THE IMPORTANCE OF THE SERVICE SECTOR (67% of GDP) to increasing potential Brazilian output has been highlighted. The sector’s growth has been driven mainly by the incorporation of new workers. With the fall in the growth of the economically active population, the dynamism of the service sector will depend crucially on higher productivity.

The issue of productivity in services is also very important for the performance of Brazilian exports. Low-quality domestic services in logistics and technical assistance reduce the competitiveness of Brazilian products. Also, a lack of well-structured marketing (participation in fairs and exhibitions, for example) inhibits the entrance of domestic products in world trade.

According to the World Trade Organization (WTO), Brazil’s share of services exports in global trade was 0.9% in 2011, which puts the country in 31st place on the list of top exporters—second only to South Africa for the worst performance among the BRICS. China is in 4th place (4.4% share), India in 8th (3.3%), and Russia in 22nd (1.3%). However, it is encouraging that since 2005 Brazil has moved up from 35th place. What has improved?

In 2011, globally services exports were categorized as transport (21%), travel (26%), and other business services (54%).

It is essential to identify bottlenecks that prevent an increase in Brazil’s share in world service exports – beyond the obvious shortage of qualified and educated labor.
Brazil’s services exports were transport (15%), travel (17%), and other services (68%). In the lists of top exporters in each group, Brazil appears only in the last, but in 13th place, having increased its export share from 0.6% in 2005 to 1.1% in 2011.

**Indicators**

According to the central bank, in 2011 Brazil recorded services balance deficits in rental equipment (the largest deficit, US$16.7 billion), insurance, computing and information, royalties and license fees, and personal services, cultural, and leisure activities. Brazil recorded surpluses in business services, professional and technical services (the largest surplus, US$20.7 billion), financial services, communications, and construction. The share of business services in total exports rose from 38% to 48% between 2005 and 2011. Though the largest contributor to that item, engineering projects, fell from 21% to 19% between 2005 and 2011, it recorded average annual growth of 14%.

Brazil’s increased share in other commercial services exports suggests an improvement in competitiveness. In this case, we can highlight the engineering and architecture, project development, and professional services segments. Niche markets are important and should continue to be explored. However, we are still far from India’s successful strategy in the computer industry and information technology, which increased its share in service exports from 1.2% in 2000 to 3.3% in 2011.

Without advocating a policy of “strategic” sectors for export of services, it is essential to identify bottlenecks that prevent an increase in Brazil’s share in world service exports—beyond the obvious shortage of qualified and educated labor. Trade, services, and logistics are priority productive sectors in the Greater Brazil Plan launched by the government in 2011. If it is crucial to increase the productivity of services to ensure Brazil’s economic growth, it will also be welcome if this increase were reflected in an increased share of Brazilian services in world trade.