

February 2006

The new geography of trade?

An overview of Sino-Brazilian economic relations

ABDIB ABIEC ABIOVE APEX Aracruz Celulose AVIC II Banco do Brasil Bank of China Baosteel Barbosa, Müssnich & Aragão Advogados Benxi BM&F Bradesco Câmara Chinesa de Máquinas e Eletrônicos Câmara Chinesa de Têxteis Caramuru CBMM CCECC Cenibra Chalco China Aluminium Group China Harbour Engineering China International Forestry Group China National Machinery & Equipment Imp/Exp Chinatex CITIC COFCO Comexport Construtora Odebrecht Cooxupé CREC Companhia Vale do Rio Doce Embraco Embraer FIEMG FIRJAN Fundação Dom Cabral Genertech Gree Huawei Itaú BBA Jiangyin Chengxin KPMG Maeda Agroindustrial Minmetals Norinco Nuctech Petrobras Pinheiro Neto Advogados Politec PriceWaterhouseCoopers do Brasil Sadia Shanghai Anxin Flooring Shanxi Dajin International Shanxi Foreign Investment & Trade Sab Company Shanxi Dajin International Shunye Iron & Steel Sinopec Suzano SVA Tozzini, Freire, Teixeira e Silva Advogados Trench, Rossi e Watanabe Advogados Usiminas Veirano Advogados Votorantim Weg Indústrias Yankuang ZTE ABDIB ABIEC ABIOVE APEX Aracruz Celulose AVIC II Banco do Brasil Bank of China Baosteel Barbosa, Müssnich & Aragão Advogados Benxi BM&F Bradesco Câmara Chinesa de Máquinas e Eletrônicos Câmara Chinesa de Têxteis Caramuru CBMM CCECC Cenibra Chalco China Aluminium Group China Harbour Engineering China International Forestry Group China National Machinery & Equipment Imp/Exp Chinatex CITIC COFCO Comexport Construtora Odebrecht Cooxupé CREC Companhia Vale do Rio Doce Embraco Embraer FIEMG FIRJAN Fundação Dom Cabral Genertech Gree Huawei Itaú BBA Jiangyin Chengxin KPMG Maeda Agroindustrial Minmetals Norinco Nuctech Petrobras Pinheiro Neto Advogados Politec PriceWaterhouseCoopers do Brasil Sadia Shanghai Anxin Flooring Shanxi Dajin International Shanxi Foreign Investment & Trade Sab Company Shanxi Dajin International Shunye Iron & Steel Sinopec Suzano SVA Tozzini, Freire, Teixeira e Silva Advogados Trench, Rossi e Watanabe Advogados Usiminas Veirano Advogados Votorantim Weg Indústrias Yankuang ZTE ABDIB AB



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Fondation canadienne pour les Amériques
Fundación Canadiense para las Américas
Fundação Canadense para as Américas



We will define a new geography of trade.

President Lula, shortly before his visit to China in May 2004

Brazil and China are materializing their strategic leadership.

Senior diplomat, April 2004

Billions in Chinese investment!

Press headline, May 2004

China is an unfair competitor.

Representative of the machinery industry, March 2005

Safeguards must be applied to shield our industries against Chinese competition.

Speech by the chairman of a major business organization, June 2005

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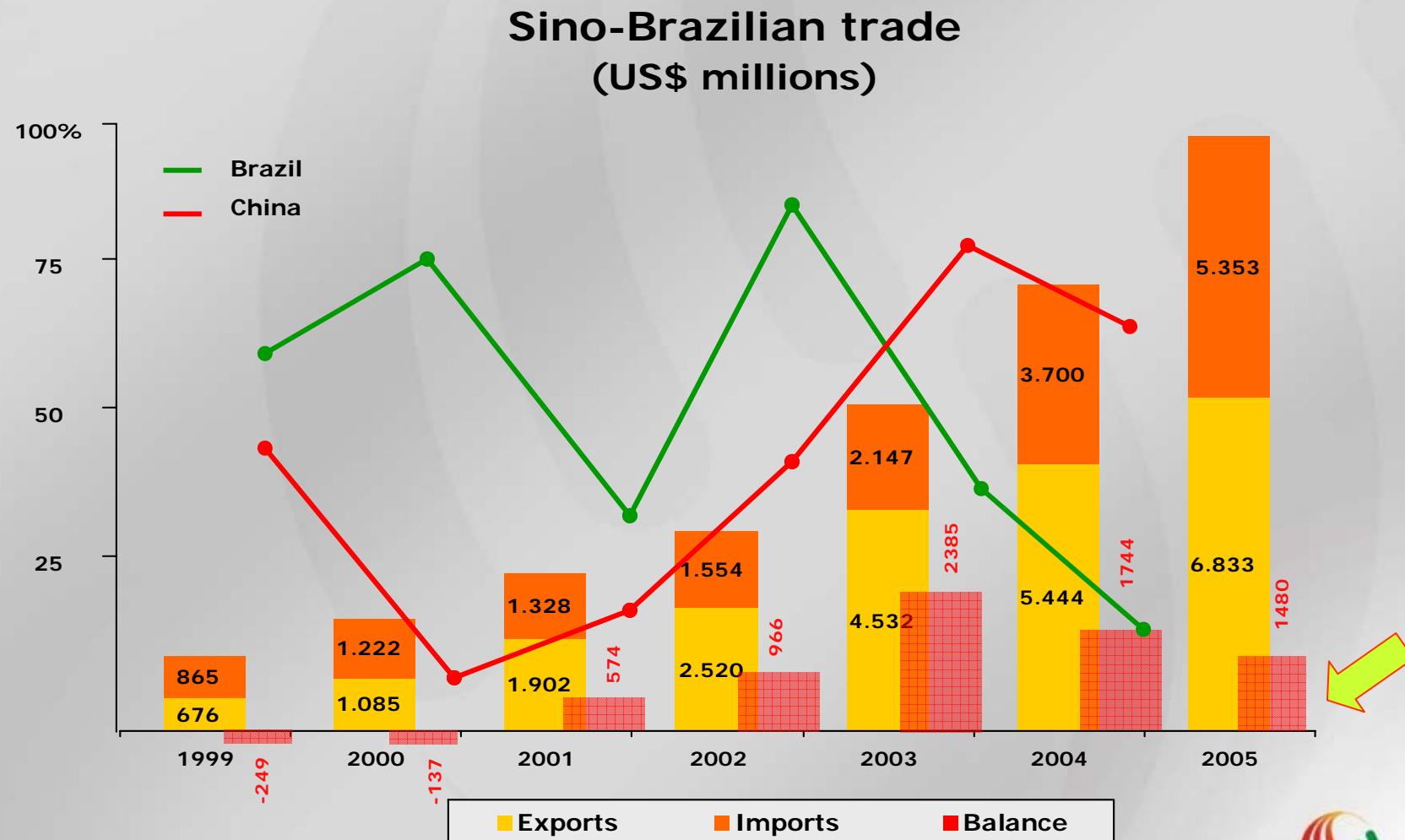
China-Brazil Business Council
Ottawa, 10 February 2006

