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## **Brazil**

**Post:** Brasilia

### **U.S. Milk Powder Exports Gain Market Share in Brazil**

**Report Categories:**

Export Accomplishments - Market Access

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**Report Highlights:**

FAS/Brazil facilitated over US\$ 3 million dollars so far in 2016 in U.S. exports of milk powder to Brazil in response to a domestic shortfall. Dairy imports rose by 70 percent in the January-July 2016 period due to a production shortfall in Brazil. As a result of the shortage of milk powder in the market, Brazil is searching for other supplies and has imported from the United States despite an import tariff of 33 percent.

## **General Information:**

Uruguay and Argentina are the traditional suppliers of milk powder to Brazil. Due to the shortage of milk in the market, Brazil has searched for other nontraditional milk powder suppliers and has imported some from the United States even with an import tariff of 33 percent. FAS Brasilia worked closely with U.S. suppliers of milk powder to inform them about this unique market opportunity and provide administrative support to help register their labels in this market. Most recently, the state of Maryland has taken advantage of this opportunity, with exports of US\$ 3.1 million dollars so far in 2016, an increase of 172 percent compared to the same timeframe last year.

In 2015, Brazil had one of the most severe droughts since 1930, causing serious impacts in large areas of Brazil's southeastern region, in particular the states of São Paulo, Rio de Janeiro, and Minas Gerais.

Minas Gerais is the main milk producing state in Brazil, accounting for 26 percent of total milk production. The severe dryness had a negative impact on dairy production due to issues with pasture for animals but also in the production operations, specifically cleaning of the silos and maintenance of production lines. The dairy industry decided to reduce investments because of the risk due to the lack of the water supply. This scenario resulted in lower domestic milk production, which affected retail prices and milk availability in the market.

Lower domestic milk supply due to declining production this year in Brazil is forcing the country to increase dairy imports. From January to July, purchases of these products from abroad reached 130,300 MT, nearly 70 percent above the same period in 2015, according to official data from the Foreign Trade Secretariat (SECEX/CAMEX). The value of imports in the first seven months of 2016 rose 31 percent, to \$330.7 million. Brazilian exports of dairy products, totaled \$75.7 million during the January-July period, almost half during the same period in 2015. As a result, the deficit of the Brazilian dairy balance reached \$255 million, compared with a \$100 million shortfall in the entire 2015.

The United States continues to be a traditional and competitive exporter of sweet whey and lactose dairy ingredients to the Brazilian market. The United States is also competitive in whey protein concentrate.

**Table:**

Brazil Import Statistics							
Commodity: 0402, Milk And Cream, Concentrated Or Containing Added Sweetening							
Year To Date: January - July							
Partner Country	Unit	2014		2015		2016	
		USD	Quantity	USD	Quantity	USD	Quantity
World	T	130,198,216	27,071	159,220,381	51,652	213,783,197	88,265
Uruguay	T	48,757,130	10,048	93,493,935	30,680	136,226,101	54,703
Argentina	T	69,955,145	14,533	62,714,678	19,908	61,326,011	26,281
Chile	T	11,485,941	2,490	1,863,428	625	11,236,427	4,840
<b>United States</b>	<b>T</b>	-	-	<b>1,142,598</b>	<b>440</b>	<b>3,118,740</b>	<b>1,492</b>
Paraguay	T	-	-	-	-	1,875,150	950
Germany	T	-	-	-	-	768	-
Belgium	T	-	-	5,742	-	-	-

Source of Data: SECEX – Foreign Trade Secretariat