

South America gleams with potential for trade and investment

By Karen E. Thuermer, AJOT

South America appears to be exploding with trade opportunities, particularly with Brazil. Enter the US\$1.5 billion steel plant constructed in Sepetiba Bay in the Brazilian state of Rio de Janeiro by Brazilian resources giant CVRD [RIO] and German heavyweight ThyssenKrupp.



"This is the biggest private investment in the state of Rio de Janeiro since the 1970s," comments Rosinha Garotinho, Governor of the State of Rio

de Janeiro.

In fact, the project, which began manufacturing steel last year, represents the largest private investment in the hemisphere in its sector.

The goal of the plant, says company representatives, is to form the platform for profitable growth focused on the NAFTA region and Europe. The plant was constructed to produce 5 million metric tons of steel per year.

Not only is manufacturing steel critical to meeting worldwide demand, particularly that coming from China; Brazil is fostering its own building boom. In 2014, Brazil will host the World Cup tournament, and in 2016 will be the site for the Summer Olympics.

BRAZIL FACES HUGE INVESTMENT

In fact, recently Brazilian state government officials indicated that some US\$50 billion in investments are currently underway that include offshore oil development and the upgrading of two petroleum and petrochemical refineries. Gas pipelines are also being built to flow gas inland, as well as a liquefied natural gas reception terminal within Rio's Guanabara Bay.

In addition, Petrobras announced a US\$174 billion investment program for 2009-2013, which is a 55 percent increase on its 2008-2012 plan.

According to Lorrie Fussell, Brazil Desk Offi-

cer, Office of South America, U.S. Department of Commerce, U.S. partnerships with Brazil have been growing for some years.

"There are incredible business opportunities grown from trade relationships that continue to become stronger," she says. "For a long time export numbers were in the \$15-16 billion range," Fussell says.



"Now we are seeing those figures exploding."

Economic indicators show how Brazil has been expanding in recent years. For one, both the United States and Brazil enjoy \$63 billion in trade that goes both ways. U.S. exports to Brazil are particularly

(POTENTIAL – continued on page 4)

Growing consumer markets in Latin America

Sound economic policies helped some countries weather economic crisis well, continue pattern of strong growth

By Peter A. Buebaum, AJOT

United States exporters already engage in a substantial level of business with many countries in Latin America. The continued growth of these economies, combined with closer political and commercial ties with the United States, could provide significant new opportunities for American exporters.

Mexico, Brazil, and Colombia, for example, three of the largest countries in the region, absorbed \$165 billion in U.S. exports of goods and services in 2009 and represented the second, tenth, and 23rd largest export markets, respectively, for U.S. manufactured goods last year.

Brazil, Latin America's largest economy with a gross domestic product of \$1.6 trillion, is recognized as one of the key large developing markets globally and one that is likely to be recognized as a full-fledged developed country within the next few years. Experts forecast a 6-percent expansion of the Brazilian economy in 2010 and an average of over 4.5 percent annually over the next five years. The economy grew an average of 3.5 percent a year from 2005 to 2009, according to the International Monetary Fund. The Brazilian economy has benefited from low interest rates and robust government spending.

"We are engaging with Brazil in an intense way and the Brazilians are intent on engagement and in improving its commercial relationship with the United States," said Thomas Shannon, the U.S. ambassador to Brazil, at the recent annual conference of the Export-Import Bank of the United States in Washington.

"A few years ago doors in Brazil were closed in our face," added John McAdams, senior vice president of ExIm Bank.

(GROWING – continued on page 5)

Top Ten 2009 Importers by TEU				
Consignee	Metric Tons	TEU	Cubic Mt.	Shipments
Dole Fresh Fruit (California > San Diego)	920,351	69,996.67	36,675	17,390
Arauco Wood (Georgia > Atlanta)	288,077	23,473.00	509,848	2,973
Cmpc (Georgia > Atlanta)	90,224	9,061.00	31,473	1,465
Pacific Fruit (New York > Staten Island)	64,654	7,901.50	25,379	3,633
Mexichem (Texas > Houston)	37,687	3,601.33	72,968	467
The Wine (California > Ripon)	61,429	3,112.00	71,742	186
Chep Equipment Pooling Systems (Florida > Orlando)	36,625	3,044.00	72,578	454
Orchid Ceramics Inc (Oklahoma > Tulsa)	50,081	2,667.56	38,405	2,548
Folger Coffee (Ohio > Cincinnati)	54,686	2,569.00	17,127	414
Banacol Marketing (Florida > Miami)	182,911	2,436.00	0	454

source: Zepol

American Journal of Transportation
 is published by Fleur de Lis Publishing, Inc.
 No responsibility is assumed for unsolicited manuscripts.

