



Denmark's Focus on the Brazilian Market

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Key Topics of the Presentation

1. The Global Context: The Emerging Markets
2. Case: Brazil

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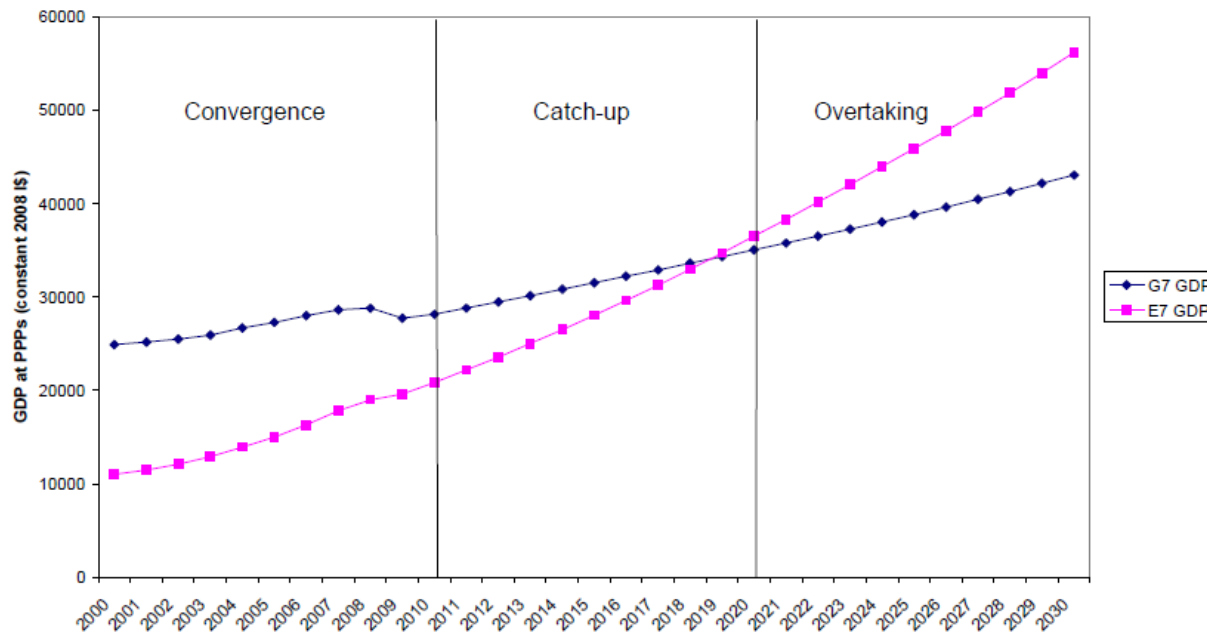
1.
The Global Context:
The Emerging Markets



Global Economic Trends

E7 could overtake G7 by 2020

Figure 1: E7 could overtake G7 by 2020



Source: World Bank for 2000-8, PwC projections of actual GDP in 2009-10 and trend GDP thereafter

