



# Brazil: Non-commodity Export Performance

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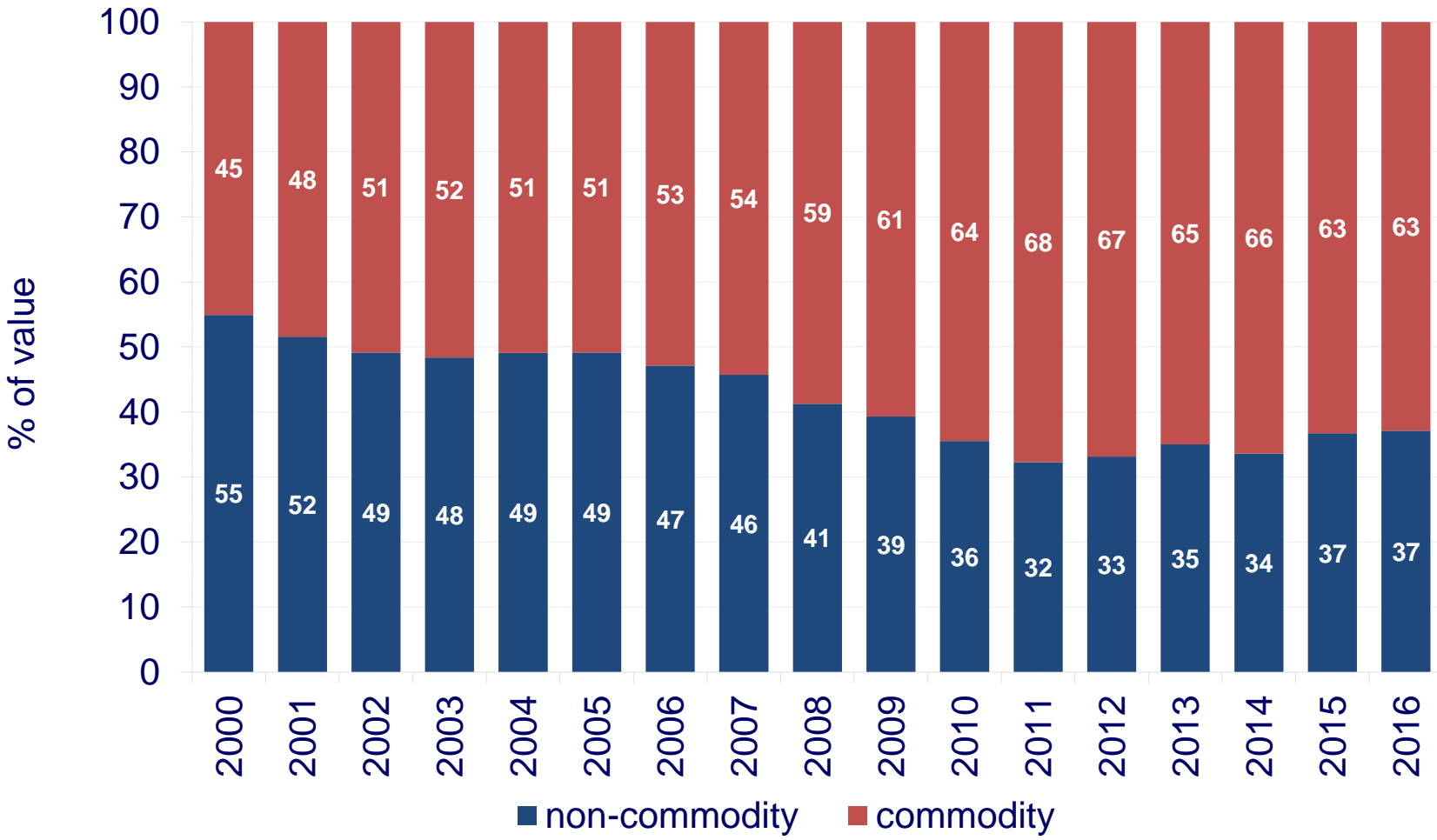
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# Non-Commodity Brazilian Exports

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- **32% to 55% of total exports between 2000 and 2016**
  - 2000 to 2009: average 48%
  - Since 2009, average 35%
  - US recovery and decline in commodity prices led to recent increase to 37%

