

# INSIGHTS INTO THE BRAZILIAN DAIRY MARKET

EMBASSY OF BRAZIL IN ATHENS  
SECTOR OF COMMERCIAL PROMOTION

# BRAZIL'S MILK PRODUCTION

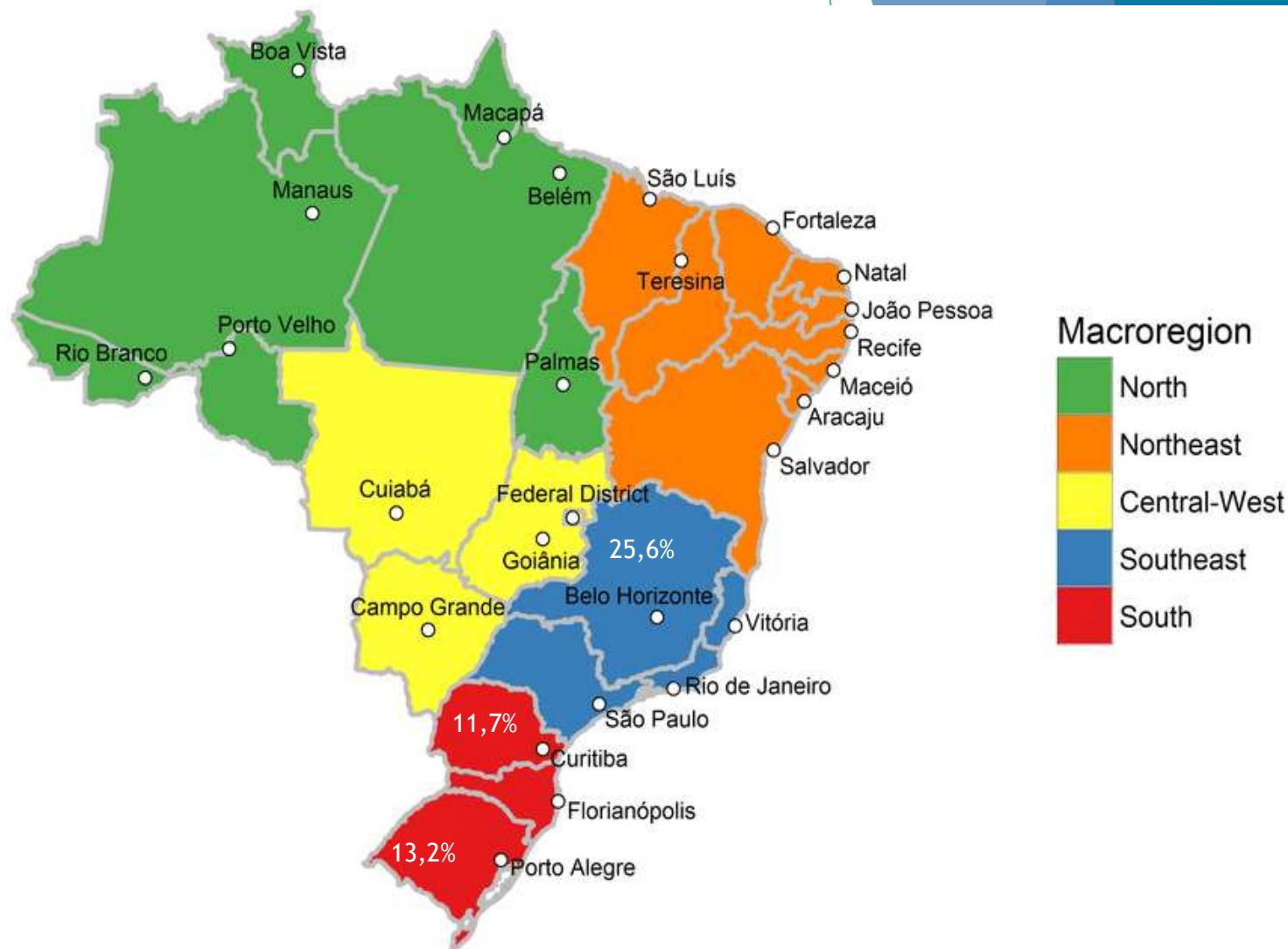
- ▶ Responding for an average of 7% of global milk production, Brazil is among the 10 top cow milk producing countries in the world.
- ▶ The cows' milk production provides jobs to nearly one million people in Brazil.
- ▶ Average milk production in Brazil was 35,2 billion liters in 2018.

