



http://www.bndes.gov.br/english/intl_bulletin.asp

Ana Claudia Alem
Bruno Galvão
Fabrício Catermol
Patrícia Zendron
Rodrigo Madeira
Thais Krutman

BRAZILIAN DEVELOPMENT BANK

No. 07 – SEPTEMBER 06

1) GLOBAL OVERVIEW

In spite of remaining doubts about the intensity of the USA economy deceleration, the main indicators point out to maintaining the global economy growth course in 2006 and 2007.

The global performance has been maintaining a consistent growth trend in recent years, followed by a controlled inflation, despite the route of high quotations of oil, which practically tripled since 2003 – see Graph 1.1.

The future evolution of quotations of commodities is considered uncertain by analysts – see the price evolution of commodities in Table 21 of the section “Economic Forecasts and Indicators. Anyhow, the heated demand in China and India should continue increasing consumption in 2007, realigning quotations at higher levels. In the oil sector, it is expected that the volatility of oil quotations remains within the following months, but it is already foreseen a trend of drop, with a possible stabilization of the oil barrel price between US\$ 60 and US\$ 70. The following factors have been contributing to a trend in oil drop: i) the American economy deceleration; iii) failure of a war in Lebanon; ii) negotiations between Iran and European Union on the use of nuclear energy that have been indicating a pacific solution; and iii) increase in inventories of byproducts in the United States.

SUMMARY

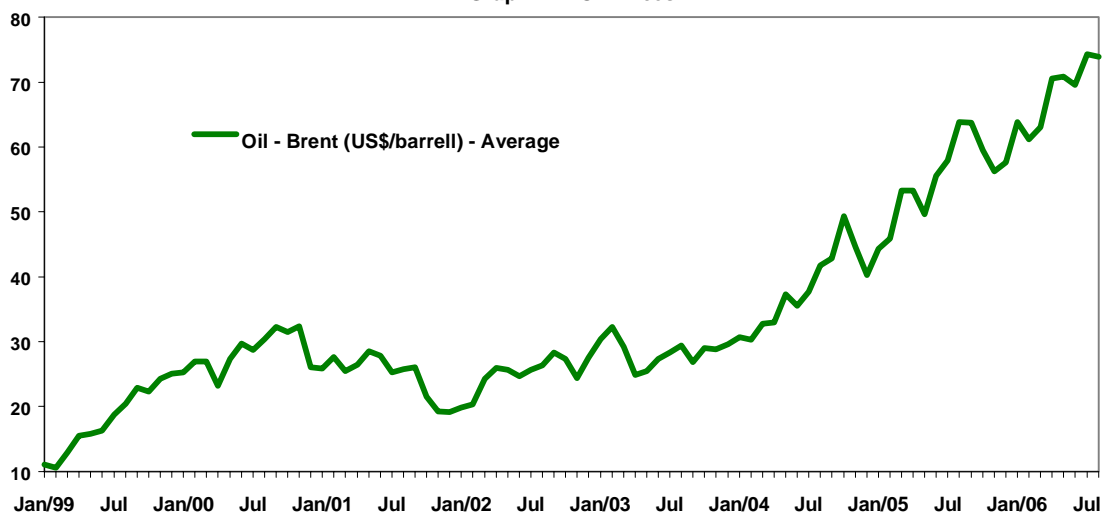
Global overview.....	1
Box: The FDI until 2010.....	5
The Latin American economy	7
The foreign sector.....	7
Box: Evolution of the terms of trade was heterogeneous at the region.....	8
Box: Exports to China exceeded US\$ 19 billion.....	12
The economic activity.....	12
Perspectives.....	15
Brazilian foreign sector.....	16
Box: Exports of goods with high technological intensity and R&D expenditures in the world.....	17
Box: Eight countries account for 50% of global imports.....	21
Special Report: How has been the motor vehicle industry evolving in the world?.....	23
Box: Perspectives for the motor vehicle industry throughout next years.....	27
Economic forecasts and indicators..	32

The International Bulletin is a quarterly publication of Banco Nacional de Desenvolvimento Econômico e Social. This work is of full responsibility of its authors, and does not reflect, necessarily the opinion of BNDES.
Edition closed on: 10/02/2006
E-mail: sinopseinternational@bndes.gov.br
Tel: 55 - 21 - 2172-7369

If you want to receive International Bulletin directly in your e- mail, please contact us.

The forecasts for 2006 and 2007 proceed indicating the maintenance of a global growth, determined by a leadership of the United States of America (USA) and China and by a consolidation of Japanese economy retaking - under a context of controlled inflation and a gradual reduction of unemployment – see Tables 1 and 2 of section “Economic Forecasts and Indicators”. In spite of the still disappointing performance of countries in the Euro zone, the perspective is of a better performance in 2006 and 2007, as compared to 2005.

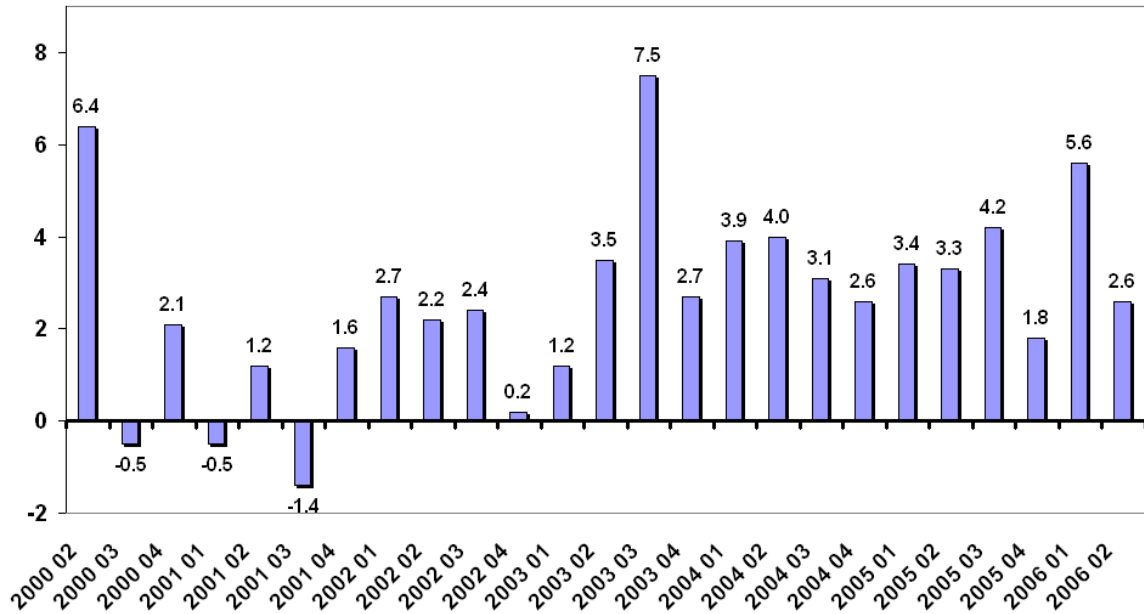
Graph 1.1: Oil Prices



In accordance with estimates from several institutions, the international economy is expected to present an average real growth of about 4.0% in 2006 and 2007 - see Table 1 of section “Economic Forecasts and Indicators”. With respect to global trade, both IMF and OCDE project higher growth rates for 2006 and 2007, versus 2005. For the IMF, global trade is expected to grow 8.0% and 7.5%, respectively, in 2006 and 2007, versus an expansion of 7.5% recorded in 2005. OCDE is more optimistic and works with 9.3% and 9.1% for 2006 and 2007, respectively.

In accordance with the Bureau of Economic Analysis [BEA] of the USA, the GDP of that country grew in real terms 2.6% in second quarter of 2006 – final number after the third review -, significantly below the 5.6% recorded in first quarter – see Graph 1.2. For 2006 and 2007, the forecasts indicate a continuity in the growth trend, with USA GDP presenting an expansion of about 3.3% and 3.0%, respectively - see forecasts at Tables 1, 2, 3, 4, 5, 6 and 8 of section “Economic Forecasts and Indicators”. The unemployment rate, in turn, is expected to maintain its drop trend, reaching nearly 4.7% in 2006 and 2007.

Graph 1.2: USA GDP Quarterly Growth - variance qtr/qtr(-1)
annualized 2000 - 2006



The more pessimistic analysts see with a particular worry the USA real estate market deceleration. The high real estate valuation and the family consumption have been the main responsible for USA GDP growth in recent years – it is worth mentioning that the consumption corresponds to about two thirds of GDP in that country. The drop in sales of used real estate was 0.5% in August versus July; in relation to same month of 2005, the drop was 12.6%. In relation to the sales of new real estate, there was an annualized growth of 4.1%, but in comparison to the result in the same month of 2005, there was a reduction of 17.4%.

The more optimistic, in turn, believe that a drop of 0.5% in sales of used real estate in August, below the rate of 2.1% expected by the market, would have just indicated a deceleration for the sector, without great surprises. In addition, the sales of new real estate in August presented a considerable recovery: they grew 4.1% after a drop of 7.5% in July. Furthermore, the FED's decision to maintain stable the interest rates at 5.25% per annum would guarantee a soft "landing" for the American economy in 2006. The FED started to increase interests at the meeting of June 2004: from a record drop of 1.0%, it started to increase the rates monthly. There were 17 increases of 0.25 p.p. until the current 5.25%.

Some indicators recently disclosed seem to confirm the thesis of soft "landing" of the USA economy. In September, in accordance with the Conference Board, the American consumer trust index increased from the reviewed number of 100.2 in August to 104.5, above the expected by the market, which forecast was a lower increase, to 103.0. The drop in prices of energy was the main cause of increase in the USA consumer trust.

Institute for Supply Management [ISM] announced a drop of 54.5 in August to 52.9 in September for the domestic industrial activity of USA purchase managers, a number slightly lower than the market expectations, which were 53.5 points. Opposed to some more pessimistic expectations, the index have not shown a strong retraction, which was confirmed by the performance of production components - drop of 56.6

points to 56.1 - and new orders - stable at 54.2 points - that mostly sustained its prior levels. The drop in the index of paid prices (from 73.0 to 61.0) and the reduction in inventories of the sector (from 50.2 to 46.4), in turn, confirmed an inflationary context controlled and a reversal in the growth trend of inventories in recent months. However, the component of employment showed an important retreat, of 54.0 points in August to 49.4 points in September. It should be noted that the inventory indexes and new orders may be considered antecedent indicators, and therefore the good result of these variables in August favors a more positive level of activity to industry in the future.

With respect to the real estate market, the National Association of Realtors [NAR] of the USA announced an annualized increase of 4.3% - with seasonal adjustment - in the indicator for pending sales of residences in August, versus July. The number was better than expected by the market, which after a drop of 7.0% observed in July projected a null variance for August. The perception is that real state sales had reached the lowest level in August and that the index may be relatively stable in the following two months.

In relation to inflation, the core of the price index for personal consumption expenditures that excludes energy and food prices presented an annualized variance of 2.5% in August, over the increase of 2.3% recorded in July.

With respect to the Asian continent, in accordance with the National Bureau of Statistics of China, there was a real growth of 10.9% in GDP of second quarter of 2006, versus the same period of previous year. The main growth was in industry GDP, with an increase of 13.2% in the period. Most recent indicators show maintenance of high growth rates. In August, the industrial production presented an expansion of 15.7% in relation to the same month of 2005. In August year-to-date, the industrial production recorded a growth of 17.3%. The investment rate increased 29% from January to August 2006, versus the same period of 2005. For 2006 and 2007, average estimates indicate a Chinese GDP growth maintenance at high levels, of about 9% to 10%, followed by inflation rates under control, from 2.0 to 3.0% - see Tables 1, 2, 3, 4, 5, 6 and 8 of the section "Economic Forecasts and Indicators".

In accordance with OCDE, the Japanese GDP presented a real growth of 2.2% in second quarter of 2006, versus the same period of 2005. Despite the number was lower than the growth of 3.4% recorded in first quarter of 2006, the optimism remains in relation to the Japanese economy performance. After having grown 2.7% in 2005, the average forecasts indicate to a GDP real growth rate of about 2.9% and 2.7% for 2006 and 2007, respectively - see Tables 1, 2, 3, 4, 5, 6 and 8 of the section "Economic Forecasts and Indicators". After the Japanese growth consolidation, the unemployment rate, which reached 4.4% in 2005, is expected to drop to 4.0% in 2006 and 3.5% in 2007. In case these numbers are confirmed, the unemployment reduction will be expressive in relation to the peak of 5.4% reached in 2002. Inflation measured by the consumers' price index is expected to accumulate the rate of 0.7% and 0.8%, in 2006 and 2007, respectively. On July 14 the Bank of Japan increased the interest rates from zero to 0.25% - there had been no increases since August 2000. The decision was taken after the definitive elimination of risks of a new period of deflation. Accumulated inflation from January to August was 0.9%.

In India, the activity level indicators continue growing. After a real growth of 8.1% in 2005, forecasts of the Asian Development Bank [ADB] indicate to a real GDP growth slightly lower in 2006 and 2007, of 7.6% and 7.8%, respectively – see other forecasts at initial tables of the Section "Economic Forecasts and Indicators". It is forecasted an accumulated inflation of about 5.0% in 2006 and 2007. The economy's basic

interest rates are currently around 6.0% per annum, which has been contributing to the increase of aggregated demand.

In 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. In accordance with OCDE data, in second quarter of 2006, the Euro zone grew 0.9% - seasonally adjusted rate – as compared to the first quarter. In annualized terms, the growth was 3.7% in second quarter of 2006: the highest rate since the second quarter of 2000. As compared to the same quarter of previous year, the Euro zone GDP growth was 2.4%, which represented growth acceleration in relation to the rate of 2.0% recorded in first quarter of 2006. In second quarter, the growth highlight was in France: in relation to the first quarter, the seasonally adjusted expansion was 1.2%; and as compared to the same quarter of 2005, the rate was 2.6% - a significant rate considering that the variation had been 1.5% in first quarter of 2006. The German GDP, in turn, also had a significant performance, with growths of 0.9% and 2.4%, respectively, in the two kinds of comparison.

The institutions consulted indicate, in average, growth rates in the Euro zone of 2.2% and 2.1%, in 2006 and 2007, respectively – see section “Economic Forecasts and Indicators”. In accordance with OCDE, a better GDP performance will lead to a reduction in unemployment rates for the region from the 8.6% recorded in 2005 to 8.2% in 2006, and 7.9% in 2007. The highest growth is expected to be led by Germany and France, the two leading economies of the block. In relation to Germany, OCDE expects GDP expansion rates of 1.8% and 1.6%, respectively, in 2006 and 2007. OCDE also projects lower unemployment rates for Germany: 8.5% and 8.1%, respectively, for 2006 and 2007, versus the 9.1% recorded in 2005. With respect to France, OCDE projects a GDP expansion of 2.1% and 2.2%, for 2006 and 2007, respectively. The unemployment rate in France is expected to drop from 9.9% in 2005, to 9.5% and 9.2%, respectively, in 2006 and 2007.

In relation to inflation in the Euro zone, it is forecasted an accumulated variation of consumers’ price indexes of 2.1% and 2.0% for 2006 and 2007, respectively.

With respect to Latin American and the Caribbean economies, for 2006 and 2007, the forecasts indicate an average real growth of 4.6% and 4.1%, respectively – see Tables 1 and 8 of the section “Economic Forecasts and Indicators”; for a more detailed analysis of the region, see the section “The Latin American economy”.

Evolution of the Foreign Direct Investments (FDI) until 2010

The Economist Intelligence Unit [EIU] and the University of Columbia disclosed in September 2006 a full report containing forecasts for the evolution of Foreign Direct Investments [FDI] until 2010. After three years of consecutive drops in 2001, 2002 and 2003, the FDI presented a significant recovery in 2004 and 2005 – see Table 19 of section “Economic Forecasts and Indicators”. The final data for last year are expected to be disclosed by UNCTAD in its “World Investment Report”, to be published on October 16.

The forecasts prepared jointly by EIU and Columbia indicate a strong growth of 22% for FDI in 2006. From then on, the FDI would continue growing, but the rates would be decelerated, reaching the amount of US\$ 1.4 trillion in 2010 – see Table 1.1. In case the forecasts are confirmed, the global flows of FDI will return in 2010 to the level reached in 2000.

Differently from what occurred in 2004 and 2005, the expansion beginning in 2006 is expected to be led by the growth of FDI flows to developed countries. In 2006, the FDI to such countries are expected to grow 36%, versus a growth of only 3.0% of flows to emerging markets. The forecasts indicate FDI growth rates to developed countries always over the flows to emerging markets, for the period from 2006 to 2010. In case this is confirmed, the developed countries will continue as the main receivers of FDI, with its share in total increasing from 65% in 2006, to 70% in 2010. The principal FDI receiver among developed countries will be the USA, followed by the United Kingdom, France, the Netherlands and Germany.

Table 1.1: Evolution of Foreign Direct Investment Flows - US\$ billion

	2006	2007	2008	2009	2010
Total	1165.0	1222.5	1285.3	1342.9	1407.3
Growth Rate	22.0	4.9	5.1	4.5	4.8
Developed Countries	754.3	814.8	880.7	929.0	979.4
Growth Rate	35.8	8.0	8.1	5.5	5.4
% of Total	64.7	66.7	68.5	69.2	69.6
Emerging Markets	410.7	407.7	404.6	413.9	427.9
Growth Rate	2.9	-0.7	-0.8	2.3	3.4
% of Total	35.3	33.3	31.5	30.8	30.4

Source: "World investment prospects to 2010: boom or backlash?", September 2006.

It is estimated that FDI in China have reached an amount of around US\$ 80 billion in 2006. The perspective is that the country continues as the principal receiving emerging market of FDI in the period analyzed.

In the global ranking, China is expected to be the third country receiving FDI, surpassed only by the USA and the United Kingdom – see Table 1.2. Brazil ranks seventeenth.

