FGV EUROPE PROJETOS

THE JUICE AND TEA INDUSTRY IN BRAZIL AND THEIR INTERACTIONS WITH INTERNATIONAL TRADE

anufood brazil

FGV EUROPE PROJETOS

THE JUICE AND TEA INDUSTRY IN BRAZIL

AND THEIR INTERACTIONS WITH INTERNATIONAL TRADE

anufood brazil

Headquarters
Praia de Botafogo, 190, Rio de Janeiro – RJ, CEP 22250-900 ou Caixa Postal 62.591
CEP 22257-970, Tel: (21) 3799-5498, www.fgv.br

Institution of technical-scientific, educational and philanthropic character, created on December 20th, 1944, as a legal entity of private law with the objective to act, broadly, in all subjects of scientific character, with emphasis on social sciences: administration, law and economics, contributing for the socioeconomical development of the country.

CREDITS

Technical Team
Evandro Faulin
Felippe Serigati
Talita Priscila Pinto

Editorial Coordination
Manuela Fantinato

Design Coordination
Patricia Werner

Editorial Production
Talita Marçal

Graphic Design
Julia Travassos

Translation
Rodrigo Rudge Ramos Ribeiro

Proofreading
Sara Pais

Layout
Café.art.br

Photos
www.shutterstock.com

This issue is avaiable for download at FGV Projetos' website: www.fgv.br/fgvprojetos

CONTENTS

EXECUTIVE SUMMARY

Among the processing industries in Brazil, food and beverages are the largest. According to the Brazilian Association of Food Industries (ABIA)[1] , in 2017, the food and beverage industry was responsible for generate R$ 550 billion in gross value of industrial production (VBPI[2]) and a quota of 35.6 thousand companies; in addition, it is the sector that creates the largest number of jobs, with about 1.6 million direct jobs and billing[3] of R$ 642.6 billion, of which 81% belong to food and 19% to beverages. Only the beverage industry is responsible in 2017 for 3% of the value of the country's industrial production.

In this context, according to ABIA data, the Brazilian beverage industry, which is divided into 2 large niches: alcoholic and non-alcoholic, represents in 2016:

- 1.9% of Gross Domestic Product (GDP) from Brazil, with revenues of R$ 116 billion;
- 4.8% of the gross value of the production of the processing industry (VBPI);
- 53.3% of their market is made up of non-alcoholic drinks and 47.6% for alcoholic beverages.

THE BRAZILIAN INDUSTRY OF NON-ALCOHOLIC BEVERAGES: JUICES AND TEAS HAVE INCREASINGLY MARKET SHARE

Considering world consumption of non-alcoholic beverages in 2017, according to data from ABIA, the United States and China are the leaders, representing 15% and 14% of all consumption in this market, respectively. Brazil is also highlighted: it is the seventh largest consumer in the world, accounting for about 4% of the demand in this market. All this representation, compared to world consumption, is accompanied by an industry that continues to rise, both in a volume of production and sales. According to information from the Brazilian Institute of Geography and Statistics (IBGE), observing Graph i, it is possible to affirm that between 2006 and 2015:

1 Available in Available in: https://www.abia.org.br/vsn/

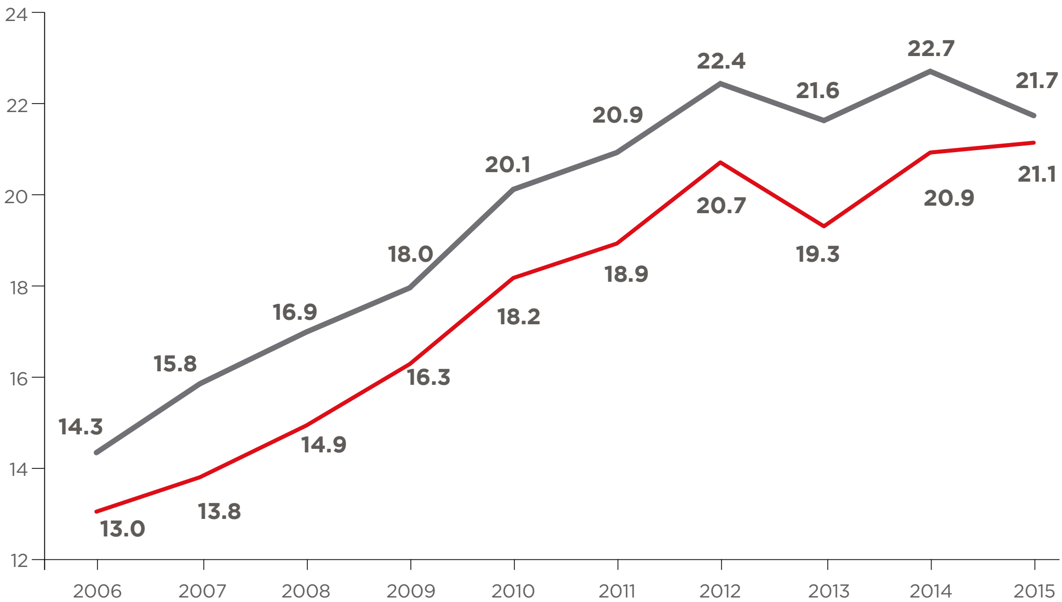
2 Gross Value of Industrial Production (VBPI) - Includes the total transfers made plus the sales made by the unit plus the variations of inventories of: products manufactured by the unit; products in process of manufacture; and products manufactured by other units thereof.

3 Billing - It is the sum of all sales, whether of products or services, carried out in a certain period.

- Domestic non-alcoholic beverage production has grown at a rate of 4.7% by year, showing an accumulated growth of 52% for the period;
- Brazilian non-alcoholic beverage sales followed this trend and maintained a growth of 5.5% per year, with a cumulative growth of 62%.

Graph i

BRAZILIAN EVOLUTION OF PRODUCTION AND SALES OF THE NON-ALCOHOLIC BEVERAGE INDUSTRY BETWEEN 2006 AND 2015 (BILLIONS OF LITERS)



Source: IBGE- Annual Industrial Survey - Product[4].

4 Available at: https://sidra.ibge.gov.br

Within all of this volume produced and commercialized in Brazil, there are different categories of beverages, according to Euromonitor[5], the group of soft drinks is predominant: it represents 48% of the consumption of this segment in 2017. The other 52% are divided between bottled water, juices, teas, concentrates, ready coffee and energetic drinks.

Despite the protagonism of the soft drinks, there is a strong movement of reduction of demand for the beverage, keeping the industry on alert. According to Euromonitor, in 2012 the segment accounted for 62% of the market for non-alcoholic beverages, but this share has been reducing around 4.6% per year, and as previously mentioned, it represents 48% in 2017.

One possible justification for this is the fact that individuals are changing their consumption patterns and showing a greater interest in acquiring beverages that are healthier, lower sugar and artificial ingredients. In this sense, the consumption of bottled water, juices and teas are gaining space inside and outside of Brazil. The constant drops in demand for soft drinks, coupled with the effects of the economic crisis and higher production costs, are increasingly drying this market in Brazil. In contrast to soft drinks, segments of juices and teas are gaining more and more representation, both in terms of consumption and domestic production. According to IBGE numbers for 2016:

- 2.9 billion liters of juice were produced in Brazil, generating R$ 10.9 billion of industrial production;
- The largest share of this market, 52%, belongs to concentrated fruit juices, with a production volume of 1.5 billion liters. Second is the fruit juices or nectars ready for consumption, accounting for 39% of industrial production, with a volume of 1.1 billion liters. These two categories were responsible for 90% of total industrial production and sales of juices in Brazil;;
- Concentrated fruit juices and ready-to-eat fruit juices or nectars contributed together with about 92% of the value of industrial production and segment sales, about R$ 10 billion.

5 Available at: https://www.euromonitor.com/

Table i

BRAZILIAN VALUE OF INDUSTRIAL PRODUCTION AND SALES OF JUICES IN 2016 (R$ BILLION)

PRODUCT	VALUE	PARTICIPATION
REFRESHMENTS, JUICES OR FRUIT NECTARS, READY FOR CONSUMPTION	1.87	17.09%
REFRESHMENTS, JUICES OR GRAPE NECTARS, READY FOR CONSUMPTION	0.14	1.29%
CONCENTRATED FRUIT JUICES	8.16	74.75%
JUICES OF ANY OTHER FRUIT	0.17	1.56%
WHOLE FRUIT JUICES	0.03	0.32%
WHOLE GRAPE JUICES	0.54	4.99%
TOTAL	**10.92**	**100%**

Source: IBGE- Annual Industrial Survey - Product[6].

In relation to domestic production and sales of teas, the segment is still smaller than juices. In 2016, 216 million tons of teas were produced, reaching R$ 890 million in production value.

The mate tea benefited is the main product, and represents about 93% of the total production, that is, and sale of 2016 million tons; this volume corresponds to 83% of the value of the industrial production of teas, about R$ 744 million.

6 Available at: https://sidra.ibge.gov.br

Table ii

BRAZILIAN VALUE OF INDUSTRIAL PRODUCTION AND SALES OF TEAS IN 2016 (R$ MILLION)

PRODUCT	VALUE	PARTICIPATION
MATE TEA BENEFITED	743.8	83.49%
UNFERMENTED GREEN TEAS; PARTLY FERMENTED, IN PACKAGES OF A CONTENT NOT EXCEEDING 3 KG	92.9	10.43%
EXTRACTS, ESSENCES, CONCENTRATES AND OTHER PREPARATIONS OF TEA OR MATE	54.2	6.08%
TOTAL	**890.9**	**100%**

Source: IBGE- Annual Industrial Survey - Product[7].

- The segment of juices and teas has continued to expand, even in a scenario of economic crisis.

Besides, there is a potential for growth and expansion of these markets based on the combination: heated demand and per capita consumption still low. In this sense, there are still additional factors that can contribute to this scenario: signs of economic recovery and the behavior of prices of these beverages, which has remained below inflation.

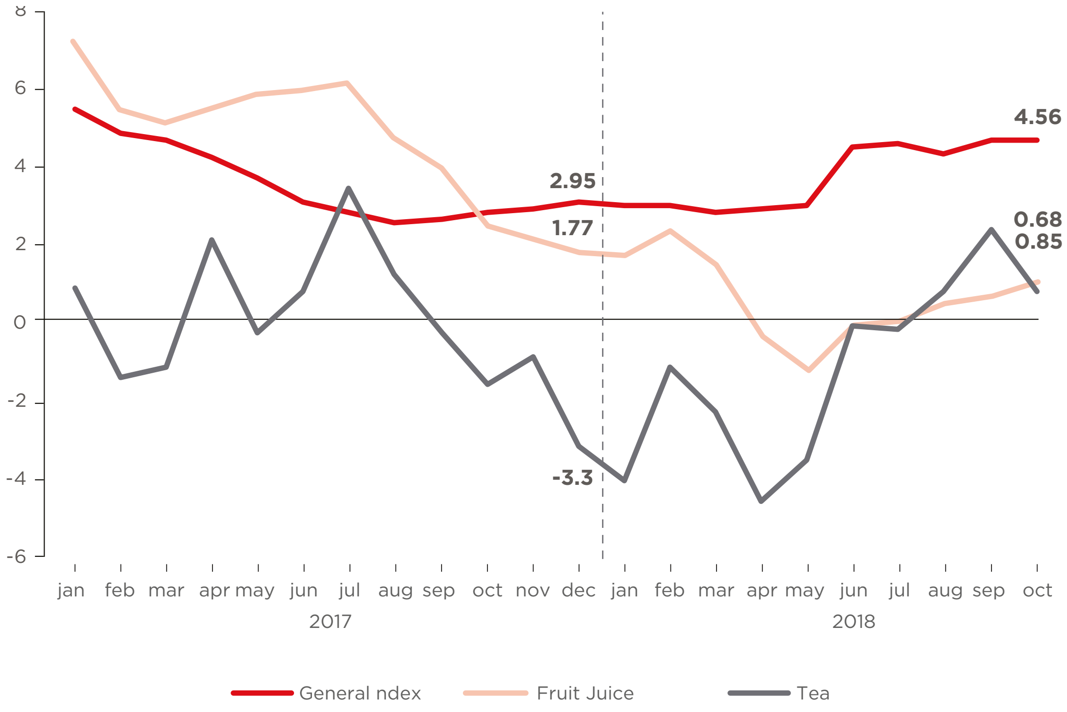
Associating the evolution of prices accumulated in 12 months of juices and teas to the index of prices of the economy[8] - IPCA, in 2017 the IPCA ended the year at 2.95%, while the juice segment accumulated at 1.77% and the teas was negative, with a reduction of 3.3% for the same period. This behavior has been maintained throughout 2018, and in the accumulated of the year, both segments have remained below the inflation.

7 Available at: https://sidra.ibge.gov.br/Table/6705

8 Extended Consumer Price Index (IPCA): used to measure the inflation of products and services marketed in retail, referring to personal consumption of family members.

Graph ii

ACCUMULATED VARIATION IN 12-MONTHS OF IPCA, PRICE OF FRUIT JUICE AND TEAS IN 2017 AND 2018 (% VARIATION)



Source: IBGE - National Consumer Price Index[9].

Expanding the analysis of price evolution, it is possible to observe that the price of fruit juice shows oscillations over time, but, for the most part, it operates below the level of inflation. From January to December 2017, the price of fruit juice is above the value compared to the same period of 2018. According to the Economic Research Center of the School of Agriculture (CEPEA)[10] , this movement can be explained by the rise in the price of orange juice: the main segment within the national juices industry and protagonist of the international market.

9 Available at: www.sidra.ibge.gov.br

10 Available at: https://www.cepea.esalq.usp.br/br

Table iii
AVERAGE PROFIT OF ORANGE PRODUCTION IN 2016 AND 2017 (R$/HA)

	AVERAGE REVENUE	AVERAGE COST	PROFIT
2016	R$ 17,301.71	R$ 9,342.78	R$ 7,958.93
2017	R$ 17,372.68	R$ 11,618.98	R$ 5,753.70

Source: Sidra - IBGE[11]/Hortifruti/Cepea[12]/Conab[13].

ORANGE JUICE: THE PROTAGONIST OF DRINKS ON ASCENSION

Within the juice industry, orange juice is the main product. The relevance of this segment is global and gives Brazil a prominent place, both in the national production and in the commercialization in the world. Brazil is the world's leading producer and exporter of the beverage, followed by the United States and Mexico. According to the United States Department of Agriculture (USDA)[14] in 2017:

- The volume produced by Brazil exceeded 1 billion tons and the country was responsible for about 64% of production in the world;
- The United States produced about 205 million tons, approximately 13% of the world total, while Mexico maintained its production at 171 million tons, 11% of the total;
- Together, the production of Mexico and the United States reached 376 million tons, equivalent to a little more than a third of Brazilian production, evidencing the Brazilian leadership in the world production of the beverage.