www.cebc.org.br

1. The trade axis

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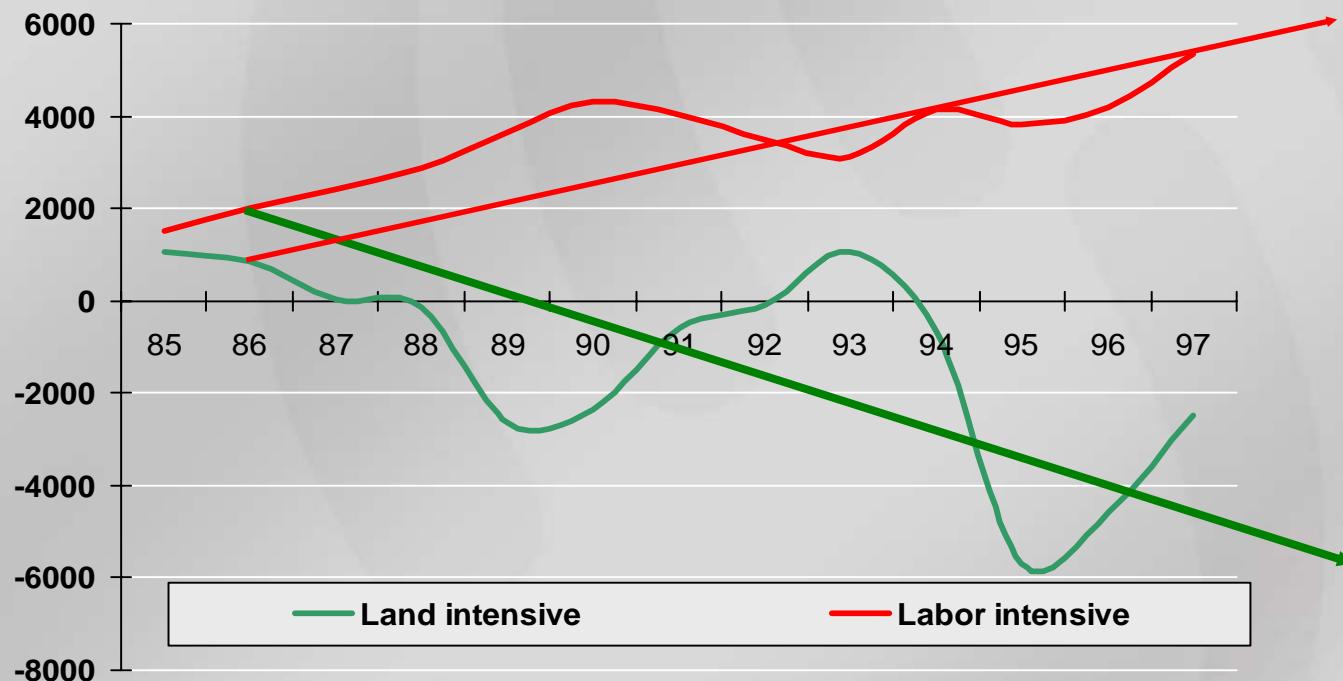


Source: Ministry of Industry, Development and Trade - SECEX / Preparation: China-Brazil Business Council

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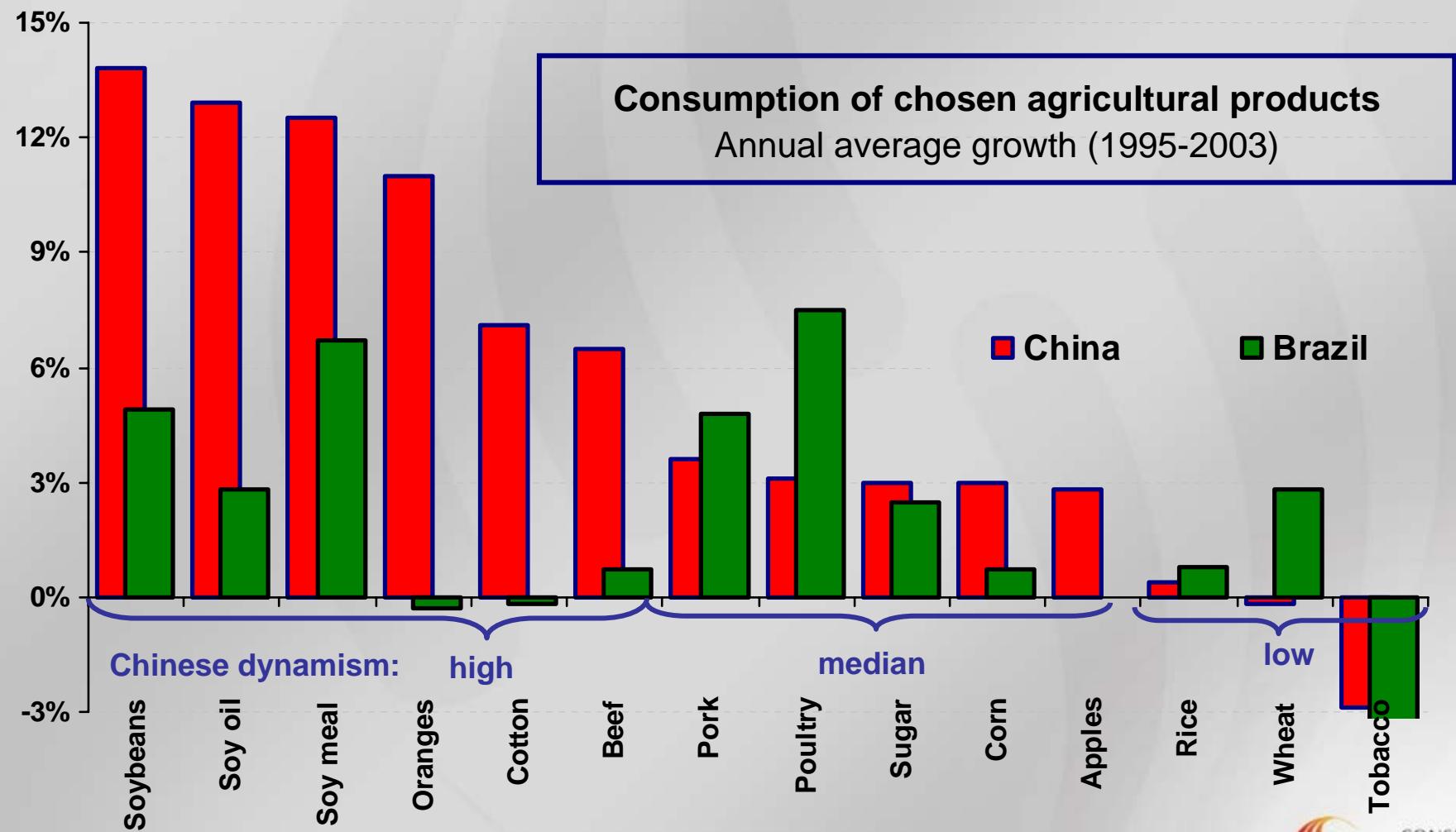
Trends in China's agricultural trade (US\$ millions)



