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ECONOMIC RELATIONS OF BRAZIL AND THE
EUROPEAN ECONOMIC COMMUNITY IN THE
POST-WAR PERIOD: A HISTORICAL
PERSPECTIVE AND THE PRESENT SITUATION

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INTRODUCTION

The recent enlargement of the European Economic Community (EEC) and the prospects of increased integration of the Brazilian and Argentinian economies seem to provide an adequate occasion for a revision of the economic relations between Brazil and the member-countries of the EEC in the last decades.

The main objective of this study is to examine trade and capital flows between Brazil and the EEC since the end of World War II, in order to appraise changes in the relative importance of Brazil's external economic transactions with member countries.

This will be attempted from a "Brazilian perspective" so that those changes are studied in the context of Brazil's economic evolution in the last four decades and on the basis of Brazilian statistical data. However, domestic economic policies and more specific aspects of Brazilian development are treated rather briefly, only to serve as a frame of reference for the more detailed examination of trends in the external sector.

The first section of this study is an overview of the economic relations of Brazil with LEC countries since the 19th century. It provides a historical background for the changes which occurred after World War II, which are then examined in greater detail.

The second section presents very briefly the general trends of the Brazilian economy in the post-war period, with an emphasis on the external sector. The evolution of Brazilian-EEC trade in four decades, in the context of a permanent rivalry with the United States, is the object of the third section.

In the fourth section, the question of foreign investment is treated stressing the role of European countries in the process, in contrast to the United States and Japan. A short subsection is also devoted to immigration.

The fifth section deals with the debt problem, centering on recent developments and EEC participation in total Brazilian indebtedness. A brief conclusion restates the main trends in Brazilian-EEC relations. (A more detailed treatment of trade, capital investment and debt from a Brazilian perspective will be found in other parts of this book).¹

I - HISTORICAL ANTECEDENTS

During the 19th century, Great Britain played a predominant role in the Brazilian economy. In fact, Britain was Brazil's most important commercial partner, and controlled most of its shipping. All Brazilian government foreign debt was placed through British banking houses. Finally, Britain made significant direct investments in the country, notably in railroads and other public utilities, but also in banking, insurance and manufacturing.

In the three decades which preceded World War I, Britain suffered from an increasing competition from Germany and the United States, and, in certain areas, also from France and Belgium, so that its pre-eminent position in Brazil was gradually eroded. In 1911-13, it still responded for slightly more than 1/4 of Brazilian imports, but other countries had gained considerable ground as the share of Germany and of the United States was respectively 17% and 15% of the total. The United States purchased more than 1/3 of Brazilian exports, while Germany's share of 1/7 just exceeded Britain's. France, whose relative importance was on the decline, ranked fourth with a share of about 1/10 both of the import and of the export trade, while Belgium appeared as Brazil's sixth supplier, behind Argentina, and closely followed by Portugal. On the other hand, the Netherlands emerged as Brazil's fifth most important market (followed by Argentina) (see Table 1). The share of present-day EEC countries in Brazil's total exports reached 49.7% and, in the case of total imports, 68.1%.

Thus, it is clear that the importance of present-day EEC member countries in Brazilian foreign trade was already clearly established on the eve of World War I, even if Great Britain were excluded.

With respect to foreign investment, Britain's early pre-eminence was maintained. It accounted for more than 2/3 of investments in go

Table 1 - Brazil - Geographical Distribution of Exports and Imports, According to Selected Countries, 1901-1945
(in %)

Discrimination	Great Britain	United States	Germany	France	Belgium	Nether-lands	Italy	Denmark	Portugal	Spain	Japan	Argentina	EEC* Countries
EXPORTS													
1901-1910	17.0	39.7	15.2	9.4	2.4	4.0	0.9	0.2	0.7	0.3	-	3.1	50.1
1911-1920	11.6	39.7	5.9	12.0	1.6	4.3	4.4	0.7	0.7	0.9	0.0	6.4	42.1
-1911-13	13.4	35.7	14.3	9.9	2.5	7.3	1.2	0.2	0.4	0.5	0.0	4.2	49.7
-1914-20	10.8	41.4	2.3	12.9	1.2	3.1	5.8	1.0	0.9	1.1	0.0	7.3	59.1
1921-1930	5.7	42.7	8.2	9.6	2.7	6.0	5.7	1.0	1.0	0.4	0.0	6.1	40.3
1931-1939	9.2	40.0	13.0	7.7	3.1	4.1	3.0	1.2	0.6	0.4	2.3	5.1	42.3
1940-1945	14.2	49.6	0.6	0.8	0.5	0.3	0.4	0.2	0.6	2.0	1.6	10.7	19.6
IMPORTS													
1901-1910	28.4	11.9	13.6	9.0	3.6	0.6	3.4	0.2	6.4	0.8	-	10.2	66.0
1911-1920	22.1	30.6	7.4	6.4	2.0	0.6	3.1	0.2	4.1	1.2	0.2	11.8	47.1
-1911-13	26.2	14.9	17.2	9.2	4.9	0.8	3.8	0.2	4.8	1.0	0.0	7.5	68.1
-1914-20	20.4	37.4	3.3	5.1	0.7	0.5	2.8	0.2	3.8	1.3	0.3	13.6	38.1
1921-1930	21.9	26.4	11.3	6.1	3.9	1.5	3.6	0.4	1.9	1.0	0.2	11.9	51.6
1931-1939	14.3	25.1	17.5	3.7	4.4	2.6	2.8	0.5	1.7	0.6	0.9	12.3	48.1
1940-1945	5.8	55.9	0.7	0.3	0.2	0.1	0.2	0.0	2.0	0.2	0.7	16.7	9.5

* Great Britain, Germany, France, Belgium, Netherlands, Italy, Denmark, Portugal, Spain. The share of other EEC Countries was either totally negligible or non-existent.

Source: IBGE, Anuário Estatístico do Brasil, 1939-40, Rio de Janeiro, 1940, Appendix, pp. 1366-1373 and Anuário Estatístico do Brasil, 1946 and 1954.

I - HISTORICAL ANTECEDENTS

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In the three decades which preceded World War I, Britain suffered from an increasing competition from Germany and the United States, and, in certain areas, also from France and Belgium, so that its pre-eminent position in Brazil was gradually eroded. In 1911-13, it still responded for slightly more than 1/4 of Brazilian imports, but other countries had gained considerable ground as the share of Germany and of the United States was respectively 17% and 15% of the total. The United States purchased more than 1/3 of Brazilian exports, while Germany's share of 1/7 just exceeded Britain's. France, whose relative importance was on the decline, ranked fourth with a share of about 1/10 both of the import and of the export trade, while Belgium appeared as Brazil's sixth supplier, behind Argentina, and closely followed by Portugal. On the other hand, the Netherlands emerged as Brazil's fifth most important market (followed by Argentina) (see Table I). The share of present-day EEC countries in Brazil's total exports reached 49.7% and, in the case of total imports, 68.1%.

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vernment securities and possibly for more than half of direct investments and private portfolio investments. France ranked second in both cases, at a considerable distance, while Germany, Canada, Portugal, the United States and Belgium played a minor role.

Europe's contribution to the formation of a Brazilian free labor force after the abolition of slavery in 1888 was also considerable. Gross entries of immigrants in Brazil from 1884 to 1913 totalled 2.75 million, of whom 45.2% were Italian, 25.9% Portuguese and 15.6% Spanish. Arrivals from the Russian empire (including Poles and Lithuanians) responded for 3.4% of the same total while the shares of Austria-Hungary, Germany and France were respectively 2.6%, 2.3% and 0.7%.² British and Belgian immigration was much less significant in quantitative terms, but included many skilled laborers and technicians whose contribution was very important in qualitative terms (see Table 2).

During World War I, American influence increased considerably, as imports from the United States largely exceeded purchases from British suppliers. In spite of a brief recovery of Britain in the mid 1920s, by the end of the decade the United States had definitively become Brazil's most important supplier and foreign market (see Table 1). On the other hand, in 1930 British direct investments still accounted for about half of the total, while the share of the United States had increased to slightly less than 1/5. As to Brazil's government debt, Britain still controlled about 2/3 of the total, while the proportion held by the United States was 30%. France's share had considerably shrunk as a result of the devaluation of the franc. This and other European countries had direct investments totaling about the double of the American share and about 2/3 of Britain's share, but their holdings of foreign debt only reached 5% of the total.³

Table 2 - Brazil - Arrivals of Immigrants, According to Selected Nationalities, 1884-1945

Countries of Origin	1884-93 (1)	1894-1903 (2)	1904-13 (3)	1884-1913 (4 = 1+2+3)	1914-23 (5)	1924-33 (6)	1934-39 (7)	1914-1939 (8 = 5+6+7)	1884-1939 (9 = 4+8)	1940-45 (10)
Germany	22,778	6,698	33,859	63,335	29,339	61,728	16,243	107,310	170,645	1,641
Belgium	2,657	171	1,128	3,956	981	742	330	2,053	6,009	178
France	7,977	2,517	8,572	19,066	5,392	5,609	2,306	13,307	32,373	415
Netherlands	1,026	1,014	3,456	5,526	842	1,111	721	2,674	8,200	123
United Kingdom	2,870	825	6,710	10,405	3,964	5,829	3,547	15,340	23,745	475
Spain	103,116	102,142	224,672	429,930	94,779	52,405	4,604	151,788	581,718	684
Italy	510,533	537,784	196,521	1,244,838	86,320	70,177	10,928	167,425	1,412,263	687
Portugal	170,621	157,542	384,672	712,835	201,252	233,650	56,657	491,559	1,204,594	20,870
Subtotal	821,578	808,723	859,590	2,489,891	422,869	431,251	95,336	949,456	3,459,347	25,073
Poland, Lithuania										
Russia	40,959	3,936	48,100	92,995	13,100	69,987	8,559	91,646	184,551	811
Austria and Hungary	13,684	32,456	24,660	70,800	7,506	13,768	2,271	23,545	94,345	
Turkey	3	6,522	42,177	48,702	19,255	10,227	271	29,753	78,455	
Syria	93	602	3,826	4,521	1,145	14,264	577	15,986	20,507	
Japan	-	-	11,868	11,868	20,398	110,191	43,342	173,931	185,799	2,816
United States	649	2,664	2,949	6,262	1,898	2,556	1,945	6,399	12,661	
Total of all Nationalities	883,668	862,110	1,006,617	2,752,395	503,981	737,223	165,118	1,406,322	4,158,717	36,943

Source: 1884-1939: IBGE, Anuário Estatístico do Brasil 1939-40, Rio de Janeiro, 1940, Appendix, p. 1307; 1940-45: Anuário Estatístico, various issues.

European immigration recovered in the 1920s, but it now gave a less important contribution to the overall demographic evolution of the country. On the other hand, Japanese immigration tended to accelerate.⁴

The Great Depression had very serious consequences on the Brazilian economy. Since the 19th century, Brazilian exports depended heavily on coffee, which since mid-century had responded for about 50% or more of the total value of exports, and to a lower extent on hides, cocoa, sugar, tobacco, cotton, maté-leaf and rubber, whose relative importance varied in different periods (see Table 3). In the first decade of the century, rubber exports had reached 28% of the total, still representing 12% of the total exports from 1911 to 1920. In the 1920s, however, as the price of rubber had fallen precipitously, coffee exports gained an unprecedented pre-eminence, averaging almost 70% of the total between 1921 and 1930. The collapse of the international coffee market in the wake of the world crisis was thus bound to affect the country significantly.

A policy of coffee purchases coupled with significant destructions of coffee stocks by the Brazilian government during the 1930s helped to maintain a satisfactory level of activity in the coffee sector and to prevent further significant declines in the price of that product in international markets. Concomitantly, the significant decline in the value of total exports and imports created favorable conditions for the development of domestic industry and a diversification of agricultural activities.⁵

However, Brazil could not avoid a balance of payments crisis during the whole decade. After 1929, there was an interruption of the inflows of foreign capital, reserves were rapidly exhausted (local currency had been made convertible into gold in 1926), and devalua-

Table 3 - Brazil - Commodity Distribution of Exports, 1821-1945
(In %)

Decades	Coffee	Sugar	Cocoa	Mate-Leaf	Tobacco	Cotton	Rubber	Hides	8 Products
1821-1830	18.4	30.1	0.5	...	2.5	20.6	0.1	13.6	85.8
1831-1840	43.8	24.0	0.6	0.5	1.9	10.8	0.3	7.9	89.8
1841-1850	41.4	26.7	1.0	0.9	1.8	7.5	0.4	8.5	88.2
1851-1860	48.8	21.2	1.0	1.6	2.6	6.2	2.3	7.2	90.9
1861-1870	45.5	12.3	0.9	1.2	3.0	18.3	3.1	6.0	90.3
1871-1880	56.6	11.8	1.2	1.5	3.4	9.5	5.5	5.6	95.1
1881-1890	61.5	9.9	1.6	1.2	2.7	4.2	8.0	3.2	92.3
1891-1900	64.5	6.0	1.5	1.5	2.2	2.7	15.0	2.4	95.6
1901-1910	51.5	1.2	2.8	2.9	2.4	2.1	28.2	4.3	95.2
1911-1920	53.0	3.0	3.6	3.0	2.6	2.0	12.1	6.2	85.5
1921-1930	69.6	1.4	3.2	2.7	2.1	2.4	2.6	4.6	88.6
1931-1940	50.0	0.5	4.2	1.6	1.5	14.2	1.1	4.4	77.5
1941-1945	32.0	0.5	3.3	0.9	1.1	8.6	2.4	3.7	52.5

Sources: IBGE, Anuário Estatístico do Brasil, 1939-40, Appendix, p. 1380; Boletim Estatístico, Vol. 3, nº 9, 1945. The data for 1939-45 are reproduced in H.W. Spiegel, The Brazilian Economy: Chronic Inflation and Sporadic Industrialization, The Blackiston Co, Philadelphia, 1949, p. 123.

tion and exchange controls as well as restrictions on the service of the foreign debt had to be adopted.

In such a context, the United States was able to maintain its participation in Brazilian foreign trade, still absorbing 40% of the country's exports and supplying one fourth of its imports during most of the decade. Great Britain lost its second position to Germany as the share of the latter in total Brazilian exports and imports from 1931 to 1939 reached respectively 13.0% and 17.5%, while the corresponding participation of the former was 9.2% and 14.3% (see Table 1). German gains were to a great extent to the detriment of Britain, as Germany's share in Brazilian exports increased from 8-9% in the early 1930s to a maximum of 19% in 1939, a fact which resulted from the expansion of German compensation trade.⁶ On the other hand, for the same causes, from 1936 to 1938, the share of German products in Brazil's total imports averaged 24.1%, exceeding the participation of the United States (23.1%).

As far as Brazilian exports are concerned, France with a share of 7.7%, the Netherlands with 4.1%, Belgium with 3.1%, and Italy with 3%, remained important European markets for Brazilian products (while Argentina also absorbed 5.1% of the total). Present-day EEC countries as a group accounted for 42.3% of total exports from 1931 to 1939, slightly more than the United States (see Table 1).

Included among other Brazilian main suppliers were Argentina, with 12.3% of total imports from 1931 to 1939, Belgium with 4.4%, France with 3.7%, Italy with 2.8% and the Netherlands with 2.6%. The decreasing importance of Portugal and Spain in Brazil's foreign trade may be noted, while Japan emerged as an outlet for Brazilian products (absorbing 2.3% of total exports, mainly cotton, whose importance in total exports increased in the 1930s passing from 2.1% of the total

in the late 1920s to 18.6% in 1935-39). But it remained a less important supplier, responding for only 0.9% of total imports.

Taken as a group, EEC present-day members supplied 48.1% of Brazilian total imports from 1951 to 1959, or almost the double of the share of the United States in Brazil's import trade.

From 1928 to 1938, the contraction of Brazilian trade accompanied the reduction in world trade, as the share of Brazil in total world imports remained at 1.2%, while its share of total exports fell from 1.5% to 1.3%.⁷

There was a decrease in immigration to Brazil after the crisis, but, from 1930 to 1939, 332.8 thousand immigrants still entered the country, in spite of restrictions which were gradually introduced. Present-day EEC countries still accounted for the majority of the immigrants, but Japan's share was very significant. Between 1931 and 1939, as far as total immigration is concerned, only Portugal exceeded Japan and between 1930 and 1939 the Japanese were the main group of immigrants entering São Paulo, responding for 51.3% of the number of entries, while the Portuguese responded for only 18.3% of the total.⁸

Foreign investments, which had accelerated during the 1920s, fell sharply during the 1930s. According to the estimates available for 1938, the long term obligations of Brazil reached about US\$ 2030 million. Britain still accounted for 39.4% of the total, followed by the United States with 26.5% and Portugal with 14.8%. France held a share of 3% plus a debt in gold francs which varied from 0.5% to 3.7% of the total. The share of Germany and the Netherlands was rather small (2% and 0.5% respectively) while unidentified holders responded for the remaining 10%.⁹

According to official figures, Brazil's outstanding external public debt fell from \$ 266.2 million in 1930 and \$ 276.0 million in 1931 to \$ 258.8 million in 1935 and \$ 241.3 million in 1940.¹⁰ Excluding small loans to two Brazilian states, during the 1920s Brazil's debt service had been "substantially maintained until October 1931", through additional borrowing and refunding operations. After that date, "debt payments declined sharply to about 20% to 30% of the amount due in most years until 1943, except for complete default in 1938 and 1939".¹¹ This resulted initially from reductions in interest rates enforced by Brazil under the so-called Aranha plan, which also established priorities for the allocation of foreign exchange to payments of different types of debt.¹² Debt renegotiation would extend into the war period.

The Second World War interrupted Brazilian trade with many of its most important European partners. Brazilian-American economic relations were further strengthened as the United States purchased 49.6% of Brazilian exports and supplied 55.9% of Brazil's imports from 1940 to 1945. Brazil accumulated significant sterling balances against Britain, as that country supplied 5.8% of the country's imports but absorbed 14.2% of its total exports.¹³ Trade with Argentina also became particularly important (see Table 1), as Brazil, in the absence of European competition, temporarily exported manufactured products to neighboring countries and the share of coffee in total exports was reduced to only 32% from 1941 to 1945 (see Table 3). The diversification of the economy, especially of the industrial sector, which was in progress during the 1930s, continued during the war though imports of machinery were again curtailed. Thus "production of numerous types of machinery was initiated or expanded, including machine tools, time clocks, looms, silk-reeling equipment and looms, plastic molding equipment, distilling equipment, electric motors and scales".¹⁴

British direct foreign investments declined by something like 20% in nominal terms during the 1930s to reach £ 100 million in 1940, but they continued to fall during the war as some British firms were repurchased. By 1945 British direct investments amounted to only £ 85 million.¹⁵ American direct investments on the other hand, increased from US\$ 194 million in 1929 to US\$ 240 million in 1940, declining to US\$ 233 million in 1945.¹⁶ British pre-eminence in direct investments as opposed to the United States subsisted until the end of the war but would soon be reverted.

