# Brazil
# Trade and FDI

5 April 2019

Latam

Country Report

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**Multilateral trade and trade with Italy picks up in 2017 and 2018. Recent signs of recovery in industry, after the slowdown in 2018. Two projects in energy and port infrastructure from the BRI.**

- The provisional 2018 figures for Brazil's trade with the rest of the world show a rise in the USD value of imports (+20% yoy) to USD 181Bn, and in exports (+10% yoy) to USD 240Bn, driven by the economic recovery at global and domestic level.
- In 2018, the trade was mainly with Asian countries (40%), followed by the American continent with 34% and the European continent (21.5%). The most notable of the Asian countries was China, with 23.5%, whereas in Europe it was Germany (4%), and on the American continent it was the USA with almost 14%. Trade with Africa accounted for 3.5%.
- The industrial sectors with the highest foreign value-added content in the exported products were transport equipment (26.5%), electronics and ICT (25%), and oil refining (24.5%). Brazil has a much lower percentage of foreign value-added content in its exports than the world average and the 20 largest world economies. This is due to the fact that the main categories of Brazilian exports do not involve processing, because they are agricultural and food products or mineral products (10.2% compared to 23.5% worldwide and 16.5% G20).
- In 2018 (Istat figures) Italian exports to Brazil increased by 2% yoy and were close to EUR 3.9Bn, while imports increased by 1.6% yoy, to EUR 3.4Bn. Brazil's share of both Italian imports and exports was around 0.8% in 2018.
- At the end of 2017, the stock of inward FDI into Brazil amounted to USD 778Bn. European countries are the major investors, although many investments were made by transit countries. The main target sectors were the services, manufacturing and primary sectors, in particular financial services, beverages, commerce, electricity and gas, oil extraction, food products and telecommunications. The stock of outward FDI for Brazil in 2017 stood at USD 359Bn.
- Brazil's Italian FDI stock in 2017 was around EUR 10.9Bn. There are around 1,400 Italian companies in Brazil. Investment opportunities have been identified by the Italian Ministry of Economic Development (MED) in energy, especially renewable energy, construction and infrastructure, military defence and civil aviation, while commercial potential has been identified in machinery, Made in Italy products (fashion, furniture, food, luxury), and cosmetics.
- There are two Chinese BRI-related projects in Brazil: a system for transporting high-voltage electricity from the Belo Monte dam to the south of the country and the port of Sao Luìs in the north-east.
- There are 25 special economic zones for exports specialising in wood and paper processing, furniture, rubber and plastics, food products, metal processing, and leather and footwear.
- Food processing and preservation accounts for around a quarter of Brazilian industrial production, followed by chemicals and refined oil production, transport equipment, metallurgy, machinery, textiles and clothing, and wood, paper and printing.
- The industrial production index grew by a cumulative 1% in 2018, but with a general slowdown in pace during the year from 3% in 2017. The manufacturing sectors that recorded the most significant increases in 2018 were vehicles, pharmaceutical products, and paper and paper products. Food products, clothing, and leather and leather goods reported a decline. The initial figures for 2019 showed signs of recovery in industrial production (+2% yoy, +0.7% mom in February).



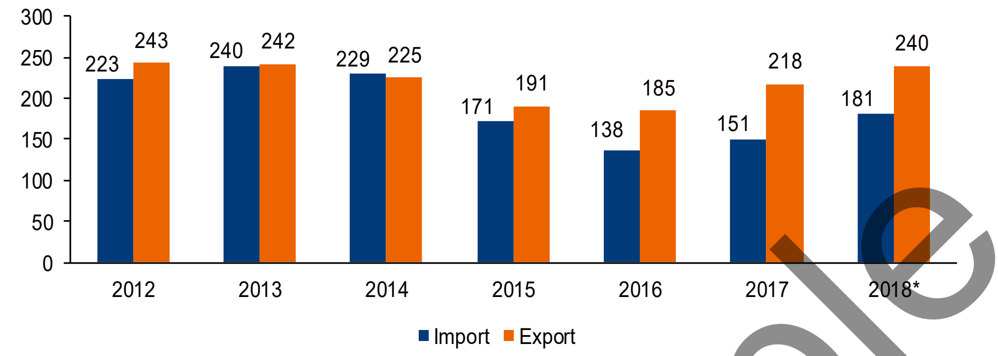
See the final page for important information.

## Exports and Imports

The figures in USD dollars from ITC-Comtrade, still provisional for 2018, show an increase in both exports and imports: trade stood at around USD 421Bn, up by over 14% on the previous year. Imports, amounting to approximately USD 181Bn, recorded an increase of 20% yoy, while exports, amounting to approximately USD 240Bn, were up by around 10% yoy.

There was a trade surplus of USD 59Bn in 2018, down on the previous year when it was USD 67Bn (the highest surplus in the last five years). In 2014, there was a deficit of just over USD 4Bn.

**Import-export trend (USD billion)**




Note: (*) 2018 provisional figures. Source: ITC Comtrade

**Import-export trend (USD billion)**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* |
|---|---|---|---|---|---|---|---|
| Import | 223.2 | 239.7 | 229.2 | 171.4 | 137.6 | 150.7 | 181.2 |
| Export | 242.6 | 242.0 | 225.1 | 191.1 | 185.2 | 217.7 | 239.9 |
| Balance | 19.4 | 2.3 | -4.1 | 19.7 | 47.7 | 67.0 | 58.7 |
| Trade | 465.8 | 481.8 | 454.3 | 362.6 | 322.8 | 368.5 | 421.1 |
| Annual change in imports | 4.3 | 7.4 | -4.4 | -25.2 | -19.8 | 9.6 | 20.2 |
| Annual change in exports | 7.9 | -0.2 | -7.0 | -15.1 | -3.1 | 17.5 | 10.2 |
| Annual change in trade | 6.2 | 3.4 | -5.7 | -20.2 | -11.0 | 14.2 | 14.3 |
| % of global imports | 1.2 | 1.3 | 1.2 | 1.0 | 0.9 | 0.8 | --- |
| % of global exports | 1.3 | 1.3 | 1.2 | 1.2 | 1.2 | 1.2 | --- |
| % of global trade | 1.3 | 1.3 | 1.2 | 1.1 | 1.0 | 1.0 | --- |
| Degree of trade openness | 18.9 | 19.5 | 18.5 | 20.1 | 18.0 | 17.9 | 22.3 |
| Trade balance/GDP ratio | 0.8 | 0.1 | -0.2 | 1.1 | 2.7 | 3.3 | 3.1 |
| BRL/USD | 2.0 | 2.2 | 2.4 | 3.3 | 3.5 | 3.2 | 3.7 |
| Chg % y/y | 17.6 | 10.0 | 9.1 | 37.5 | 6.1 | -8.6 | 15.6 |

Note: (*) 2018 provisional figures. Source: ITC Comtrade



### Breakdown by trade category

In 2018, machinery and chemical products accounted for the majority of Brazilian imports (26% and 20% of the total respectively), followed by minerals (15.5%) and transport equipment (14%). On the export side, agricultural and food products accounted for over 34% of exports, followed by minerals (22.5%), transport equipment (9%), machinery (8%), metals (7%) and wood, paper and printing with around 6%.

