

# India Exports to LAC: An Analysis of Export Performance of India for Doing Business with Brazil

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## ABSTRACT

The study has displayed a far reaching picture of Indian fare to LAC in extraordinary reference with Brazil. With current GDP (PPP) per capita is \$12,528 in 2014 placing Brazil in the 77th position. Brazil has driving degree with the products, including agrarian gear, building and development, aviation and flying, wellbeing and security gadgets, IT, oil and gas, therapeutic hardware, wearing merchandise, natural innovations, retail, and transportation. Brazil is likewise a vital destination for India's fares of electrical and electronic hardware, cotton, and pharmaceutical items. The study recognized that Brazilian market has space for Indian items. Accordingly, this paper intended to show the India's fare execution, trade opportunities and market passage methodologies with Brazil's import estimate in respects of working with Brazil.

**Keywords:** Latin America, Brazil, Indian Export, Market Entry Strategy, Export Opportunity, Indian Export Performance

| Access this article online   |   |
|--|---|
| Quick Response Code:   | Website:<br>www.innovativepublication.com |
|  | DOI:<br>10.5958/2394-2770.2015.00007.1    |

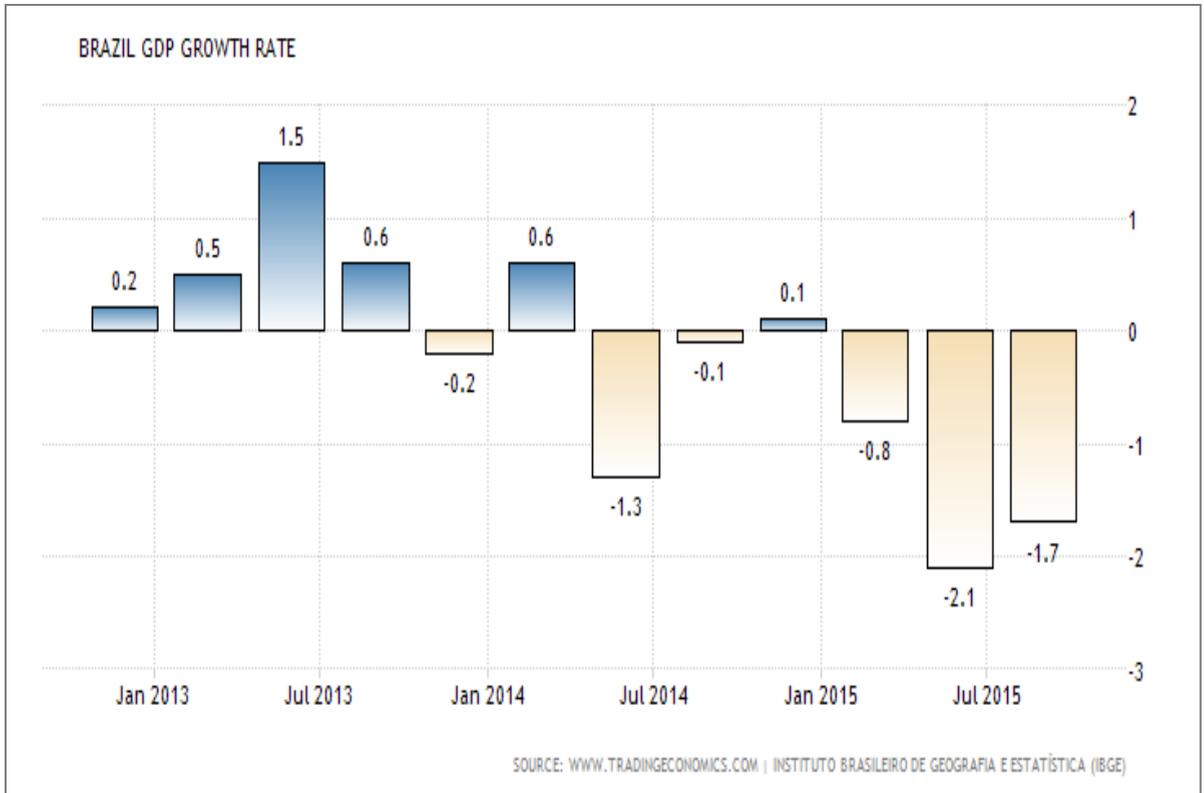
## The Country

Brazil, an unlimited South American nation, extends from the Amazon Basin in the north to the vineyards and monstrous Iguacu Falls in the south. Rio de Janeiro, symbolized by its 38m Christ the Redeemer statue on Mt. Corcovado, is celebrated around the world for its occupied Copacabana and Ipanema shorelines and also its gigantic, rambunctious Carnival celebration, highlighting parade glides, flashy ensembles and samba. Brazil has a blended economy with bounteous common assets. The Brazilian economy has been expected to become one in every of the five largest in the world, the GDP value per capita following and growing, only if massive investments in productivity gains created to substitute the value growth of the last decade that's as a result of the rise within the variety of individuals operating. Brazil enjoying its current GDP (PPP) of per capita \$12,528 which places Brazil in 2014 at 77th position according to IMF data. Additionally, vigorous agricultural, mining, manufacturing