

Brazil

July - 2017

Executive Summary

This country fact sheet provides key trade, investment and tourism related statistics for Brazil. Specifically, it shows global trade and investment flows including an analysis of top markets and products for Brazil in relation to South Africa and the Western Cape, highlighting the largest and fastest growing products and sub-sectors. It also analyses tourism trends between Brazil and South Africa. The key highlights in the Brazilian fact sheet are provided below:

Trade

- China was the leading export market for Brazil in 2016, followed by the United States in second position and Argentina in third position.
- The United States was ranked as the top source market for Brazil with a 17.5% share of Brazilian imports valued at USD24.07bn. Following closely behind in second position with a share of 17% was China (USD23.36bn), followed by Germany (USD9.13bn) in third position with a 6.64% share of all products imported into Brazil in 2016.
- Undenatured ethyl alcohol was the Western Cape's largest export in 2016 accounting for 12.52% of the province's exports (valued at USD2.17m). In second position was wine valued at USD1.89m and accounting for 10.93% of exports from the Western Cape to Brazil. Nucleic acids and their salts and other heterocyclic compounds was in third position (USD1.36m)
- Unmanufactured tobacco and tobacco refuse (USD35.43m) was the largest import from Brazil in 2016 (accounting for 22.46% of total imports from Brazil). Cane or beet sugar and chemically pure sucrose (USD32.76m), and poultry meat and edible poultry offal (USD13.45m) ranked second and third respectively.

Investment

- Between January 2003 and June 2016 a total of 4,204 FDI projects were recorded. These projects represented a total capital investment of USD339.31bn which is an average investment of USD80.7m per project. During the period, a total of 779,051 jobs were created.
- Between January 2003 and June 2016 a total of 860 FDI projects were recorded from Brazil. These projects represented a total capital investment of USD67.65bn which is an average investment of USD78.7m per project. During this period, a total of 144,958 jobs were created
- Between January 2003 and June 2016 a total of 6 FDI projects were recorded from Brazil to South Africa. These projects represent a total capital investment of USD36.8m which is an average investment of USD6.10m per project. During the period, a total of 542 jobs were created.

Tourism

- There has been a decrease in the number of visitors from Brazil to South Africa and the Western Cape, but visitors have extended their stay when staying in the Western Cape.

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1. General Information

Brazil is the largest country in South America and in the Southern Hemisphere. It shares common boundaries with every South American country except Chile and Ecuador.

In 1988 a new constitution was ratified after more than 20 years of military rule. Under Luiz Inácio Lula da Silva (2003-2011), Brazil experienced a consumer led boom, owing to jobs growth, minimum wage rises and credit, all facilitated by a commodities boom. When the cycle ended, a weak economy, corruption and poor public services led to street protests in mid 2013. Dilma Rousseff lost congressional support and was impeached in August 2016 due to budget irregularities. The former vice president Michel Temer, filled her role but faces pressure too to resign before the end of his term (end of 2018) due to corruption allegations.

Recession and a weaker currency has led to a decrease in imports but has and lifted exports, swinging Brazil's trade deficit to a surplus and narrowing the current-account deficit to 1.3% of GDP in 2016.



Source: CIA World Factbook, 2017

GENERAL INFORMATION - BRAZIL	
Capital	Brasília
Major Cities (Population) (2015)	Sao Paulo 21.066 million; Rio de Janeiro 12.902 million; Belo Horizonte 5.716 million; Brasilia (capital) 4.155 million; Fortaleza 3.88 million; Recife 3.739 million
Population (July 2016 est.)	205,823,665
Government type	Federal Presidential Republic
Head of Government	President Michel Miguel Elias Temer Lulia (since 31 August 2016)
Life expectancy (2016 est.)	73.8 years
Ethnic groups (2010)	white 47.7%, mulatto (mixed white and black) 43.1%, black 7.6%, Asian 1.1%, indigenous 0.4%
Religion(s) (2010 est.)	Roman Catholic 64.6%, other Catholic 0.4%, Protestant 22.2% (includes Adventist 6.5%, Assembly of God 2.0%, Christian Congregation of Brazil 1.2%, Universal Kingdom of God 1.0%, other Protestant 11.5%), other Christian 0.7%, Spiritist 2.2%, other 1.4%, none 8%, unspecified 0.4%

GENERAL INFORMATION - BRAZIL	
Languages	Portuguese (official and most widely spoken language)
Human Development Index (2016)	0.754

Sources: CIA World Factbook, 2017;

2. Economic Overview

Brazil is the 8th largest economy in the world, but it is recovering from a recession in 2015 and 2016 that was considered the worst the country had experienced. A decline in commodity prices decreased export revenues and investment, causing a weakened Brazilian Real and cut tax revenues. Lower tax revenues strained the government's budget. Existing public debt was made more expensive due to the weakness of the currency as it was mainly based in foreign currency. (CIA World Factbook, 2017)

ECONOMIC OUTLOOK SWOT ANALYSIS	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - A massive consumer base and significant hydrocarbons, mineral and agricultural wealth will help drive economic growth in the long term. 	<ul style="list-style-type: none"> - Large – scale social spending programmes have seen the government's fiscal accounts deteriorate at an excessive rate and prompted all three major credit rating agencies to downgrade Brazil to "junk". - High levels of labour market rigidity and an enormous public sector threaten to jeopardise Brazil's economic growth.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - Brazilian assets have become relatively cheap, providing opportunities for foreign investors particularly as the economy rebounds. 	<ul style="list-style-type: none"> - Reform efforts will be undermined by popular opposition to cuts to social spending. - The inability of successive governments to implement successful economic reforms, e.g. an overhaul of the tax system and reform of the inflexible labour market, are key threats to Brazil. - High household debt levels in recent years, also an increase in public sector banks lending to consumers, are key vulnerabilities in the Brazilian economy. Should there be widespread deterioration in commercial banks' asset quality, the authorities could be forced to step in to recapitalise the sector.

Source: BMI International, 2017

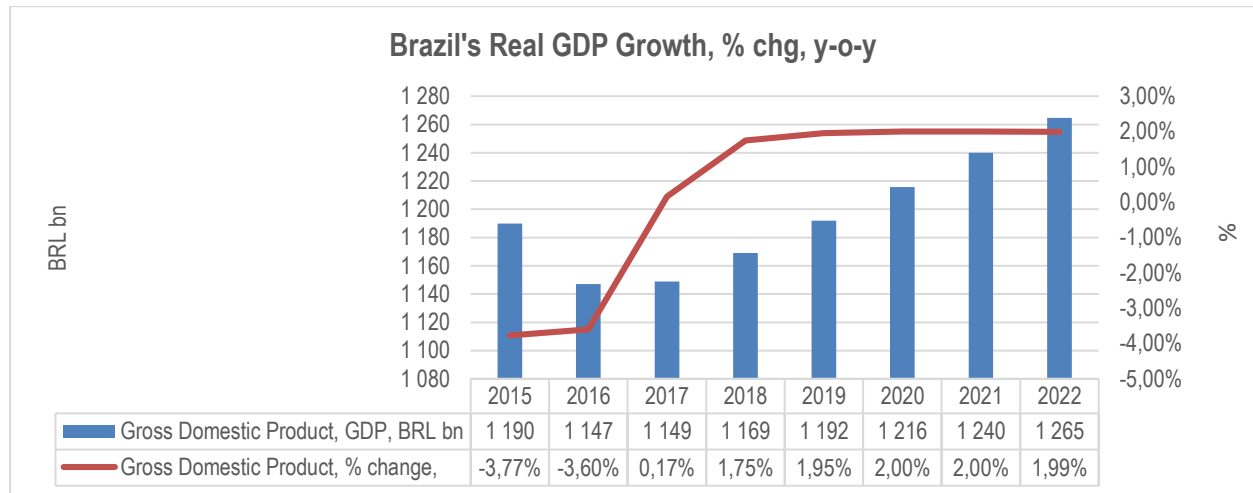
Aims in 2016 were to slow the growth of government spending and reduce barriers to foreign investment. Government spending pushed public debt to 70% of GDP in 2016, up from 50% of GDP in 2012. Policies aimed at strengthening Brazil's work force and industrial sector e.g. local contents requirements, boosted employment but at the expense of investment.

ECONOMIC INFORMATION	
Currency	Brazilian real (BRL)
GDP (PPP) - 2016 est.	USD3.081 trillion
GDP real growth - 2016 est.	-3.5%%
GDP per capita (PPP) - 2016 est.	USD14,800
Inflation – 2016	6.7%

ECONOMIC INFORMATION	
Commercial Bank Prime Lending Rate (31 December 2016 est.)	47.4%
Unemployment rate – 2016 est.	11.8%
Public Debt – 2016 est.	73.5% of GDP

Source: CIA World Factbook, 2017

The IMF expects growth to return to positive territory. After two years of recession, growth is expected at 02% in 2017. This is accrued to a bumper soybean crop, one time boost to consumption, a faster than expected decline in inflation and higher iron ore prices.



Source: IMF, 2017

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According to Business Monitor International (BMI, 2017) the Brazilian economy will return to expansion after a deep recession throughout 2015 and 2016, though it won't see the same levels of growth seen in the 2000s as a poorly operational environment limits foreign capital inflows into the economy.

Household spending is expected to face significant challenges as investment into the economy will most likely be focused on lower value-add services, compared to the high wage jobs that would be needed to boost real consumption.

According to BMI, the nearly 90% of the country's spending is dictated by the Brazilian constitution, which proves the large role the government plays in the economy. With real expenditure growth limited by a spending cap amendment which came into effect in December 2016 and additional consolidation measures likely to be passed in 2017, the expectation is that government's share of GDP will gradually decrease over the coming decade.

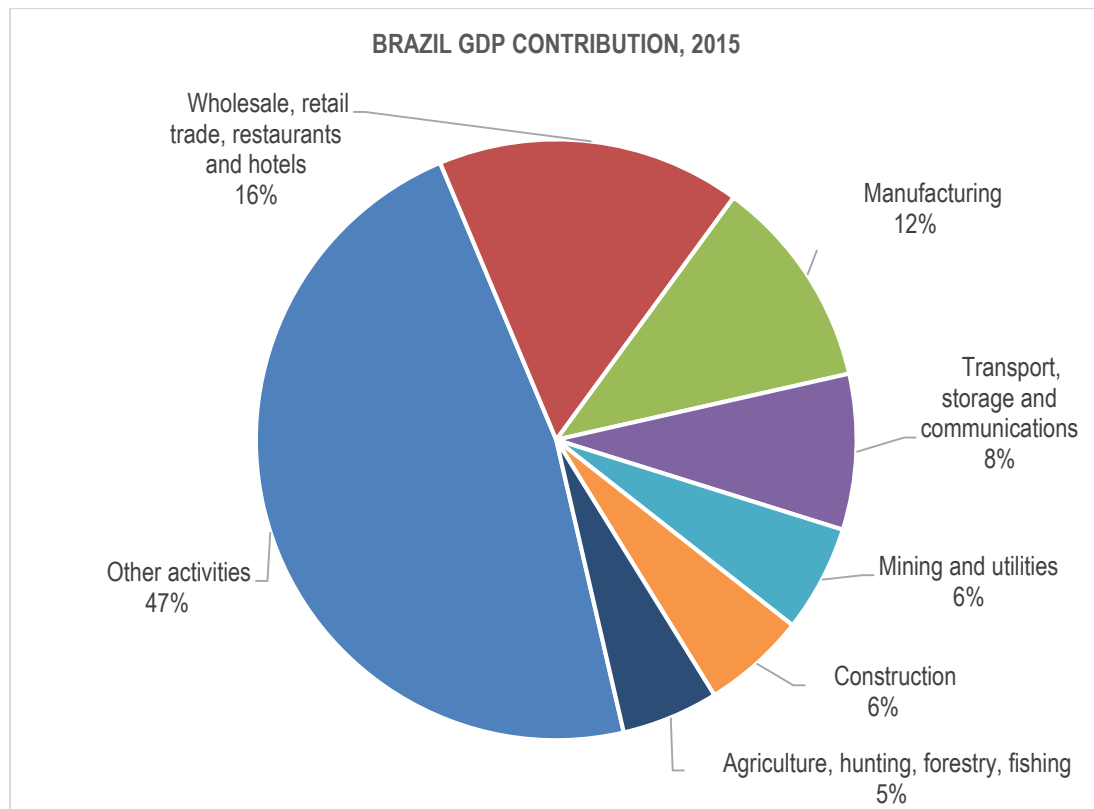
There will be a minor improvement in fixed investment as the real weakens and allows for foreign capital investment to return to the country. (BMI, 2017)

Currently Brazil is a net importer of goods and services, mainly due to its weak domestic production capacity and declining demand for industrial metals abroad. Yet, BMI estimates that net exports' share of GDP will rise from -1.3% in 2015 to 0.6% by the end of 2026 as the negative impact will lessen in the next few years as import volumes weaken and renewed export competitiveness help to boost export volumes.