The Brazilian trade surplus in 2018 was mainly due to the positive balances of agricultural and food products (USD 71.5Bn), minerals (USD 26Bn), wood, paper and printing (USD 12Bn), whereas it was penalised by the negative contribution from machinery (USD -27Bn), chemical products (USD -26Bn), and rubber and plastics (USD -5Bn).

| Sector breakdown and share of world imports (2013-2018*) | % of total | | USD Bn | | Change % | | Of world total | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2018* | 2013 | 2018* | 2018*-2017 | 2018-2013** | 2013 | 2017 |
| Rubber and plastic | 5.7 | 5.7 | 13.6 | 10.4 | 8.4 | -4.7 | 1.7 | 1.2 |
| Wood, paper and printing | 0.9 | 0.7 | 2.3 | 1.3 | 3.7 | -8.2 | 0.6 | 0.3 |
| Machinery | 29.8 | 25.7 | 71.4 | 46.5 | 7.8 | -7.0 | 1.4 | 0.8 |
| Electrical machinery | 11.8 | 12.0 | 28.3 | 21.8 | 5.0 | -4.6 | 1.1 | 0.8 |
| Mechanical machinery | 14.9 | 10.5 | 35.8 | 19.1 | 9.7 | -9.3 | 1.7 | 0.8 |
| Optical, photo, medical machinery | 3.0 | 3.0 | 7.1 | 5.5 | 13.2 | -4.6 | 1.3 | 0.8 |
| Miscellaneous goods | 0.6 | 0.6 | 1.4 | 1.1 | 18.7 | -4.9 | 0.3 | 0.2 |
| Metals | 5.7 | 6.3 | 13.7 | 11.4 | 31.5 | -3.4 | 1.1 | 0.7 |
| Transport equipment | 11.1 | 13.9 | 26.5 | 25.2 | 97.0 | -1.0 | 1.6 | 0.7 |
| Minerals | 20.1 | 15.5 | 48.1 | 28.2 | 20.6 | -8.3 | 1.3 | 1.0 |
| Mineral fuels | 19.1 | 14.5 | 45.8 | 26.2 | 21.7 | -8.5 | 1.4 | 1.1 |
| Ores, slag, ash, earths and stone | 1.0 | 1.1 | 2.3 | 1.9 | 6.8 | -3.4 | 0.7 | 0.6 |
| Furniture | 0.5 | 0.5 | 1.3 | 1.0 | 11.0 | -4.8 | 0.6 | 0.4 |
| Stones, glass and ceramics | 1.1 | 1.0 | 2.6 | 1.8 | 18.4 | -6.2 | 0.3 | 0.2 |
| Agricultural products, food and tobacco | 5.1 | 6.1 | 12.3 | 11.1 | -1.4 | -2.0 | 0.8 | 0.7 |
| Chemical products | 15.9 | 20.2 | 38.2 | 36.7 | 17.1 | -0.8 | 2.3 | 1.9 |
| Textiles, clothing, footwear and leather | 3.4 | 3.7 | 8.2 | 6.7 | 9.6 | -3.8 | 0.9 | 0.6 |

Note: (*) 2018 provisional figures; (**) annual average. Source: Intesa Sanpaolo calculations based on ITC Comtrade figures

Within the exports, the agricultural and food products sector fell from 35% in 2013 to just over 34% in 2018 (down from almost USD 85Bn to USD 83Bn) including in particular oil seeds (14% of the total exported last year, or USD 33.5Bn). Minerals fell from over 24% to 22.5% (from over USD 58Bn to USD 54Bn) and were dominated by energy products (almost USD 30Bn in 2018, mainly crude oil). Transport equipment, equal to more than 9% or USD 22.5Bn, accounted for 11% of exports in 2013 and was close to USD 27Bn. In this sector the main category was vehicles, followed by ships and vessels. Machinery, amounting to more than USD 19Bn, was up compared to 2013 when it reached just over USD 18Bn. Mechanical machinery was the dominant category with a share of over 6% (almost USD 15Bn). Exports of metals amounted to almost USD 18Bn in 2018, compared to just under USD 15Bn in 2013, and iron and steel was the main category.

On the import side, machinery fell from almost 30% of the total imported in 2013 to close to 26% in 2018, down from over USD 71Bn to USD 46.5Bn. Chemical products rose from 16% in 2013 to 20% last year (from over USD 38Bn to almost USD 37Bn). The shares for minerals were down (from 20% to 15.5%, from over USD 48Bn to USD 28Bn), which were also affected by prices, whereas the shares for transport equipment increased (from 11% to 14%, from USD 26.5Bn to USD 25Bn). There was also a positive trend in the import of metals (from 5.7% to 6.3%, from USD 14Bn to USD 11Bn) and agricultural and food products (from 5% to 6%, from USD 12Bn to USD 11Bn).

| Sector breakdown, balances and share of world exports (2013-2018*) | % of total | | USD Bn | | Change % | | Of world total | | Balance (USD Bn) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2018* | 2013 | 2018* | 2018*-17 | 2018-13** | 2013 | 2017 | 2013 | 2018* |
| Rubber and plastic | 2.3 | 2.1 | 5.6 | 5.1 | -5.7 | -1.6 | 0.7 | 0.7 | -8.0 | -5.3 |
| Wood, paper and printing | 3.8 | 5.7 | 9.2 | 13.7 | 23.3 | 9.7 | 2.3 | 2.9 | 6.9 | 12.3 |
| Machinery | 7.6 | 8.0 | 18.4 | 19.3 | 5.7 | 0.9 | 0.4 | 0.3 | -53.0 | -27.3 |
| Electrical machinery | 1.9 | 1.4 | 4.6 | 3.5 | 0.7 | -5.0 | 0.2 | 0.1 | -23.7 | -18.3 |
| Mechanical machinery | 5.3 | 6.2 | 12.9 | 14.8 | 6.8 | 2.9 | 0.6 | 0.7 | -22.9 | -4.3 |
| Optical, photo, medical machinery | 0.4 | 0.4 | 0.9 | 1.0 | 8.6 | 2.1 | 0.2 | 0.2 | -6.2 | -4.5 |
| Miscellaneous goods | 0.4 | 1.3 | 0.9 | 3.1 | 199.6 | 48.2 | 0.2 | 0.2 | -0.5 | 2.0 |
| Metals | 6.1 | 7.3 | 14.8 | 17.6 | 7.9 | 3.8 | 1.2 | 1.4 | 1.1 | 6.2 |
| Transport equipment | 11.0 | 9.4 | 26.6 | 22.5 | 13.3 | -3.1 | 1.4 | 1.0 | 0.1 | -2.7 |
| Minerals | 24.1 | 22.5 | 58.3 | 54.0 | 22.0 | -1.5 | 1.6 | 2.0 | 10.1 | 25.9 |
| Mineral fuels | 9.3 | 12.4 | 22.4 | 29.7 | 39.8 | 6.5 | 0.7 | 1.1 | -23.4 | 3.4 |
| Ores, slag, ash, earths and stone | 14.8 | 10.2 | 35.9 | 24.4 | 5.6 | -6.4 | 12.3 | 9.5 | 33.6 | 22.4 |
| Furniture | 0.3 | 0.3 | 0.8 | 0.8 | 7.9 | -0.5 | 0.3 | 0.3 | -0.5 | -0.2 |
| Stones, glass and ceramics | 2.1 | 2.2 | 5.2 | 5.2 | 0.0 | 0.1 | 0.5 | 0.6 | 2.6 | 3.4 |
| Agricultural products, food and tobacco | 35.1 | 34.4 | 84.9 | 82.6 | 4.2 | -0.5 | 5.6 | 5.2 | 72.6 | 71.5 |
| Chemical products | 4.6 | 4.5 | 11.2 | 10.8 | 1.6 | -0.6 | 0.7 | 0.7 | -27.1 | -25.9 |
| Textiles, clothing, footwear and leather | 2.6 | 2.2 | 6.2 | 5.2 | -7.6 | -3.2 | 0.6 | 0.5 | -2.0 | -1.4 |

Note: (*) 2018 provisional figures; (**) annual average. Source: Intesa Sanpaolo calculations based on ITC Comtrade figures



Breakdown by geographical region

Asia continues to be the most important continent for Brazilian trade: last year more than 40% of trade was with Asian countries (just under 36% in 2013). The main economies included China with 23.5%, and South Korea and Japan, both with around 2%. Europe accounted for 21.5% of trade (24% in 2013). Germany was Brazil's main European trading partner, accounting for around 4%, followed by the Netherlands (3.5%) and Spain (2%). The American continent traded more than 34% (33.5% in the previous five years), with the USA accounting for almost 14% of the total, followed by Argentina with over 6%, and Chile and Mexico, both with around 2%. Africa accounted for 3.5% of trade, with Algeria representing almost 1%.