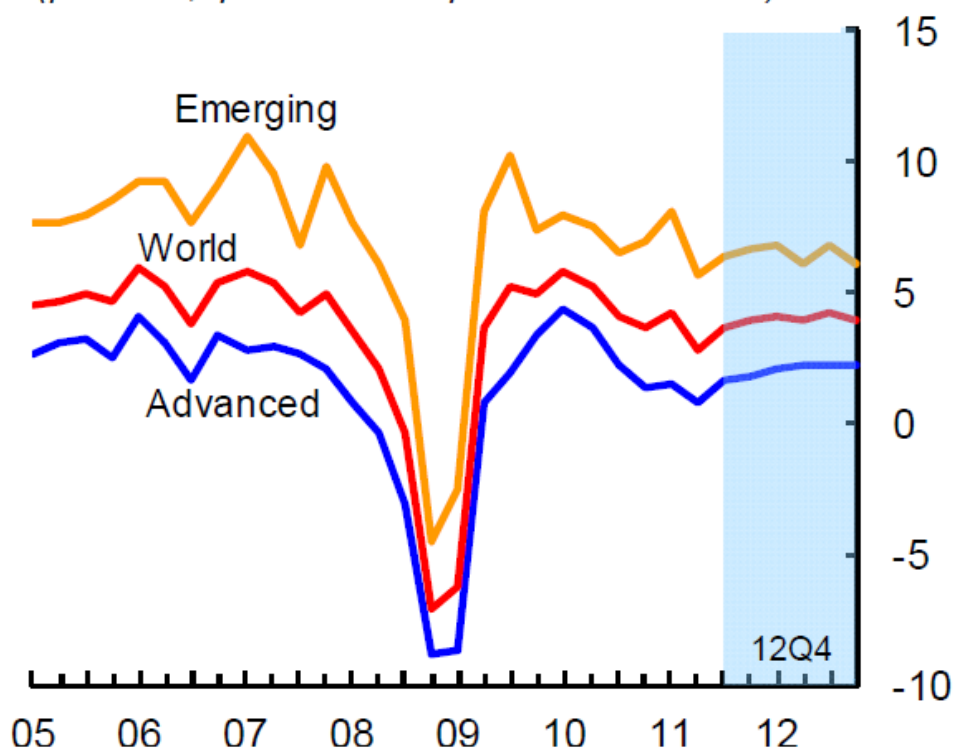
G7: USA, Canada, UK, France, Italy, Germany and Japan

E7: China, India, Brazil, Russia, Mexico, Indonesia and Turkey



Growth in Advanced Economies Sagging Behind

Figure 3. Global Real GDP Growth
(percent; quarter over quarter annualized)



Sources: IMF, *Global Data Source*; and IMF staff estimates.



The Biggest Global Economies: By total GDP

Ranking	2011	2030*	2050*
1	USA	China	China
2	China	USA	India
3	India	India	USA
4	Japan	Japan	Brazil
5	Germany	Brazil	Japan
6	Russia	Russia	Russia
7	Brazil	Germany	Mexico
8	UK	Mexico	Indonesia
9	France	France	Germany
10	Italy	UK	UK

* Estimates by PriceWaterhouseCoopers (PWC)



The BRIC Countries - The Driving Force of the World Economy

- The markets in the EU og North America are stagnating and experiencing low and even negative growth rates
- The BRIC economies on the other hand are experiencing high and relatively stable growth rates (expected average of app. 6.5% in 2012)
- In 2010 only 5.5% of Denmark's total export went to the BRIC-countries (app. 29 billion DKK). In comparison 8.5% af the EURO-zone countries' export went to the BRIC-countries
- If Denmark reaches the same level of export to the BRIC-countries as the EURO-zone, Danish export would increase by app. 16 billion DKK annually.