# Brazilian Exports

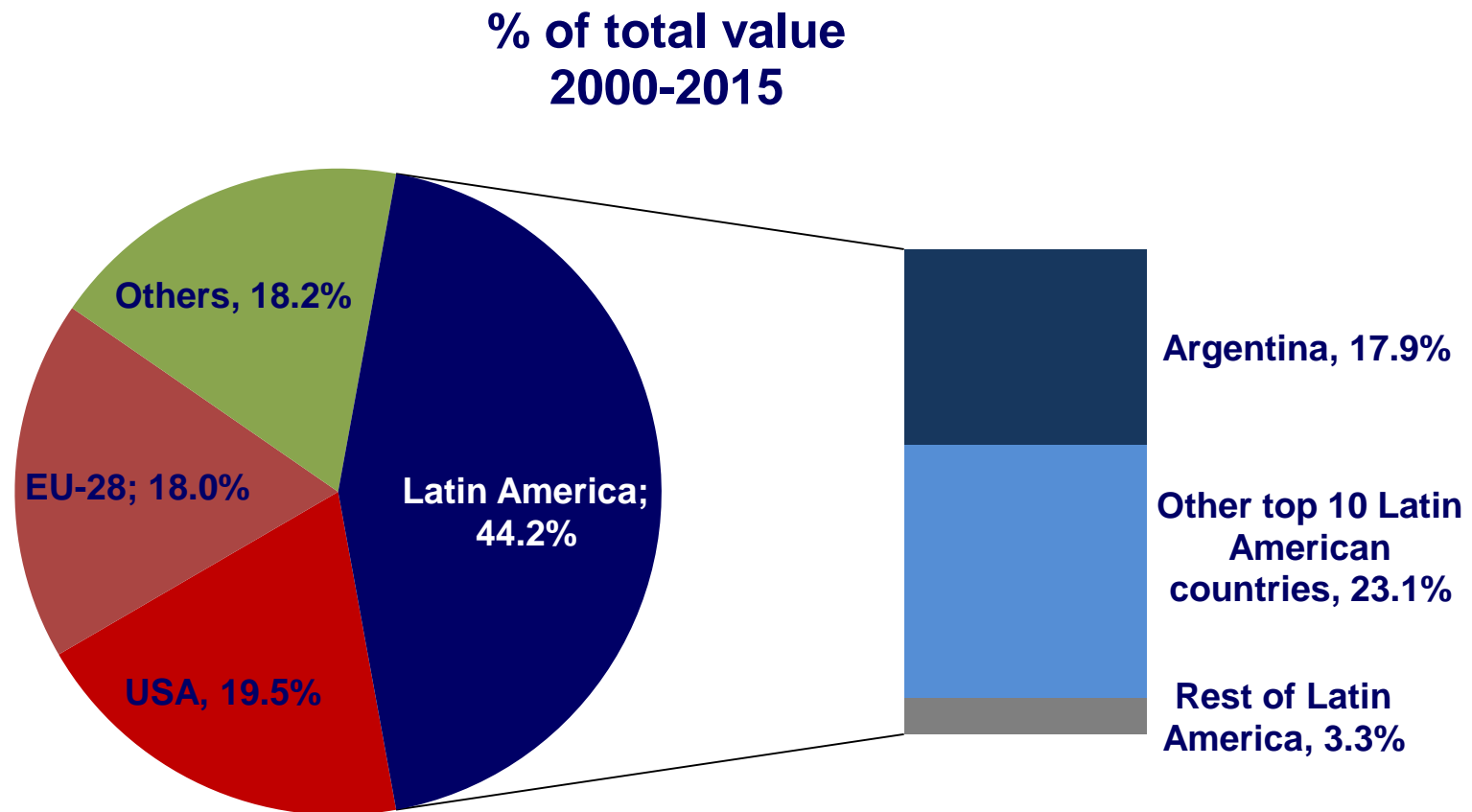


# Non-Commodity Brazilian Exports

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- **Concentrated in some destinations**
  - US + Argentina = historically 35% to 50% of total value
  - Latin America: 44% of total value
    - Most important recipients of non-commodity exports, especially of automobile and auto parts (due to trade agreement)
    - Manufactured goods = 77% of total exports to Latin America in 2015

# Non-Commodity Brazilian Exports by Destination



- (1) EU-28 includes overseas territories, dependent territories and overseas regions;  
(2) Latin America does not include territories belonging to European countries.

