

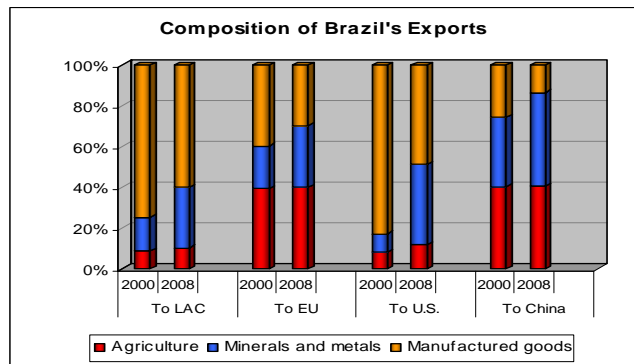
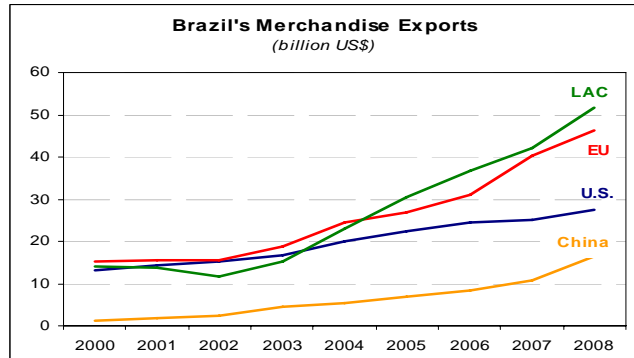
BRAZILIAN TRADE DOMINATED BY FOUR MARKETS

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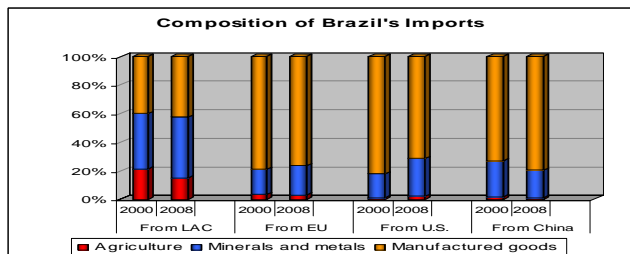
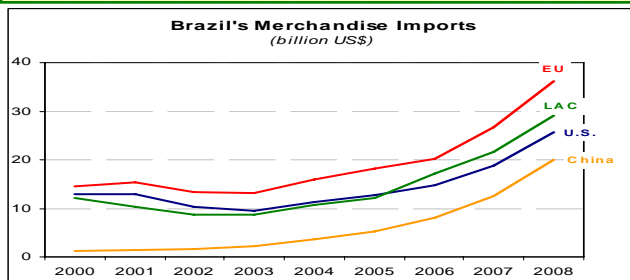
Brazil is among the world's leading producers and exporters of coffee, orange juice, sugar, meat, soybeans, tobacco, tropical fruits, nuts, and biofuels. Some recent trends suggest Brazil's trade ties are growing faster with the LAC, China and the EU than with the United States. Those trade trends are explored below. Brazil's recent economic development, reflected in expanded exports, oil discoveries, financial stability, growing investment, and booming consumer demand, makes Brazil an attractive trade and investment partner.

Brazil's exports to Latin America and the Caribbean (LAC), the European Union (EU), and China have grown faster than exports to the United States (U.S.).

- In 2008, Brazil's exports to its four major markets accounted for 72% of its total exports: LAC (\$51.5 billion), the EU (\$46.4 billion), the U.S. (\$27.4 billion), and China (\$16.4 billion).
- Brazil's exports to the U.S. have had a slower compound annual growth rate (10%) compared to its exports to China (40%), LAC (18%) and the EU (15%).
- In the past decade, Brazil has prioritized regional integration with MERCOSUR, increasing bilateral trade between Brazil and South America.
- Brazil's bilateral trade with China has been influenced by growing Chinese investment in Brazil, particularly in soybeans and iron ores.
- Despite proximity to markets in LAC and the U.S., in 2008, 45% of total Brazilian agricultural exports went to the EU and China (mostly due to high soybeans demand), while only 15% went to the U.S. and LAC. On the other hand, 59% of total Brazilian manufactured exports went to LAC and the U.S., while 21% of total Brazilian manufactured exports went to China and the EU.