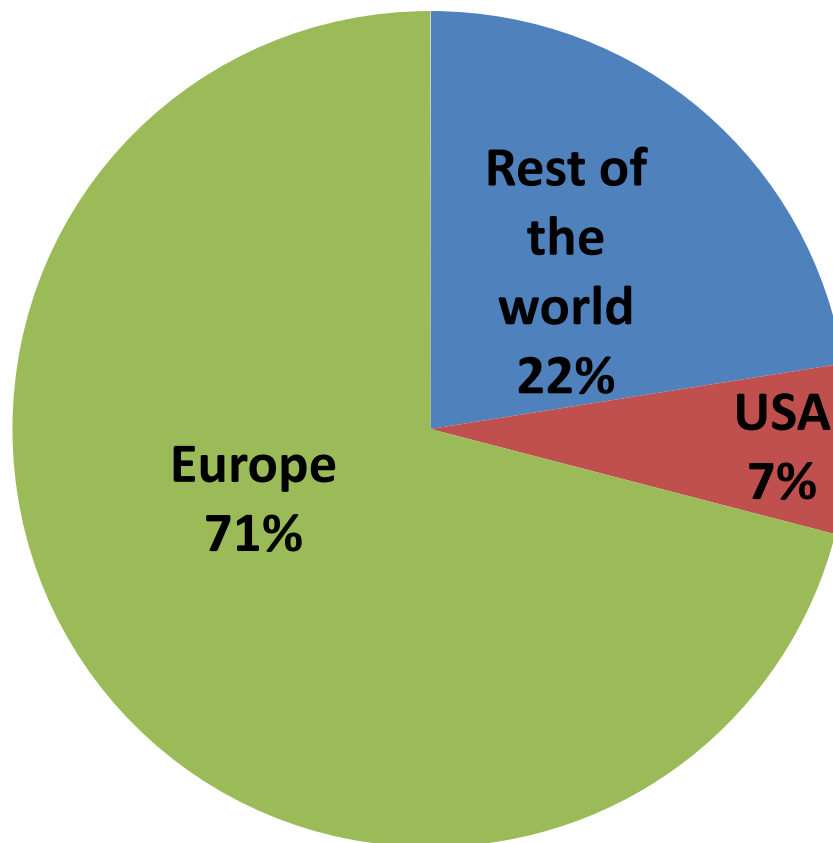
Regarding the emerging markets as a whole, recent analysis by DI concludes:

Denmark suffers from a loss of at least 30 billions DKK annually due to insufficient export to the emerging markets.



Denmark Dependent on the European Market

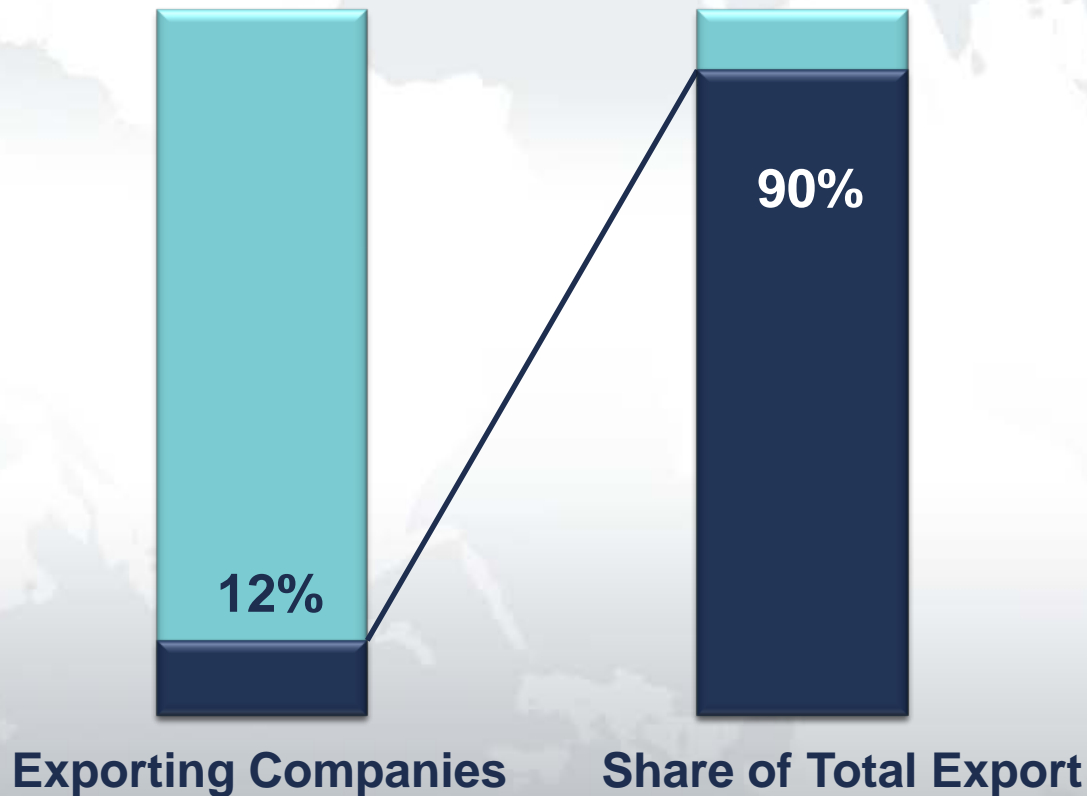
Destination of Danish Exports of Goods, 2010