and service sectors, Brazil has a labor force of over a 107 million (ranking 6th worldwide) and unemployment of 6.2% (ranking 64th worldwide). As reported by IBGE, the GDP in Brazil minimize 1.7 percent in the September, 2015, which is worse than bazaar expectations. It is the third reduction in a row as investment has reduced for the ninth straight quarter and household spending posted the third fall consecutively. (Trading Economics, 2015).

## INTRODUCTION

Brazil has the leading economy of Latin America. Brazil is India's biggest trading partner in the region. The importance of Brazil can be accessed from the fact that it is the leading destination in LAC for India's exports of petroleum oils, organic chemicals and machinery and a major destination for vehicles and plastics and articles. All these items are among the major export items to LAC. Brazil is also an important destination for India's exports of electrical and electronic equipment, cotton, and pharmaceutical products.

The Indian exports of chemicals, prescription drugs, engineering and alternative factory-made products moreover as industrial raw materials can still increase steady with the intensification of export promotion by the Indian exporters those who targeting Brazil as an oversized and growing strategic market. The main special case is diesel trade which will decrease in the coming years as Brazil expands its refining limit.



**Figure 1: Brazilian GDP Growth**  
 Source: <http://www.tradingeconomics.com/india/exports-to-brazil/forecast>

**Brazil Imports and Exports**

Imports of Brazil reduced by 30 percent year-over-year to 12609 USD Million in November of 2015 as weak real has been pushing cost of imported commodities privileged and consumer spending remains weak. Imports of Brazilian market averaged 4083.08 USD Million from 1959 until 2015 (Trading Economics, 2015).



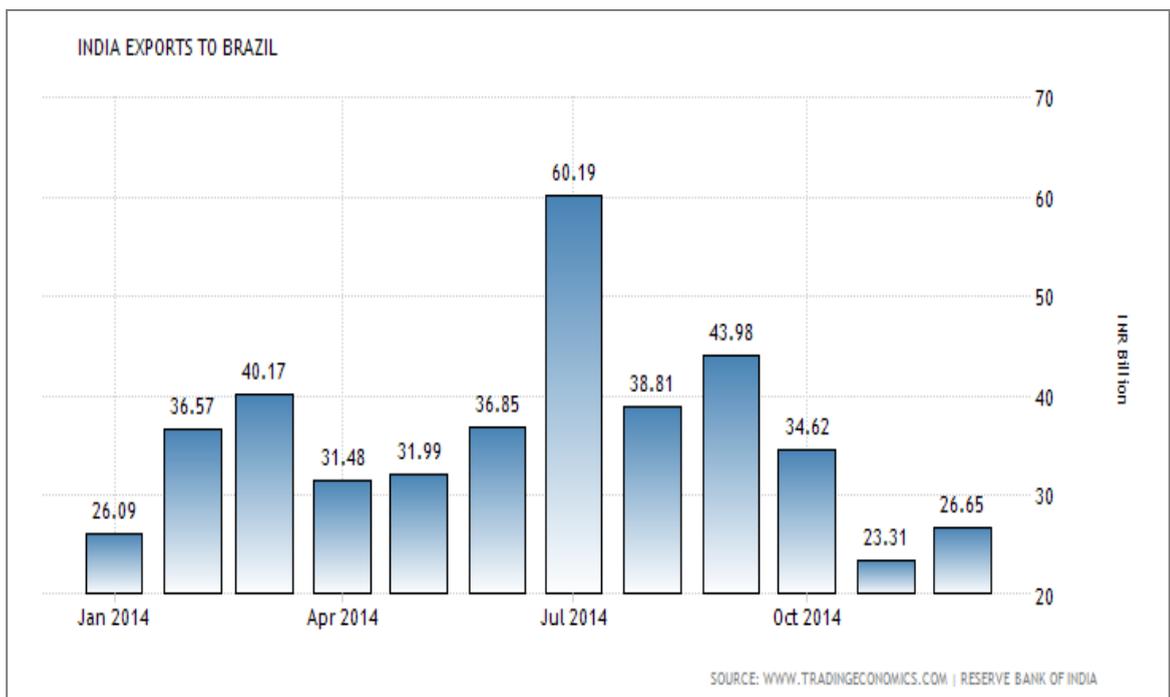
**Figure 2: Brazilian Imports**  
 Source: <http://www.tradingeconomics.com/brazil/imports>

Brazil's exports fell 11.8 percent year-over-year to 13806 USD Million in November of 2015 injured by a sharp crashes of commodity prices, including iron ore, soybeans seeds and oil, that composed around half of shipments. Exports in Brazil averaged 4364.63 USD Million from 1954 until 2015 (Trading Economics, 2015).



