

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCIS DATED 28-02-2024
INDIA-BRAZIL BILATERAL TRADE RELATIONS**

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Federal Republic of Brazil, the fifth largest country in the world, lies in central and northeastern South America. To the north are Venezuela, Colombia, Guyana, Suriname and French Guiana, to the west Peru and Bolivia, and to the south Paraguay, Argentina and Uruguay. Brazil has a very long coastline on the Atlantic Ocean. Brazil is a member of the UN, WTO, OECD, OAS (**Organization of American States**). This report emphasises on India-Brazil trade relations, inter-alia. As per available data from DGCIS database India and Brazil have observable bilateral trade relations primarily in the form of India export to Brazil and Brazil had ranked 11th as an export destination of India in 2022-23.

2. Brazil is upper-middle income mixed market economy is rich in natural resources. It has the largest national economy in Latin America. As per available report of IMF Executive Board Concludes 2023 Article IV Consultation with Brazil July 31, 2023, in the first months of 2023, growth was supported by very strong agricultural output, while manufacturing and services were subdued. Headline inflation has rapidly declined from last year's peak, but core inflation remains elevated, and inflation expectations are above target. Tightening financial conditions have been partially offset by a structural broadening of credit in some sectors. Executive Directors noted that after a rapid recovery from the pandemic, supported by ample buffers and proactive policies, Brazil's economic activity is converging towards potential levels. They encouraged the authorities to continue with their fiscal consolidation and price stabilization efforts, while sustaining their structural reforms agenda to promote a sustainable, inclusive, and green economy.

A snapshot of Brazil's select economic indicators is as under.

**TABLE 1
Brazil: Selected Economic Indicators, 2021-28**

	Proj							2027	2028
	2021	2022	2023	2024	2025	2026			
	(Percentage change)								
National accounts and prices									
GDP at current prices	16.9	11.4	5.9	7.0	5.5	5.4	5.6		
GDP at constant prices	5.0	2.9	2.1	1.2	1.7	1.9	2.0		
Consumption	3.6	3.7	0.8	0.4	1.1	1.5	1.9		
Investment (GFCF)	16.5	0.9	0.5	0.6	1.2	1.4	1.4		
Consumer prices (IPCA, average)	8.3	9.3	5.1	4.6	3.0	3.0	3.0		
Consumer prices (IPCA, end of period)	10.1	5.8	5.4	3.9	3.0	3.0	3.0		
GDP deflator	11.4	8.3	3.8	5.7	3.7	3.5	3.5		
Gross domestic investment									
Private sector	17.1	15.4	15.1	14.5	14.5	14.4	14.4		

