

INVESTMENTS IN **INDUSTRY**

2023-2024



Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY



Brazilian National Confederation of Industry

THE FUTURE OF INDUSTRY

INVESTMENTS IN **INDUSTRY** **2023-2024**

ECONOMIC INDICATORS **CNI**

BRASÍLIA-DF
2024

© 2024. CNI – National Confederation of Industry.

Any part of this publication may be reproduced, provided that the source is mentioned.

CNI
Board of Industrial Development and Economy - DDIE
Economics Office - ECON

Cataloging in Publication

C748i

Confederação Nacional da Indústria.
Investimentos na indústria 2023-2024 / Confederação Nacional da
Indústria. – Brasília : CNI, 2024.

16 p. : il.

1. Investimento Indústria. 2. Indústria Brasileira. I. Título.

CDU: 330.322(05)

CNI
National Confederation of Industry
North Banking Sector
Quadra 1 – Bloco C
Edifício Roberto Simonsen
70040-903 – Brasília – Federal District
Phone: +55 (61) 3317- 9001
Fax: +55 (61) 3317- 9994
<http://www.cni.com.br>

Customer Service – SAC
Phones: +55 (61) 3317-9989 / 3317-9992
Email: sac@cni.com.br
www.portaldaindustria.com.br

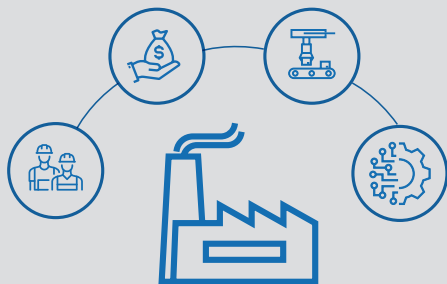
TABLE OF CONTENTS

Executive summary.....	7
1 Investment in 2023.....	8
2 Investment in 2024.....	14



EXECUTIVE SUMMARY

73% of large companies plan to invest in 2024



39% of large companies planning to invest in 2024 stated they intend to use exclusively their resources

10% of the investment plans of large companies for 2024 are primarily aimed at the foreign market, the highest percentage in the historical series

79% of large companies carried out investments in 2023

74% of the investments in 2023 were aimed at technological innovation

77% of large companies invested in machinery and equipment in 2023

The percentage of large industries planning to invest increased from 68% to 73% between 2023 and 2024.

This rise will lead to a boost in productive capacity and enhancements in industrial production processes. The primary goals of the investments planned for 2024 by large firms were to increase or improve productive capacity (42%) and to increase or improve the current production process (42%).

Given the high cost of credit, 39% of large companies planning to invest in 2024 stated they intend to use exclusively their resources, and another 29% will mostly use the company's resources for their investments.

In this edition, a novelty appeared in the target market for planned investments. For the first time in the historical series, 10% of large companies planning to invest are primarily targeting the foreign market. However, 40% of planned investments still primarily focus on the domestic market.

In 2023, 79% of large companies carried out investments, which is six percentage points lower than the figure recorded in 2022.

Economic uncertainties emerged as the most cited difficulty for investment by 58% of large companies that had investment plans. Among the large companies that postponed or canceled their investment plans, the most cited difficulty was a drop in revenues.

Technological innovation was a strategic action in the investments carried out by 74% of large companies that invested in 2023. In addition to technological innovation, the development of human capital (58%) and the pursuit of energy efficiency (38%) were the strategic actions most frequently associated with 2023 investments.

Among the large companies with investment plans, 77% invested in the acquisition of machinery or equipment.

1 INVESTMENT IN 2023

79% of large companies in the manufacturing industry carried out some investment in 2023

47% of large companies carried out their investment plans as planned

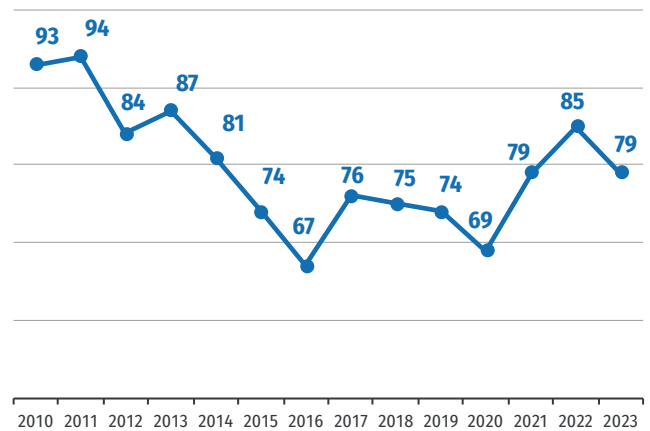
Although the majority of large companies (79%) invested in 2023, the percentage represents a six-point drop in about 2022.

