

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 12/7/2015

GAIN Report Number: BR15013

Brazil

Food Processing Ingredients

Annual Report

Approved By:

Chanda Berk, Agricultural Consul

Prepared By:

Fabiana Fonseca, Agricultural Marketing Specialist

Report Highlights:

In 2014, the food processing industry in Brazil showed somewhat weak growth of 1.5 percent, however imports of intermediate food products kept a more traditional pace. Brazil is one of major world players in the sector, with a food processing industry valued at US\$225 billion. Despite the current economic scenario, the country presents genuine opportunities for U.S. exporters of intermediate products and ingredients.

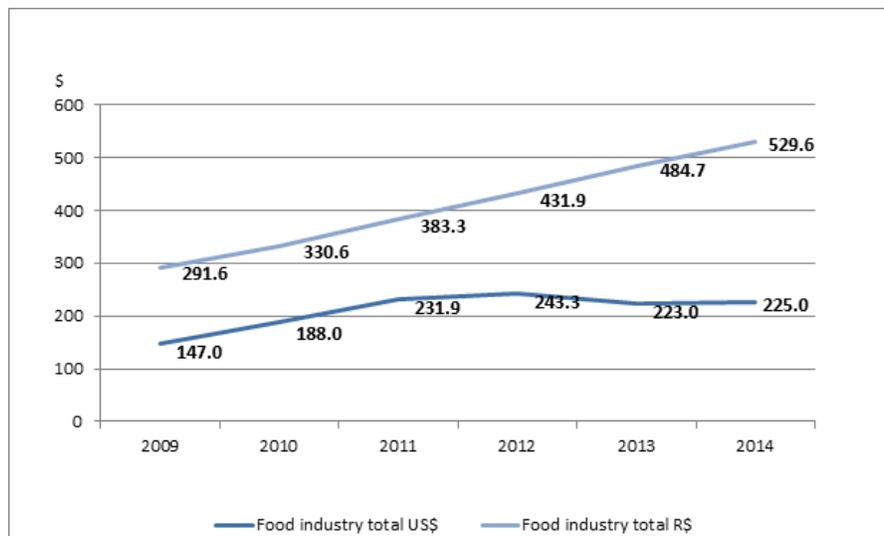
SECTION I. MARKET SUMMARY

Agriculture is a power house for Brazil's economy, representing 30 percent of the country's GDP. Brazil is a major global player in many commodities, ranking first in production of sugar, frozen concentrated orange juice (FCOJ) and coffee; second in soybeans, beef and poultry; third in corn and pork, and fifth in cotton. The food processing industry does not fall far behind. In 2014, the sector accounted for 9.5 percent of Brazil's US\$2.2 trillion GDP. Brazil is self-sufficient in food supply and has a dynamic food processing and distribution industry. Local consumers have access to a broad array of processed products. Alongside domestic companies, major multinationals have a solid presence in the country. The food processing sector in Brazil is prominent, diversified, and modern by international standards.

In the past decade, around 30 million Brazilians were brought up from the bottom of the social pyramid and entered the middle class. This increased income changed consumption patterns and the food industry was among the first sectors to reflect these changes. In 2014, income expansion started to show signs of stagnation in response to GDP growth of 0.1 percent and inflation following an upward trend, ending the year at 6.4 percent. To address imbalances in the economy and achieve further growth, the Government of Brazil announced several fiscal and monetary measures. Nevertheless, economists suggest Brazil's GDP will contract by three percent in 2015 and inflation will likely reach double digits.

In 2014, sales of Brazil's food processing sector reached US\$225 billion, in real terms, a 1.52 percent increase compared to the previous year. Results reflect the fact that the "consumption frenzy" from 2009-2013 is fading away and consumers are becoming more cautious. Sales of mainstream items such as pasta, bread, canned fish, and sugar are decreasing. Yogurt, an item that previously was a symbol of middle class prosperity, has also contracted in sales. Consumer expectations, which accounted for 50 percent of GDP growth over the past 10 years, are not optimistic.

FOOD INDUSTRY GROSS SALES



Source: Brazilian Food Processors Association (ABIA)

Food industry analysts forecast the sector to post no expansion in 2015 or 2016. Although Brazilian consumers are cutting back and economizing as a direct result of the current economic situation, imports of ingredients and raw material by Brazilian producing companies have been maintained in dollar terms. The sector as whole imported US\$5.7 billion in 2014 and estimates for 2015 and 2016 show only a subtle decrease. There are many adjustments to be made before Brazil can overcome its economic downturn. Looking ahead, Brazil must build a new agenda to boost investment, increase competitiveness, and realize gains from productivity. The food industry will most certainly need to follow this same path to grow in the years to come. The Brazilian food sector is a key sector for the economy and continues to be very appealing. With so much room for improvement in productivity and output, the food processing sector will continue to be a highly attractive sector for both domestic and international players.

