

Foreign Investment Bulletin – Selected Countries

Executive Secretariat of CAMEX

Number 3

JUL – SEP 2019

Released

11/06/2019

• Year 3

■ Introduction

This issue of the Direct Investment Bulletin - Select Countries presents data on investments from China, the United States, Japan, France and Italy in Brazil. Countries have been selected based on the existence of Memoranda of Understanding and Cooperation between each country and CAMEX's Executive Secretariat.

As the 11th BRICS Summit will take place in Brasilia, on November 13 and 14, this edition of the Bulletin contains the presentation of investment flows between Brazil and the other countries of the group.

The Bulletin is a work of collecting information from varied data and news sources, so it may not accurately reflect all of these countries' investments in Brazil. Thus, the figures presented here should not be considered official data of the Brazilian government.

Aware of the limitations, it was possible for the SE-CAMEX team to build a sample of these investments, outlining the trend of foreign direct investment (FDI) from these countries into Brazil, from 2003 to the third quarter of 2019.

SECTION 1 News - Announced or confirmed investments in the 3rd Quarter of 2019 - Selected Countries

JUL / 2019 (USA) - US venture capital firm Technology Crossover Ventures (TCV) led the US \$ 400 million investment in Brazilian digital bank Nubank, which will be used to support the bank's growth strategy in Brazil and the launch of its services in new markets in Latin America. *(Source: EMIS)*

JUL / 2019 (FRANCE) - French multinational Verallia has opened a glass packaging factory in the city of Jacutinga - South of Minas Gerais. The value of the investment is US \$ 86.2 million. The company already operates in 11 countries and production will serve the beer, alcohol and wine segments. The main client of the multinational in Brazil is Ambev. *(Sources: fDi Markets and G1 Globo)*

JUL / 2019 (USA) - US private equity group HIG Capital, through Flamingo Participações (its subsidiary), bought the glass products manufacturer Nadir Figueiredo for US \$ 222.5 million. The purpose of the operation is to diversify HIG Capital's business portfolio in America. *(Sources: EMIS; G1 Globo; Istoé Dinheiro)*

JUL / 2019 (FRANCE) - French multinational Engie has confirmed it will invest more than US \$ 52 million in clean energy in Brazil. The initial focus of the investment is small companies with monthly consumption between 1,500 and 12,500 kilowatt hours and that are connected to Cemig's network. A photovoltaic plant that is being implemented in Pompéu (MG) will receive the first application of resources. *(Source: fDi Markets and O Tempo)*

JUL / 2019 (CHINA) - Chinese packaging company GSPak has confirmed a US \$ 48.8 million investment in setting up a factory in Rio Largo (AL). The new international venture is expected to generate about 400 jobs. *(Source: Government of Alagoas)*

Foreign Investment Bulletin – Selected Countries

Number 3

JUL – SEP 2019

Released

11/06/2019

• Year 3

Executive Secretariat of CAMEX

JUL / 2019 (USA) - Brazilian software startup Pipefy has received US \$ 45 million from US funds, led by the Insight Ventures investment fund, with the participation of OpenView and Trinity Ventures. *(Sources: EMIS and Exame)*

JUL / 2019 (ITALY) - Italian group Prysmian, the world leader in power and telecommunications cables and systems, has invested US \$ 39.9 and opened a new headquarters in Sorocaba (SP). *(Source: fDi Markets)*

AUG / 2019 (CHINA) - Technology company Huawei has confirmed a financial contribution of US\$ 800 million for its activities in the state of São Paulo (SP). According to the company, the investment will be made from 2020 to 2022 and includes several initiatives, including professional training and manufacturing. *(Sources: Exame and G1 Globo)*

AUG / 2019 (US) - US office products manufacturer ACCO Brands Corp. announced the acquisition of its Brazilian counterpart, Indústria Gráfica Foroni Ltda, for US \$ 57 million. The American company encompasses several brands in the world market including, in Brazil, Tilibra. The investment is consistent with the company's strategy of expanding its geographic presence and product categories, as well as adding to the consumer-centered brand market, thereby diversifying its customer base. *(Source: EMIS)*

AUG / 2019 (USA) - US private equity firm Riverwood Capital has invested US \$ 50 million in Brazilian digital marketing software developer RD Gestão e Sistemas SA (Digital Results). The investment will be directed to product improvement, customer service, hiring and international expansion. *(Sources: EMIS and Exame)*

SEP / 2019 (JAPAN) - The Japanese group Softbank led the US \$ 250 million investment in Quinto Andar, which operates in the Brazilian real estate market. The investment will be used to accelerate Quinto Andar's business in Brazil (mainly in the North and Northeast regions) and internationally. *(Source: Época Negócios)*

SEP / 2019 (JAPAN) - Toyota do Brasil has formalized its intention to invest US \$ 242 million in its industrial park in Sorocaba (SP). The unit, inaugurated in 2012, already produces the Etios and Yaris models and will be responsible for the manufacture of a new model in the Brazilian market, scheduled for commercialization in 2021. *(Source: Toyota)*

SEP / 2019 (JAPAN) - Specialized in the sale of furniture and construction material, the Curitiba startup MadeiraMadeira received a contribution of US\$ 110 million, led by the Japanese group SoftBank. The investment will be used to support the startup in areas such as logistics and customer experience. *(Source: Terra)*

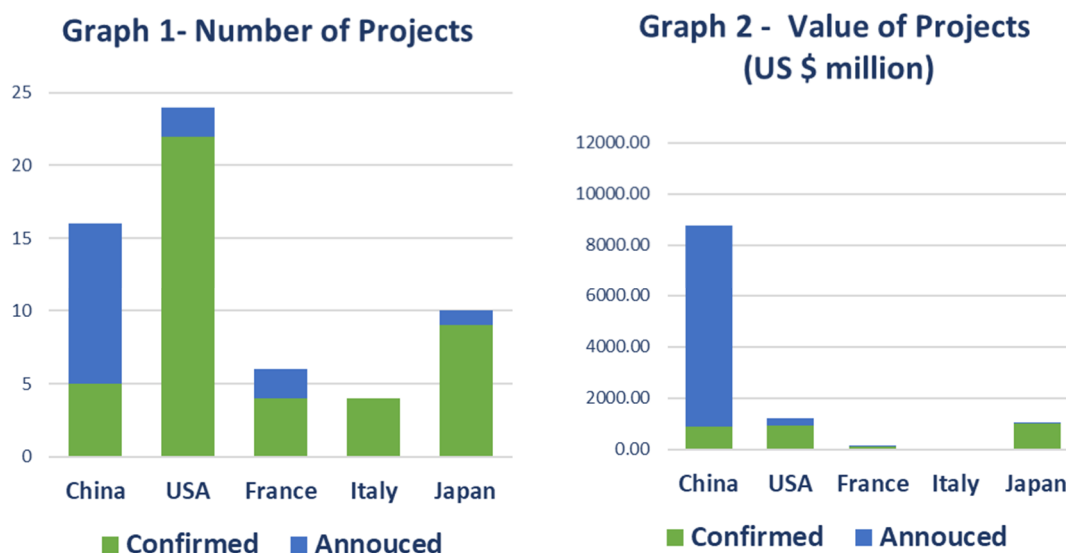
SECTION 2 Analysis of FDI - Selected Countries - 3rd Quarter of 2019

In the third quarter of 2019, 60 FDI projects from the five selected countries were identified in Brazil. Of the total projects, 44 are confirmed investments¹ worth approximately US \$ 3 billion. When considering the announced investments², the total value rises to approximately US \$ 11 billion.

In terms of value of the confirmed investments, Japan was the country that stood out in the quarter, with approximately US \$ 1 billion. Following are the US, with \$ 915 million, and China, with \$ 874 million. France and Italy had the lowest numbers, with \$ 138 million and \$ 42 million in investments, respectively.

In terms of number of projects confirmed, among the five countries the USA and Japan were those with the highest number in this third quarter, totaling 22 and 9 projects, respectively. China has confirmed 5 projects and France and Italy have confirmed 4 projects each.

Graphs 1 and 2: Investments confirmed and announced in Brazil (3rd Quarter 2019) - Selected Countries



Source: SE-CAMEX/ Ministry of Economy.

¹ Confirmed investments are investments directed to projects in Brazil, whose information can be confirmed by more than one data source, including institutional pages of companies or institutions directly involved.

² Announced investments are formal announcements of future investments, which are now accompanied by the market and interested institutions. When an investment that has been computed in the "Announced" group is confirmed, its value leaves this group and joins the "Confirmed" group.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL - SEP 2019

Released
 11/06/2019
 • Year 3

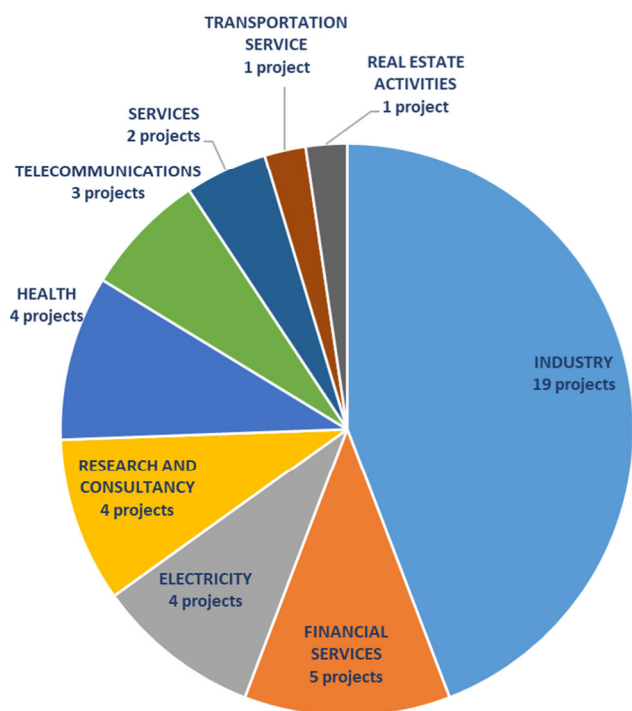
Executive Secretariat of CAMEX

Regarding the distribution by productive sectors of investments confirmed in the quarter, industry (19 projects) and financial services (5 projects) accounted for almost 55% of the investment target sectors announced by the five countries in this third quarter.

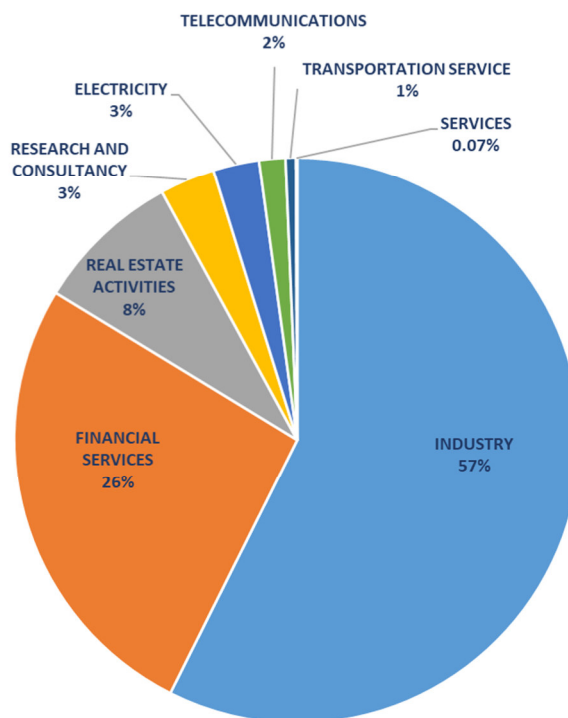
The other sectors receiving investments this quarter were: electricity (4 projects), research and consulting (4 projects), health (4 projects), telecommunications (3 projects), services (2 projects), transportation (1 project) and real estate activities. (1 project) as shown in Graphs 3 and 4.