For 47% of large companies, investments were carried out as planned, while 28% only partially realized their investment plans. Meanwhile, 8% postponed their investment plans and 2% canceled the investments planned for the year. 16% of large companies had no intention of investing in 2023.

For 79% of large companies planning to invest in 2023, the investments were part of a plan initiated before 2023. However, for 21% of large companies, the investments carried out in 2023 were part of a new investment plan.

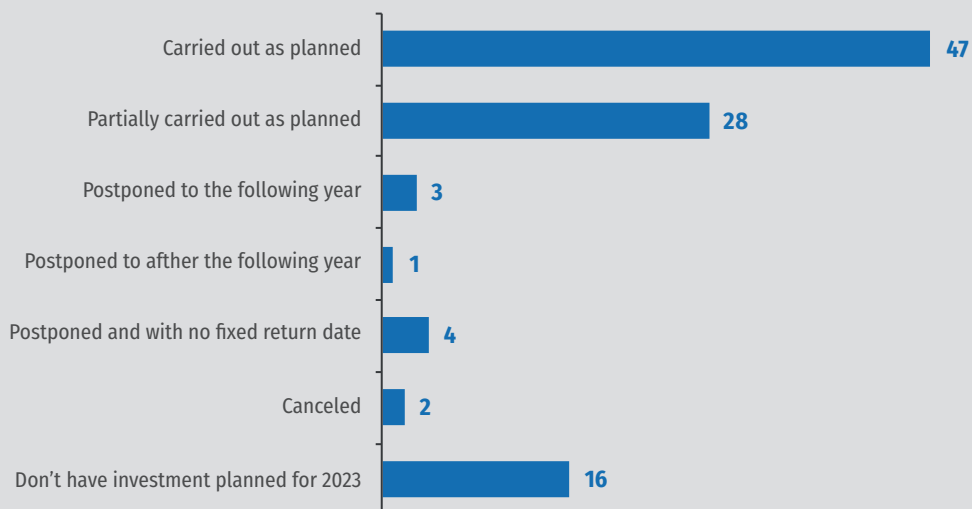
Graph 1 - Companies that have invested

Percentage (%) of total valid answers



Graph 2 – Status of investment planned for 2023

Percentage (%) of valid answers

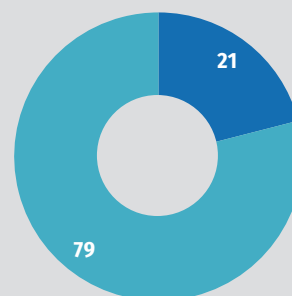


Note: the sum of the percentages does not total 100% due to rounding.

Considering only the large companies that postponed or cancelled their investments in 2023, 83% reported that these investments were part of an investment plan in operation from previous years, and 17% said they were investments from a plan initiated in 2023.

Graph 3 – Continuation of investments in 2023

Percentage (%) of valid answers from companies with investment plans



■ Is part of a new investment plan, starting in 2023
 ■ Is part of an investment plan initiated before 2023

The emergence of economic uncertainties was the main difficulty for investing in 2023 for large companies with investment plans

For large companies that postponed or canceled their 2023 investment plans, a drop in revenues was the main obstacle

The main obstacle encountered for investing in 2023, pointed out by 58% of large companies with investment plans, was the emergence of economic uncertainties that impacted planning. Other obstacles indicated with percentages above 40% were: expectation of insufficient demand (49%); drop in revenues (48%); emergence of uncertainties in the sector or industry context (46%); and increase in input costs (43%).

