

Brazil

June 2021

Executive Summary

This country fact sheet provides key trade and investment related statistics for Brazil. Specifically, it shows Brazil's trade and investment flows including an analysis of top markets and products with both South Africa and the Western Cape, while highlighting the largest and fastest growing products and sub-sectors. It also analyses consumer-related insights for Brazil and tourism trends between Brazil and South Africa. Key findings and trends are provided below:

Economy

COVID-19 hit as Brazil was still recovering from its 2014-16 recession. Economic recovery remained weak and fiscal policy space limited since the peak of the recession in 2015-2016, with GDP growth below 2 percent in the following years. In 2020, GDP declined by 4.1%. According to the IMF's April 2021 forecast, the economy is expected to recover in 2021, with growth of 3.7%, followed by an estimated GDP growth of 2.6% in 2022.

Trade

In 2020, Brazil's export receipts decreased by 6.62% from USD 224.00bn recorded in 2019 to USD209.18bn in 2020. Associated imports costs also decreased, by 10.46% from the USD177.34bn in 2019 to USD158.79bn in 2020.

South Africa's export receipts with Brazil totalled USD291.81m in 2020, a decline of 31.43% from the 2019 value of USD425.57m. In a similar manner, South Africa's imports from Brazil declined by 10.41% to a value of USD1062.07 (USD1.06bn) in 2020, down from a cost of USD1185.51m (USD1.19bn) incurred in 2019. South Africa's leading export product to Brazil in 2020 were insecticides, rodenticides, fungicides, herbicides, at a value of USD53.82m. South Africa was the 38th largest destination market for Brazilian exports and the 42nd largest source market for Brazilian imports.

The Western Cape exported goods to the value of USD20.03m in 2020, a decline of 33.77% from USD30.24m in 2019, while imported goods were valued at USD184.00m in 2020, increasing by 22.0% from the 2019 value of USD150.08m.

Investment

A total of 1, 655 inward foreign direct investment (FDI) projects were recorded into Brazil from global sources over the period 2013 to May 2021. These projects represented a total capital investment of USD64.85bn. In turn, Brazil recorded 416 outward FDI projects into the world over the said period with an associated capex value of USD8.18bn.

Three FDI projects (USD28.65m capex value) were recorded from Brazil into South Africa during the period 2013 to May 2021; and four FDI projects with a total capex value of USD72.62m were recorded from South Africa into Brazil over the same period.

Tourism

South Africa received 77, 261 Brazilian tourist arrivals in 2019 of which 25, 843 visited the Western Cape.

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1. General Information

Brazil is the largest country in both South America and Latin America. It is the fifth-largest country by area and the sixth most populous in the world with over 208 million people. Its capital is Brasília, and its most populated city is São Paulo. The federation is composed of the union of the 26 states, the Federal District, and the 5,570 municipalities. It is the largest country to have Portuguese as an official language and the only one in the Americas; it is also one of the most multicultural and ethnically diverse nations, due to over a century of mass immigration from around the world.

Brazil continues to pursue industrial and agricultural growth and development of its interior. Having successfully weathered a period of global financial difficulty in the late 20th century, Brazil was seen as one of the world's strongest emerging markets and a contributor to global growth. The awarding of the 2014 FIFA World Cup and 2016 Summer Olympic Games, the first ever to be held in South America, was seen as symbolic of the country's rise. However, from about 2013 to 2016, Brazil was plagued by a sagging economy, high unemployment, and high inflation, only emerging from recession in 2017.

Former President Dilma Rouseff (2011-2016) was removed from office in 2016 by Congress for having committed impeachable acts against Brazil's budgetary laws, and her vice president, Michel Temer, served the remainder of her second term. In October 2018, Jair Bolsonaro won the presidency with 55% of the vote and assumed office on 1 January 2019.

Sources: World Bank, 2021; CIA World Factbook, 2021

GENERAL INFORMATION	
Capital city	Brasilia
Government type	Federal Presidential Republic
Chief of State	President Jair BOLSONARO
Population	213,445,417 (July 2021 est.)
Life expectancy	74.98 years
Literacy	93.2%
Ethnic groups	White 47.7%, mulatto (mixed white and black) 43.1%, black 7.6%, Asian 1.1%, indigenous 0.4% (2010 est.)
Religions	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%, Spiritism 2.2%, other 1.4%, none 8%, unspecified 0.4% (2010 est.)
Languages	Portuguese (official and most widely spoken language) note: fewer common languages include Spanish (border areas and schools), German, Italian, Japanese, English, and a large number of minor Amerindian languages
HDI (2020)	0.765 (Ranked 84 th)

Sources: CIA World Factbook, 2021, Human Development Indicators, 2020

2. Economic Overview

Brazil is the eighth-largest economy in the world. Brazil is recovering from a recession which was between said to worst recession to ever hit the country.

The economy has been negatively affected by multiple corruption scandals involving private companies and government officials, including the impeachment and conviction of Former President Dilma Rousseff in August 2016. Sanctions against the firms involved, some of the largest in Brazil, have limited their business opportunities, producing a ripple effect on associated businesses and contractors, but creating opportunities for foreign companies to step into what had been a closed market. The succeeding Temer administration has implemented a series of fiscal and structural reforms to restore credibility to government finances. Congress approved legislation in December 2016 to cap public spending. Government spending growth pushed public debt to 73.7% of GDP at the end of 2017, up from over 50% in 2012. The government also boosted infrastructure projects, such as oil and natural gas auctions, in part to raise revenues. Other economic reforms, proposed in 2016, aim to reduce barriers to foreign investment, and to improve labour conditions. Policies to strengthen Brazil's workforce and industrial sector, such as local content requirements, have boosted employment, but at the expense of investment.

Brazil is a member of the Common Market of the South (Mercosur), a trade bloc that includes Argentina, Paraguay and Uruguay - Venezuela's membership in the organisation was suspended In August 2017. After the Asian and Russian financial crises, Mercosur adopted a protectionist stance to guard against exposure to volatile foreign markets and it currently is negotiating Free Trade Agreements with the European Union and Canada.

Sources: CIA World Factbook, 2021

ECONOMIC INFORMATION	
GDP at constant prices, national currency (2021 est.)	S\$481.18bn
GDP growth at constant prices (2021 est.)	6.03%
GDP per capita at constant prices, national currency (2021 est.)	S\$84, 207.94
Inflation (2021 est.)	1.6%
Selic rate (June 2021)	4.25%
Unemployment rate (2021 est.)	2.7%
Total Exports (2020)	USD209.18bn
Total Imports (2020)	USD158.79bn

Sources: IMF 2021; Banco Central Do Brasil 2021; Doing Business in Brazil 2020; Trade Map, 2021

Brazil's economic recovery remains weak and fiscal policy space limited since the peak of the recession in 2015-2016, with GDP (Gross Domestic Product) growth below 2 percent in the subsequent years. In 2020, GDP is estimated to have declined by 4.1%. According to the IMF's April 2021 forecast, Brazil's Real GDP is expected to recover in 2021. Brazil GDP is forecast to growth by 3.7% in 2021 and is forecast to contract by 2.7% in 2022.

Sources: World Bank, 2021; Santander, 2021



Source: IMF, 2021

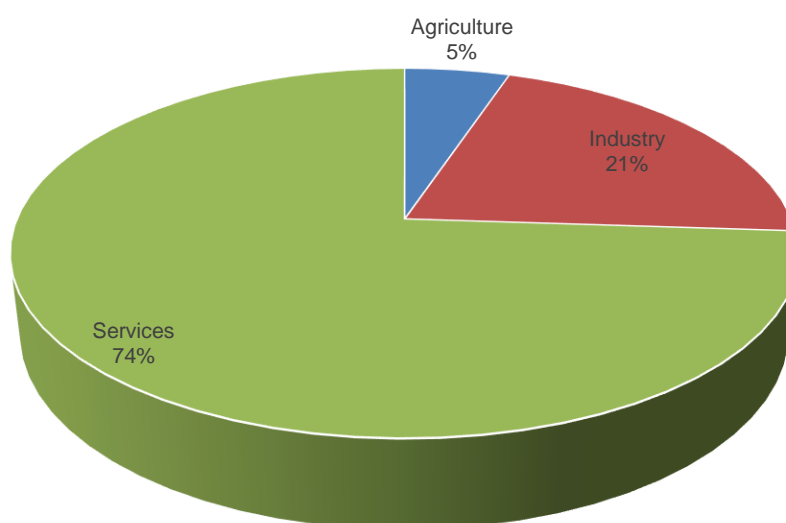
2.1 Economic Structure

Agriculture products contribute 40% towards the country's total exports however the sector's contribution to GDP (4.4%) remain minimal and employs 9.12% of the population. The country is the world's largest producer of coffee, sugar cane and oranges, and is one of the world's largest producers of soy. With forests covering half of the country and the world's largest rainforest, Brazil is the world's fourth largest exporter of timber. Additionally, Brazil is home to the world's largest commercial livestock herd. The country also attracts many multi-national groups in the food and bio-fuels industries.

The industry sector contributes 17.9% to the GDP and employs 19.59% of the population. The country is the world's second largest exporter of iron, and one of the world's main producers of aluminium and coal. As an oil producer, Brazil is aiming to become energy independent in the near future, with reserves that could make it one of the top five oil producers in the world. Furthermore, the country is increasingly asserting itself in the textile, aeronautics, pharmacy, automobile, steel and chemical industry sectors. Many of the world's large automobile manufacturers have set up production plants in Brazil.

The service sector represents 63.25% of Brazilian GDP and employs 71.28% of the active workforce. In recent years, the country has embarked on the production of high added-value services, especially in the fields of aeronautics and telecommunications. Tourism has also been on the rise in recent years, making it an important segment of the sector.

BRAZIL GDP SECTORAL CONTRIBUTION, 2019



Source: Santander, 2021

The Forbes Global 2000 is an annual list of the world's 2000 largest publicly listed corporations. Listed in the figure below are Brazilian top companies that made it to the 2021 top companies list.

TOP 20 BRAZILIAN COMPANIES ON FORBES 2000 LIST, 2021						
GLOBAL RANK	COMPANY	SECTOR	SALES (USDbn)	PROFITS (USDbn)	ASSETS (USDbn)	MARKET VALUE (USDbn)
109	Itaú Unibanco Holding	Regional Banks	37.2	3.7	389.7	48.5
113	Vale	Iron & Steel	40.4	5.2	92.1	99.2
154	Banco Bradesco	Banking	26.7	3.2	306.3	40.9
159	Petrobras	Oil & Gas Operations	52.7	1.4	190.1	53.3
272	Banco do Brasil	Banking	24	2.3	314	15.1
525	JBS	Food Processing	52.4	891.5m	31.5	14.8
680	Banco Btg Pactual	Diversified Financials	3.1	1	44.9	46.1
959	Eletrobras	Utilities	5.6	1.2	34.5	10.1
1218	Itaúsa	Conglomerates	1.1	1.4	14	15.4
1322	B3	Investment Services	1.3	571m	10.1	16.5
1344	Marfrig Global Foods	Food, Drink & Tobacco	13.1	640.1m	7.6	2.4
1450	CSN	Iron & Steel	5.8	735.6m	12.1	11.8
1465	WEG	Capital Goods	3.4	453.8	3.8	28.8
1527	Suzano Papel e Celulose	Paper & Paper Products	5.9	-2.1	19.6	17.1
1602	Gerdau (Cosigua)	Materials	8.5	458.6	12.2	9.8
1726	Magazine Luiza	Retailing	9.9	422.4m	11.5	1.7
1750	Companhia Brasileira de Distribuição	Food Retail	13.5	326m	13.6	6.3
1791	CPFL Energia	Electric Utilities	6	706.3m	9.5	6.4
1841	Braskem	Specialized Chemicals	11.4	-1.3	16.6	7.1
1888	Ultrapar Participações	Oil & Gas Operations	15.8	173.2	7.1	4.1
193	Rede D'Oro Luiz	Health Care Equipment & Services	2.7	83m	8.8	24.2

Source: Forbes 2000, 2021

Note: The Methodology

We compile our Global 2000 list using data from FactSet Research systems to screen for the biggest public companies in four metrics: sales, profits, assets and market value. Our market value calculation is as of April 18, 2019, closing prices and includes all common shares outstanding.