Source: Dr. Huang Jikun, China Centre for Agricultural Policy, CAAS

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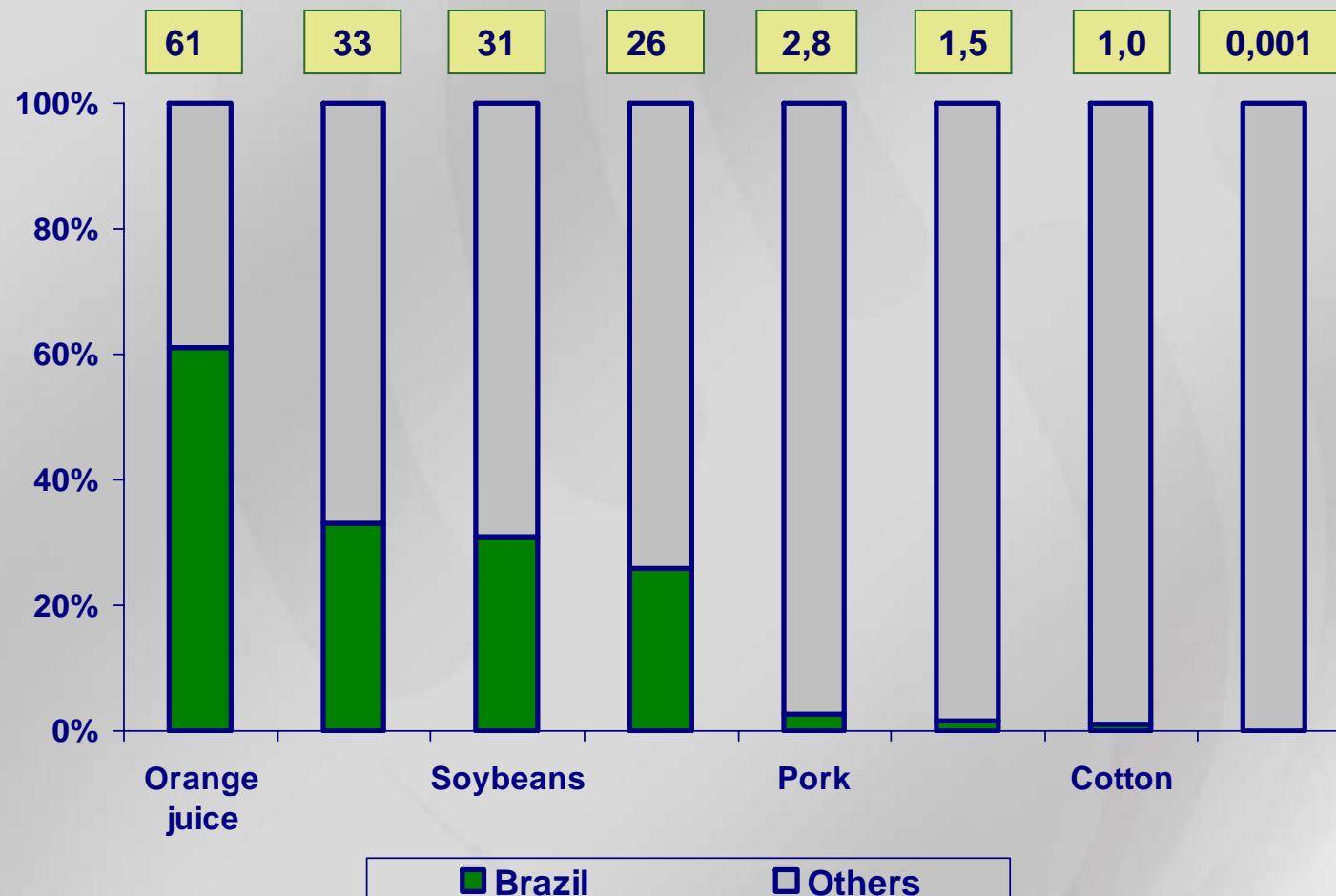


Source: Mario Jales - Instituto ICONE, SECEX, China Customs

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Brazil's participation in China's agricultural imports - 2003

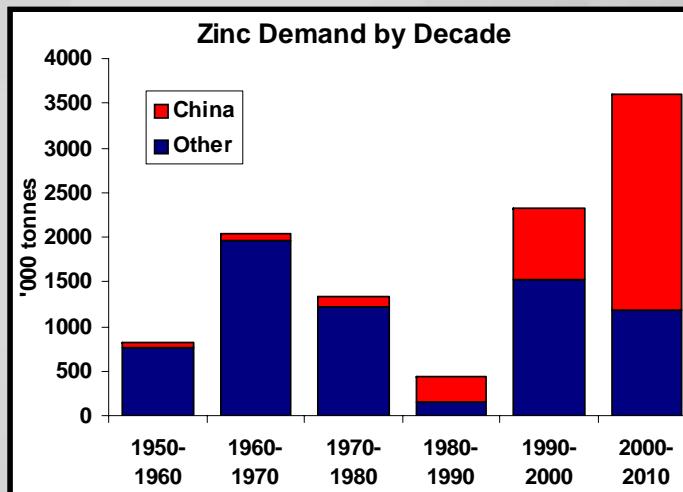
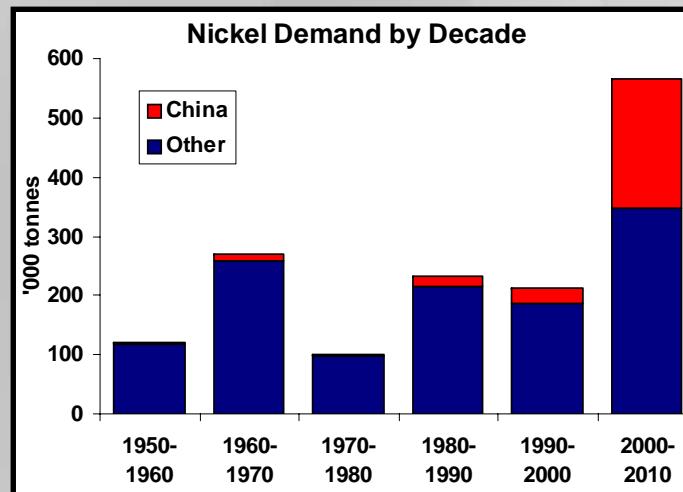
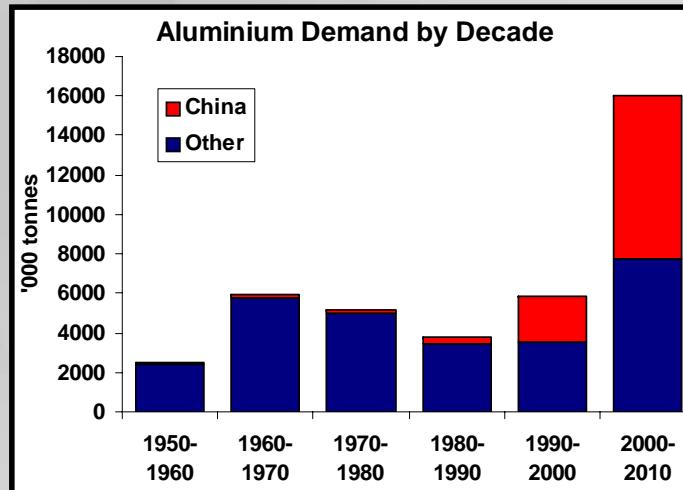
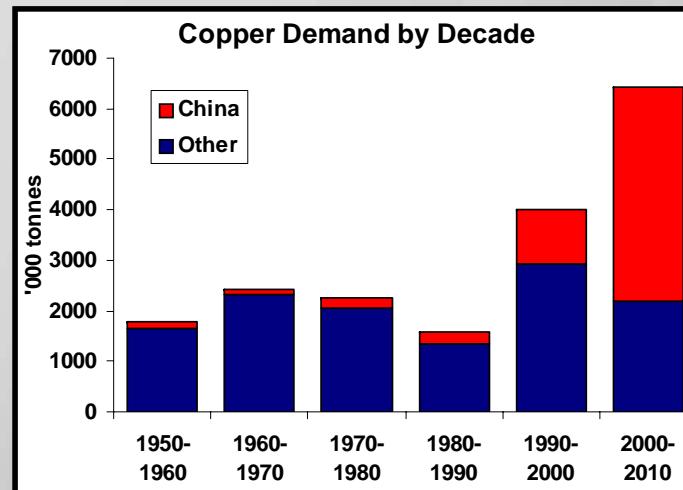