Advantages	Challenges
Multinational companies have demand for innovative and high performance ingredients not present in the market.	Brazilian import procedures are a burden, especially for new-to-market U.S. companies of small/medium size.
The United States is known as a supplier of high quality products and consistency.	Current depreciation of the Real to the dollar and market volatility inhibits U.S. suppliers to enter the market.
The Brazilian food industry highly qualifies the United States in terms of Research & Development	Sourcing products and ingredients from the United States is not always an easy task as U.S. companies are oriented toward markets that offer more short term profits.
The industry shift from price oriented to cost vs. benefit means U.S. products are more competitive in the Brazilian market.	The United States largely competes with European products.

SECTION II. ROAD MAP FOR MARKET ENTRY

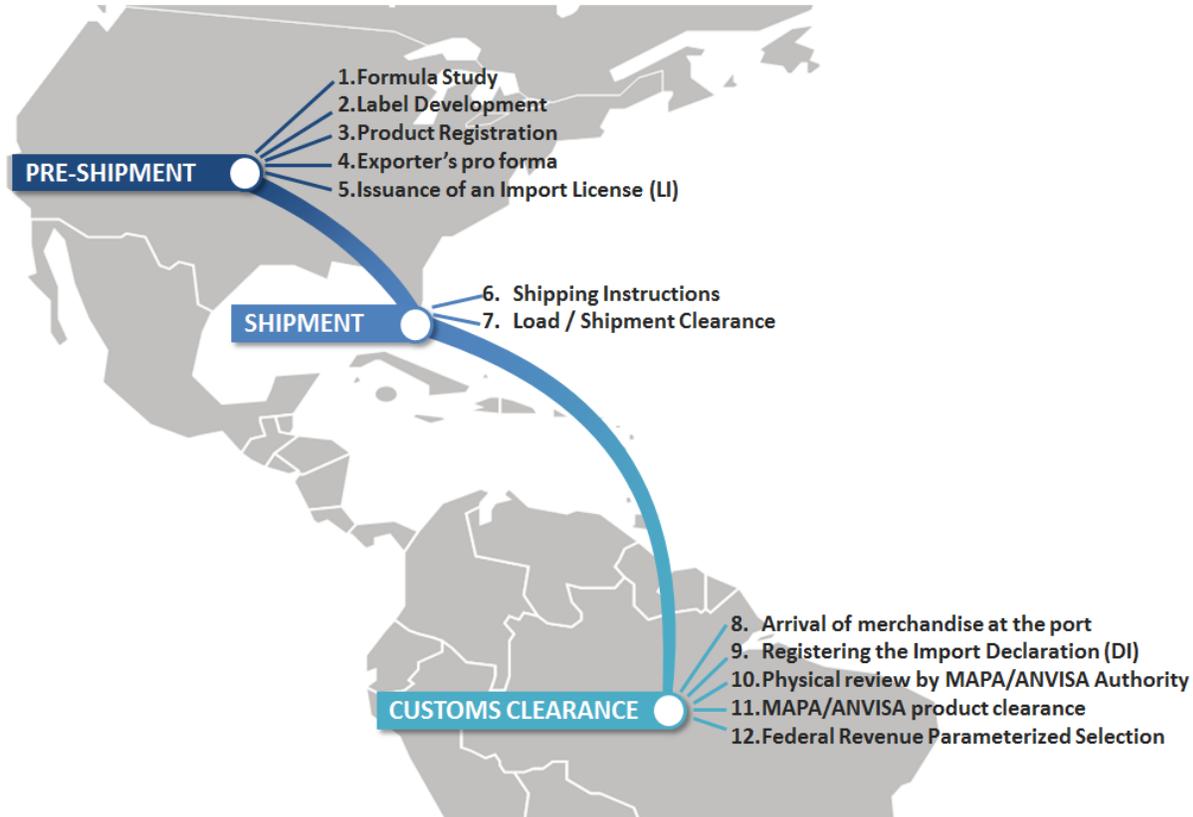
A. ENTRY STRATEGY

The Government of Brazil requires that all foods must follow their respective Identity and Quality Standards (PIQ). In terms of enforcement, the Brazilian legislative principle is “positive”. That is, only what is stated is allowed. Brazilian legislation defines all food and beverages categories, including additives and lists a tolerance for each product. Import companies must observe the legislation prior bringing products into the country. In addition, food and beverages containing new ingredients and/or containing ingredients that are already consumed but with tolerance levels above the set regulation are considered “new foods”. Prior entering Brazil, “new foods” must be analyzed, approved, and registered.

The Ministry of Agriculture, Livestock and Food Supply (MAPA) and the National Agency of Sanitary Surveillance (ANVISA) have jurisdiction over food and ingredients. These two government bodies ensure the safety of food supply and enforce regulations. Although it is the importer responsibility to conduct the import process, it is highly recommended that U.S. exporters verify the full set of import requirements with their foreign customers, who are normally best equipped to research such matters with local authorities, before any goods are shipped. The U.S. Agricultural Trade Office (ATO) is always available as an initial source of information and market guidance. The ATO maintains direct

contact with major players in order to facilitate market entry and is also able to provide assistance on Brazilian legislation and standards.

