



### Brazil Dairy Industry Overview

Brazil's rapidly growing dairy industry has transformed from a net importer of dairy products to a net exporter. The country is forecast in 2013 to pass by Russia and break into the top 5 milk-producing countries in the world. Only the European Union, United States, India and China produce more.<sup>1</sup> Brazilian producers enjoy relatively low production costs compared to most developed countries due to pasture-production systems supplemented by green chop forage and citrus pulp. Milk production is forecast to increase by 2 percent in 2014.<sup>2</sup>

Brazil has the third largest dairy herd in the world behind the European Union and India. Current numbers of dairy cattle exceed 19 million of which many are a cross between the tropical Zebu breed and Holsteins. USDA forecasts an increase of three percent in cattle inventories in 2013, mostly due to government financial support for cattle herd rebuilding and genetic improvements. More than one million farmers are raising dairy cattle in Brazil.



### Dairy in Brazil

The Southwest and South are the top milk producing regions in Brazil. In August 2013, there was an increase of almost 7 percent in milk production in southern Brazil (from the three producing states of Rio Grande do Sul, Parana and Santa Catarina) compared to August 2012. Rio Grande do Sul decreased milk production in the first quarter as a result of unfavorable weather conditions, but production recovered in the second half of 2013.<sup>2</sup>

## Production Systems in Brazil

- **Irrigated intensive rotational grazing** - Not commonly used, but is being promoted by a government-supported “Full Bucket” rural development program for small producers. Promotes irrigated pasture management and good herd management and accurate record-keeping.
- **Extensive grazing/limited supplementation** - In this system, the ration consists almost entirely of grazed pasture grass. Herds are typically in the 30-70 cow size range and consist mostly of cross-bred animals. Cows in these herds are usually hand-milked in parlors.
- **Semi-confinement** - Herd size ranges from 70-200 cows and use green-chopped forages (mostly sugar cane), stored silage, by-product feeds, and concentrates year-round to supplement grazed grass. Cows are typically 50-50 cross bred and artificial insemination is common.
- **Full confinement** - This system is comparable to parlor-freestall dairy operations in Wisconsin. Typically, purebred Holsteins are fed conserved forages, by-product feeds, and concentrates in TMR form in freestall barns.<sup>3</sup>

## Export Opportunities

Wisconsin exports of bovine semen to Brazil, encouraged in part by a lack of tariffs, reached over \$8 million in 2012. Additionally, modernization projects mean potential sales opportunities for Wisconsin companies that provide other products relating to the dairy industry, including:

- Feed processing equipment
- Farm materials handling equipment
- Animal health products
- Veterinary supplies
- Farm materials handling equipment
- Agricultural construction engineering and materials

## Doing Business in Brazil

Wisconsin firms can take a number of steps to increase their opportunities for success. Some tips for succeeding in the Brazilian market include:

- Enlist the help of a Brazilian agent or distributor who can maintain relationships with customers. In some cases, as Brazil is a large country, you might need to consider multiple distributors or a well integrated distributor network.
- Visit the market to learn about the industry first-hand.
- Carefully consider transportation costs within Brazil when choosing a port of entry.
- Translate company literature to Portuguese and include product performance data and testimonials; convert all weights and measures to metric.
- Offer to host customers at industry trade events such as World Dairy Expo held in Madison, Wis.
- Develop relationships with key industry officials.

### Sources:

1. USDA, Dairy: World Markets and Trade, 2013
2. USDA Gain Report BR 0917, “Brazil Annual Dairy Report”.
3. Babcock Institute Discussion Paper 2008-3

## International Services from the State of Wisconsin

The Wisconsin Department of Agriculture, Trade and Consumer Protection hosts the International Trade Team. Wisconsin companies, whether new to exporting or a seasoned international business, can benefit from the Team’s extensive knowledge and trade expertise. Read our [Guide to Services](#) or call us at 1-800-462-5237 for more information.

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