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THE WORLD IN FEW ECONOMIC BLOCKS

“Brazil needs to expand its participation in global exports, particularly in terms of industrial goods,” says Jacomassi.

Disclosure by the North American government and the European Union commissary regarding the creation of a free-trade area between the two regions caught other countries of the world by surprise, including Brazil.

The figure of an economic block composed of two of the most important trade regions in the world caused perplexity in the main markets. Particularly due to the moment currently being experienced by these two regions. Both represent the main locations affected by the global economic crisis and suffer from a lack of competitiveness lost to emerging countries, especially China; in addition to relying on external markets in order to come out of this stationary state they are in.

With the increase in participation of emerging countries in the global trade flow, the European Union and United States were the two that lost the most share in the globalized market. Analysts show that lower production costs in emerging countries, combined with investments in the industrial, infrastructure, technology and education areas, quickly deteriorated the competitive position of these two regions in the last decade of the year 2000.

The table above refers to 2011 data from the World Trade Organization, and shows that the United States had an 8.3% share of global exports, while the European Union accounted for 33.9%. If joined in the future, this new trade block would have a share of 42.2% (US\$7.5 trillion) in global sales. A gigantic market with significant synergy between the two regions.

Table:
Global exports, selected countries - 2011

Country	In US\$ billions	Share %
Brazil	256	1.4%
Mexico	350	2.0%
USA	1,481	8.3%
China	1,899	10.7%
European Union	6,029	33.9%
World	17,779	100%

Source: World Trade Organization
http://www.wto.org/english/news_e/pres12_e/pr658_e.htm#skip >

Brazil within this new global scenario

With roughly US\$256 billion exported in 2011, Brazil is being marked by a more ideological than merely technical vision. The persons responsible in the Brazilian government for negotiations and commercial treaties were innocuous in developing new agreements. Proof shows that Brazil tried to negotiate more in the political sphere, particularly within the G20 spectrum, than formulate free-trade actions with other countries. And that had a cost.

Didactically speaking, to explain the context better, let us use as example the actions of Mexico and Chile which, with all their economic limitations and geopolitical positions, executed strategic free-trade agreements with important countries and regions. Mexico alone has free-trade agreements with 42 countries according to data from Mexico's External Affairs Department. The result can be seen in the economic growth rate. While Brazil's GDP – Gross Domestic Product – grew only 0.9% in 2012, the IMF projects that Chile's GDP will grow 4.9% and Mexico's 3.7%.

In this bordering environment and more and more dependent on China and its Argentine neighbor, Brazil is positioned in an extremely unfavorable situation for this new world trade configuration: more and more an exporter of commodities to China and susceptible to the orders and counter-orders from the Cristina Kirchner administration in Argentina.

It is therefore important to point out that the movement made by the United States and the European Union is part of a new international economic rearrangement, whereby the clearest thing is that together they will be able to overcome the effects of the drastic international crisis.

As such, Brazil needs to broaden its participation in global exports, particularly in terms of industrial goods. Brazilian authorities must be pressured into an open debate with the business community and key players of the economy and build a clear, objective and strategic positioning in relation to what we want: a closed economy outside the international economy, or an open economy with interests compatible with the size of its economy.

These last movements in the global economy show that it is time for the government and business community to sit down and negotiate future guidelines. ■