



Brazilian News

“A Glass Shield, That's What We Have for Today”

The exchange rate works as a glass shield for Brazilian industrial production

At the end of the first half of 2014, over ten years ago, one US dollar costed R\$ 2.20 (real, the Brazilian currency). In the first quarter of 2024, US\$ 1.00 costed around R\$5.65. It currently costs R\$ 4.46.

So, it made me think about the domestic production could be at a more competitive level if we had policies more in favor of Brazilian production. However, with the exchange rate at the current level, it's already a lot to keep our heads above water.

Just on fasteners, the importers sold US\$1.053 billion worth of fasteners to Brazil in 2022; US\$977 million in 2023 and US\$533 million in the first half of this year. And since one more dream doesn't hurt, imagine an inversion that leads us to produce, let's say, 20% of that over here.

We can consider the fastener production overseas has been continuously dynamic because the industrial policies of Asian countries in particular work more in favor than against local producers. And with less hostile taxation, simpler financial access, as well as the acquisition of new and more modern machines, for example, productivity will make all the difference, in addition to the fact that some players such as China have high production scales, which drastically reduces cost.

In any case, the immediate effect of the exchange rate works as a shield to protect local manufacturing, but you can't count on a glass shield, which is therefore of limited resistance. But That's what we have for today.

Dr. Ricardo M. Castelhana is the CEO of Jomarca Fastener, a Brazilian manufacturer with more than 900 employees and capacity to produce 5 thousand tons per month.



▲ Written by Dr. Ricardo M. Castelhana



Recall: Failure with Renault Kardian's Fastening

From July 15, 2024, Renault Brazil started a recall involving "Kardian Evolution", produced in its local industrial plant unit between March 15 and May 3, 2024.

"An investigation found a production defect where the rear wheel bolts had not been sufficiently fastened, due to possible deterioration of the threads of the rear brake drums. Inadequate fastening could cause noise and displacement of the rear wheels, generating a loss of the original drivability. On extreme cases, this could result in accidents with serious and/or fatal injuries to passengers", according to the note on the local website.

The note also says the repair consists of replacing the rear brake drums and the front and rear wheel bolts, requiring around one hour of maintenance.

Ford Keeps 1,500 Jobs in Brazil

Ford Motor's local production cycle in Brazil lasted 102 years, from 1919 to 2021

One of the most iconic brands in history in the automotive sector, Ford still maintains a development and technology centre in Brazil, in Camaçari Town, Bahia State, operating with over 1,500 employees involved in various activities, such as virtual reality laboratories and “teardown” (which performs disassembly and analysis of components).

Even without local manufacturing activities since 2021, in a recent note on Ford's website, Ford announced a new expansion, which will create a new space to house another thousand employees and which will conclude by 2026, is expected to increase the total number of direct jobs to 2,500. ■



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