

The Financing of Brazilian Companies in Africa

The role of BNDES

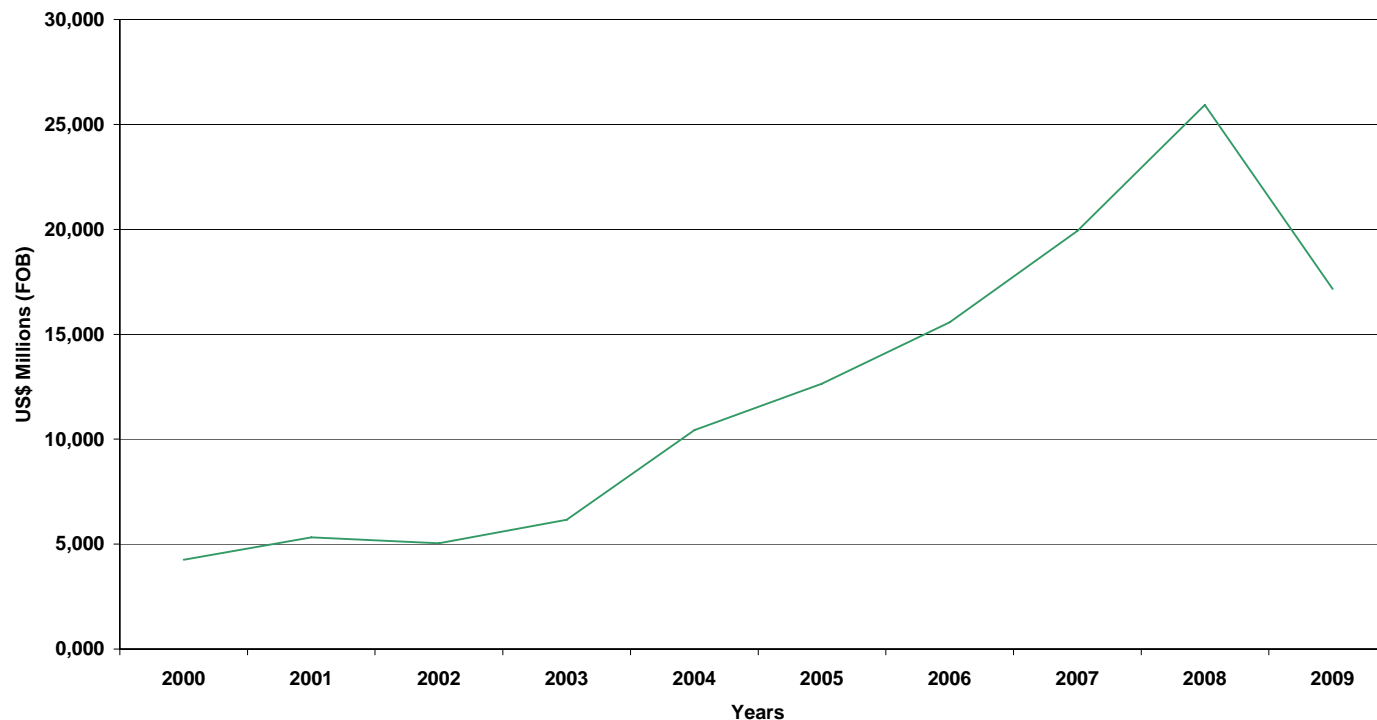
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Sérgio Földes



Brazilian Trade with Africa
Trade Flow (Exports + Imports)



Source: Ministry of Development, Industry and Foreign Trade of Brazil.

Trade flow between Brazil and Africa has consistently increased after 2003 until 2008, when it was five times greater than in 2000, reaching US\$ 25.9 billions. This increase in trade flow can anticipate an increase in investments.

- ✓ Still comparatively small: in 2008 it represented only 0,1% of the total investments
- ✓ Concentrated in a few countries and sectors (infrastructure, oil and mining)
- ✓ Brazilian Foreign Direct Investment in Africa, between 2001 and 2008, added up to US\$ 1,120.77 millions

Brazilian Foreign Direct Investment in Africa in 2008

Countries	US\$ Millions	%/Total
Angola	58.10	79.86
South Africa	7.33	10.08
Mozambique	3.04	4.18
Uganda	1.71	2.35
Lybia	1.18	1.62
Mauricio	1.04	1.43
Equatorial Guinea	0.35	0.48
Kenya	0.00	0.00
Liberia	0.00	0.00
Total	72.75	100.00

I. BNDES-Exim

- > Exports of goods and services
- > Pre and post shipment
- > Guarantees to be established on government to government basis

II. Brazilian companies direct investments

- > Financing through debt or equity

Projects in Africa



ANGOLA: rural and urban infrastructure, sanitation, power generation and distribution, airports

GHANA: infrastructure projects under study

MOZAMBIQUE: port and airport

SOUTH AFRICA: urban transport

Total of approximately
US\$ 2 billions in
projects



Relevant sectors for Brazilian investments in Africa are:

- **Infrastructure**
- **Mining and oil extraction**
- **Biofuels (ethanol)**
- **Agricultural**

Cooperation Agreements:

The Industrial Development Corporation of South Africa Limited (IDC)

- To develop long-term cooperation between the parties with a special focus on the following sectors: automotive and components, including alternative-fuelled vehicles; aeronautics and components; energy generation, particularly the use of renewable/cleaner energy sources and co-generation; food processing and other agro-industries; pharmaceuticals; mineral resources beneficiation

The African Export-Import Bank (Afreximbank)

- To provide a framework for cooperation and facilitate cooperation between the parties, in order to strengthen their relationship and harmonize their efforts to promote trade, economic and social development of Brazil and Africa.

Other initiatives:

African Development Bank (AfDB)

- Mission to Tunis on 15-16 April 2010 aiming to strengthen the relationship between the institutions, evaluating the possibility of a joint action, understanding and evaluation of business opportunities between the countries
- A Memorandum of Understanding (MoU) to develop a long-term partnership between AfDB and BNDES, aiming to maximize the participation in projects of common interest, such as agribusiness, energy, transportation and infrastructure, is under discussion.
- A workshop at BNDES is being prepared to happen in mid-September 2010, with meetings and presentations to identify potential projects for cooperation

Missions

South Africa: August 3rd to 5th, 2009

- Main goals: to increase production of ethanol in Africa, with technology transfer and export of Brazilian equipment; to support to the production of food (EMBRAPA); to support Brazilian companies in infrastructure projects
- In South Africa, BNDES representatives met with several African institutions and agencies. A Cooperation Agreement with IDC (Industrial Development Corporation of South Africa Limited) was signed

Governmental missions led by the Minister of Development, Industry and Foreign Trade and the Minister of Foreign Affairs

- Lybia, Algeria, Tunisia and Morroco: January 24th to 31th, 2009
- Angola, Mozambique and South Africa: November 8th to 12th, 2009
- Sierra Leone: November 13th to 16th, 2009
- Egypt and Lebanon: April 11th to 17th, 2010

- **To enhance cooperation with African institutions**
- **To identify and support strategic projects**
- **To support Brazilian investments**
- **To develop structured transactions**



BNDES

*Brazilian
development bank*