IMPORT PROCEDURE FOR FOOD PRODUCTS ENTERING BRAZIL

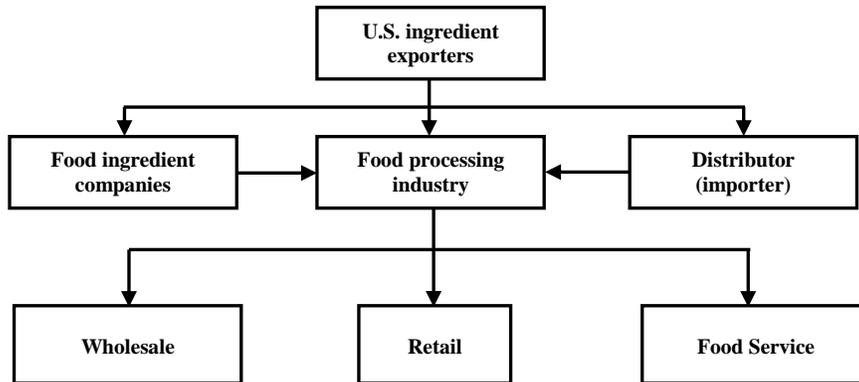


In Brazil the number of importers operating with foreign ingredients is limited. Food processing companies will purchase foreign ingredients domestically, through distributing companies or import directly. Food ingredient companies are also buyers of imported inputs for use in further processed ingredients. The import decision is based on many factors as sourcing ingredients for processing companies are a multi-tasks operation. The supplier needs to fulfill several criteria established by the manufacturer. The most common requirements besides product specification and cost are related to risk of contamination, packaging material, product yield, quality assurance and food safety. Potential suppliers are always expected to provide samples to be used by the product development and quality control team. In general, food processors require certain standard information such as: product description, which includes physical quality, allergen statement, nutrition facts, shelf life, storage description, packaging description, explanation of product traceability, and chemical analysis.

When approaching the Brazilian market, exporters should be aware that most food products and ingredients are not price competitive compared to locally produced products. This is due to lower costs of locally produced goods, import tariffs, and the exchange rate itself. Products imported from Mercosul members enjoy duty-free status and Chilean products face a reduced duty rate. In general, U.S. exporters compete directly with European counterparts. Both are positioned similarly in price and quality terms. Imports may be direct or indirect. If the volume to be imported does not justify the cost

of import, food processors will prefer to purchase imported items locally from importers/distributors. While avoiding the middleman is a general goal, this can only happen if companies are able to keep overhead costs in check.

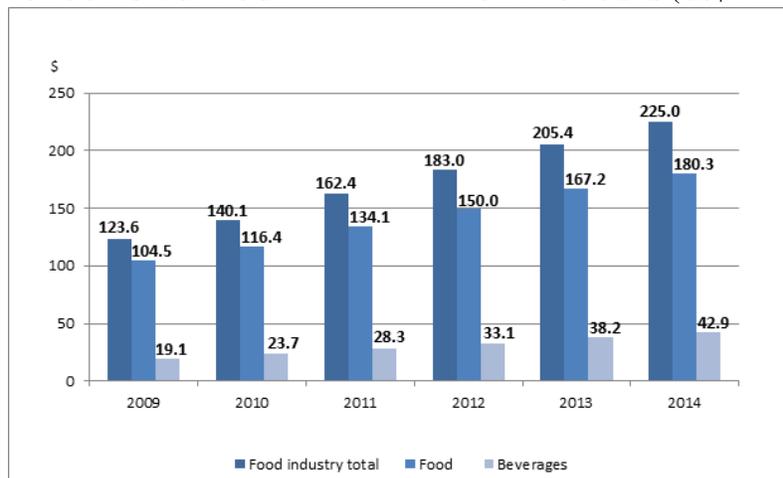
DISTRIBUTION CHANNELS FOR FOREIGN FOODS AND INGREDIENTS



B. MARKET STRUCTURE

Currently, a substantial proportion of food available in the country is processed. Brazilian consumers have significantly increased the amount of industrialized foods in their diets. In 2014, processed foods purchased by Brazilian consumers accounted for 80 percent of total food purchased, 10 percentage points above the previous decade. In 2014, the food processing industry consisted of 45,000 companies, with annual sales of US\$225 billion.

