



MERCOSUL AND ITS INTERNATIONAL TRADE

M E R C O S U L



BRAZIL

HISTORICAL, POLITICAL AND GEOGRAPHIC CONSIDERATIONS



Brazil: basic data

•5th largest land area

•6th largest population



**•2.5% of world GDP:
US\$ 820 billion in 1998**

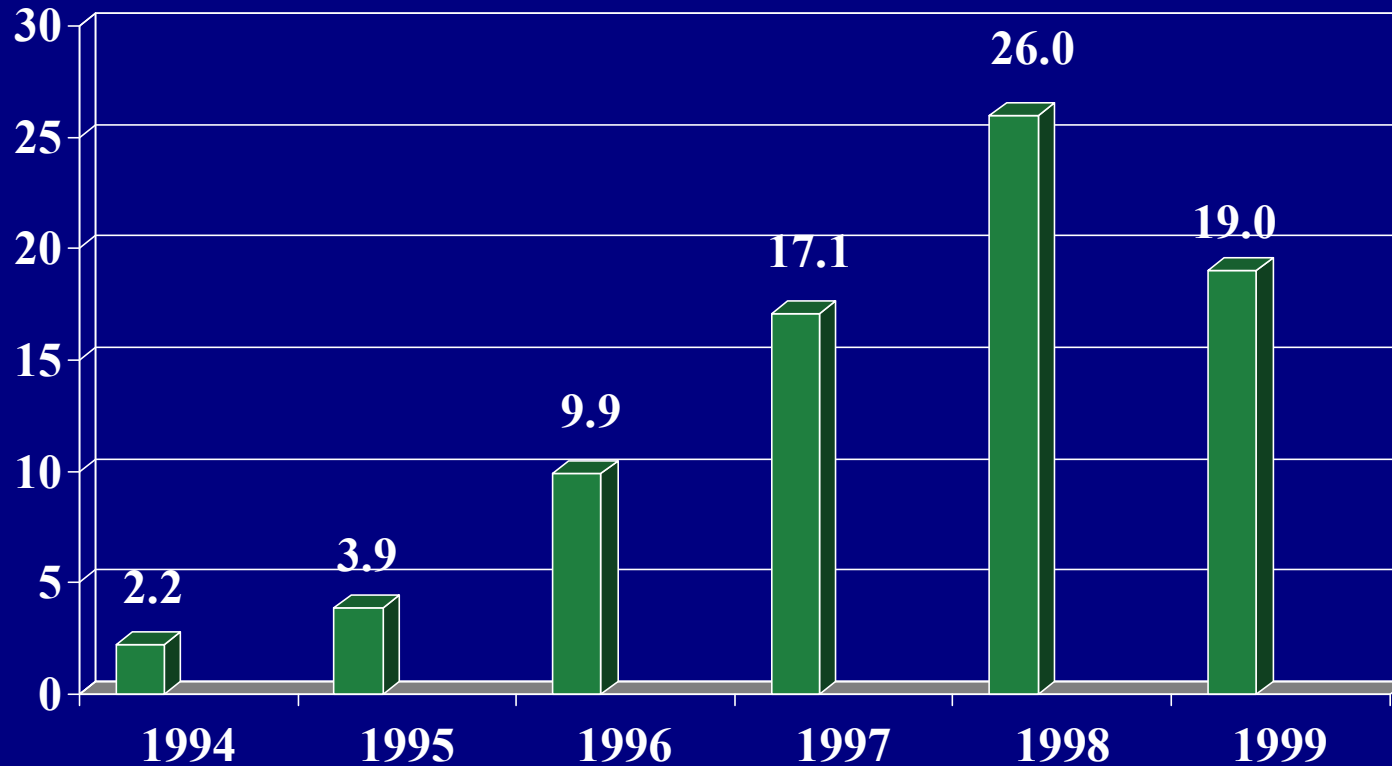
**•8th largest industrial
economy**

Brazil: GDP

	1971	1981	1991	1996	1997	1998
GDP (US\$ billion)	48.8	261.5	418	749	770	820
Population (million)	95.6	121.6	146.5			160
GDP per capita (US\$)	511	2,151	2,762		4,804	