11 Available at: https://sidra.ibge.gov.br/tabela/1613

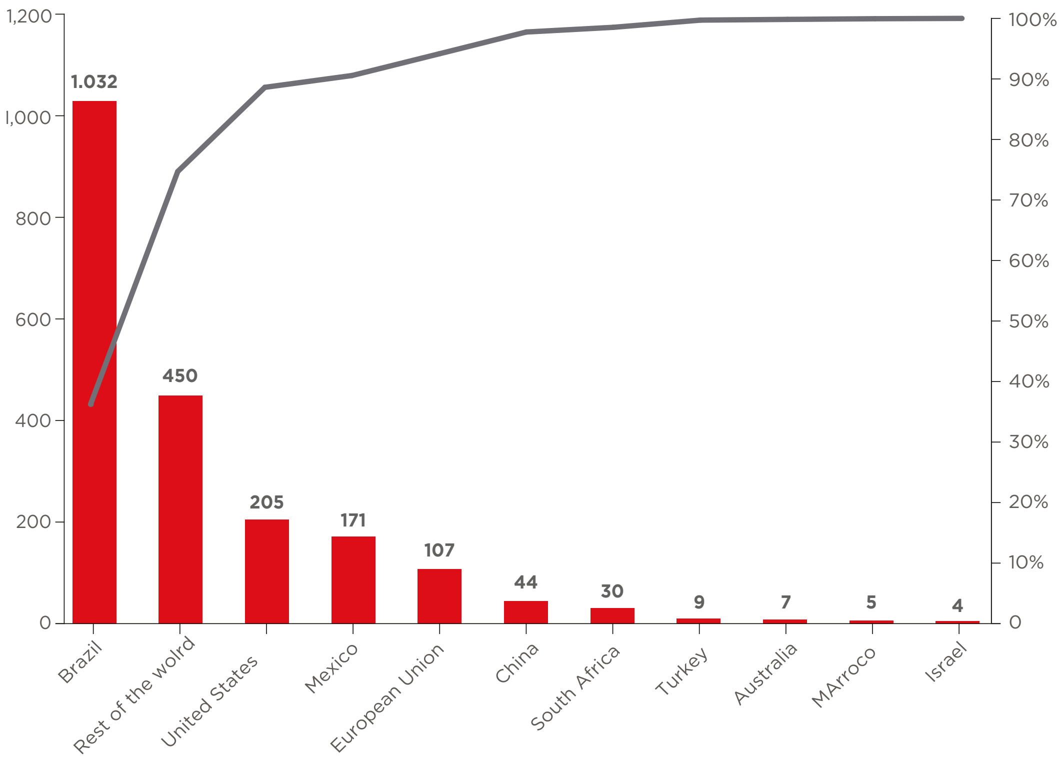
12 Available at: https://www.hfbrasil.org.br

13 Available at: https://www.conab.gov.br/info-agro/custos-de-producao

14 Available at: https://www.usda.gov/

Graph iii

WORLD PRODUCTION OF ORANGE JUICE AND THE 10 LARGEST PRODUCERS IN THE WORLD (MILLIONS OF TONS)



Source: USDA[15].

In relation to the domestic market, there is a movement of increase in the demand for orange juice even with the increase of prices suffered in recent times. The rise in the price of orange did not affect the domestic consumption of the drink. Besides that, the segment also did not feel the effects of the crisis on its demand, which has been increasing since 2013. According to the USDA[16]:

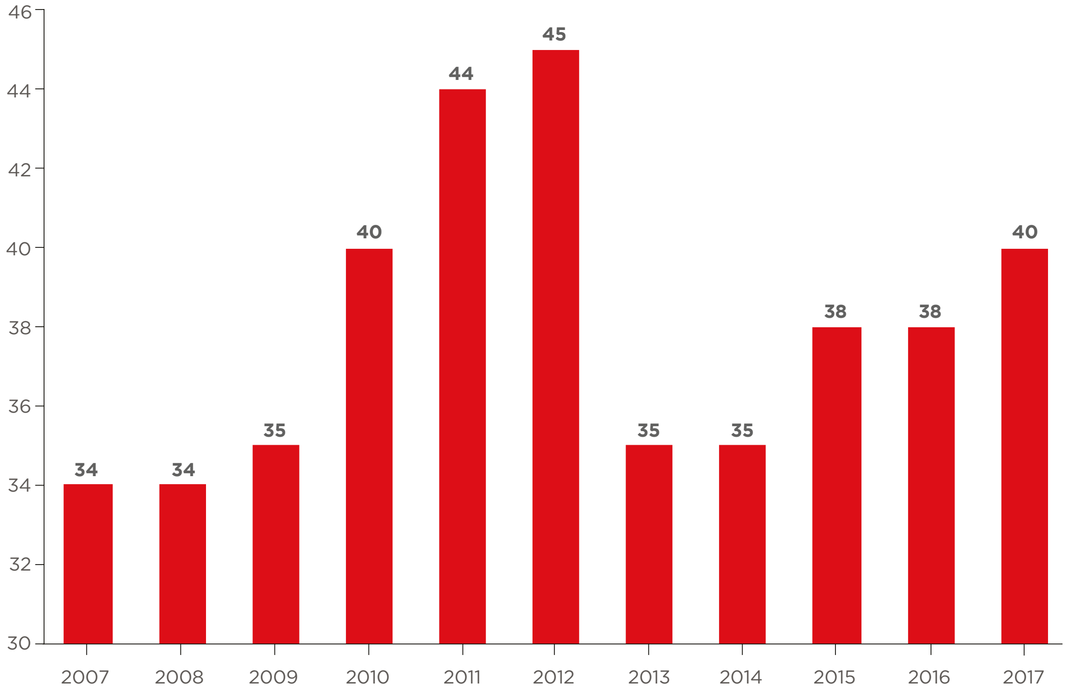
- In 2017 consumption was 40 million tons, 5.3% more than in the previous year;
- Between 2014 and 2015, there was an increase of 8.6% and between 2015 and 2016 the consumption of the beverage remained stable.

15 Available at:www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

16 Available at:www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

Graph iv

BRAZILIAN DOMESTIC CONSUMPTION OF ORANGE JUICE BETWEEN 2007 AND 2017 (MILLION TONS)



Source: USDA[17].

This behavior of the consumer market of orange juice, is in line with the segment of juices and teas as a whole: increasing demand, resisting the financial crisis that crossed the country in 2016.

A POSITIVE COMMERCIAL BALANCE DOES NOT GUARANTEE AN EXPRESSIVE MARKET

Although the juices and teas market is not as representative as that of soft drinks, in the non-alcoholic beverage industry, it has been resilient: it has faced the financial crisis and has seen its demand grow even with the economic adversities that Brazil has been facing.

17 Available at:www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

Regarding international trade, what is seen for both the juice and teas industries is a historical scenario of positive outcomes in the trade balance, especially orange juice in which Brazil is a leader in production and exports. According to the Comex Stat[18]:

- The juice and tea industry exported about US$ 1.80 billion in 2017, corresponding to a total export volume of 2 billion tons;
- Only the orange juice is responsible for 87% of the total export value of the segment, US$ 1.56 billion;
- During the year 2018[19], the juices and teas market as a whole already moved US$ 1.9 billion in exports, 89% of which belongs to the category of orange juice, which alone has already reached US$ 1.7 billion in exports.

This scenario, which is widely favorable to orange juice, does not happen by coincidence. Brazil has competitive advantages in relation to beverage production, which gives the country an almost unbeatable condition to operate in this market:

- Low production costs due to the favorable climate and the cheapest workforces;
- Fertile land, good orchard productivity and large scale;
- And the own logistics structure of the large industries in the ports of embarking and disembarking of their products give the country very advantageous conditions of performance.

In 2017, about 78% of all the volume of orange juice exported in the world was the Brazilian origin. According to the USDA[20], the country exported about 1.8 million tons of the beverage, generating a revenue of around US$ 1.6 billion.

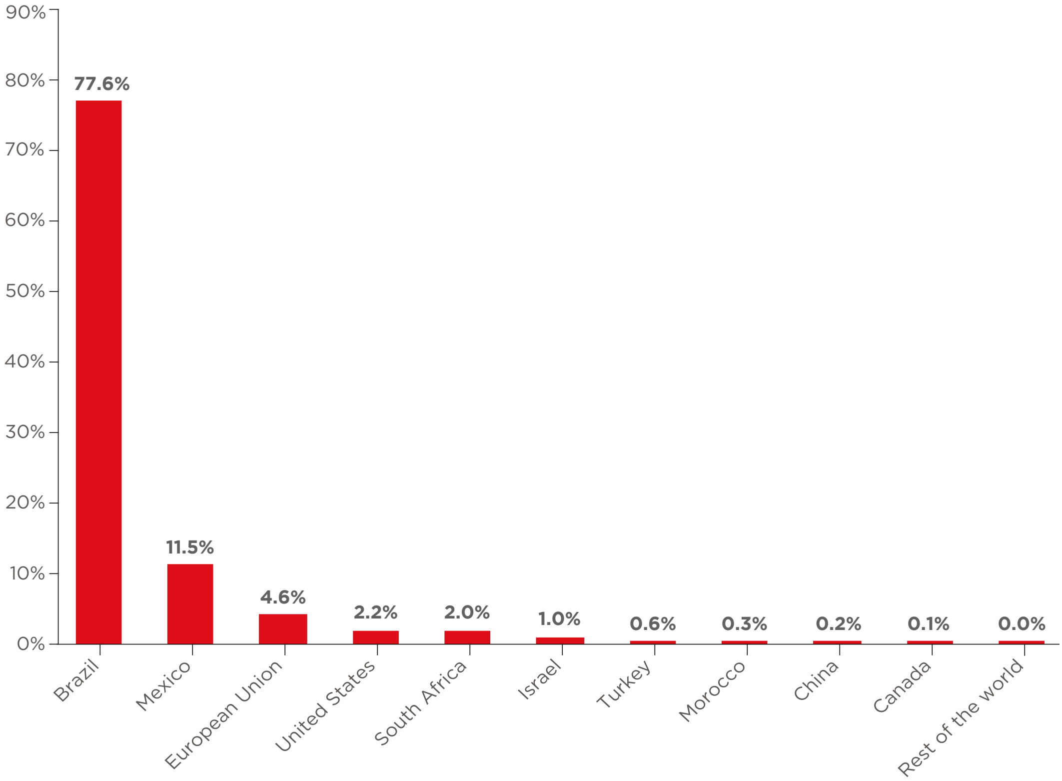
18 Available at: http://comexstat.mdic.gov.br/pt/geral

19 The values of international trade for 2018 refers to the months of January to October of the referred year.

20 Available at: www.apps.fas.usda.gov/psdonline/app/index.html#/app/home.

Graph v

SHARE OF THE MAIN ORANGE JUICE EXPORTING COUNTRIES IN RELATION TO THE TOTAL VOLUME EXPORTED IN THE WORLD IN 2017



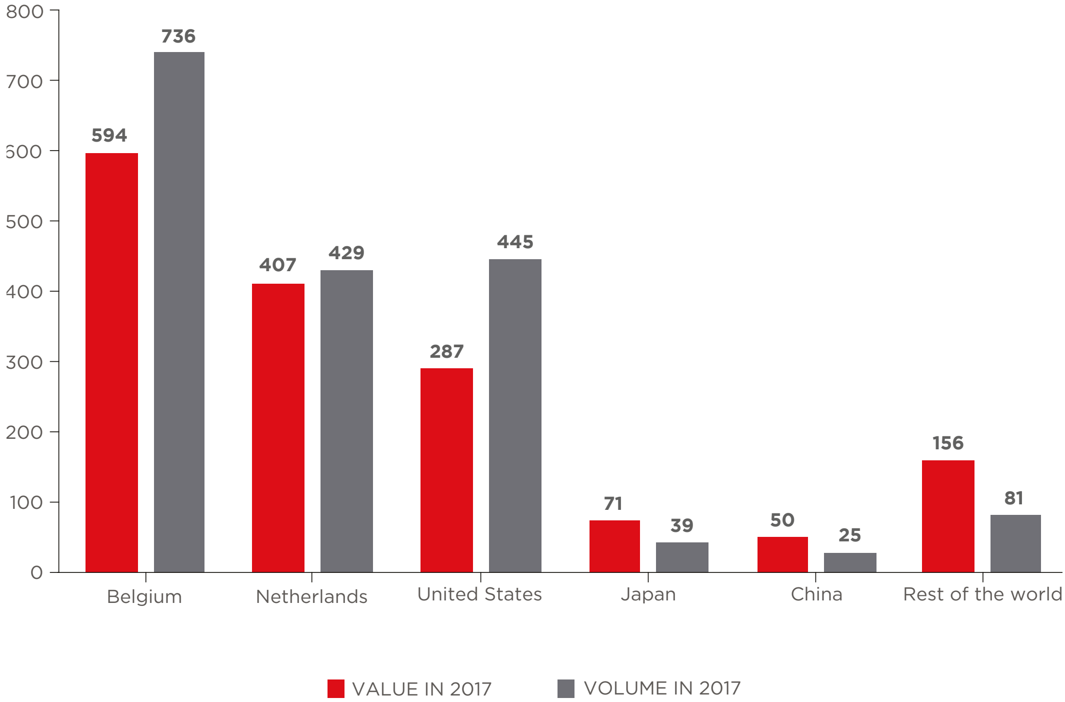
Source: USDA[21].

Furthermore, according to Comex Stat information, in 2017 the Brazilian orange juice was marketed in 61 countries, being Belgium the main destination of the beverage, serving as a gateway to distribution within the European continent. The European country received about 42% of the volume of exports and 38% of the total value exported, followed by the Netherlands which acquired 25% of the total volume and 26% of the value exported. In this way, the European Union occupies the position of the main consumer market for Brazilian orange juice, requiring approximately 66% of the exported volume, which corresponds to about 51% of the export value.

21 Available at: www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

Graph vi

BRAZILIAN EXPORTS OF ORANGE JUICE - COUNTRIES OF DESTINATION (US$ MILLION/ THOUSAND TONS)



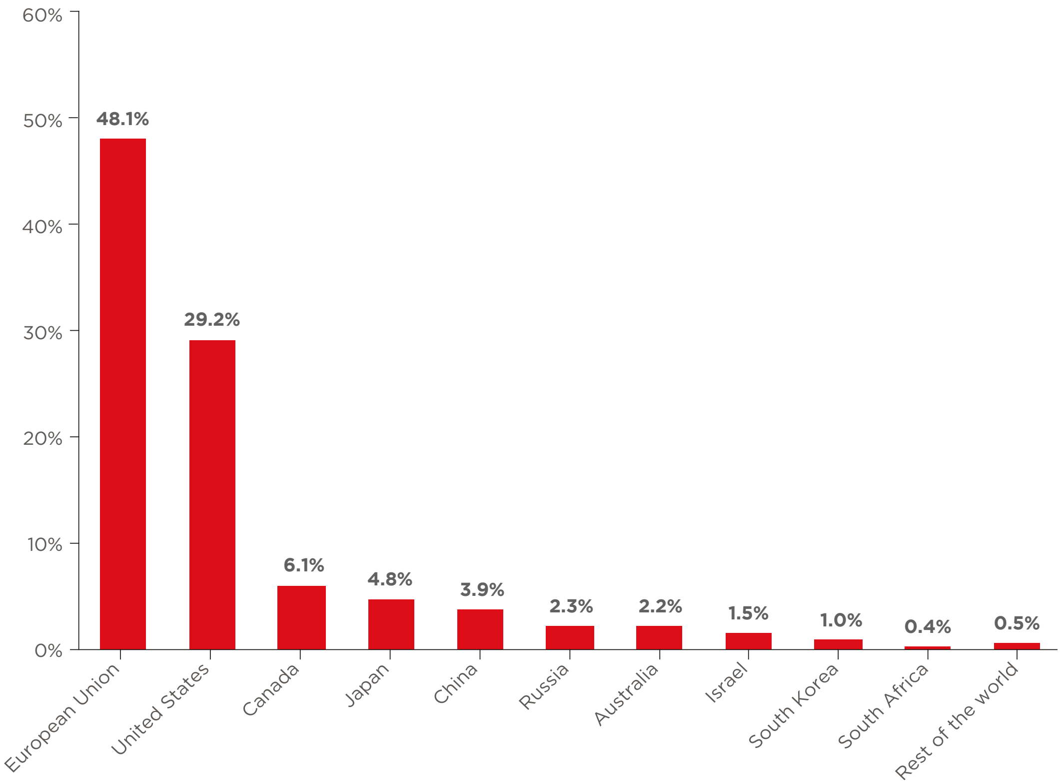
Source: Comex Stat (2018)[22].