Table 1.2: The main 20 FDI global receivers - average for the period 2006/10

Countries	Amount (US\$ bi)	% total Global	Countries	Amount (US\$ bi)	% total Global
1-USA	298.1	23.21	11-Italy	24.6	1.91
2-UK	89.4	6.96	12-Sweden	22.4	1.71
3-China	85.7	6.67	13-Singapore	22.3	1.73
4-France	69.9	5.45	14-Russia	21.9	1.71
5-Netherlands	50.4	3.92	15-Ireland	20.3	1.58
6-Germany	39.5	3.08	16-Mexico	19.1	1.49
7-Canada	38.3	2.98	17-Brazil	18.2	1.41
8-Belgium	33.8	2.63	18-Australia	13.3	1.03
9-Hong Kong	33.3	2.59	19-India	11.6	0.90
10-Spain	28.8	2.24	20-Switzerland	10.6	0.82

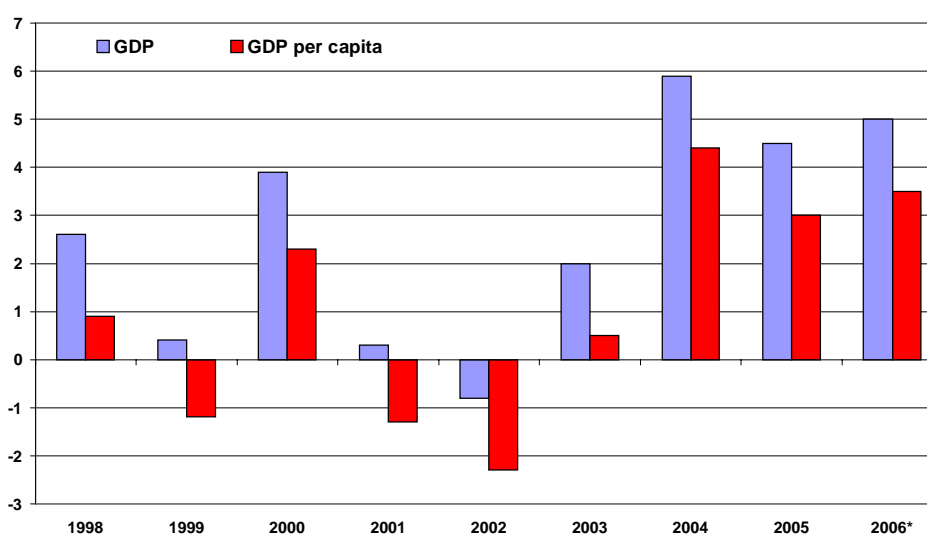
Source: "World investment prospects to 2010: boom or backlash?", setembro de 2006.

2) THE LATIN AMERICAN ECONOMY

The performance of the Latin American and the Caribbean economies continues satisfactory. In 2005, the GDP for the region grew 4.5%, after expanding 5.9% in 2004. In the first quarter of 2006, the growth was 5.5% in relation to the same period of previous year.

IMF and ECLAC have optimistic expectations for the Latin American economy in 2006 and 2007. In the case of 2006, ECLAC expects that the region will grow 5.0% (see graph 2.1). If this growth is confirmed, the GDP per capita for the region will have expanded in average 2.8% per annum in the last 4 years, which is significant when compared to the region's economy performance in the recent period.

Graph 2.1 – Growth rate for the region since 1998



* ECLAC estimate
Source: ECLAC

In addition, the economic growth has been followed by a reduction in the external vulnerability indicators, by the drop in inflation, in unemployment and in public deficit and by interest rates relatively low for the region. And, differently from the beginning of the economic recovery in 2005, the growth has been led by domestic demand.

2.1) External Sector

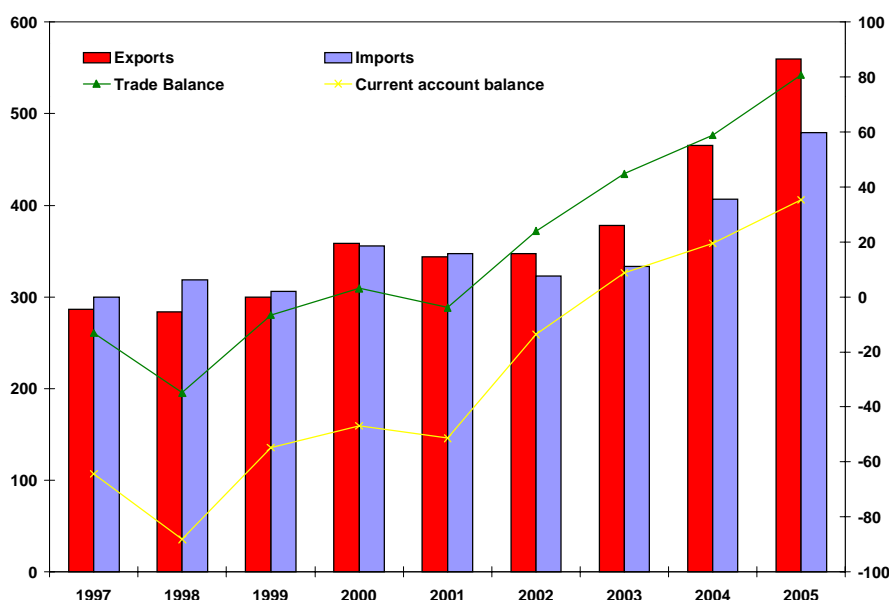
In recent years, there was a significant improvement in the external accounts (increase in exports, expansion in current account surplus and decrease in external debt) with positive consequences to the economic performance in the region, both as source of demand and for expanding the economic policy autonomy.

In 2005, the volume of exports increased 7.7%, after having grown 9.8% in 2004. In spite of being a high rate, such growth was lower than the volume of imports, which expanded by 10.8% in 2005 and 14.6% in 2004. This indicates that the internal demand played an important role to explain the total demand expansion in the economy.

On the other hand, the average increase in prices of exported goods (11.7% in 2005) was much higher than in prices of imported goods (6.4%). Therefore, for the

fourth consecutive year the growth rate of the amount exported was higher than imports. This resulted in an increase of 20.3% in the value of Latin America and the Caribbean exports, which rose from US\$ 465 billion in 2004 to US\$ 560 billion in 2005. The imports, in turn, increased 17.9%, reaching US\$ 479 billion in 2005. Therefore, the trade balance increased from US\$ 59 billion in 2004 to US\$ 81 billion.

Graph 2.2 – External accounts in Latin America



Source: ECLAC

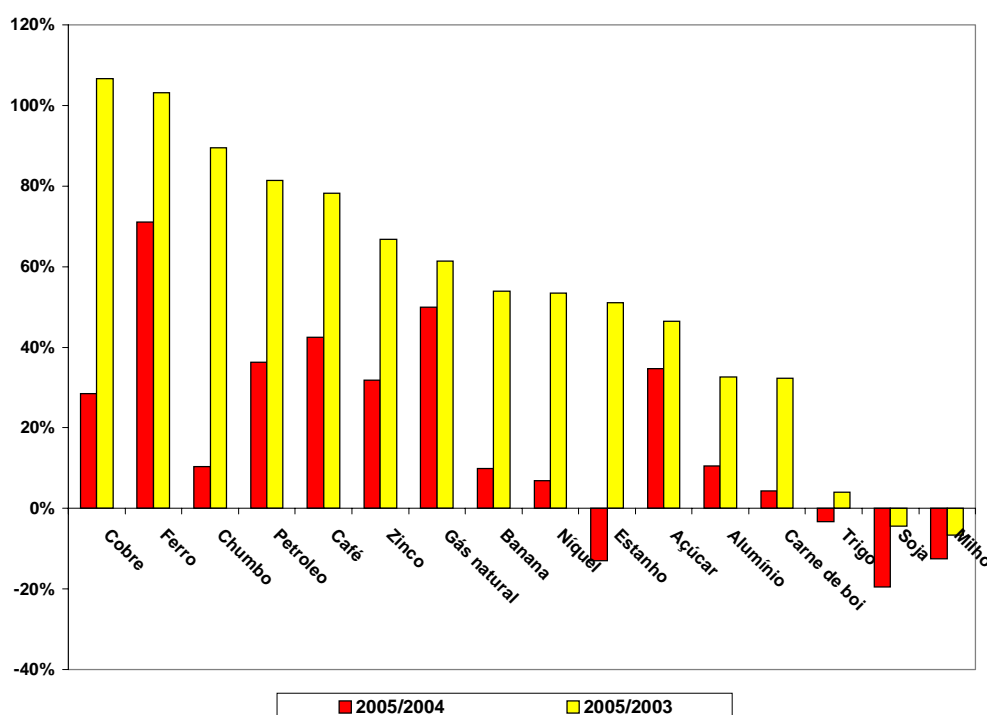
It may be noted in graph 2.2 that the route of the trade balance and current account balance are similar. This occurs because the trend of growth in net income remitted abroad was counterbalanced by a continuous increase in unilateral transfers. This account was responsible for the generation of US\$ 49 billion of foreign currencies to Latin America in 2005, a growth of 17.7% in relation to 2004. In contrast, the net factor income presented a negative balance of US\$ 75 billion in 2005, an expansion of 13.7% as compared to the previous year.

The evolution of terms of trade was heterogeneous at the region

In 2005, the terms of trade continued to grow favorably to Latin America and the Caribbean. There was an improvement of 5.7% in the terms of trade to the region in 2005, after an increase of 5.2% in 2004 and 2.1% in 2003. The strong increase in demand for commodities, mainly by China, provoked a significant increase in prices of basic products exported by Latin America and the Caribbean. However, in 2005, the heterogeneity of such improvement in the terms of trade increased.

It may be noted in graph 2.3 below, related to the period from 2003 to 2005, that the increase in prices of mineral commodities and fuels was much higher than of agricultural commodities. Therefore, the countries that the main products in the export structure are ore and fuels were the main beneficiaries of price variances. Venezuela, Ecuador and Chile were those countries presenting the highest favorable variance in the terms of trade, of respectively 30.8%, 15% and 11.9%. It is interesting to note that the Chilean terms of trade had a significant improvement, even though the country is an importer of oil. By contrast, Chile is a great exporter of mineral products, mainly copper.

Graph 2.3 – Variance of commodities prices in dollars between 2003 and 2005

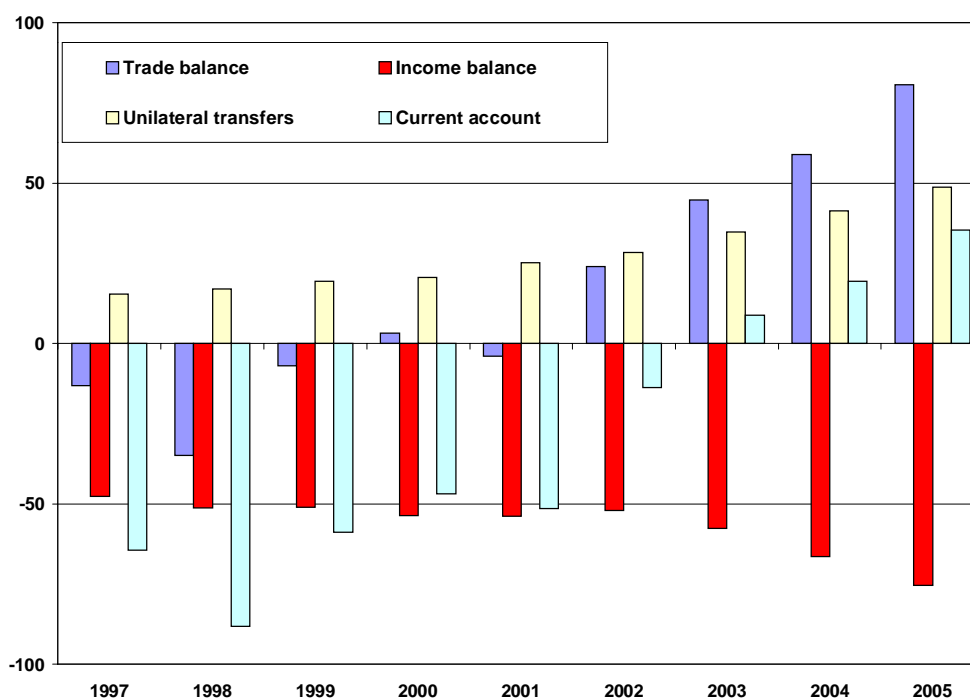


Source: IMF

On the other hand, the Central American countries, Paraguay, Uruguay and Argentina presented a drop in the terms of trade in 2005, for being exporters of agricultural products and, in general, importers of fuels. South America was the region with higher increase in the terms of trade (6.5% in 2005), in spite of Uruguay and Paraguay being the Latin American countries that presented the highest drops in terms of trade. The terms of trade in Mexico had an increase of 2.9% and in Central America, a drop of 3.3%.

As a consequence of the significant increase in the surplus of the trade balance, the result in current account, which is traditionally deficitary in the region, has recorded successive and increasing surpluses (see graph 2.4). While between 1997 and 2001, the Latin America deficit in current account varied from -2.7% to -4.4% of GDP, in 2005 the region had a surplus of +1.5% of GDP, that is, US\$ 35 billion.

Graph 2.4 – Evolution in the current account structure (US\$ billion)

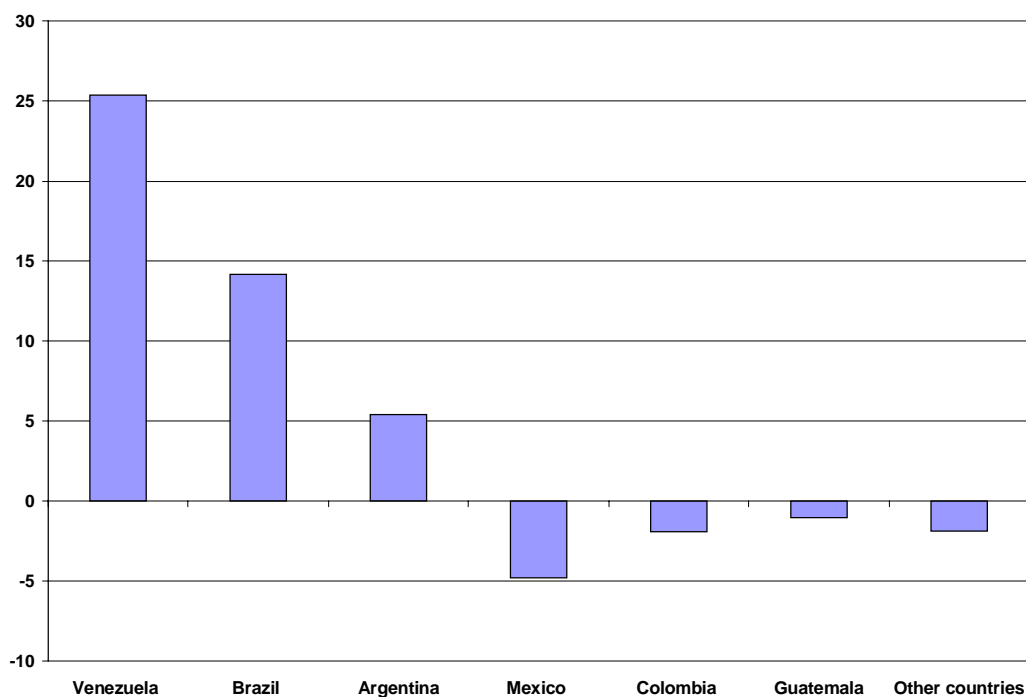


Source: ECLAC

The increase in the surplus of the current account balance occurred in the three main economies of the region. However, such succession of surpluses is not a generalized phenomenon. Mexico, Colombia and the main economies of Central America, with exception of the Dominican Republic, presented current account deficits in 2003, 2004 and 2005. However, these deficits were in general much lower than in the previous period.

The current account surplus in 2005 was mainly due to surplus in Venezuela, Brazil and Argentina, as may be noticed in graph 2.5. Between 2003 and 2005, the countries with higher current account surplus were: Venezuela (US\$ 50.6 billion accumulated in the period), Brazil (US\$ 30.0 billion) and Argentina (US\$ 16.7 billion). It should be noted that Brazil and Argentina presented high and consecutive current account deficits until 2001.

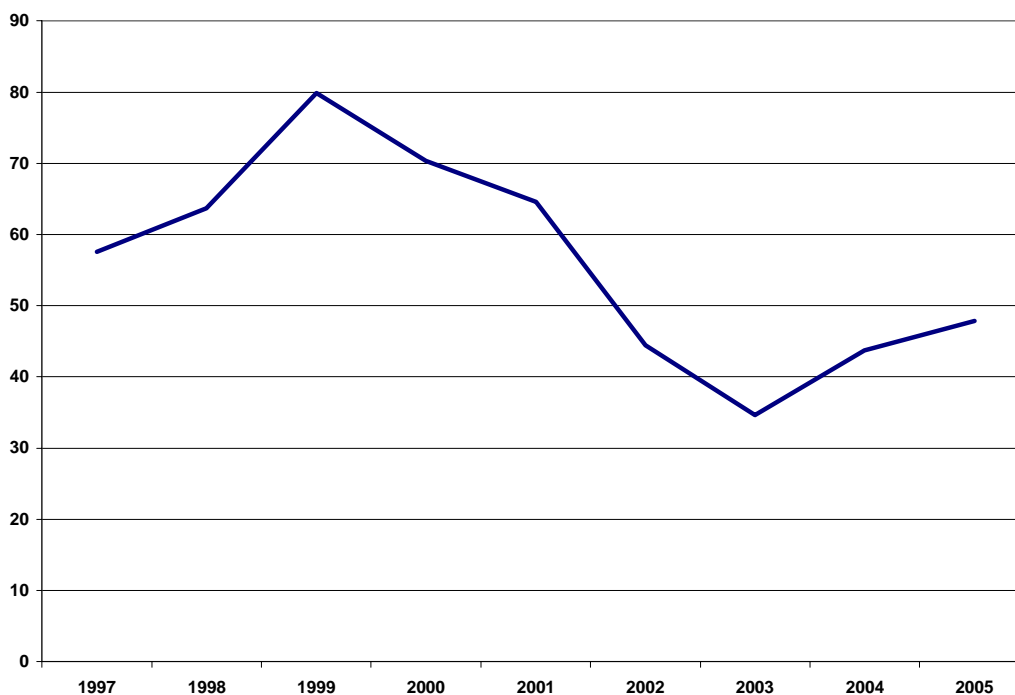
Graph 2.5 – Highest surplus and current account deficits in 2005



Source: ECLAC

In contrast with the unprecedented current account surplus, the foreign direct investment, in spite of having increased by 9.7% in 2005 in relation to the previous year and having reached US\$ 47.8 billion, is still much lower than in the end of the 1990's (see graph 2.6).

Graph 2.6: Evolution in the net direct investment in Latin America and the Caribbean



Source: ECLAC

In 2005, the main receivers of foreign direct investment were: Brazil (US\$ 12.6 billion), Mexico (US\$ 11.9 billion) and Colombia (US\$ 5.6 billion).

Latin America's exports to China exceeded US\$ 19 billion in 2005

China is the country that is leading Asia's dynamism in the global scenario, expressed in its economic growth, foreign trade, foreign direct investments and technological innovations. In 2005, China grew 10.5% and became the fourth leading economy in the world (following the United States, Japan and Germany). In the international trade of commodities, China ranked third.

The Chinese dynamism reflected in its trade with Latin America and the Caribbean. According to the report "Latin America and the Caribbean in the World Economy, 2005-2006", disclosed in September by the Economic Commission for Latin America and the Caribbean [ECLAC], China was one of the main markets for the exports of several countries in the region.

In 2005, exports to China exceeded US\$ 19 billion, representing about 3.5% of Latin America and the Caribbean external sales. The main exporters were, respectively, Brazil, Chile, Argentina, Peru and Mexico. Considering the share in external sales per country, Chile (11.1%) and Peru (10.7%) were the countries that have China as the most important commercial partner (by contrast, 5.8% of the Brazilian exports went to the Chinese market and only 0.5% of the Mexican exports).

