

1) GLOBAL OVERVIEW

Despite the turbulences in global markets by the end of May - mainly reflected in the expressive drop in international stock markets and increase in the sovereign risk of emerging markets -, the main indicators point out to maintenance of the growth trend in the global economy throughout 2006 and 2007.

Estimates from the World Bank, IMF, OCDE and Economist Intelligence Unit (EIU) show that the GDP global has been growing in real terms at an annualized rate of over 4.0% for 11 consecutive quarters. The best news is that this global growth has been followed by inflation under control, despite the oil prices having virtually tripled since 2003. However, the maintenance of high oil quotations and the conduction of the monetary policy by the new president of FED in the USA remain as potentially unbalancing factors.

The forecasts for 2006 and 2007 continue pointing out to a maintenance of the global growth, evidenced by the United States of America (USA) and China leadership and by a consolidation of the Japanese economy's recovery - in a context of controlled inflation and gradual reduction in unemployment - see Tables 1 and 2 of the section "Forecasts and Economic Indicators". The news is the perspective of a better performance of countries of the Euro zone in 2006 and 2007, as compared to 2005.

According to estimates from several institutions, the international economy should present an average real growth of about 4.0% in 2006 and 2007 - see other forecasts in Table 1 of the section "Forecasts and Economic Indicators".

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With respect to global trade, both the IMF and OCDE project higher growth rates for 2006 and 2007, against 2005. For the IMF, the world trade is expected to grow 8.0% and 7.5%, respectively, in 2006 and 2007, in face of the expansion of 7.5% presented in 2005. OCDE is more optimistic and considers a growth of 9.3% and 9.1% for 2006 and 2007, respectively.

In accordance with the second estimate of USA's Bureau of Economic Analysis (BEA), the GDP of that country grew in real terms 5.3% in first quarter/2006, over the 4.8% initially forecasted. Despite higher than the first estimate, the number was below the average forecasts from 23 economists consulted, which was 5.8%. For 2006 and 2007, the forecasts point out to a continuity in the growth trend, with the USA's GDP presenting an expansion of about 3.3-3.6% and 3.2%, respectively - see forecasts in Tables 1, 2, 3, 4, 5, 6 and 8 of the section "Forecasts and Economic Indicators". The unemployment rate, on its turn, is expected to maintain the drop trend, reaching nearly 4.7% in 2006 and 2007.

In relation to inflation, the price index core of personnel consumption expenditures, which excludes prices of energy and food, presented a variance of 2.1% accumulated in 12 months until April, slightly over the 2.0% presented in March. As this was the higher accumulated increase in 12 months since March 2005 and was over the 2.0% considered "comfortable" by the FED, expanded, in a certain extent, the climate of uncertainty as to the next decision of the USA's central bank on interest rates, by the end of June. The great doubt is whether the FED will make a pause in the increase in interests rates that are presently at 5.0%, after 16 consecutive increases of 0.25 percentage point since mid 2004. Let's wait for the disclosure of next economic activity level indicators. It is worth stressing that, despite GDP's real growth in first quarter having been revised above the previous forecast, the forecasts are that in second quarter/2006 the product expansion rate decelerates to around 3.0% to 3.5%: that is, there are not signs of overheating in the economic activity level justifying a higher pressure on prices of the economy and, consequently, requiring new increases of interest rates by the FED. It is expected that the inflation core remains stable around 2% throughout the next two years.

With respect to the Asian continent, according to China's National Office of Statistics, there was a real 10.2% GDP growth in first quarter/2006, against the same period of previous year. The growth highlight went to industry GDP, with a growth of 12.5% in the period. Most recent indicators show maintenance of high growth rates. In April, the industrial production presented an expansion of 16.6% in relation to same month of 2005. Estimates point out to an increase of 30% in investments in machinery and equipment in the first four-month period/2006, against January/April 2005. For 2006 and 2007, average estimates point out to a real growth maintenance in the Chinese GDP at high levels, about 9%, followed by inflation rates under control, around 3.0% - see Tables 1, 2, 3, 4, 5, 6 and 8 of the section "Forecasts and Economic Indicators".

According to the Bank of Japan, GDP presented a real growth of 3.1% in first quarter/2006, against same period of 2005. Despite a number lower than the growth of 3.7% presented in fourth quarter/2005, the optimism remains in relation to the Japanese economy's performance. After having increased 2.7% in 2005, the average of forecasts points out to a GDP real growth rate of about 2.6% and 2.2% in 2006 and 2007, respectively - see Tables 1, 2, 3, 4, 5, 6 and 8 of the section "Forecasts and Economic Indicators". The decisions at the last meeting of Japan's Monetary Policy Committee at May 19 confirmed that the expansionist monetary policy will be maintained until definitively eliminating the risks of a new period of deflation. With the con-

firmation of the growth trend continuity, the forecasts are that the Japanese unemployment rate continues reducing, to around 4.0% in 2006 and 3.5% in 2007. In 2002, the unemployment rate was 5.4%.

In India, the economic activity level indicators continue increasing. After a real growth of 8.0% in 2005, most forecasts point out to a GDP real growth slightly lower, of about 7.4% in 2006 and 2007. It is projected an accumulated inflation of about 4.7% in 2006 and 2007. The basic interest rates of the economy have been gradually reduced in recent years and are presently around 6.0% p.a., which has been contributing to an increase in the economy's aggregated demand.

In relation to the European Union, at the euro zone, the forecasts are more optimistic in relation to the performance in 2006 and 2007, after a growth rate of 1.5% in 2005. The institutions consulted point out to growth rates of 2.0% in 2006 and 2007—see section “Forecasts and Economic Indicators”. According to the OCDE, a better performance of GDP will lead to a reduction in unemployment rates of the region, from the 8.6% presented in 2005, to 8.2% in 2006, and 7.9% in 2007.

A higher growth is expected to be led by Germany and France, the two leading economies of the block. In relation to Germany, the OCDE expects GDP expansion rates of 1.8% and 1.7%, respectively, in 2006 and 2007 – see other less optimistic forecasts in the tables of section “Forecasts and Economic Indicators”. OCDE also projects lower unemployment rates to Germany: 8.5% and 8.1%, respectively, in 2006 and 2007, against 9.1% presented in 2005. As to France, the OCDE projects a GDP expansion of 2.1% and 2.2%, in 2006 and 2007, respectively.

With respect to Latin America and the Caribbean's economies for 2006 and 2007, the forecasts point out to an average real growth of 4.2% and 3.7%, respectively – see Tables 1 and 8 of the section “Forecasts and Economic Indicators”; for a detailed analysis of the region, see section “The Latin American economy”.

An “ X ray” of Foreign Direct Investments [FDI] in China

The incoming of foreign direct investments [FDI] in China occurs mainly in the form of joint ventures with local companies, mostly public companies.

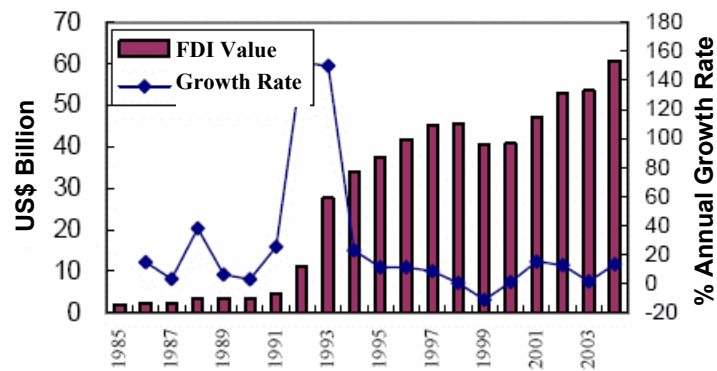
These are enterprises with foreign capital participation account for over 30% of industrial product and over 50% of total Chinese exports, employing about 3% of the country's labor force. The main motivation for FDI entry in China is the exploration of its domestic market, combined to the use of the country as an export platform to other countries (using the advantage of lower production costs).

The FDI entry in China accelerated significantly in the two last decades. Before 1979 the FDI were not allowed, and from that date on it began a process of progressive flexibility for their entry (obviously for Chinese standards). In the first stages, FDI's entry was restricted to special economic zones and was focused on hotel sector's construction and in energy sectors. After 1992 the entry flows increased significantly, reflecting the positive reaction of international investors to a higher commitment of China towards market reforms. Another important moment occurred after China joining the World Trade Organization (WTO), in November 2001.

The numbers are remarkable: by mid 1980's the annual flows were lower than US\$ 2 billion and it is estimated that they have reached US\$ 60 billion in 2005 (UNCTAD's forecasts - see note at bottom of the page). In 2004, the FDI reached US\$ 61 billion – final data -, see Graph below.

Before 2002, the main countries of FDI origin in China were Asian. From then on, the FDI started diversifying, with an increasing share of FDI from USA and other countries of the OCDE. After China joining OMC in 2002, the FDI share in the industrial sector increased strongly: from less than 60% to over 70% of total incoming flows. According to UNCTAD (2005), the stock of foreign direct investments in China increased from US\$ 20.7 billion in 1990 to US\$ 245.5 billion in 2004.

The growth rate of exports of enterprises holding foreign capital after 1991 in various occasions exceeded 30%-40% annually, which explains the high growth of its share in China's total external sales: from less than 2% in 1985, to around 50% and 60% in the last three years – see Table below.



Source: Whalley and Xin (2006).

Enterprises' Evolution of Exports with Foreign Share

	<i>Growth rate of total exports</i>	<i>Growth of exports in enterprises with foreign share</i>	<i>Export. Enterprises with foreign share/ total export.</i>
	(1)	(2)	(2)
1991	15.80	53.90	16.70
1992	18.10	45.00	20.50
1993	8.00	44.90	27.50
1994	31.90	36.40	28.40
1995	22.90	36.40	31.50
1996	1.50	31.10	40.70
1997	21.00	21.90	41.00
1998	0.50	8.00	44.10
1999	6.10	9.50	45.50
2000	27.80	34.70	47.90
2001	6.80	11.60	50.10
2002	22.40	27.50	52.20
2003	34.60	41.40	54.80
2004	35.40	41.10	57.10

Source: Whalley e Xin (2006).

Considering that the Chinese policies in relation to FDI and the regulatory base are still far from considered ideal by international investors, the Chinese success in attracting FDI confirms that the search for new markets continues to be the utmost in the capitalist world, and that the perspective of sustained growth rates is the best way to attract new investments. In view of the fantastic economic performance throughout the two last decades, which economic agent would disregard investing in China?

Note: The text above was referred to the World Investment Report of UNCTAD 2005 (www.unctad.org), several information from the site of China's National Statistics Office (www.stats.gov.cn/english/) and the text "China's FDI and Non-FDI economies and the sustainability of future high Chinese growth", of Whalley and Xin (NBER working paper 12249, of March 2006).

2) THE LATIN AMERICAN ECONOMY

The Latin American economies continue presenting a good performance. The leading countries were Venezuela and Argentina, with expansion rates exceeding 9% in 2005. Paraguay and Mexico were the countries with lower growth rates among the countries analyzed, 2.7% p.a. and 3% p.a. in 2005.

In almost all countries analyzed, the investment and the investment rate grew at two-digit rates. Exports growth also continued high, in most countries. Lastly, the private consumption also showed vitality. Due to the high GDP growth, Argentina and Venezuela presented a substantial drop in the unemployment rate in recent years. In the other countries, the unemployment rate is reasonably stable.

As a result of the GDP growth, there was a significant increase in imports. However, due to the increase in exported value. Inflation has been maintained under control, with a tendency to decelerate in the first months of the year.

2.1) Argentina

The Argentine economy grew 9.2% in 2005, exceeding the already excellent performance obtained in previous year (9.0%). The aggregate demand component with higher dynamism in the economic recovery was investments, which reached growth rates over 30% in 2003 and 2004. In 2005, this continued to be the component of higher expansion in Argentina's economy, growing 26.9%. Investment is, presently, the second main component in Argentine GDP. Investment expansion arose from construction expenditures and mainly for the acquisition of machinery and equipment. However, the growth in investment occurred, mostly, due to a recovery in levels previously presented. Between 1998 and 2002, investment accumulated a decrease of 56%.

The economy recovery had important impacts on Argentina's employment and income indicators. The unemployment rate dropped from 20.4% of the economically active population in first quarter/2003 to 10.1% in fourth quarter of last year. In 2005, unemployment declined 2 percentage points in relation to previous year. The main sectors that created employment were manufacturing industry, trading and construction. However, a slight increase in unemployment rate occurred in first quarter/2006, which reached 11.4%.

After the consumer price index [CPI] reached 41% in 2002, the inflation rates decreased strongly in the two following years. In 2003 and 2004, the rates were respectively 3.7% and 6.1%. However, inflation increased throughout 2005, reaching 12.3%. Monthly rates exceeded 1%, for the first time since January 2003. Inflation accumulated in 2005 was the double of previous year, which had been 6.1%. When comparing April 2006 against the same month of previous year, there was a variance of 11.6% in price level. While the variance accumulated in the first four-month period/2006 was 3.9%.

The highest increases occurred in the segments of food and beverage (15.7% in relation to December 2004), education (15.7%) and basic services (14.9%). Regulated prices contributed strongly to contain Argentina's inflation in the year. These prices increased only 3.7%, while the prices of the other goods presented an increase of 14.2%. Goods and services with regulated prices represent 20.0% of CPI and are composed of fuels, electricity, water and sanitary services, public transport of passengers, maintenance of vehicles, mail, telephone tariffs and cigarettes. With relation to the first four-month period/2006, the segments that presented a higher increase in relation to December 2005 were: education (10.7%), clothing (7.0%) and leisure (4.3%).

The economy recovery led to a large increase in imports. In the last two years, high surpluses still occurred, of about US\$ 13 billion, but imports have been increasing at high rates: 61.0% in 2004 and 29.0% in 2005, but the levels prior to the crisis have not yet been recovered. Imports in 2005 were even lower than in 1998. Exports presented, in recent years, relative increases lower than imports, but sufficient to reach successive records in this period, doubling in relation to ten years ago. In 2005, Argentine exports were US\$ 40 billion. In first quarter/2006, exports reached US\$ 9.7 billion, meaning a growth of 16.0% when compared to the same period of 2005.

Argentina's Balance of Payments has been presenting surpluses since 2003. In 2005, the balance was positive by US\$ 8.9 billion. Current account result is the main responsible for this behavior, with US\$ 5.4 billion. On the other hand, this is sustained by the high balances in the trade balance of commodities. The balance of services and the balance of revenues present recurrent deficits. The deficit in balance of revenues

was a record in 2004, reaching US\$ 8.9 billion, and continued high in 2005 (US\$ 6.3 billion). Despite still significant, the deficits in the balance of services have been decreasing in recent years.

