

Brazil

Fastener Situation

by Behrooz Lotfian

Introduction

Based on area and population, Brazil is one of the biggest countries with vast potential resources in the world. It has the largest economy in the American continent after USA. The basic specifications of Brazil are: GDP: USD2 trillion in 2008; GDP/Capita: USD10,296; Unemployment rate: 7.9%; Inflation (CPI): 5.7%. Brazil was the 113th freest economy in the world in 2009, and agriculture is the main activity in this country.

Huge boom-and-bust cycles have converted Brazilian producers to creative, reliable, productive, and competitive manufacturers; therefore, their productions have desirable quality, and low cost.

Fastener Market in Brazil

Automotive industry is one of the main markets of consuming fasteners; hence, the fastener market's growth is related to this market in each country.

Brazilian automotive industry has been started since 50 years ago. Based on OICA statistics, Brazil with 3.4 million vehicles production is the 7th largest vehicle producer and its automobile market is 4th biggest market in the world in 2011.

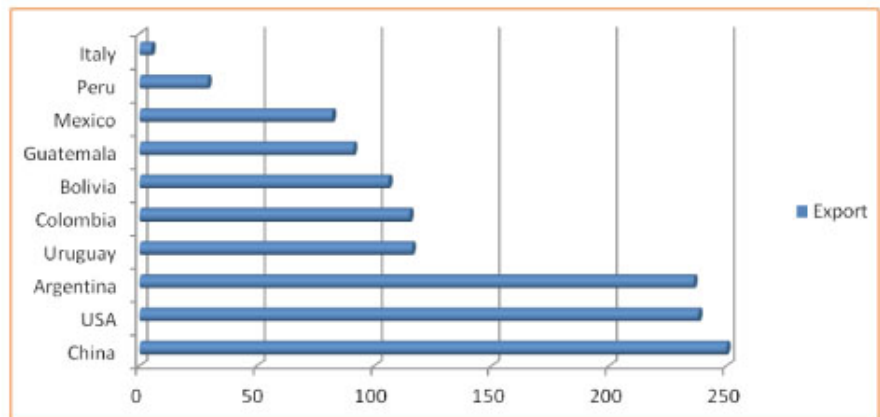
Analysis of the automotive industry statistics shows an enormous fastener market in Brazil. But, the following statistics depict the other story.

Brazil Fastener Export

In terms of the category of aluminum fasteners, the total export value of USD1.268 million didn't present Brazil as a strong country in the fastener field:

Country of Destination	Ranking	Value (000 USD)
China	1	250
USA	2	238
Argentina	3	236
Uruguay	4	116
Colombia	5	115
Bolivia	6	106
Guatemala	7	91
Mexico	8	82
Peru	9	29
Italy	10	5
Total		1,268

Source: Phillip Parker, professor, INSEAD, Copyright 2011, www.icongrouponline.com

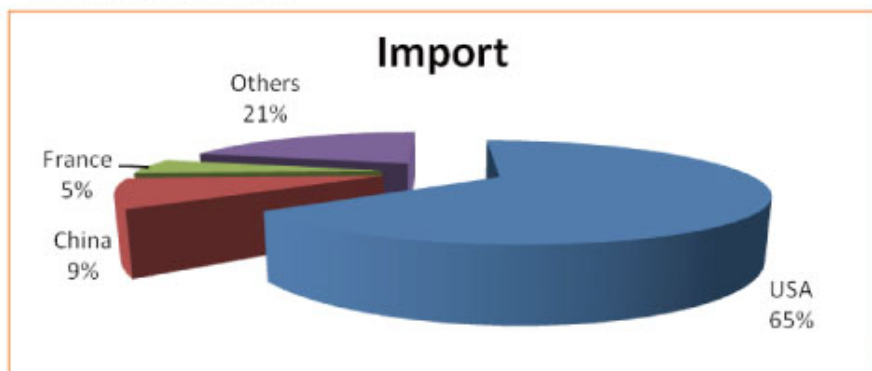


Brazil Fastener Import

In terms of the category of aluminum fasteners, the total import value of Brazil was USD13.443 million and Taiwan with its export value to Brazil of USD253,000 was ranked 8th in the list of the country of origin and accounted for 1.88% of the total Brazil market share.

Country of Origin	Ranking	Value (000 USD)
USA	1	8,933
China	2	1,276
France	3	689
Japan	4	479
Spain	5	433
Germany	6	416
Italy	7	324
Taiwan	8	253
The Netherlands	9	206
Belgium	10	172
Sweden	11	126
Israel	12	70
Canada	13	66
Total		13,443

Source: Phillip Parker, professor, INSEAD, Copyright 2011, www.icongrouponline.com



Analyzing Brazil Export & Import Statistics

Some interesting points in Brazil export & import statistics are as follows:

1. USA's total fastener export & import trade value of USD9.171 million shows it is the main partner for Brazil.

- It is predictable that the main market of Brazil fasteners is the South American countries. And Bolivia, Uruguay and Argentina markets are the first priorities of Brazilian producers because they supplied more than 25% of the total market needs of those three countries respectively.
- China is in the 2nd place with the total fastener export & import value of USD1.526 million. This situation is interesting because if transport is considered as a competitive point and a lot of professional countries in the fastener field are surrounded China then
 - Why does China need Brazil fasteners?
 - And which kind of fastener does Brazil export to China?

For answering the above questions, studies on the Brazilian fastener production and Chinese economic strategies are necessary.

Brazilian Fastener Production

If the consumable fastener category is divided into two parts, standard and special fasteners, Brazilian suppliers manufacture both parts. Their main productions in special fasteners are: high resistance fasteners, critical application bolts for the automotive industry, special bolts submitted to great dynamic loads, connecting rod bolts, cylinder head bolts, main bearing bolts, brake pins and many others.