The export structure is concentrated in primary products. Latin America and the Caribbean account for 60% of the Chinese imports of soy (mainly from Brazil and Argentina), 80% of fish flour (Peru and Chile), about 70% of poultry parts and pieces (Argentina and Brazil) and 45% of wine and grapes (Chile).

Concerning South America, a complementarity relation prevails: while the region exports primary products, it imports Chinese manufactured products, standing out the trade surplus of South American countries. In turn, Mexico and the Central America countries compete with Chinese products in the US market and present increasing trade deficits with China.

It is expected that the Chinese economy will grow at very high rates in 2006 and 2007, around 9% to 10% per annum. For ECLAC, Latin America and the Caribbean should take advantage of the significant and increasing demand of China for Latin American goods and services. In addition to primary products, the region could exploit the possibility of integrating the Chinese productive chains, exporting also products of higher value added and higher technological contents.

2.2) Economic activity

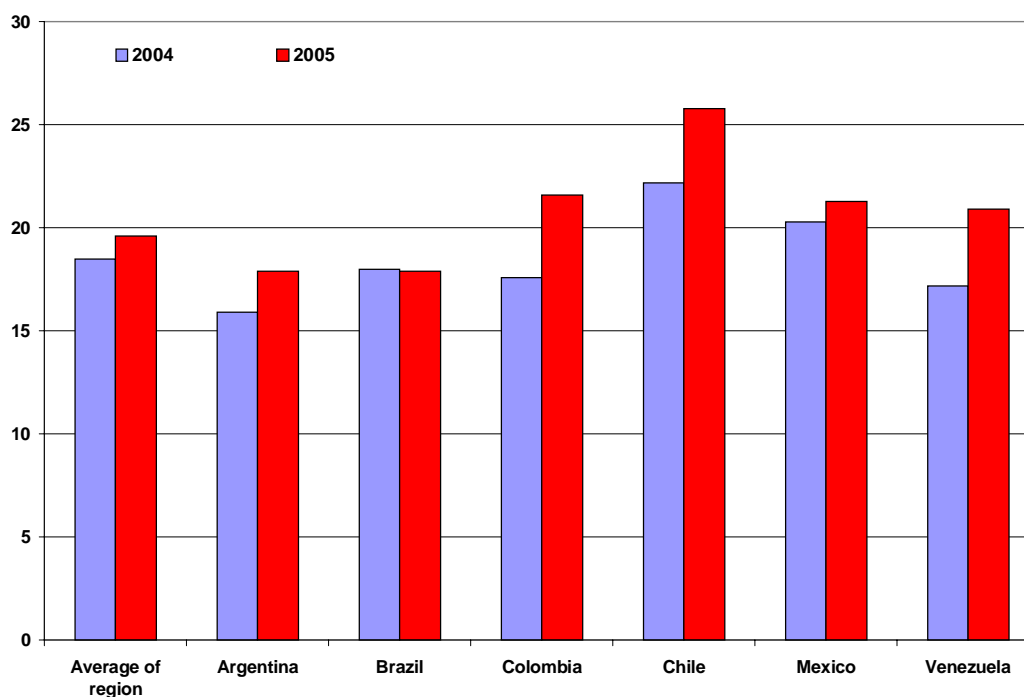
For the first time in the last 8 years, all Latin American countries presented growth. The countries that presented higher growth rate in 2005 were: Cuba (+11.8%), Venezuela (+9.3%), Argentina (+9.2%) and Dominican Republic (+9.2%).

Such economic growth was led by the internal demand, which grew 5.1%, and was slightly over the GDP growth for the region. The exports contribution to GDP presented a strong growth (+8.4%), although it was lower than the expansion of the negative contribution expansion of imports (+11.4%).

The more dynamic aggregate demand component was the investment rate, which grew at a two-digit rate in 2005 and reached the highest level since 1999, 19.6% of GDP (see graph 2.7). Among the main economies of the region, the highest rates of investment in 2005 were from Chile (25.8% of GDP), Colombia (21.6%) and Mexico

(21.3%) and the ones that presented highest growth of investment in relation to 2004 were Argentina (+23%), Chile (+24%), Colombia (+29%) and Venezuela (+33%).

Graph 2.7 – Investment rate in main economies (% of GDP)



Source: ECLAC

The sectors of the economy that presented higher growth were: transports and communications (+7.7%), construction (+6.4%) and trade (+5.6%). The mineral, industrial and farming sectors grew, respectively, 3.6%, 3.2% and 2.2%.

In the first quarter of 2006, the growth rate in Latin America and the Caribbean accelerated to 5.5% as compared to the first quarter of 2005. In relation to the last quarter of 2004, the growth was 1.4% in the seasonally adjusted series. Such acceleration was mainly a result of the increase in the growth rate in the two leading economies of the region – Mexico and Brazil.

The economic growth allowed for a significant reduction in Latin America and the Caribbean public deficit. In 2005 there was an increase in the share of public expenditures and tax collection in GDP. However, the primary surplus increased from 0.6% to 1.4% of GDP. The real average interest rate, in spite of a slight increase, remains low for the standards of the region. Some countries, like Argentina, Venezuela, Guatemala and Costa Rica, have continuously maintained a negative real interest rate. Brazil is an exception in relation to the average, considering the still high level of its interest rates, in spite of the gradual reduction of the basic rates in progress.

Due to the primary surplus and interest rates reasonably low, the public deficit of the region went from 1.9% in 2004 to 1.2% in 2005, which was the lower value since 1998. In spite of the improvement, only Chile, Venezuela, Panama and Argentina presented a public sector surplus.

As a result of GDP growth and the drop in public deficit, the relation between non-financial public sector debt and GDP was significantly reduced, going from 55.9%

in 2004 to 48.6% in 2005. The strongest reduction occurred in Argentina, which debt dropped from 132.5% of GDP in 2004 to 78.4% in 2005.

The significant economic growth has been reflected in a drop in the unemployment rate. In accordance with ECLAC, the open urban unemployment in Latin America and the Caribbean dropped from 10.2% in 2004 to 9.1% in 2005, reaching the lowest value since 1997. Among the 21 countries of the region to which ECLAC disclosed the unemployment data, only in Costa Rica and El Salvador there was an increase in unemployment rate, which shows the good economic performance of the region.

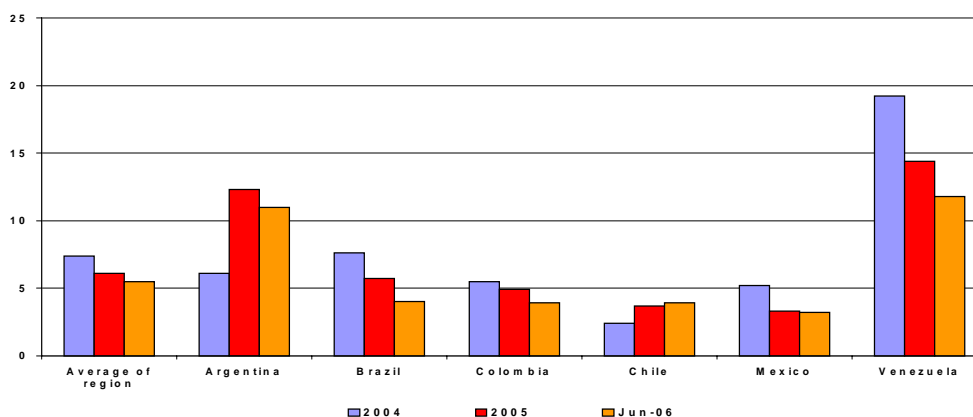
The improvement in external accounts resulted in a real valuation of 8.3% in the exchange rate, in spite of the interventions in the exchange market. In 2005, the international reserves in Latin America and the Caribbean increased by US\$ 35.3 billion.

The exchange rate valuation was higher in South America (10.1%), especially in Brazil (20.1%), Chile (12.4%), Uruguay (9.8%) and Colombia (8.3%). On the other hand, some countries, like Argentina and Venezuela, show efforts to avoid exchange valuation. Net purchases of foreign currency by the central banks of these countries were 4.5% and 4.0% of GDP, respectively. In Argentina, the foreign exchange policy continued interventionist in 2006. In the first half of current year, the central bank acquired 6.3 billion dollars.

In the first half of 2006, there was an average real exchange devaluation of 2.8% in region. The countries that presented the highest devaluations in that period were: Colombia (12.7%), Mexico (10.3%) and Chile (8.2%). The Colombian currency devaluation in 2006 is a result of a deterioration in the current account balance of the country, while in Mexico it was caused by a flexibilization of its monetary policy.

The inflation continues to drop (see graph 2.8). The consumer price index dropped from 7.4% in 2004 to 6.1% in 2005 and to 5.5% in 12 months until June 2006. The countries that presented the lowest inflation rates annualized in June 2006 were: Peru (1.8%), Dominican Republic (2.4%), Ecuador (2.8%), Panama (3.1%) and Mexico (3.2%). On the other hand, the countries with the highest inflation rates were: Haiti (14.1%), Suriname (14.0%), Costa Rica (12.4%), Venezuela (11.8%) and Argentina (11.0%). In spite of these countries presenting a two-digit inflation, in all of them the inflation accumulated in 12 months until June 2006 was lower than in 2005, showing that the trend of inflation dropping in Latin America and the Caribbean is generalized.

Graph 2.8 – 12-Monthly accumulated Inflation in the main economies of the region



Source: ECLAC

2.3) Perspectives

ECLAC and IMF maintain optimistic expectations with respect to the Latin American economy evolution throughout the next years. In 2006, the growth may reach 5.0%, close to IMF's estimated global growth of 5.1%. For 2007, both institutions forecast deceleration and a growth rate between 4.2% and 4.5%, versus an estimated global growth of 4.9%. In accordance with IMF, Argentina, Venezuela and Peru should lead the growth in 2006. For 2007, the expectation is that Argentina and Chile will have more significant expansions.

The growth forecasted is favored by the optimistic perspective for the global economy (see section "Global Overview") and for the financing conditions in the international market. In accordance with ECLAC forecasts, the volume exported will increase between 7% and 8%, a growth only exceeded by China.

However, the expansion tends to be generalized and the domestic demand promises to be the most dynamic component. In accordance with IMF, the domestic consumption will account for over two thirds of the growth for the region in 2006 and 2007. The private investment will follow such expansion. The deceleration in 2007 results from a lower global growth, from the evolution of commodities prices and from the accommodation of countries with accelerated growth.

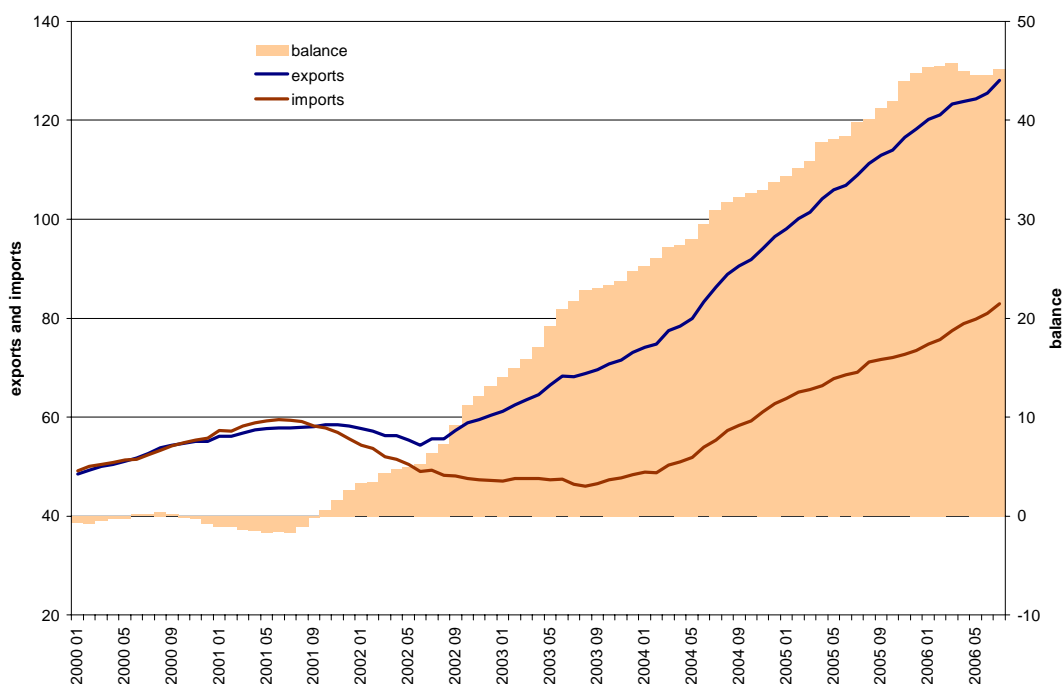
Finally, although the institutions recognize that there are risks that may affect the scenario presented – reversal of international liquidity, strong deceleration in the North American economy and volatility of commodities' prices – the perception is that the Latin American economies are more prepared to face eventual shocks, either in terms of its external or fiscal vulnerability. The growth route is not expected to face significant changes in the near future.

3) THE EXTERNAL SECTOR OF THE BRAZILIAN ECONOMY

In the first seven months of 2006, the Brazilian exports reached US\$ 74.5 billion, the higher value ever obtained for equal periods in the history of the Brazilian economy. Imports were US\$ 49.4 billion and the trade balance US\$ 25.1 billion, values that also represented records. The total trade presented a growth of 18.2% in relation to the same period of last year.

Since 2002, the Brazilian exports exceeded imports, presenting a trend of positive positions in the balance of trade – see graph 3.1. From January to July 2006, exports grew 15.1%, and imports 23.3% versus the same period of 2005, that is, there was an increase in imports higher than in exports. However, the position of the Brazilian balance of trade was not yet committed, remaining in levels higher than all previous years. Exports continued presenting an absolute value sufficiently high in order to maintain the high trade surplus, in spite of the growth in imports.

Graph 3.1 Brazilian balance of trade: 12-month accumulated from 2000 to 2006 (in US\$ billion)



Source: Own preparation based on Secex/MDIC database.

In the 12 months accumulated until July 2006, exports reached a total of US\$ 128.1 billion, with a growth of 17.6% in relation to the period between August 2004 and July 2005. Imports were US\$ 82.9 billion, with a growth of 20.0% versus the same previous period. Both values were records for the accumulated until the seventh month of 2006. There was a growth of 13.5% in the balance of trade surplus, in the amount of US\$ 45.2 billion; the balance increased US\$ 5.4 billion in absolute values. The total trade reached the value of US\$ 211.0 billion for 12-month periods, an unprecedented value for such period of time.

Brazilian exports, since the beginning of 2006, have been presenting increases in all categories of aggregated value. The basic products, manufactured and semi-manufactured presented increases of, respectively: 16.3%, 14.6% and 10.9% in relation to

the same period of 2005, and a total volume of US\$ 21.7 billion, US\$ 40.8 billion and US\$ 10.2 billion.

Among the basic products, the most significant growth, in the first seven months of the year versus the same period of the previous year, was presented in sales of crude oil (70.2% and a total volume of US\$ 3,406.1 million), which had as main buyers the United States, Bahamas, Chile and Portugal. However, the product with higher volume of exports among the basics was iron ore, with a total of US\$ 4,883.3 million, resulting in a increase of 31.1%.

In manufactured, the main products presented a growth in relation to the same period of 2005: cars (+9.1%; for a total of US\$ 2,663.3 million), auto parts (+19.1%; for a total of US\$ 1,636.8 million), transmitting and receiving equipment (+6.3%; US\$ 1,615.4 million) and airplanes (+3.4%; US\$ 1,602.0 million).

Technology-intensive exports and R&D expenditures in the world

The global exports of goods with high technological intensity were higher than US\$ 1.4 trillion in 2004, which represented about 15% of products traded in the international market (World Development Indicators 2006).

The United States is the highest exporter of these goods, reaching US\$ 216 billion in 2004, that is, 32% of its sales of manufactured products. The share of expenditures with research and development (R&D) in the United States GDP was high (2.6%), only surpassed by Israel, Sweden, Finland, Japan and South Korea – see table 3.1.

However, not all countries with high share in exports of technology-intensive goods present a large share in R&D expenditures in its GDP. These are the cases of countries with a large quantity of imported inputs in goods sold, as is the case of Costa Rica, Thailand and Mexico, which presented over 20% of their exports of manufactured products in goods with high intensity and less than 0.4% of GDP in R&D expenditures.

A reverse result also occurs: Russia presented R&D expenditures in the amount of 1.28% of GDP and only 9% of manufactured exports in high-tech goods.

Countries in the Euro zone exported US\$ 361 billion in products with high technological intensity, but the share in total is not large, about 16%. Many European countries have a small share in goods with high technological intensity in its exports.

Germany is the second global exporter of goods with high technological intensity in absolute value (US\$ 132 billion), but the share of these in its program for manufactured products is not high (17%). Belgium, Italy and Spain present a share lower than 10% in their programs of exports of manufactured products and expenditures over 1% of GDP in R&D.

In Latin America, the share of R&D expenditures is small: in average, 0.57% of GDP. Brazil presented a share higher than average of the continent (0.98%) and exported 12% of its manufactured goods in high-tech sectors.

Table 3.1: R&D expenditures and technology-intensive exports in 2004*

	Country	R&D Expenditures (% of GDP)	Exports of high technological intensity goods	
			US\$ million	% of exports of manufactured goods
1	Singapore	2.15	87,742	59
2	Malaysia	0.69	52,868	55
3	Costa Rica	0.39	1,374	37
4	Ireland	1.11	30,239	34
5	South Korea	2.64	75,742	33
6	United States	2.60	216,016	32
7	China	1.31	161,603	30
8	Thailand	0.24	18,203	30
9	Netherlands	1.80	55,211	29
10	Hungary	0.95	14,158	29
11	Japan	3.15	124,045	24
12	United Kingdom	1.89	64,295	24
13	Switzerland	2.57	24,121	22
14	Finland	3.49	10,625	21
15	Mexico	0.42	31,832	21
16	Denmark	2.53	9,686	20
17	Israel	4.93	6,861	19
18	France	2.19	64,871	19
19	Norway	1.75	2,759	18
20	Sweden	3.98	17,022	17
21	Germany	2.50	131,838	17
22	Canada	1.94	25,625	14
23	Australia	1.63	3,128	14
24	Czech Republic	1.27	7,662	13
25	Austria	2.22	10,597	12
26	Brazil	0.98	5,929	12
27	Greece	0.65	1,031	11
28	Russian Federation	1.28	3,432	9
29	Portugal	0.93	2,639	9
30	Belgium	2.33	19,583	8
31	Italy	1.16	23,504	8
32	Spain	1.11	9,932	7
33	South Africa	0.76	1,300	6
34	India	0.85	2,840	5
35	Slovak Republic	0.59	1,217	5
36	Poland	0.56	1,932	3
37	Turkey	0.66	1,064	2

Source: Own Preparation based on WDI 2006.