Graphs 3 and 4: Sectoral Distribution of Investments (3rd Quarter 2019) – Selected countries

Graph 3- Number of projects



Graph 4 - Value of projects (US \$ million)



Source: SE-CAMEX/ Ministry of Economy.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL - SEP 2019

Released

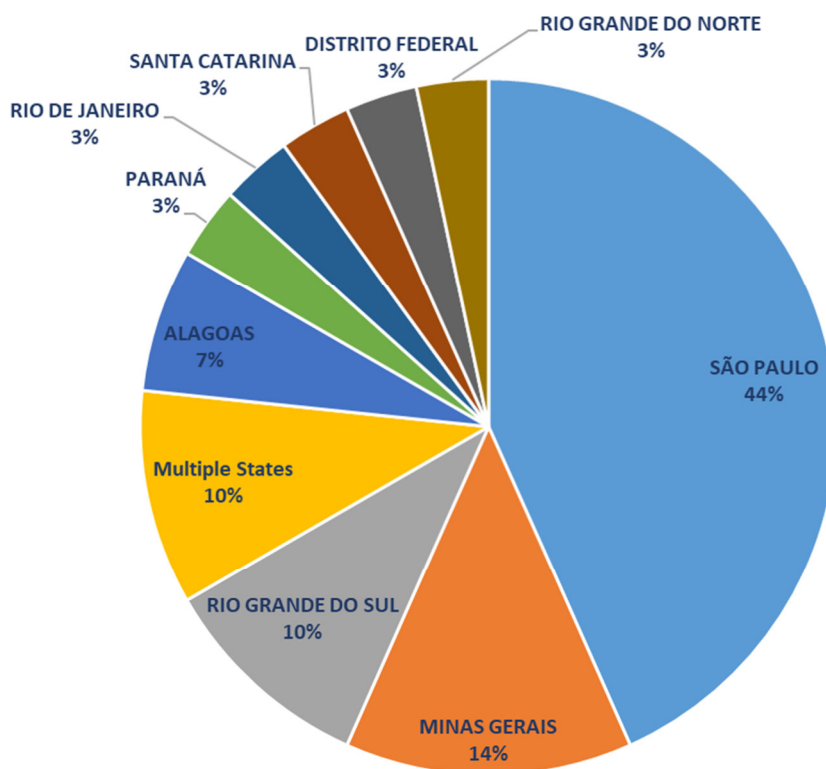
11/06/2019

• Year 3

Executive Secretariat of CAMEX

Regarding the geographic destination of the projects, 13 of them will be implemented in São Paulo, representing 44% of the confirmed investments. In Minas Gerais, 4 projects were confirmed. Rio Grande do Sul is the destination of 3 projects and Alagoas of 2 projects. Paraná, Rio de Janeiro, Santa Catarina, Distrito Federal and Rio Grande do Norte are destinations of 1 project each. Finally, 3 projects were confirmed in more than one state (Multiple States).

**Graph 5: State distribution of investments by number of confirmed projects
(3rd Quarter 2019) – Selected countries**



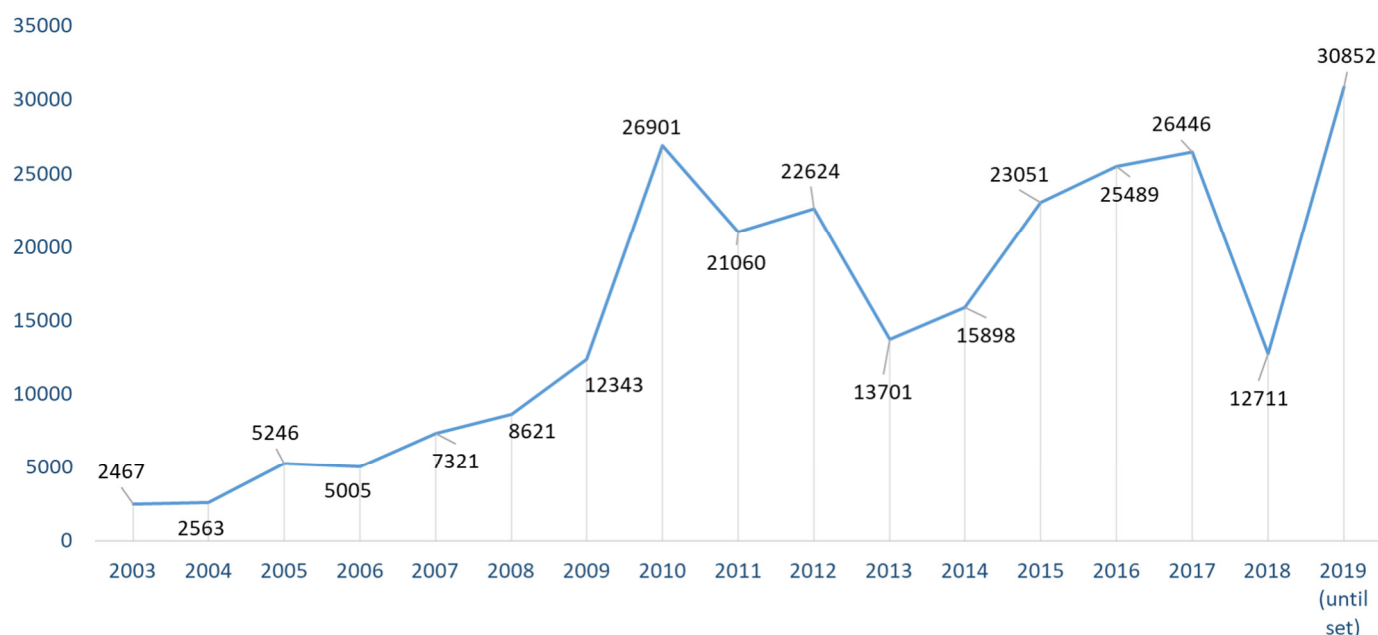
Source: SE-CAMEX/ Ministry of Economy.

SECTION 3 Analysis of FDI accumulated from 2003 to the 3rd quarter of 2019 - Selected Countries

Confirmed and announced foreign direct investments (FDI) since 2003 from the five countries amounted to approximately US \$ 260 billion, with the highest historical value occurring in 2019, up to the third quarter (Graph 6).

The US \$ 30.8 billion of FDI confirmed in the first three quarters of 2019 represents a nearly 140% increase in the flow of investment from the five countries over the full year 2018.

**Graph 6: Confirmed FDI Annual Totals
Accumulated from 2003 to Sep / 2019 – Selected countries
(US \$ million)**



Source: SE-CAMEX/ Ministry of Economy.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL – SEP 2019

Released

11/06/2019

• Year 3

Executive Secretariat of CAMEX

Until the end of last decade, the biggest investment came from the USA; as of 2010, Chinese investment gained importance because of its rapid growth in value. In the period between 2010 and 2017 the US and China alternated in the position of major investor, considering the sample of the five selected countries.

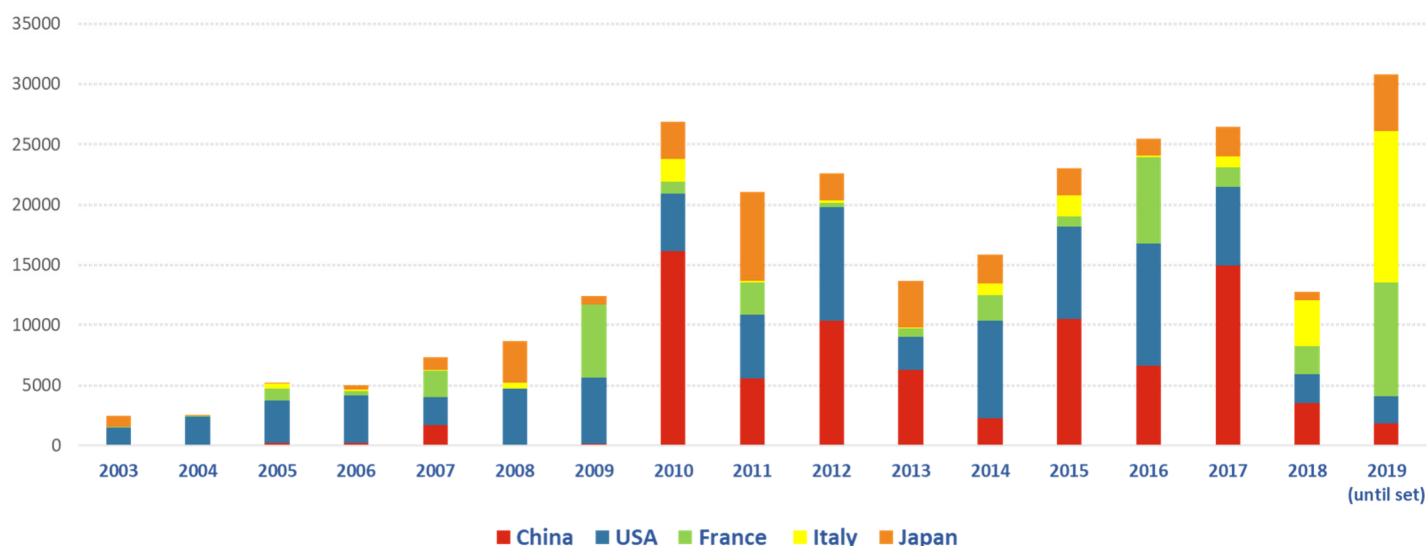
In 2018 there was a drastic fall in the values of Chinese and North American investment, and a concomitant growth of French and Italian investment.

In 2017, investment from France and Italy accounted for 5% and 3% of the total value of the investment confirmed from the five selected countries, respectively. In 2018, these percentage rose to 18% and 31%, respectively.

From 2003 to 2019 (accumulated until the 3rd quarter), US investment accounted, in terms of value, for 31.2% of total investment from the five selected countries, and the Chinese for 30.9%. French and Japanese investment, in turn, represented 14.5% and 14.2% respectively. Italian investment accounted for only 9.2% of confirmed investment in Brazil during this period, as shown by graphs 8 and 9.

Considering only the first three quarters of 2019, Italian and French investment stand out and represent, respectively, 43% and 32% of the total. Japanese investment accounted for 16%, Chinese 6% and America for only 2% of the total invested by the five countries this year.

**Graph 7: Confirmed FDI by country of origin
(2003 – 3rd Quarter 2019)
(US \$ million)**



Source: SE-CAMEX/ Ministry of Economy.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL – SEP 2019

Released

11/06/2019

• Year 3

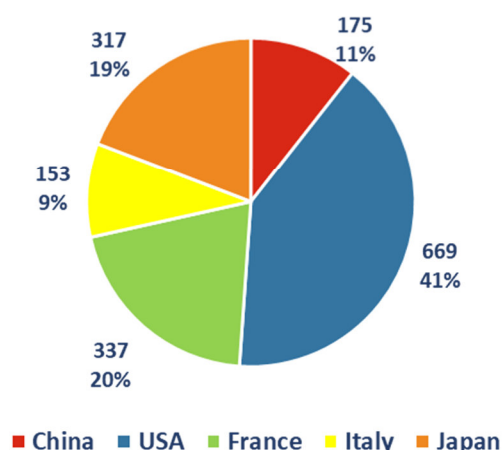
Executive Secretariat of CAMEX

Regarding the number of projects, from 2003 to the third quarter of 2019, US investment corresponded to 41% of the total of the five countries, the French to 20% and the Japanese investment to 19%. Chinese and Italian investment, in number of projects, represented, respectively, 11% and 9%.

