ADVANCING EUROPE'S MACHINERY INDUSTRY

Economic Report Brazil

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Brazil's food industry is growing year on year

Brazil's largest industrial sector is growing dynamically, focusing on innovation and benefiting from the tax reform. German companies also keep an eye on the market opportunities in the food industry. Brazil's pharmaceutical market is growing rapidly. The cosmetics industry is expanding.

Overall economic outlook (as of June 2025)

Rising interest rates will weigh on investment and corporate profit margins in 2025. Nevertheless, the signs in Brazil continue to point to growth.

Top topic: Central bank raises key interest rate sharply
Uncertainty about the fiscal policy of President Lula da Silva's government and the weak global economy are having a negative impact on the Brazilian currency. The real (R$) has lost significant value since summer 2024. This is making imports more expensive, as are the prices of raw materials and goods linked to the US dollar (US$), including food. In response to rising inflation expectations, the central bank has raised the Selic key interest rate by 3.75 percentage points to 14.15 percent in five steps since August 2024.

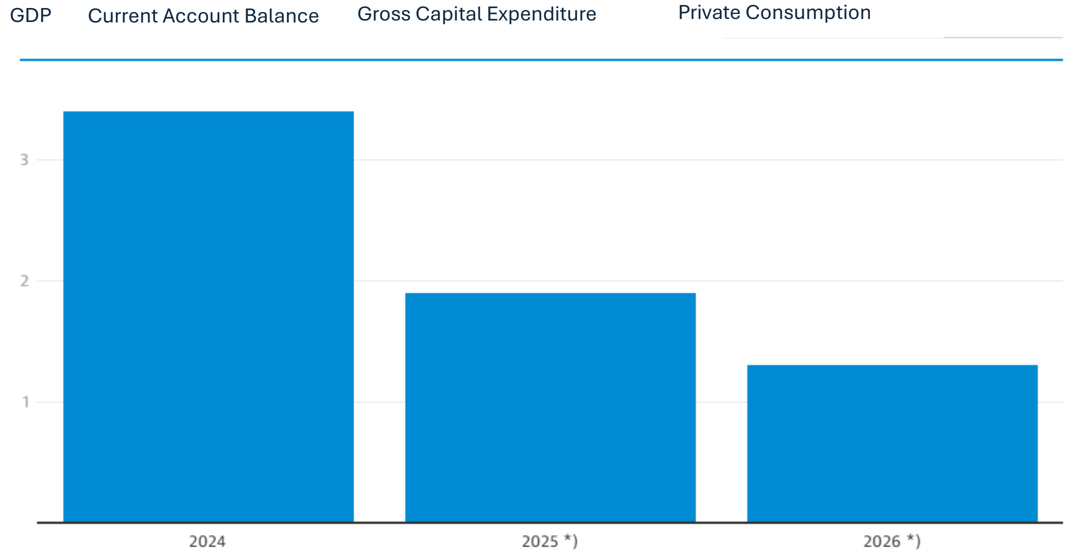
There is no sign of any easing of the financial situation. To achieve this, the government would have to adjust the fiscal policy framework adopted in 2023 in order to stabilize rising public debt.

Economic development: Growth continues amid rising volatility
Despite the turbulences on the financial markets and the sharp rise in interest rates, the Brazilian economy is likely to continue on its positive course. For the fifth year in a row, Brazil surprised in 2024 with growth that was well above the forecasts made by financial institutions at the beginning of the year. The economic reforms of previous governments, such as labor market and pension reforms and privatizations that enable infrastructure expansion, have made a decisive contribution to this.

The tax reform is progressing under President Lula da Silva, which should lay the foundation for further growth. The reform aims to reduce bureaucracy and create incentives for a green reindustrialization of the country. The new industrial policy, the support program for the automotive industry, the framework law for low-carbon hydrogen, and mandatory emissions trading also serve this goal.

Private consumption will continue to stimulate economic development in Brazil in 2025.

Economic development in Brazil from 2024 to 2026 (real change compared to the previous year in percent)



*) Forecast
Source: Banco Bradesco 2025

Despite double-digit interest rates, the economy is growing by more than 3 percent

In 2024, services and trade, as well as the energy and utilities industry, construction, and manufacturing, drove growth. In contrast, gross value added in the agricultural sector fell by 3.2 percent. Banco Bradesco expects gross domestic product (GDP) to grow by 1.9 percent in real terms in 2025.

