

PERFORMANCE OF BRAZILIAN INDUSTRY

ECONOMIC INDICATORS **CNI**

CNI
Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Brazilian Industry Lost Another Position in the World Ranking

The performance of the global manufacturing industry in 2021 reflected in Brazil's declining competitiveness in recent years. As a result, the country has dropped in the world rankings for production and exports.

According to the United Nations Industrial Development Organization (UNIDO), Brazil's share in world production decreased from 1.31% in 2020 to 1.28% in 2021, causing the country to be overtaken by Turkey and drop to 15th place.



Regarding the world's exports of manufactured industrial goods, Brazil is expected to increase its share from 0.77% in 2020 to 0.81% in 2021, according to an estimate from CNI. Despite this growth in exports, Brazil is projected to decline one position in the ranking, from 30th to 31st, being surpassed by Indonesia.

Among Brazil's 11 primary trading partners¹, China has demonstrated the

strongest performance in global manufacturing production and exports in 2021. Regarding Exports, in addition to China, Brazil, Argentina, and the Netherlands are expected to see an increase in participation.

In terms of production, the performance of the United States in 2021 is noteworthy, as well as China. Both countries continue to occupy the first and second positions respectively in the ranking of largest manufacturing production.

Performance indicators for Brazilian manufacturing industry (%)

	2019	2020	2021
 Share in world manufacturing exports	0.84%	0.77%	0.81%*
 Share in world manufacturing value added	1.35%	1.31%	1.28%

Source: Prepared by CNI based on OECD and UNIDO statistics.

*The share in world exports in 2021 is an estimate by CNI.

¹ The 11 analyzed trade partners of Brazil are: Argentina, China, France, Germany, Italy, Japan, Mexico, the Netherlands, South Korea, the United Kingdom, and the United States.

PERFORMANCE IN EXPORTS

Brazil's Share in Global Manufacturing Exports has Grown, but the Country Has Lost its Position in the Ranking

Brazil's share of exports in the manufacturing industry has grown, according to an estimate by CNI, from 0.77% in 2020 to 0.81% in 2021. Despite this growth, the percentage remains below pre-pandemic levels and has not reversed the downward trend that began in 2012.

As a result of its 2021 performance, Brazil will be ranked 31st in the world in exports of manufacturing industry goods, a decline of one position compared to the previous year. This decline in ranking is due to the country being overtaken by Indonesia.

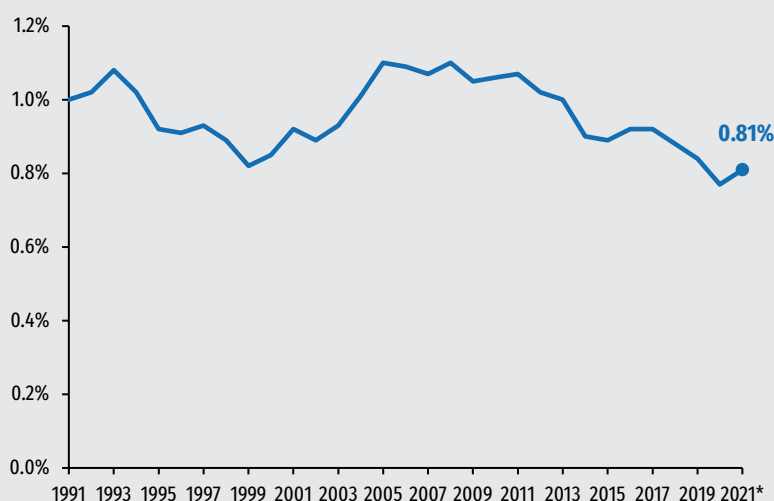
According to CNI's estimate, global industrial exports fell by 5.3% in 2020, but there was a 20.4% increase in 2021². In 2020, Brazil's decrease in exports was more than double the world average of 12.6%, according to an estimate. For the following year, the estimate is a growth rate of 26.3%, which is above world average.

Among Brazil's 11 main trade partners, China, Argentina, and the Netherlands are expected to register an increase in their respective shares. Conversely, a drop is expected for all other countries.

China experienced the largest increase in the share of world exports of manufacturing goods, according to CNI's estimate. The share rose from 17.10% in 2020 to 18.43% in 2021. The country leads the ranking.