Subscriptions:

Domestic \$98.00
 Canadian \$139.00
 International \$258.00
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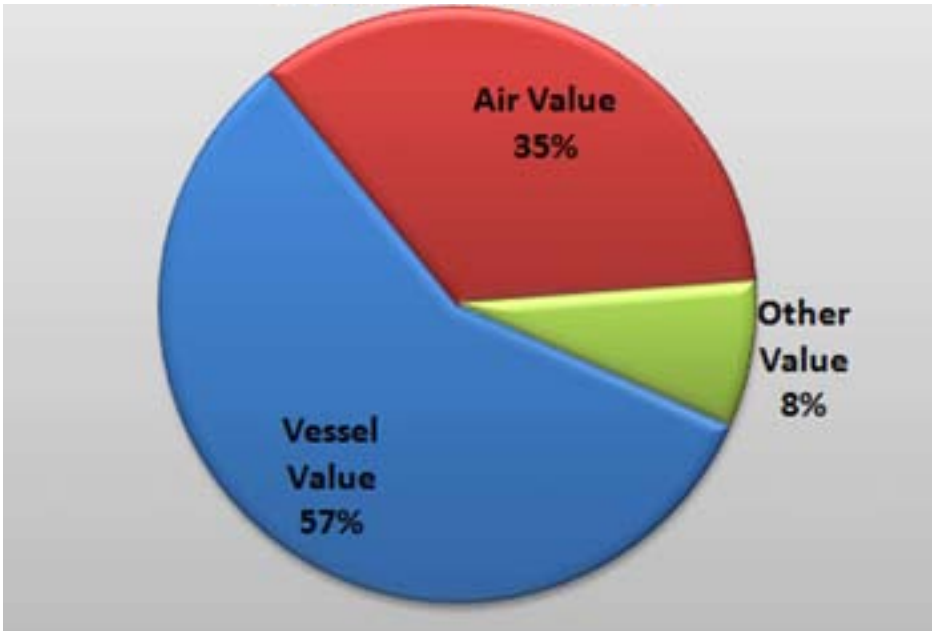
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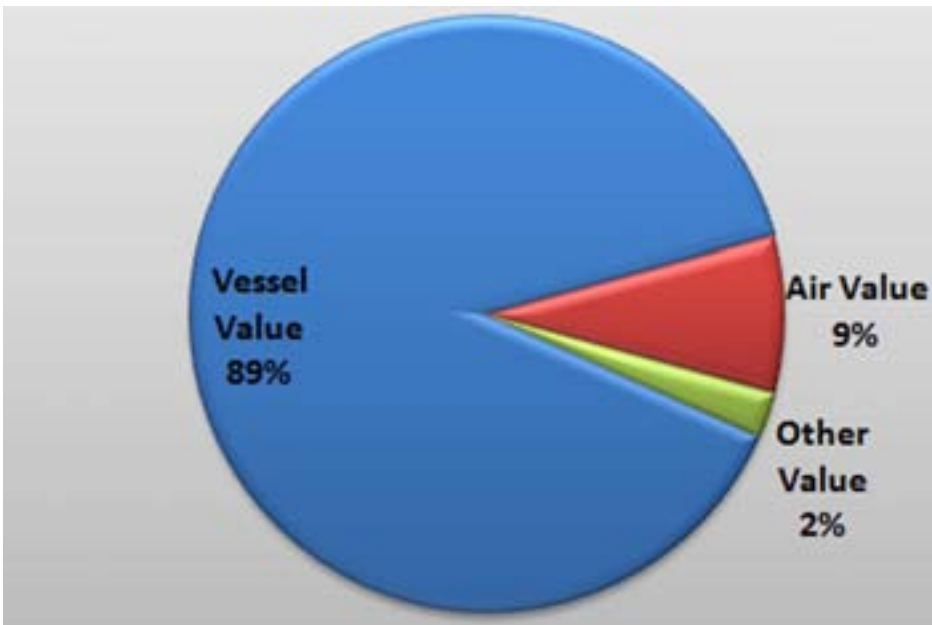