2.2) Uruguay

After a period of strong economic retraction, Uruguay's GDP has been growing at high rates. After expanding 11.8% in 2004, the GDP grew 6.5% in 2005. However, only in 2005 the country's GDP surpassed the one reached in 1998.

Exports were the aggregate demand component that grew more. In 2005, exports grew 16.8%, in real terms, after a growth of 27.6% in 2004. Investments have also been expanded considerably: 22.0% in 2004 and 10.1% in 2005. On the other hand, government expenditures continued growing slowly: 2.5% in 2004 and in 2005. Private consumption expenditures grew only 2.5%, much below the result in 2004 (11.8%).

In 2005, the consumer price index was 4.9%, meaning a substantial drop in relation to 7.6% in 2004. However, in April 2006, the inflation accumulated in last 12 months accelerated and reached 6.0% .

There was a slight unemployment acceleration in 2006. In February 2006, the unemployment rate was 12.4%, while in first quarter of last year it was 12.1%.

In 2005, Uruguayan exports increased 16.2%, in dollars, reaching US\$ 3,405 million. The growth in traditional exports (16.7%) was very close to the non-traditional (16.4%). Imports grew in a more accelerated way (24.6%), reaching US\$ 3,879 million. This provoked a strong increase in the country's trade deficit, from US\$ 192 million to US\$ 474 million, and provoked a deficit in the balance of current transactions.

2.3) Paraguay

The Paraguayan government estimates that the GDP growth rate was 2.7% in 2005, meaning a reasonable drop in relation to 4.1% in 2004. This growth was led by the sector of services, while the agriculture sector suffered with drops in production of the two main Paraguayan products: cotton and soy.

In 2005, the Consumer Price Index accumulated an increase of 9.9%. In the beginning 2006, inflation increased slightly and the accumulated index for 12 months until April 2006 was 10.6%. This corresponded to inflation significantly higher than the annual target for inflation established by the Central Bank, of 5% (with a tolerance of 2.5 percentage points). The oil price and the exchange devaluation are pointed out as accounting for the acceleration in inflation.

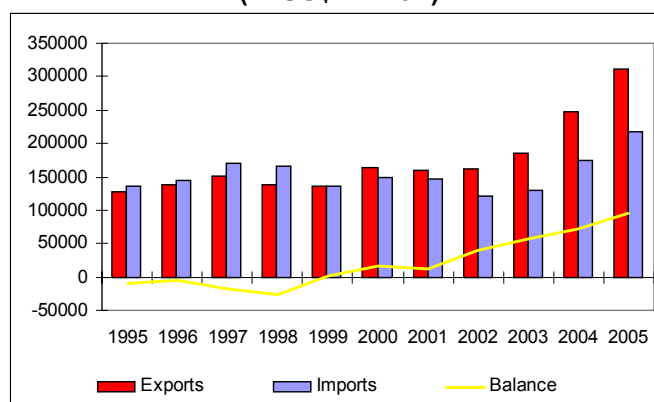
The Paraguayan exports in 2005 increased only 3.8% in relation to 2004. On the other hand, imports grew 9.7% in the accumulated for the year amounted to US\$ 2.11 billion. Brazil and Argentina are the leading exporters to Paraguay, with 29% and 22% of sales, respectively.

Differentiated performance in South and Central America

In the last 3 years, South America's exports have been highly benefited by the high growth in global trade. While the growth rate of exports in this region, between 1995 and 2002, was only 3.2%, the growth rate in the last three years was 15.7% in 2003, 32.6% in 2004 and 26.3% in 2005.

The growth in exports prevented that the GDP and imports recovery for these countries, from 2003, provoked a reduction in South America's trade and current account balance. This will reduce the risk of future foreign exchange crisis, phenomena very common in the region. On the contrary, the trade and current account balance of the region has been obtaining successive records.

**Graph 2.1: South America Balance of Trade: 1995 to 2005
(in US\$ million)**



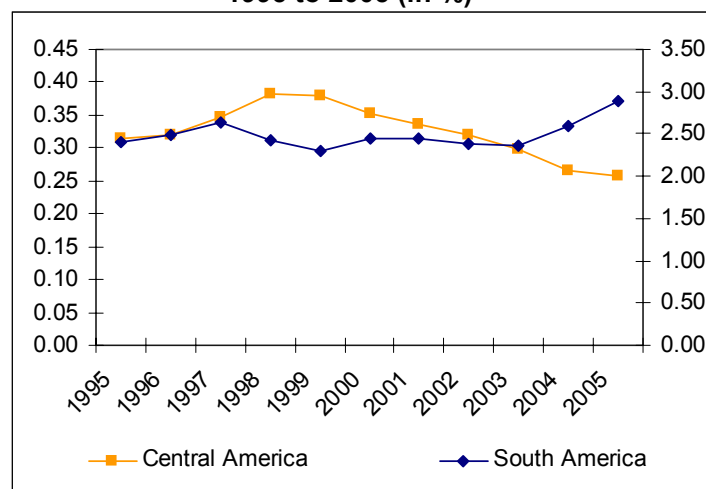
Source: Own preparation based on WTO's data.

South American exports, in addition to presenting a high growth rate, gained a substantial share in total global exports, going from 2.37% in 2003 to 2.90% of total global in 2005.

This performance contrasts with the evolution of Central America's exports. Since 2000, the share of Central American countries in global exports dropped 32%, decreasing from 0.38% of total global in 2000 to 0.26% in 2005.

The main reasons for this result is that the South American countries were benefited by price increases in its main commodities and/or managed to expand the volume sold of its exported products. Commodities like oil, copper and iron ore presented a large increase in prices, due to restrictions to increase in the offer and the strong expansion in consumption, mainly in China. On the other hand, some countries, notably Brazil, managed to expand the volume exported of a diversity of industrial goods and some agricultural, in addition to benefit from the increase in prices. Anyway, this significant increase in exports was much spread in South America. In all countries, the value of exports in 2005 was higher than in 2003. And, with exception of Paraguay and Guyana, all presented a growth between 35.4% (Argentina) and 106.8% (Venezuela) of exports between 2003 and 2005

Graph 2.2: South and Central America share in total global exports: 1995 to 2005 (in %)



Source: Own preparation based on WTO's data.

2.4) Venezuela

The Venezuelan economy continues presenting a strong economic growth. In 2005, its GDP grew 9.3%, mainly due to the non-oil performance, which expanded 10.3%. In first quarter/2006, the Venezuelan GDP grew 9.4% in relation to the same period of previous year, and the activities not connected to oil production expanded 10.9%. The activities associated to the extraction of oil grew 1.7%, in real terms, in 2005, while in first quarter of current year there was a drop of 0.2% in relation to the same period of previous year.

In 2004, the Venezuelan economy presented a strong recovery. GDP increased 17.7%. However, it should be noted that this growth was under very depreciated bases. The Venezuelan GDP decreased 7.7% in 2003 and 8.9% in 2002.

The Venezuelan economy recovery, in 2004 and 2005, is a result of the expansion of internal demand components (investments, private consumption and government expenditures). Investments grew 89.8% in 2004 and 20.5% in 2005. In first quarter/2006, investments expanded only 0.5% in relation to the same period of previous year. This occurred due to a strong drop in variances of inventories (-68.8%). The investment rate grew 20.3%. However, despite this growth, investments in 2005 were 0.3% lower than in 2001. Investments were the GDP component that presented the highest drop during the crisis: dropped 30.9% of GDP in 2001 to 16% in 2003. Private consumption has also been increasing strongly. In 2004 and 2005, the private consumption annual average growth rate was 16.5%. In first quarter/2006, the consumption expanded 19.3% in comparison with the same quarter of last year.

Public expenditures presented a more stable trend. Its average growth in the last 2 years was 10.7%. In the first quarter of current year, public expenditures increased 9.2% in comparison with the same quarter of last year.

This economic growth has been provoking a substantial drop in unemployment. The unemployment rate dropped from 20% in February 2003 to 10.2% in April 2006. The average real salary increased 5% between the fourth quarter/2003 and the same quarter of 2005.

The Venezuelan economic recovery has not provoked acceleration on the inflation rate. On the contrary, in the period there was a substantial decrease in inflation. In 2005, inflation to consumers was 14.4%. And, in March 2006, the inflation accumulated in 12 months was 12.1%. Except for April 2001, this was the lower inflation rate for 12 months since 1986.

Imports have been an important solution to hold prices, due to the increasing domestic demand. Use of the installed capacity is high, due to the quick economic growth. Imports were close to 30% of GDP in 2005, the higher number ever presented since the existence of a quarterly series of GDP in Venezuela.

The oil price increase allowed an increase in revenues obtained by the Venezuelan government – either directly via *Petróleos de Venezuela S/A [PDVSA]* or through the taxes from the sector – generating an excess of foreign currencies. Exports of oil increased from US\$ 22 billion in 2003 to US\$ 48 billion in 2005. In the same period, the other exports of goods increased from US\$ 5.1 billion to US\$ 7.4 billion. This provoked exports of goods to increase from of US\$ 27.2 billion to US\$ 55.5 billion, allowing an increase in trade balance from US\$ 10.7 billion in 2003 to US\$ 31.5 billion last year, despite the increase in imports.

Due to structural deficits in the balance of non-factor services (US\$ 4.1 billion) and of revenues (US\$ 2 billion), the surplus in current account of Venezuela in 2005 was US\$ 25.4 billion, slightly lower than the trade balance.

In first quarter/2006, Venezuela had a current account surplus of US\$ 7.5 billion, an increase of 59.3% in comparison with the same quarter of last year. Exports from the country in first quarter/2006 were US\$ 9.8 billion and imports US\$ 5.9 billion.

2.5) Chile

In the beginning of current year, the Chilean economy decelerated slightly. In first quarter/2006, GDP grew 4.6% in relation to the same period of previous year. In 2004, the growth had been 6.2% and in 2005 it was 6.3%. By the non-seasoned series, GDP presented small drops in relation to the month immediately previous in February (-0.2%) and March (-0.4%).

In 2005, the main responsible for GDP performance were the sectors of communication (9.9%), construction (9.8%) and trade (8.8%). The manufacturing industry and farming also presented a good performance, with growths of 5.2% and 5.7%, respectively. In contrast with these sectors, mining presented zero growth. It should be noted that mining is an important economic activity to the country, generating a value almost equal to the manufacturing industry.

The investment rate grew 24.7% in 2005 in relation to 2004, leading investments to reach 29% of GDP, a number similar to the one presented during the 1990's decade. Private consumption also presented a remarkable growth (8.2%) in 2005, and government expenditures, 4.5%.

Due to the increase in prices of goods exported by the country in recent years, the value of Chilean exports has been presenting a strong growth: 48% in 2004 and 26% in 2005, reaching US\$ 41 billion. In the first three months of 2006, the growth was 30% in relation to the previous period. This increase was mainly due to the increase in prices of mineral commodities. These exports increased their share in the Chilean ex-

ports program by 38% in first quarter/2003 to 59% in first quarter/2006. According to the Central Bank of Chile, the price of copper increased from US\$ 75 per pound in January 2003 to US\$ 290 in April 2006. In current year, copper represented 86% of Chilean exports of ores.

On the other hand, imports also increased significantly in the period, probably as a result of the foreign exchange valuation and the economic growth. Imports growth in 2004 was 28.6%, in 2005 was 30.7% and in first quarter/2006 was 21.8% in relation to the same period of previous year. Anyway, Chile expanded significantly the trade and current account balances in relation to 2003. The trade balance position increased from US\$ 3 billion to 9.6 billion. The current transactions account went from a deficit position of US\$ 964 million to a surplus of US\$ 702 million.

Due to a policy of limited interventions in foreign exchange, the improvement in external accounts provoked a substantial valuation in the foreign exchange rate. At the average foreign exchange rate for January 2003, a dollar would buy 722 pesos. In April 2006, this value had dropped to 517 pesos.

Inflation is maintained at a low level. In April 2006, inflation to consumers in the accumulated for 12 months was 3.8%. In the same period of 2004, the index had been of only 2.9%.

The unemployment rate is reasonably stable. In March 2006, it reached 7.9%, the same value for the same month of last year. However, in accordance with the non-seasoned series, unemployment has been increasing slowly since October. On the other hand, it should be noted that the unemployment rate stability comes accompanied by an increase in the total number of jobs.

2.6) Colombia

Colombia has been maintaining a moderate GDP growth rate. In 2005, Colombia's GDP grew 5.1%, a number slightly over the 4.8% of 2004. The sectors presenting higher growth rates were construction (12.6%), trade (9.2%) and financial services (8.5%). The manufacturing industry expanded 4.0%, and farming, 2.1%.

Domestic demand increased 9.4% in relation to 2004. Investment sustained the excellent performance, with a growth of 29.0% in relation to previous year, as a result of low interests rates and favorable economic, social and politics conditions. Consumption expenditures (public and private) grew 4.9%. There is a tendency of drop in unemployment rate. In March 2006, unemployment rate was 11.3%, significantly lower to the 13.1% of last year.

In 2005, inflation to consumers in Colombia was 4.9%, within the target established by the Central Bank, between 4.5% and 5.5%, and inflation continued to drop in the beginning of 2006. In April, the accumulated inflation for the last 12 months was 4.1%, making highly feasible for the country to reach the inflation target in 2006. In 2006, the inflation target ranges from 4% to 5%.

In 2005, Colombian exports had a good performance, growing 26.6%. Exports of traditional goods were the highlight, expanding 35.3%, while non-traditional goods increased 19.3%. In January 2006, the growth tendency of exports maintained (20.3% in relation to same month of last year). Imports of goods presented the same growth rate of exports (26.6%). This made Colombia to continue presenting a short trade deficit of US\$ 17 million in 2005. The deficit in current account increased from US\$ 938

million in 2004 to US\$ 1.930 million in 2005, mainly due to an increase in net income remitted abroad.

2.7) Mexico

In 2005, Mexico's gross domestic product expanded 3.0%, meaning a small reduction in relation to the growth of 4.2% in 2004. Industrial production presented a deceleration higher than the rest of the economy. The growth rate for industrial production dropped from 4.2% in 2004 to 1.6% in 2005. However, in the first two months of 2006, the industrial production expansion accelerated to 5.7% in relation to the same period of last year.

