	1,5	-	-	-	2,1	2,2	2,0	2,4	2,0	1,7	1,9	-	-	-	-	1,9
Germany	1,1	-	-	-	1,8	1,7	1,5	1,9	1,5	1,0	1,7	-	-	-	-	1,2
France	1,6	-	-	-	2,1	2,2	2,0	2,5	1,7	1,8	2,0	-	-	-	-	1,8
Italy	0,9	-	-	-	1,1	1,5	1,5	1,8	1,1	0,9	1,2	-	-	-	-	1,2
Developing Countries	6,1	-	5,6	-	-	-	-	-	5,8	5,9	-	-	-	-	-	5,6
Africa	5,9	-	-	-	-	-	-	-	4,8	4,5	-	-	-	-	-	5,5
Latin America and Caribbean	-	-	4,1	-	-	-	3,6	3,0	4,2	3,7	-	-	4,1	3,9	3,9	-
Argentina	4,2	-	6,0	-	-	-	7,0	4,0	7,3	4,1	6,2	-	-	6,0	4,7	6,0
Bolivia	2,5	-	3,0	-	-	-	-	-	-	-	-	-	-	-	-	-
Brazil	3,5	-	3,0	-	3,5	-	3,4	-	3,5	3,7	3,6	-	-	4,1	3,6	3,0
Chile	5,8	-	5,5	-	-	-	5,6	-	5,5	5,0	5,4	-	-	5,6	5,2	5,5
Colombia	4,0	-	4,5	-	-	-	4,4	-	4,5	4,0	4,2	-	-	4,0	4	4,5
Ecuador	2,8	-	3,0	-	-	-	-	-	3,0	2,8	-	-	-	3,0	-	-
Mexico	3,5	-	3,5	-	3,9	3,5	3,0	-	3,5	3,2	3,5	-	-	3,3	3,5	3,5
Paraguay	3,5	-	3,0	-	-	-	-	-	-	-	-	-	-	-	-	-
Peru	4,5	-	5,0	-	-	-	4,7	-	4,4	3,8	4,7	-	-	4,0	-	5,0
Uruguay	4,0	-	4,5	-	-	-	-	-	4,0	3,5	-	-	-	-	-	-
Venezuela	4,5	-	5,5	-	-	-	4,1	-	6,5	5,0	5,5	-	-	7,0	4,3	5,5
Dominican Republic	4,5	-	5,0	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	7,2	-	-	-	-	-	-	-	6,9	7,0	-	-	-	-	-	-
China	8,2	-	-	-	9,2	-	-	-	8,7	9,2	8,7	-	-	-	-	8,3
South Korea	5,0	-	-	-	5,1	5,2	-	-	5,5	4,7	4,7	-	-	-	-	4,5
Indonesia	5,8	-	-	-	-	-	-	-	5,4	6,0	4,8	-	-	-	-	5,3
Thailand	5,0	-	-	-	-	-	-	-	4,7	4,9	5,1	-	-	-	-	5,1
India	6,3	-	-	-	-	-	-	-	7,6	7,5	7,2	-	-	-	-	6,8
Central and Easter Europe	4,6	-	-	-	-	-	-	-	5,3	5,7	-	-	-	-	-	-
Russia	5,2	-	-	-	6,0	-	-	-	6,3	7,0	6,2	-	-	-	-	5,8
World	4,3	-	3,3	-	-	-	-	-	3,3	3,3	-	-	-	-	-	-

Source: Prepared based on reports of the institutions

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

(2) Balance preliminar de las economías de América Latina y el Caribe 2005 (December/2005)

(3) OECD Economic Outlook No. 78 (December/2005)

(4) Average of the predictions of a group of forecasters surveyed by The Economist (AEN 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)		United Nations	
	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f
Developed Countries	2,0	-	-	-	-	-	2,1	1,8	-	-	-	2,0
Developing Countries	5,7	-	-	-	-	-	5,1	4,7	-	-	-	4,9
Africa	7,0	-	-	-	-	-	5,4	4,9	-	-	-	10,1
Latin America and Caribbean	-	-	-	-	-	-	5,6	5,3	-	-	-	5,8
Argentina	10,4	-	-	-	12,0	8,0	12,9	13,6	-	-	-	13,0
Bolivia	3,2	-	-	-	-	-	-	-	-	-	-	-
Brazil	4,6	-	-	-	5,5	-	5,1	4,6	-	-	-	4,5
Chile	3,3	-	5,0	-	3,6	-	3,5	2,9	-	-	-	3,9
Colombia	4,8	-	-	-	4,5	-	4,5	4,5	-	-	-	4,7
Ecuador	2,0	-	-	-	-	-	4,4	3,4	-	-	-	2,0
Mexico	3,6	-	3,5	3,3	3,6	-	3,8	3,2	-	-	-	3,8
Paraguay	4,7	-	-	-	-	-	-	-	-	-	-	-
Peru	2,6	-	-	-	2,5	-	2,7	2,9	-	-	-	2,5
Uruguay	6,5	-	-	-	-	-	5,8	5,8	-	-	-	-
Venezuela	18,0	-	-	-	15,3	-	13,3	13,9	-	-	-	13,4
Asia and Pacific	7,8	-	-	-	-	-	-	-	-	-	-	-
Dominican Republic	4,7	-	-	-	-	-	4,2	3,6	-	-	-	-
Asia and Pacific	4,7	-	-	-	-	-	4,2	3,6	-	-	-	-
China	3,8	-	4,0	-	2,5	-	3,5	3,0	-	-	-	3,2
South Korea	2,9	-	3,3	3,4	-	-	2,7	2,7	-	-	-	3,3
Indonesia	6,5	-	-	-	-	-	13,7	7,6	-	-	-	6,9
Taiiland	2,7	-	-	-	-	-	5,2	4,6	-	-	-	3,3
India	5,1	-	-	-	-	-	5,0	5,5	-	-	-	4,1
Central and Easter Europe	4,3	-	-	-	-	-	6,8	6,4	-	-	-	-
Russia	10,7	-	12,0	-	-	-	9,9	8,9	-	-	-	10,5
World	3,7	-	-	-	-	-	2,8	2,5	-	-	-	-

Source: Prepared based on reports of the institutions.

