

Why Brazil?

Background

Brazil is simply too big a market to ignore. It is the fifth-largest country in the world, with a population of approximately 190 million. It has one of the world's most rapidly developing economies and a GDP per head that is greater than either India or China. It has natural resources in abundance, a developed industrial base, high standards in scientific research and substantial human capital.

Brazil is one of the four countries which, together with Russia, India and China, make up the so-called BRIC economies. The term was first used in 2001 by the investment bank Goldman Sachs which highlighted the huge potential of Brazil and recognised that, together with the other BRIC countries, it has the potential to be one of the most dominant economies in the world by 2050.

Economic reform in the 1990s brought stability to the country's finances, putting behind it a history of boom and bust where high inflation and foreign debt hampered its development. Today, Brazil has the world's sixth largest economy – by far the largest in South America, representing over 50% of regional GDP.

The UK enjoys a strong and historic trading relationship with Brazil, stretching back over 200 years. Today, Brazil remains the UK's most important trading partner in Latin America, with bilateral trade exceeding £5 billion in 2013. The UK is also one of the largest investors in Brazil. However, there is strong evidence to suggest that many UK companies are not aware of the size and level of opportunity that exists in Brazil.

Overview

Brazil has one of the world's most rapidly developing economies and a Gross Domestic Product (GDP) per head that is greater than India and China.



400 of the world's 500 largest companies operate in Brazil. These include many UK companies, such as Rolls Royce, BG Group, Shell, BP, JCB, Rexam and Experian.

Strengths of the Brazilian market include:

- strong industrial, business and consumer base
- a sustained period of economic growth
- European-orientated culture and business practices
- political stability and a solid democracy
- most of the world's largest investment banks are headquartered in São Paulo

Latin America

Brazil is the largest economy in Latin America. It is a gateway for business in neighbouring countries.

The largest port in the continent is Santos, in the State of São Paulo. It is the point of access for most imports from Europe.

Free Trade Agreements

The UK does not currently have a free trade agreement with Brazil.

Mercosur is South America's leading trade bloc. It is like the EU with tariff-free trade between its member states. Mercosur encompasses Brazil, Argentina, Uruguay, Paraguay and Venezuela and has a regional market of over 250 million people.

Trade between UK and Brazil

The UK has a strong and historic trading relationship with Brazil, going back over 200 years. It is the UK's largest trading partner in Latin America with a bilateral trade in goods worth £5.1 billion. This grew by 3.5% in 2013. Over the last four years, UK exports to Brazil have grown by 20%, reaching £2.5 billion in 2013.

Top UK exports to Brazil include:

- machinery
- vehicles
- pharmaceuticals
- chemicals
- plastics
- beverages

Economic growth

Over the past decade, Brazil has shown solid economic stability, with more than 35 million Brazilians having been lifted out of poverty into the emerging middle class. Brazil has seen an average growth of 3.4% GDP over the last few years.

Brazil's services sector accounts for more than two thirds of its GDP, followed by industry and agriculture. The combined value of these sectors represented US \$2.5 billion GDP in 2013. They were responsible for approximately 1.5% of global trade.

Brazil has identified the infrastructure as a priority sector for economic development. This includes road and air transport, cargo logistics and energy.

Source - UKTI

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