

# State of São Paulo (Brazil)

November 2024

## 1. Introduction



The state of São Paulo is Brazil's wealthiest and most densely populated state among the country's 27 federal units. The state is located in the southeast region alongside the states of Rio de Janeiro, Minas Gerais, and Espírito Santo. It borders the state 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. The Atlantic Ocean is on the state's southeast border. The state, like Brazil, has several ethnic groups, consisting mainly of Italians and Portuguese, but also various other 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 of São Paulo, is an alpha global city and the most populated 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, the arts, and entertainment.

In 2023, São Paulo's gross domestic product (GDP) amounted to EUR337.62bn, representing a 7.12% y-o-y growth rate, with a 10-year annual average growth rate of 5.94% from 2013 to 2023. This is shown in Table 1.

**Table 1: General and economic overview**

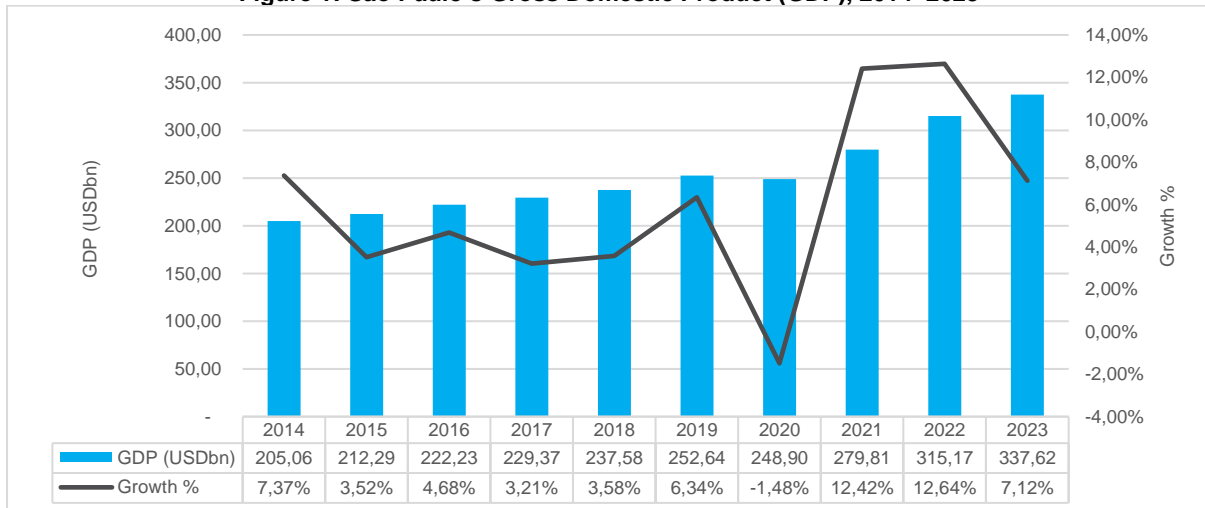
Governor	Tarcisio Gomes De Freitas
Capital	São Paulo City
Population (2023)	21,440,700
Area (2023)	7,951km <sup>2</sup>
GDP (2023)	EUR337.62bn
Economic growth (2023)	7.12%
Exports (2023)	USD69.6bn
Imports (2023)	USD81.1bn

Source: The Observatory of Economic Complexity, 2024; Euromonitor, 2024; Britannica, 2024

## 2. Economic Overview

Figure 1 represents São Paulo's GDP between 2014 to 2023. São Paulo's economy made a strong recovery post-Covid from 2021 to 2023 with the region's GDP increasing to USD337.62bn in 2023, up from USD315.17bn in 2022, equivalent to an increase of 7.12%. The state's average annual growth rate was 5.94% from 2014 to 2023. The region's economic growth was influenced mainly by high and medium-high technology industries, with private and public investment in the economy.

