

# Offering solutions to current challenges: from regional inequalities to infrastructure investment perspectives

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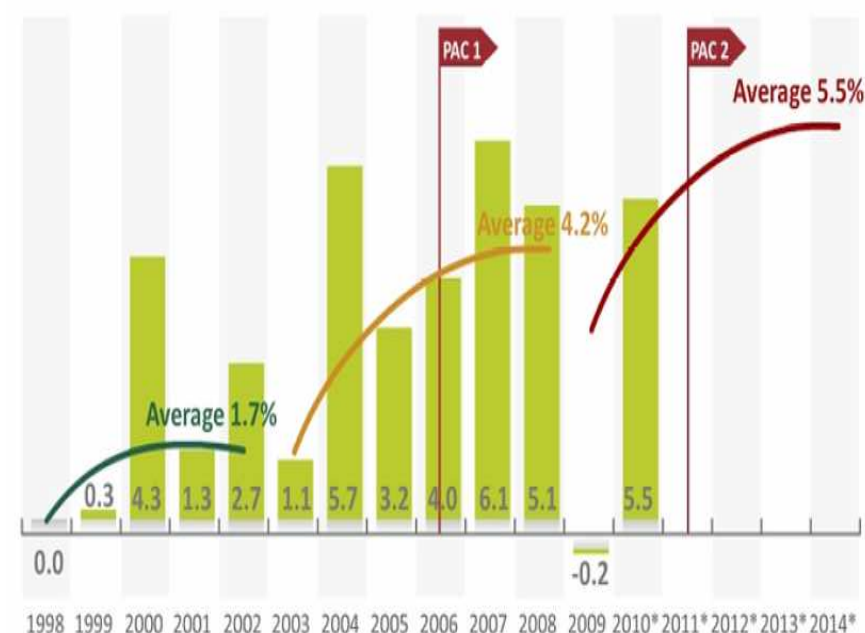
# Emerging markets are leading economic recovery and Brazil may grow 5.5% p.a. in the 2010-2014 period



## Global Growth (%)

	IMF Forecasts		IIF Forecasts	
	2010	2011	2010	2011
<b>World</b>	<b>4.2</b>	<b>4.3</b>	<b>3.4</b>	<b>2.7</b>
<b>Developed Countries</b>	<b>2.3</b>	<b>2.4</b>	<b>2.5</b>	<b>1.8</b>
US	3.1	2.6	3.3	2.7
Eurozone	1.0	1.5	1.0	0.9
Germany	1.2	1.7	-	-
France	1.5	1.8	-	-
UK	1.3	2.5	-	-
Japan	1.9	2.0	3.4	1.3
<b>Developing countries</b>	<b>6.3</b>	<b>6.5</b>	<b>6.5</b>	<b>6.0</b>
Mexico	4.2	4.5	4.4	3.5
Brazil	5.5	4.1	7.3	4.4
China	10.0	9.9	10.0	9.5
India	8.8	8.4	8.5	8.0
Russia	4.0	3.3	4.2	2.7