As to the debt question, in 1943, after a decade of negotiations, "a settlement was negotiated with representatives of the sterling and dollar bondholders, who held most of Brazil's public external debt. By that adjustment, the nominal value of external bonds in those currencies was reduced by about 26%, and annual debt service, which had been \$ 100 million in 1929, was reduced to \$ 32 million in 1943. Before that settlement, in 1940, the American Export-Import Bank had granted a loan of US\$ 45 million to the Companhia Siderurgica Nacional, a public company, for the construction of Brazil's first large scale integrated steel mill. By 1945, Brazil's external public long term debt (which amounted to US\$ 1059 million in 1929 and had reached US\$ 1186.1 million in 1935) was reduced to \$ 712.4 million.¹⁷

Finally, during World War II, immigration fell more significantly than in the 1930s, to reach only 37 thousand from 1940 to 1945. Most of the immigrants were now European, arriving predominantly from Portugal (56.5%) (see Table 2).

In summary, by the end of World War II, American predominance in Brazilian external economic relations had been clearly established to the detriment of Britain and other European countries. In the

post-war period several developments would lead to new changes in the relative position of the various countries vis-a-vis Brazil.

II - THE BRAZILIAN ECONOMY IN THE POST-WAR PERIOD

A detailed account of the evolution of the Brazilian economy in the post-war period would clearly exceed the scope of this study. However, a brief outline of some general developments is important for the understanding of Brazilian EEC relations in the post-war period.

Any periodization in this case is arbitrary, but it may be mentioned that from 1945 to 1961 Brazil went through an important phase of import-substitution during which the growth of the manufacturing sector was very rapid, so that by the mid 1950s the contribution of the secondary sector to Gross Domestic Product already exceeded the share of agriculture.¹⁸ The growth of the real product was about 7.4% from 1947 to 1961.

By 1961, the composition of Brazilian imports had been substantially altered in favor of intermediate goods and capital goods, as Brazil was producing most of the consumer durables consumed in the country.¹⁹

By then inflation had shown considerable acceleration. In fact, while from 1947 to 1950 consumer prices grew at an annual rate of 9.7%, which remained at 17.9% in the early 1950s, from 1956 to 1960 the rate of inflation averaged 24.0%.²⁰ As a result of the evolution of domestic prices and of exchange policies, the "average" exchange rate remained overvalued during most of the so-called phase of import-substitution.

However, there was no significant diversification of Brazilian exports which stagnated as the country continued to supply mainly primary products to its trade partners. This was true in spite of the fact that there was significant investment in manufacturing (inclu-

ding substantial foreign direct investments) during the 1950s and the creation of several new industrial branches, partially as a result of the introduction of government sectoral planning (Plano de Metas).

As regards exchange policy, Brazil had adopted a fixed exchange rate from 1947 to 1952 and multiple rates coupled with exchange auctions from 1953 to 1957, when the number of categories was reduced. Finally, in March 1961 a move towards greater "exchange realism" was made, including a reduction of exchange subsidies to specific products.²¹ But from then on, inflation rates increased rapidly so that the exchange rate remained overvalued.

In the 1960s, Brazil entered a period of comparative stagnation, especially between 1963 and 1967. From 1964 to 1967 as inflation rates were gradually reduced, several important administrative changes occurred, including the creation of a Central Bank, a tariff reform, the "unification" of exchange rates and a comprehensive fiscal reform. Starting in August 1968, a new exchange policy of frequent "mini-devaluations" was implemented, which would give significant stimulus to the export sector.

On the basis of the idle capacity which had developed in previous years, from 1968 to 1973 the Brazilian economy entered a period of unprecedented growth, with moderate inflation, led by the industrial sector, which was to be partially interrupted by the first oil shock.²² By then, however, manufactured products were gaining an increasing weight in Brazilian total exports, while soybeans had emerged as another important primary export. After 1974, there was no immediate adaptation to the new "energy environment", in spite of Brazil's heavy dependence on oil imports which resulted from a transportation system largely based on motor vehicles. In view of the low international interest rates and of political considerations, the country continued to grow until 1979 on the basis of an increasing external indebtedness towards commercial banks, while foreign direct

investments, which had almost ceased during part of the 1960s, were again very significant during the whole decade. There was a new phase of import substitution, now involving capital goods and intermediate products and inflation rates reached a new higher plateau.

After the "second oil shock" of 1979-80 and the "interest rate shock" that followed, Brazil's external situation worsened, and the country entered a recession with high inflation rates. External problems would culminate with Mexico's suspension of payments in 1982, which soon led Brazil to a renegotiation of its external debt. The energy problem was partially faced through an increasing use of alcohol as fuel and by the increase in domestic oil production. The country continued in recession and conditions only began to improve after 1984 though inflation rates remained very high.²³ In the last two years, Brazil has resumed rapid growth but foreign direct investments have not recovered. It has been renegotiating its external debt, a process which has entered a new phase with the suspension of interest payments on the medium and long term debt held by commercial banks, early in 1987.

III - BRAZILIAN FOREIGN TRADE AND THE EEC

During the four decades since World War II, the geographic and commodity distribution of Brazilian trade has shown considerable changes. The diversification of Brazilian exports after more than two decades of stagnation was accompanied by a significant increase in the total value of Brazilian exports, which, after oscillating between US\$ 1.2 to 1.7 billion from the 1950s to the mid-1960s, reached a maximum of US\$ 27 billion in 1984. Such a diversification and the increasing participation of manufactures has been associated with the opening of new markets, notably in developing countries, whose share in Brazilian trade has shown a long term increase as opposed to the share of more developed countries. The oil crisis has forced Brazil to expand its exports to its Middle-Eastern oil suppliers, so as to reduce the significant deficit in the trade with those countries. But Brazil was also successful in placing manufactured and other products in non-oil developing countries. It has also expanded its trade relations with centrally planned economies, with a net surplus to the country. In 1985-86, Brazil showed favorable balances of trade with all groups of countries, excepting the OPEC,²⁴ a fact which is at least partially attributable to a considerable effort of import substitution in the four decades since World War II.

In a longer run perspective, it may be noted that the export coefficient (exports of goods and services/GDP) in the late 1940s reached 11.1%, decreasing to a low of 6.4% in the period 1956-1960, and increasing again in recent years to reach 12% in 1985. As to the import coefficient, it fell from 11.1% in the late 1940s to 6.9% from 1956 to 1960. It averaged about 7% in the 1960s, increasing to little less than 10% in the 1970s and 8.4% in 1980-85.²⁵

All these trends were bound to affect Brazilian trade relations with the EEC, which are analysed more specifically below.

a) Brazilian Exports and the EEC

As it was mentioned previously, by the end of World War II, Brazil presented an export structure typical of an agricultural country. From 1945 to 1949, coffee accounted for 41.8% of total exports, while cotton, cocoa, hides and pinewood responded for respectively 13.3%, 4.3%, 3.5% and 3.5% of the total. The shares of tobacco, sugar and rubber were respectively 1.8%, 1.2% and 1.2%. These eight "traditional" products accounted for 70.6% of the country's exports.

In spite of fluctuations in the share of coffee, which occasionally reached more than 60% of total exports during the 1950s, by 1967-68 the situation had not substantially changed. The share of coffee was still 41.9%, while cotton, cocoa and sugar accounted respectively for 6.2%, 3.0% and 5.1% of total exports. The same eight products responded together for 62.5% of the value of total exports, while iron ore exports which had been insignificant in the late 1940s (0.2% of total exports) now reached 5.9% of the total. However, the composition of Brazilian exports changed considerably from the late 1960s to the mid 1980s. By 1984-85, the share of iron ore remained at 6.2%, but that of the other eight products added up to only 14.4% as the share of coffee had fallen to 9.4%.²⁶

It is clear, then, that important structural changes affected Brazil's exports, reducing the share of its formerly traditional products. These changes are confirmed by the data in table 4, which show that in 1986 "industrialized products" (under Brazilian Classification) accounted for 58.6% of total exports. Primary products absent in the pre-war period (besides iron ore, whose share increased in the 1950s and 1960s) now include soybeans, meat, and orange juice, which together accounted for 13.4% of total exports in 1986, while coffee's share remained at 10.4% (see Table 4).

4 - Table 4 - Brazil - Exports F.O.B., According to
Selected Categories, 1984-1986
(In US\$ million)

Discrimination	1984		1985		1986	
	(US\$ million)	(%)	(US\$ million)	(%)	(US\$ million)	(%)
<u>Primary Products</u>	12,077.5	44.7	11,054.1	43.1	9,273.7	41.4
Coffee (inc. instant coffee)	2,856.0	10.6	2,632.5	10.3	2,327.1	10.4
Soybeans (bean, bran, crude oil and refined oil)	2,565.6	9.5	2,540.1	9.9	1,640.0	7.3
Cocoa	656.0	2.4	775.7	3.0	625.6	2.8
Orange juice	1,415.0	5.2	748.9	2.9	682.6	3.1
Meat	867.3	3.2	844.4	3.3	678.6	3.0
Iron ore and other ores	1,784.8	6.6	1,795.7	7.0	1,728.9	7.7
Tobacco	449.5	1.7	437.4	1.7	394.6	1.8
Sugar (raw, cristal, refined)	586.3	2.2	368.7	1.4	381.4	1.7
Other	897.0	3.3	910.7	3.6	814.9	3.6
<u>Industrialized Products</u>	14,927.8	55.3	14,584.9	56.9	13,119.8	58.6
Transport Equipment and Components	1,904.3	7.1	2,341.1	9.1	2,102.6	9.4
Machinery and Mechanical Instruments	844.8	3.1	939.6	3.7	941.1	4.2
Electric and Electronic Equipment	591.2	2.2	576.4	2.2	770.4	3.5
Metallurgical Products	2,834.1	10.5	2,787.8	10.9	2,669.2	11.9
Chemical Products	1,563.9	5.8	1,516.3	5.9	1,281.7	5.7
Wood and Manufactured wood Products	330.3	1.2	303.0	1.2	312.1	1.4
Footwear and Leather Products	1,358.4	5.0	1,231.1	4.8	1,276.2	5.7
Oil Derivatives	1,792.5	6.7	1,605.8	6.3	674.0	3.0
Paper and Pulp			544.9	2.1	677.5	3.0
Textile Products	3,708.3	13.7	2,738.9	10.7	891.9	4.0
Other					1,523.1	6.8
<u>TOTAL</u>	27,005.3	100.0	25,639.0	100.0	22,393.5	100.0

Source: 1984: Brazil Economic Program, Vol. 9, Nov. 1985, p. 65.
1985: Brazil Economic Program, Vol. 13, Nov. 1986, p. 87.
1986: Brazil Economic Program, Vol. 15, Jun. 1987, p. 90.

Since the so-called "traditional" export products of Brazil were mainly exported to Europe and the United States, the latter taking a substantial fraction of coffee exports, changes in the destination of Brazilian exports in the last four decades should also be expected.

The distribution of Brazilian exports according to main markets is presented in table 5. The share of several important countries has changed considerably since World War II. (Annual fluctuations, which are more pronounced, are reproduced in Annex 1).

A first very noticeable trend is the decline of the share of the United States, which fell from around 45% from 1945 to 1959 to 23.2% in 1980-1986. In the last three years (1984-1986) it increased to 28%, but there was clearly a permanent reduction which is associated with the decrease of the participation of coffee in total exports. The share of the United Kingdom suffered a much more significant fall, from 9.3% in 1945-1949 to 2.9% in 1980-1986. Thus Britain's historical pre-eminence saw its definitive demise in the last forty years. The emergence of Japan as an important market for Brazil's products is a third aspect to be noted. From 1950 to 1959 the Country's pre-war share of 2.3% was slightly exceeded, to reach 6% in 1980-1986. Finally, the share of Germany, insignificant in the immediate post-war years, recovered to 6.6% in the 1950s to reach 8.4% in the 1960s and 1970s, but it has since been reduced to around 5% (5.4% on average from 1980 to 1986).

Considering other important pre-war European partners, the decline of France after a short recovery in the 1950s must be mentioned, as its share has averaged only 3.6% from 1960 to 1986. The share of Belgium-Luxemburg has also declined to around 2%. On the other hand, Italy and the Netherlands have gained in importance as their respective participation in Brazilian exports has increased systematically

from the late 1940s to the 1970s, to decline to respectively 4.4% and 5.8% from 1980 to 1986 (see Table 5).

Taking groups of countries, it should be noticed that the original six members of the EEC increased their relative participation in the purchases from Brazil quite significantly from the late 1940s and 1950s to the 1970s, when on average they became Brazil's most important market. In fact, their share surpassed that of the United States in 1969, reached a maximum of 30.6% in 1973, to decline gradually to 21.8% in 1983 when the United States recovered its former pre-eminence (see Annex 1). From 1983 to 1986, the average share of the Six was 20.6% as opposed to 26.8% in the case of the United States.

Considering the EEC before its last enlargement, the share of the Nine and of the Ten followed a path similar to that of the Six. It first exceeded the participation of the United States in 1964, but on a more permanent basis only after 1969, reaching a maximum of 37.3% in 1973, only to be again surpassed by the United States' in the last three years.

Finally, if the aggregate participation of the Twelve is considered, it exceeded the American share from 1964 to 1983, reaching a maximum of 41.9% in 1973, but its average in 1984-1986 was reduced to 26.1%.

Such a comparative evolution of American, Japanese and EEC relative participations in the Brazilian export trade indicates at first an increase in the share of other countries. In fact, in the 1950s, when Europe and Japan had recovered from the war, the aggregate share of the 14 countries considered in table 5 reached 76.7% of Brazil's total exports, but by 1981-1986 this share had declined to 57%. Almost half of the Brazilian export trade was now directed to other

Table 5 - Brazil - Geographical Distribution of Exports
F.O.B., According to Selected Countries, 1945-1986
(In %)

Countries	1945-49	1950-59	1960-69	1970-79	1980-86
1) Belgium-Luxemburg	3.90	1.74	2.47	1.80	2.09
2) France	2.13	4.41	3.62	3.61	3.64
3) West Germany	0.53	6.60	8.37	8.36	5.43
4) Italy	2.55	2.62	5.15	5.35	4.43
5) Netherlands	2.51	3.13	5.69	7.11	5.76
A = (1+2+3+4+5)	11.62	18.50	25.30	26.23	21.35
6) Denmark	1.07	1.90	2.10	1.29	0.48
7) Ireland	0.47	0.04	0.06	0.12	0.12
8) United Kingdom	9.33	5.28	4.23	4.33	2.93
9) Greece	0.34	0.28	0.40	0.31	0.35
B = (6+7+8+9)	11.21	7.50	6.79	6.05	3.88
C = A + B	22.83	26.00	32.09	32.28	25.23
10) Spain	2.40	1.14	1.63	3.50	2.05
11) Portugal	0.60	0.34	0.35	0.77	0.49
D = (10+11)	3.00	1.48	1.98	4.27	2.54
E = A + B + D = Total EEC	25.83	27.48	34.07	36.55	27.77
Memorandum Items					
United States	44.76	46.90	35.29	20.74	23.22
Japan	0.05	2.36	2.74	5.95	6.03

Source: Annex 1.

countries, a fact which is certainly linked to the present composition of Brazil's exports.

Though trade issues between Brazil and the EEC are treated in another study in this book,²⁷ some points may be raised to explain the fluctuations in the share of the EEC member countries in Brazilian exports, which once exceeded 40% of the total and is now reduced to 26% (see Annex 1).

The creation of the European Community of Coal and Steel (CECA) in April 1951 did not have any immediate impact on Brazilian trade with countries of the future EEC. Brazil had traditionally imported those two products mainly from Britain and the United States, and the CECA countries were still recovering from the war.

When the treaties of the EEC and of the Euratom were signed in 1957, the recovery of the six initial members was well advanced and this new prospective large area of free trade appeared as a promising market. The stagnation of Brazilian exports would, however, last until 1968, the year in which the elimination of tariffs between the member countries was achieved. The great vitality of the community in the following years may explain, from the demand side, part of the increases in Brazilian exports to the EEC, which clearly became Brazil's main market. It should be mentioned that the perspective of the enlargement of the community, and the consequent prospects of increased taxation of such products as soluble coffee and cocoa butter of which the United Kingdom was one of Brazil's principal customers, and a potentially large market for Brazilian meat, prompted Brazil to negotiate and sign in December 1973 a trade agreement with the EEC, which in that same year had incorporated three new countries. Among the terms of the agreement was the creation of a Joint Commission to increase the economic and commercial cooperation between Brazil and the EEC.²⁸

In the following years and until the end of the decade the position of the Six and the Nine as Brazil's most important market would

be consolidated. The entry of Greece in the Community in 1981 had no effect on Brazilian trade in view of the restricted economic relations with that country. As to the enlargement of 1986, with the inclusion of Spain and Portugal, this is the object of another study in this book.²⁹

While the general evolution of the EEC in the last decades and better diplomatic relations between Brazil and the Community are factors which have to be taken into account to explain the changing geographic composition of Brazilian trade, a first more specific economic aspect which should be mentioned are the fluctuations in exchange rates between the currencies of the developed countries. In fact, since the late 1960s, the Brazilian currency has been devalued following the dollar and not a basket of the currencies of its main trading partners. While Brazilian exports increased their competitiveness in European markets when the dollar was depreciating in the 1970s, during part of the 1980s the Brazilian currency appreciated against a basket of European currencies, hurting the penetration of Brazilian products in Europe and in third markets, where they competed with European products.³⁰

A second factor explaining the decline of the share of the EEC is the considerable decline of the prices of primary products in international markets, as a significant part of the exports of Brazil to the EEC has traditionally consisted of primary products.³¹ In 1975 and 1982, food products represented respectively 63.8% and 51.7% of Brazilian exports to the EEC, and manufactures only 16.4% and 28%, while iron ore accounted for 13.1% and 12.3%. In those same years, while the share of the Ten in total exports was respectively 27.9% and 26.9%, their share in the total Brazilian exports of food products was respectively 52.8% and 35.1%, while the corresponding share for manufactures was only 17.8% and 19.4%. The share of concentrates and of iron ore was 34.4% and 37.6%.

While fluctuations in Brazilian exchange policy are not under the control of European policy makers, it would appear that the composition of Brazilian exports to the EEC can be easily affected by the overall economic policies of the Community, notably with respect to agricultural products. Thus, the decline of total sugar exports from Brazil has been frequently associated with protectionist measures in favor of EEC beet sugar, while in the 1960s and the 1970s former colonies of EEC member countries have received preferential treatment. However, in spite of this, the Brazilian share of imports of the EEC from outside the EEC has systematically increased from 1980 to 1985, from 1.7% to 2.5%, declining to 2.2% in 1986. It should be noted that from 1980 to 1985 imports of the EEC from non-EEC countries declined in dollar terms, recovering somewhat in 1986.³²

A third cause, therefore, for the decline in the share of the EEC in Brazilian exports, also pointed out in a recent study,³³ would be the differences in rates of growth between the United States and the EEC during part of the 1980s. But clearly the composition of Brazilian exports (showing a comparatively smaller penetration of Brazilian manufactured products in the EEC than in the United States and than in new markets in developing countries), and the evolution of the relative prices of primary and industrial products are more important explanatory factors.