The largest GDP contributors by industry are:

- Other activities (47%)
- Wholesale, retail trade, restaurants and hotels (16%)

- Manufacturing (12%)
- Transport storage and communications (8%)



Source: UNCTAD, 2017

Brazil is a member of Mercosur, which was created in 1991 when Argentina, Brazil, Paraguay and Uruguay signed the treaty of Asunción. The accord called for the free movement of goods, services and factors of production between countries. Its signatories agreed to eliminate customs duties, implement a common external tariff (CET) of 35 percent on certain imports from outside the bloc, and adopt a common trade policy toward outside countries and blocs. Mercosur residents may live and work anywhere within the bloc.

Mercosur's five full members have a combined GDP of roughly \$2.8 trillion, making it one of the world's largest economic blocs. By contrast, Latin America's second-largest trade group, the Pacific Alliance, which comprises Chile, Colombia, Mexico, and Peru, has a combined GDP of about \$1.9 trillion. Mercosur was created in large part to cement a rapprochement between longtime rivals Argentina and Brazil, and the two countries loom large over the group: in 2015, the countries had a combined GDP of \$2.3 trillion, roughly 83 percent of the group's economy. Around 250 million of the bloc's roughly 292 million inhabitants live in Argentina or Brazil.

Trade within the bloc grew from USD4 billion in 1990 to USD20 billion in 1997. In its first decade Mercosur had trade agreements with Bolivia, Chile, Israel and Peru. Negotiations with the EU began in 1999 and talks are still ongoing. Regional integration slowed though following Brazil's currency devaluation in 1999 and Argentina's financial crisis in 2001. Experts say that the strength of Mercosur largely lays with decisions that need to be made by its two large players, that of Brazil and Argentina.



Source: Council on Foreign Relations, 2017

Associate members receive tariff reductions but do not enjoy full voting rights or complete access to the markets of Mercosur's full members.

South Africa joined the important bloc of emerging economies (BRICS – Brazil, Russia, India, China and South Africa) in December 2010, in line with the country's foreign policy to strengthen South-South relations.

The changing global environment has seen a greater political and economic role for the BRICS and other emerging powers. By 2020, the BRICS countries are expected to contribute nearly half of all global gross domestic product (GDP) growth. (<http://www.gov.za/about-government/brics-brazil-russia-india-china-south-africa>, 2017)

The Forbes Global 2000 is an annual list of the world's 2000 largest publicly listed corporations. Below is a list of some of the companies from Brazil featured on the list in 2016.

BRAZIL'S LARGEST PUBLICLY LISTED COMPANIES, 2016					
GLOBAL RANK	COMPANY	SALES (USDbn)	PROFITS (USDbn)	ASSETS (USDbn)	MARKET VALUE (USDbn)
38	Itaú Unibanco Holding	61.3	6.7	419.9	79.2
62	Banco Bradesco	70.2	4.3	362.4	53.5
132	Banco do Brasil	57.3	2.3	430.6	29
156	Vale	27.1	3.8	99.1	45.4
399	Petrobras	81.1	-4.3	247.3	61.3
610	Eletrobrás	17.4	0.983	52.4	7.2
791	Itaúsa	1.3	2.4	18.1	23
895	JBS	48.9	0.108	31.6	8.2
981	Ultrapar Participacoes	22.2	0.448	7.4	12.5
1103	Cielo	3.5	1.1	9.4	20.9
1233	Braskem	13.8	-0.136	15.9	7.9
1325	BRF	9.7	-0.107	13.8	9.3
1436	Sabesp	4	0.846	11.6	7.4
1503	Oi	7.5	-2	25.2	0.952
1515	Metalurgica Gerdau	10.8	-0.395	16.8	1.4
1545	Companhia Brasileira de Distribuicao	12	-0.139	13.9	5.9
1572	CCR	2.9	0.492	7.5	11.5
1597	BM&F Bovespa	0.666	0.415	9.7	12.8
1735	CPFL Energia	5.4	0.258	13	8.4
1895	Kroton Educacional	1.5	0.535	5.4	7.1

Source: Forbes Global 2000, Economy Watch, 2017

3. Doing Business in Brazil

Economies are ranked on their ease of doing business, from 1–190, which is indicative of whether the regulatory environment is conducive to the starting and operation of a local firm. The World Bank Group in its annual *Doing Business* report ranked Brazil 123rd out of 190 countries monitored in terms of ease of doing business. Brazil's relative strengths in terms of ease of doing business include protecting minority investors ranked 32nd, enforcing contracts ranked 37th and getting electricity ranked 47th.

BRAZIL'S EASE OF DOING BUSINESS	
SELECTED INDICATORS	RANKING OUT OF 190 COUNTRIES, 2017
Starting a Business	175
Dealing with Construction Permits	172
Getting Electricity	47
Registering Property	128
Getting Credit	101
Protecting Minority Investors	32
Paying Taxes	181
Trading across Borders	149
Enforcing Contracts	37
Resolving Insolvency	67
DOING BUSINESS RANKING 2016	123

Source: World Bank Group's Doing Business, 2016 Report

4. Brazil's Sovereign Credit Ratings

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and also include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating". Source: Investopedia

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing.

Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e. defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

BRAZIL'S SOVEREIGN CREDIT RATINGS			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	BB	Ba2	BB
OUTLOOK	Negative watch	Negative	Negative
DATE OF LAST CHANGE	May 2017	May 2017	May 2016

Sources: Trading Economics

Moody's decision to change Brazil's outlook to negative from stable was due to a rise in uncertainty regarding reform following recent political events, which has a direct result on Brazil's chance of economic recovery especially with respect to its medium term economic strength (Moody's, 2017)

S&P has placed Brazil's long term ratings on creditwatch negative due to increased political uncertainty. Recent corruption allegations against president Michel Temer have exacerbated political uncertainty. (S&P, 2017)

Fitch rating agency is still clarifying the approval of President Michel Temer's reform agenda before acting on Brazil's sovereign rating.

A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company which offers these services is Belgium's Delcredereuroire, the country's official export credit agency and public credit insurer.

The table below shows Delcredereuroire's current risk assessment of Denmark in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

BRAZIL'S RISK ASSESSMENT - DELCREDEREDUCROIRE		
EXPORT TRANSACTIONS (Scale 1 – 7)*		
Political Risks	Short Term	2
	Medium-Long term	5
	Special Transactions	3
Commercial Risk	C	
DIRECT INVESTMENTS		
War risk	2	
Risk of expropriation and government action	3	
Transfer risk	5	

Source: Credendo, 2017

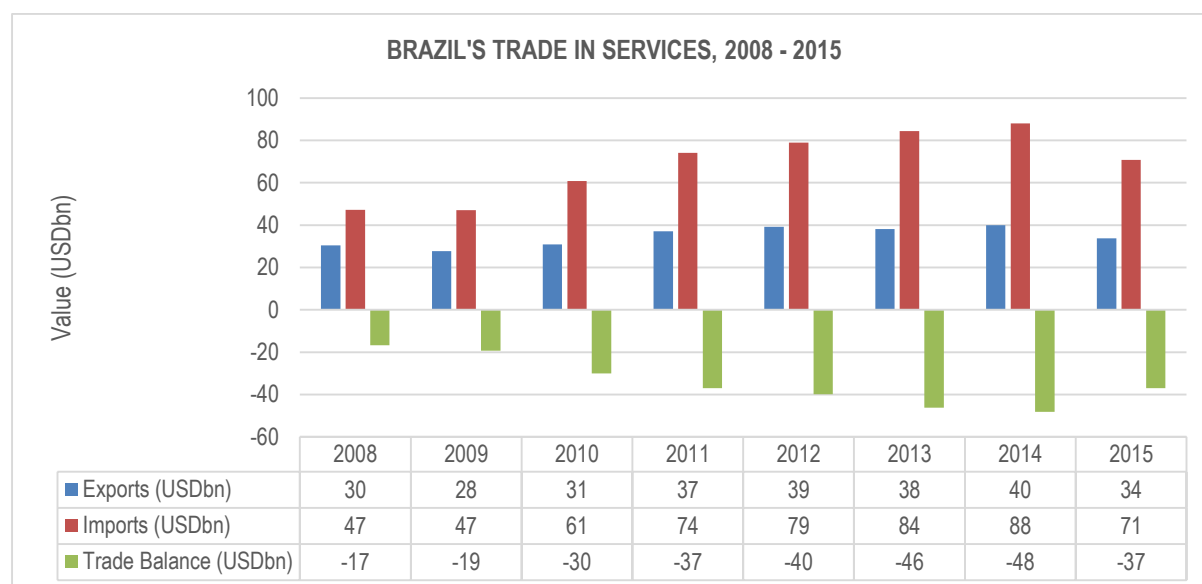
* Where 1 is associated with the least risk and 7 the most.

** Where B is associated with mid risk; A is low risk and C is high risk.

5. Trade

5.1 Brazil's Trade in Services

The graph below shows Brazil's trade in services from 2008 to 2015. Brazil has consistently been a net importer of services for the period 2008 to 2015.



Source: TradeMap, 2017

The table below shows Brazil's global trade in services in 2015. Other business services were the largest service export valued at USD17.49bn followed by travel services valued at USD5.84bn and in third transport services valued at USD4.96bn.

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Other business services were the largest import service into Brazil valued at USD28.77bn. Travel services (USD17.36bn) and transport services (USD10.68bn) were the second and third largest imports. The export of maintenance and repair services showed the largest growth for the period 2011 to 2015 with growth on average of 419%. The import of personal, cultural and recreational services grew by 117% on average for the period 2011 to 2015.