The economic expansion in 2005 was conducted by the investment rate (+7.6%), followed by exports (+6.9%) and private consumption (+5.4%). The main responsible for the country's low economic growth last year were the zero growth in government expenditures (0.0%) and the strong reduction in inventories' accumulation (-78.3%). Expenditures with machinery and equipment increased 11.5%, of which 3.4% to domestic and 15.9% to imported goods. There is a substantial tendency of increase in the penetration of imports in domestic sales of capital goods in recent years in Mexico. Between 1998 and 2005, the growth in sales of domestic capital goods was only 6.1%, while the imported was 62.3%.

Among the economic activities, in 2005, the sector of services highlighted, presenting a growth of 4.1%. Industrial GDP grew only 1.6% and farming GDP dropped 2.4% in consequence of adverse climatic conditions. In the industrial sector, civil construction grew 3.3%; mining, 1.2%; manufacturing, 1.2%; and electricity, gas and water generation, 1.4%.

Despite the moderate economic growth, the unemployment rate in Mexico has been declining. In March 2006, unemployment was 3.4%, while in the same month of last year it had been 3.6%. The drop in women unemployment was highly substantial, from 4.2% in March 2005 to 3.4% in same month of current year. Among men, there was a slight increase from 3.2% to 3.4%.

Inflation to consumers dropped from 5.1% in 2004 to 3.3% in 2005, and, in April 2006, the inflation accumulated in the last twelve months was 3.2%.

In 2005, Mexican exports were US\$ 214 billion, meaning a growth of 13.7% in relation to 2004. In first quarter/2006, the country's exports grew 25.8% in relation to the same period of previous year. In both periods oil exports provided the highest contribution to the expansion of exports, which increased 34.8% in 2005, reaching US\$ 28 billion, and, in first quarter/2006, the growth was 52.3%. In 2005, exports from maquiladoras grew 11.3%, reaching US\$ 96.8 billion, and the other exports expanded 11.1%, reaching US\$ 88.6 billion. In first quarter/2006, exports from the maquiladoras and other exports grew, respectively, 17.3% and 26.4%.

In 2005, imports were US\$ 221 billion, that is, an expansion of 12.4%. In first quarter/2006, imports grew 19.2%. In both periods, imports with higher increase were the consumer goods, 24.0% and 25.7%, respectively. Imports of capital goods also had a good performance, with expansion of 16.0% in 2005 and 19.5% in first quarter/2006.

Mexico has been presenting a trade balance deficit since 1997. In 2005, the trade deficit presented a slight drop, varying from US\$ 8.8 billion in 2004 to US\$ 7.6

billion. In first quarter/2006, Mexico presented a trade surplus of US\$ 882 million, due to an increase of 25.8% in exports for the period.

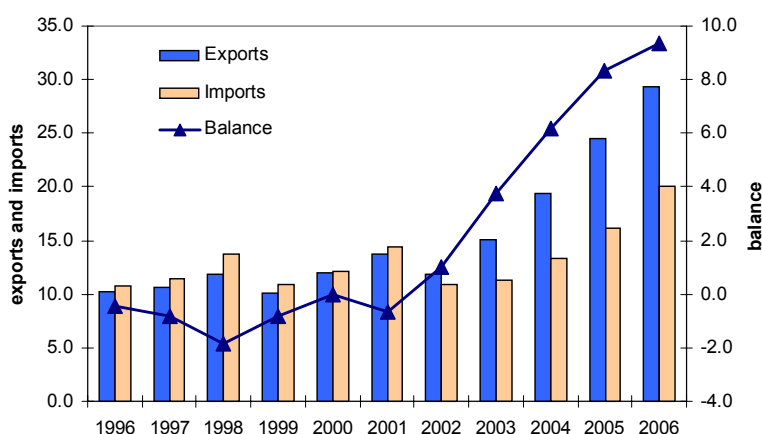
It should be noted the importance of the maquiladoras' trade surplus. This surplus increased from US\$ 19.2 billion in 2004 to US\$ 21.6 billion in 2005. In first quarter/2006, this surplus was US\$ 5.8 billion, an increase of 17.9% in relation to the same period of last year.

4) THE BRAZILIAN ECONOMY'S FOREIGN SECTOR

In first quarter/2006, the Brazilian exports were US\$ 29.4 billion, the highest value in all history of the country's balance of trade for equal periods. Imports were also a record in the first three months of the year, US\$ 20.0 billion, as well as trade balance, of US\$ 9.3 billion. The trade flow presented a growth of 17.9% in relation to the same period of last year.

Since 2003, there has been successive growths in Brazilian exports – see graph 3.1. First quarter/2006 was the fourth consecutive in export growths exceeding 20%. However, for the first time since 2001, imports grew more than exports, for a difference of four percentage points.

**Graph 3.1 Brazilian balance of trade:
first quarters from 1996 to 2006
(in US\$ billion)**



Source: Own preparation based on Secex/MDIC's data

The good performance in the quarter maintains the trend of expansion in the Brazilian trade external accounts for recent years.

In the accumulated for 12 months until March 2006, exports amounted to US\$ 123.2 billion, with a growth of 20.5% in relation to April 2004 through March 2005. Imports were US\$ 77.5 billion, with a growth of 17.0% in the same previous period. There was a significant growth of 26.8% in the balance of trade surplus, in the amount of US\$ 45.8 billion. The balance increased US\$ 10 billion in absolute values.

The trade flow exceeded for the first time the amount of US\$ 200 billion in 12-month periods. This value is the double of the trade flow existing four years ago.

Brazilian exports also present historical record values in all categories of aggregated value. However, the main highlight was the segment of manufactured products, which accounted for nearly half of the total Brazilian exports increase in the accumulated for 12 months. The highlights were the exports of cars, aircrafts, cell telephones, auto parts and iron and steel plain laminated.

Brazil ranks 23rd as global exporter

In 2005, Brazil ranked as the twentieth-third exporter country in the world. The leading exporter was Germany, followed by the United States and China – see table 3.1. In Latin America, Brazil still ranks as second leading exporter, surpassed only by Mexico.

In the last four years, Brazil gained three positions in the global ranking of exporter countries. The Brazilian exports grew nearly 36 percentage points over the global media. Brazil presented one of the highest growth rates in exports for the period, staying only behind of China, Russia, Saudi Arabia and Arabian Emirates, among the 25 leading global exporters. Excluding oil exports, Brazil presented the second higher growth rate in the group.

Table 3.1: Leading global exporters: 2002 to 2005
(in US\$ million)

Country	2002	2003	2004	2005	2005/2004	2005/2002
1 Germany	615.8	751.6	909.9	970.7	6.7%	57.6%
2 United States	693.1	724.8	818.8	904.3	10.4%	30.5%
3 China	325.6	438.2	593.3	762.0	28.4%	134.0%
4 Japan	416.7	471.8	565.7	595.8	5.3%	43.0%
5 France	331.7	392.0	452.1	459.2	1.6%	38.4%
6 Holland	244.1	296.0	357.4	401.3	12.3%	64.4%
7 United Kingdom	280.2	305.6	347.5	377.9	8.7%	34.9%
8 Italy	254.4	299.3	353.8	366.8	3.7%	44.2%
9 Canada	252.4	272.7	316.5	359.6	13.6%	42.5%
10 Belgium	216.1	255.6	306.9	329.7	7.4%	52.5%
11 Hong Kong	201.9	228.7	265.5	292.3	10.1%	44.8%
12 South Korea	162.5	193.8	253.8	284.7	12.2%	75.3%
13 Russia	107.3	135.9	183.2	245.3	33.9%	128.6%
14 Singapore	125.2	159.9	198.6	229.6	15.6%	83.4%
15 Mexico	160.7	165.4	188.0	213.7	13.7%	33.0%
16 Taiwan	135.1	150.6	182.4	196.6	7.7%	45.5%
17 Spain	125.7	156.1	182.6	186.1	1.9%	48.1%
18 Saudi Arabia	72.5	93.2	125.7	178.8	42.2%	146.7%
19 Malaysia	94.1	104.7	126.5	140.9	11.4%	49.9%
20 Sweden	81.5	102.1	123.2	129.9	5.4%	59.4%
21 Swiss	87.9	100.7	118.5	125.9	6.2%	43.3%
22 Austria	78.7	97.1	118.4	123.3	4.2%	56.7%
23 Brazil	60.4	73.1	96.5	118.3	22.6%	96.0%
24 Arabian Emirates	52.2	67.1	82.8	112.5	36.0%	115.7%
25 Thailand	68.1	80.3	96.2	110.1	14.4%	61.7%
Others	1,240.3	1,455.3	1,827.0	2,177.7	19.2%	75.6%
World	6,484.0	7,572.0	9,191.0	10,393.0	13.1%	60.3%

Source: Own preparation based on WTO's data.

Likewise, in the quarter, the three categories of products presented record values: manufactured products (US\$ 16.622 million), basic products (US\$ 7.987 million) and semi-manufactured products (US\$ 4,054 million). Basic products presented the higher growth against the same quarter of previous year (30.9%), followed by manufac-

tured products (12.8%) and the semi-manufactured (3.2%). For manufactured products, sales of the three main products of the Brazilian export program presented significant growths in relation to the same period of 2005: cars (+21.2%, in a total of US\$ 424.0 million), transmission and reception equipment (+16.9%, US\$ 303.8 million) and aircrafts (+62.3%, US\$ 267.7 million).

The growth in exports occurred either by increase in prices or by volume shipped. According to the indicators computed by the Foreign Trade Study Center Foundation [Funcex], there was a growth of 12.1% in volume and 7.2% in prices. Basic products presented the higher increases in prices of products (19.9%) and in quantities shipped (12.6%).

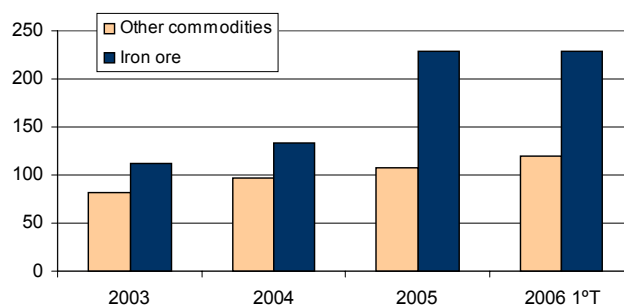
Iron ore exports reached US\$ 2 billion in the quarter

The Brazilian exports of iron ore were US\$ 2 billion in first quarter/2006, a result 65% over the same period of last year. The ore sales growth occurs from bases already high. In 2005, Brazil exported US\$ 7.3 billion of the product (+52.1% in relation to 2004).

Besides Brazil, the leading global exporters of iron ore are Australia (US\$ 4.5 billion in 2004), India (US\$ 3.1 billion), Canada (US\$ 726 million) and Sweden (US\$ 667 million). In that year, Brazil already exported US\$ 4.8 billion.

In the international market, there was a strong increase in prices of that commodity. The price index computed by IMF presents a duplication of the international price of the product within last two years. The growth was much higher than most of non-fuel commodities – see graph 3.2. Prices in first quarter/2006 maintained stable in relation to the final of previous year. In relation to March 2005, the price of Brazilian ore exported grew 50.5%. In Brazil there is also an increase in quantities shipped, with a growth of 27.5% in relation to same month of last year. In March, the foreign sales of the product grew 91.8%.

Graph 3.2: International prices of ore and non-fuel commodities: 2003 to 2006 (1995 = 100)



Source: Own preparation based on IMF's data

The Brazilian exporter cities

São Paulo was the main Brazilian exporting city in 2005, but its exports reduced to 4.5% in relation to previous year. Of the 20 main exporter cities, 6 are in the State of São Paulo. The Southeast region accounts for more than half of the cities among the first twenty positions in the national ranking – see table 3.2. In 2005, there were more than 1,900 Brazilian cities with sales abroad and the main twenty accounted for 40% of the country's total exports.

The City of Duque de Caxias presented the higher exports growth last year: 233% or US\$ 2.7 million in relation to 2004, mainly due to the oil industry sales. São Bernardo do Campo and Manaus also presented a significant export growth in 2005, about US\$ 1 billion in relation to previous year.

Table 3.2: The leading twenty Brazilian cities in exports: 2004 and 2005 (in US\$ million)

	City	State	2004	2005	2005/2004
1	São Paulo	São Paulo	5,874.6	5,607.9	-4.5%
2	São José dos Campos	São Paulo	4,725.5	4,913.3	4.0%
3	Duque de Caxias	Rio de Janeiro	1,177.8	3,918.1	232.7%
4	São Bernardo do Campo	São Paulo	2,791.9	3,673.7	31.6%
5	Rio de Janeiro	Rio de Janeiro	3,617.6	3,021.0	-16.5%
6	Santos	São Paulo	1,681.7	2,378.7	41.4%
7	Paranaguá	Paraná	2,738.5	2,121.0	-22.5%
8	Manaus	Amazonas	1,136.3	2,111.2	85.8%
9	Itajaí	Santa Catarina	1,418.4	2,088.6	47.2%
10	Camaçari	Bahia	1,545.2	1,967.2	27.3%
11	Vitória	Espírito Santo	1,625.1	1,954.8	20.3%
12	Curitiba	Paraná	1,311.2	1,667.5	27.2%
13	Piracicaba	São Paulo	1,185.7	1,637.1	38.1%
14	Guarulhos	São Paulo	1,287.5	1,604.0	24.6%
15	São José dos Pinhais	Paraná	975.5	1,600.7	64.1%
16	Parauapebas	Pará	1,007.5	1,442.9	43.2%
17	Barcarena	Pará	1,272.5	1,435.6	12.8%
18	Serra	Espírito Santo	1,230.5	1,426.4	15.9%
19	São Francisco do Conde	Bahia	761.1	1,412.0	85.5%
20	Itabira	Minas Gerais	929.3	1,355.2	45.8%
	Others		58,181.9	70,971.3	22.0%
	Total		96,475.2	118,308.3	22.6%

Source: Own preparation based on Secex/MDIC's data.

The main destinations of Brazilian exports in first quarter/2006 were the Latin American Integration Association (ALADI) countries. Exports and imports presented similar relative growths in the period. Brazilian exports to those countries grew in absolute terms nearly US\$ 1.4 billion in relation to the first three months of last year. In 2005, the first position in the ranking of destination blocks was occupied by the European Union – see table 3.3.

Argentina was the main destination to Brazilian sales to Latin America, reaching a total of US\$ 2,480 million in the quarter (+18.2% in relation to first quarter/2005). Brazil presented a surplus of US\$ 859 million with that country.