PRODUCTION OF FOOD AND BEVERAGE PRODUCTS (US\$ Billion)

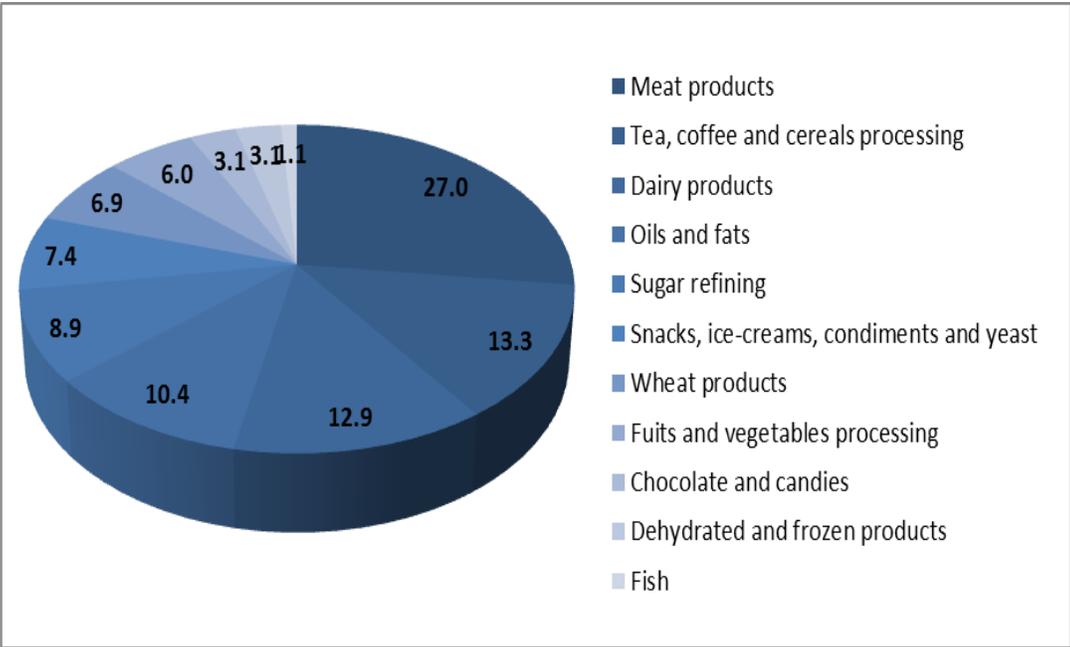


Source: Brazilian Food Processors Association (ABIA)

On average, five percent of annual sales are directed to investments in new plants, new products, and marketing. Food and beverage production has maintained a relatively constant position, with food products representing 82 percent of total output, while beverages accounted for 18 percent.

Production of food and beverage goods tends to be concentrated in large urban areas. The state of São Paulo is home to most processing companies. Meat products; tea, coffee and cereals processing; dairy products; oils and fats; sugar refining; wheat products; fruits and vegetables processing; chocolate and candies; dehydrated and frozen products; and fish products are the largest segments in terms of gross sales in Brazil. In 2014, sugar refining was the only segment that decreased its market share. Except for the meat segment that expanded 1.4 percent, all others have maintained their share of the market. The food additives market is estimated at US\$3 billion. The Brazilian Association of Food Ingredients and Additives (ABIAM) estimates there are approximately 400 companies in the ingredient segment. ABIAM gathers 37 member companies that together represent 80 percent of total supply purchased by the food and beverage industry.

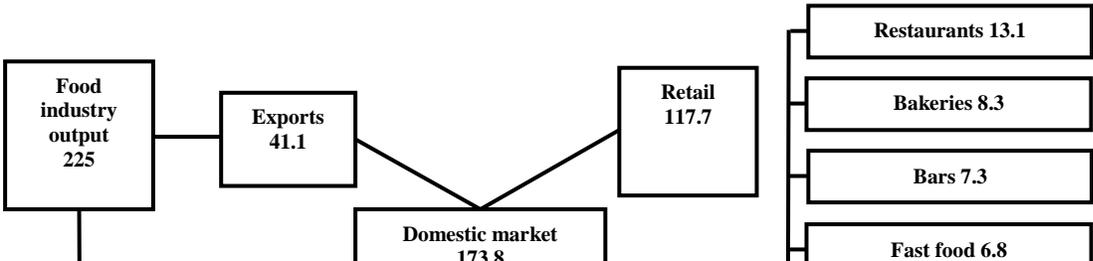
SHARE OF MAJOR SEGMENTS IN THE BRAZILIAN FOOD PROCESSING INDUSTRY BY GROSS SALES (%)



Source: Brazilian Food Processing Industry (ABIA)

The processing industry interacts with different food channels: retailers, wholesalers, food service operators, and other food processing companies. Although it is a common practice to establish exclusive or semi-exclusive contracts with limitations on geographic areas and/or restrictions on product lines, the food industry operates quite freely. The retail industry is a major player in food distribution and exerts considerable purchase power vis-à-vis food suppliers. Retailers reach the overwhelming majority of Brazilian households. The food service sector, on the other hand is a very fragmented segment. Purchases of food products are mostly done through wholesalers and distributing companies.

