Virtual Trade Commissioner

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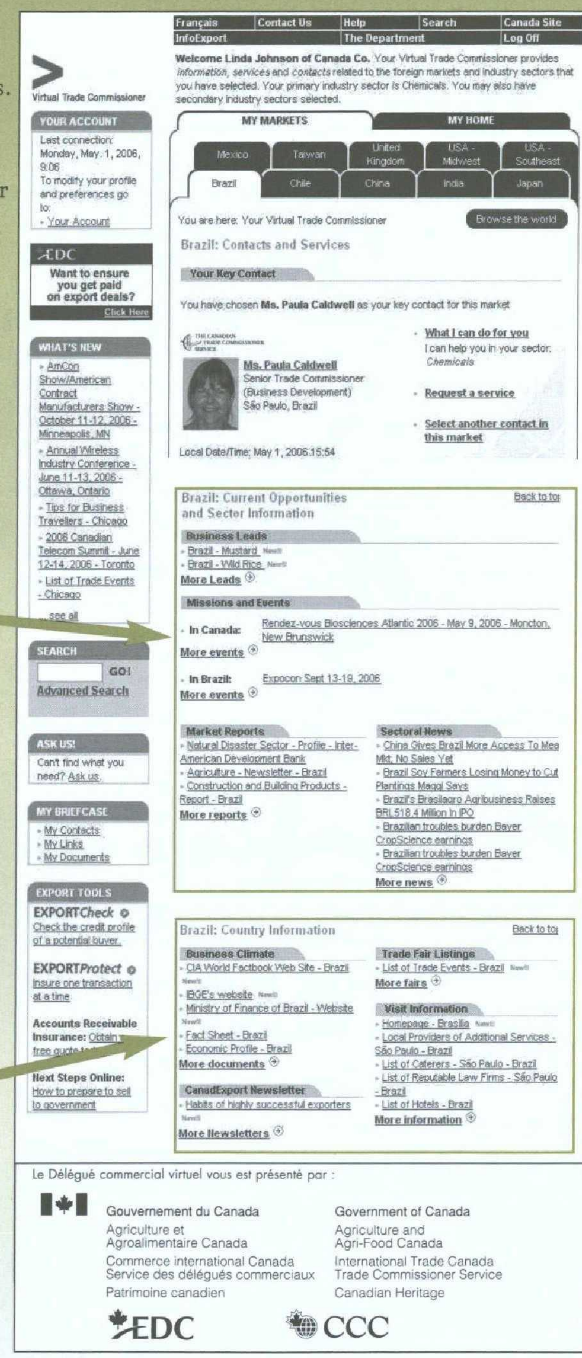
Your Virtual Trade Commissioner delivers essential information and personalized services targeted to your sector and markets, directly to your desktop from our team of over 1,000 international trade specialists. Daily! Take a closer look at your Virtual Trade Commissioner and discover what we have to offer Canadian companies interested and active in the Brazilian market. We have a team of Trade Commissioners in four major cities: Sao Paulo, Rio de Janeiro, Belo Horizonte and Brasilia.



Business leads

Qualified leads delivered exclusively to Virtual Trade Commissioner users from our trade staff in Brazil, in collaboration with the International Business Opportunities Centre.

Trade missions and events

Timely notice and details of trade events in Canada and Brazil, including online information requests for trade missions and activities that can help you develop your network of contacts and find business opportunities.

Market reports

Access to more than 750 sectoral reports, briefs and profiles produced by International Trade Canada's Market Research Centre and our staff abroad.

Sectoral news

News items pulled from over 8,000 sources and matched to your international business interests. This invaluable information—updated daily—can keep you on top of events that are key to your company's growth.

Business climate

Access fact sheets, country and economic profiles, advice on how to do business in Brazil, laws and regulations, statistics and more.

Trade fairs

Receive detailed trade fair listings for your sector to help you build your network and strategic alliances.

Visit information

Find what you need to plan a successful business trip to Brazil, from tips for business travellers to direct links to local service providers, including interpreters, legal representation, hotel listings and more.