TOP 10 SERVICES EXPORTED BY BRAZIL, 2015					TOP 10 SERVICES IMPORTED BY BRAZIL, 2015				
CODE	SERVICE	VALUE 2015 (USDbn)	SHARE	% GROWTH 2011 - 2015	CODE	SERVICE	VALUE 2015 (USDbn)	SHARE	% GROWTH 2011 - 2015
10	Other business services	17.49	51.78%	6.15%	10	Other business services	28.77	40.67%	7.60%
4	Travel	5.84	17.30%	2.62%	4	Travel	17.36	24.53%	3.97%
3	Transport	4.96	14.67%	0.71%	3	Transport	10.68	15.09%	0.70%
9	Telecommunications, computer, and information services	1.57	4.65%	27.03%	8	Charges for the use of intellectual property	5.25	7.42%	11.06%
6	Insurance and pension services	0.99	2.92%	21.00%	9	Telecommunications, computer, and information services	3.34	4.72%	-0.91%
12	Government goods and services	0.79	2.33%	-9.79%	12	Government goods and services	1.83	2.59%	-8.00%
7	Financial services	0.74	2.20%	-7.48%	6	Insurance and pension services	1.32	1.87%	-2.53%

TOP 10 SERVICES EXPORTED BY BRAZIL, 2015					TOP 10 SERVICES IMPORTED BY BRAZIL, 2015				
CODE	SERVICE	VALUE 2015 (USDbn)	SHARE	% GROWTH 2011 - 2015	CODE	SERVICE	VALUE 2015 (USDbn)	SHARE	% GROWTH 2011 - 2015
8	Charges for the use of intellectual property	0.58	1.72%	28.10%	7	Financial services	1.02	1.45%	-5.95%
2	Maintenance and repair services	0.45	1.32%	418.99%	11	Personal, cultural, and recreational services	0.97	1.37%	116.51%
11	Personal, cultural, and recreational services	0.31	0.93%	-22.45%	2	Maintenance and repair services	0.19	0.27%	94.90%
TOTAL EXPORTS		33.78	100.00%	2.54%	TOTAL IMPORTS		70.76	100.00%	3.99%

Source: TradeMap, 2017

5.2. Brazil's Global Trade

For the period 2009 to 2016, Brazil has consistently shown a trade surplus, excluding in 2014, in the trade of goods.



Source: TradeMap, 2017

China is the leading export market for Brazil, followed by the United States in second position and Argentina in third position. The Chinese export market was valued at USD35.13bn in 2016, the American export market at USD23.27bn, and the Argentinian market ranked third at a value of USD13.42bn. For the period 2011 – 2015, total exports from Brazil has declined on average by 6.13%. In 2016, South Africa was Brazil's 36th largest export market valued at USD1.40m

TOP 10 DESTINATION MARKETS FOR EXPORTS FROM BRAZIL, 2016				
RANK	COUNTRY	VALUE 2016 (USDbn)	% GROWTH 2012 - 2016	% SHARE IN 2016
1	China	35.13	-4.15%	18.97%
2	United States	23.27	-1.88%	12.56%
3	Argentina	13.42	-8.90%	7.24%
4	Netherlands	10.32	-3.89%	5.57%
5	Germany	4.86	-11.25%	2.62%
6	Japan	4.60	-12.88%	2.49%
7	Chile	4.08	-4.82%	2.20%
8	Mexico	3.81	-0.49%	2.06%
9	Italy	3.32	-9.07%	1.79%
10	Belgium	3.23	-3.78%	1.75%
TOTAL EXPORTS		185.24	-6.13%	100.00%

Source: TradeMap, 2017

The United States was ranked as the top source market for Brazil with a 17.5% share of Brazilian imports valued at USD24.07bn. Following closely behind in second position with a share of 17% was China (USD23.36bn), followed by Germany (USD9.13bn) in third position with a 6.64% share of all products imported into Brazil in 2016.

South Africa was Brazil's 51st largest import market in 2016 valued at USD0.34m. For the period 2011 to 2016, imports from South Africa to Brazil declined on average by 16.04%.

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TOP 10 SOURCE MARKETS FOR IMPORTS BY BRAZIL, 2016				
RANK	COUNTRY	VALUE 2016 (USDbn)	% GROWTH 2012 - 2016	% SHARE IN 2016
1	United States	24.07	-6.08%	17.50%
2	China	23.36	-5.64%	16.99%
3	Germany	9.13	-9.12%	6.64%
4	Argentina	9.08	-11.13%	6.60%
5	Republic of Korea	5.45	-10.33%	3.96%
6	Italy	3.71	-8.93%	2.70%
7	France	3.68	-6.69%	2.68%
8	Japan	3.57	-14.22%	2.59%
9	Mexico	3.53	-6.29%	2.56%
10	Chile	2.88	-8.54%	2.10%
TOTAL IMPORTS		137.55	-8.66%	100.00%

Source: TradeMap, 2017

Brazil's top export products in 2016 (shown below) were oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder (USD19.56bn) as the top ranked export product. Ores, slag and ash followed in second position (USD15.82bn). Meat and edible meat offal was ranked third in 2016 and valued at USD12.66bn.

Key import products in 2016 were machinery, mechanical appliances, nuclear reactors, boilers (including parts) ranked first at USD21.12bn followed by electrical machinery and equipment incl parts, sound and television image equipment incl. parts at USD16.94bn. Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes ranked third, valued at USD15.14bn.

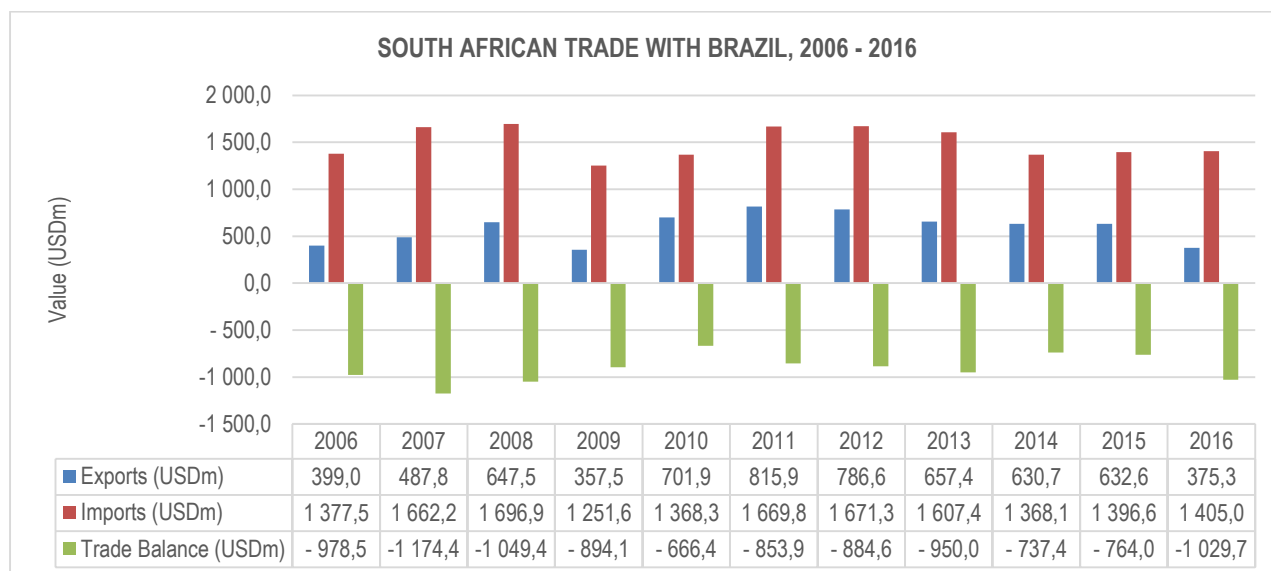
TOP EXPORTS BY BRAZIL, 2016					TOP IMPORTS BY BRAZIL, 2016				
RANK	PRODUCT	VALUE 2016 (USDbn)	SHARE	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDbn)	SHARE	% GROWTH 2012-2016
1	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	19.56	10.56%	4.34%	1	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	21.12	15.36%	-8.37%
2	Ores, slag and ash	15.82	8.54%	-16.96%	2	Electrical machinery and equipment incl parts, sound and television image equipment incl. parts	16.94	12.32%	-7.68%
3	Meat and edible meat offal	12.66	6.83%	-1.27%	3	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	15.14	11.01%	-15.18%
4	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	11.65	6.29%	-3.61%	4	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	9.96	7.24%	-14.14%
5	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	11.58	6.25%	-15.61%	5	Organic chemicals	8.33	6.05%	-2.02%
6	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	10.97	5.92%	-2.96%	6	Pharmaceutical products	6.39	4.65%	-0.06%
7	Sugars and sugar confectionery	10.59	5.71%	-4.96%	7	Fertilisers	6.00	4.36%	-7.68%
8	Iron and steel	7.89	4.26%	-7.32%	8	Plastics and articles thereof	5.92	4.30%	-5.41%
9	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	5.58	3.01%	2.34%	9	Optical, photographic, cinematographic, measuring etc. medical or surgical instruments and apparatus, and parts thereof	4.76	3.46%	-4.89%

TOP EXPORTS BY BRAZIL, 2016					TOP IMPORTS BY BRAZIL, 2016				
RANK	PRODUCT	VALUE 2016 (USDbn)	SHARE	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDbn)	SHARE	% GROWTH 2012-2016
10	Residues and waste from the food industries; prepared animal fodder	5.54	2.99%	-0.92%	10	Miscellaneous chemical products	3.81	2.77%	1.44%
TOTAL EXPORTS		185.24	100.00%	-6.13%	TOTAL IMPORTS		137.55	100.00%	-8.66%

Source: Trademap, 2017

5.3. South Africa's Trade with Brazil

Trade between the two nations has been dominated by Brazil. South Africa has consistently been a net importer of products from Brazil for the period 2006 to 2016.



Source: Quantec, 2017

The leading export product to Brazil from South Africa were ferro-alloys (USD72.53m) in 2016. Exports of this good accounted for 19.32% of all South African exports to Brazil in 2016. Coal, briquettes, ovoids etc. were the second largest exports in 2016 (USD51.23m) followed by insecticides, rodenticides, fungicides, herbicides etc. (USD43.54m).

The leading import products into South Africa from Brazil were original equipment components (USD266.87m) accounting for 19% of total imports from Brazil in 2016. Poultry meat and edible poultry offal were in second place (USD103.39m) and in third were self-propelled railway or tramway coaches, vehicles (excl. service/maintenance coaches, vehicles) valued at USD94.96m). The export of synthetic rubber and factice derived from oils recorded the largest export growth on average for the period 2012 to 2016 at 5000%. There has been a significant increase in the import of aluminium plates, sheets and strip from Brazil as shown in the table below.

