

# “Comprehensive Study of the Brazilian Wine Market”

Conducted by JBC International  
On Behalf of Wine Institute



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**Brazil – Wine** “Comprehensive Study of Market Potential, Infrastructure, and Regulatory Policy for U.S. Wine Exports to Brazil”

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**Report Highlights:**

Brazil provides both tremendous opportunities and challenges for U.S. wine exporters. Historically wine consumption per capita trails that of other beverage alcohol. The recent economic expansion has developed a strong middle class more interested in wine. An emergent domestic wine industry is introducing more Brazilians to wine varieties through greater distribution and promotion. The neighboring wine producers, Chile and Argentina, are also enjoying sales increases demonstrating the appetite of the new wine consumer for *New World* wines. The distribution and retailing channels are in place in the main population centers although still often cumbersome and inefficient. The complex panoply of import regulations and high taxes are not unlike those of other emerging markets such as India, China and Russia. As Brazil continues to develop its international economy, now the 7<sup>th</sup> largest in the world, it is investing in the infrastructure to improve its capacity to trade internationally. With the hosting of the 2014 FIFA World Cup and the 2016 Olympics, and following the Chinese example of hosting the 2008 Olympics, the Brazilian government must insure that its capacity and infrastructure will meet the demands of those events. Brazilian goods and services industries must be ready to accommodate over 1 million visitors for those two events. While many impediments to U.S. wine exports remain, the country with a population of over 200 million and half of those with disposable income presents a vast and largely untapped market for U.S. winemakers.

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### Executive Summary

As a member of the BRIC countries, Brazil is a target market for increasing U.S. wine exports. BRIC is a grouping acronym that refers to the countries of Brazil, Russia, India and China, which are all deemed to be at a similar stage of newly advanced economic development. The acronym has come into widespread use as a symbol of the shift in global economic power away from the developed G7 economies towards the developing world. The BRIC economies are promising engines of global economic growth and development. For the first time, helped along by the "Great Recession," consumers from the BRIC emerging markets are outspending U.S. consumers. With real wages on the rise and middle classes forming, emerging market consumers now account for 34 percent of global consumption versus 27 percent for their U.S. counterparts. Families around the developing world now have disposable income. Instead of saving their newfound wealth, they are increasingly spending and putting money back into the local economy.

A U.S.-based multinational such as Coca-Cola generates three-quarters of its sales overseas and already reflects the new reality. Revenues are booming for Coke in places like China and Brazil. For Brazil, Claudia Penteadó of *AdvertisingAge* explains: "Much of Brazil's explosive growth is being fueled by an emerging lower middle class that has grown to 95.4 million people. As they snap up cars, cell phones and new homes, this group is quickly becoming a prime target for marketers. The group, called the Class C, earns between \$600 and \$2,600 a month and, through upward mobility in a growing economy, has become Brazil's largest consumer group in a population of 200 million people."

Recent data on BRIC countries' consumer spending habits reveal interesting insights about consumer behavior and priorities in emerging markets. Brazilians put a higher priority on living for the present by devoting a considerably larger share of income to discretionary spending. Brazilians report saving a relatively modest 10 percent, the lowest level of the four BRIC countries.

*Per capita* wine consumption lags considerably behind its neighbors Argentina and Chile. Wine has not been the alcoholic beverage of choice for Brazilian consumers. Those preferences are beginning to change with the new found disposable income of the emerging middle class who are willing to try new products, including wine. The elements are in place for significant growth in wine consumption over the next ten years.

The Brazilian market has been difficult to penetrate for all consumer goods. Previous government policy has supported exports and restricted imports to maintain and increase its foreign exchange. With the new-found wealth and balance of payments surplus those policies are changing. While still difficult to navigate, the labyrinth of import regulations, congestion in customs clearance processes and multiple taxes have become more transparent. This report describes many of those challenges and provides advice to achieve compliance.

Hosting of the 2014 FIFA World Cup and the 2016 Olympics will bring tens of thousands of foreign visitors to Brazil's event venues. Such events engender a social environment conducive to on-premise wine consumption. As described in this study, the distribution and

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consumption patterns of wine are also evolving for the benefit of sales. More retail outlets are growing their listings with a wider selection including *New World* such as those from the United States. Mass retailers like Wal-Mart and Carrefour are becoming significant opportunities for the sale of imported wine.

Brazil is still a developing country. Lack of capacity, corruption and legacy policies must be carefully considered. President Obama's recent visit and the priority the U.S. has devoted to its relationship with Brazil should assist in limiting the negative images and difficulties of the past. Brazil is a market that should be seriously considered for any winery looking to expand its export portfolio.

### **Project Background**

In October 2009, JBC International—as Wine Institute's International Trade Counsel undertook to execute a U.S. Department of Agriculture, Emerging Markets Project (USDA-EMP) titled #E09MXBR001, a "Comprehensive Survey of the Brazilian Wine Market." This project represents a collaborative effort between Wine Institute and USDA-EMP that was designed to address the interest voiced by many Californian wineries to understand and identify strategies for expanding business opportunities into the BRIC countries, Brazil, Russia, India and China. JBC has completed previous studies of India and Russia.

The prime objective and focus of this study has been to provide practical information needed to develop a strategy for market entry, one which exposes the risks, provides a guide to developing that strategy and outlines the potential rewards for U.S. wine exports to Brazil. This report serves as a critical educational resource for U.S. companies by:

1. Providing detailed information concerning:
  - The economic environment for consumers to purchase wine;
  - The regulatory environment for wines in Brazil;
  - The existing trade barriers restricting wine imports from the United States; and,
  - The identification of the challenges and strategies for entering the market and selling wines in Brazil.
2. Forecasting developments in Brazil's wine market, supply chain and distribution network and trade activities; and,
3. Reporting on where the market opportunities exist for imported wine by specific market, supply chain, importer and distributor throughout the country.

### **The State of the Brazilian Economy**

A combination of increased domestic and foreign demand for Brazilian products led to considerable growth in the Brazilian economy since the early 2000s. While the Brazilian government has traditionally had problems with inflation, President Dilma Rousseff is committed to inflation targeting by the Central Bank. Under Rousseff, the government has focused on fiscal restraint, a floating exchange rate and adhered to a policy for sustainable growth through foreign trade. This has led to significant improvements in the stability of

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Brazil's economy. Brazil has paid off all debt to the International Monetary Fund, which in 2005 totaled \$15.5 million. The Real has gained 40 percent against the US dollar since 2009, amid huge economic growth and a rise in foreign investment.

Brazil experienced two quarters of recession beginning in the latter half of the economic crisis and is considered one of the fastest economies to recover due to high investor and consumer confidence. Heavy involvement in international trade has made Brazil a leading economy in South America. Domestic consumption has been growing as wages and access to credit have improved. The Brazilian labor force has seen an increase and in 2010 ranks six in the world with 103.6 million working citizens.

"The 2010 growth rates demonstrate that the Brazilian economy is growing at a significant and sustainable pace, which supports the country's plans for long-term investment projects," finance minister Guido Mantega said. "We expect GDP to grow around 4.5 to 5.0 percent in 2011, a rate that would be sustainable and generate no inflationary pressures," he added. Growth was led by industry which saw an expansion of 10.1 percent, agriculture growing 6.5 percent, and the services sector, which saw growth of 5.4 percent. Brazil's GDP outstripped Mexico's. Brazil's Gross National Income (GNI) per capita in 2009 was \$8,070 USD<sup>1</sup>.

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**Population Indicators** - Brazil currently has the 5<sup>th</sup> largest population in the world with 203,429,773 citizens. The population between 15-64 years is 66.8 percent, with a median age of 28.9. Currently, Brazil's drinking age is 18, which proves a sizable market for alcohol. There are more females than males: 98 percent male/female ratio. Brazil's population is 74 percent Roman Catholic, and 86 percent of the population is located in urban areas.<sup>1</sup> A study conducted by the Brazilian Wine Institute (IBRAVIN) shows demand for New World wines is growing with the consumer age group of 40 and above. Such persons are interested in purchasing higher quality wines they read about or are presented in the media.

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### Industries

Brazil's largest industries are textiles, shoes, chemicals, cement, lumber, iron ore, steel, aircraft, motor vehicles and other machinery and equipment, in that order. The industrial production growth rate was 11.5 percent for 2010. Brazil's main agricultural production includes: meat and by-products, coffee, soybeans, wheat, rice, corn, sugarcane, cocoa and citrus. Brazil is the 9<sup>th</sup> largest oil producer in the world and the 7<sup>th</sup> largest consumer. Oil exports reached over 570,100 bbl/day<sup>2</sup> in 2010.

A quick economic recovery can be attributed to Brazil's well-developed industry sectors. The breakdown of Brazil's Gross Domestic Product by composition sector is as follows: agriculture: 6.1 percent; industry: 26.4 percent; services: 67.5 percent. The Brazilian Food Processors' Association (ABIA) announced food and beverage industries of Brazil made up 85 percent and 15 percent of the \$173 billion (USD) total net revenue in 2009, respectively. ABIA estimated a 5.3 percent volume increase in 2010 with 4.0 to 4.5 percent growth estimates per year over the next five years. This growth estimate is above the 3.3 percent average for the past ten years. The food processing industry consists of 38,500 companies including Nestle, Kraft, Unilever, etc.

<sup>1</sup> *Doing Business 2011 in Brazil*, The World Bank

<sup>2</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>

### ***Infrastructure***

As host to the 2014 FIFA World Cup and the 2016 Summer Olympics, Brazil has seen its infrastructure under constant scrutiny in recent years. Brazil has 4,000 airports, the second most in the world behind only the United States. Brazil also has 28,857 km of railways (10<sup>th</sup> in the world), 1,751,868 km of roads (4<sup>th</sup> in the world) and 50,000 km of waterways (3<sup>rd</sup> in the world). While these statistics appear promising, much of the current infrastructure is underdeveloped or poorly maintained. For example, 82 percent of its roads are unpaved, many port facilities are outdated and many of the airports are too small or too crowded for business. All of these factors increase transportation costs. While the infrastructure in the less developed center of the country is insufficient because it is underdeveloped, the infrastructure in the more populated cities is inadequate because it is overcrowded.

In 2007, the Brazilian government took on an accelerated growth project, PAC, to increase the economic welfare of the country and to develop the infrastructure to address the current problems, in preparation for the upcoming games and the future increase in commerce and tourism. This has put infrastructure on the forefront of Brazilian politics. The program will invest significant resources in seaports, airports, roads and railways. The program should drastically facilitate the movement of goods throughout the country in the upcoming years.

The major ports and terminals of Brazil are Guaiba, Ilha Grande, Paranagua, Rio Grande, Santos, Sao Sebastiao, Salvador, and Tubarao. Santos, the main port of São Paulo, is the largest port in South America. The largest airport in Brazil is Guarulhos International in São Paulo.

### **Strategy for Market Entry**

#### ***Research the Market***

Using this report and relevant contacts (in both the U.S. and Brazil) as initial resources, prospective exporters can make informed decisions about export opportunities to Brazil. Members of the Wine Institute international program can contact that department for further information on the market and opportunities to participate in trade shows. Members of WineAmerica can contact their offices and the authors of this study to further investigate market opportunities. Likewise, members of the California Association of Winegrape Growers, Winegrape Growers of America, and the general public can contact JBC International and other entities listed in the "Relevant Contacts" section of this study.

#### ***Find an Importer/Distributor***

The choice of which importer and distributor to work with in Brazil is a crucial decision for U.S. wineries and exporters, since these agents will function as product line representatives and facilitate many of the market intricacies, such as navigating the regulatory import requirements and distribution chains. Depending on the agent and the expectations of the winery, it can assist in marketing the product and ensuring its quality integrity. Many of the

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importers in the “Brazilian Wine Importers” section found at the end of this report are also distributors with either a wine boutique or a retail store location.

### ***Arrange Market Strategy and Fulfill Compliance Needs***

U.S. wineries that are successful in exports usually take one to two trips to the target country before making sales. The first visit is used to research and develop strategies for accessing the target markets, whether regional or sector-based (hotels, restaurants or retail). The same visit can be used to meet with importers in order to evaluate their operations before making a decision on whom to approach with a potential agreement. If necessary, the exporter will travel back a second time to finalize the arrangements with the selected importer/distributor and ensure that both they and the importer/distributor are ready to do business together. This step is oftentimes needed to ensure that all regulatory approval issues and import processes are addressed before orders can be solicited and subsequently fulfilled.

### ***Continue Market Promotion and Research***

The growing market opportunities in Brazil for U.S. wine exporters are primarily in the South and Southeast regions of Rio Grande do Sul and São Paulo; also major production regions. For wineries that are members of the Wine Institute International Program (based in San Francisco, CA), they can coordinate trade visits and market promotion with a group of participants. Additionally, representatives of USDA’s Foreign Agricultural Service (FAS) in Brazil share a common mission to promote trade with the United States. Representatives of USDA’s Office of Agricultural Affairs (OAA), headquartered at the U.S. Embassy in Brasília as well as those of USDA’s Agricultural Trade Office (ATO) at the U.S. Consulate General in São Paulo can offer free assistance with understanding the market and identifying future business opportunities. The FAS representatives can help U.S. wine exporters by supplying them with up-to-date market information, importer lists, and distributor data, as well as by endorsing U.S. Pavilions at trade shows and organizing various marketing events. The U.S. Alcohol and Tobacco Tax and Trade Bureau (TTB) has an International Trade Division and website ([www.ttb.gov](http://www.ttb.gov)) that can similarly assist U.S. wineries and exporters with market information and regulatory compliance issues.