**Figure 1: São Paulo's Gross Domestic Product (GDP), 2014–2023**

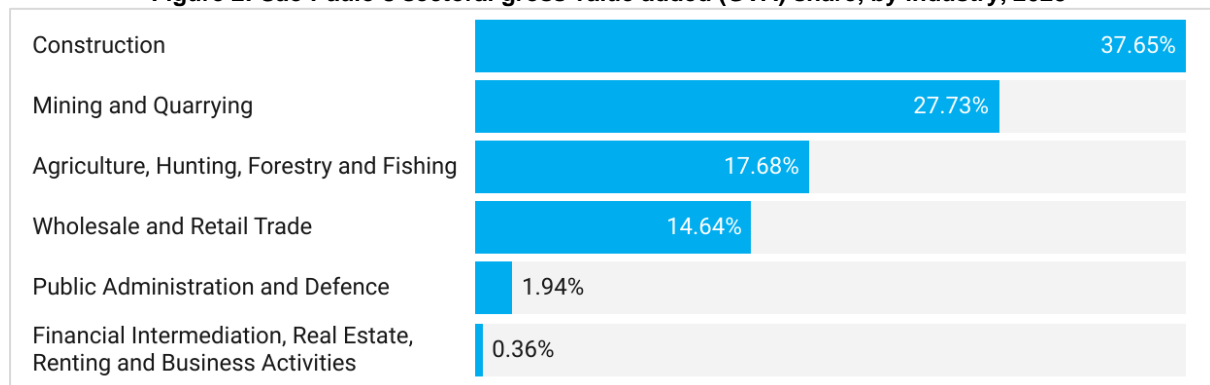


Source: Euromonitor, 2024

Note: The values above have been converted from BRL to USD fixed 2023 exchange rate values\*

Figure 2 depicts São Paulo's sectoral gross value added (GVA) share in 2023, in relation to the different industries. The construction industry was the leading contributor to the region's overall GVA with a 37.65% share. In second place was the mining and quarrying industry, with a 27.73% share of GVA. The agricultural, hunting, forestry and fishing industry, with a share of 17.68%, and the wholesale and retail trade industry (14.64%) ranked third and fourth, respectively.

**Figure 2: São Paulo's sectoral gross value added (GVA) share, by industry, 2023**



Source: Euromonitor, 2024

## São Paulo's leading industries:

**Aerospace and defence:** The Aerospace Industries Association of Brazil (AIAB), a national Brazilian trade association, is headquartered in the state of São Paulo where the majority of other aerospace companies are based. São Paulo is a pioneer in the aerospace industry and is home to Embraer SA, the anchor company in the industry that develops and processes products for commercial and business aviation in São Paulo. Embraer SA is the third largest manufacturer of commercial jets (commercial, private and defence aviation). Its subsidiary companies include Atech (civil and air traffic control management), Tempest (cybersecurity) and Visiona (space systems). WheelsUp, a leading executive aviation company in the United States, announced in October 2024 that it had acquired GrandView Aviation, which involved the purchasing of 17 Embraer fleet Phenom 300 and Phenom 300E aircrafts valued at USD105m. Modernisation plans are estimated to cost a grand total of USD322m (including the purchased aircrafts) (Mercado & Consumo, 2024).

**Agribusiness:** São Paulo accounts for 28.67% of industrial production of food in Brazil, specifically sugar, canned fruit and vegetables, dairy products and ground coffee. In 2024, 100 of the richest agribusiness municipalities were mapped out for the annual Instituto Brasileiro de Geografia e Estatística (IBGE) municipal agriculture production (PAM) survey. The top 100 municipalities with the richest production value, occupies 34.5% of Brazil's harvesting area. Of these, four municipalities from the state of São Paulo were listed as the top 100 richest municipalities in agriculture in 2024 (Canal Rural, 2024). These were:

- 44<sup>th</sup> Itepeva
- 83<sup>rd</sup> Santa Cruz do Rio Pardo
- 90<sup>th</sup> White House
- 93<sup>rd</sup> Barretos

**Automotives:** More than 40% of the automotive plants in Brazil are situated in São Paulo. These include companies that are spearheading the automotive industry such as Ford, Honda, Mercedes-Benz, Scania, Toyota and Volkswagen. In 2023, Brazil's automotive industry was set to receive investments from car brands like Hyundai (investing more than USD1.1bn by 2032), Volkswagen (USD3.2bn for 2022–2028) and Stellantis yet to announce its investment cycle (*The Brazilian Report*, 2024). With the growth in the electrical vehicle sector, São Paulo is committed to introducing 12,397 electric buses by 2038, and it has a short-term target of 2,600 electric buses by 2024 to address carbon emissions in public transportation. This relates specifically to buses as they make up 56% of the mobility split, with 44% operating as private vehicles (Transformative Urban Mobility Initiative, 2024).