The European Union, the main buyer of Brazilian orange juice, is also the world's largest importer, requiring about 48% of the total volume of the beverage marketed in the world in 2017. The United States occupies the second position in this ranking, responsible for about 29 % of the total. Together, the European Union and the United States are responsible for 77% of the world's imports of orange juice.

22 Available at: http://comexstat.mdic.gov.br/pt/geral

Graph vii

PARTICIPATION OF MAJOR ORANGE JUICE IMPORTING COUNTRIES IN RELATION TO THE TOTAL VOLUME IMPORTED IN THE WORLD



Source: USDA[23].

BARRIERS IN THE PRODUCTION AND COMMERCIALIZATION OF BRAZILIAN JUICES AND TEAS

In terms of the barriers faced by the production of Brazilian fruit juices, as well as many other crops, the cultivation of different fruits is vulnerable to the weather. Regarding the orange juice, climatic conditions can directly interfere with the price of the product. If the climate is not conducive to cultivation, the supply may suffer reductions against stable demand, and this imbalance causes a rise in the price of the product to the final consumer.

23 Available at: www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

In the international market, the existence of tariff and non-tariff barriers represents an important obstacle to the commercialization of orange juice with the world. Phytosanitary and technical requirements impose a series of restrictions on producers, which increases the cost of orange juice compared to local production in importing countries. According to information from the National Association of Exporters of Citrus Juices (Citrus BR)[24]:

- In relation to phytosanitary barriers from the European Union, the Brazilian main partner in the commercialization of orange juice, establishes several requirements in order to ensure the health of its consumer. These are issues that involve the use of contaminants, pesticides, quality, authenticity, easy traceability and consumer perception. Exporters must follow export market legislation, the Codex Alimentarius[25], in addition to specific legislation on the European continent;

- About technical barriers, China is one of the most demanding markets for microbiological contamination. Its standards are 25% more severe than those of the European Union and 50% more stringent than those of the United States;

- The European Union also presents technical barriers to Brazilian orange juice. The continent has a list of accepted pesticides different from those practiced in Brazil's citrus industry. And still requires the Brazilian market to deliver a homogeneous product that is in accordance with strict technical specifications.

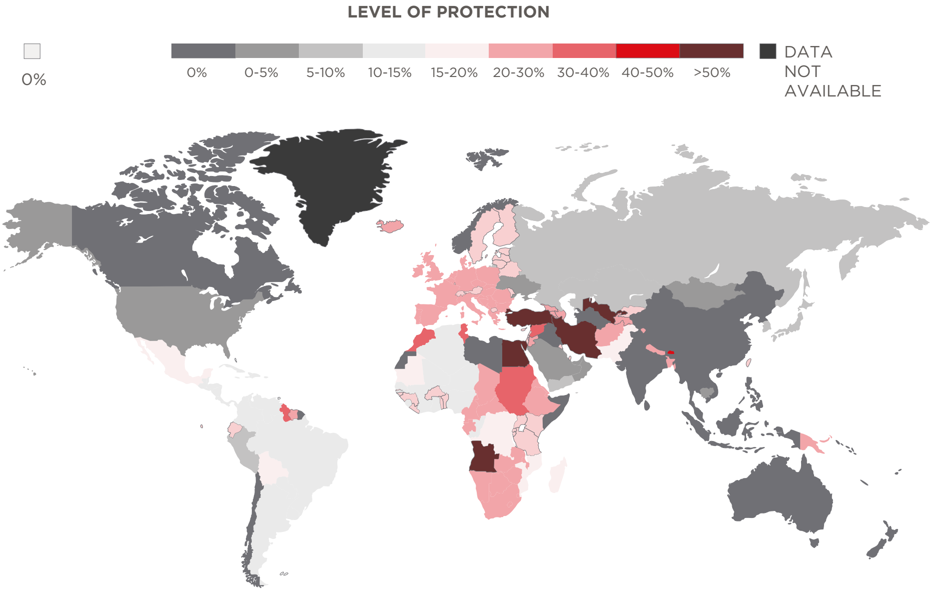
Regarding Brazilian tea, mainly yerba mate, there are no major international marketing barriers, since there is little technology used in this industry and relatively low investment to enter the activity. The main countries of destination, Uruguay, the United States, Chile and Germany do not impose import tariffs on the Brazilian product.

24 Available at: http://www.citrusbr.com/

25 The Codex Alimentarius is a program of the Food and Agriculture Organization of the United Nations (FAO), and joined by the World Health Organization (WHO), created in 1963, to establish international standards in the area of food, including standards, guidelines and guides on Good Practices and Safety and Efficacy Assessment. Its main objectives are to protect consumers' health and ensure fair trade practices between countries.

Figure i

SIZE OF TRADE AND LEVELS OF PROTECTION APPLIED TO BRAZILIAN MATE IN THE INTERNATIONAL MARKET IN 2018



Source: Adapt from Macmap (2018)[26].

26 Available at: http://www.macmap.org/QuickSearch/FindTariff/FindTariff.aspx

1. THE JUICE AND TEA INDUSTRY IN BRAZIL AND IN THE WORLD

Among the processing industries, the food and beverage is the largest. According to the Brazilian Association of Food Industries (ABIA)[1] , in 2017, the industry of food and beverage was responsible for generating R$ 550 billion in gross value of industrial production (VBP) and a contingent of 35.6 thousand companies; in addition, it is the sector that creates the largest number of jobs, with about 1.6 million direct jobs and has a turnover of R$ 642.6 billion, of which 81% belong to food and 19% to beverages

Only the Brazilian beverage industry is responsible for about 3% of the value of industrial production in Brazil, and in 2016 generated R$ 116 billion, representing 1.9% of GDP and 4.8% of the manufacturing industry's VBP. This industry can be divided into two major groups: alcoholic beverages representing 46.7% of the segment and non-alcoholic beverages with 53.3%.

The non-alcoholic beverage industry, the most representative in the segment, has great relevance in the Brazilian market. According to ABIA data, in 2017, Brazil is among the 10 largest consumers in the segment, see Table 1.

1 Available at: https://www.abia.org.br/vsn/

Table 1

COUNTRIES WITH THE HIGHEST RETAIL CONSUMPTION OF NON-ALCOHOLIC BEVERAGES IN BETWEEN 2012 AND 2017 (BILLIONS OF LITERS)

COUNTRIES	2012	2013	2014	2015	2016	2017
UNITES STATES	84.36	84.62	85.72	88.06	90.20	91.35
CHINA	62.58	71.31	75.45	77.83	78.98	82.58
MEXICO	35.64	35.78	35.95	36.90	38.09	39.11
NIGERIA	20.78	23.63	26.36	28.84	31.81	35.28
INDONESIA	18.32	19.98	21.06	22.34	24.83	25.10
JAPAN	20.44	20.87	20.62	21.13	21.55	21.75
BRAZIL	21.04	21.12	22.03	21.88	21.56	21.41
GERMANY	19.99	20.01	19.98	20.05	20.03	20.06
FRANCE	12.16	12.17	12.29	12.70	13.02	13.32
INDIA	6.65	7.87	9.07	10.32	11.65	13.07
OTHERS	208.14	213.54	220.03	227.00	232.08	237.90
WORLD	**510.10**	**530.89**	**548.53**	**567.04**	**583.80**	**600.94**

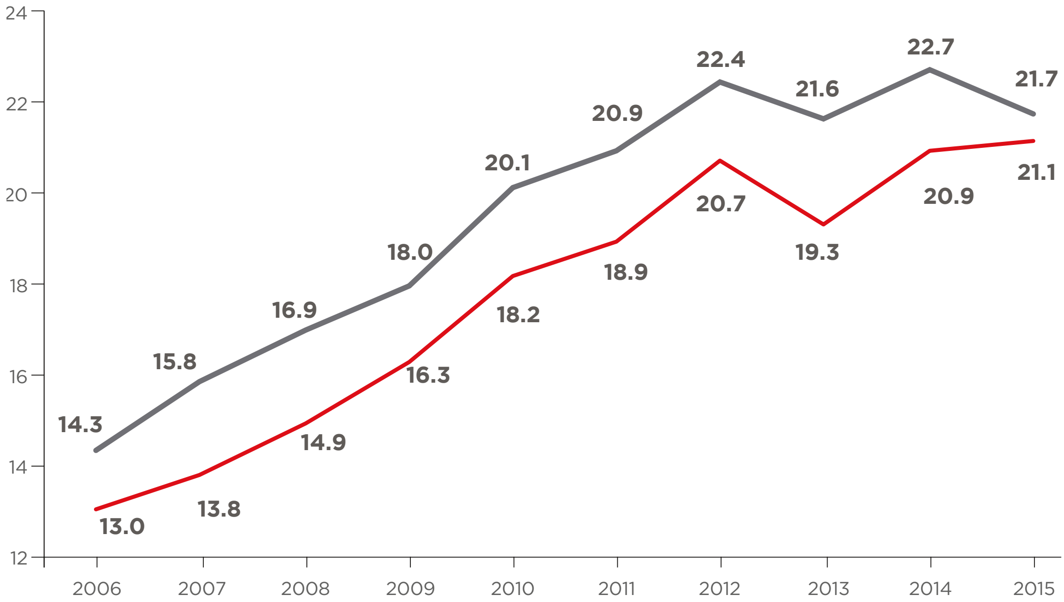
Source: Euromonitor[1]

The demand for non-alcoholic beverages, even on a small scale, is increasing in all countries. The United States and China are the biggest consumers, and over the years, the increase in consumption in China was about 32%, higher than the 8% of the American country. India, Nigeria and Indonesia showed higher cumulative growth rates, 96%, 70% and 37%, respectively.

Brazil occupies the seventh position in this ranking, with annual consumption of around 21 billion liters. The IBGE data, presented in Graph 1, are in agreement with the data presented in Table 1. It is possible to realize that in addition to the representative consumption in relation to the external market, internally, the segment has grown over the years, both in terms of volume produced by the industry.

1 Available at: https://www.euromonitor.com/

Graph 1
BRAZILIAN EVOLUTION OF PRODUCTION AND SALES OF THE NON-ALCOHOLIC BEVERAGE INDUSTRY BETWEEN 2006 AND 2015 (BILLIONS OF LITERS)



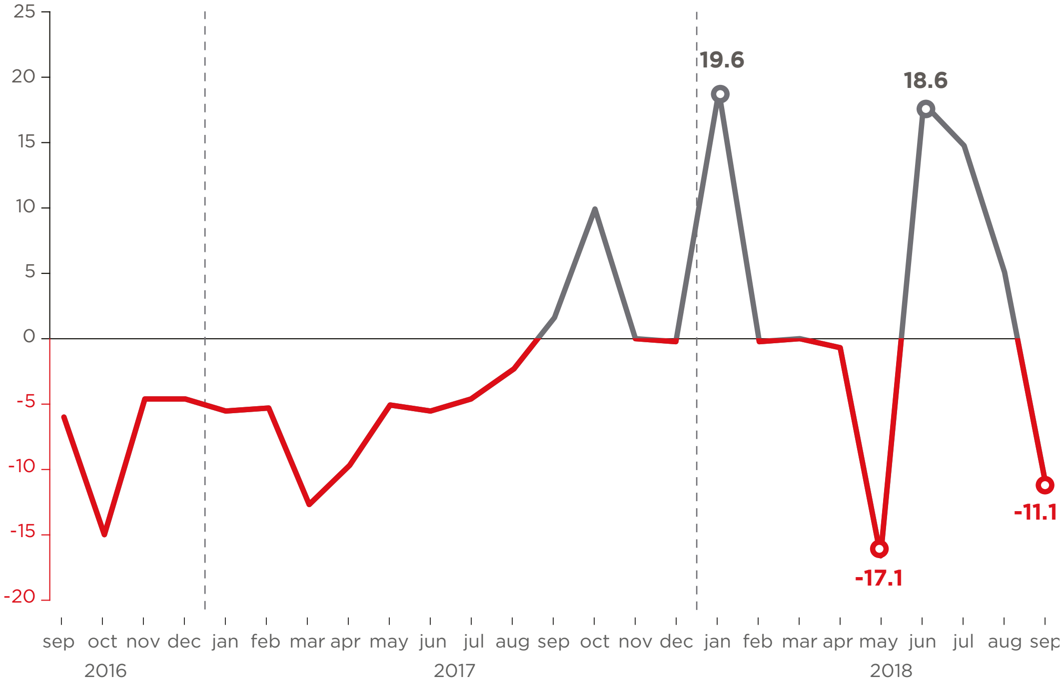
Source: IBGE[2].

Even with increasing performance, from 2012 the segment experienced some declines in production, but resumed growth after September 2017, according to Graph 2, which shows the monthly variation of the industrial production of non-alcoholic beverages in the period of September 2016 to September 2018.

2 Available at: https://sidra.ibge.gov.br

Graph 2

INDUSTRIAL PHYSICAL PRODUCTION OF THE NON-ALCOHOLIC BEVERAGES CHAIN BETWEEN SEPTEMBER 2016 AND SEPTEMBER 2018



Source: IBGE - Monthly Industrial Survey - Physical Production[3].

It is important to note that Graph 2 refers to the same month of the previous year. In this way, it can be observed that the variation of production started to be positive as of September 2017. In January 2018 the variation reached a growth of 19.6% when compared to the same period of the previous year. However, it is possible to notice the opposite movement in May 2018, which presented a negative variation of 17% in relation to the same period of the previous year. But already in the month of June the variation of the production was 18%, compared to June of 2017.

Within this industry, which has increased production over the years, there are some categories: the production of bottled water, soft drinks, concentrates, juices, teas, coffee and sports and energy drinks. Table 2 shows the share of each type of beverage in sales between 2012 and 2017 in Brazil.

