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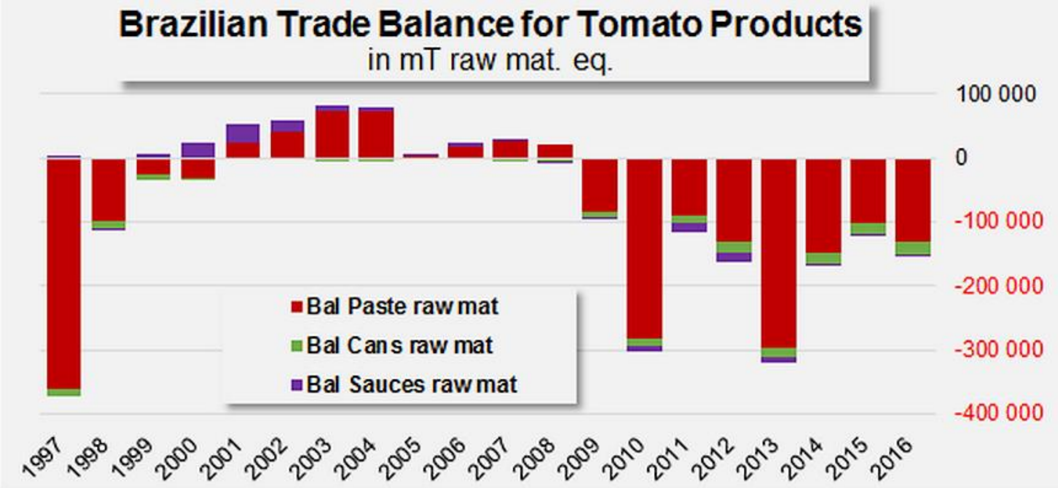
Trade, Statistics & Consumption

Brazil: the "tomato products" trade balance is improving

The deficit has been halved over the past four years

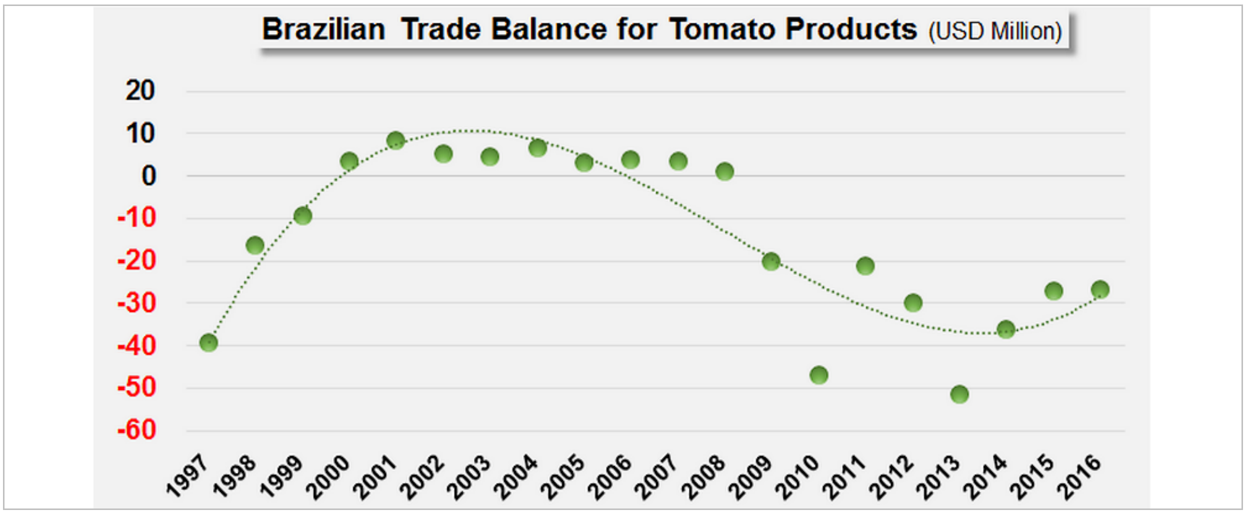
Over the 20 years running from 1997 to 2016, the Brazilian trade balance for tomato products was only marginally active for eight years, from 2001 to 2008, a period during which the local processing industry exported considerable volumes of paste and lesser quantities of sauces. Before 2001 and since 2009, Brazil recorded chronic deficits in its "tomato" trade balance, mainly based on considerable imports of paste. However, there has been an observable shift towards stabilization – possibly even improvement – in the annual results over the past four years, as the deficit shrunk from 320 000 metric tonnes (farm weight equivalent) in 2013 to less than 152 000 mT last year, for an annual average of approximately 180 000 mT over the past eight years.



Most of the deficit in the Brazilian trade balance for tomato products can be attributed to imports of paste.

This slight improvement, which may or may not be confirmed in coming years, has occurred in a context of growth both for national demand and for processed volumes. Over the past 20 years, the volumes processed by the Brazilian industry have progressed at an annual average rate of 1.5%, from 1.1 million mT in 1997 to 1.45 million mT in 2016. This growth of the food industry sector has been slightly too rapid compared to the development of domestic consumption (estimated at 0.5% per year, from 1.46 million mT in 1997 to 1.60 million mT last year) and has led to wide variations in trade-flow and balance. So processed volumes are expected to undergo a small downward adjustment this year (1.4 million mT planned for the 2017 harvest).

The improvement recorded in terms of quantities has translated into a substantial decrease in Brazilian expenditure. The trade balance deficit, which amounted to USD 48 million in 2010 and even reached USD 52 million in 2013, amounted in 2016 to "only" USD 27 million (of which a large quarter was dedicated to supplies of canned tomatoes).



Brazilian exports are shipped to neighboring countries like Paraguay, Bolivia, Uruguay and Columbia, and do not involve large quantities (less than 2 000 mT of pastes and barely 2 500 mT of sauces last year).

Conversely, the Brazilian market remains a major outlet for operators from the neighboring region as well as for global industry players. In 2016, pastes from Chile (8 950 mT), the USA (6 100 mT), Peru (2 300 mT), but also Italy (3 250 mT) and China (1 200 mT) accounted for the major proportion of Brazilian supplies in this sector. With close on 10 700 mT of canned tomatoes shipped to Brazil, Italy has all but eliminated competition from Argentina (less than 2 000 mT) and Spain (1 550 mT). Finally, Italy and the USA claimed most of Brazil's purchases of sauces (respectively 1 700 mT and 800 mT), while other regional players (Chile and Mexico) only accounted for a few hundred tonnes in total.