All figures are consolidated and in U.S. dollars. We use the latest-12-months' financial data available to us. We rely heavily on the databases for all data, as well as the latest financial period available for our rankings (the final database screen was run in early-April). Many factors play into which financial period of data is available for the companies and used in our rankings: the timeliness of our data collection/screening and company reporting policies, country-specific reporting policies and the lag time between when a company releases its financial data and when the databases capture it for screening/ranking. We quality-check the downloaded financial data to the best of our ability using other data sources, including Bloomberg and available company financial statements.

Publicly traded subsidiaries for which the parent company consolidates figures are excluded from our list. For most countries, the accounting rules for the consolidation of a subsidiary is when the parent's ownership (control) of the subsidiaries stock is more than 50%. Some countries accounting rules allow for the consolidation of a subsidiary at less than 50% ownership.

2.2 Doing Business in Brazil

The World Bank Group in its annual *Doing Business 2020* report ranked Brazil 124 out of 190 countries monitored in terms of the ease of doing business. Brazil's strengths in terms of ease of doing business include enforcing contracts, with the country ranking 58th globally in this category, protecting investors (61st) and resolving insolvency (77th). Conversely, according to the report, the country fared less favourably in terms of trading across borders with a ranking of 184th, dealing with construction permits (170th), and starting a business (138th). Indicators ranked by the report are tabled below:

BRAZIL'S RANKINGS - DOING BUSINESS, 2020 REPORT	
INDICATORS	2020 RANKING (OUT OF 190 COUNTRIES)
Starting a Business	138
Dealing with Construction Permits	170
Getting Electricity	98
Registering Property	133
Getting Credit	104
Protecting Minority Investors	61
Paying Taxes	184
Trading Across Borders	108
Enforcing Contracts	58
Resolving Insolvency	77
Doing Business 2019	124

Source: World Bank Group's *Doing Business, 2020 Report*.

2.3 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 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" (Investopedia, 2020).

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) 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.

In April 2020, S&P Global Ratings lowered its outlook on Brazil's sovereign debt to "stable", citing the huge government spending to soften the economic blow from the coronavirus as reason for the lower rating. The fiscal deficit was expected to double in 2020 to 12% of gross domestic product, S&P remained confident that the government will resume its drive to get public finances in order once the crisis is over. S&P's outlook change came barely three months after it had raised it to "positive." The ratings agency maintained its BB- non-investment grade, or so-called "junk," rating. S&P expected the government's nominal budget deficit to double to 12% in 2020, the gross national debt to rise by almost 10 percentage points to 85% of gross domestic product, and net debt to rise by a similar amount to 66% of GDP. The primary deficit excluding interest payments, which the government pays more attention to, would likely swell to 7% of GDP in 2020 from 1% in 2019, S&P.

On the 5th of May 2020, Moody's maintained its "Ba2" rating on Brazil's sovereign debt with a "stable" outlook. The affirmation came as Brazilian government's deficit and debt were set to blow out to record levels due to the coronavirus crisis and follows recent outlook downgrades from Fitch and S&P. The country committed to continuing reforms and fiscal adjustments to maintain confidence in the country. The main reasons Moody's looked through the sudden surge in indebtedness are record low interest rates making it easier to service the debt, post-crisis fiscal consolidation, limited exposure to external debt, and strong foreign currency reserves.

On the other side, Fitch Ratings lowered its outlook on Brazil's credit rating to negative from stable, the latest indication of the severe economic and financial damage being wrought on Latin America's largest economy by the coronavirus pandemic. Maintaining its "junk-status" BB-minus sovereign credit rating, Fitch said Brazil's economy is on course to shrink 4% this year with risks still tilted to the downside and noted a rapidly deteriorating fiscal position and growing political risks. The outlook downgrade comes amid a raft of downward revisions to 2020 gross domestic product growth forecasts and increasingly weak economic indicators. Fitch expects the government's general budget deficit, including interest payments, to widen to 13% of GDP in 2020, almost double the median 6.8% of GDP for countries with a "BB" credit rating. Similarly, Brazil's overall debt-to-GDP ratio was expected to hit 79.4% in 2020, up from 75.8% in 2019 and considerably higher than the current median of 58.4% across countries with a "BB" rating.

BRAZIL'S SOVEREIGN CREDIT RATINGS, 2021			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	BB-	Ba2	BB-
OUTLOOK	Stable	Stable	Negative
DATE OF LAST CHANGE	2020-04-06	2020-05-15	2020-05-05

Sources: Country Economy, 2021

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 that offers these services is Belgium's Delcrederecredicioire's, the country's official export credit agency and public credit insurer.

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

- In terms of political risk associated with exports transactions in Brazil, these are deemed to be low in the short-term and relatively high in the medium to long-term.
- Business environment risk in turn is considered high.
- Regarding direct investment, with the exception of currency inconvertibility and transfer, all other categories are considered relatively low as indicated by scores awarded below.

BRAZIL'S RISK ASSESSMENT - Delcredereducroire		
EXPORT TRANSACTIONS (Scale 1 – 7) *		
Political Risks	Short Term	3
	Medium-Long term	5
	Premium Classification OECD	5
Business Environment Risk A to G	G **	
DIRECT INVESTMENTS		
Political Violence Risk	2	
Risk of expropriation and government action	3	
Currency Inconvertibility and Transfer	5	
* Where 1 is associated with the least risk and 7 the most.		
** Where B is associated with mid risk; A is low risk and G is high risk.		

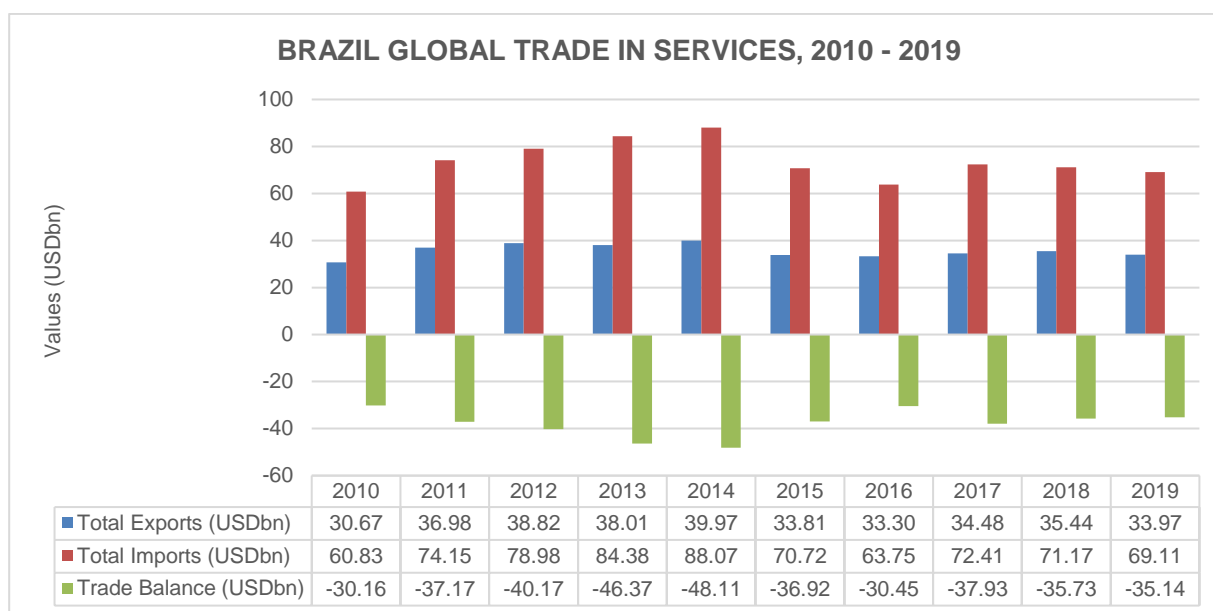
Source: ONDD, 2021

3. Trade

3.1 Trade in Services

The figure below illustrates the trend in Brazil's global trade in services for the period 2010 to 2019. Over the period under review, import costs constantly outpaced export receipts, keeping Brazil's services balance in a deficit and making Brazil a net importer of services.

In 2019, services exports stood at USD33.97bn, decreasing by 4.14% from the 2018 value of USD35.44bn. In a similar manner, associated services imports costs decreased by 2.90%, from USD71.17m in 2018 to USD69.11m in 2019.



Source: TradeMap, 2021

Key Trade Services

In terms of key trade **service exports**, the other business services category dominated service export earnings in 2019, at a value of USD15,426.14m (USD15.43bn), equivalent to 45.41% of total services export receipts earned in 2019. Travel services came second at a value of USD5,912.68m (USD5.91bn), equivalent to 17.40% of total services export receipts earned in 2019. This was followed by transport services in third place at a value of USD5,558.64m (USD5.56bn) and equivalent to 16.36% of total services export receipts earned in 2019. Combined, these three categories accounted for 79.18% of total service export receipts earned in 2019.

Brazil's fastest growing **service export categories** over the five-year period leading up to and including 2019 were maintenance and repair services (34.23%), insurance and pension services (14.72%), and charges for the use of intellectual property (14.36%).

Turning to key trade **service imports**, import costs associated with other business services dominated in 2019 at a value of USD24,098.92m (USD24.10bn), which is equivalent to 34.87% of total service import costs in the year. Travel services followed in second position with related service import costs totalling USD17.59bn-, which is equivalent to 25.46% of total service import costs in 2019. Transport services came third at a value of USD11,472.47m (USD11.47bn) and equivalent to 16.60% of total service import costs in the year. Combined, these three categories accounted for 76.93% of total service import costs incurred in 2019.

Brazil's fastest growing **service import categories** over the five-year period leading up to and including 2019 were maintenance and repair services (12.59%), telecommunications, computer, and information services (9.21%) and insurance and pension services (1.12%).

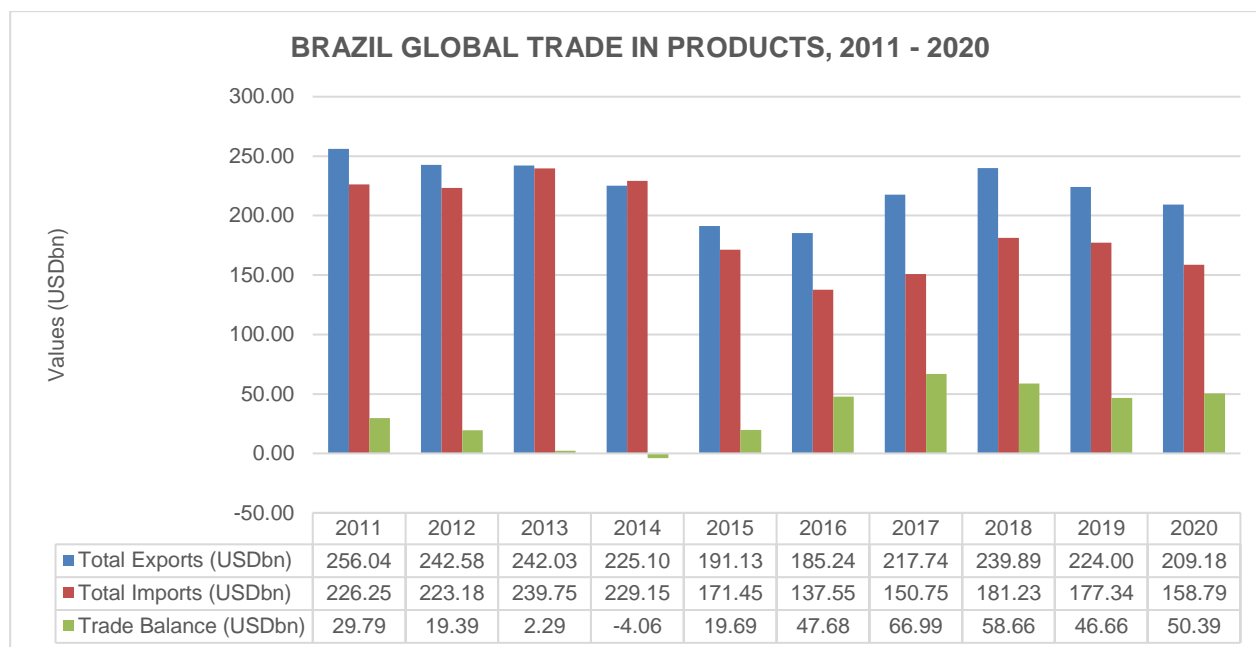
TOP 10 SERVICES EXPORTED BY BRAZIL, 2019				TOP 10 SERVICES IMPORTED BY BRAZIL, 2019			
CODE	SERVICES	VALUE 2019	% Growth,	RANK	SERVICES	VALUE 2019	% Growth,
		(USDm)	2015- 2019			(USDm)	2015- 2019
1	Other business services	15 426.14	-6.04%	1	Other business services	24 098.92	-4.97%
2	Travel	5 912.68	-2.66%	2	Travel	17 593.41	-5.01%
3	Transport	5 558.64	-0.52%	3	Transport	11 472.47	-2.92%
4	Telecommunications, computer, and information services	2 531.28	12.21%	4	Telecommunications, computer, and information services	5 504.56	9.21%
5	Financial services	1 011.47	-0.16%	5	Charges for the use of intellectual property	5 344.28	-1.84%
6	Insurance and pension services	969.71	14.72%	6	Government goods and service	2 022.17	-0.15%
7	Government goods and services	680.24	-5.42%	7	Insurance and pension services	1 521.31	1.12%
8	Maintenance and repair services	673.03	34.23%	8	Financial services	661.42	-4.95%
9	Charges for the use of intellectual property	641.11	14.36%	9	Personal, cultural, and recreational services	549.02	-21.15%
10	Personal, cultural, and recreational services	518.33	8.49%	10	Maintenance and repair services	338.83	12.59%
TOTAL		33971.56	-2.95%	TOTAL		69110.22	-4.12%

