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GAIN Report

Global Agricultural Information Network

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Report Highlights:

The Northeast (NE) region of Brazil has a population of over 53 million people. Aggregate and per capita income growth have been on the rise, growing significantly faster than the national averages. The growth trend of consumer goods sales reflects the overall rapid GDP expansion and has attracted the attention of major Brazilian and foreign conglomerates to the region. Various multinational companies have built manufacturing facilities in the NE to meet the booming demand and to benefit from the wave of prosperity.

General Information:

The Northeast (NE) of Brazil encompasses the states of Bahia, Pernambuco, Ceara, Maranhao, Paraiba, Rio Grande do Norte, Alagoas, Piaui and Sergipe. It has long been considered one of the most impoverished regions of Brazil and a drain on government resources. Over the last decade and especially in the last four years, however, this strategically located area has been growing at a rapid pace. This growth has been fueled by public and private sector investments, increases in the minimum wage, the implementation of highly successful conditional cash transfer and housing programs, and booming consumption. Improvements in purchasing power and infrastructure together with strong and diversifying consumption trends make the NE a natural market for U.S. consumer-ready food products.

With a population of over 53 million people, if the NE were a country, it would be the third biggest country in Latin America, behind Brazil and Mexico. The largest cities in the NE are Salvador, capital of Bahia (2.68 million people, 19 percent of Bahia state); Recife, capital of Pernambuco (2.45 million people, 29 percent of Pernambuco state); and, Fortaleza, capital of Ceara (1.54 million people, 17 percent of Ceara state). Bahia, Pernambuco, and Ceara account for 60 percent of the population of the NE and 50 percent of the total consumption. The capitals of these three states make up 12.5 percent of the NE population and are region's primary consumption centers.

Historically, the NE region has been known for its pleasant weather, stunning beaches, and cultural attractions, which have supported tourism, in the main, from Europe and Brazil's Center-South. Although tourism continues to grow rapidly and the NE is also attracting visitors from the U.S., South American countries (e.g., Argentina and Chile) and Asia, other developments are changing the way the NE is seen by Brazilian companies and foreign investors. Aggregate and per capita income growth in the NE have been on the upswing, growing significantly faster than the national average. While the Brazilian gross domestic product (GDP) increased 180 percent from 2002 to 2011, the NE GDP growth grew at 192 percent. Per capita income growth in the region has also surpassed the national rate. Brazil's per capita income increased 152 percent from 2002 to 2011, while the growth rate in the NE reached 165 percent.

NORTHEAST OF BRAZIL



2011	POPULATION	%	GDP (US\$ Billion)	%	PER CAPITA INCOME
BRAZIL	192,379,287	100.00	2,071.51	100.00	10,768
Northeast	53,501,859	27.81	279.91	13.51	5,232
Bahia	14,097,534	7.33	87.655	4.23	6,218
Pernambuco	8,864,906	4.61	50.155	2.42	5,658
Ceara	8,530,155	4.43	42.015	2.03	4,926
Maranhao	6,645,761	3.45	25.485	1.23	3,835
Paraiba	3,791,315	1.97	18.365	0.89	4,844
Rio Grande do Norte	3,198,657	1.66	17.845	0.86	5,579
Alagoas	3,143,384	1.63	13.58	0.66	4,320
Piaui	3,140,328	1.63	12.17	0.59	3,876
Sergipe	2,089,819	1.09	25.28	0.61	6,049

Source: Brazilian Institute of Geography and Statistics (IBGE)