## GDP: Average annual rates for the period (%)

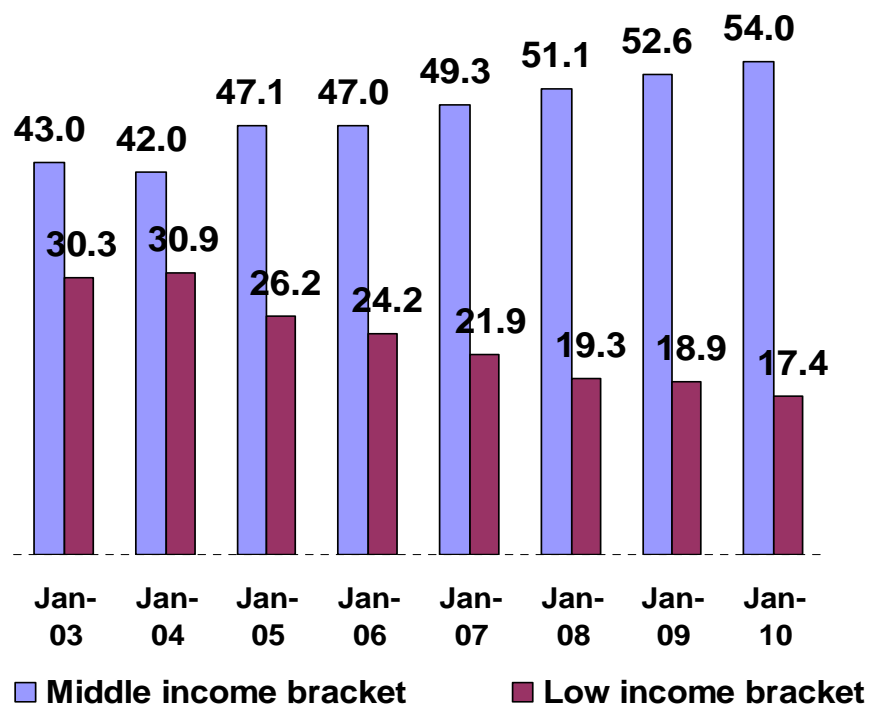


Sources: IBGE, IMF and IIF.

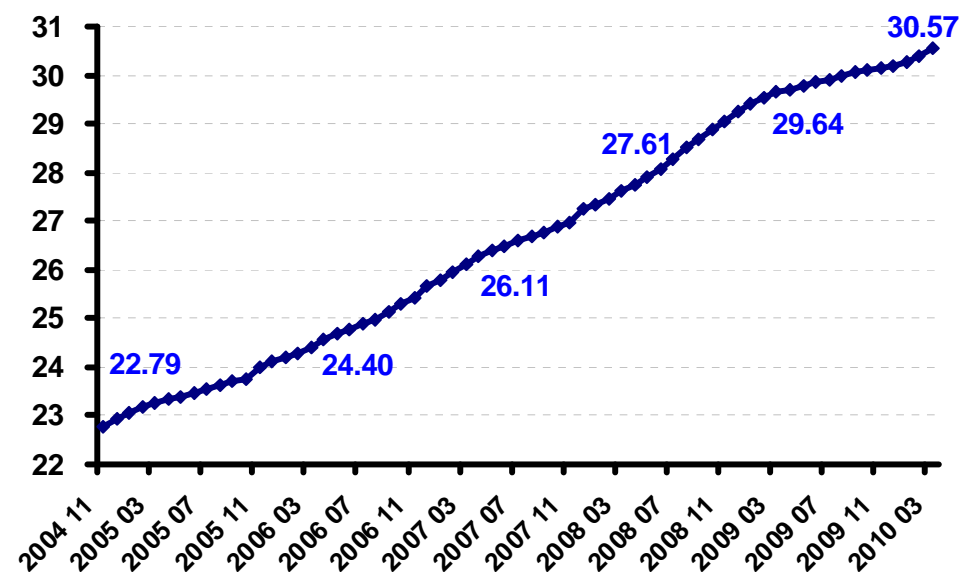
\*Forecast

# Domestic market will make the expansion in demand feasible

## Reducing differences in income (% of population)



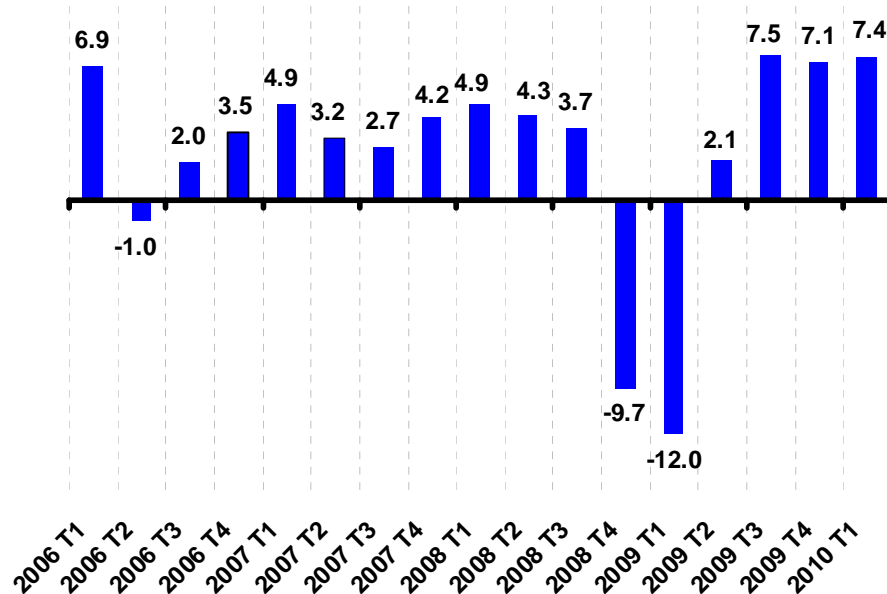
## Real wages - Average for the last 12 months - R\$ billion