Brazil has also a large trade balance with the United States and the European Union countries. But the behavior of trade flows in first quarter was distinct among these countries. Imports grew more than exports in case of the United States and exports more than imports in case of European Union.

The United States were the main destiny for Brazilian exports in the quarter, but they presented a growth of only 2% in relation to the same period of previous year, a result much below the general average. The country's share in total Brazilian exports program declined 3 percentage points between the first quarters of 2005 and 2006. The decrease in exports to that country occurred mainly due to a drop in sales of oil, motors to vehicles and plain laminated.

**Table 3.3 Brazilian balance of trade per economic blocks:
first quarters of 2005 and 2006 (US\$ million and % variance)**

	Exports		Var. %	Imports		Var. %	Balance	
	2006	2005	2006/05	2006	2005	2006/05	2006	2005
ALADI	6,721	5,344	25.8%	3,246	2,557	26.9%	3,475	2,787
European Union	6,483	5,810	11.6%	4,597	4,288	7.2%	1,886	1,522
USA*	5,569	5,303	5.0%	3,421	2,908	17.6%	2,148	2,395
Asia	4,315	3,415	26.4%	5,184	3,398	52.6%	(869)	17
Africa	1,535	1,204	27.5%	1,565	1,554	0.7%	(30)	(350)
Middle East	1,091	890	22.6%	767	440	74.3%	324	450
Eastern Europe	832	604	37.7%	281	213	31.9%	551	391
Others	2,841	1,881	51.0%	985	788	25.0%	1,856	1,093
Total	29,387	24,451	20.2%	20,046	16,146	24.2%	9,341	8,305

Source: Own preparation based on Secex/MDIC's data

*Including Porto Rico

The higher Brazilian trade deficit occurs with the Asian countries. The sales of Brazilian products to those countries grew significantly in the period, but the growth in imports surpassed the good performance in exports. Trade accounts with the Asian countries were virtually balanced in first quarter/2005 and presented a deficit of US\$ 869 million in 2006.

China is the main destiny of the Brazilian products in that continent, accounting for US\$ 1,558 million in imports in first quarter/2006. Exports from Brazil to China grew 35.3% in relation to the same period of last year; imports grew 48.7%, and there was a small deficit to Brazil, of US\$ 62 million. In first quarter/2005, there was a surplus, although also small, of US\$ 60 million.

The category that presented a higher growth in imports in the quarter was durable consumer goods (37.8%), with highlight to purchases of cars (53.4%). Also presented significant growths the purchases of machinery and household appliances (85.4%), domestic utensils (40.1%) and furniture (35.4%). However, durable consumer goods represent a small portion of total imports, only 5.7%.

Nondurable consumer goods represent a portion slightly higher: 6.5%. The biggest growth rates in the quarter occurred in purchases of clothing items and clothes

manufacturing (57.2%), beverage and tobacco (48.6%), food products (28.9%) and pharmaceutical products (21.0%).

Different from the categories of consumer goods, raw materials and intermediate goods were much significant in the Brazilian imports program, accounting for 49.9% of total imports. The intermediate category presented a lower growth in relation to first quarter/2005 (13.3%), leading its share to decrease three percentage points in total imports.

The capital goods category is also relevant in the Brazilian imports program, accounting for 21.2% of total in the first quarter. The higher increases occurred in purchases of transport fixed equipment (100.2%), transport mobile equipment (40.0%), office machinery and equipment (38.2%) and industrial machinery (34.5%).

SPECIAL ISSUE:**Convention for Reciprocal Payables and Receivables:
history and recent performance**Patricia Zendron²

The Convention for Reciprocal Payables and Receivables [CCR] is a mechanism that combines the multilateral compensation of payments with a system of guarantees and transitory financing of balances compensated between twelve central banks. Participate to CCR the ALADI country members, except for Cuba (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela) and the Dominican Republic.

The convention was entered into on August 25, 1982 and replaced the Agreement for Reciprocal Payables and Receivables of the Latin American Free Trade Association (LAFTA) countries, of 09/22/1965, denominated "Mexico Agreement". The CCR is included in a larger agenda, of Latin American economies' integration, but its main function at the moment of creation was to reduce the transfer of foreign currencies between the member countries, through a periodical multilateral compensation of reciprocal payables and receivables. At that occasion, in the beginning of the 80's, it was difficult to obtain external guarantees, the international liquidity was low and the Latin American countries were facing problems of lack of international reserves.

The CCR objectives are to stimulate the financial relations between the countries in the region, facilitate the reciprocal trade expansion and systematize the mutual consultations in monetary, foreign exchange and payment matters. It also seeks an intensification of the economic relations between its member countries, a reduction in international flow of foreign currencies and a stimulation of the relations between the financial institutions in the region.

The conduction in CCR is voluntary and restricted to trade operations between the member countries, either payments derived from trade of goods and services or different documents of credit associated to trade operations, regardless of origin and time³. Therefore, CCR allows support to financing foreign trade operations, also including the trade financing interests, as well as expenses and bank commissions related to these operations.

The CCR operation is internally regulated by the central banks of each country, which are independent to define the guarantees offered in the ambit of the convention, the channeled operations and the instruments to be used in accordance with their needs.⁴

Operation

The conduction of operations in CCR is marked by the easiness of operation and the flexibility of available instruments. First, the central bank of each country grants authorization to certain trading banks to operate in CCR and give guarantees on its behalf. In case the exporter wishes, it should request the trading bank that conducts its exports of goods and/or services through CCR. The trading bank of the importer country has to register a reimbursement code, which is confirmed by the central bank. The

² The author thanks the comments from Luciene Monteiro Machado, Ângela Carvalho, Luiz Filipe Castro Neves and Leonardo Botelho Ferreira. Eventual remaining errors are on account of the author.

³ There is a requirement of origin rules for goods and services which operations are conducted in CCR.

⁴ The Brazilian regulation will be discussed later.

trading bank of the exporter, having this code, demands the debt registry, with the due installments, with the exporter country's central bank, which by its turn sends this registry to the importer country's central bank.

On the maturity date of the obligations recorded, the exporter presents the documents necessary and receives the payment through its trading bank. The latter, on its turn, obtains a reimbursement from the exporter country's central bank, which records simultaneously a credit on its favor against the central bank of the country receiving the exports. The importer country's central bank charges the importer bank in accordance with its internal rules.

Only at the moment above described the operations conducted in CCR are recorded to the ALADI's system. That is, in statistics of the operations conducted in CCR, the values are not recorded at the time of export of the goods and services, but on the date of payment. In case of financings, the respective amounts are recorded in the maturity of each installment.

The daily difference between payables and receivables of two countries is covered by bilateral credit lines, until the moment of the compensation or of anticipated payment. For purpose of CCR, the anticipated payment does not correspond to the anticipated settlement of an operation, but just the transfer of foreign currencies between the corresponding central banks in a previous date to the four-month period compensation.

The reciprocal credit lines have limits for stand by indebtedness, but the operations conducted exceeding this value do not imply in suspension of payment. Receivables are irrevocable. What is required is that the exceeding value is paid before the date of compensation or that the country negotiates a substitution of payables with another central bank having margin with the exporter country's central bank. On the temporary financing between the participating central banks is applied CCR's interest rate, comprised by LIBOR of four months⁵ plus 1% p.a.

The compensation is performed each four-month period by a system operated by the Central Bank of Peru. The periods are closed on the last business day of April, August and December and until the eighth business day of following month, the central banks paying or receiving only the global balance of their operations with all the other participants. Therefore, the transfer of foreign currencies is based on a multilateral balance, not in bilateral balances. The correspondent bank used to multilateral compensation is the Federal Reserve Bank of New York.

The CCR mechanism, created by the network of central banks and above described, is entitled to offer guarantees to bank instruments issued by banks of their respective countries in foreign trade transactions. The guarantees offered are of three types: convertibility, transfer and automatic reimbursement⁶.

The guarantee of convertibility is related to the immediate conversion of U.S. dollars for the payments made in local currency by the importer trading bank. The guarantee of transfer ensures that the importer's central bank will transfer the dollars resulting from previous payments to the exporter's central bank. At last, the guarantee of automatic reimbursement by the exporter country's central bank results from the irrevocable acceptance of the payables in the ambit of CCR. In summary, each central bank guarantees coverage of the currency destined to the payments through the system and com-

⁵ Simple arithmetic average is used for the first three months and fifteen days of each period.

⁶ In the Brazilian case, the central bank has restricted the guarantee of automatic reimbursement to operations with a deadline lower than 360 days.

mits to payables in its account, always within the convention rules and in accordance with CCR's internal regulation in each country.

CCR allows the exporter to eliminate the trading risk and transform the sovereign risk of the importer country in sovereign risk of its own country. As to the trading risk, if the importer fails to pay its debt, the importer trading bank becomes accountable. As to the risk of the trading bank failing to pay is assumed by the importer country's central bank. At last, the sovereign risk of the importer central bank failing to transfer the foreign currencies is assumed by the exporter country's central bank.⁷

As the compensation is multilateral, this sovereign risk is diluted, because the foreign currencies effectively transferred represent only a portion of total operations conducted⁸. CCR's default is historically low and the countries try to give priority to payments of the convention instead of the other external commitments. Table 1 presents situations of CCR's payment delays, whereas these delays do not exceeded the following date of compensation. Within four months after the deal, the situation had already been corrected.

Table 1: CCR payment delays

Period	Countries
2nd Four-month period /1979	Dominican Republic
2nd Four-month period /1981	Bolivia
3rd Four-month period /1982	Argentina
1st Four-month period /1983	Dominican Republic
3rd Four-month period /1983	Dominican Republic
1st Four-month period /1984	Ecuador and Dominican Republic
1st Four-month period /1986	Ecuador
2nd Four-month period /1986	Ecuador
2nd Four-month period /1987	Ecuador
3rd Four-month period /1987	Peru
1st Four-month period /1989	Ecuador
2nd Four-month period /1989	Dominican Republic
3rd Four-month period /1989	Dominican Republic
1st Four-month period /1990	Peru and Dominican Republic
2nd Four-month period /1990	Dominican Republic

Source: ALADI

In case of default, the payable comes back as bilateral, but the renegotiation of defaulted payables starts from May 1991 with the Automatic Schedule Payment [PAP]. This mechanism establishes a division of the amount due in up to monthly installments, on which applies CCR interest rate plus 1% p.a. The amount paid in each installment is distributed proportionally to the creditors.

The guarantees offered by the system facilitate and reduce the cost of trading operations between member countries, especially those in need of financing. The importer does not need necessarily a letter of credit from a first line international bank in order the exporter to feel comfortable to make a financed sale. It is sufficient that the importer obtains a guarantee or letter of credit from a trading bank of its country and conduct the

⁷ Only the importer country's central bank may authorize a debit to its account in the convention.

⁸ For the evolution of the foreign currencies transferred, see history of CCR operations that follows.

payments in the ambit of CCR so that the operation is guaranteed by the central banks of the countries involved, pursuant to their internal rules.

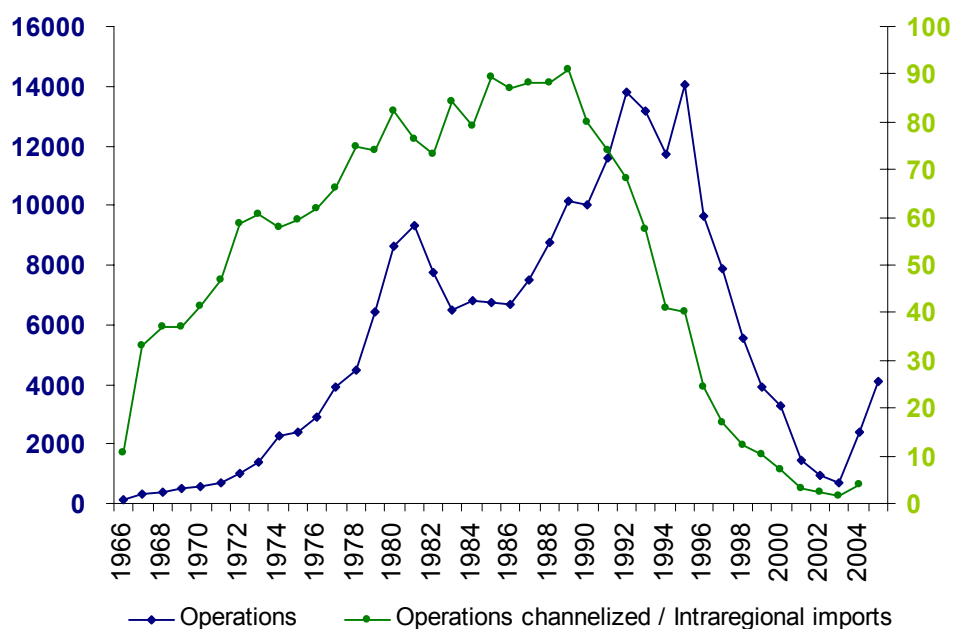
By the end of the 1990's, several countries adopted measures in the sense of reducing the sovereign risk incurred by their central banks. Argentina started to require a previous deposit to imports conducted in CCR, and Venezuela limited to 180 days the deadline for operations to be conducted. At the same time, as may be seen later on, Brazil combined these two types of measures⁹. However, the multilateral compensation reduces risks and allows the contracting of insurance against politic risks made with reduced premiums.

In many cases, conduction through CCR is a way to make viable the exports of goods of higher aggregated value, mainly to capital goods.

Background

In the 1980's, the share of operations conducted in CCR for total regional trade was significant – see Graph 1. The convention was a way of the countries to foster trading and save foreign currencies, what led many countries to obligate the conduction of their regional trade in CCR.