Note: Estimated numbers

Exchange rate US\$=R\$2.00

The NE has rapidly emerged as one of the most prominent markets in Brazil. In fewer than 10 years, the regional profile has changed and the NE has become a major focus of the Brazilian government's (GOB) attention. Despite its lower per capita income compared to the relatively prosperous Center-South, whose major cities are Sao Paulo and Rio de Janeiro, the NE has an increasing number of individuals living at or above the monthly minimum wage. Reduced interest rates, low and controlled inflation, real wage gains, steady economic growth, and inclusive social programs markedly contributed to this scenario. Within Brazil, the NE has become a magnet for investment, receiving capital from a wide variety of industries. The GOB is also investing billions of dollars to upgrade existing and create new port and transportation infrastructure. A large percentage of the GOB's Growth Acceleration Program (PAC) has been focused on the NE. These public sector investments, which run into the billions of dollars include the modernization of ports, airports and railroads. Brazil will host the World Cup in 2014 and the Olympic Games in 2016, demanding massive investments in areas of energy, telecommunications and transport infrastructure. Some of these investments are being made in the NE, and they will also contribute to continued growth. In response to these emerging opportunities, there has been a migration of professionals from the Center-South to the NE bolstering human capital, and increased investments in higher education and vocational training programs. These trends have undergirded the regional economic boom and augur well for continued rapid growth.

BRAZILIAN CONSUMPTION EXPENDITURES BY REGION – ESTIMATES FOR 2012



HOW MUCH BRAZILIAN FAMILIES SPEND PER MONTH:

	BRAZIL	US\$ 1,004
1	North	US\$ 850
2	Northeast	US\$ 1,294
3	Center-West	US\$ 1,568
4	Southeast	US\$ 1,515
5	South	US\$ 1,004

Source: Brazilian Institute of Geography and Statistics (IBGE)

Exchange rate US\$=R\$2.00

GROWTH RATE OF CONSUMPTION EXPENDITURES ESTIMATED FOR 2012:

	BRAZIL	13.5%
1	North	26.5%
2	Northeast	24.1%
3	Center-West	19.4%
4	Southeast	6.5%
5	South	19.7%

Source: Ibope Inteligencia

The growth trend of consumer goods sales in the NE reflects the overall rapid GDP expansion and has riveted the attention of major Brazilian and foreign conglomerates.

Multinationals such as Kraft Foods, Bunge, Nestle, and AMBEV, have built plants in the NE to meet the booming demand and to benefit from the wave of relative prosperity. As a case in point, Kraft recently installed its third biggest plant in the world in Vitoria de Santo Antao, located about an hour from Recife. By 2013, the total investment in this plant which makes cookies, crackers, and candies for distribution to the NE and the North will total close to US\$180 million. In the NE, where recent socio-economic changes have been more pronounced than other parts of Brazil, millions of new consumers are entering the market while the explosive growth of lower-middle income consumers shapes a new consumption driven culture, still in its infancy. There is a general sense that its rich cousins in the Center-South are finally waking up to the NE's vast potential and that everything in the NE

is “up for grabs”.

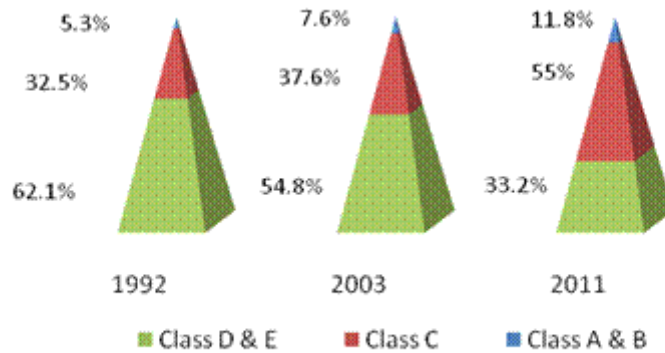
Despite their major contribution to total consumption, lower-middle income consumers are extremely sensitive to prices. This target group spends nearly 50 percent of its income on food.

National and global companies are adapting to meet the needs. Many manufacturers have developed reduced-sized packages to allow for lower pricing. To fit the consumption profile, products are also branded under names that make sense to the region.

According to regional retailers, the portfolio of food products available at supermarkets has changed considerably. Five years ago, low-end consumers did not buy branded products; subsistence consumption was still the norm. In the current environment, poor quality and cheap items have practically disappeared from supermarket shelves as diets have improved and diversified. Consumers have traded up.

