



BRAZIL

Home to the world's 10th largest petroleum reserves

BRAZIL





World's leading exporter of iron, coffee, soy beans, orange juice, beef, chicken, sugar and ethanol

BRAZIL

A global reference in the
production of biofuels

A photograph of an automotive assembly line. Several orange robotic arms are visible, working on a silver car chassis. The background shows a complex industrial environment with various mechanical parts and structures. The text "World's seventh largest manufacturer of automobiles" is overlaid on the image.

World's seventh largest manufacturer of automobiles

World's fourth largest manufacturer of aircraft and top producer of models seating up to 120 passengers

BRAZIL





World's largest river basin, with hydroelectric power supplying 73% of energy needs



Brazil, solid macroeconomic fun

amentals and social inclusion

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INTRODUCTION

BRAZIL, STABILITY AND GREAT OPPORTUNITIES

Sustained economic growth combined with fiscal responsibility, solid institutions, social inclusion, democratic government and a growing domestic market, makes the country a safe place for investment and gives it the strength to weather international crises

The combination of macroeconomic and institutional stability, sustained growth, strong social inclusion and income distribution policies have launched a new Brazil onto the international scene. These changes, in conjunction with one of the most modern and solid financial systems, and together with a strict balancing of the federal budget and a strong domestic market has made Brazil more resistant than most countries to the effects of the present international financial crisis.

Taming inflation, balancing the federal budget and a vigorous program of social inclusion are factors that have driven a new cycle of expansion, supported by an important investment plan in infrastructure and public education.

With a population of 190,6 million inhabitants, Brazil is the tenth largest economy in the world. The Brazilian economy rests on strong fundamentals: inflation at 5% annually, sustainable economic growth of around 4% annually and fiscal stability, with a primary federal budget surplus of 4.1% of GDP in 2008.

Brazil is a federal republic, with a presidential system of government. It has a consolidated democratic system, with free elections every two years, with checks and balances between the executive, legislative and judicial branches. It is a country that lives in peace and cooperates with its neighbors. Brazil is signatory to the major international treaties, and open to foreign investment.

INDUSTRIAL PARKS

Continental in size, with its 8.5 million square kilometers (fifth-largest country in the world), Brazil has high tech centers throughout the country, from the modern petrochemical complex in Rio Grande do Sul, the country's southernmost state, moving north past the high tech cluster of São Paulo, to Bahia, in the Northeast, where Ford operates the most modern automobile factory in the world.

And in the cerrado (savannah) region, on the Midwest plains, a high technology and productivity complex is operating at full steam. Investment in research and development, under the leadership of the Brazilian Agricultural Research Corporation (Embrapa), has made agribusiness in Brazil one of the most modern and productive in the world. The capacity to innovate also has enabled Brazil to lead the way in deep sea petroleum exploration. Today Petrobras, state-owned energy company, in addition to exploring deposits in other parts of the world, embarks on a new challenge: that of doubling reserves, by exploring underwater deposits beneath the deep sea layer, which will place the country among the top five producers in the world.

STABILITY

The current scenario is one of stability and economic predictabi-

SÃO PAULO, LARGEST AND
MOST MODERN CITY IN THE
SOUTHERN HEMISPHERE





SÃO PAULO STOCK EXCHANGE (BOVESPA)

© 8

lity, which has allowed Brazil to garner investment-grade status from the major credit rating agencies.

The Brazilian institutional environment ensures security for investors, who also benefit from a modern and efficient financial system, with a special role played by the Brazilian Development Bank (BNDES) of the Federal Government, which financed economic development of about US\$ 40 billion in 2008, topping the amount disbursed by the World Bank (US\$ 13.4 billion) and the Inter-American Development Bank (US\$ 12.2 billion) together. As Brazil is a full member of World Trade Organization, BNDES is ready to finance development projects of any foreign owned company in Brazil.

The Brazilian industrial park is diversified: including industrial goods companies (such as steel factories and petroleum refineries) and consumer goods (automobiles, textiles, etc.). Factories that produce anything from rubber flip-flops to airplanes. It is self-sufficient in petroleum and is one of the most important world producers of ethanol from sugarcane. The already well developed Brazilian service sector is responsible for 56.3% of Gross Domestic Product as is normally found in more developed economies.

One of the main reasons for the success of Brazil was its ability to balance sustainable economic growth with social inclusion. In recent years, millions of Brazilian men and women have entered the domestic consumer market and strengthened

their citizenship in the process. The percentage of Brazilians who live in extreme poverty fell from 8.8% of the population in 1990, to 4.2%, in 2005. In 2007, for the first time, the United Nations (UN) included Brazil in the group of countries with the highest degree of human development.

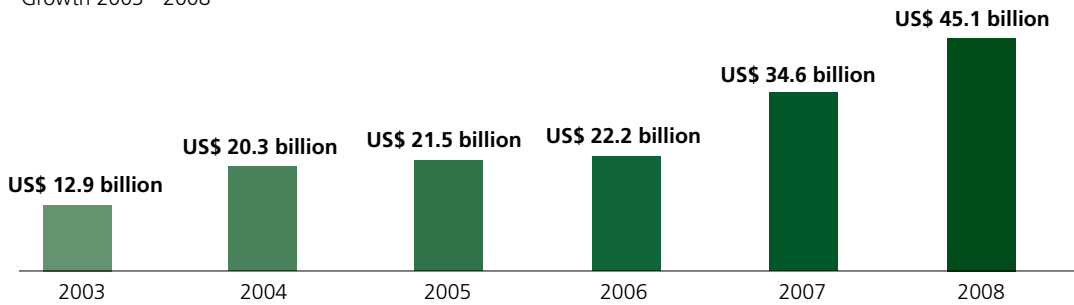
MARKET EXPANSION

The consumer market has expanded, attracting new entrepreneurs and expanding business. Roughly 20 million Brazilians have migrated from income brackets D and E to C, from 2002 to 2007. Consumers from the C income bracket, the middle class, are today estimated to number 97 million, or around 52% of the country's population. These advances are the result of policies to recoup salary purchasing power, greater access to credit and priority investments in education, health, and poverty fighting initiatives in the city and in rural areas, with special emphasis on the Bolsa Família income transfer program.

In addition to a domestic market undergoing expansion, the country is a robust export platform. Its share of world trade has risen from 0.9% in 2000 to 1.2% in 2007, with exports rising from US\$ 55.1 billion to US\$ 160.6 billion over the same period. Brazilian companies are also gaining ground abroad, due to their presence throughout the world and position at the forefront of various sectors. They are

FOREIGN DIRECT INVESTMENT

Growth 2003 - 2008



Source: Central Bank of Brazil



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SERVICE SECTOR SHARE OF GDP IS 56.3%

truly world-class companies. Brazil's positive trade balance and the flow of productive investment have contributed to building foreign currency reserves, which reached US\$ 206.8 billion at the end of 2008.

Brazil also ensures a secure and diversified supply of energy, which is one of its greatest competitive advantages. Renewable sources such as electricity generated by hydroelectric, wind power and biomass plants provide 44% of energy needs – a world record.

Abroad, Brazilian foreign policy has opened borders and established solid partnerships in various regions of the world, thereby diversifying exports. Brazil has strengthened Mercosur by promoting integration with its South American neighbors and improving relations with traditional partners, such as the United States and Europe. While at the same time, it has expanded trade with Africa, Asia and Arab countries.

The dramatic transformations that have occurred in Brazil over the last twenty years have made the country the preferred destination for Brazilian and international investors. In 2008, productive foreign investment rose to a record of US\$ 45.1 billion, second only to China among developing countries. The country consolidates its position in the global economy, by participating decisively in the primary international forums that are used to address commercial, environmental, technological and public safety issues.