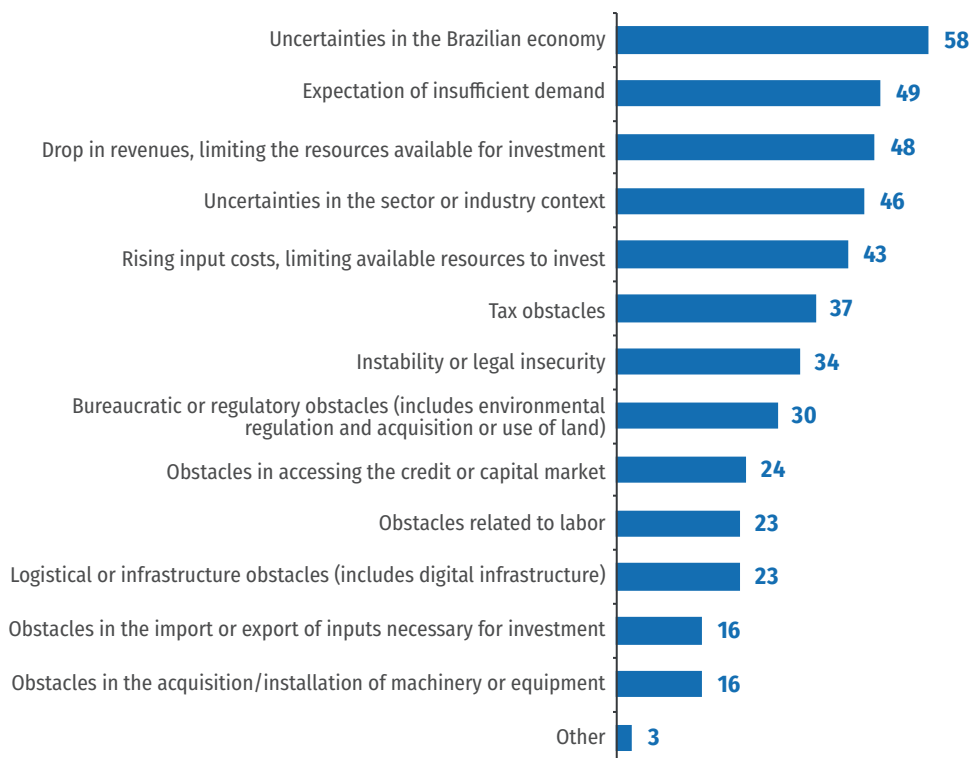
Considering only the large companies that postponed or canceled their investments in 2023, the order of the most indicated obstacles changes. The drop in revenues becomes the most cited difficulty, pointed out by 90% of these companies. Next, the obstacles most cited by large companies that postponed or canceled the investments planned for 2023 were: the

emergence of economic uncertainties (86%); the expectation of insufficient demand (73%); the emergence of uncertainties in the sector or industry context (69%); and the increase in input costs (60%).

Considering only the large companies that invested as planned in 2023, the emergence of economic uncertainties was the most indicated obstacle (46%). The increase in input costs comes in second place, with 39%. In third place was the emergence of uncertainties in the sector or industry context, with 37% of indications. Tax obstacles appear as one of the five most indicated investment difficulties, with 34%, in fourth place, tied with the expectation of insufficient demand. The drop in revenues comes next, with 33% of indications.

Graph 4 - Obstacles to investment in 2023

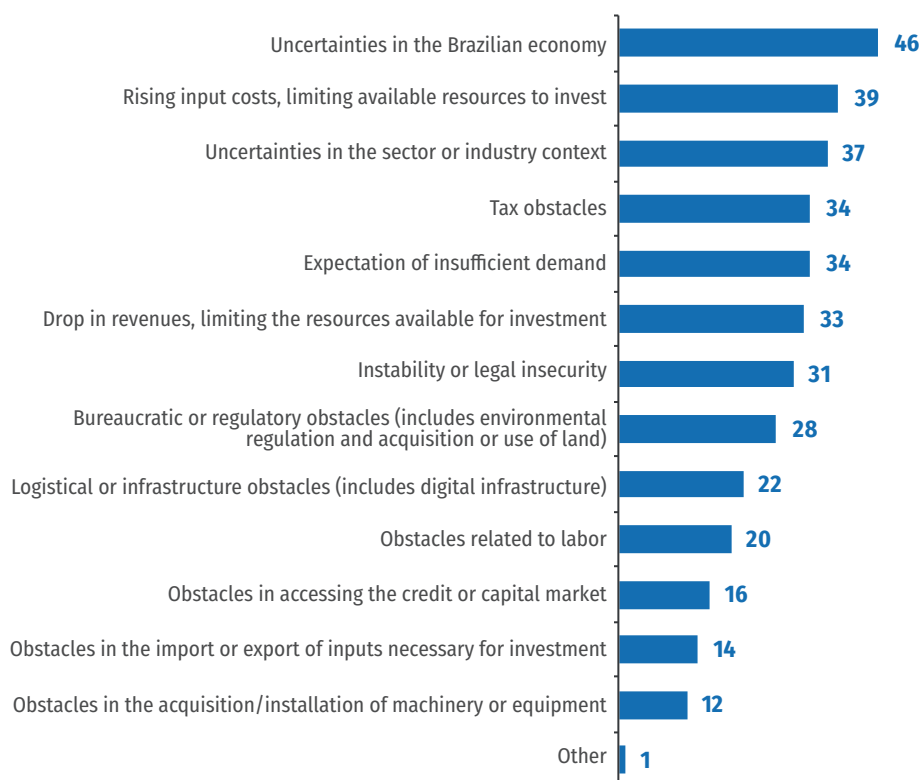
Percentage (%) of valid answers from companies with investment plans



Note: for each obstacle, the entrepreneur indicated whether or not the item constituted an obstacle to investment.

