

Regional Dialogue on
**Promoting Services Development and Trade
in Latin America and the Caribbean**

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Role of services in development
in Brazil: figures for the 2000s

Mr. Luis Kubota
Institute for Applied Economic Research (IPEA), Brazil

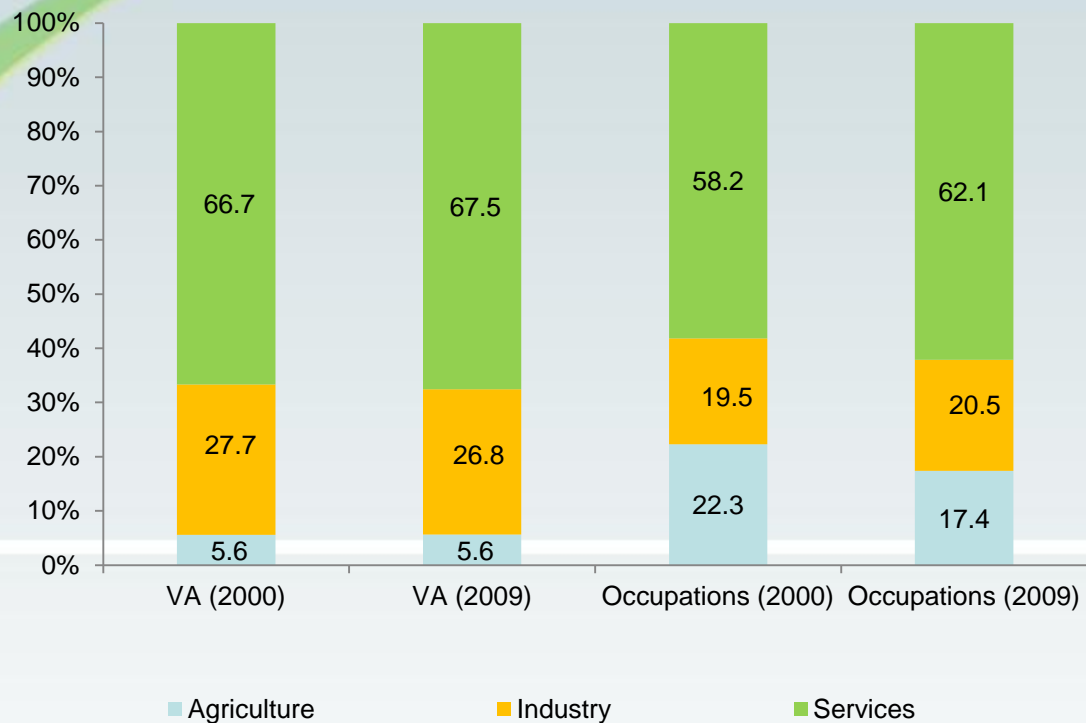
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Section I - Achieving sustainable development and job creation through the services sector

Role of services in development in Brazil: figures for the 2000s

Luis Kubota
Santiago, Chile
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Value added and occupations distributions



Source: Squeff and De Negri (2013), based on National Accounts (IBGE)

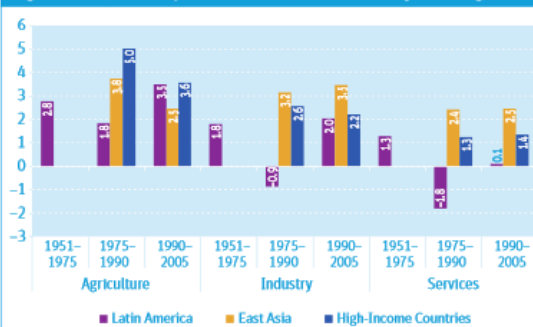
IADB – The age of productivity

The Key Role of the Service Sector

Raising the productivity of services is a must to boost economic growth and improve the standard of living of all Latin American and Caribbean people. Sixty-one percent of all workers in the region are employed in the non-tradable service sector, and the competitiveness of the primary and industrial sectors depends on having good transport and communications, efficient storage and distribution systems, and many other services.

The productivity gap of service companies in the region compared with the United States is 85 percent. Meanwhile, the gap in productivity for the region's manufacturing sector, which employs about 20 percent of the workforce, is 61 percent. In the agriculture sector, which employs about 18 percent of the total workforce in the region, the gap is only 20 percent (Figure 4).

