

## Brazil Gets Record US\$ 8.8 Billion in Foreign Direct Investment

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Foreign Direct Investment (FDI) into Brazil hit a record high in March. According to the Brazilian Central Bank, the US\$ 3.083 billion result was the best ever recorded for the period since the historical series was initiated in 1947.

In the accumulated result for the year, the US\$ 8.799 billion figure is also the best one ever for the first quarter.

The segments that led investment in Brazil during the period were financial services (15.4%), metallurgy (10.3%) and vehicles (7.2%). "There is a significant investment volume spread across various sectors," stated the head of the Economic Department at the Central Bank, Altamir Lopes.

According to Lopes, this shows that when the economy grows on solid macroeconomic foundations, it attracts of foreign investment. "The trend in 2008 is for the expansion process to continue."

The Central Bank's projection for the month of April is of a US\$ 3.8 billion inflow. So far, however, the total is still US\$ 3.6 billion.

According to the UN, Brazil ranks fifth among the most attractive countries for foreign direct investment (FDI), losing only to China, India, the United States, and Russia.

The figures were taken from a survey disclosed at the end of last year by the United Nations Conference on Trade and Development (Unctad), conducted among 192 of the largest transnational companies in the world.

Besides Brazil, only Mexico, of all Latin American nations, features in the list of the 10 most attractive destinations, in the 9th position. Other countries in the region rank much lower, such as Argentina, in the 29th position, Venezuela, in 31st, Chile, in 37th, and Peru, in 40th.

According to the survey, market size and growth, as well as access to natural resources, were the factors most cited by the companies to justify investments in Latin America.

Although the survey includes investments forecasted up to 2009, in the case of Brazil, a rise in the investment inflow is already taking place. According to preliminary data supplied by the Brazilian Central Bank, US\$ 26.5 billion in FDI

entered the country between January and August 2007, an amount that already surpasses total investments made last year, which stood at US\$ 18.8 billion.

According to the Central Bank, during the period, the funds applied into Brazil came mostly from Holland, the United States, Luxembourg, Spain, and Germany.

The sectors that attracted the most investments were sectors like basic metallurgy and steel industry, financial intermediation, metal mining, services paid to companies, trade, the chemical industry, manufacturing of coke, petroleum, fuels and alcohol, construction, the food and beverage industry and supply of electricity, gas, and hot water.

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