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DRIVING THE BUSINESS OF TRADE AND INVESTMENT

# Country Targeting Strategy 2011/12

## Country Intelligence

### Brazil



September 2011

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## Country background and economic overview

Following more than three centuries under Portuguese rule, Brazil gained its independence in 1822, maintaining a monarchical system of government until the abolition of slavery in 1888 and the subsequent proclamation of a republic by the military in 1889. Brazilian coffee exporters politically dominated the country until populist leader Getulio VARGAS rose to power in 1930. By far the largest and most populous country in South America, Brazil underwent more than half a century of populist and military government until 1985, when the military regime peacefully ceded power to civilian rulers. Brazil continues to pursue industrial and agricultural growth and development of its interior. Exploiting vast natural resources and a large labor pool, it is today South America's leading economic power and a regional leader, one of the first in the area to begin an economic recovery. Highly unequal income distribution and crime remain pressing problems. In January 2010, Brazil assumed a nonpermanent seat on the UN Security Council for the 2010-11 term.

Characterized by large and well-developed agricultural, mining, manufacturing, and service sectors, Brazil's economy outweighs that of all other South American countries and Brazil is expanding its presence in world markets. Since 2003, Brazil has steadily improved macroeconomic stability, building up foreign reserves, reducing its debt profile by shifting its debt burden toward real denominated and domestically held instruments, adhering to an inflation target, and committing to fiscal responsibility. In 2008, Brazil became a net external creditor and two ratings agencies awarded investment grade status to its debt. After record growth in 2007 and 2008, the onset of the global financial crisis hit Brazil in September 2008. Brazil experienced two quarters of recession, as global demand for Brazil's commodity-based exports dwindled and external credit dried up. However, Brazil was one of the first emerging markets to begin a recovery. Consumer and investor confidence revived and GDP growth returned to positive in 2010, boosted by an export recovery. Brazil's strong growth and high interest rates make it an attractive destination for foreign investors. Large capital inflows over the past year have contributed to the rapid appreciation of its currency and led the government to raise taxes on some foreign investments. President Dilma ROUSSEFF has pledged to retain the previous administration's commitment to inflation targeting by the Central Bank, a floating exchange rate, and fiscal restraint.

## Country statistics

Indicator	Measure	Rank
<b>Geography</b>		
Area	total: 8,514,877 sq km	5
	land: 8,459,417 sq km	
	water: 55,460 sq km	
Area comparison	Slightly smaller than the US	
Border countries	Argentina 1,261km; Bolivia 3,423km; Colombia 1,644km; French Guiana 730km; Guyana 1,606km; Paraguay 1,365km; Peru 2,995km; Suriname 593km; Uruguay 1,068km; Venezuela 2,200km	
Coastline	7,491 km	
Natural resources	bauxite, gold, iron ore, manganese, nickel, phosphates, platinum, tin, uranium, petroleum, hydropower, timber	
Land use	arable land: 6.93%	
	permanent crops: 0.89%	
	other: 92.18% (2005)	
Irrigated land	45,000 sq km (2008)	
<b>Demographics and population development</b>		
Population size	203,429,773 (2011 est.)	5
Population structure	0-14 years: 26.2%	
	15-64 years: 67.1%	
	65 years and over: 6.7% (2010 est.)	
Popn growth rate	1.134% (2011 est.)	104
Net migration rate	-0.09 migrant(s)/1,000 population (2011 est.)	121
Urbanization	Urban population: 87%	
	growth: 1.1% p.a. (2010-15 est.)	
Sex ratio	0.98 male(s)/female (2011 est.)	
Life expectancy at birth	72.26 years	124
Total fertility rate	2.18 children born/woman (2010 est.)	109
HIV prevalence rate	0.6% (2007 est.)	66
Literacy rate	88.6% (2004 est.)	
School life expectancy	14 years (2008)	
<b>The economy</b>		
Currency	Brazilian real: 1.77/US\$ (2010 est.); 2.032	

