

Brazil's Enigma: Sustaining Long-Term Growth



Syndicate 8
2013/14 Part-time Group

Sustaining long-term growth
TheCasesolutions.com

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Case Issues

Growth stalled

Deficit increasing

Inefficient production - "Custo Brasil"

Monetary environment

- Inflation
- High interest rate
- Strong currency - "Currency wars"

$$C + I + G + (X - M)$$

Uncompetitive industries

Cheaper to produce abroad

Hot money inflows

Move from manufactured -> primary

Policies

GDP growth vs Inflation targeting

- Stimulus packages
- Interest rates
- BNDES

International competitiveness

- IOF
- Tariffs on imports
- Stimulus (textiles, footwear, software)