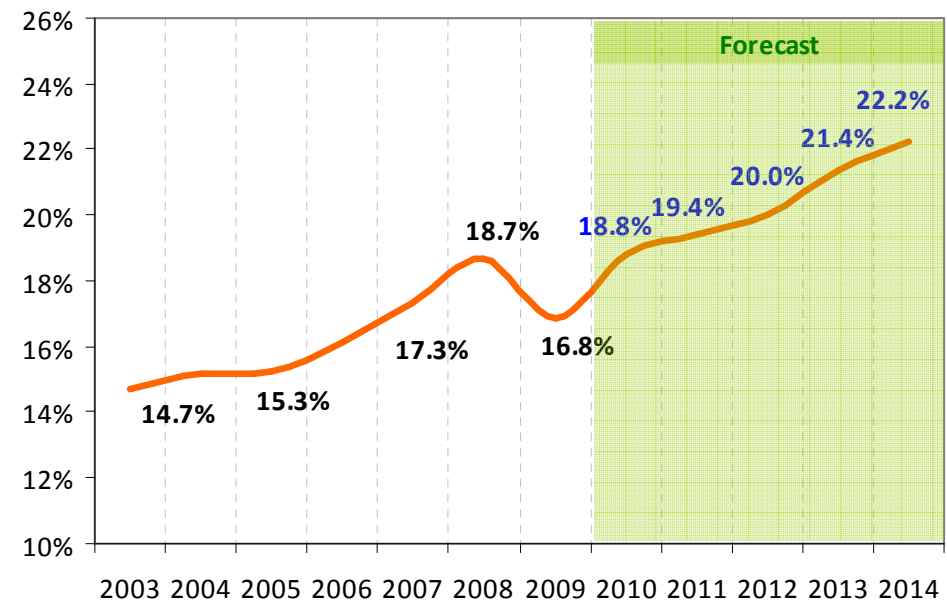
# Investment has made a comeback since the second quarter of 2009 and has strong growth path



## Gross fixed investment Percentage Change From Preceding Quarter (%)



## Forecast of Investment Ratio 2010- 2014 (% of GDP)



Source: IBGE and APE/BNDES.

# Investment outlook: positive prospects



- ✓ Infrastructure projects are important expansion tools in attracting and ensuring public and private investments to reduce regional inequalities.

Sectors	US\$ billion		Growth	
	2005-2008	2010-2013	%	% year
<b>Industry</b>	<b>174</b>	<b>305</b>	<b>74.7</b>	<b>11.8</b>
Oil & Gas	89	189	112.8	16.3
Mining	29	29	(3.0)	(0.6)
Steel	14	28	99.4	14.8
Petrochemical	11	19	70.8	11.3
Automotive	13	18	37.7	6.6
Eletronics	8	12	38.9	6.8
Pulp & Paper	9	11	10.4	2.0
<b>Infrastructure</b>	<b>111</b>	<b>172</b>	<b>55.3</b>	<b>9.2</b>
Electric Power	37	54	45.6	7.8
Telecoms	37	37	2.0	0.4
Sanitation	12	22	76.2	12.0
Railroads	11	31	195.5	24.2
Roads	12	20	73.1	11.6
Ports	3	8	217.6	26.0
<b>Buildings</b>	<b>191</b>	<b>258</b>	<b>35.7</b>	<b>6.3</b>
<b>TOTAL</b>	<b>476</b>	<b>736</b>	<b>54.7</b>	<b>9.1</b>

