IN RECENT YEARS CHINA HAS SNAPPED UP some of Brazil’s major markets. A study by Lia Valls Pereira, IBRE researcher, has found that in particular the Chinese have advanced in South America. Between 2009 and 2010, Brazil lost 12.7% of its exports to the region, of which China gained 27.2%. Between 2010 and 2011, Brazil gave way to another 12.3% of exports to South America, of which China got 24.8%.

In the European Union Brazil was less threatened by China. Between 2013 and 2014, Brazil lost 13.6% of exports to the EU, of which just 2.4% went to Chinese products.

Valls Pereira explains that estimates of how much Chinese products have displaced Brazil’s in export markets are based on products and exported by both Brazil and China.

“China … has penetrated these markets, and quickly displaced other exporting countries. China became the largest exporter in less than 10 years. What is striking is that China won markets, particularly in South America, where Brazil has geographical proximity and relatively lower transport costs,” she points out.

In the U.S., China effectively displaced competitors early in 2000; Brazil lost ground to China in the footwear market there. In Argentina, China displaced competitors in major household appliances and auto parts.

Valls Pereira warns: “For a while, China won markets with low-tech products. Now, it is moving significantly to medium and high technology. China is the largest car exporter in the world. After the large exchange rate devaluation in 1999–2000, Brazil managed quickly to recover markets, including the American markets. Now, if the exchange rate remains devalued, Brazil may recover markets again but not as much because Brazil’s

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World Trade Organization data show how Brazil was pushed out of global markets in recent years as other countries have won important shares of world trade. China’s share of world exports of manufactured goods grew from 0.8% to 17.5% in 2013. Today, it is the world’s leading exporter of manufactured goods after the EU.

The US accounted for 9.5% of manufactured goods exports and the EU for 15% in 2013. Brazil does not even appear among the 15 largest exporters of manufactures, which include India, Mexico, Thailand, Malaysia, and Turkey.

On the other hand, Brazil’s share of world imports of manufactured goods went up from 0.9% in 1980 to 1.4% in 2013, placing it among the top 15 importers. Thus Brazil is sending more foreign currency abroad to acquire higher value-added products. The US remains the largest importer, but its share has declined. In 2013, it absorbed 13.4% of total global imports of manufactured goods, down from 19.8% in 2000. In 2013 the EU accounted for 10.1% of total global imports of manufactures, followed by China with 9.2%.

“We are not China, nor will we ever be,” Valls Pereira says. “But we do need at minimum an export strategy. That does not mean government intervention, but strategy does require a regulatory framework and political decisions. Industry worldwide is changing the way it produces. Industry has not lost importance, but it has been transformed. It must be more innovative.”