The breakdown of the main countries of origin for Brazilian imports shows that the weight of China, the leading supplier economy, rose from just under 16% in 2013 to over 19% in 2018. The second largest supplier was the USA, whose share in the range considered increased from 15% to 16%. In contrast, the importance of Argentina declined from almost 7% in 2013 to 6% in 2018. With regard to the role of the other BRICs, Russia and India were in 13th and 11th place respectively, both with a share of around 2% of imports. However, it is worth noting that in 2013 Russia only supplied 1% compared to 3% for India. Italy, in eighth place in 2018, had a share of around 2.5% of total Brazilian imports, compared to almost 3% in 2013.

The main markets for Brazilian exports were China and the USA, with 27% and 12% respectively. In 2013, the Chinese share was limited to 19% and the US share was 10%. The importance of Argentina, which was in third place among the major Brazilian export markets in 2018, fell from over 8% to 6% last year. The Netherlands, in fourth place, also fell from 7% in 2013 to 5%. Russia was ranked 33rd with just under 1% (over 1% previously), while India, in 10th place, saw its importance grow by a few decimal points, bringing its share from 1% to almost 2% at the end of the period. Italy was ranked 12th among the target markets with 1.5%, down from almost 2% in 2013.

| Breakdown of imports by geographical area (2013 - 2018*) | | |
|---|---|---|
| % | 2013 | 2018* |
| Europe | 24.8 | 23.3 |
| Of which EU | 21.2 | 19.2 |
| Italy (8°) | 2.8 | 2.5 |
| Russia (13°) | 1.1 | 1.9 |
| Asia | 34.2 | 36.2 |
| Of which China Taipei and India | 19.4 | 22.4 |
| China (1°) | 15.6 | 19.2 |
| India (11°) | 2.7 | 2.0 |
| Asean 5 | 3.2 | 3.9 |
| NIES | 4.8 | 3.7 |
| Americas | 33.4 | 36.9 |
| Of which USA and Canada | 16.4 | 17.4 |
| USA (2°) | 15.1 | 16.2 |
| Latam | 13.5 | 17.5 |
| Africa | 7.3 | 3.6 |
| Of which Sub Sahara | 4.8 | 1.3 |
| North Africa | 2.1 | 2.0 |
| Others | 0.3 | 0.0 |
| Total | 100.0 | 100.0 |

Note: (*) 2018 provisional figures. Source: Intesa Sanpaolo calculations based on ITC Comtrade figures

| Breakdown of exports by geographical area (2013 - 2018*) | | |
|---|---|---|
| % | 2013 | 2018* |
| Europe | 23.1 | 20.2 |
| Of which EU | 19.7 | 17.6 |
| Italy (12°) | 1.7 | 1.5 |
| Russia (33°) | 1.2 | 0.7 |
| Asia | 37.1 | 43.3 |
| Of which China Taipei and India | 21.3 | 28.9 |
| China (1°) | 19.0 | 26.8 |
| India (10°) | 1.3 | 1.6 |
| Asean 5 | 2.9 | 3.3 |
| NIES | 4.1 | 4.0 |
| Americas | 33.5 | 32.3 |
| di cui USA e Ca Of which USA and Canada nada | 11.4 | 13.5 |
| USA (2°) | 10.3 | 12.1 |
| Latam | 17.0 | 14.5 |
| Africa | 4.6 | 3.4 |
| Of which Sub Sahara | 1.8 | 1.1 |
| North Africa | 2.0 | 1.7 |
| Others | 1.7 | 0.8 |
| Total | 100.0 | 100.0 |

Note: (*) 2018 provisional figures. Source: Intesa Sanpaolo calculations based on ITC Comtrade figures

| Breakdown of main import countries by geographical area (2018*) | | |
|---|---|---|
| | USD Bn | % |
| China | 34.7 | 19.2 |
| United States of America | 29.4 | 16.2 |
| Argentina | 11.1 | 6.1 |
| Germany | 10.6 | 5.8 |
| Brazil (re-import) | 7.4 | 4.1 |
| South Korea | 5.4 | 3.0 |
| Mexico | 4.9 | 2.7 |
| Italy | 4.5 | 2.5 |
| Japan | 4.4 | 2.4 |
| France | 3.9 | 2.2 |
| India | 3.7 | 2.0 |

Note: (*) 2018 provisional figures Source: ITC Comtrade

| Breakdown of main export countries by geographical area (2018*) | | |
|---|---|---|
| | USD Bn | % |
| China | 64.2 | 26.8 |
| United States of America | 29.1 | 12.1 |
| Argentina | 15.0 | 6.2 |
| Netherlands | 13.1 | 5.4 |
| Chile | 6.4 | 2.7 |
| Germany | 5.2 | 2.2 |
| Spain | 5.2 | 2.1 |
| Mexico | 4.5 | 1.9 |
| Japan | 4.3 | 1.8 |
| India | 3.9 | 1.6 |
| Singapore | 3.6 | 1.5 |

Note: (*) 2018 provisional figures. Source: ITC Comtrade



### Sector interrelationships with foreign markets

According to an OECD study on the foreign value-added content in Brazilian exports[1], this content increased from 2009 to 2015, and then gradually decreased until 2016, when it stood at 10.2%. This is well below the world average of 23.5% and the average of 16.5% for the world's 20 largest economies. The low percentage figure for Brazil is due to the product characteristics of this country's exports, which are mainly focused on agricultural and food products or mining products. The growth recorded in the period 2009-15 is attributable on a sector basis to the growth of the motor vehicles and other transport equipment sectors, which are other significant components of Brazilian exports.

The domestic market underwent a major transformation in the decade considered by the study (2005-2015): on the one hand, growing domestic demand absorbed an increasing share of manufacturing production, isolating it from the dynamics of foreign markets (from 2005 to 2015 the value-added driven by foreign demand fell from 14.4% to 12%); in addition, during the same period, the share of imported intermediate goods used for exports fell from 23.5% to 19.3%,

[1] http://www.oecd.org/industry/ind/TIVA-2018-Brazil.pdf

reflecting industrial development that enabled the local production of a greater quantity of intermediate goods.

The main industrial sectors that used the most imports to manufacture exported products in 2015 were other transport equipment (26.5% of the exported value added came from imports), ICT and electronics (25.2%), and oil refining (24.5%). In contrast, the sectors that used domestic value added in exports were agriculture, fisheries and forestry (13.6%), food and beverages (12%) and mining (10.4%).