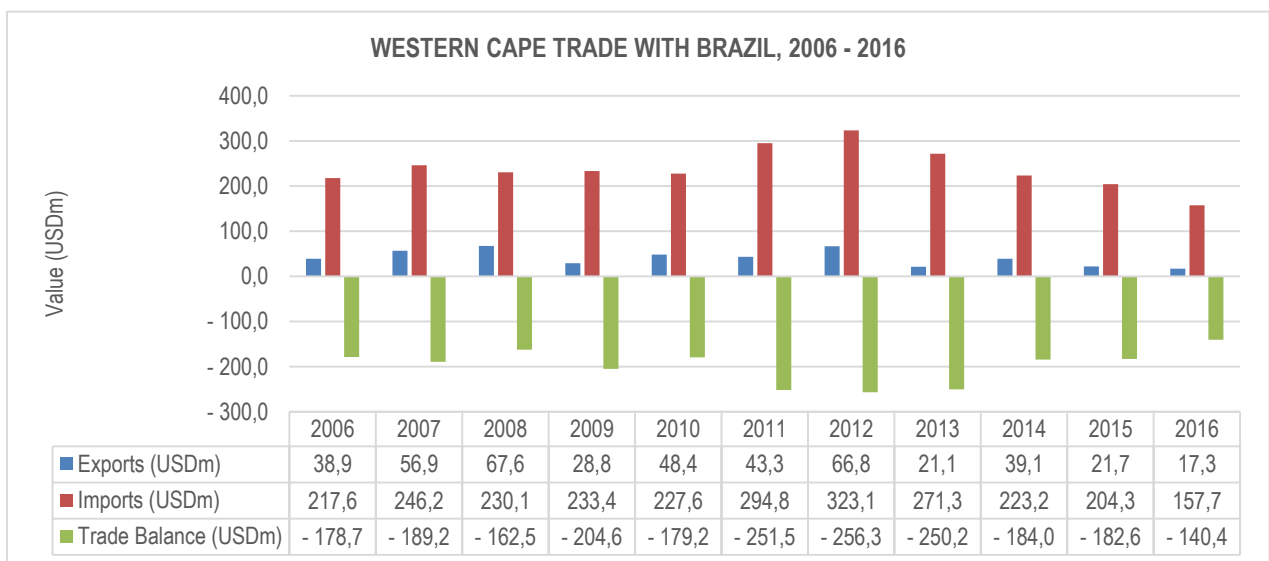
THE TOP 10 SOUTH AFRICAN EXPORTS TO BRAZIL, 2016					THE TOP 10 SOUTH AFRICAN IMPORTS FROM BRAZIL, 2016				
RANK	PRODUCT (HS4)	VALUE 2016 (USD m)	SHARE	% GROWTH 2012 - 2016	RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE	% GROWTH 2012 - 2016
1	Ferro-alloys	72.53	19.32%	7.79%	1	Original equipment components	266.87	18.99%	-5.88%
2	Coal; briquettes, ovoids etc	51.23	13.65%	-7.79%	2	Poultry meat and edible poultry offal	103.39	7.36%	-11.62%
3	Insecticides, rodenticides, fungicides, herbicides etc.	43.54	11.60%	4.00%	3	Self-propelled railway or tramway coaches, vehicles (excl. service/maintenance coaches, vehicles)	94.96	6.76%	-
4	Flat-rolled products of stainless steel, of a width of >=600 mm	22.06	5.88%	21.13%	4	Unwrought zinc	67.70	4.82%	121.08%
5	Motor vehicles principally designed for the transport of persons	18.93	5.04%	-	5	Cane or beet sugar and chemically pure sucrose, in solid form	65.99	4.70%	6.14%
6	Aluminium plates, sheets and strip, of a thickness > 0,2 mm	15.88	4.23%	-22.52%	6	Maize (corn)	57.46	4.09%	27342.12%
7	Acyclic hydrocarbons	13.89	3.70%	-10.79%	7	Artificial corundum, aluminium oxide; aluminium hydroxide	52.05	3.70%	5458.36%
8	Aluminium waste and scrap	8.64	2.30%	-	8	Not self propelled railway or tramway passenger coaches etc.	49.01	3.49%	-
9	Manganese ores and concentrates	7.05	1.88%	-	9	Aluminium plates, sheets and strip, of a thickness 0,2 mm	40.77	2.90%	561961045.04%
10	Synthetic rubber and factice derived from oils	7.00	1.87%	5003.80%	10	Unmanufactured tobacco; tobacco refuse	39.79	2.83%	4.75%

THE TOP 10 SOUTH AFRICAN EXPORTS TO BRAZIL, 2016					THE TOP 10 SOUTH AFRICAN IMPORTS FROM BRAZIL, 2016				
RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE	% GROWTH 2012 - 2016	RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE	% GROWTH 2012 - 2016
TOTAL EXPORTS		375.33	100.00 %	-12.89%	TOTAL IMPORTS		405.03	100.00 %	-3.19%

Source: Quantec; 2017

5.4. Western Cape's Trade with Brazil

For the period 2006 to 2016, the Western Cape has consistently recorded a trade deficit with Brazil, with the largest recorded deficit recorded for this period, in 2012 (USD256.3m).



Source: Quantec; 2017

The table below shows the top 10 traded products between the Western Cape and Brazil. Undenatured ethyl alcohol was the Western Cape's largest export in 2016 accounting for 12.52% of the province's exports (valued at USD2.17m). In second position was wine valued at USD1.89m and accounting for 10.93% of exports from the Western Cape to Brazil. Nucleic acids and their salts and other heterocyclic compounds was in third position (USD1.36m)

Unmanufactured tobacco and tobacco refuse (USD35.43m) was the largest import from Brazil in 2016 (accounting for 22.46% of total imports from Brazil). Cane or beet sugar and chemically pure sucrose (USD32.76m), and poultry meat and edible poultry offal (USD13.45m) ranked second and third respectively.

THE TOP 10 WESTERN CAPE EXPORTS TO BRAZIL, 2016					THE TOP 10 WESTERN CAPE IMPORTS FROM BRAZIL, 2016				
RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE 2016	% GROWTH 2012 - 2016	RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE 2016	% GROWTH 2012 - 2016
1	Undenatured ethyl alcohol of less than 80 % vol.; spirits, liqueurs and other spirituous beverages.	2.17	12.52%	-10.87%	1	Unmanufactured tobacco; tobacco refuse.	35.43	22.46%	5.38%
2	Wine	1.89	10.93%	-2.13%	2	Cane or beet sugar and chemically pure sucrose	32.76	20.77%	9.92%
3	Nucleic acids and their salts and other heterocyclic compounds	1.36	7.83%	156.06%	3	Poultry meat and edible poultry offal	13.45	8.53%	-15.16%
4	Printing ink, writing or drawing ink etc.	1.32	7.64%	681.52%	4	Maize (corn)	11.84	7.51%	-
5	Reaction initiators, reaction accelerators and catalytic preparations	0.99	5.69%	30.75%	5	Iron ores and concentrates	5.34	3.39%	-30.03%
6	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries	0.75	4.36%	44.43%	6	Plywood, veneered panels and similar laminated wood.	5.30	3.36%	26.84%
7	Aluminium waste and scrap.	0.75	4.34%	-	7	Flours, meals and pellets of meat, fish etc. unfit for human consumption	4.27	2.71%	-
8	Insecticides, rodenticides, fungicides, herbicides etc.	0.74	4.29%	146385.34%	8	Polymers of ethylene, in primary forms.	3.30	2.10%	42.91%
9	Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery	0.74	4.28%	-2.93%	9	Tanned or crust hides and skins of bovine (including buffalo) or equine animals	3.10	1.97%	11.23%

THE TOP 10 WESTERN CAPE EXPORTS TO BRAZIL, 2016					THE TOP 10 WESTERN CAPE IMPORTS FROM BRAZIL, 2016				
RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE 2016	% GROWTH 2012 - 2016	RANK	PRODUCT (HS4)	VALUE 2016 (USDm)	SHARE 2016	% GROWTH 2012 - 2016
10	Grapes	0.66	3.83%	124.08%	10	Uncoated kraft paper and paperboard, in rolls or sheets	3.01	1.91%	30.66%
TOTAL EXPORTS		17.32	100.00%	1.24%	TOTAL IMPORTS		157.71	100.00%	-11.09%

Source: Quantec; 2017

5.5. Trade regulations, Customs and Standards

Import Requirements and Documentation

- Exporters and Brazilian importers must register with the Foreign Trade Secretariat (SECEX), a branch of the Ministry of Industrial Development and Commerce (MDIC).
- Documentation required by Brazilian authorities will differ depending on the product.

Labelling and Marking Requirements

- The Brazilian Customer Protection code, (in effect since September 12 1990) requires that product labelling provide the consumer with correct, clear, precise, and easily readable information about the product's quality, quantity, composition, price, guarantee, shelf life, origin, and risks to the consumer's health and safety.
- Imported products should bear a Portuguese translation of this information. Since metric units are the official measuring system, products should be labelled in metric units or show a metric equivalent.
- In certain regulated sectors, the appropriate agencies impose their own requirements, ranging from registration of products and laboratories to mandatory certification with the 3rd party testing done in country.
- National voluntary standards in all sectors are developed by the Brazilian for Technical Standards (Associação Brasileira de Normas Técnicas, ABNT). In some areas, ABNT bases its standards on those of ISO and IEC and on occasion on U.S. standards. ABNT is also a certification organization for both products and systems.
- In Brazil, many standards are voluntary. The buyer and seller share responsibility in determining what product standard is applicable. Products conforming to US standards may be fully acceptable. However, products that meet European requirements may be preferred. This preference may be expressed in procurement specifications or in customary design and construction practices.

Prohibited and Restricted Imports

The following commodities are prohibited into Brazil:

- Pleasure boats valued above USD3,500.
- Beef derived from cattle administered growth stimulants.
- Fresh poultry meat and poultry products coming from United States
- Colour prints for the theatrical and television market.
- Dangerous Goods as defined by IATA (Intl. Air Transport Association)
- Antique
- Cash
- Cheques, 'cancelled'

- Money orders
- Drugs (non-prescription)
- Poisons - over 20gr.
- Precious stones
- Soil
- Plants
- Stamps (collectible)
- Tobacco
- Artwork (fine)
- Porcelains
- Prohibited for import and export are cash, completed (filled out) traveller's cheques and cheques
- Log and timber products from Liberia (wood chips, poles, post, fence pickets, sheets, flooring, moulding, pallet, tool handles, barrels, crates, tableware/kitchenware, shutters, blinds, cases/boxes/chests for jewellery and silverware, clothes hangers, clothespins, toothpicks, etc.)

5.6. Trade Agreements

In December 2004, MERCOSUR and the Southern African Customs Union (SACU) - composed of Botswana, Lesotho, Namibia, South Africa and Swaziland - signed a preferential trade agreement. The main objective/terms are tariff reductions on selected goods.

5.7. Tariffs

Tariffs imposed by Brazil on South African exports are listed below.