INVESTMENTS

ACCELERATED INFRASTRUCTURE

The “Growth Acceleration Program” (PAC) implanted by the Federal Government expands the supply of energy, transportation, housing and health to bolster the Brazilian economy during this time of recession abroad

Brazil is experiencing an exceptional period in attracting investment. Billions of dollars are invested in various sectors of the economy, to expand transportation, energy, basic sanitation and housing infrastructure, which will ensure growth in production capacity, employment and expansion of domestic consumption.

In mining alone, investments will reach the significant milestone of US\$ 40 billion. Domestic production of steel, for example, will double with the building of new steelmaking plants. The automobile industry will also experience rapid expansion: in 2008, a record 3.2 million vehicles were produced. And, based on scheduled investments, installed capacity will reach 6 million cars by 2013, which will make Brazil the sixth largest producer of automobiles in the world.

The good business environment and favorable outlook for the domestic market and exports have led productive investment in Brazil to beat all previous records in recent years. The investment rate was 17.6% of Gross Domestic Product at the end of 2007, rising to 20% in the 3rd quarter of 2008, an all time record. The government has established a target of 21% for this rate for 2012.

BOOSTING THE ECONOMY

In the beginning of 2007, the federal government launched the “Growth Acceleration Program” (PAC) which organized and defined investments in logistics, energy, social and urban

infrastructure projects, which result in direct improvements for the Brazilian people. The initial projection was an investment of US\$ 220 billion from 2007 to 2010, but in February 2009 the federal government increased this amount by 26% to US\$ 301 billion to be used by 2010 as an additional tool for bolstering the economy and countering the negative effects of the international financial crisis on Brazil. In addition, PAC includes another US\$ 136 billion in investments that will be concluded between 2011 and 2013.

The group of investments that make up PAC are organized into three categories: Logistical Infrastructure, involving the construction and expansion of highways, railways, ports, airports and waterways; Energy Infrastructure, involving the generation and transmission of electricity, the production, exploration and shipping of petroleum, natural gas and renewable fuels; and Social and Urban Infrastructure, covering sanitation, housing, subways and urban trains.

In addition to other activities, the investment plan will mean the construction, modification, duplication and recuperation, in four years, of 45,000 kilometers of highways, 2,518 kilometers of railways, the expansion and improvement of 12 ports and 20 airports, generation of more than 12,386 MW of electricity, construction of 13,826 kilometers of transmission lines, installation of four new refinery or petrochemical units, construction of 4,526 kilometers of gas pipelines and the installation of 46 new biodiesel plants and 77 ethanol plants.

PAC INVESTS IN THE
RENOVATION OF
45,000 KILOMETERS
OF HIGHWAY



THE **BUDGET** FOR THE GROWTH ACCELERATION PROGRAM (PAC) FOR 2007 TO 2010 IS **US\$ 301 BILLION**. THERE ARE **2,198 INFRASTRUCTURE** PROJECTS PLANNED IN THE AREAS OF TRANSPORTATION, ENERGY, SANITATION, HOUSING AND WATER RESOURCES.

SOURCE: WWW.PAC.GOV.BR



SUBWAY FOR FORTALEZA, THE CAPITAL OF CEARÁ, ONE OF THE LARGEST CITIES OF THE BRAZILIAN NORTHEAST



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IN VILA SÃO JOSÉ, BELO HORIZONTE: PAC INVESTS IN IMPORTANT PUBLIC HOUSING CONSTRUCTION PROJECTS

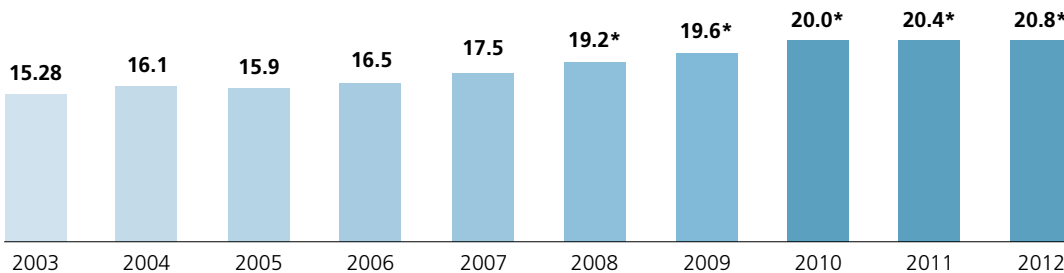
Investments in Petrobras, the state-owned oil company, are included in PAC, which will invest US\$ 174.4 billion up to 2013, in the exploration of petroleum and natural gas and the construction of new refineries, among other projects.

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The investments carried out by PAC intend to stimulate the efficiency of the main sectors of economy, as well as to boost technological modernization, to accelerate growth in areas already in expansion and to foster growth in depressed areas, increasing competitiveness and integrating Brazil with neighboring countries and with the world.

INVESTMENT RATE

Growth of investment over GDP (in %)



Source: IBGE * Estimation: BNDES

THE ECONOMY AND SOCIAL INCLUSION SUSTAINED AND INCLUSIVE GROWTH

A new cycle of economic development leads to growth in the mass consumer market and a reduction of social inequality within an environment of institutional stability and growing social cohesion

Brazil has entered a new growth cycle by expanding its mass consumer market thanks to an increase in family income, growth in employment, increased purchasing power of the minimum wage, greater access to credit by the public and a group of public policies focusing on income transfer and instilling civic values.

Today, the majority of the economically active population belongs to the middle class, around 52%, according to a research from the Getúlio Vargas Foundation, an increase of 10 percentage points in relation to 2004. This group, also known as Class C, encompasses about 97 million people. The number of bank checking accounts in Brazil grew by 76%, from 2000 to 2007, to 112 million, according to the Brazilian Bank Federation (Febraban). Families consumed US\$ 824.74 billion in 2007 and were responsible for more than half of the country's Gross Domestic Product. Actual average monthly income (minus inflation) of private households grew from US\$ 536.64 in 2004 to US\$ 925.77 in 2007, according to the Brazilian Institute of Geography and Statistics (IBGE).

According to a study by the Institute for Applied Economics Research (IPEA), all segments of the Brazilian population increased their income between 2002 and 2007, but those who benefited the most were the segment representing the poorest 30%,

whose family income rose 34.4%. During the same period, the income for the segment representing the richest 10% grew only 0.3%. Therefore, the percentage of the population in extreme poverty was reduced from 20.5% to 11.5% during the same period, leading to a significant improvement in wealth distribution.

Economic development has been followed by significant social gains, with a substantial reduction in poverty and inequality. The recent decline of extreme poverty was three times faster than the rate needed to reach the first United Nations (UN) Millennium Development Goal. In 2007, the UN included Brazil for the first time in the group of countries with a high degree of human development.

Income distribution programs, such as Bolsa Família, which benefits about 45 million Brazilians, have contributed to sustainable growth with an increase in income and social inclusion. Created in 2003, Bolsa Família covers all Brazilian towns and close to 21% of the country's population. It pays out one minimum monthly wage as long as the family maintains its children in public schools and complies with the children vaccination schedule. According to the World Bank, it is the largest income transfer program in the world and the UN considers it one of the most efficient anti-poverty programs anywhere. The UN's World Food Program is studying whether to adopt the model to

SUPERMARKET
IN THE CITY OF TOLEDO,
STATE OF PARANÁ





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SÃO PAULO SUBWAY

MINIMUM WAGE

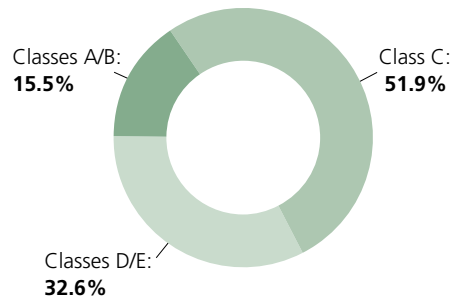
Over the years, the minimum wage has risen and boosted the population's purchasing power



Source: Ministry of Labor and Employment, Feb. 2009

BRAZIL AND THE ECONOMIC DIVISION OF ITS POPULATION

Accounting for more than half of the Brazilian population, the middle class (C) has joined the consumer market and is eager for new products, goods and services.