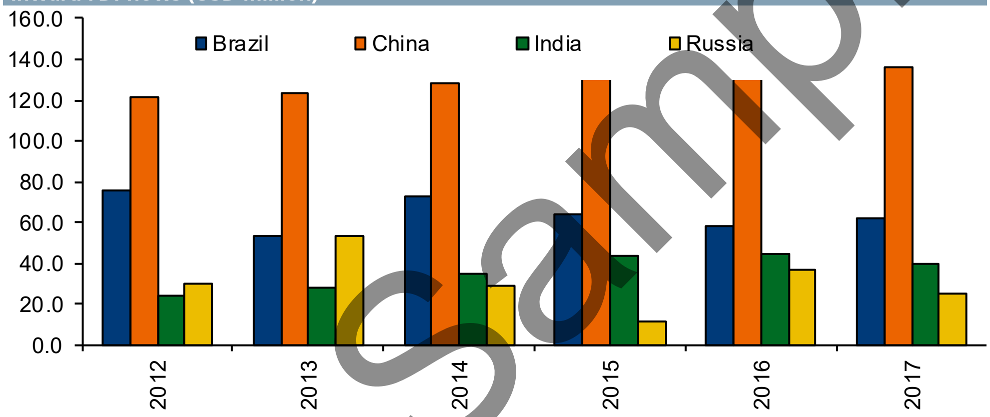
## Foreign Direct Investment

The FDI stock in Brazil at the end of 2017 amounted to USD 778Bn, according to UNCTAD. This amount was equal to 37.8% of GDP for the same year, up compared to 29.7% in 2012. Brazil's share of the world total was 2.5%, down from 3.2% in 2012. Compared to the other BRIC countries, Brazil ranked second behind China in terms of FDI stock, whereas it ranked twelfth worldwide.

In 2017 inward FDI into Brazil amounted to USD 62.7Bn according to UNCTAD, up on the previous year, when USD 58.0Bn flowed into the Brazilian economy.

With regard to Brazilian outward FDI, in 2017 it amounted to around USD 359Bn according to UNCTAD, an increase on 2012 when USD 271Bn were invested.

**Inward FDI flows (USD million)**




Source: UNCTAD



The main investors were from the European continent (55%), according to data provided by the Brazilian Central Bank, the most notable of which were Spain with 12% of the stock in 2017, followed by Belgium (10%) and France (7%). Italy ranked 13th with 2%. The American continent had a share of 34% and the USA was one of the largest countries with 22%. The Asian continent accounted for almost 11% of the total, with Japan and China predominating with 4% each. Africa and unspecified areas accounted for 0.5%.

The main inward FDI target sectors, again on the basis of data provided by the Brazilian Central Bank, were services (57%), followed by manufacturing (35%) and primary (8%). More specifically, financial services held 21% of the FDI stock, followed by beverages (11%), commerce (8%), electricity and gas (7%), oil extraction (5%), and food products and telecommunications (both with 4%).

| FDI Source (Equity) – Inward | | |
|---|---|---|
| Stock 2017 | % of tot | Bln USD |
| USA | 22.0 | 118.7 |
| Spain | 12.0 | 64.6 |
| Belgium | 10.4 | 56.2 |
| France | 6.6 | 35.7 |
| Switzerland | 4.5 | 24.4 |
| Netherland | 4.2 | 22.5 |
| Italy (13°) | 2.0 | 11.2 |

Source: Brazilian Central Bank

| FDI Destination (Equity) – Inward | | |
|---|---|---|
| Stock 2017 | % of tot | Bln USD |
| Financial and auxiliary services | 21.1 | 114.0 |
| Beverages | 10.6 | 57.4 |
| Commerce, except vehicles | 8.0 | 43.0 |
| Electricity and gas | 6.9 | 37.1 |
| Oil and gas extraction | 4.6 | 24.6 |
| Foodstuff | 4.1 | 22.3 |
| Telecommunications | 4.1 | 22.2 |

Source: Brazilian Central Bank

### The special economic zones

There are 25 special export zones in the country (Free Trade Zone or Export Processing Zone[2]) benefiting from incentive schemes through tax relief, simplified bureaucracy and trade facilities, aimed at boosting foreign investment, developing disadvantaged areas, targeted industrial projects, and technological innovation. They have been established since 1988 and located in less developed regions, often in border areas. The major special zones are those of Acre, Aracruz, Araguaína, Barcarena, Brasilèia, Bataguassú and Corumbá, Boa Vista, Bonfim, Cáceres Cruzeiro do Sul, Fernandópolis, Guajarà-Mirim, Ilhéus, Imbituba, Itaguaí, Macaíba, Macapà and Santana, Parnaíba, Pecém, Porto Velho, Suape, Tabatinga, Teófilo Otoni and Uberaba [3].

The details of the tax benefits and administrative subsidies granted by the Brazilian Government in the special zones destined for exports and all the implementing decrees are provided in the publication http://investimentos.mdic.gov.br/public/arquivo/arq1411503015.pdf. Generally, tax relief is granted to companies that start their business in special zones for a period of twenty years, which can be extended if the amount of the investment requires a longer amortisation period. In these areas, the companies that establish themselves must be geared towards foreign markets and 80% of their revenues must originate from exports in order to obtain all the concessions granted.

The main industrial sectors are wood and paper processing, furniture, rubber and plastics, food processing, in particular fruit, coffee, soy, metal processing, especially steel and iron, aluminium, and leather and footwear components.



[2] http://www.mdic.gov.br/index.php/zpe

[3] http://www.mdic.gov.br/czpe; http://investimentos.mdic.gov.br/public/arquivo/arq1411503015.pdf

**The special zones for exports**




Source: Brazilian Ministry of Industry, foreign trade and services

## Italy's trade with Brazil

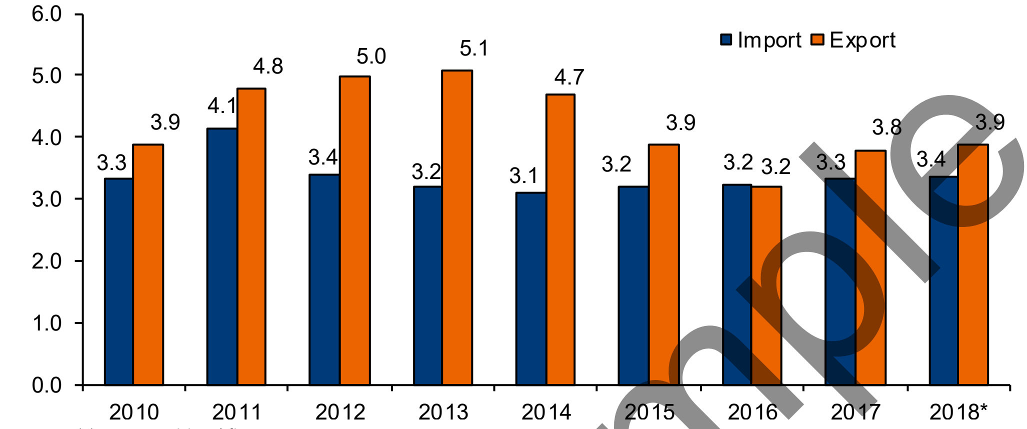
Italy's trade with Brazil in 2018 saw only a small increase in imports from Brazil of 1.6% yoy, up to around EUR 3.4Bn, while exports saw an increase of 2.2% yoy, to almost EUR 4Bn. As a result, trade reached an amount of EUR 7.25Bn, still a long way from the highs in 2011 when it was close to EUR 9Bn.

Italy had a trade surplus of EUR 0.5Bn in 2018, essentially unchanged on the previous year. This amount has fluctuated considerably over the last decade: the record high was posted in 2013 when there was a surplus of around EUR 1.9Bn, while the historic low was recorded in 2006 and 2007 when there was a deficit of EUR 1.2Bn.

Brazil's share of total Italian trade in 2018 was around 0.8%, down on previous years. Up to 2013, trade with Brazil represented 1.1% of total Italian trade, after which this share fell to the current levels. More specifically, 0.8% of both total imports and exports came from Brazil in 2018, whereas the level of our direct exports to Brazil was more significant in the past (1.3% until 2013).