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

(2) OECD Economic Outlook No. 78 (December/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 - % to GDP										
	IMF ⁽¹⁾		OECD ⁽²⁾		BBVA		Citigroup		Santander	
	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f
Developed Countries	-3,4	-	-	-	-	-	-2,5	-2,6	-	-
European Union	-3,2	-	-	-	-	-	-	-	-	-
Japan	-6,2	-	-6,0	-6,0	-	-	-4,4	-4,1	-	-
United States	-3,9	-	-4,2	-3,9	-	-	-2,5	-2,5	-	-
Canada	0,3	-	0,9	0,6	-	-	0,2	0,1	-	-
UK	-3,4	-	-3,0	-3,2	-	-	-2,8	-2,9	-	-
Euro Zone	-3,1	-	-2,7	-2,5	-2,9	-2,7	-3,1	-3,3	-	-
Germany	-3,7	-	-3,6	-2,6	-	-	-3,5	-2,8	-	-
France	-3,9	-	-3,2	-3,0	-	-	-3,6	-3,5	-	-
Italy	-5,1	-	-4,2	-4,8	-	-	-4,8	-4,2	-	-
Developing Countries	-	-	-	-	-	-	-0,8	-1,0	-	-
Africa	-	-	-	-	-	-	-0,9	-0,9	-	-
Latin America and Caribbean	-	-	-	-	-1,1	-	-0,9	-1,0	-0,7	-0,5
Argentina	-	-	-	-	1,9	-	2,6	1,9	2,5	2,6
Bolivia	-	-	-	-	-	-	-	-	-	-
Brazil	-	-	-2,8	-	-3,0	-	-3,1	-2,4	-3,1	-2,5
Chile	-	-	-	-	2,2	-	2,0	1,5	3,6	2,6
Colombia	-	-	-	-	-2,0	-	-2,0	-2,2	-2,0	-2,1
Ecuador	-	-	-	-	-	-	-0,5	-1,0	1,5	-
Mexico	-	-	-	-	0,0	-	-0,1	-0,1	0,0	0
Paraguay	-	-	-	-	-	-	-	-	-	-
Peru	-	-	-	-	-0,6	-	-1,2	-1,3	-1,1	-
Uruguay	-	-	-	-	-	-	-1,0	-0,5	-	-
Venezuela	-	-	-	-	-2,3	-	1,5	-2,3	2,7	2,2
Dominican Republic	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	-	-	-	-	-	-	-1,3	-1,6	-	-
China	-	-	-0,2	-	-	-	-1,0	-2,5	-	-
South Korea	2,8	-	0,0	0,2	-	-	0,5	2,0	-	-
Indonesia	-	-	-	-	-	-	-1,1	-0,5	-	-
Thailand	-	-	-	-	-	-	-1,4	-2,0	-	-
India	-	-	-	-	-	-	-4,0	-4,0	-	-
Central and Easter Europe	-	-	-	-	-	-	0,6	0,6	-	-
Russia	-	-	1,5	-	-	-	6,5	5,4	-	-
World	-	-	-	-	-	-	-2,1	-2,2	-	-

Source: Prepared based on reports of the institutions.

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

(2) OECD Economic Outlook No. 78 (December/2005)

Table 4 – Forecasts

Trade Balance - US\$ Billion								
	OECD (1)		BBVA		Citigroup		Santander	
	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f
Developed Countries	-	-	-	-	-	-	-	-
European Union	-	-	-	-	-	-	-	-
Japan	62,3	85,6	-	-	-	-	-	-
United States	-757,7	-803,3	-	-	-	-	-	-
Canada	50,3	57,2	-	-	-	-	-	-
UK	-99,8	-114,3	-	-	-	-	-	-
Euro Zone	119,5	135,8	-	-	-	-	-	-
Germany	148,8	168,0	-	-	-	-	-	-
France	-18,4	-13,3	-	-	-	-	-	-
Italy	-10,9	-17,3	-	-	-	-	-	-
Developing Countries	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-
Latin America and Caribbean	-	-	-	-	-	-	118,3	110,0
Argentina	-	-	10,4	-	-	-	11,3	11,2
Bolivia	-	-	-	-	-	-	-	-
Brazil	-	-	32,0	-	40,3	36,9	44,8	35,4
Chile	-	-	4,8	-	-	-	39,2	40,6
Colombia	-	-	0,2	-	-	-	0,8	0,7
Ecuador	-	-	-	-	-	-	0,5	-
Mexico	-18,7	-22,6	-10,8	-	-	-	-8,2	-11,6
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	3,7	-	-	-	2,2	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela	-	-	23,8	-	-	-	30,4	33,7
Dominican Republic	-	-	-	-	-	-	-	-
Asia and Pacific	-	-	-	-	-	-	-	-
China	-	-	-	-	123,9	-	-	-
South Korea	14,0	14,0	-	-	28,1	-	-	-
Indonesia	-	-	-	-	21,3	-	-	-
Tailand	-	-	-	-	-12,2	-	-	-
India	-	-	-	-	-47,3	-	-	-
Central and Easter Europe	-	-	-	-	-	-	-	-
Russia	-	-	-	-	-	-	-	-
World	-	-	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) OECD Economic Outlook No. 78 (December/2005)

Table 5 - Forecasts

Current Account Balance - % of GDP												
	IMF ⁽¹⁾		OECD ⁽²⁾		BBVA		Citigroup		Economist ⁽³⁾		Santander	
	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f
Developed Countries	-1,4	-	-	-	-	-	-2,1	-2,2	-	-	-	-
European Union	-0,2	-	-	-	-	-	-	-	-	-	-	-
Japan	3,0	3,9	4,7	-	-	-	3,5	3,4	-	-	3,6	-
United States	-6,1	-6,7	-7,0	-	-	-	-6,8	-7,0	-	-	-6,6	-
Canada	1,7	2,5	3,0	-	-	-	1,5	0,8	-	-	1,8	-
UK	-1,8	-2,3	-2,7	-	-	-	-2,5	-2,8	-	-	-2,3	-
Euro Zone	0,2	-0,2	-0,1	-	-0,2	-0,2	-0,6	-0,5	-	-	-0,1	-
Germany	4,4	4,6	5,2	-	-	-	3,3	4,2	-	-	3,8	-
France	-1,5	-1,4	-1,1	-	-	-	-2,1	-2,5	-	-	-1,2	-
Italy	-1,4	-1,9	-2,3	-	-	-	-1,7	-1,6	-	-	-1,4	-
Developing Countries	4,5	-	-	-	-	-	2,4	1,9	-	-	-	-
Africa	3,5	-	-	-	-	-	3,7	3,9	-	-	-	-
Latin America and Caribbean	-	-	-	-	0,8	-	0,9	0,6	-	-	-	1,0
Argentina	0,1	-	-	-	2,4	-	1,6	0,8	-	-	1,5	0,8
Bolivia	2,9	-	-	-	-	-	-	-	-	-	-	-
Brazil	0,7	0,3	-	-	1,3	-	1,2	1,5	-	-	0,9	0,1
Chile	-0,7	-	-	-	-1,6	-	1,9	1,9	-	-	-0,2	-2,2
Colombia	-1,5	-	-	-	-1,1	-	-1,8	-2,2	-	-	-1,2	-1,7
Ecuador	2,4	-	-	-	-	-	0,2	-0,2	-	-	-0,3	-
Mexico	-0,8	-1,1	-1,4	-	-1,3	-	-1,3	-1,8	-	-	-1,4	-1,5
Paraguay	-0,8	-	-	-	-	-	-	-	-	-	-	-
Peru	0,3	-	-	-	0,4	-	0,6	-0,9	-	-	0,5	-
Uruguay	-5,3	-	-	-	-	-	-1,5	-1,3	-	-	-	-0,6
Venezuela	14,9	-	-	-	10,7	-	12,7	10,8	-	-	11,9	15,7
Dominican Republic	0,4	-	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	2,8	-	-	-	-	-	3,3	2,9	-	-	-	-
China	5,6	4,6	-	-	-	-	4,8	4,0	-	-	5,3	-
South Korea	1,5	1,6	1,5	-	-	-	1,5	1,5	-	-	2,8	-
Indonesia	0,7	-	-	-	-	-	0,2	-0,4	-	-	0,8	-
Thailand	-2,5	-	-	-	-	-	-2,7	-2,6	-	-	-0,7	-
India	-2,0	-	-	-	-	-	-2,4	-2,2	-	-	-2,6	-
Central and Easter Europe	-5,0	-	-	-	-	-	1,2	0,3	-	-	-	-
Russia	13,0	8,5	-	-	-	-	10,0	7,4	-	-	10,3	-
World	-	-	-	-	-	-	-1,1	-1,3	-	-	-	-