In contrast to the low-end consumers and adding to the dynamic of higher demand, more affluent consumers are beginning to mimic consumption patterns of well-off, more sophisticated consumers in the Center-South. To indulge themselves or to secure luxury items, these high-end consumers are constantly travelling, since these goods are typically scarce in the NE. As a consequence, they are in tune with trends in developed markets and desire to engage in high-end consumption as part of their daily routine. Since the major market for high-end goods is concentrated in the Center-South of Brazil, companies from the NE have historically sourced products from Sao Paulo, which are then shipped to major Northeast markets such as Salvador, Recife and Fortaleza, distances of over 1,500 miles. With the number of individuals moving up the pyramid, however, local importers and retailers have begun to redesign marketing strategies with product availability and distribution as their main focus. The upgrading of regional ports and transportation infrastructure, together with this increase in demand, have allowed exporters to ship these products directly to the NE, thus lowering costs and better serving this emerging market.

DISTRIBUTION OF BRAZILIAN POPULATION BY SOCIAL CLASS (%)



Source: Getulio Vargas Foundation (FGV), Brazilian Institute of Geography and Statistics (IBGE)

SOCIAL CLASS	A	B	C	D	E
Family Monthly Income (US\$)	Above 3,373	3,373 - 2,587	2,587 - 600	600 - 376	Up to 376

Source: Brazilian Institute of Geography and Statistics (IBGE)

Exchange rate US\$=R\$2.00

Geographically, the Northeast is in an advantageous position to increase trade with the United States and Europe with major NE ports closer to Florida than to Santos, the port of Sao Paulo. As the market grows, shipments of imported goods which are trucked up from the Center-South are diminishing. With consistently high volumes, shipping products directly from the United States and Europe to the NE will be more profitable by eliminating costs associated with goods received in and transported from the Center-South. According to NE distributors, freight costs, mark-ups and interstate taxes increase the price of products coming from Sao Paulo by 20 to 45 percent. The states of Recife, Salvador and Fortaleza are heavily investing in port infrastructure. Ports and airports have been modernized and continue to benefit from on-going investments. The leading port in Recife, Suape, is able to service large container vessels (15.5m) arriving in Brazil and has the most modern equipment to load and unload containers in the country. It has been evaluated as the best public port in Brazil. The ports of Mucuripe and Pecem in the state of Ceara have also been modernized, which has greatly facilitated trade. Some food distributors from Recife, Salvador and Fortaleza are already clearing goods in the ports of their respective cities.

NE food importers usually hail from European families. In part, this explains the limited selection found in NE supermarkets: wine, pasta, olive oil, sauces, dried fruits, etc. While exporters are beginning dedicate more effort to understanding better the consumer profile in the NE, distributors of luxury goods, a segment that includes imported food products, have observed that overall, wealthy consumers in Brazil have similar tastes and preferences. For example, these consumers value appearances and are motivated to buy products that make them feel that they belong to a select group. Importers are aware that consumers are motivated to purchase due to factors such as the prestige inherent in the brand and have taken advantage of phenomenon to expand, for example, sales of upscale whiskeys and wines.

In the NE, this mentality is even stronger. In fact, to diminish promotional expenditures on imported food products, importers are constantly looking for top selling brands in their country of origin. For example, a jar of a popular brand of U.S. peanut butter typically sells for US\$2-3 in a U.S. retail outlet. In Sao Paulo, the cost of the same peanut butter jar is US\$8-9, and in Recife it reaches US\$12. Clearly, there are consumers in the NE who are willing to pay stratospheric prices for goods they recognize as valuable. Although some food products are not viewed as particularly prestigious in their country of origin, because they are imported, branded, and expensive, they are commonly positioned as a premium products in Brazil, and therefore perceived as a luxury items. However, distributors are well aware they need to build a consistent base of consumers and must increase profitability via the sales of larger volumes, a trend which is clearly taking hold in the NE. According to "Tendencias Consultoria", a leading consulting firm specialized in economic matters, the average growth of retail sales in the NE is expected to continue at 7 percent from 2012 to 2016, while the national average for this same period is projected at 6.1 percent. Sales in the NE for the Pao de Acucar Group, the largest retail chain in Brazil, account for 11 percent of their total sales. In the short run, the group expects these sales to increase to 15 percent. In the interim, all large retailers are aggressively competing for market share. Pao de Acucar, Carrefour, and Wal-Mart are the principal competitors and recently the Chilean group Cencosud entered the fray, acquiring the regional supermarket chains Perini, GBarbosa, Super Familia, Mercantil and Cardoso.