### ***Potential Risks***

There are several risks present when attempting to enter the Brazilian marketplace. These include:

- a) Uncertainty of government regulations. Over the past two years, the Brazilian Government has issued multiple regulations concerning wine producer registration, labeling and production processes. Most are implemented without advance notice and in the case of the production processes; no final rules have been published.
- b) Domestic and imported wine competition. Brazil

***NOTE: AS OF THE PREPARATION OF THIS REPORT, REGULATIONS CONCERNING WINEMAKING PRACTICES WERE BEING REVISED. NO FINAL RULE ON SUCH PRACTICES HAS BEEN PUBLISHED BY THE BRAZILIAN GOVERNMENT. THIS REPORT WAS DELAYED FOR SIX MONTHS EXPECTING NEW RULES TO BE AVAILABLE. THE AUTHORS RECOMMEND PRIOR TO SHIPMENT OF WINE TO BRAZIL THAT THE EXPORTER VERIFY WHAT REGULATIONS ARE IN PLACE.***

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currently supplies much of the wine consumed within the country. The remainder is split between Chile and Argentina both enjoying trade tariff preferences and the European Union that subsidizes exports and production.

- c) Customs inconsistencies. As noted later in this report there are many border formalities necessary for the importation of goods. Those formalities are not consistently administered by the different ports of entry. It is recommended that an advanced ruling be requested from customs if the importer is not confident as to the classification, value and tax treatment of the wine.
- d) Other potential risks include current issues with contraband wine products that cross the border illegally, especially along the Southern border with Paraguay. These products reach the market at an unfair advantage; with costs lower than other importers can match.
- e) Potential new legislation to control alcohol abuse is also being considered.

### Geography and Domestic Wine Production

#### *Climate and Topography*

It is in the southern region of Brazil, with high temperatures during the day and cool low temperatures at night that is responsible for the quality and wide variety of grapes. Primarily, grape and wine production are centered in the Serra Gaúcho Mountains located parallel 29° with average temperatures between 12°C in the winter months and 22°C during the summer. These mountains include the sub-region of Vale dos Vinhedos, Brazil's first Geographical Indication. Production marches down from the mountains to the southern valleys. The southernmost state of Rio Grande do Sul produces over 55 percent of national grape production. Other well known wine producing regions of Brazil include the states of São Paulo, Paraná, Santa Catarina, Pernambuco and newly discovered Minas Gerais.



*Brazilian Winery Miolo, photo by Lethaargic/Flickr*



*Vale do São Francisco*

The tropical state of Vale do São Francisco resides at 9° south latitude and with its dry climate makes it the only wine producing region requiring irrigation. The alkaline soil along with the climate conditions produces low yield grapes with high sugar levels. Producers in this region can harvest grapes two times a year.

### **WINE GRAPE PRODUCTION AREAS**



Source: Brazilian Wine Institute (IBRAVIN)

The subtropical southern regions presents prime viticulture climate. Brazil's high quality sparkling wines are a result of the appropriate soil and weather patterns. However, wide climatic variations in grape producing regions caused more than a 15 percent decrease in overall grape production volume between the years of 2007 and 2009 and another 3.74 percent decrease in 2010.

### ***Northern Region Potential***

According to the Brazilian Agriculture Research Center (EMPRAPA), there is high climatic potential for grape production in the northeast region of Brazil. Fine table grapes were introduced in the 20<sup>th</sup> Century by the Italians and grown in the northeast Vale do São Francisco. Tonietto & Carbonneau<sup>3</sup> developed the Multicriteria Climatic Classification System (MCC System) on three regions of the northeast state of Minas Gerais over the course of two production cycles: October to March (spring-summer) and April to September (autumn-winter). The results showed all three regions to present unlimited grape-growing possibilities. The autumn-winter period presented two of the regions as moderately dry, warm and with temperate nights and the third region's climatic condition as sub-humid, temperate and with cool nights. It would be no surprise to see a substantial growth in grape production in northern Brazil.

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<sup>3</sup> TONIETTO, J.; CARBONNEAU, A. A multi-criteria climatic classification system for grape-growing regions worldwide. *Agricultural and Forest Meteorology*, Amsterdam, v.124, p.81-97, 2004.

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### Government Production Policy

Brazil is fervently looking to wine production as a cash crop for their agriculture sector. According to the Brazilian Institute of Geography and Statistics (IBGE) 2010 data, total vineyards planted in Brazil reached 83.718 hectares in 2010 up from 82.584 hectares in 2009. In 1875 Bento Gonçalves, a town in Rio Grande do Sul, received Italian immigrants producing mostly American and hybrid grapes, more robust than *vinifera* varieties. The Italian arrival marked the beginning of expansion for Brazil's Wine Industry. Today, Bento Gonçalves is considered the "Wine Capital of Brazil" primarily producing Cabernet Sauvignon, Cabernet Franc, Sauvignon Blanc and Merlot. In recent years, wine production in Brazil has generated greater wealth and employment, with the increase in grape growers and large wine processors. In the 1970's, a multinational group of wine producers arrived in Rio Grande do Sul bringing with them modern wine-processing technology and planting new *vinifera* varieties although *non-vinifera* grapes still account for 80 percent of production. Isabella is the predominant *non-vinifera* grape and its juice production is an important export. In Brazil, table wine refers to *non-vinifera* and fine wine is the recently planted *vinifera*.

Today Brazil is the 5<sup>th</sup> largest wine producer in the Southern hemisphere with 320 million liters. Production in Brazil is highly concentrated in the southeast states. The state of Rio Grande do Sul alone accounts for 54 percent of all Brazilian wine grapes produced. While there was an increase in vineyard planted areas in 2010, a combination of the global economic crisis and a poor harvest led to a 3.74 percent decrease in Brazilian grape production when compared to 2009.

### Grapes production in Brazil (in tons)

State/Year	2007	2008	2009	2010
Pernambuco	170,326	162,977	158,515	168,225
Bahia	120,654	101,787	90,508	78,283
Minas Gerais	11,995	13,711	11,773	10,590
São Paulo	193,023	184,930	177,934	177,538
Paraná	99,180	101,500	102,080	101,900
Santa Catarina	54,554	58,330	67,546	66,214
Rio Grande do Sul	705,228	776,027	737,363	692,692
<b>Brazil</b>	<b>1,354,960</b>	<b>1,399,262</b>	<b>1,345,719</b>	<b>1,295,442</b>

Source: IBGE (Brazilian Institute of Geography and Statistics)

The table above illustrates the largest decrease in production took place in the Vale do São Francisco (Bahia state): 13.51 percent decrease from 2009, followed by Minas Gerais: 10.05 percent decrease. The major wine producing region of Rio Grande do Sul realized a 6.06 percent decrease in production.

Presently in 2011, climate issues are leading to an increase in grape production. Grape growers and wine producers have invested heavily in the industry, which has led to increased quality and efficiency in production. Brazilian wine tends to be fresh and fruity with moderate to high alcohol content. The main grape varieties include Cabernet Sauvignon, Merlot, Moscato and Chardonnay (source: EMBRAPA). Because of its high quality

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and growing popularity, there was a 10.73 percent growth in sales for sparkling wine in 2010. Muscat sparkling wine saw a 16.71 percent increase in sales in the same year.

### **Major Wineries**

The major players and their production volumes are as follows:

<b>Domestic Wine Producers (2009)</b>	<b>Million Liters</b>
Casa Di Conti Ltda	19.4
Cooperativa Vinícola Aurora Ltda	17.6
Vinhos Salton SA Indústria e Comércio	13.0
Bacardi-Martini do Brasil Indústria e Comércio Ltda	10.3
Vinícola Miolo Ltda	7.4
All Others	256.7
<b>Total</b>	<b>324.3</b>

Source: Euromonitor

The top five leading wine producers share 20 percent of the total wine production in Brazil. The top producer, Casa Di Conti Ltda, maintains a six percent share of the market.

### **Domestic Wine Producers**

#### **Casa Di Conti Ltda**

Estimated Production: 19.4 Million Liters

Casa Di Conti has been in the market since 1947. It began making liquors, but has reached its level of success producing Vermouth. Its products have gained notoriety throughout Latin America. The company is located in the city of Cândido Mota, in the countryside of São Paulo, with an industrial area of 135.000 m<sup>2</sup>. The company is dedicated to customer satisfaction and social responsibility. <http://www.contini.com.br/1.0/ing/>

#### **Cooperativa Vinícola Aurora Ltda**

Estimated Production 17.6 Million Liters

On February 14, 1931, sixteen families of grape growers in the municipality of Bento Gonçalves, in the southern mountains, met to lay the cornerstone of what would become the biggest enterprise of its kind in Brazil: The AURORA COOPERATIVE WINE. Aurora has been producing grapes much the same way as the Italian immigrants who originally settled in the region in 1875. From 1998 to 2007, Aurora has won over 200 awards, all with the seal of the OIV. <http://www.vinicolaaurora.com.br/default.asp>

#### **Vinhos Salton SA Indústria e Comércio**

Estimated Production: 13 Million Liters

The company was formally established in 1910, when brothers Paul, Angelo, John, Cesar, Luiz Antonio and Salton, incorporated the work of their father, Antonio Domenico Salton, an immigrant who vinified informally, like most Italians in the region. The brothers began to engage in the cultivation of grapes and the making of wines, sparkling wines and vermouth, with the name Paul Salton & Brothers, the Center for Bento. Nearly a century later, Salton is

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recognized as one of the major wineries in the country and celebrates being familiar and 100 percent Brazilian. <http://www.salton.com.br/novo/home.aspx>

### **Bacardi-Martini do Brasil Indústria e Comércio Ltda**

Estimated Production: 10.3 Liters

### **Vinícola Miolo Ltda**

Estimated Production: 7.4 Million Liters

The winery began producing bulk wine for sale in 1989 and started bottling with a family name in 1994. The company faced growing demand and was forced to develop a plan to sustain the growth. The Miolo Wine Group was established in 2006 to assemble a line of more than 70 products from national and international partnerships. The group's goal was to formulate a line of products with a variety of qualities that can reach many different segments. The group today has eight projects: Vinícola Miolo (Vale dos Vinhedos, RS), Fortaleza do Seival Vineyards (Campanha Gaúcha, RS), RAR (Campos de Cima da Serra, RS), Lovara Vinhos finos (Serra Gaúcha, RS), Fazenda Ouro Verde (Vale do São Francisco, BA), Costa Pacifico (Chile), Osborne (Spain and Portugal) and Los Nevados (Argentina).

[http://www.miolo.com.br/en/company/miolo\\_wine\\_group/](http://www.miolo.com.br/en/company/miolo_wine_group/)

## **Brazilian Wine Market**

### ***Highlights***

With over 203 million citizens and a 2010 GDP of over \$2 trillion, Brazil is truly a sizable market. Since 2003, Brazil's economy has grown increasingly stable through a commitment to fiscal responsibility by building up foreign reserves, reducing its debt profile and adhering to an inflation target. Brazil's debt was granted investment grade status but like many of the world's economies, Brazil suffered during the recent economic crisis with a decline in global demand for Brazilian goods. The economy grew by 7.5 percent, a rate unmatched since 1986. Since the currency started 2010 strong and ended it stronger, a GDP of 3.675 trillion Reals converted at the year's average exchange rate into US \$2.089 trillion. This meant that Brazil overtook Italy to rank as the world's seventh-biggest economy. Income per head in Brazil has surpassed that in Mexico.



The Brazilian consumers have led the way to economic expansion, as the growing middle class stocks up on status symbols and domestic comforts once out of their reach. The export recovery has stimulated lower unemployment rates, higher monthly incomes and an overall rise in the middle class. All of these factors contribute to larger expendable incomes. As the home to the 2014 World Cup and the 2016 Summer Olympics, it is expected that increased interest and investment by the government to accommodate those international events will lead to further economic growth and greater consumer demand.

Consumers are loyal to brands; including the low income population. More well-off consumers pay particular attention to quality, after-sales service and the company's social commitment (protection of the environment, sanitary standards, etc.) National pride is reflected in consumer habits, but Brazilians remain attached to foreign products as exterior signs of wealth (technological equipment, American sports brands, etc.) Consumption

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among the majority of the population is turned towards food and housing. The Brazilian consumer is more demanding and selective. He is aware of quality, the price of goods and special offers. Brazil is a dual economy, in which the upper classes distinguish themselves by consumption close to that of the United States and Europe, while the poorer people have to be careful with prices and buy almost exclusively on the unofficial market. Access to credit is increasing, especially among the middle classes and in spite of some of the highest interest rates in the world. Everything is bought on credit: real estate, household appliances and brand name clothes. Many shops offer to spread payments over a period of time, sometimes without charging interest.<sup>4</sup>

While it is only natural that wine exporters would like to tap into the Brazilian economy, there are a variety of barriers. The Brazilian government currently has both tariff and non-tariff barriers that are not easily overcome. Furthermore, as a result of the advantages of free trade agreements, Chile and Argentina have been able to export at substantially lower costs, and as of 2010, together comprise over 57 percent of all wine imports. Consumers, however, are open to emerging trends, which may represent an opportunity for the U.S. to move up from its current status as the 10<sup>th</sup> largest wine exporter to Brazil, importing \$1,415,977 in 2010 under Harmonized Code 2204- Wines of Fresh Grapes<sup>5</sup>.

