

## State of Sao Paulo (Brazil)

September 2023

### 1. Introduction



The State of Sao Paulo (Sao Paulo) is Brazil's wealthiest and most populous state among the country's 27 federal units. The state is part of the southeast region, which includes Rio de Janeiro, Minas Gerais, and Espírito Santo. It borders the states of Minas Gerais to the north and northeast, Paraná state to the south, Rio de Janeiro to the east and Mato Grosso do Sul to the west. It also borders the Atlantic Ocean to the southeast. The state has 645 municipalities, and its total area is 248, 219.5 km<sup>2</sup>, where 4, 971.0 km<sup>2</sup> are the urban perimeter. It has an estimated population of over 45 million people (in 2022), making it the most populous state in Brazil. The state, like Brazil, has several ethnic groups, formed mainly by Italians and Portuguese, but with influence and presence of various other ethnic groups such as Native Americans, Africans, and other large migratory flows, including Arabs, Germans, Spaniards, Japanese and Chinese.

The capital of the state, the City Sao Paulo is an alpha global city and the most populous city in Brazil. It is also the largest Portuguese-speaking city in the world. The city exerts strong national and international influence in

commerce, finance, arts, and entertainment.

In 2022, the nominal GDP of the state of Sao Paulo was BRL3, 228.0 billion, representing a 14.36% y-o-y growth rate on 2021's value of BRK2,822 billion. In 2022 this Brazilian state exported USD4.42bn worth of goods and imported USD8.84bn worth of goods.

**Table 1: General and Economic Overview**

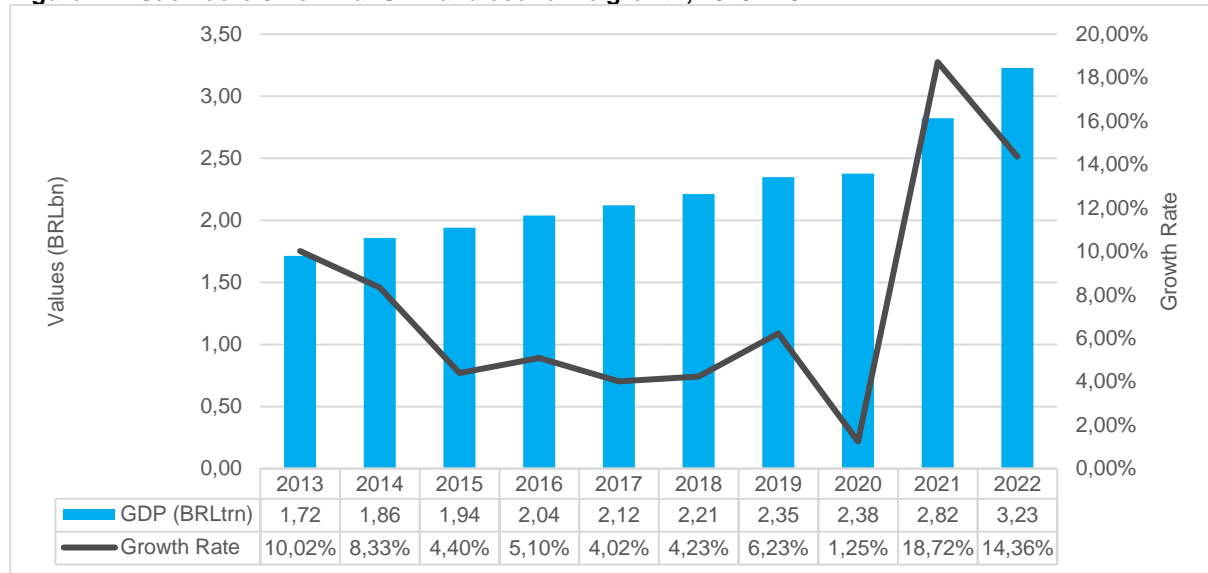
Governor	Tarcisio Gomes De Freitas
Capital	Sao Paulo City
Population (2022)	44,420,459
Area	248,219.5 km <sup>2</sup>
Nominal GDP (2022)	BRL3, 228.0 billion
Economic growth (2022)	2.7%
GDP per Capita (2022)	BRL71, 497
Exports (2022)	USD4.42 billion
Imports (2022)	USD8.84 billion

