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Report Highlights:

Brazil continues to offer excellent export opportunities for U.S. companies. In 2022, Brazil's imports of consumer-oriented agricultural products were US\$5.2 billion, an increase of 20 percent compared to the previous year. Dairy products, distilled spirits, and tree nuts are some of the best product prospect categories for U.S. exporters.

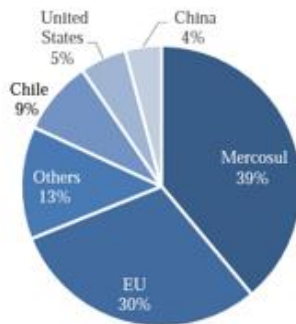
Executive Summary

The Brazilian economy grew by 2.9 percent in 2022, largely supported by household consumption, which increased 4.3 percent year on year, despite inflation challenges. The foodservice sector reached revenues of US\$106 billion, an increase of 9.8 percent, adjusted for inflation, as compared to the previous year.

Imports of Consumer-Oriented Products

In 2022, Brazilian imports of consumer-oriented products were US\$5.2 billion, a 19.6 percent increase over 2021. The United States was the 4th largest supplier, with a 5.4 percent market share. The European Union (EU), a direct competitor to the United States, took 30 percent of the market.

Imports of Consumer-Oriented Products 2022
(US\$ million)



Source: Trade Data Monitor (TDM)

Food Processing Industry

According to the Brazilian Food Processors Association (ABIA), the country's food processing sector registered revenues of US\$208 billion in 2022, an increase of 16.6 percent compared to 2021. Food processing represents 10.8 percent of national GDP. The sector is comprised of over 38,000 companies, of which the vast majority are small and medium-sized industries.

Food Retail Industry

The Brazilian Supermarket Association (ABRAS) reported supermarket revenues at US\$135 billion in 2022. Brazil's retail sector includes 95,000 stores and serves 28 million consumers daily. The southeastern region of Brazil, which is the country's economic hub, hosts 50 percent of the market.

Quick Facts Calendar Year 2022

Imports of Consumer-Oriented Products by Brazil: US\$ 5,200 million

List of Top 10 Growth Products in Brazil

1. Dairy Products	6. Soup and Other Food Prep.
2. Processed Vegetables	7. Distilled Spirits
3. Wine	8. Chocolate
4. Fresh Fruit	9. Non-Alcoholic Beverages
5. Beef and Products	10. Fresh Vegetables

Source: TDM

Food Industry by Channels (US\$ billion) in 2022

Food Industry Output	\$208
Food Exports	\$59
Food Imports	\$7
Domestic Market	\$149
Retail	\$109
Food Service	\$40

Source: ABIA

Food Industry Gross Sales (USD Billion) 2021

Food Industry Revenues (Domestic market) USD 149

Top 10 Host Country Retailers in 2022

1. Carrefour	6. Grupo Muffato
2. Assai	7. Grupo Pereira/SDB
3. Grupo Mateus	8. Cencosud
4. Grupo Pao de Acucar	9. Mart Minas/DOM
5. Supermercados BH	10. DMA Distribuidora

Source: ABRAS

Exchange Rate (average 2022): US\$1=R\$5.16

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
<ul style="list-style-type: none"> United States is a trendsetter and known as a provider of high-quality products Local HRI sector will consume high-end products 	<ul style="list-style-type: none"> United States has higher costs compared to competitors Recent devaluation of Brazilian real has caused import prices to soar
Opportunities	Challenges
<ul style="list-style-type: none"> Brazil has a large population and 14 percent of households make over US\$55,000/year. Retail, HRI, and Food Processing sectors are growing 	<ul style="list-style-type: none"> Large local food and beverage industry competes with international suppliers Strong presence of European products and a strong cultural link to EU countries

SECTION I. MARKET SUMMARY

In 2022, Brazil rebounded from the COVID-19 pandemic with gross domestic product (GDP) growing 2.9 percent to US\$1.9 trillion. Increased domestic and global demand, accompanied by record-high commodity prices and an economic stimulus package, fueled growth. Inflation initially posed challenges but later fell, ending the year at 5.8 percent. Unemployment also improved, dropping from 11.1 percent in 2021 to 7.9 percent in 2022.

