

panorama

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Panorama Brazil

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Brazil holds the 7th largest GDP in the world and it is the 5th biggest in terms of extension and of population (over 195 million inhabitants). It is also the main economy in Latin America, representing 40% of the total activity and with a GDP per capita of 11,1 USD⁽¹⁾. In 2001 with the creation of the acronym BRIC, together with Russia, India and China, Brazil was raised as one of the emerging economies bound to grow. The idea that the biggest economy in Latam was going to take off was based on the high commodity prices due to the Chinese rapid growth, the deep oil field recently discovered (the Pre-Salt) and the fertile land and abundant mineral sources. The country is a major producer and exporter of many commodities, such as soya and iron ore.

From 2004 to 2008 Brazil had grown, on average, by 4.8% a year, but in the former period, from 2009-2013, the average rate declined to 2.7%. It is true that activity deceleration in China contributed, but it explains just a part of what has happened. The country did not take advantage of the good winds to make important reforms, such as improving the infrastructure and the business climate. According to Global Competitiveness Index 2013-2014 of the World Economic Forum Classification, Brazil was ranked at the position 56 of 148 participants in terms of competitiveness. Table 1 breaks the index by all criteria.

TABLE 1

Brazil - Global Competitiveness Index 2013-2014 (sample 148 countries)	Position in Rank
Institutions	80
Infrastructure	71
Macroeconomic environment	75
Health and primary education	89
Higher education and training	72
Goods market efficiency	123
Labor market efficiency	92
Financial market development	50
Technological readiness	55
Market Size	9
Business Sophistication	39
Innovation	55

Source: FMI

⁽¹⁾IMF estimative for 2013.