

CANADA - BRAZIL TRADE

Canada and Brazil have enjoyed an extensive and mutually-beneficial trade relationship since the 19th century. In 1988, Brazil represented Canada's largest market in Latin America, with two-way trade totalling \$1.7 billion.

The balance of trade between us has dramatically shifted since 1980 as a result of Brazil's increased success in exporting a broad range of products to the Canadian market, and the contraction of Brazil's domestic market. Brazilian exports to Canada have increased steadily from \$348 million in 1980 to \$1.1 billion in 1988. The total value of Canadian exports to Brazil, on the other hand, has fluctuated from 1980 to 1988 but has shown a general decline over the nine year period. In 1980, Canada's exports to Brazil were valued at \$893 million; in 1989 they had declined to \$521 million.

Canadian registered investment in Brazil is approximately \$1.5 billion making Brazil the third largest recipient of Canadian investment abroad, after the U.S. and the United Kingdom. Canadian-controlled assets in Brazil are, however, estimated to be considerably higher, probably in the order of U.S. \$4.5 billion. Canada, as a result of these holdings, ranks as the sixth largest foreign investor in Brazil, accounting for approximately 5% of the total market share.

With respect to the composition of two-way trade, the product mix of Brazilian sales to Canada has remained relatively consistent over the years. This diverse mixture included fruit juice concentrates, coffee, bauxite, footwear, computer parts, and a variety of steel products.

For the year 1988, ores and steel products topped the list of Brazilian exports to Canada. Ingots, iron and non-alloy steel were valued at \$152.1 million, steel fabricated materials registered at \$115 million and bauxite ore at \$48.1 million. A major addition in 1987 and 1988 was automobiles - over \$100 million in 1987 and \$51 million in 1988, compared to \$1 million in 1986.

A recent and successful entry to the Brazilian export portfolio has been electronic equipment and related parts. These products were shipped to Canada in 1988 at a total value of \$71.6 million.

Traditional commodities, both food products and leather goods continued to enjoy prominence in Brazil's list of exports to Canada in 1988. Orange juice concentrates (\$82.6 million), coffee (\$71 million), and cocoa (\$25.1 million) were preeminent in the agriculture sector while bovine hides and leather exports totalled \$20.2 million in 1988, and footwear totalled \$51.8 million.

Canadian exports to Brazil have consisted primarily of commodities such as wheat, sulphur, potash, coal and newsprint, with engine parts for motor vehicles, and aircraft engines and parts, accounting for the largest segments of the manufactured goods sales.

For the year 1988, Canada's bellweather export, wheat, was dislodged from the top of the export inventory. Wheat sales were uncharacteristically small.

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