South Korea, Germany, and Japan should show the biggest declines in participation from 2020 to 2021. Despite the decline in participation, the last two countries should retain their second and fourth positions, respectively, in the world's largest exporters ranking, while South Korea should drop two spots and move to the 8th position.

Brazil's share in world manufacturing exports (%)

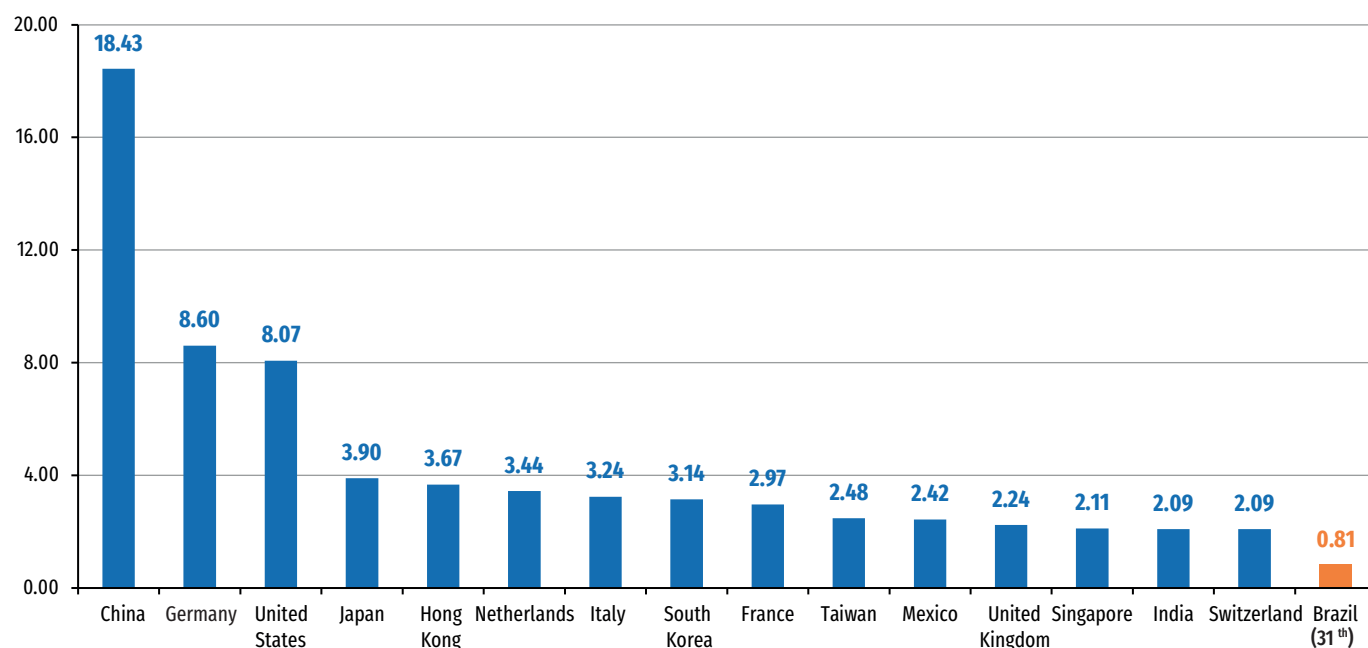


Source: Prepared by CNI based on OECD statistics.

*CNI estimate.

² Since the data for all countries in the world in 2021 is not yet available at the time of writing this study, the world exports value estimated was based on forecast data from the IMF Outlook Database (Apr/2022). For this estimate, an average increase of 9% in exports from the main countries with missing data in 2021 was considered. Those were: South Korea, Singapore, Vietnam, Thailand, United Arab Emirates, Malaysia, Russia, and Ireland.

Share in world manufacturing exports: the 15 largest exporters and Brazil in 2021 (%)



Source: Prepared by CNI, based on OCDE statistics

*Note: 1 - Data collected in August/2022. 2 - The calculations are based on current export values and estimates for 2021.