Due to the depreciation of its currency, Brazil fell to place 10 among the world's largest economies in 2024. This is shown by figures from the International Monetary Fund (IMF) from April 2025. However, according to IMF forecasts, Brazil could overtake Canada and Italy by 2028 and move up to 8th place.

Value added to rise in all sectors in 2025

According to the agricultural association CNA, gross value added in agriculture is expected to increase by up to 13 percent in 2025. The industry outlook is also positive. The industrial association CNI expects the gross value added to grow by 2 percent in 2025.

However, the CNI only expects stronger growth than in the previous year for the raw materials industry, especially oil and gas. In the manufacturing sector, representatives of the pharmaceutical industry and the food and beverage industry are particularly confident. Brazil's service sector, which accounts for almost 60 percent of the country's gross value added, is expected to grow by 1.5 percent in 2025.

Investment: Higher interest rates dampen the outlook

Following a significant recovery in 2024, growth in gross fixed capital formation will be weaker in 2025. Rising funds for social housing construction will provide impetus for construction investment. Under the Programa de Aceleração do Crescimento (PAC), around US$10 billion is to be invested in infrastructure projects in 2025. Most of the projects will be structured through the Programa de Parcerias de Investimentos (PPI) and awarded to private operators. The government is promoting investment in machinery and equipment through accelerated depreciation.

Consumption: Demand growth weakens

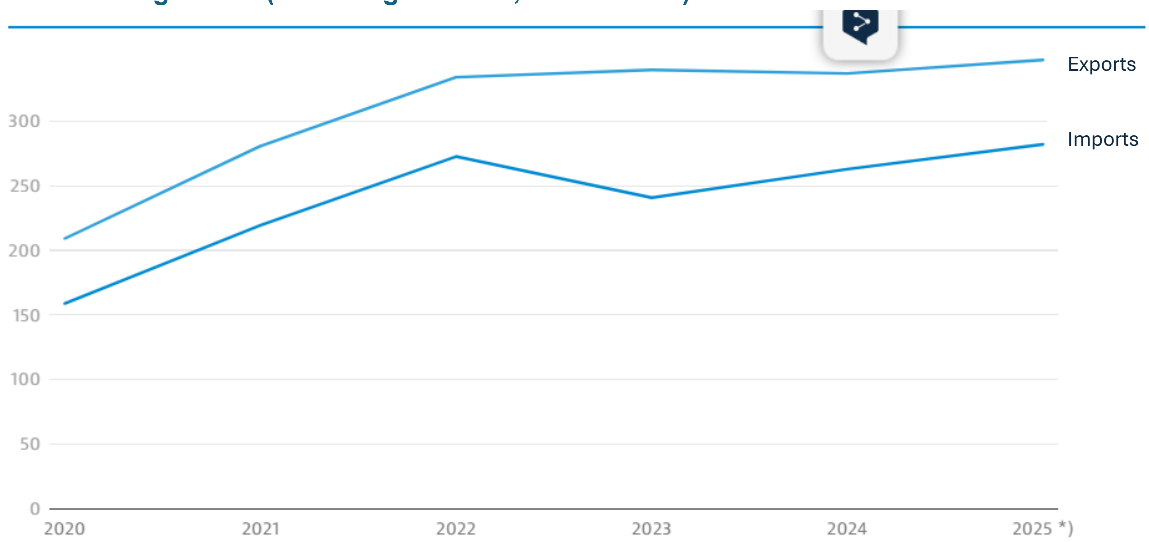
Private consumption rose strongly in 2024. Real wages are rising, especially as the government raised the minimum wage and unemployment remained at a record low of 6.5 percent in the first quarter of 2025. In preparation for the 2026 elections, the government is unlikely to cut back on consumer spending. In 2024, improved credit opportunities stimulated purchases of durable consumer goods. However, inflation and rising interest rates are likely to dampen demand growth in the current year.