Graph 5 – Obstacles to investment for companies that carried out investments as planned in 2023

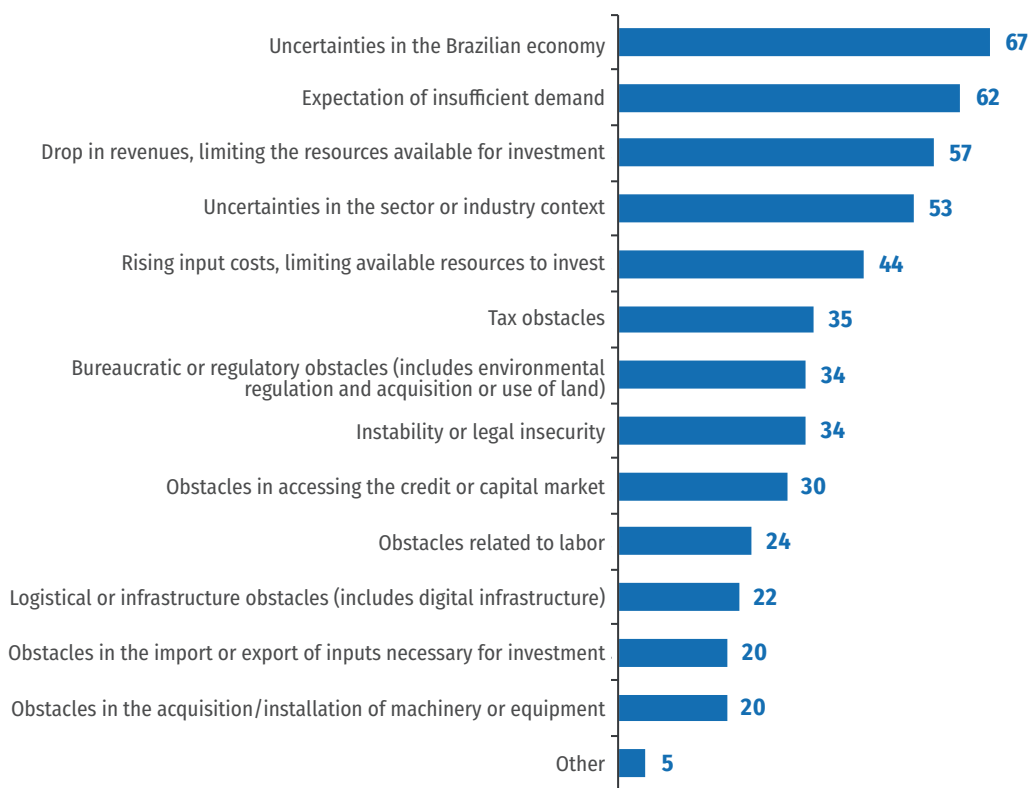
Percentage (%) of valid answers from companies that invested as planned



Note: for each obstacle, the entrepreneur indicated whether or not the item constituted an obstacle to investment.

Graph 6 – Obstacles to investment for companies that carried out investments partially as planned in 2023

Percentage (%) of valid answers from companies that partially invested as planned



Note: for each obstacle, the entrepreneur indicated whether or not the item constituted an obstacle to investment.

Graph 7 – Obstacles investment for companies with postponed or canceled investments in 2023

Percentage (%) of valid answers from companies that postponed or canceled investments



Note: for each obstacle, the entrepreneur indicated whether or not the item constituted an obstacle to investment.

In 2023, large industries aim their investments on technological innovation, training, and energy efficiency

The acquisition of machinery or equipment is the main aim of Investments

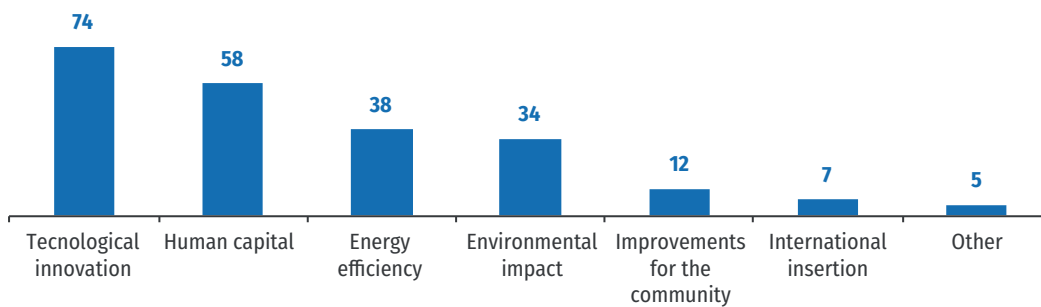
When asked to reveal which strategic actions are associated with the investments carried out, 74% of large companies that invested aimed for technological innovation. For 58%, the investments targeted the development of human capital. The pursuit of greater energy efficiency was a goal for 38% of large companies, a percentage close to the 34% that associated investments with environmental impact concerns.

