



The Brazilian Seafood Market

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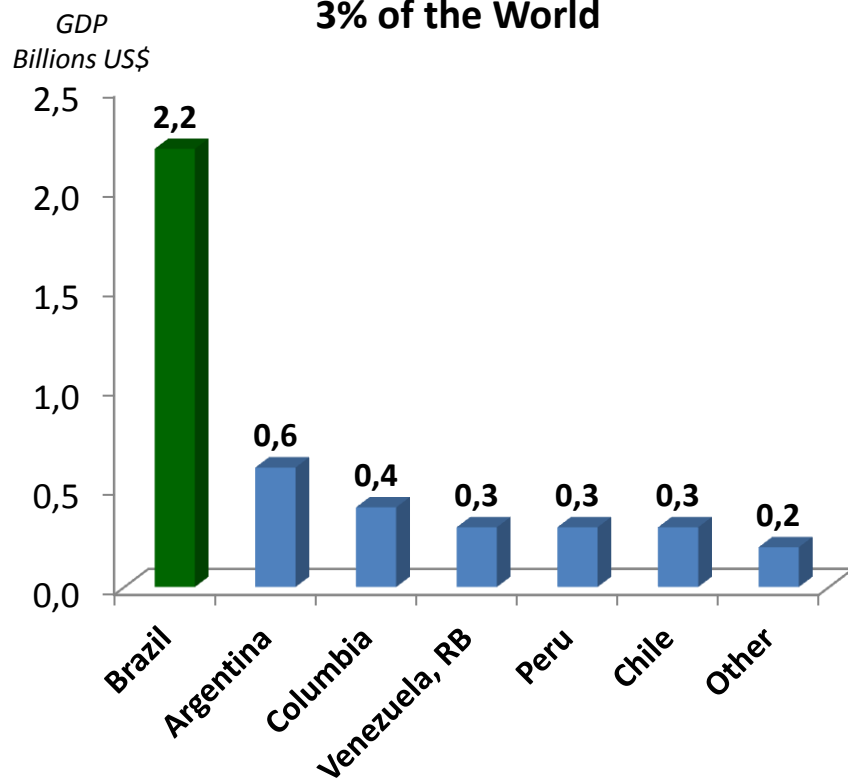
Chairman of the Board, Netuno Internacional, Brazil



Brazil stands out as an important emerging economy in the world

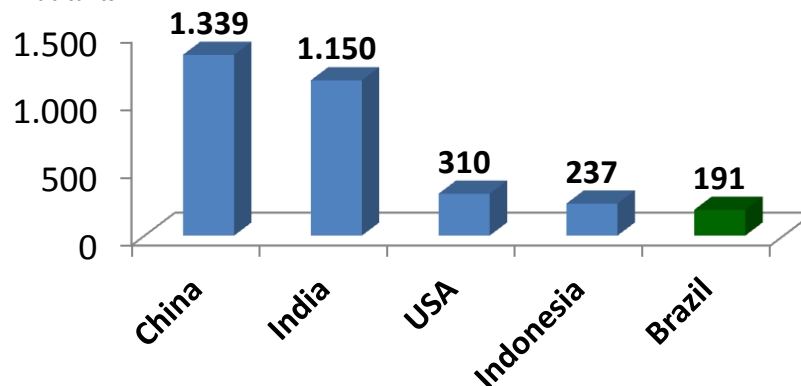
Largest Economy in South America In GDP terms based on PPP

50% of South America
3% of the World



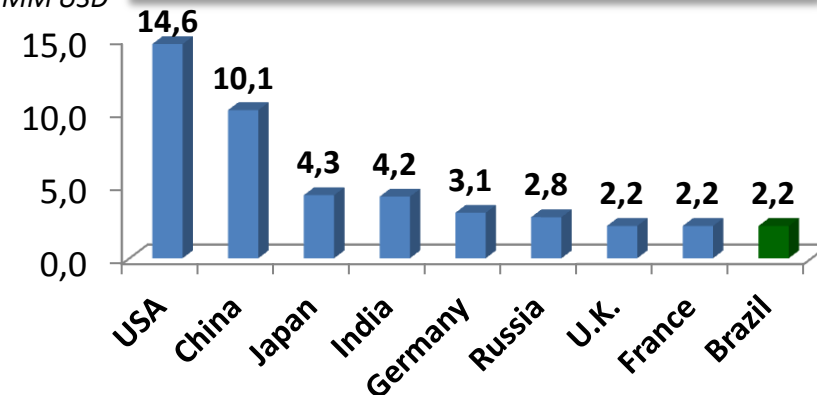
World's fifth-most populous country

Millions
Of Inhabitants



World's ninth-largest economy in GDP terms based on PPP

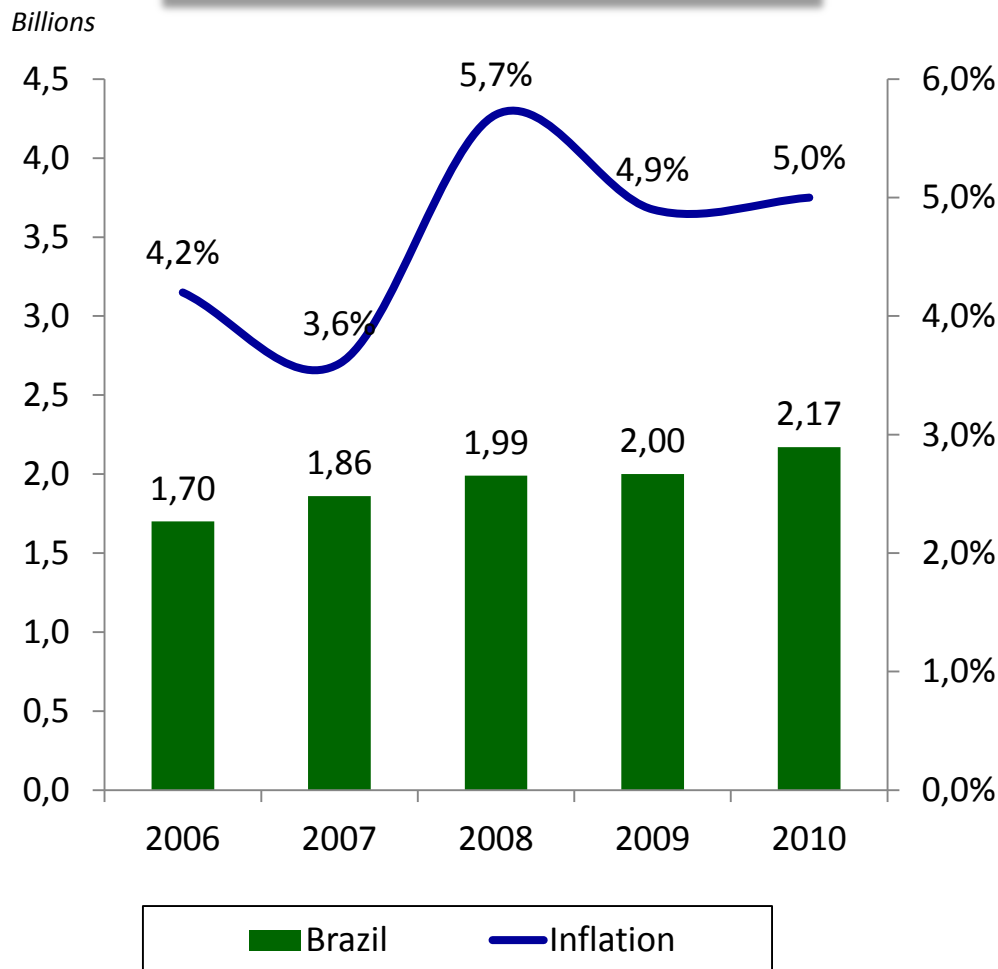
MM USD





Neither the global crisis nor the eventual escalating inflation have been able to stop the takeoff of Brazil