Foreign trade: Imports become more expensive

The devaluation of the R$ makes imports more expensive, which are expected to stagnate in 2025. In return, export goods will benefit. The trade surplus could rise by 24 percent to US$93 billion in 2025. China is by far Brazil's most important trading partner, accounting for 28 percent of exports and 24 percent of imports.

Brazil continues to achieve a high trade surplus

Brazil's foreign trade (excluding services, in US billion)



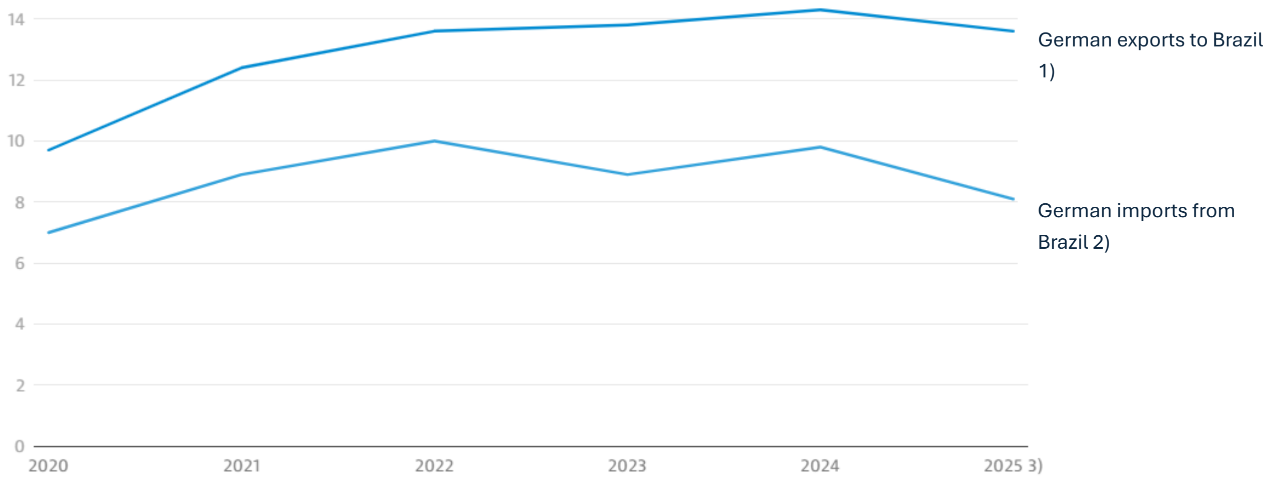
* Extrapolation based on data for January to April 2025
Source: ComexStat 2025; projection by Germany Trade & Invest 2025

German perspective: Hope grows for EU-Mercosur agreement

In 2023, Germany overtook Argentina and has been since then the third most important supplier country after China and the US. However, the volume of imports from China is now almost five times higher than that from Germany. German products enjoy an excellent reputation in Brazil, but can hardly compete with goods from the People's Republic in the price-sensitive market. German machine builders win their customers through reliable after-sales service. Now, more and more Chinese electric cars are flooding the automotive market. This makes the conclusion of the EU-Mercosur agreement, which is also intended to secure access to critical raw materials for EU countries, all the more important.

Germany is Brazil's third most important supplier

Bilateral trade in goods with Brazil; in billions of US dollars



[1] Free on Board (fob);
[2] Cost, Insurance, Freight (cif);
[3] Extrapolation by Germany Trade & Invest based on data for January to March 2025.
Source: Federal Statistical Office 2025; extrapolation by Germany Trade & Invest 2025

Information on Brazil

Further information on Brazil is available in the publications Business Location and Economic Data at a Glance, as well as in the Industry at a Glance series (Wirtschaftsstandort und Wirtschaftsdaten kompakt). In addition, the GTAI country page on Brazil (GTAI-Länderseite Brasilien) contains numerous other reports on the economic environment, industries, customs, and legal issues. Information on current donor-financed projects can be found under the headings “Tenders” and “Development Projects.”

Market Trends Food Industry

Brazil's food industry is adapting to consumer trends and investing heavily. The market is also attracting German investors.

Brazil's food and beverage industry is taking advantage of the opportunities offered by the highly productive and steadily growing agribusiness sector. A large proportion of investment is aimed at exports, but the large domestic market is also providing significant impetus.