Regardless of the store profile, a common goal enunciated by the main players is to increase the share of imported foods in the food product portfolio. Distributors are also playing an important role, especially with regard to products which demand a well functioning cold chain. They serve not only larger retailers but traditional supermarket chains, hotels and restaurants. Specialty

stores are also gaining space, while wine and whiskey stores are in early stages of development. Food retailers and distributors in the NE constantly look to the Sao Paulo market to identify trends. They are less aggressive in terms of introducing new-to-market products and are less inclined to look for foreign buyers. They expect buyers to come to them. To that end, PRO-CHILE, the export arm of the Chilean government, has a busy office in Salvador, Bahia, and other countries have already taken notice. The boom in the NE presents real opportunities for U.S. exporters given the cultural affinity between the U.S. and Brazil as well as the strategic location of the NE, which can be accessed from major U.S. ports. Executives from different industry segments are very optimistic about the future growth of the regional economy. To capitalize on the opportunities in this fast-growing market, U.S. companies will need to dedicate time not only to understanding consumption differences but also learning the prevailing business etiquette. The major market targets are Salvador, Recife, and Fortaleza, although there is also significant opportunity in other major NE cities, especially the capitals.

BEST PROSPECTS

ATO/Sao Paulo has identified the following categories of products as best prospects for U.S. companies looking to enter the Brazilian market: dairy and cheese; alcoholic beverages (whiskey and wine); confectionery products; bakery items; and sauces, dressings and condiments.

DAIRY AND CHEESE

The Brazilian dairy market increased 85 percent from 2006 to 2011, an average growth of 13 percent per year, reaching US\$25.5 billion in 2011. The dairy market is divided into four categories: cheese, drinking milk products, yogurt and sour milk drinks and other dairy.

Soft cheese had a strong growth of 107 percent from 2006 to 2011, due to the healthy image of its products such as white cheese (called "queijo fresco" in Brazil) and ricotta. Fine cheeses such as Emmental, Gruyère, Gorgonzola, Brie and Camembert are still niche products in Brazil due to their high unit prices; key consumers of these varieties are mainly from the upper-income socioeconomic strata. The overall performance of packaged hard cheese will continue to be driven by sales of mussarela and queijo prato. Packaged hard cheese performed the fastest current value growth of 127 percent from 2006 to 2011. Such products are commonly used in Brazilian cooking or to prepare snacks in which the most popular sorts of cheese are mozzarella and queijo prato.

Spreadable processed cheese is a popular type of cheese consumed in Brazil, accounting for 20 percent of total sales in 2011, in which requeijão (a more liquid cheese spread specific to Brazil) represents the bulk of sales. In general, such products are very popular due to the tradition amongst Brazilians of eating requeijão with French bread for breakfast or brunch.

Drinkable yogurt versions performed more strongly than spoonable yogurt from 2006 to 2011, particularly thanks to the growing demand for functional yogurt. For instance, Danone's Activia, which promises 100 percent effectiveness against slow intestine transit with regular consumption of Activia, increased 252 percent in value sales between 2006 and 2011. Fruited yogurt flavors remain the most popular for Brazilians, amongst which strawberry, plum and mixed fruits were the top flavors in 2011.