TARIFFS IMPOSED BY BRAZIL ON SOUTH AFRICAN PRODUCTS TO BRAZIL, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	2%	H33: Essential oils, perfumes, cosmetics, toiletries	17%	H65: Headgear and parts thereof	20%
H02: Meat and edible meat offal	10%	H34: Soaps, lubricants, waxes, candles, modelling pastes	14%	H66: Umbrellas, walking-sticks, seat-sticks, whips	20%
H03: Fish, crustaceans, molluscs, aquatic invertebrates	10%	H35: Albuminoids, modified starches, glues, enzymes	14%	H67: Bird skin, feathers, artificial flowers, human hair	16%
H04: Dairy products, eggs, honey, edible animal product	21%	H36: Explosives, pyrotechnics, matches, pyrophorics	12%	H68: Stone, plaster, cement, asbestos, mica, articles	8%
H05: Products of animal origin	5%	H37: Photographic or cinematographic goods	11%	H69: Ceramic products	14%
H06: Live trees, plants, bulbs, roots, cut flowers	3%	H38: Miscellaneous chemical products	11%	H70: Glass and glassware	12%
H07: Edible vegetables and certain roots and tubers	9%	H39: Plastics and articles thereof	13%	H71: Pearls, precious stones, metals, coin	9%

TARIFFS IMPOSED BY BRAZIL ON SOUTH AFRICAN PRODUCTS TO BRAZIL, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H08: Edible fruit, nuts, peel of citrus fruit, melons	10%	H40: Rubber and articles thereof	13%	H72: Iron and steel	11%
H09: Coffee, tea, mate and spices	10%	H41: Raw hides and skins (other than furskins) and leather	8%	H73: Articles of iron or steel	14%
H10: Cereals	6%	H42: Articles of leather, animal gut, harness, travel goods	26%	H74: Copper and articles thereof	9%
H11: Milling products, malt, starches, inulin, wheat gluten	12%	H43: Furskins and artificial fur, manufactures thereof	18%	H75: Nickel and articles thereof	9%
H12: Oil seed, oleagic fruits, grain, seed, fruit,	4%	H44: Wood and articles of wood, wood charcoal	9%	H76: Aluminium and articles thereof	10%
H13: Lac, gums, resins, vegetable saps and extracts	7%	H45: Cork and articles of cork	10%	H78: Lead and articles thereof	8%
H14: Vegetable plaiting materials, vegetable products	6%	H46: Manufactures of plaiting material, basketwork, etc.	12%	H79: Zinc and articles thereof	9%
H15: Animal, vegetable fats and oils, cleavage products,	10%	H47: Pulp of wood, fibrous cellulosic material, waste	3%	H80: Tin and articles thereof	8%
H16: Meat, fish and seafood food preparations	16%	H48: Paper & paperboard, articles of pulp, paper and board	13%	H81: Other base metals, cermets, articles thereof	3%
H17: Sugars and sugar confectionery	17%	H49: Printed books, newspapers, pictures	4%	H82: Tools, implements, cutlery, of base metal	19%
H18: Cocoa and cocoa preparations	17%	H50: Silk	25%	H83: Miscellaneous articles of base metal	16%
H19: Cereal, flour, starch, milk preparations and products	17%	H51: Wool, animal hair, horsehair yarn and fabric thereof	16%	H84: Nuclear reactors, boilers, machinery	12%
H20: Vegetable, fruit, nut food preparations	15%	H52: Cotton	17%	H85: Electrical, electronic equipment	11%
H21: Miscellaneous edible preparations	16%	H53: Vegetable textile fibres paper yarn, woven fabric	20%	H86: Railway, tramway locomotives, rolling stock, equipment	14%
H22: Beverages, spirits and vinegar	20%	H54: Manmade filaments	20%	H87: Vehicles other than railway, tramway	27%
H23: Residues, wastes of food industry, animal fodder	7%	H55: Manmade staple fibres	18%	H88: Aircraft, spacecraft, and parts thereof	0%
H24: Tobacco and manufactured tobacco substitutes	16%	H56: Wadding, felt, nonwovens, yarns, twine, cordage	21%	H89: Ships, boats and other floating structures	16%
H25: Salt, sulphur, earth, stone, plaster, lime and cement	3%	H57: Carpets and other textile floor coverings	35%	H90: Optical, photo, technical, medical apparatus	11%
H26: Ores, slag and ash	2%	H58: Special woven or tufted fabric, lace, tapestry	26%	H91: Clocks and watches and parts thereof	20%

TARIFFS IMPOSED BY BRAZIL ON SOUTH AFRICAN PRODUCTS TO BRAZIL, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H27: Mineral fuels, oils, distillation products,	0%	H59: Impregnated, coated or laminated textile fabric	23%	H92: Musical instruments, parts and accessories	16%
H28: Inorganic chemicals, precious metal compound, isotopes	7%	H60: Knitted or crocheted fabric	26%	H94: Furniture, lighting, signs, prefabricated buildings	18%
H29: Organic chemicals	6%	H61: Articles of apparel, accessories, knit or crochet	35%	H95: Toys, games, sports requisites	24%
H30: Pharmaceutical products	8%	H62: Articles of apparel, accessories, not knit or crochet	35%	H96: Miscellaneous manufactured articles	17%
H31: Fertilizers	1%	H63: Other made textile articles, sets, worn clothing	34%	H97: Works of art, collectors pieces and antiques	4%
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	13%	H64: Footwear, gaiters and the like, parts thereof	34%		

Source: TradeMap, 2017

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6

5.8. Port to Port

The major sea ports in Brazil are: Belem, Paranagua, Rio Grande, Rio de Janeiro, Santos, Sao Sebastiao, Tubarao

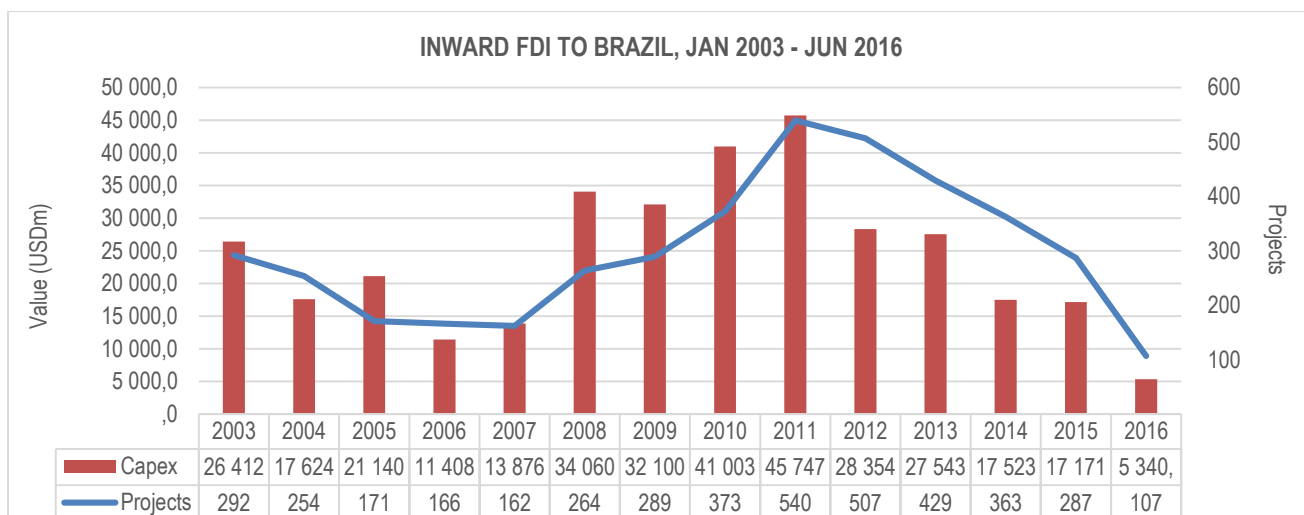
TRANSIT TIME FROM CAPE TOWN TO SELECTED TERMINAL PORTS IN BRAZIL, 2017		
TERMINAL	DISTANCE	TRANSIT TIME
Belem	4,393.21 miles (8,136.22km)	21 days
Rio Grande	3,498.30 miles (6,478.85km)	16 days
Rio de Janeiro	3,498.30 miles (6,478.85km)	16 days
Paranagua	3,480.30 miles (6,445.52km)	16 days
Santos	3,420.04 miles (6,333.92km)	16 days
Sao Sebastiao	3,381.32 miles (6,262.20km)	16 days
Tubarao	3,283.24 miles (6,080.55km)	16 days

Source: Sea-Rates, 2017

6. Foreign Direct Investment

6.1 Global FDI into Brazil

Between January 2003 and June 2016 a total of 4,204 FDI projects were recorded. These projects represent a total capital investment of USD339.31bn which is an average investment of USD80.7m per project. During the period, a total of 779,051 jobs were created.



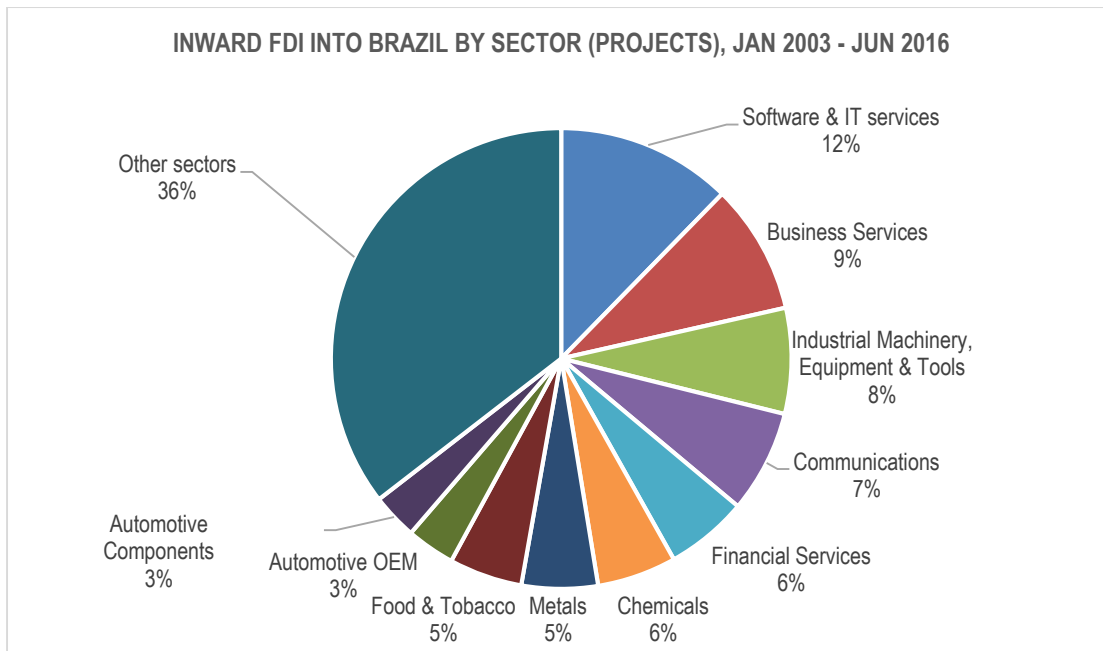
Source: FDI Intelligence, 2017

The United States was the leading source market for FDI to Brazil, in terms of both capex and projects for the period January 2003 to June 2016 (USD79,976.6m). Second position was held by the United Kingdom (USD26,305.5m) and Germany in third position (USD26,595.40m) as shown in the table below. European countries were the top source markets for investment into Brazil – of the top 10 countries listed below, 7 countries are European.