Euro Monitor reports: *that alcoholic drinks experienced strong growth in 2010 driven by the good performance of all sectors, in particular beer, which accounts for some 87% of overall volume sales. Beer benefited from increasing disposable incomes among lower-income brackets and steady unemployment rates combined with the consumer interest in the FIFA World Cup held in South Africa boosted sales in June and July, a period of the year when demand is typically lower compared to the summer season.*

### ***Growing Investments in Premium Alcoholic Drinks***

*With improvement in the purchasing power of most Brazilians, growing demand for higher quality products was evident over the review period. As a result, alcoholic drinks manufacturers invested in expanding their portfolios with premium products such as Cervejarias Kaiser do Brasil which introduced Amstel Pulse (Netherlands), Birra Moretti (Italy), Edelweiss (Austria), Murphy's Irish Stout and Murphy's Irish Red (Ireland) in early 2010 and Cervejaria Petrópolis, which partnered with a German brewery to produce and distribute Weltenburger beer locally. In addition, growing sales of premium brands such as Absolut, Wyborowa and Stolichnaya were evident in vodka, and Ypióca Gold and artisanal products in cachaça.*

### ***Ambev Continues To Grow In 2010***

*AmBev (Cia Brasileira de Bebidas) is the outright leader in alcoholic drinks due to its leading position in beer. The company has a wide portfolio of beer in the standard and premium segments and it continued to experience growth in 2010 despite the acquisition of Cervejarias Kaiser do Brasil by Heineken and strong investments of Schincariol Participações e Representações and Cervejaria Petrópolis in expanding their portfolios with Devassa (Schincariol) and Petra and Weltenburger (Cervejaria Petrópolis).*

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<sup>4</sup> [www.laposte-export-solutions.co.uk/uk](http://www.laposte-export-solutions.co.uk/uk)

<sup>5</sup> <http://www.gtis.com/gta/secure/gateway.cfm>

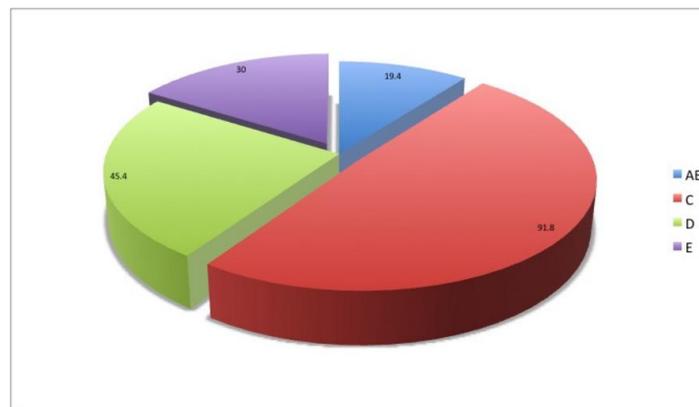
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### *Shift to Off-Trade Spurs Sales In Supermarkets/Hypermarkets*

The shift in consumption of alcoholic drinks from the on-trade to off-trade channels was very positive for supermarkets and hypermarkets which increased shelf space given over to alcoholic drinks, particularly beer. Additionally, investment by manufacturers in diversifying packaging sizes of beers such as 1-litre glass bottles, 473ml/269ml/210ml metal beverage cans and 5-litre kegs to cater to consumers' different needs also contributed to spur sales in grocery retailers.

### *Optimistic Outlook for Alcoholic Drinks*

Alcoholic drinks is expected to show significant growth over the forecast period as disposable incomes will continue to improve among socioeconomic groups<sup>6</sup> C, D and E and unemployment rates will remain steady. Beer will continue to sustain growth of alcoholic drinks in the near future but it is estimated that wine, driven by still light grape wine and sparkling wine, and spirits such as whiskies and vodka will experience strong growth from 2010 to 2015 as Brazilian consumers expand their consumption habits in alcoholic drinks.<sup>7</sup>



Economical Segments 2008

Source: <http://www.propertybrazil.com/news/the-emerging-middle-class-in-brazil-25>

<sup>6</sup> The Brazilian economical classes are segmented according to **monthly household income levels** as follows:

Class A&B: + 4807 R\$

Class C : 1116 - 4807 R\$

Class D: 804 - 1115 R\$

Class E: Under 804 R\$

As can be seen, class A & B make up the upper income classes; class C is the "official" middle class; class D constitutes the lower middle class and class E is the lowest income segment.

<sup>7</sup> Source: Euro Monitor

## **Brazilian Wine Market Report**

### ***Alcohol in Brazilian Culture***

Since the early 2000s, wine consumption and tasting have become much trendier among Brazilians. This has made consumers more knowledgeable and has led to increased consumption, especially *New World* wines of South America. In 2001, the Brazilian Wine Institute (IBRAVIN) conducted research to evaluate consumers' wine preferences. At that time, it was determined that there were three categories of wine consumers: light users (1/2 bottle per month); medium users (1-3 bottles per month); and heavy users (more than 3 bottles per month), representing 36 percent, 54 percent and 10 percent of buyers, respectively. Medium users tend to be 40 years of age and in the middle class, with an even distribution of men and women; more than half have university degrees. It was determined that income and education don't affect consumption patterns while sex and age do. Men tend to be heavier drinkers, while females tend to be lighter drinkers. Consumption also tends to increase with age. Light drinkers tend to drink on holidays or in the winter.

Brazilians tend to consume mostly still wines and sparkling wines. Among still wines, red wine is the most popular. While vermouth and dessert wines have been popular in the past, consumption has been slowing and is expected to continue to decline as such types are not nearly as popular among young consumers. As a result, there are limited marketing campaigns to promote these products. Wine education is starting to see growth among Brazilians and more consumers are familiarizing themselves with wine quality and type. Wine economists expect a growth in reserve wine sales in 2011. In fine wines, the most common varietals are Cabernet Sauvignon, Merlot and Pinot Noir for still red wine, with esteem rising for Malbec and Shiraz. Chardonnay, Moscato and Sauvignon Blanc are the most popular varietals for still white wine and other sparkling wine.

In Brazil, 750ml glass bottles are the most common form of packaging, accounting for 95 percent of wines. Some manufacturers have invested in alternative packaging such as PET bottles and bag-in-a-box to reduce costs and promote sales to the younger generation. However, these pack types represent no more than 2 percent of volume sales. Salton released a 187ml glass bottle to stimulate sales amongst club and bar patrons. However, wine purchasing tends to take place mostly in supermarkets and specialty stores.

In June 2008, the federal government enacted a law that established new rules for drink driving and sales of alcoholic drinks in highways located in rural areas. Law 11705/08, also named "Lei Seca" (Dry Law), prohibited sales of alcoholic drinks in restaurants, bars and any other establishment located in highways outside urban areas. This Law also changed the tolerance of drink driving from 0.6 mg/litre to 0.1 mg/litre. Drivers who are caught under the influence of more than 0.1 mg/litre will be subject to a fine of R\$955, detention of their vehicle and withdrawal of their driving license for one year. For those who are caught with alcohol levels of over 0.6 mg/litre, the driver will also be taken into custody from six months to three years, with bail fixed between R\$300 and R\$1,200.

## **Brazilian Wine Market Report**

### ***Domestic Marketing***

In 2008, IBRAVIN (Brazilian Institute of Wine) and key players of the wine industry invested in an advertising campaign to promote national brands of still light grape wines and highlight the high quality of Brazilian wines. There are also efforts to increase exports of still light grape wines and sparkling wines through a project called "Wines of Brazil", a partnership between wine manufacturers and APEX (Brazilian Agency of Promotion of Exports and Investments). Sparkling wines still account for the majority of exports reaching 665 tonnes in 2007.

Declining sales of table wines and competition with Chilean and Argentinean still light grape wines will lead domestic manufacturers to increase investment in a wide product portfolio of fine wines with brands positioned as low-, mid- and high-end as part of the strategy to remain competitive and cater to the different demands of high-income consumers and mid-/low-income consumers. For wealthier consumers, the grape varietal type and origin of the wine are important attributes, while price followed by origin are the most important criteria for lower-income brackets.

The competition between imported and national wines will persist until the Brazilian government, trade associations and key domestic manufacturers adopt an agreement about the import tax charged to Chilean and Argentinean governments or subsidies provided by the Brazilian government to protect domestic companies. Meanwhile, the wine industry will have to maintain investments in economy products and/or marketing campaigns to increase the visibility of their products.

Investment in smaller packaging for sparkling wines and still light grape wines such as Salton might be a good strategy to stimulate young consumers to trial different alcoholic beverages, especially in the on-trade since the sector faces resistance from consumers between the ages of 18 and 25 that frequently prefer beverages such as beer, vodka and RTDs.

### **U.S. Wines in Brazil**

#### ***Current U.S. Exports***

In 2010, U.S. wine sales to Brazil totaled \$1,415,977<sup>8</sup>; however, this represented a miniscule percentage of the wine import market. Over the last three years, Brazil has imported approximately 6.5 million cases (12 bottles of 750ml each) of wine per year, which represents US\$ 196 million FOB of annual imports. The U.S. share of those imports is less than one percent. Although Brazil's population is approximately 203 million, wine consumption *per capita* for 2010 was 1.8 liters. This small figure presents definite possibilities for market expansion. The United States Department of Agriculture, Foreign Agricultural Service (FAS) prepared a list of best import prospects based on Brazilian consumption patterns. According to the FAS market trend evaluation, wine ranks second on the list of potential increase.

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<sup>8</sup> <http://www.gtis.com/gta/secure/gateway.cfm>

## Brazilian Wine Market Report

Product	Imports in 2009	Import Tariff Rate	Key Constraints to Market Development	Market Attractiveness for USA
<b>Dairy Products</b>	US\$ 366 mi	Depends on the HS Code. Ranges from 14% to 28%	U.S. has to overcome tariffs and high transportation costs compared to tariffs applied to Mercosul member countries.	From January-October, 2010 imports increased 20% compared to the same period in 2009.
<b>Wine</b>	US\$ 176 mi	20%	U.S. has to overcome tariffs and high transportation costs compared to tariffs applied to wines from Mercosul member countries and Chilean wines. Investments in marketing are also needed.	In 2009, wine imports increased 108%. Brazilian consumers are open and receptive to wines from new origins and varieties.
<b>Processed Fruit and Vegetables</b>	US\$ 500 mi	Depends on the HS Code. Ranges from 10% to 18%	Argentina is the largest exporter with a share of 31% of total sales. U.S. has to overcome tariffs and transportation costs.	From January-October, 2010 imports increased 40% compared to the same period in 2009.
<b>Fish/Seafood products</b>	US\$ 501 mi	Depends on the HS Code. Ranges from 10% to 16%	U.S. has to overcome tariffs and U.S. transportation costs. Investments in marketing are also needed.	From January-October, 2010 imports increased 40% compared to the same period in 2009.
<b>Food Preparation products (HS Codes 21.03 and 21.04)</b>	US\$ 20 mi	Depends on the HS Code. Ranges from 16% to 18%	U.S. is the top supplier of food preparation products with a share of 34% of total imported value.	From January-October, 2010 imports increased 4% compared to the same period in 2009.

A turn in Brazilian consumption patterns shows an increase in wine educated drinkers interested in purchasing *New World* wines. More affluent consumers are expanding the market possibilities for United States winemakers.

### **Ability of US Brands to Penetrate the Market**

Brazilian wine imports have grown to a great extent in the past decade. South American and EU wine suppliers have well-established positions and customs duty preferences, making it difficult for other countries to penetrate the market. The current situation for wines of the United States could be considered difficult but not insurmountable. Brazilian wine importers stated that the current exchange rate and the rise in income of Brazilian citizens increase the attraction to purchase U.S. wines. The exceedingly high rate of imported Chilean wines only proves consumer interest in *New World* wines, a positive indicator for the United States.

According to the Secretary for External Commerce from the Ministry for Development, Industry and Commerce (SECEX/MDIC), the growth of U.S. wine exports to Brazil was larger than the average growth of imported wines in containers of less than two liters. This means that over the course of five years, between 2005 and 2009, U.S. wine exports increased 187 percent against an average growth of 108 percent of all imported wines in the same period. The United States ranked 2<sup>nd</sup> only to France for the largest market growth. Thankfully, Brazilian consumers are open to emerging trends, leading to significant growth opportunities for imports of *New World* wines. This openness should provide excellent opportunities for U.S. wines in the near future.

## Brazilian Wine Market Report

### The Effect of Brazilian Trade Policy on Imported Wine

Brazil is a party to a plurilateral free trade agreement called MERCOSUR. This agreement represents the Southern Cone Common Market. Countries involved in the agreement include Argentina, Brazil, Paraguay and Uruguay with Chile as an associate member. MERCOSUR created a customs union between member countries that provided for the elimination of certain trade barriers at the end of 1995. A common external tariff has been implemented upon all products coming in from outside the region. The mutual tariffs set for wine by the parties' trade agencies were imposed at 20 percent.

Argentinean producers profit in sales to Brazil since their wines are exempt from import tariffs under the MERCOSUR trade agreement. Because of this, Argentinean producers began intensely marketing their neighbor country. Even Chilean wines have enjoyed a decrease in import tax through a bilateral trade agreement with Brazil that will reach tax exemption in 2011. In 2006, the Brazilian government agreed to reduce import taxes from 27 percent to zero percent in exchange for the Chilean agreement to purchase buses from Brazil for the widening tourism movement. These tax benefits have increased the popularity of Argentinean and Chilean wines while harming domestic sales and other imported wines at the same time.

### Consumption Analysis

#### **Value and Volume Estimates**

For 2009, Brazilian wine consumption was 310.5 million liters, at a value of US \$2,970 million. Consumption for 2011 is estimated at 314 million liters, and consumption for 2014 is estimated at 332.9 million liters. On a *per capita* basis, Brazilians consume 1.8 liters of wine per annum, a small figure compared to the neighboring country of Argentina at 23 liters per annum. Economists recognize a steady 10 percent increase in consumption in both 2009 and 2010 and predict there will be a similar increase in 2011 and 2012.

