

# Brazil's emerging economy



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Other Brazils Emerging Economy Emerging Market Economy is attributed to fast economic growth, and increased foreign investment, which is indicated by substantial economic data depicting the fast growth due to rising Gross Domestic Product per capita, foreign reserves and trade volumes. Therefore, the faster growth refers to the higher profits from foreign investment, which encourages the foreign investment, thus promoting economic growth (Sean, 1). In 2011, Brazil was identified to be the seventh wealthiest economy with a GDP of 2.2 trillion dollars, since it is the largest country with a population of Latin Americans and Caribbean. The country weathered the global financial recession, which had insignificant effects on Brazil economy; hence, it was one of the last to fall in to recession during 2008 and among the first to resume the growth in 2009. Brazil's Gross Domestic Product has grown from 7.5% in 2010 to 2.7% 2011, and despite to the global hold back, the domestic market in Brazil have become strong, hence reducing vulnerability to the external crisis (The World Bank Group, 1). Therefore, the citizens of Brazil are benefiting from the stability of their economic growth, with relatively low inflation rate and improved social well-being.

There are limits of potential growth and significant advances in the economy, which are attributed to institutional reforms, noninflationary growth that is derailed by barriers, regulation and insufficiency in infrastructure and poor business climate (Jimenez, Gómez Sabaini and Podestá, 38). Quality of Brazilian government services concerning the expenditure is relatively lower than other middle-income countries, and country launched a growth acceleration plan in 2007, which focused on increasing investment in infrastructure, and offering tax incentives to facilitate economic growth. The plan led to a 7.5% growth in 2010, and resilience to the crisis experienced

in 2009, and insignificant recession among developed and emerging economies in 2011 (OECD, 3).

Nevertheless, the growth has facilitated challenges, whereby the country is anticipating hosting the World Cup in 2014 and Olympics Games, in 2016, hence this is requiring significant investment in urban and social development, and transport infrastructure. Moreover, Brazil has experienced substantial regional differences in the social indicators like health, infant mortality and nutrition (Sean, 1). There are richer south and southeast regions, which are experiencing reliable indicators than the poorer North and Northeast; thus, the poverty level has fallen from 21 percent in 2003 to 11 percent in 2009, while extreme poverty dropped dramatically from 10% in 2004 and 11% in 2009 (OECD-ILO, 8). Therefore, in the period between 2001 and 2009, the rise in income of the poorest, which was 10% of the population, had 7%, and the other 10% was 1.7%. In addition, this contributed to decreasing the income inequity to fifty years low of 0.519 in 2011; in fact, the significant contributors are low inflation, consistency in economic growth, efficient social programs and policies to raise the minimum wages (OECD, 5).

On the other hand, the inequity is relatively high for the middle-income country, since there is a large gap for accessing infant and secondary education. Brazil has attained universal coverage in primary education; hence, they are seeking to improve the quality and results of their system at the basic and secondary levels (Neto, 7). The increasing cases of deforestation in the rain forests and other crucial biomes has led to challenges in combining the benefits derived from agricultural growth, environmental conservation and sustainability of development. In conclusion, <https://assignbuster.com/brazils-emerging-economy/>

the paper has explored Brazil emerging economy by discussing factors that are contributing to the growth of their economy. The quick growth in Brazil can be attributed to the prudent leadership of the president Henrique Cardoso and Luiz Inácio Lula da Silva, and this has contributed alleviation of poverty through increased international affairs.

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