The main fastener product that Brazil exports to China and other Asian countries is the automotive fasteners. Fig. 1 is a sample of their exports.

Brazilian fastener producers have founded some branches in China and other Asian countries; therefore, these branches facilitate their export process to these regions.



Fig. 1

Critical brake components are made by Brazilian manufacturers and are exported to Asia.

Chinese Economic Strategies

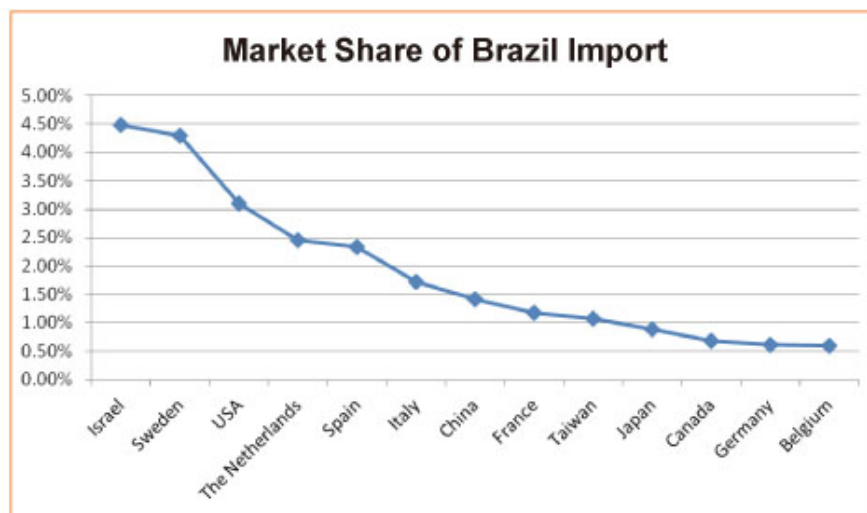
China had copied developing path from Japan by implementing below steps.

1. China started to make anything with very low price without consideration in quality.
2. After it penetrated to the market, it starts to increase its production quality. (Now any person can find anything with any price and quality in China!!!).
3. Then Chinese business owners focus on the humanity right policies and standardize their production process, etc. Therefore, their product prices are increased.

Now for many industries that use fasteners, the local prices are not acceptable; therefore, they have to import from foreign suppliers.

Analyzing Brazil Situation in Fastener Trade

The detailed fastener trade in Brazil is as follows:



Brazil Fastener Import

Country of Origin	Ranking of Brazil (among the Country's Total Export Destinations)	Brazil Import Value (000 USD)	Brazil Market Share	Total Import Value (000 USD)
Asia				
China	13 of 31	1,276	1.41%	90,301
Japan	12 of 19	479	0.89%	53,945
Israel	7 of 9	70	4.49%	1,559
Taiwan	16 of 31	253	1.07%	23,545
Europe				
Belgium	10 of 16	172	0.59%	29,036
France	10 of 31	689	1.18%	58,441
Germany	21 of 31	416	0.62%	67,480
Italy	13 of 31	324	1.72%	18,858
Spain	9 of 23	433	2.33%	18,574
Sweden	8 of 14	126	4.3%	2,932
The Netherlands	6 of 18	206	2.46%	8,365
North America & The Caribbean				
Canada	10 of 11	66	0.69%	9,520
USA	8 of 31	8,933	3.11%	287,670

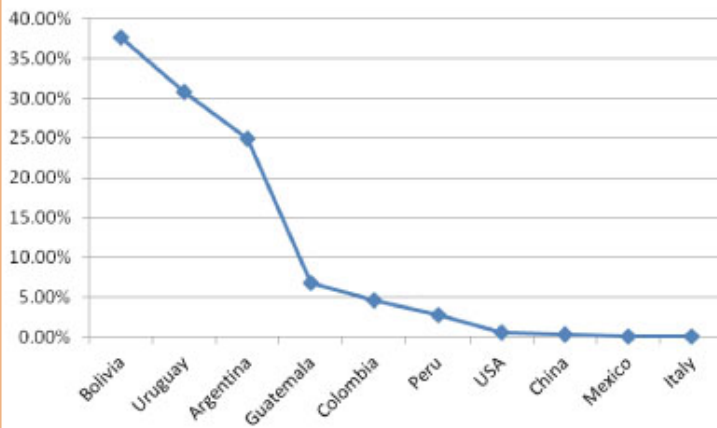
Source: Phillip Parker, professor, INSEAD, Copyright 2011, www.icongrouponline.com

Brazil Fastener Export

Country of Destination	Ranking of Brazil (among the Country's Total Import Sources)	Brazil Export Value (000 USD)	Brazil Market Share	Total Export Value (000 USD)
Asia				
China	18 of 21	250	0.27%	91,706
Europe				
Italy	16 of 16	5	0.02%	23,229
Latin America				
Argentina	2 of 6	236	24.89%	948
Bolivia	1 of 4	106	37.59%	282
Colombia	4 of 7	115	4.60%	2,502
Guatemala	7 of 7	91	6.81%	1,337
Mexico	16 of 17	82	0.06%	145,694
Peru	5 of 5	29	2.80%	1,036
Uruguay	2 of 2	116	30.77%	377
North America & The Caribbean				
USA	17 of 27	238	0.54%	43,796

Source: Phillip Parker, professor, INSEAD, Copyright 2011, www.icongrouponline.com

Market Share of Brazil Export



At the end, these statistics show that even though Brazil is a big country, in the fastener field it does not work in the world scales. In the South American market, it also acts as the middle class country.

Aiming at Taiwan as the Next Purchasing Source!

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