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Table of Contents

PAGE
-General Summary.. 1
-TRENDS IN CONSUMPTION.. 2
FROZEN POTATOES... 3
-INSTITUTIONAL AND RETAIL SALES... 3
-DOMESTIC AND FOREIGN COMPETITION... 4
-IMPORTS.. 4
-DISTRIBUTION... 9
-PROMOTION.. 10
-PACKAGING AND LABELING... 10
-FOOD SAFETY REGULATIONS GOVERNING IMPORTED FROZEN FOOD................... 10
-FROZEN VEGETABLES IMPORTERS AND DISTRIBUTORS IN BRAZIL................... 11

Report Code: BR9724V AGR Number: BR7018 Page: 1
Agricultural Situation
General Summary

Brazil's market for frozen food has been growing and currently represents 2.5 percent of total domestic food consumption. According to the Brazilian Food Industry Association (ABIA), it is expected to triple in size by the year 2000, accounting for approximately 9 percent of total food consumption.

Increasing consumption of frozen foods is due to economic stabilization and increased purchasing power, especially of lower middle and lower class consumers. In the past two years, purchases of household appliances (e.g., freezers and microwave ovens) doubled in Brazil, which had a positive impact on frozen food sales.

Within the frozen food sector, the consumption of frozen vegetables is growing rapidly. Producers and importers of frozen broccoli, cauliflower, peas, potatoes, and other vegetables, report that the increase in frozen vegetable sales is a recent phenomenon at Brazilian supermarkets. Frozen vegetables can be stored for longer periods of time than fresh produce, and do not depend on seasonality. According to post trade contacts, the frozen vegetable market is estimated at about 40,000 tons per year, with an annual growth rate of 15 to 16 percent. Although few reliable data are available, the frozen vegetable market is estimated by some post trade contacts at almost US$ 90 million.

Report Code: BR9724V AGR Number: BR7018 Page: 2
Agricultural Situation
TRENDS IN CONSUMPTION

Frozen vegetables have only recently become popular among Brazilians. Before the economic opening in Brazil in 1990, trade of consumer-ready products was relatively small and limited to imports of some branded products through traditional import houses. The stabilization of the Brazilian economy and a gradual lowering of import tariffs have exposed Brazilians to a variety of new imported products, including frozen vegetables.

Brazilians generally prefer imported products due to quality and packaging. The major consumption centers in Brazil are located in the Center-South region, and the largest markets for imported frozen products are the states of Sao Paulo and Rio de Janeiro.

According to industry contacts, overall, Brazilian consumers' favorite vegetable (top sales) is frozen broccoli. In the state of Sao Paulo, top sellers are broccoli, cauliflower, and corn. However, regional tastes must be taken into consideration and tailored strategies for each different Brazilian region should be adopted.

Despite the increase in purchasing power, Brazilian consumers still have the habit of buying their fruit and vegetables at the street markets ("feiras"), where prices are usually lower than regular supermarkets. However, fresh produce is highly perishable and given Brazil's tropical climate, losses can be as high as 40 percent of total volume. Frozen vegetables can be stored for approximately two years under appropriate conditions, thus providing consumers potential savings in spite of the higher prices.

Frozen vegetables are sold at higher prices due to the relatively sophisticated technology involved in the process of washing, pre-cooking, cutting, and chilling them (the Individual Quick Frozen System). The fresh vegetable supply frequently is reduced when excessive rainfall occurs (typically, during the November - March period). High prices for fresh vegetables sold in street markets or supermarkets during that period may encourage consumption of frozen vegetables, due to more competitive prices.

Report Code: BR9724V AGR Number: BR7018 Page: 3
Agricultural Situation
TRENDS IN CONSUMPTION
FROZEN POTATOES

FROZEN POTATOES

Although frozen vegetables and frozen potatoes are not disaggregated in official trade statistics, frozen potatoes practically represent a separate market, due to their demand in the institutional market, and the increased number of fast food chains in Brazil. Ninety percent of frozen potato sales in Brazil is oriented to industrial caterers, hospitals, hotels, and the fast food market (e.g., McDonald's, Arby's, KFC, etc.) rather than to retailers.

In 1989 the first frozen French fries were launched in Brazil by C.A.C. (Cooperativa Agricola de Cotia), and the first frozen cassava became available in 1990. McCain, the Canadian multinational company, which also has plants in the U.S., has been marketing its frozen potatoes in Brazil for the last several years.

The potato market in Brazil actually started to gain dynamism in 1995, when the Brazilian economy showed signs of stabilization and there was a proliferation of fast food restaurants, many of which began to open franchising systems.

Brazilian franchising food market sales revenue in 1995 was estimated at approximately US$ 1.8 billion. The fast food segment represented approximately 80 percent of this total. Domestic fast food consumption per capita is estimated at US$ 13 a year, and according to fast food franchising executives, large chains in Brazil have a potential growth rate of 500 percent in the next five years.

