Automotive Parts

This sector promises great opportunities for mergers and acquisitions in 1996. With changes to the industrial process of assembly factories and the increase in international competition, small specialized companies will merge with each other in order to provide a set of components to the assembly factories in place of individual parts.

Electronic Goods

Subject to strong international competition, Brazilian companies will be looking for foreign partners in order to invest in technology and thus compete with the new wave of imports.

Food and Consumer Products

The acquisition of food industry companies has increased over the last five years, particularly in 1995. With the increase in the purchasing power of the lower income population, companies within the food and consumer sectors must now invest to meet the new demand and to compete with imports.

Malls

Brazil is considered the fifth-largest shopping mall market in the world, approaching a total size of US$5.5 billion. Economic stabilization and the burgeoning consumer market is opening up major opportunities for firms interested in investing in factory outlet malls, strip malls, and sector-specific retail chains. In the last two decades, the number of shopping centres has jumped from 12 to 104 and is expected to increase by 10 percent per year through the rest of the decade.

Plastics

Since 1991, the Brazilian market for polyethylene terephtalate (PET) packages has been growing even though Brazilian prices are substantially higher than in the U.S., Asia or Europe. High prices are attributed to low production levels.

Insurance

With changes in Brazil's social welfare system, the insurance market should re-arrange itself to accommodate foreign participation. It is expected that Japan and Germany will participate this year by buying into private retirement and life insurance.

Other

Other areas of significant growth potential are forestry, private health care, retailing, agriculture. Sectors to be watched: auto parts production, construction, printing and packaging, infrastructure (ports, roads, rail) and banking.