#### **Brazilian Wine Consumption**

Table A

<b>Brazilian Wine Consumption- Historical and Projected</b>			
By Volume (million liters)			
<b>Year</b>	<b>Total</b>	<b>Imported</b>	<b>Domestic</b>
2004	341.00	64.40	276.60
2005	395.30	39.50	355.80
2006	375.10	49.90	325.20
2007	363.50	59.60	303.90
2008	344.90	56.60	288.30
2009	324.30	57.80	266.50
2010	310.50	73.70	236.80

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2011	314.00		
2012	319.20		
2013	327.00		
2014	332.90		

Source: Euromonitor- Passport

Table B

<b>Brazilian Fine Wine Market</b>					
<b>YEAR/PRODUCT</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>NATIONAL</b>	25,085	23,130	23,120	23,019	24,670
<b>IMPORTED</b>	46,371	57,629	54,410	55,927	75,051
<b>TOTAL GRAPEVINES</b>	<b>71,456</b>	<b>80,759</b>	<b>77,530</b>	<b>78,946</b>	<b>99,721</b>
<b>IMP. PARTICIP./TOTAL (%)</b>	<b>64.89</b>	<b>71.36</b>	<b>70.18</b>	<b>70.84</b>	<b>75.26</b>

Source: UVIBRA (Brazilian Grape and Wine Producers Association); IBRAVIN (Brazilian Wine Institute) and MDIC (Ministry of Development, Industry and Foreign Trade)  
Created by: Loiva Maria Ribeiro de Mello – Embrapa Uva e Vinho (Grape and Wine)

It is important for third country producers to note imported fine wines (Table B) accounted for 75.26 percent of the total 100 million liters of fine wines sold in Brazil's 2010 market. However, both Table A and Table B show Brazilian wine consumption trends to be somewhat unpredictable. Consumption totals of imported and domestically produced wines tend to fluctuate from year to year. A variety of factors affect consumption totals. Emerging demands for imported wines are often hindered by new barriers to trade, and with much of the market demand for wine met by domestic production (which is highly concentrated in one region, Rio Grande do Sul), a poor crop can drastically affect the market. National fine wine has thus far been unable to meet demand. The economic crisis clearly affected the Brazilian wine industry, but analysts predict that consumption totals will continue to grow in the future, consistent with the rise of the middle class.

### ***Wine Consumption According to Price Structure***

<b>Still Wine Consumption by Price Range (USD) in Million Liters</b>						
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>\$0-\$5.60</b>	94.0	104.5	93.5	82.9	74.0	65.4
<b>\$5.60-\$13.43</b>	110.4	135.3	130.3	128.5	122.2	115.9
<b>\$13.43-\$22.39</b>	10.6	13.9	13.6	15.8	15.9	15.1
<b>\$22.39+</b>	11.7	14.7	14.5	14.8	14.5	13.8

Source: Euromonitor- Passport

It is apparent from the table above that Brazilian consumers strongly prefer moderately priced and less expensive wines. For 2009, over 86 percent of still wines consumed cost less

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than \$13.43. This is consistent with the idea that the rising middle class is consuming alcohol and the idea that most of the wine consumed is produced either domestically or in other South American Countries, keeping tariffs and transportation costs low.

### ***Wine Consumption for 2009 By Wine Type (Still Wines)***

<b>Still Light Grape Wine Consumption 2009 (by type)</b>	
<b>By Volume (million liters)</b>	
<b>Color</b>	<b>Total</b>
Red	217.3
White	45.9
Rose	4.5
<b>Total</b>	<b>267.7</b>

Source: Euromonitor- Passport

Brazilians clearly have a strong preference for red wine. Of the red wines, Cabernet Sauvignon enjoys the dominant share with 71.6 million liters. Malbec and Merlot are also very popular grape varieties, with 22.5 and 24.3 million liters respectively. Of the white wines, Chardonnay is most popular with 21.5 million liters.

### ***Wine Consumption Data for Imports***

<b>Brazil Import Statistics</b>							
<b>Commodity: 2204, Wine Of Fresh Grapes, Incl Fortified; Grape Must O/T Heading 20.09</b>							
<b>Calendar Year: 2008 - 2010</b>							
<b>Partner Country</b>	<b>Unit</b>	<b>2008</b>		<b>2009</b>		<b>2010</b>	
		<b>USD</b>	<b>Quantity</b>	<b>USD</b>	<b>Quantity</b>	<b>USD</b>	<b>Quantity</b>
<b>World</b>	L	185,836,478	56,593,564	196,049,568	57,848,119	251,549,238	73,767,146
<b>Chile</b>	L	50,982,411	18,177,493	61,563,326	21,961,881	73,239,549	25,957,208
<b>Argentina</b>	L	40,476,584	15,297,016	41,255,809	14,752,051	55,715,290	18,046,478
<b>France</b>	L	27,048,955	3,051,254	28,840,407	2,973,740	35,805,532	3,577,296
<b>Italy</b>	L	28,853,317	10,704,938	26,076,286	9,055,564	33,452,731	12,960,301
<b>Portugal</b>	L	24,100,160	6,233,933	23,980,957	5,972,013	29,947,461	8,057,888
<b>Spain</b>	L	7,215,868	1,239,690	7,627,607	1,411,411	10,618,202	1,989,727
<b>South Africa</b>	L	1,182,329	315,459	1,973,912	498,107	3,637,693	939,835
<b>Uruguay</b>	L	2,097,911	880,192	1,963,590	748,045	3,225,363	1,254,517
<b>Australia</b>	L	1,252,014	196,777	1,000,788	213,247	1,876,543	345,808
<b>United States</b>	L	577,322	77,536	728,777	92,535	1,415,977	220,637

Source: worldtradestatistics.com/gta

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### ***Import Market Shares by Country of Origin***

The chart above clearly demonstrates the dominance of Chilean and Argentinean wines imported into Brazil. Both countries have seen their wine exports increase in value in the past three years. Chile controls 29 percent of total imports at an average FOB price of US \$25.20 for a 9 liter case and Argentina maintains 22 percent at FOB US \$23.50. Together, Chile and Argentina account for 57 percent of the imported wines to Brazil. The wine producers of the European Union follow distantly, yet maintain their positions as a result of established and recognized brands. The United States and some other New World wine producers, South Africa and Australia, have yet to fully actualize their potential in the market. The United States, the 10<sup>th</sup> largest exporter, showed significant increases in both quantity and value from 2009-2010. The table below shows Chile and Argentina maintaining over 57 percent of wine import value, while the US currently holds a meager 0.56 percent.

<b>Import Market Shares by Country of Origin</b>	
<b>1. Chile</b>	29.12%
<b>2. Argentina</b>	22.15%
<b>3. France</b>	14.23%
<b>4. Italy</b>	13.30%
<b>5. Portugal</b>	11.91%
<b>10. US</b>	0.56 %

worldtradestatistics.com/gta

### **Brazil Trade Report**

Brazil has realized the potential benefits of international cooperation and has made efforts in recent years to open its markets to international trade. Brazil's trade policy is focused on membership in multinational organizations. Brazil is an original member of the World Trade Organization and is an active participant and leader, especially for developing countries. Brazil grants MFN status to all of its trading partners and over 75 percent of Brazilian trade is done with these partners.

Brazil is also very focused on collaborative regional trade. Brazil is one of the founders of the Southern Common Market (MERCOSUR), which represents over 250 million people and three-quarters of South American economic activity. The other full members include Argentina, Paraguay, and Uruguay. Bolivia, Chile, Colombia, Ecuador, and Peru hold associate member status which allows them to join free trade agreements, but remain outside the customs union. Venezuela is on the cusp of becoming a full member, pending ratification. MERCOSUR has pursued different trade negotiations with Israel, India, South Africa, Egypt, the Gulf Cooperation Council, Jordan, Morocco, Turkey and the European Union, though each has met difficulties in ratification and implementation. Several MERCOSUR leaders reject the idea of potential US free-market policies.

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Other trade organizations of which Brazil is a member include the Global System of Trade Preferences among Developing Countries (GSTP), Multilateral Investment Guarantee Agency (MIGA), and Organization for Economic Cooperation and Development (OECD).

Brazil's trade policy drastically affects its wine imports and the potential for US wines. In 2006, Brazil and Chile signed an agreement to gradually eliminate import taxes reaching zero percent by 2010. In exchange, Chile agreed to purchase Brazilian buses. As members of MERCOSUR, Argentina and Brazil share zero percent import taxes. This explains the high concentration of these wines in Brazil from previous sections of this report.

### **Trade Balance**

Grape, Grape juice, wine and by-products exports and imports balance: amounts in USD 1,000.00 (FOB) – Brazil 2008/2010

Product	2008		2009		2010	
	Quantity	USD	Quantity	USD	Quantity	USD
<b>Exports</b>						
Fresh grapes (t)	82,242	171,456	54,560	110,574	60,805	136,649
Grape juice (t)	6,623	15,174	5,860	12,621	3,098	8,048
Table wine (1,000 L)	10,346	7,118	25,514	8,941	10,067	5,297
Sparkling wine (1,000 L)	355	548	190	347	320	1,335
<b>Total</b>		<b>194,296</b>		<b>132,483</b>		<b>151,329</b>
<b>Imports</b>						
Fresh grapes (t)	12,565	14,849	18,655	21,697	24,794	36,075
Raisins (t)	20,146	34,973	22,656	32,648	25,919	50,664
Table wine (1,000 L)	54,410	165,692	55,927	176,396	70,737	223,080
Sparkling wine (1,000 L)	3,502	20,144	3,200	19,473	4,314	27,961
Grape juice (t)	185	227	43	52	-	-
<b>Total</b>		<b>235,885</b>		<b>250,266</b>		<b>337,780</b>
<b>BALANCE</b>		<b>-41,589</b>		<b>-117,783</b>		<b>-186,451</b>

Source: MDIC (Ministry of Development, Industry and Foreign Trade)  
Created by: Loiva Maria Ribeiro de Mello - Embrapa Uva e Vinho (Grape and Wine)

Imported wine sales are higher than domestic sales by a large margin, proving Brazil to be a targetable consumer market. In 2010, imported wine totaled \$251.5 million. There was a 26.48 percent increase in wine imports quantity with an average price of USD 3.15 per liter. The table above shows Brazil to hold a USD 186.451 million deficit due to an increase in imports in all items and a reduction in exports.

**Import Procedures**<sup>9</sup>

***Customs Clearance***

In order to export wine to Brazil, U.S. exporters must have the following documents:

- **Pro forma invoice** (including product information, form of payment, method of transportation, etc.)
- **Commercial invoice** (this is required to clear the products through Customs. The commercial invoice should include U.S. exporter and Brazilian importer information, quantities, brands, net and gross weights of the package, country of origin, destination country, payment conditions, etc.)
- **Air Waybill** or **Bill of Lading**
- **Certificate of Origin and Analysis**

It is essential for the U.S. exporter to establish a good working relationship with a Brazilian importer. The importer accepts a **pro forma invoice** by the exporter then applies for an import license (LI) before any shipments can enter Brazil. The license is obtained through the SISCOMEX electronic system and must be approved by MAPA before any shipment is made. Once the import license is obtained, the importer must register the Import Declaration at SISCOMEX. The Import Declaration contains importer information, data on the cargo and bonded storage, etc. The importer will then notify the exporter and provide “embarkation instructions” for wine shipment. When the wine arrives in Brazil, the importer must have goods physically reviewed by a MAPA official, pay duties and taxes and have all required information for the customs inspection before the release of the product.

The following table lists the procedures necessary and the number of days spent on each for importing standardized cargo of goods into Brazil. Wine requires some additional documentation.

***Import Procedures (2010)***

<b>Nature of Import Procedures</b>	<b>Duration (days)</b>	<b>Cost (USD)</b>
Documents preparation	8	330
Customs clearance and technical control	4	250
Ports and terminal handling	3	300
Inland transportation and handling	2	850
<b>Totals</b>	<b>17</b>	<b>1730</b>

World Bank. *Doing Business in Brazil 2011*. Washington, DC. [www.doingbusiness.org](http://www.doingbusiness.org)

***Standard Import Documents***<sup>10</sup>

<sup>9</sup> For a more detailed description of import procedures see [http://www.usdabrazil.org.br/home/pdf/rw\\_wine.pdf](http://www.usdabrazil.org.br/home/pdf/rw_wine.pdf)

<sup>10</sup> (World Bank. *Doing Business in Brazil 2011*. Washington, DC. [www.doingbusiness.org](http://www.doingbusiness.org)) (US Agricultural Trade Office (ATO) of USDA/Foreign Agricultural Service in Sao Paulo, Brazil *Wine Market Access Project*). [www.usdabrazil.org.br](http://www.usdabrazil.org.br))

## **Brazilian Wine Market Report**

The following is a list of exporter documents necessary to import a standardized cargo of goods into Brazil, taken from both the World Bank's report *Doing Business in Brazil 2011* and USDA's Sao Paulo Agricultural Trade Office *Wine Market Access Project*:

- Copy of Bill of lading
- Certificate of analysis and certificate of Origin
- Aging certificate (if necessary)
- Cargo release order
- Commercial invoice
- Customs Import Declaration
- Foreign Exchange Authorization
- Packing list
- Technical Standard/ Health Certificate

### ***Product Certificates<sup>11</sup>***

All wines exported to Brazil must be accompanied by a certificate of origin and a certificate of analysis. A Letter of Free Sale from TTB substitutes for the certificate of origin. Since the regulations define wine as 14 percent or less, for any wine above 14 percent alcohol a Certificate of Typicity is required. The certificate is to clarify that the higher alcohol content is because of the wine appellation's soil and climate conditions. In recent regulations, MAPA requires exporting countries to provide a formal list of government accredited entities eligible to issue certificates of origin and analysis. Certificates from Chambers of Commerce are no longer eligible sources. MAPA provides models of the forms presented in Normative Instruction no. 54/2009, ANNEX VIII (see Appendix II). Both certificates must be signed and stamped upon importation. A list of eligible entities is made available on MAPA's web site (<https://www.agricultura.gov.br/>).

### ***Labeling Requirements***

The following information is required by Brazilian law to be placed on labels of alcohol beverages. For a product whose label is not in the Portuguese language, an adhesive sticker can be placed on the original label containing all the required information:

- Brand name of product
- Type of product
- Net contents (in metric units)
- Importer's name, address and corporate ID number
- Producer or Manufacturer's name and address
- MAPA Registration number of importer
- Country of origin
- Alcohol content (% alc. by volume)
- List of ingredients
- Lot identification code
- Storage care

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<sup>11</sup> See Appendix I for Regulations Concerning Oenological Practices

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- Period of validity (if applicable)
- Gluten declaration: “*Contém Glúten*” (Contains Gluten) or “*Não contém Glúten*” (Does not contain Gluten)
- Warning statement must be declared in bold letters on labels for beverages with alcohol content above 13 percent alcohol by volume: “*Evite o consumo excessivo de álcool*” (Avoid excessive consumption of alcohol).