Source: Prepared based on reports of the institutions.

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

(2) OECD Economic Outlook No. 78 (December/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											
											Banco Central ⁽²⁾	
	1999	2000	2001	2002	2003	2004	2005	International Bulletin ⁽¹⁾		2006 f	2007 f	
GDP (Variation %)	0,8	4,4	1,3	1,9	0,5	4,9	2,4	3,5	3,7	3,5	3,7	3,7
Consumer Prices Index	9,1	6,2	7,9	12,2	8,9	6,3	4,9	5,0	4,5	4,6	4,5	4,5
Nominal Interest Rate (Selic end of period)	25,6	17,4	17,3	19,2	23,4	16,3	18,0	-	-	14,8	13,5	13,5
Public Sector Deficit (% of the GDP)	5,8	3,6	3,6	4,6	5,1	2,7	3,3	-3,0	-2,5	4,3	4,2	4,2
Public Sector Debt (% of the GDP)	49,7	48,8	52,6	55,5	57,2	51,7	51,5	-	-	50,4	48,7	48,7
Export (US\$ Billion)	48,0	55,1	58,2	60,4	73,1	96,5	118,3	-	-	127,2	134,4	134,4
Import (US\$ billion)	49,2	55,8	55,6	47,2	48,3	62,8	73,6	-	-	87,2	98,9	98,9
Trade Balance (US\$ Billion)	-1,2	-0,7	2,7	13,1	24,8	33,7	44,7	39,0	36,2	39,9	35,4	35,4
Current Account Balance (% of the GDP)	-4,7	-4,0	-4,6	-1,7	0,8	1,9	1,8	0,8	0,8	9,5	5,9	5,9
Foreign Direct Investment (US\$ billion)	26,9	30,5	24,7	14,1	9,9	8,7	15,2	-	-	15,0	16,2	16,2

Source: Central Bank of Brazil

(1) The forecasts for 2006 and 2007 are average expectations from the forecasts' tables.

(2) Average of market predictions surveyed by the Central Bank on 02/17/2006.

(3) Consumer Price Index (CPI) from Fundação Getúlio Vargas.

MACROECONOMIC INDICATORS OF SELECTED COUNTRIES

Table 7 - Macroeconomic Indicators

Gross Domestic Product - US\$ Billion						
	1999	2000	2001	2002	2003	2004 E
Developed Countries	25.016,0	25.342,4	25.025,9	26.099,1	29.235,3	32.398,1
European Union	8.999,0	8.342,1	8.423,3	9.205,7	11.183,6	12.865,6
Japan	4.471,2	4.750,2	4.167,5	3.980,2	4.299,7	4.671,2
United States	9.268,4	9.817,0	10.128,0	10.469,6	10.971,3	11.734,3
Canada	661,3	725,2	715,6	735,6	870,5	993,4
UK	1.465,2	1.445,7	1.435,3	1.574,0	1.807,5	2.133,0
Euro Zone	6.698,0	6.109,2	6.163,9	6.726,0	8.285,6	9.464,5
Germany	2.146,4	1.905,8	1.892,6	2.025,8	2.446,4	2.754,7
France	1.456,8	1.332,7	1.341,6	1.464,2	1.794,3	2.046,3
Italy	1.182,0	1.077,9	1.091,3	1.190,5	1.471,1	1.680,1
Developing Countries	5.711,0	6.203,7	6.283,7	6.418,2	7.245,8	8.496,7
Africa	432,3	444,1	441,8	467,2	568,1	685,6
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	152,0
Bolivia	8,3	8,4	8,2	7,9	8,1	8,8
Brazil	536,7	601,6	510,4	460,6	505,5	603,8
Chile	73,0	75,2	68,6	67,3	73,4	94,1
Colômbia	86,2	83,8	82,0	81,6	80,0	97,4
Ecuador	16,7	15,9	21,0	24,3	27,2	30,3
Mexico	481,3	580,5	623,7	642,6	636,5	675,3
Paraguay	7,3	7,1	6,5	5,1	5,6	6,7
Peru	51,6	53,5	53,6	56,5	60,8	68,6
Uruguay	20,9	20,1	18,6	12,1	11,2	13,3
Venezuela	98,0	117,2	122,9	92,9	84,3	108,2
Dominican Republic	17,6	19,9	21,9	21,6	16,1	19,4
Asia and Pacific	2.049,4	2.189,2	2.275,8	2.469,3	2.788,2	3.198,9
China	991,4	1.080,7	1.175,7	1.270,7	1.418,3	1.653,7
India	436,8	458,4	471,3	495,1	575,7	665,1
Central and Eastern Europe	598,4	610,3	593,3	686,3	843,3	1.019,9
Russia	195,9	259,7	306,6	345,1	431,4	581,8
World	30.726,9	31.546,1	31.309,6	32.517,3	36.481,1	40.894,8

