

Brazil's Engine Parts Leader Exports to US and 50 Other Countries

Contributed by Marina Sarruf
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Zen, the largest Brazilian producer of starter drives, parts used in car starter motors, has invested, this year, US\$ 35 million in increasing the factory capacity. Of the factory's total production, 78% is turned to the foreign market.

In all, production will total 8.2 million in parts in 2004, against 6.2 million last year, which should represent an increase of 32.2%. Next year the company hopes to produce 9.5 million units.

The factory is located in the city of Brusque, in Itajaí Valley, in the southern Brazilian state of Santa Catarina, where they occupy an area of 32,000 square meters and have 1,100 employees.

Zen was established in 1960 by brothers Hylário and Nelson Zen, who started with a factory that made tools and radio parts in a 30 square-meter warehouse in the city of São Paulo.

However, in 1973, the factory grew and was transferred to Santa Catarina, the birth land of one of the founders.

Of all the company production, only 22% is turned to the domestic market. Zen is currently the largest Brazilian producer of starter engines, with 65 distributors throughout the country.

The company started exporting in 1976. Nowadays, with over 100 distributors on then foreign market, the company exports to over 50 countries. The North American market alone represents 50% of total company revenues.

Middle East

Zen intends to double exports to the Middle East next year. This year a total of 135,000 parts have already been shipped to the region, corresponding to 1.65% of the total sales by Zen.

This percentage includes the United Arab Emirates, Syria, Jordan and Lebanon, as well as Israel and Iran.

The company also sells to Morocco, Algeria, Tunisia and Libya, but as the sales are through a distributor in Italy, they are not calculated separately. Zen exports to over 50 countries on five continents.

Of the over 100 international Zen representatives, seven are found in the Arab countries, being three in the United Arab Emirates, two in Jordan, one in Lebanon, and one in Syria.

"The Arab countries are very well known by the company, we have been exporting there for many years," stated Walter Ikeda, the company commercial manager.

According to Ikeda, the products most sold to the Arab countries are starter drives, as well as parts for the starter engine itself, like alternator and dynamo bearings and pinions.

"The parts shipped depend very much on the vehicle fleet in each market. In the Arab countries, for example, there are many carmakers that are not known in Brazil. Our exports to the region go mainly to carmakers like Peugeot and Paikan," he explained.

Next year, the company intends to increase business with the region. "This year we have already made a large step in

the direction of company internationalization," stated Ikeda.

Zen opened its first office on the foreign market. "We started in the United States, but the idea is to open new offices so that we can come closer to our foreign customers," he added.

According to Ikeda, the largest problem with the Middle East is the distance.

"We travel to the region once a year and collect information regarding the market, competitors, parts and the fleet," he explained.

After collecting the information, the company establishes a market strategy to export to the region.

"As it is difficult for a company installed in Brazil to do all of this, we have decided to work on internationalization," explained the manager.

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