In 2024, the industry generated almost 29 percent of its sales abroad. In terms of production volume, Brazil has been the world's largest exporter of processed food since 2023. In terms of value added, the US, the Netherlands, Germany, and France still rank ahead of Brazil.

Brazil processed 62 percent of its agricultural production itself in 2024.

Food prices are rising sharply

In 2024, consumer prices for food rose dramatically, more than in any other category. According to the statistics institute IBGE, households paid an average of 7.7 percent more for food purchases than in 2023. There are many reasons for this:

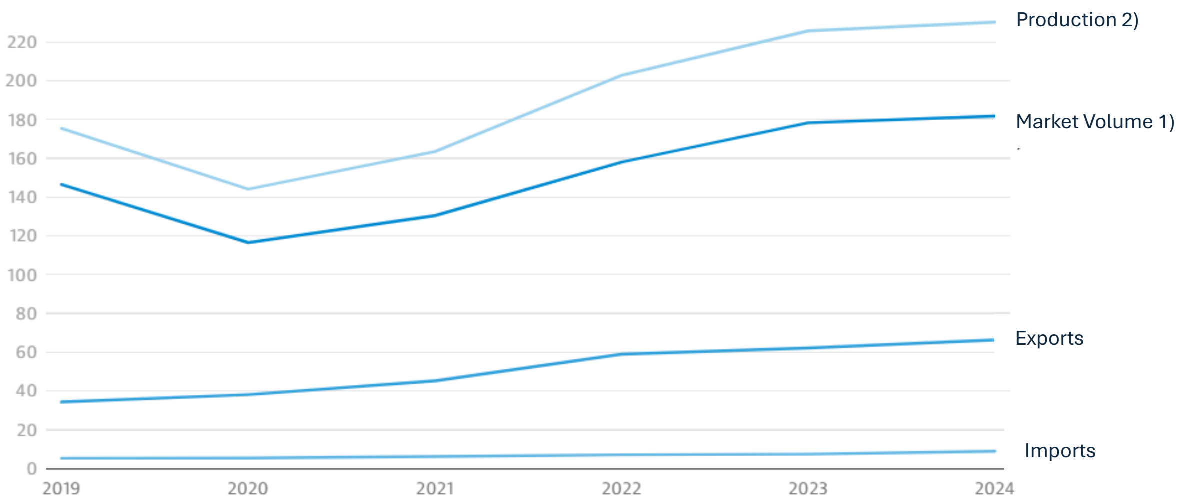
Widespread flooding in Rio Grande do Sul, Brazil's southernmost state, led to shortages of important agricultural goods such as rice in 2024. This was compounded by drought and heat waves in the south-east, which caused prices for products such as tomatoes, mangoes, and coffee to double. This is also noticed by consumers in Europe. In addition to the climate, the exchange rate and global demand for

Brazilian export products are also affecting food prices. These two external factors have led to a particular increase in the price of meat.

In 2025, a new risk of price increases will emerge. In mid-May, an outbreak of bird flu occurred in Brazil for the first time. The agricultural association CNA praised the swift and targeted intervention of the authorities. According to the CNA, no impact on production chains is currently expected.

Brazil's food market is growing robustly

Development of the food market (in billions of US dollars)



1) Imports + sales of Brazilian industry on the domestic market converted at the respective annual average exchange rate;
2) Sales of Brazilian industry on domestic and foreign markets.
Source: Associação Brasileira da Indústria de Alimentos (ABIA) 2025; calculations by Germany Trade & Invest

Consumer trends at a glance

Change in meat consumption

With per capita consumption of 103 kilograms per year, Brazil is one of the top ten countries with the highest meat consumption worldwide. However, consumer behavior is changing. Due to rising beef prices, households are increasingly switching to chicken and pork and an increasing demand for eggs. Brazilians are also eating more fish. Nevertheless, per capita consumption of fish is only half the global average.

Market offers niches for premium products

While the general population is looking for the cheapest possible supplies, higher-income households are constantly demanding high-quality branded products. When it comes to beverages, even lower-income consumers are turning to more expensive products. In the beer segment, for example, consumption is rising particularly strongly in the premium segment. With growing purchasing power, the consumption-oriented population is increasingly treating itself to some luxury.

