

Export and Investment Promotion Planning System

87/88 Trade and Economic Overview

Mission: 635 BRASILIA

Country: 047 BRAZIL

A) TRADE PROMOTION OVERVIEW: THE TERRITORY COVERED BY THE EMBASSY IN BRASILIA IN TERM OF TRADE PROMOTION IS MADE UP OF STATES AND TERRITORIES COVERING 65% OF THE LAND MASS OF BRAZIL, HOME TO 60M OF BRAZIL'S 135M INHABITANTS. DESPITE THE LARGE SIZE OF THE TERRITORY & ITS POPULATION, THE LEVEL OF URBANIZATION IS LOW & IT ACCOUNTS FOR A MERE 25% OF BRAZIL'S GDP. THERE IS ONE STATE, MINAS GERAIS, WHICH OFFERS GOOD OPPOTUNITIES FOR THE SALE OF CDN PRODUCTS & SERVICES. WITH A POPULATION OF 15M INHABITANTS, MINAS GERAIS IS BRAZIL'S SECOND LARGEST ECONOMY & HOME TO THE COUNTRY'S THIRD LARGEST CITY, BELO HORIZONTE. WITHOUT NEGLECTING MARKET OPPORTUNITIES IN OTHER PARTS OF OUR VAST TERRITORY, IT IS IN MINAS GERAIS THAT WE INTEND TO CONCENTRATE OUR 1.4 PERSON YEARS ASSIGNED TO TRADE PROMOTION TO BUILD ON THE GROUNDWORK OF THE BCCC/INDI INDUSTRIAL COOPERATION AGREEMENT. WE ALSO INTEND TO EXPLORE THE POSSIBILITY OF AN INDITYPE AGREEMENT WITH MANAUS WITH A VIEW TO DEVELOPING TRADE CONTACTS IN THE FREE TRADE ZONE. BRAZIL WILL NOT SWAY IN THE SHORT-TERM FROM ITS LONGSTANDING POLICY OF ONLY ISSUING IMPORT PERMITS FOR PRODUCTS IT DEEMS OF NECESSITY, BE THEY RAW MARETIALS OR HIGH TECHNOLOGY CAPITAL GOODS. WE WILL, THEREFORE, CONTINUE TO OPERATE IN A "PULL" AS OPPOSED TO A NORTH AMERICAN "PUSH" TYPE MARKET, IDENTIFYING THOSE PRODUCT SECTORS FOR WHICH THERE EXIST IMPORT OPPORTUNITIES BY VIRTUE OF GOVERNMENT PRIORITIES. 1987 WILL CONTINUE TO SEE BRAZIL ENJOYING A GROWING TRADE SURPLUS WITH CDA, A TREND INITIATED IN 85, AND CONSOLIDATED IN 86. WE HAVE NOW JOINED THE RANKS OF THE OTHER MAJOR INDUSTRIALIZED COUNTRIES ALL OF WHOM HAVE TRADE DEFICITS WITH BRAZIL. IN AN EFFORT TO REDRESS THIS SITUATION WE WILL, IN COOPERATION WITH SPALO, EXAMINE WAYS TO DEVELOP A REALISTIC STRATEGY THAT CAN BRING ABOUT A GREATER DIVERSIFICATION OF OUR EXPORTS. SALES OF WHEAT, COAL, POTASH, SULPHUR & NEWSPRINT ACCOUNT FOR APPROX. 2/3 OF OUR EXPORTS. OUR EFFORTS WITH RESPECT TO THESE PRODUCTS WILL CENTER ON THE PRESERVATION AND, IF POSSIBLE, THE AUGMENTATION OF OUR MARKET SHARE IN ADDITION SPECIAL EFFORTS WILL BE MADE BY BRASALIA IN THE PROMOTION OF AGRICULTURE, TELECOMMUNICATION & TRANSPORTATION PRODUCTS & SERVICES. B) ECONOMIC OVERVIEW: AS THE EIGHTH LARGEST ECONOMY IN THE WESTERN WORLD & GROWING RAPIDLY, (7% IN 86; 8.3% IN 85), BRAZIL IS ACQUIRING A NEW STATURE IN THE WORLD ECONOMIC SCENE. THERE IS A GROWING AWARENESS OF THIS NEW REALITY IN CDA. IT IS IMPERATIVE, THEREFORE, THAT WE CONTINUE TO DEVOTE A SUBSTANTIAL PART OF OUR RESOURCES TO MONITORING, REPRESENTING, & REPORTING RELATIVE TO (A) THE BRAZILIAN ECONOMY, (MONTHLY ECONOMIC UPDATE) (B) AGRICULTURAL COMMODITIES & FARM POLICY (C) MINERALS & MINING POLICY (D) LATIN AMERICAN ECONOMIC INTEGRATION WITH EMPHASIS ON THE ARGENTINE-BRAZILIAN PROCESS (E) BRAZILIAN FOREIGN DEBT, (F) BRAZIL & THE GATT-MTN PROCESS WITH PARTICULAR EMPHASIS ON AGRICULTURE, SERVICES, & NATURAL RESOURCE ISSUES (G) BRAZIL'S COMMERCIAL NAVIGATION POLICY.