

Video transcript

Brazil connects

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China, as a big supplier base, is really helping and pushing the Brazilian corporates here and with that there is naturally a way to look at, besides just importing from China, what else could I do to lower my overall cost of purchase?

There's increasing awareness of the Brazilian corporates to be able to deal with the renminbi currency. At the same time last year if I am talking to you, clearly it is a different ball game. I mean it is totally new, everybody thinks the renminbi is like the highest which is non-tradable outside but clearly there has been a lot of liberalisation by the People's Bank of China to make renminbi a tradable currency.

China, no doubt would be the largest export country and increasingly as well it is the largest import country. From a trade perspective, I think if you look at Brazil it is still very much a domestic economy.

Trade is a very small part of this economy, however. Again, like all things, trade will increasingly play a very important part of Brazil. A lot of the Brazilian companies today, except for the commodities exporters, a lot of them are largely domestic so they sell largely to the domestic market. And believe me, clearly the domestic market is an attractive one. In Brazil there are 200 million people of rising middle class, with a desire to consume, so there are all the good factors.

What we have seen from a Chinese interest in Brazil is largely centred, at least in the past 10 years, has been centred around resource. So a lot of it has been related to oil, to pure commodities, a lot of hard commodities that the Chinese companies are more interested in.

However, what we are seeing right now is a second trend, of whereby the white goods company are literally coming to Brazil and they are really coming in a big way because they believe that, for all Chinese companies I would think, they would tend to take quite a strategic view in a country.

So they are really looking to set up manufacturing hubs in Brazil. So that they can take advantage of Brazil's consumer taste and alter and vary the product accordingly for the market here.

There is just no escaping that Brazil more and more will be interconnected with the world, as it is today, I mean the culture, the culture of America, the culture of Europe. Where Brazilians are looking forward to their vacation, it will not be long before they start to think "Well, what about Asia?" and trying to bring the best practise and learning what's new from Asia.