

Environmental reputation bodes well for Canadian firms

Brazilian companies attach a great deal of importance to protecting the environment. As part of the international trend to move beyond compliance and make environmental management an important part of business success, Brazilian companies have, since the early 1990s, adopted ISO-quality standards. By December 2005, Brazil had some 2,000 companies with ISO-14001 certification for environmental management.

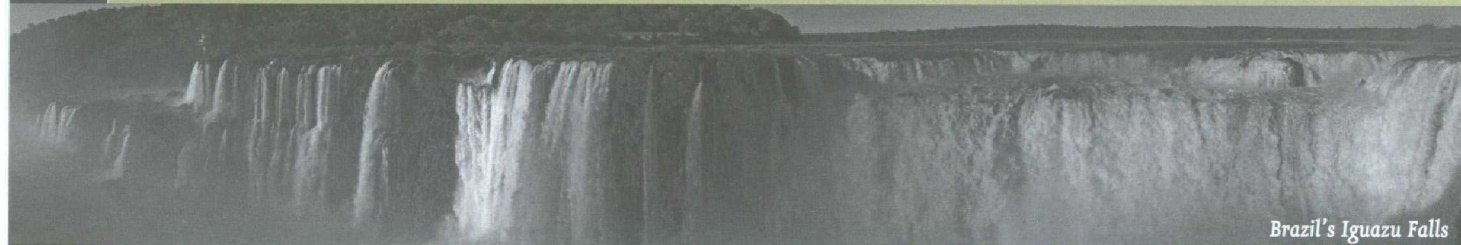
Canada is recognized as having leading edge technology and excellent environmental management practices. This bodes well for Canadian companies interested in doing business in Brazil's environment sector.

Environmental challenges come hand in hand with economic development. Brazil went through the consolidation of its industrial manufacturing capacity and infrastructure during the 1970s. By the early 1980s, it had a comprehensive body of environmental legislation in place, most of it inspired by U.S. regulations. Since then, it has been consistently improving its regulatory capacity. The state of

Sao Paulo has gone the farthest in introducing environmental regulations and ensuring compliance through its environment agency.

In 2005, Brazil's environment market was estimated to be worth about \$4 billion, with an expected annual growth rate of 5% over the next five years. Imported goods and services represent approximately 15% of this market and Canada is estimated to have a 12% market share.

For more information on Brazil's environment sector, contact Mariangela Lima, Canadian Consulate General in Sao Paulo, email: mariangela.lima@international.gc.ca.



Brazil's Iguazu Falls

Forestry sector market watch

Opportunities in Brazil's forestry sector are expected to increase in the future with the expected investment of some \$17 billion in pulp and paper industry upgrades and expansion projects over the next seven years. That's about \$6 billion to the paper industries, \$9 billion to pulp industries and \$2 billion to the expansion of planted forest areas.

Business opportunities include:

- anti-corrosion products and technologies;
- industrial pulp and paper sludge de-watering technology;
- odour control systems;
- consulting and engineering services;
- automated manufacturing process control;
- soft pulp for packaging and wrapping paper;
- IT solutions, machine upgrades and research and technology;
- forestry management software;
- recycling and de-inking technologies;

- paper and paperboard coated with kaolin; and
- mechanized harvesting and transportation equipment.

The Brazilian forestry sector, the largest in South America, includes lumber, veneer, plywood, particle board, fibre board, cellulose and paper. In 2005, this sector accounted for 4.1% of the country's total GDP and reported \$30 billion in revenues. It exported \$8.5 billion in forestry products and imported \$1.5 billion worth.

Most Brazilian companies are export-oriented and are constantly upgrading capacity and technology to increase production and reduce costs. In fact, Brazilian companies are always looking for new technologies to ensure their global competitiveness—good news for Canadian exporters.

For more information on Brazil's forestry sector, contact Paulo Limas, Canadian Consulate General in Sao Paulo, email: paulo.limas@international.gc.ca.

