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**Report Highlights:**

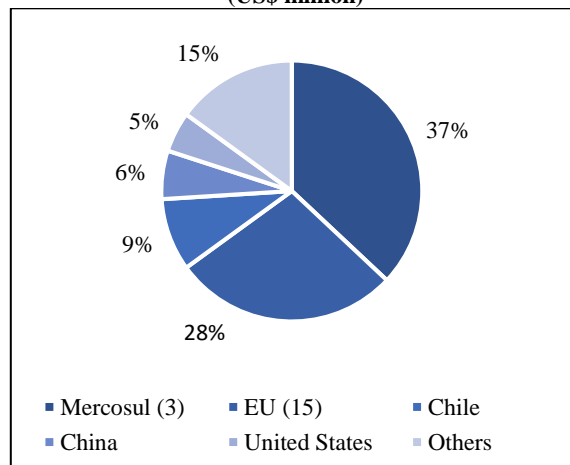
During 2019, the first year of President Bolsonaro's administration, Brazil registered some positive results. Although modestly, the country's Gross Domestic Product (GDP) expanded, the interest rate reached its lowest level, and Congress approved one of the most expected legislative acts, the Pension Reform. Imports of agricultural food products in 2019 decreased 2.6 percent, while imports from the United States shrank by 1.8 percent. Although the COVID-19 pandemic will play a critical role in the 2020 economic results, total imports of agricultural food products from the United States are forecast to expand.

## Executive Summary

In 2019, Brazil's gross domestic product (GDP) grew by 1.1 percent compared to the previous year, reaching \$1.8 trillion. Same performance as of 2018. The Brazilian currency remained weak, and government spending represented a major concern. While a stronger rebound was expected in 2020, the COVID-19 crisis will likely drive Brazil into another difficult year in 2021. Despite the historically low mark for the interest rate reached by President Bolsonaro's administration, the future challenge relies on the capacity of the government to stabilize public the debt.

In 2019, exports of agricultural products to Brazil decreased by 2.6 percent, while exports from the United States to Brazil shrank 1.8 percent compared to the previous year. However, despite the volatile scenario caused by the pandemic, U.S. exports to Brazil increased in 2020.

**Imports of Consumer-Oriented Products in 2019**  
(US\$ million)



Source: /Brazilian Foreign Trade Secretariat (SECEX)

### Food Processing Industry

In 2019, the food sector represented 10 percent of Brazil's GDP. Annual sales reached \$177 billion, with food and beverage sales representing 81 percent and 19 percent, respectively. The food processing industry encompasses approximately 49,000 companies. Although a fragmented sector, most multinational companies have a presence in the country.

### Food Retail Industry

The retail industry accounted for US\$96 billion in 2019, which represented 5.2 percent of the country's GDP. Brazil's retail sector includes 89,806 stores. Cash-and-carry continues to expand in the referring year. The Brazilian retail sector is responsible for 80 percent of food and beverage distribution.

## Quick Facts CY 2019

### Imports of Consumer-Oriented Products: US\$4 billion

#### Top 10 Growth Ag Products in Brazil in 2019

1. Eggs & Products	6. Processed Vegetables
2. Dairy Products	7. Chocolate & Cocoa Products
3. Prepared Foods	8. Condiments & Sauces
4. Distilled Spirits	9. Fresh Fruit
5. Tree Nuts	10. Non-Alcoholic Beverages

Source: Retail Analysts

#### Food Industry by the Numbers (US\$ Billion) in 2019

Food Processing Industry Output	177
Food Exports	34
Food Imports	5
Domestic Consumption	141
Retail	95
Food Service	46

Source: ABIA

#### Top 10 Retailers in 2019

1. Carrefour	6. Supermercados BH
2. Grupo Pao de Acucar	7. Companhia Zaffari
3. Cencosud Brasil	8. DMA Distribuidora
4. Irmaos Muffato	9. Sonda Supermercados
5. SDB Comercio	10. Mart Minas Distrib.