Trend: simple, fast, and inexpensive

According to market researchers at Kantar Worldpanel, 61 percent of Brazilian households already demand frozen products. That is almost twice as many as the Latin American average. The range of ready meals on offer is growing. However, households currently spend less than 5 percent of their food budget on frozen foods. So-called dark kitchens – kitchens without their own restaurants that only cook for delivery services – are also benefiting from the trends toward working from home and greater convenience.

Healthy eating and sustainability are important

Brazil is a growth market for fast food chains. On the other hand, a large part of the population is health-conscious and driving the consumption of sports nutrition and functional foods. In addition, the health regulatory authority Anvisa is tightening regulations. Trans fatty acids, for example, will be banned from 2023.

A second trend is sustainability. Large meat companies such as BRF are already recording emissions along their supply chains. The trend towards healthy and sustainable products is supported by a dynamic start-up ecosystem. With a focus on health and sustainability, more than 480 young companies are currently shaking up the food sector.

Whether lab-grown meat or plant-based nutrition – Brazil is on board

Even though there is still no concrete regulation for the Brazilian market, the segment for meat and milk substitutes made from plant-based protein is growing. Both the large meat companies JBS, Marfrig, and BRF and food tech companies such as Fazenda Futuro, Vida Veg, NotA, Nude, and Positive Company are betting on this future market.

In March 2024, Resolution RDC No. 839 came into force. Under this provision, Anvisa simplifies the approval of innovative foods and ingredients, regardless of whether they are produced via cell culture or fermentation. The Good Food Institute (GFI) sees the resolution as a starting signal for higher investment into invitro meat.

Diverse opportunities for German companies

Brazil remains an important growth market for German suppliers of machinery and equipment as well as for intermediate products such as malt. Opportunities also exist for beverage and food manufacturers. Well-known domestic brands with their own local production facilities include Melitta, Dr. Oetker, and Haribo. The fragrance and flavorings manufacturer Symrise AG, gelatin producer Gelita AG, and frozen food company VOSSKO also have local production facilities. Ehrmann AG is represented in the country by the dairy company Trevo Lácteos. Ireks GmbH from Kulmbach is investing in Brazil's first malting plant for specialty malts in Guarapuava (Paraná) together with the Agrária agricultural cooperative.

German beer, chocolate, and pastries are among the gourmet products for middle- and upper-income households. Every year, more German specialties can be found on the shelves of Brazilian supermarkets. Almost half of the imported beer came from Germany in 2024. German products accounted for 13 percent of chocolate imports and only 3 percent of pastry imports. German wines are hardly represented on the market so far.

Selected projects in the food and beverage industry in Brazil (investment sum in millions of US dollars)

Project	Total investment in US$ million*)	Status	Project Sponsor
14 new production lines	1,300	Announcement in April 2025, implementation in 2025	Coca-Cola (including the Leão brand)
2nd phase of expansion of the malting plant for specialty malts in Guarapuava (Paraná)	260	Commissioning of phase 1 in June 2024, phase 2 planned for 2028.	Cooperatives Agrária, Frísia, Castrolanda, Capal, Bom Jesus and Coopagrícola in partnership with the IREKS Group (Germany).
Production plant for whey protein and milk powder for infants in Francisco Beltrão (Paraná)	121	Announcement in February 2025	Sooro Renner
Expansion of the Nescafé Dolce Gusto coffee capsule factory in Montes Claros (Minas Gerais)	93	Announcement in May 2025	Nestlé (Switzerland)
Production plant for whey protein, milk powder, cheese, and butter in São Jorge d'Oeste (Paraná)	93	Announcement in January 2025	Piracanjuba Group
Expansion of capacity and infrastructure, and modernization of the factory in São Lourenço do Oeste (Santa Catarina)	67	Announcement in May 2025, completion until 2026	Kellanova (USA)
New factory and distribution center in Conceição do Jacuípe (Bahia)	63	Announcement in January 2025	São Braz
New soft drink factory in São José dos Pinhais (Paraná)	56	Start of construction in October 2025, Commissioning in the 1st half of 2026	Grupo RFK

1) Converted at the average exchange rate for 2024: US$ 1 = R$ 5.39
Source: Research by Germany Trade & Invest, May 2025

Sector structure of the food industry

Brazil's food industry is expanding. Investments are focused on higher productivity, the premium segment, and production for export.