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	2007 P
Developed Countries	3,5	3,9	1,2	1,5	1,9	3,3	2,5	2,6	2,6
European Union	2,9	3,9	2,0	1,3	1,3	2,5	2,6	2,3	-
Japan	-0,1	2,4	0,2	-0,3	1,4	2,7	2,3	2,2	2,0
United States	4,4	3,7	0,8	1,6	2,7	4,2	3,6	3,2	3,3
Canada	5,5	5,2	1,8	3,1	2,0	2,9	2,9	3,1	2,9
UK	3,0	4,0	2,2	2,0	2,5	3,2	1,7	2,2	2,4
Euro Zone	2,7	3,8	1,7	0,9	0,7	2,0	1,4	1,9	2,1
Germany	1,9	3,1	1,2	0,1	-0,2	1,6	1,1	1,5	1,5
France	3,2	4,1	2,1	1,3	0,9	2,0	1,6	1,9	2,2
Italy	1,7	3,0	1,8	0,4	0,3	1,2	0,1	1,2	1,4
Developing Countries	4,0	5,8	4,1	4,8	6,5	7,3	6,0	5,8	5,9
Africa	2,8	3,3	4,1	3,6	4,6	5,3	4,8	5,4	4,5
Latin America and Caribbean	0,5	3,7	0,4	-0,6	1,7	4,6	4,2	4,0	3,5
Argentina	-3,4	-0,8	-4,4	-10,9	8,8	9,0	8,3	6,1	4,3
Bolivia	0,4	2,5	1,7	2,4	2,8	3,6	3,9	2,8	-
Brazil	0,8	4,4	1,3	1,9	0,5	4,9	2,9	3,5	3,7
Chile	-0,8	4,5	3,4	2,2	3,7	6,1	6,0	5,6	5,1
Colômbia	-4,2	2,9	1,5	1,9	4,1	4,1	4,5	4,3	4,0
Ecuador	-6,3	2,8	5,1	3,4	2,7	6,9	2,9	3,0	2,8
Mexico	3,9	6,6	-0,2	0,8	1,4	4,4	3,0	3,5	3,4
Paraguay	-1,5	-3,3	2,1	0,0	3,8	4,0	3,0	3,3	-
Peru	0,9	2,9	0,2	4,9	4,0	4,8	5,7	4,6	3,8
Uruguay	-2,8	-1,4	-3,4	-11,0	2,2	12,3	5,9	4,2	3,5
Venezuela	-6,0	3,7	3,4	-8,9	-7,7	17,9	8,4	5,5	4,7
Dominican Republic	8,1	7,8	4,0	4,3	-1,6	2,0	5,8	4,8	-
Asia and Pacific	6,2	6,7	5,6	6,6	8,1	8,2	7,5	7,1	7,0
China	7,1	8,0	7,5	8,3	9,3	9,5	9,4	8,7	9,2
South Korea	9,5	8,5	3,8	7,0	3,1	4,6	3,8	5,0	5,0
Indonesia	0,8	4,9	3,8	4,4	4,9	5,1	5,4	5,3	6,0
Tailand	4,4	4,8	2,2	5,3	6,9	6,1	4,1	5,0	4,9
India	6,9	4,7	4,8	4,4	7,5	7,3	7,3	7,0	7,5
Central and Eastern Europe	0,5	4,9	0,2	4,4	4,6	6,5	4,7	5,0	5,7
Russia	6,3	10,0	5,1	4,7	7,3	7,2	5,9	5,9	7,0

Source: IMF

Note: The forecasts for 2005, 2006 and 2007 are average expectations from the forecasts' tables.

Table 9 - Macroeconomic Indicators

Consumer Price Index - %									
	1999	2000	2001	2002	2003	2004E	2005 f	2006 f	2007 f
Developed Countries	1,4	2,2	2,1	1,5	1,8	2,0	2,3	2,0	1,8
European Union	1,7	2,5	2,6	2,2	2,0	2,2	2,8	2,3	-
Japan	-0,3	-0,9	-0,7	-1,0	-0,2	0,0	-0,3	0,1	0,5
United States	2,2	3,4	2,8	1,6	2,3	2,7	3,3	2,8	2,2
Canada	1,7	2,7	2,5	2,3	2,7	1,8	2,3	2,2	1,9
UK	1,4	0,8	1,2	1,3	1,4	1,3	2,1	2,3	1,8
Euro Zone	1,1	2,1	2,3	2,3	2,1	2,1	2,2	2,0	1,8
Germany	0,6	1,4	1,9	1,3	1,0	1,8	1,9	1,7	2,1
France	0,6	1,8	1,8	1,9	2,2	2,3	1,8	1,8	1,3
Italy	1,7	2,6	2,3	2,6	2,8	2,3	2,1	2,1	1,9
Developing Countries	10,4	7,3	6,7	5,9	6,0	5,8	5,5	5,2	4,7
Africa	11,5	13,1	12,2	9,6	10,4	7,8	6,8	7,5	4,9
Latin America and Caribbean	9,5	8,6	5,9	11,4	7,1	6,8	6,3	5,6	5,4
Argentina	-1,2	-0,9	-1,1	25,9	13,4	4,4	11,1	10,8	11,2
Bolivia	2,2	4,6	1,6	0,9	3,3	4,4	5,3	3,2	-
Brazil ⁽¹⁾	8,9	6,0	7,7	12,5	9,3	7,6	5,7	4,6	4,5
Chile	3,3	3,8	3,6	2,5	2,8	1,1	3,7	3,5	3,3
Colômbia	10,9	9,2	8,0	6,3	7,1	5,9	5,1	4,7	4,3
Ecuador	52,2	96,1	37,7	12,6	7,9	2,7	2,8	2,8	3,4
Mexico	16,6	9,5	6,4	5,0	4,5	4,7	3,6	3,8	3,4
Paraguay	6,8	9,0	7,3	10,5	14,2	4,3	8,6	4,7	-
Peru	3,5	3,8	2,0	0,2	2,3	3,7	1,6	2,4	2,9
Uruguay	5,7	4,8	4,4	14,0	19,4	9,2	4,9	6,2	5,8
Venezuela	23,6	16,2	12,5	22,4	31,1	21,7	15,3	15,0	13,0
Dominican Republic	6,5	7,7	8,9	5,2	27,4	51,5	4,3	7,8	-
Asia and Pacific	2,5	1,9	2,7	2,1	2,6	4,2	3,8	4,5	3,6
China	-1,4	0,4	0,7	-0,8	1,2	3,9	2,7	3,4	3,0
India	4,7	4,0	3,8	4,3	3,8	3,8	4,5	4,7	5,5
Central and Eastern Europe	22,9	22,7	19,4	14,7	9,2	6,5	6,5	5,6	6,4
Russia	85,7	20,8	21,5	15,8	13,7	10,9	12,8	10,8	8,9

Source: IMF and Central of Brazil

(1) IPCA and Average of market predictions surveyed by the Central Bank on 02/17/2006.

Note: The forecasts for 2005, 2006 and 2007 are average expectations from the forecasts' tables.