Source: ABRAS

#### GDP/Population

Population (million): 29

GDP (US\$ trillion): 1.8

GDP per capita (US\$): 8,742

Source: IBGE

Note: Exchange rate US\$1=R\$3.95

### Strengths/Weakness – Opportunities/Challenges

Strengths	Weakness
U.S. suppliers can respond to market demands, regardless of the segment.	Brazilian importers tend to buy small quantities to test the market. U.S. companies are usually not willing to operate with small volumes.
U.S. suppliers are willing to maximize sales opportunities and are inclined to work with different partners.	Exclusive contract is a common demand for Brazilian companies.
Opportunities	Challenges
Food processing industry demands gains in efficiency and innovation.	Sluggish economy continues to hamper buying power.
Importers of high-value products are constantly searching for unique items.	The United States faces stiff competition in the premium food and beverage category.

## **Section I. Market Overview**

Economic improvements marked President Jair Bolsonaro's first year in office; however, there still is uncertainty about how the new administration will consolidate democratic institutions, combat corruption, and advance into a more liberal agenda. Even though in 2019 the Brazilian Gross Domestic Product (GDP) increased a timid 1.1 percent and the country's interest rate registered a historical low, most of the reforms needed to support the economy did not come into effect, except for the Pension Reform. The promised reforms require Congressional approval, which translates into political support. On this front, President Bolsonaro is in a vulnerable position, which has worsened with the pandemic. By 2020, Brazil quickly became a top country in the number of infected and deaths, which set more criticism on the President and how the government is dealing with the COVID-19 crisis. The coronavirus has left Brazil in a volatile scenario, raising concerns about its debts and deficit level. The financial market forecast GDP to register negative growth of 4.8 percent in 2020 and the recovery will depend on the course of the pandemic in 2021. Despite the critical situation, the food sector's performance, encompassing the entire supply chain, remains optimistic.

## **Section II. Exporter Business Tips**

### **A. Market Research**

First, U.S. exporters must determine if their product has access to the Brazilian market. The U.S. Agricultural Trade Office (ATO) is the primary contact to clarify this issue. Many U.S. companies can test the market through ATO's marketing activities and benefit from its market intelligence services. Companies should also consider various activities developed by the State Regional Trade Groups (SRTGs) and trade associations. The ATO also recommends that the U.S. exporters develop direct dialogues 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 major multinational companies' presence makes the sector very competitive. In terms of price, U.S. products do not compete with domestically produced goods or Mercosul origin products. When a product imported from the United States (and other non-Mercosul members) reaches the Brazilian market, it will most likely fit in the premium price category due to the exchange rate and the applied import tariff.

### **C. General Consumer Tastes and Trends**

In the consumer-oriented products category, purchase decisions are driven by trends and consumers' lifestyles. Since imported food items are perceived as a luxury good, premium characteristics are critical in the purchase decision.

## **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 together with the importer, particularly in the initial phase, when the documents for shipment are prepared. The Ministry of Agriculture, Livestock and Food Supply (MAPA) and the National Agency of Sanitary Surveillance (ANVISA), share the primary

responsibility for imported food and beverages. These two government bodies ensure the safety of the food supply and enforce regulations related to agricultural goods throughout the supply chain.

MAPA	ANVISA
Consumer-oriented products <ul style="list-style-type: none"> <li>▪ <i>animal products</i>: red meat and by-products, poultry meat and by-products, fish, seafood products, dairy products, and eggs, honey, and margarine;</li> <li>▪ <i>beverages</i>: alcoholic and non-alcoholic (except energy drinks, hydro electrolytic beverages, non-dairy beverages such as soy, almond, walnuts, etc.);</li> <li>▪ <i>fruits and vegetables</i>: dried and fresh</li> </ul>	Consumer-oriented products <ul style="list-style-type: none"> <li>▪ <i>food</i>: all consumer-ready or processed products, (except those under MAPA’s authority)</li> <li>▪ <i>beverages</i>: energy drinks, hydro electrolytic beverages, and non-dairy beverages such as soy, almond, walnuts, etc.</li> </ul>
Intermediate products (wheat flour, planting seeds, etc.)	Intermediate products (sugar, sweeteners, mineral water, flavored waters, additives, and other ingredients, excluding those under MAPA’s authority)
Bulk commodities (wheat, grains, rice, soybean, cotton, tobacco, pulses, peanuts, flour, etc.)	
Pet food, feeds, and fodders	
Plants and seeds	
Animals, semen, and embryos	
Organic Products	

Before shipping agricultural goods please refer to Brazil’s [FAIRS Report 2020](#), which outlines specific regulations such as plant and product registration, labeling, and other specific requirements. Under the GAIN System, the ATO also maintains a series of market access studies for different product categories, which can also be found at: [www.usdabrazil.org.br](http://www.usdabrazil.org.br).

