Chapter 8
Sixth Largest Economy of the World

Brazil has the sixth largest economy in the world and is expected to become fifth in years to come. Its economy is the largest in Latin America and the second largest in the Western hemisphere. In 2011, Brazil produced more than 2.5 trillion US dollars in goods and services.

Almost all products are made in Brazil. Every year, the country produces tens of millions of tons of steel, 26 million tons of cement, 8 million television sets and 7 million fridges. About 70 million cubic meters of petroleum are processed annually into fuels, lubricants, propane gas, and a wide range of petrochemicals. As it has vast agricultural lands, Brazil is one of the world’s top producers of food items such as soybeans, sugarcane, beef, poultry and coffee.

The Brazilian economy is then very diverse,
which makes it even stronger. To understand it, it is easier to look at each sector at a time.

Agriculture - what Brazilian farms produce?
In Brazil, the agribusiness sector is responsible for 27% of the direct Gross Domestic Product (GDP), 42.5% of total exports (2009) and more than 17 million jobs. In addition, the country participates with 25% of the total world food market. Brazil is one of the world leaders in the production and export of several agriculture and livestock products.
Brazil leads the world ranking in the production and export of coffee and orange juice, and is also the main world producer of ethanol extracted from sugar cane. Brazil also occupies first place in external sales of soy (grains, oil and meal), sugar, beef, chicken, and also stands out for the production of corn, rice, pork products and fish.

Brazil has achieved such a high level in its agricultural production through the use of intensive technology, and so became a leader in technology for tropical agriculture. Indeed, scientific and technological development, together with the modernization of rural activities, has contributed toward the good performance of Brazilian agribusiness in exports, and also for the growing availability of employment in this segment. Apart from fertile soil, availability of water, biodiversity and qualified labor, Brazil also invests in the production of agricultural implements and machines, as well as in research that ensures the quality of production from agricultural activities and the raising of livestock.
Brazil in the world ranking of agricultural production (2009)

<table>
<thead>
<tr>
<th>Main Products</th>
<th>Production</th>
<th>Exports</th>
<th>Number of Markets</th>
<th>Exports US$ Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>1st</td>
<td>1st</td>
<td>124</td>
<td>8.378</td>
</tr>
<tr>
<td>Coffee</td>
<td>1st</td>
<td>1st</td>
<td>81</td>
<td>3.762</td>
</tr>
<tr>
<td>Orange Juice</td>
<td>1st</td>
<td>1st</td>
<td>75</td>
<td>1.619</td>
</tr>
<tr>
<td>Soybean</td>
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<td>2nd</td>
<td>46</td>
<td>11.413</td>
</tr>
<tr>
<td>Beef</td>
<td>2nd</td>
<td>1st</td>
<td>142</td>
<td>4.116</td>
</tr>
<tr>
<td>Tobacco</td>
<td>2nd</td>
<td>1st</td>
<td>100</td>
<td>2.992</td>
</tr>
<tr>
<td>Ethanol</td>
<td>2nd</td>
<td>1st</td>
<td>48</td>
<td>1.338</td>
</tr>
<tr>
<td>Broiler</td>
<td>3rd</td>
<td>1st</td>
<td>146</td>
<td>5.307</td>
</tr>
<tr>
<td>Corn</td>
<td>4th</td>
<td>3rd</td>
<td>49</td>
<td>1.259</td>
</tr>
</tbody>
</table>

Brazilian agricultural production is very diverse, and each region has better conditions to produce some kinds of goods. In the South of Brazil, the most important sector of agriculture is livestock. This region is the country's center of production of chicken, lamb and pork meat, and also produces important quantities of beef. It is in the South of Brazil that are cultivated some grains eaten all over the country, like wheat and corn, as well as rice, which is a basic part of any Brazilian meal.

The Southeast of Brazil is the center of production of some of the most typical national agricultural crops. It is in that region, mainly in
the countryside of the state of São Paulo, where the majority of Brazilian sugarcane is cultivated and processed into a wide variety of products, from ethanol to sweets, as well as to produce electricity. It is also in that region that the largest part of the Brazilian orange juice is produced, to then be exported all over the world. It is the northern parts of this region that one of the most famous Brazilian products is cultivated - coffee. Brazil is the largest producer and exporter of coffee in the world, and the majority of its production
comes from the state of Minas Gerais.

The Center-West is the region of Brazil most known for agriculture. Until the 1960s, the soil of that region made it very difficult to cultivate any crop there, but important technological research was made at the Brazilian institute Embrapa, and a new way to cultivate in the Cerrado was discovered. Since then, the region became one of the most important agricultural centers in the whole world. The largest crop of the Center-West - and of the whole country, in fact - is soybeans, which are then processed into different products, such as soybean oil.

The North-East of Brazil is also an important area for agriculture. Although in some parts the region does not have the most productive of soils and suffers with the dry weather, northeastern agriculture is relevant in some particular crops. Some of these are cocoa, from which we produce delicious chocolates, and also sugarcane, which has been cultivated in the region since the 16th century. Currently, northeastern agriculture faces a boom in the production of tropical fruits for exports,
among which you can find mangos, cashew, coconut, grapes and many others.