Source: Getúlio Vargas Foundation

THE CURRENT CYCLE OF DEVELOPMENT OF THE BRAZILIAN ECONOMY IS BEING DONE WITH SOCIAL JUSTICE. THE GOVERNMENT CREATED THE LARGEST PROGRAM OF INCOME DISTRIBUTION IN THE WORLD

guarantee aid to families that suffer from increased food prices and to help feed close to 20 million children worldwide.

PURCHASING POWER

The choice of growth with income distribution, a higher minimum wage and job creation has contributed to an increased purchasing power for Brazilians. During the last five years, 10.5 million new formal jobs were created. The minimum wage had a real increase (minus inflation) of 46% since January 2003 and today it is worth US\$ 185.

Greater access to credit, the main driver of Gross Domestic Product growth, and the rise in bank accounts are part of this new reality. The availability of credit rose from approximately

25% of the GDP in 2003 to 41.3% in 2008.

Formally hired workers, in turn, have greater access to banks and payment methods. In 2008, Brazil surpassed the threshold of 100 million credit cards in circulation. Purchases made with credit or debit cards totaled US\$ 212.40 billion in 2008, an increase of 24% over the previous year.

Brazilians started to buy greater amounts of food and durable goods, such as cars, homes and domestic appliances, which have all become more affordable in light of the population's increased income and credit incentives. Credit operations in Brazil -- with represented 34.2% of the GDP in 2007 -- grew 31% in 2008, reaching US\$ 513.39 billion in December, equal to 41.3% of the Gross Domestic Product.

ENERGY

A COUNTRY OF RENEWABLE AND CLEAN ENERGY

Brazil ensures a secure and diversified supply of energy and now opens a new horizon with the exploration of offshore petroleum located beneath the salt layer

Energy security is one of the basic requirements to ensure sustainable economic development. Brazil has invested in the diversification of its energy networks, recognized as the cleanest and most renewable in the world. Currently, almost half of Brazilian energy, 44%, comes from renewable sources. This figure is much higher than the world average of 14%.

While deep water offshore exploration of petroleum and gas advances, the country also experienced investments in the construction of hydroelectric plants and in the production of biofuels, with emphasis on sugar cane biomass for the generation of electricity.

Furthermore, Brazilian energy is clean. Over the last 30 years, the country has avoided the emission of roughly 800 million tons of CO₂ into the atmosphere through the use of ethanol as a substitute for or an additive to gasoline. In terms of electricity, roughly 90% of the energy generated comes from non-fossil sources, primarily hydroelectric. There are many opportunities. Although hydroelectric plants are responsible for 73% of the country's energy generation, only 27% of the hydroelectric potential has been explored.

Investments in energy and Brazil are safeguarded by a clear regulatory milestone, long-term concessions, economic stability and concern for the environment. These factors combined with the huge unexplored energy potential make Brazil an attractive alternative for investors.

EXCELLENCE IN ELECTRICITY

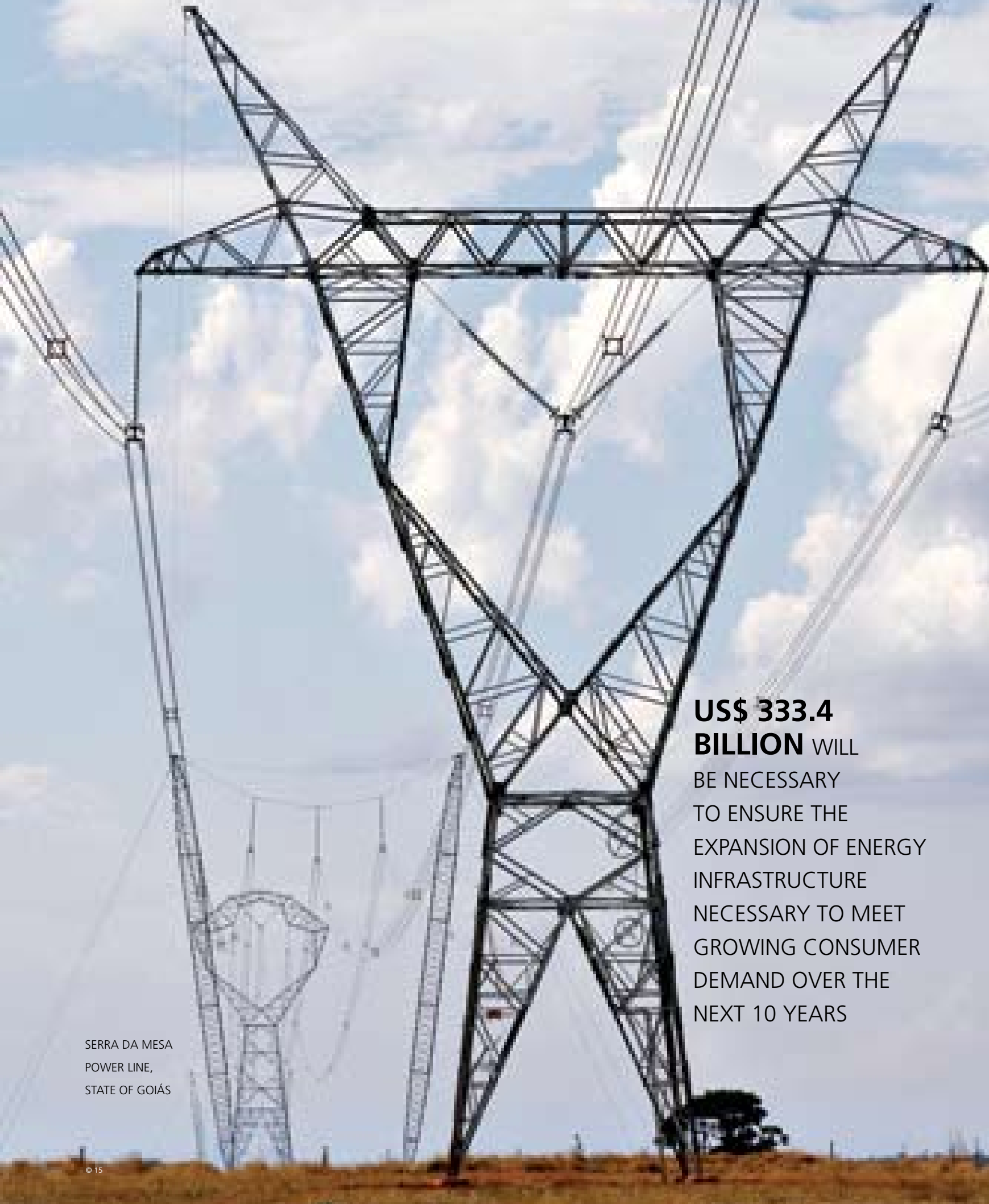
Brazil is recognized worldwide for its building of hydroelectric plants and in the use of renewable sources for generation of electricity. In 2008, hydropower supplied 73% of the country's electricity needs. To sustain the growth of the Brazilian economy, every year supply must expand by 4,000 megawatts (MW). Projections point to the need for approximately 120,000 MW by 2030 to supply the needs for the domestic market, according to the National Energy Plan (PNE-2030).