The Canadian Trade Commissioner Service operates in 12 offices across Canada and in more than 140 cities abroad. To learn more about our services, discover the benefits of your Virtual Trade Commissioner and how you can register for this online service, go to: www.infoexport.gc.ca.

Direct investment: Rising exports on the horizon?

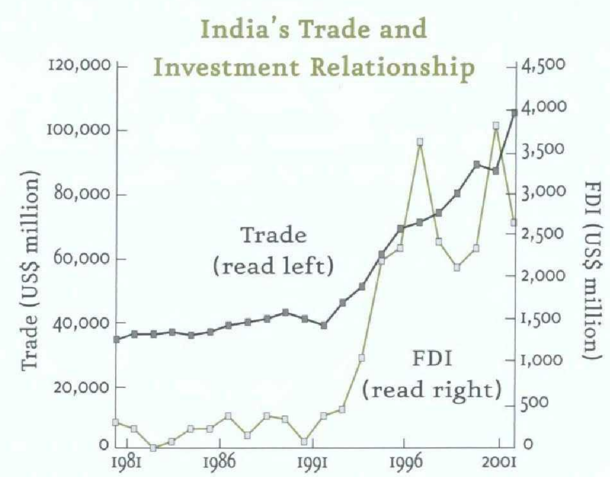
Two-way investment with Brazil is growing and has consistently exceeded Canada's investment relationships with other emerging economies over the last five years. According to Statistics Canada, total two-way investment amounted to 8.5 billion as of 2004. But will inward and outward investment mean rising Canadian exports?

The answer should be yes. According to the Organisation for Economic Co-operation and Development (OECD), there is a strong relationship between investment and trade, with every dollar of outward investment generating two dollars worth of additional exports for the originating country. That's because investment can induce imports in the short term.

Jonathan Gage and Sébastien Miroudot of the OECD Trade Directorate explain in a report that investing in a new plant, for example, may require capital items only available (or cheaper) from foreign sources.

The OECD also points to the benefits of inward investment for exporters. In India, for example, the import of most consumer goods were prohibited before 1991 and inward investment was subject to a discretionary government approval system. Now, few import restrictions remain and regulations stifling the inward flow of investment have been liberalised. The result: increased overall trade (see graph).

In recognition of this, the Canadian International Development Agency administers the Industrial Cooperation Program (CIDA Inc.) to assist developing countries to increase industrial capacity through Canadian investment. CIDA Inc. promotes technology transfer, technical training, and most essentially, strategic alliances between Canadian and local firms.



Source: World Bank WDI
Trade = Average of Exports & Imports for Goods & Services; Real US$ 1995

Key Brazilian investments in Canada include:

- Three steel mills in Ontario and Manitoba owned by Gerdau Ameristeel, which has expanded to the U.S. with 15 facilities on both sides of the border;
- Ontario-based St. Mary's Cement was Brazilian conglomerate Grupo Votorantim's first foray outside of Brazil. St. Mary's now operates facilities across the Canada-U.S. border; and
- Labatt Breweries of Canada is now owned by Ambev of Brazil, one of the world's largest brewers.

"In Brazil, opportunities to use the CIDA Inc. program to form joint-ventures are plentiful," says Charles Perry, Trade Commissioner with the Canadian Consulate General in Sao Paulo. In fact, the OECD found that investment flowing into emerging countries like Brazil may generate more than double the amount of future trade than the initial investment.

Canadian investment in Brazil tripled in the last ten years, from \$2.3 billion in 1994 to \$6.4 billion in 2004. In fact, Brazil is the second-largest destination for Canadian investment in Central and South America after Chile.

Canadian investment in Brazil has a long history, with Brookfield Asset Management Inc., or Brascan, being the first company to establish operations there in 1899. Over 400 Canadian companies have since followed Brascan and now have operations in Brazil.

Brazil is also the largest source of investment from Central and South America, with \$2.1 billion invested in Canada. Interestingly, companies from other large emerging markets show a different picture when it comes to investment in Canada, with India at \$62 million, China at \$220 million and Mexico at \$427 million.

For more information on investment and export opportunities, contact Charles Perry, Canadian Consulate General in Sao Paulo, email: charles.perry@international.gc.ca, website: www.acdi-cida.gc.ca/inc.