Multipliers and Linkages Analysis for Brazil: The Role of Cerrado Agribusiness

Topic:
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Only over the past few decades Brazil was able to transform its agriculture into a dynamic and productive sector, following a strategy anchored on a science-based approach. Agricultural industry and services, benefiting of agricultural raw materials supplied at competitive prices, availability of basic infrastructure, and favorable export food prices, feed, and fiber was able to rapidly develop. Prospects are positive for agricultural value chains, with projections of agricultural output and exports expansion. Regionally, the Brazilian Cerrado has established itself as one of the main grain and livestock breadbaskets in Brazil and internationally in a few decades. Thus, agricultural industry and services also became key sectors of the Cerrado economy. The importance of agricultural value chain to Brazilâ€™s economy, and to the Cerradoâ€™s States in particular, emphasizes the need to structural economic analyze to guide a better decision-making process. Then, the objective of this study is to analyze the multipliers and linkages of the Brazilian economy in a regionalized way, with emphasis on the role of agribusiness in the Cerrado. To this end, were calculated the multipliers and linkages of the Brazilian interregional IO model built for 2021, the most recent year of the regional accounts. The model is disaggregated into 11 regions, including the states of the main agricultural belt, and 37 sectors representative of the Brazilian economy. Such update and expand analytical framework is not only important from an economic perspective. It is also relevant from an environmental perspective given the agricultural sector role in land use dynamics and conservation of natural resources. Strategies have been adopted to promote sustainability, such as investments in technological development aimed at improving agribusiness activities in a more efficient and sustainable way. Then, identifying the economic connectedness, possible transmission channels of these initiatives and their spillovers in the country becomes even more important.