The
BRAZILIAN
ECONOMY

Economy, politics, and policy issues
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After a bumpy ride through 2004, the construction sector is reaping the fruits of the expansion of housing credit, government programs to encourage affordable housing, the Growth Acceleration Program (PAC), enhanced regulatory framework, and a booming economy. The sector is currently one of the engines of industry growth, and is contributing to the expansion of jobs. This year construction is projected to be almost double (13%) the expected growth in gross domestic product (7%) compared with 2009. Despite the braking effects of the global crisis, the sector, which represents about 5% of GDP, has resumed the growth trend of 2008. For a sixth year annual growth in construction jobs should reach double digits. The strength of the construction industry is also reflected in the volume of investments directed to the sector, which has surged since 2005. In 2008, investments reached R$258.6 billion, 43% of the total invested in Brazil, according to the Getulio Vargas Foundation (FGV). This issue takes a panoramic X-ray of the sector and also shows the challenges that lie ahead if the industry is to maintain high growth rates.

A hot topic in business and economic circles, as well as among politicians, is the exchange rate and the effects it has on national development, as demonstrated by the audience for the roundtable, "The role of industry in Brazil's growth," sponsored by the Brazilian Institute of Economics (IBRE) of the Getulio Vargas Foundation (FGV) and the Federation of Industries of São Paulo (FIESP). Among those attending was the Finance Minister, Guido Mantega. Although the participation of industry in the formation of GDP is losing ground, it is not correct to say that Brazil has been undergoing a deindustrialization process, the minister said, and referred to the August issue of The Brazilian Economy that addressed the issue at length. Luiz Guilherme Schymura, director of the IBRE, had similar opinions: the decline of the share of industry in gross domestic product (GDP) from 36% in 1985 (measured at current prices) to 17% in 2008 should not be cause for surprise, since it follows international trends. As incomes rise in a country, they raise demand for services and consequently the share of industry in GDP decreases. Brazil is no exception. In recent years, however, Schymura said, the "China effect" has become worrisome. Chinese manufacturing is competing more intensely with Brazilian manufacturing, especially in the other countries in South America, Brazil's main export market. Cheaper Chinese products are competing within Brazil with products manufactured domestically. Highlights of the roundtable can be seen in the article beginning on page 18.