The diversification of Brazilian exports in the post-war period may be seen, on the other hand, as a favorable factor, as Europe now absorbs a significant share of the Brazilian exports of soybeans (now under a more advanced phase of processing). In fact, the EEC accounted for around 2/3 of Brazil's exports of animal feed in the early 1980s. The share of the EEC in total coffee, meat, cocoa and iron ore exports was around a third of the total and it exceeded 40% in the case of other products such as tobacco and leather (now manufactured).

Though the share of the EEC in exports of manufactured products in general is below average, it has become an important market for some specific products such as textiles and clothing (absorbing about 1/3 of the total), but also for some types of machinery and transport equipment.³⁴ It would be most desirable if in the future equal success could be observed in the case of other branches of manufactures exported by Brazil.

b) The Brazilian Import Trade and the EEC

As in the case of exports, there were significant changes in the composition of Brazilian imports in the post-war period. From 1947-1951 to 1967-1971, the share of raw materials, including fuels, declined from 25.5% to 16.0% and that of food and beverages (including mainly wheat) from 16.8% to 14.4%, while the participation of chemical products and manufactures in general rose from 57.7% to 69.6%.³⁵

The spectacular increase in oil prices in 1973-1974 and again in 1979-1980 subverted the structure of Brazilian imports, as oil purchases were to account for as much as 52.2% of total imports in 1982.³⁶ Import substitution of intermediate products and machinery and equipment in the 1970s had contributed to reduce Brazil's dependence on foreign products.³⁷ In the 1980s, the intensification in the use of alcohol as fuel for motor vehicles and, more important, the significant expansion of Brazilian oil production, reduced Brazil's reliance on oil imports³⁸ and interrupted the increase in the share of oil in total imports, which more recently was also affected by the decline in the international price of oil.³⁹ Table 6 shows the distribu-

Table 6 - Brazil - Imports F.O.B., According to
Selected Categories, 1984-1986
(In US\$ million)

Discrimination	1984		1985		1986	
	(US\$ million)	(%)	(US\$ million)	(%)	(US\$ million)	(%)
Oil and Derivatives	6,866.6	49.3	5,693.6	43.3	3,020.1	21.5
Capital Goods	2,151.6	15.5	2,479.9	18.8	3,463.9	24.7
Wheat	755.0	5.4	591.1	4.5	248.3	1.8
Raw Materials	3,288.2	23.6	3,361.0	25.6	4,706.4	33.5
Steel, non ferrous metals and other ores	390.6	2.8	393.6	3.0	598.2	4.2
Chemical products	1,766.5	12.7	1,837.3	14.0	2,583.8	18.3
Coal	453.7	3.2	460.3	3.5	477.9	3.4
Other raw materials	677.4	4.9	669.8	5.1	1,046.5	7.4
Other Products	854.9	6.2	1,027.9	7.8	2,605.6	18.5
<u>TOTAL</u>	13,915.8	100.0	13,153.5	100.0	14,044.3	100.0

Sources: 1984: Brazil Economic Program, Vol. 5, Nov. 1985, p. 66.
1985: Brazil Economic Program, Vol. 13, Nov. 1986, p. 88.
1986: Brazil Economic Program, Vol. 15, Jun. 1987, p. 91.

tion of Brazilian imports F.O.B., according to selected categories. Oil and derivatives which still accounted for 49.3% of total imports in 1984 responded for only 21.5% of total imports in 1986 (though this share should increase to about 28% in 1987), while the share of capital goods reached 24.7% of the total. Among raw materials, chemical products were the most important group, responding for 18.4% of total imports, while the share of steel, non ferrous metals and other ores was 4.3%.

Again, as in the case of exports, the changes in the composition of Brazilian imports are associated with fluctuations in the shares of specific countries. The absolute predominance of the United States, which in 1945-49 accounted for 54% of total Brazilian imports was gradually eroded after its share reached a maximum of 61.3% in 1947. By 1980-1986, it had fallen to 17.8%, less than a third of the average observed in the immediate post-war. Again, Britain's relative decline was even more dramatic. Its share of Brazilian imports fell from 8.3% in 1945-1949 to only 1.8% in 1980-1986. From the 1950s, Germany rapidly became Brazil's second main supplier, as its share reached 7.8% from 1950 to 1959, increasing to 10.8% in 1970-1979 (with a maximum of 12.8% in 1971) and remaining at 5.8% in 1980-1986. Japan's progress has also been remarkable, from 2.2% of total imports in the 1950s to 7.6% in the 1970s, with a decrease in 1980-1986 to 4.8%. France never recovered its pre-war importance, but remains with Italy one of Brazil's principal suppliers of manufactures and especially of machinery.

In the post-war, IEC Countries never had the clear predominance in the Brazilian import trade which they showed in the 1970s with regard to exports. In fact, the share of the Six never exceeded that of the United States, and it reached a maximum of 20.3% in the 1970s. In view of Britain's decline, the share of the Ten was higher in the

1950s than in the 1970s. Finally, the Twelve did have a greater participation than the United States in the 1970s, when they responded for slightly more than 1/4 of Brazil's total imports (with a maximum of 32.8% in 1972). From 1980 to 1986, however, their share fell to 15.1% (see Table 7).

Several factors have contributed to that evolution. First, as it was previously mentioned, the growing share of oil in total imports and balance of payments difficulties have forced Brazil to curtail other imports. On the other hand, imports from the EEC consist basically of manufactured products (94% in 1980-1982) and in particular of machinery (53% in 1980-1982). Increasing import-substitution of capital goods in the 1970s, as more sophisticated machinery began to be produced in Brazil (often by subsidiaries of European firms)⁵⁰ and a decrease in the rate of investment were bound to affect this category of imports. More recently, these were also affected by a reduction of suppliers credits, which resulted from the aggravation of the debt problem. Finally, direct restrictions on imports tended to increase as balance of payments difficulties developed.

It is therefore not surprising that from 1980 to 1985 the share of EEC exports to Brazil in total EEC exports showed a clearly declining trend with a recovery in 1986,⁵¹ (which may be associated with a relaxation of controls on imports and with unusually high imports of food by Brazil in that year in view of a serious drought in the previous year).

In the near future, the prospects of Brazilian imports from the EEC will continue to depend on the country's reliance on imported oil and on the evolution of the international price of that product, and also on the success of economic policy in the sense of guaranteeing a sustained growth rate and a recovery of domestic investment.

Table 7 - Brazil - Geographical Distribution of Imports
C.I.F., According to Selected Countries, 1945-1986
(In %)

Countries	1945-49	1950-59	1960-69	1970-79	1980-86
1) Belgium-Luxemburg	2.16	1.96	1.34	1.43	0.63
2) France	1.47	4.31	3.61	3.16	2.88
3) West Germany	0.13	7.69	9.79	10.77	5.82
4) Italy	1.29	2.33	2.84	3.06	1.93
5) Netherlands	0.53	1.91	1.60	1.87	1.11
A = (1+2+3+4+5)	5.58	18.20	19.18	20.29	12.37
6) Denmark	0.15	1.61	1.42	0.43	0.14
7) Ireland	0.04	-	0.00	0.06	0.10
8) United Kingdom	8.34	4.83	3.40	3.50	1.79
9) Greece	0.04	0.17	0.09	0.02	0.00
B = (6+7+8+9)	8.57	6.61	4.91	4.01	2.03
C = A + B	14.15	24.81	24.09	24.30	14.40
10) Spain	0.45	1.04	1.08	1.03	0.51
11) Portugal	1.86	0.36	0.28	0.28	0.21
D = (10+11)	2.32	1.40	1.36	1.31	0.72
E = A + B + D = Total EEC	16.47	26.21	25.45	25.61	15.12
Memorandum Items					
United States	53.95	34.51	32.73	24.84	17.76
Japan	0.00	2.12	3.74	7.60	4.77

Source: Annex 2.

The latter, on the other hand is linked to a satisfactory solution of the debt question, permitting new inflows of foreign capital into the country.

c) The Balance of Trade

In recent years, the balance of trade between Brazil and the EEC has been very favorable to the former, as in certain years Brazilian exports to the EEC have been equivalent to three times Brazilian imports from the same countries. However, in a longer run perspective, trade was more balanced and in several years the balance was in favor of the EEC. As regards the Six, this was true from 1950 to 1952, in 1955, from 1957 to 1960, in 1962, and again in 1971-1972 and 1974-1975. In the case of the Ten (or of the Nine, as the trade with Greece is not very significant), which are very affected by the United Kingdom, there were surpluses in favor of the EEC in 1950-1952, 1957, 1960, 1971-1972 and 1974-1975. Finally the inclusion of Portugal and Spain only changes that picture with respect to 1972, as for the Twelve, in that year, the surplus turned into a deficit⁴² (see Table 8).

It may be noted that, in spite of commercial restrictions or advantages granted by the EEC to other countries, in the last eleven years trade balances in favor of Brazil have been systematically observed. However, these have been partially compensated by negative balances in the services account, notably with respect to profit remittances and interest payments, as it will be shown in other parts of this study.

Table 8 - Balance of Brazilian Trade¹ with the EEC, 1945-1986
(1945-52: in million cruzeiros; 1953-86: in million dollars)

Years	Six Countries ²			Ten Countries ³			Twelve Countries ⁴		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1945	343	-	343	2,052	341	1,711	2,308	636	1,672
1946	2,563	490	2,073	4,632	1,558	3,074	5,209	2,006	3,203
1947	2,974	1,588	1,386	4,925	3,189	1,736	5,936	3,590	2,346
1948	2,918	1,662	1,256	5,387	3,843	1,544	5,972	4,230	1,742
1949	2,767	1,911	856	4,803	4,648	155	5,263	4,888	375
1950	3,179	3,202	-23	5,642	5,860	-218	6,019	6,129	-110
1951	5,483	6,667	-1,184	9,203	10,181	-978	9,510	10,567	-1,057
1952	4,828	7,578	-2,750	6,059	11,205	-5,146	6,191	11,489	-5,298
1953	346	213	133	449	353	96	469	366	103
1954	404	324	80	518	384	134	544	401	143
1955	263	268	-5	361	314	47	397	348	49
1956	258	165	93	349	242	107	374	273	101
1957	213	257	-44	313	333	-20	347	359	-12
1958	219	235	-16	305	297	8	321	310	11
1959	253	259	-6	354	323	31	365	338	27
1960	249	294	-45	342	376	-34	360	400	-40
1961	314	263	51	405	352	53	438	369	69
1962	290	302	-12	374	366	8	395	394	1
1963	394	297	97	484	370	114	500	383	117
1964	374	211	163	479	266	213	497	279	218
1965	412	187	225	523	233	290	554	243	311
1966	431	258	173	555	315	240	585	331	54
1967	452	319	133	561	391	170	591	420	171
1968	481	447	34	598	562	36	653	602	51
1969	682	503	179	834	641	193	914	672	242
1970	771	630	141	969	815	154	1,089	859	230
1971	794	864	-70	970	1,109	-139	1,083	1,170	-87
1972	1,132	1,225	-93	1,378	1,481	-103	1,582	1,570	12
1973	1,894	1,617	277	2,312	1,938	374	2,594	2,046	548
1974	1,946	3,111	-1,165	2,452	3,523	-1,071	2,826	3,707	-881
1975	1,984	2,952	-968	2,424	3,352	-928	2,849	3,502	-653
1976	2,519	2,368	151	3,104	2,757	347	3,584	2,895	689
1977	3,346	2,231	1,115	3,962	2,574	1,388	4,572	2,726	1,846
1978	3,068	2,378	690	3,799	2,815	984	4,158	2,953	1,205
1979	3,643	3,040	603	4,594	3,591	1,003	4,990	3,785	1,205
1980	4,644	3,313	1,331	5,466	3,843	1,623	6,141	4,109	2,032
1981	5,012	2,864	2,148	5,933	3,267	2,666	6,409	3,423	2,986
1982	4,562	2,353	2,209	5,426	2,652	2,774	5,862	2,779	3,083
1983	4,755	1,729	3,026	5,689	2,010	3,679	6,321	2,103	4,218
1984	5,206	1,536	3,670	6,157	1,867	4,290	6,814	1,925	4,889
1985	5,394	1,720	3,674	6,227	2,022	4,205	6,896	2,100	4,796
1986	4,519	2,777	1,742	5,368	3,253	2,115	5,881	3,449	2,432

¹ 1945 to 1952, figures in million cruzeiros; 1953 to 1986 figures in US\$ million.

² Belgium, Luxemburg, France, West Germany, Italy, Netherlands.

³ The Six countries and Denmark, Ireland, the United Kingdom and Greece.

⁴ The Ten countries and Portugal and Spain.

Sources: Annex 1 and Annex 2.

13.

IV - FOREIGN DIRECT INVESTMENT IN BRAZIL IN THE
POST-WAR PERIOD: THE COMPARATIVE ROLE OF THE EEC

The statistical evidence available on direct investments in Brazil in the post-war period permits to draw a reasonably clear picture of the role of the principal investor countries. The distinction between private portfolio investments and direct investments becomes much clearer than in previous years⁴³ and though several caveats apply to the data, notably in view of exchange rate fluctuations, the records of the Central Bank of Brazil for more recent years are quite reliable.⁴⁴

a) The Immediate Post-war Years

The available data on the immediate post-war years are incomplete. A British estimate puts British investments in 1945 (excluding government bonds) at around £ 85 million, "on the basis of the par value of securities listed on the London Stock Exchange", a figure which possibly overestimated real values. On the other hand "the foreign Brazilian credits (arising out of Brazilian shipments during the war) amounted to £ 61,5 million in March 31, 1947 (but were) reduced to £ 50 million" at the time an Anglo-Brazilian trade and payments agreement was signed on May 21, 1948. "This agreement made provision for the establishment of special accounts, bearing interest at 1% per annum, pending the liquidation of the credits through trade or otherwise". Among the possible uses of funds were the purchase or repayment of Brazilian government sterling loans, or payments in respect to the taking over of British firms in Brazil. Thus the Brazilian government bought British railroads for \$ 15 million, contributing to a reduction of overall British direct investments in Brazil.⁴⁵

American direct investments were still probably smaller than British investments in 1945, but soon exceeded them as a result of new capital inflows. The available data for 1943 on the "value of Brazilian assets owned in the United States", compiled by the U.S. Treasury department show that "interest in controlled enterprises reached US\$ 236.1 million, not including personal property and real property."⁴⁶ By 1946, according to the United States Department of Commerce, American direct investments in Brazil totaled US\$ 323 million, 39% of which were in manufacturing.

The interests of other countries in Brazil were smaller and may be surveyed according to sectors of economic activity. In fact, the only other country with a sizeable share of total direct investments was Canada, as Canadian nationals controlled the largest electric power company in the country (with a capital of about US\$ 80 million), furnishing light, power, traction and gas to several cities through various subsidiaries, and which together with an American company generated and distributed about 75% of the total power produced in Brazil in the late 1940s. There was also Canadian capital in banking and cement production and some in mining.

As to present-day EEC member countries, Belgium and Luxemburg had a substantial participation in a steel company founded in the 1920s, which produced pig iron and rolling mill products. The Portuguese controlled a bank, and had an important participation in "provisions trade, commerce and real estate". The Dutch also controlled a bank, but little else.⁴⁷

French investments had already considerably shrunk by 1938 when they totaled about £ 40 million, of which more than 2/3 were government loans. By 1945 there was no large company entirely controlled by the French, whose direct investments were not concentrated and went to such sectors as pharmaceuticals and cosmetics.⁴⁸

German and Italian investments (not including the holdings of citizens who became naturalized in Brazil) which were not very significant by 1939,⁴⁹ were sequestered during the war and transferred to Brazilian ownership. This was the case of one of the airlines existing in 1940 "and of seven German and Italian insurance companies also liquidated during the war".⁵⁰

The available information on the corporate capital of foreign businesses in 1945-46 shows a total of 3.44 billion cruzeiros, of which 63.9% were invested in public utilities, 11.6% in iron and steel, about the same in meat packing, 7.3% in railroads, 3.2% in banks, 1.3% in airlines and 1.2% in insurance companies.⁵¹

The first official Brazilian estimates are apparently the figures on "foreign capital invested in commercial firms and incorporated business enterprises" registered with the Banco do Brasil on Dec. 31, 1950, which on the basis of the official exchange rate of 18.72 cruzeiros per dollar, reached a total of US\$ 1342.7 million.⁵² More detailed data on foreign capital in cruzeiros are available for 1951 and presented in table 9. It should be noted that 51% of the stock of 28.5 billion cruzeiros had been registered originally in cruzeiros, and the remaining 49% in twelve different currencies, so that the total of US\$ 1546.3 million which results from conversion at the official rate of exchange may be an overestimation of actual past foreign investments and certainly includes reinvestments in local currency.

However, the distribution according to countries of origin confirms the United States as the most important investor-country with 43.9% of the total (to which should perhaps be added the 2.3% attributed to Panama), while Britain, with only 12.1% of the total, had slipped to third position, behind Canada whose share reached 30.3%.

Table 9 - Brazil - Foreign Capital Registered on
Dec. 31, 1951, According to Selected Countries

Countries	Million Cruzeiros	(%)
Germany	1.9	0.00
Belgium	213.8	0.74
Denmark	9.0	0.03
Spain	6.9	0.02
France	941.1	3.25
Netherlands	96.1	0.33
United Kingdom	3,495.6	12.08
Italy	90.6	0.31
Luxemburg	232.7	0.80
Portugal	193.4	0.67
(Subtotal)	(5,281.1)	(18.23)
United States	12,707.6	43.90
Panama	659.5	2.28
Canada	8,782.8	30.34
Japan	-	-
Sweden	106.1	0.37
Switzerland	284.1	0.98
Argentina	171.1	0.59
Uruguai	898.1	3.10
Other	56.4	0.21
<u>TOTAL</u>		
Cruzeiros (Million)	28,946.8*	100.00
US\$ (exchange at 18.72 Cr\$ per US\$) (Million)	1,546.3	

* Of that total 14,819.0 million cruzeiros were registered in national currency, and the rest in 12 different currencies. There were US\$ 677.3 million, £ 24.8 million and FS 13.9 million.

Source: Banco do Brasil, Relatório 1951, Rio de Janeiro, 1952, pp. 302-303.

Present-day member countries of the EEC, including the United Kingdom accounted for only 18.2% of the total.

