

Brazil: Less Demand for Lobster and Cheap Dollar Cut Ceará's Exports by 11%

Contributed by Newsroom
Wednesday, 18 July 2007

Exports from the northeastern Brazilian state of Ceará decreased by 11.2% in June 2007, in comparison with the performance recorded in May, decreasing from US\$ 93.9 million to US\$ 83.4 million. Compared with June 2006 (US\$ 83.5), foreign sales recorded a slight decrease at 0.1%.

The sectors that influenced the decrease the most were those of lobster, which saw a 77.5% reduction in export volume between June 2007 and June 2006; shrimp (-60.1%); and drum brakes (-51.5%).

Traditional segments, such as textiles, clothing and leathers have not performed well either in the comparison between 2006 and 2007. The first two decreased by 3.6% and 3.1%, respectively. The leather segment remains stagnant, having grown by only 1.4% in June this year compared with the same month of last year.

According to the International Business Center (CIN) at the Federation of Industries of the State of Ceará (FIEC), the traditional sectors have lost competitiveness due to the depreciation of the dollar, and the resulting appreciation of the real (Brazilian currency).

In the case of drum brakes, the difficulty derives, according to the Center, from inner managerial changes in the main exporter company for the product in Ceará. Meanwhile, shrimp and lobster are facing internal problems, which call for greater organization within the production sector.

Considering the first six months of the year, exports from Ceará grew by 11.4% in 2007 compared with 2006. This year, they have totaled US\$ 521.6 million, over US\$ 468 million last year. Thus, in the accumulated result for the year, Ceará achieved a trade balance surplus of US\$ 104.7 million.

The 11.4% growth recorded during the period, though, is still small compared with the growth for Brazil as a whole (19.9%) and for northeastern Brazil (16.6%). In the assessment of the CIN, this means that foreign relations in Ceará are not keeping up with the national and regional expansion rates.

With regard to product diversification, Ceará recorded a 4.4% decrease in the period from January until June 2007, compared with the same period last year. In total, the state of Ceará has exported 581 products this year.

The sectors of vegetable waxes, cashew nut, and shoes recorded the most expressive export growth rates in comparison with the period from January to June last year. The growth rates were respectively 44.2%, 31.3%, and 24.7%.

Diversification of destination countries, in the accumulated result for the year, rose by 11.7% over the same period of 2006, increasing from 126 to 146 countries. Italy and Venezuela remain as highlights in imports of products from Ceará, having recorded growth rates of 80.8% (Italy imports mostly leathers and skins) and 98.0% (Venezuela imports mainly textiles, metal corks, shoes, and stoves).

Even though the performance in June was not quite satisfactory, Ceará rose from the 15th to the 14th position in the ranking of Brazilian exporter states. The rise was due to inexpressive growth in exports from the state of Alagoas last month.

Despite the 0.7% decrease compared with the month of May, imports in the state of Ceará have increased by more than 70% compared with June 2006. In the accumulated total for the first semester of 2007, Ceará has imported 6.7% more than in 2006.

With regard to countries of origin of the products imported by Ceará, Argentina was a highlight, recording a growth of 101.6%, to reach the first place in the ranking of importers. China came second, with an increase of 217%.

Among alternative markets, the largest growth rate in the first semester compared with 2006 was achieved by the Philippines (51,775.4%). Products imported from the country were iron and steel plates.

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