

Despite Contraband and Costly Credit Brazil's Electronic Sector Grows 15%

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Television sets and DVD players were the chief items behind the sizeable growth of the electro-electronic sector in 2005. A balance sheet released by the National Association of Manufacturers of Electro-electronic Products (Eletros) estimates that, in comparison with 2004, the sector, driven by sales of video and audio equipment, expanded 15% this year. "The sales leader, which has motivated consumers and our sales, is the DVD, which has also helped improve the results of TV sales," affirms the president of the Eletros, Paulo Saab.

Thanks to TV and DVD sales, the video and audio equipment line is expected to end this year with a 34% increase in sales, compared with 2004.

Despite this year's impressive increase, the growth was not reflected in job creation. According to Saab, the electro-electronic sector did not expand its work force in 2005, because the factories still possess idle capacity.

According to the Eletros president, the main difficulties faced by the sector in recent years are the black market in electro-electronic products and expensive credit.

"Imported items that compete with our products are no big problem, provided they pay taxes as we do, in compliance with the rules of the World Trade Organization (WTO). The problem is contraband, which enters on the sly, with products that compete unfairly. This was very detrimental to the line of portable equipment," Saab considered.

Eletros believes that the sector will be able to repeat last year's performance if economic growth this year is between 3% and 4%.

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