Brazilian Market Size - Dairy (US\$ Million)						
Categories	2006	2007	2008	2009	2010	2011
Dairy	13,773	16,254	18,945	19,275	21,829	25,480
Cheese	3,199	3,923	4,543	4,827	5,619	6,613
Processed Cheese	718	858	943	948	1,087	1,269
Spreadable Processed Cheese	658	787	859	861	991	1,160
Unspreadable Processed Cheese	60	72	83.5	87	96	109
Unprocessed Cheese	2,480	3,064	3,600	3,879	4,533	5,345
Hard Cheese	1,286	1,599	1,942	2,087	2,433	2,869
Soft Cheese	1,195	1,466	1,659	1,792	2,100	2,477
Spreadable Unprocessed Cheese	-	-	-	-	-	-
Drinking Milk Products	7,097	8,317	9,746	9,276	10,406	12,063
Flavored Milk Drinks	603	715	864	878	1,064	1,330
Flavored Powder Milk Drinks	802	840	924	995	1,093	1,180
Milk	4,119	4,718	5,513	5,004	5,495	6,369
Powder Milk	1,283	1,682	1,984	1,872	2,117	2,417
Soy Beverages	291.5	364.5	462.5	529	638	768
Yogurt and Sour Milk Drinks	2,067	2,491	2,953	3,391	3,810	4,545
Sour Milk Drinks	-	-	-	-	-	-
Yogurt	2,067	2,491	2,953	3,391	3,810	4,545
Drinking Yogurt	1,002	1,214	1,446	1,650	1,874	2,277
Spoonable Yogurt	1,065	1,277	1,507	1,741	1,936	2,268
Other Dairy	1,411	1,524	1,704	1,782	1,994	2,260
Chilled and Shelf Stable Desserts	172	185	193	194	205.5	222
Chilled Snacks	-	-	-	-	-	-
Coffee Whiteners	-	-	-	-	-	-
Condensed/Evaporated Milk	547	584	697	703	786	883
Cream	435	462.5	491.5	541	601	683
Fromage Frais and Quark	258	292.5	322	343.5	402	472

Source: Euromonitor

Exchange rate US\$=R\$2.00

ALCOHOLIC DRINKS

The Brazilian alcoholic drinks market showed a positive performance in 2011. The whiskies category outperformed in 2011 with growth of 7 percent and 20 percent in total volume and current value terms, respectively. The food service channel – mainly bars and restaurants – is the

main distribution channel for spirits.

Alcoholic drinks imports increased 31 percent in 2011 compared to 2010 and 66 percent compared to 2009, an average growth of 29 percent per year, reaching US\$152 million in 2011. In general, vodka, gin and other blended Scotch whiskies are changing consumption among super-premium, premium, standard and economy price brands in the latest years due to Brazilian increased consumer power.

Brazilian Imports - Alcoholic Drinks (US\$)				
Categories	2009	2010	2011	2012 1/
Alcoholic Drinks	91,787,653	115,825,219	152,383,598	44,491,325
Spirits obtained by distilling grape wine or grape marc	565,795	716,488	1,269,108	195,974
Whiskies	73,426,825	92,558,307	115,563,695	33,009,968
Rum and tafia	166,576	178,602	275,084	128,447
Gin and geneva	192,609	271,642	256,963	99,903
Vodka	9,089,805	10,936,243	17,481,496	5,589,606
Liqueurs	3,951,194	4,989,934	7,102,320	2,301,651
Other alcohol drinks	4,394,849	6,174,003	10,434,932	3,165,776
Wine & Beer	209,480,776	270,210,609	335,341,085	96,224,353
Beer made from malt	13,378,504	18,641,042	40,620,100	22,771,288
Wine of fresh grapes, "champagne" type and sparkling	19,473,089	27,961,112	32,605,594	9,800,875
Other wine, grape must, fermented to added alcohol	176,572,723	223,564,239	262,057,103	63,622,726
Oth.vermouth and other wine of fresh grapes, flavoured or not	56,460	44,216	58,288	29,464
Total	301,268,429	386,035,828	487,724,683	140,715,678

Source: SECEX – Foreign Trade Secretariat

1/ January - April

CONFECTIONERY

The confectionery market in Brazil increased 74 percent from 2006 to 2011, an average growth of 11.6 percent per year, reaching US\$10.5 billion in 2011. The Confectionery market is divided in chocolate confectionery, gum and sugar confectionery. The category chocolate confectionery doubled its size from 2006 to 2011, led by tablets (109 percent growth during the same period), and followed by boxed assortments with a 108 percent growth.