# WORLD MILK PRODUCTION (billion liters)

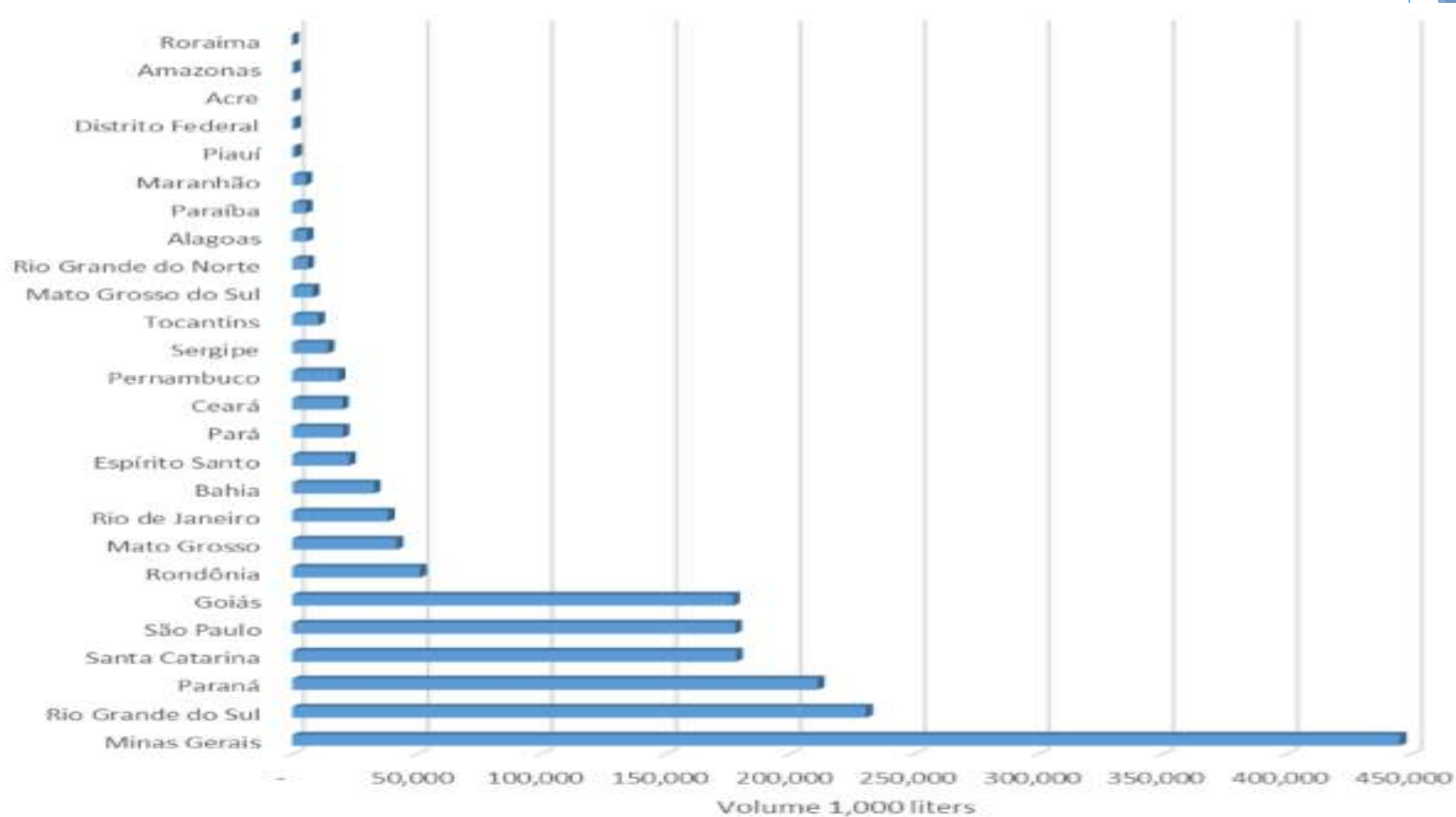
	2017	2018	Change %
WORLD	824,8	842,9	2.2
INDIA	176,3	186.1	5.6
EU28	165,6	167,2	1.0
UNITED STATES	97,7	98,6	0.9
PAKISTAN	44,2	45,6	3.0
<b>BRAZIL</b>	35,2	35,5	0.8
CHINA	31,9	31,5	1.1
RUSSIAN FED.	31,1	31,5	10.1
TURKEY	20,7	22,7	0.1
NEW ZEALAND	21,3	21,3	0.1