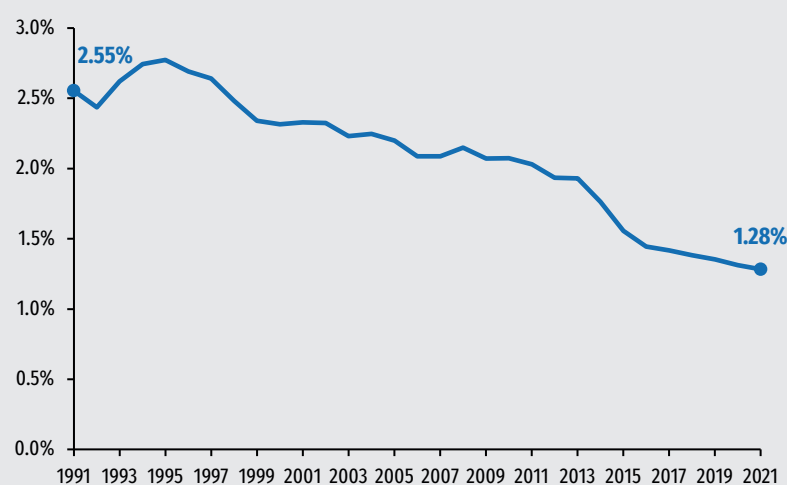
PERFORMANCE IN PRODUCTION

Brazil Maintains a Downward Trend in World Participation in the Ranking to Turkey

Between 2020 and 2021, Brazil's share in world manufacturing production fell from 1.31% to 1.28% according to CNI's estimates. This percentage is the lowest in the historical series, which began in 1990, and places Brazil in the 15th position in the world ranking.

Brazil's participation in world manufacturing production has been on a downward trend since 1996. However, the country remained among the top 10 industrial producers in the world until 2014. With the recession of 2014-2016 and the devaluation of the real, the country has lost positions to Mexico and Indonesia. In 2018, it was overtaken by Taiwan and Russia, and in 2021 by Turkey. Considering Brazil and its 11 main trade

Brazil's share in the world manufacturing value added (%)



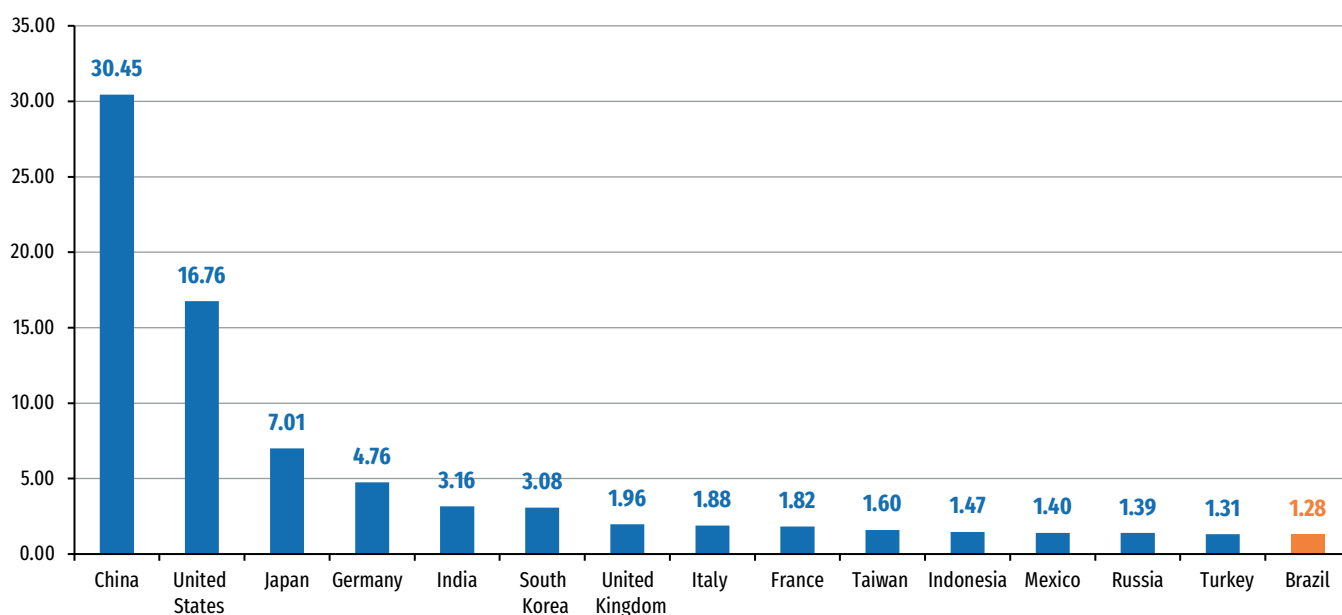
Source: Prepared by CNI based on UNIDO statistics.