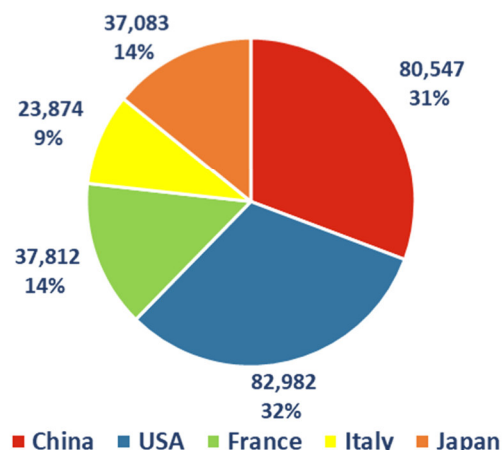
Graphs 8 and 9 show the comparison between the cumulative number and value of projects by country of origin since 2003.

Graphs 8 and 9 - Investments confirmed by country of origin of capital Accumulated from 2003 to Sep / 2019 - Selected Countries

Graph 8- Number of Projects



Graph 9 - Value of Project
(US \$ million)



Source: SE-CAMEX/ Ministry of Economy.

Graphs 10 and 11 show the types of projects invested by companies in the selected countries, whether greenfield³ or brownfield⁴.

When considering the number of projects, the number of greenfield projects represents 24% of confirmed investment. In terms of value and, considering the accumulated inventory since 2003, greenfield investment represents only 15% of the total value of FDI projects from the five selected countries.

³ Greenfield investments are those involving the construction of new industrial plants or the expansion / modernization of existing plants to further their productive capacity.

⁴ Brownfield investments are investments that involve the acquisition by a company of plants owned by other corporations (mergers and acquisitions), without resulting in immediate increase in production and employment in the recipient country.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL - SEP 2019

Released

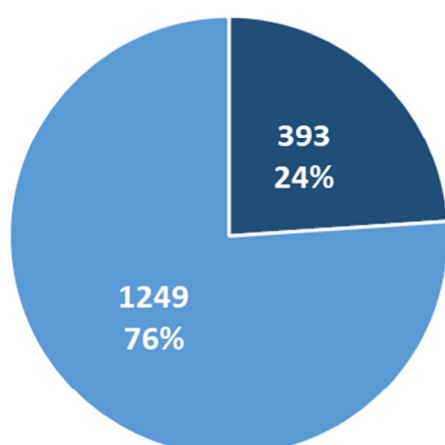
11/06/2019

• Year 3

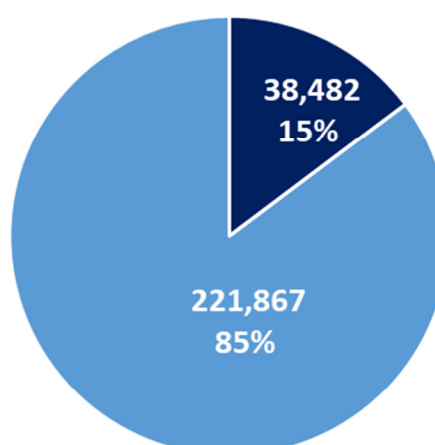
Executive Secretariat of CAMEX

Graphs 10 and 11: Types of Confirmed Investment Accumulated from 2003 to Sep / 2019 - Selected Countries

Graph 10- Number of Projects



Graph 11 - Value of Projects
(US \$ million)



 Brownfield  Greenfield

Fonte e elaboração: SE-CAMEX/ Ministério da Economia.

The following graphs show the annual evolution of the distribution of greenfield and brownfield investments by country.

There is a marginally growing percentage of greenfield projects in Chinese investment since 2017. France and Italy stand out for the sharp growth in brownfield projects, also from 2017. For US investment, there is a concomitant decline in both types since 2018.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL - SEP 2019

Released

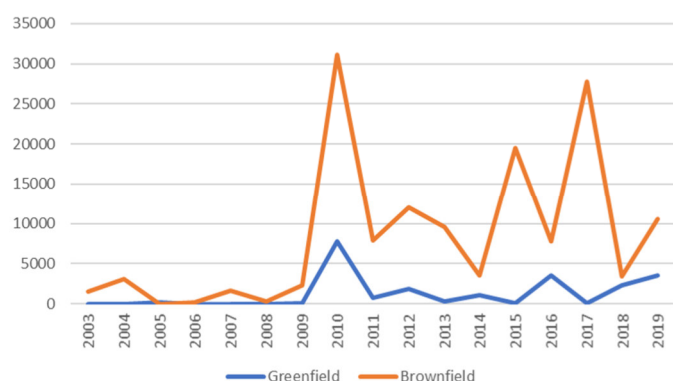
11/06/2019

• Year 3

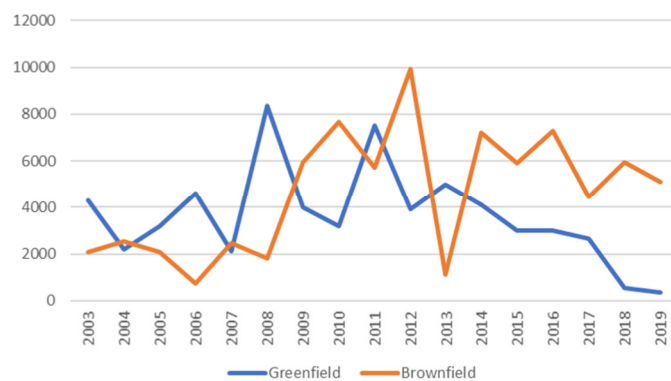
Executive Secretariat of CAMEX

Graphs 12 to 16: Types of projects confirmed and announced by year and by country Accumulated from 2003 to Sep / 2019 (US \$ million)

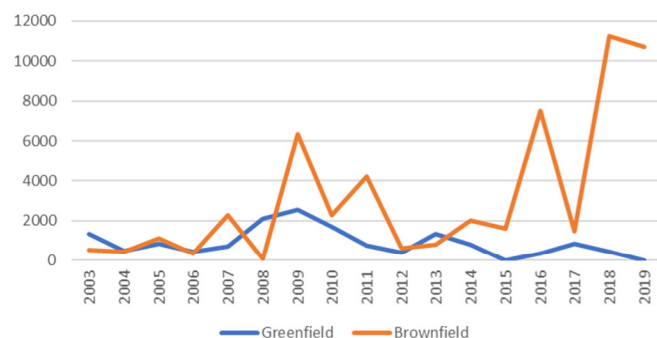
Graph 12 - China



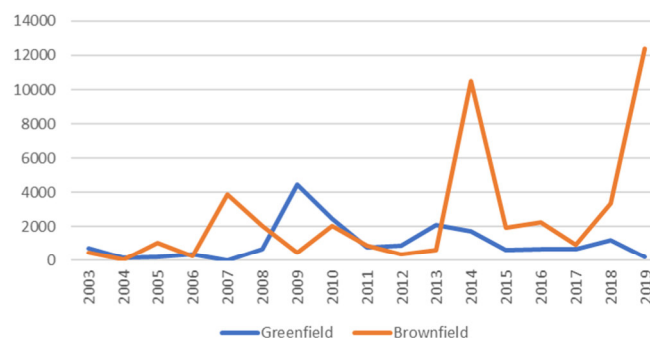
Graph 13 - USA



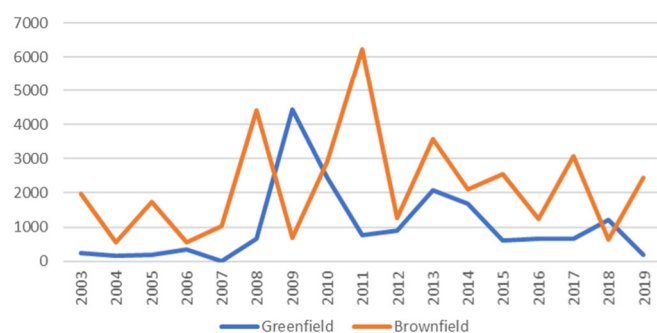
Graph 14 - France



Graph 15 - Italy



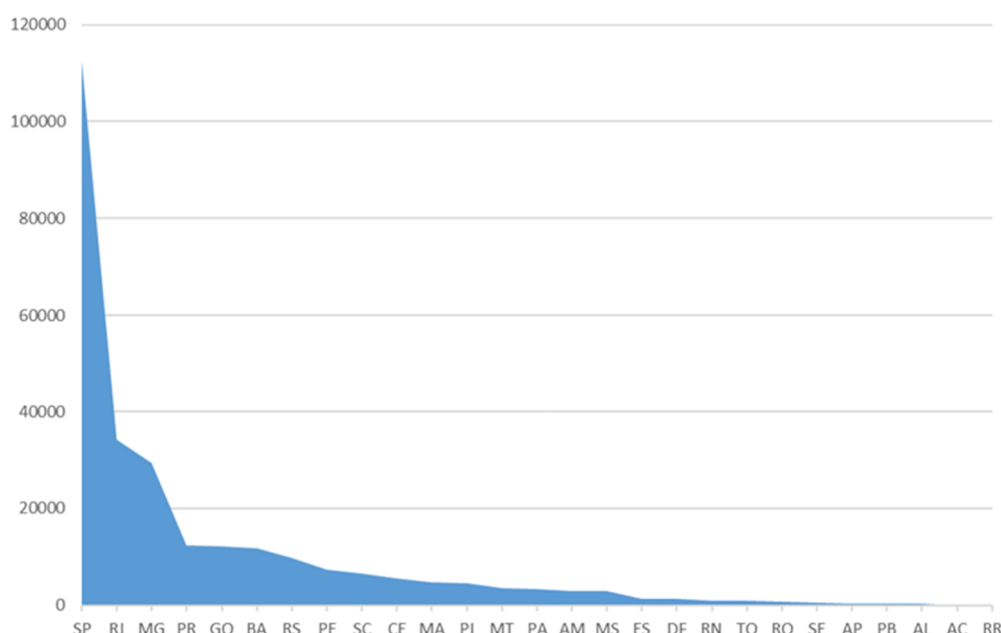
Graph 16 - Japan



Fonte e elaboração: SE-CAMEX/ Ministério da Economia.

Graph 17 shows that the investment of the five selected countries, accumulated since 2003, were concentrated in the Southeast and South regions, with a predominance of the State of São Paulo (24%), followed by Rio de Janeiro (7%), Minas Gerais (6%), Paraná (3%) and Goiás (3%).