GDP Terms based on PPP

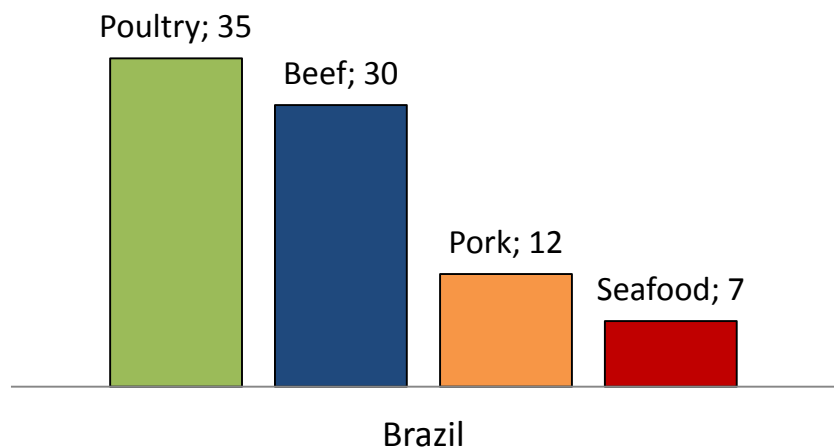


Brazil is richly endowed with natural resources:

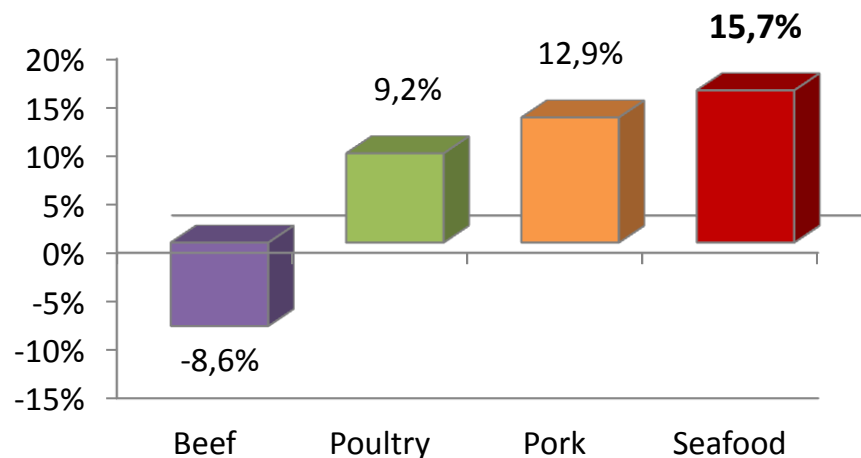
- It is an important world producer and exporter of corn and soybean;
- It has the fifth largest coastline, 7,491 kms, where fishing activity is mainly artisanal-based;
- Has significant fresh water available for aquaculture with favorable climate:
 - ✓ It is estimated that Brazil holds 12% of total fresh water reservoirs of the world

Underdeveloped, but growing consumption of Seafood Protein in Brazil

**Protein Consumption
(kg per capita / year)**



**Protein Growth
2007-2009**



- ❖ Per capita consumption in the country is still under World Health Organization standards (12 Kg), encouraging the Brazilian Government to launch several incentives to stimulate seafood consumption.
- ❖ Internal estimation rise Seafood per capita consumption up to 9 Kg.

Seafood Consumption Growth

15,7%
2007-2009



Brazilian Government is proactively promoting Seafood Consumption

The Brazilian Government has officially declared its determination to proactively promote:

- ✓ Internal seafood production;
- ✓ Internal seafood consumption;
- ✓ Foreign Investment to build joint-venture with local companies, to further exploit fishing and aquaculture activities within the country;
- ✓ Improve the regulation in the sector to generate the required conditions to allow the fulfillment of the above initiatives.



Governmental Advertising, pushing consumption through the "Seafood Week"



Ministério da Pesca elege setembro como mês para comer mais peixe

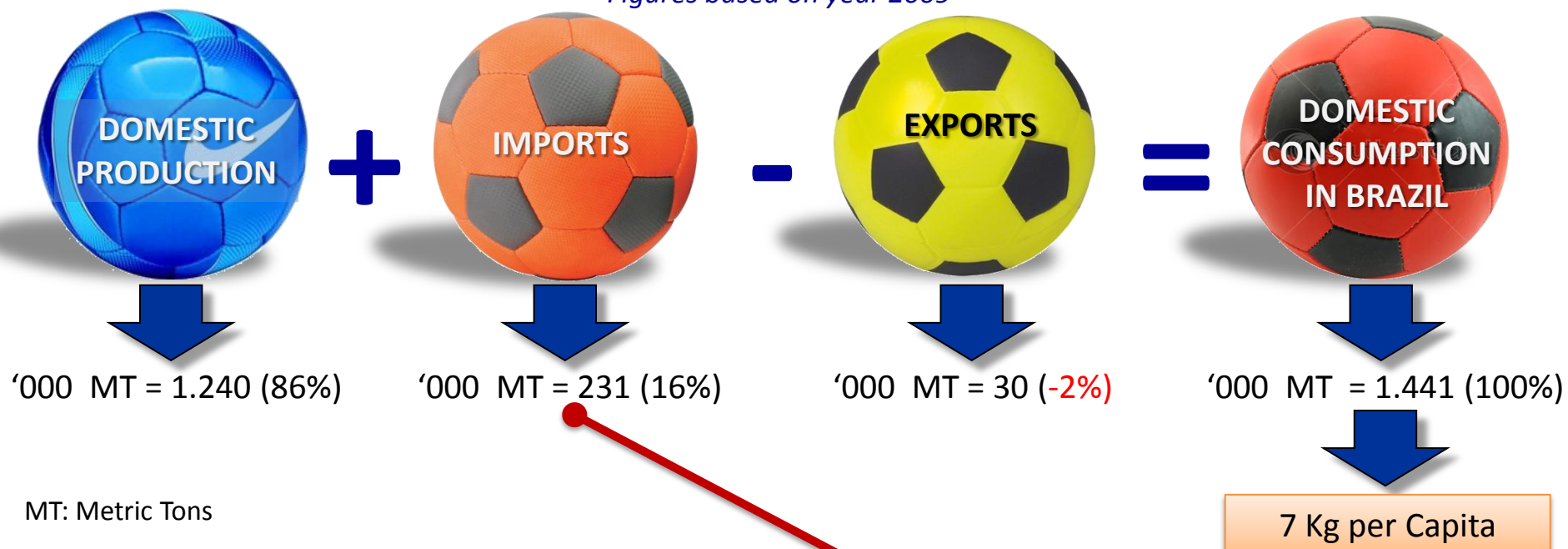


02.09.2011
Setembro é o mês escolhido pelo ministério da Pesca para incentivar o brasileiro a comer mais peixe. Atualmente, eles comem, em média, cerca de 7 quilos por ano.



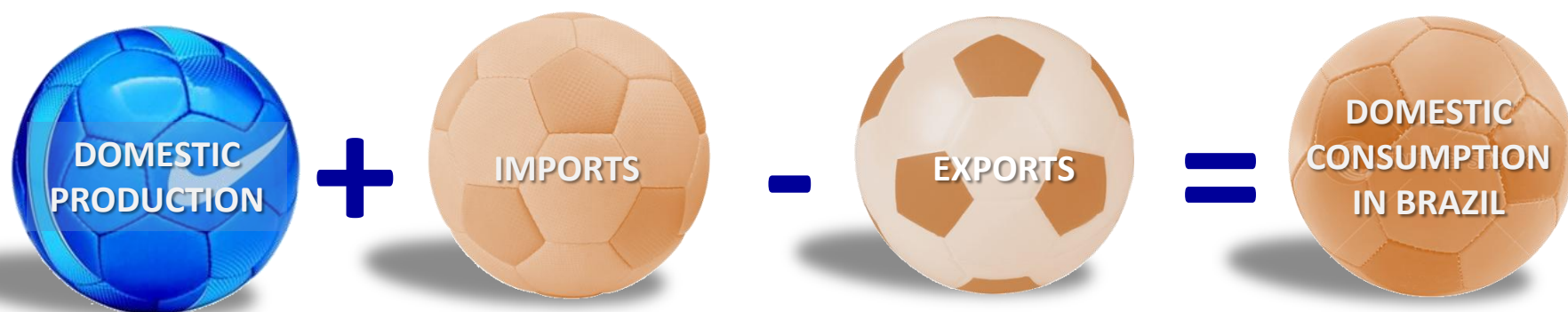
Size of Brazilian Seafood Market & Composition of Domestic Consumption

Figures based on year 2009



Market	Population (millions)	Seafood Per Capita Consumption	Market Size ('000 MT)
Brazil	191	7 kg	1.441
Peru	30	15 kg	438
Columbia	45	6 kg	293
Argentina	40	4 kg	180
Chile	17	7 kg	119
USA	310	7 kg	2.170