The exporter should forward a sample of the package to the importer in order to confirm label compliance.<sup>12</sup>

### ***Tax and Duty Structure***

Importing wine to Brazil is met with a significant tax burden. Imported U.S. wine is subject to a 27 percent import duty for bottles containing two liters or less. Other wine categories (over two liters) like most other imported goods have only a 20 percent tariff. Brazilian Federal authorities view bottled wine as a luxury good imposing a higher duty. In addition, the following taxes are imposed on a cumulative “compounded” basis with the value added tax imposed on the total “tax paid” value.

HS Code	Duty	Applied On	Taxes	Applied On
2204.21	27%	CIF	40% IPI (industrial products tax)	CIF + Duty
			7.6% COFINS (social security tax)	CIF + duty + IPI
			1.65 PIS (social security tax)	CIF + duty + IPI
			17% ICMS (Merchandise circulation tax)	CIF + duty + IPI + (PIS + COFINS)
			1% Miscellaneous Tax	CIF
			25% VAT	CIF and all of the above

### ***Government Agencies Regulating Alcohol***

In Brazil the Secretariat of Agricultural Protection (SDA) and the Ministry of Agriculture, Livestock and Food Supply (MAPA) have authority over domestic and imported plant products and by-products. Within the SDA, the Department of Plant Origin Products Inspection Service (DIPOV) enforces federal law regarding the registration, compliance and labeling of beverages (including distilled spirits and wine, soft drinks and juices). With the recent rise in imports, the General Coordination for Wines and Beverages (CGVB) was created to oversee wine and beverages. Inspections at points of entry are overseen by the General Coordination for International Sanitary Inspection of Agriculture and Livestock (CGVIG).<sup>13</sup>

<sup>12</sup> <http://www.ttb.gov/itd/brazil.shtml#REQUIREMENTS>

<sup>13</sup> FAS GAIN Report BR10010

### Marketing Analysis

#### *Organized Retail*

In regard to food distribution in Brazil, retailers are the majority sector. There are approximately 78,300 retail stores according to the Brazilian Supermarket Association (ABRAS). Of the top 500 supermarkets, the three largest (percentage share of gross sales, 2009) are - Pao de Acucar: 21.5 percent; Carrefour: 21.0 percent; Walmart: 16.2 percent.<sup>14</sup> Recently, retail chains have shown interest in purchasing wines directly from wineries. This new endeavor will avoid the three-tier system involved in buying wines from importers and distributors. Direct shipment could reduce the retail price significantly, allowing the end consumers to expand their purchasing options. This will broaden the exposure of *New World* wines to a large range of consumers.



#### ***Brazilian Wine Importers***

Of direct imports, the most prominent players are the groups Carrefour, Companhia Brasileira de Distribuição, Walmart, Sonae, Sendas and Casa Santa Luzia. Most of the major specialized importing companies, such as Expand, Mistral or Interfood, are based in São Paulo. Expand is the largest wine importer in Brazil and currently represents 2,500 labels.

Retail chains have recently shown more interest in purchasing wines direct from wineries without having to buy from importers and distributors. Wineries currently selling to Walmart or Carrefour should contact their buyers to determine the opportunities for direct sales.

<b>Name:</b>	Carrefour
<b>Address:</b>	Av Marechal Deodoro, Anápolis - GO, 75103, Brazil
<b>Website:</b>	<a href="http://www.carrefourbairro.com.br/">www.carrefourbairro.com.br/</a>
<b>C.E.O:</b>	Lars Olofsson
<b>Established In:</b>	France
<b>Major Brands:</b>	Atacadao
<b>Description About the Company:</b>	Carrefour S.A. operates 67 hypermarkets, 81 supermarkets, and hard discount and convenience stores primarily in Europe, Latin America, and Asia.

<sup>14</sup> Brazilian Food Processors' Association (ABIA)

## Brazilian Wine Market Report

	The supermarkets provide non-food ranges, such as apparel, culture and leisure, and tableware products. Its hard discount stores offer non-food items, fruits, vegetables, meat, fish, and snacks; and convenience stores provide products for preparing meals, including fresh produce and a butcher's department; ready-to-eat products and daily items; and mobile phone top-up vouchers. In addition, the company operates as a wholesaler for catering and food industry professionals; and provides online shopping services.
<b>Distribution (National, local, regional):</b>	National
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

<b>Name:</b>	Companhia Brasileira de Distribuição
<b>Address:</b>	Av. Brigadeiro Luiz Antonio, 3142 São Paulo, SP 01402-901
<b>Website:</b>	<a href="http://www.carrefourbairro.com.br/">www.carrefourbairro.com.br/</a>
<b>C.E.O:</b>	Enéas César Pestana Neto
<b>Contact person:</b>	José Roberto Coimbra Tambasco
<b>Established In:</b>	São Paulo
<b>Description About the Company:</b>	Companhia Brasileira de Distribuicao, together with its subsidiaries, operates as a retailer and wholesaler of food products, bazaar articles, clothing, home appliances, and other products through its chain of hypermarkets, supermarkets, specialized and department stores, convenience stores and the Internet in Brazil. The company operates its stores under the Pao de Acucar, CompreBem, Extra, Extra Eletro, Extra Perto, Extra Facil, Extra.com, Sendas, Assai, and Ponto Frio e PontoFrio.com names.
<b>Distribution (National, local, regional):</b>	National
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

<b>Name:</b>	Walmart
<b>Address:</b>	702 SW 8th Street, Bentonville, Arkansas 72716-8611
<b>Website:</b>	<a href="http://www.walmartbrasil.com.br/">www.walmartbrasil.com.br/</a>
<b>C.E.O:</b>	Hector Nunez
<b>Established In:</b>	Barueri, Brazil
<b>Description About the Company:</b>	Walmart Brasil Ltda. owns and operates supermarkets and hypermarkets. The company's products include food, clothing, household appliances, and electronics. It was formerly known as Sonae Distribuicao Brasil S/A. The company was founded in 1995 and is based in Barueri, Brazil. Walmart Brasil Ltda. operates as a subsidiary of Wal-Mart Stores Inc.

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<b>Distribution (National, local, regional):</b>	National
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

<b>Name:</b>	Grupo Pão de Açúcar
<b>Address:</b>	Headquarters: Avenida Brig.Luiz Antonio 3172 Sao Paulo, SP 01402901 Brazil
<b>Website:</b>	<a href="http://www.grupopaodeacucar.com.br/home.htm">www.grupopaodeacucar.com.br/home.htm</a>
<b>C.E.O:</b>	Eneas Pestana
<b>Description About the Company:</b>	Publicly traded, largest Brazilian company engaged in retailing food, general merchandise, electronic goods, home appliances and other goods from supermarkets, hypermarkets and home appliance stores.
<b>Distribution (National, local, regional):</b>	National. Distribution and logistical centers located in São Paulo, Rio de Janeiro, Fortaleza, Curitiba and Recife.
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

<b>Name:</b>	G. Barbosa Comercial Ltda.
<b>Address:</b>	Rod Br 235 Km 04, Anexo 01, S/N Nossa Senhora Do Socorro, SE 49160-000
<b>Website:</b>	<a href="http://www.gbarbosa.com.br">www.gbarbosa.com.br</a>
<b>Established In:</b>	Nossa Senhora Do Socorro
<b>Description About the Company:</b>	G. Barbosa Comercial Ltda. owns and operates supermarkets, hypermarkets, soft discount supermarkets, and pharmacies. G. Barbosa Comercial Ltda. operates as a subsidiary of Cencosud S.A.
<b>Distribution (National, local, regional):</b>	National
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

<b>Name:</b>	Companhia Zaffari Comércio e Indústria
<b>Address:</b>	Av Plinio Brasil Milano 1000 Porto Alegre, RS 90520-000
<b>Website:</b>	<a href="http://www.zaffari.com.br">www.zaffari.com.br</a>
<b>C.E.O:</b>	Cláudio Zaffari
<b>Established In:</b>	Porto Alegre
<b>Description About the Company:</b>	Companhia Zaffari Comercio E Industria owns and operates a chain of hypermarkets and shopping centers in Rio Grande do Sul and São Paulo.
<b>Distribution (National, local, regional):</b>	National
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

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<b>Name:</b>	Prezunic Comercial Ltda.
<b>Address:</b>	Avenida das Americas nº 16100 Sobre Loja Rio de Janeiro, RJ 22790-704
<b>Website:</b>	<a href="http://www.prezunic.com.br">www.prezunic.com.br</a>
<b>C.E.O:</b>	Genival de Souza Beserra
<b>Established In:</b>	Rio de Janeiro
<b>Description About the Company:</b>	Prezunic Comercial Ltda. operates a chain of supermarkets. The company was founded in 2001.
<b>Distribution (National, local, regional):</b>	National
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

<b>Name:</b>	DMA Distribuidora
<b>Address:</b>	Av. Senador Queiroz 605 São Paulo, SP 01026-001
<b>Website:</b>	<a href="http://www.grupodma.com.br/">www.grupodma.com.br/</a>
<b>C.E.O:</b>	<u>Epifânio Parreiras Júnior</u>
<b>Established In:</b>	São Paulo
<b>Description About the Company:</b>	DMA Distribuidora S/A owns and operates grocery stores.
<b>Distribution (National, local, regional):</b>	National
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

<b>Name:</b>	<u>Lojas Americanas</u>
<b>Address:</b>	Rua Sacadura Cabral, 102 Saude Rio De Janeiro, RJ 20081-260 Brazil
<b>Website:</b>	<a href="http://www.americanas.com.br">www.americanas.com.br</a> ; <a href="http://www2.lasa.com.br">www2.lasa.com.br</a>
<b>C.E.O:</b>	Murilo dos Santos Corrêa
<b>Established In:</b>	Rio de Janeiro
<b>Description About the Company:</b>	Lojas Americanas S.A., together with its subsidiaries, operates a chain of retail stores and e-commerce sites in Brazil. Its stores offer confectionery products, biscuits, toys, CDs, DVDs, home appliances, personal care products, cosmetics, stationery, and clothing, as well as table, bed, and bathware. The company also operates three e-commerce sites, including Americanas.com, Shoptime, and Submarino.
<b>Distribution (National, local, regional):</b>	National
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

## Brazilian Wine Market Report

<b>Name:</b>	A Angeloni & Cia Ltda
<b>Address:</b>	Av. Do Centenario 7521 Criciuma, SC 88815-900 Brazil
<b>Website:</b>	<a href="http://www.angeloni.com.br">www.angeloni.com.br</a>
<b>C.E.O:</b>	Antenor Angeloni
<b>Established In:</b>	Criciuma
<b>Description About the Company:</b>	A. Angeloni & Cia. Ltda. operates a chain of supermarkets in Brazil. In addition, it operates drug stores, gas stations and distribution centers.
<b>Distribution (National, local, regional):</b>	National
<b>Market (Retail, HoReCa, Wholesale):</b>	Retail

### Other Companies Importing into Brazil

Company Name	Address	Website	Phone
ADEGA ALENEJANA	Rua Cincinati, 12, Brooklin, São Paulo	<a href="http://www.adeqaalentejana.com.br">www.adeqaalentejana.com.br</a>	(011) 5044-5760
ALLFOOD	Rua da Moóca, 1736, Moóca - SP	<a href="http://www.allfood.com.br">www.allfood.com.br</a>	(011) 6099-0444
ANA IMPORT	São Paulo	<a href="http://www.anaimport.com.br">www.anaimport.com.br</a>	(011) 5501-1900
AURORA IMPORTADORA	São Paulo	<a href="http://www.auroravinhos.com.br">www.auroravinhos.com.br</a>	Vendas: (011) 3048-2282
BACCO'S	Rua Sergipe, 568 Higienópolis-SP	<a href="http://www.baccos.com.br">www.baccos.com.br</a>	(011) 3661-7898
BEALE BEBIDAS	Rua Rego Freitas, 52, Vila Buarque, São Paulo	<a href="http://www.beale.com.br">www.beale.com.br</a>	(011) 3337-0899
BEST WINE	São Paulo	<a href="http://www.bestwine.com.br">www.bestwine.com.br</a>	Vendas: (11) 3722-2155
BRUCK	Rua Paula Souza, 216, Santa Ifigênia -SP	<a href="http://www.bruck.com.br">www.bruck.com.br</a>	(011) 3329-3400
CANTU	São Paulo	<a href="http://www.cantu.com.br">www.cantu.com.br</a>	0300 210 1010
CASA DO PORTO	Alameda Franca, 1225, Jardim Paulista -SP	<a href="http://www.casadoporto.com">www.casadoporto.com</a>	(011)3061-3003
CASA FLORA	Rua Santa Rosa, 207, Brás - SP	<a href="http://www.casaflora.com.br">www.casaflora.com.br</a>	(011) 3327-5199
CASA LISBOA	Praça Silvio Romero, 126, Tatuapé -SP	<a href="http://www.casalisboa.com.br">www.casalisboa.com.br</a>	(011) 6197-4888
CASA SANTA LUZIA	Alameda Lorena, 1471, Jardins - SP	<a href="http://www.santaluzia.com.br">www.santaluzia.com.br</a>	(011) 3897-5000
CELLAR	São Paulo	<a href="http://www.cellar-af.com.br">www.cellar-af.com.br</a>	(011) 5531-2419
DECANTER	Rua Joaquim Floriano, 101, Cj. 805/807, Itaim Bibi -SP	<a href="http://www.decanter.com.br">www.decanter.com.br</a>	(011) 3074-5454
DE LA CROIX	Av. Pedroso de Moraes, 677, Cj. 61, Pinheiros -SP	<a href="http://www.delacroixvinhos.com.br">www.delacroixvinhos.com.br</a>	(011) 3034-6214
EMPÓRIO FREI CANECA	Shopping Frei Caneca - 1º piso - lojas 208/209/210, Cerqueira César -SP	<a href="http://www.emporiofrecaneca.com.br">www.emporiofrecaneca.com.br</a>	(011) 3472-2082
EMPÓRIO HÚNGARO	Rua da Paz, 956, Chácara Santo Antônio -SP	<a href="http://www.emporiohungaro.com.br">www.emporiohungaro.com.br</a>	(011) 5181-6298 (011) 2597-0876
ENOTECA FASANO	Rua Amauri, 255, Itaim Bibi - SP	<a href="http://www.enotecafasano.com.br">www.enotecafasano.com.br</a>	(011) 3168-1255
EXPAND EXPAND STORE SHOPPING D&D	Av. das Nações Unidas, 12.551 - Piso L1 - Loja 105, Brooklin Novo -SP		(011) 3043-9877