Graph 1: Operations conducted in CCR (in US\$ thousand) and its share on regional trade (%) – 1966 to 2005



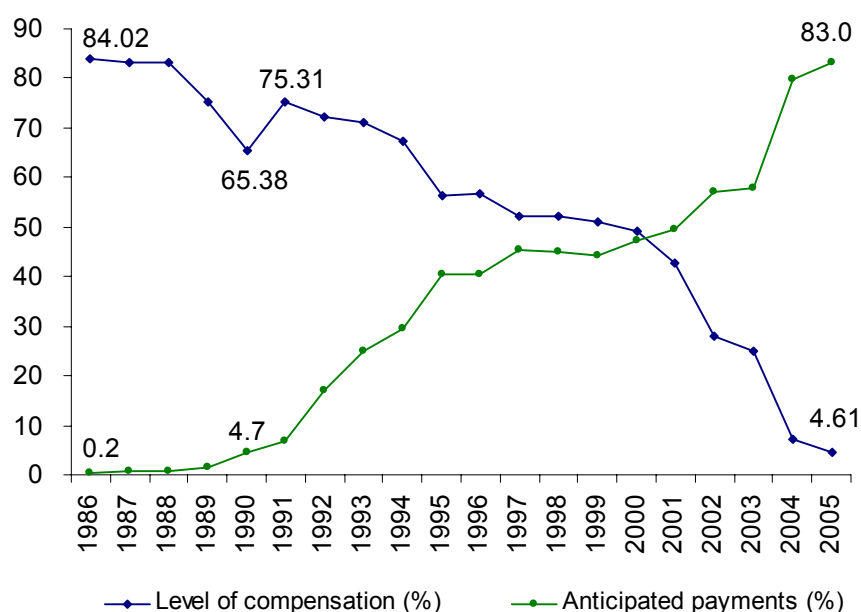
Source: ALADI

⁹ Subsequently, CCR restrictions in Brazil were made flexible.

Beginning in the 1990's, the share of trading operations conducted in CCR for total of regional trade suffered successive drops. Such reduction comes not only from the trade growth between ALADI's countries, but also from the drop in operations conducted in CCR. Contributed to this the end of obligation to conduct trading operations and several restrictions imposed by the central banks to operations to be conducted, as discussed above. Chang (2000) adds other four relevant factors to such drop: (i) the process of liberalization and internationalization of financial markets, (ii) the dollarization of several ALADI's countries and the operation of international banks in the Latin American market, (iii) the adoption of a system of flexible foreign exchange, which reduces the necessity of international reserves and the benefit of participating to CCR, and (iv) the fact that CCR is complementary and secondary in relation to the purposes of ALADI's integration.

Since the beginning of the 1990's decade, the volume of anticipated payments ¹⁰ has been increasing, as a way to reduce financial costs incurred by the central banks. This procedure gained expression when the rate used by CCR started to be apart from the funding rates applicable to the reserves. In the 1980's decade, the anticipated payment was not common, even inexistent in some years. In the second half of the 1990's decade, it already exceeded 40% of operations conducted in convention. Since the interest rate was fixed in Libor for 4 months plus 1% p.a. in 1999, CCR financial cost lost even more competitiveness and the share of anticipated increased strongly, reaching 83% in 2005.

Graph 2: Level of compensation (%) and share of anticipated payments (%) – 1986 to 2005



Source: ALADI

The combination of low utilization and high index of anticipation of payments in CCR beginning in the 1990's disqualifies the convention and, therefore, fails to meet its objective of compensating balances and save foreign currencies. Graph 2 presents the

¹⁰ As previously seen, for CCR purposes, anticipated payments correspond just to transfers of foreign currencies between the central banks on a date previous to the four-month period compensation.

economy of foreign currencies measured according to the level of compensation and the share of anticipated payments in relation to total operations conducted in CCR between 1986 and 2005. The level of compensation is the relation between the amount effectively compensated and the total of payables conducted, which depends both of the conduction of operations until the date of multilateral compensation and the existence of payables and receivables mutually compensating.

Brazil

Beginning in the year 2000, CCR underwent through several changes in its regulation in Brazil. In May of that year, Circular 2.982/2000 reduced the assumption of sovereign risk and bank risk by the Central Bank of Brazil [BCB]. Such reduction was obtained through two measures. The operations subject to conduction in CCR were limited to imports and exports for payment/receipt up to 360 days and was required an anticipated payment of imports (except for imports lower than US\$ 100 thousand with origin in countries of Mercosul, Bolivia or Chile).

As a consequence of these restrictions, the number and the value of the operations conducted dropped. Many of the Brazilian exports of capital goods and services to Latin America suffered from the decision of limiting CCR to term payments lower than one year. As to imports, when BCB started to require deposits from the Brazilian banks for 100% of transactions conducted in CCR, the result was to restrain Brazilian imports from countries in the region.

In October 2002, through Circular 3.160/2002, BCB returned to accept the conduction of operations with a term higher than 360 days. Today, therefore, there are no restrictions of deadline or value imposed to the conduction of operations. However, only exports with a term up to 360 days receive payment at the maturity informed by the trading bank. Operations with higher terms need to wait for the four-month period compensation and the confirmation that the central bank of the importer made the payment. The values are paid at LIBOR rate for 2 months less 0.125% p.a.¹¹ proportionally between the date of maturity and the effective payment. In other words, in operations with term over a year there is no guarantee of automatic reimbursement by the Central Bank of Brazil.

About one year later, Circular 3.211/2003, of December 2003, removed the restriction on imports. Since then, the anticipated payment has been eliminated in imports conducted in CCR.¹²

Table 2 presents the background of Brazil's share in CCR. The values conducted reached its peak in 1992, with US\$ 5.0 billion. In 2003, only US\$ 384 million were conducted and in the following year there was a small recovery to US\$ 665 million.

As the values conducted involve also the financing portions of exports made in prior periods, the share in values conducted in CCR on total exports to the member countries may exceed 100%, such as occurred to Brazil in 1988 and 1989. In 1989, the values conducted reached 107.5% of exports to the member countries and since then they have been dropping until the current level, close to 3%.

¹¹ The rate is usually denominated in LIBOR less one eighth.

¹² Additionally, still in December 2003, the Provisional Measure 142/2003, subsequently enacted as Law 10.844/2004, removed BCB receivables against the accredited bank of the bankrupt estate, in case of extrajudicial settlement of the financial institution bankruptcy.

In relation to the Brazilian total exports, the values conducted in CCR reached 14%, a share recorded in 1992. Since 2002, its share in Brazilian exports has not exceeded 1%.

Table 2: Amounts conducted in CCR (in US\$ million) and its share on the exports program (in %) – 1980 to 2005

Year	Amounts conducted in CCR (1)	Exports to CCR countries (2)	(1)/(2)	Brazilian exports (3)	(1)/(3)
1980	2,134	3,475	61.42%	20,134	10.60%
1981	2,442	4,232	57.71%	23,295	10.48%
1982	1,654	2,879	57.46%	20,181	8.20%
1983	1,964	2,079	94.46%	21,903	8.97%
1984	1,974	2,851	69.25%	27,007	7.31%
1985	2,208	2,258	97.81%	25,639	8.61%
1986	2,065	2,553	80.92%	22,349	9.24%
1987	2,459	3,011	81.76%	26,224	9.38%
1988	3,963	3,781	105.44%	33,790	11.73%
1989	3,813	3,623	107.52%	34,383	11.09%
1990	2,714	3,308	84.20%	31,414	8.64%
1991	3,277	5,032	65.98%	31,620	10.36%
1992	5,034	7,675	65.74%	35,793	14.07%
1993	4,016	9,225	43.62%	38,555	10.42%
1994	3,324	9,835	33.88%	43,545	7.63%
1995	2,870	10,084	28.58%	46,506	6.17%
1996	2,271	11,044	20.64%	47,747	4.76%
1997	1,856	13,722	13.57%	52,994	3.50%
1998	1,448	13,528	10.75%	51,140	2.83%
1999	987	10,698	9.29%	48,011	2.06%
2000	876	13,033	6.77%	55,086	1.59%
2001	674	12,357	5.50%	58,223	1.16%
2002	495	10,075	4.92%	60,362	0.82%
2003	384	13,147	2.92%	73,084	0.53%
2004	665	19,967	3.33%	96,475	0.69%
2005	nd	25,760	nd	118,309	nd

Source: SAIN-MF, SECEX-MDIC and ALADI

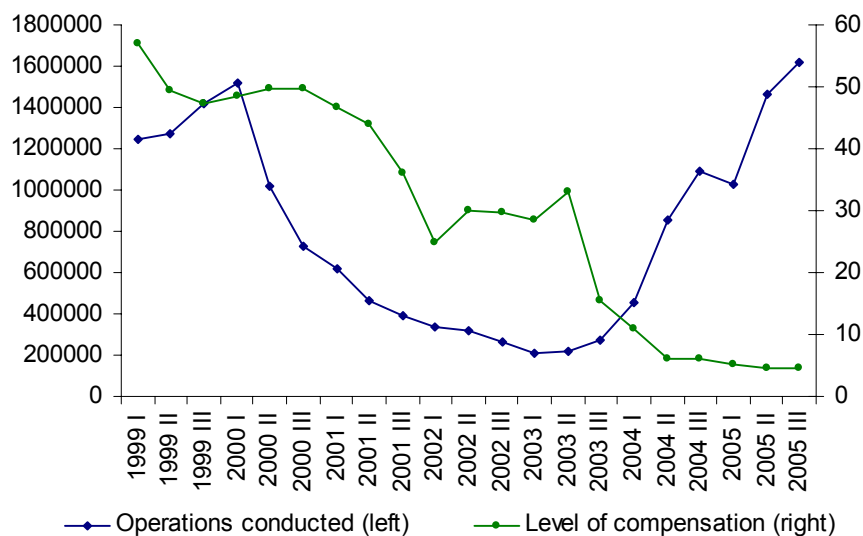
Recent performance

According to ALADI's data, the total volume of operations conducted in CCR, measured by total of payables recorded, continues the expansion trend that began in the second four-month period of 2003. In the third four-month period of 2005 were recorded total values of US\$ 1.62 billion, which represented a variance of 48% in relation to the same period in 2004.

The accumulated in 2005 exceeded by 71% the total conducted in 2004. However, such evolution is conditioned to Venezuela's share and does not represent a high level of multilateral compensation (ALADI, 2006). Furthermore, the recent significant in-

crease in total amounts conducted has not yet recovered the values of mid 1990's decade, as previously presented in Graph 1.

Graph 3: Operations conducted by CCR⁽¹⁾ (in US\$ thousand) and level of compensation⁽²⁾ (in %) – 1999 I to 2005 III



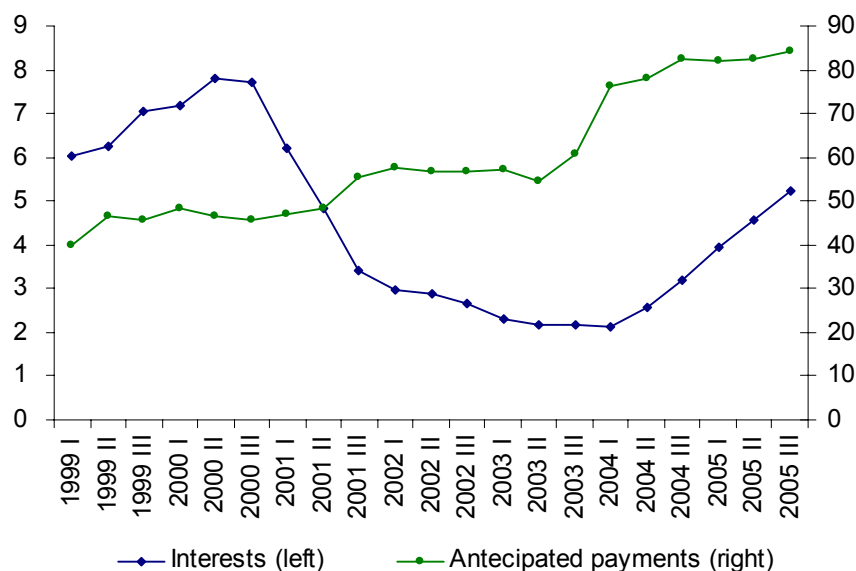
Source: own preparation based on ALADI's data

Note: (1) Total payables recorded (2) Amount effectively compensated / Total payables conducted

Despite the increase in operations conducted, the level of compensation did not revert its trend of drop. Between September and December 2005, the economy of foreign currencies through multilateral compensation was US\$ 71.5 million, or 4.4% of total conducted, the lower share ever recorded. This is the amount of foreign currencies that the countries should transfer in view of their payables and don't do it due to compensation. The potential multilateral compensation in four-month period was US\$ 201 million, or nearly 12%.

The disparity between the amount of foreign currencies effectively compensated and the total of payables conducted in CCR is mostly due to anticipated payments. The share of anticipated transfers maintained over 80% in the last 12 months. The anticipated payments amounted to US\$ 1.37 billion, or 84.4% of total operations conducted in third four-month period/2005. As to the interest rate applied on the payables increased from 4.55% p.a. in second four-month period/2005 to 5.24% in third four-month period.

Graph 4: Interests applied on operations conducted by CCR (in % p.a.) and anticipated payment share in total payables (in %) – 1999 I to 2005 III



Source: own preparation based on ALADI's data

In evaluating the participation of several countries in CCR, Venezuela's position is highlighted, with 86% of total payables (adjusted to anticipated payments) – see Table 3. The increasing utilization of CCR by Venezuela since 2003 is determinant to the expansion in total volume of operations conducted. However, this country hardly benefits from the multilateral compensation, due to the low volume of receivables conducted in CCR. This results in a low balance index (-0.1%), which measures the relation between payables and receivables in CCR¹³, and low level of compensation (0.1%).

In relation to the balance indexes, Bolivia and Ecuador are the countries with most balanced share in CCR, both reaching indexes of nearly 78%, followed by Paraguay (64.8%) and Peru (62.5%). Among the leading CCR's creditors CCR, the balance indexes are low: Colombia (1.1%), Brazil (3.9%) and Mexico (0.2%).

The low level of general compensation of CCR reflects in the position of most countries and the same high percentages may not indicate a large volume of economy of foreign currencies. Although Brazil and Mexico hold 100% of compensation in third four-month period/2005, this results from the low relation of payables in relation to receivables and not a significant use of multilateral compensation. These countries also were the only ones that didn't make anticipated payments in the period considered.

¹³ It is used the relation between the lower and the higher value, and the more close such relation is to 100%, the more balanced is the situation of the country in CCR.