Investment aimed at improvements for the community, involving governments, groups, or essential individuals to business, was pointed out as a strategic action by 12% of large companies. Finally, 7% of them reported that the investments carried out sought international insertion.

About the type of investment carried out in 2023, 77% of large companies acquired machinery or equipment.

Graph 8 – Strategic action associated with the investment carried out

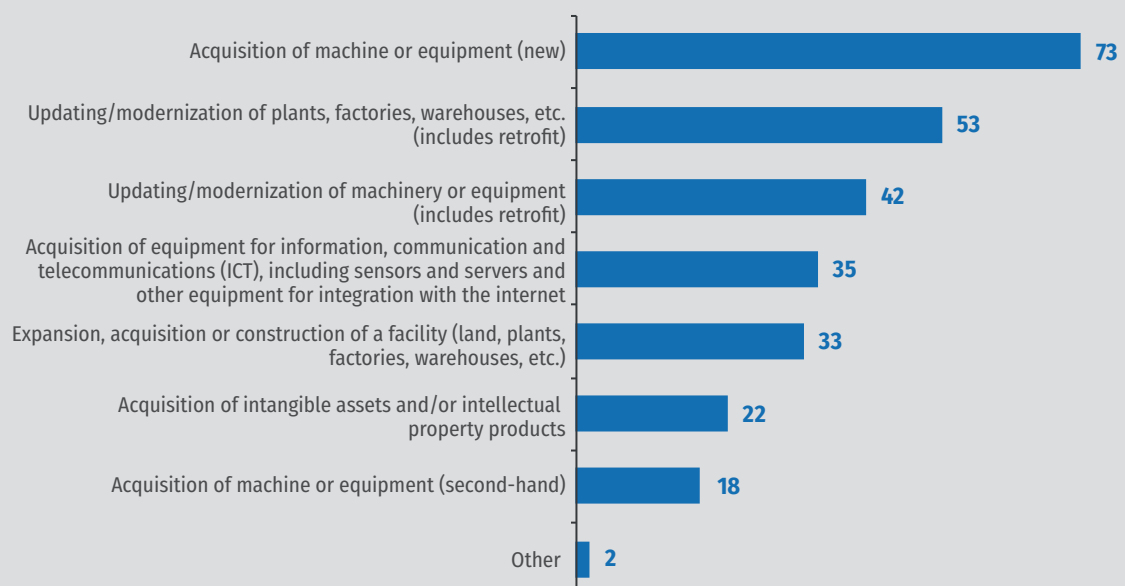
Percentage (%) of valid answers from companies that invested



Note: in the survey, the entrepreneur is asked to mark all the alternatives that apply. Thus, the sum of the percentages exceeds 100%.

Graph 9 – Type or nature of the investment

Percentage (%) of valid answers from companies that invested



Note: in the survey, the entrepreneur is asked to mark all the alternatives that apply. Thus, the sum of the percentages exceeds 100%.

This percentage includes both investment in new and used machines. Of all the large companies that carried out any type of investment last year, 73% bought new machines or equipment and 18% bought used ones.

The second most common type of investment, which reached 53% of large industries, was the updating or modernization of plants, factories, and warehouses. This represents a one percentage point growth from last year. The postponement, anticipation, or credit with suppliers or customers was the fourth source of investment financing, with 3%. Public commercial banks and non-bank financial

institutions (like credit cooperatives) each accounted for 2% of financing sources. Investment banks didn't even make up one percent of the financing sources companies pointed out.

Following this, the updating or modernization of machines or equipment was indicated by 42% of companies. Investments in the acquisition of information, communication, and telecommunications equipment were mentioned by 35% of large industry companies. For 22% of them, investments included the acquisition of intangible assets or intellectual property products, such as R&D expenses, software, and databases, among others.

The number of large companies that invested with their own resources in 2023 increased

The use of own resources for investment grew three percentage points about last year

The company's resources or those of the partners continue to be, by far, the main source of resources for investments. The participation in the total resources increased from 71% in 2022 to 74% in 2023. At the same time, the use of private commercial banks fell from 12% to 9%, which, despite this, continues to be the second most used source to finance investments.