The 10-year Energy Extension Plan, by the Ministry of Mines in Energy for 2008 to 2017, projects an increase in demand for electricity at an annual rate of 5.4% over 10 years, and the addition of around 54,000 MW of installed capacity in Brazil. In this manner, in 2017, the electricity generation will reach approximately 155,000 MW of installed capacity, 80% of which from renewable sources.

CLEAN SOURCES OF ENERGY

Electricity generation capacity in Brazil is 102,000 MW. In 2008, the 160 hydroelectric plants in operation in Brazil produced around 75,000 MW or 73% of all electricity. Thermoelectric plants come in second place with a 22% share (22,756 MW).

Source: National Electricity Agency (Aneel), data for 2008



**US\$ 333.4
BILLION** WILL
BE NECESSARY
TO ENSURE THE
EXPANSION OF ENERGY
INFRASTRUCTURE
NECESSARY TO MEET
GROWING CONSUMER
DEMAND OVER THE
NEXT 10 YEARS

SERRA DA MESA
POWER LINE,
STATE OF GOIÁS

73% OF BRAZILIAN
HYDROELECTRIC POTENTIAL
HAS YET TO BE EXPLORED



NIGHTTIME VIEW OF
ITAIPU HYDROELECTRIC
PLANT SPILLWAY

MORE BARRELS

Petrobras's target is to raise production from the current 2.4 million to 3.6 million barrels of petroleum a day, in Brazil and abroad, by 2013, and ultimately reach 5.7 million by 2020. The pilot system for the Tupi field is scheduled to start production in 2010, followed by other fields, such as the Guará and Iara fields. Projections for the pre-salt layer is a gradual increase in the production of oil.

Source: Petrobras (Jan 2008)

**PETROBRAS WILL INVEST
US\$ 174.4 BILLION IN
PETROLEUM EXPLORATION
AND PRODUCTION FROM
2009 TO 2013.**

PETROLEUM AND GAS

Brazil is at the technological vanguard of deep water production and exploration of petroleum and natural gas reserves. The year 2008 was marked by discoveries of large deposits located in sedimentary basins, around 6,000 meters beneath the surface of the ocean. Known as pre-salt, the area opens investment opportunities for petroleum companies interested in one of the largest deposits of light oil and gas in the world in the Santos and Espírito Santo basins.

Petrobras estimates that the volume of reserves in the deep sea salt layer to be at least 50 billion barrels, four times that of current reserves. This volume places Brazilian reserves among the ten largest in the world. Petrobras's strategic plan provides for investments of US\$ 174.4 billion over the five year period of 2009-2013. Of this total, US\$ 104.6 billion is earmarked for exploration and production.

Petrobras's production target is to raise total oil and gas production, in Brazil and abroad, from 2.4 million barrels a day to 3.6 million barrels a day by 2013. The idea is to raise production to 5.7 million barrels a day by 2020. According to the plan, the focus of the investment will be in exploration and production, with an increase of 71% over the amount invested previously in the segment, with special emphasis placed on pre-salt projects.

BIOFUELS

Brazil, the largest exporter of ethanol in the world, produces fuel from sugarcane, an ecological biofuel, without adversely affecting the production of food or occupying large tracts of arable land.

Ethanol does not affect the production of food or environmental reserves. Most sugarcane is cultivated in the southeast region of Brazil, 2,500 km from the Amazon, the equivalent of a trip from Rome to Moscow. In all, 90% of sugarcane production for ethanol is in the Southeast, Central and South of Brazil.

An energy and environmental assessment of fuel made from sugarcane shows that it is the most efficient and sustainable raw material source for the production of ethanol on a large scale in the world. A report by the U.S. Department of Agriculture shows that there are 340 million hectares of arable land in Brazil in 2007, with 200 million dedicated to pasture and 64 million for farms, of which only 3.6 million hectares (1% of the total) were used to produce ethanol. This is achieved without displacing other farms.

The production of Brazilian ethanol in the 2008 harvest reached 27 billion liters, with an increase of 17.9% over the previous year, and the Brazilian Ministry of Agriculture calculates that this could rise to 37 billion liters in 2015, without a significant increase in the area planted with sugarcane.

THE DEMAND FOR ETHANOL IN BRAZIL IS SET TO INCREASE BY **37%: 27 BILLION** LITERS IN 2008 AND **37 BILLION** LITERS IN 2015

The growth in ethanol production in Brazil is explained by the great strides made in technology and production, which makes the country the second largest producer worldwide. The United Nations Food and Agriculture Organization, the FAO, singles out Brazilian ethanol as the least expensive of any country, and Brazil as the only country capable of producing this fuel competitively and without subsidies.

In addition to export potential, there is a huge demand for biofuel in the domestic market. Brazil is a pioneer in the development of "flex fuel" technology, launched in 2003, which allows cars to run on gas and ethanol in any proportion. Brazilian excellence in the production of ethanol has made large companies comfortable in developing technology that uses biofuel. Currently, ten multinational carmakers produce more than 100 different models of flex fuel cars in Brazil, which has given the country the distinction of having the largest fleet of flex fuel cars in the world. According to the National Association of Automobile Manufacturers (Anfavea) 2.3 million automobiles and light vehicles equipped with a flex fuel motor, which run on ethanol or gasoline, were sold in 2008, or 70% of the units sold during the year.

Ethanol is an environmentally-friendly biofuel, which besides coming from a renewable source, reduces greenhouse gases, which provoke global warming, by 80% as compared to the gasoline used in automobiles. The benefits start with the cycle itself, since ethanol extracted from sugarcane produces 8.3 times more renewable energy than the fossil fuel energy used to produce it; whereas ethanol made from corn creates only 1.4 times as much. The productivity of ethanol per hectare is 6,800 liters for sugarcane, 5,400 liters for beets and 3,100 liters for corn.

Brazil is also the third largest producer and consumer of biodiesel in the world. The National Program for the Production and Use of Biodiesel (PNPB), established in 2004, provides for a mandatory and gradual addition of alternative fuels to diesel. The dynamism of this market in Brazil allowed the initial substitution of 2%, in force since January 2008, which was later increased to 3% in July, requiring the production of 1.1 billion liters. The law stipulates a 5% mixture by 2013, which will stimulate new investments in production and an increase in productivity.



© 17

BRAZIL IS THE THIRD LARGEST PRODUCER OF BIODIESEL IN THE WORLD

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IN 2008, BRAZIL CONSOLIDATED ITS POSITION AS THE LARGEST EXPORTER OF **ETHANOL** AND THE THIRD LARGEST **BIODIESEL** MARKET IN THE WORLD



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RESEARCH IN BIOTECHNOLOGY FOR BRAZILIAN SUGARCANE ENSURES HIGH PRODUCTIVITY



© 19

SCIENCE AND TECHNOLOGY

A STANDARD IN CUTTING-EDGE INDUSTRIES

More than IT and biotechnology, the science and technology agenda promotes research in strategic areas for the country's economic development, such as energy, aviation and agribusiness

Investment in the education of scientists and engineers ensure that cutting-edge research is conducted on the new frontiers of knowledge. Brazil ranks 17th in scientific research worldwide. It is a worldwide benchmark in the areas of deep sea oil exploration, aviation industry, agribusiness, telecommunications and software design. With an eye on the future, Brazil has already mastered all the stages of nuclear fuel production using 100% domestic technology. It is a world reference in developing renewable energy sources, such as ethanol and biodiesel.

The research support structure created islands of excellence in Brazil in the area of human health with internationally renowned research such as FIOCRUZ in Rio de Janeiro and the Butantan Institute in São Paulo. This tradition lives on today with human stem cell research carried out at the University of São Paulo.

Over the next four years, 1.5% of the GDP will be invested in science and technology. Brazil currently has more than 80,000 researchers and scholarship recipients at universities and private companies. The Federal Government has also been increasing the number of scholarships for researchers. In 2007, 97,000 researchers received these funds. This number is expected to rise to 170,000 by 2010.