According to American estimates, direct investments of the United States in Brazil reached \$ 644 million in 1950,⁵³ a figure which is not inconsistent with Brazilian official data.

b) From the 1950s to the 1980s

During the 1950s, especially after the middle of the decade, foreign direct investments in Brazil increased considerably. Several factors seem to have contributed to larger capital inflows. Restrictions on capital transfers and remittances of profits were abolished in 1953. The system of multiple exchange rates introduced in that same year represented a "de facto devaluation... a market mechanism for equating exchange supply and demand", therefore stimulating local production and discouraging imports. Instruction N° 113 of SUNOC (a government agency which preceded the Central Bank) allowed imports of capital equipment without exchange cover. (The value of the machinery was registered as a direct investment in the firm and its equivalent value in foreign currency was accepted as the basis for future capital or profit remittances). The tariff of 1957 was also designed to provide adequate protection to the industrial sector, further stimulating domestic production, while a set of rules known as "the law of similars" (whose origins were in the early 1900s) restricted imports of goods "similar" to local products. Finally, the new administration elected for the period 1956 to 1961 established various sectoral targets, granting incentives to new industrial sectors, and implemented investments in economic infrastructure notably in the production of energy, which were complementary to investments of the private sector. All these incentives and an "anticipatory effect", out

of fear of exclusion from the expanding Brazilian domestic market, led to particularly large investments in manufacturing.⁵⁴

Though the United States had the largest share in new investments, among EEC countries the importance of West German investments was particularly remarkable. These were directed to new sectors such as the automotive and capital goods industries. According to official German statistics, from 1951 to June 30, 1961, West German direct investments abroad totaled 3.4 billion marks (about US\$ 850 million) and Brazil ranked first among receiving countries with 598 million marks or 17.6% of the total.⁵⁵ According to American data, on the other hand, the stock of direct investments of the United States in Brazil reached US\$ 835 million in 1957 and US\$ 935 million in 1960, when the share of manufacturing in the total reached 54%.⁵⁶

Several EEC countries and Japan also made significant investments in various segments of manufacturing in the 1950s, which in several cases resulted in transfers of know how. The data in table 10 show mainly the values of operations authorized on the basis of Instruction 113 (which constituted a large fraction of total investments from 1955 to 1960), according to countries of origin and sectors of destination. The share of EEC countries in the total was 34% (as opposed to an American participation of 44%), and was largely explained by German investments (19.4% of the total) but also to a lesser extent by those of France, the United Kingdom and Italy. Canada did not increase its new investments in accordance with its share in the total stock, while Japanese and Swiss investments gained in importance.

As to the sectors of destination of these investments, the vehicle industry including trucks, buses and automobiles received 48% of total capital inflows, while 2.6% went into the production of tractors. German (and to a much lesser extent French) capital was direc

Table 10 - Brazil - Foreign Direct Investment, According to
Countries of Origin and Sectors of Destination, 1955-1960

Discrimination	US\$ Million	(%)
<u>Countries of Origin</u>		
West Germany	93.9	19.4
Belgium	8.0	1.7
France	24.1	5.0
Italy	10.7	2.2
Netherlands	8.9	1.8
United Kingdom	19.0	3.9
	164.6	34.0
United States	213.4	44.0
Canada	20.3	4.2
Japan	18.4	3.8
Switzerland	34.9	7.2
Sweden	8.4	1.7
Other	24.7	5.1
TOTAL	484.7	100.0
<u>Sectors of Destination</u>		
Shipbuilding	13.0	2.7
Mechanic and Electric (heavy) Industries	22.3	4.6
Mechanic and Electric (Light) Industries	47.2	9.7
Non Ferrous Metallurgy	10.9	2.2
Heavy Chemical and Petrochemical Industries	42.6	8.8
Steel	9.6	2.0
Vehicles, Automobiles, Parts	233.0	48.1
Tractors and Accessories	12.5	2.6
Chemical and Pharmaceutical Industries	19.3	4.0
Textiles	19.2	4.0
Food Industries	12.6	2.6
Mining	6.3	1.3
Cement	4.7	1.0
Other	31.5	6.4
TOTAL	484.7	100.0

Source: Annual Data from Banco Central do Brasil, reproduced in IBCE, O Brasil em Números, Rio de Janeiro, 1966, p. 105.

ted to the former sectors. Capital from West Germany and from other EEC countries was also invested in heavy and mechanical industries, which also absorbed a significant share of the total. Dutch capital (soon competing with a Japanese firm) was directed to shipbuilding and French and Belgian capital was also invested in chemicals. German capital competed with Swiss capital in chemical and pharmaceutical products and Switzerland also invested in food industries.

According to balance of payments statistics, net annual foreign direct investments averaged only US\$ 17 million in 1947-1950, and there was a negative investment of US\$ 4 million in 1951, followed by a positive average of US\$ 14 million in 1952-1954. Net direct investments jumped to US\$ 43 million in 1955, and averaged US\$ 112 million from 1956 to 1961 (see Table 11).

A ranking of the 32 largest enterprises in Brazil in the early 1960s showed 14 firms with substantial foreign capital participation. These still included three large public utility companies (basically electric power) including two Canadian and one American; the already mentioned steel company under Belgium-Luxemburg control; another steel industry with government and Japanese participation; a large British Tobacco firm; two German and two American firms in the automotive industry; an American firm in oil distribution; a British company in gold mining; an American company in cotton and oils; and an Italian company in tires and cables.⁵⁷ Capital from five EEC countries controlled six of the largest manufacturing firms in Brazil.

After 1961, Brazil entered a period of political unrest. There were "interventions" by the government in certain public utility companies and expropriations, which would only be the object of final settlement after 1964 (as a result, the total value of American investments in Brazil was reduced).⁵⁸ This had a reflection on

Table 11 - Brazil - Net Direct Foreign Investments and
 Net Remittances of Profits and Dividends, 1947-1986
 (US\$ million)

Year	Net Direct Foreign Investments (1)	Net Remittances of Profits and Dividends (2)	Balance of Investment Flows (3) = (1) - (2)
1947	36	23	13
1948	25	38	-13
1949	5	41	36
1950	3	47	-44
1951	-4	70	-74
1952	9	14	-5
1953	22	93	-71
1954	11	49	-38
1955	43	43	0
1956	89	24	65
1957	143	26	117
1958	110	31	79
1959	124	25	99
1960	99	40	59
1961	108	31	77
1962	69	18	51
1963	30	n.d.	-
1964	28	n.d.	-
1965	70	18	52
1966	74	42	32
1967	76	73	3
1968	61	84	-23
1969	177	81	90
1970	132	119	13
1971	168	118	50
1972	318	161	157
1973	940	198	742
1974	887	248	639
1975	892	235	657
1976	959	380	579
1977	810	455	355
1978	1 071	561	510
1979	1 491	636	855
1980	1 121	310	811
1981	1 584	370	1 214
1982	991	585	406
1983	664	758	-94
1984	1 077	796	280
1985	720	1 056	-336
1986 p	-115	1 237	-1 352

p Provisional figures.

Source: Official data from various sources compiled in Lu-
 iz Aranha Corrêa do Lago, Investimentos Diretos no Brasil e
 a Conversão de Empréstimos em Capital de Risco, Texto para
 Discussão nº 161, Departamento de Economia, PUC/RJ, Mar.87,
 p. 6.

net direct investments which fell to on average of US\$ 42 million in 1962-64. In the period 1965-68, the average increased to US\$ 70 million, but net annual inflows would really increase after 1969 when the levels of the late 1950s were again exceeded. (A new law on foreign capital had been passed in 1962, and complemented in 1964, establishing basic principles which have been maintained until 1987. It created a stable environment for new foreign investments).

In fact, from 1970 to 1974, annual net inflows increased to US\$ 489 million, reaching US\$ 1,045 million from 1975 to 1979 and US\$ 1232 million from 1980 to 1982. In the whole decade, direct investments from the EEC were particularly significant. After the debt crisis, net direct investments fell to US\$ 664 million in 1983, recovered to US\$ 1077 million in 1984, declining again in 1985 to US\$ 720 million, to become negative and of the order of US\$ 115 million in 1986⁵⁹ (see Table 11).

The available data on the stock of foreign direct investments in the 1970s and in the 1980s are quite complete. Table 12 shows that from 1971 to 1986 the share of foreign capital registered as American fell from 37.3% of the total to 29.7%, while the share of the EEC became predominant in the 1980s reaching 34% of the total in 1986. As already mentioned, some variation in the shares of specific countries is due to exchange rate fluctuations, but the predominance of the EEC seems at first sight clearly established and the amount of US\$ 9.4 billion is certainly very significant.

However, the presence of several "fiscal paradises" in the statistics may mask the actual relative participation of European and American capital. In fact as table 13 shows, Panama and Liberia, which traditionally harbour American investments accounted for 6.3% of total registered capital, while Liechtenstein and four Caribbean groups of islands responded for another 2.5%.

Table 12 - Brazil - Registered Foreign Direct Investments and Reinvestments, 1971-1986
(In current US\$ 1000)

Countries	1971		1976		1981		1986*	
	(US\$ 1000)	(%)	(US\$ 1000)	(%)	(US\$ 1000)	(%)	(US\$ 1000)	(%)
1) Belgium	55,677	1.84	104,010	1.16	226,404	1.18	559,276	1.30
2) Luxembourg	56,599	1.25	255,057	2.81	596,063	2.06	447,815	1.62
3) France	129,941	4.46	326,261	3.62	682,484	3.55	1,055,651	3.81
4) West Germany	531,418	11.58	1,118,029	12.42	2,628,139	13.65	4,265,144	15.39
5) Italy	32,523	1.11	76,534	0.85	504,808	2.62	1,029,712	3.72
6) Netherlands	55,671	1.25	255,528	2.59	384,514	2.00	590,881	2.13
7) Denmark	4,629	0.16	22,016	0.24	51,082	0.16	47,052	0.17
8) Greece	-	-	-	-	-	-	10	0.00
9) Ireland	-	-	-	-	-	-	-	-
10) United Kingdom	273,089	9.38	420,674	4.67	1,017,887	5.29	1,451,278	5.27
A = Σ (1 a 10)	897,057	30.81	2,554,086	28.36	5,871,381	30.51	9,256,817	33.41
11) Spain	785	0.03	17,401	0.20	66,252	0.34	94,720	0.34
12) Portugal	4,955	0.17	56,221	0.40	46,666	0.24	58,866	0.22
B = A + 11 + 12	902,775	31.01	2,607,708	28.96	5,984,299	31.09	9,410,403	33.97
United States	1,096,469	37.66	2,901,246	32.22	5,773,650	30.00	8,218,465	29.67
Japan	124,871	4.29	1,605,900	11.17	1,810,349	9.41	2,584,542	9.53
All Countries (At constant 1971 prices)	2,911,535 (2,911,535)	100.00	9,005,133 (5,607,181)	100.00	19,246,706 (7,480,259)	100.00	27,704,065 (10,610,519)	100.00

* Position in Sept. 30/1986.

Source: Banco Central do Brasil, Boletim Mensal - Separata, Aug./1984 and Separata Jan.-Feb./1987.

Table 13 - Brazil - Direct Investments and Reinvestments
in Brazil, Position of Sept. 30, 1986
(In US\$ Million)

Countries	Investments	Reinvestments	Total	%	Reinvestments
					Total (%)
1) Belgium	202.0	157.3	359.3	1.30	43.8
2) Luxemburg	370.8	77.0	447.8	1.62	17.2
3) France	522.4	533.3	1,055.7	3.81	50.5
4) West Germany	2,863.7	1,401.4	4,265.1	15.40	32.9
5) Italy	874.4	155.3	1,029.7	3.72	15.1
6) Netherlands	414.1	176.8	590.9	2.13	29.9
A = Σ (1 + 2 + 3 + 4 + 5 + 6)	5,247.4	2,501.1	(7,748.5)	(27.98)	(32.3)
7) Denmark	34.1	12.9	47.0	0.17	27.4
8) Ireland	-	-	-	-	-
9) United Kingdom	778.5	682.8	1,461.3	5.27	43.0
10) Greece	0.0	-	0.0	0.00	-
B = Σ (A + 7 + 8 + 9 + 10)	6,060.0	3,196.8	(9,256.8)	(33.42)	(54.5)
11) Portugal	53.3	5.5	58.8	0.21	9.4
12) Spain	88.9	5.8	94.7	0.34	6.1
C = Total EEC = (A + B + 11 + 12)	6,202.2	3,208.1	(9,410.3)	(33.97)	(34.1)
United States	5,452.2	2,766.2	8,218.4	29.67	33.7
Canada	930.8	499.2	1,430.0	5.16	34.9
Japan	2,156.0	428.5	2,584.5	9.33	16.6
Switzerland	1,225.7	1,093.1	2,318.8	8.37	47.1
Sweden	306.9	128.8	435.7	1.57	29.6
Netherlands Antilles	216.8	17.5	234.3	0.85	7.5
Bahamas	78.3	27.5	105.8	0.38	26.0
Bermuda	195.4	39.4	234.8	0.85	16.8
Cayman	77.9	37.6	115.5	0.42	32.6
Liberia	467.7	17.1	484.8	1.75	3.5
Liechtenstein	147.4	29.8	177.2	0.64	16.8
Panama	889.1	381.5	1,270.5	4.59	30.0
TOTAL	18,974.0	8,730.0	27,704.1	100.00	31.5

Source: Banco Central do Brasil, Boletim Mensal, Separata Jan.-Feb./1987, pp. 14-15.

As to other countries, the Japanese share more than doubled from 4.3% in 1971 to 9.3% in 1986, while Switzerland, with 8.4%, is the fourth most important investor in Brazil behind the United States, West Germany, and Japan. With 5.3% of the total, the United Kingdom definitively lost its historically pre-eminent role, and is closely followed by Canada which, in spite of the purchase by the Brazilian government of all Canadian-owned public utilities, still preserves a share of 5.2% of the total.

With respect to reinvestments, it should be noted that their average participation in the total investment of EEC countries (34.1%) is not very different from their share in the total foreign capital in the country (31.5%). While Germany and the Netherlands are nearer the average, France, the United Kingdom and Belgium show a higher reinvestment participation and Italy, Portugal and Spain appear to have reinvested very little. Undisbursed earnings have been an important source of reinvestment since the immediate post-war period.⁶⁰ Reinvestments, however, are a function of the sectors of destination of the investments, of the length of the period of permanence of original investments in the country and of sectoral industrial policies of the government.⁶¹

Table 14 shows the distribution of direct investments and reinvestments according to sectors of economic activity on Sept. 30, 1986. Three fourths of the total foreign capital of US\$ 27.7 billion in Brazil are in manufacturing and only 0.9% in agriculture. Mining absorbs 2.6% and public services only 0.21%. The share of banking is only 3.65%, while that of consulting and administration of property reaches 9.4%, and "other services" 5.8%.

However, these are overall averages. In the case of EEC countries, the share of manufacturing is also predominant. It is parti-

Table 24 - Brazil - Distribution of Direct Investments According to Sectors of Economic Activity, by Selected Countries, on Sept. 30, 1956

Distribution	Belgium	Canada	France	West Germany	Italy	Netherlands	Denmark	Ireland	United Kingdom	Portugal	Spain	United States	Canada	African	Switzerland	Sweden	Other	Total of All Countries
Agriculture, Cattle Raising, Fishing	0.15	2.71	1.25	3.74	0.10	0.56	-	-	0.17	-	4.40	0.84	0.02	1.77	3.15	-	1.12	3.90
Miner & Extractive Industries	-	0.12	0.45	1.99	0.13	1.68	-	-	5.98	-	1.99	1.80	2.94	1.72	0.14	-	-	2.60
Manufacturing	52.44	61.43	59.95	69.57	91.32	59.44	46.76	-	53.49	22.94	45.22	76.02	75.32	75.51	64.67	41.38	71.78	75.49
- Steel	1.27	10.10	0.89	0.44	17.72	0.69	-	-	0.01	-	16.95	0.06	-	11.04	0.62	1.07	0.41	1.96
- Machinery	0.68	2.50	2.17	10.03	0.32	1.52	3.24	-	1.53	-	0.78	5.51	10.74	8.54	1.13	15.65	1.15	5.78
- Mechanical Industries	0.23	13.31	1.95	34.30	3.44	4.11	16.51	-	1.37	-	1.64	11.20	11.76	7.70	0.76	12.71	1.12	6.90
- Electrical & Communications Equipment	-	5.13	3.26	6.72	0.99	9.73	-	-	2.22	-	0.94	9.35	13.35	12.07	0.52	25.13	2.80	7.57
- Automobiles	-	5.17	2.95	24.93	14.27	2.40	-	-	0.36	-	-	3.59	-	6.74	12.28	15.90	11.72	11.42
- Auto-parts	0.07	2.24	0.90	3.03	-	-	-	-	0.30	-	-	2.75	-	4.26	2.64	3.02	-	2.55
- Basic Chemical Products	44.95	6.04	15.64	64.46	0.29	20.01	0.20	-	7.65	0.04	3.56	24.77	30.14	1.67	7.27	7.61	1.25	10.00
- Oil & Derivatives	-	0.02	0.43	3.55	0.22	0.12	-	-	20.27	-	3.87	3.33	-	1.07	0.10	-	0.21	3.31
- Textiles	0.02	0.43	3.55	5.02	2.16	5.01	1.64	-	1.30	6.30	4.06	3.27	8.60	0.22	4.40	-	4.75	1.32
- Food	-	0.15	1.55	3.00	0.47	1.38	5.24	-	3.67	-	0.46	0.70	-	7.78	1.78	-	0.57	1.70
- Tobacco	0.02	2.26	2.25	0.29	-	1.53	-	-	0.21	-	2.70	4.14	-	2.17	16.09	0.26	13.42	4.37
- Other	4.96	9.64	15.15	8.48	11.47	11.52	19.84	-	4.33	0.71	8.72	12.91	0.74	16.48	0.25	-	1.34	12.59
Public Services	-	3.37	0.25	0.18	0.01	0.29	1.06	-	0.11	-	-	0.03	0.42	0.01	0.21	0.60	0.02	0.21
- Road Transport	-	3.37	0.25	0.18	-	0.01	0.64	-	0.11	-	-	0.02	0.42	-	0.11	-	0.01	0.12
- Other	-	-	0.03	0.06	0.01	0.28	1.22	-	0.11	-	-	0.08	-	0.01	0.10	0.60	0.01	0.09
Services	63.29	54.26	55.76	7.74	8.29	35.96	50.67	-	33.46	75.84	44.99	27.24	13.66	17.13	6.73	16.09	15.38	16.22
- Banking	5.74	2.11	11.65	1.30	1.91	3.33	-	-	6.25	-	71.18	35.03	3.50	2.98	6.87	0.35	0.36	-
- Consulting & Property Administration	20.87	13.33	18.48	2.66	5.18	6.69	0.93	-	27.06	-	0.28	4.91	8.38	15.49	2.98	4.36	3.41	10.27
- Other	16.68	9.82	5.44	1.71	1.20	25.75	50.84	-	5.13	-	3.36	5.16	0.18	7.14	3.43	7.32	5.11	5.83
Other	4.13	1.22	2.33	2.59	0.15	2.07	0.21	-	1.78	100.00	0.22	1.99	1.36	2.63	3.61	1.54	1.64	1.38
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	-	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Banco Central do Brasil, *Boletim Mensal*, Separata Jan./Feb. 1957, pp. 1-37.

cularly high in the case of Germany (89.6%) and Italy (91.3%), but less so in the case of France (60%), the Netherlands (52.4%) and the United Kingdom (52.5%). Agriculture and cattle breeding are irrelevant in all cases but Spain, but the latter's investments are small in absolute terms. Banking is the most important sector in the case of Portugal (73.2%) and has some importance in the case of Spain (35%), France (11.9%), the United Kingdom (6.2%) and Belgium (5.7%). In all other cases its share is below 5%. Consulting and property administration is relevant particularly in the cases of the United Kingdom (27.1%), Belgium (20.9%), France (18.50%) and Luxemburg (18.3%). Public services have become irrelevant with the nationalization, in the last decades, of communications and electric energy services.