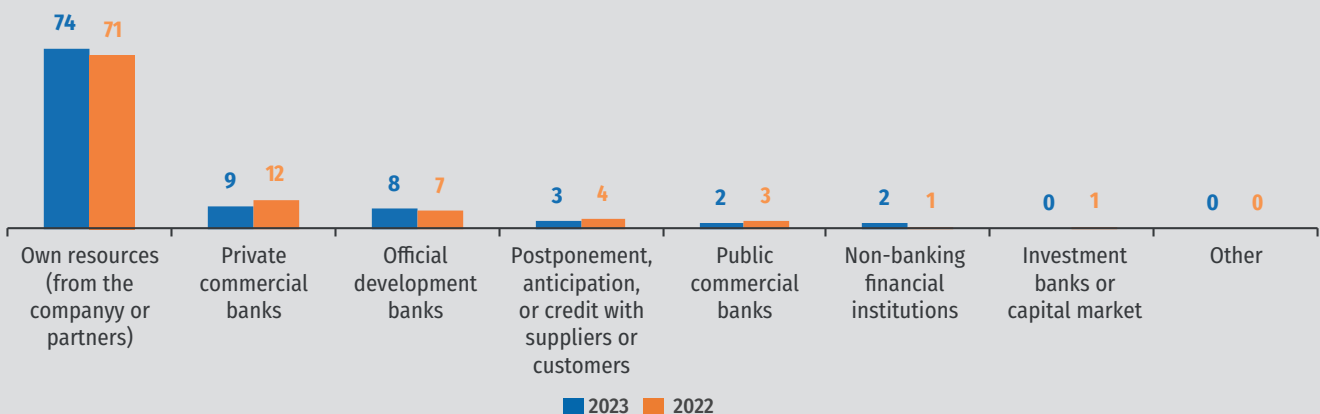
Official development banks come next, representing 8% of the financing sources for the investment carried

out in 2023 - a growth of one percentage point about last year. The postponement, anticipation, or credit with suppliers or customers was the fourth source of investment financing, with 3%.

Public commercial banks and non-bank financial institutions (such as credit cooperatives) each represented 2% of financing sources. Investment banks did not reach one percent of the financing sources indicated by the companies.

Graph 10 – Sources of financing for the investment carried out

Percentage (%) of valid answers from companies that invested



Note: the sum of the percentages does not total 100% due to rounding.

2 INVESTMENT IN 2024

The number of large companies planning to invest is increasing

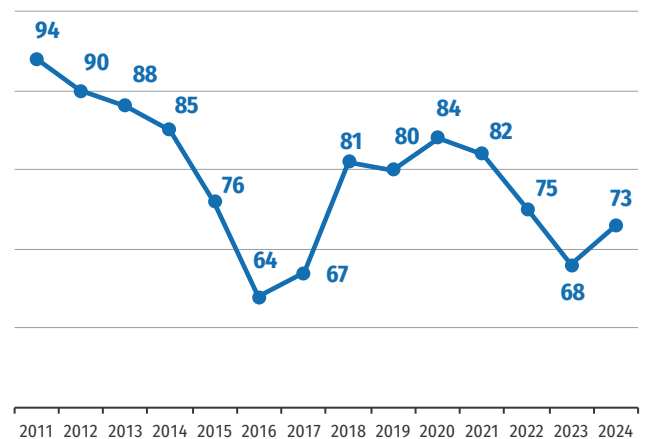
A third of large companies planning to invest will start a new investment plan in 2024

The percentage of large companies intending to invest in 2024 is 73%, a five percentage point increase about 2023. Of the large companies planning to invest in 2024, 67% indicated that the investments are part of a plan that is already underway, while 33% stated that these investments are part of an investment plan that begins in 2024.

Of the large companies that do not plan to invest in 2024, 64% justify this decision due to the lack of a current investment plan or the absence of intentions to start a new investment. Another 33% decided not to invest due to the postponement or cancellation of an investment that was already underway.

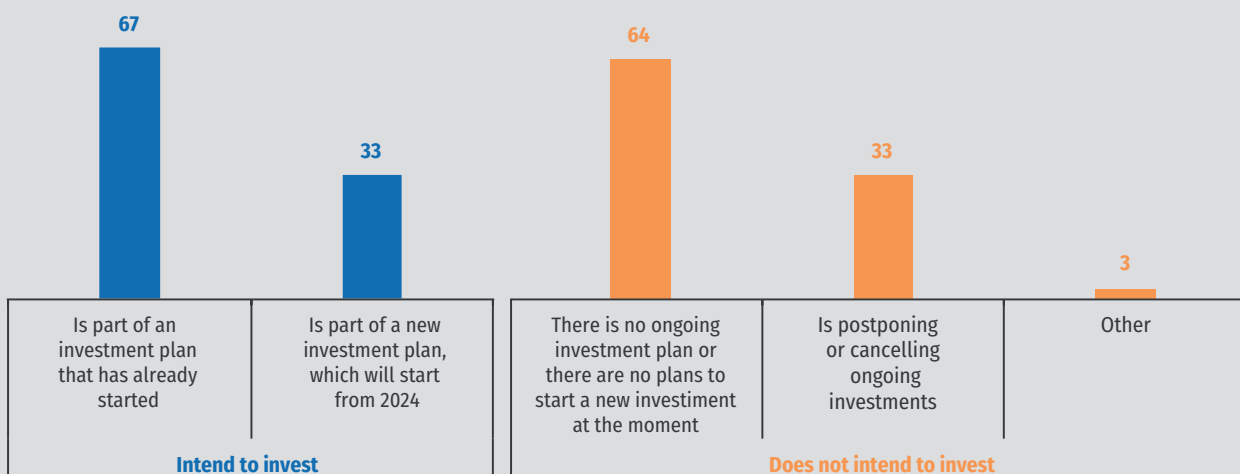
Graph 11 – Companies intending to invest in 2024