✓ Oil and Gas and domestic-driven sectors will lead investments in industry

✓ Electric power leads investments in infrastructure

## Pre-salt and impacts from Petrobras investments on the production chain (2009-2013)



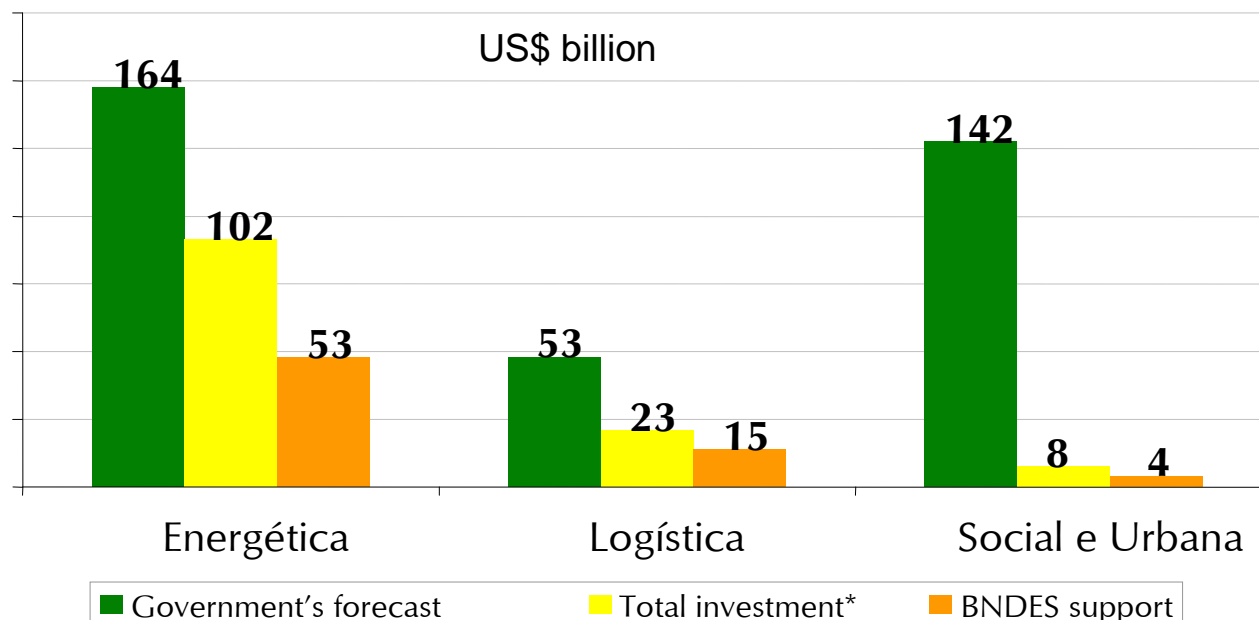
- ✓ **Pre-salt - Great opportunity for Brazil:** growing long-term demand for the complex goods and services supply industry;

In US\$ billion			
	Direct Effect	Indirect Effect	Total
Machinery and Equipment	43.1	8.3	51.4
Transport Equipment (especially Ship-building)	28.1	6.8	34.9
Metals	11.0	19.9	30.9
Other production sectors	9.1	36.9	46.0
Trade	13.2	8.6	21.9
Services	7.1	34.0	17.1
<b>Total</b>	111.6	90.6	202.2

- ✓ Total investments represent 22% of the pre-salt. Therefore, such impacts are still underestimated and have room for growth.

**The BNDES will foster investments throughout the entire oil and gas production chain, aiming at building a competitive global supplier of goods and services in the Oil & Gas sector.**

