

WHY INVEST IN BRAZIL?

Brazil has a strengthening economy due to its vast natural resources and government investment in tourism and energy.

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The Brazilian Economy

President Lula and his economic team have implemented prudent fiscal and monetary policies. Brazil's economy grew approximately 2.8% in 2006 and 4.5% in 2007. Brazil is now a net creditor nation, and sustained growth, coupled with booming exports, healthy external accounts, moderate inflation, decreasing unemployment, and reductions in the debt-to-GDP ratio led two major rating agencies to give Brazil an investment-grade sovereign debt rating in early 2008. Goldman Sachs has forecast that Brazil along with the other 3 BRIC nations will have a higher GDP than the current G7 by 2050 which is attracting a lot of foreign investment into the country. Goldman Sachs status as a leading investment bank has contributed to the growth of the Brazilian economy.

Advanced Industrial Sector

Brazil has one of the most advanced industrial sectors in Latin America. Accounting for one-third of GDP, Brazil's diverse industries range from automobiles and parts, other machinery and equipment, steel, textiles, shoes, cement, lumber, iron ore, tin, and petrochemicals, to computers, aircraft, and consumer durables.

Fiscal Surplus

In February 2008 the central bank of Brazil announced that the country was a net creditor with the rest of the world for the first time, thanks to a whopping \$190 billion of reserves. (Source: The Economist.com)

Brazil's Energy Policy and Outlook

Since the 1970's, the Government of Brazil has undertaken an ambitious energy program to reduce dependence on foreign oil. In the mid-1980s, imports accounted for more than 70% of Brazil's oil and derivatives needs; the net figure is now nearing zero. In early 2008, Brazil announced the discovery of the Tupi and Carioca oil fields off the coast of Rio de Janeiro. The oil reserves in these fields could be upwards of 40 billion barrels. Output from the existing Campos Basin and the discovery of the new oil fields could make Brazil a significant oil exporter by 2015. Brazil is one of the world's leading producers of hydroelectric power. Of its total installed electricity-generation capacity of 90,000 megawatt's, hydro power accounts for 66,000 megawatt's (74%). (Source: US Department of State, Bureau of Western Hemisphere Affairs 06/08)

Bio Energy Program

Data from Brazil's energy ministry shows that bio energy derived from sugar cane surpassed hydroelectric power as Brazil's secondary largest source of energy in 2007. The annual National Energy Balance report produced by Empresa de Pesquisa Energética (EPE) shows that 46.4 percent of Brazil's energy comes from renewable sources. By comparison, renewable energy accounts for 5.2 percent of power in OECD countries. In the U.S., about 7 percent of energy came from renewable sources in 2006 according to the Energy Information Administration. (Source: 46% of Brazil's energy comes from renewable sources, mongabay.com, May 13, 2008)

Tourism in Brazil

Tourism is the world's fastest-growing industry and a positive alternative for developing countries. Brazil's income from international tourism increased from \$2.5b to \$4.3b from 2003 to 2006 a rise of nearly 100%. This trend has continued and further strengthens the growth economy.

North East Brazil is a Popular Tourism Location

The North East of Brazil is one of the most popular destinations for international tourists and Brazilians, not only because of its climate but because of its proximity to Europe, North and Central America and the Caribbean. Government programs have ensured the tourism market continues to grow. The World Travel and Tourism Council reported that in 2007 there was a 7.2% growth in tourism. It is also estimated that over the next eight years the number of hotel beds in the Rio Grande de Norte will increase by 350%.

Brazil's emergence as a leading tourism destination is further evidenced by the steady increase in the flow of international airline passengers, from 8.6 million in 2002 to 12.2 million in 2006. To meet this increased demand airlines are continually expanding their direct routes to Brazilian destinations. Most major US airlines operate a direct service to a number of Brazilian cities.

São Gonçalo Airport Under Construction

The International Airport in Natal (São Gonçalo) is under construction and is planned to open in 2010. It will be one of the largest airports in Brazil, and due to its geographical position will be the largest cargo hub in Brazil.

Government Investment in Tourism

Across the globe Tourism produces turnover of US\$3.5 trillion per year, 10% of the world's GDP. The creation of the Ministry of Tourism in 2003 highlights the Government's commitment to this important sector of the economy. During 2005 alone, 210,000 jobs were created in the tourism sector and in excess of \$736 million was invested by the government to upgrade the infrastructure around all major tourist resorts. The governments National Tourism Plan aims to attract over 9 million foreign tourists per annum, generate 1,200,000 new jobs, receive 8 billion dollars in foreign currency per annum, develop at least three quality resorts in every Brazilian state and increase the number of domestic travelers to 65 million per annum.

European Tourists on the Increase

Brazil is already a popular holiday destination for the Portuguese, Spanish, Italians and other European nations are rapidly catching on. It is also becoming a favorite with Americans keen to sample the country's deep culture and outstanding natural beauty while benefiting from an advantageous exchange rate.

Investment Property Explosion

The North East of Brazil has recently experienced an explosion in investment into investment property. The general consensus amongst experts is that within a few years Brazil will become one of the world's leading destinations for owning a second home for people across the world.

2014 FIFA World Cup

Brazil has been awarded the host nation of the 2014 FIFA world cup. A proud achievement for any nation, this is Brazil's second time hosting the event. [MORE »»](#)

Domestic Growth

Brazil's increase in domestic wealth has kick-started a housing boom, with more and more new properties being constructed and prices rising steadily. Brazil currently has a housing deficit of nearly 8 million properties with demand and population growth on the rise. New projects are launched every day in a bid to meet the country's continued housing shortage. And as per-capita wealth rises, more Brazilians are able to afford investment or second homes in the highly sought-after North East, raising demand and subsequently prices.

Estimated 27 Million New Build Properties

It has been estimated that an additional 27 million properties will be needed over the next 15 years. This presents excellent investment opportunities for property investors both for exit strategy resale and long term investment.

Brazil's resale and rental markets also hold the added advantage of having a large and established domestic market – there is huge demand for properties from the local market that is additional to, rather than dependent on a foreign buyer market.