SALES OF THE BRAZILIAN FOOD PROCESSING INDUSTRY BY CHANNEL (US\$Billion)



Source: Brazilian Food Processing Industry (ABIA)

C. COMPANY PROFILES

The list provided below is a compilation of different publications gathered by the Brazilian Food Processors Association (ABIA). Although the list provides a snapshot of the industry profile, it may only reflect a partial picture, as not all companies present in the Brazilian market are included in the rank. The compilation is based on voluntary responses published in Brazilian publications.

TOP BRAZILIAN FOOD PROCESSING COMPANIES (2014)

	COMPANY	GROSS SALES (US\$ Million)	PRODUCTS	CAPITAL ORIGIN
1	JBS	39,365.6	Meat products	Brazil
2	AMBEV	38,079.0	Beer and soft drinks	Brazil
3	BUNGE ALIMENTOS	12,932.7	Soybean based products	USA
4	BRF	10,515.7	Meat products	Brazil
5	CARGILL		Soybean based products, oil, olive oil, sauces, olives	USA
6	MARFRIG		Meat products	Brazil
7	NESTLÉ	8,686.4	Cookies, instant coffee, cappuccino, dairy products, tea, confectionary, toppings, condensed milk, milk powder, sauces, soups, condiments, yogurt, ice-cream, beverages,	Switzerland

			desserts, chocolates, cocoa powder, infant foods, pet food	
8	UNILEVER	7,076.3	Mayonnaise, sauces, ketchup, mustard, dressings, olive oil,	British-Dutch
9	LDC BRASIL	5,917.3	Rice, coffee, soy, corn,	France
10	AURORA ALIMENTOS	2,839.0	Meat products	Brazil
11	MINERVA	2,312.1	Meat products	Brazil
12	M. DIAS BRANCO	1,940.6	Bakery products	Brazil
13	MONDELEZ	N/A	Confectionery, bakery products, chocolates, dairy products, desserts	USA
14	PEPSICO	N/A	Beverages, snacks, breakfast cereals, cookies	USA
15	CAMIL	1,517.6	Rice, beans, canned food, seafood products	Brazil
16	CARAMURU ALIMENTOS	1,289.7	Oils, popcorns, corn, cassava based products, peas	Brazil
17	VIGOR ALIMENTOS	1,141.2	Dairy products	Brazil
18	GRANOL	1,090.5	Soybean based products, oil	Brazil
19	BIANCHINI	981.7	Soybean based products	Brazil
20	ITAMBÉ	870.7	Dairy products	Brazil
21	TRÊS CORAÇÕES	864.1	Coffee, cocoa powder, juices, corn based products, Coffee, instant cappuccino	Israel-Brazil
22	DANONE	932.2	Dairy products	France
23	COPACOL	832.5	Meat products, seafood, coffee, rice, sugar, olive oil, beans, wheat flour, frozen vegetables	Brazil
24	ALTAR AGRO	745.9	Soybean oil, olive oil, tomato sauces	Brazil
25	PIRACANJUBA	651.2	Dairy products	Brazil
26	FRIMESA	634.0	Dairy and meat products	Brazil
27	J. MACEDO	1354.9	Wheat and by -products	Brazil
28	GAROTO	571.7	Confectionery, chocolates, ice-cream	Brazil
29	PIF PAF ALIMENTOS	540.3	Meat products, seafood, frozen vegetables	Brazil
30	OLEOPLAN	516.3	Meat product	Brazil

Source: Brazilian Food Processors Association (ABIA), Exame Magazine and Istoé Magazine

For the ingredients segment, the major suppliers for the processing industry are:

COMPANY	PRODUCTS	CAPITAL ORIGIN
AB ENZYMES	baking, technical enzymes, animal feed, food & specialties	Germany
ADINOR	baking, flavoring additives, confectionary additives and	Brazil

	texture enhancers (emulsifiers)	
AJINOMOTO	flavoring additives, technical enzymes, sodium reduction, condiments and animal feed	Japan
AGRANA FRUIT	fruit preparations and fruit juice concentrates	Austria
BAKELS	baking, confectionary	Netherlands
BIOORIGIN	flavoring additives, sodium reduction, longer-shelf life additives	Brazil
CHR HANSEN	food cultures and enzymes, natural colors, animal probiotic and silage inoculants, probiotic supplements and infant formula	Denmark
CORANTEC	colors	Brazil
CORBION	baking, confectionary, longer-shelf life additives, edible oils, sodium reduction and acrylamide reduction	Netherlands
DENVER	texture enhancers (thickening agent)	Brazil
DOW	gluten, egg, meat and fat replacement, fat reduction, texture enhancers and longer-shelf life additives	USA
DSM	baking, confectionary, dietary supplements, savory, enzymes for better seed oils and fats , clarify beverages (juices, beers), dairy additives (enzymes, cultures, coagulants, probiotics), texture enhancers and longer-shelf life additives, infant formulas,	Netherlands
DUPONT	longer-shelf life additives, texture enhancers (emulsifiers), probiotics, sweeteners, food enzymes, soy protein, dietary supplements	USA
EMULZINT	baking and confectionery	Brazil
FESTPAN	baking, confectionery, condiments and flavorings, sweeteners, oils and fats, sauces,	Brazil
ASHLAND GERMINAL	baking, colors, fruit preparations, longer-shelf life additives, condiments, texture enhancers (stabilizing)	USA
GLOBALFOOD	baking, texture enhancers (stabilizing), technical enzymes, longer-shelf life additives	Brazil
GRANOLAB	baking, probiotics, longer-shelf life additives, texture enhancers	Brazil
ICL PERFORMANCE PRODUCTS	baking, functional phosphates, texture enhancers, longer-shelf life additives	Germany
INDUKERN	flavoring additives, longer-shelf additives	Spain
JBS	baking, longer-shelf additives, texture enhancers (stabilizing)	Brazil
KEMIN	longer-shelf additives, animal nutrition	USA
KERRY	Enzymes, fermented ingredients, specialized functional proteins, protein hydrolysates, protein fractions, prebiotics, probiotics & metabolites, pharma excipients, cell nutrition media supplements	Ireland