Percentage (%) of total valid answers



Graph 12 – Continuation of investments to 2024

Percentage (%) of total valid answers



Investments in 2024 aim at increasing or improving productive capacity and the production process

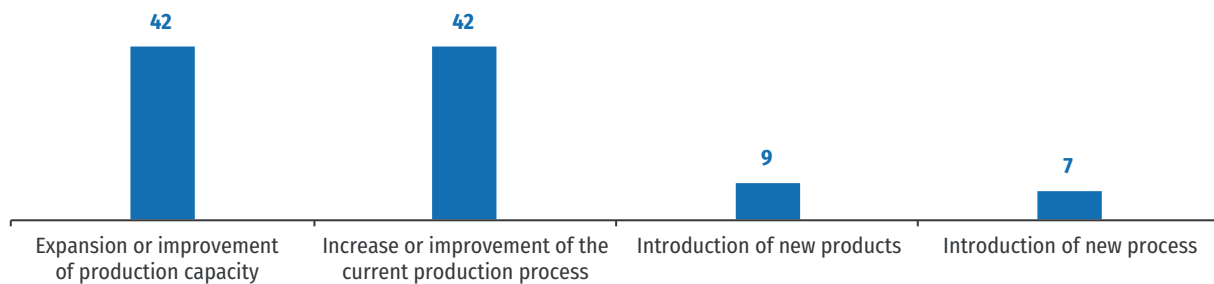
Balance between concern for productive capacity and production process

The main objectives of the investment planned for 2024 were to increase or improve productive capacity (42%), tied with the expansion or improvement of the current production process (42%). For 9% of large companies, the

introduction of new products is the main objective associated with the investments planned for 2024. Finally, for 7% of them, the main objective is the introduction of new production processes.

Graph 13 – Main aim of the planned investment

Percentage (%) in the total of valid answers of the companies that intend to invest



68% of large companies intend to use exclusively or mostly their resources to invest in 2024

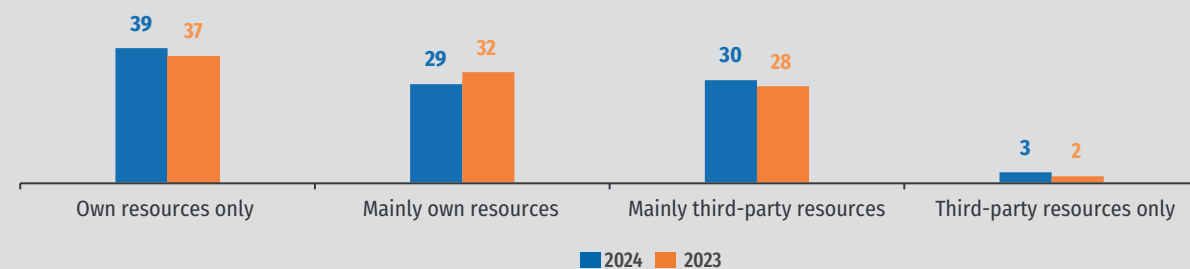
A third of large companies plan to finance most or all of their investments with third-party resources

Regarding the intended financing sources for investments, 39% of large companies with investment plans intend to use exclusively their resources, while another 29% intend to use mostly their resources. Meanwhile, 30% of

large companies plan to finance most of their investments with third-party resources, while 3% reported that they will finance their 2024 investments only with third-party resources.

Graph 14 - Sources of financing for the intended investment

Percentage (%) in the total of valid answers of the companies that intend to invest



Note: the sum of the percentages does not total 100% due to rounding.

For 40% of large companies, the target market for investments will primarily be the domestic market

Interest in investing with a primary focus on the foreign market is growing

The primary focus on the domestic market continues to be the most common target of investments planned for 2024, indicated by 40% of large companies intending to invest in 2024. Next, 31% of large companies reported that the target of investments will be both the domestic and foreign markets equally.

