

Brasil

ORGANICS  BRASIL

BRAZILIAN ORGANIC AND SUSTAINABLE PRODUCERS



10 YEARS
ON BIOFACH



BRAZILIAN ORGANIC MARKET TRENDS AND NEWS BIOFACH 2016

MING LIU – IPD/ORGANICS
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Acknowledgements



Ministry of Agriculture



Brazilian Trade and Investment Promotion Agency



Ministry of Agrarian Development



Ministry of Foreign Affairs



Brazilian Council for Organic and Sustainable Production
www.organis.org.br

Brazilian Current Regulatory Issues

- ✓ Brazil has a recent organic Regulation 2011
- ✓ No signed regulatory equivalence agreement in International Trade
- ✓ No accredited CB with any country. Imported products have to comply with the Brazilian Regulation
- ✓ 7 Audit Certification Body accredited by the MAPA
- ✓ 18 Participatory Certification Agencies accredited.
- ✓ Social Control System Registration

7 ACCREDITED CERTIFICATION AGENCIES IN BRAZIL

INTERNATIONAL



NATIONAL



OFFICIAL SEALS CONSUMERS NEED TO BE AWARE

AUDIT



PGS



SOCIAL CONTROL



Organic farmer's market - Development in Brazil

- ✓ Organic and Agroecologic street market
- ✓ Organic / Agroecological Producer
- ✓ Social Responsible Buying Group
- ✓ Local Co-ops Market
- ✓ Local Producer's Association



Economic Background

- ✓ Brazil Economy is in technical recession officially since June 2015
- ✓ Brazilian currency has been under a severe currency devaluation in the past three years
- ✓ Currency Depreciation from Aug 2014- Aug 2015 was 55%
- ✓ Current exchange rate is R\$3.98



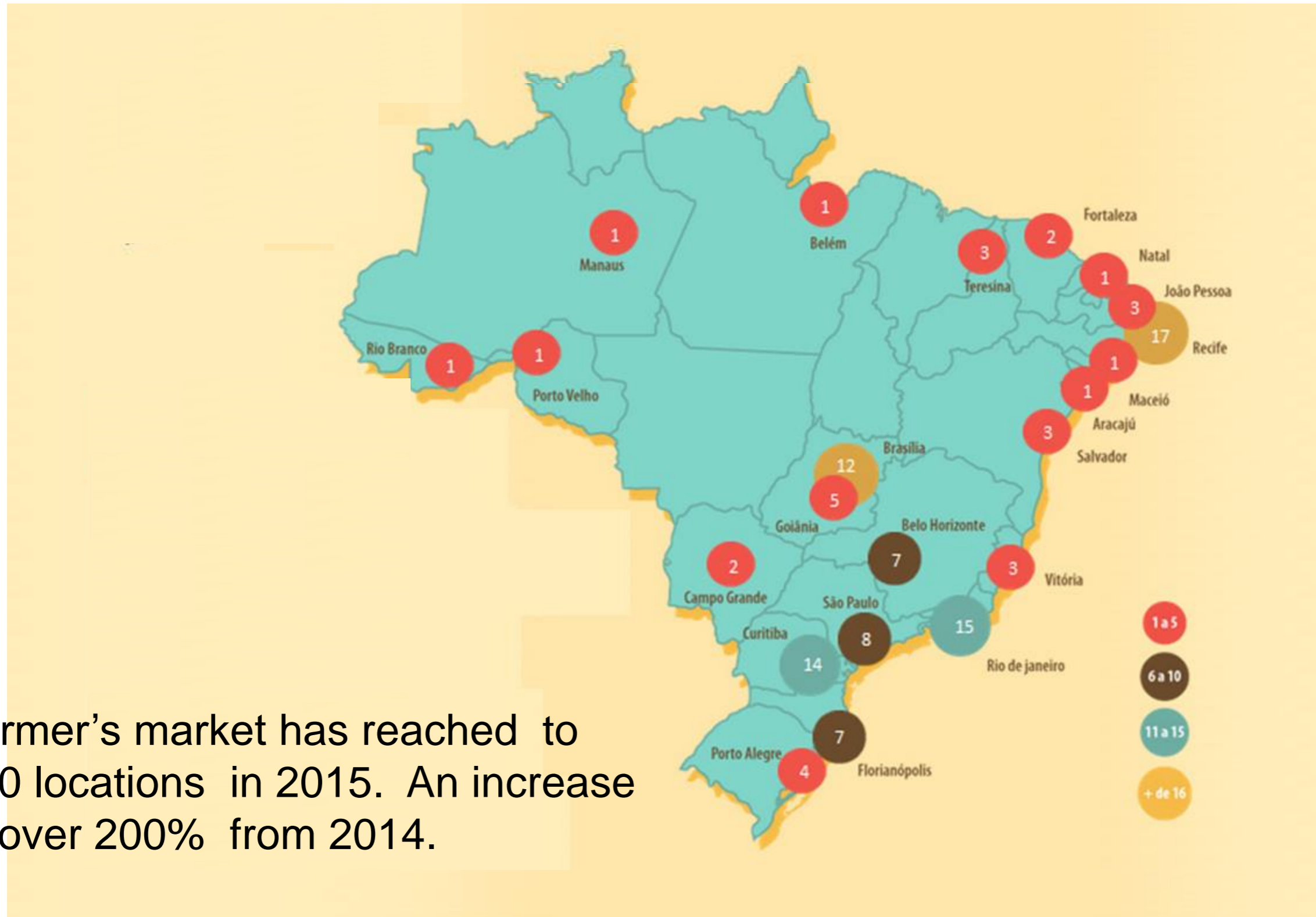
Brazil - Organic Market figures & trends