Seafood Domestic Production



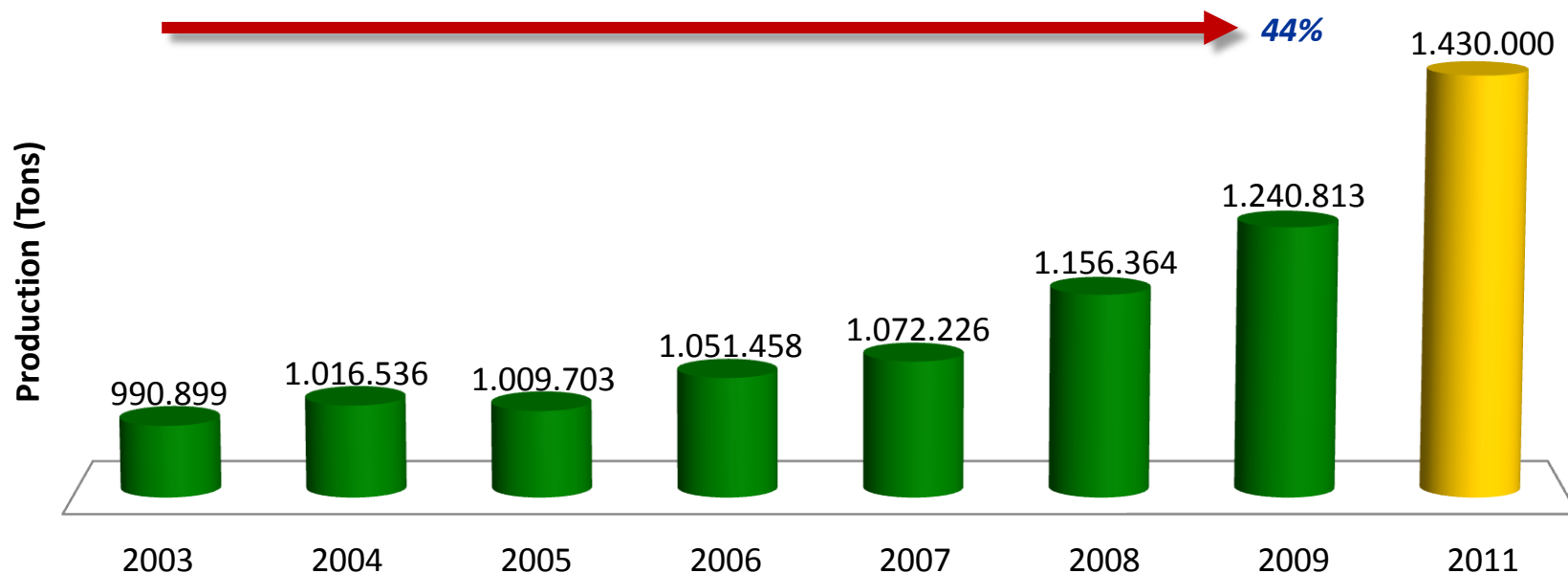
Metric Tons = 1,240,000 (2009)

86% of total Domestic Consumption



Internal Production: Wild Catch & Aquaculture

**Wild Catch & Aquaculture Production : Total Brazil
(Volume in Tons)**

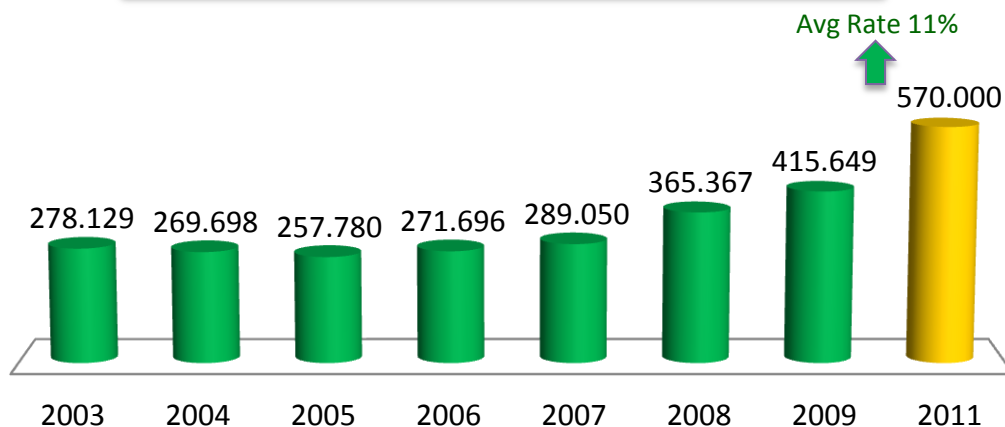


- ✓ In 2011, Brazil will produce only 1.4 millions tones, 70% from maritime and continental extraction and 30% from aquaculture.
- ✓ Fish and seafood is expected to grow by 35% in volume terms from 2010-2015.

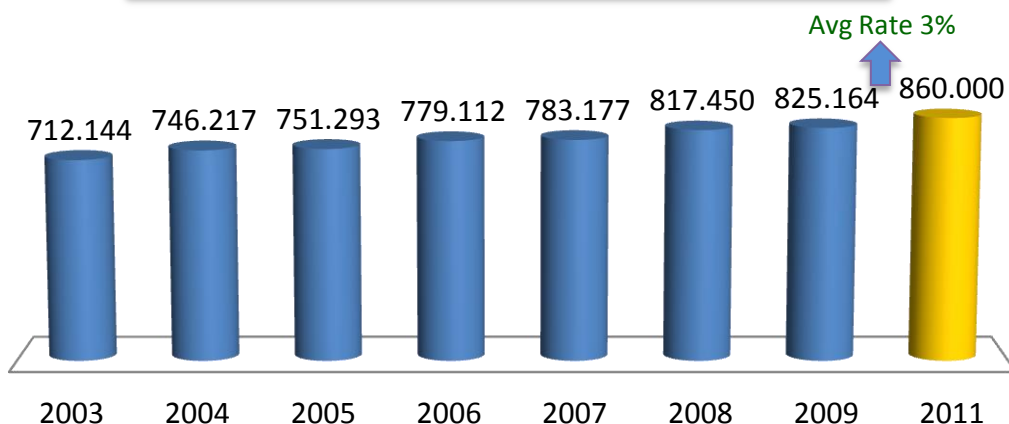


Considering Internal Production, Aquaculture accounts for 30%, but with a lot room to grow

Aquaculture Brazil - (Volume Ton.)



Wild Catch Brazil - (Volume Ton.)



Segmentation of the aquaculture activity by region:

- **In the North:**

- ✓ Tambaqui (*Colossoma macroponum*)

- **In the Northeast:**

- ✓ Tilapia (*Oreochromis spp.*)

- **In the Center:**

- ✓ Bijupirá or Cobia (*Rachycentron canadum*);

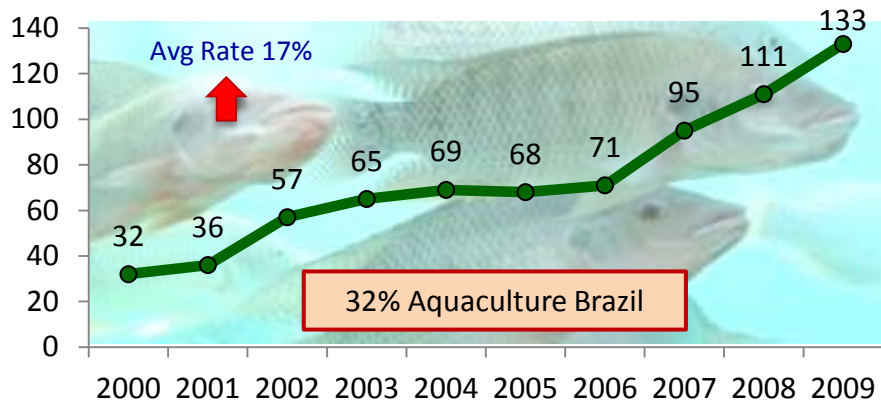
- ✓ Surubí pintado (*Pseudo-platystoma coruscans*); Pirarucú (*Arapaima gigas*)