As regards the manufacturing sector, the relative importance of the various branches also varies considerably from country to country. Taking the four largest countries of the EEC, in the case of Germany the shares of automobiles (24.8%) and autoparts (9.1%), mechanical industries (14.3%) and metallurgy (10%) appear as particularly relevant. The case of Italy is similar, with a great predominance of the automotive industry (44.3%), followed by steel (13.7%), mechanical industries (9.4%) and metallurgy (8.3%). The investments of France are more evenly spread among the various sectors, but the share of basic chemicals (25%) is particularly high, as it is also the case of the Netherlands (20%) and especially of Belgium (44.4%). Finally, in the case of the United Kingdom, basic chemical products (7.6%) and oil and derivatives (30.3%) are the two most important manufacturing segments, and the country still preserves non-negligible investments in mining (responding for 6% of the total).

An examination of the 50 largest firms in Brazil in 1986 according to gross sales, including public companies, shows that the largest private firm and third largest of all the firms in the country

is Anglo-Dutch and is engaged in oil distribution. A German automobile manufacturer and a British Tobacco firm are also among the ten largest, ranking fourth and fifth respectively. Five American firms rank from 7th to 14th. A second German bus and truck manufacturer and an Italian cable and tire producer are also among the largest 25. From the 28th position to the 45th, there are an Italian automobile manufacturer, a French Chemical firm, a Dutch cosmetics firm and a Dutch manufacturer of electronic products.⁶²

The distribution of the investments of specific countries by sectors of economic activity is related to remittances of profits and dividends in view of the different rates of return in the various sectors. Though a more thorough examination of this question escapes the objectives of this study, those remittances in 1986 and their relation to the stock of capital in Dec. 31, 1985 are presented, according to main countries, in table 15.

While the ratio of total remittances of profits and dividends to the total capital stock was 4.8% (historically it never exceeded the average of 6%), there were significant variations from country to country and the remittances of the EEC were below average (3.7%), mainly as a result of the behavior of West Germany and Italy. It should be borne in mind that 1986 was an atypical year, but there are other indications (which are confirmed by the figures on reinvestments already presented) that most foreign firms in Brazil, notably those from the EEC, reinvest a substantial fraction of their profits in the country. In spite of this, the annual remittances of profits and dividends to EEC countries are equivalent to a far from negligible fraction of the trade surplus of Brazil with the area, and the commercial advantage of the country is partially compensated by a deficit in the services account.

Table 15 - Brazil - Remittances of Profits and Dividends,
by Selected Countries, in 1986
(In US\$ 1000)

Countries	Total Direct Investments and Reinvestments Dec. 31, 1985 (1)	Remittances of Profits and Dividends in 1986 p (2)	(2)/(1) (%) (3)
Belgium	306,331	29,174	9.5
Luxemburg	432,492	12,590	2.9
France	925,828	62,529	6.8
West Germany	3,546,638	113,378	3.2
Italy	956,316	8,786	0.9
Netherlands	518,142	26,933	5.2
United Kingdom	1,429,796	38,169	2.7
EEC (7 countries)	(8,115,543)	(291,559)	(3.6)
United States	8,055,010	507,827	6.3
Canada	1,252,002	75,411	6.0
Japan	2,385,176	52,049	2.2
Switzerland	2,072,831	82,684	4.0
Sweden	407,580	35,984	8.8
Netherlands Antilles	229,899	12,623	5.5
Bahamas	153,480	15,397	10.0
Liberia	480,784	4,290	0.9
Panama	1,171,450	41,035	3.5
TOTAL	25,664,484	1,237,000	4.8

p Preliminary.

Source: Banco Central do Brasil.

In conclusion, if the trends in post-war foreign direct investment are considered in a longer run perspective, there was a significant increase in the real stock of foreign capital in Brazil (in 1985 prices, the stock increased five-fold from 1966 to 1985 and almost fourfold from 1970 to 1985).⁶³ The contribution of EEC countries to this increase was decisive, as their share in total foreign direct investment has been expanding and now represents one third of the total. It is hoped that new investment inflows, which have been severely curtailed as a result of the debt crisis, may resume soon.

c) Immigration and Capital Movements

In the post-war period, the relative contribution of capital movements to the Brazilian economy seems to have been more significant than that of immigration. In fact mass immigration clearly ceased and therefore its previous important impact in terms of expansion of the domestic market and of the labor force was considerably reduced. From a qualitative point of view, however, the available data on more recent years suggest that immigration has become increasingly selective, involving persons with a level of education which is well above the Brazilian average. Also, there is evidence of entry in Brazil of persons with managerial skills, a movement which is certainly associated with the increase in the number of foreign firms in the country.⁶⁴ Thus, while in the pre-war period movements of capital and of persons were independent, in more recent years there seems to be a correlation between capital inflows and immigration from specific countries.

The numbers of immigrants involved, however, are very small. In fact, while from 1946 to 1960 (when the country reached 70.1 million inhabitants) 736 thousand immigrants still arrived in Brazil, arri-

vals decreased to 164 thousand from 1961 to 1970 and to 78 thousand from 1971 to 1980 (by then Brazil had 119.0 million inhabitants). From 1981 to 1984, only 12 thousand persons asked for permanent residence in Brazil (see Table 16).

In the whole post-war period, the predominance of immigrants from the Iberian and Mediterranean countries of the EEC remained very clear. Considering the period 1946-1984 as a whole, the contribution of Portugal was most important, with 39.4% of the total number of immigrants, followed by Spain with 13.32%, Italy with 12.98%, Japan with 6.61% and Germany with 3.36% (see Table 16). The four EEC countries taken together responded for 69.09% of the total.

Statistics are not as detailed for countries which contributed with a small number of immigrants, but there were arrivals from all the countries of the EEC.⁶⁵ It is to be expected that when economic conditions improve on a more permanent basis, annual inflows will recover somewhat, but immigration will probably continue to be rather selective.

Table 16 - Brazil - Permanent Immigration, According to Selected
Countries of Origin, 1946-1984

Periods	West Germany	Spain	Italy	Portugal	Subtotal	Japan	Total (All Countries)
<u>1946-50</u>							
Number	7,891	7,826	22,474	39,533	77,724	45	112,696
Percent	7.00	6.95	19.94	35.08	68.97	0.04	100.00
<u>1951-55</u>							
Number	10,601	60,287	61,388	156,607	288,883	9,369	358,400
Percent	2.96	16.82	17.13	43.69	80.60	2.61	100.00
<u>1956-60</u>							
Number	4,353	35,743	25,749	88,652	154,497	32,514	233,285
Percent	1.87	15.32	11.04	38.00	66.23	13.94	100.00
<u>1961-65</u>							
Number	2,643	18,383	6,378	48,628	76,032	14,246	118,419
Percent	2.23	15.52	5.39	41.06	64.20	12.03	100.00
<u>1966-70</u>							
Number	2,709	2,898	2,962	14,169	22,738	3,535	45,548
Percent	5.95	6.36	6.50	31.11	49.92	7.76	100.00
<u>1971-75</u>							
Number	3,282	1,630	3,025	3,868	11,805	943	39,408
Percent	8.33	4.14	7.68	9.81	29.96	2.39	100.00
<u>1976-80</u>							
Number	487	614	1,064	23,046	25,211	1,702	38,683
Percent	1.26	1.59	2.75	59.57	65.17	4.40	100.00
<u>1981-84</u>							
Number	214	234	409	3,438	4,315	1,043	11,976
Percent	1.79	1.95	3.41	28.71	36.03	8.71	100.00
<u>TOTAL</u>							
Number	32,180	127,615	124,449	377,941	662,885	63,397	958,415
Percent	3.36	13.32	12.98	39.43	69.09	6.61	100.00

Sources: IBGE, Anuário Estatístico do Brasil, 1980-1985; IBGE, Séries Estatísticas Retrospectivas, 1977.

V - THE EXTERNAL DEBT

As a result of significant reductions in interest rates obtained in the 1930s and of the renegotiation of the principal and interest of the sterling and dollar government debt in 1943, Brazil entered the immediate post-war with a declining debt burden and with significant foreign exchange reserves accumulated during the war.

According to official figures, the external debt fell from a maximum of \$ 276.0 million in 1931 to \$ 226.2 million in 1943, declining to \$ 186.8 million in the following year mainly as a result of the renegotiation.⁶⁶

An agreement with French bondholders was also reached in 1946 and soon afterwards Brazil was "negotiating with the Dutch government for the retirement" of a debt of the state of São Paulo from 1921.⁶⁷ The debt in circulation at the end of 1947 still consisted of at least five currencies (US\$ 198.2 million; £ 98.8 million; Gold Francs 229.2 million; Paper Francs 519.5 million and Dutch Florins 6.4 million) and amounted to approximately US\$ 670 million.⁶⁸

As an American author mentioned in the late 1940s referring to the arrangement of 1943 "although creditors tend to be forgetful, it will not be easy in the future to place Brazilian bonds among private investors abroad".⁶⁹ In fact Brazilian access to long term private lending in any substantial amounts ceased for at least two decades.

For the mid 1950s there exists a World Bank estimate on the total external public and private debt of Brazil. This amounted to US\$ 1202.9 million on Dec. 31, 1953, of which US\$ 981.2 million corresponded to the external public debt and US\$ 221.7 million (18.4%)

to the "reported" external private debt.⁷⁰ By that time, Brazil had developed commercial arrears with some trade partners, and trade agreements had been concluded, notably with Germany (but also with France and Argentina) to transform commercial debt into suppliers' credits. Brazil had also obtained U.S. government loans, through the Eximbank, and substantial funds from the World Bank.

In the late 1950s, Brazil entered negotiations with the IMF but did not reach an agreement as it was thought that the resulting policies would interfere in the process of economic growth and industrial diversification through which the country was passing.⁷¹ As it was seen previously, in the second half of the 1950s significant capital inflows arrived to the country rather under the form of direct investments.

After 1955, however, Europe's contribution to long term loans to Latin America increased, as a "significant volume of compensatory credits" was granted to Brazil and other countries, but also as a result of "the development of a system of medium-term financing of European exports to Latin America guaranteed by government agencies in the exporter countries".⁷²

Thus, considering the main sources of non compensatory long term loans, from 1951 to 1960 it seems that Brazil received US\$ 593 million, including \$ 452.6 million of "development loans" (from international agencies and US official agencies) and \$ 160.4 million of other long term loans most of which were certainly from European sources.⁷³

There are no satisfactory detailed data on the foreign debt in the early 1960s. There are clear indications that short-term debt increased in relative importance and in fact Brazil was constantly trying to renegotiate its overall debt. In 1961, the country obtai-

ned a "total package of more than \$ 2 billion... including over \$ 300 million in new financing, along with the consolidation and stretching out of the large burden of short-term debt to United States and European (the Hague Club) banks, as well as international authorities". However, as the domestic economy deteriorated, external conditions did not improve and exports stagnated, so that by mid-1963 according to the Finance Minister, "Brazil's foreign indebtedness totaled about \$ 3 billion and amortization and interest payments already scheduled for the years 1963-65 would amount to \$ 1,8 billion or about 43% of the expected export revenue for the period." According to American official estimates, by then European creditors held a larger share of the Brazilian debt than American lenders.⁷⁴

Brazil's medium and long term debt, after some renegotiation and consolidation in 1964, reached US\$ 3,281 million by 1967. In that year, the share of loans from private sector sources in the total public foreign debt still reached only 26.9%.

After 1968, Brazil achieved very high rates of economic growth.⁷⁵ The country gradually increased its borrowing from international private institutions. Thus, from 1967 to 1973, gross medium and long term debt increased at an annual rate of 12.2%, which would have been impossible to sustain only on the basis of official loans. By 1973, as there had also been a significant improvement in the country's trade performance, Brazil had accumulated considerable foreign reserves. Gross foreign debt reached US\$ 12,572 million but since reserves totaled US\$ 6,416 million, net debt was only US\$ 6,156 million. In that same year, the structure of Brazil's public foreign debt already showed a participation of private source loans of 64.1%.

With the oil crisis in 1973-1974, Brazil's reliance on loans from commercial banks became more pronounced, even though Brazil was

also successful in obtaining loans and suppliers credits from government agencies and international institutions. Thus, gross medium and long term debt increased 28.2% per year from 1972 to 1978. In that latter year, 80.5% of the public foreign debt corresponded to loans from private sources, while the country's increasing private debt also originated basically from bank or intercompany loans. Gross medium and long term debt reached US\$ 43,511 million and net foreign debt US\$ 31,616 million in 1978.

Therefore, Brazil initially faced the "second oil shock" and the "interest rate shock" with substantial reserves. However, the country's vulnerability to interest rate fluctuations (or, in other words, to the economic policies of the United States and other developed countries) had increased significantly. In fact, by 1971, only 16.5% of the public foreign debt consisted of variable interest loans, and 35.8% of the total were concessional loans. By 1978, these proportions were respectively 56.3% and 5.9%, changing to 70.2% and 3.2% in 1982. As international interest rates rose, net interest payments by the country also increased, from US\$ 2.4 billion in 1978 to US\$ 11.4 billion in 1982. Thus, from 1980 to 1982, net interest payments responded for as much as 70% of the country's current account deficits.

In that context, Brazilian foreign debt continued to increase and by 1982 gross medium and long term debt totaled US\$ 70,198 million. Brazilian indebtedness towards Brazilian banks abroad had also grown substantially. By 1981-82, this corresponded to about 10% of the outstanding medium and long term (registered) debt. However, the short term (non-registered) debt had also increased significantly as it would become clear after the international crisis triggered by Mexico in the second semester of 1982.⁷⁶

A detailed examination of the debt crisis escapes the scope of this study. Some developments must be mentioned, however, before the EEC present position in regard to Brazilian debt may be examined.

By the end of 1982, Brazil announced its decision to accept loans from the International Monetary Fund and to renegotiate its foreign debt. It received "bridge loan" at the end of the year and entered a first rescheduling agreement in the first semester of 1983. First, the country received a "Jumbo loans" from the foreign commercial banks of US\$ 4.4 billion (Project I). Principal payments due to the banks in 1983 were transformed in new long term loans (of 8 years with 2 1/2 years of grace period), the so-called Project II. Renewal of short term commercial bank lending was also guaranteed (Project III). Finally it was established that interbank credit lines extended to Brazilian banks abroad, (which were often short-term, but were re-lent on a long term basis to borrowers in Brazil), would be restored to their level of mid-1982 (Project IV).

In spite of a significant increase in Brazil's trade surplus in 1983, by the end of the year the country had developed arrears of the order of US\$ 2 billion. In March 1984, a new rescheduling agreement was reached, including US\$ 6.5 billion of "new money" from hundreds of commercial banks; the rescheduling of 1984 amortizations (for final amortization in 9 years, with a 5 year grace period). A formal contract was made for the maintenance, during one year, of the volume of short-term credit outstanding in June 1983. The country also agreed to reschedule loans extended or guaranteed by the governments of industrialized countries, in the context of the "Paris Club".⁷⁷

No new global agreements were reached in 1985 and 1986. Amortization payments were suspended pending a formal agreement with the commercial banks and a formal agreement with the Paris Club was not reached until early in 1987. Commercial and interbank lines were

maintained, but also in this case no formal agreement existed by mid-1987. Finally, on February 23, 1987 Brazil announced the suspension of interest payments on its medium and long term debt towards commercial banks. The payment of obligations towards international institutions and interest payments related to the short term debt were maintained. By mid-year, as no new loans were extended by "Paris Club" countries to Brazil, the latter also suspended the payment of amortizations relative to official loans, and tried to enter negotiations with commercial banks independently from an agreement with the IMF.

The involvement of EEC countries in Brazilian debt, both from public and private sources is considerable. The most recent available detailed data refer to the end of 1986.

With respect to import financing, the EEC was the most important supplier of funds to Brazil in recent years. The twelve EEC countries had extended US\$ 8.7 billion to Brazil, 46.6% of a total of US\$ 18.7 billion. In fact government agencies of EEC countries gave a total of US\$ 4.3 billion in loans related to import financing (including a loan of the German KfW to the Brazilian nuclear program of almost US\$ 1.2 billion), while other non-government import financing from EEC countries reached US\$ 4.4 billion. Four countries responded for most of the total EEC import financing (Germany with US\$ 2.87 billion, France with US\$ 2.73 billion, Italy with \$ 1.33 billion and the United Kingdom with US\$ 1.3 billion). Three other countries outside the EEC extended important import financing lines to Brazil, Japan (US\$ 4.76 billion), the United States (US\$ 3.26 billion) and Canada (US\$ 0.96 billion). See Table 17.

As regards currency loans, including operations of commercial banks abroad with banks located in Brazil (Resolution n° 63) and, on a greater scale, direct loans to Brazilian private and public firms (Law 4131), EEC predominance is not as pronounced. The twelve comm-

Table 17 - Brazil - Import Financing,
 Government and Other, Dec. 31, 1986
 (In US\$ 1000)

Countries	Import Financing		Total
	Government Agencies	Other	
West Germany	1,975,554	896,072	2,871,626
Belgium	25,085	36,793	61,878
Denmark	1,574	345	1,919
France	1,098,915	1,633,862	2,732,777
Netherlands	17,735	45,898	63,633
Ireland	-	30,467	30,467
Italy	516,112	812,058	1,328,170
Luxemburg	-	11,518	11,518
United Kingdom	443,028	857,135	1,300,163
Subtotal	4,078,003	4,324,148	8,402,151
Spain	119,399	75,059	194,458
Portugal	95,144	8,995	104,137
Total EEC	4,292,546	4,408,200	8,700,746
Canada	837,650	122,207	959,857
Japan	2,170,508	2,589,838	4,760,346
United States	2,582,318	675,743	3,258,061
Sweden	91,725	273,818	365,543
Switzerland	52,463	140,064	192,527
Brazilian Banks Abroad	-	74,024	74,024
TOTAL	10,224,863	8,428,807	18,653,670

Source: Banco Central do Brasil. These figures were published in *Folha de São Paulo*, Sept. 2, 1987, pp. A19 to A21.

tries responded for 29.6% (US\$ 19.9 billion) of a total of US\$ 67.2 billion, closely followed by the United States with US\$ 18.8 billion, and then by Japan with US\$ 10.3 billion and Canada with US\$ 4.6 billion. Brazilian banks abroad as a group were also quite important, accounting for US\$ 7.7 billion in currency loans (see Table 18).