**Graph 17: Concentration of projects by Federation Units
Accumulated from 2003 to Sep/ 2019 - Selected Countries
(US \$ million)**

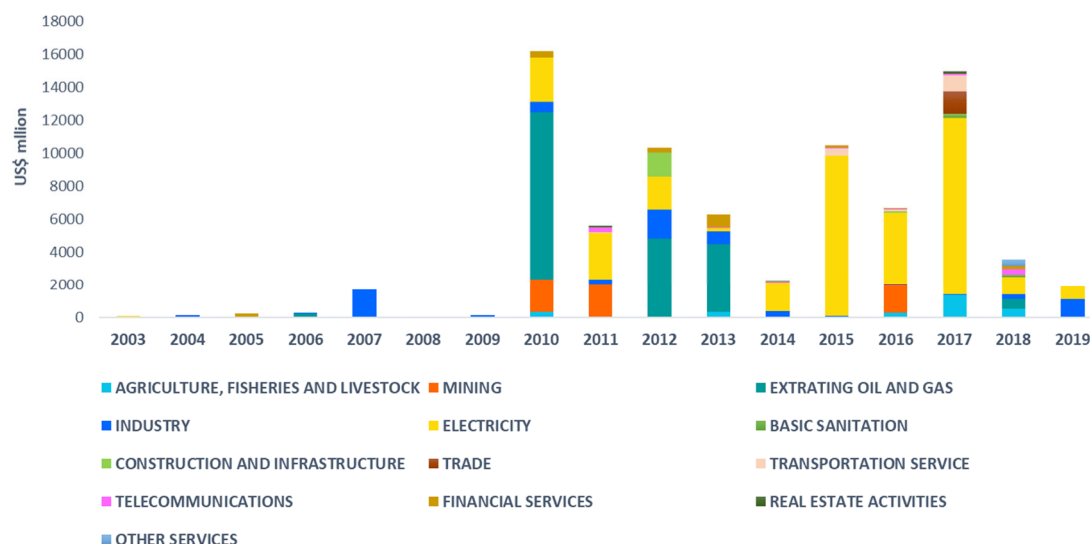


Source: SE-CAMEX/ Ministry of Economy.

SECTION 4 Sectoral breakdown of investments by country of origin (2003 - 3rd quarter / 2019)

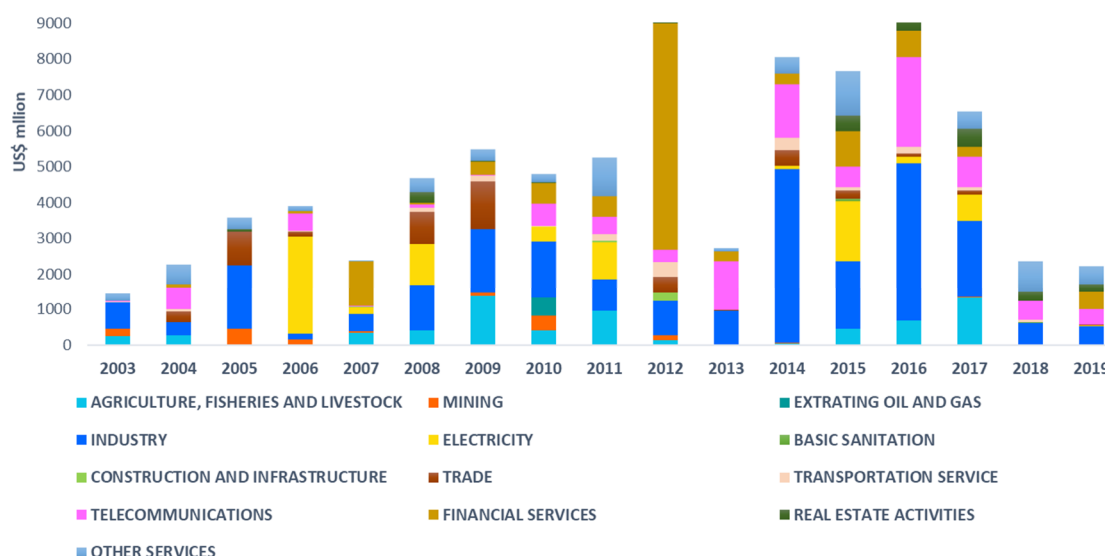
The sectoral distribution of investments plays a relevant role in the analysis of FDI in Brazil and, as already mentioned, influences the participation of each country in terms of number and value of projects. The following graphs represent the sectoral distribution for each of the five selected countries.

CHINA



It is possible to observe a change in the destiny of Chinese investments in Brazil. Originally concentrated in agriculture, mining and oil, Chinese direct investment has in recent years been focused on the transportation, telecommunications, financial services, industry and, especially, electricity. While agriculture, mining, and oil extraction represent 3%, 7%, and 25%, respectively, of the total value of investments accumulated since 2003, the electricity sector alone accounts for 45% of the total value of the investment.

USA



US direct investment in Brazil is concentrated in the industrial sector, which represents 32% of the value of US investment accumulated since 2003. Other noteworthy sectors are financial services (15%), telecommunications (12%), which gained relevance from 2013, and electricity (10%). Investment participation in other sectors is relatively marginal.

Foreign Investment Bulletin – Selected Countries

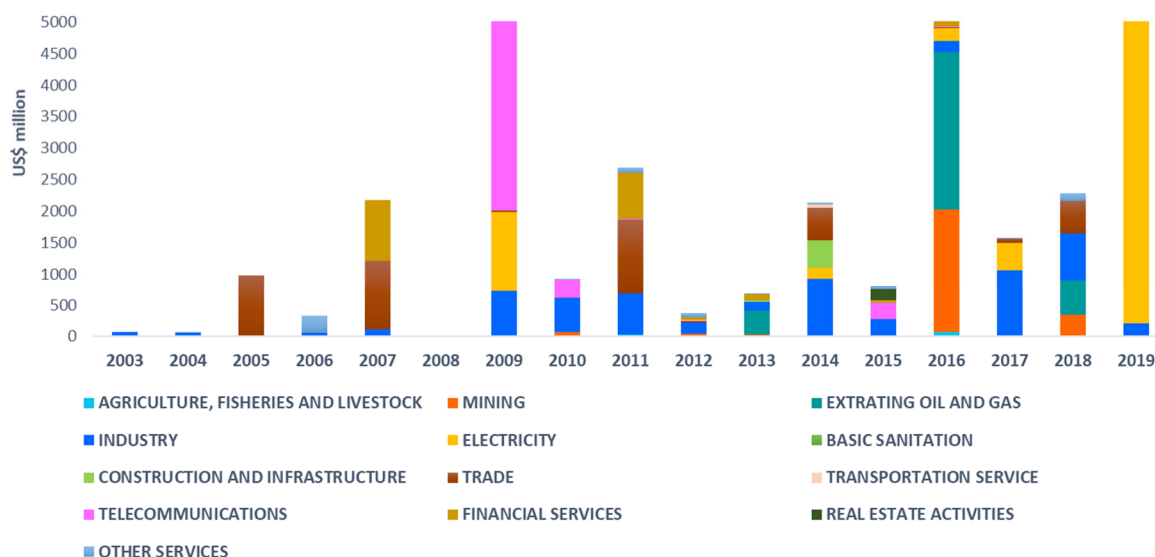
Number 3

JUL - SEP 2019

Released
11/06/2019
• Year 3

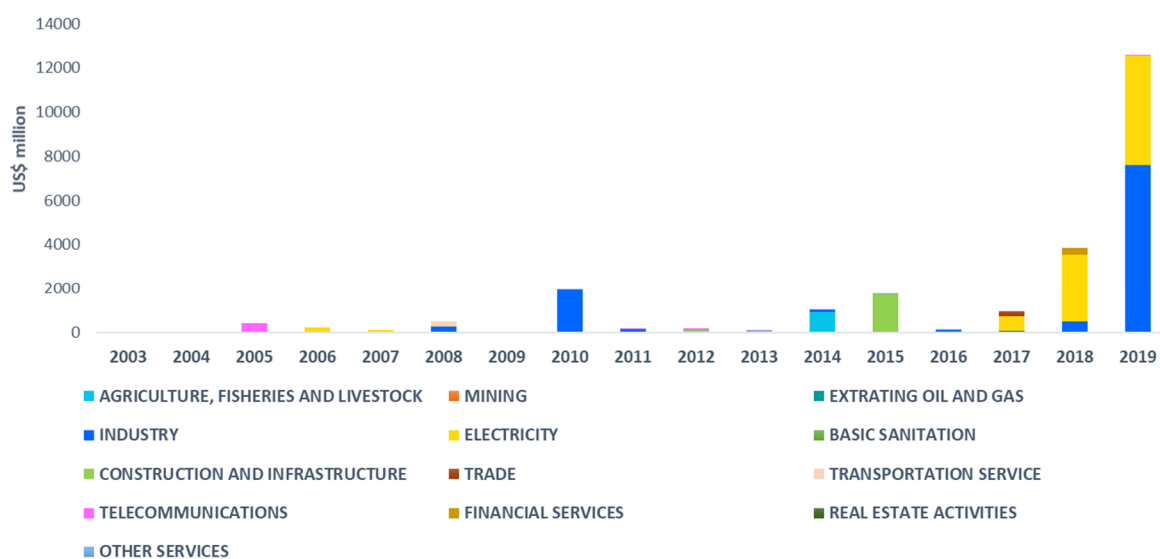
Executive Secretariat of CAMEX

FRANCE



France's direct investments in Brazil are modest, when compared to China and the US. In addition, French investment is more diversified in sectoral terms, and no clear profile or trend is identifiable, as in the case of those two countries. For example, French investment were more intense at different times in commerce (2007), telecommunications (2009), real estate activities (2016) and industry (2018). In the first three quarters of 2019, the French presence in the electric sector is remarkable, representing 29% of the total value of French investment in this country since 2003.

ITALY



Italian investments have a unique trajectory among the five countries considered. By 2017, the amounts involved were significantly small⁵ compared to other countries, with more significant records in 2005

⁵ Most of the announcements of investments by Italian companies in Brazil, raised by this coordination, do not show the values of the negotiations, which may directly affect the results presented by the graph.

Foreign Investment Bulletin – Selected Countries

Number 3

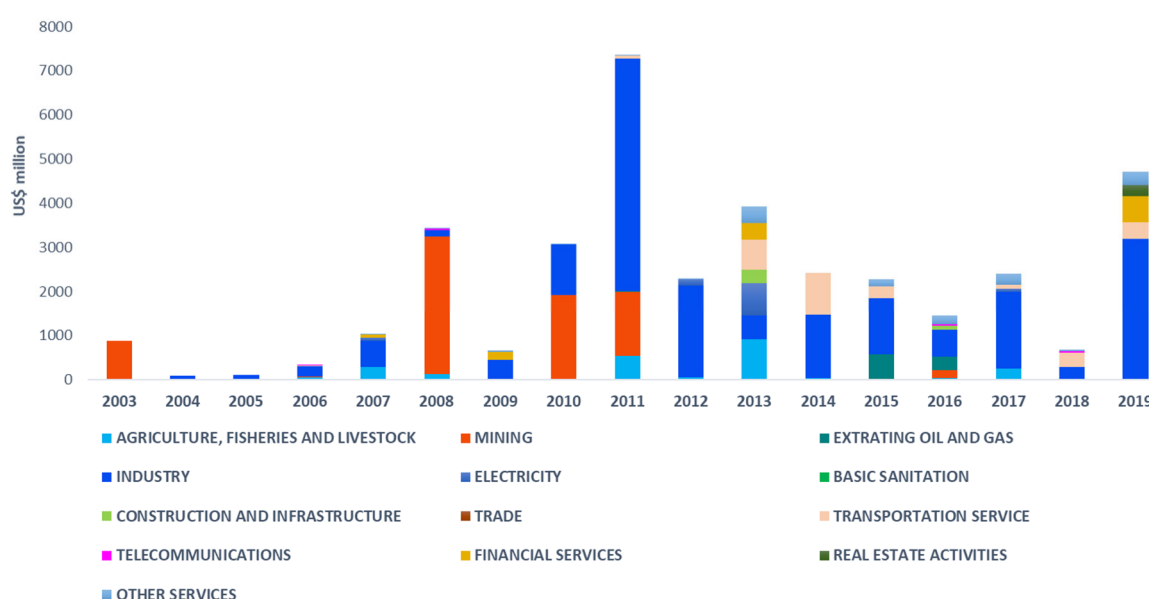
JUL - SEP 2019

Released
 11/06/2019
 • Year 3

Executive Secretariat of CAMEX

(telecommunications), 2008 (transportation), 2010 (industry) and 2015 (sanitation). In 2018 and in the first three quarters of 2019 Italian investment in the electricity sector were the highest in this group of countries. Also noteworthy in the first three quarters of 2019 is Italian investment in the industrial and electricity sectors. Industry and electricity represent, respectively, 45% and 36% of the total value of investment of this country in Brazil since 2003.