Source: Brazilian Institute of Geography and Statistics, 2023, The Observatory of Economic Complexity, 2023, Invest Sao Paulo, 2023

## 2. Economic Overview

Figure 2.1 below represents Sao Paulo's nominal GDP between 2013 and 2022. In 2022, the state's GDP increased by 14.36% y-o-y to a value of BRL3.23trn, up from BRL2.82trn in 2021. Sao Paulo is recognised as the state with the largest contribution to Brazil's GDP annually, amongst all Brazilian states. It is also the country's largest supplier of consumer goods, capital goods, raw materials and services.

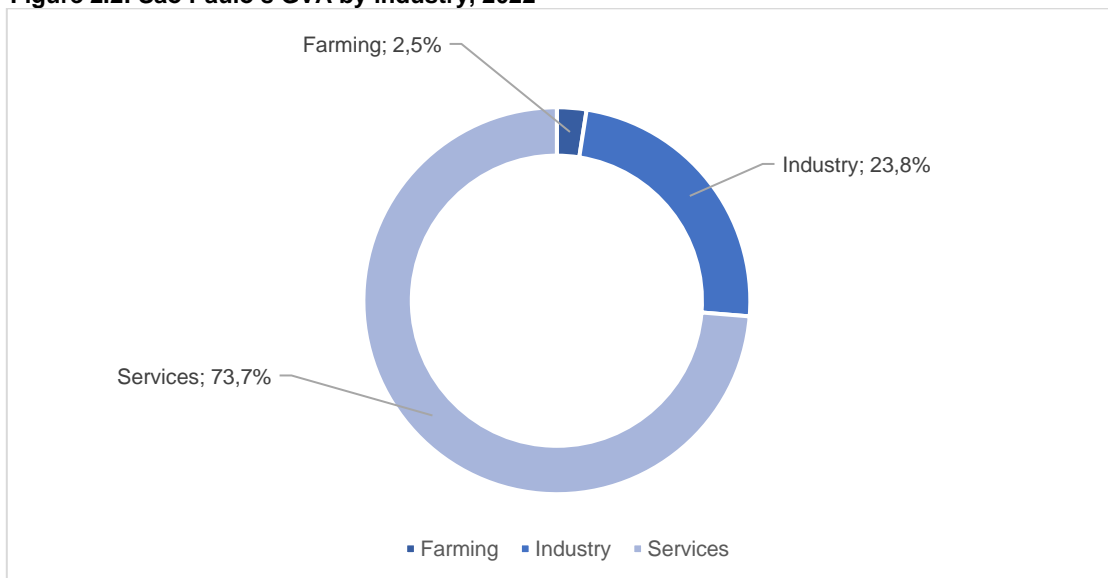
**Figure 2.1: Sao Paulo's nominal GDP and economic growth, 2013 - 2022**



Source: Brazilian Institute of Geography and Statistics - Seade Foundation, 2023

The sector with the largest contribution to Sao Paulo's Gross Value Added (GVA) in 2022 was the services sector (with a contribution of 73.7%). This was followed by industry (23.8%), and farming (2.5%).

**Figure 2.2: Sao Paulo's GVA by industry, 2022**



Source: Brazilian Institute of Geography and Statistics - Seade Foundation, 2023

Below are some of Sao Paulo's key economic sectors with strong potential to attract new investments according to the Paulista Agency of Promotion of Competitiveness and Investments.

**Aerospace and defence:** Sao Paulo is the largest aerospace hub in Latin America, accounting for 73% of local units, 95% of employed persons and 96% of the industrial transformation value of the Brazilian aeronautic sector.

**Agribusiness:** Sao Paulo is the largest producer of oranges and sugar cane, and a key producer of beef and other agricultural products. The 2020 Agro Expo International Fair collected over 700 million in business opportunities.