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EXPAND EXPAND STORE SHOPPING MARKET PLACE	Av. das Nações Unidas, 13.947 - Térreo - Loja 107, Brooklin Paulista -SP		(011) 5543-5228
EXPAND STORE HIGIENÓPOLIS	R. Bahia, 683, Higienópolis (Brasserie Erick Jacquin) -SP		(011) 3824-4300
EXPAND STORE SHOPPING ANÁLIA FRANCO	R. Regente Feijó, 1.179 - Piso Orquídea - Loja 12/13, Jardim Anália Franco -SP		(011) 6672-3559
EXPAND STORE EMPÓRIO SANTA MARIA	Av. Cidade Jardim, 790, Jardim Paulista -SP		(011) 2102-7788
EXPAND STORE SHOPPING IGUAATEMI	Av. Brigadeiro Faria Lima, 2.232 - Loja G-02/06, Jardim Paulistano -SP	<a href="http://www.iguatemisaopaulo.com.br">www.iguatemisaopaulo.com.br</a>	(011) 3037-7001
EXPAND STORE SHOPPING VILLA-LOBOS	Av das Nações Unidas, 4.777 - 2º Piso - Loja 239/240, Pinheiros -SP		(011) 3023-5002
EXPAND STORE DASLU	Rua Chedid Jafet, 131 - 2º andar, Vila Olímpia -SP	<a href="http://www.expand.com.br">www.expand.com.br</a>	(011) 3841-4577
GALERIA DOS PÃES	Rua Estados Unidos, 1645, Jardim América -SP	<a href="http://www.galeriadospaes.com.br">www.galeriadospaes.com.br</a>	(011) 3064-5900
GRAND CRU	Rua Bela Cintra, 1799 - Jardins -SP	<a href="http://www.grandcru.com.br">www.grandcru.com.br</a>	(011) 3062-6388
GRAND VIN	Av. Brigadeiro Faria Lima, 4433 -SP	<a href="http://www.grandvin.com.br">www.grandvin.com.br</a>	(011) 3045-9888
IMIGRANTES BEBIDAS	Avenida Miguel Stéfano, 2096, Água Funda -SP	<a href="http://www.imigrantesbebidas.com.br">www.imigrantesbebidas.com.br</a>	(011) 5058-2099
IMPEXCO	São Paulo	<a href="http://www.impexco.com.br">www.impexco.com.br</a>	(011) 3257-0653
INTERFOOD/CLASSICS	São Paulo	<a href="http://www.interfood.com.br">www.interfood.com.br</a>	Vendas: (011) 0800-7701871
KMM	Rua Medeiros de Albuquerque, 23, Vila Madalena -SP	<a href="http://www.kmmvinhos.com.br">www.kmmvinhos.com.br</a>	(011) 3819-4020
LE TIRE-BOUCHON	Rua Barão de Tatuí, 285, Santa Cecília -SP	<a href="http://www.letirebouchon.com.br">www.letirebouchon.com.br</a>	(011) 3822-0515
LVMH	São Paulo	<a href="http://www.lvmh.com.br">www.lvmh.com.br</a>	(011) 3062-8388
MIOLO	São Paulo	<a href="http://www.miole.com.br">www.miole.com.br</a>	(011) 2167-1600 0800 970 4165
MISTRAL	Rua Rocha, 288, Bela Vista -SP	<a href="http://www.mistral.com.br">www.mistral.com.br</a>	(011) 3372-3400
PENÍNSULA	São Paulo	<a href="http://www.peninsula.akinaloja.com.br">www.peninsula.akinaloja.com.br</a>	Vendas: (011) 3822-3986
QUALIMPOR	São Paulo	<a href="http://www.qualimpor.com.br">www.qualimpor.com.br</a>	Vendas: 0800- 7024492
REI DOS WHISKY'S	Avenida Sabiá, 243, Moema - SP	<a href="http://www.reidoswhiskys.com.br">www.reidoswhiskys.com.br</a>	(011) 3488-2199
REI DOS WHISKY'S	Rua Maria Amália Lopes Azevedo, 973, Tremembé -SP	<a href="http://www.reidoswhiskys.com.br">www.reidoswhiskys.com.br</a>	(011) 6203-7700
SALTON	São Paulo	<a href="http://www.salton.com.br">www.salton.com.br</a>	(11) 2281-3300
SANTAR	São Paulo	<a href="http://www.santar.com.br">www.santar.com.br</a>	(011) 3227-7355
SMARTBUY WINES	Endereço Matriz: Rua Dr Vieira Bueno, 359 sala 2 Campinas, São Paulo CEP13024-040	<a href="http://www.smartbuywines.com.br">www.smartbuywines.com.br</a>	Telephone: 11 2308- 2793
SMARTBUY WINES	Escritorio SP: R Sonia Ribeiro, 1022 Brooklin Paulista São Paulo CEP 04621-010	<a href="http://www.smartbuywines.com.br">www.smartbuywines.com.br</a>	19 3368-5351
TERROIR	Av. Europa, 580 , Pinheiros -SP	<a href="http://www.terroirvinhos.com.br">www.terroirvinhos.com.br</a>	(011) 3087-8300
TERROIR	Rua Aurora, 872, Centro -SP	<a href="http://www.terroirvinhos.com.br">www.terroirvinhos.com.br</a>	(011) 2109-1500
VARANDA FRUTAS & MERCEARIA	Praça Deputado Dario de Barros, 401, Cidade Jardim -SP	<a href="http://www.varanda.com.br">www.varanda.com.br</a>	(011) 3035-5855

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VILA VINHOS	Rua Dr. Cândido Motta Filho, 856, S1- Vila São Francisco -SP	<a href="http://www.vilavinhos.com.br">www.vilavinhos.com.br</a>	(011) 3719-1504
VILLE DU VIN	Rua Diogo Jacomé, 361, Vila Nova Conceição -SP	<a href="http://www.villeduvin.com.br">www.villeduvin.com.br</a>	(011) 3045-8137
VILLE DU VIN	Al. Tocantins, 75, Lj. 2, Alphaville -SP	<a href="http://www.villeduvin.com.br">www.villeduvin.com.br</a>	(011) 4208-6061
VILLE DU VIN	Avenida Portugal, 749, Santo André -SP	<a href="http://www.villeduvin.com.br">www.villeduvin.com.br</a>	(011) 4994-9490
VINCI	Rua Siqueira Cardoso, 227, Mooca -SP	<a href="http://www.vincivinhos.com.br">www.vincivinhos.com.br</a>	(011) 6097-0000
VINEA STORE	Rua Manuel da Nóbrega, 1014, Paraíso - SP	<a href="http://www.vineastore.com.br">www.vineastore.com.br</a>	(011) 3059-5200
VINISSIMO IMPORTAÇÃO EXPORTAÇÃO E COMÉRCIO LTDA	Avenida Dr Marcos Penteado de Ulhôa Rodrigues, 1.119 - Sala 1503 06460-040 - Barueri - SP		Fones: (011) 4195-5554/5547/5532
VINO!	Rua Professor Tamandaré Toledo, 51, Itaim Bibi -SP	<a href="http://www.lojavino.com.br">www.lojavino.com.br</a>	(011) 3078-6442
WORLD WINE	Rua da Alfândega, 182, Brás -SP	<a href="http://www.worldwine.com.br">www.worldwine.com.br</a>	(011) 3383-7477
WORLD WINE	Rua Padre João Manuel, 1269, Jardim Paulista -SP	<a href="http://www.worldwine.com.br">www.worldwine.com.br</a>	(011) 3085-3055
WINE COMPANY	São Paulo	<a href="http://www.winecompany.com.br">www.winecompany.com.br</a>	0800 725 8020
ZAHIL	Rua Manuel Guedes, 294, Itaim Bibi -SP	<a href="http://www.zahil.com.br">www.zahil.com.br</a>	(011) 3071-2900
ASTI VINHOS	Rua Barreto Leme, 1804 Cambuí - Campinas/SP		(019) 3252-2519
BALCÃO BEBIDAS	Rua Carolina Florence, 1234 - Vila Nova - Campinas/SP	<a href="http://www.balcaodebebidas.com.br">www.balcaodebebidas.com.br</a>	(019) 3242-6300
EMPÓRIO D'GUSTTA	Rua Coronel Silva Telles, 246 - Cambuí - Campinas/SP	<a href="http://www.campinas.com.br">www.campinas.com.br</a>	(019) 3254-5711
EMPÓRIO MICHELUTTI	Rod. Don Pedro I, Km. 131,5 - Campinas/SP	<a href="http://www.emporiomichellutti.com.br">www.emporiomichellutti.com.br</a>	(019) 3207-4241
EMPÓRIO DI PIETRO	Av. Dr. Antônio Carlos Couto de Barros, 1101, loja 8 - Sousas - Campinas/SP	<a href="http://www.emporiopietro.com.br">www.emporiopietro.com.br</a>	(019) 3258-6244
FOODWINE GRAND CRU CAMPINAS	R. Dr. Sampaio Ferraz, 336 - Cambuí - Campinas/SP	<a href="http://www.foodwine.com.br">www.foodwine.com.br</a>	(019) 3252-4311
TOKAY VINHOS	Al. Dos Videiros, 455	<a href="http://www.tokayvinhos.com.br">www.tokayvinhos.com.br</a>	(019) 3295-1994
CDC ENOTECA	Av. Heitor Vila Lobos, 841 - Vila Ema - São José dos Campos/SP		(012) 3922-0505
VILA DOS VINHOS	Rua Ipiranga, 143 - Jd. Maringá - São José dos Campos/SP	<a href="http://www.vilavinhos.com.br">www.vilavinhos.com.br</a>	(012) 3913-1408

### **Relevant Contacts**

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Rockville, MD 20850

Tel: (202) 463-8493

E-mail: [www.jbcinternational.com](http://www.jbcinternational.com)

**Further Export Assistance**

**U.S. Agricultural Trade Office (ATO)**

U.S. Consulate General  
Rua Henri Dunant, 700  
04709-110 Sao Paulo- SP  
Tel: (55 11) 5186-7400  
Fax: (55 11) 5186 - 7499  
E-mail: [atosaopaulo@usda.gov](mailto:atosaopaulo@usda.gov)  
[atobrazil@usdabrazil.org.br](mailto:atobrazil@usdabrazil.org.br)  
Home Page: [www.usdabrazil.org.br](http://www.usdabrazil.org.br)

**Office of Trade Programs  
U.S. Department of Agriculture**

Foreign Agricultural Service  
1400 Independence Ave., S.W.  
Washington, DC 20250  
[http://www.fas.usda.gov/OTP\\_contacts.asp](http://www.fas.usda.gov/OTP_contacts.asp)

**Office of Agricultural Affairs (OAA)**

U.S. Embassy  
Av. Das Nacoes, quadra 801, lote 3  
70403-900 Brasilia – DF  
Tel: (55 61) 3312-7000  
Fax: (55 61) 3312-7659  
Email: [aqbrasil@usda.gov](mailto:aqbrasil@usda.gov)

**Alcohol and Tobacco Tax and Trade  
Bureau**

TTB/International Trade Division  
1310 G Street, NW.,  
Suite 300  
Washington, D.C. 20220  
Phone: (202) 453-2260  
Fax: (202) 453-2970  
[www.ttb.gov](http://www.ttb.gov)

**Public Stakeholders**

**MAPA/Wine and Beverages Division of the Coordinator-General of Wines and Beverages (CGVB)**

Esplanada dos Ministérios, Bloco D, Anexo B, Sala 333  
70043-900, Brasília, DF  
Phone: (55-61) 3218-2443  
Fax: (55-61) 3224-8961  
E-mail: [graciane.castro@agricultura.gov.br](mailto:graciane.castro@agricultura.gov.br)  
Home Page: [www.agricultura.gov.br](http://www.agricultura.gov.br)

**MF/Secretariat of Foreign Trade (SECEX)**

Esplanada dos Ministérios, Bloco J, Sala 814  
70053-900, Brasilia, DF  
Phone: (55-61) 2109-7080  
E-mail: [decex.coord@desenvolvimento.gov.br](mailto:decex.coord@desenvolvimento.gov.br)  
Home Page: <http://www2.desenvolvimento.gov.br/sitio/secex/secex/>

**American Chamber of Commerce**

The American Chamber of Commerce is another good source for information on doing business in Brazil. The Chamber offices in Brazil are:

**São Paulo**

Rua da Paz 1431 CEP 04713-001 - São Paulo SP - Brasil  
Telephone: 55 11 3324-0194  
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**APPENDIX I**

Portaria No. 229 dated 17 June 2010  
Approved Oenological Practices  
(Google Translated from Portuguese Text)

**NOTE: These regulations subject to change after publication of this Report.**

MINISTRY OF AGRICULTURE, LIVESTOCK AND SUPPLY  
SECRETARIAT OF AGRICULTURE  
ORDINANCE No. 299 OF 17 JUNE 2010

Note: Ordinance on Public Consultation

SUBSTITUTE SECRETARY OF DEFENSE AGRICULTURE, MINISTRY OF AGRICULTURE, LIVESTOCK AND SUPPLY, in exercise of the powers conferred upon him by art. 10 and 42 of Annex I of Decree No. 7127 of March 4, 2010, in view of the provisions of Law No. 9784, January 29, 1999, and the provisions of Case No. 21000.006291/2007-02, decides:

Article 1 Submit to public consultation for a period of sixty (60) days from the date of publication of this Ordinance, Project Instruction approving the List of oenological practices lawful.