LIOTECNICA	lyophilized and dried products (beef, poultry, swine, fruits, condensed milk, caramel milk) toppings and filling (baking and confectionery, ice-creams)	Brazil
MAURI FLEICHMANN	baking and confectionery (cake mixes, bread mixes, whipped cream, toppings and fillings, yeasts)	Australia
METACHEM	longer-life additives, technical proteins, enhancers	Brazil
NOVOZYMES	baking, flavorings, colors, enzymes	Denmark
OXITENO	Baking and confectionery	Brazil
PRONAP	Baking and confectionery	Brazil
PROZYN	Baking, texture enhancers, longer-shelf life additives, vitamins and carotenoids	Brazil
PURATOS	Baking and confectionery, toppings and fillings	
SOLUTECH	Phosphates for food industry	Brazil
TATE & LYLE	longer-life additives, starches, stabilizing, sweeteners, fibers and proteins	UK
VOGLER	baking, confectionery, toppings, condiments, flavorings, oils and fats, sweeteners, sauces, longer-shelf additives,	Brazil

Source: Brazilian Association of Food Ingredients and Additives (ABIAM)

D. SECTOR TRENDS

The ingredient sector encompasses two types of inputs: food additives and intermediate products for further processing. Brazilian legislation defines food additives as substances added to a food product without the purpose of providing nutrition, but to modify or change physical, chemical or biological characteristics. As science evolves, food additives are being enhanced progressively and incorporating a higher level of technology. For this modality of ingredient there is a very technical demand. Products are analyzed according to the technological advantage of its use and to enhance specific characteristics. In terms of ingredients, the most relevant aspects influencing the industry are the following:

- Enhancement of product quality
- Simplification of mass production
- Preservation of product during transportation
- Enhancement of sensorial characteristics
- Preservation of nutritional profile
- Maintenance of shelf life
- Assurance product stability

The other modality relates to the product formulation itself. The industry consumes a wide range of raw material and by-products. As the market changes and consumers adopt new concepts, the industry tends to increase the use of ingredients that highlight these new trends. A study contracted by the State of São Paulo Industry Federation (FIESP) shows Brazilian consumers are up-to-date with global trends: convenience, reliance and quality, pleasure, well-being, and sustainability are all relevant attributes when Brazilian consumers purchase food products. The study also shows that the most important information consumers search for a product label are related to calories, total fat, cholesterol, sugar, protein, preservatives and acidulants, carbohydrates, gluten, and sodium.

Purchasing patterns vary depending on the social stratum and age groups, however, in general consumers are demanding “healthier” products with natural ingredients. However, for the middle class consumer, while healthier eating choices are desirable, they are often more price prohibitive. For this consumer group, consumption is more strongly rooted in flavor and quantity. They are concerned about the relation between illness and diets, but are conservative regarding changing eating patterns. Wealthy consumers are better equipped to establish parameters in order to compare products. For this group, eating is not only a physiological need. Food highlights pleasure and elevates social status. Appearance of food matters.

III. COMPETITION

According to the Secretariat of Foreign Trade (SECEX), Brazil imported US\$2.8 billion worth of intermediate food products in 2014. Compared to the previous year, total sales to Brazil increased 5.1 percent. The five major players - Argentina, Indonesia, Uruguay, the United States, and Portugal - represented 57.6 percent of overall exports to Brazil. While Argentina and Uruguay, as Mercosul members, benefit from a tax free agreement, exporters from other countries face more challenges due to applied import tariffs and transportation costs. Sales from the United States to Brazil decreased 5.8 percent, but the United States maintained its market share of eight percent and ranks fourth in terms of major suppliers.