Source: TradeMap, 2021

3.2 Brazil Global Trade

The figure below shows the trend in Brazil's global trade from 2012 to 2020. Brazil's export receipts consistently outpaced its import costs throughout the period under review, except for 2014.

In 2020, Brazil's export receipts fell by 6.62% to reach USD209.18bn, down from USD224.00bn recorded in 2019. In a similar manner, associated import costs also fell, by 10.46% from the cost of USD177.34bn incurred in 2019 to USD158.79bn in 2020.



Source: TradeMap, 2021

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Key Trade Markets

In terms of key trade export markets, China was the leading destination market for Brazil's exports at a value of USD67.79bn in 2020. The United States and Argentina were the second and third largest consumers of Brazilian products in 2020, importing products to the value of USD21.62bn and USD8.49bn, respectively. Of the top 10 exports markets, the fastest growing markets for Brazilian exports over the five-year period leading up to and including 2020 were China (14.96%), Canada (12.98%) and Spain (9.55%)

South Africa was Brazil's 38th largest destination market in 2020, at a value of USD0.99m (USD989.03m).

TOP 10 DESTINATION COUNTRIES FOR BRAZIL'S EXPORTS, 2020			
RANK	COUNTRY	VALUE 2020 (USDbn)	% GROWTH (avg.; USD terms) 2016-2020
1	China	67.79	14.96%
2	United States of America	21.62	-1.05%
3	Argentina	8.49	-5.33%
4	Netherlands	6.71	-4.54%
5	Canada	4.23	12.98%
6	Japan	4.13	-1.44%
7	Germany	4.12	-4.21%
8	Spain	4.06	9.55%
9	Chile	3.85	1.64%

38	Mexico	3.83	2.22%
38	South Africa	0.99	-5.60%
TOTAL EXPORTS		209.18	2.28%

Source: TradeMap, 2021

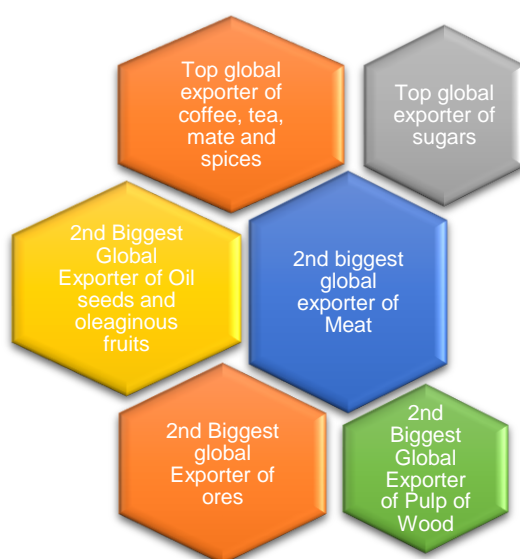
Similar to leading destination markets for Brazil's exports, China was also the leading source market for Brazil's **imports** in 2020, with imports valued at USD34.78bn. The United States and Germany were second and third largest source markets for Brazil's imports in 2020, with values totalling USD28.21bn and USD9.37bn, respectively. Of the top 10 markets, the fastest growing markets for Brazilian imports over the five-year period leading up to and including 2020 were China (4.05%), India (3.00%) and United States (1.51%).

South Africa was Brazil's 42nd largest source market in 2020, at a value of USD0.61m (USD612.23m).

TOP 10 SOURCE MARKETS FOR BRAZIL'S IMPORTS, 2020			
RANK	COUNTRY	VALUE 2020 (USDbn)	% GROWTH (avg.; USD terms) 2016-2020
1	China	34.78	4.05%
2	United States of America	28.21	1.51%
3	Germany	9.37	-1.61%
4	Argentina	7.90	-4.07%
5	Korea, Republic of	4.50	-3.52%
6	Japan	4.19	-1.85%
7	India	4.17	3.00%
8	France	4.16	-0.54%
9	Italy	4.08	-1.90%
42	Mexico	3.86	-1.19%
42	South Africa	0.61	5.60%
TOTAL IMPORTS		158.79	-0.51%

Source: TradeMap, 2021

Interesting Trade Facts



Source: TradeMap, 2021

Brazil is the **top global exporter** of coffee, tea, sugars and sugars.

Key Trade Products

In terms of key trade products, soya beans were Brazil's **dominant export category** in 2020 at a value of USD28.56bn, equivalent to 13.66% of export receipts earned in the said year. Iron ores were the second largest export category at a value of USD25.79bn (12.33% of total export earnings), while petroleum oils were third at a value of USD19.61bn (9.38%). Combined, these three categories accounted for 35.36% of total product export receipts earned in 2020.

Brazil's **fastest growing export products** over the five-year period leading up to and including 2020 were petroleum oils (excluding crude) (17.17%), petroleum oils (14.91%) and iron ores and concentrates (11.24%).

In turn, refined petroleum oils (excluding crude oil) were the **leading import category** into Brazil in 2020 at a value of USD7.39bn, which is equivalent to 4.65% of import costs in 2020. Parts and accessories for tractors category were the second largest import category at a cost of USD5.07bn (10.67% of total import costs), while the telephone sets category was third at a value of USD4.48bn (2.82%). Combined, these three categories accounted for 10.67% of total product import costs incurred in 2020.

Of the top ten products, Brazil's **fastest growing import products** over the five-year period leading up to and including 2020 were light-vessels, fire-floats (185, 377%), turbojets and turbo-propellers (62.82%), and electronic integrated circuits (8.12%).

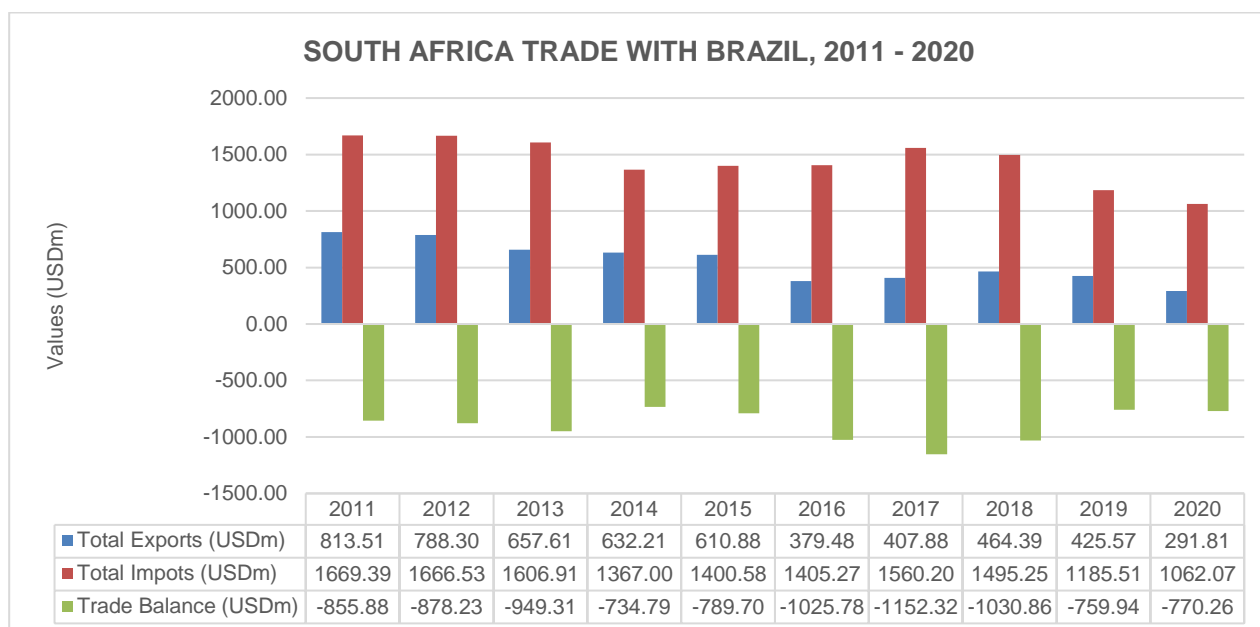
TOP 10 PRODUCTS EXPORTED BY BRAZIL, 2020				TOP 10 PRODUCTS IMPORTED BY BRAZIL, 2020			
RANK	PRODUCT (HS 4)	VALUE 2020 (USDbn)	% GROWTH (avg.; USD terms) 2016-2020	RANK	PRODUCT (HS 4)	VALUE 2020 (USDbn)	% GROWTH (avg.; USD terms) 2016-2020
1	Soya beans	28.56	5.37%	1	Refined Petroleum oils (excluding crude)	7.39	2.67%
2	Iron ores and concentrates	25.79	11.24%	2	Parts and accessories for tractors	5.07	-0.19%
3	Petroleum oils	19.61	14.91%	3	Telephone sets	4.48	1.56%
4	Cane or beet sugar	8.74	12.91%	4	Electronic integrated circuits	4.04	8.12%
5	Meat of bovine animals	6.68	10.88%	5	Light-vessels, fire-floats	3.83	185377.32%
6	Oilcake and other solid residues,	5.91	6.67%	6	Insecticides, rodenticides, fungicides	3.69	5.05%
7	Maize or corn	5.85	5.47%	7	Human blood	3.35	4.37%
8	Chemical wood pulp	5.69	6.16%	8	Turbojets, turbopropellers	3.32	62.82%
9	Meat and edible offal	5.55	0.31%	9	Medicaments	3.28	0.42%
10	Petroleum (excluding crude)	5.06	17.17%	10	Mineral or chemical potassic fertilisers	2.62	2.85%
TOTAL EXPORTS		209.18	100901.14%	TOTAL IMPORTS		158.79	-0.51%

Source: Trade Map 2021

3.3 Trade with South Africa

South Africa's trade with Brazil for the period 2011 - 2020 is presented in the figure below.

In 2020, South Africa's export receipts with Brazil totalled USD291.81m, declining by 31.43% from the 2019 value of USD425.57m. In a similar manner, South Africa's imports from Brazil declined by 10.41% to a value of USD1.06bn in 2020, down from a cost of USD1185.51m (USD1.19bn) incurred in 2019.



Source: Trade Map 2021

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Key Trade Products

South Africa's **dominant export category** to Brazil in 2020 were insecticides, rodenticides, fungicides, herbicides valued at USD53.82m, which is equivalent to 18.44% of all export receipts earned from Brazilian trade in 2020. The unwrought aluminium category was placed second at a value of USD40.91m (14.02%), followed by flat-rolled products of stainless steel at USD27.00m (9.25%). Combined, these three categories accounted for 41.72% of total product export receipts earned in 2020.