FIGURE 4 Average Annual Labor Productivity Growth in Agriculture, Industry and Services, 1951–2005 (percentage)

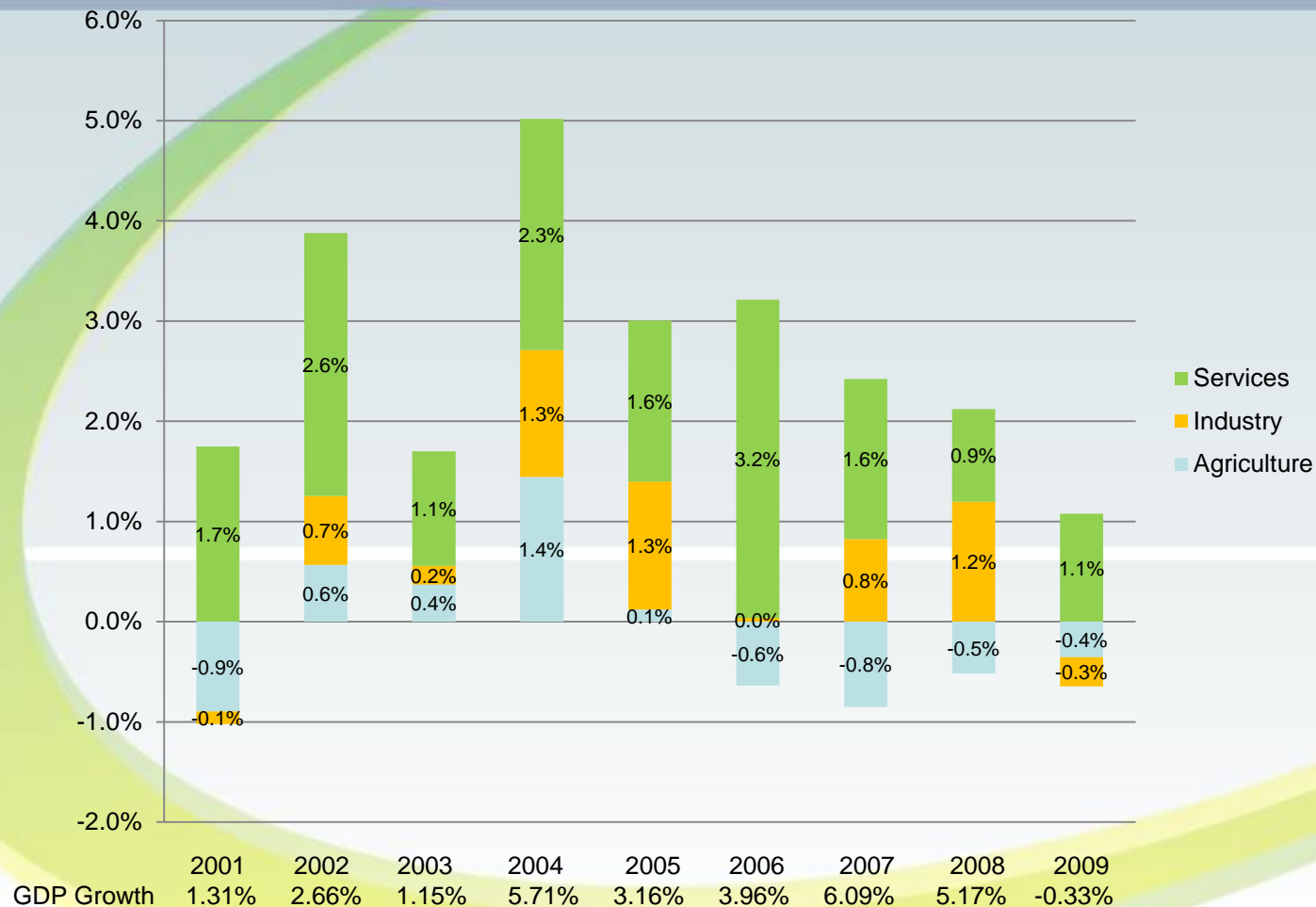


Source: Authors' calculations based on M. P. Timmer, Marcel P., and G. J. de Vries (2007), A Cross-Country Database for Sectoral Employment and Productivity in Asia and Latin America, 1950–2005, Research Memorandum GD-98, Groningen: University of Groningen.

