

Brazil launches trade drive on Africa

Brazil is hungrily eyeing Africa's raw materials and good markets for Brazilian manufactures which are often more acceptable than those from the industrial powers. JORGE A. LOSADA reports.

A BRAZILIAN businessman, after a West African junket carrying a kit full of merchandise, noted: "From one point of view it is an easy market — they have nothing and want everything." It may not be as simple as that. In any event, Brazil's 1976 export sales to the developing countries of black Africa climbed to around £235-million. And, albeit a flagging trend in the overall growth of exports, sales to African markets for 1977 are expected to increase sharply. Thus, the Brazilian African policy, initiated in 1962 under the administration of Jânio Quadros, has become the one bright spot in Brazil's one time "miracle" economy.

Brazil's African export drive reached a climax with the 10-day industrial exposition held in Nigeria's capital Lagos in September 1976, which brought hordes of Brazilians scrambling to sell their wares from brassieres to locomotives. Besides goods, services were offered, specially from 36 construction, engineering and architectural firms selected from Brazil's best.

Brazilian industrial fairs have been staged also in Mozambique, Angola and Zaire, but none has surpassed Brazil's mammoth display in Lagos featuring 104 exhibitors. Oil-rich Nigeria, with its 80-million population, is considered Brazil's most desirable market. Not only her economic potential is practically unbounded, but she does not have many preferential links with the West. Still another factor is the estimated 25,000 Brazilian descendants that live there, the progeny of manumitted slaves who emigrated from Brazil to their ancestral homes at the beginning of the nineteenth century.

Brazilian industrialists are already nibbling at Nigeria's \$30-billion five-year plan budgets for infrastructure improvements and anticipating a major share of it. A Brazilian company is busy installing a complete telephone system in Lagos and Usimas Mecanica S.A. is negotiating a \$6-million contract to supply metallic structures for the port of Lagos.

Next to Nigeria, Brazil's most appealing trading partners are Gabon, Zaire, Ghana, Zambia, Ivory Coast and Angola. Zambia can supply non-ferrous metals. And Ghana, with her greater industrial facilities, is looked upon as an intermediate location to ship semi-manufactured goods to be finished and re-exported to neighbouring countries with a saving of taxes.

Brazil's African windfall has resulted in a

bonanza for the growing bevy of multi-nationals and foreign subsidiaries. Here are some instances of recent big-ticket deals:

- Sweden's Saab-Scania sold \$14-million worth of trucks to Angola and established there a training school for mechanics and drivers.

- Tenneco Inc., (through its Brazilian subsidiary J. I. Case do Brasil) delivered \$2.5-million worth of equipment for excavation to black Africa in 1976, compared with \$1.1-million the previous year.

- Volkswagen do Brasil's 1976 sales to Nigeria alone reached \$28.5-million in the first eight months, compared with \$27.5-million for all-1975.

- General Motors do Brasil sold \$1.7-million worth of off-the-road equipment to Mauritania in 1975, and sales to Gabon and other countries in 1976 surpass that amount.

- Caterpillar sold 115 earth moving units to Ivory Coast in 1976

Concurrently, Brazilian companies are grappling successfully with joint venture enterprises involving African interests. This has been the case particularly in Nigeria, where many such arrangements have been entered into, comprising the packaging, assembling or manufacturing of light consumer products. On a heavier line, Volkswagen has an assembly plant and servicing facilities in Lagos and Marco Polo is producing bodies for buses mounted on imported Mercedes chassis and motors.

The rapid unfolding of Brazil's African trade was bolstered in 1968 by the creation of the Afro-Brazilian Chamber of Commerce in São Paulo with the backing of industrial organisations and the Bank of Brazil. Then came, in 1972, Brazil's Foreign Minister Gibson Barbosa's ice-breaking trip

Brazilian President Ernesto Geisel — adjusting to African realities.



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to West Africa which engendered nine joint declarations on common trade policies, six cultural treaties, five treaties on technical cooperation and a trade treaty with Nigeria.

The potential of Africa led to the opening of a cluster of 13 embassies in black Africa; to the establishment of an African Affairs Department in the Foreign Ministry, headed by Counsellor Claudio Luiz dos Santos Rocha, and the assignment of trade specialists by the Bank of Brazil to the Foreign Ministry on a requisition basis. To help crank up the new trade, the government instituted an export financing plan under which a buyer can acquire goods with a 15% initial payment and pay the balance over five years at 7.5% interest per annum.

Brazil's present hegemonial position in the black African market did not start from scratch. Traditionally an intermittent, but meagre, flow of trade was carried on based on an exchange pattern. Brazil provided corn, sugar, tea, rice, menthol, nuts, sisal and tobacco. Africa reciprocated with asbestos, copper, cobalt and phosphates. In time Brazil found in Africa other essential products to feed her prodigious industrial complex, i.e. petroleum, aluminium, zinc, tungsten, lead, cassiterite, pyrethrum, soda ash, tanning extracts and gum arabic. This vital inventory earned for the Africans up to \$250-million yearly in foreign exchange which, in turn, could be spent in Brazilian goods.

For long Brazilian planners shunned African trade, stressing the non-complementary nature of their economies, and the competitiveness in such commodities as coffee, cocoa, timber, minerals and diamonds.

A further deterrent was the lack of regular, direct sea transportation. Brazilian exports to Africa had to be trans-shipped via New Orleans, New York or other ports. Presently Brazilian Lloyd has regular scheduled trips to the West African ports of Dakar, Monrovia, Tema, Takoradi, Lagos, Luanda and Lobito. East Africa is being served from Mozambique and South Africa. A joint venture entered recently by Lloyd with Nigebbras permits Brazilian ships to sail under the Nigerian flag. Varig offers regular air cargo and passenger flights. (35 tons of chilled meat are flown every day by Varig to Lagos.)

Politically, Brazil has evinced a deft sense of adjusting to African realities. The staunchly anti-communist government of President Ernesto Geisel was among the first to recognise the Marxist regime of Agostinho Neto in Angola. The move had its reward. Brazil's state-owned oil company Petrobras was the first foreign firm invited by Neto to conduct oil explorations in Angola.

Jânio Quadros once said: "By interrelating its Western and African heritage, Brazil could become the link or bridge between Africa and the West." Somehow, this is happening.

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