Of the top ten products, South Africa's **fastest growing export product categories** to Brazil over the five-year period leading up to and including 2020 were unwrought aluminium (9 863.08%), centrifuges (88.32%), and waste and scrap (38.68%).

Meat and edible offal **dominated South African imports** from Brazil in 2020 at a cost of USD138.17m. This was equivalent to 13.01% of all import costs incurred by South Africa in 2020. Commodities not elsewhere specified placed second at a cost of USD117.81m (11.90%), followed by petroleum oils at a value of USD80.52m (7.58%). Combined, these three categories accounted for 31.68% of total product import costs incurred in 2020.

Of the top ten products, South Africa's **fastest growing import product categories** with Brazil over the five-year period leading up to and including 2020 were paper, paperboard (1440.84%), ferro-alloys (42.84%) and petroleum oils (23.90%).

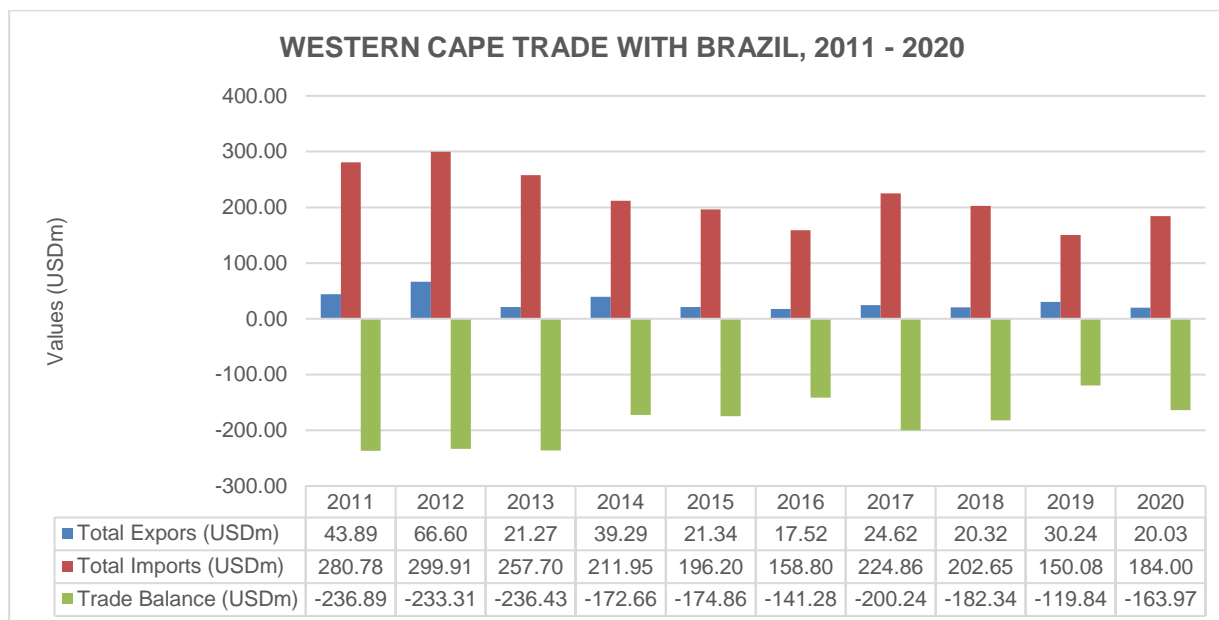
TOP 10 SOUTH AFRICAN PRODUCTS EXPORTED BY BRAZIL, 2020				TOP 10 SOUTH AFRICAN PRODUCTS IMPORTED BY BRAZIL, 2020			
RANK	PRODUCT	VALUE 2020 (USDm)	% GROWTH 2016-2020	RANK	PRODUCT	VALUE 2020 (USDm)	% GROWTH 2016-2020
1	Insecticides, rodenticides, fungicides, herbicides	53.82	-2.83%	1	Meat and edible offal	138.17	0.22%
2	Unwrought aluminium	40.91	9 863.08%	2	Commodities not elsewhere specified	117.81	-
3	Flat-rolled products of stainless steel	27.00	5.01%	3	Petroleum oils	80.52	23.90%
4	Coal	24.46	-9.89%	4	Unwrought zinc	55.71	-46.53%
5	Waste and scrap	13.64	38.68%	5	Ferroalloys	39.92	42.84%
6	Granulated slag	10.63	-	6	Coffee	28.41	12.18%
7	Acyclic hydrocarbons	9.04	-0.42%	7	Paper, paperboard	27.19	1440.84%
8	Ferroalloys	7.23	-11.27%	8	Rice	26.50	12.83%
9	Unwrought nickel	6.42	-	9	Medicaments	25.48	-14.33%
10	Centrifuges	6.07	88.32%	10	Chemical wood pulp	25.13	12.82%
TOTAL EXPORTS		291.81	-11.27%	TOTAL IMPORTS		1062.07	-10.79%

Source: Trade Map 2021

3.4 Western Cape Trade with Brazil

Turning to the Western Cape's trade with Brazil for the period 2011 – 2020.

In 2020, the Western Cape's export receipts from trade with Brazil stood at USD20.03m; a decrease of 33.77% from the 2019 value of USD30.24m. In contrast, associated import costs increased by 22.60%, from a value of USD150.08m in 2019 to a value of USD184.00m in 2020.



Source: Quantec, 2021

Key Trade Products

The Western Cape's **dominant export product** to Brazil in 2020 was wine valued at USD2.00m which is equivalent to 9.98% of all export receipts earned with Brazil in 2020. Undenatured ethyl alcohol came in second position with exports reaching USD1.46m (7.27%), followed by other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery at USD1.34m (6.67%). Combined, these three categories accounted for 23.92% of total product export receipts earned in 2020.

Of the top ten products, the Western Cape's fastest **growing export product category** to Brazil over the five-year period leading up to and including 2020 were insecticides, rodenticides, fungicides, herbicides, (73.10%), seeds, fruit and spores (63.48%) and chain and parts thereof, of iron or steel (35.75%).

Petroleum oils **dominated products imported** from Brazil by the Western Cape in 2020 at a cost of USD79.26m, which is equivalent to 43.08% of all import costs incurred with Brazil in 2020. Meat and edible offal came in second place at a cost of USD25.82m (14.04%), while unwrought zinc came in third place at USD13.50m (7.34%). Combined, these three categories accounted for 64.45% of total product import costs incurred in 2020.

Of the top ten products, the Western Cape's **fastest growing import product categories** with Brazil over the five-year period leading up to and including 2020 were food preparations (450.02%), uncoated paper and paperboard (220.85%) and unwrought zinc (84.90%).

THE TOP 10 WESTERN CAPE EXPORTS TO BRAZIL, 2020				THE TOP 10 WESTERN CAPE IMPORTS FROM BRAZIL, 2020			
RANK	PRODUCT (HS4)	VALUE 2020 (USDm)	% GROWTH 2016 - 2020	RANK	PRODUCT (HS4)	VALUE 2020 (USDm)	% GROWTH 2016 - 2020
1	Wine	2.00	1.25%	1	Petroleum oils	79.26	-
2	Undenatured ethyl alcohol	1.46	-12.82%	2	Meat and edible offal	25.82	34.45%
3	Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery	1.34	11.72%	3	Unwrought zinc	13.50	84.90%
4	Reaction initiators, reaction accelerators	1.08	1.32%	4	Unmanufactured tobacco	8.13	-24.72%
5	Machinery for sorting, screening, separating, washing, crushing	1.02	-	5	Food preparations	4.75	450.02%
6	Seeds, fruit and spores,	0.91	63.48%	6	Flours	4.72	15.42%
7	Chain and parts thereof, of iron or steel	0.87	35.75%	7	Dried leguminous vegetable	4.45	-
8	Printing ink	0.84	-4.21%	8	Uncoated paper and paperboard	3.49	220.58%
9	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting product	0.84	73.10%	9	Plywood, veneered panels	3.44	-1.17%
10	Beauty or make-up preparations	0.80	8.03%	10	Cane or beet sugar	3.02	23.00%
TOTAL EXPORTS		20.03	4.04%	TOTAL IMPORTS		184.00	1.86%

Source: Quantec, 2021

3.5 Trade Regulations Markings and Standards

Import Tariffs

Imports are subject to several taxes and fees in Brazil, which are usually paid during the customs clearance process.

There are three taxes that account for the bulk of import costs: the Import Duty (abbreviated in Portuguese as II), the Industrialized Product tax (IPI) and the Merchandise and Service Circulation tax (ICMS). In addition to these taxes, several smaller taxes and fees apply to imports. Note that most taxes are calculated on a cumulative basis.

Import duty (II) is a federally mandated product-specific tax levied on a CIF (Cost, Insurance, and Freight) basis. In most cases, IPI is a federal tax levied on most domestic and imported manufactured products. It is assessed at the point of sale by the manufacturer, or processor in the case of domestically produced goods, and at the point of customs clearance in the case of imports. As part of the federal government's efforts to support local producers, IPI rates between imported and domestically produced goods within the same product category may differ. The IPI tax is not considered a cost for the importer, since the value is credited back to the importer. Specifically, when the product is sold to the end user, the importer debits the IPI cost.

The GOB levies the **IPI rate** by determining how essential the product may be for Brazilian end-user. Generally, the IPI tax rate ranges from 0-15 percent. In the case of imports, the tax is charged on the product's CIF value plus import duty. A product's IPI rate is directly proportional to its import tariff rate. As with value-added taxes in Europe, IPI taxes on products that pass through several stages of processing are reduced to compensate for IPI taxes paid at each stage. Brazilian exports are exempt from the IPI tax. Brazilian Customs publishes the complete list of NCM products and their IPI tariffs at this website.

ICMS is a state government value-added tax applicable to both imports and domestic products. The ICMS tax on imports is assessed ad valorem on the CIF value, plus import duty, plus IPI. Although importers have to pay the ICMS to clear the imported product through customs, it is not necessarily a cost item for the importer because the paid value represents a credit to the importer. When the product is sold to the end user, the importer debits the ICMS, which is included in the final price of the product and is paid by the end user.

Labelling/Marking Requirements

The Brazilian Customer Protection Code requires that product labelling provides the consumer with precise and easily readable information about the product's quality and quantity, composition, price, guarantee, shelf life, origin and risks to the consumer's health and safety. Portuguese translation of this information is required for all imported products. Labels should also include metric units or include a metric equivalent.

Temporary Entry

There are very strict rules regarding the entry of used merchandise into Brazil. An example of products falling under this program would be the temporary importation of machine tools. The example in the table below shows that taxes due are proportional to the period the imported product will remain in Brazil. This also applies to temporary entry of personal belongings.

Permanent and Temporary Tax example - Brazil	
CIF price of machine tool	\$200,000
II of 10 percent on CIF	\$20,000
IIPI of 5 percent X (CIF plus II)	\$11,000
Taxes that would be owed if importation were permanent	\$31,000
Total life span of machine tool	60 months
Time machine tool with stay in Brazil	12 months
Tax for temporary importation	\$6,200
Value = $31000 \times (1 - (60 - 12) / 60)$	
(20 percent of tax is owed as tool will stay in Brazil 1/5 of it's useful life)	

Prohibited/Restricted Products

In general, importation of any used consumer goods is prohibited. Used capital goods are only allowed when a similar, locally produced item is not available - such as used aviation parts. Remanufactured goods are still considered used goods.

The country prohibits the imports of fresh poultry meat and poultry products coming from the United States. There is also specific legislation that prohibits the importation of products that Brazilian regulatory agencies consider harmful to health, sanitation, national security interest, and the environment.

Trade Agreements

Brazil is a member of the Mercosur trading bloc, which has its own regional standards organization that issues and harmonizes standards. Technical committees write and recommend standards in selected areas. Each country must ratify the standard before they are adopted in that country. A number of standards have already been adopted as Mercosul standards. Adopted and proposed Mercosur standards are listed on Mercosur's website. The Executive Secretariat of the Mercosur Standards Organization is located in São Paulo, Brazil.

Brazil, via Mercosur, is negotiating several FTA's, including with the EU. The United States U.S. Trade Representative engages with Brazil via the Agreement on Trade and Economic Cooperation.