- **In the South:**

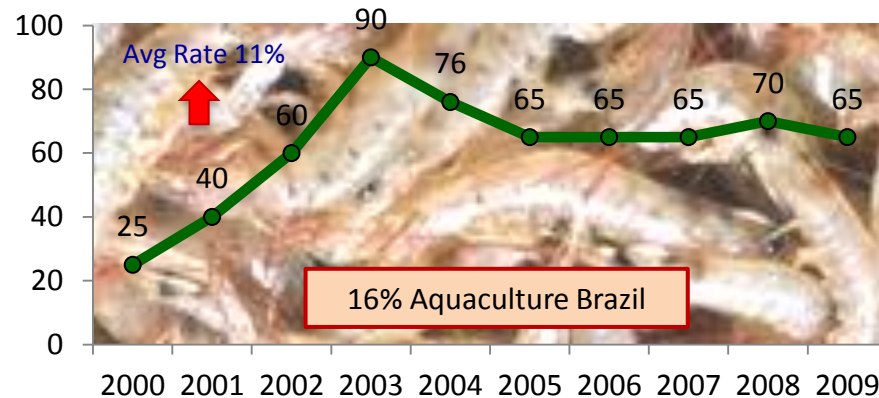
- ✓ Mussel and Carpa

Tilapia, Shrimp & Tambaqui accounts for 60% of local aquaculture production in Brazil

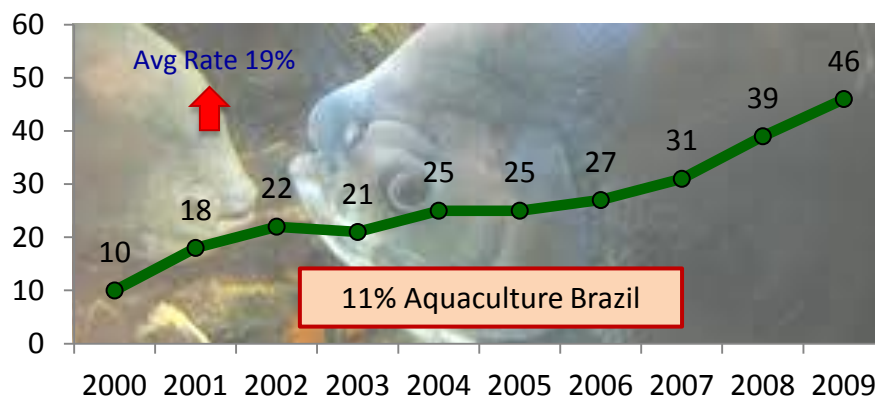
Tilapia Production - Volume (metric tons)



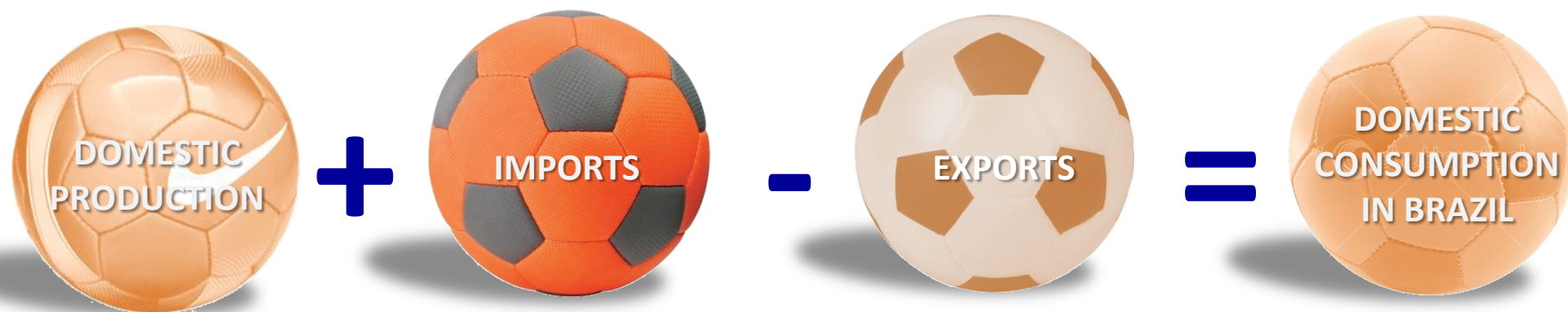
Shrimp Production - Volume (metric tons)



Tambaqui Production - Volume (metric tons)

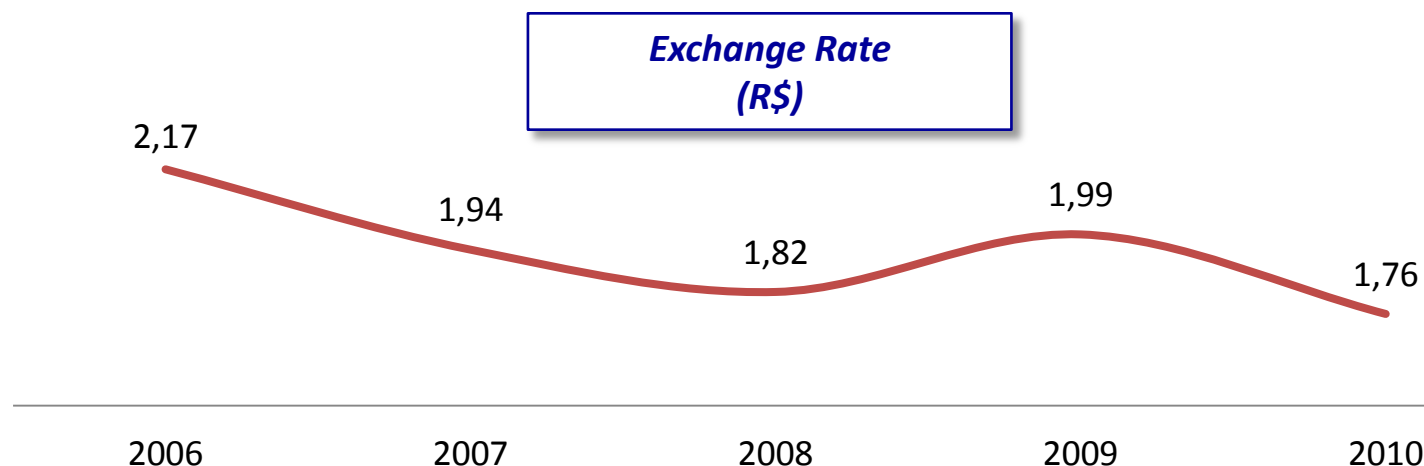
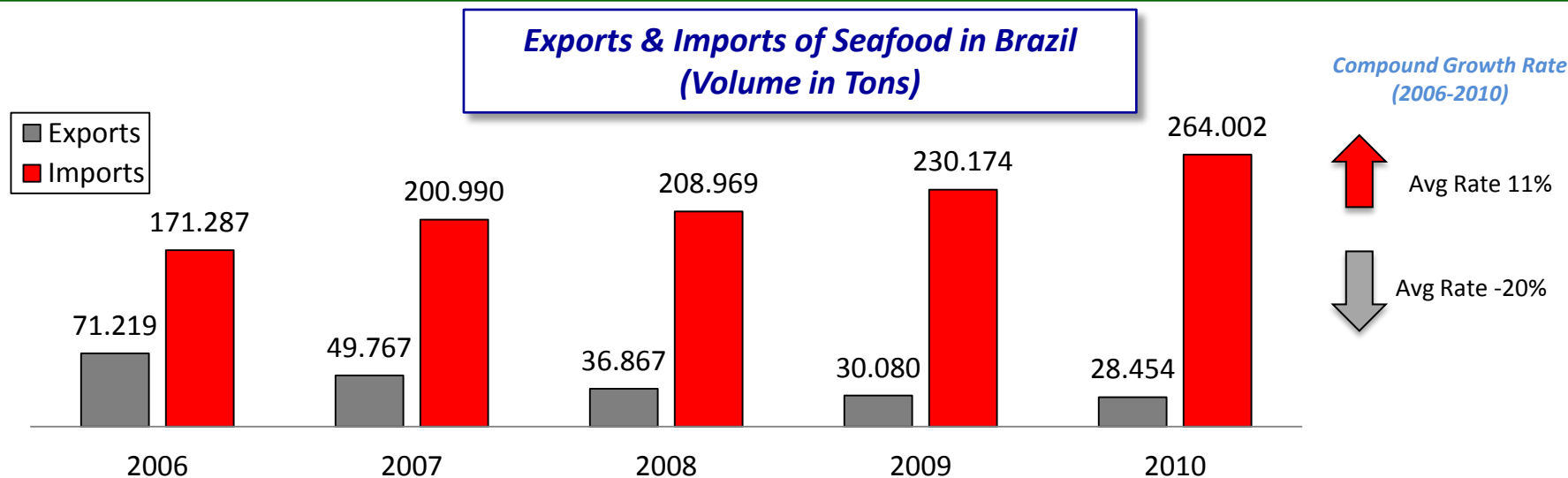