Table 10 - Macroeconomic Indicators

Public Account Balance - % do GDP									
	1999	2000	2001	2002	2003	2004E	2005 f	2006 f	2007 f
Developed Countries	-1,1	0,0	-1,5	-3,4	-3,9	-3,4	-3,1	-3,0	-2,6
European Union	-1,1	0,4	-1,5	-2,5	-3,0	-2,8	-3,1	-3,2	-
Japan	-7,2	-7,5	-6,1	-7,9	-7,8	-7,2	-6,6	-5,5	-5,1
United States	0,6	1,3	-0,7	-4,0	-4,6	-4,0	-3,3	-3,5	-3,2
Canada	1,6	2,9	0,7	-0,1	0,0	0,7	0,8	0,5	0,4
UK	1,1	3,9	0,8	-1,5	-3,2	-3,0	-3,1	-3,1	-3,1
Euro Zone	-1,3	-0,9	-1,8	-2,5	-2,8	-2,7	-3,0	-3,0	-2,8
Germany	-1,5	1,3	-2,8	-3,7	-4,0	-3,7	-3,9	-3,6	-2,7
France	-2,5	-1,5	-1,5	-3,1	-4,2	-3,7	-3,3	-3,6	-3,2
Italy	-1,7	-0,8	-3,2	-2,7	-3,2	-3,2	-4,3	-4,7	-4,5
Developing Countries	-3,8	-2,9	-3,2	-3,4	-2,8	-2,2	-0,7	-0,8	-1,0
Africa	-3,4	-1,3	-1,9	-2,5	-1,5	-0,8	-0,5	-0,9	-0,9
Latin America and Caribbean	-2,9	-2,7	-3,2	-2,6	-2,5	-	-0,8	-0,9	-0,8
Argentina	-1,7	-2,4	-3,2	-1,5	0,5	0,9	1,9	2,3	2,3
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	-3,5	-3,0	-2,5
Chile	-1,4	0,1	-0,3	-0,8	-0,8	2,5	4,1	2,6	2,1
Colombia	-5,5	-5,9	-5,9	-3,6	-2,8	-2,5	-1,2	-2,0	-2,2
Ecuador	-3,9	1,5	0,4	0,6	1,2	-	1,0	0,5	-1,0
Mexico	-1,5	-1,3	-0,7	-1,2	-0,6	-1,3	-0,2	0,0	-0,1
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	-0,7	-1,0	-1,3
Uruguay	-4,0	-4,1	-4,3	-4,0	-3,2	-2,5	-2,0	-1,0	-0,5
Venezuela	-1,6	-1,8	-4,4	-6,3	-7,4	-1,9	2,7	0,6	0,0
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	-1,3	-1,3	-1,6
China	-4,0	-3,6	-3,1	-3,3	-2,8	-2,2	-0,7	-0,6	-2,5
India	-5,5	-5,7	-6,2	-6,1	-5,3	-5,5	-4,3	-4,0	-4,0
Central and Eastern Europe	-5,0	-4,6	-6,8	-6,5	-4,8	-5,2	1,0	0,6	0,6
Russia	-4,2	0,8	2,7	1,3	1,5	3,7	5,3	4,0	5,4

Source: IMF

Note: The forecasts for 2005, 2006 and 2007 are average expectations from the forecasts' tables.

Table 11 - Macroeconomic Indicators

Public Sector Debt - % of GDP							
	1999	2000	2001	2002	2003	2004	2005E
Developed Countries							
Japan	131,1	139,3	148,8	158,4	164,7	169,2	174,4
United States	62,8	57,1	56,6	58,7	60,6	60,7	60,9
Canada	111,6	101,5	100,3	97,4	91,9	87,9	83,0
UK	44,6	41,6	38,4	37,9	39,3	41,1	42,5
Euro Zone							
Germany	59,6	58,7	57,9	59,6	62,8	64,5	67,7
France	58,3	56,6	56,1	58,1	62,7	64,8	66,4
Italy	115,5	111,3	110,9	108,3	106,8	106,6	109,3
Developing Countries							
Latin America and Caribbean							
Argentina	43,5	45,6	53,7	149,9	144,8	132,5	72,7
Bolivia	71,3	71,9	79,4	82,0	93,3	85,0	75,2
Brazil	49,2	49,4	52,6	55,9	58,7	54,1	51,9
Chile	18,4	17,6	19,7	21,4	19,7	17,0	15,4
Colômbia	36,3	42,3	48,6	49,9	67,5	62,5	58,1
Ecuador	92,0	79,7	63,4	55,6	51,8	47,1	44,4
Mexico	21,1	17,8	18,5	20,1	27,6	26,1	25,4
Paraguay	27,2	28,9	32,1	40,8	46,3	40,1	33,6
Peru	47,1	45,3	45,1	47,3	48,4	-	-
Uruguay	30,1	34,7	42,1	82,8	100,4	78,9	66,8
Venezuela	26,3	25,5	28,3	34,0	45,8	39,0	35,8
Dominican Republic	20,9	18,7	19,3	21,0	44,2	25,3	24,8

Source: IMF, ECLAC

(1) Public Sector Net Debt

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: ECLAC

Table 13 - Macroeconomic Indicators

Exports - US\$ Billion						
	1999	2000	2001	2002	2003	2004E
Developed Countries	5.491,1	5.927,3	5.692,4	5.904,4	6.773,3	7.985,2
European Union	2.237,0	2.316,0	2.315,0	2.449,0	2.901,0	-
Japan	417,0	478,6	402,7	416,0	470,8	564,6
United States	687,6	774,3	726,1	689,9	718,8	813,5
Canada	237,1	275,4	259,6	250,9	270,1	313,9
UK	265,3	282,9	272,6	288,6	307,7	348,4
Euro Zone	2.232,3	2.268,1	2.305,6	2.457,2	2.948,7	3.491,5
Germany	542,3	549,0	570,7	592,0	747,8	911,1
France	295,8	295,2	289,3	304,6	357,7	410,3
Italy	234,8	240,3	244,0	254,2	299,2	348,7
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	23,2	26,3	26,5	25,5	29,5	34,2
Bolivia	1,3	1,4	1,3	1,4	1,6	2,2
Brazil	48,0	55,1	58,2	60,4	73,1	96,5
Chile	15,4	17,9	18,5	17,2	19,8	30,6
Colômbia	11,6	13,2	12,3	11,8	12,5	16,2
Ecuador	4,4	4,8	4,6	5,0	6,0	7,6
Mexico	136,1	166,1	158,4	160,6	165,2	187,8
Paraguay	0,7	0,9	1,0	1,0	1,2	1,6
Peru	4,7	5,7	5,7	6,0	6,7	10,1
Uruguay	2,2	2,3	2,0	1,8	2,2	2,9
Venezuela	20,1	30,9	25,2	23,9	24,9	37,9
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	194,3	249,2	266,1	325,6	438,2	593,3
India	36,9	45,2	44,3	52,5	63,0	79,8
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	7.038,4	7.826,9	7.565,3	7.938,3	9.234,8	11.149,7

