

Voluntary Report – Voluntary - Public Distribution

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Report Name: US Hops Exports to Brazil Reach New Record

Country: Brazil

Post: Sao Paulo ATO

Report Category: Agricultural Trade Office Activities

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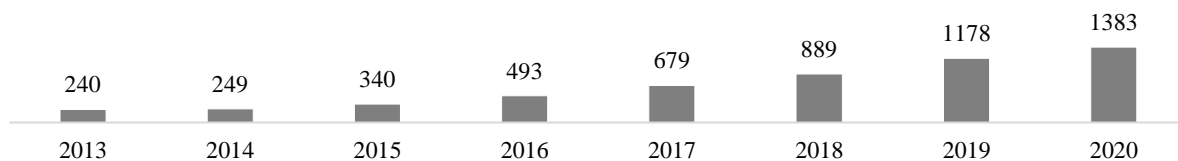
Report Highlights:

Although the COVID-19 pandemic hurt foodservice channels, beer consumption in the country grew steadily last year. Brazilians shifted from consuming beer away-from-home to at-home during the pandemic months. In addition, COVID-19 did not stop the opening of craft breweries in the country, with 1,383 new craft breweries registered in the Ministry of Agriculture, Livestock, and Supply (MAPA) in 2020. Moreover, U.S. hops exports to Brazil hit a record as it adds value to Brazilian craft breweries. For further information, contact ATO Sao Paulo through atosapaulo@usda.gov

Craft Beer Market Overview

In 2020, Brazil reached 1,383 craft breweries registered in the Ministry of Agriculture, Livestock and Supply (MAPA). The COVID-19 did not stop the opening of craft breweries in the country. It is expected that the number of registered craft breweries also grew in 2021 (final estimates are not released yet). It is estimated that the production volume of craft beer in the country is 2.5 percent of total Brazil's beer production. Every state in the country has at least one craft brewery. However, craft breweries are concentrated in the south-southern parts of the country, with 85 percent of total breweries spread throughout those regions.

Number of Craft Breweries in Brazil



Source: Ministry of Agriculture, Livestock and Supply (MAPA)

When it comes to the craft beers market, the opportunities for U.S. companies rely mainly on exports of hops. Although Brazilian hops production is slowly gaining traction in the craft beer market, the country's production is small and the price is not competitive with imported hops. Brewers in Brazil see the U.S. capable of supplying high-quality hops and other ingredients for beer production. The product already has a good penetration in domestic craft breweries, being common to find U.S. hops in the production of the American style of Indian Pale Ale (IPA), American Lager, and others. In addition to that, the American craft beer market is an inspiration to Brazilian brewers and beer consumers. Players in the segment look in the U.S. craft beer industry for innovation and trends.

In 2021, Brazil imported 3,506 tons of hops, an increase of 66 percent compared to the previous year. In the same period, the U.S. exported 1,163 tons to Brazil, a growth of 85 percent. Although Germany continues to be the largest exporter of hops to Brazil, the United States comes in second place with 33 percent of the market share. If we consider the high devaluation of the Brazilian real against the dollar, which makes the product more expensive, and the difficulties faced by craft breweries in the pandemic year, it is noticeable that the Brazilian craft beer segment is solid and resilient. Therefore, hops for craft breweries continue to be a good opportunity for American exporters in the upcoming year.

Brazil Imports of Hops by Country in 2021 (NCM 12.10.20, US\$ 1,000)

	2017	2018	2019	2020	2021
<i>Germany</i>	15,077	19,838	26,443	17,082	31,530
<i>United States</i>	5,883	9,649	11,491	10,330	16,143
<i>Czech Republic</i>	144	132	181	431	831
<i>Australia</i>	281	405	412	393	358
<i>New Zealand</i>	20	3	146	70	155
<i>Others</i>	194	753	690	416	252
<i>Total</i>	21,599	30,779	39,363	28,721	49,268

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

Beer Market Overview

According to the National Union of the Beer Industry (Sindicerv), the beer sector produced 14.3 billion liters in 2021, an increase of 7.7 compared to the previous year. The country is the third-largest beer producer in the world, only behind China and the United States. It is estimated that the beer industry in the country rounds R\$200 billion yearly, which represents 2 percent of the Brazilian GDP. According to Euromonitor, beer industry leaders include Anheuser-Busch, Heineken, and Grupo Petropolis, which together represent 97 percent of total beer production in the country.

Although the COVID-19 pandemic has hurt food service channels, beer consumption in the country grew steadily. According to Euromonitor, the volume of beer purchased in off-trade channels (such as supermarkets and e-commerce) grew by 17.6 percent in 2020, mostly because Brazilians shifted from consuming beer away-from-home to at-home during. Lager is the most consumed beer category in the country, followed by non-alcoholic, and dark beers. All of which are considered low price brands and sold in traditional outlets all over the country.

In 2021, Brazil's imports of beer amounted to \$15.7 million dollars, an increase of 3.27 percent compared to the previous year. Mexico used to be one of the largest beer exporter to Brazil, driven by Corona beer. However, domestic production of Corona started in the past two years, so exports went down to zero. Therefore, the drastic decrease in imports in the last five years is due to the stop of Corona beer imports by Brazil, which represented almost fifty percent of total imports. The European Union (EU) is the largest exporter of beers in terms of value to Brazil in 2021, with a 56 percent market share. Beer exports from the United States to Brazil amounted to \$3 million dollars in 2021, a sharp increase of 150 percent compared to the previous year. Although this is a significant increase in imports, this volume is mostly driven by big beer industries importing the product from their subsidiaries in the United States. Premium beers are a niche market in Brazil mostly due its high price compared to domestic beers, but it has been gaining new consumers every year.