Public sector	2.4	2.7	2.8	3.2	3.2	3.2	3.1		
Gross national savings									
Private sector	19.7	18.4	21.9	20.9	19.7	18.9	18.3		
Public sector	-3.1	-3.2	-6.4	-5.7	-4.5	-3.8	-3.1		
Public sector finances									
Central government primary balance 2/	-0.4	0.5	-1.3	-0.8	-0.3	0.3	0.9		
NFPS primary balance	0.7	1.3	-1.3	-0.8	-0.3	0.3	0.9		
NFPS cyclically adjusted primary balance (in percent of potential GDP)	0.8	1.0	-1.7	-0.9	-0.3	0.3	0.9		
NFPS overall balance	-4.3	-4.6	-7.9	-7.4	-6.2	-5.4	-4.8		
Net public sector debt	55.8	57.1	60.1	63.5	66.2	68.3	69.3		
General Government gross debt, Authorities' definition	78.3	72.9	77.1	79.3	81.3	82.7	83.4		
NFPS gross debt	90.7	85.9	89.2	91.2	93.3	94.8	95.6		
Of which: Foreign currency linked	5.1	4.2	4.2	4.2	4.2	4.3	4.3		
Money and credit									
Base money 3/	2.7	16.6	5.9	7.0	5.5	5.4	5.6	5.6	
Broad money 4/	8.7	10.6	6.9	6.7	5.4	5.6	5.5	5.6	
Bank loans to the private sector	17.6	14.6	8.0	8.0	8.0	8.0	8.0	8.0	
Balance of payments	(Billions of U.S. dollars, unless otherwise specified)								
Trade balance	36.4	44.2	50.1	47.0	47.8	49.0	50.1	50.2	
Exports	284.0	340.3	338.5	343.3	349.4	357.4	366.5	379.0	
Imports	247.6	296.2	288.4	296.3	301.6	308.4	316.4	328.8	
Current account	-46.4	-56.9	-48.0	-56.1	-58.6	-60.0	-61.4	-64.2	
Capital account and financial account	50.4	64.4	48.0	56.1	58.6	60.0	61.4	64.2	
Foreign direct investment (net inflows)	30.2	60.8	54.2	53.2	52.4	53.3	54.3	55.3	
Terms of trade (percentage change)	14.4	-7.1	-6.1	-6.4	-3.5	-1.9	-0.6	-1.1	
Merchandise exports (in US\$, annual percentage change)	34.8	19.8	-0.5	1.4	1.8	2.3	2.6	3.4	
Merchandise imports (in US\$, annual percentage change)	38.9	19.6	-2.6	2.7	1.8	2.2	2.6	3.9	
Total external debt (in percent of GDP)	40.6	35.5	34.1	33.1	32.9	32.6	32.0	31.1	
Memorandum items:									
Output Gap	-0.2	0.9	1.0	0.2	0.0	0.0	0.0	0.0	
Current account (in percent of GDP)	-2.8	-3.0	-2.3	-2.5	-2.5	-2.4	-2.4	-2.3	
Unemployment rate 5/	13.2	9.3	9.5	9.4	9.4	9.4	9.4	9.4	
Gross official reserves	362	325	346	346	346	346	346	346	
REER (annual average in	-3.2	12.1	

percent; appreciation +)									
Sources: Central Bank of Brazil, Ministry of Finance, IBGE, IPEA, and Fund staff estimates.									
1/ Computed by IBGE using World Bank's threshold for upper-middle income countries (US\$5.5/day).									
2/ Includes the federal government, the central bank, and the social security system (INSS).									
3/ Currency issued, required deposits held at the Central Bank plus other Central Bank liabilities to other depository corporations									
4/ Currency outside depository corporations, transferable deposits, other deposits and securities other than shares									
5/ Unemployment rate for 2021 and 2022 shows the average of March, June, September, and December.									

Source: IMF Executive Board Concludes 2023 Article IV Consultation with Brazil July 31, 2023.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Brazil are China, United States, Argentina, Netherlands and Chile. On the other hand five major import partners of Brazil are China, United States, Argentina, Germany and India. Major five exported goods of Brazil are (i) Non-agglomerated iron ores and concentrates (ii) Soya beans (iii) Petroleum oils and oils obtained from bituminous (iv) Raw cane sugar, in solid form and (v) Oil-cake and other solid residues, of soya-bean. On the other hand major five imported goods of Brazil are (i) Petroleum oils, etc, (excl. crude); preparation, (ii) Monolithic integrated circuits, digital, (iii) Potassium chloride (iv) Vaccines for human medicine and (v) Petroleum oils and oils obtained from bituminous.

4. Brazil's total exports in 2018 were of the order of US\$ 231,890 million. It has scaled up to US\$ 334,463 million in 2022. Exports from Brazil had steeply increased by 34.25% in the year 2021 immediate after pandemic hit year. During the period from 2018 to 2022, the annual average compound rate of growth of exports was 9.59%.

5. Brazil's total imports in 2018 were of the order of US\$ 192,840 million and which has touched US\$ 292,343 million mark in 2022 after having experienced a decline in 2020 and later a jump by 41.09% in the year 2021. During the period from 2018 to 2022, the annual average compound rate of growth of imports was 10.96%.

6. Brazil runs an overall Balance of Trade surplus from 2018 to 2022 and that has scaled up to USD 42,120 million in 2022 and was little higher in 2021. During the period from 2018 to 2022, the annual average compound rate of growth of total volume of trade was 10.22%.

A snapshot of Brazil's overall Trade Statistics is presented in **Table 2 and Figure 1 below**.