Source: *International Trade Administration, 2021*

3.6 Tariffs

The table below shows *tariffs imposed by Brazil on South Africa's exports in 2021*.

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY BRAZIL, 2021					
HS CODE AND PRODUCT DESCRIPTION	TARIF F, %	HS CODE AND PRODUCT DESCRIPTION	TARIF F, %	HS CODE AND PRODUCT DESCRIPTION	TARIF F, %
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: Albs, uminoids, 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	9
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
H08: Edible fruit, nuts, peel of citrus fruit, melons	10	H40: Rubber and articles thereof	14	H72: Iron and steel	11
H09: Coffee, tea, mate and spices	10	H41: Raw hides and skins (other than fur skins) 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: Fur skins and artificial fur, manufactures thereof	18	H75: Nickel and articles thereof	9
H12: Oil seed, oleagious fruits, grain, seed, fruit,	4	H44: Wood and articles of wood, wood charcoal	9	H76: Aluminium and articles thereof	9
H13: Lac, gums, resins, vegetable saps and extracts	8	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,	11	H47: Pulp of wood, fibrous cellulosic material, waste	8	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, cermet's, 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	18	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	13
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
H27: Mineral fuels, oils, distillation products,	0	H59: Impregnated, coated or laminated textile fabric	23	H92: Musical instruments, parts and accessories	16
HS28: Inorganic chemicals	7		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	16
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	H99: Commodities not elsewhere specified	0
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Source: TradeMap, 2021

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 HS.

3.7 Port-to-Port Rates

Brazil has a total of 175 port installations, including around 32 public ports, while the rest of them are private ports. The largest and key public port in the country is Porto de Santos or Santos Port, which is situated in São Paulo state.

Santos Port - (Porto de Santos) is located in the city of Santos in the São Paulo state of Brazil, is the busiest container port in entire Latin America. Moreover, it stands at the 39th position in the world's busiest container ports. The port is responsible for Brazil's 28% of foreign trade. Spread in an area of 770 hectares, Santos Port is the gateway to most of the goods that circulate around the country. Sugar, soy, and coffee being its main exports, it is the largest port in Brazil that provides imports and exports to and from all over the world. As of 2010, the port held a record of nearly 97.2 million tons of cargo.

Port Of Santarém is situated in the city of Santarém in the Pará star of Brazil, a popular river port in the country. The port lies at Ponta do Salé on the southern bank of Tapajós River. It is three kilometres away from the confluence of the Amazon River, whereas at an 867 km river distance from the city of Belém. The port operates with general cargo and solid bulks of vegetable origin and fertilizers, passengers of the river, and cruise ships alongside fuels, LPG, and other liquid bulk coming from petroleum. Inland shipping landings and export of grain happen from two directions. These include around 80% of the cargo from Porto Velho (Rondônia) and 20% of it coming from Miritituba, Pará.

Port of Salvador is situated on the All-Saints Bay in Salvador city of Bahia state, the port is a seaport in Brazil. It lies at the eastern part of the entrance of Todos os Santos Bay from the Atlantic Ocean. The port now provides clearance and pilotage services to the port of Aratu, Madre de Dues's Petrobras oil terminal, along with the Usiba iron ore terminal.

Source: Marine Insight, 2021

The table below shows the most important ports in Brazil. It also shows the distance and time it takes goods to travel from Cape Town Port terminal to these ports.

TRANSIT TIME FROM CAPE TOWN TERMINAL TO VARIOUS PORTS IN BRAZIL, 2021		
TERMINAL	DISTANCE	TRANSIT TIME
Porto de Santos	6358.150 km	11 days
Porto de Vitória	5973.06 km	10 days 8 hours
Porto de Rio de Janeiro	6115.58 km	10 days 14 hours
Porto de Paranaguá	6494.86 km	11 days 5 hours
Porto de Rio Grande	6541.93 km	11 days 7 hours
Porto de Itajaí	6442.19 km	11 days 3 hour
Porto de São Sebastião	6286.07 km	10 days 21 hours

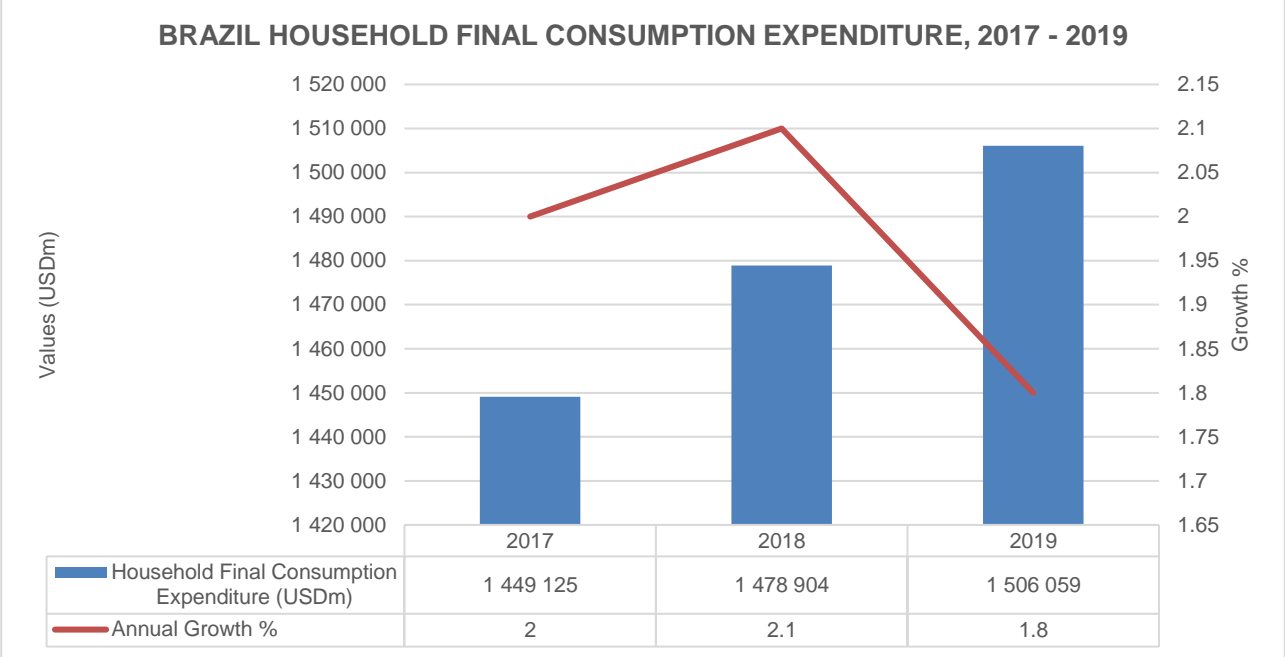
Source: Sea-Rates, 2021

4. Consumer Insights

4.1 Household Consumption Expenditure

The figure below presents Brazil's household consumption expenditure and growth for the period 2017 – 2019.

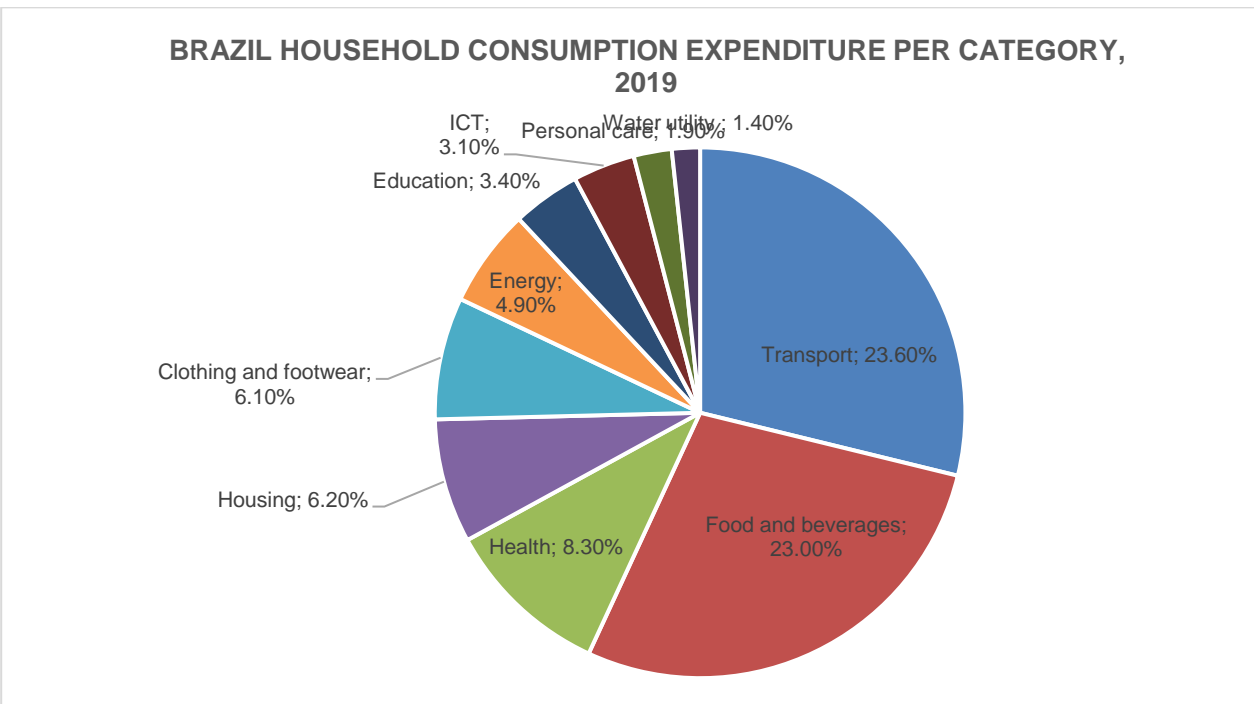
In 2019, expenditure stood at USD1, 506, 059 and grew by 1.8%.



Source: Santander, 2021

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Household consumption expenditure per category is presented in the figure below. Transport was the largest household expenditure in 2019 accounting for 23.60% of total household consumption expenditure. Followed closely by food and beverages (23.00%) and health (8.30%).



Source: Santander, 2021

Consumer Profile

- Brazil is a country of young people, as 62% of Brazilians are aged 29 and under. The median age is 33.5 years.
- The country has a population of approximately 212 million people, where 49.15% are men and 50.85% are women.
- The number of households in Brazil has been increasing. According to the latest data provided by the UN, 12% of households consist of one person, 47% have two or three people, 32% four or five people, and 9% have six or more inhabitants.
- Good education is an important requisite for finding a good job in Brazil. However, only 49% of adults aged 25-64 have completed upper secondary education in the country. Of those who have a degree, 46% of them are men, and 52% are women.
- Brazil is sparsely populated, and the majority of the population lives along the coast, particularly around São Paulo and Rio de Janeiro.
- Throughout the country, most people live near or in urban areas. In 2019, 87.4 % of the population of Brazil is urban. However, some areas of the country are essentially deserted, mainly in the Amazon region.

Source: Santander, 2021

Purchasing Power

- Brazil, GDP per capita reached USD15,258 PPP in 2019, according to the latest data by the World Bank. The average monthly salary of a Brazilian is BRL 8,535 in July 2020. Brazil's Private Consumption Expenditure was reported at USD186.323 billion in Jun 2020.
- Income inequality is a big issue in Brazil, a country where the six richest men have the same wealth as poorest 50% of the population (which is around 100 million people), and where the richest 5% of the population have the same income as the remaining 95%.
- Furthermore, the country's Gini coefficient has been rising as poverty and inequality increase in the country (53.9 in 2018, World Bank).
- Moreover, according to IBGE, women in Brazil earned 20.5% less than men on average in 2018 (latest data).
- In addition, according to the World Bank, the labour force participation rate is 80% for men aged 15 to 64 in 2020, while the participation rate is 61.1% for women, but the trend is upward. Different regions of the country have different standards of living, with the best ones in the southern areas of Brazil and the poorest living conditions in the north and northeast.

