# Brazil Gets 24% More on Its Share of Foreign Direct Investment

Contributed by Newsroom
Wednesday, 30 May 2007

The volume of private funds destined to developing countries in the form of direct investment, loans, investment in stocks, and purchase of bonds reached a record-high figure last year, US$ 647 billion, an increase of 17% over 2005. Brazil was benefited with a 24% increase on Foreign Direct Investment getting almost US$ 20 billion out of the global pie.

The data were published Tuesday, May 29, in the Global Development Finance 2007, a report by the World Bank.

Despite the increased capital flow, the figure represents a slowdown compared with the previous year, when the flow of capital to developing countries had a 34% increase, to reach US$ 551.6 billion.

According to the World Bank, there has been a substantial change in the profile of foreign debt in emerging countries, which during most of the post-war period was dominated by loans controlled by the governments.

Last year, the volume of foreign funds raised by private and state-owned companies in developing countries was US$ 400 billion, three times the amount recorded three years ago. The companies kept more than half the capital obtained from bonds issued by emerging countries in the international market in 2006.

With foreign exchange reserves at a high level and good macroeconomic conditions, companies in developing countries are benefiting from the growing availability of foreign capital in order to diversify their sources of financing, pay their debts, and increase their amount of business in the global market.

Another record high shown by the World Bank report was foreign direct investment (FDI) to developing countries, which stood at US$ 325 billion last year, a 52% increase over the year before.

In Latin America and the Caribbean, there was a slight decrease, from US$ 70 billion to US$ 69.4 billion. Nevertheless, the volume of investment in Brazil had a 24% increase, standing at US$ 18.8 billion.

Anba