Going for gold in the mining sector

Canadian mining sector exports to Brazil accounted for \$12.1 million in 2004 in a market supplied locally and valued at some \$5 billion—proof that there is a lot of digging room for Canadian firms.

Moreover, according to the Brazilian Association of Equipment, demand for mining equipment should grow at 30% per year over the next five years, worth about \$22 billion in sales. There are various mining projects planned or already underway creating many opportunities for suppliers of equipment and services who are ready to expand into this dynamic economy.

For example, Brazil's Companhia Vale do Rio Doce—the largest mining company in the Americas—is considered to be the sector's main player in Brazil. It plans to invest \$11 billion over five years to increase coal, nickel and iron-ore production.

There are already more than 40 Canadian mineral exploration companies active in Brazil—mainly gold, nickel, diamond, copper and semi-precious stone

exploitations—and 10 mining equipment suppliers. But there is room for more.

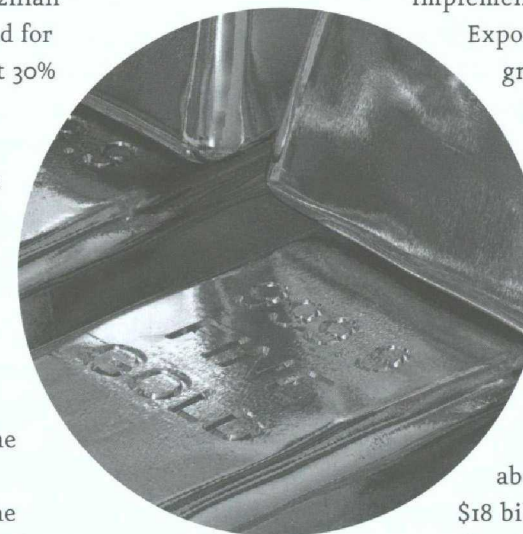
The Brazilian government is working to deregulate and restructure the mining sector through the implementation of a new mining code.

Exporters can expect to see impressive growth based on the sheer size of this territory and the diversity of its geological resources.

Brazil boasts more than 1,700 open-pit mines and 180 underground mines. It produces 22% of the world's supply of iron ore and has 94% of the world's reserves of niobium.

Primary mining contributes about 2% to the country's GDP, or \$18 billion in 2004, while mineral transformation contributes 8% towards the GDP, or about \$71 billion.

For more information on Brazil's mining sector, contact Franz Brandenberger, Canadian Trade Office in Belo Horizonte, email: franz.brandenberger@canada.org.br.



Public auctions open up power industry

Canada has a lot in common with Brazil when it comes to electric power systems. Both systems, for example, are predominantly hydroelectric and are supported by long transmission lines. These similarities, and the fact that Canadian technical standards are recognized in Brazil, can give Canadian power products, services and technologies a possible edge over competitors.

"Canadian firms can form consortiums with Brazilian companies to bid in auctions for the concession of power generation, transmission and distribution services and/or target the winners of these auctions to provide them with product, services and technologies," says Marie-Josée Gingras, Trade Commissioner with the Canadian Consulate General in Rio de Janeiro. She adds that under Brazil's New Electricity Model, which came into effect in 2004, concessions for generation, transmission and distribution are now awarded through public auctions.

Small companies can get in on the action too. "In 2003, Brazil created a renewable energy program to encourage investment in biomass, wind power and small hydro power plants," says Gingras.

Alternatives like fuelled thermoelectric generation are also becoming attractive. Brazil's National Development Bank recently created a financing program for the power sector and Export Development Canada is also interested in supporting such projects.

Brazil will invest some \$67.5 billion in generation and transmission over the next 10 years. This includes the Rio Madeira hydroelectric complex and a variety of hydro and transmission projects.

In 2004, Canada exported over \$19 million of electric power equipment to Brazil, the third-largest producer and consumer of electricity in the Western Hemisphere.

For more information on Brazil's power sector, contact Marie-Josée Gingras, Canadian Consulate General in Rio de Janeiro, email: marie-josee.gingras@international.gc.ca.