TABLE - 2

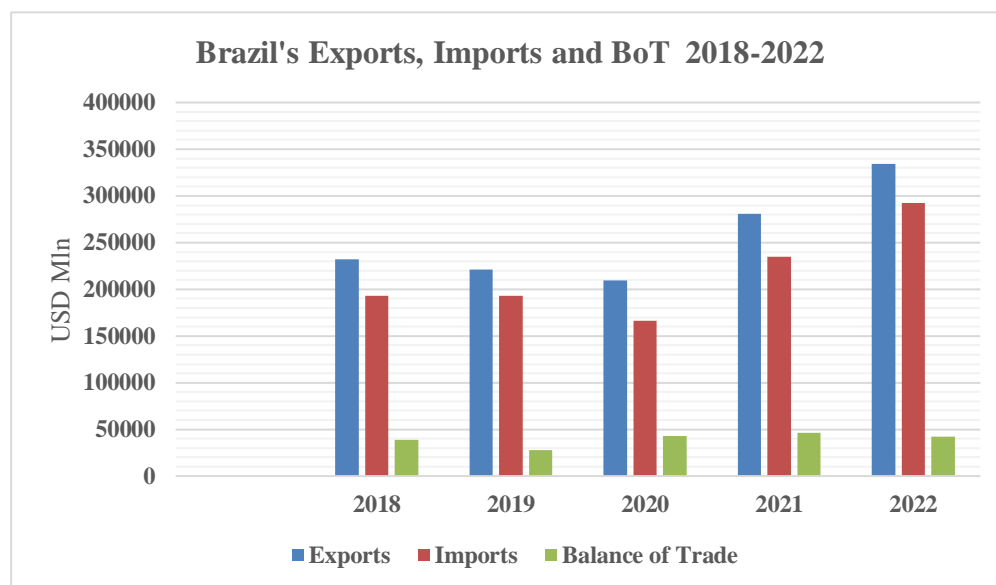
**BRAZIL'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE
AND BALANCE OF TRADE BETWEEN 2018 TO 2022**

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018	231890		192840		4,24,730		39050
2019	221127	-4.64	193162	0.17	4,14,289	-2.46	27965
2020	209180	-5.40	166336	-13.89	3,75,516	-9.36	42844
2021	280815	34.25	234690	41.09	5,15,505	37.28	46125
2022	334463	19.10	292343	24.57	6,26,806	21.59	42120
Annual Compound Growth Rate		9.59		10.96		10.22	

NOTE : Figures relate to calendar year (January to December)
SOURCE : UN COMTRADE PUBLICATION

Figure - 1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India Brazil bilateral trade has increased substantially in the last two decades. The relations are based on common global vision, shared democratic value and commitment to foster inclusive economic growth for the welfare of the people of both countries. Brazil was the first Latin American nation to establish diplomatic relations with India in 1948. Brazil ranked 11th as an export destination of India in FY 2022-23. India's exports to Brazil was 2.20 % of its total export value in FY2022-23. In the same financial year imports from Brazil was only 0.93% of India's total import value. Brazil was the 26th major import partner of India in FY 2022-23. Almost 1.42% of India's total international trade value was between India and Brazil as has been recorded in FY 2022-23 as per DGCI&S data base.

8. Indo- Brazil total volume of bilateral trade in FY 2018-19 was of the order of US\$ 8,206.93 million. It has scaled upto US\$ 16,592.11 million in FY 2022-23. The annual compound growth rate of total volume of trade during the period from 2018-19 to 2022-23 has been of the order of 19.24%.

9. It appears from the available figures that between 2018-19 and 2022-23, India has had a surplus Balance of Trade with Brazil except in FY 2018-19. Exports from India to Brazil increased steeply by 52.86% in FY2021-22 followed by another 52.87% increase in FY 2022-23 over FY 2021-22. The annual average compound rate of growth of Exports was 27.11%. On the other hand, imports from Brazil to India increased by 89.43% in FY 2021-22 followed by a moderate 16.79% hike in FY2022-23. During the period from 2018-19 to 2022-23, the annual average compound rate of growth of imports was 10.93%.