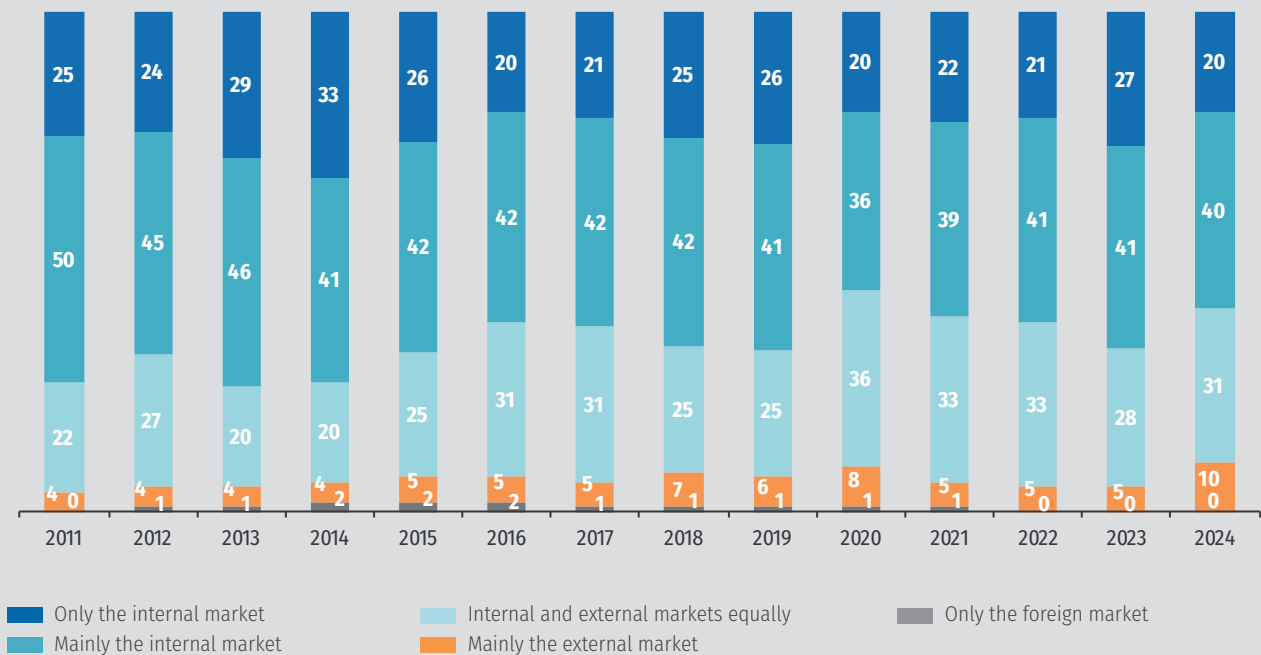
There was a novelty in the target market for planned investments. For the first time, the percentage of

large companies planning to invest primarily in the foreign market reached 10% in the historical series. In 2023, the percentage was only 5%.

At the same time, the percentage of large companies that indicated that the domestic market will be exclusively the target of investments in 2024 is equal to the lowest percentage recorded in the historical series, 20%.

Graph 15 - Target market of the planned investments (domestic or foreign)

Percentage (%) in the total of valid answers of the companies that intend to invest



Note: the sum of the percentages does not total 100% due to rounding.





TECHNICAL SPECIFICATIONS

The survey was conducted with 381 large companies from December 1-11, 2023.



LEARN MORE

For more information on the survey, including historical series and methodology, kindly visit: www.cni.com.br/e_investindustria



Document prepared on March 11, 2024.

ECONOMIC INDICATORS*CNI*

CNI - NATIONAL CONFEDERATION OF INDUSTRY

Preparation

Marcelo Souza Azevedo

Rafael Sales Rios

Economic Analysis Unit - GAE

Economics Office - ECON

Board of Industrial Development and Economy- DDIE

Statistics Production

Edson Velloso

Brenda Ribeiro

Statistics Unit - GE

Economics Office - ECON

Board of Industrial Development and Economy - DDIE

Editorial production, graphic design and layout

Carla Regina Pereira Gadelha

Simone Marcia Broch

Editing Unit - CDIV

Economics Office - ECON

Board of Industrial Development and Economy - DDIE

Standardization

Alberto Nemoto Yamaguti

Administration Office

Customer Service – SAC

Phones: +55 (61) 3317-9989 / 3317-9992

Email: sac@cni.com.br

www.portaldaindustria.com.br



Brazilian National Confederation of Industry

THE FUTURE OF INDUSTRY