JAPAN



The sectoral distribution of Japanese investments bears some resemblance to the trajectory of Chinese investments regarding the emphasis on the mining sector until 2011. In the same year, and in subsequent years, however, the concentration of investment in the industrial sector is preponderant, associated in some years (2013, 2016, 2017, 2019) with investment in the service sector. The mining and manufacturing sectors represent, respectively, 52% and 20% of the value of Japanese investment since 2003.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL – SEP 2019

Released

11/06/2019

• Year 3

Executive Secretariat of CAMEX

ANNEX

BRICS FOREIGN INVESTMENTS

■ Information Note

As the XI BRICS Summit will take place in Brasilia on November 13 and 14, this edition of the Bulletin contains this Annex that presents the investment flows between Brazil and the other countries of the group.

It will be the third time that Brazil hosts a BRICS Summit. In 2010, the meeting took place in Brasilia, and in 2014 in Fortaleza.

The XI Summit will have the motto “BRICS: economic growth for an innovative future” and will have as priorities:

- (i) strengthening cooperation in science, technology and innovation;
- (ii) strengthening cooperation in the digital economy;
- (iii) increased cooperation in combating transnational illicit acts, organized crime, money laundering and drug trafficking; and
- (iv) encouraging closer ties between the New Development Bank and the Business Council.

This Annex presents investments by Russia, India, China and South Africa in Brazil, as well as the main news about Brazilian investments in these four countries.

SECTION 1 BRICS

The BRICS is the group of five major emerging countries - Brazil, Russia, India, China and South Africa - which together account for 42% of the population, 23% of GDP, 30% of territory and 18% of the global trade.

Coordination between Brazil, Russia, India and China (BRIC) began informally in 2006, with a working meeting between the foreign ministers of the four countries in the United Nations General Assembly. Since then, BRIC has become a cooperation mechanism in areas that have the potential to generate concrete results for Brazilians and the peoples of other members.

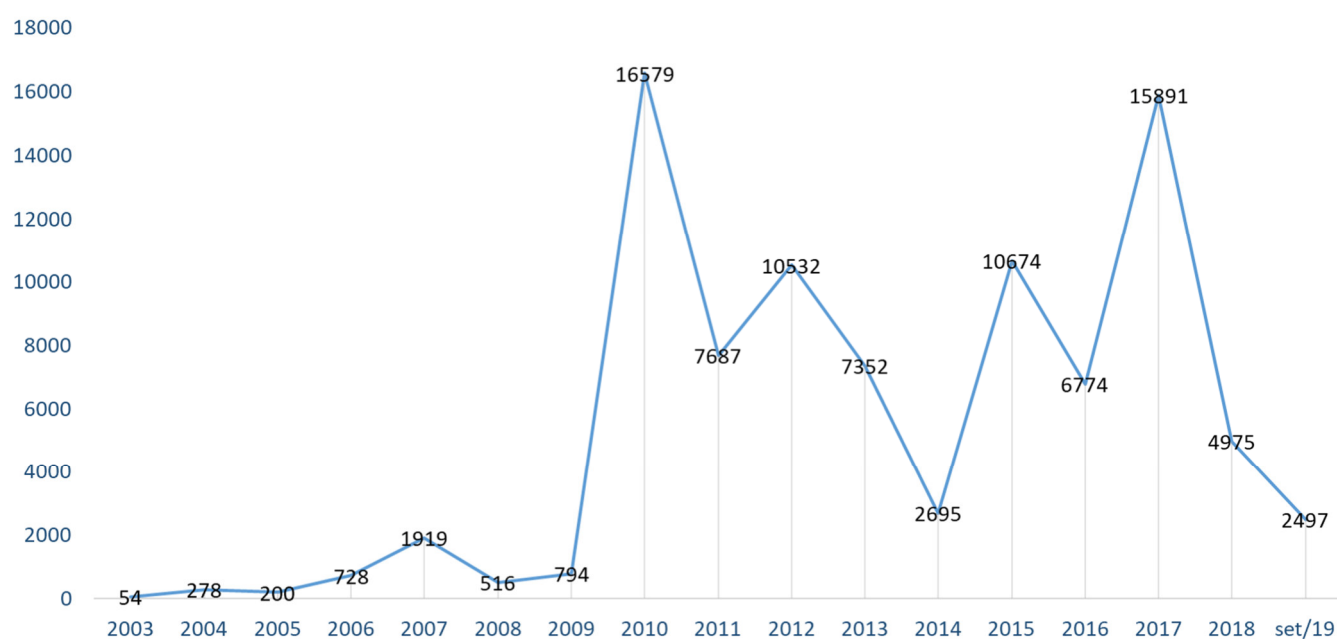
In 2009, the acronym BRICS began to take the form of an institutionalized group, holding annual meetings between the leaders of the four countries. In 2011, at the Sanya Summit, South Africa became part of the cluster, adding the "S" to the acronym, now BRICS.

(Sources: Itamaraty and EBC / AgênciaBrasil)

SECTION 2 Overview of FDI received by Brazil from BRICS countries

Analyzing the period from 2003 to September 2019, it can be observed (Graph 1) that in 2010 and 2017 the confirmed investment from the four countries reached the highest values, totaling about US \$ 16.6 billion and US \$ 15.9 billion, respectively.

**Graph 1: Confirmed FDI Annual Totals
Accumulated from 2003 to Sep / 2019 - BRICS
(US \$ million)**



Source: SE-CAMEX / Ministry of Economy.

Among the BRICS countries, China is the biggest investor in Brazil. In 2010 Chinese investment accounted for 97% of total investment from the four countries. In 2017 Chinese investment accounted for 94%. Since 2018, however, there has been a drastic drop in the value of Chinese investment.

India also deserves attention within the group. In this period Indian investment remained relatively constant as number of projects.

Except for South African investments, since 2010 investment from all other BRICS had significant growth in terms of number of projects. When considering the value of the projects, however, only Chinese and Indian investments are significant (Graphs 2 and 3).

Foreign Investment Bulletin – Selected Countries

Number 3

JUL - SEP 2019

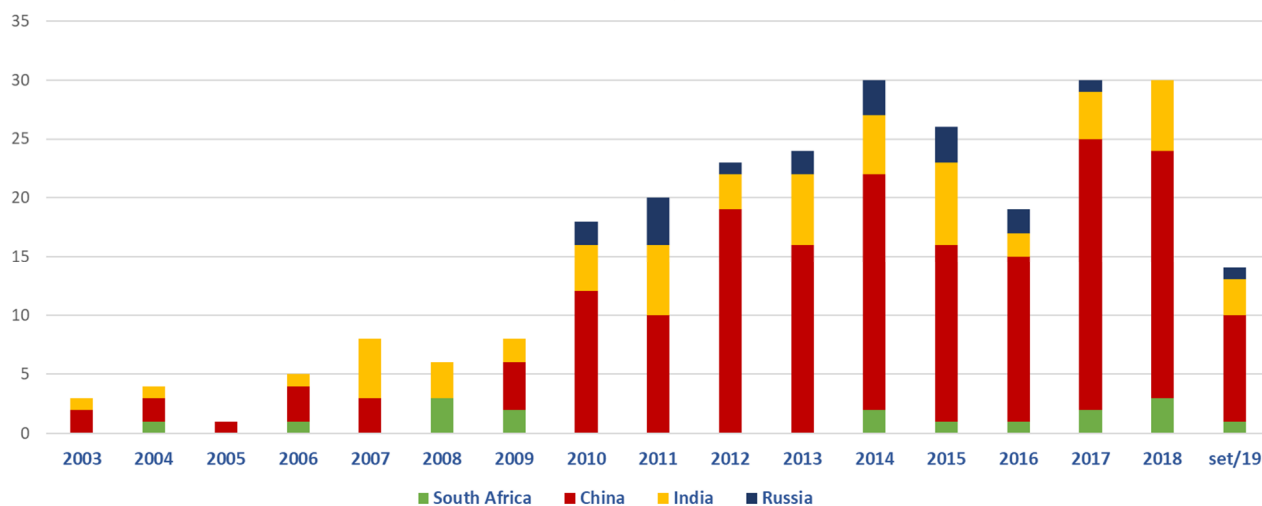
Released

11/06/2019

• Year 3

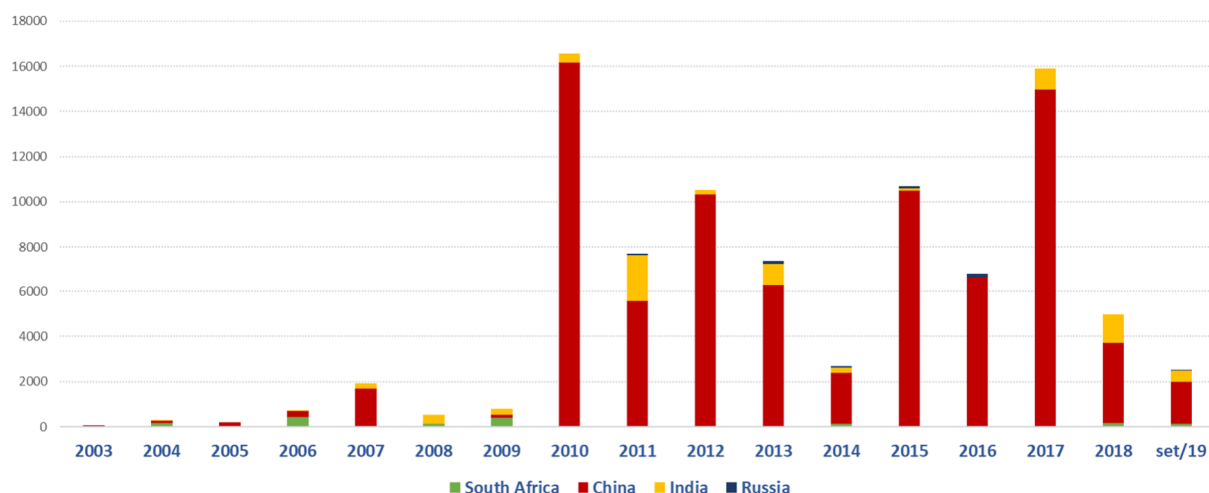
Executive Secretariat of CAMEX

**Graph 2: BRICS FDI confirmed in Brazil by country of origin
Accumulated from 2003 to Sep / 2019
(Number of projects)**



Source: SE-CAMEX / Ministry of Economy.