Source: World Trade Organization, ECLAC, Comtrade, CIA

Table 14 - Macroeconomic Indicators

Imports - US\$ Billion						
	1999	2000	2001	2002	2003	2004E
Developed Countries	5.492,8	6.085,5	5.825,6	6.013,1	6.897,3	8.186,2
European Union	2.263,0	2.405,0	2.358,0	2.447,0	2.920,0	-
Japan	309,0	378,9	348,9	336,7	382,8	454,1
United States	1.056,2	1.255,4	1.178,0	1.199,9	1.302,2	1.521,3
Canada	214,9	239,5	227,2	221,8	239,5	272,2
UK	315,3	339,4	338,0	351,7	393,5	461,1
Euro Zone	2.131,6	2.230,7	2.215,0	2.301,6	2.782,3	3.304,3
Germany	472,6	500,1	485,2	471,1	601,1	717,3
France	286,2	303,4	293,5	303,5	362,2	430,7
Italy	216,4	234,6	232,6	243,3	294,2	347,5
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	23,9	20,3	9,0	13,8	23,3
Bolivia	1,8	1,8	1,7	1,8	1,7	1,9
Brazil	49,3	55,1	55,6	47,2	48,3	62,8
Chile	13,9	16,6	16,1	15,4	17,4	22,4
Colômbia	10,7	11,8	12,8	13,2	13,9	17,1
Ecuador	3,0	3,4	5,4	6,4	6,5	7,9
Mexico	141,6	173,9	167,9	168,4	171,0	196,6
Paraguay	1,9	2,2	2,2	1,7	2,5	3,1
Peru	6,8	7,4	7,3	7,5	8,4	10,1
Uruguay	3,4	3,5	3,1	2,0	2,2	3,1
Venezuela	13,6	14,6	16,4	11,7	8,4	14,7
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	243,6	295,2	412,8	561,2
India	45,8	47,1	47,7	57,3	70,8	98,0
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	6.990,3	7.830,4	7.596,8	7.911,5	9.177,0	11.087,5

Source: World Trade Organization, ECLAC, Comtrade, CIA

Table 15 - Macroeconomic Indicators

Trade Balance - US\$ billion									
	1999	2000	2001	2002	2003	2004E	2005 f	2006 f	2007 f
Developed Countries	-1,7	-158,2	-133,2	-108,7	-124,0	-95,1	-	-	-
European Union	-26,0	-89,0	-43,0	2,0	-19,0	173,0	-	-	-
Japan	108,0	99,7	53,9	79,3	88,0	110,5	56,8	62,3	85,6
United States	-368,6	-481,1	-451,9	-510,0	-583,4	-707,8	-710,0	-757,7	-803,3
Canada	22,2	35,9	32,4	29,1	30,5	41,7	40,5	50,3	57,2
UK	-50,0	-56,6	-65,4	-63,1	-85,8	-112,7	-84,5	-99,8	-114,3
Euro Zone	100,7	37,4	90,6	155,6	166,4	187,2	138,2	119,5	135,8
Germany	69,7	48,9	85,5	120,8	146,7	193,8	143,7	148,8	168,0
France	9,6	-8,2	-4,2	1,1	-4,5	-20,4	-18,8	-18,4	-13,3
Italy	18,4	5,7	11,3	10,9	5,0	1,2	-4,0	-10,9	-17,3
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	62,4	118,3	110,0
Argentina	-2,3	2,5	6,2	16,6	15,7	10,9	11,8	10,9	11,2
Bolivia	-0,5	-0,4	-0,4	-0,4	-0,1	0,3	0,1	-	-
Brazil	-1,3	0,0	2,6	13,2	24,8	33,7	38,1	39,0	36,2
Chile	1,5	1,3	2,4	1,8	2,4	8,2	8,9	22,0	40,6
Colômbia	0,9	1,4	-0,5	-1,4	-1,4	-0,9	1,2	0,5	0,7
Ecuador	1,4	1,4	-0,7	-1,4	-0,5	-0,3	0,0	0,5	-
Mexico	-5,5	-7,8	-9,5	-7,8	-5,8	-8,8	-11,9	-12,6	-17,1
Paraguay	-1,2	-1,3	-1,2	-0,7	-1,2	-1,5	-0,4	-	-
Peru	-2,1	-1,7	-1,7	-1,5	-1,7	0,0	3,7	3,0	-
Uruguay	-1,1	-1,2	-1,0	-0,1	0,0	-0,2	0,1	-	-
Venezuela	6,5	16,3	8,8	12,3	16,6	23,2	26,2	27,1	33,7
Dominican Republic	-2,9	-3,8	-3,5	-3,7	-2,1	-2,0	-1,1	-	-
Asia and Pacific	191,6	168,9	127,0	162,2	162,0	-	-	-	-
China	28,6	24,1	22,6	30,4	25,4	32,1	97,7	123,9	-
India	-8,9	-1,9	-3,4	-4,8	-7,8	-18,2	-38,1	-47,3	-
Central and Eastern Europe	-28,6	-30,7	-30,0	-29,1	-34,0	-	-	-	-
Russia	34,3	57,5	59,1	58,3	76,3	105,9	-	-	-
World	48,1	-3,5	-31,5	26,8	57,8	-	-	-	-

Source: World Trade Organization, ECLAC, Comtrade, CIA

Note: The forecasts for 2005, 2006 and 2007 are average expectations from the forecasts' tables.

Table 16 - Macroeconomic Indicators

Current Account Balance - US\$ Billion						
	1999	2000	2001	2002	2003	2004E
Developed Countries	-109,8	-262,0	-210,8	-222,5	-219,6	-314,0
European Union	-15,6	-82,1	-26,0	22,1	7,5	13,3
Japan	114,5	119,6	87,8	112,6	136,2	172,1
United States	-300,1	-416,0	-389,5	-475,2	-519,7	-668,1
Canada	1,7	19,7	16,2	13,5	13,2	22,2
UK	-39,3	-37,0	-31,9	-24,8	-27,4	-42,1
Euro Zone	31,7	-37,0	7,0	48,5	26,7	46,7
Germany	-25,6	-30,2	3,0	45,5	51,1	103,8
France	42,0	18,0	21,5	14,5	7,9	-8,4
Italy	8,2	-5,8	-0,7	-9,5	-19,6	-15,0
Developing Countries	-17,5	88,4	42,5	85,8	143,9	227,7
Africa	-15,4	7,3	0,7	-8,2	-3,1	0,6
Latin America and Caribbean	-54,7	-46,3	-51,5	-13,5	7,9	18,0
Argentina	-11,9	-9,0	-3,9	8,6	7,4	3,0
Bolivia	-0,5	-0,4	-0,3	-0,3	0,0	0,3
Brazil	-25,3	-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	-1,4	-1,2	-1,0
Ecuador	0,8	0,8	-0,7	-1,2	-0,5	0,0
Mexico	-13,9	-18,6	-17,6	-13,5	-8,6	-7,4
Paraguay	-0,2	-0,2	-0,3	0,1	0,1	0,0
Peru	-1,5	-1,6	-1,2	-1,1	-1,1	0,0
Uruguay	-0,5	-0,6	-0,5	0,4	0,0	-0,1
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	1,5
Asia and Pacific	48,5	46,1	40,7	72,3	84,8	93,0
China	15,7	20,5	17,4	35,4	45,9	68,7
India	-3,2	-4,6	1,4	7,1	6,9	-0,8
Central and Eastern Europe	-26,6	-32,7	-16,6	-24,5	-37,3	-50,1
Russia	22,2	44,6	33,4	30,9	35,4	59,9
World	-127,3	-173,7	-168,3	-136,7	-75,6	-86,3