**Figure 3: Brazilian Exports**  
 Source: <http://www.tradingeconomics.com/brazil/exports>

As Reserve Bank of India reported, Indian exports to Brazil increased by 26.65 INR Billion in December from 23.31 INR Billion of November, 2014. Indian exports to Brazil averaged 7.06 INR Billion from 1991 until 2014 (Trading Economics, 2015).



**Figure 4: Indian Export to Brazil**  
 Source: <http://www.tradingeconomics.com/india/exports-to-brazil>

### **Market Overview**

The Brazil is the largest economy of the Latin America with 3,290,000 square miles, bordering 10 other countries and with 4,650 miles of coastline. Annual growth during 2014 decreased to 0.1% because of reduced demand from Brazilian exports in Europe and Asia and self-effacing consumer demand from large Brazilian middle classes. Throughout days gone by two decades, the nation over need prioritized macroeconomic strategies that control expansion and Push budgetary development. Recently, expansion need increased, arriving at 8.47% clinched alongside May 2015. Urban unemployment might have been at 6.4% in April 2015, expanding from 4.9% during the mid of 2014. Brazil's Central Bank has been gradually raising interest rates to fight with inflation.

### **Major reasons to export to Brazil include**

- Brazil's population representing nearly 3 % of world consumers.
- Toward the same time, Brazil need the most astounding for every capita wage for any of the BRICS, for more than a large portion from claiming its population relating illustrated middle-class, procuring \$11,500 and \$29,000 for every year.
- Brazil also customary pioneer around rising business sectors. As BRICS member, it is considered by numerous multi-national companies as an essential market for international businesses.
- Brazil has a natural similarity and a high regards towards products, brands and technology.
- The Brazilian Government is actively humanizing relationships worldwide and prioritizing macroeconomic stability.

### **Market Challenges**

Brazil has a large and diversified financial system that offers many opportunities to its associates and export their commodities. Doing business in Brazil requires intimate knowledge of the domestic environment, including both the direct as well as the indirect costs of doing business in Brazilian market. Such costs are often associated with distribution, government considerations, worker benefits, environmental laws, and a composite tax structure. Logistics pose a particular challenge, given the lack of sufficient infrastructure to keep up with nearly a decade of economic expansion.

The Brazilian Government is the nation's largest buyer of goods and services. Navigating government procurement process can be challenging. Exporters may competitively disadvantaged if they do not have an important in-country presence – whether via established partnerships with Brazilian entities or some type of company subsidiary as well as the endurance and monetary resources to react on legal challenges and bureaucratic issues.

The unraveling embarrassment associated with vitality goliath Petro-bras postures another test to government and organizations, increasing vagueness and creating a drag on growth. In response to same, senior government authorities have vowed to bolster the on-going lawful and investigative procedures and Petro-bras has found a way to enhance interior consistence systems and restore certainty. While the financial and advertising outcomes have been serious, Brazil might yet grab a silver coating: an exhaustive duty to battle debasement could eventually enhance the business atmosphere, profiting neighborhood and worldwide organizations alike.

### **Market Opportunities**

On June 9, 2015, President Rousseff uncovered another base concessions program, which is expected to draw US \$64 billion in venture throughout the following five years and past to update and work parkways, railroads, ports and air terminals crosswise over 20 states of Brazil. The new concessions will have less access to state bank financing than past tasks, as bidders will be required to utilize private financing also.

The first Olympic Games in South America going to held in Rio de Janeiro in the summer of 2016 and expected to generate copious business opportunities for particular sectors. The Government of the State of Rio de Janeiro estimates that investments in the State between 2010 and 2016 will reach US\$ 50 billion, in sectors including infrastructure, construction, transportation and others. Most of these investments will be done under Brazil's Public-Private Partnerships (PPPs).

The Rio de Janeiro Olympic Organizing Committee started their obtainment process identified with the Olympic Games in mid 2014, however new open doors will be discharged all through 2015 and into 2016. The promising territories for fares and speculation incorporate farming hardware, building and development, aviation and flying, wellbeing and security gadgets, IT, oil and gas, therapeutic gear, brandishing products, ecological innovations, retail, and transportation.

### **Market Entry Strategy**

Achievement in Brazil's business society depends intensely on the improvement of solid individual connections which is the establishment of profitable business organizations. In the larger part of cases, firms require a home vicinity, so creating connections; incessant visits to Brazil are required. It is urging to visit Brazil to meet one-over-one with potential accomplices, and offers a calendar of administrations through which organizations can meet with pre-screened potential customers or accomplices in individual gatherings.

