

# Pest brazil

[Finance](#), [Financial Analysis](#)



## **Political environment**

- Greed and Corruption
- Increase in government expenditures
- Political stability and emphasis on consistent economic policies and growth
- Position of international influence and power (BRIC)
- Many environmental restrictions and regulations (Protection of Amazon)

### **Going into business:**

- High bureaucracy, lack of transparency of rules and slow legal procedures (are hurdles to overcome and make Brazil a difficult country to do business in)
- The huge opportunities for foreign companies in Brazil's growing economy have to be weighed up against the country's relatively high taxes and labor costs // labour rules are generous to workers
- Foreign exchange rules are in favour for investors outside the country but with some restrictions by certain states (freely allow dividends and capital to be repatriated to investors outside the country, but some restrictions are imposed by certain states // differences in risk between its 27 states) Economic environment
- The world's sixth largest economy (GDP: \$2.089)
- Poor GDP growth of 3. % in 2011, (was high in 2010 but decreased due to measures to decrease inflation) the economy is expected to grow strongly.

- inflation 5% •expanding its presence in world markets. (\$256 billion (2011 est. ) - 24th worldly)
- high interest rates make it an attractive destination for foreign investors.
- Imports: \$226, 2 billion (2011 est. ) - 23rd world - cost to import/per container: 1. 730
- large and well-developed agricultural, mining, manufacturing, and service sectors,
- capital inflows over the past several years have contributed to the appreciation of the currency, hurting the competitiveness of Brazilian manufacturing and leading the govern (exchange rates: 1, 6728 (2011 est. - 2(2009)
- Stock of direct foreign investment - abroad: 171, 7 (2011 est. )
- foreign direct investment unflows: 31
- still has a relatively high debt burden
- Several Brazilian companies ranking of the world's largest companies.
- unemployment (6, 7%) - high rate o job creation
- South America's leading economic power and a regional leader, one of the first in the area to begin an economic recovery.
- Brazil managed to go from a net importer offoodto one of the world's leading exporters of agricultural products.
- ease of doing business (ranked 124th) - corruption major business constraint (67% of managers believe that) Socio - cultural environment world's fifth largest country by both population and total area. (Large

and growing population (191mn in 2010, 1, 5% growing, 5th in the world)

- Large % of youth population (51, 3% of population is under 30)
- Urban population: 84, 3%
- increase in living standards. From 1980 to 2010, Brazil's Human Development Index (HDI) increased by 30. 8 percent from 0. 549 to 0. 718. but bad gini index
- Poverty/ inequality (21, 4% of population is below poverty line + Gini index: 56. 99, equalityof distribution of income 0-100
- Consumer expenditure per capita is low (\$6. 619, 8)
- Consumers rapidly adopting spending habits that are more characteristic of consumers in developed countries.

According to Credit Suisse Research's Emerging Consumer Survey 2011, Brazilians' devote a considerably larger share of income to discretionary spending than consumers in other BRIC countries. Brazilian respondents reported saving a relatively modest 10 percent, and more than half (52 percent) were not able to set aside any income for savings. (high inflation - uncertain environment) favelas or shanty towns stand in striking proximity and sharp contrast to the city's upscale environs and stunning scenic backdrop. Fortunately, some have seen fit to aid the residents of Brazil's favelas. The plight of Brazil's large population of urban poor has given rise to a number of innovative social programs. increasing number of consumers attaining middle-class status (more than 32 million the past 7years) while another 20 million have escaped a state of poverty. (reach a low-income market segment of new consumer) Sharing borders with 10 neighbours in

Latin America •troubled and combative social situation illegal narcotics trafficking / border disputes Urugua-Brazil border - 1st country of number of murders by youth: 20. 386educationlevel low 9average education 14 years old) - education spending: 4, 2%of GDP Technological environment Energy independent / rich in natural recourses Strengths in agricultural research, know-how andtechnology. (Much of the credit goes to Embrapa, Brazil's highly accomplished, public agricultural research organization. Initiatives on R (that promote South-South cooperation in several arenas, includingscienceand research collaboration in fields such as nanotechnology, oceanography and Antarctic research. ) Many transportation routes and infrastructures ( ports (atlantic ocean). Transportation note : the International Maritime Bureau reports that the territorial and offshore waters in the Atlantic Ocean remain a significant risk for piracy and armed robbery against ships; 2010 saw an 80% increase in attacks over 2009; numerous commercial vessels were attacked and hijacked both at anchor and while underway; crews were robbed and stores or cargoes stolen Growing Infrastructure programs due to world cup / olympics (government's Growth Acceleration Program has pumped \$250 billion into infrastructure projects. Recent discovery of huge offshore oil deposits near Rio de Janeiro will further promote future growth, transforming Brazil into one of the world's biggest oil producers creativity and flair for design and innovation that are ingrained in the Brazilian national character and enhanced by the country's newfound financial fitness, telecoms talent and entrepreneurial energy.

## Data Sources

1. Euromonitor: <https://www.portal.euromonitor.com>

2. IMF website: <http://www.imf.org/external/country/BRA/index.htm>
3. CIA website: <https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>
4. UNCTAD: <http://unctadstat.unctad.org>
5. World Bank World Development Indicators: <http://data.worldbank.org/data-catalog/world-development-indicators>.
6. United Nations Development Programs: <http://www.undp.org/content/undp/en/home.html>
7. CEBR website: <http://www.cebr.com/>
8. Forbes magazine website: <http://www.forbescustom.com/index.html>
9. CNNMoneywebsite: <http://money.cnn.com/>