AEROSPACE COMPETITION

Renowned for its technological capacity and creativity, the Brazilian aerospace industry today is the largest in the Southern Hemisphere and competes in various segments of the world market. Embraer, an aircraft manufacturer, for example, is the leader in regional aircraft with up to 120 seats, in addition to producing aircraft parts. Employing 23,500 people, the company had US\$ 20.9 billion in orders at the end of December 2008.

Brazil also creates agricultural and military equipment, executive jets and satellites. The Brazilian space program generates satellite images that are fundamental for conservation of the Amazon region.

NEW RECORD

Embraer had record delivery of aircraft for two consecutive years, reaching 204 jets in 2008, a figure 20% higher than the 169 jets during the previous year.

Source: Embraer

AS A RESULT OF ITS TECHNOLOGICAL CAPACITY AND CREATIVITY, THE BRAZILIAN **AEROSPACE INDUSTRY** IS TODAY THE LARGEST IN THE SOUTHERN HEMISPHERE. A LEADER IN THE **REGIONAL AIRCRAFT** MARKET, BRAZIL CREATES AGRICULTURAL AND MILITARY EQUIPMENT, EXECUTIVE JETS AND SATELLITES



IN THE NEXT FOUR YEARS,
1.5% OF GDP WILL BE
INVESTED IN SCIENCE
AND TECHNOLOGY



© 21

EMBRAER JETS ON TEST FLIGHT



© 22



© 23

EMBRAER FLIGHT SIMULATOR: BRAZIL IS RECOGNIZED IN LATIN AMERICA FOR ITS TECHNOLOGY AND CREATIVITY

BRAZIL RANKS **17TH** IN SCIENTIFIC RESEARCH WORLDWIDE

SOFTWARE AND SERVICES

In the area of information technology, entrepreneurs rely on simplified lines of credit, such as the Program for Development of the National Industry of Software and Information Technology Services (Prosoft). Increasingly in demand for providing support to multinational companies, the sector provides new opportunities in software services and development.

Brazil ranked 12th in the world market for software and services in 2007, generating close to US\$ 11 billion. There are 7,900 Brazilian companies operating in this segment. The information technology industry is traditionally the scene of mergers and acquisitions in Brazil in order to increase market share and achieve scale for providing services abroad, attracting not only clients but international investors as well.

EDUCATION

Education is one of the pillars for overcoming poverty, promoting citizenship and social inclusion, and ensuring the appropriate skills to meet the demands of the 21st century. Increasing access to and time in schools, along with raising quality standards, are some of the greatest challenges facing Brazilian society. By means of structural public policies, such as the Education Development Plan (PDE), which is expected to invest US\$ 8 billion by 2011, Brazil pursues significant advances in the quality of its public schools.

Aware of the need to give priority to the rural areas and the lower income suburban areas, the Federal Government has placed new emphasis on vocational education. Seventy-five new units are already up and running. The goal is to open 354 federal technical schools by 2010, focusing on rural towns in the country's hinterland and the low-income suburban areas of major urban centers. This advance in professional education provides educational opportunities for 500,000 young people.

The expansion and enhancement of federal universities also



INTEGRATED CONTROL ROOM AT PETROBRAS REFINERY

focuses on the interior of the country, where 10 new units were opened and 49 campuses were consolidated in the past 3 years. These initiatives include an increased number of openings, new night courses and measures to reduce school dropouts. The goal is to create 227,000 openings and consolidate 920,000 enrollments by 2012, which represents an increase of 135% in the number of night university course openings.

NEW OPENINGS

In 2009, 50,000 openings in IT are expected, and the forecast is for growth of up to 100,000 in 2011.

Source: Brazilian Association of Information Technology and Communication Companies (Brascom)

AGRICULTURE AND LIVESTOCK

BRAZIL, BREADBASKET OF THE WORLD

Modern, efficient and competitive, Brazilian agribusiness is a prosperous, safe and profitable enterprise. In addition to meeting domestic food needs, it has made Brazil into one of the largest food exporters in the world

In addition to a diversified climate, regular rainfall, abundant sunshine and 12% of the world's available freshwater, Brazil has a lot of land for cultivation. With at least 90 million hectares of fertile land still not in use, Brazil has the potential to practically triple its current grain production. This amount does not include forests and the 30% of the 220 million hectares used for pasture in 2008 that could be turned over to agricultural production through greater livestock productivity. In total, Brazil has 388 million hectares of highly productive fertile land.

These factors make the country a natural fit for agriculture and all businesses in the production chain. Agribusiness is responsible for 25% of the Gross Domestic Product (GDP), 30.3% of exports and 37% of Brazilian jobs. The industry's GDP reached US\$ 405 billion in 2008, surpassing 2007's figure of US\$ 324 billion. Between 1998 and 2008, agriculture's GDP growth rate has been 4.4% annually.

In addition, Brazil's robust agricultural production is based on small family properties. These are projects that rely on support from a credit program that reaches 5,387 towns (96.8% of all Brazilian towns) and encompasses 4.1 million production units that account for 70% of the food delivered to Brazilian households.

This family segment of Brazilian agriculture and its interconnected production chains account for 9% of Brazil's GDP, which guarantee the social inclusion of millions of Brazilian.

With a population of 190,6 million, Brazil has one of the largest consumer markets in the world. Nowadays, around 79% of Brazilian food production is consumed domestically and 21% is shipped to over 212 foreign markets. In recent years, few countries have undergone such impressive growth in international agribusiness trade as Brazil. Industry exports grew from US\$ 30.6 billion in 2003 to US\$ 71.8 billion in 2008.

Continuous investment in research and development has contributed to the country's superlative performance in producing and exporting various products. Brazil is one of the world leaders in the production and export of various agricultural products. It is the number one producer and exporter of coffee, sugar and orange juice. It also ranks as a leader in foreign sales of beef, chicken meat and tobacco.

Soybean and corn account for around 80% of Brazil's total agricultural harvest. Brazilian soybean production reached

RECORD YEAR

In 2008, Brazil harvested 143.8 million tons of grains, 9.2% more than the previous harvest, which already had been a record year. Gross sales for Brazilian agriculture also reached new heights during the past year, ringing in US\$ 163.17 billion.

Source: The Agriculture and Livestock Confederation of Brazil

BRAZIL HAS **388 MILLION HECTARES** OF HIGHLY PRODUCTIVE ARABLE LAND, **90 MILLION** OF WHICH HAVE YET TO BE FARMED

IRRIGATION SYSTEM
FOR SOY BEAN FIELDS

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POULTRY FARM AT THE RURAL AREA OF SÃO PAULO STATE

IN 2008 BRAZIL EXPORTED MORE THAN **1,500 DIFFERENT PRODUCTS** TO FOREIGN MARKETS. BESIDES EUROPE, UNITED STATES AND MERCOSUR COUNTRIES (ARGENTINA, URUGUAY AND PARAGUAY), BRAZIL HAS EXPANDED TRADE WITH ASIA, AFRICA AND ARAB COUNTRIES

the record amount of 58 million tons in 2007, an increase of 10.6% over the previous year's harvest. Close to 26% of Brazilian soybean comes from farms in Mato Grosso, in the Midwest region, with 15.2 million of tons in the 2007 harvest. It is followed by two states in the South region, Paraná and Rio Grande do Sul.

RESEARCH AND DEVELOPMENT

Agriculture's good performance is also a result of scientific and technological development in modernizing farming and expanding the machinery and equipment industry. The productivity rate increased 88.8% over the last 18 harvests. The grain harvest, for example, jumped from 57.9 million tons in the 1990/1991 harvest to 144.1 million tons in 2008/2009 (an increase of 149%), while total planted area increased only by 25.3%, from 37.9 million to 47.5 million hectares. There was a 99% leap in productivity over 30 years, from 1975 to 2005.