Despite the positive socioeconomic indicators that have helped to push the sales in several industries in Brazil, the impact that the global economic slowdown will have over domestic demand remains uncertain, in particular for chocolate confectionery. Manufacturers continue to make investments in new product developments and new packaging as they are optimistic that Brazil will continue to perform well compared to US and European economies. Middle- and low-income consumers are still expected to be the key to chocolate confectionery's continued growth. Multinational manufacturers continue to dominate sales of chocolate confectionery. The top five

companies, comprising Kraft Foods Brasil, Chocolates Garoto, Nestlé Brasil, Arcor do Brasil Ltda and Hershey do Brasil Ltda, held 83 percent of the market in 2010.

The gum category, despite its small size, saw an increase of 58 percent from 2006 to 2011, with an annual average growth of 9 percent. The functional and sugar free gum categories are expected to show the biggest increases in volume and value terms. In an attempt to constantly introduce new items to consumers, manufacturers continue to introduce different flavors such as watermelon, red fruits and green apple. But the most popular flavors continue to be tutti frutti, mint, fruit, strawberry, citrus and grape jelly.

Brazilian Market Size - Confectionery (US\$ million)						
Categories	2006	2007	2008	2009	2010	2011
Confectionery	6,069	6,601	7,479	8,176	9,341	10,548
Chocolate Confectionery	2,375	2,821	3,224	3,633	4,150	4,748
Bagged Selflines/Softlines	62	70	78	98	114	133
Boxed Assortments	754	970	1,083	1,072	1,323	1,570
Chocolate with Toys	161	186	221	277	306	359
Countlines	328	398	456	496	426	455
Seasonal Chocolate	436	467	516	623	684	802
Tablets	557	646	756	862	1,062	1,167
Other Chocolate Confectionery	77	83	115	206	236	262
Gum	1,178	1,149	1,396	1,536	1,676	1,862
Bubble Gum	380	348	416	416	430	471
Chewing Gum	798	801	980	1,121	1,246	1,392
Sugar Confectionery	2,516	2,632	2,859	3,007	3,515	3,938
Boiled Sweets	351	402	444	436	507	555
Liquorice	-	-	-	-	-	-
Lollipops	593	555	586	578	669	751
Medicated Confectionery	456	486	514	535	563	593
Mints	385	430	510	524	596	692
Pastilles, Gums, Jellies and Chews	489	519	532	668	832	930
Toffees, Caramels and Nougat	181	172	214	192	263	321
Other Sugar Confectionery	62	68	60	73	85	96

Source: Euromonitor

Exchange rate US\$=R\$2.00

BAKERY

The bakery market in Brazil increased 35 percent from 2006 to 2011, an annual average growth of 6 percent, reaching US\$28.5 billion in 2011. The bakery market is divided into baked goods, biscuits, and breakfast cereals. Unpackaged/artisanal bread which is included in the baked goods category represented 62.6 percent of the total market. Other items that had positive growth results from 2006 to 2011 include: packaged/industrial bread (80 percent), cakes (69 percent), cookies (190 percent) and filled biscuits (48 percent).

In Brazil it is common for consumers to go to bakery stores and purchase fresh French-style bread for breakfast or afternoon breaks. This cultural habit has slowly been changed as a growing number of consumers have developed the preference for convenience products such as packaged/industrial baked goods. As a result, an increasing demand for packaged/industrial baked goods has been clearly noticed in urban areas, where people have less time to spend on cooking or shopping. As reported by Euromonitor, white packaged/industrial bread has been losing sales to multigrain, mixed wheat and wholemeal bread, which are perceived as healthier as they are higher in fiber and rich in vitamins.