- Organic market increased 35% in value in 2015.
- Production has also increased and the number of producers are at over 13,000.
- Total turnover in 2015: **2,5 Billion Reais** (532 million EUR)
- 60% for Export markets
- Forecast for 2016: **growth of 30%**
- Sales channels: 2/3 conventional retailers and 1/3 specialized shops, online and farmers markets

Brazil – Sales Channel Development

- Large Retails has increased product listing – Processed products lines has increased by 45% from 2014.
- Local specialty stores, restaurants and regional brands has been opened by new “entrepreneurs” as a result of a new economic trend.
- New Startups companies has been directed to the food sector and major preference has been focused in healthy products. Organic, functional and natural claim is the major driver.
- Home delivery services for organic producers has increased by 40%.
- E-commerce has increased by 35% in the organic sector. Estimated revenue is over US\$20 million/year

<http://feirasorganicas.idec.org.br/>



- Farmer's market has reached to 510 locations in 2015. An increase of over 200% from 2014.

Brazil – Industry Sector

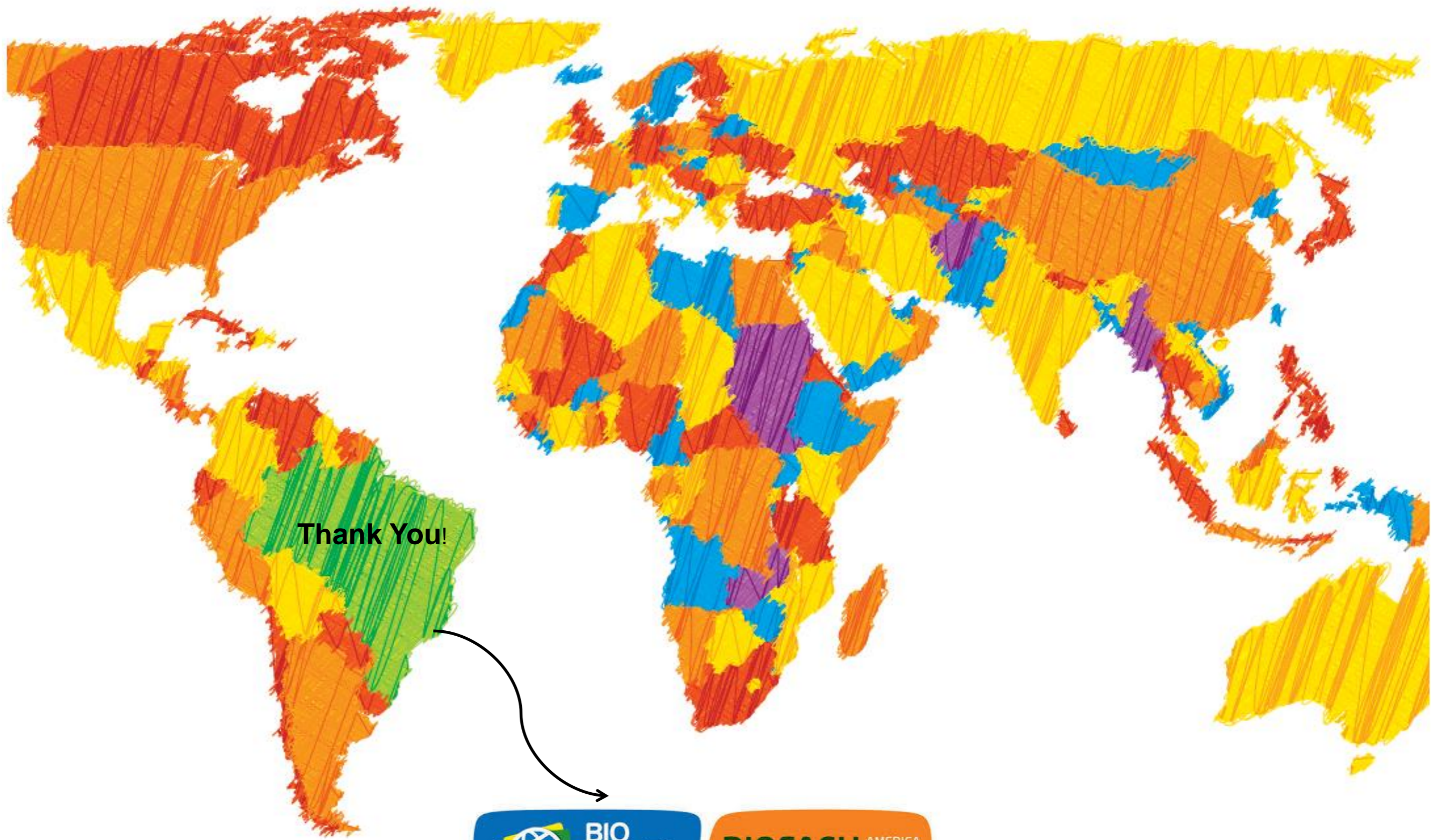
- Mergers and acquisitions has started in 2014 with Jasmine being sold to Nutritionét Sante (own by Otsuka Group).
- Multinationals companies such as Pepsico, and Nestle and traditional family food companies are directing business to functional, healthy and organic sectors and started sourcing organic ingredients.
- Venture Capital from Germany Startup invested in 2013 in the Natue e-commerce. Currently is the largest organic e-commerce site for consumers.

Market Development Limitations

- ✓ Animal based products is still limited – Poultry is the only sector that has been increasing production on meat and eggs.
- ✓ Dairy products and red meat are still limited and expensive to consumers. Prices are 30%-45% more expensive
- ✓ Lack of international equivalence agreement is forcing industry to export more ingredients or bulky products and prevent in importing highly demanded products for consumers.
- ✓ Market data is still unknown by official statistics. A new code system has been suggested to the Ministry of Agriculture to trace production figures.

Market Development Opportunities

- ✓ International prices and currency devaluation are putting Brazil in a very competitive level.
- ✓ Brazilian products quality and traceability is still high and reliable comparing to other countries sources.
- ✓ Brazilian large biodiversity is rich in innovative products for the food and cosmetic industry.
- ✓ Lack of international equivalence agreement is forcing industry to produce locally increasing the number of sku's of processed products. Market opens opportunities for new M&A operations.



Thank You!



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