Few Companies Dominate the Danish Export Market

There are app. 30.000 exporting companies in Denmark
3.500 companies account for 90% of the total Danish export





Expanding the Focus to the Emerging Markets

- Traditional markets within the EU, EFTA and the US will remain of significant importance to Danish Export.
- However, if Denmark is to maintain its growth and affluence, then Danish companies have to increase their markets shares on the European markets as well as on the emerging markets.
- Danish companies have primarily ventured onto the Chinese and the Russia markets, but reluctance towards for instance Brazil, Indonesia, South Korea, Turkey and Mexico still remains.



The New Danish Government: Increased Focus on Export to the Emerging Markets

- Danish export is to be increased to the emerging markets
- Core Danish commercial competencies are to be marketed aggressively
- Development of commercial strategy papers for the BRIC-countries
- Establishment of one-stop-shops for export counseling - in particular to the BRIC-countries for the SME's
- Increased emphasis on export promotion activities – especially for the SME's
- Appointment of the Minister for Trade and Investment, Pia Olsen Dyhr



2.

Case: Brazil



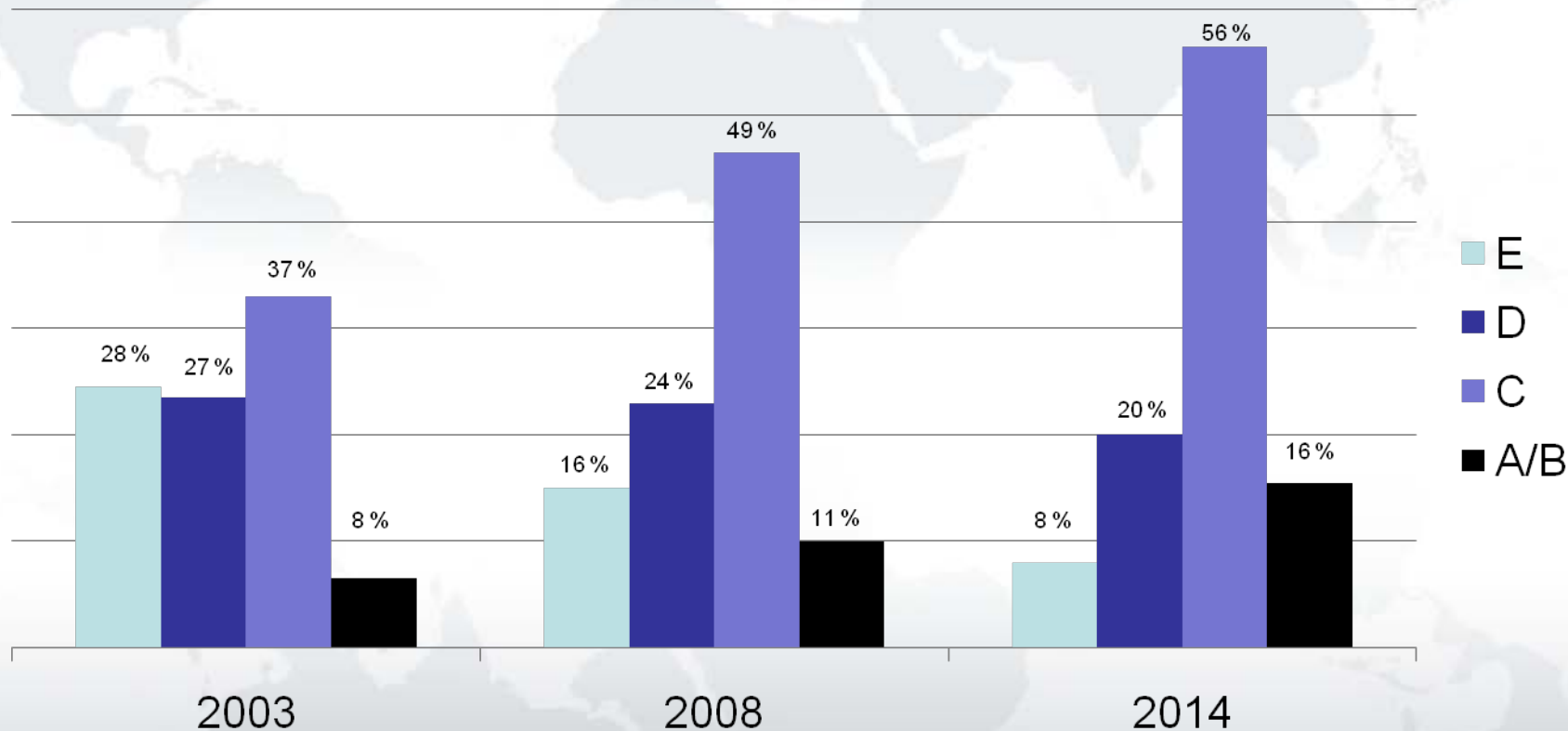


Why should Danish Companies focus their Export on Brazil

- The world's 7th biggest economy (expectedly 5th by 2025)
- High economic growth rates in the coming years (source: EIU):
2012: 3.8%, 2013-2014: 4.9%
- Population of size: app. 200 million with a large - and growing - affluent middle class
- Danish Export on the rise: Export of goods to Brazil has increased by 49% from 2009 to 2010
- Big Brazilian market and demand for services and merchandise, where Danish companies are key players



