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Brazil: "market Reserve" Policy Affecting Computers & Computer Parts Eliminated

by Barbara Khol
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On July 12, after approval by the Congress, government officials announced the elimination of a series of policies restricting imports of computers and computer parts (informatics), and foreign participation in the domestic industry. Domestic companies will henceforth be permitted to import printed circuit boards, previously prevented by the country's protectionist "market reserve" policy. The first two joint ventures to produce medium-sized computers receiving government approval consist of IBM and the Brazilian company Sid Informatica, and Digital Equipment Corp. and Elebra. Secretary of Science and Technology Jose Goldemberg said foreign firms would be allowed up to a 30% stake in joint ventures. In October 1992, when the market reserve is to be fully phased out, multinationals will be allowed to own up to 49% of voting capital in a joint venture. The companies will be required to invest 5% of total sales in local research and development. Goldemberg said Brazilian companies also will be able to import computer equipment for resale on the domestic market, as long as the value of the goods is not greater than an importer's average total sales in 1989 and 1990. The market reserve policy, implemented in the early 1980s, allowed Brazil to develop a $5.9 billion computer industry. (Basic data from AFP, 06/25/91; AP, 07/12/91)

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