Brazil's food industry is benefiting from the strong agricultural sector. The agricultural association CNA expects the gross value of agricultural production to rise by 13.1 percent in 2025 due to an expected record harvest, with gross value added increasing by 7.4 percent. The trade conflict between the US and China could also have a positive effect if the People's Republic increasingly switches to agricultural imports from Brazil.

Most important sector of the manufacturing industry

As one of the few sectors of the manufacturing industry, Brazil's food and beverage industry is increasing its production year on year. Total sales rose by 10 percent in nominal terms and 6.1 percent in real terms in 2024, while the production volume increased by 3.2 percent. This is shown by figures from the food industry association ABIA. ABIA expects real sales growth of 2 to 2.5 percent for 2025.

The industry accounts for over 20 percent of gross value added in the manufacturing sector and almost 11 percent of Brazil's gross domestic product. With 2 million employees, the sector is the most important employer in the manufacturing industry. The ABIA industry association has a total of 40,900 member companies, almost 94 percent of which are small manufacturers with less than 50 employees.

Sales of processed food in Brazil (in billion US dollars)

Sector	Turnover 2025 *)	Change in Sales 2025 / 2024*)
Meat	39.2	5.9
Bread and cereals	29.0	9.6
Dairy products and eggs	28.6	9.9
Vegetables	22.5	9.7
Sweets and snacks	18.9	6.2
Fruit and nuts	13.4	8.1
Fish and seafood	11.2	8.8
Oils and fats	9.7	9.7
Convenience food	8.1	4.7
Pet food	7.5	8.4
Spreads and sweeteners	2.8	4.7
Sauces and spices	2.6	5.3
Infant formula	2.3	6.6
Total	**195.4**	**8.0**

*Forecasts
Source: Statista Market Insights, March 2025

From breadbasket to supermarket of the world

Brazil now supplies 190 countries with processed food and beverages. The export value rose by 6.6 percent to around US$66.3 billion in 2024. In terms of export volume, Brazil has overtaken the US and was the world's largest exporter of processed food for the third year in a row in 2024. In terms of export value, Brazil ranks fifth. Almost 40 percent of Brazilian exports go to Asia. Other important markets include the Middle East, the European Union, and the US.

As a global leader in numerous agricultural commodities, Brazil is keen to increase value added in the country and export higher-quality food products. For example, manufacturers of instant coffee are investing and increasing exports year on year.

In 2024, Brazil's food industry processed 62 percent of total agricultural production. The share of exports is lower. In 2024, unprocessed agricultural goods accounted for half of exports. There is therefore still plenty of room for growth. By comparison, the US and the EU export over 60 percent of processed products.

Food and beverage industry invests

According to industry association ABIA, manufacturers invested around US$7.2 billion in 2024, the same amount as in 2023. However, when viewed in the local currency, the real (R$), this represented an increase of 7.6 percent. In mid-2024, companies announced total investments of US$22.3 billion through 2026. Of this, 62 percent will go toward the expansion and construction of factories and 38 percent toward innovation, research, and development, ABIA announced.

Particularly high expenditure is being invested in production for export and premium markets. The trend toward sustainability along the entire supply chain is providing new impetus. Investments in efficiency are also paying off due to the sharp rise in production costs. In 2024, these rose by 9.3 percent, outpacing food prices, which increased by 7.7 percent. Packaging costs are rising particularly sharply, followed by electricity and natural gas. In addition to energy efficiency and packaging, water consumption and the treatment of waste materials are becoming a focus of attention in the sector.

Brazil's meat industry is continuously expanding its production capacities. In the course of 2024, Chinese and South African authorities certified additional slaughterhouses in order to source more meat from Brazil in the future. For 2025, the Brazilian supply authority Conab forecasts meat production of 31.6 million tons and thus remains at the previous year's level. In mid-May, Marfrig and BRF announced their intention to merge. However, this still requires approval from the competition regulating authority Cade.

Brazil's beer market is the third largest in the world. For Heineken, the country is its most important market overall. The Dutch group is continuing to expand its market share of 24.4 percent in 2023. Ambev is the market leader with a share of 59.3 percent. The local group Petrópolis ranks third with 11.3 percent. These three manufacturers account for 95 percent of the market. The rest is shared by around 1,800 small and medium-sized breweries.