Market Trends: Development in Consumer Segments

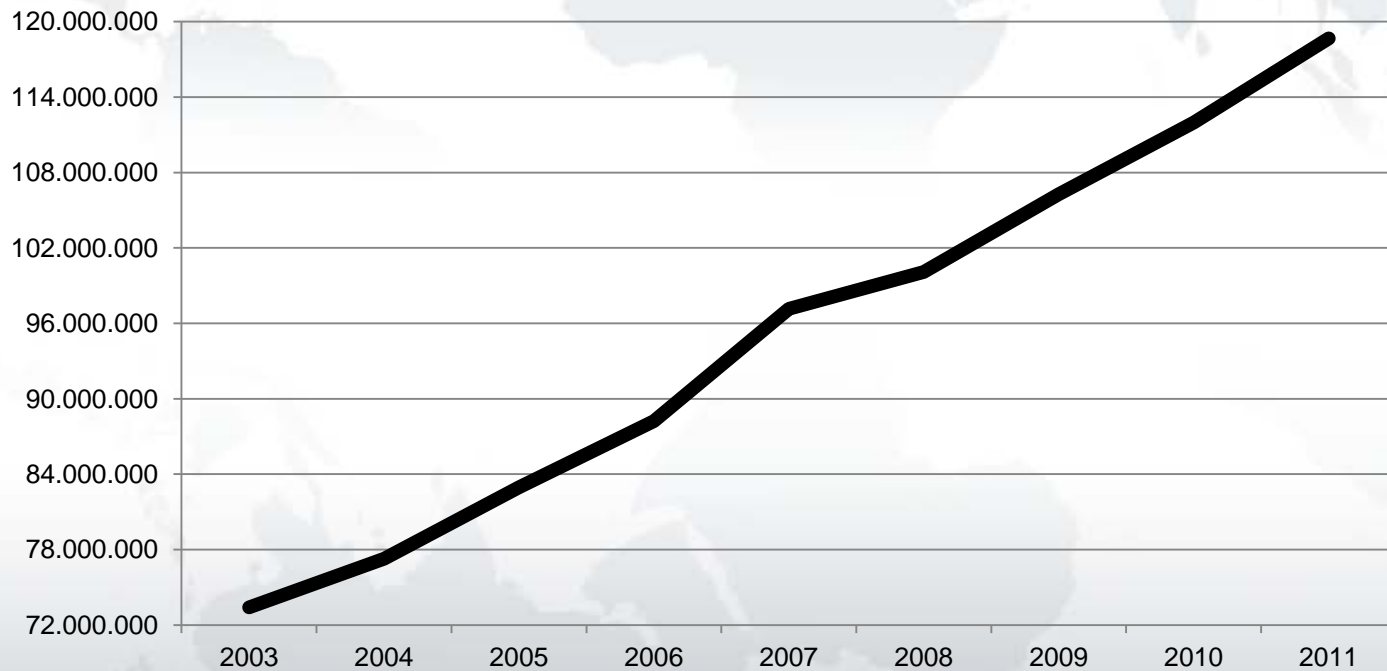


Source: FGV, IBGE and LCA



Market Trends: Development in Consumer Segments