Brazil's vast geography, large population, and abundant natural resources make it one of the world's most important agricultural producers and exporters. In calendar year (CY) 2022, Brazil imported \$13.3 billion of agricultural products and exported \$139.7 billion. The United States is the 4th leading supplier of agricultural products to Brazil. In CY22, the United States exported \$876.4 million of agricultural and related products to Brazil, led by ethanol and wheat. U.S. exports are down to-date in CY23, as imports of U.S. ethanol and wheat have dropped significantly; however, consumer-oriented products have registered growth.

According to the Brazilian Food Processors' Association (ABIA), in 2022, the country's food processing sector revenues increased 16.6 percent over 2021 to US\$208 billion, representing 10.8 percent of the national GDP (Figure 1). The strong outcome resulted from both a robust domestic market and healthy exports, which make up 72 percent and 28 percent of the industry's revenue, respectively. Food industry sales increased 1.7 percent in real terms, highlighted by out-of-home food services, as pandemic recovery continued. The outlook for the food industry remains favorable, with industry forecasting a 1.5 percent expansion in 2023.

Table 1: Advantages and Challenges in the Brazilian Market

ADVANTAGES	CHALLENGES
Retailers offer foreign goods to differentiate themselves from competitors, develop new niche markets, and gain high-end consumers' attention.	Imported products fall in the luxury goods category; however, consumers are still searching for products that provide them with value for their money.
Price is not always the determining factor for high-end consumers.	High-end consumers are demanding in regard to product innovation, packaging, status, and trends.
Brazilian importers are frequently searching for new-to-market products as they update their portfolio to compete.	Retailers and distributors are cautious when importing new-to-market products and often start with smaller orders.
The U.S. food industry can respond to consumer demand promptly, regardless of the segment of products.	Exclusive contracts are a common for Brazilian companies.
U.S. exporters are inclined to work with high volumes and different partners.	Consumers easily associate Europe with sophistication and tradition, which gives some advantage to European products. U.S. products are more readily associated with large consumer chains.

Source: FAS/Sao Paulo

The [Food Processing Ingredients GAIN Report](#), [Food Service - HRI GAIN Report](#) and the [Food Retail Industry GAIN Report](#) provide further data and analysis on Brazilian food trends.

SECTION II. EXPORTER BUSINESS TIPS

A. Market Research

The Agricultural Trade Office (ATO) is the primary contact for U.S. exporters considering the Brazil market. U.S. companies can test the market through ATO promotion activities and benefit from its market intelligence services. Companies should also consider State and Regional Trade Groups and trade association/cooperator activities. The ATO also recommends that U.S. exporters connect with potential buyers, as they are best equipped to discuss key topics such as product feasibility, market size, prices, distribution, and marketing tools.

B. Local Business Customs and Trends

The Brazilian food industry is well developed, and the presence of major multinational companies makes the sector very competitive. U.S. products do not compete with domestically produced goods or Mercosul-origin products due to price; when a product imported from the United States (and other non-Mercosul members) reaches the Brazilian market, it will most likely become a premium product due to the exchange rate and the applied import tariff.

The retail market in Brazil remains fragmented, with large regional producers filling supermarket shelves with different products in different regions. As the powerhouse of the Brazilian economy, São Paulo represents approximately 30 percent of the country's wealth. Because the state has a diversified economy and the most efficient infrastructure in the country, most multinational companies, including retailers, establish first in São Paulo then expand to other locations.

There are numerous important trade shows in Brazil throughout the year that attract buyers from throughout South America (Table 2). Anuga Brazil continues to be USDA endorsed in 2024.

C. General Consumer Tastes and Trends

For consumer-oriented products, trends and consumers' lifestyles drive purchase decisions. Since imported food items are perceived as luxury goods, premium characteristics are critical in purchasing decisions.

Table 2: 2024 Brazil Trade Show Schedule

Show Name	Show Date	Products Featured
Anuga Brazil	April 9-11	Consumer-Oriented Products
APAS Show	May 13-16	Consumer-Oriented Products
Food Ingredients South America	August 6-8	Ingredients and Additives
Nutri Ingredients Summit	April 23-24	Ingredients and Additives
PET South America	August 14-16	Pet Food
Fenagra	June 5-6	Feed Ingredients

Source: FAS/Sao Paulo

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

A. Customs Clearance

The import process has three major phases: pre-shipment, shipment, and customs clearance. The number of required procedures within each phase may vary, depending on the product category. To fulfill local requirements, the exporter must work with the importer, particularly in the initial stage, when the documents for shipment are prepared. The Ministry of Agriculture and Livestock (MAPA) and the National Agency of

Sanitary Surveillance (ANVISA) share responsibility for imported food and beverages, ensuring the safety of the food supply, and enforcing regulations related to agricultural goods throughout the supply chain.