Table 3: Evolution of utilization of CCR by countries (in US\$ thousand and %) - Third four-month period/2005

Country	Payables adjusted	Share in payables	Balance adjusted (¹)	Breakeven index (²)	Level of compensation (³)
Argentina	39,074.9	2.4%	54,758.9	41.6%	42.2%
Bolivia	7,015.6	0.4%	1,996.5	77.8%	13.1%
Brazil	18,208.4	1.1%	452,468.2	3.9%	100.0%
Colombia	6,752.5	0.4%	602,952.2	1.1%	41.5%
Chile	39,621.2	2.4%	58,820.8	40.2%	41.8%
Ecuador	37,347.9	2.3%	10,743.4	77.7%	19.2%
Mexico	340.2	0.0%	214,894.5	0.2%	100.0%
Paraguay	20,572.3	1.3%	-7,245.5	-64.8%	4.8%
Peru	33,640.7	2.1%	20,200.9	62.5%	16.0%
Uruguay	14,301.7	0.9%	-9,318.4	-34.8%	11.5%
Venezuela	1,390,616.8	85.9%	-1,389,615.2	-0.1%	0.1%
Dominican Rep.	10,656.5	0.7%	-10,656.5	0.0%	0.0%
TOTAL	1,618,148.9	100.0%	0.0	100.0%	4.4%

(1) Balance in CCR adjusted by anticipated payments made and received

(2) Total payables / Total receivables conducted in CCR

(3) Amount effectively compensated / Total payables conducted in CCR

Source: own preparation based on ALADI's data.

The reciprocal credit lines in force between the participant central banks did not suffer changes between September and December/2005. The total volume total of credit lines was US\$ 3.36 billion, of which US\$ 536 million for extraordinary lines.

The instruments mostly used were payment orders (56.3%), due to the high utilization by Venezuela (99% of these payables), and letters of credit (29.8%). Payment orders are instructions to a bank to pay or transfer an amount of money to a designated beneficiary. They are generally used in cash payments or to make simple collections (instrument not forecasted directly by the convention), since the importer has deposited the respective matching value in local currency.

Table 4: Evolution of the Convention for Reciprocal Payables and Receivables - Third four-month period/2005

	Amount	Variance (%)	
		Prior four-month period	Same four-month period of prior year
Operations Conducted (US\$ thd)	1,618,149	10.5	48.3
Anticipated transfers (US\$ thd)	1,366,332	13.4	52.2
Foreign currencies transferred (US\$ thd) ⁽¹⁾	1,546,662	10.6	50.9
Multilateral balance (US\$ thd)	180,330	-6.9	41.8
Interest rate (% p.a.)	5.24	15.2	63.8
Level of compensation (%) ⁽²⁾	4.42	-1.2	-27.0
Anticipated payments (%)	84.44	2.6	2.6

(1) Anticipated payments and four-month period settlement of balances

(2) Amount effectively compensated / Total payables conducted in CCR

Source: own preparation based on ALADI's data.

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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.	2006 f. 2007 f.	2006 f. 2007 f.
Developed Countries	3.0	2.8	2.5	-	2.8	2.6	-	-	-	-
European Union	2.4	2.3	-	2.8	2.7	2.4	3.0	2.4	-	2.1
Japan	2.8	2.1	-	2.3	2.0	2.4	3.0	2.4	-	1.9
United States	3.4	3.3	-	3.6	3.2	3.3	3.4	2.8	-	3.1
Canada	3.1	3.0	-	3.1	3.3	-	3.2	2.6	-	2.6
UK	2.5	2.7	-	2.4	2.9	2.0	2.2	2.5	-	2.3
Euro Zone	2.0	1.9	-	2.2	2.1	2.0	2.2	1.8	-	1.9
Germany	1.3	1.0	-	1.8	1.6	1.5	1.9	1.6	1.0	1.2
France	2.0	2.1	-	2.1	2.2	2.0	2.5	1.8	2.0	1.8
Italy	1.2	1.4	-	1.4	1.3	1.5	1.8	1.0	0.8	1.2
Developing Countries	6.9	6.6	5.6	-	6.1	5.9	-	-	-	5.6
Africa	5.7	5.5	-	-	4.7	4.6	-	-	-	5.5
Latin America and Caribbean	-	-	4.6	4.1	3.6	3.0	4.4	3.8	4.6	3.9
Argentina	7.3	4.0	7.5	5.5	-	7.8	4.0	7.2	4.4	6.3
Bolivia	4.1	3.9	3.3	3.0	-	-	-	-	-	-
Brazil	3.5	3.5	3.5	3.7	3.6	-	3.5	3.7	3.6	3.0
Chile	5.5	5.2	5.7	5.5	3.8	4.0	3.6	-	3.7	4.1
Colombia	4.5	4.0	4.8	4.5	-	5.8	-	6.0	5.2	5.6
Costa Rica	4.5	4.0	4.8	4.5	-	4.4	-	4.5	4.0	4.5
Ecuador	3.0	2.2	3.7	3.5	-	-	-	3.0	2.8	-
Mexico	3.5	3.1	3.5	3.5	4.1	3.7	3.6	3.2	4.1	3.8
Nicaragua	3.5	4.0	3.0	3.0	-	-	-	-	-	-
Paraguay	5.0	4.5	5.6	5.0	-	4.7	4.7	3.8	4.7	4.2
Peru	4.0	3.5	4.5	4.0	-	-	-	4.0	3.5	-
Uruguay	6.0	3.0	7.0	4.5	-	4.1	-	6.5	5.0	6.1
Venezuela	5.4	5.0	6.0	5.0	-	-	-	-	-	-
Dominican Republic	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	8.2	8.0	-	-	-	-	-	7.4	7.3	-
China	9.5	9.0	-	-	-	-	-	-	-	-
South Korea	5.5	4.5	-	9.7	9.5	9.0	-	9.3	9.2	8.8
Indonesia	5.0	6.0	-	5.2	5.3	-	-	5.5	4.7	5.2
Taiwan	5.0	5.4	-	-	-	-	-	5.4	6.0	5.1
Hong Kong	5.0	5.4	-	-	-	-	-	4.7	4.9	4.7
India	7.3	7.0	-	7.5	7.1	-	-	7.6	8.0	7.6
Central and Eastern Europe	5.2	4.8	-	-	-	-	-	5.4	5.3	-
Russia	6.0	5.8	-	6.2	5.7	-	-	6.1	6.2	6.5
World	4.9	4.7	3.3	-	-	-	-	3.6	3.5	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook (April/2006) and Reports of countries

(2) Serie estudios estadísticos y perspectivas: América Latina y el Caribe: proyecciones 2006-2007 (April/2006)

(3) OECD Economic Outlook No. 79 (May/2006)

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

Table 2 – Forecasts

	Consumer Price Index - %										
	IMF (1)	ECLAC (2)	OECD (3)	BBVA	Citigroup	Economist (4)	Santander	United Nations			
	2006f	2007f	2006f	2007f	2006f	2007f	2006f	2007f	2006f	2007f	
Developed Countries	2.3	2.1	-	-	-	-	-	1.9	-	-	2.0
European Union	2.1	2.2	-	-	-	2.8	-	-	-	-	2.3
Japan	0.3	0.6	0.7	0.8	0.2	0.2	0.5	0.6	0.4	0.6	0.1
United States	3.2	2.5	3.3	2.4	2.8	2.1	3.3	2.3	3.1	2.4	2.6
Canada	1.8	2.0	2.0	2.3	-	-	2.7	2.5	2.2	2.1	1.9
UK	1.9	1.9	2.3	1.7	2.0	2.0	2.0	1.7	2.0	1.9	3.9
Euro Zone	2.1	2.2	2.2	2.1	2.0	1.9	2.0	1.9	2.0	2.0	2.0
Germany	1.8	2.5	1.6	2.1	1.8	2.3	1.7	2.7	1.6	2.3	1.9
France	1.7	1.8	1.7	1.4	1.7	1.5	1.7	1.4	1.8	1.5	2.1
Italy	2.5	2.1	2.4	2.1	1.8	1.6	2.3	1.8	2.1	1.8	1.8
Developing Countries	5.4	4.8	-	-	-	-	5.1	4.5	-	-	4.9
Africa	9.1	7.3	-	-	-	-	4.5	4.1	-	-	10.1
Latin America and Caribbean	-	6.0	-	-	5.7	5.5	5.4	5.2	-	-	5.3
Argentina	12.9	15.0	-	-	12.0	8.0	12.3	12.6	-	-	5.5
Bolivia	3.4	3.1	4.1	-	-	-	-	-	-	-	-
Brazil	4.9	4.4	5.4	4.5	5.5	-	4.5	4.5	-	-	4.3
Chile	3.8	3.0	3.0	3.0	3.5	-	3.8	3.2	-	-	3.2
Colombia	4.7	4.2	4.1	-	4.5	-	4.2	4.4	-	-	4.0
Ecuador	3.4	3.0	3.8	-	-	-	3.9	3.2	-	-	2.0
Mexico	3.5	3.0	3.7	3.0	3.3	3.5	3.7	3.3	-	-	3.6
Paraguay	7.4	4.4	9.8	-	-	-	-	-	-	-	4.6
Peru	2.7	2.2	2.8	-	2.5	2.5	2.7	2.9	-	-	1.5
Uruguay	5.5	4.9	6.2	-	-	-	5.8	5.8	-	-	-
Venezuela	11.7	17.3	12.5	-	15.3	-	12.4	12.8	-	-	15.0
Dominican Republic	8.5	5.0	11.6	-	-	-	-	-	-	-	-
Asia and Pacific	3.9	3.5	-	-	-	-	4.2	3.5	-	-	-
China	2.0	2.2	-	3.4	3.5	2.5	3.5	3.0	-	-	3.2
South Korea	2.5	3.0	-	2.5	3.2	-	2.6	2.7	-	-	3.3
Indonesia	14.2	6.6	-	-	-	-	13.9	7.2	-	-	6.9
Thailand	3.6	2.2	-	-	-	-	5.2	4.6	-	-	3.3
India	4.8	4.9	-	4.8	4.3	-	5.0	5.0	-	-	4.1
Central and Eastern Europe	4.1	3.4	-	-	-	-	7.2	6.6	-	-	-
Russia	10.4	9.5	-	10.5	10.0	-	10.6	9.5	-	-	10.5
World	3.8	3.5	-	-	-	-	3.1	2.6	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2005 (April/2006) and Reports of countries

(2) Serie estadísticas y perspectivas: América Latina y el Caribe: proyecciones 2006-2007 (April/2006)

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Public Account Balance - % do GDP

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

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2005 (April/2006) and Reports of countries

(2) OECD Economic Outlook No. 79 (May/2006)

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	-828,4	-887,5	-	-	-	-
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	-	-	-	-	-	-	90,5	74,3
Argentina	-	-	9,1	-	-	-	8,7	8,0
Bolivia	-	-	-	-	-	-	-	-
Brazil	-	-	35,0	-	40,3	36,9	40,3	35,7
Chile	-	-	12,0	-	-	-	16,8	13,2
Colombia	-	-	1,0	-	-	-	0,2	1,1
Ecuador	-	-	-	-	-	-	0,5	-
Mexico	-18,7	-22,6	-6,7	-12,4	-	-	-8,3	-13,7
Paraguay	-	-	-	-	-	-	-	-
Peru	-	-	4,5	3,5	-	-	2,2	-
Uruguay	-	-	-	-	-	-	-	-
Venezuela	-	-	23,8	-	-	-	32,8	30,0
Dominican Republic	-	-	-	-	-	-	-	-
Asia and Pacific	-	-	-	-	-	-	-	-
China	-	-	-	-	109,3	107,0	-	-
South Korea	14,0	14,0	-	-	32,3	36,7	-	-
Indonesia	-	-	-	-	27,0	23,6	-	-
Tailand	-	-	-	-	-10,7	-11,4	-	-
India	-	-	-	-	-57,9	-61,3	-	-
Central and Easter Europe	-	-	-	-	-	-	-	-
Russia	-	-	-	-	-	-	-	-
World	-	-	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

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

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	-1,7	-1,7	-	-	-	-	-2,4	-2,5	-	-	-	-
European Union	-0,7	-0,5	-	-	-	-	-	-	-	-	-	-
Japan	3,2	2,9	4,4	5,5	-	-	3,7	3,8	3,7	3,5	-	-
United States	-6,5	-6,5	-7,2	-7,6	-6,8	-6,8	-7,3	-7,5	-6,8	-6,7	-	-
Canada	3,1	2,9	3,3	3,3	-	-	2,0	1,2	2,3	1,7	-	-
UK	-2,7	-2,8	-2,5	-2,9	-	-	-2,5	-2,8	-2,6	-2,6	-	-
Euro Zone	-0,2	0,0	-0,4	-0,3	-0,2	-0,2	-0,5	-0,4	-0,3	-0,1	-	-
Germany	3,6	4,3	4,0	4,6	-	-	2,9	3,6	3,8	4,0	-	-
France	-1,9	-2,1	-1,4	-1,1	-	-	-2,5	-2,8	-1,8	-1,6	-	-
Italy	-1,1	-0,7	-2,1	-2,2	-	-	-2,0	-1,9	-1,6	-1,5	-	-
Developing Countries	4,1	3,6	-	-	-	-	2,2	1,7	-	-	-	-
Africa	2,6	2,7	-	-	-	-	1,2	4,0	-	-	-	-
Latin America and Caribbean	-	-	-	-	0,8	-	1,0	0,3	-	-	1,3	0,3
Argentina	1,2	0,5	-	-	-	-	1,5	1,3	1,4	1,0	1,9	0,8
Bolivia	1,7	1,0	-	-	-	-	-	-	-	-	-	-
Brazil	1,0	0,2	1,0	0,6	1,0	1,0	1,2	0,6	0,6	0,1	1,0	0,1
Chile	0,5	-1,2	-	-	0,4	-	2,6	0,0	-0,2	-0,8	1,4	-2,2
Colombia	-1,6	-2,7	-	-	-0,4	-	-1,9	-2,2	-1,5	-1,9	-2,4	-1,7
Ecuador	0,2	0,4	-	-	-	-	0,5	-0,1	-	-	-0,3	-
Mexico	-0,6	-0,8	-0,7	-1,1	-0,9	-1,3	-0,9	-1,5	-1,1	-1,5	-0,7	-1,5
Paraguay	-1,7	-1,8	-	-	-	-	-	-	-	-	-	-
Peru	1,4	0,3	-	-	0,4	-0,8	0,6	-0,9	0,5	-0,1	-0,6	-
Uruguay	-5,8	-2,5	-	-	-	-	-1,5	-1,3	-	-	-	-
Venezuela	14,1	13,4	-	-	-	-	12,5	10,7	12,9	9,8	17,1	15,7
Dominican Republic	-2,4	-3,0	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	3,6	3,5	-	-	-	-	3,3	2,8	-	-	-	-
China	6,9	6,7	5,9	5,8	-	-	4,8	4,0	5,2	4,3	-	-
South Korea	1,8	1,7	0,7	0,2	-	-	0,7	0,0	1,1	0,7	-	-
Indonesia	0,4	0,0	-	-	-	-	0,2	-0,4	1,2	0,9	-	-
Thailand	-2,0	-2,1	-	-	-	-	-2,7	-2,6	-1,0	-1,2	-	-
India	-3,1	-3,1	-2,9	-2,9	-	-	-2,4	-1,9	-2,7	-2,6	-	-
Central and Easter Europe	-5,5	-5,4	-	-	-	-	1,1	-0,1	-	-	-	-
Russia	11,8	9,5	11,5	7,9	-	-	9,0	5,9	9,9	6,2	-	-
World	-	-	-	-	-	-	-1,2	-1,4	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook 2005 (April/2006) and Reports of countries