**Green Economy:** São Paulo aims to innovate in the biofuels and renewable energy industry. This includes implementing the first industrial plan to produce sustainable aviation fuel from biomass residues in the sugar-energy sector. This three-year project is forecasted to attract EUR7.8m worth of investments, with EUR1.5m coming from Germany. In addition, 85% of Brazilian industries have developed circular economy practices to curb greenhouse gas emissions (GHG), specifically those from the industrial sector. The region is also exploring hydroelectrical, solar, wind and solid waste energy alternatives.

**Machinery and Equipment:** IBGE reports that São Paulo's industrial production fluctuated between June 2023 and March 2024, with the lowest physical production rate having occurred in June 2023 (-5.3%) and peak industrial physical production in August 2023 (3.8%). Regionally, São Paulo's production units are impacted by external factors (such as seasonality).

**Real estate:** São Paulo's property sales increased by 10% in 2023 (with receipts from property sales valued at USD8.8bn). This was influenced by the demand for luxury units and residential properties as well as new property projects. The sell-off rate of luxury homes (12 months) is longer than that of affordable residential homes (eight months), but the demand in property sales for both segments has increased (The Rio Time, 2024).

**Research and development:** São Paulo's industrial and economic strides towards innovation and growth have resulted in the region becoming the largest economic and industrial centre in the southern hemisphere. Furthermore, the state also has a reputation as a robust startup hub. According to Startup Genome (2023), São Paulo is ranked 26<sup>th</sup> in the global startup ecosystem on the global startup rankings for 2023. The state is ranked in the top 20 global ecosystem in terms of performance; first in the Latin American ecosystem in funding; and first in the Latin American ecosystem in terms of talent and experience (this is based on the region's employee/talent pool).

Source: Startup Genome (The Global Startup Ecosystem Report, 2024); InvestSP, 2024

### 3. Trade

#### 3.1 São Paulo's Global Trade

São Paulo's exports in 2023 amounted to USD69.6bn, which made the region the top exporter among the 27 export regions in Brazil. With import costs amounting to USD81.1bn, São Paulo was also the largest importing region in Brazil. São Paulo's top destination for exports was the United States, which received exports from the state valued at USD12.5bn. China was the top source market for imports to the region, with imports from that country having cost USD14.5bn in 2023.

The **top export products** in 2023 were:

- Sugars: cane sugar, raw, in solid form (USD8.03bn)
- Petroleum oils, oils from bituminous minerals, crude (USD4.69bn)
- Light petroleum distillates (USD4.27bn)
- Soya beans: other than seed (USD3.02bn)
- Fixed wing aircraft (USD2.09bn)

The **top import products** in 2023 were:

- Light petroleum distillates (USD2.71bn)
- Medicaments (USD1.96bn)
- Communication apparatus parts, excluding aerials (USD1.28bn)
- Immunological products packings for retail sale (USD1.12bn)
- Transmission for motor vehicles (USD1.07bn)

São Paulo's **top destination markets** for exports in 2023 were:

- United States (USD12.5bn)
- China (USD19.bn)
- Argentina (USD6.7bn)
- Mexico (USD2.87bn)
- Chile (USD2.52bn)

The **top source markets** for São Paulo's imports in 2023 were:

- China (USD14.5bn)
- United States (USD12.6bn)
- Germany (USD6.11bn)
- India (USD2.59bn)
- Japan (USD2.52bn)

Source: *The Observatory of Economic Complexity, 2024*

## 4. Foreign Direct Investment

### 4.1 Inward Foreign Direct Investment (FDI) from São Paulo in South Africa

Between January 2014 and August 2024, companies based in São Paulo invested in three foreign direct investment (FDI) projects in South Africa, worth a total of USD48.00m in capital expenditure (capex). The aerospace company Embraer (Embraer-Empresa Brasileira de Aeronautica) invested USD36.40m in education & training in the aerospace sector, which resulted in the creation of 80 jobs between October 2017 and August 2024. This project attracted the greatest amount of capex in the period from January 2014 to August 2024. Avon Products, an investing company from Natura (parent company), invested USD10.8m in the consumer products sector, which resulted in 187 jobs. A financial services company, BTG Pactual, invested USD800 000 (USD0.8m) in South Africa's financial services sector in January 2014 which resulted in three jobs.