# PAC 1 (2007-2010) and PAC 2 (2011-2014) Strategic investment programs



**PAC 1 = US\$ 359 billion**

**344 projects in BNDES**

**PAC 2 initial estimated investment = US\$ 881.3 billion**

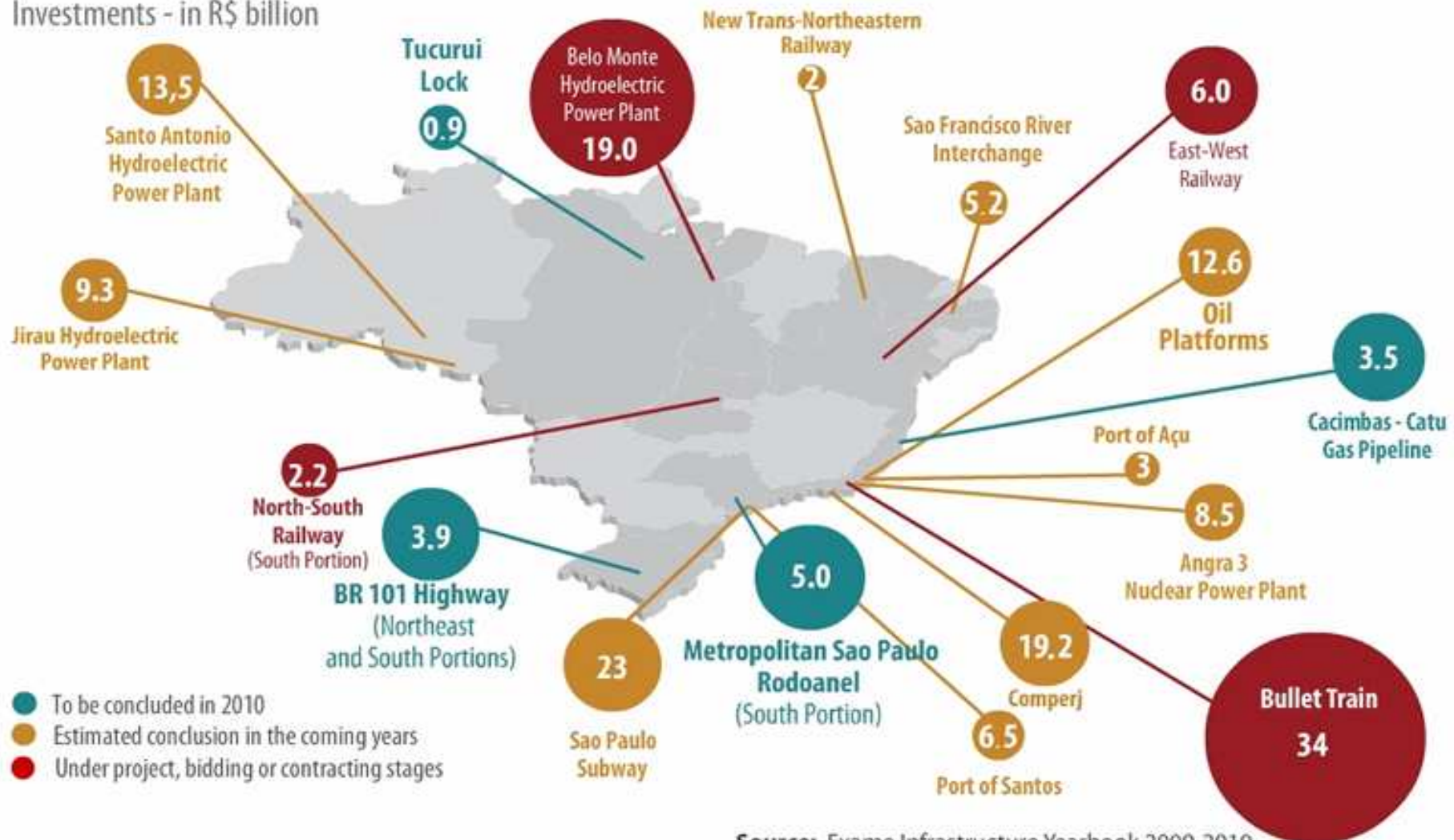
PAC 2 Projects (US\$ billion)	2011 - 2014	After 2014	Total
PAC Better Town	31.7	-	31.7
PAC Citizen Community	17.8	-	17.8
PAC MCMV Housing Program	154.5	-	154.5
PAC Water and Light for All	17.0	-	17.0
PAC Transportation	58.0	2.5	60.5
PAC Energy	256.4	348.3	604.7
<b>Total</b>	<b>530.5</b>	<b>350.8</b>	<b>881.3</b>

\* Total investment refers to the global value of the project presented in BNDES or being promoted.

Source: Ministry of Finance US\$/R\$ = 1.80

# PAC 1 & PAC2 investments reduce regional inequalities

Investments - in R\$ billion



Source: Exame Infrastructure Yearbook 2009-2010  
Produced by Ministry of Finance



# Brazil's Long-term Challenges

- ✓ To resume and qualify long-term planning (energy, logistics, environment, IT infrastructure, ...);
- ✓ To promote and stimulate domestic savings in order to provide long-term funds for investment (banks and capital market);
- ✓ To increase opportunities for social mobility (job expansion, development/improvement in education) and reduction of the inequality in income distribution, both personal and regional;
- ✓ To develop capacity for innovation and competitiveness in the manufacturing industry, and promote global presence of Brazilian companies (vs. significant challenge due to exchange rate appreciation);
- ✓ To promote innovation and development aiming at social and environmental sustainability.

Rio 2016: Olympic Games



FIFA World Cup: Brazil 2014