

## Secondary activities in Brazil | sample answer

**Q: Examine the development of secondary activities in a continental/ sub-continental region of your choice.**

The region I have studied is Brazil.

Brazil is classified as a newly industrialised country (NIC). This means that its economy is undergoing rapid industrialisation, increased foreign direct investment and increased global trade

Manufacturing is a growth industry in Brazil. It is growing by 3% each year, especially in the South-East state of Sao Paulo.

The main industrial products ranked by value of sales are; diesel oil, processed iron ore and cars. The south east region produces €364 billion worth of manufactured goods each year, 60.7% of total sales.

After World War 1, government policy forced Brazilian industry to develop because food and resource shortages on imported goods made Brazil consider making their own goods.

To break the dependence on exports of unprocessed raw materials, a new Industrialization programme was introduced. It was called the Import Substitution Industrialisation (ISI) scheme and was brought in 1950.

The goal of this programme was to move to domestic manufactured goods to replace imports. This finally gave Brazil the opportunity to enter the industrial age and become self-sufficient.

Because of the ISI, large multi-national companies like Ford and Volkswagen were encouraged to come to Brazil, as a result coffee only accounts for 2% of today's exports. Steel, chemicals and engineering products have replaced it.

Tariffs and bans were placed on imported goods so foreign goods were more expensive and this further encouraged people to buy local goods.

Five events have occurred since the 1970s that have opened up Brazil's economy to the world and greatly increased the number of countries with which it trades.

The local national ethanol programme was launched when the 1970's oil crisis came to light and oil prices rocketed up. The idea was to switch diesel petrol to the biofuel ethanol.

After huge costs of the ISI scheme, Brazil entered a debt crisis. They were initiated into a programme called the Structural Adjustment Programme (SAP) by the International Monetary Fund and the World Bank which encouraged production of exports of cash crops like soya.

In 1991 the Southern Common Market (Mercosur) was established, which allowed free trade between South America countries and provided a large market for Brazil's manufactured goods.

In 1944 the government implemented the Real plan to reduce inflation and increased the value of the Brazilian currency. A new currency -the Real- was introduced. It was very successful and Brazil's economic position recovered.

At the start of the 21st Century, economic problems recurred and Brazil received a bailout of €23 billion from the IMF. Growth resumed and the loan was paid off in 2005.

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The most recent world recession hit Brazil in 2008 but after only 6 months Brazil was one the first countries to show signs of recovery due to the strength of its manufacturing industry within the global market.

The South East coastline has many sheltered, deep water inlets which are used for the import and export of goods and Brazil has huge supplies of cheap Hydroelectric Power, 90% of which is produced in the Amazon Basin. These are two factors driving industry o develop into the future.