Seafood Imports



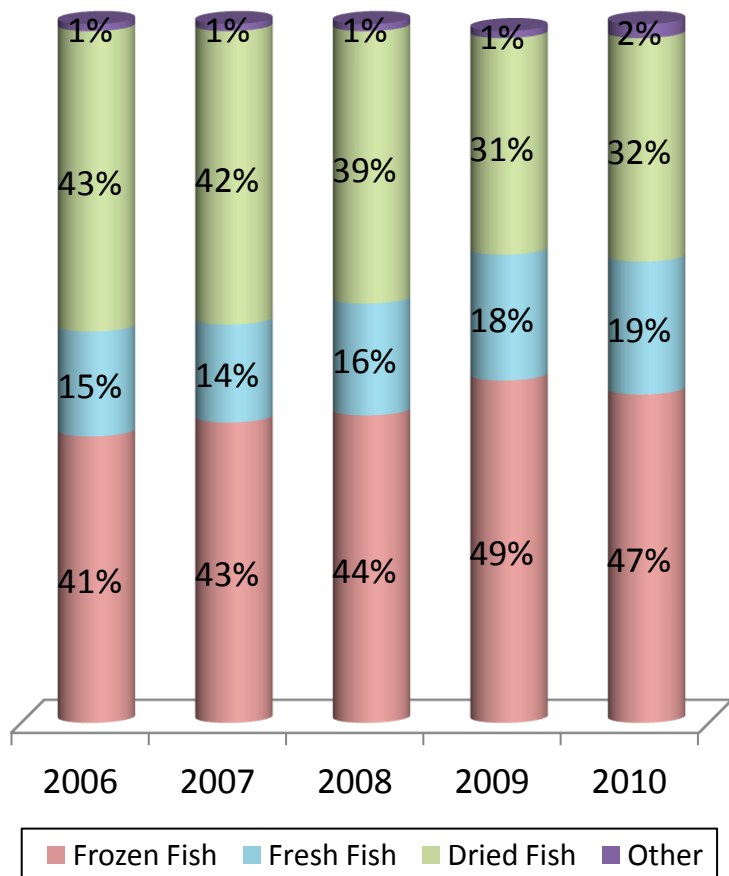
Metric Tons = 231,000 (2009)
16% of total Domestic Consumption

Imports of Seafood grows very healthy, while Exports decrease as local currency gets stronger

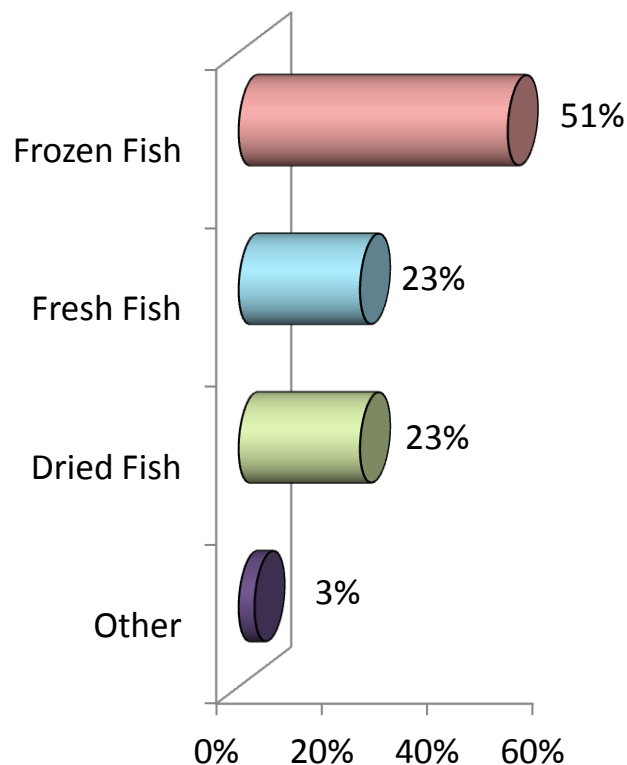


Frozen Category represents close to 50% of the total Seafood imported, while Dried Category have been decreasing down to 30%

***Fish Imports in Brazil
(US\$ FOB)***



***Contribution to Growth: Imports
2010-2006***



Frozen Category

***41% - 47%
2006-2010***

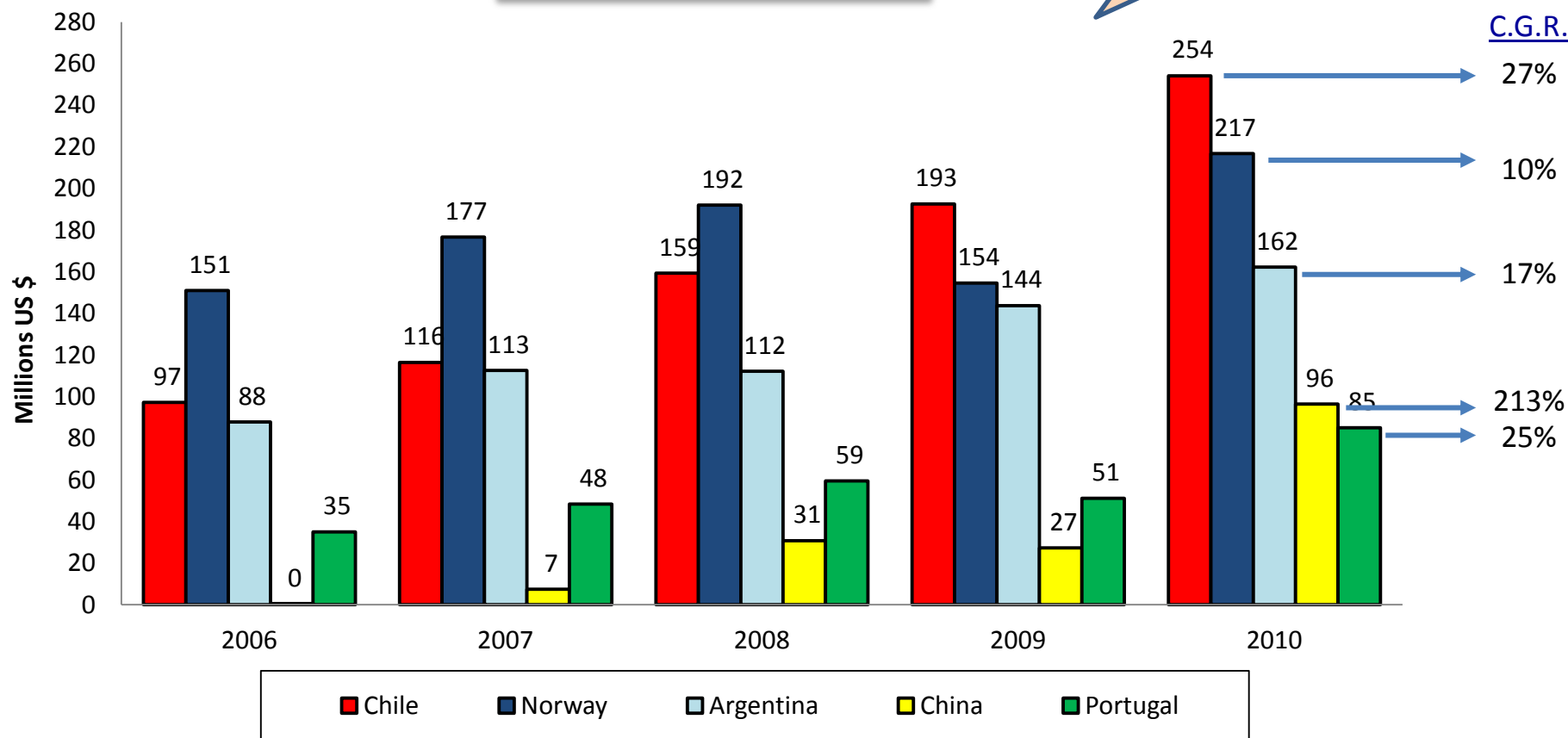




Aggressive growth of main five seafood suppliers

Seafood Suppliers by Origin
(US\$ FOB)

5 Countries account for 85% of Brazilian Seafood Imports



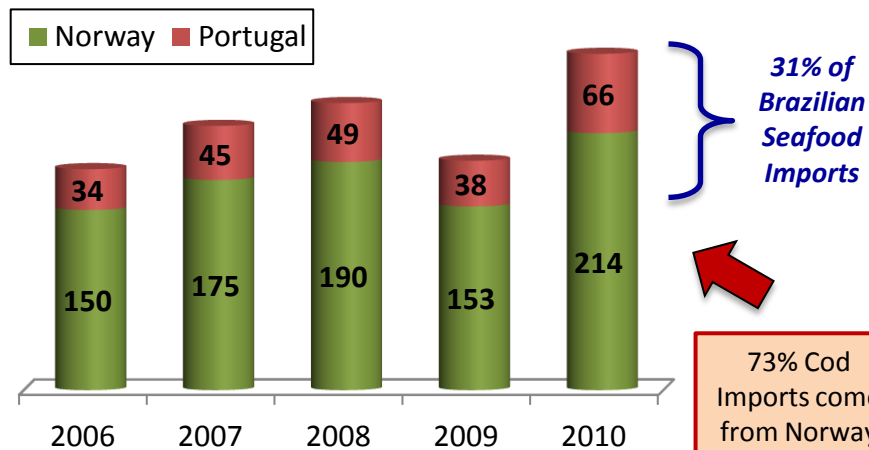
Source: Sistema Alice – Ministério do Desenvolvimento, Indústria e Comércio Exterior – Brasil.