* Countries that declared R&D expenditures in relation to GDP and exported values over US\$ 1 billion in goods classified as high technological intensity in 2004, except Hong Kong.

The main destinations of Brazilian exports in the first seven months of 2006 were the ALADI countries, with a total of US\$ 16,970.6 million – see table 3.2. Brazilian exports to those countries grew in absolute terms US\$ 3,068.9 million in relation to the first seven months of the last year. Imports presented a growth slightly higher than exports for the period.

In Latin America, Argentina was the principal destination of Brazilian sales, reaching a total of US\$ 6,438.9 million from January to July 2006 (+19.3% in relation to the same period of 2005). Brazil presented a surplus of US\$ 2,179.5 million with that country.

In percentage terms the higher growth of Brazilian exports among Latin American countries was to Venezuela, which increased by 50.1% and reached US\$ 1,807.3

million in the accumulated for 2006, mainly as a result of products such as: transmitting and receiving equipment, cars and auto parts, poultry meat, plain laminated and tractors. At the same time, there was also a growth in imports of Venezuelan products by 175.7%, for oil byproducts. However, the position of the balance of trade between Brazil and Venezuela remained as a surplus, in the amount of US\$ 1,466.5 million.

Table 3.2: Brazilian trade balance per economic blocks: January to July 2005 and 2006 (US\$ million and YoY %)

	Exports		% YoY 2006/05	Imports		% YoY 2006/05
	2006	2005		2006	2005	
European Union	16,311.5	15,187.4	7.4	11,139.6	10,363.5	7.5
Netherlands	3,111.2	2,969.5	4.8	433.7	343.7	26.2
Germany	3,130.0	2,875.9	8.8	3,659.5	3,466.6	5.6
Italy	2,098.4	1,892.5	10.9	1,402.1	1,335.3	5.0
USA ⁽¹⁾	13,640.3	12,872.5	6.0	7,995.3	7,154.7	11.7
ALADI ⁽²⁾	16,970.6	13,901.7	22.1	8,524.1	6,358.2	34.1
MERCOSUR	7,614.1	6,392.6	19.1	4,702.2	3,963.1	18.7
Argentina	6,438.9	5,397.6	19.3	4,259.4	3,487.4	22.1
Uruguay	538.4	488.2	10.3	303.4	280.1	8.3
Paraguay	636.8	506.8	25.7	139.5	195.6	-28.7
Bolivia	392.4	318.2	23.3	727.3	475.9	52.8
Chile	2,102.5	1,835.1	14.6	1,470.2	898.5	63.6
Colombia	1,108.5	816.4	35.8	121.9	88.1	38.3
Cuba	186.6	127.4	46.4	16.7	28.2	-40.5
Ecuador	540.6	382.9	41.2	20.9	44.6	-53.1
Mexico	2,494.9	2,270.0	9.9	711.3	463.2	53.6
Peru	723.7	554.7	30.5	412.7	273.1	51.1
Venezuela	1,807.3	1,204.4	50.1	340.8	123.6	175.7
Asia ⁽³⁾	11,473.9	9,845.5	16.5	12,554.9	8,912.3	40.9
China	4,726.2	3,489.0	35.5	4,147.0	2,755.5	50.5
Japan	2,164.3	1,942.7	11.4	2,246.0	1,930.1	16.4
India	453.7	651.3	-30.3	680.7	599.5	13.5
Africa	3,899.0	3,235.4	20.5	4,489.7	3,623.6	23.9
South Africa	784.0	773.1	1.4	246.2	179.9	36.8
Nigeria	727.1	515.2	41.1	2,043.2	1,654.1	23.5
Middle East	2,813.9	2,227.2	26.3	1,778.9	1,179.4	50.8
Iran	843.4	596.2	41.5	26.3	1.6	1505.1
Saudi Arabia	757.8	568.0	33.4	862.2	679.9	26.8
East Europe	2,277.9	2,269.4	0.4	630.6	557.8	13.1
Russian Federation	1,780.0	1,783.2	-0.2	423.4	327.0	29.5
Romania	155.7	141.9	9.7	22.2	11.8	88.0
Others	7,134.9	5,199.5	37.2	2,295.8	1,931.7	18.8
Total	74,521.9	64,738.6	15.1	49,408.9	40,081.1	23.3

Source: MDIC/Secex

⁽¹⁾ includes Puerto Rico.

⁽²⁾ includes Mercosur.

⁽³⁾ excludes Middle East.

In an aggregation of the main economic blocks, it is noted a high trade balance with the United States and the European Union countries. A question to be highlighted is the growth in imports that was higher than in the exports in both cases, for the first seven months of 2006. However, the position value of the balance of trade with the United States and the European Union remained high, respectively: US\$ 5,644.9 million and US\$ 5,171.8 million.

Among the main economic blocks, the higher growth of the exports in percentage terms was in relation to those destined to the Middle East, which reached 26.3% in the accumulated for 2006. It was also noted an increase in the share of this group of countries in the exports profile, going from 3.4% in 2005 to 3.8% in 2006. The most important destination in the region was Iran, which imported US\$ 843.4 million in Brazilian products, which represented an increase of 41.5% in relation to the first seven months of 2005.

Brazilian trade balance deficit is the highest, among the main blocks, with the Asian countries, reaching the amount of US\$ 1,081.0 million in the accumulated until the seventh month of 2006. Sales of Brazilian products to those countries grew 16.5% in the period, but the growth in imports reached 40.9%. This is mostly due to the performance of imports of Chinese products that increased 50.5% when compared to the same period of 2005, reaching a volume of US\$ 4,147.0 million. Brazilian exports to China also grew significantly, 35.5%, which provided a surplus of US\$ 579.2 million and exports volume in the total of US\$ 4,726.2 million. The main products exported were: soybeans, iron ore, crude oil, cellulose, leathers and skins.

Like in the first seven months of 2005, the higher Brazilian deficit, when comparing the trade balance with different countries, was in relation to Nigeria, which achieved a value of US\$ 1,316.1 million in 2006, an amount US\$ 177.2 million lower than in 2005. The imports of Nigerian products were formed basically of crude oil, which integrated 97.0% of it.

With respect to the main exporting enterprises, it is not noted a large concentration in a certain category of use. There are large exporters of basic products and of high industrial sophistication, what can be noted in the ranking of enterprises in Table 3.3. From the 20 leading exporters, 9 are producers of capital goods and/or with high technological intensity. It is also noted that the twenty leading enterprises grew 10 percentage points over total average and 14 percentage points over other enterprises, what shows an increase in total exports resulting mainly from larger exporters.

Petrobras was ranked as first exporting company, with a share of 8.1% in total exports for the period from January to July 2006, while in 2005, in the same period, this share was 5.3%. It should be emphasized the growth in Petrobras exports, which was 77.8% in the accumulated for 2006, reaching the amount of US\$ 6,058.8 million. Ranking second and third were Companhia Vale do Rio Doce and Embraer, with shares of 4.3% and 2.2%, respectively.

**Table 3.3: Main Brazilian exporting companies -
January to July 2005 and 2006 (US\$ million and YoY %)**

Exporting Companies	Exports		% YoY 2006/05	% Share	
	2006	2005		2006	2005
1 PETROLEO BRASILEIRO S A PETROBRAS	6,058.8	3,406.8	77.8	8.1	5.3
2 COMPANHIA VALE DO RIO DOCE	3,175.0	2,483.5	27.8	4.3	3.8
3 EMBRAER S A	1,627.6	1,594.5	2.1	2.2	2.5
4 BUNGE ALIMENTOS S/A	1,364.2	1,207.3	13.0	1.8	1.9
5 VOLKSWAGEN LTDA	1,309.8	1,189.9	10.1	1.8	1.8
6 CARGILL AGRICOLA S A	940.8	785.7	19.7	1.3	1.2
7 GENERAL MOTORS DO BRASIL LTDA	936.0	872.8	7.2	1.3	1.4
8 FORD MOTOR COMPANY BRASIL LTDA	810.6	795.2	1.9	1.1	1.2
9 MOTOROLA INDUSTRIAL LTDA	799.0	569.5	40.3	1.1	0.9
10 MINERACOES BRASILEIRAS REUNIDAS S A MBR	742.1	585.3	26.8	1.0	0.9
11 DAIMLERCHRYSLER DO BRASIL LTDA	731.7	665.1	10.0	1.0	1.0
12 COMPANHIA SIDERURGICA DE TUBARAO	678.2	849.4	-20.2	0.9	1.3
13 CATERPILLAR BRASIL LTDA	659.8	523.5	26.0	0.9	0.8
14 ALBRAS ALUMINIO BRASILEIRO S/A	630.7	407.4	54.8	0.9	0.6
15 SADIA S.A	627.1	729.6	-14.0	0.8	1.1
16 SAMARCO MINERACAO S/A	606.8	470.6	28.9	0.8	0.7
17 COPERSUCAR	538.5	411.9	30.7	0.7	0.6
18 ADM DO BRASIL LTDA	534.5	640.4	-16.5	0.7	1.0
19 ARACRUZ CELULOSE SA	525.6	502.4	4.6	0.7	0.8
20 SCANIA LATIN AMERICA LTDA	518.5	349.9	48.2	0.7	0.5
Total companies listed above	23,815.2	19,040.7	25.1	32.0	29.4
Other companies	50,706.7	45,697.9	11.0	68.0	70.6
Total	74,521.9	64,738.6	15.1	100.0	100.0

Source: MDIC / Secex

The category presenting higher growth in imports for the first seven months of 2006 was durable consumption goods (53.9%), highlighting the purchase of cars (127.9%). The growth in imports of cars was particularly high in July (254.9%) – see table 3.4. Also presented significant growths the purchases of machinery and household appliances (75.0%) and domestic utensils (27.7%). However, the consumption of durable goods represented a small portion of total imports, only 6.3%.

Non-durable consumption goods had the same share in the imports profile. The highest growth rates for the period previously mentioned occurred in the purchases of clothing and clothing manufacturing (52.9%), beverages and tobaccos (34.7%), food products (26.2%) and pharmaceutical products (22.1%).

Table 3.4: Brazilian imports per economic categories - January to July 2005 and 2006 (US\$ million and YoY %)

Category of use	January to July			July		
	2006 US\$ thd	2005 US\$ thd	YoY. %	2006 US\$ thd	2005 US\$ thd	YoY* %
Capital Goods	10,513	8,330	26.2	1,645	1,283	28.2
Intermediate Goods	24,492	21,207	15.5	4,076	3,232	26.1
Consumption Goods	6,227	4,482	39.0	1,013	663	52.8
Non-durable Goods	3,115	2,460	26.6	478	346	38.2
Durable Goods	3,112	2,022	53.9	535	317	68.8
Cars	891	391	127.9	181	51	254.9
Fuels	8,117	6,062	33.9	1,250	880	42.0
Total	49,409	40,081	23.3	7,984	6,058	31.8

* per daily average

Source: MDIC / Secex

The share of consumption goods itself was not high in the Brazilian imports, reaching slightly over 12%. The categories of intermediate and capital goods present, historically, much higher shares.

The category of raw materials and intermediate goods, differently from the category of consumption goods, achieved a much significant share in the Brazilian imports, accounting for 49.6% of total imports, even though presenting the lowest growth in relation to the first seven months of 2005 (15.5%), which resulted in a drop of 3.3 percentage points on its share in the imports.

The category of capital goods was also important in the Brazilian imports profile, having accounted for 21.3% of total in the period from January to July 2006. The highest increases occurred in purchases of fixed equipment of transports (60.6%), machinery and office equipment (33.4%), transport movable equipment (30.7%) and industrial machinery (30.2%).

Eight countries account for 50% of global imports

The United States imported US\$ 1.7 billion in goods in 2005, a value almost US\$ 1 billion over Germany, the second position in the global ranking of importers – see table 3.5. The United States imports represented 16.1% of the global trade. China ranked third, with a significant growth rate of 123.6% between 2002 and 2005.

The imports of these three countries, plus Japan and four other European countries (United Kingdom, France, Italy and Holland), accounted for 50% of total global purchases in 2005; 42 countries were the destination for 90% of global sales.

India and Russia also presented, between 2002 and 2005, growth rates over 100% for their imports, reaching exports over US\$ 100 million last year. Brazil was only the 27th importing country (0.7% of the international market) in 2005, having its purchases increased by 56.4% in three years, a value 3 percentage points lower than global average.

**Table 3.5: The 20 leading importing countries: 2002 to 2005
(in US\$ billion and %)**

	2002	2003	2004	2005	Share in 2005	Variance 2005 / 2002
1 USA	1,200.2	1,303.1	1,525.5	1,732.7	16.1%	44.4%
2 Germany	490.3	604.6	715.7	774.1	7.2%	57.9%
3 China	295.2	412.8	561.2	660.1	6.1%	123.6%
4 Japan	337.2	382.9	454.5	516.1	4.8%	53.0%
5 United Kingdom	346.3	392.0	470.6	501.2	4.7%	44.7%
6 France	329.3	398.8	470.9	495.8	4.6%	50.6%
7 Italy	247.0	297.5	355.3	379.7	3.5%	53.7%
8 Netherlands	219.3	264.7	319.7	357.9	3.3%	63.2%
9 Belgium	198.3	234.9	285.6	320.4	3.0%	61.5%
10 Canada	227.5	245.0	279.8	320.1	3.0%	40.7%
11 Hong Kong	208.0	233.2	272.9	300.6	2.8%	44.6%
12 Espanha	165.1	208.6	258.3	277.6	2.6%	68.1%
13 South Korea	152.1	178.8	224.5	261.0	2.4%	71.6%
14 Mexico	176.6	178.5	206.1	231.7	2.2%	31.2%
15 Singapore	116.4	136.2	173.6	200.0	1.9%	71.8%
16 Taiwan	113.3	128.1	169.3	185.9	1.7%	64.0%
17 India	56.5	71.2	97.3	131.6	1.2%	132.9%
18 Australia	72.7	89.1	109.4	125.3	1.2%	72.3%
19 Russian Federation	61.0	76.1	97.4	125.1	1.2%	105.2%
20 Austria	78.3	99.5	119.9	124.7	1.2%	59.3%
Others	1,643.4	1,919.2	2,377.4	2,731.3	25.4%	66.2%
World	6,734.0	7,855.0	9,545.0	10,753.0	100.0%	59.7%

Source: Own preparation based on WTC database.

SPECIAL REPORT:**How has been the motor vehicle industry evolving in the world?**

Ana Claudia Alem*
Fabrício Catermol

Introduction

The main global carmakers have been object of many reports published by the media, both international and domestic. The car industry accounts for significant GDP portions of the main industrialized economies and represents a sector of high aggregated value. The productive chain of the sector reaches a varied range of activities (metallurgy, mechanics, plastics, electronics, etc.), being important for the industrial employment composition in many countries. The objective is to make a brief report of the recent evolution in this sector.

The international car industry evolution has been marked by an excess of productive capacity versus a weak dynamic growth in demand. The increasing competition has been followed by a reduction of competitiveness differentials among the main global carmakers. The big challenge in recent years has been the reactivation of a demand relatively stagnated in “mature” markets (North America, Europe and Japan) – by the segmentation of markets, differentiation and launching of new products – and the search for new markets with higher growth potential – like Latin America, Asia (China and India), East Europe and Russia.

Main features of the sector recent evolution²

In addition to the frustrating growth in demand, the carmakers have also been facing the following challenges in the recent period: i) the necessity of adaptation to matters of environmental preservation – like the control of pollutant discharge; ii) the trend of increase in prices of raw materials (mainly the steel); and iii) the route of increase in prices of fuels – with a negative impact mainly on enterprises that have a line of products traditionally concentrated in big vehicles.

In response to this situation and the increase in competition among the main carmakers, it is noted an intense activity of rationalization in the productive and innovative processes that has been reflected in important organizational changes within the production chain.

Despite the existence of an increasing convergence in the behavior of leading global carmakers, the strategies of action are not fully homogeneous – standing out the differences in the performance of Asian companies in relation to the occidental ones. However, we may classify as main actions adopted in the process of productive restructuring in progress: i) adoption of the global car project; ii) reduction in the number of platforms; iii) rationalization of the productive process simultaneously with the increasing search of market niches (satisfaction of regional demand); iv) regionalization in the development of new products; v) increase in the intensity of

* BNDES economists.

² See PricewaterhouseCoopers (2006); Carvalho (2005 a and b) and several articles on the sector in the magazine *The Economist* and in the site of Associação Brasileira de Metalurgia e Materiais (www.abmbrasil.com.br).

introducing new models; vi) modernization of the product line; vii) adoption of flexible manufacturing techniques (lean production and just in time); viii) development of the work of suppliers within the assembly line; ix) search for a higher geographical diversification of sales; x) strong growth in intracompany trade; and xi) higher commitment of carmakers foreign affiliates with competitive strategies and with productive programs established by the respective transnational corporation head office.

In terms of technological innovations, stand out alternative ways of propulsion - electric, hybrid motors and fuel cells - and, mainly, the electronic system. As in the case of many other sectors, the carmakers have been expanding fastly the use of electronic systems and components: with respect to bigger/more sophisticated vehicles, almost all their functions already may be operated by the electronic system. The dissemination of the electronic system has been also accelerated in smaller vehicles, which reflects in the progressive reduction of production costs and its importance as a competitive instrument.

At the same time, equity changes have been occurred as a result of the process of mergers and acquisitions of enterprises and cooperative strategies in technological, productive and trade areas. Global carmakers more and more focus their business into activities of the chain with higher agregation of value generating higher competitive advantages to them: project, engineering and marketing. In addition, they have been giving a higher participation to their suppliers (system suppliers) in the productive process, promoting changes in the relations along the productive chain. Simultaneously, the dissemination of the new productive processes and the relative standardization of suppliers, that is, a same group of system suppliers supplying diferent enterprises, have been making the production techniques and components used more and more similar.

Considering that the definition of the product is decisive in the automotive business, involving high amounts of funds and a large amount of time to be developed, the project activities have been receiving especial attention. On one hand, the strategies of global car and platforms have been raised the question on the possibility of recentralizing product project developing activities in less developed countries, arising again the question for division of work in this activity. On the other hand, some of the projects for cars have installed its head office in countries non-core to the industry, as is the case of Brazil. To be a head office of the project means to be the managing unit, in charge of the engineering that qualifies or “rejects” suppliers, analyses requests for adaptation and changes coming from other units.

It is presently noted a clear association between local development of a vehicle or byproduct and local supply. Local projects and development of vehicles provide a higher chance of domestic enterprises to participate in the project, which hardly would occur in case the project has been developed in other country. Therefore, there is an increase in chances of local suppliers, not “global”, of domestic capital, not transnational, become integrated to the chain of supply.

Evolution in the global production of motor vehicles

The total global production of vehicles – passengers, light and heavy commercial– has surpassed the 66 million units in 2005, which has represented a growth of about 3% in relation to the number of 2004 – see Table 1.