Brazilian Market Size - Bakery (US\$ Million)						
Categories	2006	2007	2008	2009	2010	2011
Bakery	21,142	21,877	23,486	24,962	26,413	28,538
Baked Goods	16,319	16,897	18,168	19,247	20,319	21,995
Bread	14,792	15,262	16,431	17,285	18,083	19,514
Bread Substitutes	103.5	110	120.5	127.5	130	142.5
Packaged/Industrial Bread	832	905	1,010	1,120	1,286	1,499
Unpackaged/Artisanal Bread	13,857	14,247	15,300	16,038	16,668	17,873
Cakes	1,244	1,345	1,431	1,635	1,884	2,100
Pastries	283	291	307	328	352	381
Biscuits	4,484	4,603	4,914	5,271	5,623	6,032
Savoury Biscuits and Crackers	1,085	1,092	1,239	1,353	1,422	1,564
Sweet Biscuits	3,399	3,511	3,675	3,918	4,201	4,469
Chocolate Coated Biscuits	62	62	64.5	67	75.5	73.5
Cookies	61	68.5	85	109	155	176.5
Filled Biscuits	527	534	584	658	738	781
Plain Biscuits	1,468	1,565	1,559	1,606	1,677	1,787
Sandwich Biscuits	1,281	1,281	1,384	1,479	1,556	1,652
Breakfast Cereals	339.5	376.5	404	444	472.5	512
Hot Cereals	95.5	99	113	123.5	132.5	135.5
RTE Cereals	244.5	277.5	291	320.5	339.5	376

Source: Euromonitor

Exchange rate US\$=R\$2.00

SAUCES, DRESSINGS and CONDIMENTS

The sauces, dressing & condiments market in Brazil is estimated at US\$ 4.4 billion in 2011, a 55 percent increase from 2006, and an average annual growth of 9 percent. The market is divided into cooking sauces, dips, pickled products, table sauces, tomato pastes and purées and other sauces, dressings and condiments. The category cooking sauce attained significant results, with an 85 percent growth rate during the aforementioned period, led by pasta sauces with 134 percent growth. The sauces, dressings and condiments category is relatively fragmented with the top three players – Cargill Agrícola, Unilever Bestfoods Brasil and Ajinomoto Interamericana – holding a combined share of 35 percent in 2010.

The mayonnaise category accounts for the bulk of sales within table sauces, with a 41 percent share in 2011. The product is part of 88 percent of Brazilian households, and key consumers are mainly lower and middle-income groups. In order to encourage consumption, Unilever Bestfoods Brasil created an advertising campaign stating that one spoonful of mayonnaise does not contain a high number of calories. Other market strategies adapted by Cargill and Bunge include low-fat mayonnaise and low-price products.

Many manufacturers within sauces, dressings and condiments have been investing in pouches. It is very common to see pouch packaging in categories such as pasta sauces, mayonnaise and tomato pastes and purées. According to trade specialists, this packaging type offers storage advantages, lower costs in terms of transportation and lower risk of breakages, while offering maximum visibility supermarket shelf.

Brazilian Market Size - Sauces, Dressings and Condiments (US\$ Million)						
Categories	2006	2007	2008	2009	2010	2011
Sauces, Dressings and Condiments	2,837	3,105	3,466	3,668	4,102	4,399
Cooking Sauces	970	1,104	1,266	1,369	1,599	1,792
Bouillon/Stock Cubes	374	432	436	455	494	526
Dry Sauces/Powder Mixes	4	4	4	4	4	5
Herbs and Spices	175	189	224	238	265	295
Monosodium Glutamate (MSG)	3	3	3	4	4	4
Pasta Sauces	405	464	587	656	819	949
Wet/Cooking Sauces	9	10	12	12	14	15
Dips	-	-	-	-	-	-
Pickled Products	417	459	507	523	565	599
Table Sauces	729	785	821	887	955	1,006
Tomato Pastes and Purées	365	359	448	440	478	461
Other Sauces, Dressings and Condiments	356	399	424	449	505	541

Source: Euromonitor

Exchange rate US\$=R\$2.00

Brazilian imports of dressing, sauces & condiments reached a record of US\$52 million in 2011, a growth of 13 percent compared to 2010 and 120 percent compared to 2009. Imports were led by the USA (US\$16.8 million), followed by Uruguay (US\$8.7 million) and Mexico (US\$5.1 million).

Brazilian Imports - Sauces, Dressings and Condiments (US\$)				
Categories	2009	2010	2011	2012 1/
Sauces and Condiments	19,346,294	37,637,868	42,548,382	13,143,919
Spices	6,672,121	7,705,249	9,701,189	3,101,134
Total	26,018,415	45,343,117	52,249,571	16,245,053

Source: SECEX - Foreign Trade Secretariat

1/ January - April