Paragraph 1. The Project Normative attachment is available on the website of the Ministry of Agriculture, Livestock and Supply: [www.agricultura.gov.br](http://www.agricultura.gov.br), link law, submenu Ordinances on Public Consultation.

Article 2 The purpose of this public consultation is to enable wide dissemination of the proposed Education Regulations, to receive suggestions of agencies, entities or persons involved.

Article 3 The suggestions mentioned in art. 1, technically based, should be sent, preferably to the email address: [dvd@agricultura.gov.br](mailto:dvd@agricultura.gov.br) or to the address:

Ministry of Agriculture, Livestock and Supply - MAPA  
Inspection Department Products Vegetable - DIPOV  
General Coordination of Wine & Spirits  
CGVB, Esplanada dos Ministerios  
Block D - Annex B - Room 333 - CEP 70043-900  
Fax 55 (61) 3224 8961

Article 4 This Ordinance shall enter into force upon its publication.

JOSE LEAL Guilherme TOLLSTADIUS

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ANNEX

In NORMATIVE PROJECT, OF, 2010.

THE MINISTER OF AGRICULTURE, LIVESTOCK AND SUPPLY, using the powers conferred upon her art. 87, sole paragraph, item II of the Constitution, and bearing in mind the provisions Law No. 7678 of 8 November 1988, Decree No. 99066 of March 8, 1990, and the provisions of Case No. 21000.006291/2007-02, decides:

Article 1 Approve the list of oenological practices.

Section I  
General Provisions

Article 2 For purposes of this Instruction the following definitions apply:

- I - oenological practice, process technology, physical, chemical or biological employee at any stage of or the wine derived from grapes and wine;
- II - the base wine, must or wine for making foam, which can be made:
  - a) a base wine;
  - b) for wine, or
  - c) by cutting or assemblage of must or wine base or both.
- III - made of foam: alcoholic fermentation in airtight container in order to retain the carbon dioxide generated during fermentation.
- IV - tirage liqueur, prepared consisting of wine and sugar, and sugar can be replaced wholly or partly of grape must or concentrated must.
- V - expedition liqueur, prepared to be added after the sparkling wine made of foam, before the permanent closure of the bottle tightly closed or tank before bottling.
  - a) the liquor shipment shall consist of wine and sugar, and sugar can be partially or completely replaced by grape must or concentrated grape juice or a mixture of both and, eventually be added to the wine distillate.

Article 3 The products used in oenological practices shall comply with the conditions of use and the Winemaking analytical specifications of the Codex International and its manufacture should be authorized by competent body.

Article 4 will be a general requirement that the product used to use oenological practices admitted not change the sensory characteristics of the natural end product, except as specified this Instruction and in specific legislation.

Article 5 shall be prohibited any manipulation or treatment intended to modify the characteristics original product in order to hide defects or changes.

Article 6 For the purposes of oenological practices provided in this Instruction, which require use of additives or adjuvants technology or other substance of chemical or biological employed in producing the product should be observed the projected utilization for wine and the grape and wine, as well as the maximum allowed, according to specific legislation.

Article 7 The oenological practices provided in this Instruction should be performed with the monitoring of the technical manager of the establishment.

Article 8 For the purposes of oenological practices provided in this Instruction should be complied with the requirements of the International Organization of oenological practices International Vine and Wine, last edition, when they have not been established in this Instruction Standards.

Article 9 The oenological practices provided for table wine shall apply by analogy to the base wine foaming and should be subject to the exceptions set forth in this Instruction and legislation specific.

### Section II

#### Oenological practices allowed the grapes to Industrialization

Article 10. Screening or selection of grapes is to:

- I - separate the berries unsuitable for winemaking, or
- II - classify grapes according to the degree of maturation.

Article 11. Crush the film is to break the berries and crush them in order to release the must for:

- I - ensure the dissemination of the shell elements soluble in the wort, and
- II - to facilitate the multiplication of yeasts.

Article 12. Stalk consists of separating the berries from the stalk in order to reduce the loss of color and alcohol in red wine and make it less rich and less undesirable astringent tannins.

Article 13. Egouttage or exhaustion is to leave the crushed grape juice drain before pressing, for a wine with less substance coming from the grapes, skins and seeds.

Article 14. Pressing is to press the grapes and the bark to extract the liquid part. The pressing can be performed in whole grapes or grape previously de-stemmed and crushed.

Article 15. Maceration is to retain the solid part of the grapes in contact with the must in order to promote the dissolution of substances present in the film Berry.

§ 1 is to keep traditional maceration for a period, the solid part in contact with the net, after stripping and crushing.

§ 2 The carbonic maceration is to keep the whole grape in closed tank for a few days rich atmosphere containing carbon dioxide.

§ 3 The hot mash is to heat the whole grapes or stalked or crushed by a period of time, before fermentation in order to quickly extract and materials more efficiently dyes and other substances in the film, being forbidden the heating steam injection Direct.

§ 4 The Cold maceration is to cool the whole grapes or stalked or crushed before pressing or fermentation depending on the type of wine, in order to facilitate the extraction of constituents of the film and to increase the aromatic complexity and taste of wine.

§ 5 The mash is to add sulfur sulfur dioxide or its salts to the mash with the sulphited must aim to produce for the development of the grape.

§ 6 During the grape maceration enzyme may be added in order to facilitate the acquisition wort, débouillage operations, extraction of the pigments and polyphenols and extraction aromas and aromatic precursors Film Berry.

Article 16. Enrichment involves increasing the sugar content of grapes harvested, until the desired level, through the following procedures:

§ 1 Passificação:

I - Natural: exposure of grapes on a surface or suspended during the time under the sun or in shaded naturally ventilated enclosure, and

II - Forced: maintenance of the grapes in climate-controlled air circulation and dry or dehydrated, eventually warmed up.

§ 2 selective screening is to select the grapes, from grapes and berries of grapes mature.

§ 3 Cryo concentration is to partially freeze the grapes followed by a whole pressing the low temperature.

- Article 17. Antioxidant treatment is to add the antioxidant grape, with the aim of:
- I - For microbiological control by limiting or preventing the multiplication of yeasts and bacteria technologically undesirable, and
  - II - to protect the subjects of the aromatic grape from the influence of oxygen from air.

### Section III Oenological practices allowed for Musts

Article 18. Aeration or oxygenation is to add air or gas to the wort in order to reduce the content of phenolic compounds and increase the stability of the color of the wine.

- Article 19. Antioxidant treatment with antioxidants is to add the wine, in order to:
- I - get antiseptic;
  - II - to protect the wine from the action of oxygen;
  - III - select the yeasts;
  - IV - to facilitate the débourbage;
  - V - to promote the dissolution of anthocyanins;
  - VI - to regulate and control the fermentation;
  - VII - to protect the aromatics of the grape;
  - VIII - to limit the formation of ethanal, during fermentation, and
  - IX - to limit the formation of hydrogen sulfide and volatile thiols source fermentation.

Article 20. Acidification is to increase the total acidity and reduce the pH of the must with the purpose of:

- I - to prepare balanced wines from the point of view of taste;
- II - to promote good conservation of biological evolution and wine;
- III - to promote the ripening process of the wine;
- IV - failure to correct the acidity due to natural causes, and
- V - For the production of acids during fermentation.

§ 1 The acidification of the wort can be accomplished as follows:

- I - by cutting with higher acidity of musts;
- II - with the help of strong cation exchange resins or free form;
- III - by the use of chemicals or
- IV - for microbiological acidification.

§ 2 The addition of the acidulant wort may also be aimed at reducing the level of calcium.

§ 3 The use of inorganic acids for acidification.

§ 4 The initial acidity of the wort should be increased by at most one point five grams of per liter of tartaric acid.

Article 21. Deacidification of reducing the total acidity and increase the pH of the must with the purpose of:

- I - more balanced composition of wines from the point of view of taste;
- II - for stability with respect to the precipitation of potassium tartrate and calcium tartrate;
- III - to promote the biological deacidification, and
- IV - to obtain partial degradation of malic acid.

§ 1 The acidification may be carried out as follows:

- I - by the spontaneous precipitation of tartaric acid;
- II - by cutting with lower acidity of musts;
- III - by the use of heat treatment (cold);
- IV - the microbial degradation of malic acid;
- V - the use of chemicals, or
- VI - with the help of anion exchange resins.

§ 2 The acidified wine from wine must contain at least one gram per liter of acid tartaric.

Article 22. Débourage desborre or is the separation of suspended solids in order to:

- I - eliminate earthy and organic particles;
- II - to reduce the indigenous microbial flora, and
- III - reduce the amount of colloids and turbidity.

Paragraph 1. The débourage can be performed:

- I - static, by spontaneous sedimentation or with the aid of approved substances, or
- II - Dynamics, by filtration or centrifugation.

Article 23. Clarification is the use of chemical and physical processes in order to obtain musts clear and stable.

§ 1 Collage is the addition of substances to the wort, and provide clarity and stability, improve their gustatory properties.

§ 2 Filtration involves passing the wort through appropriate filters to remove particles in suspension, with the help of substrates or not.

§ 3 For the clarification of wine, may still be used substances with a view to:

- I - reduce or eliminate the amount of oxidized polyphenolic compounds or subject to oxidation;
- II - to reduce the astringency of the wort before fermentation;
- III - eliminate insoluble particles;
- IV - to facilitate the cleaning of the new wines by the partial precipitation of protein substances;
- V - to facilitate the bonding of wines;
- VI - to prevent protein breakdown and cuprous;
- VII - correct the sensory characteristics of wines from musts altered by fungi undesirable;
- VIII - to eliminate any contaminants, and
- IX - correct color of the grape.

§ 4 enzymes may be used to help clarify.

Article 24. Partial dehydration or concentration of the wort is to eliminate certain amount of water wine in order to:

- I - increase the concentration of sugar in the wort;
- II - to produce concentrated must, or
- III - For the enrichment of wine.

§ 1 The partial dehydration or concentration of the wort can be obtained through the following procedures:

## Brazilian Wine Market Report

- I - reverse osmosis or reverse: the must pass specific membrane under the action of a pressure higher than the osmotic pressure of the wort;
- II - partial vacuum evaporation, vacuum heat subjected to sharp;
- III - partial evaporation under atmospheric pressure: evaporation system at atmospheric pressure, or
- IV - cryo concentration: partial freeze and elimination of the ice formed.

§ 2 The concentration can not lead to a reduction of more than twenty percent of the initial volume or increase by more than two percent of the initial potential alcohol content wine.

Article 25. Désulfitation is to eliminate or reduce the amount of sulfur dioxide initially added to the wort through the physical process in order to make it fit the development of different products and allow the fermentation of grape must.

Article 26. Flotation involves injecting gas into the wort in order to drive the surface particles and microorganisms in order to:

- I - rapid clarification of the wort, with or without the addition of clarifiers;
- II - to reduce the population of native or indigenous microorganisms prior to fermentation to further growth of selected yeasts;
- III - make the clarification continuous and regulate the amount of material to be eliminated, and
- IV - carry out eventually oxygenation during clarification.

Article 27. Enzymatic treatment is to add enzymes to the must, in order to help filtration and help to reveal the aromatic potential of grapes.

Paragraph 1. The enzymatic treatment may be used as an aid to other oenological practices when provided.

Article 28. Démétalization is to add substance to the must in order to reduce concentration of metals present in the must from contamination and, consequently, prevent defects caused by high levels of metals.

§ 1 demethylation may be accomplished by the use, combined or not, glue and substances chemical.

§ 2 The use of hydrochloric acid as an aid in the process of desmetalização is prohibited.

Article 29. Mutage is to add alcohol wine alcohol, wine or distilled spirits alcohol simple wine or grape marc and lees or potable ethyl alcohol of agricultural origin, together or separately in the must or grape must in fermentation, in order to stop the fermentation and consequently, make products derived from grape and wine according to its standard identity and quality.

Paragraph 1. The prevention of alcoholic fermentation can also be obtained by adding the mash the gas pressure.

Article 30. Pasteurization involves heating the juice at a temperature and for a certain period in order to interrupt the activity of microorganisms and enzymes become inactive in the wort.

Article 31. Treatment with an inert atmosphere is to create an inert atmosphere by adding gas to the wine, to keep them under air and therefore prevent oxidation or the development of undesirable microorganisms.

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Paragraph 1. It is forbidden the use of inert gases for the treatment of wines.

Article 32. Control of malolactic fermentation is to add substance to the must in order to control the growth and activity of bacteria responsible for malolactic fermentation, as well as to reduce the rate of sulfur dioxide.

Article 33. Correction or enrichment of musts is to correct the deficiency of the sugar content of the wine due to the unfavorable conditions of ripeness of the grapes for wine-making, through following:

- I - addition to the mash of sucrose (sugaring), alcohol, wine, grape must or rectified concentrated must concentrated, and
- II - partial dehydration of grape must.

Paragraph 1. The fix provided in this Article shall respect the maximum limit established by legislation.

Article 34. Alcoholic fermentation is to convert grape sugar into ethanol, carbon dioxide and secondary products aimed at making wine or derived from the grape or wine.

§ 1 The alcoholic fermentation can occur spontaneously through natural yeast present in the film or the berries in the must or by treatment with selected yeasts, before or during fermentation, with the aim of:

- I - induce, regulate or accelerate the fermentation in the case of very slow vinification;
- II - to revive a stopped fermentation, or
- III - to facilitate the depletion of sugar.

§ 2 can be added to the wort before or during fermentation, fermentation activators, with order to:

- I - to promote the initiation or completion of alcoholic fermentation and by nutrient enrichment growth factors or inhibitors by adsorption of yeast.
- II - accelerating the fermentation;
- III - decrease the formation of substances capable of combining with sulfur dioxide during the fermentation;
- IV - to prevent or treat the termination of fermentation, and
- V - to facilitate the completion of slow fermentation.

§ 3 The introduction of air into the must or crushed grapes at the beginning of the fermentation can also be a practice adopted to encourage the growth of yeast and fermentation and enable transformation full of fermentable sugars.