From January to October 2015, imports of intermediate products shrank by 15 percent compared to the same period of the previous year. In this window of time, sales from the United States retracted six percent. Despite the decrease, The United States fared better than some competitors, such as Argentina, Indonesia, and China, whose sales declined by double digits. As a matter of fact, the United States ticked up one position and ranks only behind Argentina and Indonesia in sales of intermediate agricultural products to Brazil, and ahead of China, Uruguay and Portugal.

INTERMEDIATE AGRICULTURAL PRODUCTS EXPORTS TO BRAZIL

Country	US\$ Million			% Share		
	2012	2013	2014	2012	2013	2014
World	2,890.5	2,719.5	2,858.9	100.0	100.0	100.0
Argentina	611.1	429.4	492.6	21.1	15.8	17.2
Indonesia	364.2	300.1	388.1	12.6	11.0	13.6
Uruguay	274.4	266.6	308.7	9.5	9.8	10.8
USA	203.4	248.3	233.7	7.0	9.1	8.2
Portugal	198.7	232.8	222.9	6.9	8.6	7.8
China	182.1	182.6	189.5	6.3	6.7	6.6

Source: Secretariat of Foreign Trade (SECEX)
 Note: Data for calendar year 2015 was unavailable at the publication of this report

As mentioned before, the food processing industry demands for ingredients are very specific and technical. The table below highlights categories of items purchased is still highly fragmented. The major intermediate agricultural products exported to Brazil from the world are listed below:

TOP 20 INTERMEDIATE AGRICULTURAL PRODUCTS EXPORTS TO BRAZIL

Description	US\$ Million			% Share		
	2012	2013	2014	2012	2013	2014
Malt, Not Roasted	534.9	527.0	583.7	18.5	19.4	20.4
Olive Oil/Fractions, Virgin, Not Chem Modified	245.8	296.7	291.8	8.5	10.9	10.2
Animal Feed Prep Except Dog Or Cat Food, Retail Pk	219.2	237.2	256.8	7.6	8.7	9.0
Palm Kernel Or Babassu Oil, Refined, Nt Chem Modfd	200.2	151.7	223.4	6.9	5.6	7.8
Palm Oil, Refined But Not Chemically Modified	171.0	156.2	181.9	5.9	5.7	6.4
Wheat Or Meslin Flour	248.1	101.4	114.8	8.6	3.7	4.0
Animal (Not Fish) Guts, Bladders, Stomachs & Parts	103.2	86.5	99.4	3.6	3.2	3.5
Mixtures Odoriferous Substance Use Food/ Drink Ind	74.0	76.6	81.9	2.6	2.8	2.9
Vegetable Seeds For Sowing	67.3	70.9	77.2	2.3	2.6	2.7
Edible Fats & Oil Mixtures & Prepar Nesoi, Etc	31.5	49.2	71.0	1.1	1.8	2.5
Olive Oil/Fractions, Refined But Not Chem Modified	66.0	80.5	61.7	2.3	3.0	2.2
Vegetable Fats & Oils/Fractions Hydrogenated Etc	45.4	44.0	46.6	1.6	1.6	1.6
Vegetable Saps And Extracts, Nesoi	31.6	37.5	39.6	1.1	1.4	1.4
Essential Oils, Nesoi	27.2	27.0	28.9	0.9	1.0	1.0
Sunflower-Seed Or Safflower Oil, Crude, Fract, Etc	45.9	28.5	28.7	1.6	1.1	1.0
Wheat Gluten, Whether Or Not Dried	21.2	22.9	28.5	0.7	0.8	1.0
Indust Monocarboxylic Fatty Acids, Nesoi Acid Oils	56.9	33.7	27.7	2.0	1.2	1.0
Ambergris, Castoreum Etc; Glands Etc For Pharmacy	15.6	24.3	25.4	0.5	0.9	0.9
Mucilage & Thickner W/N Modified, Frm Veg Prd Nesoi	18.9	24.7	23.4	0.7	0.9	0.8
Tallow Of Bovine Animals, Sheep Or Goats, Nesoi	9.6	16.9	22.9	0.3	0.6	0.8

Source: Secretariat of Foreign Trade (SECEX)

The United States exports to Brazil eight categories of intermediate products present in list of major products exported to Brazil. They are: Animal Feed Prep Except Dog Or Cat Food, Retail Pk; Mixtures Odoriferous Substance Use Food/ Drink Ind; Vegetable Seeds For Sowing; Vegetable Fats & Oils/Fractions Hydrogenated Etc; Vegetable Saps And Extracts Of Hops; Animal (Not Fish) Guts, Bladders, Stomachs & Parts; Essential Oils, Nesoi; and, Mucilages/Thicknrs Frm Locust Bean/Seed, Guar Seed.