Source: IMF

Table 17 - Macroeconomic Indicators

Current Account Balance - % of GDP									
	1999	2000	2001	2002	2003	2004E	2005 f	2006 f	2007 f
Developed Countries	-0,4	-1,0	-0,8	-0,9	-0,8	-1,0	-1,5	-1,8	-2,2
European Union	-0,2	-1,0	-0,3	0,2	0,1	0,1	-0,1	-0,2	-
Japan	2,6	2,5	2,1	2,8	3,2	3,7	3,4	3,5	4,1
United States	-3,2	-4,2	-3,8	-4,5	-4,7	-5,7	-6,4	-6,6	-7,0
Canada	0,3	2,7	2,3	1,8	1,5	2,2	1,8	1,9	1,9
UK	-2,7	-2,6	-2,2	-1,6	-1,5	-2,0	-2,0	-2,2	-2,7
Euro Zone	0,5	-0,6	0,1	0,7	0,3	0,5	0,0	-0,2	-0,3
Germany	-1,2	-1,6	0,2	2,2	2,1	3,8	4,0	4,0	4,7
France	2,9	1,3	1,6	1,0	0,4	-0,4	-1,4	-1,6	-1,8
Italy	0,7	-0,5	-0,1	-0,8	-1,3	-0,9	-1,6	-1,6	-2,0
Developing Countries	-0,3	1,4	0,7	1,3	2,0	2,7	3,5	3,5	1,9
Africa	-3,6	1,6	0,1	-1,8	-0,5	0,1	2,4	3,6	3,9
Latin America and Caribbean	-3,2	-2,4	-2,8	-0,9	1,2	0,5	1,5	0,9	0,5
Argentina	-4,2	-3,2	-1,4	8,5	5,8	2,0	2,2	1,5	0,8
Bolivia	-5,9	-5,3	-3,4	-4,1	0,6	2,9	1,6	2,9	-
Brazil	-4,7	-4,0	-4,5	-1,7	0,8	1,9	1,7	0,8	0,8
Chile	0,1	-1,2	-1,6	-0,9	-1,5	1,5	0,3	-0,3	-0,2
Colômbia	0,8	0,9	-1,4	-1,7	-1,5	-1,0	-1,1	-1,5	-2,0
Ecuador	4,6	5,3	-3,3	-4,9	-1,8	0,0	0,2	0,8	-0,2
Mexico	-2,9	-3,2	-2,8	-2,1	-1,4	-1,1	-1,0	-1,2	-1,6
Paraguay	-2,3	-2,3	-4,1	1,8	2,2	0,4	-1,9	-0,8	-
Peru	-2,8	-2,9	-2,2	-2,0	-1,8	0,0	0,7	0,2	-0,9
Uruguay	-2,4	-2,8	-2,9	3,2	-0,3	-0,8	-1,1	-3,4	-1,3
Venezuela	2,2	10,1	1,6	8,2	13,6	12,7	17,1	13,8	13,3
Dominican Republic	-2,4	-5,1	-3,4	-3,7	6,3	7,6	0,4	0,4	-
Asia and Pacific	2,4	2,1	1,8	2,9	3,0	2,9	3,4	3,1	2,9
China	1,6	1,9	1,5	2,8	3,2	4,2	5,8	5,1	4,0
India	-0,7	-1,0	0,3	1,4	1,2	-0,1	-1,8	-2,3	-2,2
Central and Eastern Europe	-4,4	-5,4	-2,8	-3,6	-4,4	-4,9	-1,4	-1,9	0,3
Russia	11,3	17,2	10,9	9,0	8,2	10,3	12,7	10,5	7,4

Source: IMF

Note: The forecasts for 2005, 2006 and 2007 are average expectations from the forecasts' tables.

Table 18 - Macroeconomic Indicators

Foreign Direct Investment Inflows - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005E
Developed Countries	849,1	1.134,3	596,3	547,8	441,7	414,7	573,2
European Union	501,5	696,3	382,6	420,4	340,1	259,1	445,3
Japan	12,7	8,3	6,2	9,2	6,3	7,8	9,4
United States	283,4	314,0	159,5	71,3	56,8	95,9	106,0
Canada	24,7	66,8	27,7	21,5	6,3	6,3	-
UK	88,0	118,8	52,6	24,0	27,4	77,6	219,1
Euro Zone	-	-	-	-	-	-	-
Germany	56,1	198,3	26,4	50,5	27,3	-38,6	-
France	46,5	43,3	50,5	49,0	42,5	24,3	-
Italy	6,9	13,4	14,9	14,5	16,4	16,8	-
Developing Countries	232,5	253,2	217,8	155,5	172,1	243,1	273,5
Africa	11,9	9,6	20,0	13,0	17,2	18,7	28,9
Latin America and Caribbean	108,6	97,5	89,1	50,5	48,0	68,9	72,0
Argentina	24,0	10,4	2,2	2,1	1,9	4,3	-
Bolivia	1,0	0,7	0,7	0,7	0,2	0,1	-
Brazil	28,6	32,8	22,5	16,6	10,1	18,2	15,5
Chile	8,8	4,9	4,2	2,6	4,4	7,6	7,0
Colômbia	1,5	2,4	2,5	2,1	1,8	2,7	-
Ecuador	0,6	0,7	1,3	1,3	1,6	1,2	-
Mexico	13,2	16,8	27,6	15,1	12,8	17,9	17,2
Paraguay	0,1	0,1	0,1	0,0	0,0	0,1	-
Peru	1,9	0,8	1,1	2,2	1,3	1,8	-
Uruguay	0,2	0,3	0,3	0,2	0,4	0,3	-
Venezuela	2,9	4,7	3,7	0,8	2,7	1,5	-
Dominican Republic	1,3	1,0	1,1	0,9	0,6	0,6	-
Asia and Pacific	112,0	146,0	108,7	92,0	106,9	155,5	172,7
China	40,3	40,7	46,9	52,7	53,5	60,6	60,3
India	2,2	2,3	3,4	3,4	4,3	5,3	6,0
Central and Eastern Europe	10,5	9,1	11,8	12,8	24,0	37,2	49,9
Russia	3,3	2,7	2,7	3,5	8,0	12,5	26,1
World	1.092,1	1.396,5	825,9	716,1	637,8	695,0	896,7