# MAJOR DAIRY PRODUCTION REGIONS

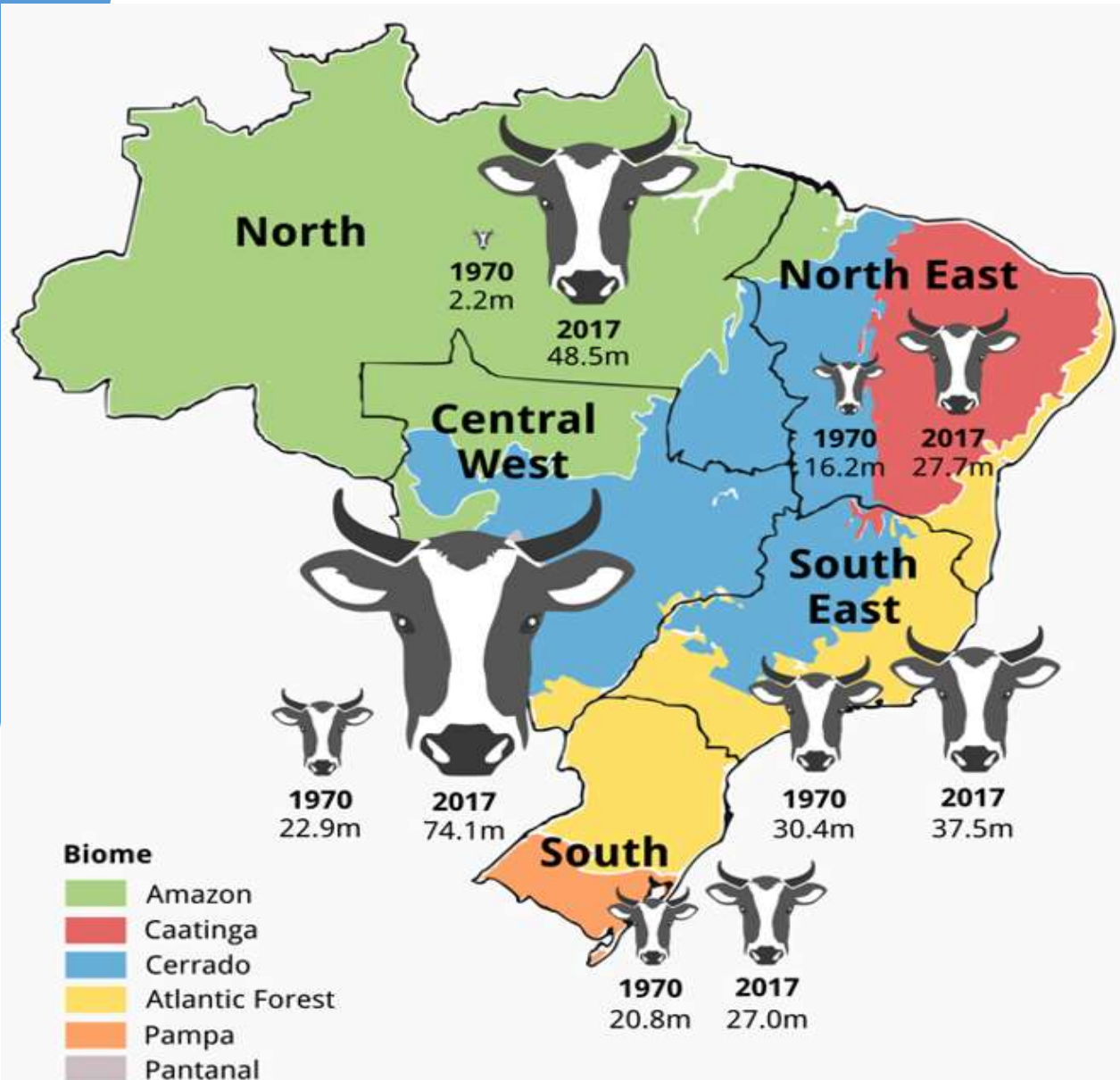
- ▶ There are an estimated 1.921 dairies in Brazil.
- ▶ The Southeast and South regions of Brazil are the main milk producing areas.
- ▶ Minas Gerais state is the largest milk producer, accounting for an average of 25.6% of the total milk production in 2018. Followed by Rio Grande do Sul (13.2%) and Paraná (11.7%).
- ▶ The state of Minas Gerais has the largest number of dairies, with 44 dairies among the 100 largest milk-producing operations nationwide.