3 Available at: https://sidra.ibge.gov.br

Table 2

BRAZILIAN SALES OF NON-ALCOHOLIC BEVERAGES IN RETAIL BY CATEGORY BETWEEN 2012 AND 2017 (MILLION LITERS)

TYPES OF DRINKS	2012	2013	2014	2015	2016	2017
BOTTLED WATER	6,219	6,521	7,439	8,308	8,786	9,119
SODA	13,054	12,668	12,427	11,473	10,752	10,313
CONCENTRATES	243	230	227	230	231	231
JUICES	1233	1,389	1,601	1,567	1,5	1,466
TEA READY TO DRINK	109	115	126	119	122	126
COFFEE READY TO DRINK	1	3	2	2	2	2
SPORTS AND ENERGY DRINKS	183	196	203	185	164	153
TOTAL	**21,042**	**21,122**	**22,025**	**21,883**	**21,557**	**21,410**

Source: Euromonitor[4].

According to information provided by Euromonitor, in 2017, the soft drinks have a 48% performance in the Brazilian non-alcoholic beverages, but despite their representativeness, it is a declining share, since in 2012 this segment accounted for 62% of the beverage market alcoholic beverages. In the world market the decline in the consumption of soft drinks is even greater, and in 2017, the drink represents 27.1% of the market in which it is inserted.

However, the consumption of bottled water, juices and teas has been growing in Brazil. Part of this is due to the downward trend in demand for soft drinks. According to the Brazilian Association of Soft Drinks and Non-Alcoholic Beverages (Abir)[5] , since 2014 per capita consumption of soft drinks has been decreasing in Brazil: four years ago, it was 80.6 liters per inhabitant per year. By 2016 it was 70 liters/year. The data for 2017 have not yet been consolidated, but the projection is a new retraction in the market, with a drop in domestic production. In addition, this particular segment may have felt more of the effects of the economic crisis that has crossed the country. Production costs are increasing, and there are companies that have already applied for judicial recovery, stating that they can not pay their obligations.

4 Available at: https://www.euromonitor.com

5 Available at: https://www.abir.org.br

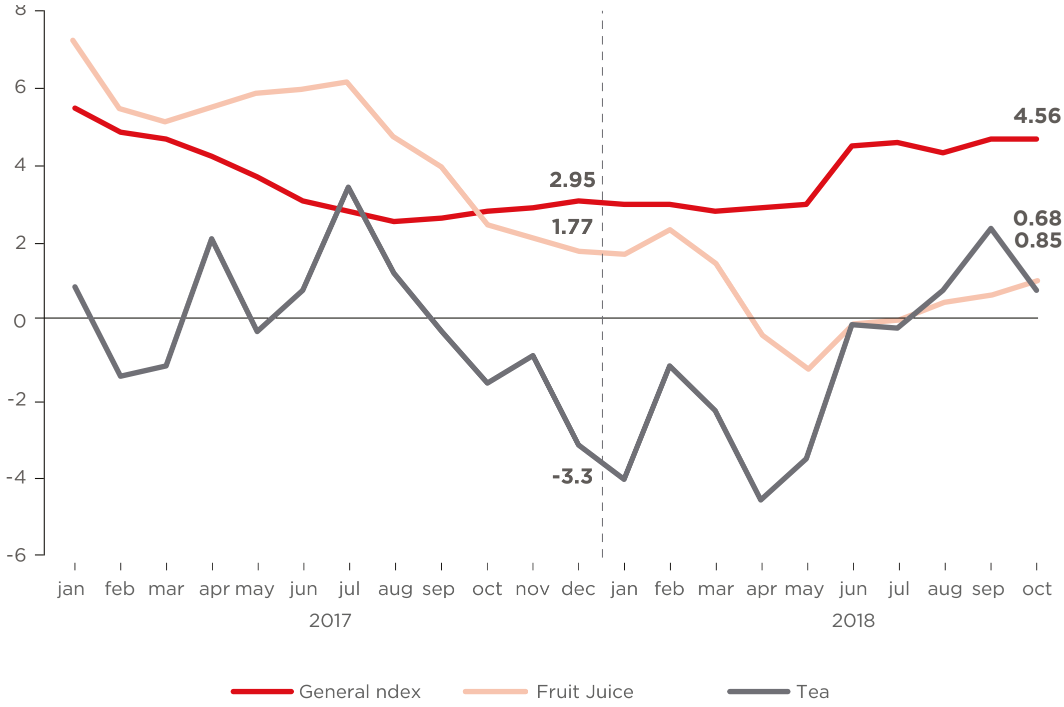
In addition to the difficulties of the sector, the reduction of per capita consumption of soft drinks may reveal a trend in the change of habits of Brazilians who are willing to consume the drink in search of healthier options, showing greater concern with the quality of life. The sugary drinks are losing space and with that sales of juices, teas and other healthier options has been growing.

In contrast to soft drinks, the juice market resisted the financial crisis and continued to expand in the country, at a faster pace than the non-alcoholic beverages segment as a whole. The expectation is that, given this heated demand and per capita consumption still low, there is a great growth potential for the coming years. In addition, the expectation is that by the end of 2018 the segment of beverages with a more functional and healthy appeal will show growth throughout the year. Despite the lack of data to confirm this performance, the signs of economic recovery and the potential of this niche business should boost sales.

What is more, besides presenting themselves as a healthier option, the price practiced in the juices and teas markets is another favorable factor for the increase in demand in this segment. The index that measures the inflation of these products shows that their prices have fluctuated below the *Broad Consumer Price Index*, which is used to measure the inflation of products and services marketed in retail, related to personal consumption of households. At the end of 2017, the IPCA closed the accumulated of the year at 2.95%, while the juice segment accumulated at 1.77% and teas were negative, with a fall of 3.3% for the same period.

Graph 3

ACCUMULATED VARIATION IN 12-MONTHS OF IPCA, PRICE OF FRUIT JUICE AND TEAS IN 2017 AND 2018 (% VARIATION)



Source: IBGE - National Consumer Price Index[6].

Until October 2018, the IPCA accumulated remained at 3.81%, and inflation of both segments, juices and teas remained below the general index, accumulating at 1.47% and 0.47% respectively. It is possible to observe that the price of fruit juice shows oscillations over time, but, for the most part, it operates below the level of inflation. From January to December 2017, the price of fruit juice remains above the value compared to the same period of 2018. According to information from CEPEA, one of the reasons can be explained by the increase in the price of orange juice, the main segment within of the national juice industry, which was affected by a drop in production in the 2016/2017 harvest due to climate problems, increasing the cost of production, see Table 3.

6 Available at: www.sidra.ibge.gov.br

The price rise of orange juice was a response to the increase in the cost of production of the fruit, which in the harvest of 2017 increased by about 24% when compared to 2016 and with that generated a reduction of about 28% in producer profit.

Table 3

AVERAGE PROFIT OF ORANGE PRODUCTION IN 2016 AND 2017 (R$/HA)

	AVERAGE REVENUE	AVERAGE COST	PROFIT
2016	R$ 17,301.71	R$ 9,342.78	R$ 7,958.93
2017	R$ 17,372.68	R$ 11,618.98	R$ 5,753.70

Source: Sidra - IBGE[7]/ Hortifruti/Cepea[8]/Conab[9].

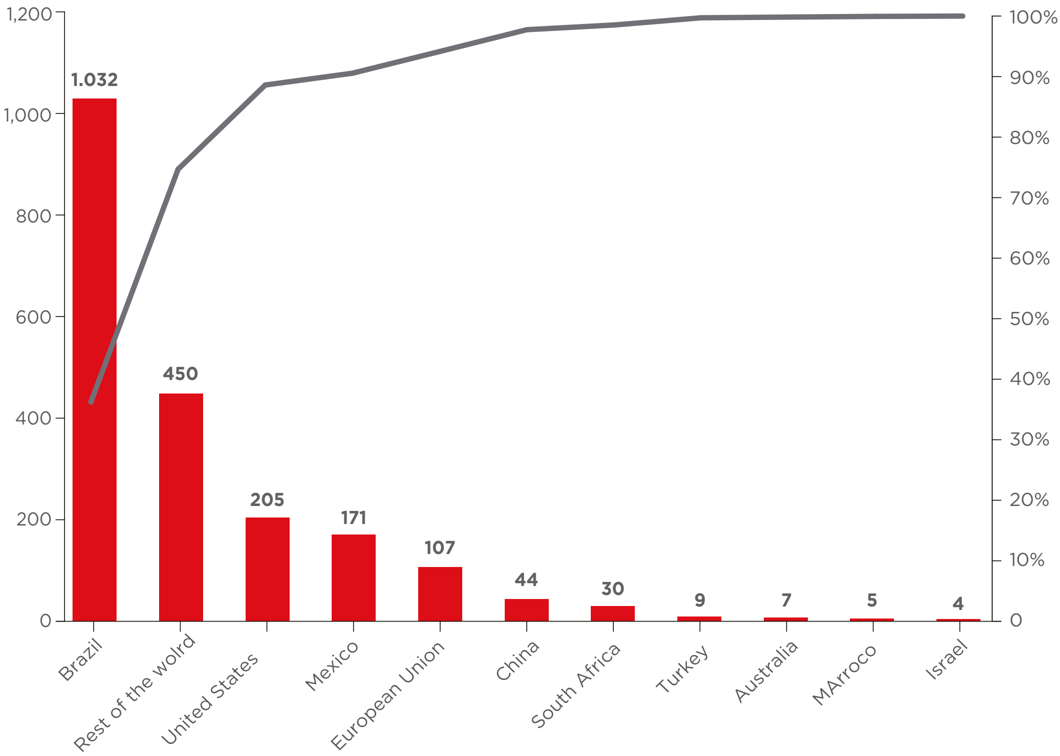
The relevance of Brazilian orange juice is global. According to USDA data, Brazil is the world's leading producer and exporter of the beverage. In 2017, the volume produced surpassed 1 billion tons and thus the country was responsible for about 64% of world production, see Graph 4.

7 Available at: https://sidra.ibge.gov.br/tabela/1613

8 Available at: https://www.hfbrasil.org.br

9 Available at: https://www.conab.gov.br/info-agro/custos-de-producao

Graph 4
WORLD PRODUCTION OF ORANGE JUICE AND THE 10 LARGEST PRODUCERS IN THE WORLD (MILLIONS OF TONS)



Source: USDA[10].

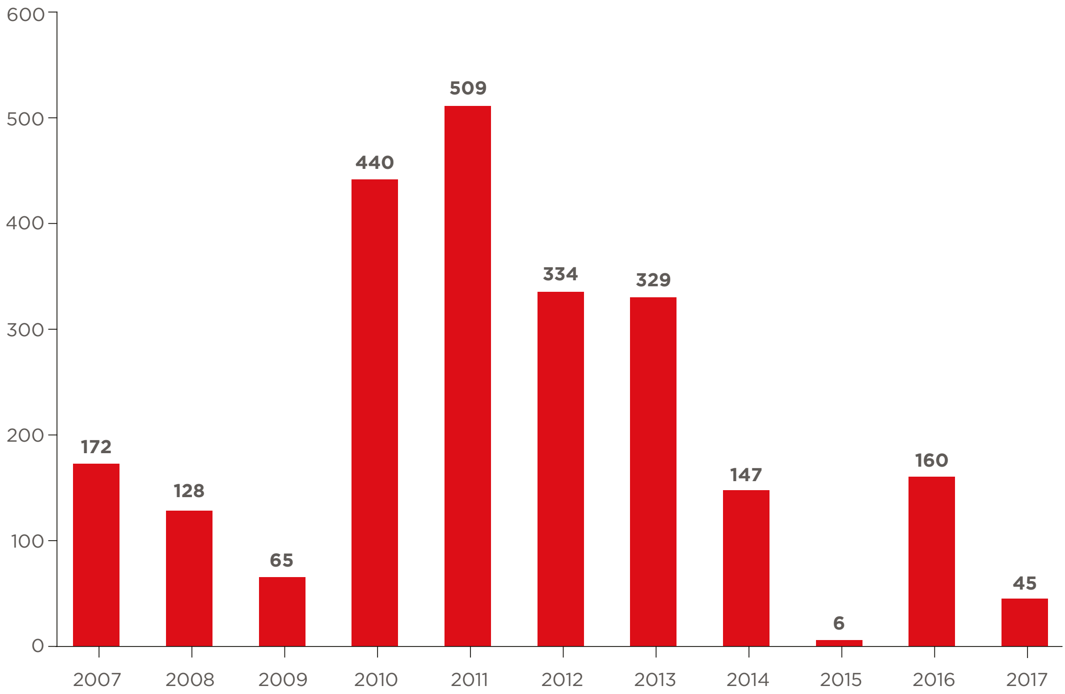
The United States occupies the second position in the ranking of the world's largest orange juice producers. In 2017 the volume produced by the North American country reached about 205 million tons, approximately 13% of the global total. Together, Brazil and the United States were responsible for 77% of all the orange juice produced in the world.

As previously mentioned, the production crop of 2016/2017 suffered a strong decline, due to climatic problems, which led to an increase in the price of the product, due to the reduction of production and stocks of the commodity, see Graph 5. In 2018, with the normalization of the 2017/2018 harvest, the physical stocks of orange juice increased considerably compared to the previous year, and the price of the product was reducing until June.

10 Available at:www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

Graph 5

BRAZILIAN FINAL STOCK OF ORANGE JUICE BETWEEN 2007 AND 2017 (MILLIONS OF TONS)*



* No data were found for 2015.

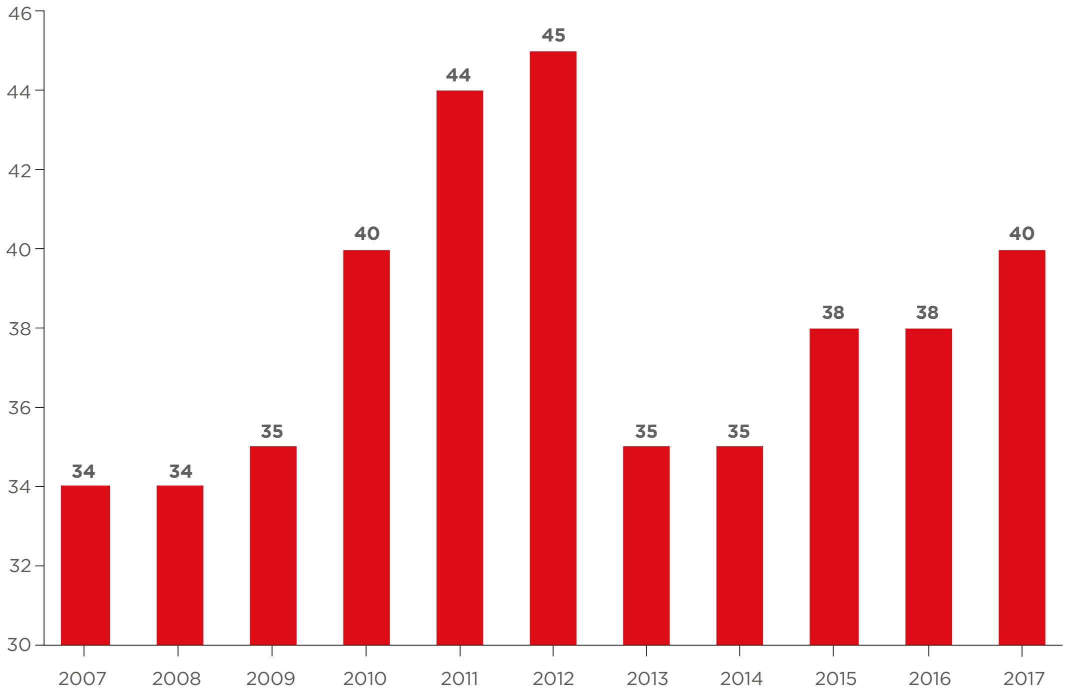
Source: USDA[11].

