

## A Pleasing Year for Brazil's Cosmetics Overseas. Sales Are Up 20%.

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Exports by Brazil's personal hygiene, perfumery and cosmetics industry grew 20% in 2005 and should reach US\$ 400 million. The sector's total revenues should reach approximately US\$ 6.3 billion, 14.5% more than in 2004, with 1.3 million tons sold.

The figures were disclosed Wednesday, December 21, by the Brazilian Association of Toiletries, Perfumes & Cosmetics Industries (Abihpec).

The personal hygiene sector grew 13.4% in the year, and cosmetics, 15.8%. The highlight was perfumery, which registered growth of 17.6% in sales when compared to 2004. Regarding the sales volume, personal hygiene presented a revenue increase of 9.2%, perfumery 8% and cosmetics, 11.5%.

According to the president of the Abihpec, João Carlos Basílio da Silva, the forecast was for sector growth to be 20%, considering a scenery of inflation of between 7% and 7.5% and stable exchange rates.

"With lower inflation than expected and appreciation of the Brazilian real against the dollar, the cosmetics industry limited itself to 5% price increases in its products, which reduced the revenue forecasts," he said.

The appreciation of the Brazilian real against the dollar also caused an increase in sector imports, which grew 35.4% from January to November 2005, when compared to the same period last year. Imports reached US\$ 83 million.

This year, according to the study by the Abihpec, the level of employment in sector companies has also grown. The increase registered was 6.62% between October 2004 and October 2005. The figures were supplied by 56 companies that, together, represent 72% of the market.

### New Markets

The Brazilian cosmetics industry has expanded its brands abroad, although the countries in South America are still the main destinations. In recent years, new markets, like those of the Arab countries, entered the list of importers. The market in greatest expansion is that of the United Arab Emirates, followed by Lebanon, Jordan and Libya.

According to figures supplied by the Abihpec, the organization is after expansion of the scope of buyers of sector products, mainly supporting the participation of Brazilian companies in foreign fairs.

An example is the second participation in fair BeautyWorld Middle East, which took place between May 2 and 4 at Dubai Airport Expo, in the United Arab Emirates. At the event, 27 sector companies showed their products in an exclusive pavilion.

In 2005 businessmen in the sector also participated in Cosmoprof Bologna, which took place between April 1 and 4, in Italy, in NACDS Market Place, between June 4 and 7, in New Orleans, and in Cosmoprof North America, from July 24 to 26, in Las Vegas.

Abihpec estimates that domestic sales should grow 10% in 2006, resulting in revenues of over US\$ 6.9 billion and a volume of 1.4 million tons, 7% more than in 2005.

Sector companies should invest US\$ 100 million a year up to 2010. The money will be turned mainly to expansion of factories that are in operation.

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