Confidential

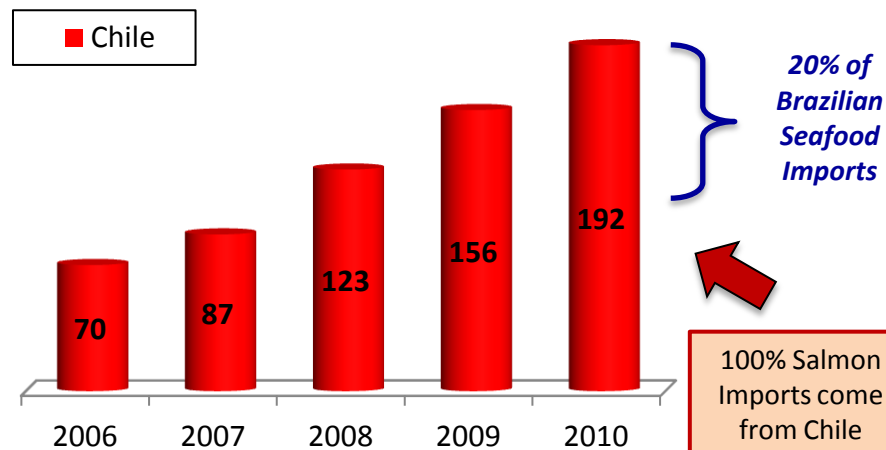


Cod, Salmon, Hake & APO accounts for 73% of imported fish

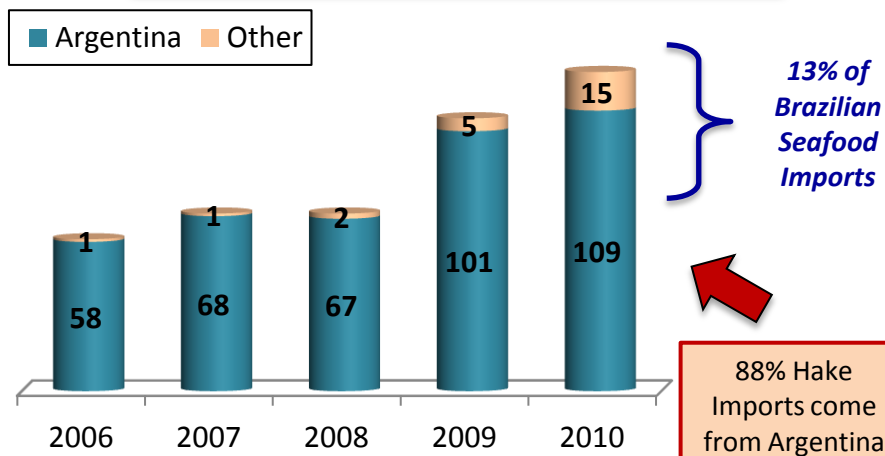
Imported Cod by Country - (US\$ FOB)



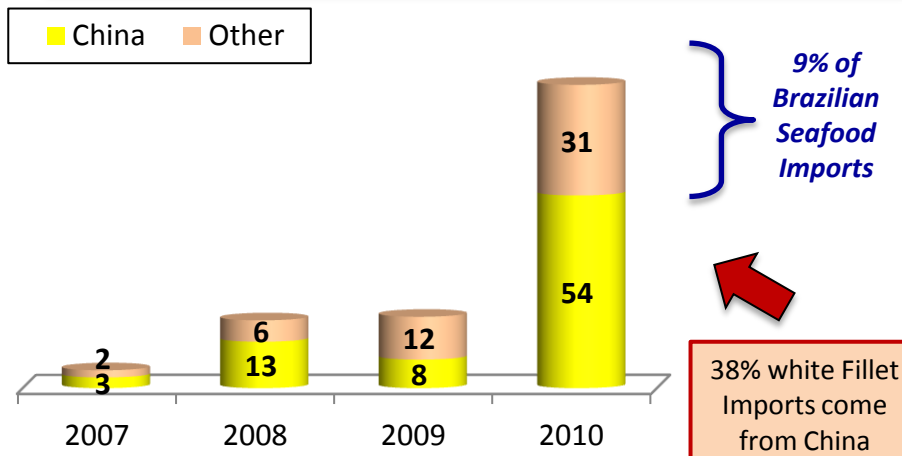
Imported Salmon by Country - (US\$ FOB)



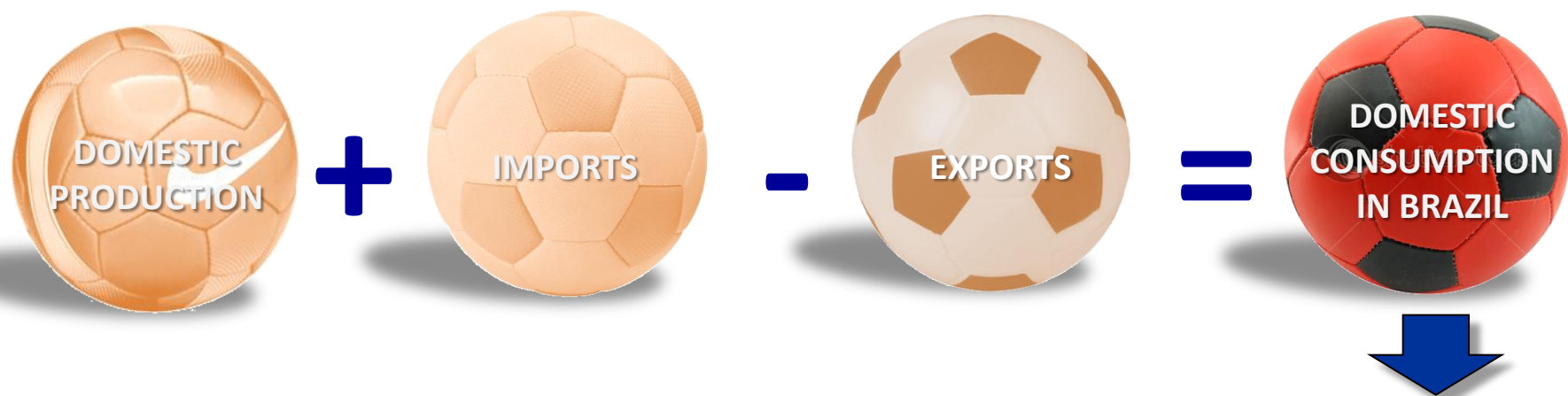
Imported Hake by Country - (US\$ FOB)



Imports White Fillet (APO) by Countries - (US\$ FOB)