# MILK PRODUCTION BY STATE 2nd Quarter 2018



# BRAZIL CATTLE HERD BY REGION



Source: Global Forest Coalition

# CHEESE

- ▶ Brazilian cheese consumption is estimated at 3.23 kilograms per person/year (recommended value by FAO is of 9 kilos/person/year).
- ▶ Consumption of fresh cheese in Brazil is expected to continue to increase in 2019.
- ▶ Demand from the Brazilian fast-food industry mainly comes from a large number of pizzerias, snack shops, and bakery stores.
- ▶ Most of the increase in demand will continue to come from the fast food industry and domestic consumers of other “specialty” cheeses (gruyere, camembert, brie, gouda, and cheddar).

# MOST POPULAR CHEESES IN BRAZIL

The most popular types of cheeses in Brazil are: “requeijao,” (a type of spreadable, pasteurized cheese), mozzarella, “queijo prato” (plate cheese) and “minas frescal” (white fresh cheese).



Requeijão - Wikipedia

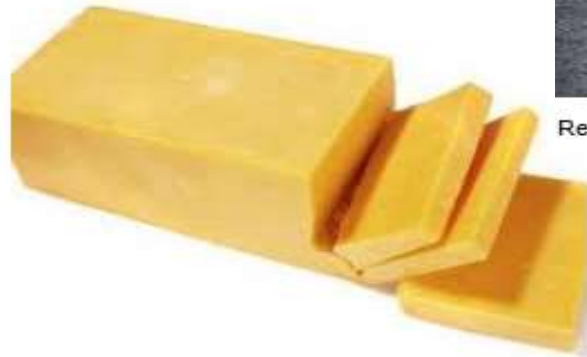


Plate cheese (queijo prato)  
Photo: *Wikipédia*



White fresh cheese (queijo minas frescal)  
Photo: *Wikipédia*



# YOGHURT

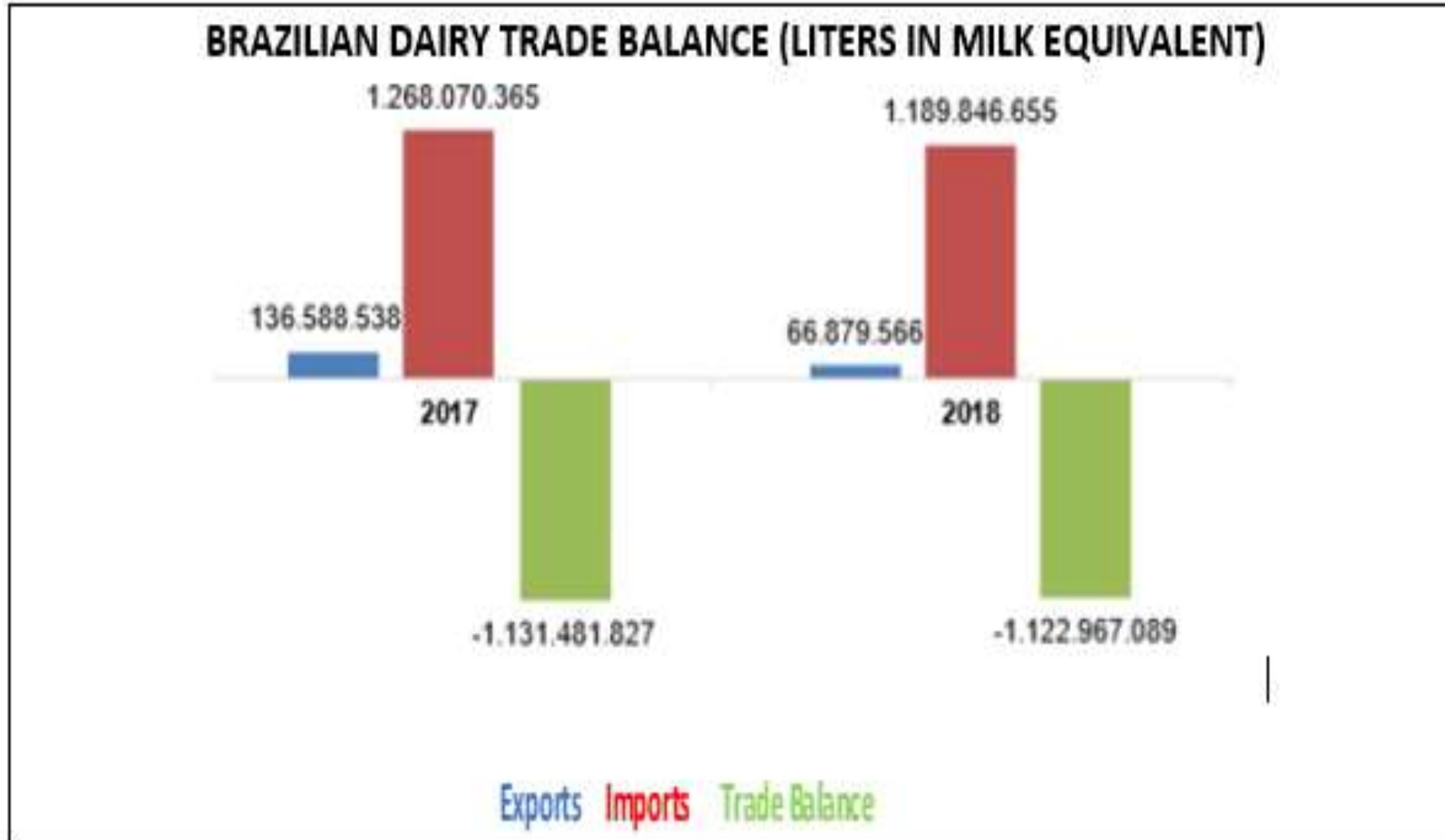


- ▶ Yoghurt is regularly consumed as a snack in Brazil but has large competition from other popular, often more economic, snacks such as fresh fruits and juices, etc.
- ▶ Yoghurt is among the dairy products affected the most the economic crisis in Brazil.
- ▶ The French multinational Danone S.A. controls 38% of the market in Brazil The second biggest player is Dairy Partners Americas which controls 18% of the market.
- ▶ Intensifying health and wellness trends allowed yoghurt to show slight growth rates in 2018.

# BRAZIL-WORLD DAIRY TRADE



# BRAZIL-WORLD TRADE BALANCE (LITERS)



# BRAZIL WORLD TRADE BALANCE (US\$)



# BRAZIL DAIRY EXPORTS

## (in milk equivalent)

PRODUCT	2017	2018	%
Powder Milk	44.939.987	4.798.997	-89.30%
Cheeses	29.104.293	29.206.735	0.40%
Modified Milk	42.473.585	21.886.513	-48.50%
Butter	7.207.327	6.454.567	10.40%
Total	136.588.538	66.879.567	-51.00

Source: MilkPoint Intelligence

# BRAZIL DAIRY IMPORTS

## (in milk equivalent)

PRODUCT	2017	2018	%
Powder Milk	933.940.865	874.102.356	-6.40%
Cheeses	312.512.427	291.646.625	-6.70%
Modified Milk	9.589.390	11.662.550	-21.60%
Butter	8.863.416	10.605.566	-19.70%
Total	1.268.070.365	1.189.846.655	-6.20%

Source: MilkPoint Inteligência