Along with the expansion of the Brazilian economy (12% compound annual growth rate from 2000 to 2008), Brazilian imports from the U.S., LAC, the EU, and China have also grown



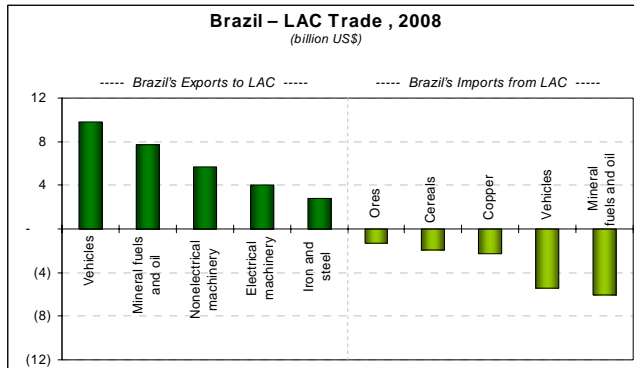
- In 2008, Brazil's imports from its four major markets accounted for 64% of its total imports: EU (\$36.2 billion), LAC (\$29.1 billion), the U.S. (\$25.6 billion), and China (\$20 billion).
- Brazil's imports from the U.S. have experienced a slower compound annual growth rate (9%) than imports from China (42%), the EU (12%), and LAC (12%).
- In 2008, a major portion of Brazil's imports were manufactured goods: from China, 80%; from the EU, 76%; and from the U.S., 71%.
- Brazil's imports from LAC were more diversified and included a higher share of minerals (natural gas from Bolivia) and cereals (mostly from Paraguay and Argentina) than its imports overall.

Source: World Trade Atlas Internet Edition, September 29, 2009.

Disclaimers: The views expressed are those of the author and not those of the USITC or any of its Commissioners.

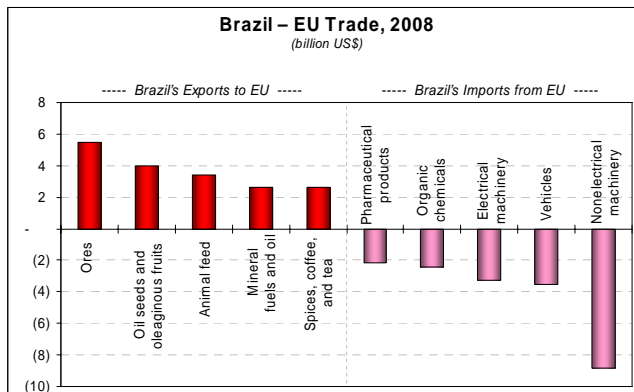
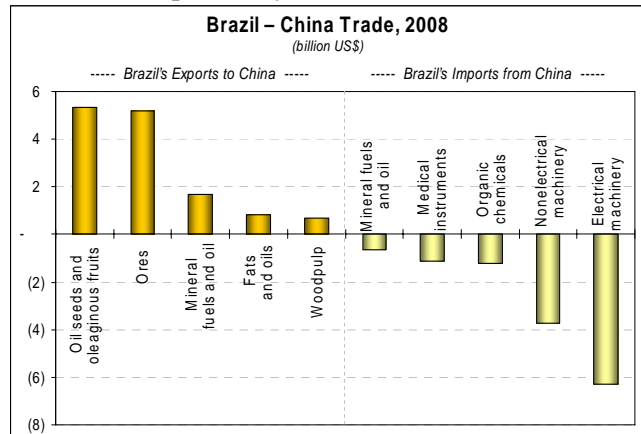
While Brazil's exports to LAC and the U.S. have been dominated by manufactured goods, most of its exports to China and EU have been mainly agricultural products. Brazil's imports, on the other hand, have largely been manufactured goods.

- Since 1999, aircraft have played an important role in Brazil's exports to the U.S. (9% of the total in 2008); these exports consist mostly of business and regional jet aircraft.
- Although manufactured goods have dominated Brazil's exports to the U.S., the quantity of Brazil's crude oil exports to the U.S. has increased significantly in the past decade.
- Brazil's imports from the U.S. in 2008 were mostly refined petroleum products and turbofan engines (nonelectrical machinery) for Brazilian-manufactured aircraft.



- Flex-fuel vehicles (vehicles that can run on any combination of ethanol and gasoline) have become popular in Latin America in recent years. In 2008, 33% of Brazil's exports of manufactured goods to LAC were flex-fuel cars, trucks, and tractors.
- Historically, Brazil has imported copper from Chile and Peru, natural gas from Bolivia, and crude oil from Bolivia, Colombia, and Venezuela; with recent oil discoveries, though, it is possible that crude oil imports may decrease in the near future.

- Brazil's exports of soybeans to China accounted for 32% of total Brazilian exports to China in 2008; iron ore accounted for 25%, and crude oil for 10%.
- Brazil was the second largest exporter of soybeans to China (33% of all soybeans exported to China) in 2008, behind the U.S. (39% of all soybeans exported to China).
- Until 2006, Brazil faced a trade surplus with China. However, Chinese exports of manufactured goods increased from \$4.4 billion in 2005 to \$16 billion in 2008 creating one of Brazil's few bilateral trade deficits to date.



- In 2008, Brazil's major agricultural products exported to the EU included soybeans (42% of Brazilian agricultural exports to the EU), corn (15% of Brazilian agricultural exports to the EU), and coffee (14% of Brazilian agricultural exports to the EU).
- In 2008, Brazil's imports from the EU were mostly manufactured goods, organic chemicals, and pharmaceutical products (hormones, vaccines for human medicine, and vaccines for veterinary medicine).

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