Table 3: Brazilian Government Regulators of Agricultural Goods

MAPA	ANVISA
<p><u>Consumer-Oriented Products</u></p> <ul style="list-style-type: none"> • Animal products: red meat and by-products; poultry meat and by-products; fish; seafood products; dairy products; eggs; and honey • Beverages: alcoholic and non-alcoholic (except energy drinks, non-dairy beverages such as soy, almond, etc.) • Fruits and vegetables: dried and fresh • Margarine 	<p><u>Consumer-Oriented Products</u></p> <ul style="list-style-type: none"> • Food: all consumer-ready or processed products (except those under MAPA’s authority) • Beverages: energy drinks; non-dairy beverages such as soy, almond, etc.
<p><u>Intermediate Products</u></p> <ul style="list-style-type: none"> • Wheat flour, planting seeds • Vegetable oils (soy, cotton, canola, corn, sunflowers) 	<p><u>Intermediate Products</u></p> <ul style="list-style-type: none"> • Sugar, sweeteners, mineral water, flavored waters, additives, and other ingredients (excluding those under MAPA’s authority) • Oils (excluding those under MAPA’s authority)
<p><u>Bulk Commodities</u></p> <ul style="list-style-type: none"> • Wheat, grains, rice, soybean, cotton, tobacco, pulses, peanuts, flour 	
<p><u>Others</u></p> <ul style="list-style-type: none"> • Pet food, feeds, and fodders • Plants and seeds • Animals, semen, and embryos 	

Source: FAS/Sao Paulo

Before shipping agricultural goods, please refer to the [2023 FAIRS Report](#), which outlines specific regulations.

In 2021, ANVISA began to modernize the food sector regulatory framework, aiming to update and simplify existing regulations to make the food registration process more efficient without compromising food safety. In April 2023, the analysis for [public consultation 1.158/23 concluded](#), with the stated goal to create a new framework that will define regulations, facilitate innovation, and maintain competitiveness in the sector by the end of 2023. There is no scheduled timeline for completion.

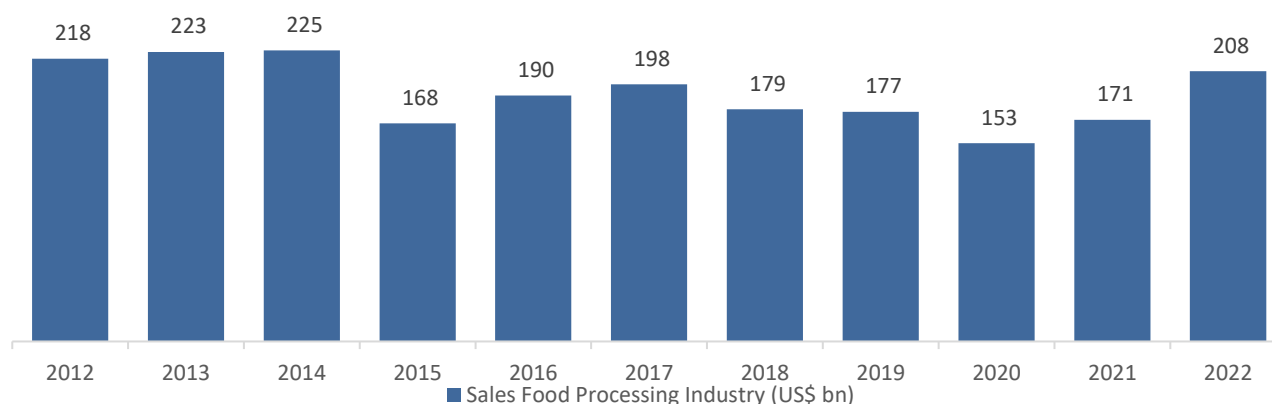
SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

Within the various food distribution formats, imports of agricultural goods may occur directly or indirectly. Volume is the determining factor for all operators. If the volume is not significant, retailers, food service operators, and the food processing industry typically prefer to purchase imported products locally from distributors. In general, distributors require exporters sign an exclusive or semi-exclusive contract. In the latter case, the contract would impose limitations on distribution within geographic areas and/or restrictions on product lines. Brazilian importers tend to be risk-averse, which means that initial purchases tend to be small, with few pallets, increasing once market acceptance occurs.

