

Currently, Brazil's level of foreign currency reserves is around U.S.\$7.5 billion (December 1981 estimate). This balance reflects substantial draw-downs from the U.S.\$9.2 billion available at the end of 1979.

The Brazilian manufacturing sector has performed most favourably over the last 25 years, in part because it has received the most favours. The sector grew at an average rate of 9 per cent from 1971 to 1978. As a result, Brazil's manufacturing sector is now the largest in Latin America. In 1979 it accounted for 40 per cent of the region's manufacturing output in terms of value added. By comparison, Mexico contributed 22 per cent of the total and Argentina was third at 16 per cent.

Table 4, Production of Basic Raw Materials, indicates industrial growth from 1970-1979.

Despite heavy dependence on imported crude oil, Brazil has built a strong, diversified petrochemical base. Another industry that has been built virtually from scratch since 1964 is shipbuilding. Gross registered tonnage of vessels turned out by Brazilian shipyards rose from 42,000 tons in 1964 to 698,000 tons in 1977. Table 5 shows the growth in output of manufactured goods.

Growth rates in a number of sectors declined in 1981, reflecting a general economic slow-down. Production dropped in all major branches of manufacturing, with the largest decline in capital goods and smaller declines in intermediate and consumer goods. Within the consumer goods field, consumer durables and automobiles in particular experienced the largest declines, reflecting increases in domestic interest rates. Demand for intermediate goods dropped as a result of a sizable buildup of inventories in 1980, and capital goods output was affected by reductions in capital spending by public enterprises.

The Third National Development Plan (PND III) focuses on the more equitable distribution of wealth and the creation of jobs. These two goals are to be pursued in an environment which includes the impact of the energy crisis, the balance of payments problems, the increasing pressure on the extent and cost of the foreign debt, and inflationary pressure of internal and external origins.

According to the strategy outlined in the National Plan, it is expected that the agricultural sector will grow faster than the industrial sector through 1985. It is forecast that the share of agriculture in net domestic product would rise from about 11 per cent in 1978-79 to 18 per cent by 1985. Emphasis will be given to producing exportable surpluses of primary products and increasing employment in the agriculture sector, particularly in the north and northeast regions of the country.