Table 1
Production of Motor Vehicles - in million units (1)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Europe	18.8	20.2	19.8	20.2	20.0	19.8	20.0	20.8	20.8
European Union	16.1	17.3	16.9	17.1	17.2	16.9	18.0	18.3	18.2
Germany	5.0	5.7	5.7	5.5	5.7	5.5	5.5	5.6	5.8
France	2.6	2.9	3.2	3.3	3.6	3.7	3.6	3.7	3.5
Spain	2.6	2.8	2.9	3.0	2.9	2.9	3.0	3.0	2.8
United Kingdom	1.9	2.0	2.0	1.8	1.7	1.8	1.8	1.9	1.8
Americas	18.3	17.7	19.3	19.8	17.9	18.7	18.3	18.9	19.3
Nafta	15.7	15.6	17.6	17.7	15.8	16.7	16.2	16.3	16.3
The United States	12.1	12.0	13.0	12.8	11.4	12.3	12.1	12.0	12.0
Canada	2.3	2.2	3.1	3.0	2.5	2.6	2.6	2.7	2.7
Mexico	1.4	1.5	1.6	1.9	1.8	1.8	1.6	1.6	1.7
South America	2.5	2.0	1.7	2.1	2.1	2.0	2.0	2.7	3.0
Brazil	2.1	1.6	1.4	1.7	1.8	1.8	1.8	2.3	2.5
Argentina	0.4	0.5	0.3	0.3	0.2	0.2	0.2	0.3	0.3
Asia	17.0	15.2	16.4	17.4	17.3	19.4	21.2	23.4	24.9
Japan	11.0	10.1	9.9	10.1	9.8	10.3	10.3	10.5	10.8
South Korea	2.8	2.0	2.8	3.1	2.9	3.1	3.2	3.5	3.7
China	1.6	1.6	1.8	2.1	2.3	3.3	4.4	5.2	5.7
India	0.6	0.5	0.8	0.8	0.8	0.9	1.2	1.5	1.6
Others	1.0	0.4	0.7	1.0	1.0	1.1	1.2	0.1	1.5
World	55.1	53.5	56.3	58.4	56.3	59.0	60.6	63.3	66.5

Source: International Organization of Motor Vehicles Manufacturers [OICA].

Note: (1) Including light and heavy commercial vehicles, and buses.

The highest share in global production belongs to Asia, with 37% of total in 2005, followed by the European Union and Nafta, with 27% and 25%, respectively – see Table 2. Per countries, the United States was the highest global producer with a share of 18% of total, followed by Japan (16%), Germany and China – practically tied with about 9% of global production -, South Korea (6%) and France (5%). It stands out the strong increase in Chinese production share in total global: from 3% in 1997, to 9% in 2005. Brazil ranked ninth as a manufacturer in 2005, with 4% of total.

Table 2
Share on Global Production of Motor Vehicles - (%) (1)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Europe	34	38	35	35	36	34	33	33	31
European Union	29	32	30	29	31	29	30	29	27
Germany	9	11	10	9	10	9	9	9	9
France	5	5	6	6	6	6	6	6	5
Spain	5	5	5	5	5	5	5	5	4
United Kingdom	4	4	4	3	3	3	3	3	3
Americas	33	33	34	34	32	32	30	30	29
Nafta	29	29	31	30	28	28	27	26	25
The United States	22	22	23	22	20	21	20	19	18
Canada	4	4	5	5	4	4	4	4	4
Mexico	2	3	3	3	3	3	3	2	3
South America	5	4	3	4	4	3	3	4	4
Brazil	4	3	2	3	3	3	3	4	4
Argentina	1	1	1	1	0	0	0	0	0
Asia	31	28	29	30	31	33	35	37	37
Japan	20	19	18	17	17	17	17	17	16
South Korea	5	4	5	5	5	5	5	5	6
China	3	3	3	4	4	6	7	8	9
India	1	1	1	1	1	2	2	2	2
Others	2	1	1	2	2	2	2	0	2
World	100	100	100	100	100	100	100	100	100

Source: International Organization of Motor Vehicles Manufacturers [OICA].

Note: (1) Including light and heavy commercial vehicles, and buses.

The ten leading international automotive groups account for over 70% of total production of cars. General Motors is the leading global manufacturer, having produced 9.1 million units in 2005 – 14% of total global. Following comes Toyota, Ford, Volkswagen and DaimlerChrysler – see Tables 3 and 4. The relative share of each one of the leading global producers has been maintained without significant changes in recent years. It is only noted a small increase in Japanese Toyota and Honda (about 1%), in detriment of an equally small reduction in Ford, Volks and DaimlerChrysler (between 1 and 2%).

Table 3
Production of Motor Vehicles by Companies - in million units (1)

	1998	1999	2000	2001	2002	2003	2004	2005
1 General Motors (Opel-Vauxhall-GM Daewoo)	7.6	8.4	8.1	7.6	8.3	8.2	8.1	9.1
2 Toyota	5.2	5.5	6.0	6.1	6.6	6.2	6.8	7.3
3 Ford (Jaguar-Volvo cars)	6.6	6.6	7.3	6.7	6.7	6.6	6.6	6.5
4 Volkswagen Group	4.8	4.8	5.1	5.1	5.0	5.0	5.1	5.2
5 DaimlerChrysler (with Evobus)	4.5	4.8	4.7	4.4	4.5	4.2	4.6	4.8
6 Nissan	2.6	2.5	2.6	2.6	2.7	2.9	3.2	3.5
7 Honda	2.3	2.4	2.5	2.7	3.0	2.9	3.2	3.4
8 PSA Peugeot Citroën	2.2	2.5	2.9	3.1	3.3	3.3	3.4	3.4
9 Hyundai-Kia	1.3	2.1	2.5	2.5	2.6	2.7	2.8	3.1
10 Renault-Dacia-Samsung	2.3	2.3	2.5	2.4	2.3	2.4	2.5	2.6
Others	14.1	14.3	14.2	13.3	13.9	16.1	17.0	17.5
World	53.5	56.3	58.4	56.3	59.0	60.6	63.3	66.5

Source: International Organization of Motor Vehicles Manufacturers [OICA].

Note: (1) Including light and heavy commercial vehicles, and buses.

Table 4
Production of Motor Vehicles by Companies - (%) of Total (1)

	1998	1999	2000	2001	2002	2003	2004	2005
1 General Motors (Opel-Vauxhall-GM Daewoo)	14	15	14	13	14	14	13	14
2 Toyota	10	10	10	11	11	10	11	11
3 Ford (Jaguar-Volvo cars)	12	12	13	12	11	11	10	10
4 Volkswagen Group	9	9	9	9	9	8	8	8
5 DaimlerChrysler (with Evobus)	8	9	8	8	8	7	7	7
6 Nissan	5	4	5	5	5	5	5	5
7 Honda	4	4	4	5	5	5	5	5
8 PSA Peugeot Citroën	4	4	5	6	6	5	5	5
9 Hyundai-Kia	2	4	4	4	4	4	4	5
10 Renault-Dacia-Samsung	4	4	4	4	4	4	4	4
Others	26	25	24	24	24	27	27	26
World	100	100	100	100	100	100	100	100

Source: International Organization of Motor Vehicles Manufacturers [OICA].

Note: (1) Including light and heavy commercial vehicles, and buses.

Passenger cars correspond to the principal category of motor vehicles produced in the world. In 2005, over 45.9 million of passenger cars were manufactured, from a total of 66.5 million motor vehicles. The production of light commercial vehicles was 16.7 million units and heavy trucks, 2.5 million. Toyota was the leading producer of passenger cars (6.2 million units), followed by GM (5.7 million) and Volkswagen (5.0 million).

Perspectives of motor vehicles for next years

In accordance with a study disclosed by Polk Marketing Systems, China is expected to close 2006 with a production of about 5.9 million units, surpassing Germany. In accordance with the same study, in 10 years China may reach the leader, the USA.

With respect to the production of light vehicles, the annual report on the automotive sector prepared by PricewaterhouseCoopers disclosed in August, indicates an expansion of about 9 million units between 2005 and 2010, which would represent a growth of 14% in relation to the production in the 4 previous years. The highest contribution is expected to come from the Asia-Pacific region, with over 42% share in total increase. The report highlights the performance of BRIC, a group composed of the following countries: Brazil, Russia, India and China. BRIC is expected to account for over 40% of total increase in the production of light vehicles and for about 50% of the expansion in the global productive capacity between 2005 and 2010.

In relation to the market expansion for light vehicles, recent estimates confirm the higher growth potencial of emerging markets, versus a relative stagnation in markets of developed countries. Sales of light vehicles in China are expected to reach about 6 million in 2006. Therefore, the country will be the second larger market, surpassing Japan, and staying only behind the USA, which market is expected to absorb sales of 16.7 million units in current year. In 2010, the forecasts indicate that the Chinese market may reach 8 million units, versus a volume of 17 million in the USA market. In addition to China, Russia, Brazil, India and Mexico are expected to present a significant growth in the market of light vehicles.

The global trade of motor vehicles

The global automotive market presented an amount of US\$ 847 billion in 2004 – with a growth of 16% in relation to 2003 -, which corresponded to 12.9% of global exports of manufactured products and 9.2% of global external trade³. The principal exporting region was the European Union with 55.6% of global flows, followed by Asia (20.4% - Japan with 13.7%) and Nafta (20.2% - the USA with 9.0%). The South and Central Americas accounted for 1.4% of the flows. In the period from 2000 to 2004, the annual average rate of growth in the automotive trade was 10%, over the 5% recorded in the period 1995/2000.

In relation to the segment of passenger cars, the leading global exporter is Germany, having sold abroad US\$ 107.2 billion in 2005⁴. The German exports grew 7.5% in relation to previous year. The United States and South Korea presented higher growth rates in their exports, respectively 24.2% and 11.0%. In relation to 2004, the United States surpassed Belgium, which remained practically with the same quantity sold in the two years. France was the only, among the leading global producers, to present a drop (3.7%) in exports of cars from 2004 to 2005.

Brazilian exports of cars in 2005 were US\$ 4.4 billion, presenting a growth of 29% in relation to the previous year (about US\$ 1 billion in absolute terms). The Brazilian foreign sales of cars are currently close to countries in East Europe – see graph 1.

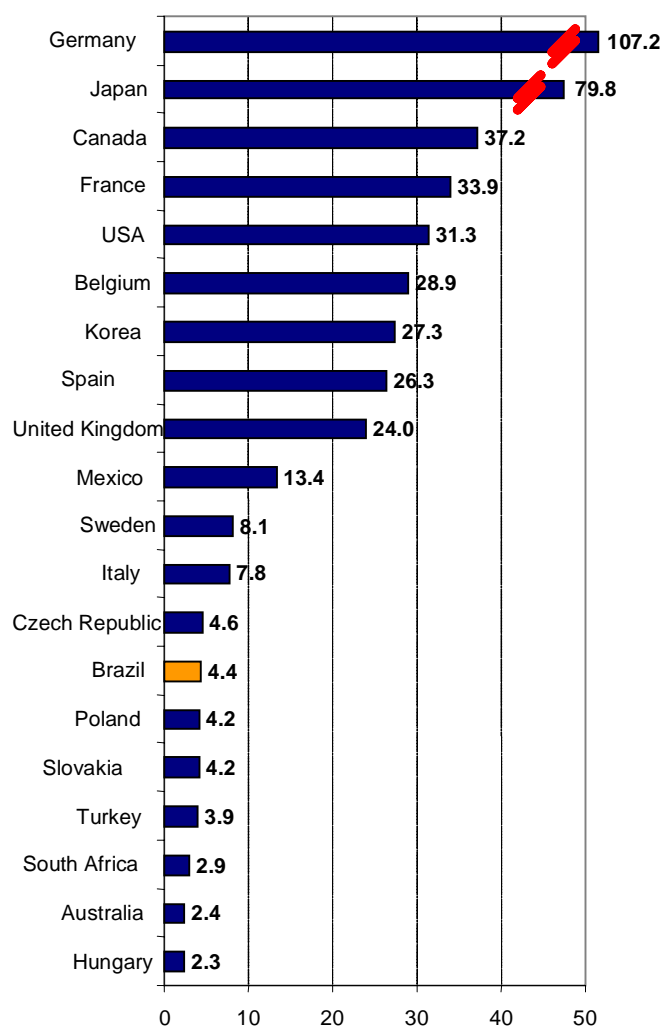
In 2005, over US\$ 460 billion in passenger cars were traded in the world. The 10 leading exporters accounted for 90% of the international market. Exports of passenger cars using gasoline were about US\$ 340 billion and diesel, US\$ 120 billion. The principal category of passenger cars internationally traded is those using gasoline and with a cylinder capacity between 1,500 and 3,000 cm³: about US\$ 180 billion was exported last year.

In addition to having been the principal country exporting passenger cars in general, Germany was also the one that exported most in this category of medium passenger cars using gasoline, having sold US\$ 38.1 billion in passenger cars using gasoline with cylinder capacity between 1,500 and 3,000 cm³ in 2005. In this category, Japan (US\$ 34.0 billion) and the United States (US\$ 16.4 billion) rank as second and third exporters. Brazilian exports in this category were US\$ 2.9 billion in 2005.

³ See OMC (2005).

⁴ Statistics performed based on values informed at *United Nations Commodity Trade Statistics Database* [COMTRADE] in relation to code 8703 of the Harmonized System.

**Graph 1: Exports of passenger cars of selected countries in 2005*
(in US\$ billion)**



Source: Own preparation based on COMTRADE/UN data.
*2004 data for Spain, Czech Republic, Poland and Turkey

German exports were also high for vehicles using diesel between 1,500 and 2,500 cm³ (US\$ 29.9 billion) and using gasoline over 3,000 cm³ (US\$ 27.4 billion). Only in passenger cars of lower power Germany presented a less significant share. In the category of small passenger cars using gasoline between 1,000 and 1,500 cm³ the main exporters were Japan (US\$ 8.7 billion), France (US\$ 4.7 billion) and South Korea (US\$ 3.9 billion). Germany ranked only as the 5th country (US\$ 3.6 billion). Brazil exported US\$ 1 billion in the category.

Canada was the leading exporter of big vehicles (over of 3,000 cm³) using gasoline, US\$ 31.7 billion, followed by Germany (US\$ 27.4 billion) and Japan (US\$ 25.7 billion). Most of Canada's exports (85%) occurred in this category and its almost totality (99%) was sold to the United States. Some of the leading global carmakers have plants in Canada (including Ford, GM, DaimlerChrysler, Honda and Toyota) and about 76% of their total production is destined to the United States.

Likewise, Mexico presented a big concentration of its total exports to the United States: 82%. The main Mexican vehicles sold to the United States are the medium (cylinder capacity between 1,500 and 3,000 cm³) using gasoline. In 2005, US\$ 7.4 billion of these was exported and US\$ 3.2 billion of big vehicles, with cylinder capacity over 3,000 cm³.

China, in spite of currently presenting a high production of vehicles, is not a large global exporter. In 2005, China's share in global production of motor vehicles was 9%, a percentage equal to Germany's. However, its exports of passenger cars were only about US\$ 1 billion. The Chinese cars still face problems of quality and lack of distribution channels to reach a higher amount in the main global markets, like the North American⁵.

In addition to being the country of higher global production, the United States is the leading importer of cars in the world, having been the destination for 27% of global exports in 2005. In the ranking of global importers, following came the United Kingdom and Germany itself, presenting much lower shares (about 8% each) – see Table 5.

Table 5: The 10 leading global exporters of passenger cars and the 5 main destinations in 2005 (in US\$ million)

	Country	USA	United Kingdom	Germany	Italy	Spain	Other destinations	Total
1	Germany	20,983	13,753	-	11,090	7,581	53,797	107,203
2	Japan	35,893	3,404	2,256	1,382	1,372	35,463	79,769
3	Canada	36,508	7	41	3	8	634	37,201
4	France	5	3,756	5,447	4,184	6,544	13,958	33,894
5	USA	-	876	3,717	129	112	26,444	31,277
6	Belgium	1,411	5,238	8,114	1,703	1,803	10,672	28,940
7	South Korea	8,686	1,082	1,196	1,155	1,413	13,724	27,256
8	Spain*	1	4,146	3,562	3,450	-	15,137	26,295
9	United Kingdom	6,323	-	1,781	2,031	2,114	11,768	24,017
10	Mexico	10,940	44	1,085	0	2	1,332	13,403
	Other countries	5,879	3,888	7,981	2,105	4,155	27,490	51,499
		126,629	36,196	35,179	27,230	25,104	210,418	460,756

* data from 2004

Source: Own preparation based on COMTRADE/UN data

Germany and Japan are the countries which cars reach the highest number of destinations; the sales of each country had as destination over 200 countries in 2005. However, the United States also was an important destination of sales of cars from those countries – it represented the destination of 20% and 45% of their total sales, respectively, in 2005. The second principal destination for exports of Japanese cars was Australia, but with a much lower share than the United States: US\$ 5 billion, or 6% of total in 2005. Other important destinations were the United Kingdom, Canada, Germany, Russia and Saudi Arabia, all with sales between US\$ 1.5 billion and US\$ 3.5 billion.

The United Kingdom destines 54% of exports to the United States. For other large European exporters there is a significant concentration of trade among the countries of the continent itself. From total cars traded by European countries, about 60% remained in the continent. For France, reasonably significant destinations off the continent were represented only by Iran and Algeria (US\$ 700 million).

⁵ See Wharton (2006).

Final comments

Due to the higher capacity of accumulation of capital in relation to the lower capacity of expansion of vehicles demand, the trend is to deepen the process of technical, economic and regional concentration by the processes of acquisition, mergers or associations between enterprises. It is possible that occurs an increasing productive rationalization, with the closing of older and less efficient plants spread around the world.

Bibliography

Anfavea (2006); Monthly letters (several issues)-available at the site: www.anfavea.com.br.

Associação Brasileira de Metalurgia e Materiais [ABM] (2006); Several articles available at the site: www.abmbrasil.com.br

Carvalho, E. G. (2005a); "Globalização e estratégias competitivas na indústria automobilística: uma abordagem a partir das principais montadoras instaladas no Brasil"; Gestão e Produção, v. 12, n.1, Jan-Apr.

_____ (2005b); "Uma contribuição para o debate sobre a globalização da indústria automobilística internacional", VIII Encontro de Economia da Região sul – ANPEC Sul.