# Non-Commodity Brazilian Exports by Destination

Country	2000		2005		2010		2015	
	US\$ Million	%	US\$ Million	%	US\$ Million	%	US\$ Million	%
<b>Total</b>	<b>30,246</b>	<b>100.0</b>	<b>58,209</b>	<b>100.0</b>	<b>71,382</b>	<b>100.0</b>	<b>70,116</b>	<b>100.0</b>
USA	8,945	29.6	14,556	25.0	9,047	12.7	13,962	19.9
Argentina	5,600	18.5	8,928	15.3	15,948	22.3	11,615	16.6
Netherlands	448	1.5	904	1.6	3,483	4.9	3,696	5.3
Mexico	1,512	5.0	3,533	6.1	3,215	4.5	2,983	4.3
China	207	0.7	1,145	2.0	1,459	2.0	2,487	3.5
Chile	1,104	3.6	2,841	4.9	2,893	4.1	2,241	3.2
Paraguay	762	2.5	851	1.5	2,100	2.9	2,219	3.2
Others	11,669	38.6	25,449	43.7	33,238	46.6	30,912	44.1
Memo:								
Top-10 Latin America	11,456	37.9	22,002	37.8	33,483	46.9	27,495	39.2

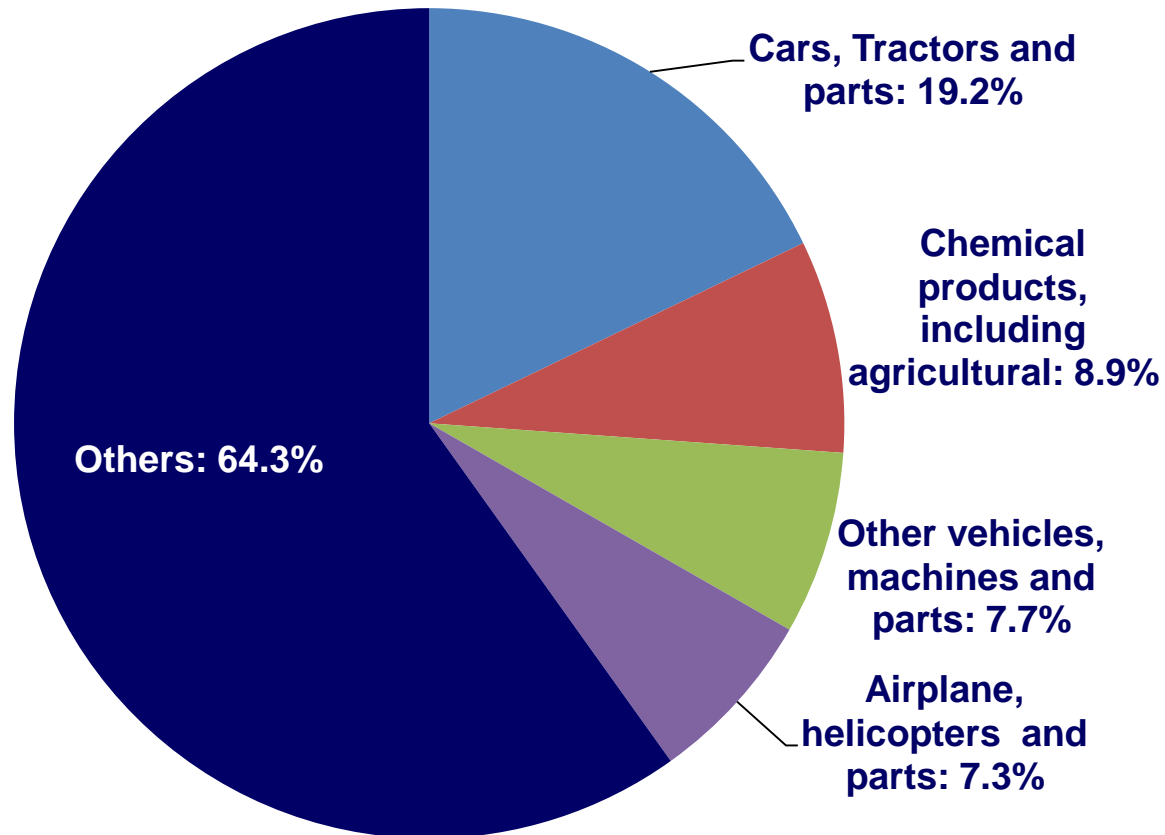
# Non-Commodity Brazilian Exports

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- **Although concentrated in terms of destinations, less concentrated in terms of goods**
  - Top-20 goods  $\approx$  50% of these exports
  - To Latin America: automobiles, auto parts, cargo vehicles, tires and tractors
  - To US and Europe: airplanes, products with high value added

# Non-Commodity Brazilian Exported Goods

**% of total value, 2000-2015**





# Main Non-Commodity Exported Goods

Products	2000		2005		2010		2015	
	US\$ Million	%	US\$ Million	%	US\$ Million	%	US\$ Million	%
<b>Total</b>	<b>30,246</b>	<b>100.0</b>	<b>58,209</b>	<b>100.0</b>	<b>71,382</b>	<b>100.0</b>	<b>70,116</b>	<b>100.0</b>
Airplanes	3,430	11.3	3,168	5.4	3,996	5.6	4,070	5.8
Passenger motor vehicles	1,768	5.8	4,395	7.6	4,417	6.2	3,366	4.8
Aluminum oxide and hydroxide	235	0.8	576	1.0	1,742	2.4	2,593	3.7
Car and tractor parts	1,209	4.0	2,476	4.3	3,425	4.8	2,297	3.3
