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## Brazil

### Product Brief

## Brazilian Ornamental Market Overview

### 2009

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**Report Highlights:**

This report gives an overview of the Brazilian market for flowers and ornamental plants. This market is still developing and international trade in nursery products is modest. Nonetheless, both domestic sales and international trade post double-digit growth rates.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade Report  
Sao Paulo ATO [BR3]  
[BR]

## Situation and Outlook

The Brazilian Flower Institute (IBRAFLOR) estimates that the flower and ornamentals sector generates approximately US\$ 500 million per year in producer sales, with a growth rate of about 15% per year and counts almost 5,000 producers. In 2008, area harvested was estimated at 7,500 ha and the sector generated employment for 120,000 direct employees.

According to industry contacts, the current world financial crisis will not affect the Brazilian flower market. The forecast for potential growth in the next years is approximately 7-10%, against 15% in 2007.

## Trade Overview

Ibraflor only recently, began collecting and publishing data to assist the market. Statistical information for the flower market is available for the last three years.

### Brazilian Flower Imports (US\$ Millions)

	<b>2006</b>	<b>2007</b>	<b>2008</b>
Bulbs & Tubers	3.414	4.131	4.698
Other Live Plants	3.936	4.733	6.532
Cut Flowers	1.379	1.897	2.776
Foliage & Grass	0.030	0.026	0.099
<b>Total</b>	<b>8.758</b>	<b>10.788</b>	<b>14.105</b>

Source: Word Trade Atlas

In 2008, Brazilian imports of flowers and ornamental plants totaled US\$ 14 million. The Netherlands supplied 55% of total imports, followed by Colombia with an 18% share. Bulbs from the Netherlands and cut flowers (roses) from Colombia were the top imported products. Imports of seedlings from the U.S. totaled US\$ 22,000 which corresponds to less than 1% of total share.

Brazilian exports were valued at US\$ 35 million and major destinations were the Netherlands (60%) and the United States (18%).

However, the United States is the major exporter of plant seeds to Brazil. In 2008, imports totaled US\$ 1.25 million, representing 51.7% of total imports. The growth of total seed imports in the last 2 years was approximately 50%; in the same period, US exports grew 73%.

### Brazilian Plant Seed Imports (US\$ Millions)

	<b>2006</b>	<b>2007</b>	<b>2008</b>
United States	0.723	0.835	1.252
Netherlands	0.282	0.289	0.453
Japan	0.212	0.264	0.412
Denmark	0.245	0.197	0.177
Others	0.148	0.103	0.128
<b>Total</b>	<b>1.610</b>	<b>1.689</b>	<b>2.422</b>

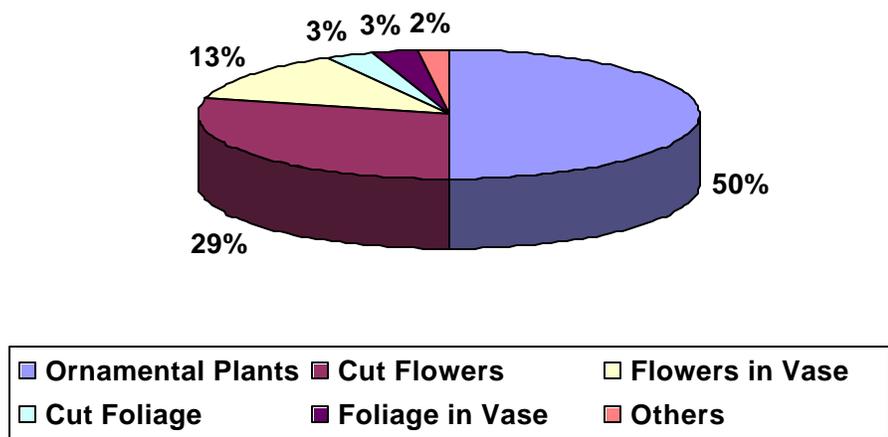
Source: Word Trade Atlas

**Supply**

The flower sector has about 5,000 producers. According to IBRAFLOR, 70% of total production is located in the state of São Paulo, especially in the municipalities of Holambra and Atibaia.

Brazil's production is comprised mainly of ornamental plants (50%) and cut flowers (29%), with approximately 3,500 varieties of plants.

Percentage Distribution of planted area by category



Source: IBRAFLOR.