**Table 2: FDI projects from São Paulo in South Africa, measured in capex (Jan 2014–August 2024)**

Project	Investing company	Sector	Business activity	Capex (USDm)	Jobs created
Oct 2017	Embraer (Embraer-Empresa Brasileira de Aeronautica)	Aerospace	Education & Training	36.40	80
Nov 2023	Avon Products	Consumer products	Retail	10.80	187
Jan 2014	BTG Pactual	Financial services	Business Services	0.80	3
<b>Total São Paulo FDI into South Africa</b>				<b>48.00</b>	<b>270</b>

Source: iDi Markets, a service from The Financial Times (2024). All Rights Reserved.

### 4.2 Outward FDI from South Africa in São Paulo

South African based companies invested a total of USD46.60m in capex in São Paulo between January 2014 and August 2024. The investing companies listed in Table 3 are from Naspers (the parent company), a global consumer internet group that is headquartered in Cape Town, Western Cape. The top investor, iFOOD, invested a combined amount of USD 35.10m in capex (USD20.00 in April 2019 and USD15.10m in July 2019) in research and development in the software and IT services sector. This resulted in 253 jobs in total from the two projects. The company also invested USD1.40m in sales, marketing & support in July 2019, from which 28 jobs were created. OLX invested USD6.90m in sales, marketing and support in the software and IT services sector with 72 jobs having been created. Another company, GoodHabitZ, invested USD3.20m in the software and IT services sector in headquarters, which resulted in 27 jobs.

All the listed OFDI investments were from the Western Cape region during the period under review.

**Table 3: FDI projects from South Africa in São Paulo, measured in capex (Jan 2014–August 2023)**

Project	Investing company	Sector	Business activity	Capex (USDm)	Jobs created
Apr 2019	iFood	Software & IT services	Research & Development	20.00	126
Jul 2019	iFood	Software & IT services	Research & Development	15.10	127
Mar 2019	OLX	Software & IT services	Sales, Marketing & Support	6.90	72
Jun 2022	GoodHabitZ	Software & IT services	Headquarters	3.20	27
Jul 2019	iFood	Software & IT services	Sales, Marketing & Support	1.40	28
<b>Total outward FDI to São Paulo from South Africa</b>				<b>46.60</b>	<b>380</b>

Source: iDi Markets, a service from The Financial Times (2024). All Rights Reserved.

### 4.3 São Paulo's FDI in the Western Cape

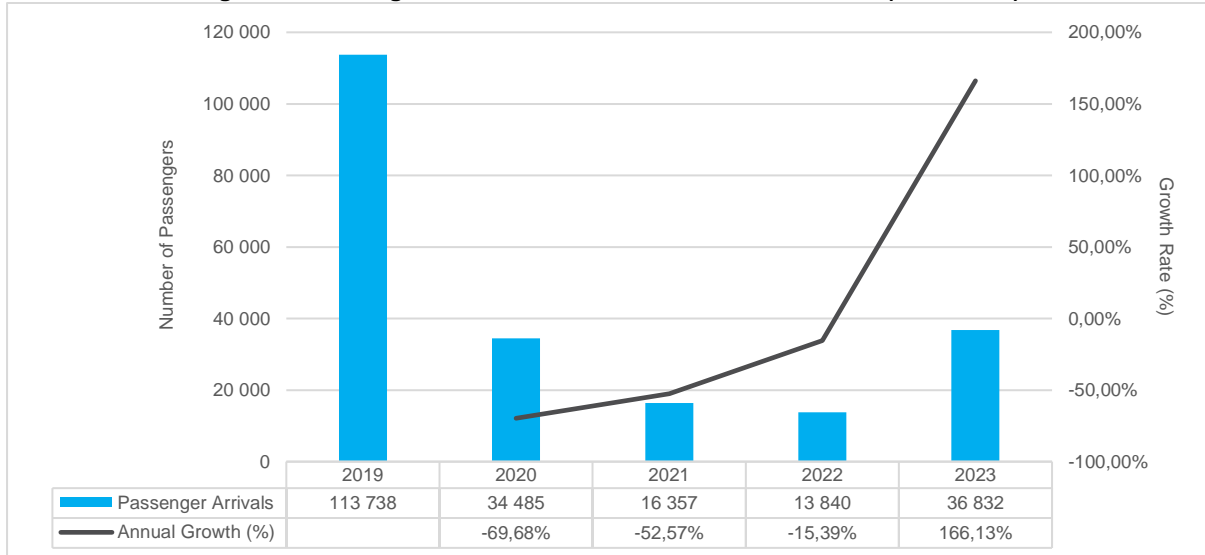
According to FDI Intelligence, there is no record of inward FDI from São Paulo in the Western Cape during the period January 2014–August 2024.