The breakdown of net balances by category shows a deficit for Italy in 2018 for agricultural products (EUR -625M), wood, paper and printing (EUR -553M), mineral products (EUR -490M), textiles and clothing (EUR -259M), metals (EUR -206M), and food products (EUR -76M). A surplus was recorded for mechanical machinery (EUR 887M), transport equipment (EUR 500M), pharmaceutical products (EUR 268M), refined petroleum products (EUR 233M), chemical products (EUR 223M), electrical equipment (EUR 185M), rubber and plastics (EUR 169M), miscellaneous goods (EUR 126M), computers and electronic equipment (EUR 104M).

**Import-export trend with Italy (EUR billion)**




Note: (*) 2018 provisional figures. Source: Istat

**Italy's trade with Brazil**

| Euro Bn | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* |
|---|---|---|---|---|---|---|---|
| Import | 3.40 | 3.21 | 3.10 | 3.20 | 3.23 | 3.32 | 3.37 |
| Export | 4.99 | 5.07 | 4.69 | 3.87 | 3.20 | 3.79 | 3.88 |
| Balance | 1.59 | 1.87 | 1.59 | 0.67 | -0.03 | 0.48 | 0.51 |
| Trade | 8.40 | 8.28 | 7.79 | 7.07 | 6.43 | 7.11 | 7.25 |
| Chg. % Import | -18.0 | -5.7 | -3.4 | 3.3 | 0.9 | 2.6 | 1.6 |
| Chg.% export | 4.4 | 1.6 | -7.6 | -17.5 | -17.3 | 18.6 | 2.2 |
| Chg. % trade | -6.0 | -1.3 | -5.9 | -9.2 | -9.1 | 10.6 | 1.9 |
| % of import with Italy | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.8 | 0.8 |
| % of export with Italy | 1.3 | 1.3 | 1.2 | 0.9 | 0.8 | 0.8 | 0.8 |
| % of trade with Italy | 1.1 | 1.1 | 1.0 | 0.9 | 0.8 | 0.8 | 0.8 |

Note: (*) 2018 provisional figures. Source: Istat



In 2018, Italy imported mainly wood, paper and printing products, accounting for almost a quarter of the total (24%, in particular pulp, paper and cardboard), followed by the agricultural products sector, with a share of 17% (mainly plants for the production of beverages, cereals and tobacco), minerals (14%, including ferrous metal ores, ornamental and building stone, limestone, gypsum, clay and slate, gravel and sand, clay and kaolin), metals (13%, including iron, cast iron and steel from first processing and ferroalloys, precious metals and related semi-finished products), and food products (9%, meat, oil and fats, and meat-based products).

Exports consisted of over 30% of mechanical machinery (in particular special and general purpose machinery, engines and turbines, bearings, gears and transmission components, non-domestic refrigeration and ventilation equipment, and machinery for the textile, clothing and leather industries, for the food industry, and for metal processing), 12% of transport equipment (other parts and accessories for motor vehicles, aircraft, spacecraft and related devices, electrical and electronic equipment for motor vehicles and their engines), 10% of chemical products (plastics in primary forms, miscellaneous chemical products, organic-based chemical products), 8% of pharmaceutical products (medicines and pharmaceutical preparations, basic pharmaceuticals) and metals (7%, miscellaneous metal products, nuts and bolts, locks and hinges).

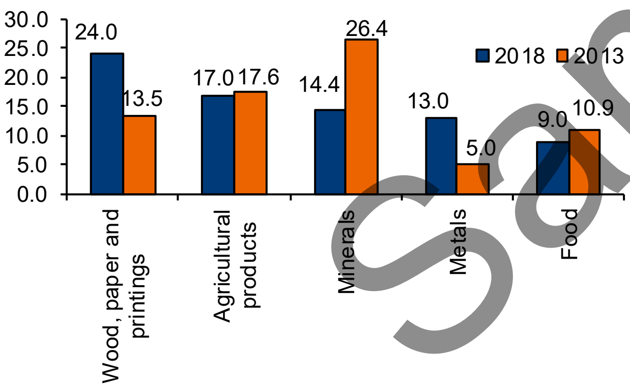
**Breakdown by trade category (volumes, changes and balances) – 2018***

| Euro M | Volume | | Change % y/y | | Balance | |
|---|---|---|---|---|---|---|
| | Import | Export | Import | Export | 2018 | 2017 |
| Agricultural products | 571.8 | 29.1 | -12.8 | -4.2 | -542.7 | -625.1 |
| Mining products | 486.7 | 4.4 | -2.4 | -47.9 | -482.3 | -490.1 |
| Food products | 301.9 | 184.0 | 18.0 | 2.3 | -117.9 | -76.0 |
| Textiles and clothing | 254.7 | 80.5 | -22.9 | 12.2 | -174.2 | -258.5 |
| Wood, paper and printing | 807.4 | 36.5 | 35.1 | -18.9 | -771.0 | -552.6 |
| Refined petroleum products | 1.2 | 226.8 | -93.9 | -10.0 | 225.6 | 233.0 |
| Chemical products | 150.5 | 393.6 | -4.2 | 3.5 | 243.1 | 223.0 |
| Pharmaceutical products | 15.4 | 313.7 | -23.1 | 8.8 | 298.3 | 268.2 |
| Rubber and plastic | 37.5 | 199.5 | 29.5 | 0.7 | 162.1 | 169.2 |
| Base metals and metal products | 438.1 | 281.1 | -8.6 | 2.7 | -157.0 | -205.5 |
| Computers, electronic and optical equip | 13.0 | 126.0 | 0.3 | 8.0 | 113.1 | 103.7 |
| Electrical equipment | 19.5 | 242.8 | -10.9 | 17.3 | 223.3 | 185.1 |
| Mechanical machinery | 182.5 | 1167.1 | 14.4 | 11.6 | 984.6 | 886.6 |
| Transport equipment | 58.9 | 453.9 | 11.1 | -18.0 | 395.0 | 500.4 |
| Miscellaneous goods | 14.1 | 135.5 | 6.9 | -2.6 | 121.4 | 125.9 |
| Other manufacturing activities | 16.7 | 3.9 | 32.6 | -20.6 | -12.8 | -7.7 |
| Total | 3369.7 | 3878.3 | 1.6 | 2.2 | 508.6 | 479.8 |

Note: (*) 2018 provisional figures. Source: Istat

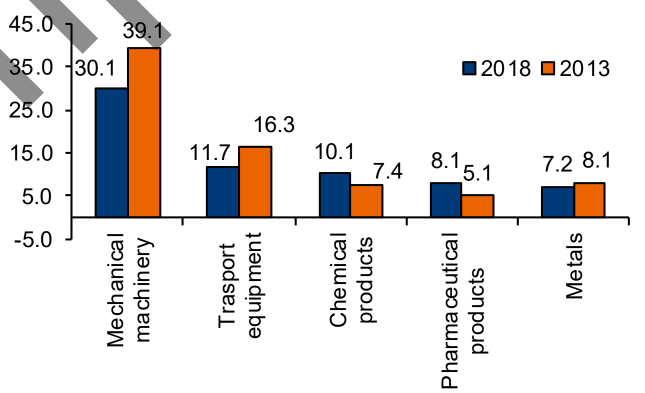


**Quote settoriali delle importazioni italiane dal Brasile (%, 2018*-13)**




Note: (*) 2018 provisional figures. Source: Istat

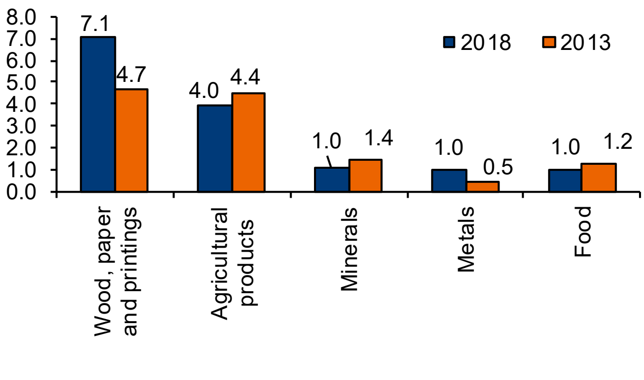
**Quote settoriali delle esportazioni italiane verso il Brasile (%, 2018*-13)**