**Graph 3: BRICS FDI confirmed in Brazil by country of origin
Accumulated from 2003 to Sep / 2019
(US \$ million)**



Source: SE-CAMEX / Ministry of Economy.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL - SEP 2019

Released

11/06/2019

• Year 3

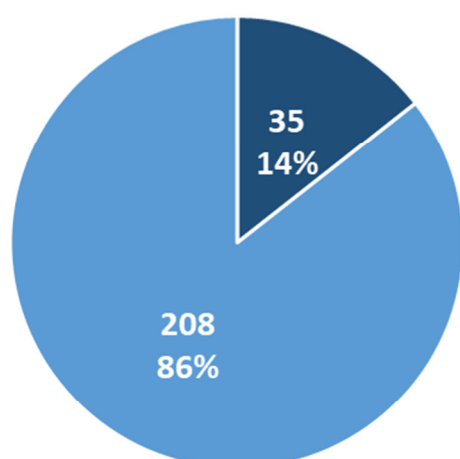
Executive Secretariat of CAMEX

Graphs 4 and 5 show the accumulated stock, from 2003 to September 2019, of the projects invested by companies from the BRICS countries by type, whether greenfield or brownfield.

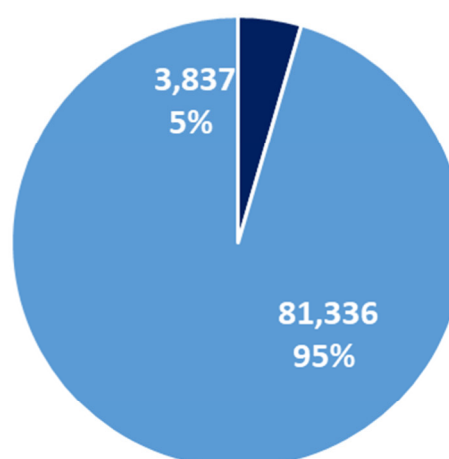
In terms of value, accumulated greenfield investments represent only 5% of the total value of FDI projects from the four countries of the group. Considering only the number of projects, the number of greenfield projects represents 14% of confirmed investment.

Graphs 4 and 5: Types of confirmed projects - BRICS Accumulated from 2003 to Sep / 2019

Graph 4- Number of Projects



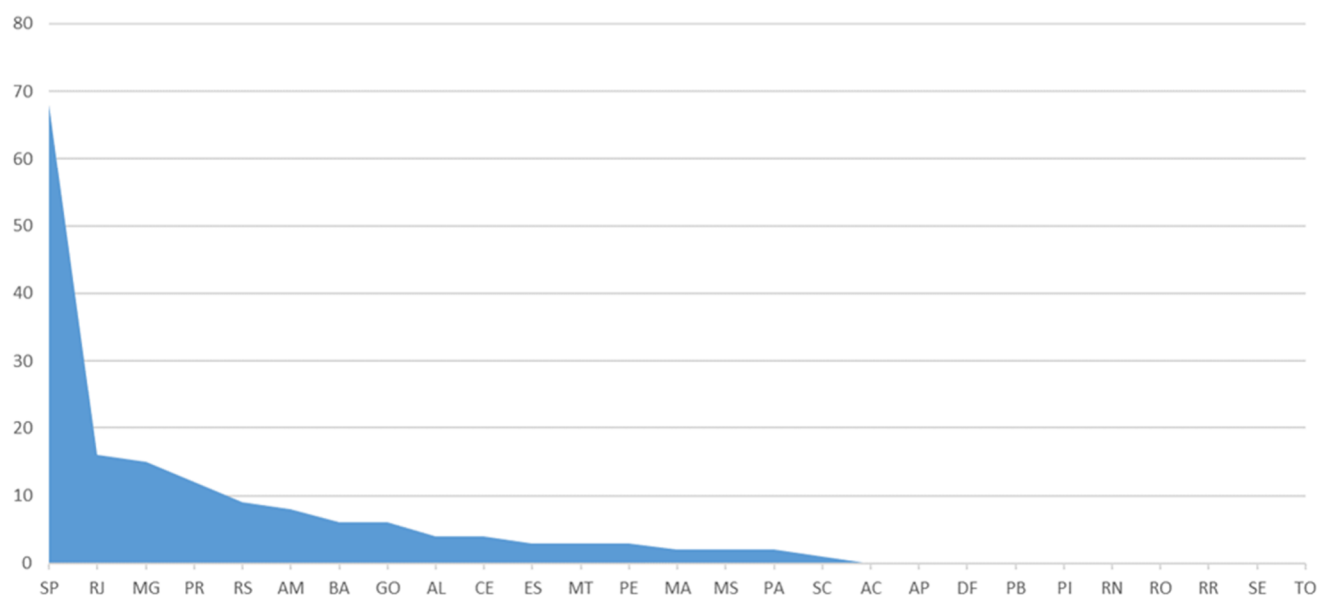
**Graph 5 - Value of Projects
(US \$ million)**



Source: SE-CAMEX / Ministry of Economy.

Graph 6 shows that the investment from the five selected countries accumulated since 2003 were concentrated in the Southeast (60%) and South (13%) regions, in a similar geographic concentration to the total inflows into the country. In the Southeast, the state of São Paulo stands out (41%), followed by Rio de Janeiro (10%) and Minas Gerais (9%). In the South, the highlights are the state of Paraná (6%) and Rio Grande do Sul (5%).

**Graph 6: Concentration of BRICS projects by Federation Units
Accumulated from 2003 to Sep / 2019
(Number of projects)**



Source: SE-CAMEX / Ministry of Economy.

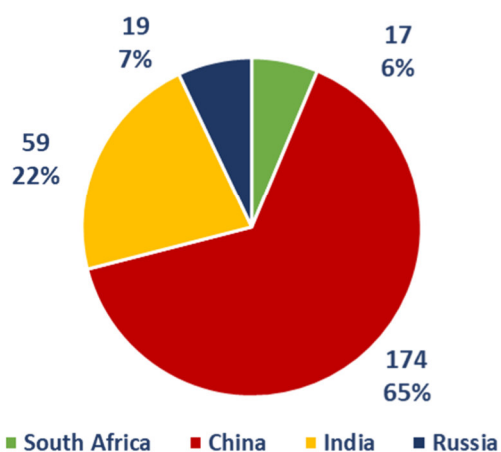
SECTION 3 Comparison between number and value of projects

Between 2003 and the third quarter of 2019 the number of projects by Chinese companies accounted for 65% of the total from the four countries. The number of Indian investments comes next, with 22% of projects. Graphs 7 and 8 show the number of projects and foreign investment stock by country since 2003.

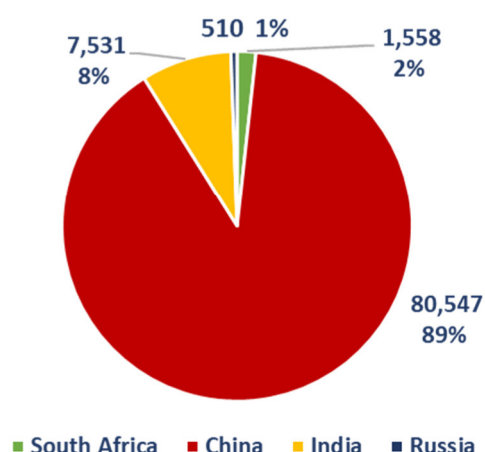
In terms of value, Chinese investment in this period totaled approximately US\$ 80.5 billion. Indian investment totaled about US \$ 7.5 billion; South African US \$ 1.5 billion and Russian US \$ 510.2 million.

Graphs 7 and 8: BRICS investments confirmed by country Accumulated in the period 2003 - Sep / 2019

Graph 7 - Number of Projects



Graph 8 - Value of Projects
(US \$ million)



Source: SE-CAMEX / Ministry of Economy.

SECTION 4 Sectoral distribution of investments by country (2003 to Sep/2019)

Sectoral distribution of investments plays a relevant role in FDI analysis and influences the participation of each country in terms of number and value of projects. The following graphs show the sectoral distribution for each of the BRICS countries.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL - SEP 2019