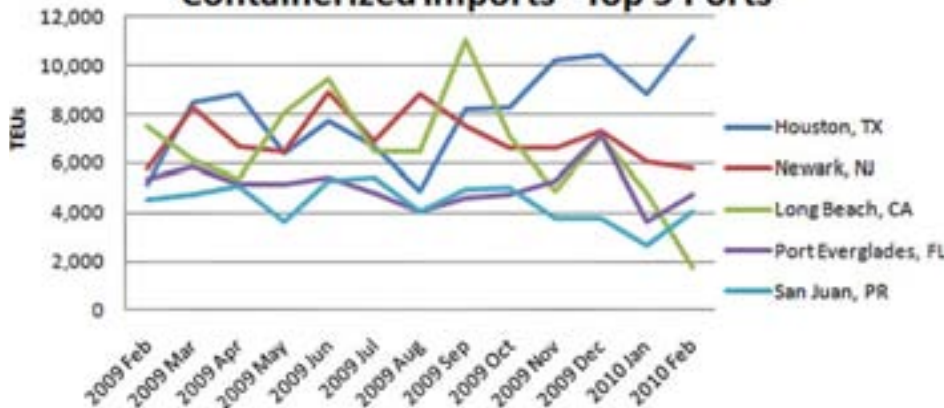
**Export Mode of Transportation to South America
2009 Breakdown**



**Import Mode of Transportation from South America
2009 Breakdown**



**Trend of TEUs from South American
Containerized Imports - Top 5 Ports**



Durable Goods Manufacturers' Shipments & New Orders

Seasonally Adjusted			
Monthly			
	Feb	Jan	Dec
	2010	2010	2009
Durable Goods			
Shipments	179,800	180,843	180,942
New Orders	178,118	177,205	170,500
Excluding transportation			
Shipments	135,980	135,503	134,705
New Orders	132,130	130,906	131,729
Excluding defense:			
Shipments	165,830	166,065	167,734
New Orders	164,461	161,905	159,155
Manufacturing with unfilled orders:			
Shipments	130,292	130,408	131,932
New Orders	133,207	131,958	125,550
Primary metals:			
Shipments	16,837	16,448	16,369
New Orders	17,341	17,087	16,726
Fabricated metal products:			
Shipments	24,377	24,009	23,982
New Orders	24,512	24,060	23,929
Machinery:			
Shipments	23,144	22,536	24,026
New Orders	23,344	22,291	24,439
Computers and electronic products:			
Shipments	30,834	31,796	29,695
New Orders	25,994	26,146	25,838
Computers and related products:			
Shipments	4,544	4,879	4,691
New Orders	4,386	4,370	4,890
Communications equipment:			
Shipments	4,794	4,874	4,837
New Orders	5,030	5,116	4,968
Semiconductors:			
Shipments	4,597	5,188	4,060
New Orders	(NA)	(NA)	(NA)
Electrical equipment, appliances and components:			
Shipments	8,551	8,444	8,616
New Orders	8,433	8,724	8,440
Transportation equipment:			
Shipments	43,820	45,340	46,237
New Orders	45,988	46,299	38,771
Motor vehicles and parts:			
Shipments	24,834	25,342	25,704
New Orders	24,656	25,140	25,732
Nondefense aircraft and parts:			
Shipments	6,605	6,811	8,742
New Orders	9,764	7,358	3,132
Defense aircraft and parts:			
Shipments	5,904	6,237	5,783
New Orders	5,611	6,927	5,904

Estimates are shown in millions of dollars and are based on data from the Manufacturers' Shipments, Inventories, and Orders Survey.

NA = not available

Top Ten Port Trend by TEU for South America Shipments

US Port	2009 Feb	2009 Mar	2009 Apr	2009 May	2009 Jun	2009 Jul	2009 Aug	2009 Sep	2009 Oct	2009 Nov	2009 Dec	2010 Jan	2010 Feb	Totals
Houston, TX	5,164	8,448	8,808	6,417	7,717	6,690	4,887	8,206	8,262	10,181	10,444	8,822	11,205	105,251
Newark, NJ	5,792	8,259	6,690	6,483	8,920	6,893	8,792	7,541	6,639	6,607	7,268	6,071	5,790	91,744
Long Beach, CA	7,538	6,132	5,381	8,031	9,475	6,479	6,467	11,056	7,120	4,875	7,079	4,801	1,797	86,231
Port Everglades, FL	5,341	5,859	5,142	5,128	5,440	4,779	4,032	4,596	4,730	5,302	7,180	3,604	4,743	65,875
San Juan, PR	4,561	4,766	5,103	3,638	5,278	5,435	4,023	4,955	4,996	3,775	3,780	2,691	4,046	57,047
San Diego, CA	3,782	4,668	3,736	4,574	3,564	3,666	4,036	2,431	2,872	3,688	3,548	4,146	3,126	47,837
Los Angeles, CA	3,873	3,859	4,280	3,329	4,151	3,890	3,237	3,522	3,107	3,125	3,485	3,560	3,458	46,876
Baltimore, MD	2,450	2,607	2,122	2,960	3,442	2,993	2,274	3,065	2,517	2,462	3,677	2,375	2,303	35,246
Charleston, SC	1,807	3,039	1,945	1,886	2,372	2,422	1,816	2,200	2,026	1,714	2,125	1,675	1,636	26,664

source: Zepol