ATO/Sao Paulo has attempted to estimate market share and sales volumes for the major distribution outlets for the flower and ornamentals market. As there is no reliable data on the market as a whole, these estimates are derived from annual reports of public companies (e.g. the Veiling) and industry estimates of other markets.

The Veiling cooperative, located in Holambra, is responsible up to for 40% of Brazilian flower production, with approximately R\$ 240 million in annual revenue. Sales to the domestic market correspond to 98% of total sales and the remaining 2% are cut flowers destined primarily for New York. Sales are finalized via auction, following the Dutch model, or by intermediation, i.e, direct negotiation between the producer and the wholesaler/distributor.

The Wholesale and Storage Company of São Paulo state (CEASA) also plays an important role in the flower market in the region of Campinas and Holambra. CEASA is a public wholesale market that hosts bi-weekly market days for producers and wholesalers of flowers and gardening products. According to trade sources, CEASA annual sales are estimated at US\$ 45.5 million, of which 46-48% are ornamental plants. Buyers from throughout the Brazilian Center-South purchase their inventory at CEASA.

Coperflora/Floranet, is a cooperative created by 60 former members of the Veiling, and is responsible for 10% of the sector's total sales. About 90% of Floranet production is cut flowers (carnation, roses, lilies, and astromelias). The cooperative concentrates operations on the domestic market, with just 5% of production for export.

Seeds are also viewed as an important component of the flower sector where plants are propagated from either seeds or seedlings. About 90% of forage for gardening is grown from seeds; as are 40% of potted flowers and 30% of cut flowers.

## Demand

According to IBRAFLOR, the Brazilian floriculture market generates US\$ 2 billion worth of yearly retail sales, with per capita consumption of approximately US\$10 per year. This consumption is considered low if compared to European countries or Argentina, which consume, US\$ 80-90/year and US\$ 20/year, respectively.

The consumption of flowers in Brazil is driven by cultural and weather factors. This market is highly dependent on commemorative dates such as Mother's day (May), Valentine's Day (June), Father's Day (August) and All Souls Day (November). Cut flowers are consumed less than in other countries due to their rapid deterioration in the tropical climate and the fact that they require much more care than sturdier potted flowers. Potted flowers, especially Lilies, Amaryllis, Callas and Violets are preferred by Brazilian consumers while cut flowers, such as Roses, Carnations and Gerberas are more utilized primarily for floral decoration purposes.

The Southeast region (São Paulo, Rio de Janeiro, Minas Gerais and Espirito Santo) is responsible for 85% of total consumption in Brazil. The Southern region (Rio Grande do Sul, Santa Catarina and Parana) is also considered an important market in view of the significant presence of European immigrants and higher per capita spending on ornamentals.

Since flowers are characterized as luxury items, demand is low in the Center-West region (Distrito Federal, Mato Grosso and Mato Grosso do Sul) in spite of relatively high income levels. The low consumption is due in part to the distance between this region and production areas, which increases local prices while lowering the quality of available stock. Furthermore, the limited influence of European immigration on the buying habits in this region are also seen as a limiting factor for demand in the Center-West.

The markets in North and Northeast regions are not commercially developed, due to logistical difficulties and the absence of sales infrastructure. These markets are still relatively new, though demand and sales are growing.

The principal customers of Holambra are located within an 800-1000 km radius, in the states of São Paulo, Rio de Janeiro and others such as Distrito Federal, Curitiba (Paraná) and Porto Alegre (Rio Grande do Sul). Veiling customers are large wholesalers, retailers and flower shop.

Industries sources estimate that the top 20 wholesalers/distributors represent 70-80% of flower sector revenues. Supermarket chains Carrefour and Pao de Açúcar are each responsible for 10% of Holambra's sales. Brazilian consumers usually purchase flowers at supermarkets or flower shops, however there is a growing trend of consumer purchases at garden centers.

## Trade

### Brazilian Flowers Imports (US\$ Millions)

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However, the United States is the major exporter of plant seeds to Brazil. In 2008, imports totaled US\$ 1.25 million, representing 51.7% of total imports. The growth of total seed imports in the last 3 years was approximately 50%; in the same period, US exports grew 73%, increasing the U.S. share.

### Brazilian Plant Seed Imports (US\$ Millions)

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Brazilian exports totaled US\$ 35 million in 2008 and major destinations included the Netherlands (60%) and United States (18%).

## Policy

The growth of floriculture in Brazil, especially ornamental plants depends on innovation and increasing varietal stock. As a result, Brazilian producers are actively looking for new genetics and alternative products.