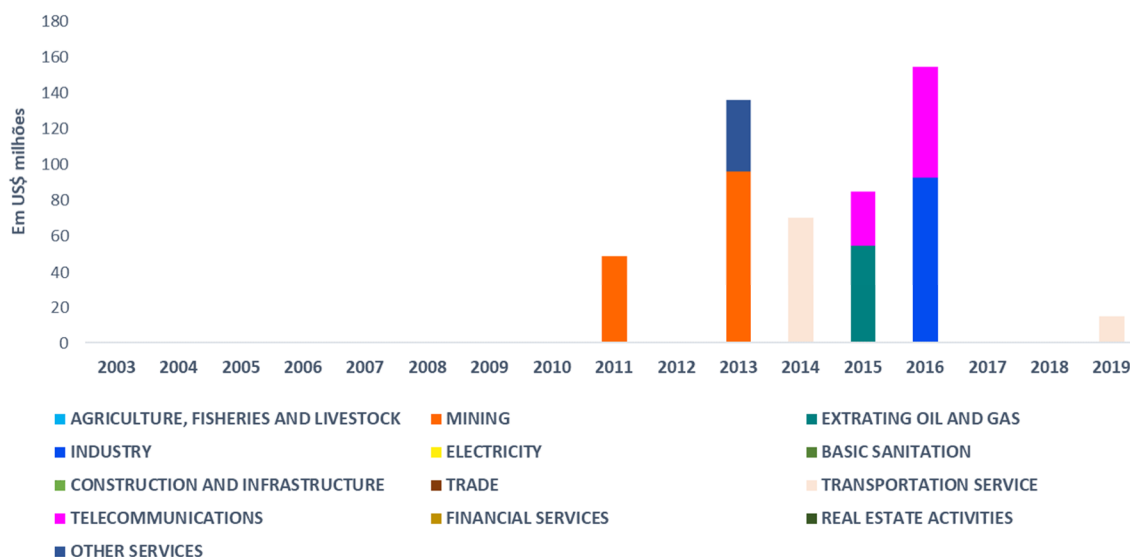
Released

11/06/2019

• Year 3

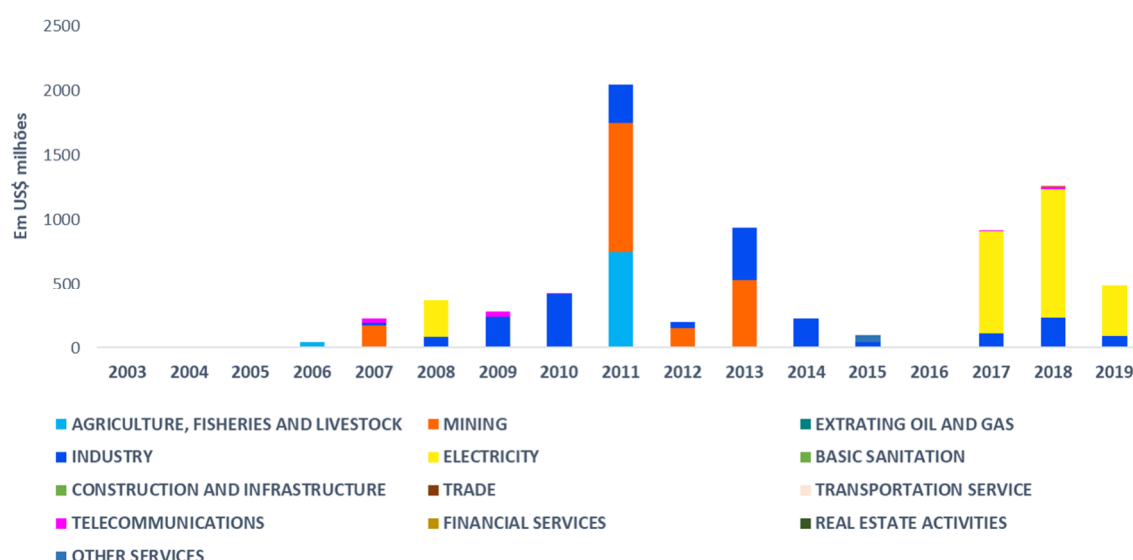
Executive Secretariat of CAMEX

RUSSIA



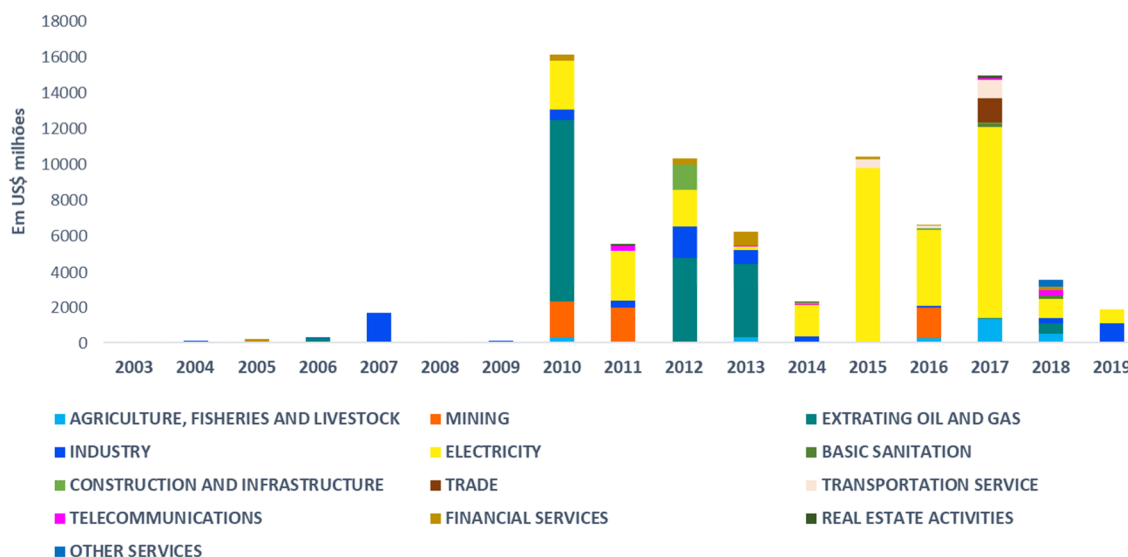
Investment flows between Brazil and Russia are still at insignificant levels in terms of volume. Since 2003 this Bulletin has identified investments in only six sectors: mining (28%); telecommunications (18%); industry (18%); transportation (17%); oil and gas extraction (11%); other services (8%).

INDIA



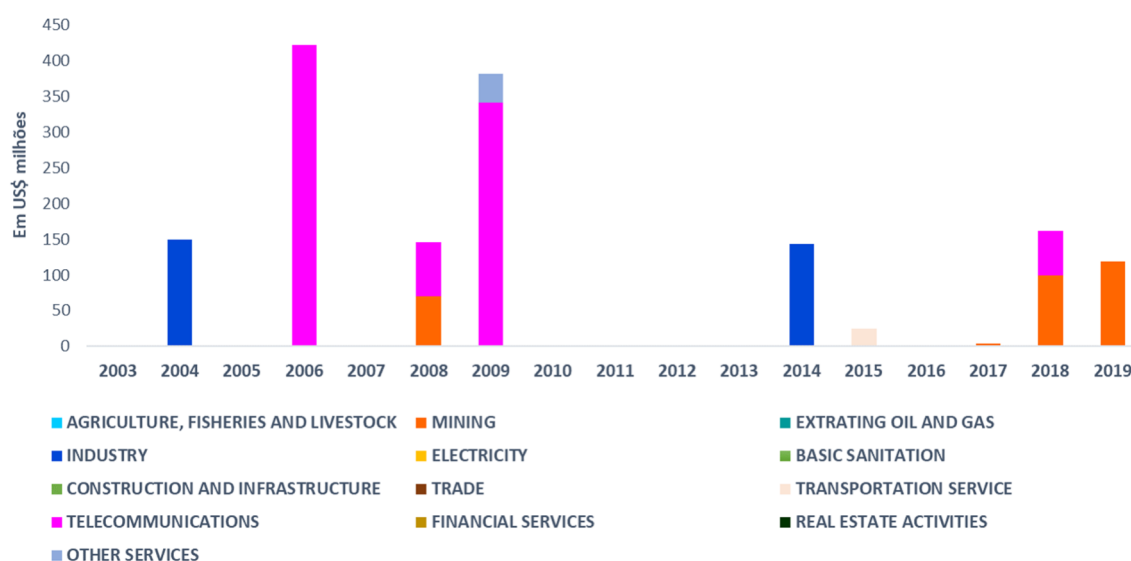
Direct investment from India focuses on electricity, mining and industry. The latter being of quite low value stands out for its constant presence over the years. In the last three years there have been Indian billionaire investments in the Brazilian electricity sector.

CHINA



It is possible to observe a change in the destiny of Chinese investments in Brazil. Originally concentrated in agriculture, mining and oil, Chinese direct investment has in recent years been focused on the transportation, telecommunications, financial services, industry and, especially, electricity. While agriculture, mining, and oil extraction represent 3%, 7%, and 25%, respectively, of the total value of investments accumulated since 2003, the electricity sector alone accounts for 45% of the total value of the investment.

SOUTH AFRICA



South Africa's direct investment in Brazil were initially concentrated in the telecommunications, industry and mining sectors. Between 2006 and 2009 there was a peak, led by the telecommunications sector. In 2014 it was remarkable the investment of a South African fund in the clothing sector, and in 2018 and 2019 in the mining sector (gold).

SECTION 5 Analysis of FDI received by Brazil in 2019 (Jan-Sep), coming from BRICS countries

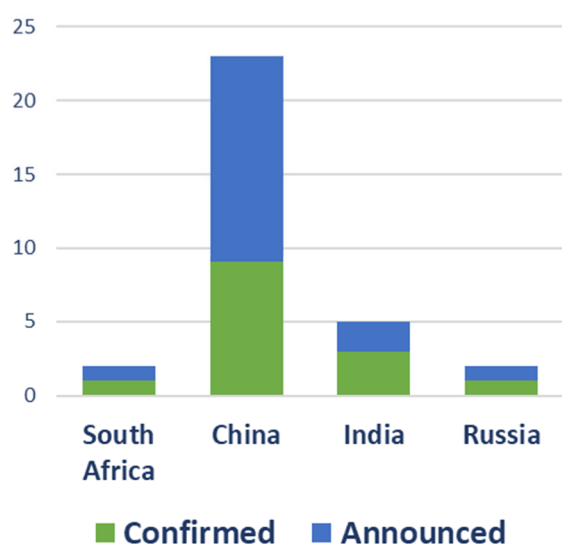
As of September 2019, 32 FDI projects in Brazil from the BRICS countries have been identified, totaling US \$ 15.7 billion between confirmed and announced. There are 14 confirmed investments, worth approximately US \$ 2.5 billion.

In terms of confirmed investments, China was the most outstanding country in the year so far, with US \$ 1.8 billion in 2019. Followed by India, with US \$ 489 million, South Africa, with US \$ 120 million and Russia with US \$ 15 million of confirmed investment this year.

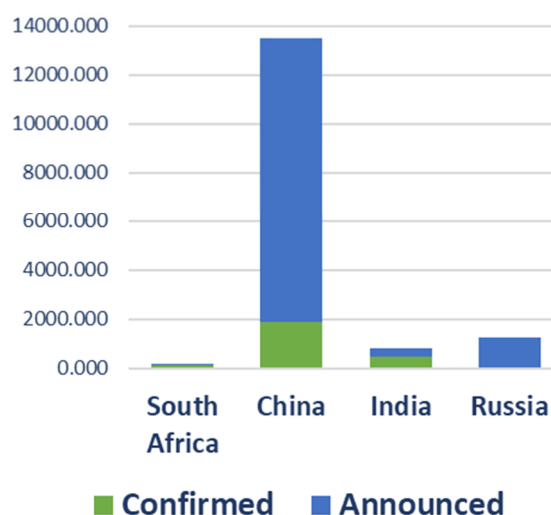
In terms of number of confirmed projects, among the four countries China remains in the lead, with a total of 9 projects this year. India comes next with 3 projects. Russia and South Africa totaled 1 project each.

Graphs 9 and 10: BRICS Investment Confirmed and Announced in Brazil (2019 - until Sep / 2019)

Graph 9- Number of Projects



Graph 10- Value of Projects (US \$ million)



Source: SE-CAMEX / Ministry of Economy.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL - SEP 2019

Released

11/06/2019

• Year 3

Executive Secretariat of CAMEX

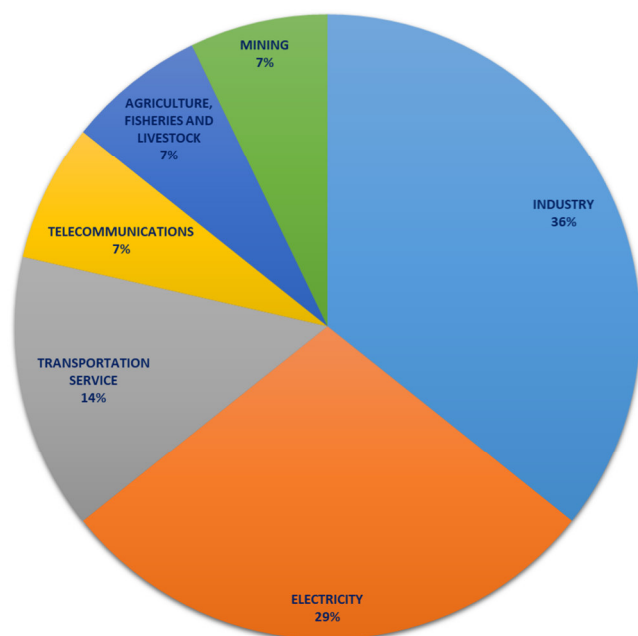
Regarding the distribution of confirmed investment by productive sectors, industry (5 projects), electricity (4 projects), transportation and services (2 projects) accounted for almost 80% of the sectors, as announced by the four countries by the third quarter of 2019. Considering the value of the projects, more than 94% of the amount invested went to the electric sector and industry.

The other sectors receiving investment in this quarter were: telecommunications (1 project); agriculture (1 project); and mining (1 project).