INSTITUTIONAL AND RETAIL SALES

Frozen vegetables are marketed both in the retail and institutional markets. Currently, about 65 percent of frozen vegetable sales take place in the retail market, and 35 percent occur in the institutional market. For frozen potatoes in particular, about 90 percent of sales is focused in the institutional market. The retail target markets of most frozen vegetable importers are two-income families of the middle and upper middle classes, although the lower-middle class is gaining increasing prominence as a target market.

DOMESTIC AND FOREIGN COMPETITION

Domestic production of frozen vegetables is limited. The Brazilian market used to be dominated by a Brazilian agricultural cooperative (Cooperativa Agricola de Cotia - C.A.C.), which was the pioneer in developing a market for frozen processed vegetables. In the early 1990s, C.A.C. had approximately 90 percent of market share.

In 1994, imported brands such as Bonduelle (France) entered the Brazilian market with a larger variety of products and more modern packaging. Currently, the market comprises around 26 domestic and foreign frozen vegetable brands (including frozen potatoes). The sales leader is Bonduelle with approximately 35 percent of market share.

Examples of domestic and imported brands follow :

BRAZILIAN:
Winny's (retail), and Bom Apetite (for household delivery)- Manufacturer: Lirbra
Verde & Cia (private label) - Grupo Pao de Acucar
Pratigel - Manufacturer: C.A.C.

IMPORTED:
Bonduelle - France
McCain - Canada (potatoes)
Cavendish Farms - Canada (potatoes)
Greens - Belgium (Distributor: D'ARTA DO BRASIL)
Paysan Breton - France (Distributor: QUIMETAL)
Royal - France (mushrooms only - Distributor: QUIMETAL)
La Cabana - Chile

IMPORTS

Imports of frozen vegetables into the Brazilian market began around 1993 and increased in 1994 and 1995 as shown in the following tables.

MIXED FROZEN VEGETABLES
(Tons and US$ 1,000 FOB)

DESTINATION	1993		1994		1995	
	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
ARGENTINA	0	0	0	0	5	7
BELGIUM	0	0	0	0	37	52
CANADA	3	4	3	6	16	18
CHILE	4	4	6	11	12	18
FRANCE	0	0	177	144	855	811
URUGUAY	0	0	4	3	8	10
VENEZUELA	0	0	0	0	0	0
UNITED STATES	0	0	0	0	5	9
TOTAL	7	9	190	164	939	925

SOURCE: Department of Foreign Trade (DECEX).
Numbers may not add due to rounding.
NBM 0710.90.0000

FROZEN SPINACH
(Tons and US$ 1,000 FOB)

DESTINATION	1993		1994		1995	
	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
ARGENTINA	0	0	0	0	10	37
BELGICA	0	0	10	9	11	12
CANADA	0	0	0	0	0	0
CHILE	0	0	1	2	1	1
FRANCE	0	0	113	61	423	294
URUGUAY	0	0	7	12	92	93
VENEZUELA	0	0	0	0	0	0
UNITED STATES	0	0	0	0	1	2
LEBANON	0	0	0	0	0	0
TOTAL	0	0	131	84	539	440

SOURCE: Department of Foreign Trade (DECEX).
Numbers may not add due to rounding.
NBM 0710.30.0000

Report Code: BR9724V AGR Number: BR7018 Page: 6
Agricultural Situation
IMPORTS

FROZEN PEAS
(Tons and US$ 1,000 FOB)

DESTINATION	1993 QUANTITY	1993 VALUE	1994 QUANTITY	1994 VALUE	1995 QUANTITY	1995 VALUE
ARGENTINA	0	0	54	15	2	3
BELGIUM	0	0	0	0	14	17
CANADA	29	21	8	5	5	3
CHILE	4	5	24	35	221	272
U.S.	0	0	0	0	26	25
TAIWAN	0	0	0	0	0	0
FRANCE	22	14	26	18	158	137
NETHERLANDS	64	52	94	86	0	0
URUGUAY	72	37	2	2	10	14
TOTAL	191	129	208	162	435	472

SOURCE: Department of Foreign Trade (DECEX).
Numbers may not add due to rounding.
NBM 0710.21.0000

COOKED AND NON-COOKED FROZEN POTATOES
(Tons and US$ 1,000 FOB)

DESTINATION	1993 QUANTITY	1993 VALUE	1994 QUANTITY	1994 VALUE	1995 QUANTITY	1995 VALUE
ARGENTINA	0	0	0	0	25,038	28
BELGIUM	0	0	0	0	12	13
BULGARY	0	0	0	0	24	15
CANADA	1,259	841	6,257	4,293	3,772	2,632
CHILE	0	0	0	0	6	7
U.S.	20	12	1,313	1,043	14,918	10,821
FRANCE	0	0	65	39	150	129
NETHERLANDS	0	0	0	0	145	134
TOTAL	1,278	853	7,636	5,375	44,064	13,779

