

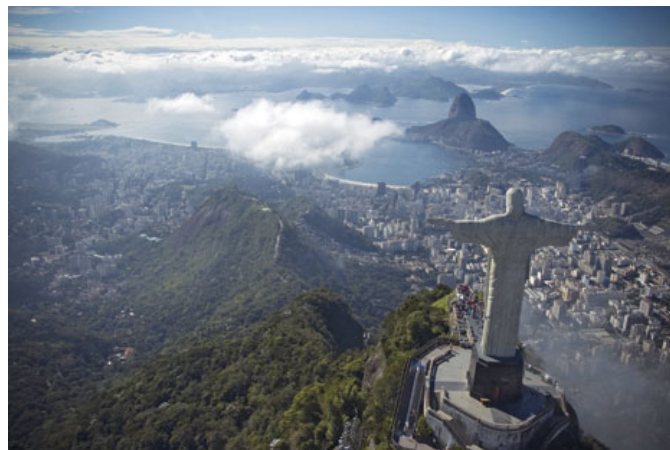


Overview of Brazil

Updated December 2010

The Canadian Trade Commissioner Service presents
a Global Commerce Strategy Priority Market

Brazil¹ is Latin America's giant in every sense of the word. Brazil's highly diversified and industrialized economy is the largest in Latin America, and the 8th largest globally. The country has mature manufacturing, mining and agriculture sectors and rapidly expanding technology and services industries. It is also home to the most sophisticated and diversified science, technology and innovation system in Latin America. Having made important economic reforms over the past few years, Brazilians are now reaping the benefits of new-found stability and growth. After 16 years of economic stability and relatively little impact from the global financial crisis, Brazil's economic fundamentals are strong. As with Canada, Brazil is experiencing rising commodity exports and an overvalued currency, driving up the price of its manufactured exports. Several challenges will test the vibrancy of Brazil's economy in the next few years, notably improving the country's dilapidated infrastructure and addressing an overheating economy in which manufactured imports are soaring and exports lagging. International corporations are investing billions in Brazil, effectively securing its place in regional and global supply chains. The country is also becoming a major source of outward investment. Furthermore, with 191 million people, a well-educated middle class and millions of working-class citizens, Brazil's importance as a consumer market is on a steep upward swing. To take advantage of the myriad commercial opportunities that Brazil offers, Canadians will need to be aware of key commercial influences, including foreign competition, import tariffs, tax and regulatory systems, labour supply and infrastructure challenges.



Rio de Janeiro, Brazil

Fast Facts

Capital: Brasilia

Total Area: 8,511,965 km²

Population: 191.5 million

Language(s): Portuguese

Type of Government: Federal republic

GDP: \$1.8 trillion

GDP per capita: \$9,419

Main Export Destinations: China, USA, Argentina, Netherlands and Germany

Main Import Sources: USA, China, Argentina, Germany and Japan

Main Exports: Mineral ores, Mineral fuels and oils, Oilseeds, Meat, Sugars

Main Imports: Machinery, Mineral ores, Mineral fuels and oils, Electrical and electronic equipment, Vehicles, Organic chemicals

Main Canadian Exports (millions): Machinery (\$318.7), Paper & paperboard (\$205.2), Mineral fuels and oils (\$202.6), Fertilizers (\$166.2), Electrical & electronic equipment (\$111.2)

Main Canadian Imports (millions): Inorganic Chemicals (\$633.1), Sugar (\$388.5), Machinery (\$171.0), Motor vehicles (\$151.9), Preserved food (\$92.5)

Currency: C\$1 = 1.74 Brazilian real (BRL)

¹ Unless otherwise stated, all data is for 2009 and expressed in Canadian dollars. All data based on latest available national statistics drawn from a variety of sources, including Statistics Canada, Export Development Canada, Bank of Canada, IMF WEO, UNCTAD.

Commercial Relations, 2009

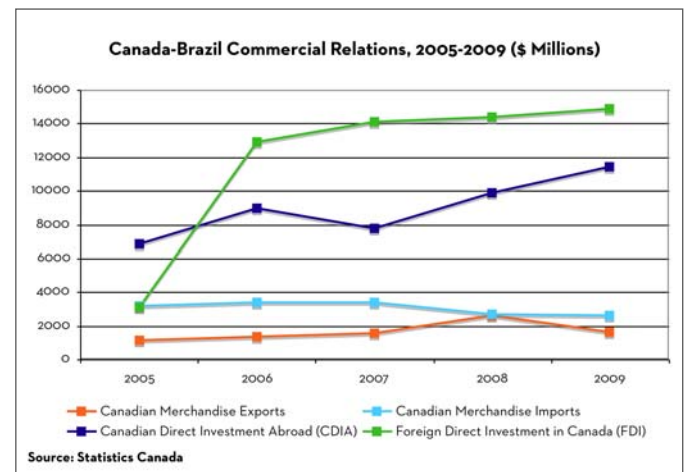
- Canada's bilateral merchandise trade with Brazil reached nearly \$4.2 billion.
- Canadian merchandise exports to Brazil declined by 38.2% to \$1.6 billion. Canadian merchandise imports from Brazil were close to \$2.6 billion.
- Canadian exports of services reached \$305 million in 2007.
- Canadian investment in Brazil reached \$11.4 billion in 2009 making Brazil our 11th largest destination for direct investment.
- Brazil was Canada's 6th largest source of foreign direct investment, with investment holdings worth over \$14.8 billion in 2009