Gap of productivity of Latin America compared to US:

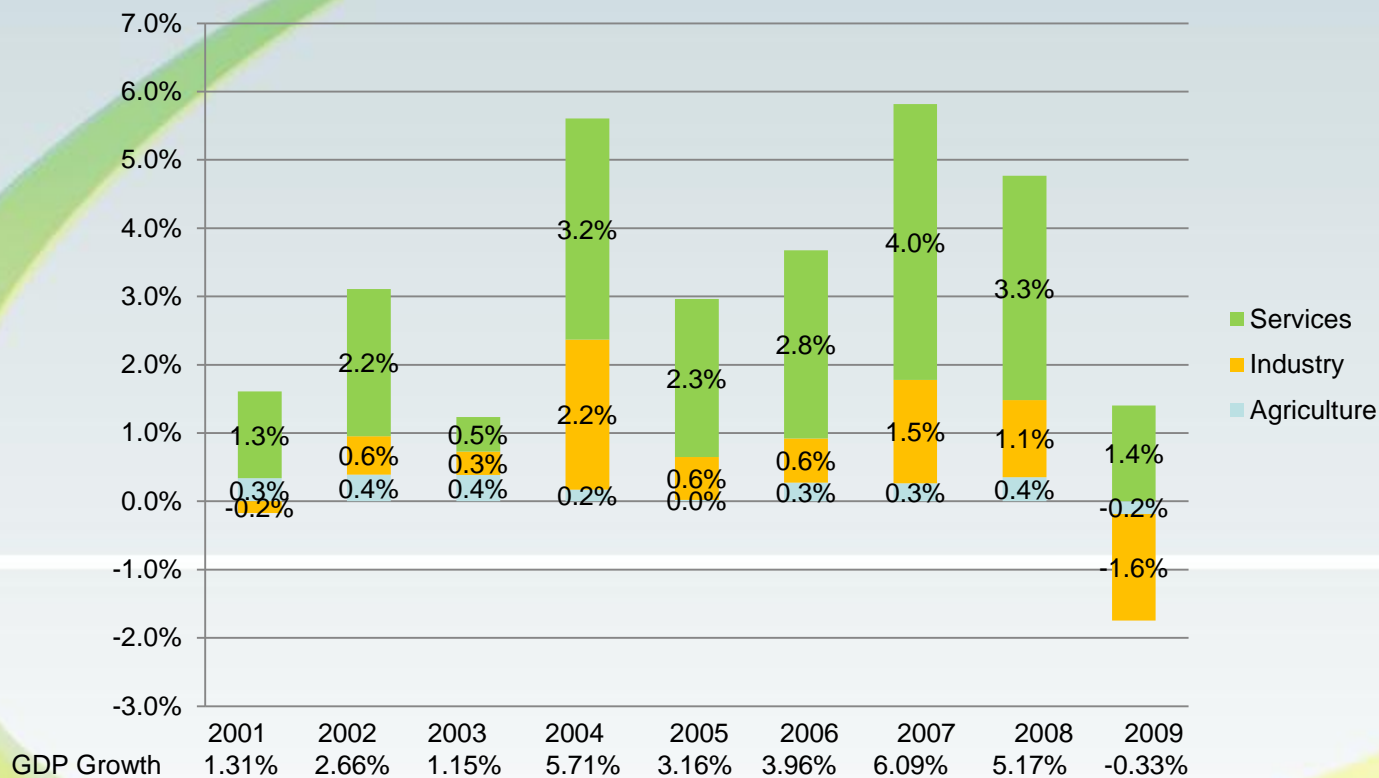
- Low in agriculture (20%); high in industry (61%); very high in services (85%).
- Services employ more than 60% of workforce.
- Increase of productivity in the services sector can have great impact on economy.

Contribution of sectors for occupation growth



Source: Squeff and De Negri (2013), based on National Accounts (IBGE)

Contribution of sectors for value added growth



Source: Squeff and De Negri (2013), based on National Accounts (IBGE)

Labor productivity growth

	2000 (R\$ 1000)	2009 (R\$ 1000)	% change (2000-2009)	% annual change
Agriculture	4.918	7.171	45.8%	4.3%
Industry	29.069	26.977	-7.2%	-0.8%
Services	21.894	22.931	4.7%	0.5%

Source: Nogueira and Oliveira (IPEA, forthcoming), based on National Accounts (IBGE)

Is the role of services as inputs into agriculture and manufacturing increasing?

Input-output structural decomposition analysis show that most of the growth differential between services and industry in that period was induced by the production structure:

- lower intermediate consumption of domestic industrial inputs by the production chain of all economic sectors, concomitant with
- a higher intermediate consumption of services.

Concluding remarks

- Figures for the 2000s in Brazil show that contribution of services to growth in occupation and value added tend to be less influenced by economic fluctuations.
- Weight of services in the economy is so large that it has major impact in occupation, value added and productivity levels, but several economists and policy makers are prejudiced against the service sector.

Thank you!

luis.kubota@ipea.gov.br