Brazilian multinationals positive after the global crisis

PRESS RELEASE

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São Paulo and New York, 30 September 2010: The 2010 survey of outward investors from Brazil by Sociedade Brasileira de Estudos e Empresas Transnacionais e da Globalização Econômica (SOBEET), Valor Econômico, and the Vale Columbia Center on Sustainable International Investment (VCC) finds that, although 2009 was a difficult year for many companies, most firms are upbeat about opportunities abroad from 2010 onwards.

The report identifies 30 large multinationals and ranks them on the basis of their **foreign** assets – see list below. These 30 companies are among the largest outward investors from Brazil, which in 2009 jointly accounted for about:

- USD 87 billion in foreign assets,
- USD 61 billion in foreign sales, and
- 160,000 employees abroad.

The leading company on the list of 30 is Vale, which had nearly USD 35 billion in foreign assets. It alone accounted for 40% of the total foreign assets on the list. The next two firms, Petrobras and Gerdau, between them accounted for a further USD 30 billion in foreign assets, i.e., just over 34% of the total foreign assets of the top 30. Only six other firms had foreign assets exceeding USD 1 billion. Eleven firms at the bottom of the list had less than USD 100 million each.

The highest foreign sales were recorded by JBS-Friboi, a food products firm (nearly USD 17 billion), which also had half the total foreign employees (80,000). The leading industry on the list (well over half the firms) is manufacturing, although the top two firms are in natural resources (mining and oil & gas). Services accounted for only four firms.

SOBEET-VCC ranking of the top 30 Brazilian multinationals, 2009 (USD million)

Rank by foreign assets	Name	Industry	Status	Foreign assets
1	**Vale**	Mining of metal ores	Listed	34,934
2	**Petrobras**	Extraction of crude petroleum and natural gas	Listed	15,937
3	**Gerdau**	Manufacture of basic metals	Listed	13,916
4	**Votorantim**	Conglomerate	Unlisted	7,809
5	**JBS-Friboi**	Crop and animal production	Listed	5,296
6	**Camargo Corrêa**	Conglomerate	Unlisted	2,161
7	**Marfrig**	Crop and animal production	Listed	1,529
8	**Ultrapar**	Extraction of crude petroleum and natural gas	Listed	1,514
9	**Embraer**	Other manufacturing	Listed	1,378
10	**Weg**	Manufacture of electrical equipment	Listed	509
11	**Brasil Foods**	Manufacture os food products	Listed	346
12	**Magnesita**	Manufacture of other non-metallic mineral products	Listed	300
13	**Minerva**	Manufacture of food products	Listed	233
14	**Telemar**	Telecommunications	Listed	210
15	**Suzano Papel e Celulose**	Manufacture of paper and paper products	Listed	171
16	**Metalfrio**	Manufacture of machinery and equipment	Listed	169
17	**Coteminas**	Manufacture of textiles	Listed	143
18	**Itautec**	Manufacture of computer, electronic and optical products	Listed	131
19	**Natura**	Manufacture of chemicals and chemical products	Listed	100
20	**Tupy**	Manufacture of fabricated metal products	Listed	79
21	**Sabó**	Manufacture of other transport equipment	Unlisted	56
22	**Duratex**	Specialized construction activities	Listed	46
23	**Iochpe**	Manufacture of other transport equipment	Listed	38
24	**Artecola**	Manufacture of metal and plastic products	Unlisted	34
25	**Marcopolo**	Manufacture of other transport equipment	Listed	30
26	**Indústrias Romi**	Manufacture of machinery and equipment	Listed	20
27	**Klabin**	Manufacture of paper and paper products	Listed	18

28	**Totvs**	Computer programming, consultancy and related activities	Listed	14
29	**Stefanini IT Solutions**	Computer programming, consultancy and related activities	Unlisted	14
30	**G Brasil**	Conglomerate	Unlisted	14
Total				**87,148**

Source: SOBEET-Valor-VCC survey of leading Brazilian multinationals.

Despite the crisis, nearly half the firms surveyed intend to increase their outward investment in 2010-2011, with a third of these (12%) planning to increase it by more than 30%. Of the remainder, most plan to maintain investment abroad at their current levels, with only 5% of all firms planning to reduce their investment. In the view of many companies, the economic recovery is leading to new business opportunities and increasing overseas demand. It is interesting to note that Argentina still remains the preferred destination for Brazilian firms. Other destinations cited were China, South Africa and India.

A variety of factors were cited by companies as motivations for overseas investment. The reason most mentioned, by 26% of respondents, was the company's international competitive position. A further 20% cited growing world demand and 13-15% cited each of the following: gaining economies of scale, reducing dependence on the domestic market, and establishing export platforms abroad.

The full report on the survey, which will include data on individual companies as well as other information on Brazilian investment abroad, will be available shortly.

The results released today and the full report to come are both part of a long-term study of the rapid global expansion of multinationals from emerging markets. It was conducted in the framework of the Emerging Market Global Players project, a collaborative effort led by the Vale Columbia Center. The project brings together researchers on foreign direct investment from leading institutions in emerging markets to generate annual reports on emerging market multinationals. Nine reports were released in 2009, covering Argentina, Brazil, China, India, Israel, Mexico, Russia, Slovenia and Turkey. Around 15 are expected in 2010. Visit http://www.vcc.columbia.edu/content/emerging-market-global-players for further information.

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