TOP 10 SOURCE MARKETS FOR FDI INTO BRAZIL JAN 2003 - JUNE 2016						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	United States	1 155	27.47%	79 976.60	23.57%	787
2	UK	318	7.56%	26 305.50	7.75%	242
3	Germany	305	7.25%	26 595.40	7.84%	198
4	France	303	7.21%	19 977.80	5.89%	186
5	Spain	282	6.71%	24 599.60	7.25%	197
6	Japan	241	5.73%	19 356.90	5.70%	176
7	Italy	171	4.07%	23 329.40	6.88%	118
8	Switzerland	152	3.62%	7 688.50	2.27%	87
9	Netherlands	124	2.95%	7 243.90	2.13%	84
10	China	113	2.69%	14 609.40	4.31%	86
Other countries		1 040	24.74%	89 624.00	26.41%	748
TOTAL		4 204	100.00%	339 307.00	100.00%	2 909

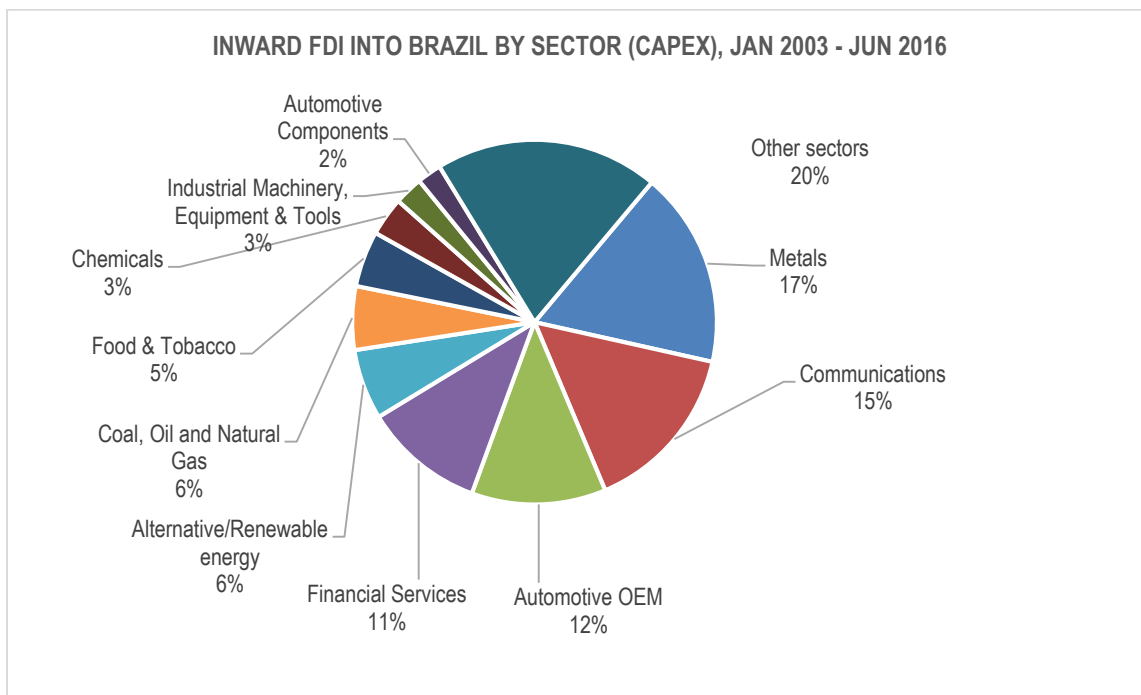
Source: FDI Intelligence, 2017

The two diagrams below depict which sectors in Brazil have been invested in from a projects and capex perspective. The highest number of investments (based on projects), has been in the software and IT services sector (12%) followed by investments in the business services sector (9%). In third position was the industrial machinery, equipment and tools sector (8%).



Source: FDI Intelligence, 2017

In terms of capital expenditure, metals was the top sector (17%) followed by the communications sector (15%) and the automotive OEM sector (12%) in second and third place respectively.



Source: FDI Intelligence, 2017

The table below shows the largest companies investing in Brazil.

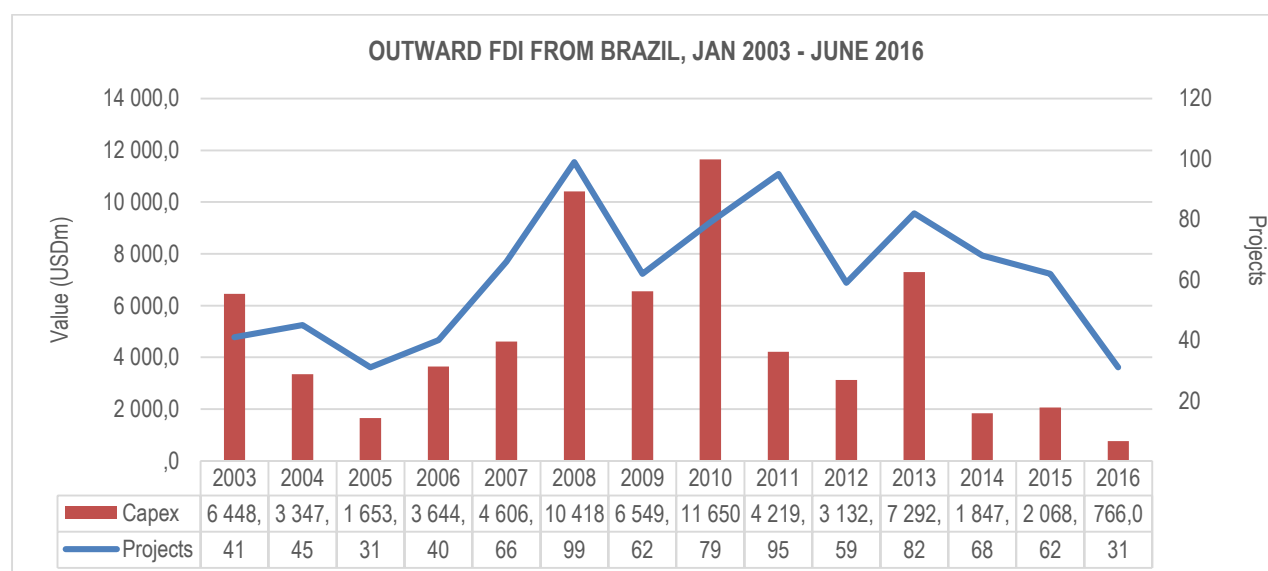
TOP 10 COMPANIES INVESTING INTO BRAZIL, JAN 2003 - JUN 2016					
RANK	INVESTING COMPANY	SOURCE COUNTRY	PRIMARY SECTOR	PROJECTS	CAPEX (USDm)
1	IBM	United States	Software & IT services	20	776.50

TOP 10 COMPANIES INVESTING INTO BRAZIL, JAN 2003 - JUN 2016					
RANK	INVESTING COMPANY	SOURCE COUNTRY	PRIMARY SECTOR	PROJECTS	CAPEX (USDm)
2	Nestle	Switzerland	Food & Tobacco	20	1 159.00
3	General Electric (GE)	United States	Industrial Machinery, Equipment & Tools	17	426.30
4	Atento	Spain	Business Services	15	83.00
5	Cargill	United States	Food & Tobacco	14	631.60
6	General Motors (GM)	United States	Automotive OEM	13	3 318.10
7	Siemens	Germany	Electronic Components	13	565.60
8	BASF	Germany	Chemicals	12	1 259.50
9	Fiat Chrysler Automobiles (Fiat)	United Kingdom	Automotive OEM	12	9 021.90
10	TAM Cargo (operated by TAM Airlines of Brazil - a subsidiary of Chilean based LATAM Airlines)	Chile	Transportation	12	982.20
Other Companies				4 056	321 083.30
TOTAL				4 204	339 307.00

Source: FDI Intelligence, 2017

6.2. Global FDI from Brazil

Between January 2003 and June 2016 a total of 860 FDI projects were recorded from Brazil. These projects represented a total capital investment of USD67.65bn which is an average investment of USD78.7m per project. During this period, a total of 144,958 jobs were created. (NOTE: the decline shown in 2016 is as a result of FDI being depicted until the 30 June 2016).



Source: FDI Intelligence, 2017

The top destination markets for foreign direct investment from Brazil in terms of projects are shown in the table below. The United States is the top destination country (USD5,349.7m) followed by the Argentina (USD5,760.6m) and China (USD2,193.4m) in second and third place respectively.

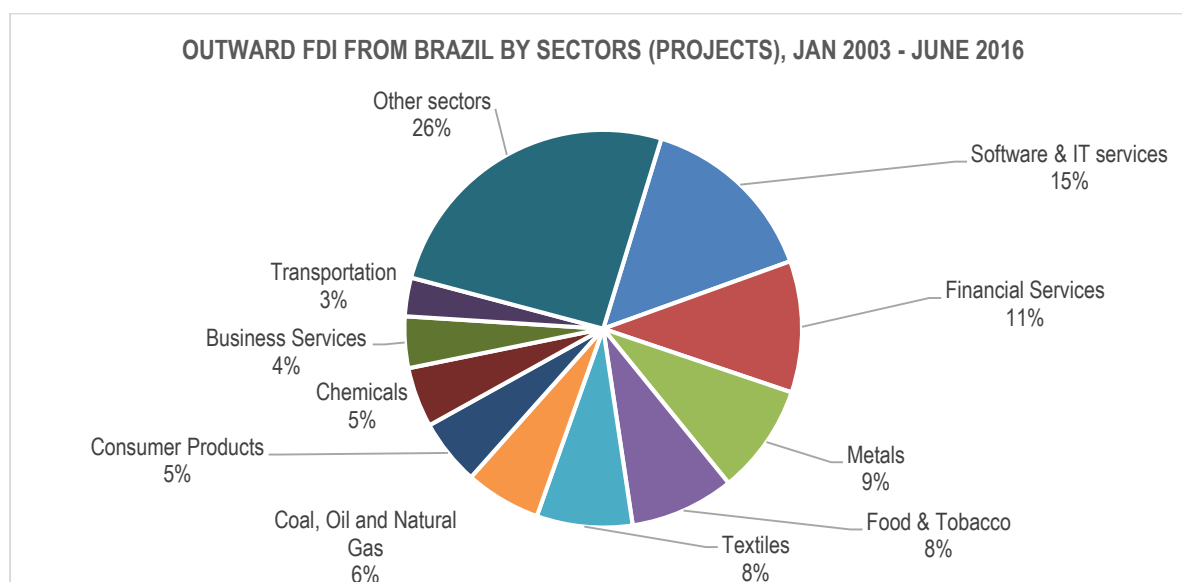
TOP 10 DESTINATION MARKETS FOR FDI FROM BRAZIL JAN 2003 - JUNE 2016						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	United States	161	18.72%	5 349.70	7.91%	107
2	Argentina	95	11.05%	5 760.60	8.52%	64
3	China	48	5.58%	2 193.40	3.24%	30
4	Colombia	47	5.47%	8 952.30	13.23%	36
5	Mexico	46	5.35%	4 105.50	6.07%	39
6	UK	40	4.65%	868.10	1.28%	28
7	Peru	32	3.72%	3 226.70	4.77%	23
8	Spain	26	3.02%	226.40	0.33%	14
9	Chile	24	2.79%	1 474.40	2.18%	23
10	France	24	2.79%	395.40	0.58%	20
Other countries		317	36.86%	35 093.00	51.88%	
TOTAL		860	100.00%	67 645.50	100.00%	368

Source: FDI Intelligence, 2017

The two diagrams below depict which sectors Brazil has invested in from a projects and capex perspective.