*World Trade Organization [WTO] (2005); International Trade Statistics.
PricewaterhouseCoopers (2006); Global Automotive Financial Review.
The Economist (2006); *Articles published in several issues.**

United Nations Commodity Trade Statistics Database [COMTRADE] – available at <http://unstats.un.org/unsd/comtrade/>

WHARTON (2006); "Can China Gear Up to Sell Its Cars to U.S. Consumers? Quality Is Key", Wharton School of the University of Pennsylvania, September 20

FORECASTS AND MACROECONOMIC INDICATORS

FORECASTS

Table 1 – Forecasts

	Gross Domestic Product - %															
	IMF (1)		ECLAC (2)		OECD (3)		BEVA		Citigroup (4)		Economist (5)		Santander (6)		United Nations	
	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.
Developed Countries	3.1	2.7	-	-	-	-	-	-	3.0	2.6	-	-	-	-	-	-
Japan	2.7	2.1	3.3	-	2.8	2.2	3.0	3.0	2.6	2.3	2.8	2.3	-	-	-	1.9
United States	3.4	2.9	2.9	-	3.6	3.1	3.3	3.2	3.5	3.2	3.4	2.5	-	-	-	3.1
Canada	3.1	3.0	-	-	3.1	3	-	-	3.1	2.9	3.1	2.8	-	-	-	2.6
UK	2.7	2.7	2.6	-	2.4	2.9	2.6	2.6	2.8	2.8	2.6	2.5	-	-	-	2.3
Euro Zone	2.4	2.0	-	-	2.2	2.1	2.3	2.2	2.3	1.8	2.3	1.8	-	-	-	1.9
Germany	2.0	1.3	1.4	-	1.8	1.6	1.9	1.8	2.2	1.1	2.0	1.3	-	-	-	1.2
France	2.4	2.3	1.1	-	2.1	2.2	2.1	2.0	2.2	1.9	2.2	2.0	-	-	-	1.8
Italy	1.5	1.3	1.4	-	1.4	1.3	1.6	1.6	1.7	0.9	1.5	1.2	-	-	-	1.2
Developing Countries	7.3	7.2	-	-	-	-	-	-	6.4	6.0	-	-	-	-	-	5.6
Africa	5.4	5.9	-	-	-	-	-	-	4.8	4.4	-	-	-	-	-	5.5
Latin America and Caribbean	4.8	4.2	4.6	-	4.1	-	4.5	3.9	4.8	4.1	-	-	-	-	4.8	4.0
Argentina	8.0	6.0	7.5	5.5	5.5	-	7.3	6.2	7.5	5.0	-	-	-	-	7.5	6.0
Bolivia	4.1	3.9	3.3	3.0	-	-	-	-	-	-	-	-	-	-	-	-
Brazil	3.6	4.0	3.5	3.7	3.8	4.0	3.6	3.0	3.7	3.7	-	-	-	-	3.1	3.6
Chile	5.2	5.5	5.7	5.5	-	-	5.3	5.6	5.2	5.6	-	-	-	-	5.1	5.7
Colombia	4.8	4.0	4.8	4.5	-	-	4.8	4.6	4.5	4.0	-	-	-	-	4.5	4.0
Ecuador	4.4	3.2	3.0	2.5	-	-	-	-	5.0	4.0	-	-	-	-	-	-
Mexico	4.0	3.5	3.5	3.5	4.1	3.7	4.0	3.2	4.3	3.4	-	-	-	-	4.5	4.0
Paraguay	3.5	4.0	3.0	3.0	-	-	-	-	-	-	-	-	-	-	-	-
Peru	6.0	5.0	5.6	5.0	-	-	5.6	4.7	6.1	5.5	-	-	-	-	-	5.0
Uruguay	4.6	4.2	4.0	3.5	-	-	-	-	5.0	4.0	-	-	-	-	-	-
Venezuela	7.5	3.7	7.0	4.5	-	-	4.1	3.6	9.7	8.1	-	-	-	-	9.6	7.2
Dominican Republic	5.5	5.0	6.0	5.0	-	-	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	8.7	8.6	-	-	-	-	-	-	7.6	7.3	-	-	-	-	-	-
China	10.0	10.0	9.5	-	9.7	9.5	9.5	-	-	-	-	-	-	-	-	-
South Korea	5.0	4.3	-	-	5.2	5.3	-	-	9.8	9.2	-	-	-	-	-	8.3
Indonesia	5.2	6.0	-	-	-	-	-	-	5.1	4.3	-	-	-	-	-	4.5
India	4.5	5.0	-	-	-	-	-	-	5.4	6.0	-	-	-	-	-	5.3
Tailand	8.3	7.3	7.0	-	-	-	-	-	4.7	4.9	-	-	-	-	-	5.1
Commonwealth of Independent States	6.8	6.5	-	-	7.5	7.1	-	-	7.6	8.0	-	-	-	-	-	6.8
Russia	6.5	6.5	-	-	6.2	5.7	-	-	-	-	-	-	-	-	-	-
World	5.1	4.9	3.5	-	-	-	-	-	3.8	3.5	-	-	-	-	-	5.8

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook (September/2006) e Reports of countries

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

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

(4) Global Economic Outlook Strategy (May/2006) and Emerging World (August/2006)

(5) Average of the predictions of a group of forecasters surveyed by The Economist in Abu 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.

(6) Latin America Daily Perspectives (September 28th, 2006)

Table 2 – Forecasts

	Consumer Price Index - %															
	IMF (1)		ECLAC (2)		OECD (3)		BBVA		Citigroup (4)		Economist (5)		Santander (6)		United Nations	
	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.	2006 f.	2007 f.
Developed Countries	2.6	2.3	-	-	-	-	-	-	2.6	2.1	-	-	-	-	-	-
Japan	0.3	0.7	-	-	0.7	0.8	0.4	0.5	0.6	0.6	0.4	0.8	-	-	-	0.1
United States	3.6	2.9	-	-	3.3	2.4	3.4	2.1	3.6	2.6	3.5	2.6	-	-	-	2.6
Canada	1.8	2.0	-	-	2.0	2.3	-	-	2.4	2.2	2.3	2.1	-	-	-	1.9
UK	2.3	2.4	-	-	2.2	1.7	2.1	1.9	2.4	2.2	2.2	2.1	-	-	-	3.9
Euro Zone	2.3	2.4	-	-	2.2	2.1	2.2	2.1	2.3	2.0	2.2	2.1	-	-	-	2.0
Germany	2.0	2.6	-	-	1.6	2.1	1.9	2.4	1.9	2.8	1.8	2.3	-	-	-	1.9
France	2.0	1.9	-	-	1.7	1.4	1.9	1.8	1.9	1.8	2.0	1.7	-	-	-	2.1
Italy	2.4	2.1	-	-	2.4	2.1	2.2	1.9	2.3	1.8	2.2	1.9	-	-	-	1.8
Developing Countries	5.2	5.0	-	-	-	-	-	-	4.7	4.7	-	-	-	-	-	4.9
Africa	9.9	10.6	-	-	-	-	-	-	5.0	4.8	-	-	-	-	-	10.1
Latin America and Caribbean	5.6	5.2	6.0	-	-	-	5.3	5.7	5.0	5.1	-	-	5.8	4.7	5.3	-
Argentina	12.3	11.4	12.7	-	-	-	11.0	12.0	10.9	10.4	-	-	10.0	11.0	5.5	-
Bolivia	4.1	4.0	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Brazil	4.5	4.1	5.4	-	4.5	4.5	4.5	4.5	4.4	4.4	-	-	2.9	4.0	5.0	-
Chile	3.5	3.1	3.0	-	3.2	3.4	3.2	2.4	3.9	3.4	-	-	3.4	3.0	3.2	-
Colombia	4.7	4.2	4.1	-	-	-	4.2	3.9	4.1	4.2	-	-	4.1	4.0	5.0	-
Ecuador	3.2	3.0	3.8	-	-	-	-	-	3.5	3.7	-	-	-	-	-	-
Mexico	3.5	3.3	3.7	-	3.7	3.0	3.4	3.5	3.4	3.5	-	-	3.5	3.7	4.6	-
Paraguay	8.9	4.9	9.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Peru	2.4	2.5	2.8	-	-	-	2.5	2.5	2.0	2.6	-	-	-	-	1.5	-
Uruguay	5.9	4.3	6.2	-	-	-	-	-	6.4	6.0	-	-	-	-	-	-
Venezuela	12.1	15.4	12.5	-	-	-	12.3	16.9	13.2	15.0	-	-	15.9	11.5	15.0	-
Asia and Pacific	8.5	5.0	11.6	-	-	-	-	-	-	-	-	-	-	-	-	-
Dominican Republic	3.8	3.6	-	-	-	-	-	-	3.5	3.5	-	-	-	-	-	-
China	1.5	2.2	-	-	3.4	3.5	2.0	-	2.0	3.0	-	-	-	-	3.2	-
South Korea	2.5	2.7	-	-	2.5	3.2	-	-	2.5	2.7	-	-	-	-	3.3	-
Indonesia	13.0	5.9	-	-	-	-	-	-	13.5	7.1	-	-	-	-	6.9	-
Tailand	4.9	2.6	-	-	-	-	-	-	5.2	4.6	-	-	-	-	3.3	-
India	5.6	5.3	-	-	4.8	4.3	-	-	5.3	5.0	-	-	-	-	4.1	-
Commonwealth of Independent States	9.6	9.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Russia	9.7	8.5	-	-	10.5	10.0	-	-	9.9	8.8	-	-	-	-	-	-
World	3.8	3.5	-	-	-	-	-	-	3.1	2.8	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook (September 2006) e Reports of countries

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

(3) OECD Economic Outlook No. 78 (May 2006)

(4) Global Economic Outlook Strategy (May 2006) and Emerging World (August 2006)

(5) Average of the predictions of a group of forecasters surveyed by The Economist in 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.

(6) Latin America Daily Perspectives (September 25th, 2006)

Table 3 – Forecasts

	Public Account Balance - % do GDP									
	IMF ⁽¹⁾		OECD ⁽²⁾		BBVA		Citigroup ⁽³⁾		Santander ⁽⁴⁾	
	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f
Developed Countries	-2,3	-2,3	-	-	-	-	-2,2	-2,1	-	-
Japan	-5,2	-4,9	-6,0	-6,0	-	-	-4,3	-3,8	-	-
United States	-3,1	-3,2	-4,2	-3,9	-2,6	-2,0	-2,2	-2,2	-	-
Canada	1,1	1,0	0,9	0,6	-	-	0,2	0,1	-	-
UK	-3,2	-2,8	-3,0	-3,2	-	-	-3,1	-2,7	-	-
Euro Zone	-2,0	-1,9	-2,4	-2,5	-2,4	-2,2	-2,7	-2,5	-	-
Germany	-2,9	-2,4	-3,6	-2,6	-	-	-2,8	-2,1	-	-
France	-2,7	-2,6	-3,2	-3,0	-	-	-2,8	-2,6	-	-
Italy	-4,0	-4,1	-4,2	-4,8	-	-	-3,9	-3,3	-	-
Developing Countries	-	-	-	-	-	-	-0,7	-0,9	-	-
Africa	-	-	-	-	-	-	1,1	0,4	-	-
Latin America and Caribbean	-	-	-	-	-0,9	-1,0	-0,4	-0,4	-0,7	-0,6
Argentina	-	-	-	-	2,0	1,8	1,8	1,5	2,1	2,0
Bolivia	-	-	-	-	-	-	-	-	-	-
Brazil	-	-	-2,5	-1,8	-3,0	-2,5	-3,0	-2,3	-3,1	-2,5
Chile	-	-	-	-	6,2	1,9	7,5	4,5	6,7	4,2
Colombia	-	-	-	-	-1,5	-1,7	-1,2	-1,7	-1,4	-2,1
Ecuador	-	-	-	-	-	-	2,9	-1,3	-	-
Mexico	-	-	-	-	0,0	0,0	0,0	0,0	0,0	0,0
Paraguay	-	-	-	-	-	-	-	-	-	-
Peru	-	-	-	-	0,0	-0,7	1,5	1,6	-	-
Uruguay	-	-	-	-	-	-	-0,9	-0,8	-	-
Venezuela	-	-	-	-	-2,3	-3,1	4,6	3,8	0,7	1,5
Dominican Republic	-	-	-	-	-	-	-	-	-	-
Asia and Pacific	-	-	-	-	-	-	-1,7	-1,9	-	-
China	-	-	-1,1	-1,2	-	-	-1,0	-1,8	-	-
South Korea	2,4	2,5	2,7	2,8	-	-	0,8	2,0	-	-
Indonesia	-	-	-	-	-	-	-1,1	-0,8	-	-
Tailand	-	-	-	-	-	-	-1,4	-2,0	-	-
India	-	-	-7,2	-6,8	-	-	-7,8	-7,6	-	-
Commonwealth of Independent States	-	-	-	-	-	-	-	-	-	-
Russia	-	-	6,5	5,0	-	-	6,6	5,5	-	-
World	-	-	-	-	-	-	-1,8	-1,8	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook (September/2006) e Reports of countries

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

(3) Global Economic Outlook Strategy (May/2006) and Emerging World (August/2006)

(4) Latin America Daily Perspectives (September 25th, 2006)

Table 4 – Forecasts

Trade Balance - US\$ Billion						
	OECD ⁽¹⁾		BBVA		Santander ⁽²⁾	
	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f
Developed Countries	-	-	-	-	-	-
Japan	62,3	85,6	-	-	-	-
United States	-757,7	-803,3	-799,0	-801,0	-	-
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	-	-	-	-	103,0	95,7
Argentina	-	-	10,1	9,5	11,4	11,6
Bolivia	-	-	-	-	-	-
Brazil	-	-	41,0	35,0	40,3	35,7
Chile	-	-	17,5	7,3	20,5	19,5
Colombia	-	-	0,6	-0,8	0,2	0,5
Ecuador	-	-	-	-	-	-
Mexico	-18,7	-22,6	-4,8	-12,5	-6,1	-11,8
Paraguay	-	-	-	-	-	-
Peru	-	-	6,0	5,7	-	-
Uruguay	-	-	-	-	-	-
Venezuela	-	-	23,8	19,7	36,7	40,2
Dominican Republic	-	-	-	-	-	-
Asia and Pacific	-	-	-	-	-	-
China	-	-	-	-	-	-
South Korea	14,0	14,0	-	-	-	-
Indonesia	-	-	-	-	-	-
Tailand	-	-	-	-	-	-
India	-	-	-	-	-	-
Commonwealth of Independent States	-	-	-	-	-	-
Russia	-	-	-	-	-	-
World	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

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

(2) Latin America Daily Perspectives (September 25th, 2006)

Table 5 – Forecasts

Current Account Balance - % of GDP										
	FMI (1)		OCDE (2)		BBVA		Citigroup (3)		Santander (4)	
	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f
Developed Countries	-1,6	-1,7	-	-	-	-	-	-	-2,1	-2,3
Japan	3,7	3,5	4,3	5,5	-	-	-	-	3,5	3,4
United States	-6,6	-6,9	-7,2	-7,6	-6,5	-6,2	-	-	-6,4	-6,7
Canada	2,0	1,9	3,3	3,3	-	-	-	-	1,3	-0,5
UK	-2,4	-2,3	-2,4	-2,9	-	-	-	-	-3,2	-4,0
Euro Zone	-0,1	-0,2	-0,4	-0,3	-0,5	-0,4	-	-	-0,5	-0,4
Germany	4,2	4,0	4,0	4,6	-	-	-	-	3,0	2,8
France	-1,7	-1,7	-2,6	-2,3	-	-	-	-	-2,3	-2,6
Italy	-1,4	-1,0	-2,1	-2,2	-	-	-	-	-2,0	-1,8
Developing Countries	-	-	-	-	-	-	-	-	2,9	2,4
Africa	3,6	4,2	-	-	-	-	-	-	4,1	4,0
Latin America and Caribbean	1,2	1,0	-	-	1,5	1,0	-	-	1,3	0,7
Argentina	1,0	0,6	-	-	2,7	1,9	-	-	2,7	1,6
Bolivia	5,0	4,8	-	-	-	-	-	-	-	-
Brazil	0,6	0,4	1,0	0,6	1,0	1,0	-	-	0,8	0,6
Chile	1,8	0,9	-	-	1,0	-0,8	-	-	1,5	-2,1
Colombia	-1,2	-1,7	-	-	-1,7	-1,5	-	-	-1,8	-1,9
Ecuador	4,4	3,7	-	-	-	-	-	-	1,5	1,0
Mexico	-0,6	-0,8	-0,7	-1,1	-0,3	-1,1	-	-	-0,4	-1,1
Paraguay	-2,5	-2,0	-	-	-	-	-	-	-	-
Peru	0,7	0,2	-	-	0,5	-0,3	-	-	2,2	2,6
Uruguay	-4,3	-3,2	-	-	-	-	-	-	-1,0	-1,5
Venezuela	17,5	17,6	-	-	14,0	12,3	-	-	15,1	13,1
Dominican Republic	-2,4	-2,9	-	-	-	-	-	-	-	-
Asia and Pacific	4,1	3,9	-	-	-	-	-	-	3,9	3,4
China	7,2	7,2	5,9	5,8	-	-	-	-	5,8	5,0
South Korea	0,4	0,3	0,7	0,2	-	-	-	-	0,6	0,0
Indonesia	0,2	0,6	-	-	-	-	-	-	1,5	0,4
Taiiland	-0,8	-1,3	-	-	-	-	-	-	-1,6	-0,1
India	-2,1	-2,7	-2,9	-2,9	-	-	-	-	-1,9	-1,8
Commonwealth of Independent States	10,1	9,4	-	-	-	-	-	-	-	-
Russia	12,3	10,7	11,5	7,9	-	-	-	-	10,9	8,9
World	-	-	-	-	-	-	-	-	-1,2	-1,4

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook (September/2006) e Reports of countries

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

(3) Global Economic Outlook Strategy (May/2006) and Emerging World (August/2006)

(4) Latin America Daily Perspectives (September 25th, 2006)

Table 6 – Forecasts

Foreign Currency Reserves - US\$ Billions						
	IMF ⁽¹⁾		BBVA		Santander ⁽²⁾	
	2006 f	2007 f	2006 f	2007 f	2006 f	2007 f
Developing Countries	2.998,0	3.694,6	-	-	-	-
Africa	230,9	306,2	-	-	-	-
Latin America and Caribbean	294,2	343,5	-	-	240,6	255,3
Argentina	-	-	27,6	33,6	30,0	32,8
Bolivia	-	-	-	-	-	-
Brazil	73,3	90,2	56,0	52,0	72,0	75,0
Chile	-	-	17,6	17,6	16,5	16,7
Colombia	-	-	15,2	16,3	14,6	15,0
Ecuador	-	-	-	-	-	-
Mexico	72,8	82,1	73,0	75,0	71,7	74,6
Paraguay	-	-	-	-	-	-
Peru	-	-	15,0	15,5	-	-
Uruguay	-	-	-	-	-	-
Venezuela	-	-	24,8	23,5	35,8	41,2
Dominican Republic	-	-	-	-	-	-
Asia and Pacific	1.451,4	1.733,6	-	-	-	-
China	1.062,6	1.302,6	-	-	-	-
South Korea	-	-	-	-	-	-
Indonesia	-	-	-	-	-	-
Tailand	-	-	-	-	-	-
India	154,5	163,5	-	-	-	-
Commonwealth of Independent States	340,7	479,9	-	-	-	-
Russia	288,9	420,9	-	-	-	-
World	-	-	-	-	-	-

Source: Prepared based on reports of the institutions.