The fluctuations in the price of orange did not affect domestic consumption of the beverage, according to Graph 6. In 2017, the domestic demand was 40 million tons, 5.3% more than in the previous year and even in the economic crisis scenario, there was no fall in consumption. Between 2014 and 2015, there was an increase of 8.6% and between 2015 and 2016 the performance remained stable. The change in the eating habits of the Brazilian may have been one of the factors that influenced this behavior.

11 Available at:www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

Graph 6

BRAZILIAN DOMESTIC CONSUMPTION OF ORANGE JUICE BETWEEN 2007 AND 2017 (MILLION TONS)



Source: USDA[12].

Not only the market for orange juice, but the juice and teas as a whole resisted the financial crisis and remained at a pace of expansion in the country. In this regard, considering the specific production of these segments, Table 3 presents the volume of industrial production and sales of juices in 2016. According to IBGE data, the total volume reached around 2.9 billion liters. It is possible to observe that the volume of concentrated fruit juices represents just over half of the total production volume, about 52%. Then there are the refreshments, juices or fruit nectars ready for consumption, covering almost 39% of the total volume. Together, these products account for about 90% of total industrial production and juice sales in 2016.

12 Available at:www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

Table 3

BRAZILIAN INDUSTRIAL PRODUCTION AND SALES OF JUICES IN 2016 (MILLIONS OF LITERS)

PRODUCT	VOLUME	PARTICIPATION
REFRESHMENTS, JUICES OR FRUIT NECTARS, READY FOR CONSUMPTION	1,110.73	38.43%
REFRESHMENTS, JUICES OR GRAPE NECTARS, READY FOR CONSUMPTION	84.93	2.94%
CONCENTRATED FRUIT JUICES	1,507.21	52.14%
JUICES OF ANY OTHER FRUIT	52.39	1.81%
WHOLE FRUIT JUICES	9.21	0.32%
WHOLE GRAPE JUICES	126.11	4.36%
TOTAL	**2,890.58**	**100%**

Source: IBGE - Annual Industrial Survey - Product [13].

Regarding the value of industrial production and sales of juices in 2016, according to Table 4, it is possible to verify that concentrated fruit juices are the most expressive product of this composition, representing about 75% of the total value of R$ 10.9 billion, followed by refreshments, juices, or fruit nectars, ready for consumption, which make up 17% of the total value.

13 Available at: www.sidra.ibge.gov.br

Table 4
BRAZILIAN VALUE OF INDUSTRIAL PRODUCTION AND SALES OF JUICES IN 2016 (R$ BILLION)

PRODUCT	VALUE	PARTICIPATION
REFRESHMENTS, JUICES OR FRUIT NECTARS, READY FOR CONSUMPTION	1.87	17.09%
REFRESHMENTS, JUICES OR GRAPE NECTARS, READY FOR CONSUMPTION	0.14	1.29%
CONCENTRATED FRUIT JUICES	8.16	74.75%
JUICES OF ANY OTHER FRUIT	0.17	1.56%
WHOLE FRUIT JUICES	0.03	0.32%
WHOLE GRAPE JUICES	0.54	4.99%
TOTAL	**10.92**	**100%**

Source: IBGE - Annual Industrial Survey - Product[14].

Regarding industrial production and sales of teas in 2016, Table 5 shows that the beneficiated mate tea is the main product on the agenda, responsible for about 93% of the total production and sales of 216 million tons. The remaining 7% are distributed between green tea and extracts and concentrated essences.

14 Available at: https://sidra.ibge.gov.br

Table 5

BRAZILIAN INDUSTRIAL PRODUCTION AND SALES OF TEAS IN 2016 (MILLION TONS)

PRODUCT	VOLUME	PARTICIPATION
MATE TEA BENEFITED	200.8	92.99%
UNFERMENTED GREEN TEAS; PARTLY FERMENTED, IN PACKAGES OF A CONTENT NOT EXCEEDING 3 KG	8.5	3.95%
EXTRACTS, ESSENCES, CONCENTRATES AND OTHER PREPARATIONS OF TEA OR MATE	6.6	3.05%
TOTAL	**216.0**	**100%**

Source: IBGE - Annual Industrial Survey - Product[15].

In agreement with these data, it is evidenced in Table 6, the majority participation of the mate tea benefited in the value of the industrial production and total sales of teas in 2016, with represents about 83%. The value of industrial production in the segment closed the year 2016 at about R$ 891 million, while only the value of mate tea was about R$ 744 million.

15 Available at: https://sidra.ibge.gov.br/Table/6705

Table 6
BRAZILIAN VALUE OF INDUSTRIAL PRODUCTION AND SALES OF TEAS IN 2016 (R$ MILLION)

PRODUCT	VALUE	PARTICIPATION
MATE TEA BENEFITED	743.8	83.49%
UNFERMENTED GREEN TEAS; PARTLY FERMENTED, IN PACKAGES OF A CONTENT NOT EXCEEDING 3 KG	92.9	10.43%
EXTRACTS, ESSENCES, CONCENTRATES AND OTHER PREPARATIONS OF TEA OR MATE	54.2	6.08%
TOTAL	**890.9**	**100%**

Source: IBGE - Annual Industrial Survey - Product[16].

16 Available at: https://sidra.ibge.gov.br/Table/6705

2. COMMERCIAL BALANCE OF THE BRAZILIAN JUICES AND TEAS SECTORS

The world market for non-alcoholic beverages shows great importance and high competitiveness. According to information provided by Euromonitor, in 2017 the sector income, in world terms, US$ 805.7 billion, selling 600 billion liters in retail.

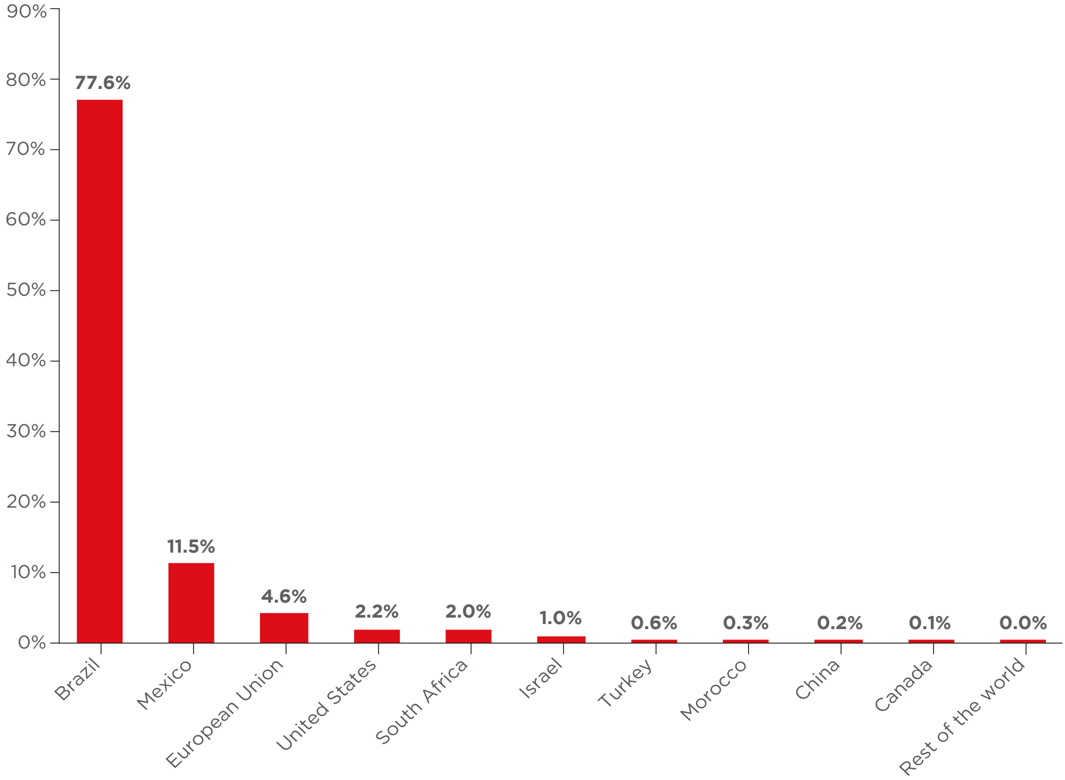
2.1. ORANGE JUICE

In the 1960s the first experimental exports of concentrated orange juice occurred. The Brazilian industry has been gaining space in the market over the years, due to climatic problems that plagued the United States, the world's leading producer at the time. Strong frosts between the years 1977 and 1989 eventually compromised the North American production of orange and concentrated juices and Brazil managed to expand its exports, strengthening its industry. Already in 1980 Brazil surpasses the United States and becomes the world's leading producer of oranges. With the fall of United States production, fruit and juice prices have reached record levels and Brazilian citriculture has been developing even more.

The Brazilian orange juice industry has great strength in the world market. According to the USDA, Brazil is the largest global exporter of the *commodity*, and domestic market supplier, see Graph 7. In 2017, Brazil was responsible for about 78% of the total volume of orange juice exported worldwide, revealing the total Brazilian predominance in this market. The second place, with 11.5% of the total volume traded is with Mexico, followed by the European Union and the United States.

Graph 7

SHARE OF THE MAIN ORANGE JUICE EXPORTING COUNTRIES IN RELATION TO THE TOTAL VOLUME EXPORTED IN THE WORLD IN 2017



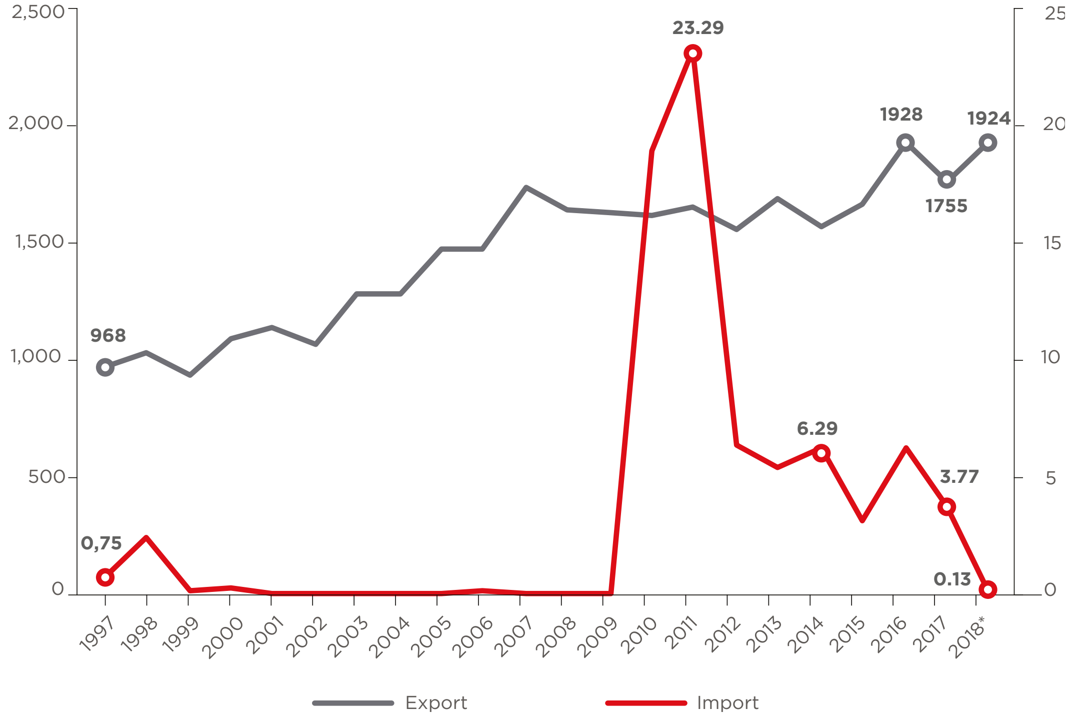
Source: USDA[1].

Graph 8 contains information from the Comex Stat and shows the evolution of Brazilian orange juice exports and imports between 1997 and 2018. Observing the data, it is possible to note a difference between the levels of export and import of orange juice by Brazil. While imports only rise in a short time, between the years 2009 to 2011, exports follow a growing trend throughout the period.

1 Available at: www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

Graph 8

EVOLUTION OF BRAZILIAN EXPORTS AND IMPORTS OF ORANGE JUICE BETWEEN 1997 AND 2018 (THOUSAND TONS)



* Values until October 2018.

Source: Comex Stat (2018)[2].

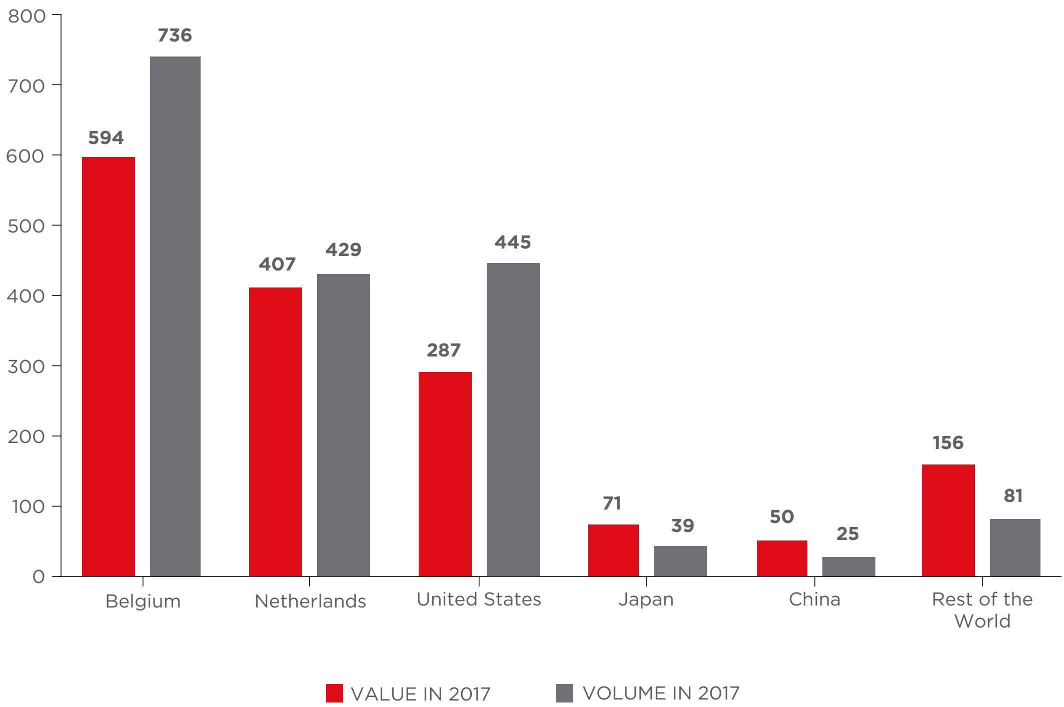
In 1997, Brazil exported about 970 thousand tons of orange juice, increasing it to approximately 1.8 million tons in 2017, generating incomes of US$ 1.6 billion. In a period of 20 years, the accumulated volume of exported volume grew by 81%

Concerning the destinations of these exports, Brazil exported to a total of 61 countries in 2017 and the European Union stands out as the main consumer of orange juice produced by the country, see Graph 9. Belgium occupies about 42% of the volume of exports, about 736 thousand tons, equivalent to 38% of the total value exported, about US$ 594 million. Then there are the Netherlands who buy 25% of the total volume, about 429 thousand tons, that corresponds to 26% of the value exported.