Considering individual countries of the EEC, the United Kingdom ranked first with US\$ 7.96 billion, followed by France with US\$ 4.76 billion and West Germany with US\$ 3.68 billion. Belgium granted loans of the order of US\$ 1.17 billion, considerably more than Italy which limited its currency loans to only US\$ 380 million, much less for instance than Luxemburg (US\$ 678 million) and the Netherlands (US\$ 667 million). It is clear then that the relative commitment of EEC countries with banking debt differs from the distribution of obligations resulting from import financing.

On the other hand, with respect to bonds issued by the Federal government and other Brazilian government entities, only West Germany held a significant share (about 32% of the total of about US\$ 1.9 billion outstanding at the end of 1986).⁷⁸

In spite of different participation of EEC countries in the various forms of the Brazilian foreign debt, as one considers the overall medium and long term debt of the country of US\$ 101.8 billion, the twelve countries appear in a predominant position with US\$ 29.2 billion or 28.7% of the total, followed by the United States with 22.2%, Japan with 15.8% and Canada with 5.5%, while Brazilian banks abroad held 7.6% of that same total at the end of 1986.

The total of US\$ 29.2 billion of medium and long term debt does not comprehend the fraction of the non-registered debt held by banks of EEC countries. Total non-registered debt on Dec. 31, 1986 was es

Table 18 - Brazil - Currency Loans and Total
Medium and Long Term Debt, Dec. 31, 1986
(In US\$ 1000)

Selected Countries	Currency Loans				Total (US\$ 1000)	Total Debt (%)
	Resolution No 63	Instruction No 289	Law 4131	Com. FIRCE 20		
West Germany	93,599	814	5,582,876	6,578	3,683,867	7,166,717
Belgium	79,986	95	1,064,779	25,966	1,170,826	1,232,704
Denmark	5,961	-	52,247	-	38,208	40,127
France	298,506	117	4,453,219	8,919	4,760,761	7,495,538
Netherlands	45,885	397	618,952	5,530	666,744	750,577
Ireland	1,960	-	34,409	-	36,369	66,836
Italy	33,441	361	545,855	67	379,724	1,707,894
Luxemburg	71,311	-	601,277	5,689	678,277	689,795
United Kingdom	1,465,044	1,592	6,441,366	49,567	7,955,569	9,236,030
Greece	-	-	2,000	-	2,000	2,000
<u>Subtotal</u>	2,091,693	5,376	17,176,960	100,316	19,372,345	28,386,018
Spain	92,316	-	274,391	3,900	370,607	565,065
Portugal	32,745	-	131,552	-	164,097	268,234
<u>Total EEC</u>	2,216,754	5,376	17,580,703	104,216	19,907,049	29,219,317
Japan	592,761	12	9,643,090	79,111	10,314,974	16,047,019
Canada	324,653	35	4,288,562	167	4,613,419	5,591,143
U.S.A.	5,465,152	2,552	14,883,457	436,631	18,787,772	22,550,220
Sweden	3,296	218	287,440	793	296,747	662,930
Switzerland	213,915	669	1,476,075	4,512	1,695,171	2,089,843
Brazilian Banks Abroad	1,412,924	-	6,154,314	112,434	7,679,672	7,753,696
<u>TOTAL DEBT (including other)</u>	8,772,150	7,484	57,623,330	782,386	67,185,350	101,758,680

Source: Banco Central do Brasil. These figures were made public in Folha de São Paulo, Sept. 2, 1987, pp. A19 to A21.

estimated at US\$ 9,286 million of which US\$ 1,508 million (16.2%) corresponded to loans from four large EEC countries.⁷⁹ Even if the remaining EEC countries were included, it is clear that the share of the Community of the non-registered debt is much less important than in the medium and long-term debt.

If this short-term debt is taken into account, it appears that the total indebtedness of Brazil towards EEC countries reached at least US\$ 30.7 billion, or 27.7% of Brazil's total estimated debt of US\$ 111 billion, while the share of the United States would be 24.7% (see Table 19).⁸⁰

Finally, as far as the largest creditor banks are concerned, considering only those which individually hold more than US\$ 50 million of Brazilian debt, there are 18 located in the United Kingdom, 12 in France, 11 in Germany, 5 in Belgium, 4 in the Netherlands, 4 in Italy, 3 in Luxemburg, 2 in Spain, and one in Portugal. These 56 banks in EEC countries respond for US\$ 21.1 billion in loans to Brazil.⁸¹

In summary, in the last two decades EEC countries have been increasingly involved with the Brazilian external debt, both public and private, and as a group they have become Brazil's main creditor. On the other hand, the burden of the debt under the form of interest payments has also grown considerably, offsetting the increasing trade surpluses generated by the country. Thus, in 1986, total net interest payments reached US\$ 9.1 billion, as opposed to a trade surplus of US\$ 8.5 billion, and interest payments due in 1987 should still reach US\$ 9 billion.⁸² In view of the data presented in this section, it becomes clear that no solution to the Brazilian debt question of a more permanent character may be envisaged without an active participation of EEC governments and financial institutions.

Table 19 - Brazil - Estimated Total External Debt,
 Dec. 31, 1986
 (In US\$ billion)

Discrimination	US\$ Billion
IMF Loans	4.5
Import Financing	27.7
World Bank (I.B.R.D)	6.4
Interamerican Development Bank	2.1
International Financial Corporation	0.2
Other	0.4
Government Agencies	10.2
Other Creditors	8.4
Currency Loans	67.2
Resolution Nº 65	8.8
Law 4131	58.4
Bonds	1.9
Other (including AID)	0.5
Total Medium & Long Term	101.8
Non Registered Debt ¹	9.3
Total Debt ²	111.1

¹ Estimate.

² Provisional.

Source: Banco Central do Brasil, data published in Folha de São Paulo, Sept. 2, 1987, pp. A19 to A21 and Brazil Economic Program, Vol. 15, June 1987, p. 100.

CONCLUSION

The central objective of this study was to retrace from a long term perspective and a quantitative point of view the relative importance of present-day EEC countries in Brazilian external economic relations.

In section I, it was seen that, as result of Britain's economic pre-eminence in Brazil in the 19th century, before World War I the economic presence of EEC countries in the Brazilian economy was overwhelming. They responded for most of Brazilian trade (in spite of the American share of the export trade), for practically all of the foreign direct investments in Brazil and of the external public debt of the country, and the countries of Southern Europe contributed with the majority of the immigrants who entered Brazil.

After World War I and in the inter-war period, the role of the United States in the Brazilian economy gradually became preponderant as Britain's pre-eminence was increasingly eroded. However, as a group the EEC retained its dominating position in trade, investment and debt, and also in immigration. During World War II and in the immediate post-war period, the American presence in all areas of economic activity was considerably strengthened, but after the mid-1950s EEC countries showed an increasing participation in Brazilian trade, while their relative importance in total foreign direct investments and in the external debt also showed a significant increase.

In the 1980s, the EEC lost the predominant position in trade which it had gained and held during the 1970s. However, its participation remains very close to that of the United States and may again be reverted. As regards direct investments, the available data suggest a slight advantage to the EEC, but again American parti-

cipation is very important. As far as the external debt is concerned, EEC countries also hold the largest share of the total. Finally, though immigration declined significantly in the post-war period, and especially after the 1960s, the EEC and especially the Portuguese contingent remained predominant.

The evidence presented in this study, therefore, confirms that the EEC has played and should continue to play a role of the utmost importance in Brazilian external economic relations. In the immediate future, by engaging themselves actively in the process of renegotiation of the external debt, by relaxing their restrictions on certain areas of trade and by maintaining direct investment flows to Brazil, EEC member countries could give a fundamental contribution to guarantee Brazil's sustained economic development.

FOOTNOTES

- 1) See respectively Marcelo de Paiva Abreu, "Brazil - EEC Trade Trends and the Uruguay Round", Gustavo H. B. Franco, "Direct Investment in Brazil: Its Role in Adjustment and Emerging Issues"; Helson Braga, "The Entry of Portugal and Spain in the EEC and Euro-Brazilian Trade".
- 2) See IBGE, Anuário Estatístico do Brasil, 1939-40, Rio de Janeiro, 1940, Appendix p. 1307. Net immigration accounted for 13.5% of the total increase in population between 1872 and 1890 and for 23.4% of the increase between 1891 and 1900. Total population, according to census figures increased from 10.1 billion in 1872 to 14.3 million in 1890 and 17.3 million in 1900. In that year, foreigners (not including foreign born persons naturalized) accounted for 6.2% of the total population.
- 3) See Marcelo de Paiva Abreu, "A Dívida Pública Externa do Brasil", 1824-1931. Texto para Discussão nº 83, Departamento de Economia, Pontifícia Universidade Católica, Rio de Janeiro, 1985, pp. 4-5. According to that author direct investments and private portfolio investments were \$ 255.9 million in 1913 and \$ 242.4 million in 1930, and the British share of the total respectively 52.9% and 48.9%. According to his calculations, public debt reached \$ 252.9 million, of which 64.4% were held by Britain, 30.3% by the United States and only 5.2% by other countries. Thus, by 1930, total foreign investment reached \$ 495.3 million, of which 56.9% were held by Britain.
- 4) Total immigration from 1920 to 1929 was 846.6 thousand. Immigration to São Paulo was 487.3 thousand, of whom 23.3% were Portuguese, 15.3% Italian, 13.1% Spanish and 11.7% Japanese. Total population reached 30.6 million in 1920. See IBGE, Anuário Estatístico do Brasil, 1939-40, p. 1307.
- 5) The most recent estimates on the growth of total real product and the real product of agriculture and industry are the following:

Discrimination	1921-29	1930-39	1940-45
Agriculture	4.0	2.0	1.6
Industry	5.3	7.6	4.6
Total Product*	5.2	4.5	3.1

* Includes transport and communications and commerce.

See R.M.Zerkowski and M.A. de G.Veloso, "Seis Décadas de Economia Brasileira através do PIB", in Revista Brasileira de Economia, Jul.-Sept./82.

- 6) See Marcelo de Paiva Abreu, "Anglo-Brazilian Economic Relations and the Consolidation of American Pre-eminence in Brazil, 1930-1945", Texto para Discussão nº 30, Departamento de Economia, Pontifícia Universidade Católica, Rio de Janeiro, Jul./82, p. 11.
- 7) League of Nations, The Network of World Trade, Geneva, 1942, Table IIA3, quoted by N. S. Buchanan and F. A. Lutz, Rebuilding the World Economy, The Twentieth Century Fund, New York, 1947, p. 45.
- 8) See IBGE, Anuário Estatístico 1939-40, p. 1307.
- 9) These data, based on Cleona Lewis, United States and the Foreign Investment Problem, are quoted in J.P.Almeida Magalhães, Crescimento Econômico da América Latina: Contribuição dos Investimentos Estrangeiros, Rio de Janeiro, 1953, (Doctoral Dissertation, University of Paris, 1952), p. 33. According to another source, of the US\$ 2 billion, US\$ 0.7 billion were direct investments and US\$ 1.3 billion were portfolio investments. See Buchanan and Lutz, Rebuilding the World Economy, op.cit., p. 157.
- 10) There are slight variations between publications. For these figures, see Gustavo H.Barroso Franco, "Estatísticas Históricas Relativas ao Setor Externo", Departamento de Economia, Pontifícia Universidade Católica, 1986. These are revised figures to be included in the re-publication of Anuário Estatístico do Brasil, 1939-40, with up-dated series.
- 11) See United Nations, Foreign Capital in Latin America, Part II - Country Studies, Washington D.C, 1955, pp. 49-50. This publication presents the following figures for total debt:

1930	£ 267.2 million
1931	£ 277.0 million
1935	£ 259.8 million
1940	£ 242.3 million
- 12) On the Aranha Plan, enforced by Minister Oswaldo Aranha (Finance Minister from 1931 to 1934) and debt renegotiation from 1931 to 1934, see Marcelo de Paiva Abreu, "A Dívida Pública Externa do Brasil 1931-1943, in Pesquisa e Planejamento Econômico, Rio de Janeiro, Jun./75.

- 13) See Marcelo de Paiva Abreu, "Anglo-Brazilian Sterling Balances: 1940-1952", Texto para Discussão nº 56, Pontifícia Universidade Católica, Sept./83.
- 14) See George Wythe, Royce A. Wight, Harold M. Midkiff, Brazil: An Expanding Economy, The Twentieth Century Fund, New York, 1949, p. 173. However, the rate of growth of industrial production declined as opposed to the 1930s. See note 5.
- 15) See Abreu, "Anglo Brazilian Economic Relations...", op.cit., p. 20.
- 16) Data of the US Department of Commerce, in United Nations, E.C.L.A., External Financing in Latin America, New York, 1965, p. 32.
- 17) United Nations, Foreign Capital in Latin America, op.cit., p. 50 and United Nations, ECLA, External Financing in Latin America, op.cit., p. 27. "Brazil offered its dollar and sterling creditors the choice between reduction in the rate of interest and postponement of redemption without reduction of the principal (Plan A) and a reduction of the principal with partial payment in cash (Plan B)." The United Kingdom and United States associations of creditors agreed to these arrangements, "although more reluctantly. See ECLA, p. 30.
- 18) See Zerkovski and Veloso, op.cit., pp. 335-336 for indexes of real production. On Brazilian development from 1945 to 1976, see Werner Baer, The Brazilian Economy: Its Growth and Development, Grid Pub. Inc., Columbus, Ohio, 1979.
- 19) The evolution of imports as a percentage of total supply from 1949 to 1964 was as follows:

Years	Consumer Goods		Inter- mediate Goods	Capital Goods	All Manufac- tured Goods
	Durable	Non Durable			
1949	64.5	3.7	25.9	63.7	19.0
1955	10.0	2.2	17.9	43.2	11.0
1959	6.3	1.1	11.7	32.9	9.7
1964	1.6	1.2	6.6	9.8*	4.2*

* 1964 was an abnormal year; import substitution of capital goods would proceed well into the 1970s.

See Joel Bergsman, Brazil: Industrialization and Trade Policies, Oxford University Press, London, 1970, p. 92.

20) The average annual rates of increase of the Consumer Price Index of Rio de Janeiro from 1945 to 1964 were as follows:

1945	16.4	1950	9.4	1955	23.3	1960	29.3
1946	17.0	1951	12.4	1956	20.7	1961	33.2
1947	21.9	1952	17.3	1957	16.4	1962	51.5
1948	3.4	1953	14.0	1958	14.7	1963	70.8
1949	4.2	1954	22.5	1959	39.1	1964	91.4

Source: Fundação Getulio Vargas.

21) See "25 Anos de Política Cambial", Conjuntura Econômica, Nov./72, pp. 77-81. A new tariff was adopted in 1957.

22) According Zerkovski and Veloso, op.cit., pp. 337-38, using figures from the Fundação Getulio Vargas, real growth rates in the 1960s were as follows:

1961	7.7	1966	5.4
1962	6.6	1967	4.7
1963	1.1	1968	11.0
1964	2.6	1969	10.2
1965	2.1	1970	8.3

The revised official figures on growth of real GDP in the 1970s and 1980s are as follows:

1971	11.3	1975	5.2	1979	7.2	1983	-2.5
1972	12.1	1976	9.8	1980	9.1	1984	5.7
1973	14.0	1977	4.6	1981	-3.3	1985	8.3
1974	9.0	1978	4.8	1982	0.9	1986	8.2

The source is Centro de Contas Nacionais DCS/IBRE/Fundação Getulio Vargas. These figures are reproduced in IBGE, Contas Nacionais do Brasil, 1970-1985, Rio de Janeiro, May 1987.

23) The rate of inflation, after a period of comparative stability in the late 1960s and early 1970s began to increase as a result of the first "oil shock" and especially in the early 1980s, exceeding 200% a year. In 1986, a change in the monetary standard was accompanied by a price freeze which was successful for a number of months, and which explains the deceleration of inflation in that year. The annual rates of increase of the Consumer Price Index of Rio de Janeiro, from 1965 to 1986, was as follows:

1965	65.9	1970	22.7	1976	41.9	1982	98.0
1966	41.3	1971	20.2	1977	43.7	1983	142.0
1967	30.5	1972	16.4	1978	38.7	1984	196.7
1968	22.3	1973	12.6	1979	52.7	1985	227.0
1969	22.0	1974	27.7	1980	82.8	1986	143.8
		1975	29.0	1981	105.6		

Source: Fundação Getulio Vargas.

- 24) The geographical distribution of Brazil's foreign trade FOB, in 1985-1986 (in US\$ million) was as follows:

Discrimination	1985			1986		
	Exports	Imports	Balance	Exports	Imports	Balance
TOTAL	25,639	13,153	12,486	22,393	14,044	8,349
E.F.T.A.	661	397	264	648	644	4
L.A.A.I.*	1,816	1,350	466	2,049	1,710	339
E.E.C.	6,896	1,937	4,959	5,881	3,174	2,707
Comecon	1,032	354	698	863	400	463
U.S.A.	6,956	2,602	4,354	6,315	3,228	3,087
Japan	1,398	550	848	1,515	882	633
O.P.E.C.	2,636	4,673	-2,037	1,804	2,511	-707
Other	3,816	912	2,904	2,881	1,061	1,820

* Venezuela and Ecuador are included in OPEC.

Source: Banco Central do Brasil, Brazil - Economic Program, Vol. 15, Jun./87, p. 93.

- 25) Export and import coefficients (exports and imports of goods and services/GDP), showed the following evolution since 1947:

Years	Coefficients		Years	Coefficients	
	Export	Import		Export	Import
1947-50	11.09	11.07	1981-85	10.84	8.44
1951-55	7.97	8.80	1981	9.34	9.72
1956-60	6.41	6.94	1982	7.99	8.69
1961-65	7.59	7.39	1983	11.33	8.94
1966-70	7.15	7.20	1984	13.48	7.89
1971-75	7.49	10.36	1985	12.04	6.98
1976-80	7.40	9.11			

Source of the original data — CCN/IBRE/FGV, Sistema de Contas Nacionais, Nov./73 and Conjuntura Econômica, May 1987.