Note: (*) 2018 provisional figures. Source: Istat

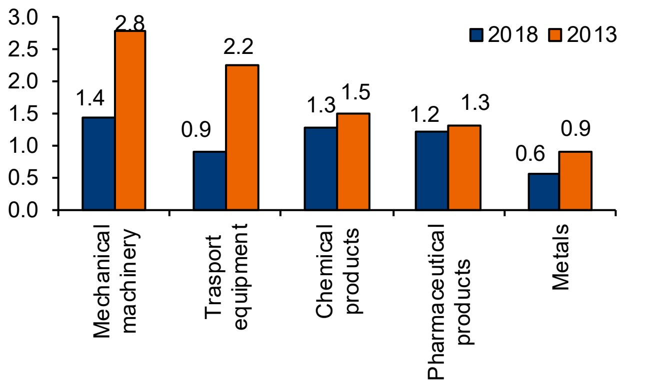
The analysis of the performance of the sector shares shows that Brazil accounts for 7% of Italian imports of wood, paper and printing (slightly up on the figure recorded in 2013 when it had reached 4.7%), 4% of agricultural products (4.4% previously), 1% of minerals (1.4% in 2013), 1% of metals (from 0.5%) and 1% of food products (from 1.2%). On the Italian export side, Brazil purchases 1.4% of Italian mechanical machinery (down from 2.8% in 2013), 0.9% of transport equipment (previously 2.2%), 1.3% of chemical products (from 1.5%), 1.2% of pharmaceutical products (from 1.3%) and 0.6% of metals (from 0.9%).

**Brazil's share of Italian imports by sector (2018*-2013)**




Note: (*) 2018 provisional figures. Source: Istat

**Brazil's share of Italian exports by sector (2018*-2013)**




Note: (*) 2018 provisional figures. Source: Istat

## Italian direct investment and the largest Italian companies in Brazil

According to the Italian Ministry for Economic Development, there are 1,407 Italian companies present in Brazil, operating primarily in the food, textile, nautical and coating materials sectors. The stock invested at 2017 was estimated at around EUR 10.9Bn[4].

**Italian FDI in Brazil**

| Euro M | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Stock 2017 |
|---|---|---|---|---|---|---|---|---|
| FDI Inward | 141 | 782 | 631 | 303 | 331 | 1295 | -72 | 10870 |

Source: MED

Some of the most important names operating in Brazil include (http://www.infomercatiesteri.it/presenza_italiana_brasile.php?id_paesi=38#/):

- Edison, Enel, ENI, Maccaferri Group, Saipem, Socotherm, and Terna in the energy sector;
- Danieli and Techint in the steel and metallurgy sector;
- Gavio, Maire Tecnimont, Mapei, Officine Maccaferri, Salini Impregilo, Techint, and Trevi in the construction industry;
- Argo Landini, Bonfiglioli, Camozzi, Comau, Datalogic, Faac, Fidia, Gefran, Magneti Marelli, Manuli, Marangoni, Marcegaglia, Peg Perego, Prysmian, Sorin, Techint, Tecnogym, and Teksid in the mechanics and machinery sector;
- Gefran and Pirelli Pneumatici in the rubber sector;
- Agusta Westland, Brembo, Ducati, Ferrari and Maserati, Fiamm, FCA, Fincantieri, Gavio, Landini, Magneti Marelli, New Holland Italia, Oto Melara, Piaggio, Savino del Bene, Sogefi, and Teksid in the vehicles and transport equipment sectors;
- De Longhi, Kartell, Natuzzi, Poltrona Frau, Saeco, and Zoppas in the furniture and appliances sectors;
- Datalogic and Telespazio in the electronics sector;
- Bracco, Esaote, and Recordati in the pharmaceuticals and medical devices sectors;
- Italtel and Telecom in the telecommunications sector;



[4] The total amount of FDI is underestimated, as in many other countries, because some investments, made through subsidiaries in other countries (Luxembourg, the Netherlands and Austria), are not counted as Italian FDI.

- CAI Alitalia, Costa Crociere, and Grimaldi Group in the transport sector;
- Almaviva, Barilla, Campari, De Cecco, Fabbri, Ferrero, Granarolo, Illy Caffè, Lavazza, Perfetti, Perugina, Rossopomodoro, San Pellegrino, and Segafredo Zanetti in the food products sector;
- Artsana (Chicco), Calzedonia, Carpisa Yamamay, Diesel, Dolce & Gabbana, Ermenegildo Zegna, Gianni Versace, Giorgio Armani, Gucci, Kiko, Lotto, Luxottica, Miroglio, Prada, Safilo, Salvatore Ferragamo, Valentino, and Vincenzo Zucchi in the fashion sector.

The insurance and financial services sector includes Generali and Azimut, whereas the banks include Intesa Sanpaolo and UniCredit.

Brazilian investments in Italy, again at the end of 2017, were estimated at around EUR 770M.

**Brazilian FDI in Italy**

| Euro M | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Stock 2017 |
|---|---|---|---|---|---|---|---|---|
| FDI Inward | 42 | 89 | 176 | -127 | 124 | -44 | 81 | 769 |

Source: MED



Opportunities for the Italian market

According to the MED there are numerous investment and commercial opportunities for Italian companies that want to target the Brazilian market.

One of the main investment sectors is energy, especially from renewable sources. According to the report on Foreign Markets produced by the MED, around 90% of all energy produced in Brazil comes from renewable sources, in particular from hydroelectric power plants (with a percentage close to 64%), followed by the use of biomass (over 9%), originating from waste wood, rice, sugar cane, biogas, tall oil, palm oil, and charcoal, as well as wind farms (over 8%) and solar (1%). The Brazilian Ministry of Mines and Energy declared that in 2018, while the installed capacity of plants using renewable sources had increased, the capacity for the use of fossil fuels, such as oil or coal, had decreased.

Another area in need of further investment is defence and military spending. In particular, the Brazilian Navy is planning to modernise and expand its operational capacity. In addition, according to the Ministry of Transport the demand for civil aviation will grow by 4.6% a year in the next twenty years, necessitating the expansion of the airport network with at least 160 new airports. Also in terms of infrastructure, the road and port networks and the energy distribution and transmission grids will be strengthened, in addition to the implementation of sustainable building.

Commercial opportunities have been identified in food products, especially in processing and storage, and in certain niche products such as ice cream, sauces, wines and spirits, and sparkling wines.

Furnishings and furniture, particularly the outdoor segment, is another important sector for Italian exports to Brazil, in addition to lighting products, which are highly sought after for their style and design. The MED also highlights the cosmetics and personal hygiene products sector: in 2017, Italy was the third-largest European supplier to Brazil (seventh in the world) with a share of 3.3% of the Brazilian sector. The high-end luxury and Made in Italy market, ranging from clothing to jewellery and from boating to automobiles, is expected to grow, with sales opportunities both through e-commerce and traditional channels.