SOURCE: Department of Foreign Trade (DECEX).
Numbers may not add due to rounding.
NBM 0710.10.0000

Report Code: BR9724V AGR Number: BR7018 Page: 7
Agricultural Situation
IMPORTS

COOKED AND NON-COOKED FROZEN BEANS
(Tons and US$ 1,000 FOB)

DESTINATION	1993 QUANTITY	1993 VALUE	1994 QUANTITY	1994 VALUE	1995 QUANTITY	1995 VALUE
CANADA	0	1	0	0	1	0
CHILE	1	2	0	0	5	8
FRANCE	0	0	47	33	203	176
JAPAN	0	0	0	0	0	0
URUGUAY	0	0	0	0	5	6
ARGENTINA	18	0	0	0	0	0
U.S.	0	0	0	0	0	0

PANAMA	0	0	17	0	0	0
TOTAL	19	2	64	33	215	190

SOURCE: Department of Foreign Trade (DECEX).
Numbers may not add due to rounding.
NBM 0710.22.0000

OTHER NON-COOKED FROZEN STRING BEAN VEGETABLES
(Tons and US$ 1,000 FOB)

DESTINATION	1993		1994		1995	
	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
ARGENTINA	0	0	54	43	7	9
BELGIUM	0	0	0	0	4	5
CANADA	0	1	3	1	4	4
CHILE	5	7	1	2	2	5
U.S.	0	0	0	0	6	10
FRANCE	14	17	13	11	35	43
NETHERLANDS	0	0	0	0	1	1
PORTUGAL	0	0	0	0	1	988
URUGUAY	18	23	0	0	61	59
TOTAL	37	47	71	56	121	1,125

SOURCE: Department of Foreign Trade (DECEX).
Numbers may not add due to rounding.
NBM 0710.29.0000

Report Code: BR9724V AGR Number: BR7018 Page: 8
Agricultural Situation
IMPORTS

COOKED AND NON-COOKED FROZEN SWEET CORN
(Tons and US$ 1,000 FOB)

DESTINATION	1993		1994		1995	
	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
ARGENTINA	0	0	0	0	3	3
BELGIUM	0	0	0	0	3	5
CANADA	1	1	3	4	0	1
CHILE	4	4	3	5	10	14
U.S.	0	0	0	0	5	7
FRANCE	0	0	1	1	8	13
TOTAL	5	6	7	9	30	40

SOURCE: Department of Foreign Trade (DECEX)
Numbers may not add due to rounding.
NBM 0710.40.0000

OTHER NON-COOKED FROZEN VEGETABLES
(Tons and US$ 1,000 FOB)

DESTINATION	1993		1994		1995	
	QUANTITY	VALUE	QUANTITY	VALUE	QUANTITY	VALUE
ARGENTINA	0	0	0	0	26	39
BELGIUM	0	0	0	0	74	134
CANADA	5	11	6	12	11	16
CHILE	4	8	2	7	40	78
TAIWAN	0	0	0	0	6	2

U.S.	0	0	0	0	31	56
FRANCE	0	0	161	149	983	1,339
MEXICO	0	0	0	0	87	84
PORTUGAL	0	0	0	0	2	2
URUGUAY	2	5	22	32	143	151
JAPAN	0	0	0	0	0	0
ITALY	0	5	0	0	0	0
SPAIN	0	0	0	0	0	0
TOTAL	12	29	191	200	1,402	1,862

SOURCE: Department of Foreign Trade (DECEX)
Numbers may not add due to rounding.
NBM 0710.80.0000

Report Code: BR9724V AGR Number: BR7018 Page: 9
Agricultural Situation
IMPORTS

Frozen vegetables are imported mostly from European countries, especially France. The import duty for frozen vegetables is 10 percent, but other costs should be taken into consideration when exporting a container to Brazil, such as freight and brokerage fees.

DISTRIBUTION

The state of Sao Paulo accounts for approximately 40 percent of total Brazilian food and beverage consumption and is the largest market for imported products. Most imports enter through the Port of Santos (a 45-mile distance from Sao Paulo), but other ports of entry serve Brazilian regions with growing markets such as Vitoria, in the state of Espirito Santo.

Distribution in Brazil is rather complex. Given the precarious nature of Brazil's infrastructure, major Brazilian companies (e.g., meat processors such as Sadia) were obliged to develop their own distribution systems. Some multinational companies which entered the Brazilian market made initial efforts to find distributors, but ended up developing their own distribution networks.