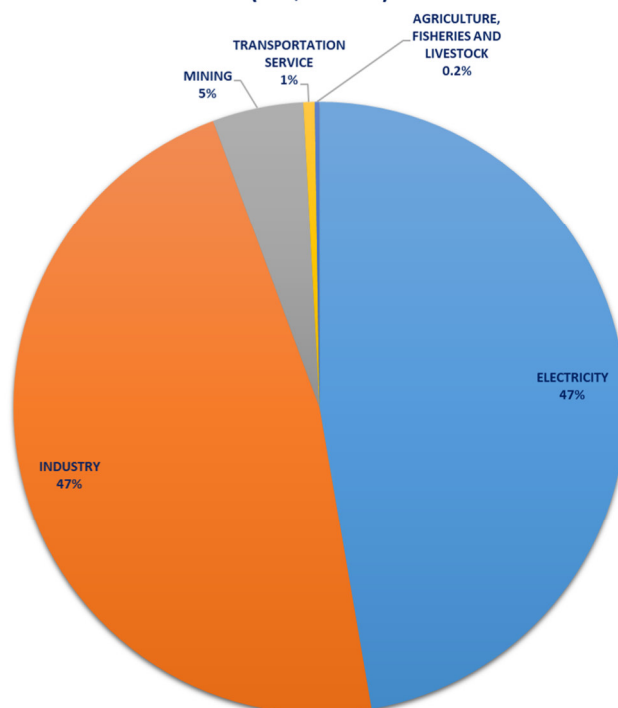
Graphs 11 and 12 show the sectoral distribution of investments raised through September 2019 in terms of number of projects and value, respectively.

Graphs 11 and 12: Sectoral Distribution of BRICS Investment (Jan-Sep of 2019)

Graph 11 - Number of Projects



Graph 12 - Value of Projects
(US \$ million)



Source: SE-CAMEX / Ministry of Economy.

Foreign Investment Bulletin – Selected Countries

Number 3

JUL – SEP 2019

Released

11/06/2019

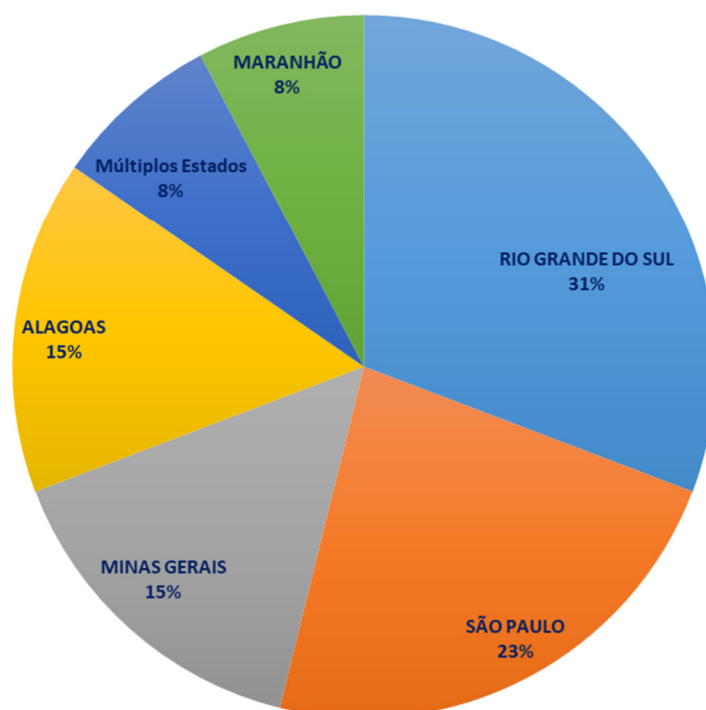
• Year 3

Executive Secretariat of CAMEX

Regarding the destination states of the investments, 4 projects are to be implemented in Rio Grande do Sul, representing 29% of the confirmed investment. In São Paulo, 3 projects were confirmed. Minas Gerais and Alagoas were destinations of 2 projects each and Maranhão of 1 project.

Graph 13 shows the geographical distribution of investments raised up to the third quarter of this year, by number of confirmed projects.

**Graph 13: Distribution (%) by State of BRICS Investments by Number of Projects
Confirmed
(2019 - Sep / 2019)**



Source: SE-CAMEX / Ministry of Economy.

SECTION 6 News: Selection of Investments Received by Brazil from BRICS Countries in 2019 (Jan-Sep)

JAN / 2019 (CHINA) - CGN Energy, China's largest nuclear power company, has bought three renewable energy plants in the Northeast from Italian company Enel. The value of the transaction was approximately US \$ 785 million and inaugurates the operations of this company in Brazil. *(Source: Suno Research)*

APR / 2019 (CHINA) - Chinese lighting manufacturer Hangzhou Hpwinner Opto Corporation has confirmed the creation of a Joint Venture with Hpwinner Lighting Solutions Ltd., located in Sao Paulo (SP). The value of the investment is \$ 207 million. *(Source: Orbis Cross Border Investment)*

APR / 2019 (INDIA) - Indian power transmission infrastructure company Sterlite Power has signed a concession agreement for the Pampa project in Rio Grande do Sul. The \$ 197.4 million investment is for the construction of three power transmission lines and two substations. Completion is scheduled for March 2023. *(Source: Sterlite Power Official Website)*

APR / 2019 (INDIA) - Indian company ACG Group, the world's second largest manufacturer of hard capsules for medicines, invested, through ACG do Brasil, US \$ 94 million to build a new factory in Pouso Alegre, in the south of Minas Gerais. The new facility occupies 14,000 square meters and is expected to generate about 500 new jobs at the site. *(Sources: fDi Markets and AgênciaMinas)*

JUN / 2019 (SOUTH AFRICA) - South African AngloGold Ashanti has announced a US \$ 120 million investment to expand its gold mineral reserves in Brazil. Most of the resource will be applied to its largest mine in the country, the Cuiabá Mine in Sabará (MG), which is under study to access new levels of exploration. *(Sources: Valor Econômico)*

JUL / 2019 (CHINA) - Chinese packaging company GSPak has confirmed a US \$ 48.8 million investment in setting up a factory in Rio Largo (AL). The new international venture will generate about 400 jobs. *(Source: Government of Alagoas)*

AUG / 2019 (CHINA) - Technology company Huawei has confirmed a financial contribution of US \$ 800 million for its activities in the state of Sao Paulo (SP). According to the company, the contribution will be made from 2020 until 2022 and includes several initiatives including professional training and manufacturing. *(Sources: Exame and G1 Globo)*

SET / 2019 (RUSSIA) - Russian group Dostavista has invested US \$ 15 million in an application that promises to deliver in 90 minutes in Brazil. The company, which adopted the name Click Deliveries, began operating in Brazil in 2017. Fundraising aims to expand its presence in the country. *(Source: Exame)*

SECTION 7 News: investment selection made by Brazil in the BRICS in 2019 (Jan-Sep)

The largest Brazilian investments confirmed in BRICS in recent years, in terms of investment value, were:

AUG / 2011 (BRAZIL / SOUTH AFRICA) - Vale acquired for US \$ 1.1 billion two mines from South African copper mining company Metorex. Both projects are part of the joint venture with African Rainbow Minerals Limited (ARM). (Source: EMIS)

SEP / 2011 (BRAZIL / CHINA) - BTG Pactual has invested about US \$ 100 million in Citic Securities, a Chinese financial institution. With the US \$ 100 million investment, BTG will have a 1% stake in Citic. The business objective is to take advantage of the growing business flow between Latin America and China. (Source: EMIS and Valor Econômico)

APR / 2013 (BRAZIL / CHINA) - Magnesita Refractories has reached an agreement of approximately US \$ 22 million to buy Dalian Mayerton Refractories Co. Limited (DMR) refractory factory in Dalian City, China. The unit has the capacity to produce 50,000 t / y of carbon magnesium brick. (Source: EMIS and Infomoney)

MAY / 2013 (BRAZIL / RUSSIA) - BTG Pactual struck strategic cooperation agreement with Russian investment bank VTB Capital. The investment was approximately \$ 3 billion. According to a joint statement issued by the two banks, the intention is to explore the opportunities between Russia and the Latin American countries. (Source: EMIS)

AUG / 2013 (BRAZIL / SOUTH AFRICA) - Brazilian WEG SA has acquired a manufacturing unit for high voltage transformers, mini-substations, molded circuit breakers and related services, owned by Heidelberg-based TSS Transformers, a South African manufacturer (Gauteng) . The investment was US \$ 7.7 million and the assets are in the vicinity of Johannesburg, in an area of 45 thousand square meters (Sources: EMIS and Exame)

NOV / 2013 (BRAZIL / CHINA) - Subsidiary JBS Holding acquired 60% of Chinese capital Joy shares through its direct and wholly owned subsidiary JBS Holding Inc, for a total amount of US \$ 13 million. (Source: EMIS)

JAN / 2018 (BRAZIL / INDIA) - Iochpe-Maxion, a Brazilian multinational, opened its third factory in India, with an investment of US \$ 141 million. The unit was the 31st industrial unit of the family group that was born in Rio Grande do Sul a hundred years ago in the timber sector and has become the largest manufacturer of vehicle wheels in the world. (Source: fDi Markets)

MAR / 2018 (BRAZIL / CHINA) - Marcopolo, a Brazilian bus manufacturing company, has invested in a factory in Changzhou National High-Tech District, China. The approximate value of the investment was \$ 593 million. The company decided to register Marcopolo (Changzhou) Bus Manufacturing Co., Ltd. in the Zone and start

Foreign Investment Bulletin – Selected Countries

Number 3

JUL – SEP 2019

Released

11/06/2019

• Year 3

Executive Secretariat of CAMEX

production and marketing of bus components and parts, all of them for overseas sales. (*Sources: fDi Markets and Exame*)

APR / 2018 (BRAZIL / SOUTH AFRICA) - Sense Bike purchased South African Swift Carbon, a South African manufacturer of carbon fiber bikes. The acquisition cost around US \$ 20 million and is part of the strategy of offering high quality products in the Brazilian market. (*Sources: EMIS and Estadão*)

JUL / 2019 (BRAZIL / INDIA) - Randon Implementos e Participações joint venture between its subsidiary Frasle and ASK Automotive Private for a company in India, with an initial investment of US \$ 10 million. Located in Manesar, Haryana State, the company will produce pads and pads for commercial vehicles and is intended to serve the Indian market, Nepal, Sri Lanka and Bangladesh, as well as the global demand for friction products through exports. (*Sources: EMIS and Istoé Dinheiro*)

Sources:

Institutional pages of the companies and federal entities cited, databases of the Brazil-China Business Council, Financial Times (FT), The Heritage Foundation & American Enterprise Institute, Emerging Markets Information Service (EMIS) and other referenced media for: Agência Brasil, AidData, Bloomberg, China Daily, Dealogic, Estadão, Exame, Folha, Gazeta Mercantil, G1, Investing.com, ISTOÉ, Macauhub, Reuters, Terra, UOL, Valor Econômico.

Preparation

GENERAL COORDINATION OF INVESTMENT ALLOCATION - EXECUTIVE SECRETARIAT OF THE CHAMBER OF FOREIGN TRADE

CONTACT: MINISTRY OF THE ECONOMY COMMUNICATIONS CONSULTANT

TELEPHONE: +55 61 3412-2545/2547

Bulletin access link – <http://www.economia.gov.br/central-de-conteudos/publicacoes/boletim-de-investimentos-estrangeiros>