Oil drilling platforms	-	-	149	0.3	102	0.1	1,943	2.8
Parts/accessories for motor cars	1,065	3.5	2,319	4.0	2,510	3.5	1,930	2.8
Iron or nonalloy steel flat-rolled products	859	2.8	2,383	4.1	1,813	2.5	1,925	2.7
Passenger motor vehicles engines' parts	34	0.1	47	0.1	19	0.0	1,878	2.7
Polymers	447	1.5	1,008	1.7	1,657	2.3	1,811	2.6
Cargo motor vehicles	696	2.3	1,682	2.9	1,687	2.4	1,625	2.3
Electric motors, generators and transformers	380	1.3	911	1.6	1,625	2.3	1,475	2.1
Civil engineering and contractors' plant and equipment	301	1.0	1,234	2.1	1,368	1.9	1,317	1.9
Pumps, compressors, fans and others	726	2.4	1,217	2.1	1,472	2.1	1,205	1.7
Iron and steel tubes, fittings for tubes	16	0.1	2	0.0	649	0.9	1,198	1.7
Paper and paperboard used for writing, printing	518	1.7	705	1.2	1,199	1.7	1,125	1.6
Tyre	525	1.7	830	1.4	1,362	1.9	1,112	1.6
Medicaments for human and veterinary medicine	161	0.5	341	0.6	965	1.4	1,050	1.5
Tubes of cast iron, iron and steel and parts	196	0.6	515	0.9	571	0.8	972	1.4
Tractors	159	0.5	1,239	2.1	1,049	1.5	961	1.4
Footwear	1,547	5.1	1,892	3.2	1,487	2.1	960	1.4
Others	15,973	52.8	31,119	53.5	38,267	53.6	35,302	50.3

# Determinants of Export Volumes

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- **What explains the increase/ decrease of non-commodity Brazilian exports?**
- **According to BCB's research, external demand from trade partners more relevant than real exchange rate**
- **Other factors: Brazilian exports to Latin America affected by trade agreements**

# Export Volumes: Elasticities (2001-2016)

Exports	External demand (1)	Effective exchange rate
Basic	2.47	0.58
Semi-manufactured	0.63	0.17
<b>Manufactured</b>	<b>1.77</b>	<b>0.58</b>