- 26) See Franco, Estatísticas Históricas..., *op.cit.*
- 27) See Marcelo de Paiva Abreu, "Brazil - EEC Trade Trends and the Uruguay Round".
- 28) The agreement was negotiated on the Brazilian side by Ambassador Antonio Corrêa do Lago, who also signed it on Dec. 19, 1973. Mr. Wolfgang Ernst, General Director of the General Direction of Foreign Relations of the EEC, was the principal negotiator for the Community, and signed the agreement together with Mr. Niels Ersbøll, President of the Committee of Permanent Representatives and Ambassador of Denmark. The agreement secured for Brazil lower

tariffs on soluble coffee and cocoa butter; the principle of cooperation, to facilitate exports of Brazilian beef to the CEE under conditions identical to those accepted in the Agreements with Argentina and Uruguay, was established; other topics included the study of reductions of non-tariff restrictions and the inclusion of Brazil in the System of General Preferences in the case of cotton textiles. Brazil did not make concessions which were expected in regard to shipping, as the proportion of imports and exports carried in Brazilian ships was not affected, but the agreement included a declaration on the general principles which were to regulate EEC investments in Brazil. For greater details see Antonio Corrêa do Lago, "Acordo Comercial entre o Brasil e a Comunidade Econômica Européia", Brasília, Mar. 19, 1974 and "Brazil: Labour of Hercules", in Latin America, Dec. 14, 1973, p. 394 (which, however, contains certain errors of detail).

- 29) See Nelson Braga, "The Entry of Portugal and Spain in the EEC and Euro-Brazilian Trade".
- 30) On this question, see for instance IPEA/CEPAL (ECLA of the United Nations), Protecionismo das Comunidades Europeias contra as Exportações Brasileiras, Brasília, 1985, pp. 21-22. For fluctuations of real and effective exchange rates of the Brazilian currency in more recent years, see CEMEI/IBRE/FGV, Banco de Dados Financeiros Nacionais e Internacionais, mimeo., various issues.
- 31) See IPEA/CEPAL, op.cit., pp. 25 and 31. The classification used is that of the Commodity Trade Statistics of the United Nations.
- 32) Imports of the EEC (in US\$ billion):

Discrimination	1980	1981	1982	1983	1984	1985	1986
A) From World	772.5	686.8	656.0	627.7	636.6	664.1	781.7
B) From EEC	381.3	333.0	328.3	323.1	325.7	349.7	445.5
C) World ex-EEC (A-B)	391.2	353.8	327.7	304.6	310.9	314.4	336.2
D) Brazil	6.63	6.41	6.48	6.77	7.40	7.96	7.22
E) Brazil/Total (D/A) (%)	0.86	0.93	0.99	1.08	1.16	1.20	0.92
F) Brazil/Total ex-EEC (D/C) (%)	1.69	1.81	1.98	2.22	2.38	2.53	2.15

C, E and F computed from data in International Monetary Fund, Direction of Trade Statistics Yearbook 1987, Washington, D.C., pp. 56, 58 and 60.

33) See IPEA/CEPAL, op.cit.

34) For more detailed data, see IPEA/CEPAL, op.cit., pp. 26 and 31. The diversification of manufactured products imported from Brazil by the EEC is suggested by the following data on "the Ten" for the period 1980-1983 reproduced in that source.

Share of selected groups of manufactured products in total imports of manufactures from Brazil by the EEC:

SITC	65	Textiles	17.3%
SITC	78	Transportation Equipment	16.2%
SITC	71	Equipment for Energy Generation	9.6%
SITC	61	Leather, Leather Products	5.5%
SITC	85	Footwear, etc.	5.0%

35) See "Balanco de Pagamentos - 1947 a 1971", in Conjuntura Econô- mica, nov./72, p. 84.

36) The share of fuels in the total value of Brazilian imports increased from 13.6% in 1968-73, to 29.7% in 1974-78 and to 43.6% in 1979-81. The share of manufactured products fell from 71.1% in 1968-73, to 43.6% in 1978-81. Since manufactures constitute the main exports of the EEC to Brazil, a decline in the relative importance of this group of countries in Brazilian trade should be expected. See International Monetary Fund, International Fi- nancial Statistics, Supplement on Trade Statistics, Supplement Se- ries nº 4, IMF, Washington, D.C., p. 63. See also note 39 below.

37) See Luiz Aranha Corrêa do Lago, Fernando Lopes de Almeida, Bea- triz M.F. de Lima, A Indústria Brasileira de Bens de Capital: Ori- gens, Situação Recente e Perspectivas, Editora da Fundação Getu- lio Vargas, Rio de Janeiro, 1979.

38) From 1984 to 1986, Brazilian oil production increased from 474 thousand barrels a day to 593 thousand. The share of domestic production in total apparent consumption averaged 53.7% from 1984 to 1986, while it was negligible in the late 1970s. See Banco Central do Brasil, Brazil - Economic Program, Vol. 15, Jun./87, p. 92.

39) The evolution of the share of oil and derivatives in total im- ports since 1978 was as follows:

1978	30.7	1981	49.8	1984	49.3
1979	35.6	1982	52.2	1985	43.3
1980	42.9	1983	53.0	1986	21.5

See Banco Central do Brasil, Brazil - Economic Program, Oct. 3, 1983, p. 58; Vol. 5, Nov./84, p. 78; Vol. 9, Nov./85, p. 66; Vol. 13, Nov./86, p. 88; Vol. 15, Jun./87, p. 91.

- 40) IPEA/CEPAL, op.cit., pp. 21 and 30. The United States tend to be less affected by these factors, as in the early 1980s, manufactures only accounted for around 70% of Brazilian imports from that country. See IPEA/CEPAL, Relações Comerciais entre Brasil e os Estados Unidos, Brasília, 1985, p. 99.

- 41) Exports of the EEC (in US\$ billion):

Discrimination	1980	1981	1982	1983	1984	1985	1986
A) To World	691.2	636.9	614.7	598.7	613.4	649.8	796.4
B) To EEC	385.2	335.8	331.4	325.8	330.7	353.1	451.3
C) World ex-EEC	306.0	301.1	283.3	272.9	282.7	296.7	345.1
D) Brazil	3.76	2.96	2.58	2.00	2.34	2.05	3.51
E) Brazil/Total (D/A) (%)	0.54	0.46	0.42	0.33	0.38	0.32	0.44
F) Brazil/Total ex-EEC (D/C) (%)	1.23	0.98	0.91	0.73	0.83	0.69	1.02

C, E and F computed from data in International Monetary Fund, Direction of Trade Statistics Yearbook 1987, Washington, D.C, pp. 56, 58 and 60.

- 42) It may be noted that the comparison is between exports F.O.B., and Imports C.I.F. If imports F.O.B. had been considered there would be some differences in specific years.
- 43) Direct investment may be defined as "the establishment or purchase by residents of one country of a substantial ownership and management share — which is deemed to constitute 'an effective voice in management' — of a business enterprise or real property in another country, or an increase in the amount of an already existing investment". See U.S Department of Commerce, International Direct Investment, Global Trends and U.S Role, Washington D.C, Aug. 1984, p. 1. "Other forms of international investment include portfolio investment, commercial bank lending, or international holdings of official government reserves". Only direct investment is considered in this section. It should be stressed that Brazilian statistics consider inter-company loans as debt not as investment, while the opposite is true in the case of American data.

44) On this question see Luiz Aranha Corrêa do Lago, "Investimentos Diretos no Brasil e a Conversão de Empréstimos em Capital de Risco", Texto para Discussão nº 161, Departamento de Economia, PUC/RJ, May/87, forthcoming in Novos Ensaios sobre o Setor Externo, Editora da Fundação Getulio Vargas, 1987. The accounting of each investment at the Central Bank is in the original currency, a fact which clearly creates a problem for intertemporal comparisons of the total stock measured in U.S dollars, in view of international fluctuations of exchange rates. Thus, the difference in US\$ between the total stocks of two successive years does not correspond exactly to the flows of investment and reinvestment in US\$ during the intervening year. Also, the distribution of the total capital stock in US\$ according to periods in which the investments took place also changes at each publication.

45) The figure of £ 85 million is from the South American Journal (London). See G.Wythe, R.A.Wight and H.M.Midkiff, Brazil: An Expanding Economy, The Twentieth Century Fund, New York 1949, pp. 301-302. See also ECLA, External Financing in Latin America, p. 32. In 1948, the Argentinian government similarly "bought the railways owned by United Kingdom firms for £ 150 million". Another source puts the total purchase of British owned railways between 1945-52 at £ 22 million. See Abreu, "Anglo-Brazilian Economic Relations...", op.cit., p. 32, note 24. On the nationalization of various public utilities and other firms from 1940 to 1948, see Wythe, Wight and Midkiff, op.cit., pp. 298-99.

46) Their distribution by type of business was as follows (in millions of US\$):

Manufacturing	66.4	Agriculture	10.1
Mining and Smelting	2.5	Trade	29.7
Petroleum Distribution	30.2	Finance	3.5
Public Utility and		Miscellaneous	3.1
Transportation	87.8	Non Profit Organizations	3.5

Those figures do not comprehend holdings of securities, which included US\$ 49.7 million of government bonds and US\$ 2.9 million of corporate bonds and shares, at market value (the par value of the government bonds was \$ 119 million!). See Wythe, Wight, Midkiff, op.cit., pp. 300-301.

47) See Wythe, Wight and Midkiff, op.cit., pp. 154 and 303, and Spiegel, op.cit., pp. 148-149.

- 48) On French investments in Brazil, see Frédéric Mauro, "Les Investissements Français au Brésil (XIX^e et XX^e Siècles)" in La Préindustrialisation du Brésil, C.N.R.S., Paris, 1984, pp. 151-153. According to Ambassador Couty, in 1922 French investments in Brazil reached 4050 million francs, of which 2500 million were in government loans, 170 million in banks, 1250 million in railroads, 130 million in industry. The total was reduced to 3500 million when the Brazilian government decided to purchase certain French companies. By 1938, total investments had shrunk to 3357 million francs, of which 2357 million were in government loans. In 1943 according to the U.S Office of Strategic Services, French investments reached 3186 million Francs, "but the value of the franc had been substantially reduced". On the other hand, the share of direct investments was not significant.
- 49) See United Nations, Foreign Capital in Latin America, op.cit., p. 53. "Much of the German manufacturing capital was scattered in small amounts; the more important products included chemicals, beer and pencils." Before 1939, Italy was represented by a large company producing cables, tires and other rubber products. (After the war, it returned to Brazil).
- 50) Wythe, Wight and Midkiff, op.cit., pp. 148, 165 and 218.
- 51) See Spiegel, op.cit., pp. 144-145. This author notes that not all of the capital stock was held abroad and that in certain cases subsidiary corporations had been formed in Brazil and had sold their issues locally. Data on 3863 stock companies in 1946 showed a total capital of 27.6 billion cruzeiros. Only 197 companies were considered foreign, with a capital of 3601 million cruzeiros (about \$ 180 million). See Wythe, Wight and Midkiff, op.cit., pp. 280 and 291. It must be stressed that several foreign companies were not corporations but limited liability companies. The four leading foreign banks held only 7.9% of the total deposits in the thirty leading banks on Dec. 31, 1946.
- 52) Banco do Brasil, Relatório 1950, Rio de Janeiro, 1951, p. 162.
- 53) ECLA, External Financing in Latin America, p. 32. These are revised figures.
- 54) On all these questions, see L.Gordon and E.L.Grommers, United States Manufacturing Investment in Brazil: The Impact of Brazilian

Government Policies, 1946-1960, Graduate School of Business Administration, Harvard University, Boston, 1962. See also, Luiz Aranha Corrêa do Lago, Fernando Lopes de Almeida and Beatriz Mello Flores de Lima, A Indústria Brasileira de Bens de Capital - Origens, Situação Recente, Perspectivas, chapter 11, pp. 97-118.

- 55) Brazil was followed by the United States with 13.2% of the total, Switzerland with 12%, Canada with 9.1% and France with 5.2%. These official figures are quoted in Mem de Sá, O Problema da Remessa de Lucros, Associação Comercial da Guanabara, Rio de Janeiro, 1962, pp. 45-46.
- 56) See Gordon and Grommers, op.cit., p. 7.
- 57) See F.Brandenburg, The Development of Latin American Private Enterprise, National Planning Association, Washington, 1964, p. 55.
- 58) According to official American data, total direct investment in Brazil was only US\$ 882 million in 1966, less than in 1960, but increased thereafter to US\$ 5695 million in 1977 and US\$ 9081 million in 1982. See U.S Department of Commerce, International Direct Investment, p. 49.
- 59) For greater details, see Corrêa do Lago, "Investimentos Diretos no Brasil e a Conversão de Empréstimos em Capital de Risco", op.cit.
- 60) Thus, it has been calculated that from 1951 to 1960, undischursed earnings of United States subsidiaries accounted for 49% of net United States private direct investment inflows in Brazil in the period. See ECLA, External Financing in Latin America, p. 142.
- 61) On Brazilian industrial policies, see Luiz Aranha Corrêa do Lago, "Brazilian Industrial Policy and International Restructuring of Industry", in Robert E.Driscoll and Jack N.Behrman, editors, National Industrial Policies, O.G & H, Cambridge, Mass., 1984, pp. 25-39.
- 62) The source is Revista Exame and the data are reproduced in Veja, Sept. 16, 1987, pp. 90-91.
- 63) See Luiz Aranha Corrêa do Lago, "Investimentos Diretos...", p.3. According to the figures of table 11, above, at 1971 prices, the increase from 1971 to 1986 was of the order of 264%.

64) On the personal characteristics of the immigrants in the last two decades, see IBGE, Anuário Estatístico do Brasil, various years. The fact that, between 1961 and 1975, 14767 Americans immigrated to Brazil, accounting for 7.3% of the total in the period, is certainly associated with the increase in American firms in the country. From 1971 to 1975, the Americans were the most important group of immigrants, accounting for 12.8% of the total, as immigration from Portugal was temporarily reduced. In more recent years, many nationalities, including several Latin American countries, have increased their participation. In the last decade, several professionals have migrated to Brazil for political reasons and in view of the deterioration of the economic situation in certain Latin American countries.

65) Thus, from 1971 to 1975, 15362 immigrants from the EEC arrived in Brazil. The distribution per country was as follows:

West Germany	3282	Netherlands	637
Belgium-Luxemburg	439	United Kingdom	1652
Denmark	194	Ireland	39
Spain	1630	Italy	5025
France	528	Portugal	3868
Greece	68		

Source: Anuário Estatístico do Brasil, various years.

66) Franco, op.cit., p.

67) Nythe, Wight and Midkiff, op.cit., pp. 296-297. The amount spent on the redemption of the French debt was about US\$ 19 million. See also Spiegel, op.cit., pp. 143-144.

68) Nythe, Wight and Midkiff, op.cit., p. 297.

69) Spiegel, op.cit., p. 143.

70) The composition of that debt was as follows:

External Public Debt and Reported External Private Debt
(In Millions of US\$ - Dec. 31, 1953)

Discrimination	Total Debt	External Public Debt	Reported External Private Debt
Total	1,202.9	981.2	221.7
Disbursed, still outstanding	970.0	868.1	101.9
Undisbursed	232.9	113.1	119.8
Currency Composition:			
US Dollars	931.0	717.2	213.8
of which US Government Loans	609.9	433.5	176.4
IBRD	150.4	150.4	
Canadian Dollars	22.8	22.8	
Swiss Francs	5.2	0.9	4.3
Pounds Sterling	222.9	221.9	1.0
of which IBRD	(1.7)	(1.7)	
Belgian Francs	2.7	0.1	2.6
French Francs	16.9	16.9	
Deutsche Marks	1.4	1.4	

Source: International Bank for Reconstruction and Development, Current Economic Conditions and Prospects of Brazil, April, 1954, Table 1, p. 42.

According to data from Banco Central do Brasil, the consolidated public external debt of Brazil, with the United Kingdom as the only creditor, still reached US\$ 298 thousand on Dec. 31, 1986. See Folha de São Paulo, Sept. 2, 1987, pp. A19 to A21.

- 71) On the political climate of this decision, see for instance Thomas E. Skidmore, Politics in Brazil, Oxford University Press, London, 1967, p. 181.
- 72) E.C.L.A., United Nations, External Financing in Latin America, New York, 1965, p. 128.
- 73) E.C.L.A., External Financing in Latin America, table 121, p. 137.
- 74) Skidmore, op.cit., pp. 195, 257 and 324. Unfortunately no disaggregation to identify the share of EEC countries is available.
- 75) See note 22.
- 76) For the various data from 1967 to 1982 quoted above see Paulo Nogueira Batista Jr., "International Financial Flows to Brazil sin

ce the Late 1960s: An Analysis of Debt Expansion and Current Payments Problems", mimeo., Oct. 1984, pp. 8, 25, 28, 42, 46, 49, 55.

77) On debt rescheduling in 1982-1984, see for instance Paulo Nogueira Batista Jr., op.cit., pp. 69-71. For greater details, see Luiz Aranha Corrêa do Lago, "A Dívida Externa Brasileira e o Endividamento Global dos Países em Desenvolvimento: Experiência Recente e Perspectivas de Reescalamento", FGV/IBRE/CEMEI, mimeo., 1984, to be published in FGV/IBRE/CEMEI Novos Ensaios sobre o Setor Externo, Editora da Fundação Getulio Vargas, Rio de Janeiro, 1987.

78) According to data from Banco Central do Brasil. The share of the countries which held bonds of the Federal government or of Brazilian public companies totaling US\$ 1,900,749 thousand on Dec. 31, 1986 was as follows:

Switzerland	10.64	United States	2.77
Japan	51.12	Kuwait	3.31
West Germany	32.16		

79) The distribution of the external bank debt of Brazil in Dec. 1986, was as follows (US\$ million):

Discrimination	Medium and Long Term Debt	Short Term Debt*	Total
TOTAL	68,921	9,286	78,207
Foreign Banks	61,217	8,735	69,952
United States	18,749	4,857	23,606
Japan	9,484	1,334	10,818
United Kingdom	8,739	738	9,477
France	6,348	402	6,750
Canada	4,718	229	4,947
Germany	4,072	258	4,330
Switzerland	1,620	201	1,821
Belgium	1,190	110	1,300
Other	6,297	606	6,903
Brazilian Banks Abroad	7,704	551	8,255

* Country distribution is estimated.

Source: Banco Central do Brasil, DEPEC/DIRAP.

80) Total debt including US\$ 101,758 million of medium and long term debt and US\$ 9,286 million of non registered debt would have reached US\$ 111,044 million in December 1986, of which at least US\$ 30,727 million were held by EEC countries.

81) The distribution of these loans was as follows:

Countries	Banks	Loans in US\$ millions
Germany	11	3,891.9
Belgium	5	1,151.2
Spain	2	199.9
France	12	5,998.5
Italy	4	789.4
Luxemburg	3	491.1
Portugal	1	60.9
United Kingdom	18	8,517.1
TOTAL	56	21,100.0

Source: Banco Central do Brasil, data published in Folha de São Paulo, Sept. 2, 1987, p. A19.

82) See Banco Central do Brasil, Brazil - Economic Program, Vol. 15, Jun./87.