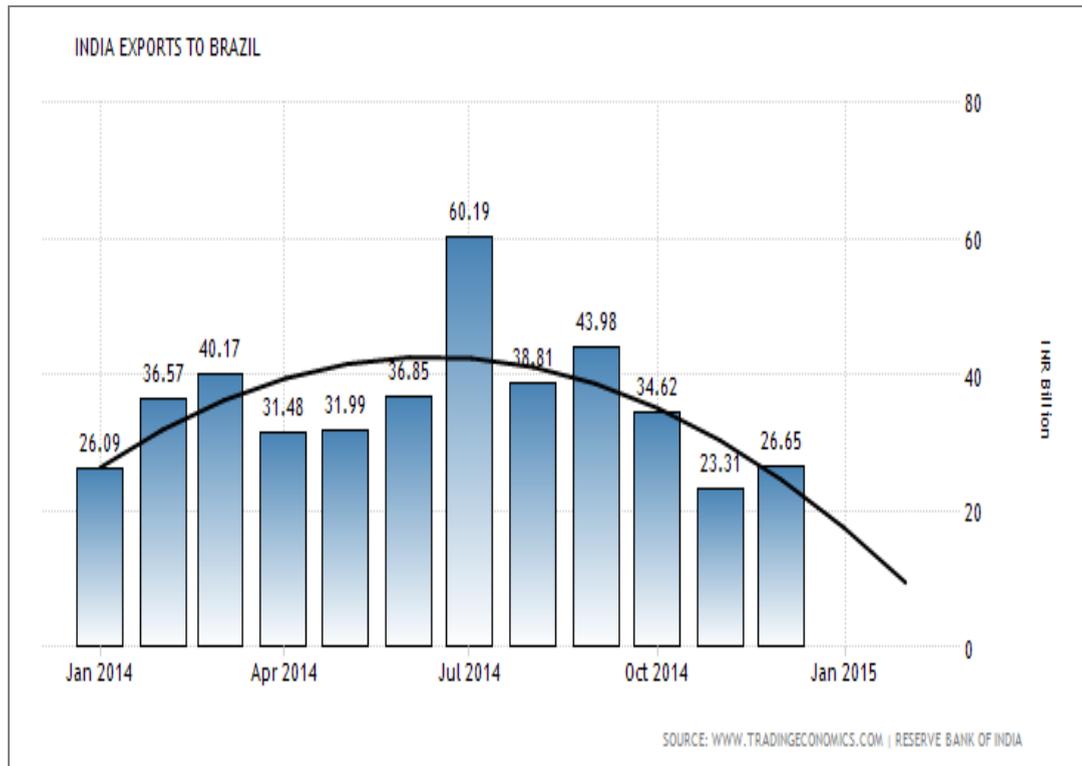
It is fundamental to work through a qualified agents or merchants while growing new business in the Brazilian market. A few firms might need to build up an office or

joint endeavor in Brazil. It is troublesome for organizations to get included in broad daylight segment acquisition at the government or state levels without a Brazilian accomplice, or a physical vicinity in Brazil.

**Forecast for Indian Export to Brazil**

As indicated by the econometric models of Trading Economics, India fares to Brazil are required to be

45.71 INR Billion before the end of the final quarter of the financial year. Looking forward, evaluation Indian Exports to Brazil stand at 42.93 in 12 months. In the long haul, the India Exports to Brazil is anticipated to drift around 41.64 INR Billion in 2020 as shown below:



**Figure 5: Forecast for India Export to Brazil**  
 Source: <http://www.tradingeconomics.com/india/exports-to-brazil/forecast>

**CONCLUSION**

Brazil is a vast and a developing remote business sector for Indian exporters. Brazil has a blended economy with numerous unused natural resources. Expansive interests in profitability additions are made substitute the GDP development of the most recent decade, which ascribed to the increment in the quantity of individuals working. Imports in Brazil arrived at the midpoint of 4083.08 USD Million since 1959 until 2015. Brazil's exports fell 11.8 percent year-over-year to 13806 USD Million in November of 2015 hurt the costs of items. Amid the previous two decades, the nation has organized macroeconomic approaches that control swelling and advance financial development. For working together in Brazil, requires close learning of the neighborhood environment, including both the immediate and additionally the aberrant expenses of working together in Brazil. Agrarian tools, building and development, aviation and flying, wellbeing and security gadgets, IT, oil and gas, therapeutic hardware, donning merchandise, natural innovations, retail, and

transportation are the promising territories for fares and venture with Brazil. It is important to work with a qualified delegate or merchants while growing new business in the Brazilian market. The Indian Exports to Brazil is anticipated around 41.64 INR Billion in 2020.

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