2 Available at: http://comexstat.mdic.gov.br/pt/geral

Graph 9

BRAZILIAN EXPORTS OF ORANGE JUICE - COUNTRIES OF DESTINATION (US$ MILLION/ THOUSAND TONS)



Source: Comex Stat (2018)[3].

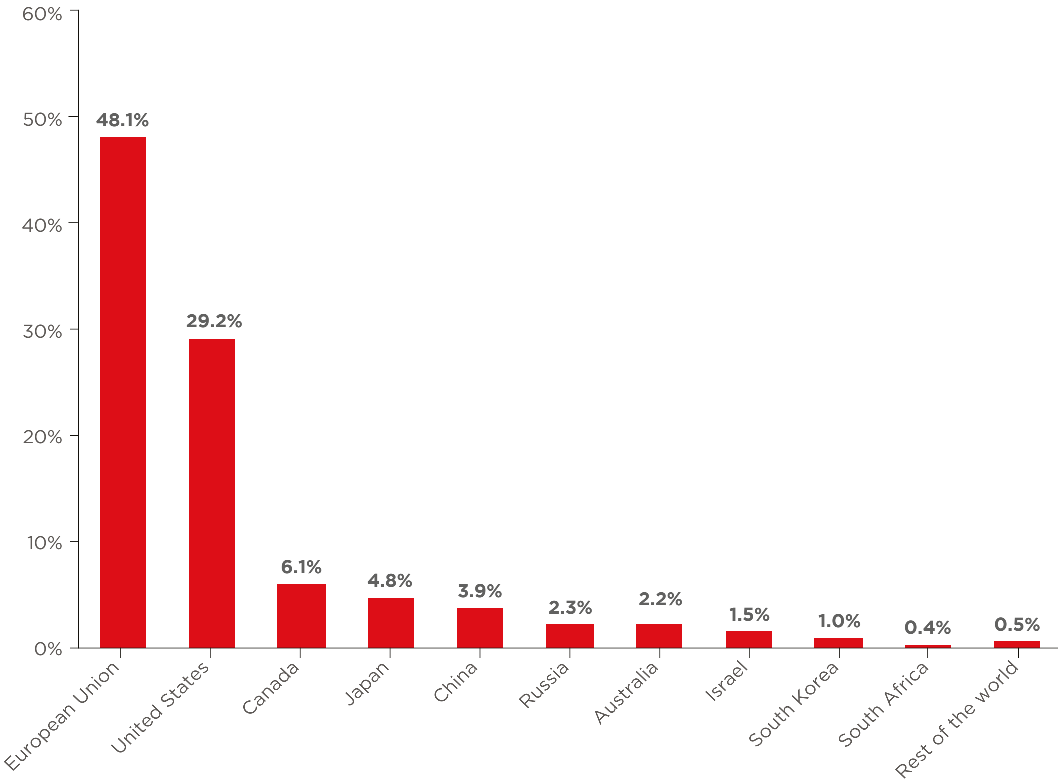
Thus, it is possible to observe that the European Union is the destination of 66% of the total volume of Brazilian exports, responsible for about 64% of the total exported value. In addition to the United States, these three destinations receive more than 90% of Brazilian orange juice.

Besides the European Union being a potential buyer of Brazilian orange juice, it is also the largest importer in the world, requiring about 48% of the total volume sold in 2017. The United States occupies the second position in this ranking, responsible for about 29 % of the total. Together, the European Union and the United States account for 77% of the world's imports of orange juice.

3 Available at: http://comexstat.mdic.gov.br/pt/geral

Graph 10

PARTICIPATION OF MAJOR ORANGE JUICE IMPORTING COUNTRIES IN RELATION TO THE TOTAL VOLUME IMPORTED IN THE WORLD



Source: USDA[4].

Not only orange juice, but also citrus fruits have an economic surplus in the trade balance over the analyzed period, according to Graph 11. Regarding imports, Brazil is not a big buyer. In 1997 the country imported about 1.09 thousand tons of citric juice, reaching a record of 2.28 thousand tons in 2014. In 2017, Brazil imported 1.31 thousand tons, about US$ 2.7 million.

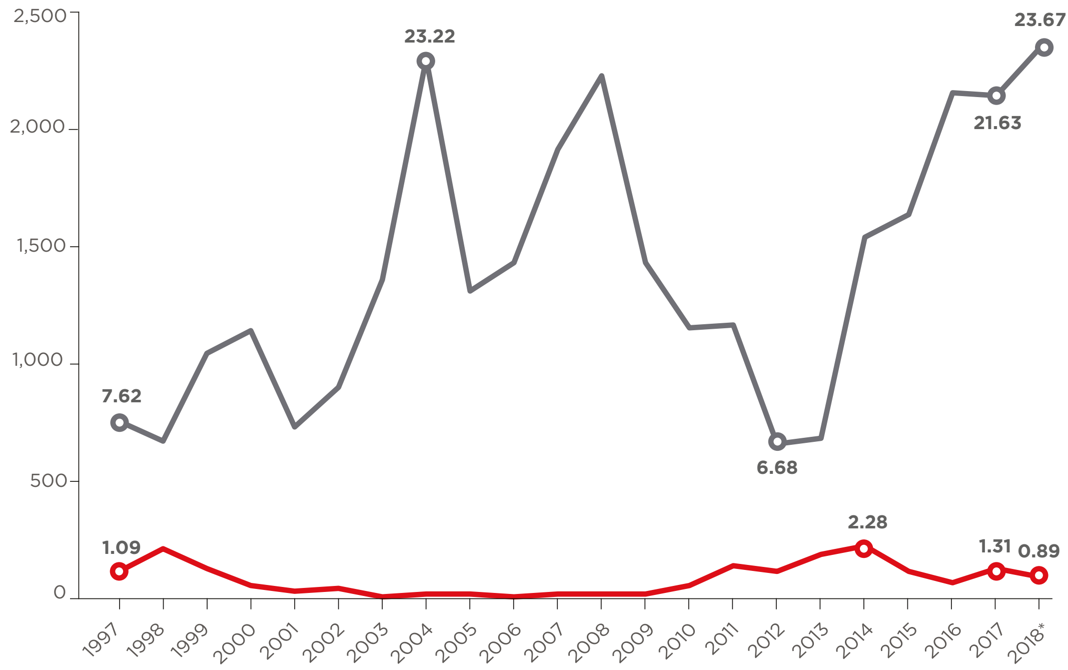
4 Available at: www.apps.fas.usda.gov/psdonline/app/index.html#/app/home

2.2. CITRUS JUICES

Regarding the exports of citrus juices, these reached 7.62 thousand tons in 1997 and showed significant variations over time. For example, in 2004 exports reached the apex with a volume of 23.22 thousand tons. And 2012 was the year with a lower volume of exports 6.68 thousand tons. The growth was resumed in the following years, reaching 21.63 thousand tons in 2017. There was an increase of 184% in the volume of exports, comparing the years of 1997 and 2017.

Graph 11

EVOLUTION OF BRAZILIAN EXPORTS AND IMPORTS OF CITRUS JUICES BETWEEN 1997 AND 2018 (THOUSAND TONS)



* Values until October 2018.

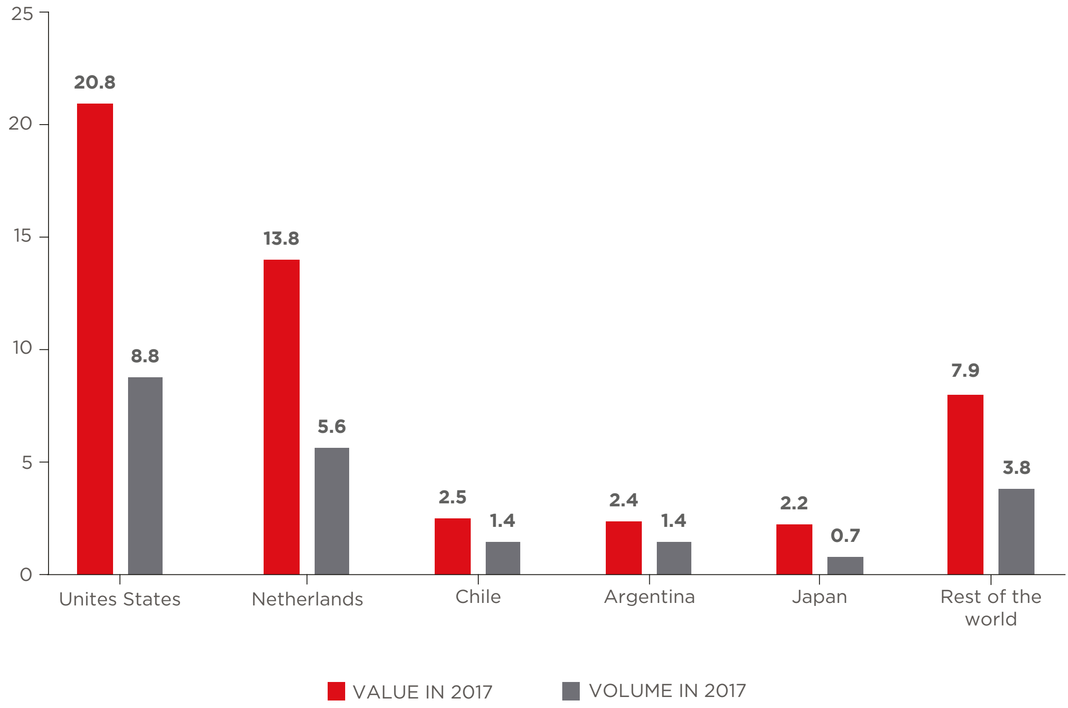
Source: Comex Stat (2018)[5].

5 Available at: http://comexstat.mdic.gov.br/pt/geral

The export market for Brazilian citrus juices, attended a total of 37 countries in 2017. Graph 12 shows the main destinations of these exports. The United States was the main importer of the product, receiving 40.5% of the total exported volume, about 8.8 thousand tons, corresponding to about 41.9% of the total value, US$ 20.8 million. The Netherlands was the second largest port of entry for Brazilian citrus juices, responsible for 25.8% of the volume exported, 5.6 thousand tons and 27.9% of the final value, US$ 13.8 million. Chile and Argentina have practically the same expressiveness, covering around 6.3% and 6.7%, respectively, of the volume of international trade, representing, together, 9.9% of the total value, about US$ 2.8 million.

Graph 12

BRAZILIAN EXPORTS OF CITRUS JUICES - COUNTRIES OF DESTINATION (US$ MILLION/ THOUSAND TONS)



Source: Comex Stat (2018)[6].

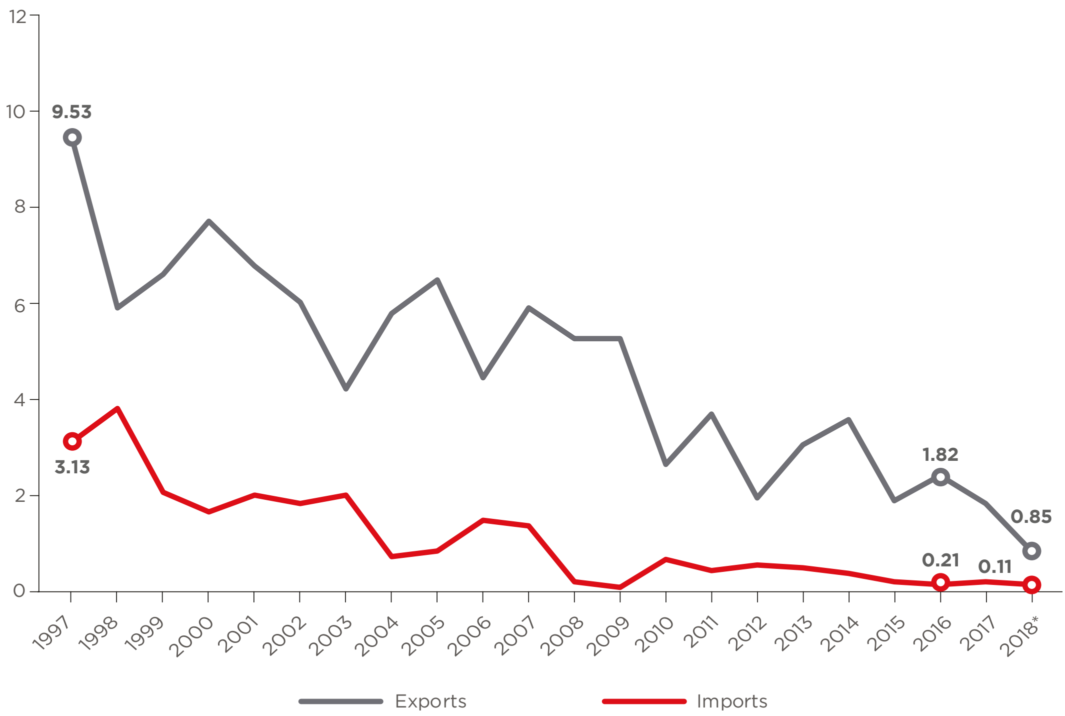
6 Available at: http://comexstat.mdic.gov.br/pt/geral

2.3. GRAPE JUICE

Contrary to Brazilian exports and imports of orange juice and citrus juices, the evolution of the international trade in grape juice has suffered a downward movement, with considerable reductions over the years. Graph 13 shows a cumulative reduction of 81% for exports from 1997 to 2017 and a decline of 93% for imports over the same period. The average retraction rate for exports is 7% per year and for imports is 12% per year.

Graph 13

EVOLUTION OF BRAZILIAN GRAPE JUICE EXPORTS AND IMPORTS BETWEEN 1997 AND 2018 (THOUSAND TONS)*



* Values until October 2018.