Source: Santander, 2021

Consumer Behaviour

- The country's recent recession has influenced the way people manage their spending. Nowadays, Brazilians tend to save as much as they can when they go shopping.
- Also, even though consumers usually remain loyal to their favourite brands, they only do it if the price is right. Indeed, 19% of consumers shop around to find retailers selling a specific brand's products at lower prices and 14% wait for sales.
- Brazilians tend to do product research and look for deals before making a purchase. To save money, Brazilian consumers often shop in popular discount chains. However, they still expect quality products.
- Furthermore, the reputation and popularity of the brand matter more than before to the average Brazilian consumer nowadays. People tend to spend their money on experiences as much as they spend on products.
- Additionally, Brazilians spend a significant amount on electronics and beauty products, and the country is one of the biggest markets for beauty products in the world. The consumer confidence index reached 83.4 in September 2020.
- Brazil has the largest and most developed e-commerce market in Latin America, ranking 10th in the world for most e-commerce sales. In 2019, the population spent USD16.8 billion on products sold online.
- Brazilian consumers are significantly influenced by social media comments, so if there is a significant number of negative reviews about a product on social media, they will consider not making the purchase.

Source: Santander, 2021

Marketing opportunities

Media in Which to Advertise

- Television possibly reaches the entire Brazilian population through the country's hundreds of TV channels. Everyone watches television, especially when the telenovelas are on in prime time and during sports events that the country takes part in. Pay TV accounted for over 72% of ad spending in Brasil during 2015, according to Media Compass. The most watched free TV station from January to August 2017 was Globo (4.85 million viewers) followed by Record TV (1.91 million viewers).
- Press is much read by the more well-off and more educated people, company managers and civil servants. The main dailies are published regionally but read all over the country. PwC projected digital newspapers to sell 2.2 million copies in 2020 (compared to 0.3 million in 2015). "O Globo" is the second most sold paid newspaper in Brazil.
- E-commerce is in full expansion. The Brazilian market leads Latin America with 20 million regular Internet users. Consequently, online advertising is comparable to OECD (Organisation for Economic Cooperation and Development) countries and seeks to target Internet users more subtly through email, hyperlinks, popups, etc. Facebook is present and has a dominant position in the Brazilian market. The proliferation of smartphones has also increased internet retailing. 139 million Brazilians had access to Internet in 2016 according to Internetlivestats.com. Brazilians also favour the use of social media such as Facebook.

Source: Santander, 2021

Main Principles of Advertising Regulations

Beverages/Alcohol

Advertising concerning alcoholic beverages must not incite people to drink nor behave irresponsibly. They must target people over 25 and not be broadcast on television and radio except between 9.30 pm and 6 am. On billboards and in events sponsored by firms, only the name of the brand and the representation of the product are authorized. Any advert must be accompanied by an official message advising against excessive drinking.

Cigarettes

Must not be aimed at people under 25, associated with a source of pleasure, relaxation or well-being nor promote excessive consumption. Tobacco advertising and promotion is prohibited except when displaying products at the point of sale. No official sports personality may appear in adverts.

Pharmaceuticals/Drugs

Advertising for over-the-counter medicines must not use excessive scientific jargon, must not call on non-scientific but strictly approved tests, nor encourage the systematic use of the medicine or use which is foreign to its purpose.

Other Rules

Advertising must not overstep the principles of respect, decency, honesty and integrity of people's private life, must not lead to violence, nor be based on fears, beliefs or superstitions. Comparative advertising is allowed but with a strict respect for objectivity.

Use of Foreign Languages in Advertisement

Tolerated to the extent it is necessary to put over the advertising message. Must be carried out in Portuguese and in a Brazilian socio-cultural context. Imported products must have a Portuguese translation.

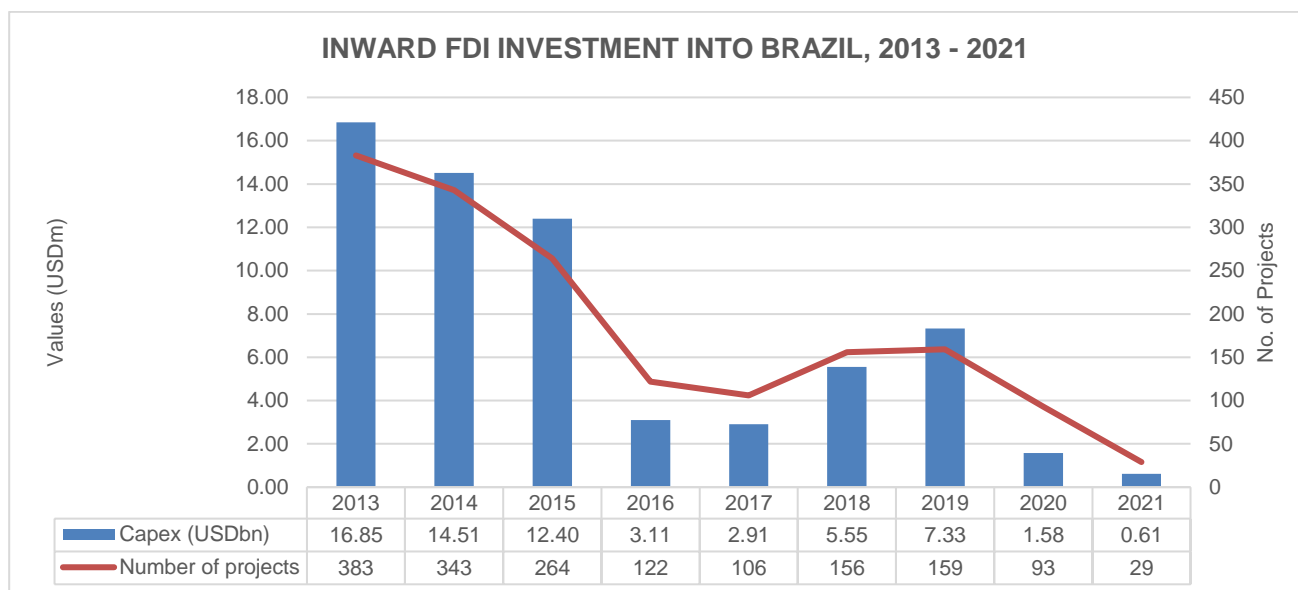
Source: Santander, 2021

5. Investment

5.1 Global Investment into Brazil

The figure below shows the number of inward FDI projects into Brazil and their associated capex values for the period of January 2013 - May 2021.

A total of 1, 655 FDI projects were recorded into Brazil over the 2013 to May 2021 period =. These projects represented a total capital investment of USD64.85bn, which equated to an average investment of USD75.20m per project. During the period, 189, 859 jobs were created.



Source: BvD, 2021

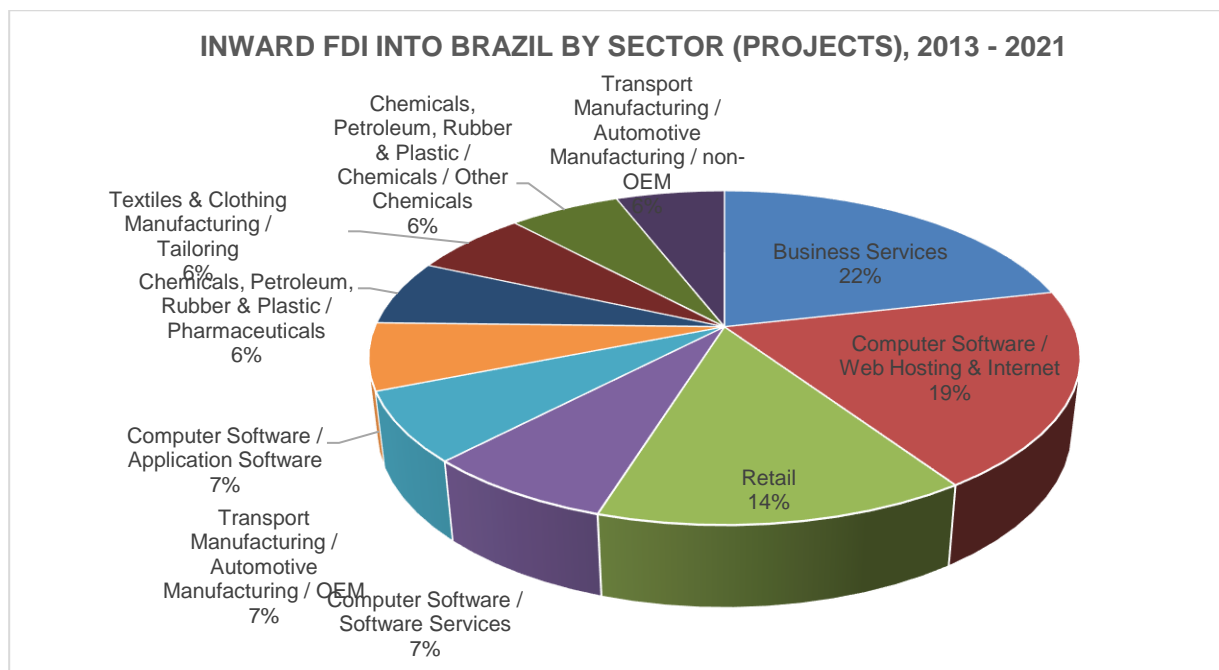
The United States was the largest source market for inward FDI into Brazil over the review period, with 503 investment projects. These projects accounted for 40.43% of total global FDI projects into Brazil over the period 2013 – May 2021. France and Germany ranked second and third respectively, with France the source market for 154 FDI projects (equivalent to 12.38% of all projects) into Brazil in the period and Germany with 115 FDI projects (9.24%), as tabled below.

TOP 10 SOURCE MARKETS FOR FDI INTO BRAZIL, 2013 - 2021					
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX
1	United States	503	40.43%	17 162	33.02%
2	France	154	12.38%	4 536	8.73%
3	Germany	115	9.24%	4 478	8.62%
4	United Kingdom	93	7.48%	5 238	10.08%
5	Spain	88	7.07%	2 597	5.00%
6	Italy	72	5.79%	1 817	3.50%
7	Japan	60	4.82%	3 788	7.29%
8	Switzerland	60	4.82%	2 798	5.38%
9	Netherlands	51	4.10%	5 937	11.42%
10	China	49	3.94%	3 642.03	7.01%
Total		1 244	100.00%	51 982.06	100.00%

Source: BvD, 2021

Classification of FDI

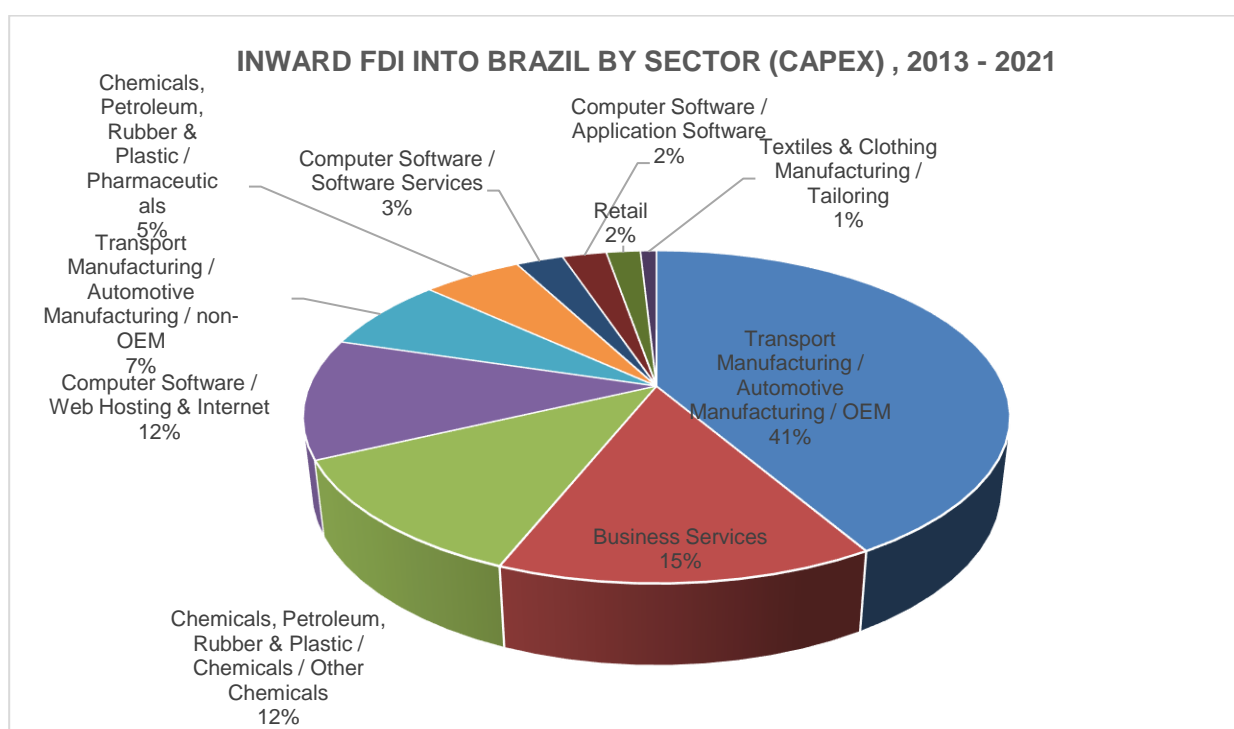
The figure below presents global FDI into Brazil's economic sectors by number of projects. The business services sector was the largest recipient of FDI investment in terms of projects, the sector's contribution was equivalent to 22% of the total number of inward projects received over the review period. This was followed by computer software (19%), this sector was followed by the retail sector (14%).