Source: Mario Jales - Instituto ICONE, SECEX, China Customs

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Impact on metal markets

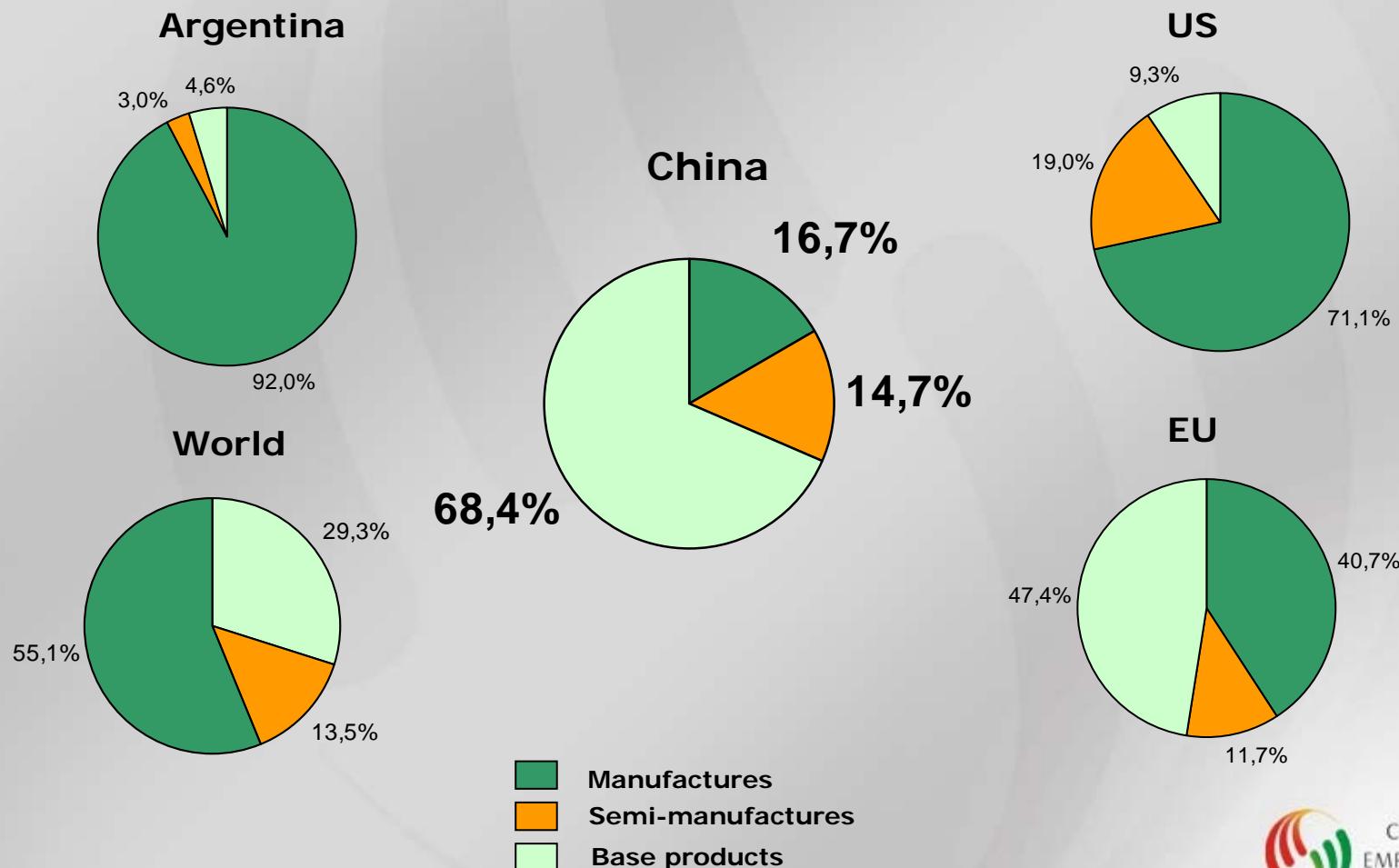


Source: Jim Lennon, MacQuarie Bank

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Is Sino-Brazilian trade unbalanced?



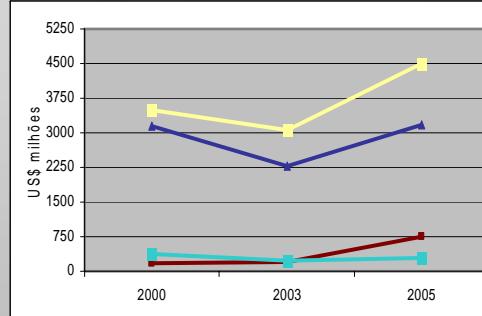
Source: SECEX / Elaboration: China-Brazil Business Council

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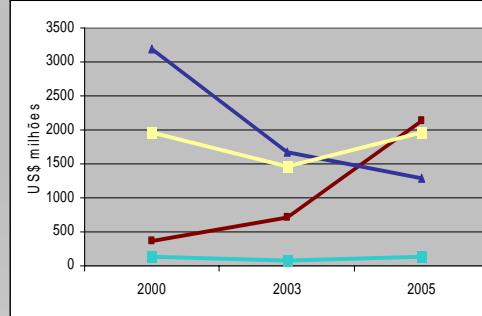
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Mechanical machinery and Equipment

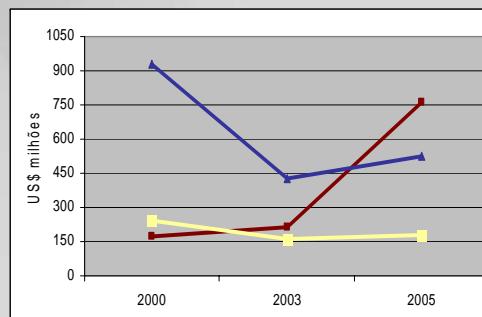
Imports from chosen countries



Electrical equipment and parts



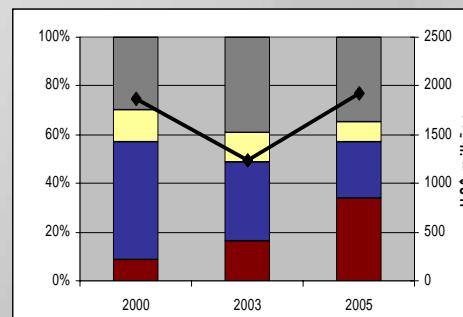
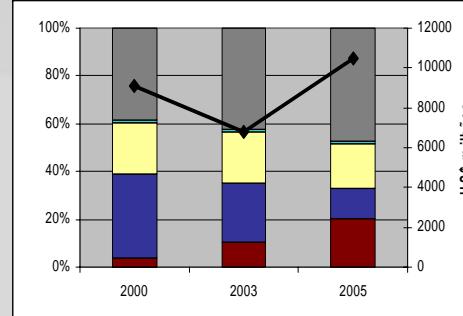
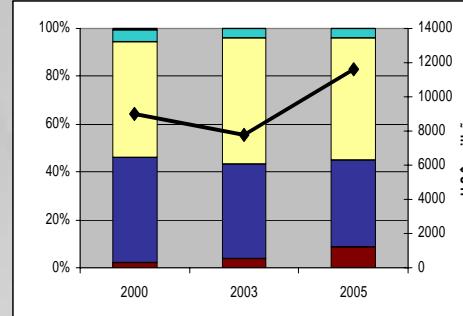
Data-processing equipment



- Others
- Argentina
- EU
- US
- China
- World

Source: SECEX / Elaboration: China-Brazil Business Council

World imports and country participation

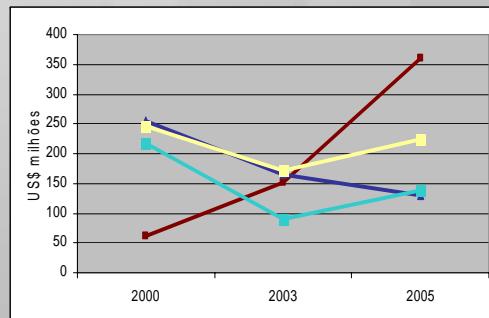


The new geography of trade?