Market Opportunities

The Government of Canada has identified Brazil as a GCS priority market—based on extensive consultation with government, academic and Canadian business and industry representatives—and has developed a comprehensive Market Plan that identifies the following key sectors as offering clear opportunities well suited to Canadian capabilities and interests in the market:

- **Information and Communication Technology (ICT) and New Media:** Brazil is the largest ICT market in Latin America, after Mexico. Canadian ICT exports to Brazil were \$106.1 million.
- **Clean Technologies:** In 2009, the Brazilian environmental technologies market was estimated by analysts to be worth US\$9.0 billion. Given the projected growth of the Brazilian economy for the next 5 years, and the emphasis on infrastructure, the environmental industries market is expected to grow by 10% annually.
- **Aerospace:** Canada is recognized in Brazil as a qualified and cost-effective supplier of aerospace equipment. One of the major player in the Brazilian aerospace industry imports 70% of its content and as of 2010, is seeking more than US\$ 17 billion worth of supply.

- **Infrastructure:** Infrastructure is key to the Brazilian government's economic expansion over the coming years, with Brazil looking at investments of over US\$ 262 billion. The 2014 World Cup, the 2016 Olympics, and the federal government infrastructure program offer a broad range of business opportunities for Canadian firms.
- **Life Sciences:** The life sciences sector in Brazil is among the 10 largest in the world, and has averaged 4% percent growth per year since 2007.
- **Mining:** Brazil offers great potential for mining exploration activities and an expanding market for mining equipment and services due to its rich geological formations and economic stability. Mineral production in 2009 was over US\$21 billion.
- **Oil and Gas Equipment and Services:** The current five-year US\$224 billion investment plan of Brazilian oil giant Petrobras is directly related to Brazil's recent pre-salt discoveries, and represents real opportunities for Canadian industry willing to undertake investment in Brazil.



Government Leadership and Support

The Government of Canada recognizes the importance of Brazil—both commercially and politically—as a strategic partner in the global arena as well as in the context of Canada's re-engagement in the Americas. The Canada-Brazil relationship is dynamic, wide-ranging and multi-dimensional. In

addition to monitoring and influencing Brazilian commercial policies and regulations in favour of Canadian interests, Canada's Trade Commissioners in Brazil are actively promoting the full range of business development activities. Brazil is a priority market for investment attraction, retention and expansion initiatives and a key partner for science and technology collaboration. Trade Commissioners are proactively engaged in investment prospecting efforts, specifically targeting high-growth companies in sectors of comparative advantage for Canada. Canada and Brazil have both ratified a Framework Agreement for Cooperation on Science, Technology and Innovation, as of April 2010, and are collaborating on funding for joint projects, especially in the areas of renewable energy, information and communications technology and biotechnology. Trade Commissioners are also intensifying efforts to understand the global value chains of the largest multinationals present in Brazil, with a view to discovering new opportunities for Canadian business.

The Government of Canada has expanded its footprint in Brazil by opening two new trade offices in Porto Alegre and Recife and by expanding the trade teams in the existing missions in Sao Paulo and Rio de Janeiro. Across Canada, the Trade Commissioner Service continues to disseminate information on business opportunities in Brazil, while also encouraging the retention and expansion of existing Brazilian investment in Canada and promoting Brazil as a key partner for science and technology.

Market Access

Canada and Brazil cooperate in various international forums, including the World Trade Organization (WTO), the Organisation for Economic Co-operation and Development (OECD) the United Nations (UN) and the Organization of American States (OAS). Canada also has a number of bilateral trade and investment policy instruments in place that are helping to facilitate and support Canadian commercial engagement in the country:

1984 Double Taxation Agreement

The Canadian Trade Commissioner Service

São Paulo

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Email: infocentre.brazil@international.gc.ca

Rio de Janeiro

Consulate General
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Copacabana Atlantica Business
Center, Copacabana
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Fax: (011-55-21) 2275-2195
Email: rio@international.gc.ca

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Recife

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Porto Alegre

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1986	Air Transport Agreement	2006	Memorandum of Understanding (MOU) to establish Consultative Committee on Agriculture
1995	Audiovisual Co-production Agreement		
1995	Memorandum of Understanding to establish a Joint Economic and Trade Council	2008	Science, Technology and Innovation Cooperation Agreement
1998	Trade and Investment Cooperation Arrangement with MERCOSUR		

For further information about Brazil, visit the Foreign Affairs and International Trade Canada website at www.international.gc.ca or contact the Trade Commissioner Service at 1-888-306-9991.

The Government of [Canada's Market Plan for Brazil](#) is available on the Virtual Trade Commissioner website at www.tradecommissioner.gc.ca.

Read the Market Sector Reports, prepared by the Canadian Trade Commissioner Service, related to [Brazil](#).