partners, China and the United States registered the best performances. Between 2020 and 2021, China's share of global manufacturing value added will grow from 30.08% to 30.45%, while that of the United States will grow from 16.59% to 16.76%.

Japan and Germany recorded the largest share losses between 2020 and 2021. However, both maintained, respectively, the third and fourth positions in the world ranking.

South Korea, on the other hand, was overtaken by India in the world ranking, dropping to 6th place. In 2021, industrial production in South Korea fell by 2.32%, while in India it rose by 1.51%, according to UNIDO's estimate. The Indian share grew from 3.11% in 2020 to 3.16% in 2021.

Share in world manufacturing value added: the 15 largest producers in 2021 (%)



Source: Prepared by CNI based on UNIDO statistics.



Share in world manufacturing value added (2015 prices), Brazil and its main trading partners

Share (%) and cumulative change (percentage points)

YEAR	BRAZIL	CHINA	GERMANY	UNITED STATES	JAPAN	NETHERLANDS	ITALY	FRANCE	UNITED KINGDOM	SOUTH KOREA	MEXICO	ARGENTINA
2011	2.03	21.63	6.16	19.05	8.00	0.77	2.55	2.35	2.31	3.34	1.70	0.91
2019	1.35	28.94	5.18	16.88	7.07	0.68	2.07	1.97	2.13	3.14	1.56	0.57
2020	1.31	30.08	4.88	16.59	7.30	0.67	1.85	1.78	1.96	3.15	1.43	0.54
2021	1.28	30.45	4.76	16.76	7.01	0.66	1.88	1.82	1.96	3.08	1.40	0.55
Cumulative change (percentage points)												
2011-2021	-0.75	8.82	-1.40	-2.29	-0.99	-0.11	-0.67	-0.53	-0.35	-0.26	-0.30	-0.36
2019-2021	-0.07	1.51	-0.42	-0.12	-0.06	-0.02	-0.19	-0.15	-0.17	-0.06	-0.16	-0.02
2020-2021	-0.03	0.37	-0.12	0.17	-0.29	-0.01	0.03	0.04	0.00	-0.07	-0.03	0.01

Source: Prepared by CNI, based on OCDE statistics.

Share in world manufacturing exports, Brazil and its main trading partners

Share (%) and cumulative change (percentage points)

YEAR	BRAZIL	CHINA	GERMANY	UNITED STATES	JAPAN	NETHERLANDS	ITALY	FRANCE	UNITED KINGDOM	SOUTH KOREA	MEXICO	ARGENTINA
2011	1.07	13.20	9.74	9.01	5.45	3.52	3.54	3.80	2.67	3.90	1.99	0.43
2019	0.84	15.68	9.02	8.92	4.17	3.30	3.32	3.35	2.57	3.45	2.59	0.28
2020	0.77	17.10	8.85	8.09	4.00	3.34	3.25	3.03	2.35	3.44	2.48	0.25
2021	0.81	18.43	8.60	8.07	3.90	3.44	3.24	2.97	2.24	3.14	2.42	0.26
Cumulative change (percentage points)												
2011-2021*	-0.26	5.23	-1.14	-0.94	-1.55	-0.08	-0.30	-0.83	-0.43	-0.76	0.43	-0.17
2019-2021*	-0.03	2.75	-0.42	-0.85	-0.27	0.14	-0.07	-0.38	-0.33	-0.31	-0.17	-0.02
2020-2021*	0.04	1.33	-0.25	-0.02	-0.10	0.10	-0.01	-0.06	-0.11	-0.30	-0.06	0.01

Source: Prepared by CNI, based on OCDE statistics.

*CNI's estimate. South Korea had no export data available for 2021 at the time of writing.



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