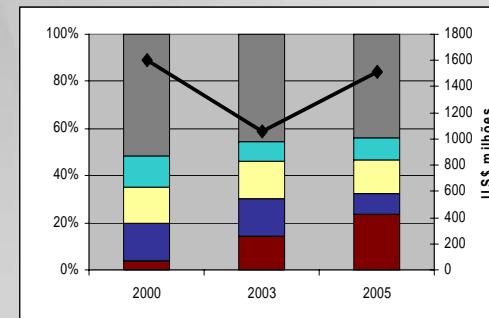
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Textile and apparel

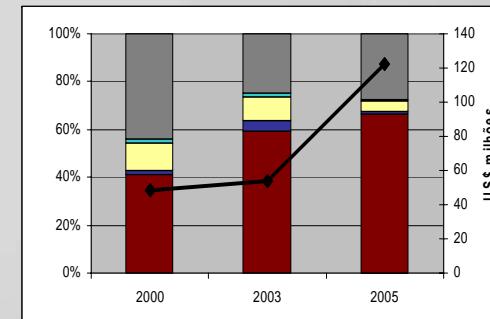
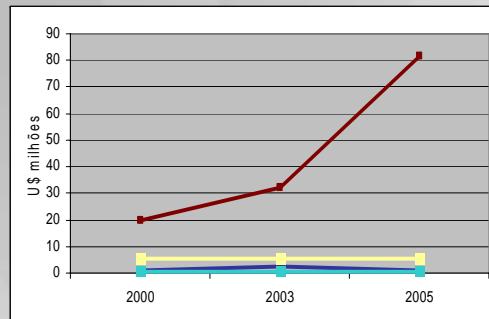
Imports from chosen countries



World imports and country participation



Footwear



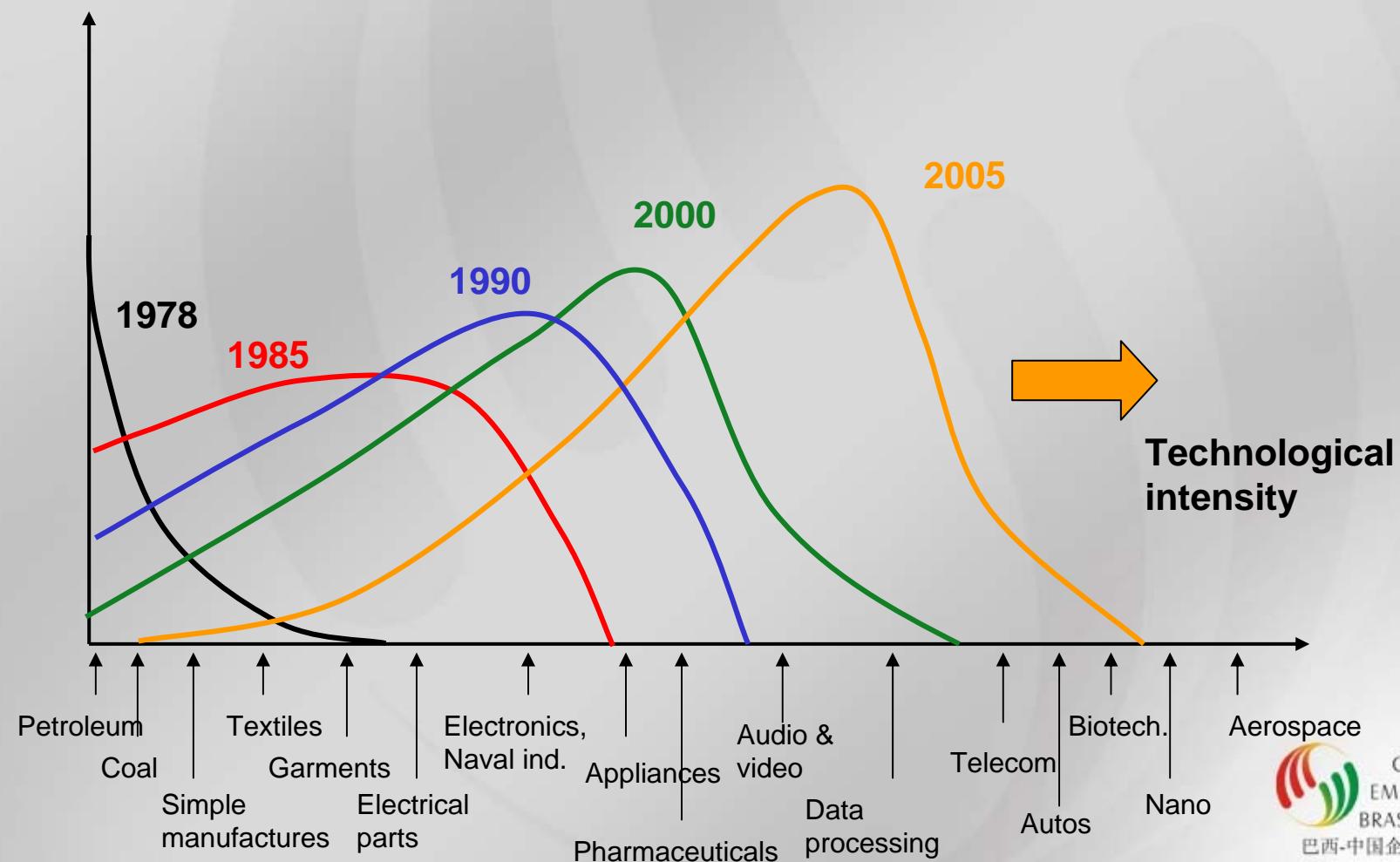
- Others
- Argentina
- EU
- US
- China
- World

Source: SECEX / Elaboration: China-Brazil Business Council

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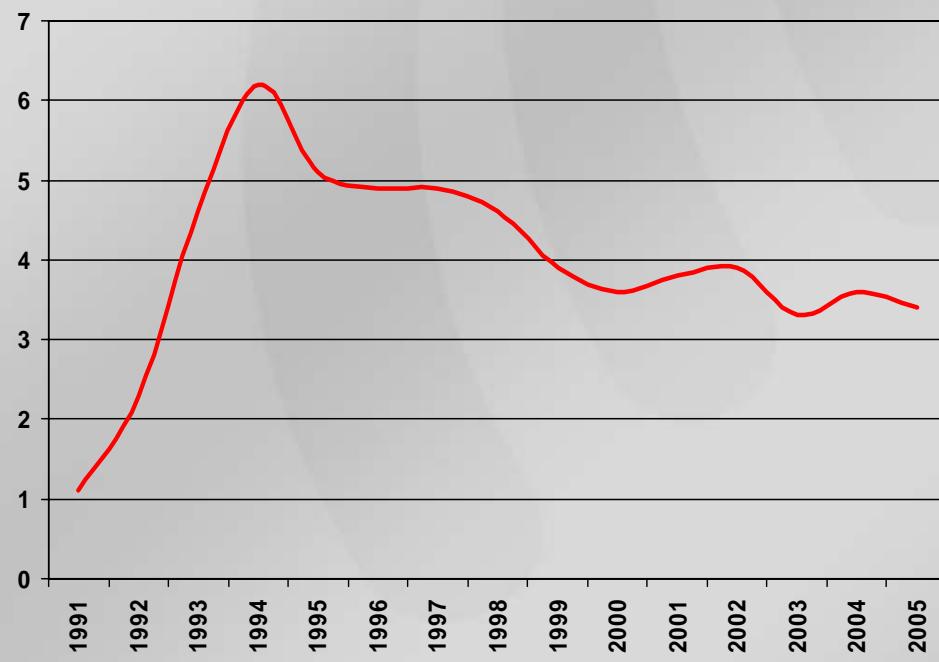
Evolution of technological sophistication of Chinese exports



