

Brazil's Auto Parts Industry Exports Grow 18% to US\$ 7 Billion

Contributed by Marina Sarruf
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Brazil's auto parts exports from January to August generated US\$ 6.95 billion, a growth of 17.8%, when compared to the same period last year. The figures were disclosed this Wednesday, October 1st, by the Brazilian Association of Auto Parts Manufacturers (Sindipeças). In total, Brazilian products were shipped to 169 countries.

The main buyers up to August were Argentina, with US\$ 1.95 billion; the United States, with US\$ 1.27 billion; Germany, US\$ 615 million; Mexico, US\$ 549 million; and Venezuela, US\$ 274 million. According to estimates by the Sindipeças, Brazilian sector exports should end the year with US\$ 10.8 billion, against US\$ 9.13 billion last year.

Despite the growth in foreign sales, sector imports grew even further. From January to August, imports totaled US\$ 8.42 billion, which represented growth of 42.8% as against the same period last year. "The weaker dollar caused a great reduction in the Brazilian trade balance," stated Sindipeças president Paulo Butori.

The organization's estimate is that the trade balance result should post a deficit of US\$ 2.2 billion by the end of the year, which should be record. "The trade balance deficit is a surprise to us, as we had a surplus for years and years," added Butori. According to him, the main reason for greater imports is the appreciation of the Brazilian real against the dollar.

From January to August, Brazil imported auto parts from 121 countries, being Germany, Japan, the United States, Argentina and France the main suppliers. The list also includes seven Arab countries, including Tunisia, the United Arab Emirates and Saudi Arabia. The value imported by Brazil from the Arab market was US\$ 8.6 million in the first eight months of the year, against US\$ 1 million in the same period last year.

Exports to the Arab countries, on the other hand, totaled US\$ 60.7 million up to August, an increase of 15.8% over the same period last year. The main Arab countries importing auto parts from Brazil are the United Arab Emirates, with US\$ 29.8 million, expansion of 24.4%; Egypt, with US\$ 15 million, growth of 71.9%; and Saudi Arabia, US\$ 5.3 million, 44.8% more than in the first eight months of last year. In the Arab market, Brazil exported to 19 countries.

According to Sindipeças councilor Theophil Jaggi, the organization plans to work more with the Arab market. "The last edition of the fair in Dubai was a great success," he said, referring to Automechanika Middle East, which took place in June. "More and more Brazilian companies are interested in participating in the fair," he added.

Estimates

The Sindipeças estimate is that the sector should end the year with revenues of US\$ 46.5 billion, which should represent

growth of 29.3% over last year. Production of vehicles should total 3.5 million units, 18% more than in 2007. Investment in the sector should be US\$ 1.6 billion, growth of 18.5%.

According to Butori, the North American financial crisis should impact the sector. "Our main investors are from abroad," he said. For the industry to reach annual production of 4 million vehicles in 2009, the president estimates that investment of over US\$ 2 billion should be necessary. "It all depends on what is going to take place in coming days," he added, referring to the crisis.

This month the auto parts sector is going to get a new trade fair, Automec Pesados e Comerciais, the First International Fair Specialized in Parts, Equipment and Services for Heavy and Commercial Vehicles, to take place from October 7 to 11 at the Anhembi exhibition pavilion in São Paulo.

The need for establishment of a new auto parts event in São Paulo was the lack of space in the traditional Automec, the International Autoparts, Equipment and Services Trade Fair, which is mainly turned to the light line and has been taking place since 1993.

The new fair should count on 437 exhibitors in an area of 30,000 square meters. The expectation is to attract 20,000 national and international visitors. For the first edition, the Brazilian Export and Investment Promotion Agency (Apex-Brasil), in partnership with the Sindipeças, is going to bring a group of 20 foreign buyers to participate in business roundtables during the fair. According to Jaggi, the group does not include Arab countries but Arab importers should certainly visit the fair independently.

Service

Automec Pesados e Comerciais, International Fair

Data: October 7 to 11

Site: Anhembi Exhibition Pavilion

Address: Avenida Olavo Fontoura, 1209, São Paulo, Brazil

Time: Tuesday to Friday from 10:00 am to 7:00 pm, and Saturday from 9:00 am to 5:00 pm

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