

Brazilian Leather Exporters Complain About High Taxes

Contributed by Geovana Pagel
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Brazilian leather exports to Tunisia presented a great leap in the first half of the year. They rose from US\$ 117,400 in the period between January and June 2004, to US\$ 720,400 in the first six months of 2005, representing an increase of 514%.

According to the marketing vice president of the Confederation of Brazilian Hide and Skin Industries (CICB), Walter Luis Lene, the increase of sales to the Arab country is the result of the partnership between the Brazilian Export Promotion Agency (Apex), which started three years ago and has as its objective the opening of new markets.

"This program is strategic and includes participation in international fairs for the promotion of Brazilian leather," he explained.

To the president of the Arab Brazilian Chamber of Commerce (CCAB), Antonio Sarkis Jr., this increase may be the first symptom of the shoe industry in Tunisia showing real interest in importing Brazilian leather.

According to him, during the first meeting of the Brazil-Tunisia Business Council, which took place in May 2004, in the southeastern Brazilian city of São Paulo, members of the Tunisian Union of the Industry, Trade and Craft (Utica) showed interest in importing components for shoe production from Brazil.

According to Sarkis, the Tunisian interest is in production of shoes for export to Europe so as to take advantage of the free trade agreement that the country has with the European Union.

"We have already got in contact with the Assintecal (Brazilian Association of Shoe and Leather Components Industries) and are organizing a trade mission of Brazilian businessmen to Tunisia, in the second half of the year," stated Sarkis.

The group's trip should coincide with the next meeting of the Brazil-Tunisia Business Council, to take place in Tunisian capital Tunis. The date, however, has not yet been defined.

Foreign Market

In general, Brazilian leather exports grew 7.2% in the first half of the year in comparison to the same period in 2004, growing from US\$ 630.1 million to US\$ 675.5 million.

In the month of July alone, foreign sales of leather generated US\$ 120.6 million, revenues 3.6% greater than the US\$ 116.4 million registered in the same month last year.

Italy, China, Hong Kong and the United States are still the main destinations for Brazilian leathers.

According to Lene, this growth is within the sector's forecasts and is a reflex of the Brazilian leather and shoe sector chain.

"In the last 10 years over US\$ 300 million were invested in technology, machinery and equipment for the training of the chain and in guaranteeing maximum added value to the products," explained the CICB executive.

Lene complained that the sector is still being affected by the current tax policy that benefits the export of leather in the primary stage, called "wet blue".

"We want no advantage over our competitors. All we want is our manufactured product producers to be able to have the same chances as the producers in the countries that are our competitors, as is the case with China and Italy," he explained.

According to Lene, with the current tax system, wet blue leather is cheaper for importers than for Brazilian producers.

"This greatly reduces the competitiveness of our greater added value products on the foreign market," he justifies.

The Sector

In 2004 the leather and shoe chain had a turnover of US\$ 4 billion. However, it has potential to reach US\$ 12 billion "if there is an industrial and tax policy that prioritizes adding value to products," explained Lene.

The leather and shoe sector generates 500,000 jobs in the country. The leather-processing sector alone has potential to triple the number of work posts with its unused capacity alone.

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