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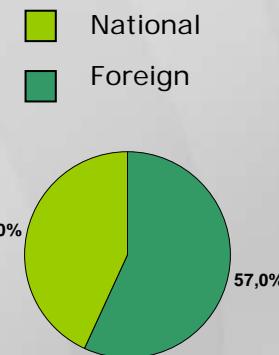
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FDI/GDP

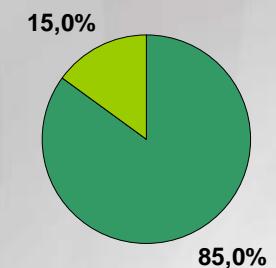


Chinese exports

x
capital source



Industrial
goods



High
tech

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Market access importance and negotiation priorities

Export partners measured by market size and import dynamism

Import growth rate 2003/04 & 1997/98	Import market size		
	> US\$ 100m/year	US\$ 20 to US\$ 100 m/year	< US\$ 20m/year
> 100%	South Korea; Mexico; China	India; S. Africa; Russia; Thailand	Algeria, Costa Rica, Iran
63% < t < 100%	US; Canada	Saudi Arabia	Chile; Colombia
< 63%	EU; Japan		Morrocco; Venezuela; Argentina

Source: CNI

2. ...and billions in investment

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Chinese investment in South America – 2004 announcements

- Brazil – railways, transportation infrastructure, steel, gas, alumina, , mining, farming
- Argentina – Treasury bonds (?), gas, farming
- Chile – copper
- Peru – mining, gas (?)
- Venezuela – oil (long-term supply contracts)

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Conclusions

- Imports are growing at a staggering pace in both value and market share
- China is replacing more traditional suppliers of manufactures
- Investments announced in 2004 failed to materialize. But a second, more modest wave of investments is likely.

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Thanks!

谢谢

Obrigado!

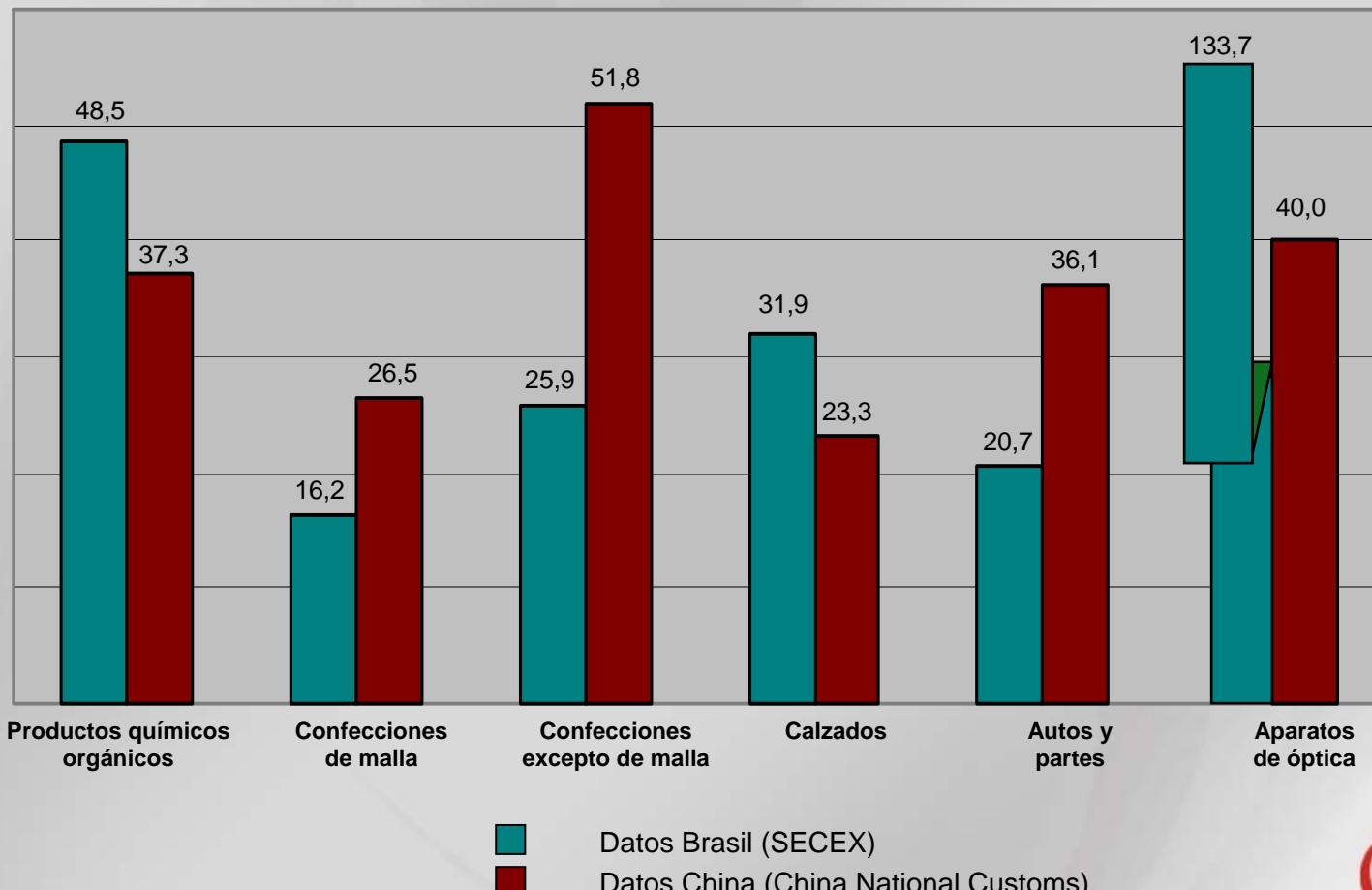
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Divergencia estadística

Productos importados por Brasil de China (US\$ millones)



