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## Brazilian Economy

Today Brazil is the leading economic superpower of South America and is quickly progressing to become one of the economic superpowers of the world. According to the CIA World Factbook, Brazil's economy is the eleventh largest in the world. In 1994, the Real Plan was developed under the administration of President Fernando Henrique Cardoso and the *real* became the national currency. At this point Brazil's economy was using a fixed exchange rate regime and as a result the real did not hold to its intended value. By 1999, Brazil's economy had switched from the fixed exchange rate regime to a floating regime and as a result the real today is worth much more than it would have been worth in 1994 ([http://en.wikipedia.org/wiki/Economy\\_of\\_Brazil](http://en.wikipedia.org/wiki/Economy_of_Brazil)). In 2000, the Brazilian Fiscal Responsibility Law was passed by Congress. This particular law improved the discipline of the fiscal year in the federal, state, and local governments and allowed for a more stable and functioning economy (<http://www.traveldocs.com/br/economy.htm>).

A majority of the important industries in Brazil are located more in the southern area of the country, whereas the northern part of Brazil is known for being much poorer (<http://www.traveldocs.com/br/economy.htm>). These industries include agriculture, service industry, which includes mail and telecommunications industries, which are the largest, followed by the banking, energy, commerce, and computing industries. Although there are numerous industries in Brazil that contribute to the economy, in terms of international trade, the most profitable businesses that Brazil ran were those involving agriculture.

Relatively half of Brazil is covered in forests, and as a result agriculture is responsible for 8% of the nation's GDP ([http://en.wikipedia.org/wiki/Economy\\_of\\_Brazil](http://en.wikipedia.org/wiki/Economy_of_Brazil)). This industry also provides almost one-fourth of jobs for Brazilians working on, or in association, with forestry or farming. Brazil encompasses the world's largest tropical rain forest along the Amazon River basin. As a result their land receives more than adequate amounts of rainfall, which allows for ideal climates and soil for farming. Sixty percent of their agricultural production includes field crops such as sugarcane, coffee, cocoa, soybeans, orange juice, tobacco, and numerous other fruits, nuts, and vegetables. The other 40% of agricultural production includes livestock such as poultry, pork, and milk ([http://en.wikipedia.org/wiki/Economy\\_of\\_Brazil](http://en.wikipedia.org/wiki/Economy_of_Brazil)). As a result, agricultural production in Brazil accounts for close to 41% of its trade exports (<http://www.traveldocs.com/br/economy.htm>).

It is not surprising, therefore, that the country of Brazil is essentially self-sufficient in terms of food production. This not only allows for the country to spend less on agricultural imports, but also for them to receive more money for the exportation of such goods that other countries do not have domestically available. As a result Brazil is now becoming the new breadbasket of the world, replacing the United States. Consequently, Brazil's ability to rebuild their economy after its near collapse in 1998 was

largely a result of foreign country's dependence on those crops and livestock that are grown and kept primarily in Brazil, which led to increased opportunities for trade and thus, trade surplus.

Currently, Brazil is the leading exporter of sugarcane, coffee, frozen concentrated orange juice, tropical fruits, soybeans, cocoa, tobacco, wood products, poultry, pork, corn and cotton. Brazil also has the largest commercial inventory of cattle in our world today, which is important to numerous areas of the country as well as the rest of the world (<http://www.traveldocs.com/br/economy.htm>).

Although Brazil receives the majority of their funding from the agriculture industry, this country is also very advanced in terms of industrial production such as shoes, cement, lumber, iron ore, tin, and petrochemicals as well as that of cars, which includes the production of steel and textiles. Many of today's top automobile producers have factories in Brazil as a result. Brazil is also a large producer of computers, aircraft, and other similar products. Brazil is also among the world's leading producers of hydroelectric power (<http://www.traveldocs.com/br/economy.htm>).

Today Brazil is on its way to becoming the leading agricultural producer of the world as a result of finding a way to use their natural rainforests for farming purposes. The real has also gained increasing value and at times has passed that of the American dollar. The current economic success of Brazil is a result of a combination of appropriate use of terrain, account surplus and controlled inflation levels, and increasingly promising agricultural trade opportunities.

Brazil: Economy. *Travel Document System*. Retrieved February 14, 2006 from <http://www.traveldocs.com/br/economy.htm>

Economy of Brazil. Retrieved February 14, 2006 from [http://en.wikipedia.org/wiki/Economy\\_of\\_Brazil](http://en.wikipedia.org/wiki/Economy_of_Brazil)