**Automotive:** The state of Sao Paulo is the birthplace of the automotive industry in Brazil, concentrating over 40% of plants in the national automotive complex. The main companies located in the state are Ford, General Motors (GM), Honda, Mercedes-Benz, Scania, Toyota, and Volkswagen, mostly concentrated in the Metropolitan Region of Sao Paulo, in Vale do Paraíba and in the region of Campinas.

**Green economy:** Sao Paulo's green economy market is the largest in Brazil. An estimated 142,000 companies operate in the sector in Sao Paulo, employing 1.6 million people, with special mention to the biofuel and renewable energy sectors.

**Machinery and equipment:** Sao Paulo accounts for 57% of the value of industrial transformation and 49% of employed persons (approximately 288 thousand employees) in Brazil, playing a leading role in the generation of new technologies.

**Real estate market:** With over 90% of its population concentrated in urban areas, Sao Paulo accounts for 20% of the total inhabitants in Brazil and for 28% of the national GDP of the construction market.

**Research and development:** Sao Paulo is home to an intensive network of universities, research centres, incubators and technology parks, accounting for 86% of the investments received in the industry with an investment injection of 7 billion BRL in research and development in Sao Paulo.

**Oil and natural gas:** In addition to concentrating 23% of domestic suppliers of equipment and services for the industry, Sao Paulo has five refineries, which account for 42.7% of the capacity of Brazil and a huge extraction potential with the discoveries in pre-salt.

**Healthcare:** The State is home to 38% of bioscience companies and 71% of companies in the pharmaceutical industry in Brazil, as well as to 53% of people working in the sector. The Butantan Institute is responsible for more than 60% of vaccines produced in Brazil.

**Financial services:** Sao Paulo concentrates more than 31% of banks and 32% of credit transactions in Brazil. The state capital is home to the BM&FBovespa, one of the five largest stock exchanges in the world.

**IT and communication:** Sao Paulo is home to 41% of the national hi-tech equipment's industry, as well as a wide offering of services for computers, tablets and smartphones whilst expanding more than 1 000 000m<sup>2</sup> for the Brazilian Silicon Valley, 13 Tech Parks and 13 Startup Incubators and 8 innovative centres.

### 3. Trade

#### 3.1 Sao Paulo's Global Trade

In 2022, the State of Sao Paulo exported USD4.42bn worth of goods and imported goods to the value of USD8.84bn.

The **top export products** in 2022 were:

- Raw sugar (USD1.07bn)
- Soybean (USD730m)
- Gold (USD520m)
- Corn (USD157m)
- Vaccines, blood, antisera, toxins, and culture (USD157m).

While the **top import products** in 2022 were:

- Semiconductor devices (USD524m)
- Refined petroleum (USD434m)
- Vaccines, blood, antisera, toxins, and culture (USD382m)
- Packaged medicaments (USD268m)
- Orthopedic appliances (USD268m)

Sao Paulo's **top destination markets** for exports in 2022 were:

- China (USD970m)
- US (USD390m)
- Canada (USD320m)
- Iran (USD177m)
- UAE (USD176m)

While the **top source markets** for Sao Paulo's imports in 2022 were:

- China (USD2.11bn)
- United States (USD1.51bn)
- Germany (USD522m)
- Italy (USD414m)
- Argentina (USD405m)

Source: The Observatory of Economic Complexity, 2023

## 4. Foreign Direct Investments

### 4.1 FDI from Sao Paulo into South Africa

Between January 2003 and June 2023, Sao Paulo-based companies invested in three FDI projects, worth ZAR38.0 million into South Africa. These projects led to the creation of 93 jobs in South Africa.