# BRAZIL-GREECE DAIRY PRODUCTS SANITARY EQUIVALENCE PROCESS

- ▶ Prior to the importation of agricultural and animal origin products, importers must apply at the Ministry of Agriculture, Livestock and Food Supply (MAPA) in Brazil for registration, inspection and import permit.
- ▶ To simplify this rather complex process, sometimes bilateral agreements are signed between Brazil and interested exporting countries.
- ▶ For this to happen, MAPA sends inspection missions to the interested exporting state in order to examine if the production and inspection conditions in the country of export are compatible with those from Brazil.

- ▶ In response to a request of the Hellenic government, an inspection mission by MAPA officials was carried out in various Greek regions (Attica, Peloponnese, Crete, Macedonia and Thessaly) in 2015.
- ▶ This mission represented the first step for the on-going negotiation between MAPA and the Hellenic Ministry of Rural Development and Food in order to facilitate the importation of Greek dairy products into Brazil.
- ▶ When finalized, this agreement will allow Greek exporters to get the necessary dairy and honey sanitary export certifications for Brazil directly from the Hellenic Ministry of Rural Development and Food.



# MERCOSUL AND EUROPEAN UNION COMMERCIAL AGREEMENT



- ▶ The MERCOSUL-EU commercial agreement was signed on June 28/2019. The agreement represents a historic milestone and it covers a variety of issues: tariff and regulatory issues, government procurement, trade facilitation, technical barriers, sanitary measures, etc.
- ▶ Under the agreement, import tariffs on Brazilian various agricultural products will be gradually reduced. For some EU dairy products, zero-duty quotas would be opened over 10 annual phases: for cheese (current tariff: 28 %), for milk powder (28 %) and for infant formula (18 %).

# MERCOSUL-EU COMMERCIAL AGREEMENT

- ▶ The agreement will only enter into force after been ratified by the parliaments of all country members involved, in a process that may take up to 10 years.
- ▶ The conclusion of this agreement will strengthen the commercial ties between the two blocs which together represents nearly 25% of the world's GDP and a market of about 780 million people.

# EMBASSY OF BRAZIL IN ATHENS

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