§ 4 The fermentation can be interrupted by physical process with the aim of generating a product with the remaining grape sugar. To do so will be allowed the following:

- I - heat treatment (heat or cold);
- II - filtration, and
- III - spin.

Article 35. Procedure to limit the foam is to dominate the foaming during alcoholic fermentation of must by means of microbiological process, with physical or chemical order to:

- I - avoid losses by overflow, and
- II - to enable better capacity utilization of the fermentation tank.

## Brazilian Wine Market Report

Article 36. Fermentation in wooden barrels is to conduct the alcoholic fermentation and eventually, the malolactic fermentation of wine in wooden containers with a capacity equal to or less than six hundred liters, with the aim of:

- I - to promote natural physical and chemical mechanisms that lead to the enrichment of wine substances provided by the wood;
- II - allow organisms to make the transformation of substances provided by the timber, and
- III - to encourage the migration of compounds from yeast for wine by autolysis, the more contact strait between the sediment and the wine.

Article 37. Maceration post-fermentation maceration is to extend the end of alcoholic fermentation musts and can be enhanced with the use of heat, in order to:

- I - complete the release of constituents of grape skins resulting from the pre-fermentation maceration, and
- II - to improve the poly-phenolic structure and color of wines.

### Section IV Oenological practices allowed for Wines

Article 38. Acidification is to increase the total acidity and reduce the pH of wine with purpose of:

- I - to prepare balanced wines from the point of view of taste;
- II - promote good conservation of biological evolution and wine;
- III - to promote the ripening process of the wine;
- IV - failure to correct the acidity due to natural causes, and
- V - lower the pH of the wine.

§ 1 The acidification of wine can be made as follows:

- I - by cutting wines with higher acidity;
- II - with the help of strong cation exchange resins or free form, or
- III - by the use of organic acids.

§ 2 The addition of acidulant wine can also be aimed at reducing the level of calcium.

§ 3 The use of inorganic acids for acidification.

§ 4 The initial acidity of the wine can be increased by no more than two point five grams of per liter of tartaric acid.

§ 5 When the must and wine are acidified increasing acidity should be a maximum of two and five tenths of grams per liter of tartaric acid.

Article 39. Deacidification of reducing the total acidity and increase the pH of wine, with purpose of:

- I - For balanced wines from the point of view of taste;
- II - for stability with respect to the precipitation of potassium tartrate and calcium tartrate;
- III - to promote the biological deacidification, and
- IV - to obtain more biologically stable wines.

§ 1 The acidification may be carried out as follows:

- I - spontaneously, by the precipitation of tartaric acid or malic acid degradation;
- II - by cutting wine with less acidity;

## Brazilian Wine Market Report

- III - by the use of cooling;
- IV - with the help of ion exchange resins;
- V - the use of chemicals, or
- VI - a microbiological process.

§ 2 The acidified wine must contain at least one gram per liter of tartaric acid.

Article 40. Clarification is the use of chemical and physical processes aimed at making wine clear and stable.

§ 1 Collage is the addition of chemicals to wine in order to:

- I - complete spontaneous clarification;
- II - red wines soften eliminating part of its tannins and polyphenols, and
- III - to clarify cloudy wines.

§ 2 Filtration involves passing the wine through appropriate filters or substrates, such as land boards and membranes to remove particles in suspension in order to provide clarity and stability organic wine to the elimination of microorganisms.

- I - the board should be made of suitable material, and
- II - the membrane must have a porosity less than two tenths of a micron and equal to or less than sixty-five hundredths.

§ 3 is to transfer racking wine from one container to another to allow the separation of the liquid and solid deposits, therefore:

- I - separate the wine from the sludge and deposits from adding clarifiers;
- II - to separate the wine at the end of microorganisms or malolactic fermentation, or amendments caused by bacteria or yeast;
- III - to allow the implementation of all winemaking operations, processing and transport of wines, and
- IV - allow tartaric stabilization and separation of tartrate crystals.

§ 4 For the clarification of wine, may still be used substances in order to:

- I - coagulation of glue added to the wine;
- II - to facilitate the cleaning of new wines by the partial precipitation of protein substances;
- III - to facilitate the bonding;
- IV - correct the sensory characteristics of wines from musts altered by fungi undesirable;
- V - remove any contaminants, and
- VI - to correct the color of wines.

§ 5 may be used enzymes to aid clarification.

§ 6 is prohibited clarification to correct the color of the wine when the wine that has led been subjected to the same practice.

Article 41. Enzymatic treatment is to add enzymes to the product, with the aim of:

- I - to help reveal the aromatic potential of wine from the precursors from the grape;
- II - to facilitate the release of soluble constituents of yeasts;

## Brazilian Wine Market Report

- III - to improve the colloidal stability of the wine, and
- IV - reduce the rate of urea to prevent the formation of ethyl carbamate during aging.

Paragraph 1. The enzymatic treatment may be used as an aid to other oenological practices when provided.

Article 42. Démetalization is to add substance to the wine in order to reduce the content of metals present in wine from contamination and therefore prevent the defects caused by high levels of metals.

§ 1 demethylation may be accomplished by the use, combined or not, glue and substances chemical.

§ 2 The use of hydrochloric acid or other inorganic acid as an aid in the process of Démetalization is prohibited.

Article 43. Tartaric stabilization is the adoption of procedures aimed at achieving stability tartaric wines. The tartaric stabilization can be achieved:

- I - by electro dialysis;
- II - with the aid of cation exchange resins;
- III - through cooling;
- IV - the use of chemicals, or
- V - the use of substances of biological origin.

Article 44. I certify with wine is to supplement the storage container to compensate for the natural losses, in order to avoid contact with air the wine and, consequently, the oxidation or the development of aerobic microorganisms.

Article 45. Biological stabilization is to use physical or chemical processes, together or separately, to kill or inhibit the growth of unwanted microorganisms and obtain biological stability of wine containing fermentable sugars in the bottle.

Paragraph 1. May be used the following procedures:

- I - Pasteurization;
- II - filtration, and
- III - treatment with inhibitors of undesirable microorganisms.

Article 46. Antioxidant treatment with antioxidants is to add the wine in order to protect it from the action of oxygen.

Article 47. Malolactic fermentation corresponds to the degradation of malic acid present in wine prepared by the action of lactic acid-producing bacteria.

Paragraph 1. The malolactic fermentation can be induced, aided or inhibited by the addition to wine substances authorized by specific legislation.

Article 48. PEI is to add wine spirits from wine to wine, wine alcohol, alcohol potable ethyl alcohol of agricultural origin or simply distilled wine or grape marc or lees, in together or separately, aiming at the preparation of liqueur wine, wine and other beverages made alcohol derived from grapes and wine, according to their respective standards of identity and quality.

## Brazilian Wine Market Report

Article 49. Flavoring is to add aromatic substances to wine and the grape and wine, when provided in the standard of identity and quality, with the aim of improving their sensory characteristics or to provide new features.

Article 50. Court or assemblage consists in mixing different wines with the goal of producing wines physicochemical and sensory characteristics desired.

Article 51. Bottling heat is to bottle the wine warmed and close the bottle immediately in order to promote stability and physical organic chemistry and wine elimination of oxygen.

Paragraph 1. The heating temperature can not exceed forty-five degrees Celsius.

Article 52. Aeration is to introduce air or specific gas to wine in order to reduce the content of iron and remove any traces of hydrogen sulfide in the wine.

Paragraph 1. Removing the bad smell or taste due to hydrogen or sulfur derivatives can be done with the help of substance authorized by specific legislation.

Article 53. Partial dehydration or concentration of the wine is to concentrate the wine by removing endogenous water in order to increase the alcoholic strength of wine.

§ 1 The partial dehydration or concentration of the wine can be obtained through the following procedures:

- I - reverse osmosis or reverse: the must pass specific membrane under the action of a pressure higher than the osmotic pressure of the wort;
- II - partial vacuum evaporation, vacuum heat subjected to sharp;
- III - partial evaporation under atmospheric pressure: evaporation system at atmospheric pressure, or
- IV - create concentration: partial freeze and elimination of the ice formed.

§ 2 It is prohibited to partial dehydration of wine when the wine that gave rise have been submitted the same practice.

§ 3 The concentration can not lead to a reduction of more than twenty percent of the initial volume or increase more than two percent of the initial alcohol content of wine.

Article 54. Maturation in wooden vessel is to pack the wine in wooden barrels appropriate, with a maximum capacity of six hundred liters (maturation), in order to:

- I - get a natural evolutionary process of wine, with the development of their characteristics sensory;
- II - to promote the physical and chemical mechanisms due to natural oxygen intake and the progressive substances provided by the timber, and
- III - to obtain physical-chemical stabilization of all or part of the wine.

Article 55. Thinning is to put the wine in contact with wood during a period determined by the addition of wood chips of the species *Quercus* sp. With the aim of pass the wine, constituents from the oak.

§ 1 The oak chips must meet the following requirements:

- a) be used fresh or roasted, without having sustained combustion;
- b) not be added to products to increase their natural flavor or their extractable phenolic compounds;
- c) has not undergone any chemical, enzymatic or physical, except the towers:

## Brazilian Wine Market Report

d) provide particles having a size such that at least ninety-five per cent by weight are retained sieve with a mesh of two millimeters.

§ 2 The use of oak powder.

§ 3 The wines produced with the addition of pieces of oak wood may not present in designations for the labeling period of maturation or aging.

Article 56. Dealcoholisation part is to eliminate a portion of wine ethanol.

§ 1 dealcoholisation is prohibited for wines made from musts that have been submitted to practice of enrichment or correction of wine and wine provided partial dehydration, respectively, in the arts. 33 and 53 of this Instruction.

§ 2 The alcohol content of wine can be decreased by no more than two percent by volume.

Article 57. Dealcoholisation total wine is to eliminate ethanol from wine with the aim of de-alcoholised produce fermented grape.

Article 58. Softening or sweetening of wines is to add the sweetener to wine order to obtain wines of varying sweetness from a dry base wine.

Paragraph 1. For sweetening may be added to wine:

I - sucrose in solid form;

II - concentrated grape must;

III - rectified concentrated must, or

IV - the mixture of one or more products defined in items I, II and III.

Article 59 maturation or aging in the bottle is to keep the wine in bottles stored in appropriate place, in order to keep the wine in contact with the warehouse to improve their sensory characteristics.

Article 60. Carbonation is to add carbon dioxide to the wine or derived from the grape and wine aiming at the elaboration of sparkling wine, sparkling wine or other derived from the grape and wine that gasification is expected to default on their identity and quality.

Article 61. Color correction is to add dye derived from the grape and wine, as provided for in its standard of identity and quality, aiming to strengthen its natural color.

### Section V

#### Oenological Practices Allowed For Sparkling Wines And Aerated Semi-Course

Article 62. Tirage is to introduce the bottle fermentation tank or in hermetically sealed (Autoclave) the base wine and liquor mixed with the circulation, in order to trigger the second fermentation with a view to making foam.

Paragraph 1. To the mixture of base wine and liquor can be added tirage yeast, clarifier and activator of fermentation, together or separately, in order to facilitate the multiplication of yeasts and trigger the second fermentation.

Article 63. Taking foam is to conduct the alcoholic fermentation of wine based on container tightly sealed bottle or tank fermentation, with the goal of developing sparkling wine sparkling or saturation pressure of carbon dioxide endogenous.

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Article 64. Maturation in the bottle is to keep the bottles stored in order to encourage fermentation and keep the wine in contact with the deposit to facilitate fermentation for wine sparkling and sparkling.

Article 65. Remuage is to cause the precipitation and gather in the bottle, the deposit formed during the making of foam, through the provision and operation of the bottle holder.

Article 66. Disgorging is to eliminate the deposit collected on the seal of the bottle during remuage, in order to ensure the clarity of the sparkling wine or sparkling.

Article 67. Clarification is required to ensure the clarity of the sparkling wine and sparkling wine. For clarification of sparkling wines and sparkling can only be used following, isobarometric conditions:

- I - racking;
- II - spin, or
- III - filtration.

Article 68. Bottling isobarometric is to bottle the sparkling wine or sparkling prepared hermetically sealed in a tank or autoclave, with the possible addition of expedition liqueur.

§ 1 In isobarometric bottling is forbidden to use carbon dioxide to counter.

§ 2 The addition of expedition liqueur may increase the alcoholic sparkling wine in the more than half a percent by volume.

### Section VI Final Provisions

Article 69. It is established within 90 (ninety) days for the necessary adaptations to changes compliance with this Instruction.

Article 70. This Instruction shall enter into force upon its publication.

WAGNER ROSSI  
D.O.U., 18/06/2010 - Section 1

APPENDIX II

MAPA MODEL FORMS – ANNEX III CERTIFICATE

ANEXO I  
 MODELOS DE ETIQUETA E INVÓLUCRO DE LACRAÇÃO DA AMOSTRA

ETIQUETA



As legendas sem indicação de cor serão impressas em preto sobre fundo branco.

INVÓLUCRO



As legendas sem indicação de cor serão impressas em preto sobre fundo branco.

ANEXO III

MODELO DE REQUERIMENTO PARA EXPORTAÇÃO DE VINHO E DERIVADOS DE UVA E DO VINHO (Item 03) S/ta) Chefe do Serviço de Inspeção de Produtos Agropecuários - SIPAG/DT- (Item 03)

O estabelecimento situado \_\_\_\_\_, registrado no MAPA, sob nº \_\_\_\_\_, solicita para o(s) produto (s) abaixo discriminado(s):

ANÁLISE de Controle para Exportação (Certificado de Origem de Vinho e Derivados de Uva e do Vinho Certificado de Livre Venda)

PRODUTOR: \_\_\_\_\_ MARCA COMERCIAL: \_\_\_\_\_ Nº DO REGISTRO NO MAPA: \_\_\_\_\_

Declaro, para os devidos fins, que a amostra destinada à análise de controle para exportação é representativa do lote a ser exportado.

Local e data: \_\_\_\_\_