Description	US\$ Million			% Share		
	2012	2013	2014	2012	2013	2014
Animal Feed Prep Except Dog Or Cat Food, Retail Pk *	23.5	49.6	44.8	11.6	20.0	19.2
Mixtures Odoriferous Substance Use Food/ Drink Ind *	19.6	23.2	25.2	9.6	9.3	10.8
Protein Concentrates & Textured Protein Substances	22.5	42.7	18.8	11.1	17.2	8.0
Hop Cones, Ground, Powdered Or In Pellets; Lupulin	7.0	8.1	10.8	3.5	3.3	4.6
Vegetable Seeds For Sowing *	11.7	10.8	10.6	5.8	4.4	4.5
Chemically Pure Fructose In Solid Form	8.0	8.5	9.6	3.9	3.4	4.1
Vegetable Fats & Oils/Fractions Hydrogenated Etc*	5.6	6.4	8.4	2.8	2.6	3.6
Vegetable Saps And Extracts Of Hops*	11.3	9.3	7.5	5.6	3.8	3.2

Corn (Maize) Seed, Certified, Excluding Sweet Corn	1.4	4.0	6.6	0.7	1.6	2.8
Vegetable Saps And Extracts, Nesoi	4.1	4.9	4.7	2.0	2.0	2.0
Animal (Not Fish) Guts, Bladders, Stomachs & Parts*	6.8	2.8	3.9	3.3	1.1	1.7
Fixed Veg Oil, Ref Or Not, Nesoi, Nt Chem Modified	0.9	1.5	3.3	0.5	0.6	1.4
Peptones, Other Proteins & Deriv Etc; Hide Powder	3.3	2.6	3.2	1.6	1.1	1.4
Lecithins And Other Phosphoaminolipids	2.2	2.4	2.6	1.1	1.0	1.1
Glucose (Dextrose), Under 20% Fructose In Dry Form	3.1	3.0	2.5	1.6	1.2	1.1
Essential Oils, Nesoi*	2.5	2.1	2.5	1.3	0.9	1.1
Anml/Veg Fats & Oils Chem Modified; Inedbl Mxt Etc	1.0	1.7	2.2	0.5	0.7	1.0
Mucilage & Thickner W/N Modified, Frm Veg Prd Nesoi	3.4	1.8	2.2	1.7	0.7	0.9
Mucilages/Thicknrs Frm Locust Bean/Seed, Guar Seed*	4.2	4.3	2.2	2.1	1.7	0.9
Seeds Of Forage Plants For Sowing, Nesoi	1.4	0.9	2.0	0.7	0.4	0.9

* denote products with highest export volumes to Brazil, ranking on the top 20 list.

Source: Secretariat of Foreign Trade (SECEX)

IV. BEST PRODUCT PROSPECTS

A. PRODUCTS PRESENT IN THE MARKET WHICH HAVE GOOD SALES POTENTIAL

The Government of Brazil requires that all foods must follow their respective Identity and Quality Standards (PIQ). In terms of enforcement, the Brazilian legislative principle is “positive”. Only that which is expressly set forth in it can be practiced. That which is not addressed is prohibited. Brazilian legislation defines all food and beverages categories, including additive tolerance levels for each product.

In 2014, the most relevant results in terms of market growth were observed for the following products:

- Malt, not roasted, sales increase of 11 percent, U.S. is the 10th largest supplier
- Animal Feed Prep, except dog and food, retail package, sales increase of 8 percent, U.S. is the 2nd largest supplier
- Palm Kernel Or Babassu Oil, Refined, Nt Chem Modfd, sales increase of 47 percent, U.S. is the 8th largest supplier
- Palm Oil, Refined But Not Chemically Modified, sales increase of 16 percent, U.S. is the 11th largest supplier
- Wheat Or Meslin Flour, sales increase of 13 percent, U.S. is the 11th largest supplier
- Animal (Not Fish) Guts, Bladders, Stomachs & Parts, sales increase of 15 percent, U.S. is the 4th largest supplier
- Edible Fats & Oil Mixtures & Prepar Nesoi, Etc, sales increase of 44 percent, U.S. is the 6th largest supplier
- Wheat Gluten, Whether Or Not Dried, sales increase of 24 percent, U.S. is not a supplier

B. PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WHICH HAVE GOOD SALES POTENTIAL

- The process of approving new ingredients in Brazil is bureaucratic and time consuming. New ingredients are required by the Brazilian government to go through an approval process, which may delay the adoption period of new additives or ingredients by the local industry.
- Organic ingredients must comply with the local organic regulation, observing production standards. Products must also be certified by a compliance body, accredited by the government.

C. PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS

- Products with a phytoterapic compound cannot be considered as food or a food ingredient, therefore regulation does not allow in food products ingredients with medicinal properties.
- Considerable restrictions exist for products containing ingredients derived from biotech commodities.

V. POST CONTACT AND FURTHER INFORMATION

Please do not hesitate to contact the offices below for questions or comments regarding this report or to request assistance to export processed food products into Brazil:

U.S. Agricultural Trade Office (ATO)

U.S. Consulate General
Rua Thomas Deloney,381
04710-041 Sao Paulo, SP
Tel: (55 11) 3250-5400
Fax: (55 11) 3250-5499
E-mail: atosaopaulo@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@usda.gov