Indicator	Measure	Rank
	(2009 est.)	
GDP (PPP)	total: \$2.172trillion (2010 est.)	9
	growth: 7.5% (2010 est.); -0.6% (2009 est.)	30
	per capita \$10,800 (2010 est.)	103
GDP composition	agriculture: 6.1%	
	industry: 26.4%	
	services: 67.5% (2010 est.)	
Labour force	103.6m (2010 est.)	6
	unemp rate: 8.1% (2009 est.), 7.9% (2008 est.)	90
Labour force by occupation	agriculture: 20%	
	industry: 14%	
	services: 66% (2003 est.)	
Poverty rate	26% (2008)	
Gross investment (% of GDP)	18.5% (2010 est.)	107
Public debt	60.8% of GDP (2010 est.)	31
Inflation rate	4.9% (2010 est.); 4.9% (2009)	138
Commercial bank prime rate	44.65% (31 December 2008)	4
Agricultural products	coffee, soybeans, wheat, rice, corn, sugarcane, cocoa, citrus; beef	
Industries	textiles, shoes, chemicals, cement, lumber, iron ore, tin, steel, aircraft, motor vehicles and parts, other machinery and equipment	
Electricity	production: 438.8bn kWh (2007 est.)	10
	consumption: 404.3bn kWh (2007 est.)	10
Oil	production: 2.572m bbl/day (2009 est.)	9
	consumption: 2.46m bbl/day (2009 est.)	7
	reserves: 13.2bn bbl (1 Jan 2010 est.)	17
	exports: 570,100 bbl/day (2007 est.)	27
	imports: 632,900 bbl/day (2007 est.)	20
Natural gas	production: 10.28bn cu m (2009 est.)	41
	consumption: 18.72bn cu m (2009 est.)	36
Current account balance	-\$52.73bn (2010 est.); -\$24.3bn (2009 est.)	187
Trade	exports: \$199.7bn (2010 est.); \$153bn (2009 est.)	24

Indicator	Measure	Rank
	imports: \$187.7bn (2010 est.); \$127.7bn (2009 est.)	22
Export commodities	transport equipment, iron ore, soybeans, footwear, coffee, autos	
Import commodities	machinery, electrical and transport equipment, chemical products, oil, automotive parts, electronics	
Export partners	China 12.49%, US 10.5%, Argentina 8.4%, Netherlands 5.39%, Germany 4.05% (2009)	
Import partners	US 16.12%, China 12.61%, Argentina 8.77%, Germany 7.65%, Japan 4.3% (2009)	
Reserves of foreign exchange & AU	\$290.9bn (31 December 2010 est.)	6
FDI stock	at home: \$349.2bn (31 Dec 2010 est.)	13
	abroad: \$117.4bn (31 Dec 2009 est.)	23
<b>Communications</b>		
Telephone	mainlines in use: 41.497m (2009 est.)	6
	mobile cellular: 173.959m (2009)	5
Internet	country code: .br	
	hosts: 19.316m (2010)	5
	users: 75.982m	4
<b>Transport</b>		
Airports	4,072 (2010)	2
	With paved runways: 726	
	Without paved runways: 3,346	
Pipelines	condensate/gas 62 km; gas 13,514 km; liquid petroleum gas 352 km; oil 3,729 km; refined products 4,684 km (2010)	
Railways	28,838 km (2010)	10
Roadways	1,751,868 km (2004)	4
Ports and terminals	Cargo ports (tonnage): Ilha Grande (Gebig), Paranagua, Rio Grande, Santos, Sao Sebastiao Container ports (TEU): Santos, Itajal, Tubarao	

**Data sources**

Central Intelligence Agency [CIA]; *the World Factbook*. [www.cia.org](http://www.cia.org). Accessed: July – August, 2011.

**Note:** more information on leading companies in each of the strategic sectors for investment promotion can be accessed from MARKETLINE: [www.marketlineinfo.com](http://www.marketlineinfo.com). The website can be accessed through TIKZN's 'Online Subscriptions' link available on the portal.

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