Brazil: Foreign Direct Investment

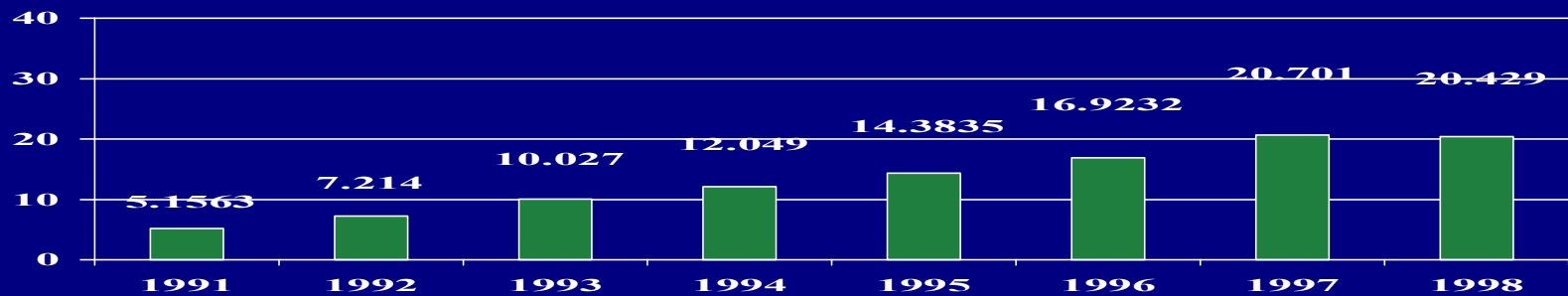
- 1998 FDI equivalent to 2.59% of GDP - a new record
- FDI between 1994 and 1998 totalled US\$ 60 billion



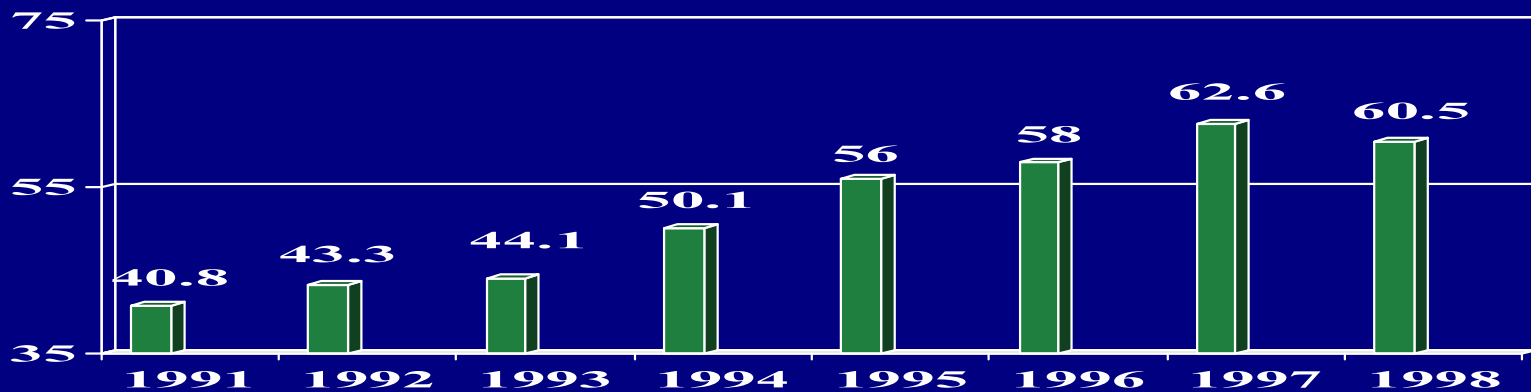
SOUTH AMERICA

MERCOSUR BENEFITS

Increased commerce inside Mercosur...