**Table 4.1: FDI projects from Sao Paulo into South Africa, January 2003 - July 2023**

Date	Investing Company	Destination Province	Sector	Business Activity	Capex (ZARm)	Jobs
June 2012	Stefanini IT Solutions	Not Specified	Software & IT Services	Business Services	0.8	10
January 2014	BTG Pactual	Not Specified	Financial Services	Business Services	0.8	3
October 2017	Embraer (Embraer-Empresa Brasileira de Aeronautica)	Gauteng	Aerospace	Education & Training	36.4	80
<b>TOTAL</b>					<b>38.0</b>	<b>93</b>

Source: FDI Intelligence, 2023

### 4.2 FDI from South Africa to Sao Paulo

South African-based companies invested in six FDI projects into Sao Paulo over the period January 2003 and July 2023. These projects had a total capex value of ZAR878.98 million and led to the creation of 405 jobs.

**Table 4.2: FDI projects from South Africa to Sao Paulo, January 2003 - July 2023**

Date	Investing Company	Source Province	Sector	Business Activity	Capex (ZARm)	Jobs
May 2013	MiX Telematics	Gauteng	Communications	Headquarters	148.80	27
March 2019	OLX	Western Cape	Software & IT Services	Sales, Marketing & Support	105.85	72
April 2019	iFood	Western Cape	Software & IT Services	Research & Development	306.80	126
July 2019	iFood	Western Cape	Software & IT Services	Research & Development	231.63	127
July 2019	iFood	Western Cape	Software & IT Services	Sales, Marketing & Support	36.82	26
June 2022	GoodHabitiz	Western Cape	Software & IT Services	Headquarters	49.09	27
<b>TOTAL</b>					<b>878.99</b>	<b>405</b>

Source: FDI Intelligence, 2023

### 4.3 Sao Paulo FDI into the Western Cape

According to FDI Intelligence, there is no record of inward FDI from Sao Paulo into the Western Cape over the period January 2003 and July 2023.

#### 4.4 Western Cape FDI to Sao Paulo

Between January 2003 and July 2023, Western Cape-based companies invested in five FDI projects (with a total capex of ZAR730.184 million) in the state of Sao Paulo. Most of these projects were made into Sao Paulo's software and IT services industry. These projects created 378 jobs in Sao Paulo.

**Table 4.4: FDI projects from South Africa to Sao Paulo, January 2003 - July 2023**

Date	Investing Company	Source City	Sector	Business Activity	Capex (ZARm)	Jobs
March 2019	OLX	Cape Town	Software & IT Services	Sales, Marketing & Support	105.85	72
April 2019	iFood	Cape Town	Software & IT Services	Research & Development	306.80	126
July 2019	iFood	Cape Town	Software & IT Services	Research & Development	231.63	127
July 2019	iFood	Cape Town	Software & IT Services	Sales, Marketing & Support	36.82	26
June 2022	GoodHabitiz	Cape Town	Software & IT Services	Headquarters	49.09	27
<b>TOTAL</b>					<b>730.18</b>	<b>378</b>