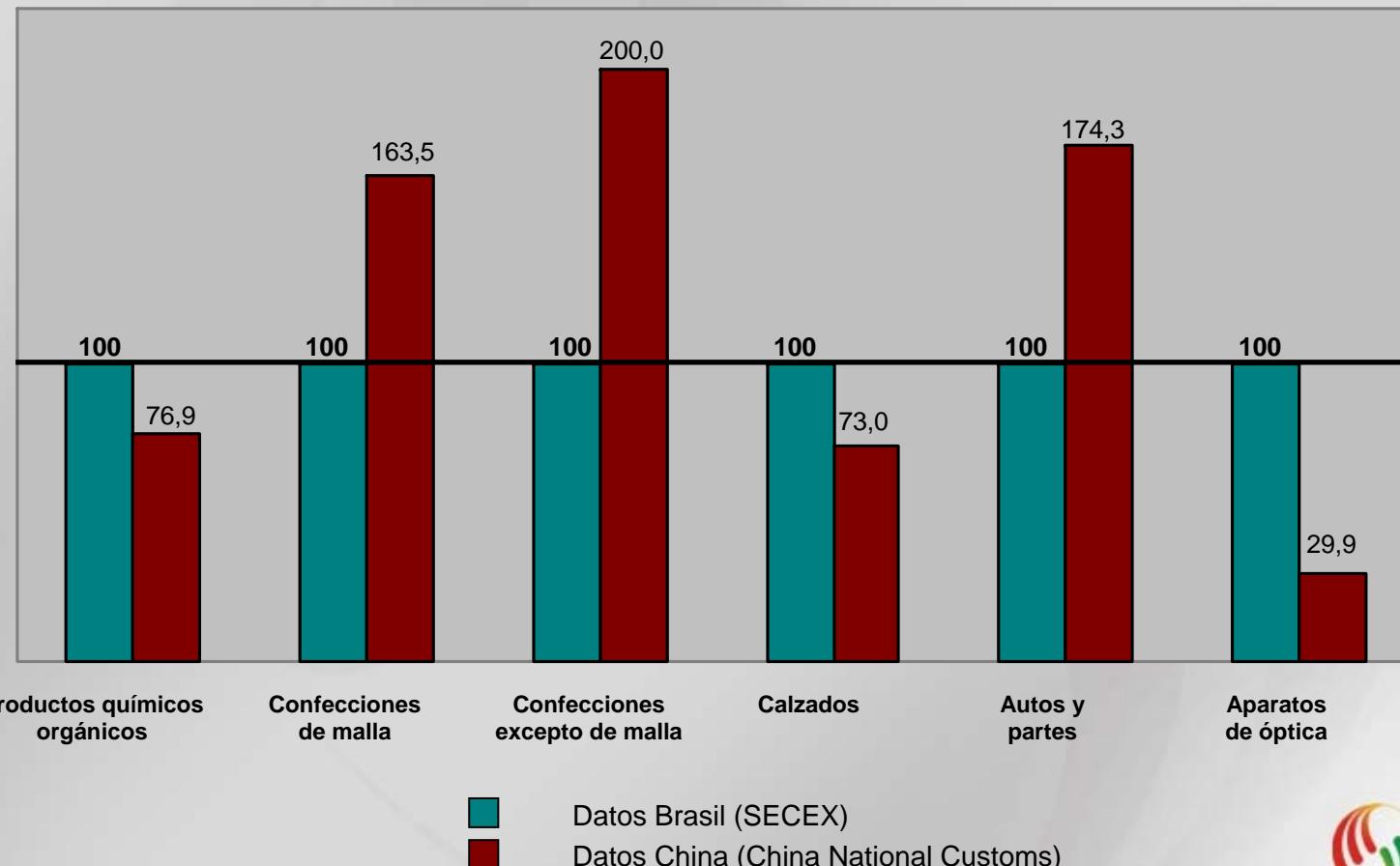
Fuente: SECEX y China Customs Statistic Yearbook / Elaboración: Consejo Empresarial Brasil-China

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Divergencia estadística

Productos importados por Brasil de China (%)



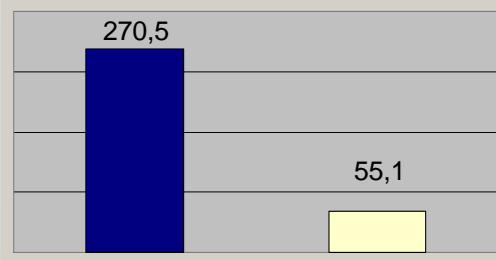
Fuente: SECEX y China Customs Statistic Yearbook / Elaboración: Consejo Empresarial Brasil-China

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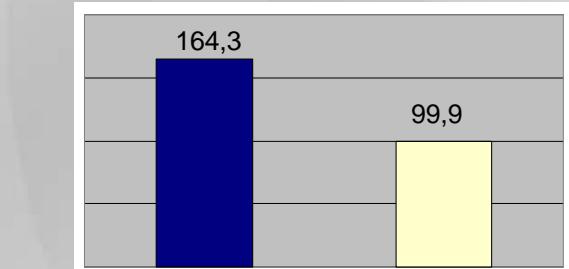
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Hacia la apertura - productos con fuerte desempeño en 2005 (US\$ MM)

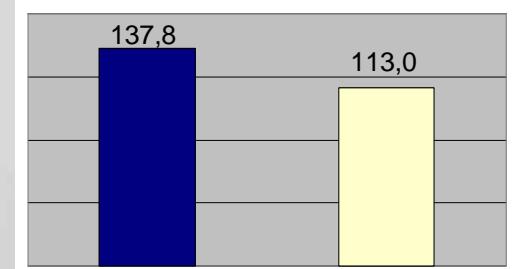
Petróleo y derivados



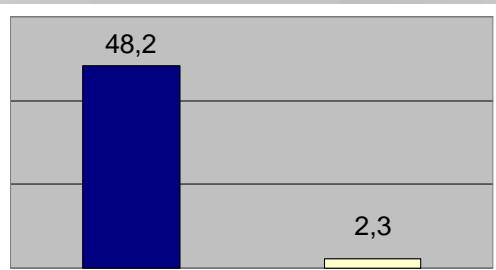
Máquinas, herramientas e aparatos mecánicos