Agricultural research paved the way for adapting crops to

the various types of climate and soil in Brazil's main production regions. And the main agent of innovation in the fields is the Brazilian Agricultural Research Corporation, Embrapa, associated with the Ministry of Agriculture, Livestock and Food Supply. Known as one of the main drivers behind the increase in Brazilian grain production, Embrapa is the leader of the National Agricultural Research System (SNPA). This network encompasses universities and private institutions, in addition to the organization's research and development units. Embrapa's Virtual Laboratories Abroad system (Labex), located in the United States and Europe (France and the United Kingdom) are also part of the system. Internationally, Embrapa shares farming technology with Venezuela and with some countries in Africa, where the agency maintains offices, such as Ghana.

The immense potential of Brazilian agribusiness joined with quality technical-scientific research creates interesting possibilities for foreign and private investments in research and development in Brazil.



CATTLE FARM AT CHAPADA DOS PARECIS, MATO GROSSO STATE

WITH THE **LARGEST**
COMMERCIAL **CATTLE**
HERD IN THE WORLD,
BRAZIL IS ALSO THE THIRD
LARGEST POULTRY PRODUCER
AND THE THIRD LARGEST
PRODUCER OF PORK

© 27

AROUND **79%** OF BRAZILIAN
FOOD PRODUCTION IS
CONSUMED DOMESTICALLY
AND **21%** IS SHIPPED TO OVER
212 FOREIGN MARKETS

INVESTMENT RESULTS

A 1% increase in Embrapa's investment in Research and Development generates an impact of 0.17% in the total productivity of the agriculture industry.

Source: Institute for Applied Economics Research (IPEA)

SOYBEANS IN THE CENTRAL REGION

Located in the Midwest region, Mato Grosso is the largest soybean producing state in Brazil, with 26% of the total. On its own, the town of Sorriso is responsible for 2.9% of domestic production, followed by Sapezal (1.7%); Nova Mutum (1.7%); Campo Novo do Parecis (1.5%); and Diamantino (1.4%). Soybean and corn alone accounted, in 2007, for 82% of Brazil's agricultural harvest.

THE ENVIROMENT

CONSERVATION AND SUSTAINABILITY

The fight against deforestation of the Amazon Rainforest combined with tree planting and a series of eco-efficiency measures help Brazil reduce its CO₂ emissions into the atmosphere every year

Deforestation is a topic that alarms Brazil and the planet. Brazil reduced the deforestation rate of the Amazon by 58% between 2003 and 2007 by promoting the sustainable development of the Amazon region and using effective environmental protection measures, such as enforcement and containment of forest destruction, in addition to creating conservation units.

During the same period, there was a 41% increase of the area protected by conservation units, corresponding to 20 million hectares. By 2008, 65 new conservation units were created, totaling 300 units that occupy an area of 755,5 square kilometers, equal to 9% of the country's total territory.

At the same time that supports the native forest, Brazil encourages the planting of trees. The area of planted forest in the country rose from 320 thousand hectares per year in 2002 to 627 thousand in 2006. In the period 2006/2007 were planted approximately 1 billion trees.

CO₂ REDUCTION

The Federal Government intensified its enforcement measures to fight forest destruction. All efforts are vital since the conservation of the Amazon Rainforest brings numerous benefits not only to Brazil, but to all of humanity, in the form of lower

carbon dioxide emissions, which were reduced by nearly 1.4 billion tons in three years, and the maintenance of the planet's rain cycle and conservation of its biodiversity.

The National Plan on Climate Change, launched in December 2008, and presented at the 14th United Nations Climate Change Conference in Poznan (Poland), sets goals for the reduction of carbon gas emissions mainly caused by deforestation. By reducing the level of deforestation by 70% by 2017, Brazil will prevent the emission of 4.8 billion tons of carbon dioxide.

During the ten year period ending in 2005, the average deforested area of the Amazon Rainforest was 19,500 km². The objective is to reduce this number to 5,000 km² in 2017. Additionally, the plan calls for increasing the tree planting area from 5.5 million hectares to 11 million in 2017, of which two million hectares will be planted with native species. Also, gar-

1 BILLION

This was the number of seedlings planted in Brazil in 2006 and 2007.

MADEIRA RIVER, IN
THE AMAZON FOREST,
STATE OF RONDÔNIA





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AERIAL VIEW OF A FARM IN A RURAL REGION OF SANTARÉM, STATE OF PARÁ, ALONG THE BANKS OF THE AMAZON RIVER

THE **CONSERVATION** OF THE AMAZON RAINFOREST BRINGS NUMEROUS BENEFITS NOT ONLY TO BRAZIL, BUT FOR ALL OF HUMANITY, WITH LOWER CO₂ EMISSIONS, THE MAINTENANCE OF THE PLANET'S RAIN CYCLE AND CONSERVATION OF BIODIVERSITY

THE AMAZON TODAY

Data on what is currently happening in the Amazon is public and can be obtained on the Internet in Portuguese, English and Spanish at the following website: www.obt.inpe.br/deter

A GREEN COUNTRY

Brazil has the greatest biological diversity in the world.

There are:

- 55,000 plant species;
- 524 mammal species;
- 517 amphibian species;
- 1,622 bird species;
- 468 reptile species;
- 3,000 freshwater fish species.

Source: *Livro Verde*, from the Ministry of Science and Technology, and the Brazilian Academy of Sciences.

bage recycling will increase by 20% by 2015 and the share of biofuels in transportation will grow by 11% annually.

In addition to creating conservation units and incentives for forest replanting, with the use of satellites, the federal government has added the Real Time Deforestation Detection System (Deter) to its environmental conservation measures. Developed as an alert system for supporting enforcement and control efforts, Deter maps clear cut areas as well as those in the process of being deforested by forest degradation and presents data sorted by town, state and conservation units. It is a tool used for rapid data surveys on a monthly basis since May 2004. This technology is being transferred to developing countries with vast tropical rainforests.

Brazil is the country with the greatest biodiversity in the world, home to close to 20% of all species on the planet. Its variety of biomes reflects the wealth of Brazilian flora and fauna. The Amazon itself holds 26% of the remaining tropical rainforest in the world. Coastal and marine ecosystems are spread out over nearly 3.5 million km² of waters under Brazilian jurisdiction.

Brazil also stands out for being the first country in Latin America to complete strategic water management planning until 2020.

BRAZIL HAS THE GREATEST BIOLOGICAL DIVERSITY IN THE WORLD, CLOSE TO 20% OF ALL **BIODIVERSITY** AND 12% OF THE PLANET'S FRESHWATER



TOURISTS ON A BOAT TOUR IN THE STATE OF AMAZONAS

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ÁREA PROTEGIDA

A extensão geográfica sob as unidades de conservação brasileiras, que soma 755.508 km², é maior do que os estados americanos da Califórnia, de Washington e de Nova York juntos, com seus 737,078 km².

DIVERSITY

CULTURAL AND NATURAL ASSETS

Brazil is a country of many origins, with the arrival of people from every part of the world, which fostered an environment of tolerance and cultural diversity

Brazil fascinates with the miscegenation of its indigenous, European, Asian and African roots and the reflection of these various facets on its culture. The cuisine, music, folk art, architecture, artistic expression and popular festivities travel beyond the country's borders. Brazil has 17 cultural and natural assets protected as Unesco World Heritage Sites and one of the marvels of the contemporary world, the Christ the Redeemer statue.