Source: BvD, 2021

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In terms of sector classification of FDI by capex over the 2013 - May 2021 period the transport manufacturing/automotive OEM manufacturing sector was the largest recipient of FDI in terms of capex, which was equivalent to 41% of total capex related investment received. The business services sector was placed second at 15%, followed by the chemicals, petroleum, rubber and plastics sector at 12%.



Source: BvD, 2021

The top 10 global companies investing into Brazil by projects from 2013 to May 2021 are tabled below.

Carrefour SA and Atento SL were the largest source companies for inward FDI into Brazil in terms of projects over the review period, with 17 and 13 investment projects, respectively.

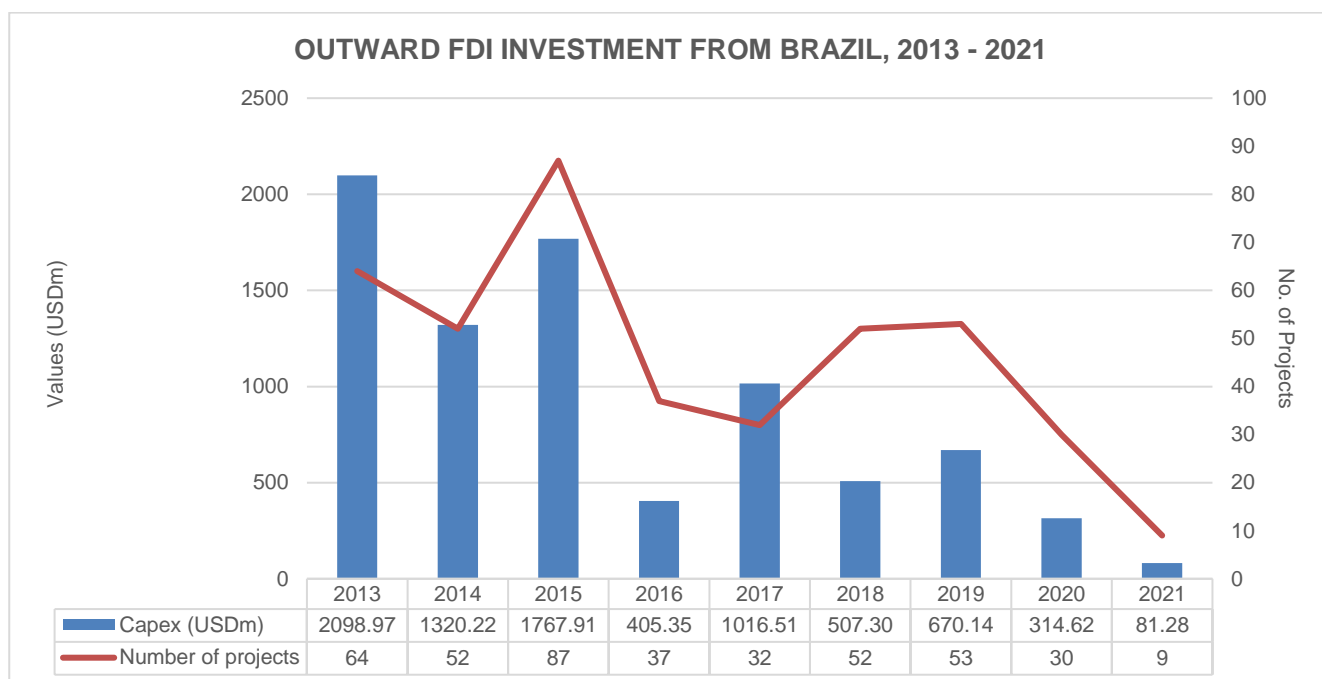
TOP 10 COMPANIES INVESTING INTO BRAZIL, 2013 - 2021					
RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (USDm)
1	Carrefour SA	France	Retail sale in non-specialised stores with food, beverages or tobacco predominating	17	43
2	Atento SL	Spain	Corporate	13	40.0
3	Latam Airlines Group SA	Chile	Passenger air transport	10	388.0
4	United Parcel Services of America Inc.	United States of America	Other postal and courier activities	10	514
5	Sephora SAS	France	Retail sale of cosmetic and toilet articles in specialised stores	9	9.6
6	Industria de Diseno Textil SA	Spain	Manufacture of other outerwear	8	11.4
7	Nestle SA	Switzerland	Manufacture of other food products nec	8	411
8	Accor SA	France	Hotels and similar accommodation	7	159.5
9	Gap Inc.	United States of America	Retail sale of clothing in specialised stores	7	9
10	Raven Industries Inc.	United States of America	Manufacture of plastic plates, sheets, tubes and profiles	7	313.1
TOTAL				96	1 898

Source: BvD, 2021

5.2 Global Investment from Brazil

Turning to outward investment by Brazil into the global economy over the 2013 - May 2021 period.

In total, 416 outward investment projects were undertaken by Brazil, with a total capital expenditure value of USD8.18bn. This equated to an average investment of USD20.0m per project. During the period, 26, 699 jobs were created.



Source: BvD, 2021

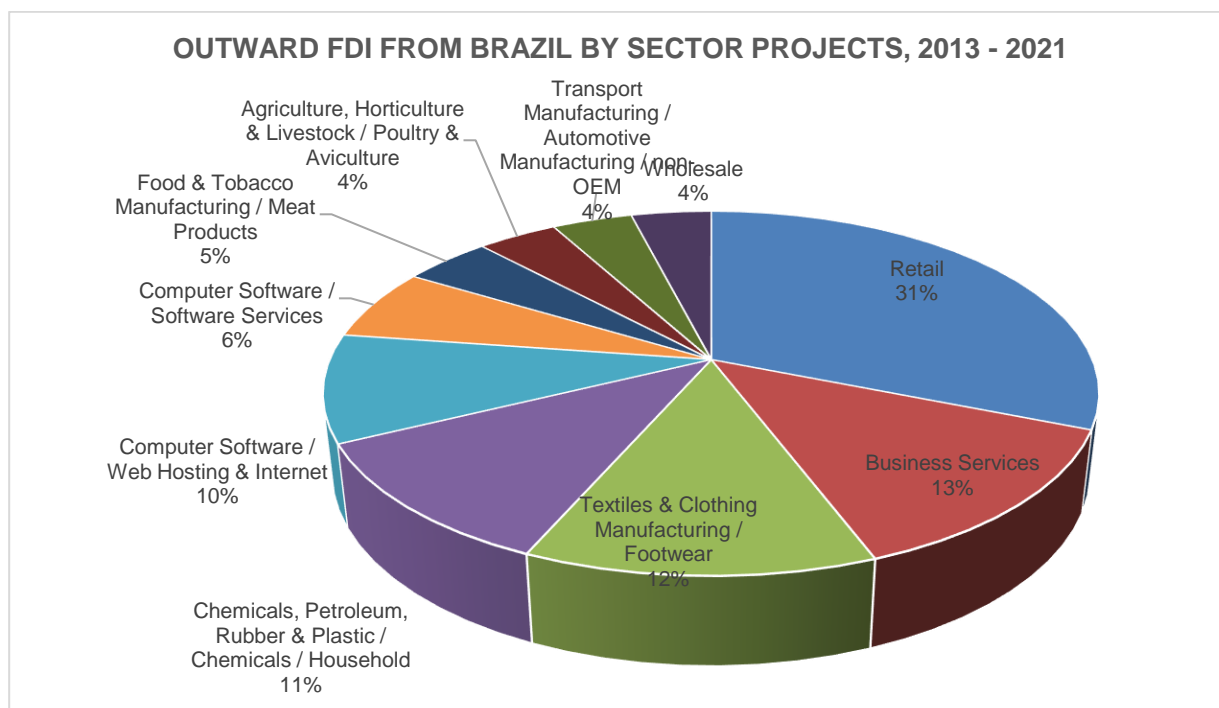
The United States was the largest destination market for outward FDI from Brazil over the review period, with 84 investment projects, which accounted for 32% of all projects. Colombia and Germany ranked second and third respectively, with Colombia being the destination market for 28 FDI projects (equivalent to 11% of all projects) from Brazil in the period and Germany with 27 FDI projects (10%), as tabled below.

TOP 10 DESTINATION MARKETS FOR FDI OUT OF BRAZIL, 2013 - 2021						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	United States of America	84	32%	1766.68	37%	54
2	Colombia	28	11%	629.71	13%	21
3	Germany	27	10%	542.24	11%	16
4	Argentina	25	10%	415.51	9%	18
5	Mexico	20	8%	674.18	14%	17
6	Brazil	19	7%	285.78	6%	15
7	France	18	7%	94.68	2%	11
8	United Kingdom	14	5%	81.03	2%	9
9	Portugal	12	5%	134.39	3%	9
10	Spain	12	5%	150.02	3%	10
TOTAL		259	100%	4774.21	100%	137

Source: BvD, 2021

Classification of FDI

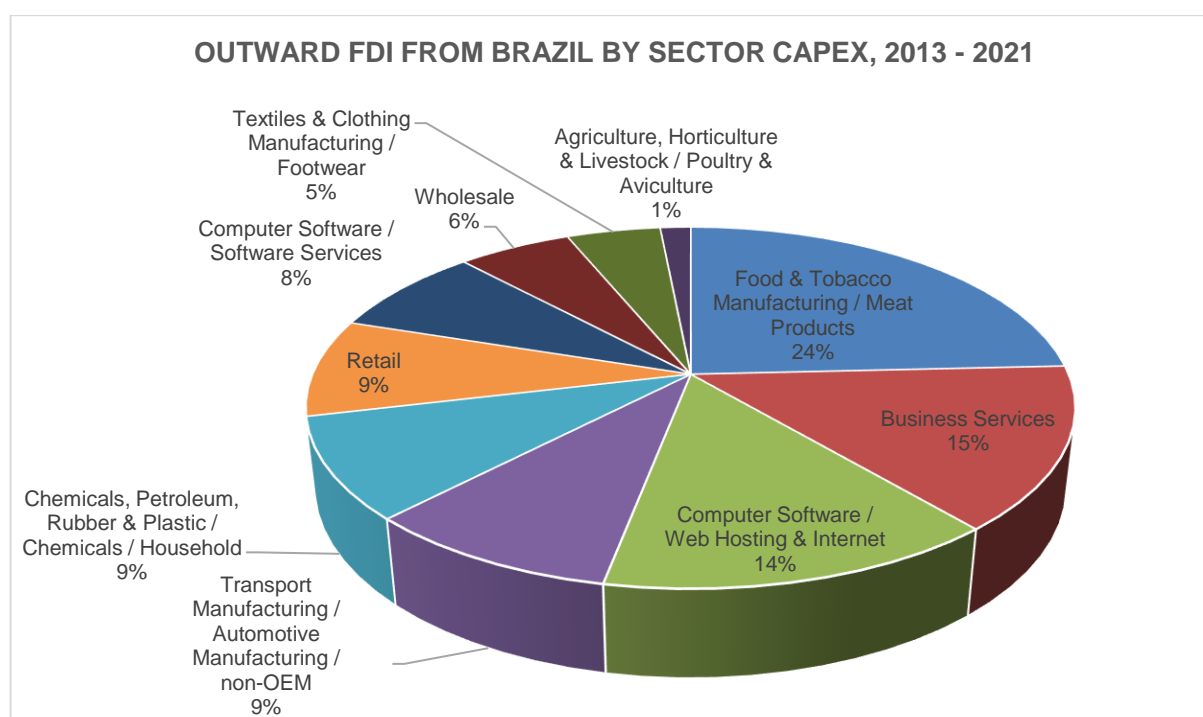
The figure below presents which sectors Brazil has invested in from a projects perspective. The retail sector received the largest share of outward FDI from Brazil in terms of projects, equivalent to 31% of the total number of outward FDI projects over the review period. This was followed by business services sectors (13%), and in third position, the textile and clothing manufacturing sector (12%).