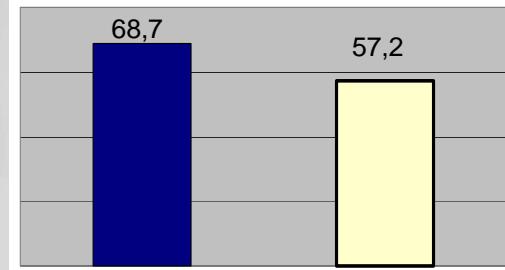
Cueros y pieles



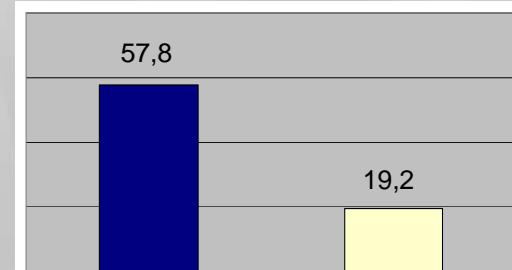
Tabaco



Productos químicos orgánicos e inorgánicos



Carnes y lácteos



Enero a julio de 2005

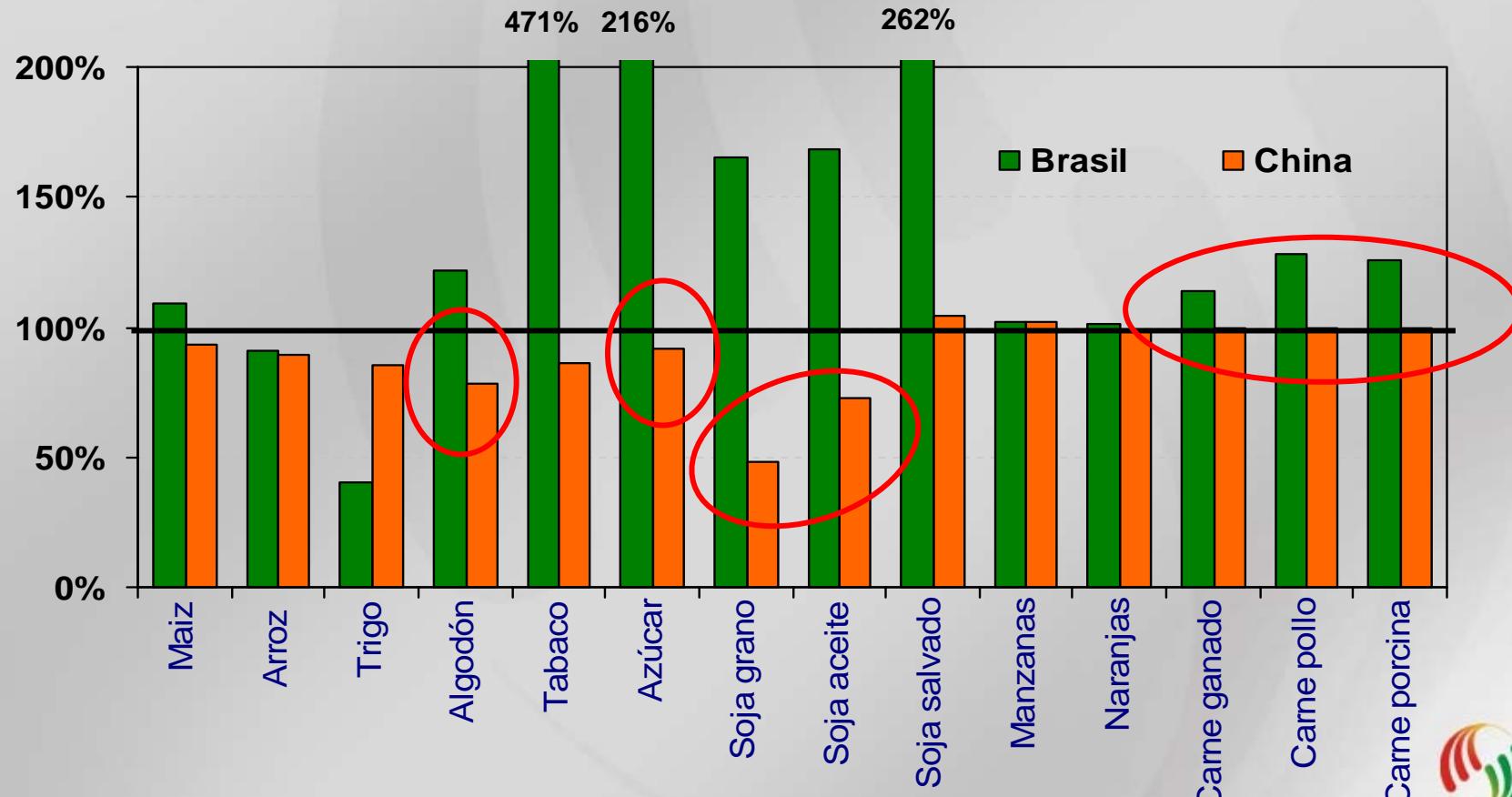
Enero a julio de 2004

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Consumo agrícola - productos seleccionados

Tajos promedias de auto-suministro en Brasil y China, 2001-2003



Fuente: ICONE, USDA

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Niveles de protección: aranceles agrícolas (2004)

	Brasil	China	India	EEUU	UE 15
Arancel promedio (%)	10	18	37	12	30
Arancel máximo (%)	55	71	182	350	277
No. De líneas > 30% (1)	4	130	108	167	633
Total de líneas arancelarias (2)	959	1044	690	1829	2091
Relación (1) / (2)	0,4	12,5	15,6	9,1	30,3

Apuntes

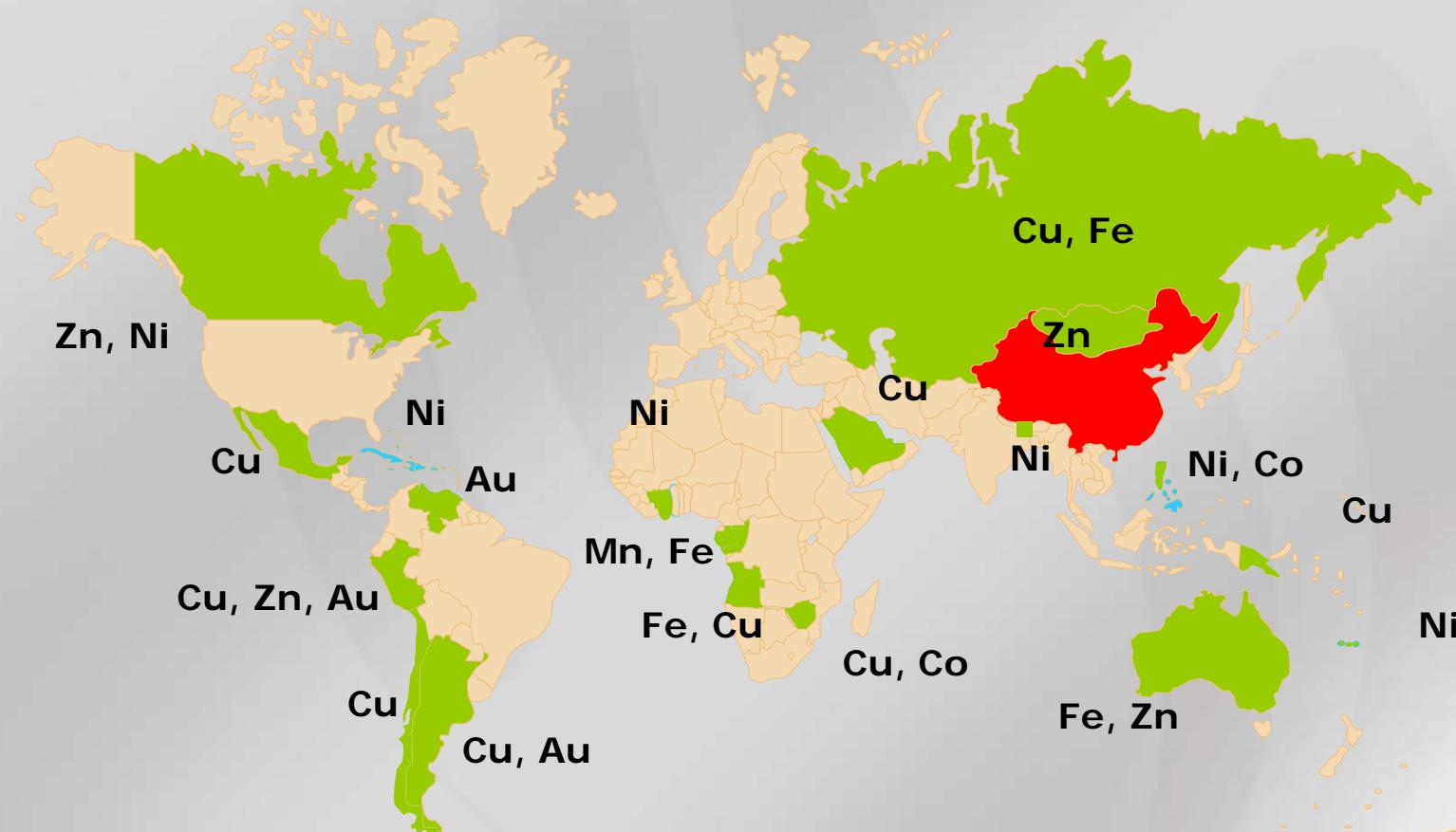
- aranceles convertidos en equivalentes *ad valorem*
- en el caso de China, fueron considerados los aranceles al final del período de transición de las reglas de la OMC

Fuente: Instituto ICONE

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Proyectos estratégicos chinos – minería



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Qué estrategias empresariales adoptar frente al ascenso Chino?

- Conocimiento y preparación: inserción creciente del “factor China” en el planeamiento estratégico empresarial
- El ascenso Chino es un hecho – no desaparecerá con defensa comercial
- Principal riesgo de corto plazo: pérdida de participación en terceros mercados
- Promoción de ventajas competitivas nacionales
- Políticas públicas más favorables a la inversión nacional y extranjera
- Desarrollo de nichos competitivos
- Inserción competitiva en el mercado chino: promoción comercial e inversiones

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Proyectos estratégicos chinos – petróleo y gas