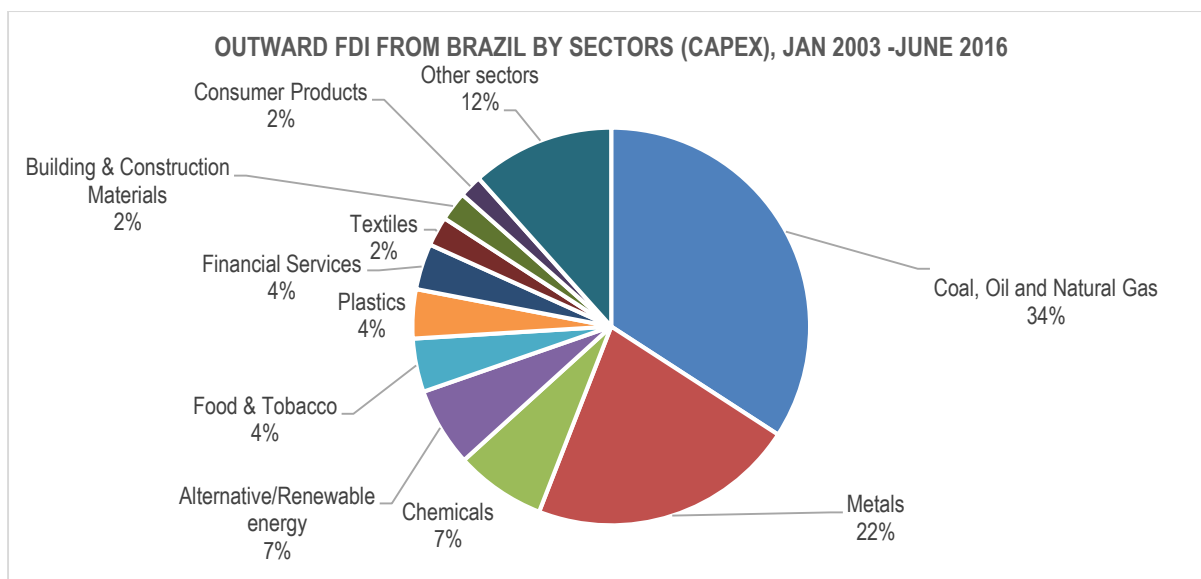
The highest number of foreign direct investments (based on projects), has been the software and IT services sector (15%) followed by investments into the financial services sector (11%) and the metals sector (9%) in second and third place respectively.

26



Source: FDI Intelligence, 2017

The highest number of foreign direct investment (based on capital expenditure), has been in the coal, oil and natural gas sector (34%) followed by investments in the metals sector (22%) and the chemicals sector (7%) in second and third place respectively.



Source: FDI Intelligence, 2017

The table below shows the top companies from Brazil investing globally for the period January 2003 to June 2016.

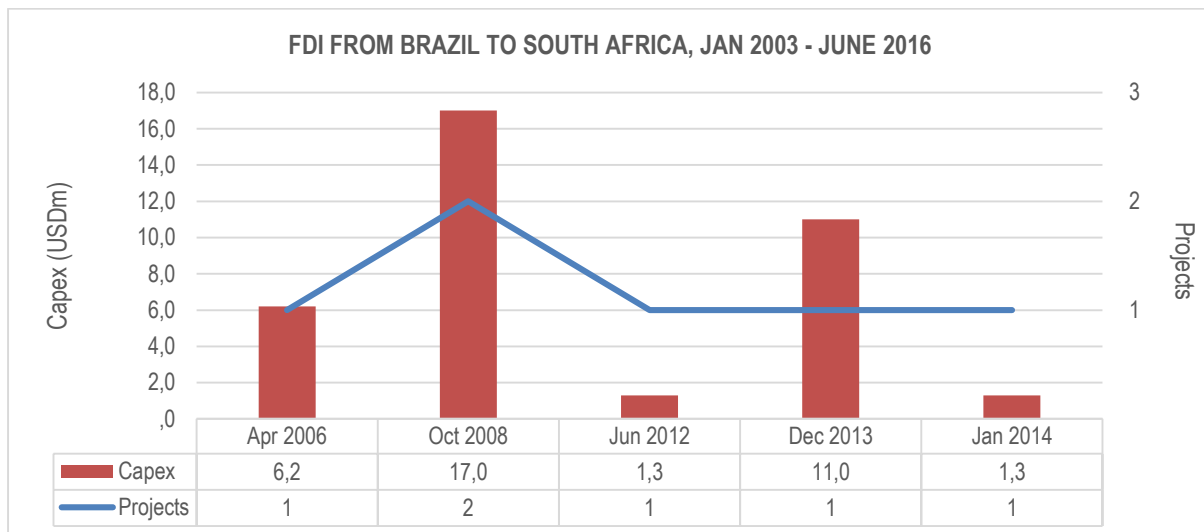
TOP 10 COMPANIES INVESTING FROM BRAZIL, JAN 2003 - JUNE 2016				
RANK	INVESTING COMPANY	PRIMARY SECTOR	PROJECTS	CAPEX (USDm)
1	Petrobras	Coal, Oil and Natural Gas	40	12 856.60
2	Vale (Companhia Vale do Rio Doce)	Metals	35	14 565.10
3	Stefanini IT Solutions	Software & IT services	20	281.20
4	Embraer (Embraer-Empresa Brasileira de Aeronautica)	Aerospace	19	869.60
5	Havaianas	Textiles	18	235.40
6	Aesop	Consumer Products	17	548.40
7	Banco Itau Holding Financeira	Financial Services	17	577.90
8	Banco do Brasil	Financial Services	13	426.70
9	Marcopolo	Automotive OEM	13	816.70
10	Braskem	Chemicals	12	4 745.00
Other Companies			656	31 722.90
TOTAL			860	67 645.50

Source: FDI Intelligence, 2017

6.3. FDI Relations from Brazil to South Africa

6.3.1 Foreign Direct Investment from Brazil to South Africa

Of the 6 investments, 3 were recorded in Gauteng (USD28m). The remaining investments (USD8.8m) made in South Africa, have not been allocated to any specific province.

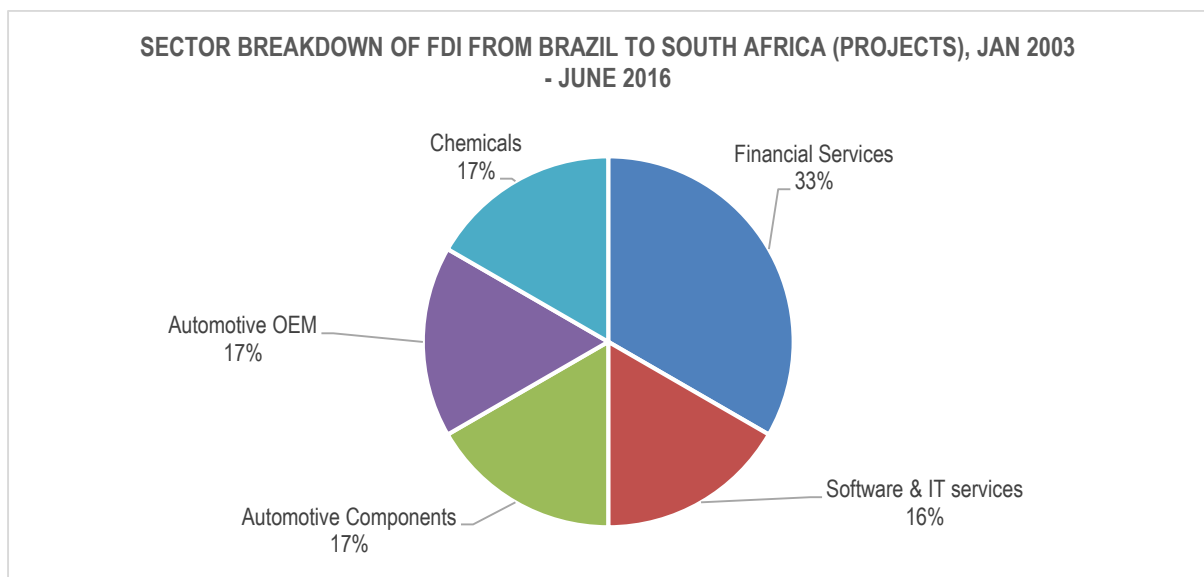


Source: FDI Intelligence, 2017

The two diagrams below depict which South African sectors Brazil has invested in from a projects and capex perspective.

The highest number of investments (based on projects), has been in the financial services sector (33%). Investments in the chemicals sector (17%); automotive OEM sector (17%) and automotive components sector (17%) in joint second position. The remainder of investments have been in the software and IT services sector (16%).

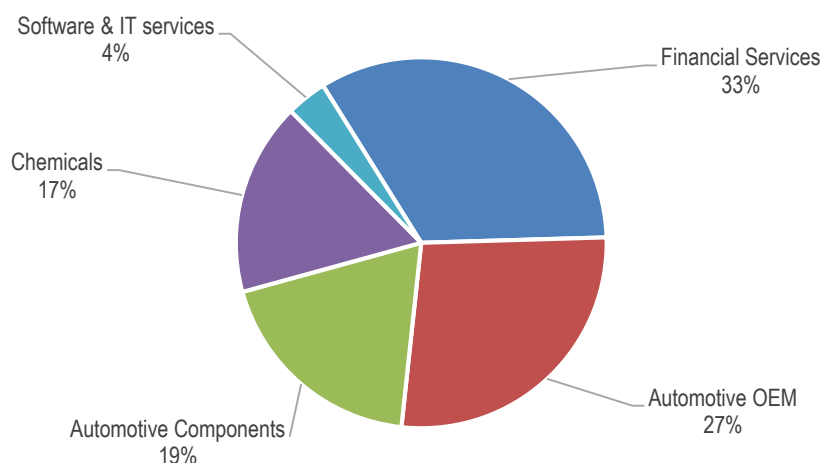
28



Source: FDI Intelligence, 2017

The highest number of foreign direct investment (based on capital expenditure), has been in the financial services sector (33%) followed by investments in the automotive OEM sector (27%) and the automotive components sector (19%) in second and third place respectively.

SECTOR BREAKDOWN OF FDI FROM BRAZIL TO SOUTH AFRICA (CAPEX), JAN 2003 - JUNE 2016



Source: FDI Intelligence, 2017

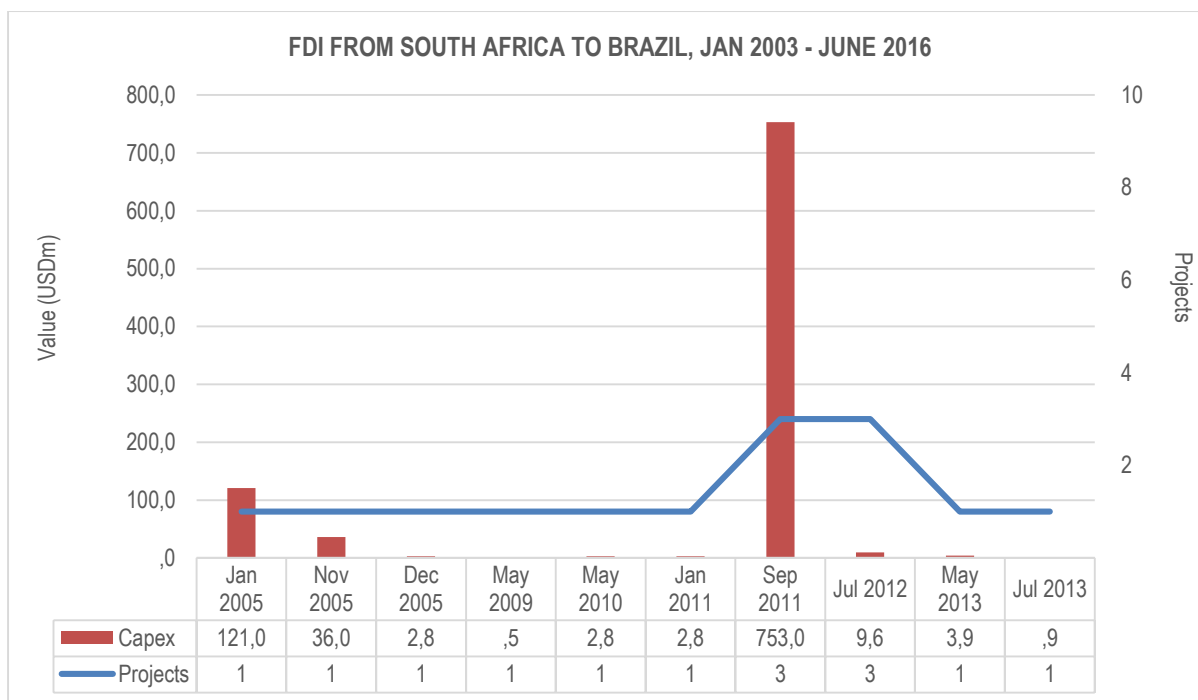
The table below lists the top companies from Brazil investing in South Africa for the period January 2003 to June 2016 in terms of projects.