Source: BvD, 2021

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In terms of outward FDI as measured by capex, food and tobacco manufacturing dominated at 24%, followed by business services (15%), and the computer software/web hosting & internet sector at 14%.

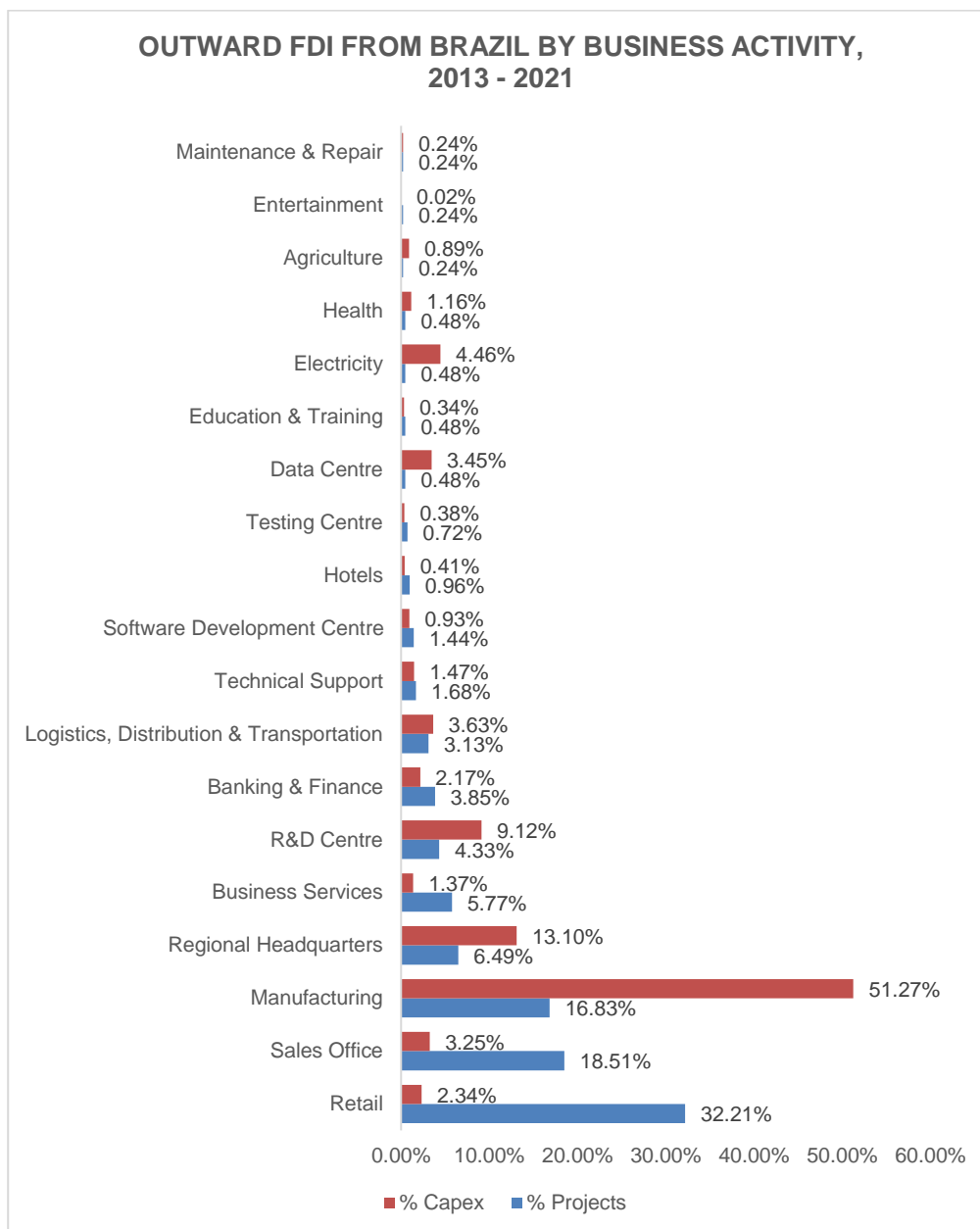


Source: BvD, 2021

Sub-sector Classification of Outward FDI by Projects and CAPEX

In terms of the sub-sector classification of outward FDI by Brazil as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following sub-sectors were the key recipients of outward FDI by Brazil over the 2013 – May 2021 period:

- Retail, which with 134 projects accounted for 6% of total outward FDI projects undertaken by Brazil. The relative capex % value stood at 2.34%.
- Sales Office, which with 77 projects, accounted for 18.51% of total projects undertaken by Brazil. The relative capex % value stood at 3.25%.
- Manufacturing, which with 70 projects, accounted for 16.83% of total projects undertaken by Brazil. The relative capex % value stood at 51.27%.



Source: BvD, 2021

The table below presents the top 10 Brazilian companies by the number of outward FDI projects undertaken globally over the period 2013 – May 2021.

COMPANIES INVESTING FROM BRAZIL, 2013 - 2021						
RANK	COMPANY	DESTINATION COUNTRY	SECTORS	PROJECTS	CAPEX (USDm)	JOBS
1	Emeis Holdings Pty Ltd	Country	Other retail sale in non-specialised stores	47	65	376
2	Alpargatas SA	Australia	Manufacture of footwear	18	25	189
3	Body Shop International Ltd, the	Brazil	Manufacture of perfumes and toilet preparations	12	17	96
4	BRF SA	United Kingdom	Processing and preserving of poultry meat	10	38	235
5	Lojas Renner SA	Brazil	Other retail sale in non-specialised stores	8	17	168
6	Natura Cosméticos SA	Brazil	Manufacture of perfumes and toilet preparations	8	120	320
7	Stefanini Consultoria e Assessoria em Informatica SA	Brazil	Computer programming activities	8	98	617
8	Banco BTG Pactual SA	Brazil	Bank	6	93	163
9	Sierra Moveis Ltda	Brazil	Manufacture of other furniture	5	49	232
10	WEG SA	Brazil	Manufacture of electronic components	5	637	1 382
TOTAL				127	1 159	3 778

Source: BvD, 2021

5.3 Investment Relations between South Africa and Brazil

5.3.1 South Africa FDI to Brazil

The following investments were made by South Africa into Brazil during the 2013 to May 2021 period.

SOUTH AFRICA FDI TO BRAZIL, 2013 - 2021					
DATE	INVESTING COMPANY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USDm)	JOBS
28/05/2013	Mix Telematics LRD	Computer Software / Web Hosting & Internet	Sales Office	5.17	1
01/07/2013	Wings Corporate Travel (PTY) LTD	Travel, Personal & Leisure / Travel Agencies	Sales Office	5.21	25
01/01/2015	Kreditech		Sales Office	4.84	25
20/08/2019	Aspen Pharmacare Holdings LTD	Chemicals, Petroleum, Rubber & Plastic / Pharmaceuticals	Manufacturing	57.40	278
TOTAL				72.62	329

Source: BvD, 2021

5.3.2 Brazil FDI into South Africa

Below is a list of FDI investment projects from Brazil into South Africa. Between 2013 and May 2021, Brazil invested into 3 projects which were valued at USD28,65m.

BRAZIL FDI INTO SOUTH AFRICA, 2013 - 2021					
DATE	INVESTING COMPANY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USDm)	JOBS
01/12/2013	Banco Nacional de Desenvolvimento Economico e Social	Banking, Insurance & Financial Services / Banks	Banking & Finance	13.59	25
01/01/2014	Banco PTG Pactual Holding SA	Banking, Insurance & Financial Services / Investments	Banking & Finance	13.74	3
09/10/2019	Refrimate Engenharia do Frio	Wholesale	Retail	1.31	5
TOTAL				28.65	33

Source: BvD, 2021

5.4 Investment Relations between the Western Cape and Brazil

5.4.1 Brazil FDI into Western Cape

From 2013 to May 2021, there were no investments flows from Brazil into the Western Cape.

5.4.2 Western Cape FDI to Brazil

The following investments were made by the Western Cape into Brazil during the 2013 to May 2021 period.

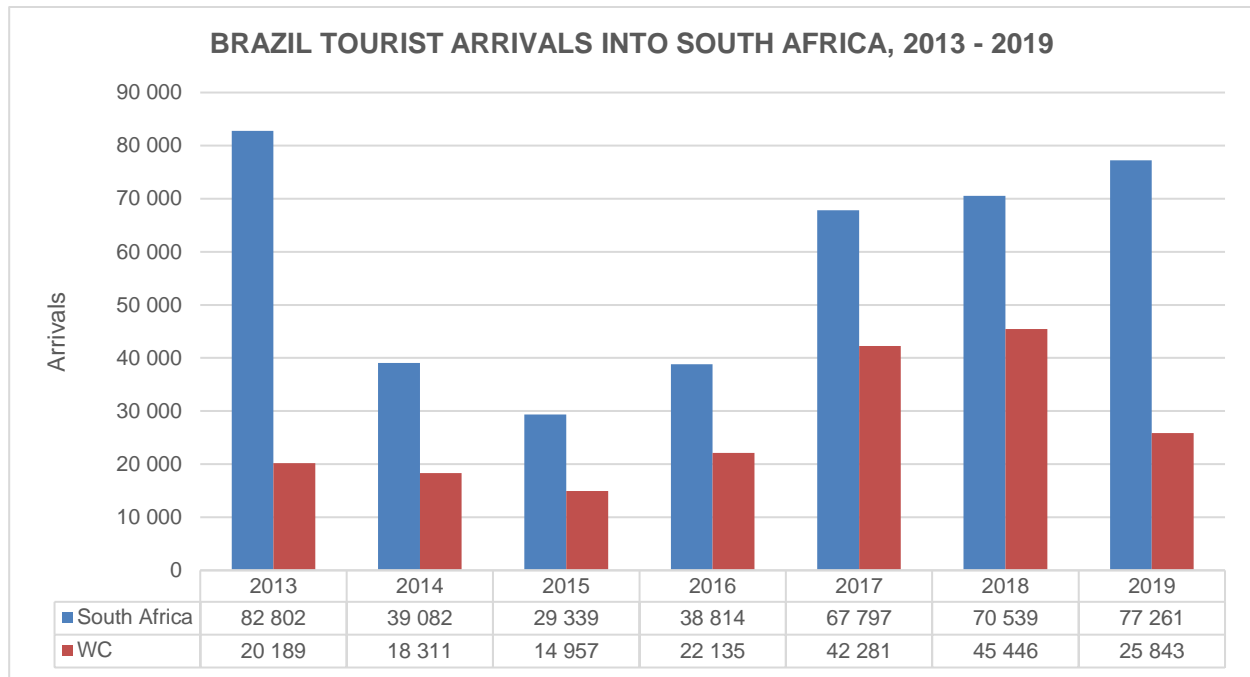
WESTERN CAPE FDI TO BRAZIL, 2013 - 2021					
DATE	INVESTING COMPANY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USDm)	JOBS
01/01/2015	Kreditech	Wholesale	Sales Office	4.84	25
TOTAL				4.84	25

Source: Bvd, 2021

6. Tourism

6.1 Brazil Tourist Arrivals into South Africa and the Western Cape

South Africa received 77, 261 Brazilian tourist arrivals in 2019 of which 25, 843 visited the Western Cape. At a national level this was an increase of 9.53%, up from 70, 539 arrivals recorded for 2018. In contrast, Brazilian tourist arrivals into the Western Cape declined by 43.13% in 2019 from 45, 446 visitors in 2018 to 25, 843 in 2019.



Source: SA Tourism, 2019

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