Last but not least, the report mentions the machinery and equipment sector, which has suffered heavily from the effects of the economic crisis in recent years. However, since the second half of 2017, the recovery of the economy has rekindled demand and investment, fuelling purchases: in the period 2013-17 imports from Italy decreased by 50%, but the Italian share of the total sector declined much less (from 8.3% in 2013 to 7.8% in 2017) than its direct competitors, such as the

USA, China and Germany (the USA's share fell from 22% to 11%, while Germany's share declined from over 12% to 8%). According to the MED, the stability of Italy's market share was due to the ability of Italian companies to not only provide high quality products, but also a high degree of specialisation, with a non-standardised offering targeted to customer needs, based on a detailed understanding of the production processes in which the machinery is used. Another sector highlighted is agricultural machinery and equipment used in agriculture, although transport costs and customs duties mean that purchases from abroad are not very competitive.

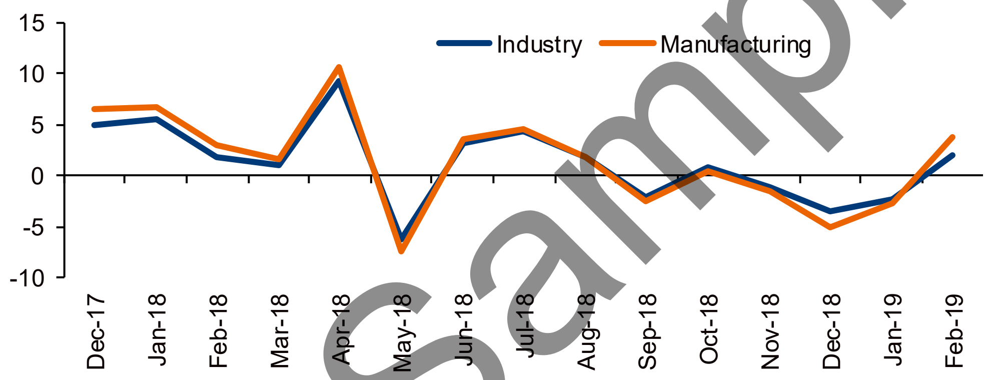
Additional and more detailed information is available on the Italian Ministry of Foreign Affairs website: http://www.infomercatiesteri.it/paese.php?id_paesi=38.

## Industry

The industrial production index in 2018 grew by 1% yoy, while in 2017 the yoy increase was 2.9%. However, the figure for month of December only shows a monthly increase of 0.3% mom and a decrease compared to December 2017 of 3.6% yoy. The latest available figure, relating to February 2019, shows an increase of 2.0% yoy (+0.7% mom).

The manufacturing sector showed a decline of 5.1% yoy in December 2018 (-0.2% mom), whereas in February it reported a recovery of 3.8% yoy (+1.0% mom).

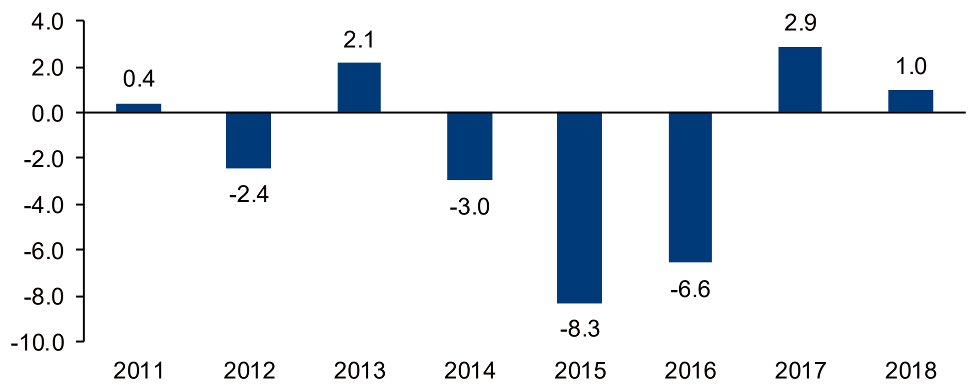
Industrial production and manufacturing index annual change




Source: National Institute of Statistics



Annual growth rate of the industrial production index




Source: National Institute of Statistics

According to the value of industrial production in 2016, the most important sectors in Brazilian manufacturing were those related to food products, which account for almost a quarter of the total (over 24%), followed by chemicals and petroleum products (almost 22%), transport equipment (9%), metallurgy (9%), machinery in general (9%), textiles and clothing (5%), and wood, paper and printing (5%).

**Value of industrial production 2016**

| | Quote % value of industrial production 2016 |
|---|---|
| Industry | 100.0 |
| Mining and quarrying | 8.8 |
| Manufacturing | 91.2 |
| of which: | |
| Food, beverages and tobacco | 24.4 |
| Textile and clothing | 4.7 |
| Wood, paper and printings | 4.7 |
| Chemical and petroleum products | 21.6 |
| Rubber and plastics | 3.7 |
| No metallic minerals | 2.7 |
| Metallurgy | 9.0 |
| Computer and electronic equipment | 2.6 |
| Electrical machinery | 2.6 |
| Mechanical machinery | 3.4 |
| Transport equipment | 9.3 |
| Furniture | 0.9 |
| Miscellaneous products | 0.7 |
| Maintenance, repair and installation | 0.8 |

Source: National Institute of Statistics

The manufacturing sectors that had the most significant increases in 2018, based on the cumulative percentage change over the twelve months, included vehicles (+12.7%), followed by pharmaceutical products (+6.2%), paper and paper products (+4.9%), metallurgy (+4.0%), mechanical machinery (+3.7%), wood and wood products (+3.4%), metal products (+2.6%), electronic equipment and computers (+2.6%), and refined petroleum products (+1.1%). In contrast, food products (-5.3%), clothing (-3.3%), leather and leather goods (-2.6%), and other transport equipment (-2.1%) suffered the greatest declines. If the twelve months ending in February 2019 are considered, the most significant changes were in the vehicles sector, although with a lower growth rate (+6.7%). In contrast, there was an improvement in the positive performance for metal products (+6.6%), refined petroleum products (+3.8%) and beverages (+2.9%). Electronic equipment and computers, on the other hand, went into negative territory, with a cumulative decline of -6.5%, as did metallurgy (-2.1%). Other transport equipment also suffered more significant declines (-3.5%), while the food products sector returned to growth (+0.4%)

| % cumulative change over the last twelve months physical manufacturing production | December -2017 | December -2018 | January -2019 | February 2019 |
|---|---|---|---|---|
| Food | 1.2 | -5.3 | -2.9 | 0.4 |
| Beverages | 0.8 | 0.8 | 1.0 | 2.9 |
| Tobacco | 20.4 | -4.0 | -5.1 | -10.7 |
| Textile | 5.6 | -2.4 | -5.3 | -1.8 |
| Clothing | 3.5 | -3.3 | -2.3 | 0.3 |
| Leather | 0.8 | -2.6 | -2.1 | -2.2 |
| Wood, wood products | 1.8 | 3.4 | -8.2 | -7.9 |
| Paper and paper products | 3.3 | 4.9 | -3.9 | -3.4 |
| Printings | -10.2 | -0.9 | -4.0 | 0.8 |
| Refined petroleum products | -4.2 | 1.1 | 1.1 | 3.8 |
| Perfumery products, detergents | 2.3 | 1.4 | 3.1 | 2.5 |
| Other chemical products | 0.6 | -0.5 | 0.4 | -0.1 |
| Pharmaceutical products | -5.2 | 6.2 | -22.5 | -12.3 |
| Rubber and plastics | 4.6 | 0.9 | -2.4 | -1.2 |
| No metallic mineral products | -2.2 | 0.4 | 0.8 | 2.7 |
| Metallurgy | 4.7 | 4.0 | -2.7 | -2.1 |
| Metals products | -1.4 | 2.6 | 7.2 | 6.6 |
| Computer, electronic appliance | 20.2 | 2.6 | -10.0 | -6.5 |
| Electric machinery | -3.5 | -0.4 | -3.1 | 0.3 |
| Mechanical machinery | 2.8 | 3.7 | -9.5 | -3.0 |
| Vehicles | 17.2 | 12.7 | -3.5 | 6.7 |
| Other transport equipment | -10.3 | -2.1 | -8.5 | -3.5 |
| Furniture | 4.5 | -0.4 | -0.7 | 1.2 |
| Miscellaneous products | 4.1 | -0.1 | 8.6 | 8.3 |
| Maintenance, repair and installation | 6.8 | -0.9 | -12.9 | -4.2 |

Source: National Institute of Statistics

# Infrastructure and business climate

## Existing infrastructure

In 2018, Brazil was 56th in the world ranking produced by the World Bank through the LPI index, which assesses the state of the country's business infrastructure. Compared to the other BRIC countries, it was in third place after China and India, whereas it was ranked higher than the other South American countries, except for Chile (40th). Within the breakdown of the individual components of the index, Brazil also still has a relatively high ranking.

