

The U.S. and Exchange Rates Do Not Scare Brazilian Exporters

Contributed by Newsroom
Tuesday, 12 April 2005

Brazilian exports are going to rise despite seasonal factors like exchange rates and the growth of the North American economy. The forecast was made on April 8 by Brazil's Minister of Development, Industry and Foreign Trade, Luiz Fernando Furlan.

The Brazilian Minister was participating in a debate with businessmen from the Center of Industries of the State of São Paulo (Ciesp), regarding policies and actions of the Ministry he commands.

The Minister commented on the set of proposals that businessmen in the export sector sent to the Federal Government, among them a request for the continuation of purchases of dollars.

To Furlan, the proposal is based on strong fundamentals and may be executed. The Brazilian real has been appreciating against the dollar since the end of last year, and this has generated complaints from domestic exporters.

However, it is not only the Ministry that has been stating that it is possible to keep Brazilian exports high despite the exchange rates.

"Brazilian exports are breaking records, reaching the figure of US\$ 10 billion per month. This means that (the trade balance) is maintaining a surplus and that it no longer depends on exchange rates," stated foreign trade specialist Joseph Tutundjian.

Last year, when the Brazilian currency started appreciating against the United States dollar, many exporters forecasted drastic reductions in foreign sales, as the country had been presenting significant results in this area.

Export revenues reached US\$ 96.4 billion in 2004, a 32% increase over the total for 2003, which was US\$ 73 billion. The surplus also reached US\$ 33 billion, presenting 36% growth over the result for the previous year.

At the beginning of this year, minister Furlan forecasted exports of US\$ 108 billion, which represented 12% growth over 2004. With the good performance in the first months, however, the government has recalculated its estimates and is forecasting US\$ 112 billion.

The accumulated result up to the first week of April this year shows exports of US\$ 25 billion and a surplus of US\$ 8.612 billion. In the first quarter, exports grew 25.7%.

Anba