

## Samba synergies



**(Posted: 01/12/08)** An Asian economic powerhouse met a South American giant to build economic ties as the global financial meltdown gathered pace, but it wasn't all doom and gloom

The two-way business path to Beijing is well-trodden as China cements its place as a key investor in the world's emerging economies. At a recent conference in Brazil to promote business ties with the mainland, it was clear from the outset that there was to be one clear clarion call.

Sandra Mara Mendes, the executive director of the International Co-operation Institute, summed it up best: "Promote investment by China in Brazil." The currently Beijing-based head of the ICOOI identified this as the main goal of the two-day business roundtable held between November 25 and 27 in the capital Brasilia.

At the first meeting of its kind, upwards of 200 investors got together in the Brazilian capital to study opportunities for business and economic partnerships.

Brazil, China, Hong Kong, Macau and Singapore were there and despite China being the most important market for the South American giant, the roundtable also focused on other major Asian investors in the host country.

"Although the recent financial crisis is changing the face of world trade, Brazil remains a good country for new investments," Mendes told Macau Business.

Gil Vicente Gama, General Co-ordinator in Brasilia, is of the same opinion. He believes the international financial crisis is motivating businesses to find new opportunities and markets - and Brazil is certainly that.

### Emerging markets

With the main aim of establishing relations and exchanging information between investors, the inaugural Asia-Brazil gathering zeroed-in on a list of key areas.

Ports and logistic infrastructure, education, mining, real estate, food and agri-business, information technology, private investment funds, sovereign health funds and regulatory agencies were some of the big ideas on the agenda.

The 43-strong China delegation included representatives from major Chinese banks such as the Industrial and Commercial Bank of China (ICBC), the Bank of China (BoC) and the Chinese Development Bank (CDB).

CDB has already developed partnerships with private Brazilian banks and is working to finance medium-sized entrepreneurs from China interested in investing in Brazil.

In Sao Paulo, Brazil's largest city, the Bank of China and Chinese Development Bank opened offices some years ago.

As one of the BRIC (Brazil, Russia, India, China) countries, China alone has accounted for half of the BRIC group's

global expansion over the past five years, with the three other members of the group making up the rest. Mendes recognises some key areas for the future Brazilian economy: 'There's mining, new oil fields are being discovered and there is still huge area for agricultural development. This gives the country good prospects for the near future,' she says.

The main Chinese investments were cemented in 2004 when the two countries celebrated 30 years of diplomatic relations.

### **Stepping on the gas**

One of them is GASENE, the Southeast-North-east Interconnection Gas Pipeline, a 1,387 kilometre-long project under construction in Brazil with the support of Beijing. When completed it will connect the South-eastern gas system to the North-eastern gas system and give a major boost to the country's gas market.

The huge project was born out of a partnership between the Brazilian company Petrobras and China's Sinopec. A US\$430 million thermo-electric power plant in Brazil's Candiota region is another example of co-operation, this time, a 2004 deal between the Brazilian Government group Eletrobrás and China's CITIC Group. The project should be completed by 2010.

Financed by the Chinese Development Bank (CDB) and the Brazilian Development Bank, the two projects form the main planks of Sino-Brazilian investment co-operation. They will also be crucial to future co-operation in the energy sector.

Gil Vicente Gama identified some of the most important regions with major investment from China and Asia: 'The North-east comes in the first place with investment projects worth US\$85 billion,' he said. The South-east is the second region most likely to receive overseas investments, he added.

As a closed meeting for a target audience, the roundtable's aim was to bring Brazil and China closer. The new platform for investors will develop projects for the next 5 to 8 years. Singapore and Hong Kong - two other major Asian markets - also already have a close market relationship with the South American country.

The ICOOI, which has been working with China since 2003, recognises the importance of Macau where the common use of the Portuguese language offers a perfect springboard for economic relations: 'Speaking the same language is an added value for us,' says Mendes.

At present, the ICOOI is distributing 25,000 copies of a magazine in Mandarin called 'Business with Brazil' and this year, the Institute began a series of seminars on business promoted in partnership with APEX, the Brazilian Trade and Investment Promotion Agency. This covers 52 Chinese cities and will continue through next year.

### **Brasilia beckons**

The two-day Brasilia meeting also helped to introduce the capital, a relatively recently developed city - inaugurated in 1960 - designed by the famous architect Oscar Niemeyer. Declared a UNESCO World Heritage site, Brasilia receives more than one million tourists every year.

This purpose-built capital and so called 'open-air museum' welcomed some of the biggest Chinese companies in key areas from water resources to bio-engineering research, stretching from Zhejiang to Chongqing, from Beijing to Guangdong, to study and open new areas of interest among the two giant emerging markets.

The meeting was financed by the APEX agency, together with the Development Bank of Brazil and the government of Brasilia and the Brazil central government.

by Maria João Belchior in Beijing