Brazil Imports of Beer by Country in 2021 (NCM 22.03.00, US\$1,000 FOB)

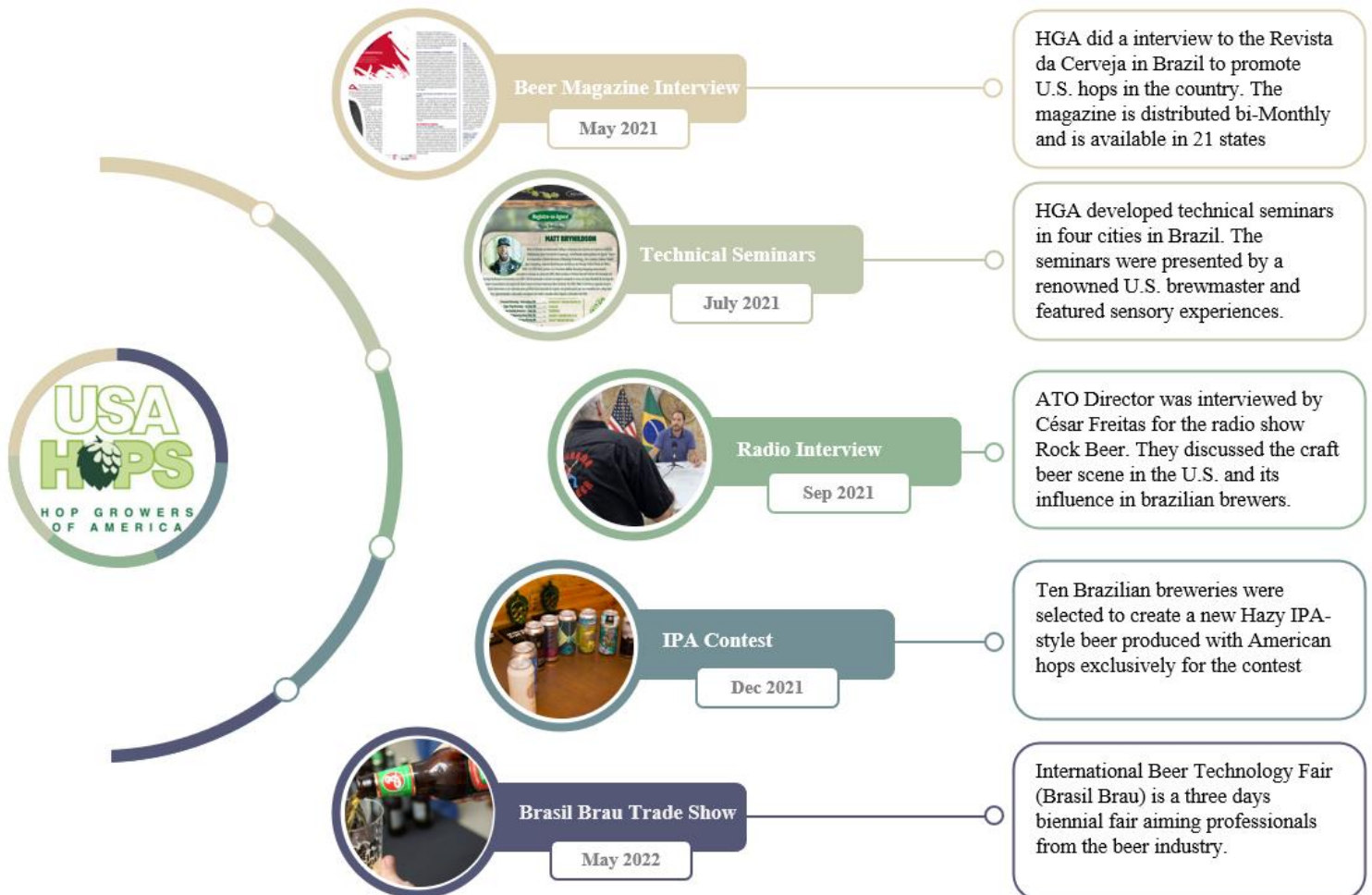
<i>Belgium</i>	3,164	5,622	3,541	3,882	4,313
<i>United States</i>	1,946	1,704	1,716	1,327	3,388
<i>Germany</i>	4,566	6,053	6,753	4,610	2,412
<i>Uruguay</i>	3,711	3,216	2,859	1,221	1,717
<i>Peru</i>	-	-	318	853	1,043
<i>Others</i>	18,118	29,500	27,414	3,370	2,891
<i>World</i>	31,506	46,094	42,600	15,263	15,763

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

Trade Promotion Events Supporting U.S. Hops in Brazil

Hops Growers of America (HGA), in coordination with FAS/Sao Paulo, has been developing promotional activities in-country to increase awareness of U.S. hops and its high-quality among brewers. The timeline below shows HGA and FAS activities in 2021 and proposed activities for 2022 in Brazil. The constant promotional effort is key to maintain consumers and importers engaged with the U.S. food industry. In addition, FAS/Sao Paulo suggests that U.S. exporters interested in the Brazilian market, contact the FAS office in Sao Paulo for support (atosaopaulo@usda.gov).

Activities Timeline



Attachments:

No Attachments.