(1) World Economic Outlook (September/2006) e Reports of countries

(2) Latin America Daily Perspectives (September 25th, 2006)

MACROECONOMIC INDICATORS AND FORECASTS FOR BRAZIL

Table 7 – Forecasts and Macroeconomic Indicators

	Key Macroeconomic Indicators of Brazil and Forecasts												
	1999	2000	2001	2002	2003	2004	2005	Central Bank of Brazil ⁽²⁾		International Bulletin ⁽¹⁾			
								2006 f	2007 f	2006 f	2007 f		
GDP (Variation %)	0,8	4,4	1,3	1,9	0,5	4,9	2,3	3,1	3,5	3,5	3,7		
Consumer Prices Index	8,9	6,0	7,7	12,5	9,3	7,6	5,7	3,0	4,3	4,3	4,3		
Nominal Interest Rate (Selic end of period)	25,6	17,4	17,3	19,2	23,4	16,3	18,0	13,5	12,5	-	-		
Public Sector Deficit (% of the GDP)	5,8	3,6	3,6	4,6	5,1	2,7	3,3	-	-	2,9	2,3		
Public Sector Debt (% of the GDP)	49,7	48,8	52,6	55,5	57,2	51,7	51,5	50,4	49,1	-	-		
Export (US\$ Billion)	48,0	55,1	58,2	60,4	73,1	96,5	118,3	131,3	137,5	-	-		
Import (US\$ billion)	49,2	55,8	55,6	47,2	48,3	62,8	73,6	88,4	101,0	-	-		
Trade Balance (US\$ Billion)	-1,2	-0,7	2,7	13,1	24,8	33,7	44,7	43,0	36,0	40,7	35,4		
Current Account Balance (% of the GDP)	-4,7	-4,0	-4,6	-1,7	0,8	1,9	1,8	1,3	-	0,9	0,6		
Foreign Direct Investment (US\$ billion)	26,9	30,5	24,7	14,1	9,9	8,7	15,2	15,9	16,0	-	-		

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 25/09/2006.

MACROECONOMIC INDICATORS OF SELECTED COUNTRIES

Table 8 – Macroeconomic Indicators

Gross Domestic Product - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005
Developed Countries							
Japan	4.363,11	4.650,95	4.090,19	3.911,58	4.237,07	4.587,15	4.567,44
United States	9.268,43	9.816,98	10.127,95	10.469,60	10.960,75	11.712,48	12.455,83
Canada	661,35	725,16	715,63	734,77	868,49	993,91	1.132,44
UK	1.467,03	1.445,19	1.435,63	1.574,47	1.814,64	2.155,16	2.229,47
Euro Zone							
Germany	2.146,43	1.905,80	1.892,60	2.024,06	2.444,28	2.744,22	2.791,74
France	1.456,78	1.333,00	1.341,43	1.463,90	1.805,03	2.059,72	2.126,72
Italy	1.202,40	1.100,56	1.118,32	1.223,24	1.510,06	1.726,79	1.765,54
Developing Countries							
Latin America and Caribbean							
Argentina	283,52	284,20	268,70	97,73	127,64	151,96	181,55
Bolivia	8,30	8,41	8,15	7,92	8,10	8,75	9,36
Brazil	536,69	601,55	510,38	460,61	505,54	603,78	795,67
Chile	73,00	75,21	68,57	67,27	73,70	95,00	115,31
Colômbia	86,19	83,79	81,99	81,12	79,46	96,79	122,27
Ecuador	16,67	15,93	21,25	24,90	28,64	32,64	36,49
Mexico	480,59	580,79	621,86	648,63	638,75	683,49	768,44
Paraguay	7,30	7,10	6,45	5,09	5,55	6,95	7,47
Peru	51,55	53,32	53,93	57,04	61,49	69,66	79,39
Uruguay	20,91	20,09	18,56	12,09	11,21	13,27	16,88
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	29,09
Asia and Pacific							
China	1.083,28	1.198,48	1.324,81	1.453,84	1.640,97	1.931,64	2.234,13
India	442,38	462,64	474,10	493,54	575,27	665,58	771,95
Commonwealth of Independent States							
Russia	195,91	259,70	306,58	345,49	431,43	589,03	763,29

Source: IMF

Note: Gross Domestic Product at the exchange in force.

Table 9 – Macroeconomic Indicators

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

Source: IMF and ECLAC

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

Table 10 – 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	2,4	2,2
Japan	-0,3	-0,4	-0,8	-0,9	-0,3	0	-0,6	0,4	0,7
United States	2,2	3,4	2,8	1,6	2,3	2,7	3,4	3,3	2,5
Canada	1,7	2,7	2,5	2,3	2,7	1,8	2,2	2,1	2,1
UK	1,3	0,9	1,2	1,3	1,4	1,3	2	2,5	2,1
Euro Zone	1,1	2,1	2,3	2,2	2,1	2,1	2,2	2,2	2,1
Germany	0,6	1,5	2	1,4	1	1,7	2	1,8	2,4
France	0,5	1,8	1,8	1,9	2,2	2,3	1,9	1,9	1,7
Italy	1,7	2,6	2,3	2,6	2,8	2,3	2,3	2,2	2,0
Developing Countries	10,1	7,1	6,6	5,8	5,8	5,7	5,4	4,9	4,9
Africa	11,9	13,6	12,8	9,9	10,7	8	8,5	8,3	7,7
Latin America and Caribbean	9,7	9,0	6,1	12,2	8,5	7,4	6,1	5,4	5,2
Argentina	-1,8	-0,7	-1,5	41	3,7	6,1	12,3	9,9	11,2
Bolivia	3,1	3,4	0,9	2,4	3,9	4,6	4,9	4,1	4,0
Brazil ⁽¹⁾	8,9	6	7,7	12,5	9,3	7,6	5,7	4,3	4,3
Chile	2,3	4,5	2,6	2,8	1,1	2,4	3,7	3,4	3,0
Colômbia	9,2	8,8	7,6	7	6,5	5,5	4,9	4,4	4,1
Ecuador	60,7	91	22,4	9,3	6,1	1,9	3,1	3,4	3,4
Mexico	12,3	9	4,4	5,7	4	5,2	3,3	3,7	3,4
Paraguay	5,4	8,6	8,4	14,6	9,3	2,8	9,9	8,9	4,9
Peru	3,7	3,7	-0,1	1,5	2,5	3,5	1,5	2,1	2,5
Uruguay	4,2	5,1	3,6	25,9	10,2	7,6	4,9	6,2	5,2
Venezuela	20	13,4	12,3	31,2	27,1	19,2	14,4	13,7	14,7
Dominican Republic	5,1	9	4,4	10,5	42,7	28,7	7,4	8,5	5,0
Asia and Pacific	2,5	1,7	2,7	2	2,5	4,1	3,5	3,7	3,6
China	-1,4	0,4	0,7	-0,8	1,2	3,9	1,8	2,4	2,9
India	4,7	3,9	3,7	4,5	3,7	3,9	4	5,0	4,9
Commonwealth of Independent States	69,6	24,6	20,3	13,8	12	10,3	12,3	9,6	9,2
Russia	85,7	20,8	21,5	15,8	13,7	10,9	12,6	10,2	9,1

Source: IMF, Central Bank of Brazil and ECLAC

(1) IPCA and Average of market predictions surveyed by the Central Bank on 25/09/2006.

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

Table 11 – Macroeconomic Indicators

Public Account Balance - % do GDP									
	1999	2000	2001	2002	2003	2004	2005	2006 f	2007 f
Developed Countries	-1,0	0,0	-1,5	-3,3	-3,9	-3,3	-2,7	-2,3	-2,2
Japan	-7,5	-7,7	-6,4	-8,2	-8,1	-6,3	-5,6	-5,2	-4,9
United States	0,9	1,6	-0,4	-3,8	-4,8	-4,6	-3,7	-3,0	-2,8
Canada	1,6	2,9	0,7	-0,1	0,0	0,7	1,7	0,7	0,6
UK	1,2	1,7	1,0	-1,6	-3,3	-3,2	-3,3	-3,1	-2,9
Euro Zone	-1,3	-1,0	-1,9	-2,6	-3,0	-2,7	-2,2	-2,5	-2,3
Germany	-1,5	1,3	-2,8	-3,7	-4,0	-3,7	-3,3	-3,1	-2,4
France	-1,7	-1,5	-1,6	-3,2	-4,2	-3,7	-2,9	-2,9	-2,7
Italy	-1,7	-0,7	-3,1	-2,9	-3,4	-3,4	-4,1	-4,0	-4,1
Developing Countries									
Africa	-	-	-	-	-	-0,5	2,1	1,1	0,4
Latin America and Caribbean	-3,1	-2,7	-3,3	-3,2	-2,9	-1,9	-1,2	-0,7	-0,7
Argentina	-4,5	-3,3	-7,0	-0,8	1,6	3,5	-	2,0	1,8
Bolivia	-3,5	-3,7	-6,8	-8,8	-7,9	-5,5	-2,3	-	-
Brazil ⁽¹⁾	-5,8	-3,6	-3,6	-4,6	-5,1	-2,7	-3,3	-2,9	-2,3
Chile	-3,3	-1,0	-0,4	-2,5	-1,6	2,4	-	6,8	3,5
Colômbia	-4,1	-4,0	-4,1	-3,5	-2,6	-0,9	-0,3	-1,4	-1,8
Ecuador	-4,9	1,5	0,0	0,8	1,6	2,1	0,7	2,9	-1,3
Mexico	-1,1	-1,1	-0,7	-1,2	-0,6	-0,3	-0,1	0,0	0,0
Paraguay	-3,1	-4,0	-0,1	-1,9	1,1	2,3	1,5	-	-
Peru	-3,2	-3,4	-2,4	-2,3	-1,7	-1,0	-0,3	0,8	0,5
Uruguay	-3,8	-3,7	-4,0	-3,8	-2,8	-0,8	-0,3	-0,9	-0,8
Venezuela	-1,7	-1,7	-4,4	-4,0	-4,4	-1,9	1,7	1,0	0,7
Dominican Republic	-1,8	-2,1	-2,4	-2,7	-5,2	-4,0	-0,7	-	-
Asia and Pacific									
China	-3,2	-3,1	-2,8	-3,2	-2,7	-1,5	-1,1	-1,1	-1,5
India	-5,3	-5,6	-6,2	-5,9	-4,5	-4,0	-4,1	-7,5	-7,2
Commonwealth of Independent States									
Russia	-	-	-	-	1,3	4,5	7,7	6,6	5,3

Source: IMF, ECLAC, Mundial Bank, Asian Development Bank and African Development Bank

(1) Central Government

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

Table 12 – Macroeconomic Indicators

Public Sector Net Debt - % of GDP							
	1999	2000	2001	2002	2003	2004	2005
Developed Countries							
Japan	-	60,4	66,1	72,8	77,3	82,2	86,8
United States	-	39,5	38,3	41,0	43,8	45,4	46,1
Canada	-	65,3	60,2	58,0	51,5	46,7	41,9
UK	-	34,2	32,7	32,7	34,5	36,1	38,1
Euro Zone	-	57,7	57,5	57,5	59,0	60,1	61,0
Germany	-	51,5	52,1	54,3	57,8	60,1	62,5
France	-	47,0	48,2	48,5	52,6	54,8	57,0
Italy	-	103,4	103,0	100,4	100,5	102,7	105,4
Developing Countries							
Latin America and Caribbean							
Argentina ⁽¹⁾	43,5	45,6	53,6	162,5	138,2	126,5	72,8
Bolivia ⁽¹⁾	71,4	72,3	79,8	84,1	93,3	88,7	81,5
Brazil	48,7	48,8	52,6	55,5	57,2	51,7	51,5
Chile	10,4	11,4	11,3	11,4	13,4	11,1	8,0
Colômbia ⁽¹⁾	50,0	57,8	62,9	71,5	67,7	62,6	60,2
Equador ⁽¹⁾	102,3	88,9	66,7	56,9	50,6	44,1	40,1
Mexico	21,0	20,1	20,5	21,7	22,4	20,7	18,0
Paraguay ⁽¹⁾	34,2	35,9	44,7	63,9	47,4	42,1	35,0
Peru ⁽¹⁾⁽²⁾	49,1	46,1	45,2	46,8	47,3	43,3	39,8
Uruguay	27,4	31,0	39,4	84,0	76,5	63,3	52,1
Venezuela ⁽¹⁾	28,9	26,7	30,0	42,0	45,9	38,8	33,7
Dominican Republic ⁽¹⁾	21,1	18,9	19,6	23,9	44,2	25,5	26,6

Source: IMF, ECLAC and Central Bank of Brazil

(1) For this countries the index refers to Public Sector Gross Debt

(2) Central Government

Table 13 – Macroeconomic Indicators

External Debt - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005 f
Latin America and Caribbean	762,7	738,6	744,6	733,1	757,6	761,1	658,0
Argentina	152,6	155,0	166,3	156,7	164,6	171,1	113,5
Bolivia	4,6	4,5	4,5	4,4	5,1	5,0	4,9
Brazil	225,6	216,9	209,9	210,7	214,9	201,4	169,4
Chile	34,8	37,2	38,5	40,5	43,1	43,5	45,0
Colômbia	36,7	36,1	39,1	37,3	38,0	39,4	38,3
Ecuador	16,3	13,6	14,4	16,3	16,6	17,0	18,9
Mexico	166,4	148,7	144,5	135,0	132,3	130,9	127,1
Paraguay	2,7	2,9	2,7	2,9	3,0	2,9	2,8
Peru	28,6	28,0	27,2	27,9	29,6	31,1	28,6
Uruguay	8,3	8,9	8,9	10,5	11,0	11,6	11,4
Venezuela	37,0	36,4	35,4	35,5	39,7	44,5	47,2
Dominican Republic	3,7	3,7	4,2	4,5	6,0	6,4	6,8

Source: Estudio Económico de América Latina y el Caribe 2005-2006 (July/06)

Table 14 – Macroeconomic Indicators

Exports - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005
Developed Countries							
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							
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							
Africa	116,7	147,1	137,4	140,6	176,5	230,0	295,8
Latin America and Caribbean							
Argentina	23,3	26,3	26,5	25,7	29,7	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
Colômbia	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							
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
Commonwealth of Independent States							
Russia	106,5	145,7	144,3	153,2	194,6	265,5	341,9
World	5.713,0	6.451,0	6.184,0	6.484,0	7.572,0	9.191,0	10.393,0

Source: WTO

Table 15 – Macroeconomic Indicators

	Imports - US\$ Billion						
	1999	2000	2001	2002	2003	2004	2005
Developed Countries							
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							
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							
Africa	128,2	129,6	134,7	136,4	164,8	212,8	247,8
Latin America and Caribbean	332,4	388,5	380,1	354,7	366,6	447,0	525,6
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	51,7	58,6	58,4	49,6	50,9	66,4	77,6
Chile	16,0	18,5	17,4	17,1	19,4	24,9	32,5
Colombia	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	1364,0	1677,1	1557,1	1653,4	1971,7	2480,9	2871,0
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
Commonwealth of Independent States	70,6	81,5	94,4	104,0	132,3	173,2	215,8
Russia	39,5	44,7	53,8	61,0	76,1	97,4	125,1
World	5919,0	6724,0	6482,0	6734,0	7855,0	9545,0	10753,0

Source: WTO

Table 16 – Macroeconomic Indicators

Trade Balance - US\$ billion									
	1999	2000	2001	2002	2003	2004	2005	2006 f	2007 f
Developed Countries									
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	-778,3	-802,1
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								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									
Africa	-11,5	17,5	2,7	4,2	11,7	17,2	48,0	-	-
Latin America and Caribbean	-31,7	-26,3	-32,9	-5,0	15,8	22,0	38,7	103,0	95,7
Argentina	-2,2	1,2	6,2	16,7	15,9	12,1	11,4	10,8	10,6
Bolivia	-0,7	-0,6	-0,4	-0,5	0,0	0,3	0,5	-	-
Brazil	-3,7	-3,5	-0,2	10,8	22,2	30,1	40,7	40,7	35,4
Chile	1,2	0,7	0,8	1,1	2,1	7,1	7,0	19,0	13,4
Colombia	0,9	1,5	-0,5	-0,8	-0,8	-0,5	0,0	0,4	-0,2
Ecuador	1,4	1,2	-0,7	-1,4	-0,4	-0,1	0,2	-	-
Mexico	-9,7	-16,3	-17,6	-15,9	-13,1	-18,1	-18,0	-9,9	-15,6
Paraguay	-1,2	-1,3	-1,2	-0,7	-0,9	-1,5	-1,4	-	-
Peru	-1,3	-0,4	-0,3	0,2	0,7	2,5	4,7	6,0	5,7
Uruguay	-1,1	-1,2	-1,0	-0,1	0,0	-0,1	0,0	-	-
Venezuela	6,9	17,3	8,3	13,8	17,9	21,9	31,3	30,3	30,0
Dominican Republic	-2,9	-3,7	-3,5	-3,7	-2,2	-2,0	-3,3	-	-
Asia and Pacific	183,2	159,1	116,2	154,8	164,9	171,4	174,1	-	-
China	29,2	24,1	22,5	30,4	25,5	32,1	101,9	-	-
India	-11,3	-9,1	-7,0	-7,3	-14,2	-21,8	-41,8	-	-
Commonwealth of Independent States	35,9	64,2	49,9	49,2	62,3	92,3	126,1	-	-
Russia	36,1	60,9	48,1	46,3	59,9	85,8	120,1	-	-
World	-206,0	-273,0	-298,0	-250,0	-283,0	-354,0	-360,0	-	-