Brazil is a country of ethnic, cultural, religious and social tolerance. Instead of hostility, a large number of ethnic groups find in Brazil an environment of respect and tolerance of differences, open to exchanging experiences. This creates a social environment where Brazilians absorb pluralism and the respect for differences and exchange experiences. This peaceful coexistence leads to versatile and highly original cultural manifestations. Diversity is also present in its architectural jewels, from the colonial baroque period to the modernism of Brasília, the capital.

Immigration in Brazil was extremely important for the formation of national culture. Characteristics from the four corners of the world were incorporated over the five centuries since the arrival of the Portuguese in 1500. In addition to the contributions by Indians, Africans and Portuguese, the substantial number of immigrants from Europe, the Middle East and Asia has influenced the formation of the Brazilian people. Immigration from neighboring countries,

such as Argentina, Uruguay, Chile and Bolivia, has also contributed to the diversification of customs, habits and beliefs, but with a common language.

Despite Brazil's vast territory, all of its regions speak the same language. Portuguese is the fifth most spoken language in the world and the third among Western languages, after English and Spanish.

The Brazilian Constitution guarantees the full exercise of cultural rights and states that the government must support, promote and value its manifestations, in addition to protecting the indigenous, African-Brazilian and other cultures that have contributed to the country's civilization.

BEAUTY ALSO PERVADES ITS ARCHITECTURAL JEWELS, FROM THE BAROQUE TOWNS TO MONUMENTS, SUCH AS **THE CHRIST THE REDEEMER STATUE**—ONE OF THE SEVEN WONDERS OF THE CONTEMPORARY WORLD, AND INCLUDING ITS MODERNIST CAPITAL, **BRASÍLIA**



NATIONAL CONGRESS
BUILDING, BRASÍLIA



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FALLS IN IGUAZU NATIONAL PARK, PARANÁ

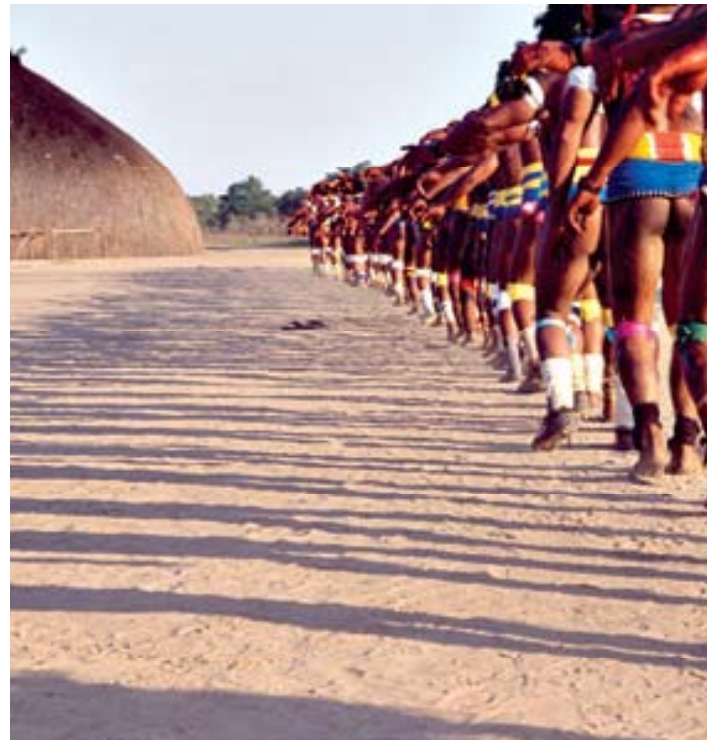
BRAZIL HAS MORE THAN 8,000 KILOMETERS OF SUNNY AND BEAUTIFUL BEACHES, ALONG WITH NUMEROUS **NATURAL ATTRACTIONS** FOR ECOTOURISM AND LEISURE ACTIVITIES

A LARGE NUMBER OF **ETHNIC** GROUPS CREATE A RICH AND DIVERSIFIED CULTURE

The Brazilian indigenous population is 565,000 and increases at a rate higher than the national average. Various affirmative action programs promote equality and protection of rights of individuals and racial and ethnic groups affected by discrimination and other forms of intolerance, with an emphasis on the black population. The goal is to put into practice emancipatory government policies by 2010 for the communities of slave descendants located in 330 towns in 22 Brazilian states.

In addition to its rich and mixed culture, Brazil is a continent-sized country that offers 8,000 kilometers of sunny and beautiful beaches, along with numerous natural attractions for ecotourism and leisure. Brazil has the potential to attract tourists of all segments and styles. The country's good infrastructure, its cultural variety, the hospitality of its people and its natural beauty allow it to compete in various segments of the international tourism market.

But the greatest Brazilian asset is its people, formed by various cultures that live in harmony. There are close to 190,6 million inhabitants in the fifth most populous country in the world. Most of its population is still young, unlike many other economies.



INDIAN VILLAGE IN XINGU NATIONAL PARK

DEMOCRACY

DEMOCRATIC AND INSTITUTIONAL STABILITY

With protected democratic values and no internal conflicts, Brazil currently enjoys one of its best historical periods, with branches of government in balance

Brazil today is a consolidated democracy based on solid institutions, with a stable political environment that guarantees individual rights. At 508 years, Brazil is a country with a high degree of institutional, political and economic maturity with immense potential for growth and investment. Today, the country is a player in the global economy, with the establishment of an intense dialogue with groups such as the G-20.

After 21 years of dictatorial regimes, redemocratization took place in 1984 and was consolidated in 1988 with the enactment of a new Constitution, a milestone in the process of reducing existing social inequalities. Since then, Brazil has enjoyed a full democracy, with a system of republican controls that led to the impeachment of a President in 1992 by means of a process carried out by the legislative branch. Democratic path has prevailed in the past twenty years, with five presidential elections taking place regularly.

Democracy follows its course, with no institutional interruptions. There have been episodes of intensely active political participation by the population in the country's history, such as in the national referendum on the government system held in 1993. The population had to choose their form of government, with options that ranged from presidentialism to parliamentarism, including monarchism. The people voted to maintain the presidential system. From then on, presidents of different ideological backgrounds and parties have been

elected and have fully carried out their terms. Their emphasis has always been on controlling inflation, improving education, providing efficient macroeconomic management and a better business environment, and reducing social inequalities. Brazil changed its currency and inflation was stabilized in 1994. The country also allowed presidential reelection as of 1997 and continued firmly on the path of constitutionality.

Public accounts are in order. The government surplus has been constant at around 4% since 2004 and the Debt/GDP ratio has been falling. Since 2007, Brazil has gone from being a debtor to becoming a creditor in the international market. In 2008, Brazilian international reserves soared to US\$ 207 billion for the first time, an increase of US\$ 143 billion since March 2006.

A set of institutional reforms have been implemented over the past twenty years. The Law of Fiscal Responsibility, approved in 2000, served as the basis for improved government management. The implementation of the guaranteed credit system increased the volume of loans made to companies and individuals. The creation of regulatory agencies between 1996 and 2001 ensure that privatized public services meet the needs of the population. The new Innovation Law of 2004 has boosted research and development and opened the way for universities and private companies to join in a major innovative effort.



BRAZIL HAS A
VIGOROUS DOMESTIC
MARKET AND
CONSOLIDATED
DEMOCRATIC
INSTITUTIONS

CONGRESS IN
CONSTITUTIONAL
SESSION, IN 1988

INTERNATIONAL

OPEN MARKETS AND MULTILATERALISM

The defense of Brazilian interests is based on the understanding that the fruits of globalization need to be better divided to achieve economic development with social justice

Brazilian foreign policy has a long tradition in the defense of peace and the search for sustainable development, emphasizing the need for peaceful solutions for disputes and the reinforcement of multilateralism.

