

been touched.<sup>21</sup> The current Cardoso government hopes to privatise much of the economy but the pace has been slow. There were no privatisations between Cardoso's taking office in January 1995 and the privatisation of Escelsa, a power distribution company, in July 1995.<sup>22</sup> Beyond state ownership of much of the economy, Brazil continues to regulate business activity actively.<sup>23</sup> Price controls have long been a favoured tactic to fight inflation and there is continuing support for the selective use of price controls.<sup>24</sup>

Argentina welcomes foreign investment in almost all sectors of its economy and imposes no restrictions or performance requirements on foreign investors.<sup>25</sup> Foreign investors can freely buy and sell foreign currency on the local market and are not taxed on remittances of dividends or profits.<sup>26</sup>

Like Argentina, Brazil has a long history of distrust of foreign investment. However, unlike Argentina, Brazil still imposes significant restrictions and conditions on foreign investment despite recent liberalization efforts. In some sectors, there continue to be limits on foreign equity participation, local-content requirements and links between incentives and export performance.<sup>27</sup> The government maintains the

---

<sup>21</sup> A recent survey of the top 500 Brazilian companies ranked by sales and assets by the Getulio Vargas Foundation showed that public sector firms accounted for 62 percent of the assets of these companies. "State Sector Still Dominates Brazil Economy - Survey", Reuter News Service, 2 August 1995.

<sup>22</sup> "Brazil Heads for 'New Dimension' in Privatization", Reuter News Service, 4 July 1995.

<sup>23</sup> Investing, Licensing and Trading Conditions Abroad, Brazil, The Economist Intelligence Unit, January 1995, p.6.

<sup>24</sup> U.S. Department of State, Economic Policy and Trade Practices: Brazil, 19 July 1994. (On National Trade Data Bank CD Rom)

<sup>25</sup> "Foreign-investment regulations", Business Latin America, 13 March 1995, p. 4.

<sup>26</sup> U.S. Department of State, Economic Policy and Trade Practices: Argentina, 19 July 1994. (on National Trade Data Bank CD Rom); "Foreign Investment Regulations", Business Latin America, 13 March 1995, p. 5.

<sup>27</sup> U.S. Department of State, Economic Policy and Trade Practices: Brazil, 19 July 1994. (On National Trade Data Bank CD Rom)