Source: WTO

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

Table 17 – Macroeconomic Indicators

Current Account Balance - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005
Developed Countries	-114,8	-267,1	-214,6	-229,5	-221,9	-267,2	-486,3
Japan	114,5	119,6	87,8	112,6	136,2	172,1	165,7
United States	-299,8	-415,2	-389,0	-472,4	-527,5	-665,3	-791,5
Canada	1,7	19,7	16,2	12,6	10,1	21,3	26,3
UK	-35,1	-37,6	-31,5	-24,8	-24,4	-35,4	-48,3
Euro Zone	23,2	-40,9	3,6	42,4	34,4	82,5	-2,6
Germany	-26,9	-32,6	0,4	41,0	45,6	101,9	114,9
France	42,0	18,0	21,5	14,5	7,9	-7,0	-33,6
Italy	5,9	-6,1	-0,9	-8,1	-19,9	-15,6	-28,5
Developing Countries	-24,0	79,6	40,0	78,5	147,8	211,9	424,7
Africa	-15,0	7,2	0,4	-7,8	-3,1	-0,4	18,4
Latin America and Caribbean	-56,6	-48,6	-54,1	-16,2	6,8	18,2	33,7
Argentina	-12,0	-9,0	-3,4	9,1	8,2	3,1	5,0
Bolivia	-0,5	-0,4	-0,3	-0,4	0,0	0,4	0,5
Brazil	-25,7	-24,2	-24,0	-8,1	4,2	10,8	12,1
Chile	0,1	-0,9	-1,1	-0,6	-1,0	1,5	0,6
Colômbia	0,7	0,8	-1,1	-1,4	-1,0	-0,9	-1,7
Ecuador	1,0	0,9	-0,6	-1,3	-0,4	-0,5	-0,1
Mexico	-14,2	-18,7	-18,0	-13,6	-8,5	-6,2	-4,3
Paraguay	-0,2	-0,2	-0,3	0,1	0,1	0,1	-0,1
Peru	-1,5	-1,5	-1,2	-1,1	-0,9	0,0	0,9
Uruguay	-0,5	-0,6	-0,5	0,4	-0,1	0,0	-0,1
Venezuela	2,2	11,9	2,0	7,6	11,2	12,5	22,3
Dominican Republic	-0,5	-1,0	-0,8	-0,8	1,0	1,0	-0,1
Asia and Pacific	38,3	38,2	37,7	66,9	86,1	94,2	165,3
China	15,7	20,5	17,4	35,4	45,9	68,7	160,8
India	-3,2	-4,6	1,4	7,1	8,8	1,4	-11,9
Commonwealth of Independent States	23,7	48,2	33,1	30,2	35,9	62,5	87,7
Russia	24,6	46,8	33,9	29,1	35,4	58,6	83,6
World	-138,8	-187,4	-174,6	-151,0	-74,2	-55,3	-61,6

Source: IMF and ECLAC

Table 18 – 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	-0,8	-0,8	-1,4	-1,9	-2,0
Japan	2,6	2,6	2,1	2,9	3,2	3,8	3,6	3,8	4,1
United States	-3,2	-4,2	-3,8	-4,5	-4,8	-5,7	-6,4	-6,7	-6,9
Canada	0,3	2,7	2,3	1,7	1,2	2,1	2,3	2,2	1,6
UK	-2,4	-2,6	-2,2	-1,6	-1,3	-1,6	-2,2	-2,7	-3,1
Euro Zone	0,3	-0,7	0,1	0,6	0,4	0,9	0	-0,4	-0,3
Germany	-1,3	-1,7	0	2	1,9	3,7	4,1	3,7	3,8
France	2,9	1,3	1,6	1	0,4	-0,3	-1,6	-2,2	-2,2
Italy	0,5	-0,6	-0,1	-0,7	-1,3	-0,9	-1,6	-1,8	-1,7
Developing Countries	-0,2	1,4	0,7	1,3	2	2,5	4,1	2,9	2,4
Africa	-3,4	1,6	0,1	-1,6	-0,5	-0,1	2,3	3,9	4,1
Latin America and Caribbean	-3,1	-2,4	-2,7	-0,8	0,5	1,0	1,5	1,4	1,0
Argentina	-4,2	-3,2	-1,2	8,5	6,2	2,1	2,9	2,2	1,6
Bolivia	-5,9	-5,3	-3,4	-4,4	0,8	3,8	4,9	5,0	4,8
Brazil	-4,7	-4	-4,6	-1,7	0,8	1,9	1,8	0,9	0,6
Chile	0,1	-1,2	-1,6	-0,9	-1,3	1,7	0,6	1,8	0,1
Colômbia	0,8	0,9	-1,3	-1,7	-1,2	-1	-1,6	-1,7	-1,9
Ecuador	5,5	5,8	-3,3	-5,6	-1,2	-0,5	-0,4	3,0	2,4
Mexico	-2,9	-3,2	-2,8	-2,1	-1,4	-1,0	-0,6	-0,5	-1,0
Paraguay	-2,3	-2,3	-4,1	1,8	2,3	1,2	-1,4	-2,5	-2,0
Peru	-2,8	-2,9	-2,1	-1,9	-1,5	0,0	1,3	1,1	0,8
Uruguay	-2,4	-2,8	-2,7	3,1	-0,5	0,3	-0,5	-2,7	-2,4
Venezuela	2,2	10,1	1,6	8,2	13,7	12,6	18,1	15,7	14,9
Dominican Republic	-2,0	-4,4	-3	-3,2	5,3	5,3	-0,4	-2,4	-2,9
Asia and Pacific	1,8	1,7	1,6	2,5	2,9	2,7	4,2	4,0	3,7
China	1,4	1,7	1,3	2,4	2,8	3,6	7,2	6,3	6,0
India	-0,7	-1	0,3	1,4	1,5	0,2	-1,5	-2,3	-2,5
Commonwealth of Independent States	8,2	13,6	8	6,5	6,3	8,1	8,8	10,1	9,4
Russia	12,6	18	11,1	8,4	8,2	9,9	10,9	11,6	9,2

Source: IMF and ECLAC

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

Table 19 – Macroeconomic Indicators

Foreign Direct Investment Inflows - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005 f
Developed Countries	849,1	1.134,3	596,3	547,8	441,7	414,7	573,2
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	18,1	15,1
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	10,2
Ecuador	0,6	0,7	1,3	1,3	1,6	1,2	1,6
Mexico	13,1	17,6	27,2	18,3	14,2	18,7	18,1
Paraguay	0,1	0,1	0,1	0,0	0,0	0,1	0,1
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	0,6
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
Commonwealth of Independent States	-	-	-	-	-	-	-
Russia	3,3	2,7	2,7	3,5	8,0	12,5	26,1
Total	1.092,1	1.396,5	825,9	716,1	637,8	695,0	896,7

Source: UNCTAD and ECLAC

Table 20 – Macroeconomic Indicators

Foreign Currency Reserves - US\$ Billion							
	1999	2000	2001	2002	2003	2004	2005
Developed Countries							
Japan	288,1	356,0	396,2	462,4	664,6	835,2	835,9
United States	73,1	68,5	69,2	80,4	88,5	90,1	67,2
Canada	28,2	32,0	34,0	37,0	36,2	34,4	33,0
UK	36,9	44,6	37,8	39,8	42,4	45,9	44,1
Euro Zone							
Germany	66,4	62,0	56,3	56,4	56,4	54,8	50,7
France	44,4	41,5	36,0	33,0	35,2	40,5	32,3
Italy	26,2	29,2	27,9	32,4	34,5	32,1	29,5
Developing Countries	717,0	807,5	903,0	1.082,9	1.408,5	1.861,9	2.399,0
Africa	42,1	54,3	64,5	72,2	90,6	126,7	168,9
Latin America and Caribbean	143,4	156,1	159,2	161,3	196,2	221,4	254,3
Argentina	26,3	25,1	14,6	10,5	14,2	19,0	27,3
Bolivia	1,0	0,9	0,9	0,6	0,7	0,9	1,3
Brazil	36,3	33,0	35,9	37,8	49,3	52,9	53,8
Chile	14,7	15,0	14,4	15,3	15,8	16,0	16,9
Colômbia	8,0	8,9	10,2	10,7	10,8	13,4	14,8
Ecuador	1,6	0,9	0,8	0,7	0,8	1,1	1,7
Mexico	31,8	35,5	44,8	50,6	59,0	64,1	74,1
Paraguay	1,0	0,8	0,7	0,6	1,0	1,2	1,3
Peru	8,7	8,4	8,7	9,3	9,8	12,2	13,6
Uruguay	2,1	2,5	3,1	0,8	2,1	2,5	3,1
Venezuela	12,3	13,1	9,2	8,5	16,0	18,4	23,9
Dominican Republic	0,7	0,6	1,1	0,5	0,3	0,8	1,8
Asia and Pacific	307,7	321,9	380,5	497,1	670,4	934,4	1.167,5
China	158,3	168,9	216,3	292,0	409,2	615,5	822,6
India	33,2	38,4	46,4	68,2	99,5	127,2	141,7
Commonwealth of Independent States	16,5	33,2	44,2	58,3	92,8	149,2	225,7
Russia	9,1	24,8	33,1	44,6	73,8	121,5	186,3

Source: Central Bank of Brazil, IMF and Mundial Bank

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

OTHERS ECONOMIC INDICATORS

Table 21 – Economic Indicators

Average prices of Commodities: 2003 to 2006 ¹											
	Unity	2003	2004	2005	05 Q2	05 Q3	05 Q4	06 Q1	06 Q2	jul/06	aug/06
Foods											
Cereals											
Wheat	\$/MT	146	157	152	142	151	164	174	190	202	190
Maize	\$/MT	105	112	98	96	100	100	105	109	114	115
Rice	\$/MT	199	246	288	294	283	282	293	302	312	313
Barley	\$/MT	105	99	95	92	98	100	102	105	112	115
Vegetable oils and protein meals											
Soybeans	\$/MT	233	277	223	239	232	213	214	214	217	204
Soybean meal	\$/MT	215	257	206	223	217	196	198	193	187	176
Soybean oil	\$/MT	500	590	496	510	516	493	499	542	587	563
Palm oil	\$/MT	410	435	368	372	367	376	384	389	404	434
Coconut oil oil	\$/MT	462	673	620	659	569	571	576	576	583	603
Fish meal	\$/MT	650	693	744	696	741	832	909	949	959	1251
Sunflower oil	\$/MT	650	734	1.145	1158	1152	1152	833	673	673	673
Olive oil	\$/MT	3.797	4.631	5.519	5493	5500	5559	5772	5637	5513	5576
Groundnuts	\$/MT	856	910	769	762	704	700	717	759	845	894
Meat											
Beef	cts/lb	90	114	119	120	121	116	113	112	115	118
Lamb	cts/lb	160	166	161	164	155	149	145	147	156	170
Swine Meat	cts/lb	53	71	68	70	68	62	58	66	70	72
Poultry	cts/lb	66	76	74	74	75	73	69	68	70	70
Seafood											
Fish	\$/kg	3.0	3.3	4.1	4.1	4.3	4.0	4.2	6.1	6.1	6.2
Shrimp	\$/lb	11.5	10.4	9.9	9.8	9.3	9.5	9.8	10.1	10.5	9.8
Sugar											
Free market	cts/lb	6.9	7.5	10.1	8.7	10.1	12.4	17.1	16.7	15.9	13.0
United States	cts/lb	21	21	21	21	21	22	24	23	22	21
EU	cts/lb	27	30	30	31	30	29	29	30	31	31
Bananas	\$/MT	375	525	577	569	463	510	792	777	585	546
Oranges	\$/MT	683	855	842	1065	752	722	809	755	734	831
Beverages											
Coffee											
Other milds	cts/lb	64	80	114	125	105	106	118	108	103	112
Robusta	cts/lb	38	37	53	58	55	55	65	64	69	76
Cocoa Benas	\$/MT	1.753	1.551	1.545	1.545	1.492	1.465	1.556	1.584	1.673	1.613
Metals											
Copper	\$/MT	1.779	2.863	3.676	3.387	3.750	4.304	4.948	7.229	7.727	7.690
Aluminum	\$/MT	1.433	1.719	1.901	1.788	1.831	2.081	2.423	2.656	2.512	2.462
Iron	cts/DMTU	32	38	65	65	65	65	77	77	77	77
Tin	\$/MT	4.890	8.481	7.385	7.946	7.060	6.451	7.602	8.504	8.356	8.437
Nickel	\$/MT	9.630	13.821	14.778	16.418	14.568	12.719	14.854	19.915	26.186	30.469
Zinc	\$/MT	828	1.048	1.381	1.272	1.298	1.638	2.246	3.270	3.321	3.340
Lead	\$/MT	514	882	974	983	893	1.046	1.240	1.101	1.053	1.179
Uranium	\$/lb	11.2	18.0	27.9	26.8	29.8	33.9	38.1	43	47	47
Energy											
Spot crude (APSP ²)											
U.K. brent	\$/bbl	28.9	38.3	54.4	51.6	61.6	56.9	61.9	69.8	73.9	73.6
Dubai	\$/bbl	26.7	33.5	49.2	47.7	55.3	52.7	57.8	64.7	69.0	68.8
West Texas Intermediate	\$/bbl	31.1	41.4	56.4	53.1	63.1	60.0	63.3	70.5	74.4	73.0
Natural Gas											
Russian in Germany	\$/000M3	125.5	135.2	212.9	198.4	220.7	250.6	275.8	293.0	302.4	302.4
Indonesian in Japan (LNG)	\$/M3	104.8	123.9	148.0	145.9	154.2	162.8	162.3	175.4	181.8	181.8
US, domestic market	\$/000M3	197.8	212.7	319.0	250.0	355.0	443.8	277.1	235.4	222.2	256.8
Coal											
Australian export markets	\$/MT	28.0	56.7	51.0	54.8	51.9	42.4	50.2	56.4	56.5	54.6
South African export markets	\$/MT	30.0	54.7	46.1	46.8	49.1	40.6	49.5	52.6	51.7	53.6

¹ Provisory numbers since 2006 Q2.² Average Petroleum Spot Price. Weighed mean equally of the prices of UK Brent, Dubai and West Texas Intermediate.

Source: IMF

Table 22 – Macroeconomic Indicators

Currency Quotations (in R\$)			
Month	US \$	Euro €	UK £
jan/04	2,85	3,60	5,20
feb/04	2,93	3,70	5,46
mar/04	2,91	3,57	5,32
apr/04	2,91	3,49	5,26
may/04	3,10	3,71	5,52
jun/04	3,13	3,81	5,73
jul/04	3,04	3,74	5,60
ago/04	3,00	3,67	5,48
sep/04	2,89	3,54	5,20
oct/04	2,85	3,57	5,17
nov/04	2,79	3,63	5,20
dec/04	2,72	3,65	5,26
jan/05	2,69	3,55	5,07
feb/05	2,60	3,39	4,92
mar/05	2,70	3,57	5,16
apr/05	2,58	3,35	4,90
may/05	2,45	3,14	4,59
jun/05	2,41	2,94	4,40
jul/05	2,37	2,86	4,16
ago/05	2,36	2,90	4,23
sep/05	2,29	2,82	4,16
oct/05	2,26	2,71	3,98
nov/05	2,21	2,61	3,84
dec/05	2,28	2,71	3,98
jan/06	2,27	2,76	4,02
feb/06	2,16	2,59	3,79
mar/06	2,15	2,59	3,75
apr/06	2,13	2,62	3,77
may/06	2,26	2,99	4,38
jun/06	2,21	2,79	4,03
jul/06	2,19	2,78	4,06
ago/06	2,13	2,74	4,06

Source: Central Bank of Brazil and BNDES.

Table 23 – Macroeconomic Indicators

Currency Quotations (in m.u./US\$)					
Month	Peso (Argentina)	Peso (Chile)	Peso (Colombia)	Peso (Mexico)	Peso (Uruguay)
jan/04	2.95	600.05	2.749	11.10	29.45
feb/04	2.93	595.00	2.718	11.08	29.50
mar/04	2.87	619.80	2.671	11.19	29.75
apr/04	2.86	627.45	2.636	11.41	29.65
may/04	2.97	631.45	2.719	11.44	29.78
jun/04	2.97	635.85	2.717	11.52	29.72
jul/04	2.98	638.65	2.654	11.41	29.43
ago/04	3.00	625.80	2.599	11.38	28.75
sep/04	2.98	606.90	2.552	11.41	27.59
oct/04	2.98	616.25	2.581	11.54	26.90
nov/04	2.94	589.05	2.530	11.26	26.72
dec/04	2.98	559.20	2.417	11.17	26.11
jan/05	2.97	585.95	2.363	11.25	24.97
feb/05	2.94	575.85	2.340	11.09	25.35
mar/05	2.92	586.75	2.354	11.21	25.48
apr/05	2.91	585.65	2.350	11.10	25.08
may/05	2.88	579.65	2.339	10.89	24.15
jun/05	2.89	579.25	2.327	10.74	24.63
jul/05	2.86	563.15	2.324	10.60	24.48
ago/05	2.91	543.35	2.306	10.83	24.23
sep/05	2.92	529.80	2.295	10.79	23.88
oct/05	3.01	546.75	2.293	10.84	23.34
nov/05	2.97	515.33	2.280	10.59	23.44
dec/05	3.03	513.75	2.278	10.66	23.70
jan/06	3.06	524.25	2.275	10.45	24.18
feb/06	3.08	517.00	2.255	10.47	24.28
mar/06	3.08	527.95	2.265	10.92	24.30
apr/06	3.04	517.90	2.355	11.11	24.05
may/06	3.09	533.65	2.426	11.34	24.00
jun/06	3.09	538.85	2.552	11.34	23.75
jul/06	3.07	541.25	2.509	10.96	23.89
ago/06	3.10	540.14	2.388	10.91	23.91

Source: BCRP and Mecon

(1) Average of period

Table 24 – Macroeconomic Indicators

Interest Rate (annual percent change)						
Month	TJLP	Selic (1)	TR (2)	Libor (3)		
				6 months	12 months	60 months
jan/04	10,00	16,32	1,55	1,19	1,40	3,56
feb/04	10,00	16,30	0,64	1,12	1,41	3,46
mar/04	10,00	16,19	1,97	1,16	1,33	3,17
apr/04	9,75	15,96	1,11	1,26	1,56	3,66
may/04	9,75	15,77	1,87	1,50	1,97	4,31
jun/04	9,75	15,80	2,13	1,78	2,32	4,40
jul/04	9,75	15,77	2,26	1,89	2,33	4,24
ago/04	9,75	15,86	2,32	1,94	2,30	4,11
sep/04	9,75	16,09	2,09	2,08	2,35	3,87
oct/04	9,75	16,41	1,41	2,21	2,46	3,82
nov/04	9,75	16,96	1,45	2,46	2,76	3,96
dec/04	9,75	17,50	2,66	2,70	3,00	4,05
jan/05	9,75	17,93	2,28	2,87	3,20	4,04
feb/05	9,75	18,47	1,36	3,02	3,35	4,15
mar/05	9,75	18,97	3,06	3,26	3,65	4,57
apr/05	9,75	19,32	2,55	3,38	3,75	4,56
may/05	9,75	19,61	3,07	3,46	3,74	4,36
jun/05	9,75	19,75	3,48	3,60	3,81	4,19
jul/05	9,75	19,72	3,13	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
may/06	8,15	15,70	1,88	5,32	5,42	5,47
jun/06	7,50	15,18	2,35	5,62	5,74	5,75
jul/06	7,50	14,98	2,12	5,54	5,59	5,49
ago/06	7,50	14,66	2,70	5,46	5,47	5,29

Source: Central Bank of Brazil and BNDES.

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

(3) Monthly average

Table 25 – Macroeconomic Indicators

Stock Index (basis points) - End of period						
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
may/06	15.834	11.094	2.165	535,8	18,6	1.647
jun/06	16.919	11.150	2.172	554,6	18,4	1.688
jul/06	17.027	11.186	2.091	553,9	18,3	1.833
ago/06	16.899	11.381	2.184	537,0	19,1	1.929

Source: Central Bank of Brazil and Mecon.