## Pre-Shipment

### 1. Formula Study (Ingredients Evaluation/Compliance)

Under the Brazilian legislation, regulators must maintain “positive” lists of ingredients approved for consumption. In addition, all food or beverage ingredients must meet government specifications and tolerance levels. The “Technical Regulation” provides the “Identity and Quality Standard” (PIQ) for any given product. This means that only specifically authorized products (including additives, colorings, preservatives, etc.) are allowed to enter the market.

Per ANVISA regulations, food products containing new ingredients and foods containing approved ingredients but with a higher than pre-specified tolerance level are considered “new foods.” These products must be submitted to ANVISA for analysis and approval before importation. As such, the importer should perform a compliance study on product composition, additive limits, and food safety criteria.

### 2. Label Development

Labeling for consumer-oriented goods must be in accordance with the general legislation on labeling and warnings, as well as with the regulations applicable to the specific food and beverage product

category. The requirements are outlined in the Technical Regulation and the Consumer Protection Code. In 2020, ANVISA published new regulations on nutritional labeling.

The Brazilian legislation does not require labeling on products meant for further processing. However, the exporter must supply the importer with all the necessary information. The information provided by the exporter does not necessarily need to be on the product package (foodservice and industrial use packages). Still, it should be included in the documents that accompany the good. It can be an invoice, a technical description sheet, as the law does not require a specific document.

### *3. Product Registration*

Some products under ANVISA and MAPA's jurisdiction are subject to registration. Please refer to Brazil's [FAIRS Report 2020](#), which outlines the set of requirements prescribed by the government of Brazil.

### *4. Exporters' Pro Forma*

Before shipment, a copy of the *pro forma* invoice should be shared with the importer. Delays are very common because of inadequate information reported on the invoice. To avoid this, importers often request a copy of the invoice to check the information prior shipment.

### *5. Issuance of an Import License (LI)*

All import operations occur through an automated system called Integrated Foreign Trade System (SISCOMEX). The importer requests the so-called Import License (LI), which must be obtained ideally before shipment. The LI is mandatory for products in the "non-automatic clearance" category, which is the case for all food and beverages under MAPA. The information provided in the invoice must match the information provided in the LI.

## **Shipment**

### *6. Shipping Instructions*

Shipping Instructions consist of a document containing all the information related to the sale and the merchandise's condition upon shipment, such as the quantity of product, form of payment, transport temperature, packaging, pallet used, etc. The Shipping Instructions should further contain all the documents to be sent to the importer.

Note: Before shipping goods to Brazil, exporters should be aware of wood pallets and wood packaging regulations. Pallets should be in compliance with International Standards for Phytosanitary Measures N° 15 (ISPM 15) and have the International Plant Protection Convention (IPPC) stamp. For countries that have not adopted the ISPM 15 standards, the phytosanitary certificate may be substituted for the IPPC stamp, with an additional declaration on treatment records or the certificate of treatment stamped by the National Plant Protection Organization (NPPO). Wood pallets, both treated and untreated, are always inspected by MAPA. Inspectors will check for the presence of pests and may or may not release the cargo. Costs related to phytosanitary treatment or returning pallets/cargo to the country of origin will be the exporter/importers' responsibility.

### *7. Load/Shipment Clearance*

With the Shipping Instruction provided by the exporter, the shipping company will be able to issue the bill of lading (B/L) or the air waybill (AWB). This is the proof of loading, issued by the shipping company, containing the entire shipping description.

## Clearance

### 8. *Arrival of Merchandise at the Port*

Upon arrival, the cargo must be sent to the Customs Terminal (storage). Once the goods are duly placed, the “presence of Cargo” must be created. This must be done through the SISCOMEX system and prior to registering the Import Declaration (DI).

### 9. *Registering the Import Declaration*

Once goods arrive, the importer must prepare the DI. At this point, all taxes must be paid. The amount of taxes to be paid is defined based on the Mercosul Common Nomenclature (NCM), which is based on the international Harmonized System (HS). The NCM is formed by 8 digits, with the first 6 digits equivalent to the HS codes, while the seventh and eight digits correspond to Mercosul specifications.