Since it has the vast majority of its territory occupied by the Amazon forest, the North region of Brazil does not have large cultivated areas. In the parts of the region south of the Amazon, we can find a production of soybeans, coffee and, most importantly, black pepper, of which Brazil is also one of the largest producers in the world. The Amazonian region is also an important producer of rubber, which is extracted from the rubber tree existent in the forest. But the North region has an important production of forest products, which are usually found in the Amazon, like guaraná and cupuaçú.

Industry – what Brazilian factories produce?
The industrial sector had a strong growth in Brazil since the 1930s, when the labor market was regulated, infrastructure received investment and industrialization became the government’s goal. This movement led to the industrialization of major urban centers in the
Southeast. Symbols of that process were the creation of the Companhia Vale and Companhia Siderurgica Nacional (CSN) in 1941 and 1946, respectively. With the inauguration of Petrobras in 1953, Brazil had a great development of industries related to oil production.

During the 1950s, the Brazilian economy opened up to international capital, the largest multinational companies opened plants and offices in Brazil. At that time, car makers set up factories in the country and an industry of durable consumer goods such as ovens and fridges has continued to grow.

These two major landmarks of the industrialization of the country were the foundations for the growth trajectory of the domestic industry, which today is highly diversified and represents 27.9% of all Brazilian production and employs 17.6% of the economically active population. Today, Brazil has the second biggest industrial sector in the Americas. Brazil's diverse industrial production ranges from automobiles, steel and petrochemicals to aircrafts, and consumer
durables. With increased economic stability provided by the Plano Real, Brazilian and multinational businesses have invested heavily in new equipment and technology.

Among the most important industrial sectors in Brazil is the petrochemical. Brazil, as a self-sufficient country in oil and soon also in gas, has one of the largest oil companies in the world, Petrobras, which has an annual revenue of more than US$ 100 billion and has operations all over the world. The processing of oil into fuel and several other chemicals is one of the most important industrial activities in Brazil. But Brazil is even more widely known by its production of fuel through renewable
means. And ethanol, a fuel made from sugarcane, is the fuel of a large part of vehicles in the country, as well as is used to produce electricity.

Another very important product of the Brazilian industry are automobiles. That is one of the oldest industries in the country and still plays a very important role. Currently, Brazil produces more than 3.5 million vehicles per year, which are both used in the country and are exported. All the major vehicle producers in the world have factories across Brazil, such as Volkswagen, Ford, General Motors, and many others, which are responsible for the creation of as many as 150 thousand work positions in the country.
In a great amount due to its natural endowments, Brazil is also the world's top producer of iron ore, and mining is one of the most important sectors of Brazilian industry. The largest iron ore company in the world is the Brazilian Vale, which produces around a third of the iron ore in the world. The metals extracted and processed in Brazil are used all over the world in an enormous variety of sectors, especially in construction.

Brazil is also among the world's top producers of airplanes, especially mid-size jets, used by air companies all over the world. The most important Brazilian company that produces
airplanes is Embraer, which is among the top five aircraft producers in the world, and is located in São José dos Campos, near São Paulo. It is that city that concentrates some of the most technological Brazilian industries, together with the most renowned engineering universities in the country.

One of the most traditional industrial sectors in Brazil is that of durable goods, called “white-line”. Brazilian factories are long-known for producing top-quality domestic appliances, such as fridges, ovens, cell phones and televisions. More than 7 million fridges are made annually in Brazil, as well as more than 8 million televisions. A good part of these appliances is produced in the North region of the country, in the city of Manaus, and they are both sold in the country and exported, especially to neighboring Latin American countries.

What services do Brazilians provide?
The services sector is the most important in the Brazilian economy both in terms of value,
since it is responsible for more than 70% of the production of the country, and in terms of employment, since it employs more than two thirds of the active population. This sector is extremely diverse, it comprises various activities such as trade and repair of motor vehicles; transportation; financial intermediation; post and telecommunications; retail trade; real estate activities; rents; public administration and defense and social security (education, health and social services).
The most important sector of services in Brazil is banking. Brazilian banks are the largest in Latin America and have been expanding steadily in the last few years. There are around 180 banks that operate in Brazil, and more than 125 million bank accounts registered. The Brazilian banking system is highly technological and the use of internet banking and ATMs is widespread. In fact, Brazil is one of the countries that has more ATM machines per person in the world, with the equivalent to one machine for every 800 persons (around 250 thousand machines).

Another very important segment of the Brazilian services sector is telecommunications, which encompasses telephones, internet, radio and television, among others. Brazil is one of the countries with the largest number of cell phones per person in the world: with a population of around 190 million persons, the country has more than 250 million active cell phone lines. Brazil is also very well-known around the world for the quality of its television shows. Brazilian soap operas are watched not only in Latin America, but also in Europe and Africa.
Brazilians are also very good in engineering and architectural services. The large engineering companies of Brazil, such as Camargo Correa, Odebrecht and Andrade Gutierrez, are among the top construction companies in the world. These companies are specialized in large constructions, like roads and hydroelectric dams, which they build all over the world.

The Brazilian economy is then very complex and dynamic in every sector possible. At the same time that the country is able to take profit of its natural endowment and have a strong agriculture, it can also count on its human capital (its people) to innovate and develop.