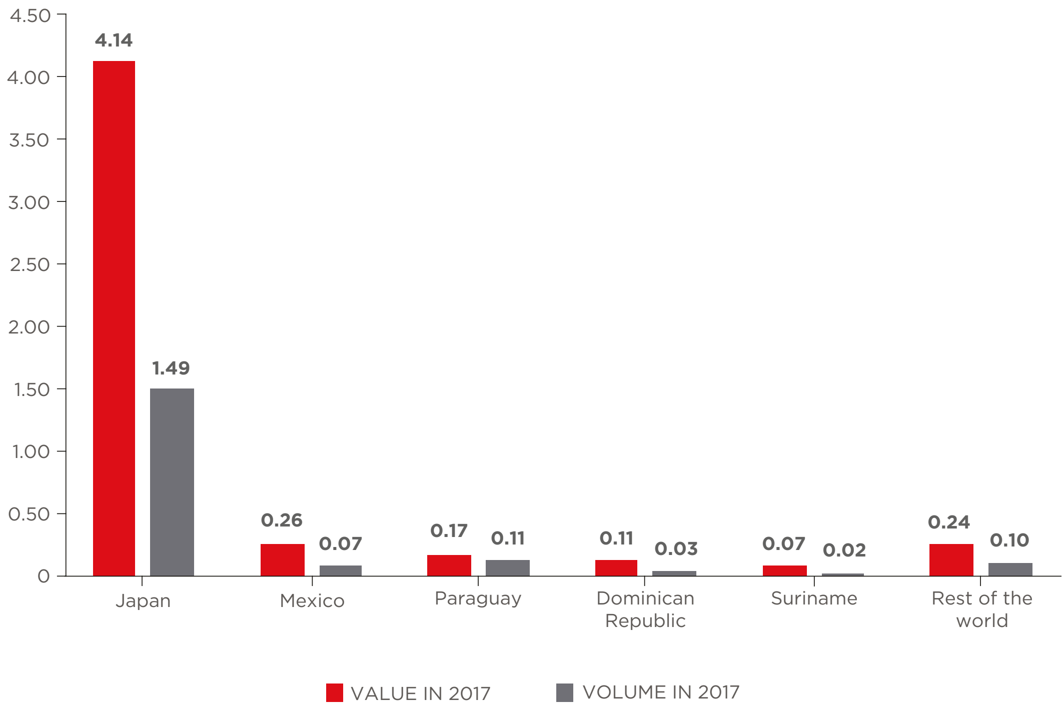
Source: Comex Stat (2018)[7].

7 Available at: http://comexstat.mdic.gov.br/pt/geral

This performance can be explained by the fact that the Brazilian wine industry has given more prominence to the production of wines and sparkling wines, which has shown greater sales growth and better profitability for the sector.

In 2017 Brazil exported grape juice to 20 countries, among which Japan was the main destination, receiving 81.73% of the volume of Brazilian exports, about US$ 4.1 million, 82.80% of the total value of international trade in grape juice. Paraguay reached the second place in terms of volume, with much less significant figures compared to the Asian country, consuming about 6.25% of the total exported, representing 3.47% of the total value, see Graph 14.

Graph 14
BRAZILIAN EXPORTS OF GRAPE JUICE - COUNTRIES OF DESTINATION (US$ MILLION/ THOUSAND TONS)



Source: Comex Stat (2018)[8].

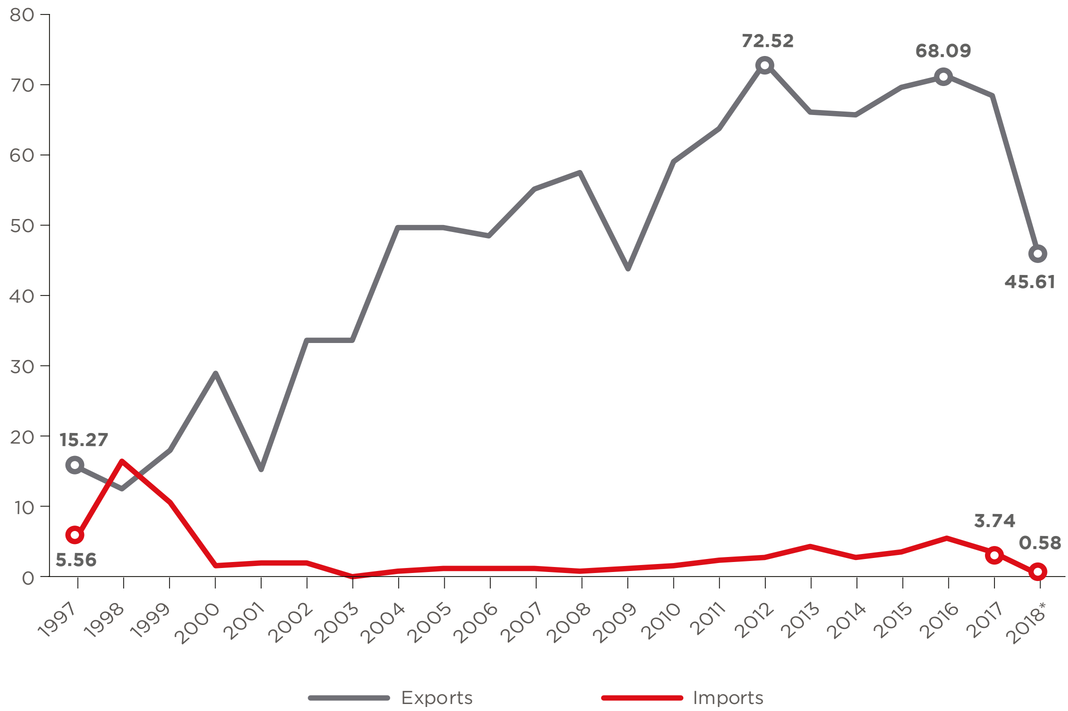
8 Available at: http://comexstat.mdic.gov.br/pt/geral

2.4. JUICES OF OTHER FRUITS

Analyzing the evolution of Brazilian exports and imports of juices from other fruits, from the data contained in Graph 15, it can be observed that, despite variations over the years, exports grew approximately 346% in the accumulated from 1997 to 2017, with an annual average of 7.8%. For imports, the cumulative decline for the same period was almost 33%, with an annual average reduction of 2.0%.

Graph 15

EVOLUTION OF BRAZILIAN EXPORTS AND IMPORTS OF JUICES FROM OTHER FRUITS BETWEEN 1997 AND 2018 (THOUSAND TONS)



*Values until October 2018.

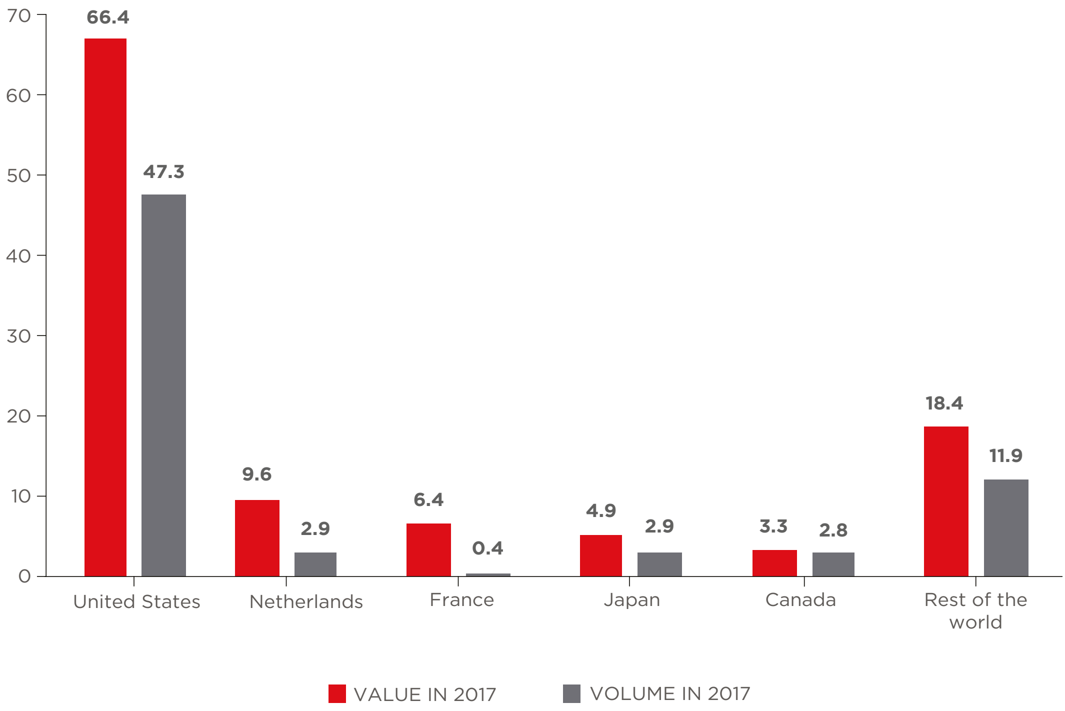
Source: Comex Stat (2018)[9].

9 Available at: http://comexstat.mdic.gov.br/pt/geral

Brazilian exports of fruit juices in 2017 had 67 destination countries, although almost 70% of the exported volume, 47.3 thousand tons, was directed to the United States, according to Graph 16. The volume demanded by the United States corresponds to about of 60.95% of the total value of exports of the segment, US$ 66.4 million. The second place in the ranking of destinations in terms of value is for the Netherlands, about US$ 9.6 million in terms of volume, accounting for 4.21% of the total, about 2.9 thousand tons, approximately equal amount also exported to Japan. Although the volume of exports was approximately equal for these two countries, the value of exports differed, being greater for the Netherlands, with around 8.81% of the total, compared to 4.49% for Japan, see Graph 16.

Graph 16

BRAZILIAN EXPORTS OF FRUIT JUICES - COUNTRIES OF DESTINATION (US$ MILLION/ THOUSAND TONS)



Source: Comex Stat (2018)[10].

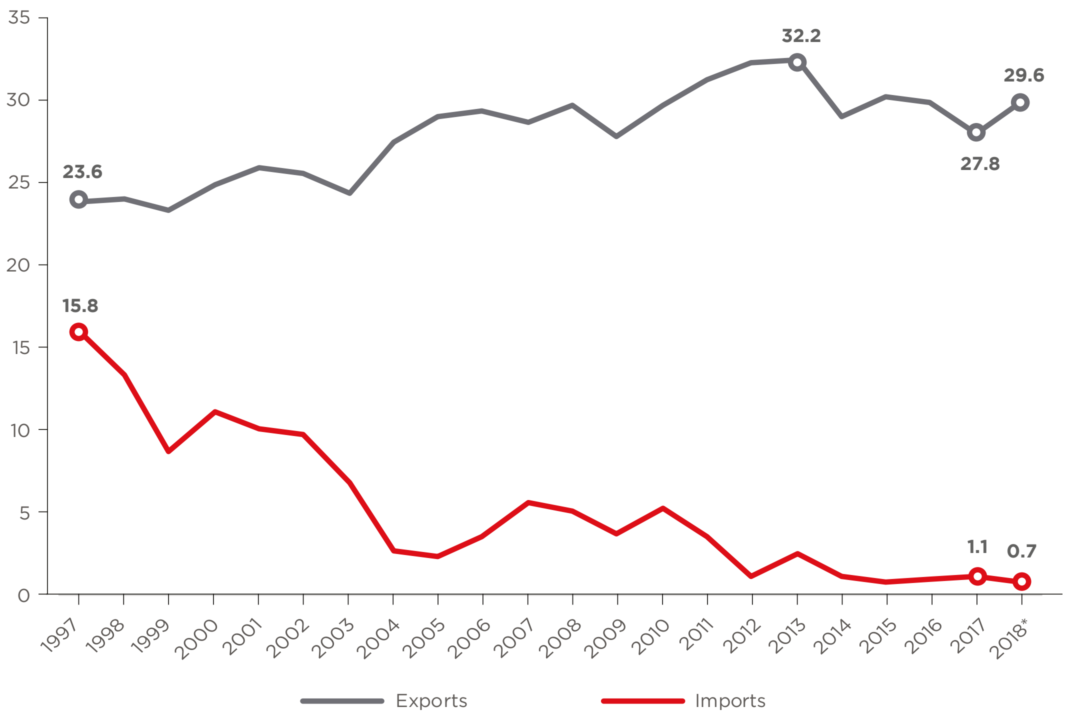
10 Available at: http://comexstat.mdic.gov.br/pt/geral

2.5. TEAS

Brazilian tea exports grew by only 17.7% in the period from 1997 to 2017, while imports declined by 93.3% in the same period, according to Graph 17. The average annual growth rate of exports was of 0.8%, while exports had an average fall of 12.7% per year.

Graph 17

EVOLUTION OF BRAZILIAN EXPORTS AND IMPORTS OF TEA BETWEEN 1997 AND 2018 (THOUSAND TONS)



*Values until October 2018.

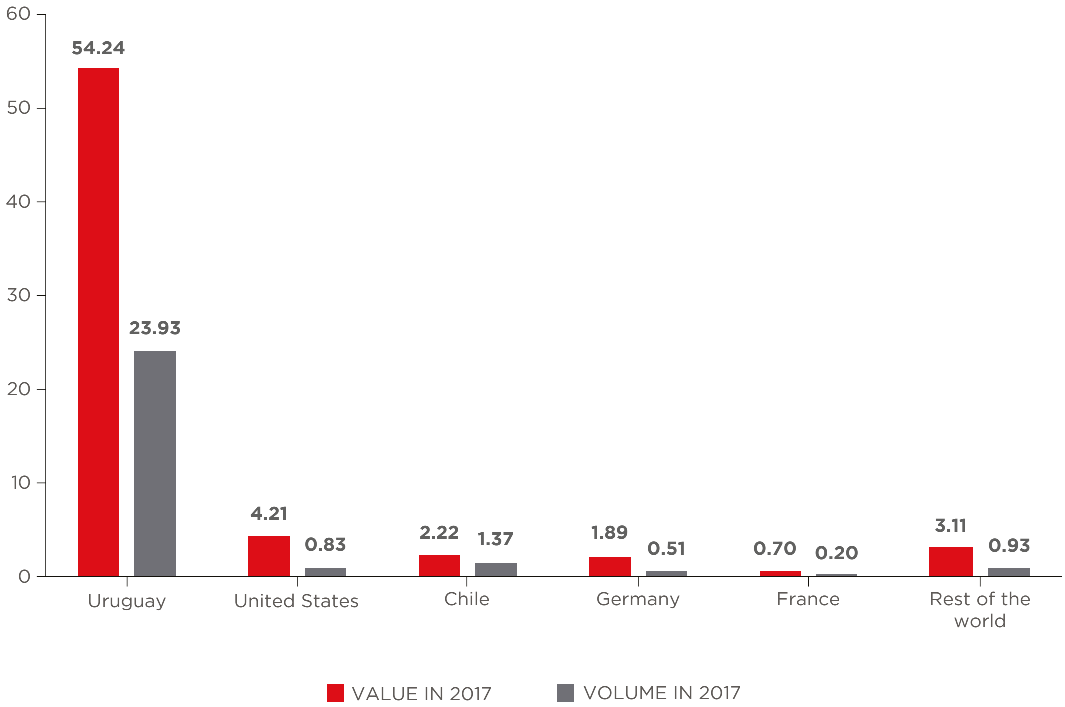
Source: Comex Stat (2018)[11].