A snapshot of India's merchandise trade statistics w.r.t. Brazil is presented in **Table 3 Figure 2**.

TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. BRAZIL
FY 2018-2019 to 2022-2023

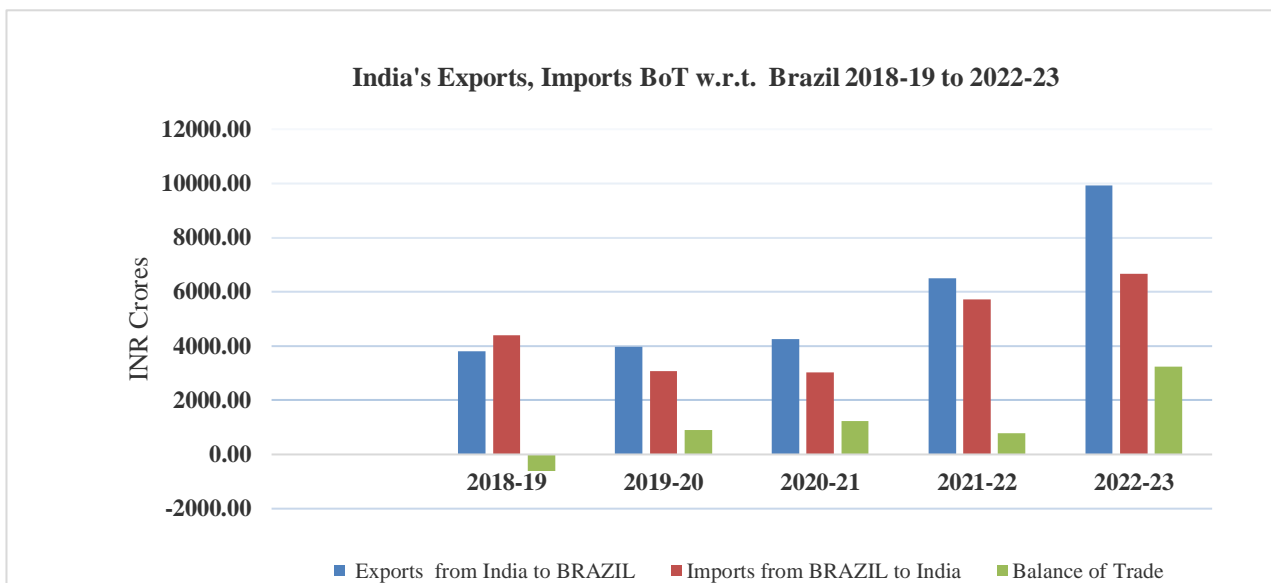
(Value in USD Million)

Year	Exports from India to BRAZIL	Percentage Growth in Exports	Imports from BRAZIL to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018-19	3800.50		4406.43		8206.93		-605.93
2019-20	3967.44	4.39	3074.97	-30.22	7042.41	-14.19	892.47
2020-21	4244.94	6.99	3015.99	-1.92	7260.93	3.10	1228.95
2021-22	6489.02	52.86	5713.32	89.43	12202.34	68.05	775.70
2022-23	9919.59	52.87	6672.52	16.79	16592.11	35.97	3247.07

Annual Compound Growth Rate	27.11	10.93	19.24
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NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/oC&I



10. Additionally, from Tables 4 & 5 presented below the following are stated:

a. **Petroleum Products, Agro Chemicals, and Auto Components/Parts** had occupied the top three slots in India's exports to Brazil in the year 2022-23. Petroleum Products occupied the bulk 45.17% share of export value of India to Brazil.

b. **Vegetable Oils; Petroleum: Crude and Gold** were the three major commodities in India's imports list from Brazil in the year 2022-23, India imports a significant amount of **Vegetable Oils** and **Petroleum: Crude** from Brazil with a share of 35.88% and 28.26% respectively of total imports from Brazil recorded in 2022-23.

TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO BRAZIL
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Petroleum Products	2149.68	414.55	346.55	1270.33	4480.99	-80.72	-16.40	266.56	252.74
	Share in total export	56.56	10.45	8.16	19.58	45.17				
2	Agro Chemicals	613.66	662.04	892.60	1242.96	1340.79	7.88	34.83	39.25	7.87
	Share in total export	16.15	16.69	21.03	19.15	13.52				
3	Auto Components/Parts	298.58	271.90	212.04	308.48	393.69	-8.94	-22.02	45.48	27.62
	Share in total export	7.86	6.85	5.00	4.75	3.97				
4	Drugs Formulations Biologicas	268.76	297.20	314.17	372.40	386.36	10.58	5.71	18.53	3.75
	Share in total export	7.07	7.49	7.40	5.74	3.89				
5	Organic Chemicals	159.08	169.34	254.71	269.63	210.00	6.45	50.41	5.86	-22.12
	Share in total export	4.19	4.27	6.00	4.16	2.12				
6	Indl. Machinery For Dairy Etc.	75.55	82.86	123.92	218.63	238.75	9.68	49.55	76.43	9.20
	Share in total export	1.99	2.09	2.92	3.37	2.41				
7	Bulk Drugs, Drugs Intermdts.	165.77	159.06	187.86	185.61	227.58	-4.05	18.11	-1.20	22.61
	Share in total export	4.36	4.01	4.43	2.86	2.29				
8	Residual Chemicals And Allied Products	243.96	162.07	173.87	186.74	210.73	-33.57	7.28	7.40	12.85
	Share in total export	6.42	4.09	4.10	2.88	2.12				
9	Electric Machinery And Equipments	40.25	49.04	59.63	106.25	162.89	21.84	21.59	78.18	53.31
	Share in total export	1.06	1.24	1.40	1.64	1.64				
10	Auto Tyres And Tubes	46.42	48.68	50.87	160.30	157.80	4.87	4.50	215.12	-1.56
	Share in total export	1.22	1.23	1.20	2.47	1.59				
	Total export to BRAZIL	3800.50	3967.44	4244.94	6489.02	9919.59	4.39	6.99	52.86	52.87

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM BRAZIL
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Vegetable Oils	464.91	230.65	252.49	1059.28	2393.99	-50.39	9.47	319.53	126.00
	Share in total imports	10.55	7.50	8.37	18.54	35.88				
2	Petroleum : Crude	1596.45	1088.05	929.93	2230.18	1885.50	-31.85	-14.53	139.82	-15.46
	Share in total imports	36.23	35.38	30.83	39.03	28.26				
3	Gold	521.54	358.68	258.69	682.88	724.33	-31.23	-27.88	163.98	6.07
	Share in total imports.	11.84	11.66	8.58	11.95	10.86				
4	Suger	436.35	298.38	611.18	148.17	280.91	-31.62	104.83	-75.76	89.59
	Share in total import	9.90	9.70	20.26	2.59	4.21				
5	Iron And Steel	82.28	88.06	104.84	130.15	137.60	7.02	19.06	24.14	5.72
	Share in total import	1.87	2.86	3.48	2.28	2.06				
6	Other Misc. Crude Minerals	33.24	6.12	33.29	72.82	117.28	-81.59	443.95	118.74	61.05
	Share in total import	0.75	0.20	1.10	1.27	1.76				
7	Drugs Formulations Biologicals	56.33	77.42	82.79	81.06	82.01	37.44	6.94	-2.09	1.17
	Share in total import	1.28	2.52	2.75	1.42	1.23				
8	Iron Ore	147.81	32.87		225.86	77.72	-77.76	-100.00		-65.59
	Share in total import	3.35	1.07	0.00	3.95	1.16				
9	Residual Chemicals And Allied Prod.	72.89	69.26	57.60	89.70	69.68	-4.98	-16.84	55.73	-22.32
	Share in total import	1.65	2.25	1.91	1.57	1.04				
10	Cotton Raw Incl. Waste	6.22	55.86	12.01	5.96	66.33	798.07	-78.50	-50.37	1012.92
	Share in total import	0.14	1.82	0.40	0.10	0.99				
	Total import from BRAZIL	4406.43	3074.97	3015.99	5713.32	6672.52	-30.22	-1.92	89.43	16.79

NOTE : Figures relate to each Financial Year (April to March).

SOURCE : DGCI&S, M/o C&I

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