

The Sleeping Giant Awakens

Many economic observers believe that the government's monetary policy will continue to stabilize, or even reduce, inflation. The government has not deviated from its course of modernization and the further integration of Brazil in the world economy. In September 1994, it brought in accelerated tariff reductions affecting over 4,000 items, opening the market to a wide range of imports.

And as incomes stabilized, literally millions of new customers entered the market in search of consumer goods.

Brazil is a market too big to ignore, not only in size — 160 million people and a land mass equal to that of the United States — but in the enormous prospects and opportunities that it represents for Canadian trade and investment.

Canada-Brazil Trade & Investment

Brazil is Canada's largest export market in South America and the future looks bright and prosperous, with Canadian exports expected to reach \$1.3 billion in 1995, a staggering 100-per-cent increase in just two years.

Total two-way trade between the countries was \$1.5 billion in 1994. In 1995, from January to September alone, it rose to \$1.7 billion. In 1995, Brazil imported almost 50 per cent more products and services than in 1994.

Canada's leading exports to Brazil are pulp and paper, mineral fuels and oils, cereals and foodstuffs, telecommunications equipment and services and advanced manufacturing technologies. Canada's main imports from Brazil are iron and steel, coffee, machinery, and mineral ores.

As Brazil prepares to take a more active role on the international stage, it will need to upgrade machinery and equipment and add state-of-the-art manufacturing systems to its already sophisticated industrial base. And this means business for Canadian developers and suppliers.

The Land of Prospects and Opportunities

Although Canada's export performance has been impressive, the Brazil market is still exceptionally promising in almost all areas of the economy, including consumer products, health-care services, information technologies, environmental equipment and services, consumer goods, mining, forestry and energy.

- **Telecommunications** — With only nine telephones per 100 people, the Brazilian market is expected to grow by 12 per cent over the next three years. Expected investments in telecoms are an astounding \$95 billion in the coming decade, with plans to install an additional 18-21 million telephones and 180,000 pay phones by 1996. Brazil also represents the largest potential market for cable and pay TV in Latin America, with a goal of installing cable TV in 30 per cent

of homes by the year 2000.

- **Processed Food and Beverages** — With Brazil's growing interest in specialty food items, processed food imports are expected to quadruple in their share of total supermarket sales. And potatoes are big business for Canadian companies in Brazil, not only for established companies like McCain Foods but for newcomers like Small Fry Snack Foods and Murphy's Potatoes.

- **Pulp and Paper** — With Brazilian production capacity expected to double within 10 years, Canadian companies are paying attention. H.A. Simons, and Sandwell have opened offices in Brazil, while Babcock and Wilcox has been successful in supplying the equipment market. And, of course, Canada's newsprint continues to be its top export to

Brazil with estimated sales of \$300 million in 1995.

- **Tourism** — Brazilians love to travel and, as a result, tourism is booming, growing 20 per cent annually for the past three years. In the first 10 months of 1995, visits to Canada by Brazilian travelers increased an incredible 36 per cent from all of 1994, reaching record levels. This means big business for Canada, since Brazilian tourists are ranked second only to Japan in per-day spending.

- **Cultural Industries** — Augmenting Canada's business push is the good will generated by many of Canada's well-known artists who have thrilled Brazilian audiences in recent years. Buoyed by the success of last year's "Canada Comes to Rio" festival, held during

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