(2) OECD Economic Outlook No. 79 (May/2006)

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

Table 6 - Macroeconomic Indicators

Key Macroeconomic Indicators of Brazil and Forecasts											
	1999	2000	2001	2002	2003	2004	2005	International Bulletin ⁽¹⁾		Central Bank of Brazil ⁽²⁾	
								2006 f	2007 f	2006 f	2007 f
GDP (Variation %)	0,8	4,4	1,3	1,9	0,5	4,9	2,4	3,5	3,6 #	3,6	3,7
Consumer Prices Index	9,1	6,2	7,9	12,2	8,9	6,3	4,9	4,9	4,4	4,3	4,5
Nominal Interest Rate (Selic end of period)	25,6	17,4	17,3	19,2	23,4	16,3	18,0	-	-	14,2	13,1
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	4,3
Public Sector Debt (% of the GDP)	49,7	48,8	52,6	55,5	57,2	51,7	51,5	-	-	50,5	49,1
Export (US\$ Billion)	48,0	55,1	58,2	60,4	73,1	96,5	118,3	-	-	129,3	135,3
Import (US\$ billion)	49,2	55,8	55,6	47,2	48,3	62,8	73,6	-	-	88,5	100,0
Trade Balance (US\$ Billion)	-1,2	-0,7	2,7	13,1	24,8	33,7	44,7	38,5	36,3	40,8	35,4
Current Account Balance (% of the GDP)	-4,7	-4,0	-4,6	-1,7	0,8	1,9	1,8	0,9	0,3	9,4	4,3
Foreign Direct Investment (US\$ billion)	26,9	30,5	24,7	14,1	9,9	8,7	15,2	-	-	15,7	16,5

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 05/19/2006.

Table 7 - Macroeconomic Indicators

Gross Domestic Product - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005
Developed Countries	24.944,90	25.287,34	25.017,47	26.111,43	29.268,25	32.428,35	34.012,21
European Union	9.011,81	8.361,77	8.470,02	9.264,16	11.251,91	12.946,07	13.446,05
Japan	4.363,11	4.650,95	4.090,19	3.911,58	4.237,07	4.587,07	4.571,31
United States	9.268,43	9.816,98	10.127,95	10.469,60	10.971,25	11.734,30	12.485,73
Canada	661,35	725,16	715,63	735,60	870,48	993,44	1.130,21
UK	1.465,20	1.445,72	1.435,30	1.574,00	1.807,49	2.133,21	2.201,47
Euro Zone	6.795,18	6.199,99	6.270,36	6.845,37	8.420,61	9.602,31	9.926,62
Germany	2.146,43	1.905,80	1.892,60	2.025,80	2.446,43	2.754,73	2.797,34
France	1.456,83	1.332,72	1.341,56	1.464,20	1.794,39	2.045,58	2.105,86
Italy	1.182,05	1.077,94	1.118,34	1.223,27	1.511,14	1.724,95	1.766,16
Developing Countries	5.814,87	6.336,18	6.444,00	6.617,18	7.489,49	8.824,81	10.420,79
Africa	433,69	445,89	443,65	469,62	570,54	689,70	802,45
Latin America and Caribbean	1.797,90	1.991,30	1.918,40	1.478,00	1.543,00	-	-
Argentina	283,52	284,20	268,70	97,73	127,64	151,96	181,66
Bolivia	8,30	8,41	8,15	7,94	8,10	8,78	9,65
Brazil	536,69	601,55	510,38	460,61	505,54	603,78	792,68
Chile	73,00	75,21	68,57	67,27	73,37	94,10	113,96
Colombia	86,19	83,79	81,99	81,12	79,46	96,79	122,27
Ecuador	16,67	15,93	21,02	24,31	27,20	30,28	33,06
Mexico	481,20	581,43	622,08	649,08	639,11	683,49	768,44
Paraguay	7,32	7,11	6,46	5,13	5,52	6,92	7,25
Peru	51,39	53,12	53,68	56,54	60,79	68,64	78,58
Uruguay	20,91	20,09	18,56	12,09	11,21	13,27	15,93
Venezuela	97,98	117,15	122,87	92,89	83,44	110,10	132,85
Dominican Republic	17,58	19,89	21,94	21,63	16,46	18,44	29,21
Asia and Pacific	2.147,65	2.312,07	2.428,61	2.651,91	3.010,61	3.474,81	3.958,29
China	1.083,28	1.198,48	1.324,81	1.453,84	1.640,97	1.931,64	2.224,81
India	442,29	462,64	474,10	493,34	575,33	665,87	775,41
Central and Eastern Europe	602,17	615,86	598,70	693,92	853,92	1.036,31	1.213,99
Russia	195,91	259,70	306,58	345,07	431,43	590,71	766,18
World	30.759,77	31.623,51	31.461,47	32.728,61	36.757,73	41.253,16	44.433,00

Source: IMF

Note: Gross Domestic Product at the exchange in force.

Table 8 - Macroeconomic Indicators

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

Source: IMF

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

Table 9 - Macroeconomic Indicators

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

Source: IMF and Central of Brazil

(1) IPCA and Average of market predictions surveyed by the Central Bank on 05/19/2006.

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

Table 10 - Macroeconomic Indicators

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

Source: IMF

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

Table 11 - Macroeconomic Indicators

Public Sector Gross Debt - % of GDP							
	1999	2000	2001	2002	2003	2004	2005 E
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 ⁽¹⁾	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	2004	2005 E
Latin America and Caribbean	762,7	738,4	744,1	733,1	758,1	760,4	679,2
Argentina	152,6	155,0	166,3	156,7	164,9	171,1	118,7
Bolivia	4,6	4,5	4,4	4,3	5,0	5,0	4,8
Brazil	225,6	216,9	209,9	210,7	214,9	201,4	191,3
Chile	34,8	37,2	38,5	40,7	43,4	43,3	44,3
Colômbia	36,7	36,1	39,1	37,3	38,1	39,5	37,0
Ecuador	16,3	13,6	14,4	16,3	16,6	17,0	17,6
Mexico	166,4	148,7	144,5	134,7	132,0	130,5	131,7
Paraguay	2,7	2,8	2,7	2,9	3,1	3,0	2,9
Peru	28,6	28,0	27,2	27,9	29,6	31,1	30,1
Uruguay	8,3	8,9	8,9	10,5	11,0	11,6	11,2
Venezuela	37,0	36,4	35,4	35,5	39,7	44,5	45,1
Dominican Republic	3,7	3,7	4,2	4,5	6,0	6,4	6,4

Source: ECLAC

Table 13 - Macroeconomic Indicators

Exports - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005
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	417,6	479,2	403,5	416,7	471,8	565,7	595,8
United States	695,8	781,9	729,1	693,1	724,8	818,8	904,3
Canada	238,4	276,6	259,9	252,4	272,7	316,5	359,6
UK	272,2	285,4	272,7	280,2	305,6	347,5	377,9
Euro Zone	2.232,3	2.268,1	2.305,6	2.457,2	2.948,7	3.491,5	-
Germany	543,5	551,8	571,6	615,8	751,6	909,9	970,7
France	325,5	327,6	323,4	331,7	392,0	452,1	459,2
Italy	235,6	240,5	244,5	254,4	299,3	353,8	366,8
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	26,3	26,5	25,7	29,6	34,6	40,0
Bolivia	1,1	1,2	1,3	1,3	1,6	2,1	2,7
Brazil	48,0	55,1	58,2	60,4	73,1	96,5	118,3
Chile	17,2	19,2	18,3	18,2	21,5	32,0	39,5
Colombia	11,6	13,0	12,3	11,9	13,1	16,2	21,2
Ecuador	4,5	4,9	4,7	5,0	6,2	7,8	9,8
Mexico	136,4	166,4	158,5	160,7	165,4	188,0	213,7
Paraguay	0,7	0,9	1,0	1,0	1,2	1,6	1,5
Peru	6,1	7,0	7,0	7,7	9,1	12,6	17,2
Uruguay	2,2	2,3	2,1	1,9	2,2	3,0	3,4
Venezuela	21,0	33,5	26,7	26,8	27,2	38,7	56,2
Dominican Republic	5,1	5,7	5,3	5,2	5,5	5,8	5,9
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	762,0
India	35,7	42,4	43,4	49,3	57,1	75,6	89,8
Central and Eastern Europe	101,6	116,0	129,4	148,1	192,0	-	-
Russia	75,7	105,6	101,9	107,3	135,9	183,2	245,3
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	2004	2005
Developed Countries	5492,8	6085,5	5825,6	6013,1	6897,3	8186,2	-
European Union	2263,0	2405,0	2358,0	2447,0	2920,0	-	-
Japan	310,0	379,5	349,1	337,2	382,9	454,5	516,1
United States	1059,4	1259,3	1179,2	1200,2	1303,1	1525,5	1732,7
Canada	220,2	244,8	227,3	227,5	245,0	279,8	320,1
UK	324,9	343,8	333,0	346,3	392,0	470,6	501,2
Euro Zone	2131,6	2230,7	2215,0	2301,6	2782,3	3304,3	
Germany	474,0	497,2	486,1	490,3	604,6	715,7	774,1
France	315,7	338,9	328,6	329,3	398,8	470,9	495,8
Italy	220,6	238,8	236,2	247,0	297,5	355,3	379,7
Developing Countries	-	-	-	1441,5	1963,0	-	-
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	9,0	13,8	22,4	28,7
Bolivia	1,8	1,8	1,7	1,8	1,6	1,8	2,2
Brazil	49,3	55,1	55,6	47,2	48,3	62,8	73,5
Chile	16,0	18,5	17,4	17,1	19,4	24,9	32,5
Colômbia	10,7	11,5	12,8	12,7	13,9	16,7	21,2
Ecuador	3,0	3,7	5,4	6,4	6,6	7,9	9,6
Mexico	146,1	182,7	176,2	176,6	178,5	206,1	231,7
Paraguay	1,9	2,2	2,2	1,7	2,1	3,1	2,9
Peru	7,4	7,4	7,3	7,5	8,4	10,1	12,5
Uruguay	3,4	3,5	3,1	2,0	2,2	3,1	3,4
Venezuela	14,1	16,2	18,3	13,0	9,3	16,8	24,9
Dominican Republic	8,0	9,5	8,8	8,8	7,6	7,8	9,2
Asia and Pacific	1354,4	1662,9	1544,8	1640,9	1739,0	-	-
China	165,7	225,1	243,6	295,2	412,8	561,2	660,1
India	47,0	51,5	50,4	56,5	71,2	97,3	131,6
Central and Eastern Europe	130,2	146,7	159,4	177,2	226,0	-	-
Russia	39,5	44,7	53,8	61,0	76,1	97,4	125,1
World	6990,3	7830,4	7596,8	7911,5	9177,0	11087,5	-

Source: World Trade Organization, ECLAC, Comtrade, CIA

Table 15 - Macroeconomic Indicators

Trade Balance - US\$ billion									
	1999	2000	2001	2002	2003	2004	2005	2006 f	2007 f
Developed Countries	-1,7	-158,2	-133,2	-108,7	-124,0	-201,0	-	-	-
European Union	-26,0	-89,0	-43,0	2,0	-19,0	-	-	-	-
Japan	107,6	99,7	54,4	79,5	88,9	111,1	79,7	62,3	85,6
United States	-363,6	-477,4	-450,1	-507,1	-578,3	-706,7	-828,4	-793,0	-845,4
Canada	18,3	31,8	32,6	24,9	27,7	36,8	39,5	50,3	57,2
UK	-52,7	-58,4	-60,3	-66,1	-86,3	-123,1	-123,4	-99,8	-114,3
Euro Zone	100,7	37,4	90,6	155,6	166,4	187,2	-	119,5	135,8
Germany	69,5	54,6	85,5	125,5	146,9	194,1	196,6	148,8	168,0
France	9,8	-11,3	-5,2	2,5	-6,8	-18,8	-36,6	-18,4	-13,3
Italy	14,9	1,8	8,3	7,4	1,8	-1,5	-12,9	-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	-	90,5	74,3
Argentina	-2,2	1,2	6,2	16,7	15,7	12,1	11,4	8,9	8,0
Bolivia	-0,7	-0,6	-0,4	-0,5	0,0	0,3	0,5	-	-
Brazil	-1,3	0,0	2,6	13,2	24,8	33,7	44,8	38,5	36,3
Chile	1,2	0,7	0,8	1,1	2,1	7,2	7,0	14,4	13,2
Colômbia	0,9	1,5	-0,5	-0,8	-0,8	-0,5	0,0	0,6	1,1
Ecuador	1,4	1,2	-0,7	-1,4	-0,3	-0,1	0,2	0,5	-
Mexico	-9,7	-16,3	-17,6	-15,9	-13,1	-18,1	-18,0	-11,2	-16,2
Paraguay	-1,2	-1,3	-1,2	-0,7	-0,8	-1,5	-1,4	-	-
Peru	-1,3	-0,4	-0,3	0,2	0,7	2,5	4,7	3,4	3,5
Uruguay	-1,1	-1,2	-1,0	-0,1	0,0	-0,2	0,0	-	-
Venezuela	6,9	17,3	8,3	13,8	17,9	21,9	31,3	28,3	30,0
Dominican Republic	-2,9	-3,7	-3,5	-3,7	-2,2	-2,1	-3,4	-	-
Asia and Pacific	191,6	168,9	127,0	162,2	162,0	-	-	-	-
China	29,2	24,1	22,5	30,4	25,5	32,1	101,9	109,3	107,0
India	-11,3	-9,1	-7,0	-7,3	-14,2	-21,8	-41,8	-57,9	-61,3
Central and Eastern Europe	-28,6	-30,7	-30,0	-29,1	-34,0	-	-	-	-
Russia	36,1	60,9	48,1	46,3	59,9	85,8	120,1	-	-
World	48,1	-3,5	-31,5	26,8	57,8	62,2	-	-	-