Development in number of Brazilians belonging to segment A, B and C



Source: PME, PNAD/IBGE



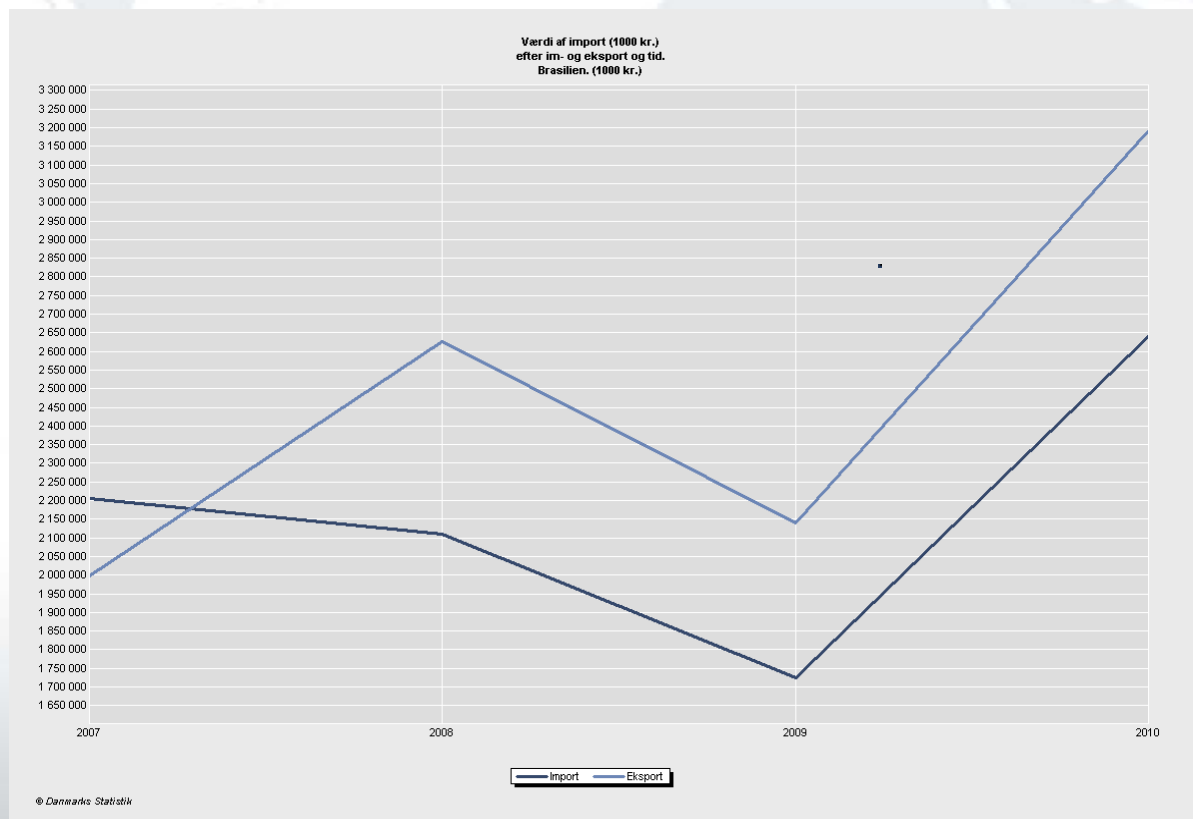
Insufficiently Utilised Export Opportunities in Brazil