### 10. *Physical Review by MAPA/ANVISA Authority*

Before going through Customs, the importer must present the LI to MAPA or ANVISA officials. Officials will verify whether or not the cargo was duly authorized and if the documents are accurate.

### 11. *MAPA/ANVISA Product Clearance*

MAPA and ANVISA inspectors must perform a re-inspection before admissibility. The admissibility will depend on documents review, physical examination, and lab analysis/sample collection (to be conducted *in loco*, if requested by authorities). During the import process, a series of documents will be requested and generated by government agencies. Certificate of Origin and Certificate of Analysis are generally the two documents issued at the country of origin that create delays due to missing/erroneous information.

### 12. *Federal Revenue Parameterized System*

The importer initiates the clearance process when the product arrives in Brazil. Customs officials will authorize the release of the goods after the verification of product classification and tax payments. After the submission of the documents, the system will automatically select one of the inspection/verification methods below:

- green: customs clearance authorization is automatically issued;
- yellow: mandatory inspection of documentation is required and, if no evidence of irregularities is found, customs clearance is issued;
- red: mandatory inspection of documentation and goods is required before customs clearance authorization is issued;
- gray: mandatory inspection of documents, merchandise, and recalculation of import taxes applied.

Any correction to the information submitted must be carried out in accordance with SISCOMEX procedures. After registering customs clearance, the fiscal authority - the Secretariat of Federal Revenue - will release an import confirmation, approving customs clearance and the entry of goods into Brazil.

The example below simulates costs to clear a cargo of U.S. origin wines, NCM (HS code) 2204.21.00. Before clearing goods, importers must pay taxes and tariffs upfront. By the time goods are at the importers' warehouse, costs doubled. According to importers, by the time a product arrives on supermarket shelves, it is fair to say it reaches around 5-7 times the FOB price, considering operational costs and mark up.

- Product: U.S. Wines
- Quantity: 11,000 bottles
- FOB price: US\$34,000
- Container: 20’
- Unit Price: US\$3.09

<b>COSTS</b>	<b>REFERENCE</b>	<b>US\$</b>
CARGO (FOB Price)		34,000.00
International Freight		1,350.00
Insurance	0.20% of Freight	70.00
Wharfage Tariff		187.95
CIF Value		35,607.95
<b>TOTAL (1)</b>		<b>35,607.95</b>
<b>CLEARANCE COSTS AT PORT</b>		
Customs Brokers		481.93
Union of Customs Brokers Fee		139.76
Merchant Marine Renewal Tax (AFRMM)	25% Freight+ Wharfage Tariff	384.49
SISCARGA Fee		10.12
SISCOMEX Fee		66.27
Handling		30.12
Deconsolidation		92.77
Storage (15 days)		530.12
Lab Test Fee (MAPA Requirement)		206.20
Freight from Port to Importer’s Warehouse		397.59
<b>TOTAL (2)</b>		<b>2,339.37</b>
<b>TARIFFS and TAXES</b>		
Import Tax (II)	27% of CIF	9,614.15
Industrialized Product Tax (IPI)	10% of CIF + II	4,522.21
Social Integration Program (PIS/PASEP)	2.10% of CIF	747.77
Social Security Financing Contribution (COFINS)	9.65% of CIF	3,436.41
Merchandise and Service Circulation Tax (ICMS)	25% of CIF+IPI+PIS/PASEP+COFINS	11,078.59
<b>TOTAL (3)</b>		<b>29,399.13</b>
<b>TOTAL (1)+(2)+(3)</b>		<b>67,346.45</b>

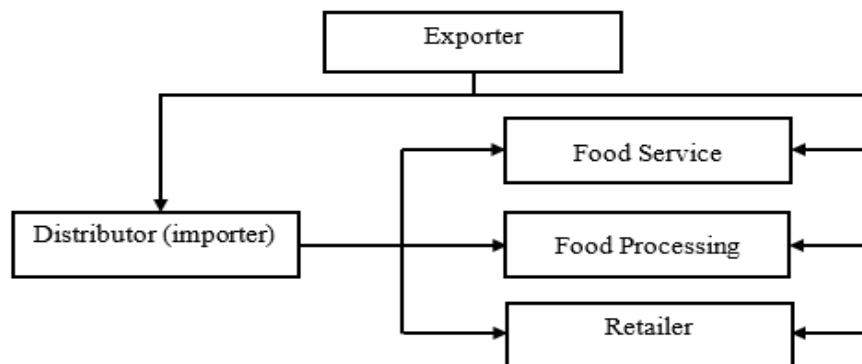
## Section IV. Market Sector Structure and Trends

### A. Supply Chain and Product Flow

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, or even the food processing industry typically prefer to purchase imported products locally from distributors. In general, distributors require from exporters 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, few pallets, and then increase once there is market acceptance.