Brazilian supermarket chains have expanded their facilities in order to showcase frozen foods. Some supermarkets and hypermarkets have installed entire aisles with vertical freezers in recognition of the importance of this market. Reportedly, one Brazilian hypermarket (Eldorado) experienced a shortage of product in 1995, when after a 300 kilogram per month contract was negotiated with a foreign supplier of frozen vegetables, the demand for the first month of sales amounted to 9,000 kilograms.

Report Code: BR9724V AGR Number: BR7018 Page: 10
Agricultural Situation
PROMOTION

Promotion at points of purchase is a common practice in large supermarkets and hypermarkets in Brazil. Successful promotions can be conducted in partnership with other food processors taking advantage of the relation between two types of products (e.g., one current promotion features Bonduelle products and Hellman's salad dressings).

PACKAGING AND LABELING

Frozen vegetables are available in several sizes: package size varies from 200 grams to 1 kilogram. Although no statistical research is available on package size preferences, consumers apparently prefer 1 kilogram packs, since they are more economical. For institutional targets, packs with a minimum size of 2.5 kilograms are necessary.

According to the Brazilian Consumer Protection Law 8078, of September 1990, all food and beverage imports must provide consumers with correct, precise, clear, and easily readable information about the product in Portuguese.

Importers prefer products to be labeled in the country of origin in order to reduce their costs, and to expedite the clearance process. Small adhesive labels in Portuguese (stickers) can also be affixed to the foreign labels containing the following information: name of product, country of origin, name of importer, special storage instructions, shelf life (date of production and expiration date), ingredients, and net weight (in metric units).

FOOD SAFETY REGULATIONS GOVERNING IMPORTED FROZEN FOOD

There are several steps that must be followed to export processed food to Brazil. Some products require an import license (e.g., frozen peas) and all products require an import declaration (DI- "Declaracao de Importacao") which must be issued during the clearance process.

Brazilian Customs has recently implemented a new system called SISCOMEX that registers imported products electronically. Over time, this system is likely to improve bureaucratic clearance procedures.

To clear customs, frozen processed vegetables are subject to inspection by the Ministry of Health before they are released to the consignee. The time frame for this process varies from one to two weeks. There are no specific restrictions placed on frozen vegetables.

Report Code: BR9724V   AGR Number: BR7018   Page: 11
Agricultural Situation

FROZEN VEGETABLES IMPORTERS AND DISTRIBUTORS IN BRAZIL

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1. CLASSIC FOODS (Grupo Quimetal)/ Importer, Distributor
   Av. Brigadeiro Faria Lima, 613 - 7 andar
   01451-000 - Sao Paulo - SP
   Tel. (55 11) 820-9511
   Fax. (55 11) 820-3523
   Head Quarters: Quimetal Distribuidora Ltda.
   Av. N.S. da Penha,570 - 1 andar
   29059-900 - Vitoria - Espirito Santo
   Tel. (55 27) 334-1600
   Fax. (55 27) 227-7488

2. EXPOL IMPORT. E EXPORT. LTDA / Importer
   Estrada Municipal do Jaguari, 314 - Rio Abaixo
   12300-000 - Jacarei - SP
   Tel. (55 12) 351-1033
   Fax. (55 12) 351-2918

3. EXPAND IMPORT. EXPORT. E COMERCIO LTDA./ Importer, Distributor
   Rua Freire da Silva, 98 - Cambuci
   01523-020 - Sao Paulo - SP
   Tel. (55 11) 270-7533 - Ext. 202 ,203
   Fax. (55 11) 279-1062

Obs.: Has storage for frozen food. Distributes in Sao Paulo State only.

4. MAKRO ATACADISTA S.A./ Wholesaler
   Rua Carlos Lisdegno Carlucci, 519
   Jardim Peri Peri - Butanta
   05536-900 - Sao Paulo - SP
   Tel.: (55 11) 845-2816
   Fax.: (55 11) 844-2059

5. CIA. BRASILEIRA DE DISTRIBUICAO(PAO DE ACUCAR)/ Retailer
   PRIVATE LABEL
   Rua Batataes, 77 - Jardim Paulista
   01423-010 - Sao Paulo- SP
   Tel.: (55 11) 886-0872
   Fax.: (55 11) 887-5517

6. CARREFOUR COMERCIO E INDUSTRIA LTDA./ Retailer
   Av.Paul Valery, 255 - Granja Julieta
   04719-050 - Sao Paulo - SP
   Tel.: (55 11) 521-3011 (ext. 471)
   Fax.: (55 11) 247-5784

NOTE: While it is impractical to provide a complete list of importers, this partial list is furnished for your information with the understanding that no discrimination is intended and no guarantee of reliability is implied.
END OF REPORT

Return to Search Page

FAS Home Index Search E-Mail Other Links USDA