11 Available at: http://comexstat.mdic.gov.br/pt/geral

The teas export market reached 42 countries in 2017, having Uruguay as the main trading partner. The South American country was responsible for about 86% of the volume and 82% of the value exported by Brazil. In terms of value, the United States comes in second place in the exporters' ranking, accounting for 6.34% of the total, US$ 4.21 million. In terms of volume, Chile appears in second place, with 4.62% of the total volume, about 1.4 thousand tons.

Graph 18

BRAZILIAN TEA EXPORTS - COUNTRIES OF DESTINATION (US$ MILLION/THOUSAND TONS)



Source: Comex Stat (2018)[12].

The juices and teas industry exported about US$ 1.80 billion in 2017, which corresponds to a total volume of 2 billion tons in juices and teas. The protagonist of the segment is the orange juice, which accounts for 87% of this value, US$ 1.56 billion. In 2018, this market as a whole has already moved US$ 1.9 billion in exports, 89% of which belongs to the category of orange juice, which alone has already traded US$ 1.7 billion in October 2018.

12 Available at: http://comexstat.mdic.gov.br/pt/geral

3. BARRIERS TO THE COMMERCIALIZATION OF JUICES AND TEA FROM BRAZIL

Citriculture is one of the most traditional sectors of Brazilian agribusiness. Within this segment, the orange juice is the protagonist. The Brazilian participation in the world market for orange juice is extremely important, and efforts to reduce barriers to the commercialization of the product are essential for the industry to continue to have a worldwide presence. For this, it is necessary that the Brazilian producers are attentive to the specifications of their import markets that are with their increasingly demanding consumers.

The European Union and the United States are the main destinations for Brazilian orange juice exports and have very specific market legislation. The existence of tariff, phytosanitary and technical barriers represent an important impediment to the commercialization of the product and Brazilian producers must follow the preferences of their importing markets.

In the United States, the third largest country consuming orange juice in Brazil, there are two tariffs, with fixed amounts on volume, practiced on exports. For FCOJ (Frozen Concentrated Orange Juice) juice that is 100% natural, concentrated, frozen and used in the composition of nectars, soft drinks and different beverages, the tax is US$ 415/ton, which increases the price of the product to the American consumer. For NFC (Not From Concentrate) juice, which is a 100% natural product, pasteurized, cooled and ready for consumption, produced with selected fruits, clean, pure and with the same freshness of the juice squeezed in the hour, the imposed tariff is US$ 42/ton. The Caribbean, Central America and Mexico have their exports exempt from tariffs in the United States, which again hampers the competitiveness of the Brazilian market..

In China, the temperature of juices is a determinant of the tariff to be imposed. If the product is below -18°C, the import rate is 7.5%. For juices above this temperature, the tax is 30%. This condition makes the price of the product increase for the local consumer since the logistic cost to meet these specifications is higher.

Japan, China, South Korea and Australia also charge Brazilian exports. With the exception of the United States, all other countries that import Brazilian orange juice tax the

product based on the total value of the sale. Thus, the higher the juice value, the higher the tariff paid by the Brazilian producer. What result in high prices for the final consumer, making orange juice lose competitiveness compared to the juices produced by the local industry of the countries.

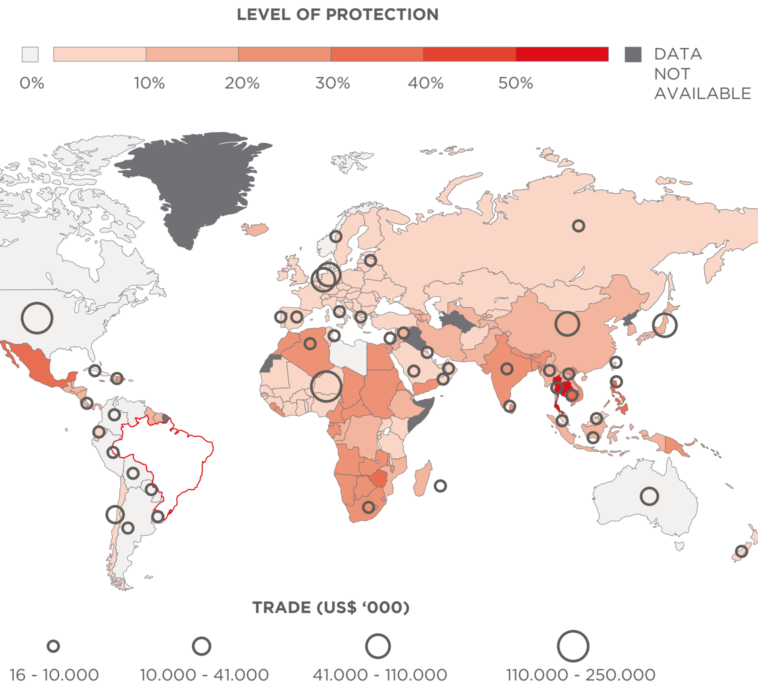
Regarding the phytosanitary barriers, the European Union imposes a number of requirements to ensure the health of its consumers, such as imposing levels of contaminants and pesticide residues, quality, authenticity, easy traceability and consumer perception. Exporters must follow the legislation of the export market, the Codex Alimentarius, in addition to specific legislation on the European continent.

About the technical barriers, China is one of the most demanding markets for microbiological contamination. Its standards are 25% more stringent than those of the European Union and 50% more stringent than those of the United States. The European Union presents a list of accepted pesticides different from those practiced in Brazil's citrus industry and still requires the Brazilian market to deliver a homogeneous product that is in accordance with strict technical specifications.

In relation to unfermented orange juice without added sugar, Figure 1 illustrates the level of protectionism practiced by countries that trade with Brazil. In the United States, the main destination for this type of juice, the tax rate practiced is 15.72%. In Belgium, Holland and most European countries, the import tariff is 32.94%. In Japan, the fourth largest consumer of exports, the tax is 25.53%.

Figure 1

SIZE OF TRADE AND LEVELS OF PROTECTION APPLIED TO BRAZILIAN ORANGE JUICE, UNFERMENTED AND WITHOUT ADDED SUGAR IN THE INTERNATIONAL MARKET IN 2018



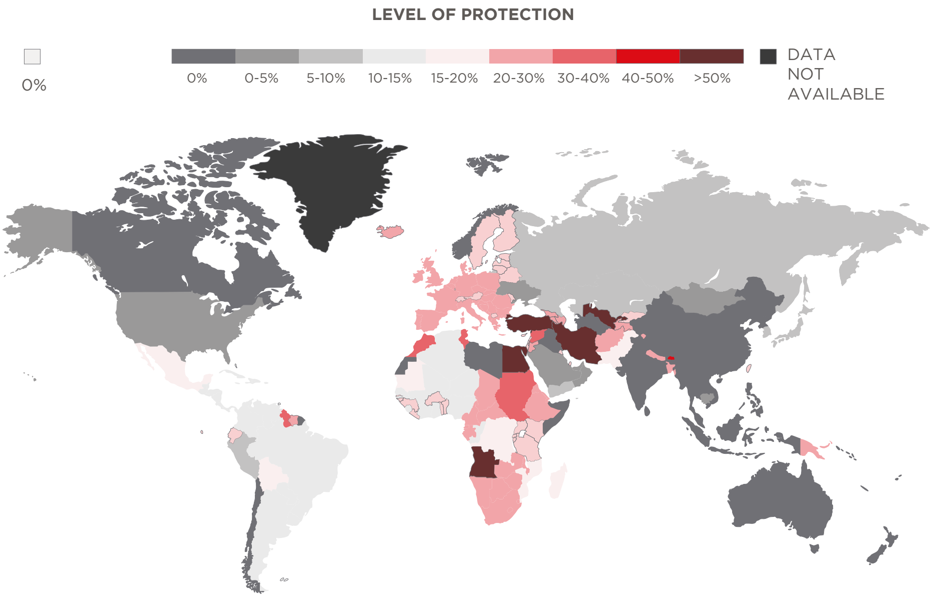
Source: Adapt from Macmap (2018)[1].

Figure 2 presents the scenario of Brazilian exports of citrus juice with the rest of the world and the level of protectionism practiced by the markets. Uruguay, the main destination for Brazilian exports of citrus juices, applies a tariff of 14%, the same rate in Argentina, the fourth largest importer of Brazilian products. The Netherlands, second place in Brazilian imports, applies a rate of 23.09%. In Japan, the tax is 8.50%, while Chile it is taxes-exempt.

1 Available at: http://www.macmap.org/QuickSearch/FindTariff/FindTariff.aspx

Figure 2

LEVELS OF PROTECTION APPLIED TO BRAZILIAN CITRUS JUICES, UNFERMENTED AND WITHOUT ADDED SUGAR IN THE INTERNATIONAL MARKET IN 2018



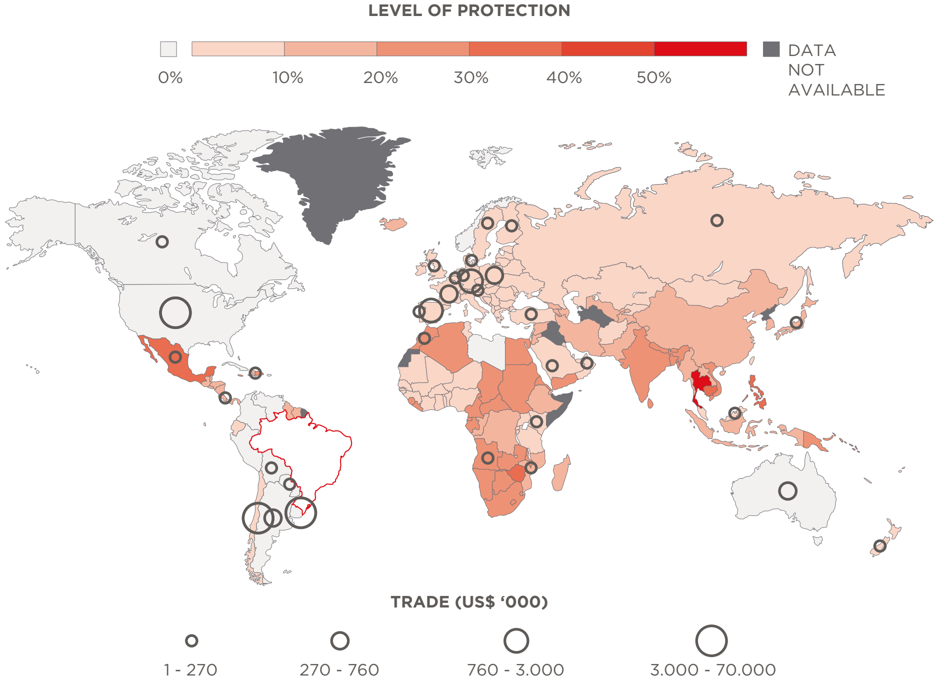
Source: Adapt from Macmap (2018)[2].

The Mate Tea does not have great barriers of entrance and exit, since there is little technology used in this industry and relatively low investment to enter the activity. According to Figure 3, import tariffs are not applied to the main destinations of Brazilian exports, which are Uruguay, the United States, Chile and Germany. The highest levels of Brazilian mate protection are practiced in Bhutan, 50%.

2 Available at: http://www.macmap.org/QuickSearch/FindTariff/FindTariff.aspx

Figure 3

SIZE OF TRADE AND LEVELS OF PROTECTION APPLIED TO BRAZILIAN MATE IN THE INTERNATIONAL MARKET IN 2018



Source: Adapt from Macmap (2018)[3].

3 Available at: http://www.macmap.org/QuickSearch/FindTariff/FindTariff.aspx

ATTACHMENT 1

PRESENTATION AND DESCRIPTION OF THE PRODUCTS ANALYZED ACCORDING TO THE MERCOSUR COMMON NOMENCLATURE (NCM)

	CODE NCM	DESCRIPTION NCM
TEAS	09030090	Other types of mate
	09022000	Green tea (unfermented) presented in any other form
	09030010	Kill simply crisscrossed
	09021000	Green tea (unfermented) in immediate packings of a content not exceeding 3 kg
	09024000	Black tea (fermented) and partly fermented tea, otherwise
	09023000	Black (fermented) tea and partly fermented tea, in immediate packings of a content not exceeding 3 kg

	CODE NCM	DESCRIPTION NCM
CITRUS JUICES	20093900	Other juices of other citrus fruit
	20093100	Juice of any other citrus fruit, of a Brix value not exceeding 20
	20098912	Juice of acerola (Malpighia spp.), Containing added sugar or other sweetening matter or not
	20094900	Other pineapple juice
	20098913	Passion fruit juice (Passiflora edulis) containing added sugar or other sweetening matter or
	20092900	Other grapefruit juices
	20098100	Juice (juice) of red cranberry
	20094100	Pineapple juice of a Brix value not exceeding 20
	20098911	Peach juice of a Brix value of 60 or more, containing added sugar or other sweetening matter or not
	20098910	Peach juice of a Brix value equal to or greater than 60
	13021920	Juices and extracts, of grapefruit or grapefruit seed
	20093000	Juices of other citrus fruit, unfermented
	20094000	Pineapple juice, unfermented
	20092000	Grapefruit juices, unfermented

	CODE NCM	DESCRIPTION NCM
FRUIT JUICES	20098990	Juice of other fruit, unfermented, not containing added sugar
	20097900	Other apple juice
	20097100	Apple Juice, of a Brix value not exceeding 20
	20098919	Juice of other fruit or vegetables, containing added sugar or other sweetening matter or
	20098900	Juice of other fruit, unfermented, not containing added sugar
	20098000	Juices of other fruit, vegetables, unfermented
	20097000	Juices, apples, unfermented
ORANGE JUICE	20091100	Orange juice, unfermented, not containing added spirit, whether or not containing added sugar or other sweetening matter, frozen
	20091900	Other juices of oranges, unfermented, not containing added spirit, whether or not containing added sugar or other sweetening matter
	20091200	Orange juice, unfermented, not containing added spirit, whether or not containing added sugar or other sweetening matter, not frozen, of a Brix value not exceeding 20

ATTACHMENT 2

LIST OF ABBREVIATIONS

ACRONYM	DESCRIPTION
ABIA	Brazilian Food Industry Association
ABIR	Brazilian Association of Soft Drinks and Non Alcoholic Beverages Industries
CEPEA	Center for Advanced Studies in Applied Economics
IBGE	Brazilian Institute of Geography and Statistics
IPCA	Broad Consumer Price Index
MAPA	Ministry of Agriculture, Livestock and Food Supply
NCM	Southern Common Nomenclature
PAC	Annual Trade Survey
PIB	Gross Domestic Product
PIM	Monthly Industrial Survey
UE	European Union
USDA	United States Department of Agriculture
VBP	Gross Value of Production

FGV | EUROPE PROJETOS

RIO DE JANEIRO
Praia de Botafogo 190/6º andar
Tel.: +55 21 3799.5498
Fax.: +55 21 2553.8810

SÃO PAULO
Av. Paulista 1294/15º andar
Tel.: +55 11 3799.4170
Fax.: +55 11 3262.3569

www.fgv.br/fgvprojetos