

Brazil's Free Zone Reaps US\$ 7 Billion in First Quarter

Contributed by Amanda Mota
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In the first three months this year, revenues posted by companies based in the Manaus Industrial Hub (northern Brazil) grew 25.55%, having risen from US\$ 5.421 billion in 2007 to US\$ 6.806 billion this year.

According to the general manager for Economic and Entrepreneurial Studies at the Superintendence of the Manaus Free Zone (Suframa), José Alberto da Costa Machado, the increase is a consequence of domestic market expansion, of the Brazilian population recovering their purchasing power and of a period of technological transition, in which traditional television sets are being replaced by LCD and plasma devices.

"The costs of the more modern LCD and plasma TV sets are higher, but that does not prevent them from being replaced. Although the replacement is not happening at a fast pace, it does represent a lot in sales growth," stated Machado.

A report by Suframa on first-quarter performance of companies shows that the production rate of LCD- and plasma-screen television sets continues to increase. From January to March this year, 343.20% more units were manufactured than in the same period last year.

In the first quarter last year, production totaled 87,980 devices, whereas this year 389,924 units were manufactured with LCD screens. Production of plasma TVs leaped from 38,550 to 56,211 units.

The electric and electronic devices sector recorded the highest expansion in production, totaling US\$ 2.761 billion in the first three months this year, as against US\$ 2.347 billion in the first quarter of 2007. Next comes the motorcycle sector - with revenues of US\$ 2.003 billion and growth of 50.04% - and metallurgy, which posted revenues of US\$ 463.420 million and grew 36.55%.

Other sectors that stood out were watch manufacturing - with revenues of US\$ 55.788 million and growth of 34.66%; mechanical industry - with US\$ 179.140 million and growth of 22.31%; and eyeglass manufacturing - with US\$ 27.089 million and expansion of 22.79%.

According to the Suframa, production also grew for items such as compact discs (growth of 53.67%); portable radios, audio players and audio recorder devices (growth of 25.53%); automobile radio and audio player devices (growth of 52.16%) and microcomputers - including portable models (growth of 22.57%).

The companies in the Manaus Industrial Hub (PIM) also increased their exports. In comparison with the first three months of 2007, there was an expansion of 16.94% in foreign sales, which totaled US\$ 233.319 million.

"The good export performance of the PIM [Manaus Industrial Hub] happened due to many different variables, but it is important to highlight foreign sales of cellular telephones, which resumed their growth, and the strengthening of the hub's trade partnership with neighboring countries," explained Machado.

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