### Distribution Channels for Agricultural Products



### B. Food Processing Sector

In 2019, the Brazilian Food Processors' Association (ABIA) reported food processing industry revenues at US\$177 billion, up 7.1 percent over 2018, and 3.2 percent adjusted for inflation. Food and beverages represent 80 percent and 20 percent of total sales, respectively. The major subsectors comprising the food processing industry in Brazil are: meat products (24 percent); beverages (20 percent); tea/coffee/grains (11 percent); dairy products (10 percent); oils and fats (8 percent); wheat products (8 percent); processed fruits and vegetables (5 percent); refined sugar (5 percent); frozen and dehydrated products (3 percent); chocolate and confectionery (2 percent), and fish products (1 percent). The food processing industry not been hit by the coronavirus crisis as other sectors; however it is going through challenges as production capacity has been affected. For 2020, the Brazilian Food Processors' Association estimates the food processing industry to grow by 2.5 percent. Please refer to [Food Processing Ingredients Report 2020](#).

### C. Food Retail Sector

According to the Brazilian Supermarket Association (ABRAS), the retail industry registered revenues of US\$96 billion in 2019. This result represented a 6.4 percent increase, in nominal terms, and a 2.5 percent increase, in real terms. In March 2020, when the more restrictive social distant measures were announced due to the COVID-19 pandemic, supermarket sales peaked to then level off in the following months. As per research conducted by ABRAS with major supermarket companies, from January to August 2020, revenues went up by 6.9 percent, in nominal terms, and 2.8 percent, in real terms, compared to the same period of the previous year. Food retailers still expect supermarket sales to grow with the end of the year celebrations. Please refer to [Retail Report 2020](#).

### D. Food Service Sector

The Brazilian food service sector is characterized by small-to-medium size, family-owned establishments. Large size and multinational companies account for less than five percent of the total number of operators. In 2019, the food service industry accounted for US\$117 billion by the Brazilian Food Processors' Association (ABIA). Compared to the previous year, results were quite similar to the food processing and retail sector, 7 percent increase in nominal terms, and 3.1 percent increase in real terms. In 2020, COVID-19 outbreak left this sector in a very critical situation. According to a research



conducted by the Bars and Restaurants Association (Abrasel), a quarter of businesses have closed their doors since March. For the business that are still opened, 71 percent state revenues in 2020 are expected to reach 60-70 percent of the 2019 level. Please refer to [Food Service-HRI Report 2020](#).

## Section V. Agricultural and Food Imports

Overall imports of agricultural products by Brazil decreased by 2.6 percent from 2018 to 2019, largely in part of the double-digit depreciation of the Real. Total exports from the United States to Brazil also declined; however, less than the overall, 1.8 percent below the previous year. The consumer-oriented products category did not suffer considerable changes, but the United States lost one percentage point of market share. According to importers, the levels of purchases were kept but players rearranged the mix of products. For the intermediate products category, purchases by Brazil shrank by 2 percent, while U.S. sales suffered a 10 percent decrease, leading the country to also lose 1 percentage point of market share. In general, U.S. intermediate products are more expensive and in instable scenarios, food processors will tend to shift operation to Mercosul in order to maintain margins.

### BRAZIL IMPORTS OF CONSUMER-ORIENTED PRODUCTS (US\$ MILLION)

Country	2016	%	2017	%	2018	%	2019	%	Country	2019*	2020*
<b>World</b>	4,097	100	4,164	100	4,019	100	4,032	100	<b>World</b>	3,682	3,579
<b>Mercosul(3)</b>	1,695	41	1,587	38	1,483	37	1,499	37	<b>Mercosul (3)</b>	1,363	1,366
<b>EU (15)</b>	958	23	1,058	25	1,124	28	1,164	28	<b>EU (15)</b>	1,063	981
<b>Chile</b>	407	10	393	9	379	9	344	9	<b>Chile</b>	308	344
<b>China</b>	303	7	278	7	233	6	251	6	<b>China</b>	232	256
<b>U.S.</b>	240	6	258	6	225	6	216	5	<b>U.S.</b>	197	181
<b>Others</b>	495	13	590	15	576	14	558	15	<b>Others</b>	519	451

