

# International Trade : Opportunities with Brazil

By :

Dr. Ashish B. Joshi  
Associate Professor, SLS  
Pandit Deendayal Petroleum University, Gandhinagar

## Introduction :

Brazil is officially known as the Federative Republic of Brazil is the largest country in both South America and Latin America. The country is spread over 8.5 million square kilometers and has population of about 21 Crore people.

Brazil is the world's fifth-largest country by area and the fifth most populous. Brazil borders every South American country except Chile and Ecuador. Its capital is Brasília, and its most populated city is São Paulo.

The federation is composed of the union of the 26 states, the Federal District, and the 5,570 municipalities. It is the largest country to have Portuguese as an official language and the only one in the Americas it is also one of the most multicultural and ethnically diverse nations, due to over a century of mass immigration from around the world.

Brazil is considered an advanced emerging economy. It has the eighth largest GDP in the world by both nominal and PPP measures. It is one of the world's major breadbaskets, being the largest producer of coffee for the last 150 years. It is classified as an upper-middle income economy by the World Bank and a newly industrialized country, with the largest share of global wealth in Latin America.

Brazil is a regional power and sometimes considered a great or a middle power in international affairs. On account of its international recognition and influence, the country is subsequently classified as an emerging power and a potential superpower by several analysts.

Brazil is a founding member of the United Nations, the G20, BRICS, Union of South American Nations, Mercosul, Organization of American States, Organization of Ibero-American States and the Community of Portuguese Language Countries.

## Economy :

The GDP of Brazil is (PPP) per capita was \$15,919 in 2017. Therefor according the IMF data, the Brazil is on 77th position. Active in agricultural, mining, manufacturing and service sectors Brazil

has a labor force of over 107 million (ranking 6th worldwide) and unemployment of 6.2% (ranking 64th worldwide).

The country has been expanding its presence in international financial and commodities markets, and is one of a group of four emerging economies called the BRIC countries. Brazil has been the world's largest producer of coffee for the last 150 years.

## International Trade with India

### Commercial Relations:

Brazil is one of the most important trading partners of India in the entire LAC (Latin America and Caribbean) region. India-Brazil bilateral trade has increased substantially in the last two decades. However, the global drop in commodity prices and the economic recession in Brazil started in 2015 affected Brazil's overall trade.

Consequently, the negative impact was felt in bilateral trade as well when it came down to USD 7.9 Billion and USD 5.64 Billion in years 2015 and 2016 respectively. However, with slight recovery in Brazilian economy in year 2017, the bilateral trade between India and Brazil rose to USD 7.6 Billion with growth of 34.71%, the highest growth among the top 10 trading partners of Brazil.

Indian exports to Brazil and imports from Brazil stood at US\$ 2.94 Billion and US\$ 4.66 billion respectively with India having a trade deficit of USD 1.7 Billion. In the ranking for the largest trading partners of Brazil, India rose to 10th position from 11th position in year 2016. Diesel imports from India, which used to form 40-50% of the export basket, has seen a continuous slump since 2014. It further declined in both volume and value terms in year 2017 when India exported 76 million kg worth USD 43 Million (1.46% share) as against 465 Million kg worth USD 169 Million in the last year, resulting in a humongous decline of -74.67% in dollar terms y-o-y. This resulted in slipping to 8th spot as top exporters of diesel oil to Brazil from 2nd position in year 2016.

The other prominent export items from India were organic chemicals and pharmaceutical products valued at USD 1.19 Billion, Man-made filaments worth USD 249 million and Nuclear reactors, boilers, machinery and mechanical appliances worth USD 247 Million. The other important export items included textile products (synthetic filaments/fibres, cotton, apparels, accessories etc.) which amounted to US\$ 454 million.

Brazilian exports to India were also weighed in favour of Petroleum products, mainly crude oil of worth USD 1.5 Billion. India also imported cane sugar worth USD 924 Million, copper ore worth 482 million, soya oil worth US\$ 377 million and gold worth US\$ 157 million.

## Emerging Opportunities

Recently, Brazil has prioritized five sectors IN THE Goods Category.

They are:

- Energy,
- Infrastructure,
- Health,
- Defense and Aviation;
- Information Technology

Moreover it has prioritized four sectors for the Services sector categories, they are :

- Education,
- Tourism
- Franchising and
- Fin Tech.

## Major items for Export from India to Brazil

The major export items from India were value added petroleum products such as diesel, organic chemicals and pharmaceutical products, Boilers, machinery and mechanical appliances, textile products (cotton, apparels, accessories etc.)