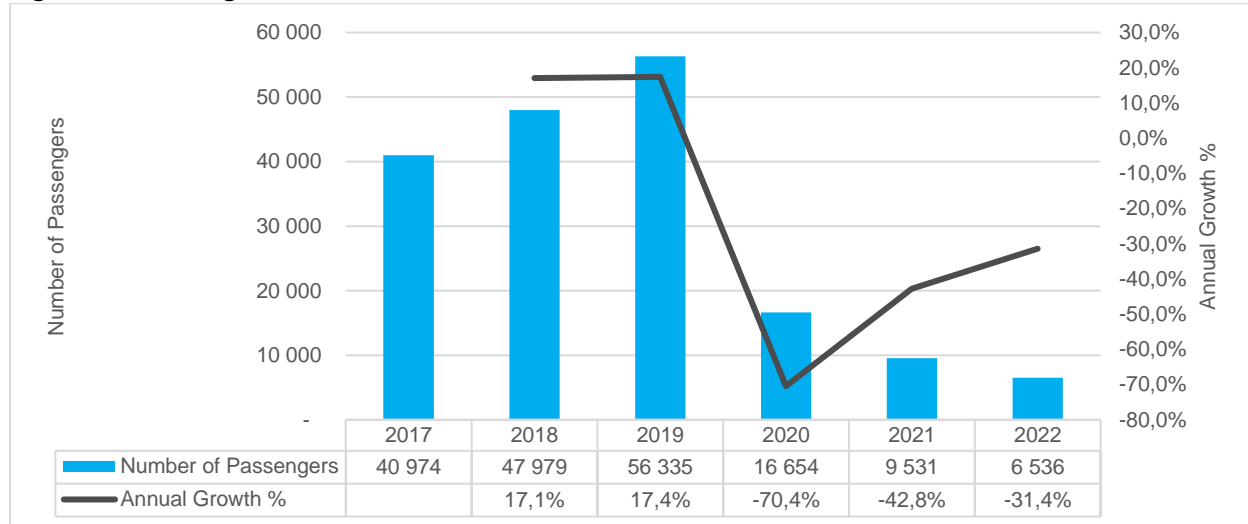
Source: FDI Intelligence, 2023

## 5. Tourism

### 5.1 Passenger Arrivals from Sao Paulo to South Africa

Figure 5.1 below shows the number of passengers arrivals from Sao Paulo to South Africa over the period, 2017 to 2022. In 2022, passenger arrivals declined by 31.4% y-o-y, from a total of 9, 531 in 2021 to 6, 536 in 2022.

**Figure 5.1: Passenger Arrivals from Sao Paulo to South Africa, 2017 - 2022**

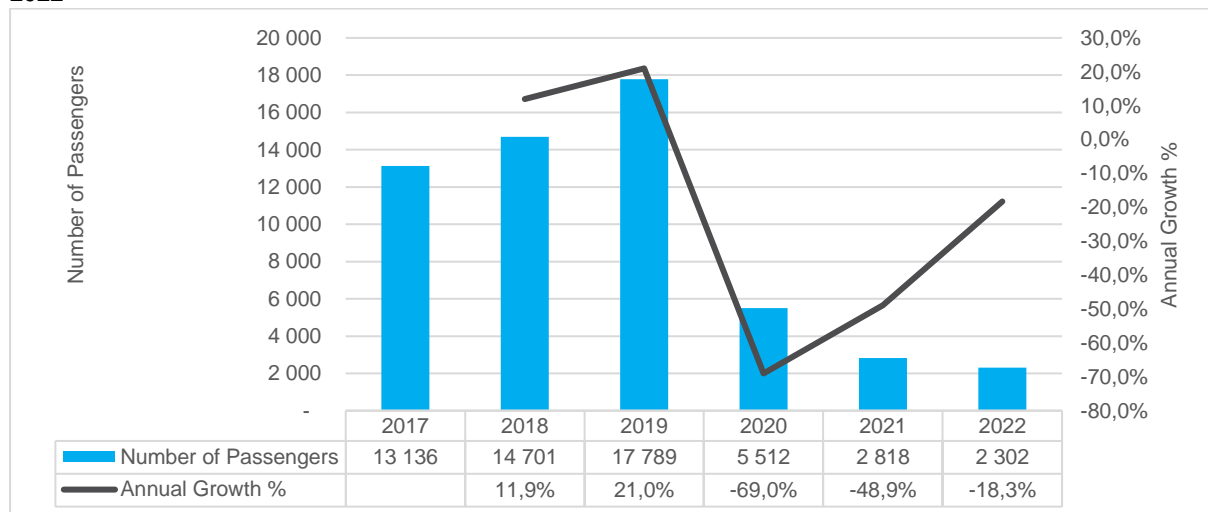


Source: OAG Aviation Worldwide, 2023

### 5.2 Passenger Arrivals from Sao Paulo to Cape Town via Cape Town International Airport

The number of passenger arrivals from Sao Paulo into Cape Town via the Cape Town International Airport over the period 2017 to 2022 are shown in figure 5.2 below. In 2022, passenger arrivals declined by 18.3% y-o-y from 2, 818 arrivals in 2021 to 2, 302 in 2022.

**Figure 5.2: Passenger Arrivals from Sao Paulo to South Africa via Cape Town International Airport, 2017-2022**



Source: OAG Aviation Worldwide, 2023

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