### BRAZIL IMPORTS OF INTERMEDIATE PRODUCTS (US\$ MILLION)

Country	2016	%	2017	%	2018	%	2019	%	Country	2019*	2020*
<b>World</b>	2,554	100	2,731	100	2,834	100	2,780	100	<b>World</b>	2,538	2,793
<b>Argentina</b>	553	22	493	18	480	17	534	19	<b>Argentina</b>	476	528
<b>U.S.</b>	243	10	261	10	311	11	281	10	<b>U.S.</b>	260	278
<b>Portugal</b>	163	6	213	8	265	9	267	10	<b>Portugal</b>	247	257
<b>Uruguay</b>	212	8	265	10	230	8	261	9	<b>Uruguay</b>	230	237
<b>Indonesia</b>	304	12	306	11	250	9	188	7	<b>Indonesia</b>	172	203
<b>Others</b>	1,078	42	1,193	44	1,298	46	1,249	45	<b>Others</b>	1,153	1,290

Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX). Note (2): \* Jan-Nov  
 Note: Mercosul (3): Argentina, Uruguay and Paraguay; EU (15): Germany, Austria, Belgium, Spain, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, United Kingdom and Sweden

## BRAZIL IMPORTS OF CONSUMER-ORIENTED PRODUCTS BY CATEGORY (2019)

	Imports – World (US\$ Million)	Imports - U.S. (US\$ Million)	Market Share (% U.S.)	Ranking (U.S.)	Import Tariff (%)
<b>CONSUMER-ORIENTED PRODUCTS</b>					
Dairy Products	593.31	35.25	6	4	8-28
Distilled Spirits	156.14	23.91	46	2	12-20
Tree Nuts	134.36	16.77	32	3	6-10
Chocolate & Cocoa Products	189.93	16.31	9	3	10-16
Forest Products	108.42	15.38	14	2	2-14
Processed Vegetables	585.02	13.86	2	8	10-14
Fish and Seafood	1,267.74	9.12	1	7	10
Condiments and Sauces	35.63	7.12	14	2	12-20
Fresh Fruit	375.98	6.89	2	7	10
Wine & Beer	416.36	4.58	1	10	20
Processed Fruit	146.11	1.66	3	10	10-14
Fruit & Vegetable Juices	12.79	1.48	3	2	14
Fresh Vegetables	297.10	0.82	0	9	10
<b>INTERMEDIATE PRODUCTS</b>					
Feed & Fodders NESOI	270.53	39.79	15	2	2-14
Planting Seeds	120.92	20.31	17	1	2-12
Vegetable Oils NESOI	618.99	18,52	3	8	4-12
Meat Products NESOI	213.18	14.99	7	6	6-12
Sugar & Sweeteners	22.52	4.82	21	1	16-20
Soybean Meal	1.49	0.51	34	2	6-10
Animal Fats	40.44	0.14	0	12	6-12
<b>BULK PRODUCTS</b>					
Wheat	1,490.50	89.63	6	2	10
Cotton	4.00	2.12	48	1	6
Rice	244.74	0.23	0	7	10-12
Corn	188.74	0.03	0	3	8

Source: Trade Data Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX)

### Section VI. Contacts and Further Information

Please do not hesitate to contact the offices below for further assistance in export of U.S. agricultural products to Brazil:

#### U.S. Agricultural Trade Office (ATO)

U.S. Consulate General  
Rua Thomas Deloney, 381  
04709-110 São Paulo, SP  
Tel: (55-11) 3250-5400  
Fax: (55-11) 3250-5499  
E-mail: [atosapaulo@fas.usda.gov](mailto:atosapaulo@fas.usda.gov)

#### Office of Agricultural Affairs (OAA)

U.S. Embassy  
Av. das Nacoes, quadra 801, lote 3  
70403-900 Brasilia, DF  
Tel: (55-61) 3312-7000  
Fax: (55-61) 3312-7659  
E-mail: [agbrasil@fas.usda.gov](mailto:agbrasil@fas.usda.gov)

**Attachments:** No Attachments