In recent years, the establishment of stronger legal guarantees for the collection of royalties has supported an increase in the diversity of product availability. Moreover, improved property right guarantees have increased the willingness of producers in such countries as United States, Israel and the Netherlands to partner with local firms for the propagation of new varieties.

Imports of all new species into Brazil are subject to phytosanitary regulations and the requirement for a Pest Risk Analysis (PRA), conducted by the Ministry of Agriculture (MAPA). This study analyzes the product in order to identify the potential risk of introducing new plagues into Brazil. If the product presents a disease or pest risk, the PRA will identify appropriate risk management/mitigation measures.

The PRA is required under the Regulatory Act MAPA 06/2005, Regulatory Act MAPA 14/2005 and Regulatory Act MAPA 23/2004, which determine that the PRA must be completed when:

- Products have never been imported into Brazil
- A new utilization for the plant is defined
- The plant is from a new origin or country

The Regulatory Act MAPA 06/2005 is not applied to plants that had already been imported during the period August, 12th of 1997 to July, 16th of 2005. The plant must be from the same origin and country, for the same utilization and be associated with no registry of a quarantine pest or disease occurred in Brazil. With proof of prior importation, the product will be included in the List of Vegetal Products with Authorized Importation – PVIA. At the MAPA web site it is possible to check which products have traditionally been imported to Brazil.

For plants that have not been traditionally imported, the PRA process can be divided in 3 phases:

### **Phase 1: Start-up**

The first phase of the PRA involves identification of all disease pathways (hosts) and potential pests present in the exporting country. This phase is completed via bibliographic survey.

### **Phase 2: Evaluation of Pest Risks**

In the second phase, pests are evaluated on a case-by case basis to determine whether or not they meet the criteria to be considered quarantine pests: *Is it a pest of potential economic importance to the area endangered thereby and not yet present there, or present but not widely distributed and being officially controlled?*

Pest characteristics such as morphology, biology, ecology, means of dispersion, methods of detection, inspections and control mechanisms and prior presence in the importing country will all be evaluated. Based on this information, the potential for introduction and potential economic impact will be reviewed and the determination made as to whether the pest is to be considered a “quarantine pest.”

### **Phase 3: Pest Risk Management**

The third phase will identify the phytosanitary measures that could reduce this risk to an acceptable level. According to the information about the pest, the Brazilian National Organization of Phytosanitary Protection (ONPF) will establish measures mitigate the risk of introduction.

Control measures required might include pre-export inspection and issuance of a Phytosanitary Certificate, treatment applied to the exported product, limiting export origination to a Pest-Free Area, or imposition of an Integrated System of Phytosanitary Measures for the Risk Management e.g. a handling and shipping protocol).

After the establishment of appropriate phytosanitary measures, a Regulatory Act specifying import parameters will be sent by the ONPF to their counterpart in the country of origin (APHIS). Negotiations between the interested parties may follow, and a final phytosanitary protocol would be published in Brazil's Official Gazette.

The PRA process can also be undertaken by a private, third party entity registered at MAPA. Please contact ATO Sao Paulo for details on this option. The PRA process takes a minimum of 6 months and industry contacts generally believe that the process proceeds more quickly when handled by a private contractor.

## Marketing

The flower sector depends on new-to-market products and there may be good potential for appropriate U.S. exporters, especially for bulbs not present in the Brazilian market.

The major barrier to introduction of U.S. products into Brazil is the lengthy PRA process. Floriculture associations and the Brazilian Government have been working together to find alternatives to speed up the PRA process.

Several trade shows offer a good opportunity for U.S. exporters to familiarize themselves with the state of development and major players in the Brazilian market. Both the Hortitec and Enflora shows are considered good starting points for US exporters to gain a better understanding of the Brazilian market. Contact information for these shows is:

Hortitec – June, 10-12 of 2009

Technologic trade show, for all horticulture links. Destined to producers.

Location: Recinto da Expoflora

Al. Mauricio de Nassau, 675

Holambra, SP

Information: Flortec

Contact: Ana Paula Leitão

Rua Campo de Pouse, 1389

13825-000, Holambra, SP

E-mail: [anapaula@flortec.com.br](mailto:anapaula@flortec.com.br)

Home Page: [www.flortec.com.br](http://www.flortec.com.br)

Enflor/Garden Fair – July, 04-07 of 2009

Trade show destined to florists, decorators, landscape gardener, and architects.

Information: Flortec

Contact: Ana Paula Leitão

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