Brazil has defended a reform of the international system and its institutions in order to be more representative of the new social and economic reality and in light of the growing importance of developing countries. With this purpose, Brazil actively participates in the reform process of the United Nations and has supported the idea of increasing the number of the permanent members of the Security Council.

Brazilian diplomacy has been striving at trade negotiations at the World Trade Organization (WTO) to generate effective gains for poorer countries and undo the protectionist measures in place in richer countries, especially in agriculture. The creation of the G-20, led by Brazil, has allowed developing countries to be at the center of international decisions.

The Brazilian push for changes in the international order has become more urgent with the worsening of the international financial crisis during the second half of 2008. At the financial G-20, Brazil is among the countries that discuss necessary reforms and measures to overcome this situation and prevent it from recurring.

Brazilian diplomacy is guided by the same objectives as the administration's domestic plan: sustainable growth aimed at reducing poverty and inequalities. The President

of the Republic, Luiz Inácio Lula da Silva, was one of the proponents of the International Action Against Hunger and Poverty, which received broad support from the international community.

Brazil has also been engaged in climate change debates, emphasizing sustainable development projects. The country is an example in the use of renewable energy sources ever since it was proven that biofuels contribute to the reduction of polluting emissions.

PARTNERSHIPS

Supported by the international initiatives of the Brazilian government, Brazilian companies have accelerated their process of internationalization by increasing exports to its traditional partners and to new markets.

Sales have increased significantly to new markets in Africa, the Middle East and Asia, as well as to our partners in Latin America and the Caribbean. Sales to traditional markets, such as the European Union and the United States, have also increased. Brazil is concerned with increasing and diversifying its purchases, especially from regional partners with whom it has surpluses.

Brazilian diplomacy is directed toward the economic and social development of the continent. Globally, it is clear that Brazil has risen in stature in recent years, both domestically and internationally.



MEETING OF LEADERS OF
DEVELOPING NATIONS
AT THE G8 SUMMIT

HIGHLIGHTS

BRAZIL IN KEY FIGURES

Life expectancy

Total population: 73.49 years
Men: 69.5 years
Women: 77.95 years
(2007 – estimate)

Ethnic Groups

Whites: 49.9%
Mixed-race: 43.2%
Blacks: 6.3%
Asian: 0.7%
(2005 – PNAD)

Religions

Catholic: 73.6%
Protestant: 15.4%
Others: 1.6%

International environmental agreements

Antarctic-Environmental Protocol,
Antarctic-Marine Living Resources,
Antarctic Seals, Antarctic Treaty,
Biodiversity, Climate Change, Climate
Change-Kyoto Protocol, etc.

National flag

Brazil's national flag was created,
in 1889, by Raimundo Teixeira
Mendes and Miguel Lemos, based
on a design by Décio Vilares.
Inspired by the Imperial flag, designed
by the French painter Jean-Baptiste
Debret, it has a celestial blue sphere
and the positivist motto "Order and
Progress" in place of the imperial
crown.

Currency:

Real (symbol: R\$)

Inflation (consumer price index – IPCA)

| | |
|------|--------|
| 2008 | 5.90% |
| 2007 | 4.50% |
| 2006 | 3.14% |
| 2005 | 5.69% |
| 2004 | 7.60% |
| 2003 | 9.30% |
| 2002 | 12.53% |
| 2001 | 7.67% |
| 2000 | 5.97% |

GDP

| Year current | US\$ (billion) | Annual change |
|--------------|----------------|---------------|
| 2008* | 1,370.0 | 4.5% |
| 2007 | 1,310.0 | 5.0% |
| 2006 | 1,067.3 | 3.7% |
| 2005 | 882.7 | 2.9% |
| 2004 | 663.7 | 5.7% |
| 2003 | 553.6 | 1.2% |
| 2002 | 504.4 | 2.7% |
| 2001 | 553.7 | 1.3% |
| 2000 | 644.9 | 4.3% |

*Projection

Foreign reserves

US\$ 206.8 billion (2008)

- World's leading exporter of many commodities: iron, coffee, orange juice, beef, tobacco, chicken and sugar.

Exports

2008: US\$ 197.9 billion
2007: US\$ 160.6 billion
2006: US\$ 137.5 billion
2005: US\$ 118.5 billion

Imports

2008: US\$ 173.2 billion
2007: US\$ 120.6 billion
2006: US\$ 91.3 billion
2005: US\$ 73.8 billion

Trade surplus

2008: US\$ 24.7 billion
2007: US\$ 40.0 billion
2006: US\$ 46.4 billion
2005: US\$ 44.9 billion

Foreign direct investment

2008: US\$ 45.1 billion
2007: US\$ 34.6 billion
2006: US\$ 22.2 billion

Ethanol

Most sugarcane is cultivated in the southeast region of Brazil, 2,500 km from the Amazon, the equivalent of a trip from Rome to Moscow. In all, 90% of sugarcane production for ethanol is found in the Southeast, Central and South of Brazil.

The United Nations' Food and Agriculture Organization, the FAO, singles out Brazilian ethanol as the least expensive of any country, and Brazil as the only country capable of producing this fuel competitively and without subsidies.

Highways

- 87,592 km paved
- The highway network is responsible for 96.2% of passenger transport, and 61.8% of cargo transport
- Seventh-largest manufacturer of cars in the world
- Fourth largest manufacturer of airplanes and the leading manufacturer of regional jets (up to 120 seats)

Daily petroleum production

- 2.4 million barrels/day
- World leader in deepwater petroleum exploration
- One of the 10 largest reserves in the world (Tupi Field)

Electricity generation

- Capacity: 102,000 megawatts (MW) in 2008
- Leader in renewable and clean energy: 44% of energy derived from renewable sources. The world average is 14%
- World's largest exporter of ethanol and third largest for biodiesel

Computers

50 million

Internet users

- 40 million
- Largest number of Internet users in Latin America and 11th in the world

Time spent on the Internet

- World leader, with 23h48m per month
- 50% of the social networking sites on Orkut are Brazilian
- World's largest user of instant messaging on MSN

Cell phones

Sixth largest market in the world, with 150 million subscribers

Fixed-line telephones

41 million subscribers



Região da Amazônia

2,500 km

Brasília
DF

Most sugarcane is cultivated in the southeast region of Brazil.

Administrative divisions:

26 States and plus the Federal District: Acre, Alagoas, Amapá, Amazonas, Bahia, Ceará, Distrito Federal, Espírito Santo, Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Pará, Paraíba, Paraná, Pernambuco, Piauí, Rio de Janeiro, Rio Grande do Norte, Rio Grande do Sul, Rondônia, Roraima, Santa Catarina, São Paulo, Sergipe e Tocantins.

● **Capital:** Brasília, located in the Federal District, Midwest region of the country

Language: Portuguese

Land area: 8,511,965 km²

- Greatest biodiversity on the planet. One out of every five species is native to Brazil
- World's largest river basin

Population: 190.6 million

Economically active population: 97.5 million

Average per capita income: US\$ 7,046 per year (2007)

FEDERATIVE REPUBLIC OF BRAZIL

Executive branch

Head of state and Government: Luiz Inácio Lula da Silva

Vice-President: José Alencar

Ministers chosen by the president

Election: The President and vice president are elected by popular vote to a mandate of four years, and can seek reelection.

Legislative Branch

Congress is made up of the Senate (81 senators elected by a majority vote to a mandate of 8 years) and the Chamber of Deputies (513 deputies elected by proportional vote to a mandate of 4 years).

Judicial Branch

Judicial Branch agencies: Supreme Court (Constitutional Court); Superior Court of Justice; Federal Regional Courts and Federal Judges; Labor Courts and Judges; Electoral Courts and Judges; Military Courts and Judges and Federal, State and Territorial Courts and Judges.

Capital

Brasília, located in the Federal District (GMT - 3 hours)

IMAGES

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March 2009