Source: World Trade Organization, ECLAC, Comtrade, CIA

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

Table 16 - Macroeconomic Indicators

Current Account Balance - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005
Developed Countries	-116,50	-268,40	-219,80	-237,40	-217,20	-283,90	-510,70
European Union	-21,60	-87,00	-32,50	11,30	12,40	26,90	-54,00
Japan	114,53	119,61	87,79	112,61	136,24	172,07	163,89
United States	-300,06	-416,01	-389,46	-475,20	-519,68	-668,08	-804,95
Canada	1,73	19,72	16,21	13,46	13,17	22,16	24,97
UK	-39,26	-37,02	-31,95	-24,75	-26,07	-43,17	-58,05
Euro Zone	25,60	-41,90	0,20	37,50	31,20	75,20	2,50
Germany	-26,78	-32,51	0,39	40,80	45,50	101,71	114,83
France	42,04	17,98	21,53	14,50	7,94	-8,40	-27,63
Italy	8,11	-5,78	-0,65	-9,37	-19,41	-15,14	-26,65
Developing Countries	-13,00	91,10	44,20	84,50	148,50	219,80	423,30
Africa	-15,00	7,20	0,50	-7,50	-2,50	0,90	15,20
Latin America and Caribbean	-54,70	-46,30	-51,50	-13,51	7,89	17,97	-
Argentina	-11,94	-8,98	-3,29	8,67	7,98	3,32	3,32
Bolivia	-0,49	-0,45	-0,28	-0,32	0,05	0,28	0,25
Brazil	-25,34	-24,23	-23,22	-7,64	4,18	11,71	14,20
Chile	0,10	-0,90	-1,10	-0,58	-1,10	1,39	-0,45
Colômbia	0,67	0,76	-1,09	-1,34	-0,99	-0,95	-2,12
Ecuador	0,77	0,84	-0,69	-1,20	-0,47	-0,35	-0,31
Mexico	-13,92	-18,63	-17,65	-13,52	-8,62	-7,18	-5,71
Paraguay	-0,17	-0,16	-0,27	0,09	0,13	0,01	-0,20
Peru	-1,76	-1,50	-1,27	-1,12	-0,99	-0,01	1,03
Uruguay	-0,50	-0,57	-0,53	0,38	-0,06	-0,09	-0,38
Venezuela	2,11	11,85	1,98	7,60	11,45	13,77	25,40
Dominican Republic	-0,43	-1,01	-0,75	-0,80	0,99	1,06	-0,30
Asia and Pacific	48,40	46,10	40,60	72,20	86,30	94,70	155,40
China	15,67	20,52	17,41	35,42	45,88	68,66	158,62
India	-3,23	-4,60	1,41	7,06	8,77	1,43	-19,04
Central and Eastern Europe	-26,40	-32,40	-16,20	-24,00	-37,10	-59,20	-63,10
Russia	24,62	46,84	33,94	29,12	35,41	58,56	86,56
World	-129,50	-177,30	-175,60	-152,90	-68,60	-64,10	-87,50

Source: IMF

Table 17 - Macroeconomic Indicators

Current Account Balance - % of GDP									
	1999	2000	2001	2002	2003	2004	2005	2006 f	2007 f
Developed Countries	-0,5	-1,1	-0,9	-0,9	-0,7	-0,9	-1,5	-2,1	-2,1
European Union	-0,2	-1	-0,4	0,1	0,1	0,2	-0,4	-0,7	-0,5
Japan	2,6	2,6	2,1	2,9	3,2	3,8	3,6	3,6	3,7
United States	-3,2	-4,2	-3,8	-4,5	-4,7	-5,7	-6,4	-6,8	-6,9
Canada	0,3	2,7	2,3	1,8	1,5	2,2	2,2	2,5	2,2
UK	-2,7	-2,6	-2,2	-1,6	-1,4	-2	-2,6	-2,5	-2,7
Euro Zone	0,4	-0,7	0	0,5	0,4	0,8	0	-0,3	-0,2
Germany	-1,2	-1,7	0	2	1,9	3,7	4,1	3,7	4,3
France	2,9	1,3	1,6	1	0,4	-0,4	-1,3	-1,9	-1,9
Italy	0,7	-0,5	-0,1	-0,8	-1,3	-0,9	-1,5	-1,7	-1,6
Developing Countries	-0,2	1,4	0,7	1,3	2	2,5	4,1	3,2	2,7
Africa	-3,5	1,6	0,1	-1,6	-0,4	0,1	1,9	1,9	3,4
Latin America and Caribbean	-3,2	-2,4	-2,8	-0,9	1,2	0,5	1,5	1,0	0,3
Argentina	-4,2	-3,2	-1,2	8,9	6,3	2,2	1,8	1,7	0,9
Bolivia	-5,9	-5,3	-3,4	-4,1	0,6	3,2	2,6	1,7	1,0
Brazil	-4,7	-4	-4,5	-1,7	0,8	1,9	1,8	0,9	0,3
Chile	0,1	-1,2	-1,6	-0,9	-1,5	1,5	-0,4	0,9	-1,1
Colômbia	0,8	0,9	-1,3	-1,7	-1,2	-1	-1,7	-1,6	-2,1
Ecuador	4,6	5,3	-3,3	-4,9	-1,7	-1,1	-0,9	0,1	0,2
Mexico	-2,9	-3,2	-2,8	-2,1	-1,3	-1,1	-0,7	-0,9	-1,3
Paraguay	-2,3	-2,3	-4,1	1,8	2,4	0,2	-2,7	-1,7	-1,8
Peru	-3,4	-2,8	-2,4	-2	-1,6	0	1,3	0,5	-0,4
Uruguay	-2,4	-2,8	-2,9	3,2	-0,5	-0,7	-2,4	-3,7	-1,9
Venezuela	2,2	10,1	1,6	8,2	13,7	12,5	19,1	13,5	12,4
Dominican Republic	-2,4	-5,1	-3,4	-3,7	6	5,8	-1	-2,4	-3,0
Asia and Pacific	2,3	2	1,7	2,7	2,9	2,7	3,9	3,5	3,2
China	1,4	1,7	1,3	2,4	2,8	3,6	7,1	5,4	5,0
India	-0,7	-1	0,3	1,4	1,5	0,2	-2,5	-2,7	-2,5
Central and Eastern Europe	-4,4	-5,3	-2,7	-3,5	-4,3	-5,7	-5,2	-2,2	-2,8
Russia	12,6	18	11,1	8,4	8,2	9,9	11,3	9,8	7,2

Source: IMF

Note: The forecasts for 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	1,7	4,3	4,7
Bolivia	1,0	0,7	0,7	0,7	0,2	0,1	-0,3
Brazil	28,6	32,8	22,5	16,6	10,1	18,2	15,2
Chile	8,8	4,9	4,2	2,5	4,3	7,2	7,2
Colômbia	1,5	2,4	2,5	2,1	1,8	3,1	3,9
Ecuador	0,6	0,7	1,3	1,3	1,6	1,2	1,5
Mexico	13,2	16,1	27,7	17,3	12,9	18,2	17,8
Paraguay	0,1	0,1	0,1	0,0	0,0	0,1	0,7
Peru	1,9	0,8	1,1	2,2	1,3	1,8	2,5
Uruguay	0,2	0,3	0,3	0,2	0,4	0,3	0,3
Venezuela	2,9	4,7	3,7	0,8	2,7	1,5	3,0
Dominican Republic	1,3	1,0	1,1	0,9	0,6	0,8	0,9
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 and ECLAC

Table 19 - Macroeconomic Indicators

Foreign Currency Reserves - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005
Developed Countries	-	-	-	-	-	-	-
European Union	-	-	-	-	-	-	-
Japan	286,9	354,9	395,2	461,2	663,3	829,4	846,9
United States	60,5	56,6	57,6	68,0	74,9	87,0	64,5
Canada	28,1	31,9	34,0	37,0	36,2	36,4	33,0
UK	35,9	43,9	37,3	39,4	41,9	43,1	79,2
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	101,7
France	39,7	37,0	31,7	28,4	30,2	39,4	74,4
Italy	22,4	25,6	24,4	24,5	34,5	31,9	66,0
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	187,6	211,1
Argentina	26,3	25,1	14,9	10,4	14,1	19,6	28,1
Bolivia	0,9	0,8	0,8	0,5	0,7	0,7	-
Brazil	23,9	31,5	35,8	37,7	49,3	52,9	53,8
Chile	14,4	15,0	14,2	15,4	15,9	16,0	17,0
Colômbia	8,0	8,9	10,2	10,8	10,9	13,5	15,0
Ecuador	1,6	0,9	0,8	0,7	0,8	1,1	-
Mexico	31,8	35,5	44,7	48,0	57,4	61,5	68,7
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	13,7
Uruguay	2,1	2,5	2,9	0,8	1,9	2,3	3,1
Venezuela	12,3	13,1	18,5	14,8	21,3	24,2	30,0
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	182,2
Total							

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 a 2006 ¹										
	Units	2003	2004	2005	05 Q2	05 Q3	05 Q4	06 Q1	mar/06	apr/06
Food										
Cereals										
Wheat	\$/MT	146	157	152	142	151	164	174	174	180
Maize	\$/MT	105	112	98	96	100	100	105	105	108
Rice	\$/MT	199	246	288	294	283	282	293	298	299
Barley	\$/MT	105	99	95	92	98	100	102	100	102
Vegetables oils and protein meals										
Soybeans	\$/MT	233	277	223	239	232	213	214	213	209
Soybean meal	\$/MT	215	257	206	223	217	196	198	192	191
Soybean oil	\$/MT	500	590	496	510	516	493	499	516	518
Palm oil	\$/MT	410	435	368	372	367	376	384	383	386
Coconut oil	\$/MT	462	673	620	659	569	571	576	572	576
Fish meal	\$/MT	650	693	744	696	741	832	909	907	918
Sunflower oil	\$/MT	650	734	1.145	1158	1152	1152	833	694	673
Olive oil	\$/MT	3.797	4.631	5.519	5493	5500	5559	5772	5745	5583
Groundnuts	\$/MT	856	910	769	762	704	700	717	720	720
Meat										
Beef	cts/lb	90	114	119	120	121	116	113	112	113
Lamb	cts/lb	160	166	161	164	155	149	145	141	141
Swine meat	cts/lb	53	71	68	70	68	62	58	59	56
Poultry	cts/lb	66	76	74	74	75	73	69	68	68
Seafood										
Fish meal	\$/kg	3.0	3.3	4.1	4.1	4.3	4.0	4.2	4.6	4.8
Shrimp	\$/lb	11.5	10.4	9.9	9.8	9.3	9.5	9.8	10.3	10.2
Sugar										
Free market	cts/lb	6.9	7.5	10.1	8.7	10.1	12.4	17.1	17.1	17.5
United States	cts/lb	21	21	21	21	21	22	24	23	24
EU	cts/lb	27	30	30	31	30	29	29	29	29
Bananas	\$/MT	375	525	577	569	463	510	792	881	670
Oranges	\$/MT	683	855	842	1065	752	722	809	809	800
Beverages										
Coffee										
Other milds	cts/lb	64	80	114	125	105	106	118	112	115
Robusta	cts/lb	38	37	53	58	55	55	65	63	64
Cocoa Beans	\$/MT	1.753	1.551	1.545	1.545	1.492	1.465	1.556	1.545	1.552
Metals										
Copper	\$/MT	1.779	2.863	3.676	3.387	3.750	4.304	4.948	5.124	6.404
Aluminum	\$/MT	1.433	1.719	1.901	1.788	1.831	2.081	2.423	2.432	2.624
Iron Ore	cts/DMTU	32	38	65	65	65	65	65	65	65
Tin	\$/MT	4.890	8.481	7.385	7.946	7.060	6.451	7.602	7.949	8.860
Nickel	\$/MT	9.630	13.821	14.778	16.418	14.568	12.719	14.854	14.925	18.029
Zinc	\$/MT	828	1.048	1.381	1.272	1.298	1.638	2.246	2.428	3.068
Lead	\$/MT	514	882	974	983	893	1.046	1.240	1.194	1.171
Uranium	\$/lb	11.2	18.0	27.9	26.8	29.8	33.9	38.1	39.8	41.1
Energy										
Spot cru (APSP 2)										
U.K. Brent	\$/bbl	28.9	37.8	53.4	50.8	60.0	56.5	61.0	60.9	68.0
Dubai	\$/bbl	26.7	33.5	49.2	47.7	55.3	52.7	57.8	57.6	64.1
West Texas Intermediate	\$/bbl	31.1	41.4	56.4	53.1	63.1	60.0	63.3	62.9	69.5
Natural Gas										
Russian in Germany	\$/000M3	125.5	135.2	212.9	198.4	220.7	250.6	275.8	275.8	293.0
Indonesian in Japan	\$/M3	104.8	123.9	148.0	145.9	154.2	162.8	162.1	166.0	166.0
US, domestic market	\$/000M3	197.8	212.7	319.0	250.0	355.0	443.8	277.1	247.7	258.1
Coal										
Australian	\$/MT	28.0	56.7	51.0	54.8	51.9	42.4	50.2	53.3	56.7

Table 21 - 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
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	10.865	2.306	547,0	17,9	1.774
feb/06	17.453	11.062	2.287	556,8	18,2	1.775
mar/06	17.562	11.151	2.340	583,1	18,6	1.773
apr/06	18.407	11.367	2.323	611,2	19,2	1.800

Source: Central Bank of Brazil and Mecon.

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	2,89	536,70	2.295	10,78	24,07
oct/05	2,95	537,81	2.293	10,83	23,63
nov/05	2,95	529,88	2.280	10,69	23,49
dec/05	3,00	514,33	2.278	10,62	23,48
jan/06	3,03	524,48	2.275	10,57	24,08
feb/06	3,08	525,24	2.255	10,49	24,17
mar/06	3,09	529,38	2.265	10,76	24,26
apr/06	3,08	516,89	2.340	11,05	24,08

Source: BCRP and Mecon

Table 23 - Economic Indicators

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	3,13	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	2,70	4,72	4,83	4,82
feb/06	9,00	17,28	1,02	4,90	5,06	5,05
mar/06	9,00	16,74	2,29	5,04	5,17	5,18
apr/06	8,15	16,19	1,20	5,19	5,32	5,36

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 a

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
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	10.865	2.306	547,0	17,9	1.774
feb/06	17.453	11.062	2.287	556,8	18,2	1.775
mar/06	17.562	11.151	2.340	583,1	18,6	1.773
apr/06	18.407	11.367	2.323	611,2	19,2	1.800

Source: Central Bank of Brazil and Mecon.