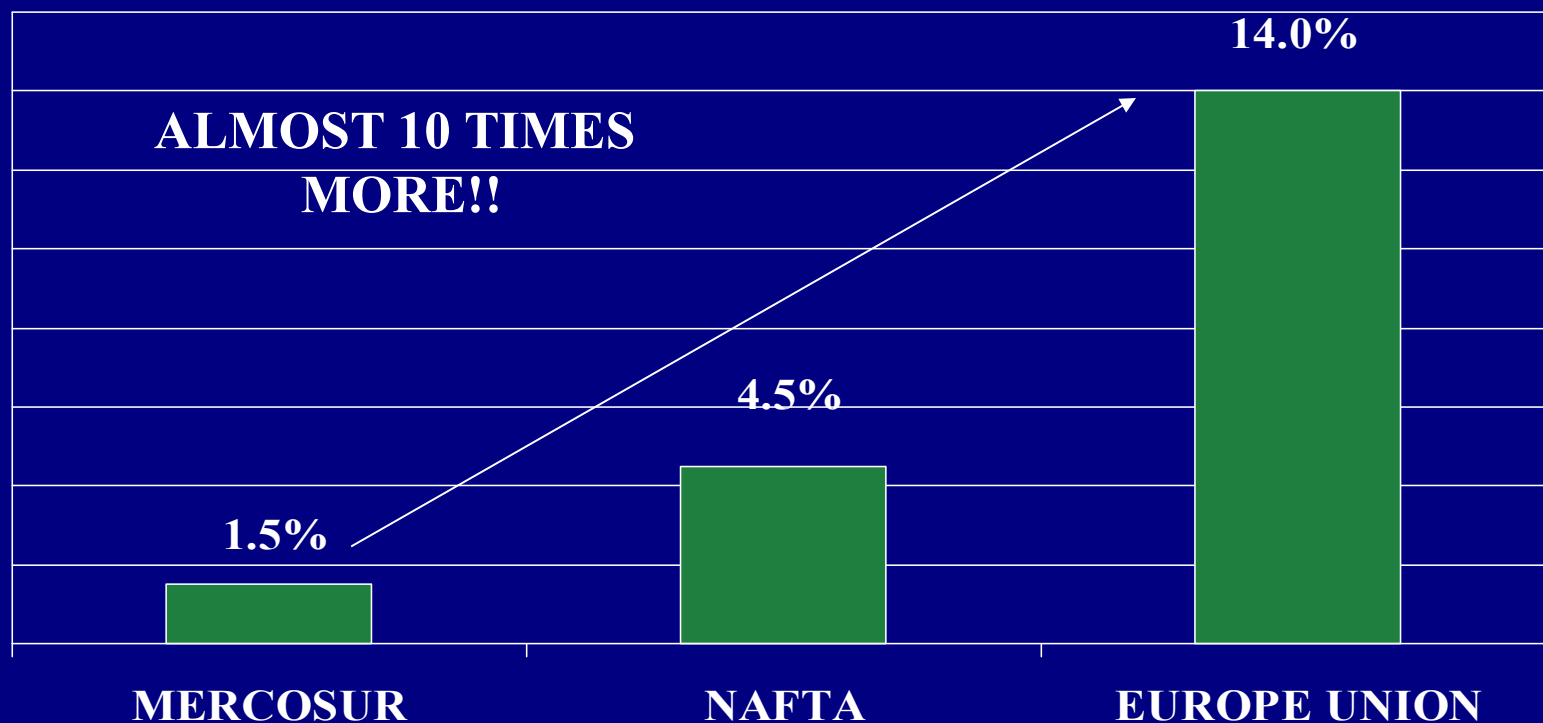


Without reducing commerce outside mercosur

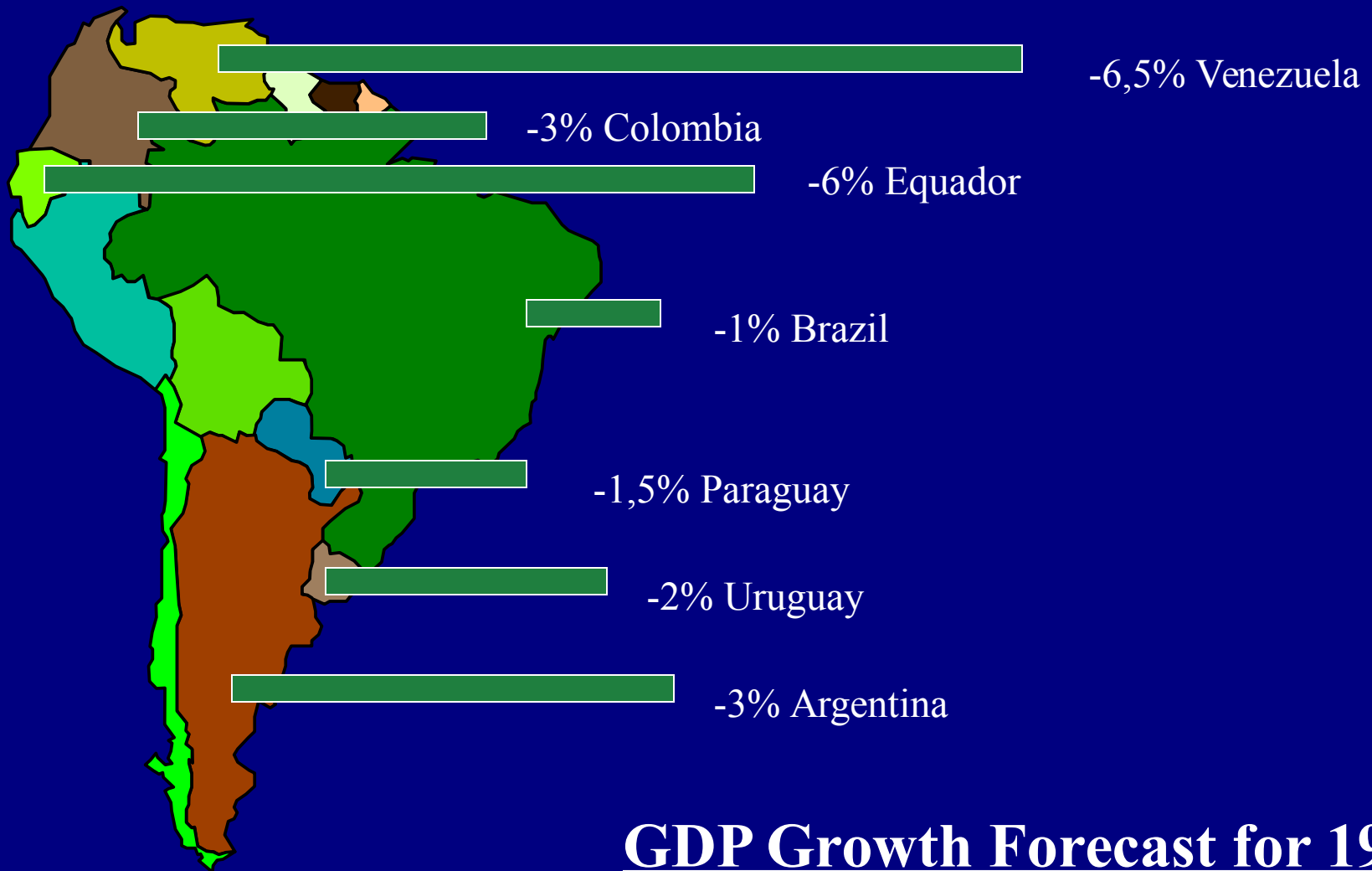


SOUTH AMERICA
**MERCOSUR: STILL ROOM FOR GROWTH IN
TRADE**

Total commerce inside region / Total GDP



SOUTH AMERICA **1999 - RECESSION**



GDP Growth Forecast for 1999

The Brazilian economy in the 90's

- ◆ Significant and sustained reduction in inflation
- ◆ Trade liberalization
- ◆ Resumption in foreign direct investment
- ◆ Massive privatization program
- ◆ Pre-emptive strengthening of financial sector
- ◆ End of distinction between foreign and domestic companies
- ◆ End of monopoly in telecommunications, oil and gas
- ◆ Massive unemployment
- ◆ Social unrest
- ◆ Denationalisation of the economy
- ◆ Loss of international competitiveness
- ◆ Recession