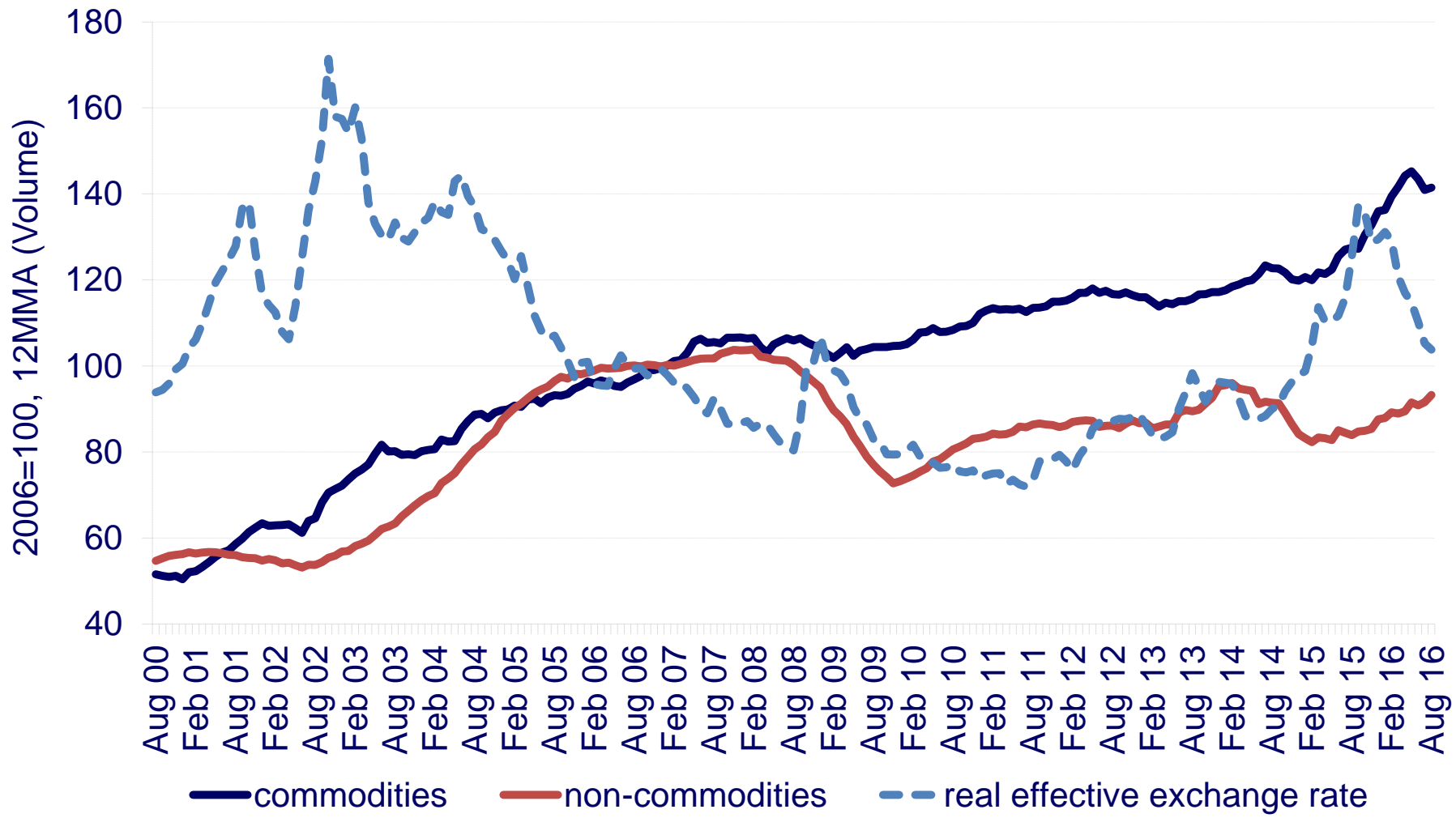
(1) The variable “weighted average of industrial production of Brazilian trade partners” was used as a proxy for external demand.

# Brazilian Export Volumes

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- **Non-commodity exports: still below pre-2008 level**
- **Commodity exports: continuous growth since 2009**
- **In the long run, weak correlation between the Real Effective Exchange Rate (REER) and the volume of non-commodity exports**

# Export Volumes and REER





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