Regarding Seafood Consumption Habits

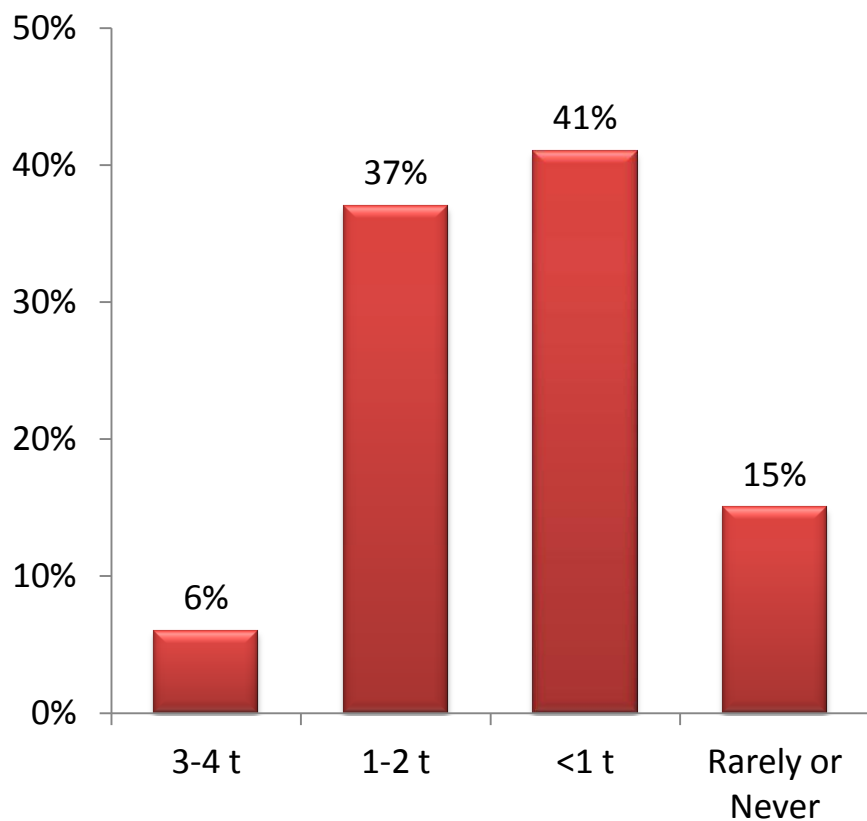


Metric Tons (2009):
1,441,000 (100%)

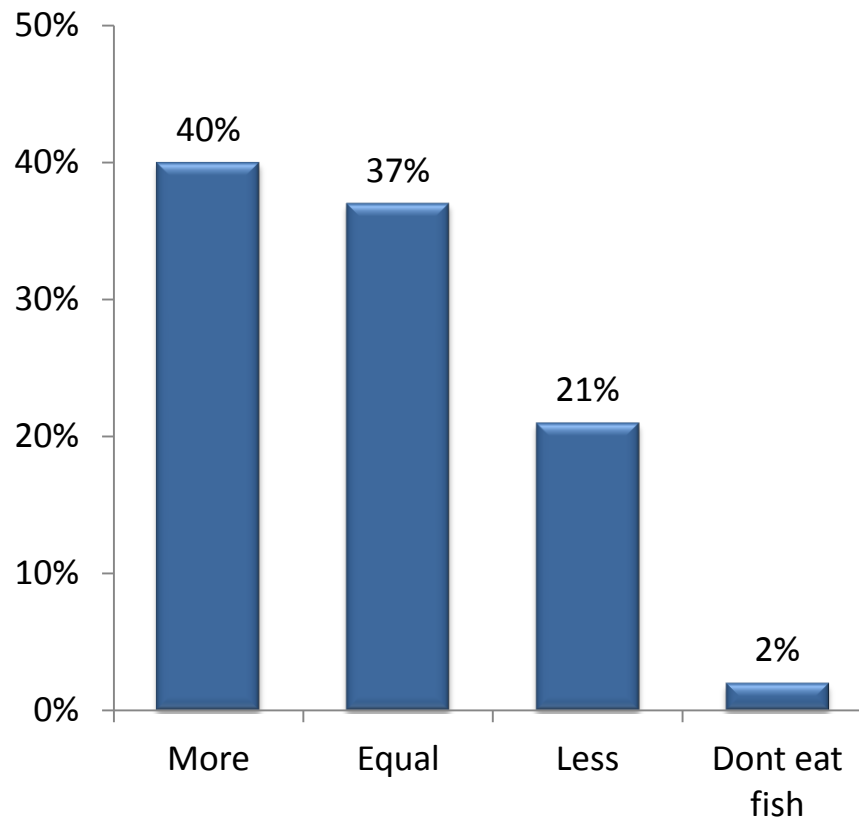


Almost 80% of the population eats seafood on a monthly basis, with room to grow

***How often do Brazilians eat fish?
(times per week)***



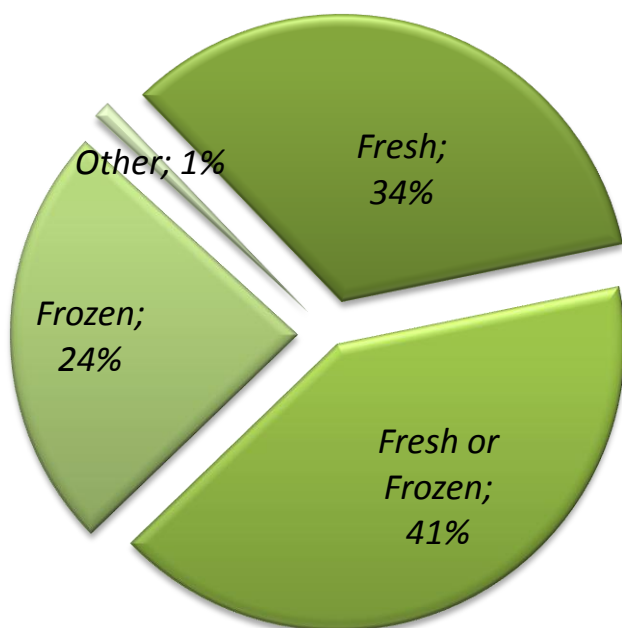
***Seafood Consumption compared to
2 years ago***



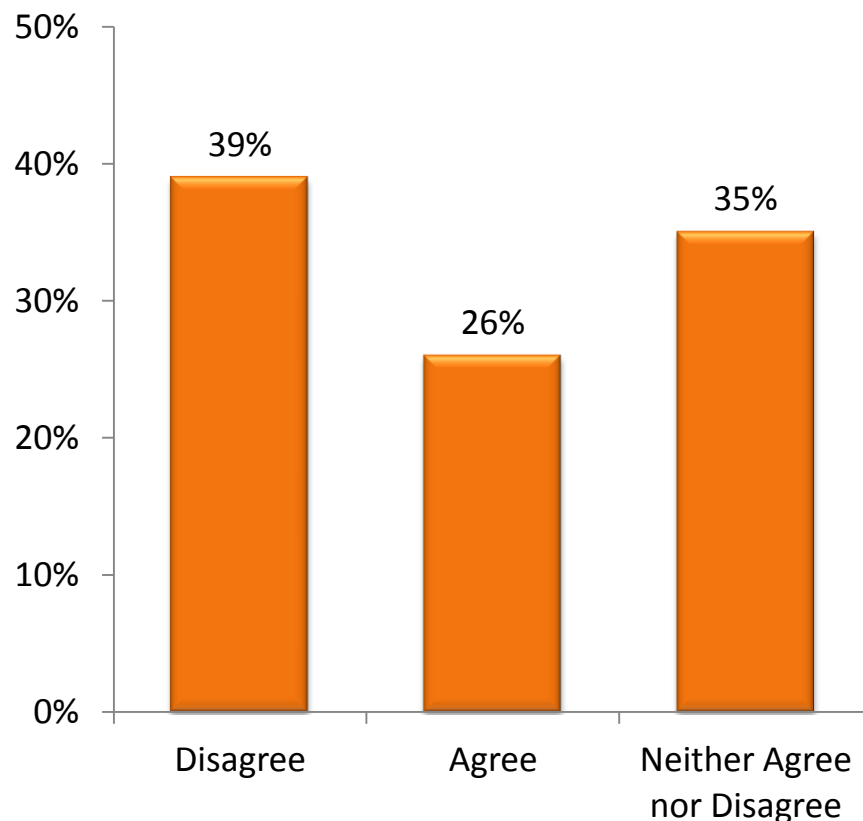
... And 77% declares to eat equal or more fish than 2 years ago

Pending work to do: Continue developing frozen seafood category

What type of fish do Brazilians buy to consume at home?



Is Frozen fish as healthy as fresh?