LPI Index 2018 (Logistics Performance Index) – Comparison with BRIC and Latin American countries

| | Position (among 160 countries) | LPI | Customers and Customs | Infrastructure | International shipments | Logistics competence | Tracking & tracing | Timeliness |
|---|---|---|---|---|---|---|---|---|
| **Brazil** | **56** | **3.02** | **2.52** | **2.99** | **2.89** | **3.10** | **3.17** | **3.47** |
| China | 27 | 3.60 | 3.28 | 3.73 | 3.57 | 3.58 | 3.63 | 3.86 |
| India | 42 | 3.22 | 2.97 | 3.01 | 3.24 | 3.18 | 3.33 | 3.57 |
| Russia | 85 | 2.69 | 2.25 | 2.64 | 2.59 | 2.74 | 2.67 | 3.23 |
| Argentina | 62 | 2.93 | 2.49 | 2.81 | 2.91 | 2.82 | 3.13 | 3.41 |
| Bolivia | 136 | 2.36 | 2.24 | 2.16 | 2.48 | 2.21 | 2.29 | 2.75 |
| Chile | 40 | 3.28 | 3.23 | 3.09 | 3.24 | 3.09 | 3.30 | 3.73 |
| Colombia | 71 | 2.81 | 2.50 | 2.58 | 2.93 | 2.79 | 2.84 | 3.17 |
| Ecuador | 70 | 2.82 | 2.69 | 2.62 | 2.82 | 2.70 | 2.87 | 3.22 |
| Paraguay | 83 | 2.70 | 2.53 | 2.50 | 2.66 | 2.70 | 2.56 | 3.23 |
| Uruguay | 75 | 2.78 | 2.60 | 2.57 | 2.78 | 2.79 | 2.83 | 3.10 |
| Venezuela | 135 | 2.37 | 1.94 | 2.24 | 2.49 | 2.32 | 2.44 | 2.74 |
| Memorandum item Italy | 21 | 3.73 | 3.44 | 3.82 | 3.55 | 3.68 | 3.84 | 4.09 |

Notes: The LPI ranges from 1 to 5. The higher the figures, the better the performance. Customers: Effectiveness and efficiency of customers and customs procedures; Infrastructure: Quality of transport and technology infrastructure for logistics; International shipments: Ease and reliability of transport; Logistics: Competence of local logistics industry; Tracking & tracing: Traceability of shipping; Timeliness: Speed of delivery. Source: World Bank

Developments in the BRI Initiative and the Chinese presence in Brazil

There are two main BRI-related projects in Brazil that are already underway: a system for transporting high-voltage electricity from the Belo Monte dam to the south-east of the country[5] and the port of São Luís in the north-eastern region[6]. According to Chinese sources, the total investments (i.e., both those linked to the BRI and those independent from the project) already made at the end of 2018 amounted to USD 70Bn[7], while data from the Brazilian Ministry of Planning report Chinese investments, both planned and made through to 2017, totalling around USD 117Bn, concentrated in the energy, mining and food production sectors[8].

In March 2017, a Chinese-Brazilian capital fund, called the China Productive Capacity Expansion Fund (BCPCEF), was established to promote investment in logistics, infrastructure, energy and mineral resources, high-tech manufacturing, agricultural and food products, and the digital economy. The fund currently has resources of USD 20Bn, which, according to the initial agreements, will be disbursed at a ratio of 3:1, i.e. China will pay three times the Brazilian payments. In addition, the investment fund China Latin American Industrial Cooperation (Claifund), the Brazilian Development Bank (BNDES) and the Caixa Economica Federal will act as guarantors for the initiative[9].

## The business climate

In 2019, Brazil's business climate, as measured by the World Bank's Doing Business index, was ranked at 109 out of 189 countries in the global rankings, marking an improvement of 16 places from the previous year.

Within the various components of the overall index, there was a marked improvement for the start-up of businesses, which rose by 36 positions, to reach 140th place, for foreign trade, up 33 places to 106th, and for the ease of obtaining credit, which climbed from 105th to 99th place. The assessment regarding insolvency settlements also improved, rising by 3 positions and taking the country to 77th place. The payment of taxes continued to be penalised, which despite the absence of changes, was in 184th place. The protection of investors, although falling by five positions, is still among the top fifty in the world, at 48th place, as is the case for contractual protection, which slid down by one position, and is also ranked 48th.

The Doing Business Index

| Easy of (*) | 2019 | 2018 | Chg. | | 2019 | 2018 | Chg. |
|---|---|---|---|---|---|---|---|
| Doing business | 109 | 125 | -16 | Protecting investors | 48 | 43 | 5 |
| Starting a business | 140 | 176 | -36 | Paying taxes | 184 | 184 | 0 |
| Dealing with construction permits | 175 | 170 | 5 | Trading across borders | 106 | 139 | -33 |
| Registering property | 137 | 131 | 6 | Enforcing contracts | 48 | 47 | 1 |
| Getting credit | 99 | 105 | -6 | Resolving insolvency | 77 | 80 | -3 |

Note: (*) ranking out of 189 countries. The lower the number, the greater the efficiency. Source: World Bank

Brazil ranks last compared to the other BRIC countries, while compared to the other Latin American economies it is preceded by Chile (56th), Colombia (65th) and Uruguay (95th).

[5] https://www.beltandroad.news/2019/03/17/bri-chinas-state-grid-builds-electricity-super-highway-in-brazil/

[6] http://www.chinadaily.com.cn/a/201808/09/WS5b6b98e8a310add14f384c51.html

[7] https://www.beltandroad.news/2019/03/18/belt-road-chinese-dredging-company-digs-deep-in-brazil/

[8] http://economists-pick-research.hktdc.com/business-news/article/International-Market-News/China-Extends-BRI-Investment-to-Brazilian-Infrastructure-Programme/imn/en/1/1X000000/1X0ACMCU.htm

[9] http://economists-pick-research.hktdc.com/business-news/article/International-Market-News/China-Extends-BRI-Investment-to-Brazilian-Infrastructure-Programme/imn/en/1/1X000000/1X0ACMCU.htm

| The Doing Business Index - Comparison of BRIC and Latin American countries | 2019 | 2018 |
|---|---|---|
| Brazil | 109 | 125 |
| China | 46 | 78 |
| India | 77 | 100 |
| Russia | 31 | 35 |
| Argentina | 119 | 117 |
| Bolivia | 156 | 152 |
| Chile | 56 | 55 |
| Colombia | 65 | 59 |
| Ecuador | 123 | 118 |
| Paraguay | 113 | 108 |
| Uruguay | 95 | 94 |
| Venezuela | 188 | 188 |
| Italy | 51 | 46 |

Note: ranking out of 189 countries. The lower the number, the greater the efficiency. Source: World Bank

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