A. Food Processing Sector

Brazil follows international food trends and continuously experiments with innovative products with high added value. The country has seen a surge in the availability of plant-based products, with an increasing number of launches each year. Industry is also actively introducing products with “immunity-boosting” benefits. Similarly, there is growing demand for ingredients that enable manufacturers to produce products with a “clean” label, indicating natural, organic, and gluten-free attributes, and a “clear” label, that provides information on ingredient sourcing, manufacturing processes, and enhanced ingredient transparency. U.S. ingredients are highly competitive in this regard. Please refer to the 2023 [Food Processing Ingredients GAIN Report](#).

Figure 1: Food Processing Industry Sales



Source: ABIA

B. Food Retail Sector

The Brazilian retail sector is the most critical channel in the food distribution system, capturing about 80 percent of food and beverage flows through almost 95,000 retail operators. The industry is well-integrated, dynamic, and sophisticated. According to the Brazilian Supermarket Association (ABRAS), the retail sector has US\$134.8 billion in revenues in 2022, representing 7 percent of the country’s GDP. This includes various food retailing formats, such as neighborhood stores, supermarkets, hypermarkets, cash-and-carry, and e-commerce. The food retail industry is a major employer in Brazil, directly and indirectly employing 3.2 million people. Daily, 28 million consumers visit retail stores throughout the country. The sector continues to innovate, and many companies are importing directly to offer the best products to Brazilian consumers. Please refer to [2023 Retail Foods](#) for more information.

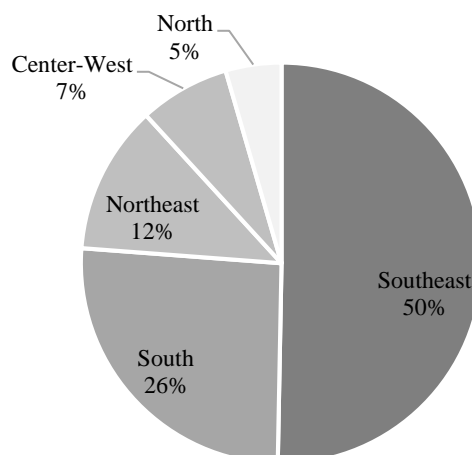
In 2022, Carrefour maintained its leadership as Brazil’s largest retailer for the seventh consecutive year, with reported sales climbing 30 percent over 2021 (Table 4). Assai reached revenues of US\$11.6 billion through its 263 stores, 51 of which were opened in 2022.

Table 4: Top 10 Brazilian Retailers (2022)

Company	Headquarters	Sales (US\$ Million)	Share (%)	Number of Stores
Carrefour	São Paulo	20,940	16%	1203
Assai	São Paulo	11,570	9%	263
Grupo Mateus	Maranhao	4,768	4%	232
Grupo Pao de Acucar	São Paulo	3,591	3%	658
Supermercados BH	Minas Gerais	2,715	2%	262
Grupo Muffato	Parana	2,334	2%	88
Grupo Pereira/SDB	São Paulo	2,175	2%	81
Cencosud	São Paulo	2,154	2%	218
Mart Minas/ DOM	Minas Gerais	1,613	1%	70
DMA Distribuidora	Minas Gerais	1,485	1%	185

Source: ABRAS

In 2022, the southeast region, which includes the states of São Paulo and Rio de Janeiro, accounted for half of retail revenues, as well as total number of stores (Figure 2). The state of São Paulo alone captured 33 percent of retail revenues.

Figure 2: 2022 Retail Revenues by Region (%)

Source: ABRAS

C. Food Service Sector

According to ABIA, 2022 food service sector sales were US\$106 billion, an increase of 9.8 percent over 2021, adjusted for inflation. After a long period of social isolation, consumers were motivated to go out and enjoy bars, restaurants, and hotels. According to the Brazilian Association of Bars and Restaurants, in the second half of 2022, spending at bars and restaurants increased almost 20 percent over the same period in 2021. Industry expects the recovery to continue throughout 2024 as more establishments continue to open. Please refer to the [2023 HRI Report](#) for more information.

SECTION V. AGRICULTURAL AND FOOD IMPORTS

Despite consistent exchange rate volatility, Brazil has maintained its position as a major importer of agricultural products from the world and the largest importer in South America and presents opportunities for U.S. exporters (Table 5). In 2022, Brazil's imports of consumer-oriented food products amounted to US\$5.2 billion, increasing approximately 20 percent over the previous year (Table 6 and 7).

