

# [South africa gdp compared to brazil’s](https://assignbuster.com/south-africa-gdp-compared-to-brazils/)

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Personal quote: Through economics, engineer the world… ECONOMICS 232 BRAZIL- SA REPORT Introduction In 2010, South Africa joined The BRIC and set its level of ambition not only as an African leader, but also as an emerging world class economy along Russia, China, India and Brazil. This report will analyze and look at the economic trends and fluctuations between the later and South Africa from the year 2000 to 2010 using released World Bank data. Analysis

According to the World Bank, South Africa GDP was of about one hundred and thirty two billion in 2000 while Brazil’s was at six hundred and forty four billion Dollars. Over the following decade 2000 – 2010, the two economies registered a considerable and equal improvement of their total production with a respective increase of 41 % for South Africa and 42% in the case of Brazil. The GDP per capita on the other hand increased at a lower rate over the same period. While South Africa leveled up by 22. 4%, Brazil bettered its GPD per capita by 25 . %. This further entails a GDP yearly increase of $ 1095 /capita with regards to the former, and $1409/capita for the later. A better look at aggregate expenditure components will provide more detailed resources in explaining the above increase of GDP within the two economies. In 2000, South Africa and Brazil consumption by households ( C ) was about 63% and 64% of GDP, largely above the rest of the components where total gross capital formation ( I ) lied low with 16% and 18% respectively, and lastly a total government expenditure ( G ) of 18 and 19%.

As it appears, the two economies spent relatively equivalent proportions of their expenditure aggregate component on GDP. At the end of the decade, 2010, total consumption ( C ) rose by 49 % for both economies, Investment ( I ) strongly incremented by 93% with regards to South Africa and 52% in the case of Brazil which correlated with a respective increase of 3. 17% and 45% increase in themoneysupply in both countries over the period.

Parallel to the increase in GDP, the two economies registered noticeable increases of Gross Value Added ( VGA ). In fact, between 2000 and 2010, South Africa VGA increased by 38% while Brazil as usual experienced a little higher accretion of 41 %. Looking at sectorial contribution, tertiary sector imparted for more than half of total VGA in 2000 as illustrated by the graphs below. 1. 1 South Africa World Bank 2000 data analysis : Sectorial Contribution to VGA . 2 Brazil World Bank 2000 data analysis : Sectorial contribution to VGA In 2010, South Africa tertiary contribution to VGA only increased marginally by 3% and hence moved from 65% in 2000 to 68% in 2010 where it leveled up to Brazil’s. Conversely, primary and secondarysector contribution deteriorated between 2000 and 2010 . The South African primary sector declined from 3% to 2% while the secondary also experienced a marginal decline of 3%.

On that point, Brazil went through proportional changes with secondary sector falling from 28% to 25%, leaving the primary with a small yet surprising amelioration of its contribution from 5. 60% to 5. 86% . Graph 2. 1 and 2. 2 provide a more visual depiction of the above facts. 2. 1 South Africa World Bank 2010 data analysis : Sectorial contribution to VGA 2. 2. Brazil World Bank 2010 data analysis : Sectorial contribution to VGA Besides the above increase in VGA, another important factor to be onsidered is how the level of openness of both countries drastically evolved over the decade 2000 -2010. South Africa exports incremented by 13% while Brazil’s skyrocketed by 86%. This implies that Brazil opened to the rest of the world at a much higher level, local firms growing into world competitors, which not only appreciated the country’s currency but increased its competiveness and decreased dependency on imported products. South Africa imports increased by 73% in contrast to Brazil which only increased by 21%.

This high level of imports from South Africa will eventually result in the deterioration of the balance of payment. Moreover, while Brazil rate of unemployment oscillated between 6 and 9% over the decade, South Africa experienced a rather high rate of unemployment, the lowest in 2007 and 2008 with an average rate of 23% and the highest between 2002 and 2003 with an average of 31%. Conclusion This report deciphered and revealed an objective analysis of two BRICS economies, precisely South Africa and Brazil over ten years, 2000-2010. Erouane Langard