## 5. Tourism

### 5.1 Passenger Arrivals from São Paulo in South Africa

Figure 3 shows the number of passenger arrivals from São Paulo (GRU) International Airport into South Africa between 2019 and 2023. In 2023, 36,832 passengers arrived from São Paulo in South Africa in 2023, reflecting an increase of 166.13% compared to the same period in 2022.

**Figure 3: Passenger arrivals from São Paulo in South Africa (2019–2023)**



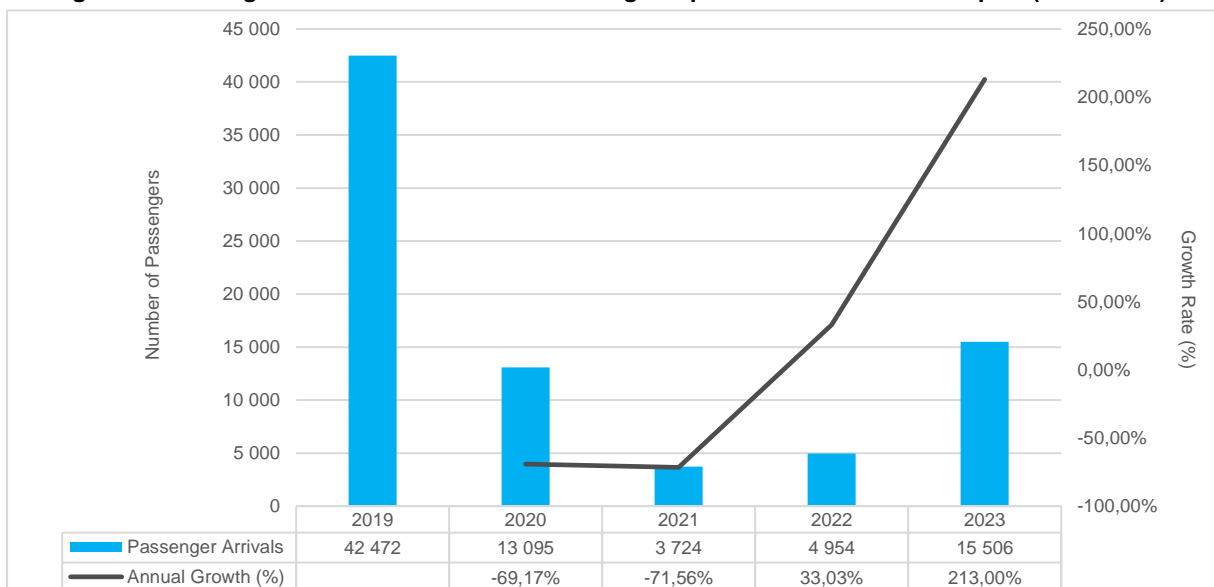
Source: OAG Traffic Analyser

\*São Paulo/Guarulhos International Airport (GRU)

### 5.2 Passenger Arrivals from São Paulo through Cape Town International Airport

Figure 4 shows the number of passengers arriving from São Paulo to Cape Town via Cape Town International Airport (CTIA) from 2019 to 2023. In 2023, Cape Town International Airport received 15,506 passengers from São Paulo (GRU) International Airport, representing 42.10% of arrivals from Sao Paulo in South Africa. This marked a 213.00% year-on-year growth compared to the 4,954 passenger arrivals in 2022.

**Figure 4: Passenger arrivals from São Paulo through Cape Town International Airport (2019–2023)**



Source: OAG Traffic Analyser

\*São Paulo/Guarulhos International Airport (GRU)

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