



Foreign Agricultural Service

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Brazil

Agricultural Situation

MERCOSUL Import Finance

1999

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Report Highlights:

This is an alert report. Brazil extended until June 30, 1999 to MERCOSUL members plus Chile and Bolivia the benefit of partial exemption from import finance restrictions. It also increased the value of individual shipments to US\$ 80,000 as opposed to an old limit of US\$ 40,000. This will benefit exporters of fruits from Argentina and Chile.

Includes PSD changes: No
Includes Trade Matrix: No
Trade Report
Brasilia [BR1], BR

SUBJECT: MERCOSUL IMPORT FINANCE EXEMPTION.

REF.: (A) BR7611 of 4/4/97

(B) Brasilia 04690 of 10/17/97

According to Circular number 2,864 from the Central Bank of Brazil, published on 2/26/99 in the Diario Oficial (Brazil's Federal Register), the Brazilian government extended a partial exemption from import financing restrictions for MERCOSUL countries to June 30, 1999. The exemption was due to end on February 28, 1999, and was last extended by Circular number 2,749 of March 4, 1997.

The Central Bank of Brazil also increased the value of individual shipment to US\$ 80,000 (before was US\$ 40,000) from MERCOSUL members plus Chile and Bolivia, which could benefit from import finance for up to 90 days without the need for prepayment.

Comments: According to trade sources this decision was made on "political grounds" and reflects Brazil's concerns with the impact of the devaluation of the Real in the trade with their trading partners of the South Cone. This measure is also expected to benefit fruit exporters from Argentina and Chile.

In 1998, Brazil imported a total of US\$ 8 billion from Argentina (down one percent from 1997), of which US\$143 million of fruits. In the same period, Brazil imported a total of US\$ 809 million from Chile (down 19 percent from 1997), of which US\$ 28 million of fruits and vegetables.