ANNEXES

Annex I - Brazil - Annual Exports F.O.B. to Selected Countries, 1945 - 1955 (in \$)

Countries	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
1. Belgium - Luxembourg	1.38	4.30	4.70	4.75	4.35	2.54	2.36	2.06	1.50	1.41	1.27
2. France	0.38	2.07	3.55	2.52	2.11	4.72	5.05	5.67	5.72	5.89	3.58
3. West Germany	-	-	0.05	1.06	1.56	1.35	4.79	5.64	9.55	12.04	7.31
4. Italy	0.38	4.79	2.40	2.61	2.57	1.75	1.72	2.33	3.31	3.58	3.17
5. Netherlands	0.67	2.90	3.34	2.51	3.14	2.40	2.94	2.83	2.40	2.94	2.95
A = 1+2+3+4+5	2.81	14.06	14.04	13.73	13.45	12.76	16.86	18.53	22.48	25.86	18.45
6. Denmark	0.52	1.56	1.13	1.18	0.94	1.55	1.18	1.74	1.75	2.24	2.18
7. Greece	0.09	0.44	0.09	0.63	0.48	nd	0.38	0.25	0.26	0.32	0.55
8. Ireland	1.23	0.60	0.19	0.13	0.18	nd	0.05	0.01	0.07	-	0.14
9. United Kingdom	12.17	8.75	7.80	9.44	8.50	8.34	9.83	2.72	4.61	4.74	4.32
B = 6+7+8+9	14.01	11.35	9.21	11.38	10.10	9.89	11.44	4.72	6.69	7.30	5.69
C = (1+2+3+4+5) + (6+7+8+9)	16.82	25.41	23.25	24.83	23.83	22.65	28.30	23.25	29.17	33.16	25.37
10. Spain	1.65	2.80	3.54	2.36	1.63	1.11	0.34	0.38	0.71	1.54	1.97
11. Portugal	0.45	0.36	1.23	0.33	0.65	0.40	0.60	0.12	0.59	0.13	0.56
D = 10 + 11	2.10	3.16	4.77	2.69	2.28	1.51	0.94	0.50	1.30	1.67	2.53
E = A + B + C = Total EEC	18.92	28.57	28.02	27.52	26.11	24.16	29.24	23.75	30.47	34.83	27.90
Memorandum Items:											
United States	49.35	42.20	38.78	43.26	50.20	54.53	49.01	51.56	48.41	37.07	42.30
Japan	-	-	-	0.07	0.17	0.80	0.93	1.34	2.66	4.35	3.94
Total EXPORTS in US\$ Million	-	985	1157	1183	1100	1359	1771	1416	1539	1562	1423
Total EXPORTS in Million Cruzeiros	12198	18230	21179	21967	20153	24913	32514	26065	-	-	-

nd = no data

Annex I - Brazil - Annual Exports F.O.B. to Selected Countries, 1956 - 1966 (in \$)

Countries	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
1. Belgium - Luxembourg	1.75	1.08	1.45	2.03	1.97	2.14	2.47	2.56	2.94	3.01	2.24
2. France	3.71	3.16	3.30	3.27	3.39	3.64	3.38	3.84	3.56	3.51	3.45
3. West Germany	6.34	5.96	6.36	6.71	7.09	8.12	9.06	7.97	9.36	8.83	7.20
4. Italy	2.16	2.01	2.73	3.20	3.07	3.42	2.88	5.90	4.75	5.33	6.26
5. Netherlands	3.44	3.09	3.78	4.52	4.10	5.06	6.10	7.75	5.52	5.14	5.11
A = 1+2+3+4+5	17.40	15.30	17.62	19.73	19.62	22.38	23.89	28.02	26.13	25.82	24.76
6. Denmark	2.23	2.08	2.09	1.95	1.97	1.78	2.14	2.06	2.45	2.51	2.24
7. Greece	0.34	0.36	0.40	0.16	0.24	0.29	0.33	0.36	0.42	0.50	0.37
8. Ireland	-	-	0.08	0.08	-	-	-	0.07	0.07	0.06	0.05
9. United Kingdom	3.58	4.74	4.35	5.69	5.12	4.42	4.45	3.91	4.40	3.88	4.25
B = 6+7+8+9	6.15	7.18	6.92	7.88	7.33	6.49	6.92	6.40	7.34	6.95	7.12
C = (1+2+3+4+5) + (6+7+8+9)	23.55	22.48	24.54	27.61	26.95	28.87	30.81	34.42	33.47	32.77	31.53
10. Spain	1.49	2.16	0.97	0.70	1.18	2.14	1.40	0.93	0.91	1.56	1.53
11. Portugal	0.20	0.29	0.32	0.16	0.24	0.21	0.33	0.21	0.35	0.38	0.34
D = 10 + 11	1.69	2.45	1.29	0.86	1.42	2.35	1.73	1.14	1.26	1.94	1.87
E = A + B + C = Total EEC	25.24	24.93	25.83	28.47	28.37	31.22	32.54	35.56	34.73	34.71	33.65
Memorandum Items											
United States	49.60	47.41	42.96	46.18	44.44	40.13	39.95	17.77	33.12	31.26	33.37
Japan	2.50	2.66	2.01	2.42	2.44	3.06	2.39	2.28	1.96	1.88	2.35
Total EXPORTS in US\$ Million	1482	1392	1243	1282	1269	1403	1214	1406	1431	1596	1741
Total EXPORTS in Million Cruzeiros											

Annex 1 - Brazil - Annual Exports F.O.B. to Selected Countries, 1967 - 1977 (in \$)

Countries	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
1. Belgium - Luxembourg	2.24	2.39	2.77	2.66	2.17	1.95	2.52	1.82	1.34	1.23	1.28
2. France	3.56	3.61	4.28	4.02	3.31	3.60	3.39	3.38	2.86	3.39	4.10
3. West Germany	8.16	7.87	9.52	8.62	8.81	8.42	8.95	7.17	8.08	8.86	8.94
4. Italy	6.58	6.22	7.10	7.23	6.99	6.62	5.68	4.49	4.15	4.12	5.57
5. Netherlands	6.77	5.47	5.84	5.62	6.06	7.69	10.02	7.61	6.46	7.34	7.64
A = 1+2+3+4+5	27.31	25.56	29.51	28.15	27.34	28.28	30.56	24.47	22.89	24.94	27.53
6. Denmark	2.30	1.75	1.78	1.97	1.31	1.35	1.39	1.28	0.89	1.52	1.18
7. Greece	0.42	0.43	0.43	0.40	0.21	0.17	0.22	0.23	0.20	0.32	0.28
8. Ireland	0.12	0.15	0.09	0.11	0.17	0.12	0.10	0.14	0.07	0.12	0.11
9. United Kingdom	3.75	3.88	4.28	4.75	4.37	4.50	5.03	4.71	3.92	3.83	3.50
B = 6+7+8+9	6.59	6.22	6.58	7.23	6.06	6.14	6.74	6.36	5.08	5.79	5.07
C = (1+2+3+4+5) + (6+7+8+9)	33.90	31.78	36.09	35.38	33.40	34.42	37.30	30.83	27.97	30.73	32.60
10. Spain	1.45	2.39	2.90	3.91	3.24	3.59	3.40	3.80	4.20	4.36	4.01
11. Portugal	0.36	0.53	0.56	0.47	0.65	1.50	1.15	0.90	0.70	0.40	1.01
D = 10 + 11	1.81	2.92	3.46	4.38	3.89	5.09	4.55	4.70	4.90	4.76	5.02
E = A + B + C = Total EEC	35.71	34.70	39.55	39.76	37.29	39.51	41.85	35.53	32.87	35.49	37.62
Memorandum Items											
United States	33.11	33.32	26.40	24.68	26.17	23.33	18.10	21.84	15.39	18.30	17.68
Japan	3.38	3.13	4.54	5.29	5.44	4.50	6.86	7.00	7.74	6.32	5.43
Total EXPORTS in US\$ Million	1655	1882	2311	2739	2904	4004	6199	7953	8668	10100	12152
Total EXPORTS in Million Cruzeiros											

Annex I - Brazil - Annual Exports F.O.B. to Selected Countries, 1978 - 1986 (in %)

Countries	1978	1979	1980	1981	1982	1983	1984	1985	1986
1. Belgium - Luxembourg	1.46	1.56	1.77	1.77	1.99	2.31	2.36	2.25	2.16
2. France	4.18	3.92	4.08	3.65	4.28	4.05	3.10	3.12	3.21
3. West Germany	8.39	7.31	6.64	5.64	5.86	5.17	4.65	5.11	4.92
4. Italy	4.02	4.59	4.87	4.12	4.88	4.47	4.13	4.48	4.07
5. Netherlands	6.19	6.51	5.71	6.30	5.61	5.76	5.04	6.08	5.82
A = 1+2+3+4+5	24.24	23.89	23.07	21.48	22.62	21.76	19.28	21.04	20.18
6. Denmark	1.12	0.85	0.65	0.40	0.45	0.47	0.46	0.47	0.49
7. Greece	0.50	0.59	0.60	0.27	0.30	0.36	0.31	-0.24	0.34
8. Ireland	0.10	0.16	0.10	0.13	0.20	0.14	0.13	0.08	0.07
9. United Kingdom	4.05	4.64	2.73	3.15	3.33	3.30	2.62	2.46	2.89
B = 6+7+8+9	5.77	6.24	4.08	3.95	4.28	4.27	3.52	3.25	3.79
C = (1+2+3+4+5) + (6+7+8+9)	30.01	30.13	27.15	25.43	26.90	26.03	22.80	24.29	23.97
10. Spain	2.33	2.13	2.59	1.59	1.83	2.41	1.83	2.08	2.00
11. Portugal	0.51	0.47	0.76	0.45	0.34	0.48	0.60	0.53	0.29
D = 10 + 11	2.84	2.60	3.35	2.04	2.17	2.89	2.43	2.61	2.29
E = A + B + C = Total EEC	32.85	32.73	30.50	27.47	29.07	28.92	25.23	26.90	26.26
Memorandum Items									
United States	22.66	19.29	17.43	17.62	20.48	23.16	28.55	27.13	28.20
Japan	5.13	5.82	6.12	5.23	6.51	6.53	5.61	5.45	6.77
Total EXPORTS in US\$ Million	12659	15248	20132	23329	20168	21853	27005	25639	22393
Total EXPORTS in Million Cruzeiros									

Sources: SEEF, Comércio Exterior do Brasil por Países, Several Issues; CADEX, Intercâmbio Comercial, 1953-1976; Banco do Brasil, Relatório, Various Years; International Monetary Fund, Direction of Trade Statistics, Yearbook, various years. 1945-1952: shares calculated from figures in Cruzeiros. Figures in U.S. Dollars, 1946-1952, See Gustavo H.B. Franco, "Estatísticas Históricas Relativas ao Setor Exterior", RUC/TJ, 1986.

Annex 2 - Brazil - Annual Imports C.I.F. from Selected Countries, 1945 - 1955 (in \$)

Countries	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
1. Belgium - Luxembourg	-	1.27	2.37	2.64	4.51	5.77	3.23	2.79	0.53	0.24	1.91
2. France	-	0.97	2.16	2.40	1.84	4.66	4.72	3.88	8.80	5.02	5.51
3. West Germany	-	-	-	0.10	0.54	1.74	5.57	9.41	8.19	9.61	6.73
4. Italy	-	1.01	1.94	1.92	1.56	1.30	2.21	1.96	1.97	2.88	3.75
5. Netherlands	-	0.51	0.50	0.86	0.80	2.29	2.20	2.34	1.21	2.08	2.60
A = 1+2+3+4+5	-	3.76	6.97	7.92	9.25	15.76	17.93	20.38	20.70	19.83	20.50
6. Denmark	-	0.11	0.12	0.18	0.32	0.75	0.91	1.18	2.20	2.14	2.07
7. Greece	-	0.04	0.04	0.08	0.03	nd	0.04	0.03	0.15	0.49	0.08
8. Ireland	-	0.11	0.07	0.05	-	nd	-	-	-	-	-
9. United Kingdom	3.96	7.94	6.79	10.08	12.91	12.34	8.49	8.55	3.71	1.04	1.33
B = 6+7+8+9	3.96	8.20	7.02	10.39	13.26	13.09	9.44	9.76	6.06	3.67	3.53
C = (1+2+3+4+5) + (6+7+8+9)	3.96	11.96	13.99	18.31	22.51	28.85	27.37	30.14	26.76	23.50	24.02
10. Spain	0.44	0.45	0.40	0.46	0.53	0.68	0.34	0.13	0.84	0.86	2.29
11. Portugal	2.98	2.99	1.36	1.38	0.63	0.64	0.70	0.63	0.15	0.18	0.31
D = 10 + 11	3.42	3.44	1.76	1.84	1.16	1.32	1.04	0.76	0.99	1.04	2.60
E = A + B + C = Total EEC	7.38	15.40	15.75	20.15	23.67	30.17	28.41	30.90	27.75	24.54	26.63
Memorandum Items											
United States	55.11	58.20	61.32	52.67	42.47	34.48	41.84	49.66	27.75	32.86	23.64
Japan	-	-	-	0.01	0.01	0.12	1.06	0.95	0.83	4.83	3.44
Total EXPORTS in US\$ Million						1085	1987	1982	1319	1634	1307
Total EXPORTS in Million Cruzeiros	8617	13029	22789	20985	20648	20313	37198	37179	-	-	-

nd = no data

Annex 2 - Brazil - Annual Imports C.I.F. from Selected Countries, 1956 - 1966 (in \$)

Countries	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
1. Belgium - Luxembourg	1.38	1.61	1.04	1.09	1.10	0.96	1.49	1.28	1.18	1.18	1.33
2. France	2.02	3.16	2.14	3.13	4.72	2.94	4.47	5.18	4.03	3.01	2.74
3. West Germany	6.48	8.53	10.42	10.27	9.30	9.66	10.31	9.01	8.14	8.74	9.02
4. Italy	2.35	2.55	2.14	2.18	2.60	3.01	2.91	3.03	2.13	2.37	2.47
5. Netherlands	1.13	1.41	1.63	2.18	2.39	1.44	1.29	1.48	1.19	1.73	1.67
A = 1+2+3+4+5	13.37	17.25	17.37	18.85	20.11	18.01	20.47	19.98	16.67	17.03	17.23
6. Denmark	2.35	1.61	1.18	1.68	1.98	2.67	1.15	1.28	1.26	1.28	0.80
7. Greece	0.41	0.07	0.15	0.29	0.14	0.21	0.07	0.07	0.16	0.09	0.07
8. Ireland	-	-	-	-	-	-	-	-	-	-	-
9. United Kingdom	3.48	3.42	3.25	2.69	3.49	3.22	3.12	3.56	2.92	2.82	2.94
B = 6+7+8+9	6.24	5.10	4.58	4.66	5.61	6.10	4.34	4.91	4.34	4.19	3.81
C = (1+2+3+4+5) + (6+7+8+9)	19.61	22.36	21.95	23.51	25.72	24.11	24.81	24.89	21.01	21.22	21.04
10. Spain	2.19	1.45	0.74	0.87	1.44	1.03	1.70	0.67	0.87	0.64	0.60
11. Portugal	0.32	0.27	0.22	0.22	0.23	0.14	0.20	0.20	0.16	0.27	0.27
D = 10 + 11	2.51	1.75	0.96	1.09	1.64	1.17	1.90	0.87	1.03	0.91	1.07
E = A + B + C = Total EEC	22.12	24.11	22.91	24.60	27.36	25.28	26.71	25.76	22.04	22.13	22.11
Memorandum Items											
United States	28.77	36.50	35.70	33.55	30.33	35.27	30.98	30.73	34.44	29.69	39.41
Japan	4.05	1.54	2.44	1.97	2.60	5.41	5.07	4.17	2.69	3.37	2.94
Total EXPORTS in US\$ Million	1234	1489	1353	1374	1462	1460	1475	1487	1266	1098	1497
Total EXPORTS in Million Cruzeiros											

Annex 2 - Brazil - Annual Imports C.I.F. from Selected Countries, 1978 - 1986 (in \$)

Countries	1978	1979	1980	1981	1982	1983	1984	1985	1986
1. Belgium - Luxembourg	0.85	0.88	0.70	0.61	0.74	0.48	0.56	0.57	0.73
2. France	3.16	3.20	2.88	2.69	2.83	2.91	2.61	2.28	3.98
3. West Germany	8.12	7.50	6.98	4.90	4.43	4.51	4.48	6.51	8.93
4. Italy	2.22	1.67	1.66	2.75	2.46	1.36	1.42	1.40	2.44
5. Netherlands	1.45	2.10	1.05	0.95	0.71	1.02	1.03	1.24	1.77
A = 1+2+3+4+5	15.80	15.35	13.27	11.90	11.17	10.28	10.10	12.00	17.85
6. Denmark	0.21	0.17	0.13	0.11	0.10	0.12	0.11	0.13	0.29
7. Greece	-	0.01	0.01	0.00	-	-	-	-	-
8. Ireland	0.09	0.06	0.05	0.04	0.04	0.05	0.07	0.08	0.36
9. United Kingdom	2.60	2.54	1.94	1.52	1.28	1.51	2.00	1.90	2.41
B = 6+7+8+9	2.90	2.78	2.13	1.67	1.42	1.68	2.18	2.11	3.06
C = (1+2+3+4+5) + (6+7+8+9)	18.70	18.13	15.40	13.57	12.59	11.96	12.28	14.11	20.91
10. Spain	0.71	0.75	0.87	0.45	0.48	0.45	0.30	0.42	0.60
11. Portugal	0.21	0.23	0.19	0.20	0.12	0.10	0.08	0.12	0.66
D = 10 + 11	0.92	0.98	1.06	0.65	0.60	0.55	0.38	0.54	1.26
E = A + B + C = Total EEC	19.62	19.11	16.46	14.22	13.19	12.51	12.66	14.65	22.17
Memorandum Items									
United States	21.14	18.32	18.56	16.34	15.02	15.63	16.61	19.71	22.42
Japan	8.67	5.96	4.78	5.73	4.62	3.68	4.00	4.28	6.29
Total EXPORTS in US\$ Million	15054	19804	24961	24075	21069	16803	15210	14332	15557
Total EXPORTS in Million Cruzeiros									

Sources: SEEF, Comércio Exterior do Brasil por Países, Several Issues; CADEX, Intercâmbio Comercial, 1953-1976; Banco do Brasil, Relatório, Various Years; International Monetary Fund, Direction of Trade Statistics, Yearbook, Various Years. 1945-1952: shares calculated from figures in Cruzeiros. Figures in U.S. dollars, 1950-1952, see ICG, O Brasil em Números, 1966, p. 83.

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130. Abreu, M.P. e Fritsch, W. "Exogenous Determinants of Trade and Debt Patterns in Latin America".
131. Bacha, E.L. "A Inércia e o Conflito: O Plano Cruzado e seus Desafios".
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135. Moraes, P.B. "The Brazilian Stabilization Program of 1964: Price Guidelines cum Credit Restrictions".
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152. Carneiro, D.D. "The Cruzado Experience: An Untimely Evaluation After ten months/1".

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175. Werneck, R.L. "Um Modelo de Simulação para Análise do Financiamento do Setor Público".
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