Brazil's major partners in the consumer-oriented products segment are Mercosul members (Argentina, Paraguay, and Uruguay), Chile (a Mercosul-associated country), the European Union (EU), the United Kingdom, China, and the United States. While Mercosul members and Chile benefit from free trade agreements, China supplies the market with lower-priced products. The United States and European countries offer products with similar quality and standards; however, sales of consumer-oriented products from European to Brazil are consistently higher.

From 2018-2022, Mercosul's market share has oscillated between 35 to 39 percent, Chile's between 8 and 9 percent, the EU's around 30 percent, and China and the United States between 5 and 6 percent.

Historically, Brazil has a long-standing relationship with Europe based on strong cultural ties. European settlers and immigrants shaped Brazilian society significantly and this influence has strongly influenced Brazilian food culture. U.S. products are less popular, but the U.S. food industry is seen as trendy, diverse, contemporary, and innovative.

Table 5: Best High Value Consumer-Oriented Product Prospects (US\$ Million)

Product Category	Brazil World Import in 2022	Brazil Imports from the U.S. in 2022	U.S. Market Share
Dairy Products	1,004	72	7%
Distilled Spirits	275	39	14%
Tree Nuts	156	20	13%
Fresh Fruit	407	3	1%
Food Preparation	286	45	16%
Meat Products	187	9	5%

Source: Trade Data Monitor (TDM)

Table 6: Brazil Imports of Consumer-Oriented Products (US\$ Million)

Partner Country	Year / %								January- November	
	2019	%	2020	%	2021	%	2022	%	2022	2023
World	4,246	100%	4,164	100%	4,337	100%	5,183	100%	4,689	5,297
MERCOSUL	1,508	36%	1,545	37%	1,586	37%	2,017	39%	1,833	2,105
EU 28	1,322	31%	1,232	30%	1,391	32%	1,582	31%	1,418	1,619
Chile	347	8%	379	9%	364	8%	444	9%	403	408
United States	244	6%	227	5%	212	5%	278	5%	254	277
China	251	6%	281	7%	221	5%	216	4%	196	193
Others	573	13%	500	12%	564	13%	646	12%	584	696

Note: Mercosul (3): Argentina, Uruguay, and Paraguay; EU (28+): Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden (+ United Kingdom)

Source: TDM

Table 7: Brazil Imports of Agricultural Products in 2022 (US\$ Million)

	World Imports	U.S. Imports	U.S. Share	Ranking
Consumer Oriented Products				
Dairy Products	1,004,306	72,126	7%	3
Soup and Other Food Preparations	286,964	45,409	16%	1
Eggs and Products	57,263	44,302	77%	1
Distilled Spirits	275,039	38,656	14%	2
Tree Nuts	155,925	20,429	13%	3
Fresh Vegetables	197,705	8,761	4%	10
Condiments and Sauces	44,587	8,754	20%	3
Chocolate and Cocoa Products	213,847	7,232	3%	11
Processed Vegetables	670,931	5,108	1%	15
Coffee, Roasted and Extracts	110,604	4,075	4%	4
Bakery Goods, Cereals, and Pasta	139,898	3,901	3%	7
Wine and Related Products	462,943	3,601	1%	8
Fresh Fruit	407,409	3,124	1%	9
Other Ag Related Products				
Forest Products	116,950	19,420	17%	2
Seafood Products	1,420,636	4,885	0%	14
Intermediate Products				
Milled Grains and Products	979,695	18,901	2%	8
Vegetable Oils NESOI	821,916	15,741	2%	8
Other Feed and Fodders	362,815	39,374	11%	3
Bulk				
Wheat	2,049,613	130,224	6%	2
Pulses	97,394	2,756	3%	4

Source: Trade Data Monitor (TDM)

Note: FAS BICO Report with statistics for the last 5-year period can be found at:

<https://apps.fas.usda.gov/GATS/BicoReport.aspx?type=country>

SECTION VI. CONTACTS AND FURTHER INFORMATION

Agricultural Trade Office (ATO)

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E-mail: atosaopaulo@usda.gov

Website: www.usdabrazil.org.br

Office of Agricultural Affairs (OAA)

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70403-900 Brasilia, DF
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Attachments:

No Attachments