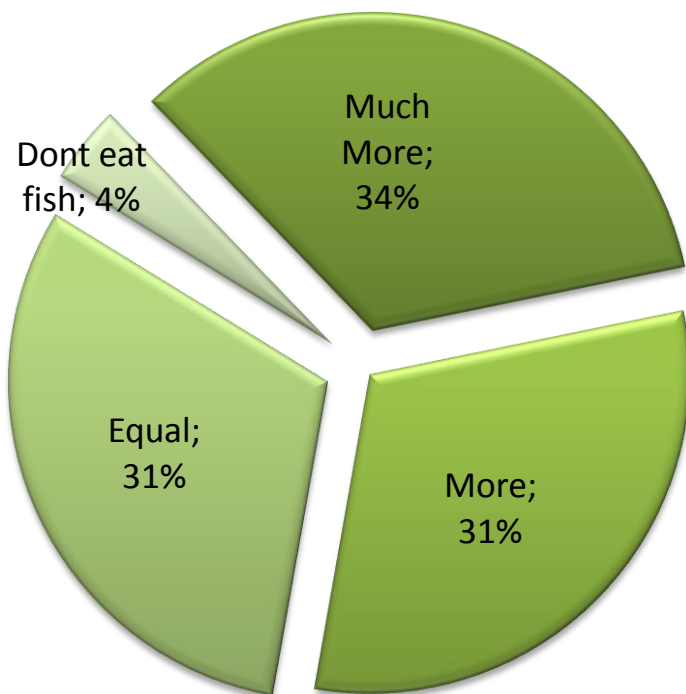


34% of Brazilian consumers eat only fresh fish and only 26% believe that frozen products are as good as fresh ones...

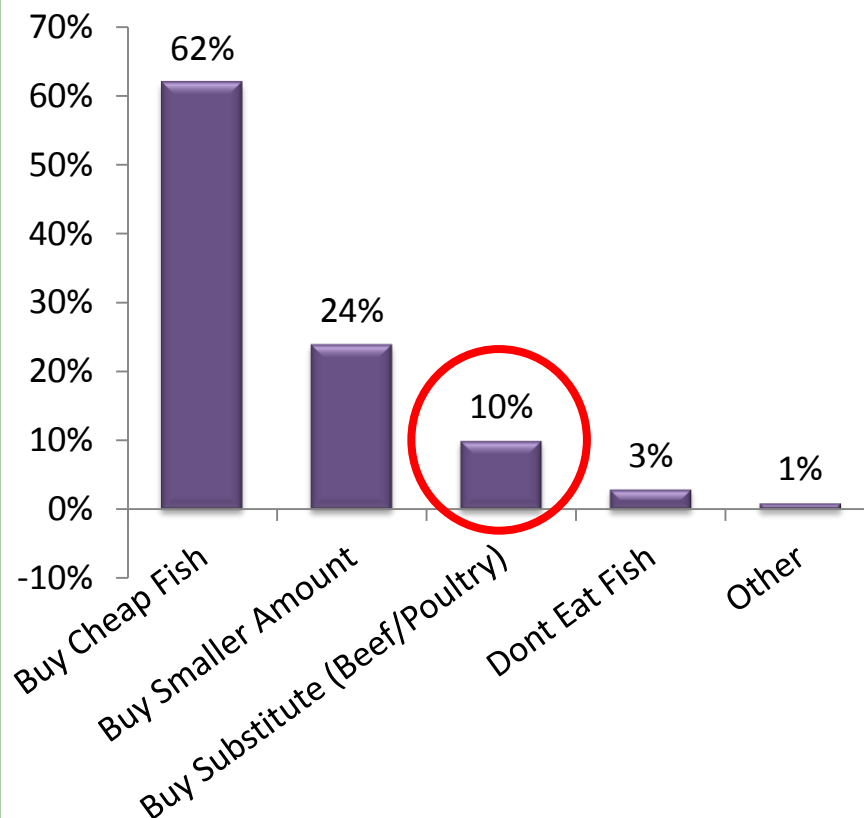


Price sensitive category, Pending work to do: Educate consumers about the category worth

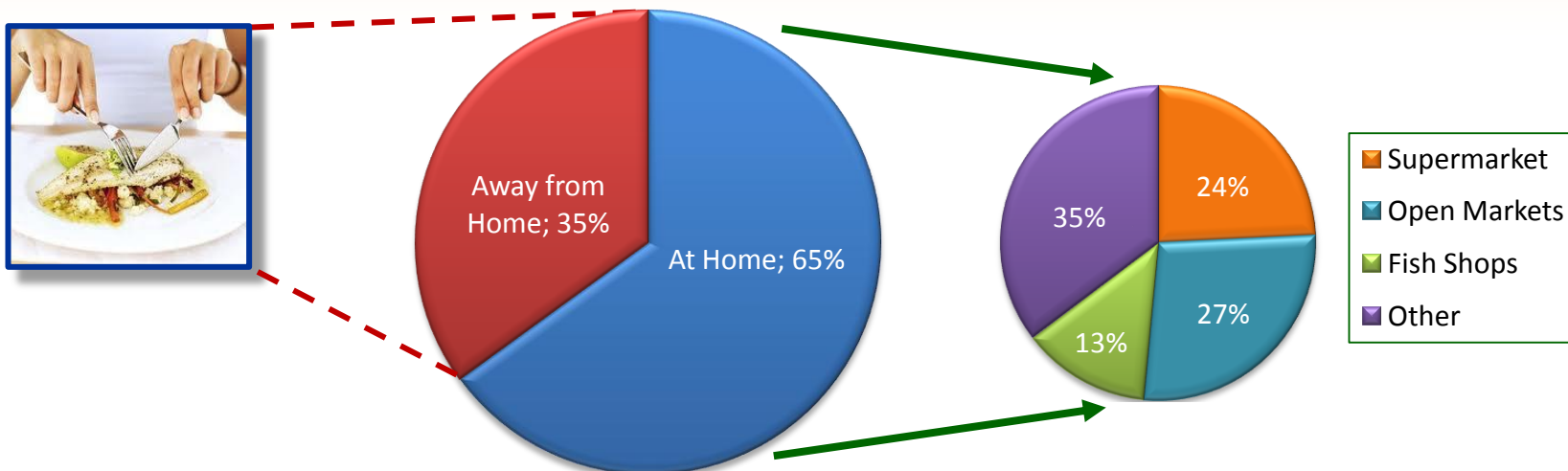
Would you increase your seafood consumption if the price were not a problem?



If the preferred seafood's price rises, what action would you take?



In what trade channels do Brazilians purchase seafood?



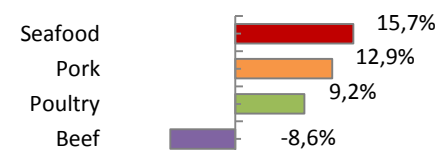
Source: IBGE , Sonoda (2006)

What can we expect in the Future?

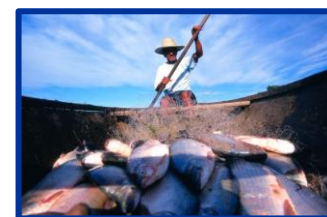
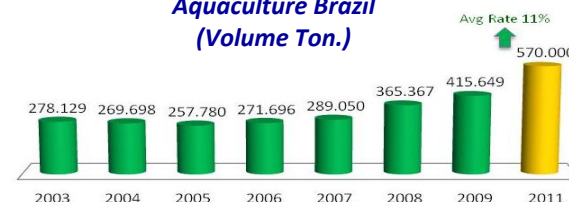
- ✧ The World Cup, the Olympics, a good time for the property market and even government programs, will heat up the consumer market;
- ✧ Seafood per capita consumption will continue increasing very aggressively, biased to frozen fish with higher added value;
- ✧ The country will become an important worldwide player in Aquaculture production;
- ✧ Arrival of more multinational seafood players to take advantage of the underdevelopment of the seafood sector and its huge potential: Nissui (Nordsee & Netuno Internacional), Grupo Calvo (Gomes da Costa) and Pesca Nova are already operating;
- ✧ Will the seafood sector in Brazil follow the path of consolidation and scaling up seen in beef, pork and poultry sectors, in the long term?



**Protein Growth
2007-2009**



**Aquaculture Brazil
(Volume Ton.)**





If you want to do business in Brazil: ... some advice

- 1. To access the Brazilian market is advisable to work through a local contact;***
- 2. Do not get carried away by enthusiasm;***
- 3. Be Patient;***
- 4. Be aware about the complexities of the Brazilian legal system;***
- 5. Do all necessary Due-Diligences;***
- 6. Consider the “Brazilian Cost”;***



If you want to do business in Brazil: ... some advice

- 7. Pay attention to your distributor;***
- 8. Do not criticize Brazil;***
- 9. Do not abandon to your Brazilian partner;***
- 10. Avoid “Portuñol” as business language;***
- 11. Avoid to make business trip in February;***
- 12. Brazil is not necessarily an underdeveloped country.***



Thank you for your time

True Global Links