- In 2010 Danish Export to Brazil only amounted to app. 0.5 % of the total Danish Export
- For the EURO-zone countries the figure was 1%
- Danish companies are faced with huge export potentials on the Brazilian market



Our Achievements in Export to Brazil

Opportunities for the Coming Years



The aim of the Danish Government is to double Danish export to Brazil by 2014 from 3.2 billion DKK in 2010 to 6.4 Billion DKK.

Other Targets:

1. Export of services
2. Danish direct investments
3. The value of Danish production in Brazil



However, Numerous Obstacles and Trade Barriers for Danish Export to Brazil

To name a few indicators:

- Brazil is ranking number 127 out of 183 economies in the World Banks 'Doing Business Index'. Brazil gets a particularly poor score on the matter of paying taxes (in comparison China is ranked as number 79 for doing business).
- Brazil is ranking number 69 in Transparency International's Corruption Perception Index of 2010 (with a score of 3.7 out of the 10 (10 equals no corruption)). China is ranked number 78.
- Demand for local content and transfer of rights for import to Brazil.

Brazil is facing major investments the coming years

- Public investments in general - not least in infrastucture
- World Cup in football 2014 in Brazil
- OL 2016 in Rio de Janeiro





The Most Important Export Sectors

- Oil and gas incl. the maritime sector (case I)
- Healthcare and pharmaceutical products (case II)
- Agriculture and food (case III)
- Sustainable energy og energy saving
- CleanTech environmental products and solutions
- Subcontract to the national industry and infrastructure
- Mining
- Consumption goods mainly to higher middle class
- Design and architecture



Case I: Oil and Gas

- Brazil's oil reserve is estimated at 12.6 billion barrels
- Pre-salt areas are estimated to have reserves at 30 – 100 billion barrels
- Petrobras' investment plan for 2011 – 2015 is at 224 billion USD
- An estimate from 2009 puts the value of the equipment and services for Brazil's oil and gas sector at 40 billion USD



Case II: Healthcare and pharmaceutical products

- Brazil has a dual tract health care system - public and private
- The annual turn over in the health sector is app. 160 billion USD – equivalent to 9% of Brazil's GDP
- The sale of pharmaceutical drugs has increased by 4% in 2009
- High growth rates in the market for biotech in Brazil
- Great opportunities for Danish companies in particular with regard to export of machinery and equipment and pharmaceutical products



Case III: Agriculture and Food

Possibilities of Danish Suppliers within the following:

- Biotechnology, application for the agriculture and food processing
- Food security
- Traceability
- Genetics
- Organic goods: Production, technology and trends analysis
- Minerals and fertilizers
- Precision equipment for the agricultural production
- Post-harvest technology
- Aqua culture
- High quality equipment to increase productivity and reduce waste and pollution



To Sum UP: Significant Opportunities

- 1) The big growth rates are on the emerging markets, the predictions are significant and are expected to last for years to come
- 2) It is generally easier to increase market shares on markets with positive growth rates than on traditional markets, which are stagnating with low or negative growth rates
- 3) Many of the emerging markets are economies of scale:
Once you are in, the opportunities are immense



Thank you