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: 2003 - 2005 ¹										
	Units	2003	2004	2005	05 Q1	05 Q2	05 Q3	05 Q4	dec/05	jan/06
Food										
Cereals										
Wheat	\$/MT	146	157	152	152	142	151	164	164	167
Maize	\$/MT	105	112	98	97	96	100	100	103	103
Rice	\$/MT	199	246	288	292	294	283	282	277	284
Barley	\$/MT	105	99	95	91	92	98	100	103	104
Vegetables oils and protein meals										
Soybeans	\$/MT	233	277	223	209	239	232	213	217	214
Soybean meal	\$/MT	215	257	206	187	223	217	196	210	202
Soybean oil	\$/MT	500	590	496	464	510	516	493	466	483
Palm oil	\$/MT	410	435	368	356	372	367	376	369	378
Coconut oil	\$/MT	462	673	620	679	659	569	571	549	566
Fish meal	\$/MT	650	693	744	707	696	741	832	855	910
Sunflower oil	\$/MT	650	734	1.145	1116	1158	1152	1152	1152	1091
Olive oil	\$/MT	3.797	4.631	5.519	5525	5493	5500	5559	5296	5751
Groundnuts	\$/MT	856	910	769	910	762	704	700	700	710
Meat										
Beef	cts/lb	90	114	119	118	120	121	116	116	114
Lamb	cts/lb	160	166	161	176	164	155	149	149	149
Swine meat	cts/lb	53	71	68	70	70	68	62	61	56
Poultry	cts/lb	66	76	74	74	74	75	73	71	70
Seafood										
Fish meal	\$/kg	3.0	3.3	4.1	3.9	4.1	4.3	4.0	4.1	4.2
Shrimp	\$/lb	11.5	10.4	9.9	10.9	9.8	9.3	9.5	9.5	9.6
Sugar										
Free market	cts/lb	6.9	7.5	10.1	9.0	8.7	10.1	12.4	13.9	16.2
United States	cts/lb	21	21	21	21	21	21	22	22	23
EU	cts/lb	27	30	30	31	31	30	29	29	30
Bananas	\$/MT	375	525	577	765	569	463	510	568	625
Oranges	\$/MT	683	855	842	831	1065	752	722	658	770
Beverages										
Coffee										
Other milds	cts/lb	64	80	114	121	125	105	106	103	124
Robusta	cts/lb	38	37	53	45	58	55	55	59	66
Cocoa Beans	\$/MT	1.753	1.551	1.545	1.678	1.545	1.492	1.465	1.511	1.576
Metals										
Copper	\$/MT	1.779	2.863	3.676	3.265	3.387	3.750	4.304	4.577	4.744
Aluminum	\$/MT	1.433	1.719	1.901	1.902	1.788	1.831	2.081	2.251	2.383
Iron Ore	cts/DMTU	32	38	65	65	65	65	65	65	65
Tin	\$/MT	4.890	8.481	7.385	8.085	7.946	7.060	6.451	6.763	7.067
Nickel	\$/MT	9.630	13.821	14.778	15.406	16.418	14.568	12.719	13.490	14.661
Zinc	\$/MT	828	1.048	1.381	1.314	1.272	1.298	1.638	1.819	2.092
Lead	\$/MT	514	882	974	976	983	893	1.046	1.120	1.258
Uranium	\$/lb	11.2	18.0	27.9	21.2	26.8	29.8	33.9	35.5	36.8
Energy										
Spot cru (APSP 2)										
U.K. Brent	\$/bbl	28.9	37.8	53.4	46.1	50.8	60.0	56.5	56.5	62.4
Dubai	\$/bbl	28.9	38.3	54.4	47.6	51.6	61.6	56.9	56.7	63.6
West Texas Intermediate	\$/bbl	26.7	33.5	49.2	41.1	47.7	55.3	52.7	53.1	58.3
Natural Gas										
Russian in Germany	\$/000M3	125.5	135.2	212.9	182.2	198.4	220.7	250.6	250.6	275.8
Indonesian in Japan	\$/M3	104.8	123.9	149.8	128.9	145.9	154.2	169.9	170.6	170.6
US, domestic market	\$/000M3	197.8	212.7	319.0	227.3	250.0	355.0	443.8	469.8	312.7
Coal										
Australian	\$/MT	27.7	54.7	49.1	53.0	52.9	50.2	40.4	38.2	43.2
South African	\$/MT	30.0	54.7	46.1	47.8	46.8	49.1	40.6	40.4	44.6

¹ Preliminary numbers since the last quarter of 2005² 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
ago/05	2,36	2,90	4,23
sep/05	2,29	2,82	4,16
oct/05	2,26	2,71	3,98
nov/05	2,21	2,61	3,84
dec/05	2,28	2,71	3,98
jan/06	2,27	2,76	4,02

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	2.350	11,13	25,18
may/05	2,87	578,03	2.339	10,99	24,45
jun/05	2,86	585,22	2.327	10,83	24,21
jul/05	2,85	575,77	2.324	10,69	24,58
ago/05	2,88	546,61	2.306	10,67	24,32
sep/05	2,90	536,00	2.295	10,79	24,07
oct/05	2,96	535,88	2.293	10,84	23,62
nov/05	2,97	529,96	2.280	10,68	23,49
dec/05	3,01	514,00	2.280	10,63	23,70
jan/06	3,05	524,65	-	10,56	24,18

Source: BCRP and Mecon

Table 23 - Economic Indicators

Month	Interest Rate (annual percent change)					
	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	3,13	3,82	4,03	4,38
ago/05	9,75	19,75	3,86	4,01	4,26	4,58
sep/05	9,75	19,61	3,21	4,03	4,20	4,42
oct/05	9,75	19,25	2,68	4,33	4,55	4,75
nov/05	9,75	18,87	2,46	4,54	4,78	4,95
dec/05	9,75	18,24	2,63	4,55	4,83	4,93
jan/06	9,00	17,65	-	4,72	4,83	4,82

Source: Central Bank of Brazil and BNDES.

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

Table 24 - Economic Indicators

Month	Stock Index (basis points)					
	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
ago/05	11.442	10.482	2.152	527,4	18,1	1.365
sep/05	13.012	10.569	2.153	561,9	18,4	1.428
oct/05	13.238	10.440	2.120	546,8	18,7	1.417
nov/05	14.068	10.806	2.233	541,7	18,0	1.532
dec/05	14.510	10.718	2.205	508,4	18,0	1.658
jan/06	15.977	-	-	547,0	17,9	1.774

Source: Central Bank of Brazil and Mecon.