THE COMPANIES INVESTING FROM BRAZIL TO SOUTH AFRICA, JAN 2003 - JUNE 2016				
RANK	INVESTING COMPANY	PRIMARY SECTOR	PROJECTS	CAPEX (USDm)
1	Marcopolo	Automotive OEM	2	17.00
2	Banco Nacional De Desenvolvimento Economico E Social (BNDES)	Financial Services	1	11.00
3	BTG Pactual	Financial Services	1	1.30
4	Embrapa	Chemicals	1	6.20
5	Stefanini IT Solutions	Software & IT services	1	1.30
TOTAL			6	36.80

Source: FDI Intelligence, 2017

6.3.2 Foreign Direct Investment from South Africa to Brazil

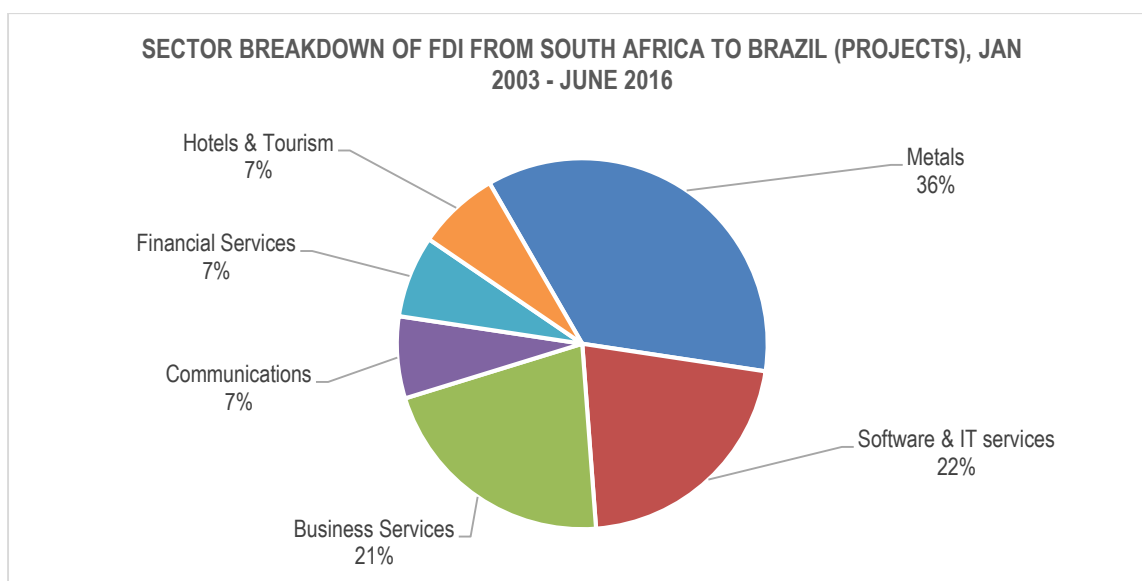
Between January 2003 and June 2016 a total of 14 FDI projects were recorded. These projects represent a total capital investment of USD933.30 m which is an average investment of USD66.70 m per project. During the period, a total of 2,376 jobs were created.



Source: FDI Intelligence, 2017

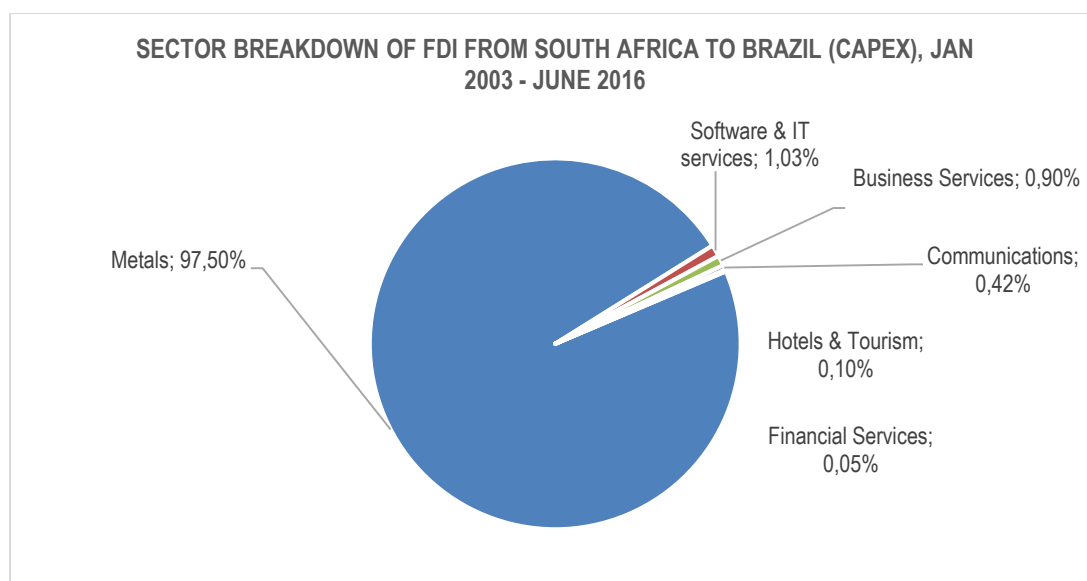
The two diagrams below depict which Brazilian sectors South Africa has invested in from a projects and capex perspective.

The highest number of investments (based on projects), has been in the metals sector (36%). Investments in the software and IT services sector (22%) and investments in the business services sector (21%) in second and third place respectively.



Source: FDI Intelligence, 2017

The highest number of foreign direct investment (based on capital expenditure), has been in the metals sector (97.5%) followed by investments in the software & IT services sector (1.03%) and the business services sector (0.9%) in second and third place respectively.



Source: FDI Intelligence, 2017

The table below lists the top South African companies investing in Brazil for the period January 2003 to June 2016 in terms of projects

TOP COMPANIES INVESTING FROM SOUTH AFRICA TO BRAZIL, JAN 2003 - JUNE 2016				
RANK	INVESTING COMPANY	PRIMARY SECTOR	PROJECTS	CAPEX (USDm)
1	AngloGold Ashanti	Metals	5	910.00
2	PromonLogicalis	Software & IT services	3	9.60
3	Ad Dynamo	Business Services	1	2.80
4	MiX Telematics	Communications	1	3.90
5	SRK Consulting	Business Services	1	2.80
6	Standard Bank	Financial Services	1	0.50
7	Tourvest Event Activation Management (TEAM)	Business Services	1	2.80
8	Wings Travel	Hotels & Tourism	1	0.90
TOTAL			14	933.30

Source: FDI Intelligence, 2017

Of the South African FDI made for the period January 2003 to June 2016, only 1 project was recorded from the Western Cape, to the value of USD2.8m.

SOUTH AFRICAN FDI INTO BRAZIL, JAN 2003 - JUNE 2016								
DATE	INVESTING COMPANY	SOURCE CITY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPITAL (USDm)	JOBS
Jul-13	Wings Travel	Johannesburg	Rio de Janeiro	Hotels & Tourism	Travel arrangement & reservation services	Sales, Marketing & Support	0.9	13

SOUTH AFRICAN FDI INTO BRAZIL, JAN 2003 - JUNE 2016								
DATE	INVESTING COMPANY	SOURCE CITY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPITAL (USDm)	JOBS
May-13	MiX Telematics	Johannesburg	Sao Paulo	Communications	Communications equipment	Sales, Marketing & Support	3.9	23
Jul-12	PromonLogicalis	Johannesburg	Pernambuco	Software & IT services	Custom computer programming services	Business Services	3.2	109
Jul-12	PromonLogicalis	Johannesburg	Rio Grande do Sul	Software & IT services	Custom computer programming services	Business Services	3.2	109
Jul-12	PromonLogicalis	Johannesburg	Parana	Software & IT services	Custom computer programming services	Business Services	3.2	109
Sep-11	AngloGold Ashanti	Johannesburg	Minas Gerais	Metals	Gold ore & silver ore mining	Extraction	251	462
Sep-11	AngloGold Ashanti	Johannesburg	Mato Grosso	Metals	Gold ore & silver ore mining	Extraction	251	462
Sep-11	AngloGold Ashanti	Johannesburg	Goiias	Metals	Gold ore & silver ore mining	Extraction	251	462
Jan-11	Ad Dynamo	Cape Town	Not Specified	Business Services	Advertising, PR, & related	Business Services	2.8	7
May-10	Tourvest Event Activation Management (TEAM)	Johannesburg	Not Specified	Business Services	Other support services	Business Services	2.8	7
May-09	Standard Bank	Johannesburg	Not Specified	Financial Services	Corporate & investment banking	Business Services	0.5	5
Dec-05	SRK Consulting	Johannesburg	Minas Gerais	Business Services	Architectural, engineering, & related services	Business Services	2.8	7
Nov-05	AngloGold Ashanti	Johannesburg	Minas Gerais	Metals	Nonferrous metal production & processing	Manufacturing	36	77
Jan-05	AngloGold Ashanti	Johannesburg	Not Specified	Metals	Gold ore & silver ore mining	Extraction	121.0	524
TOTAL							933.3	2 376

Source: FDI Intelligence, 2017

7. Tourism

The latest tourism information is shown below. Of the total visitors to South Africa from Brazil, 51% visited the Western Cape in 2015. There has been a decrease in the number of visitors from Brazil to South Africa and the Western Cape, but visitors have extended their stay when staying in the Western Cape – shown below in “length of stay” and “bed nights”.

BRAZILIAN VISITORS TO SOUTH AFRICA AND THE WESTERN CAPE							
YEAR	TOTAL ARRIVALS TO SA FROM BRAZIL	WESTERN CAPE ARRIVALS	GROWTH	SHARE OF SA ARRIVALS	SPEND (ZARm)	LENGTH OF STAY	BED NIGHTS
2013	46 178	20 189	n/a	43.7%	R 192 408 307.00	8.6	163 279
2014	39 082	18 311	-9.30%	46.9%	R 174 706 522.00	10.6	171 325
2015	29 339	14 957	-18.32%	51.0%	R 183 523 065.00	15.1	196 669

Source: SATourism, 2016

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