Selection of large food companies in Brazil (sales in millions of US dollars; change in percent)

Name	Business Segment	Turnover 2023[1)]	Change 2023/2022 [2)]
JBS	Beef, pork, poultry and leather (brands: Swift and Seara), domestic market and exports	72,909	-2.9
Marfrig	Beef; domestic market and exports	26,497	5.5
Ambev (subsidiary of AB InBev, Belgium)	Beer and soft drinks	15,979	0.0
BRF (BR / USA)	Beef, pork and poultry (brands: Sadia and Perdigão); domestic market and export	10,745	-0.4
Minerva Foods	domestic market and export	5,389	-13.2
Aurora	Meat and dairy products, frozen foods	4,031	-1.4
Coca-Cola, Femsa Brazil (MX)	Soft drinks	3,907	15.5
Camil	Rice and beans	2,254	10.2
M. Dias Branco	Pasta and biscuits	2,172	7.0

[1)] Conversion to the average annual exchange rate for 2023: US$1 = R$4.99;
[2)] based on sales in Brazilian reais (R$).
Source: “Valor 1000” ranking (2025)

Major US manufacturers produce locally for the Brazilian market, including PepsiCo, Kellogg's, General Mills, Heinz and Mondelēz International, as well as European companies such as Nestlé, Unilever and Gomes da Costa (a subsidiary of the Spanish group Calvo). Multinational manufacturers often enter the Brazilian market through M&A transactions, joint ventures or distribution partnerships.

Other major Brazilian food manufacturers include Aurora, Camil, M. Dias Branco, Piracanjuba, Copacol, Grupo 3corações, Prima Foods, Frimesa, Alvoar, GTFoods, and Arroz Brejeiro.

Consolidation in the dairy industry continues

Lactalis is expanding its leadership in the dairy industry. The French group only entered the Brazilian market in 2013, but now operates 23 production facilities and processes 2.7 billion liters of milk per year. In 2024, Lactalis generated sales of US$3.2 billion. The group is investing and aims to almost double its sales by 2030.

The number of dairy farmers is declining year by year. The sector expects milk prices to rise and production to increase by 1 percent in 2025. According to the industry association Abraleite, 17 of the largest dairies increased processing by 0.7 percent to over 10.8 billion liters in 2024.

Selection of large dairies in Brazil in 2024*) (in millions of liters, change in percent)

Dairy (brands)	Milk processed in 2024	Change 2024/2023
Lactalis Brazil	2,701	1.3
Laticínios Bela Vista (Piracanjuba)	1,944	9.5
Unium (Frisia, Castrolanda und Capal)	1,448	-2.6
Nestlé	1,052	0.4
CCPR – Cooperativa central dos Produtores Rurais	854	-4.9
CCGL	489	-2.7
Aurora	478	-5.1
Laticínios Porto Alegre	406	4.5
Jussara	368	-2.1
Tirolez	305	11.8

* The companies Italac, Alvoar Lácteos, Vigor (Lala), Laticínios Damare, Cooperativa Santa Clara and Tirol did not participate in the Abraleite ranking.
Source: Abraleite Association 2025, calculations by Germany Trade & Invest

Pharmaceutical Industry

Brazil's pharmaceutical market is by far the largest in Latin America. Germany is the second most important supplier.

The market research institute IQVIA sees Latin America as the region where the demand for pharmaceuticals will grow the strongest worldwide between 2023 and 2028. Analysts expect pharmaceutical sales between Mexico and Tierra del Fuego to grow by an average of 19.3 percent per year during this period. Globally, they expect average annual growth of only 7.9 percent and a rate of 7.1 percent for Europe.

Growth drivers in Latin America and Brazil are:

1. A growing and rapidly aging population
2. Increase in chronic diseases
3. Better access to medicines thanks to rising government health spending and telemedicine
4. Establishment of modern treatments
5. Wider range of affordable generics and biosimilars

Brazil, as the largest and most populous economy, is by far the largest pharmaceutical market in the region. Further information on the country can be found in the overview [Wirtschaftsstandort Brasilien].

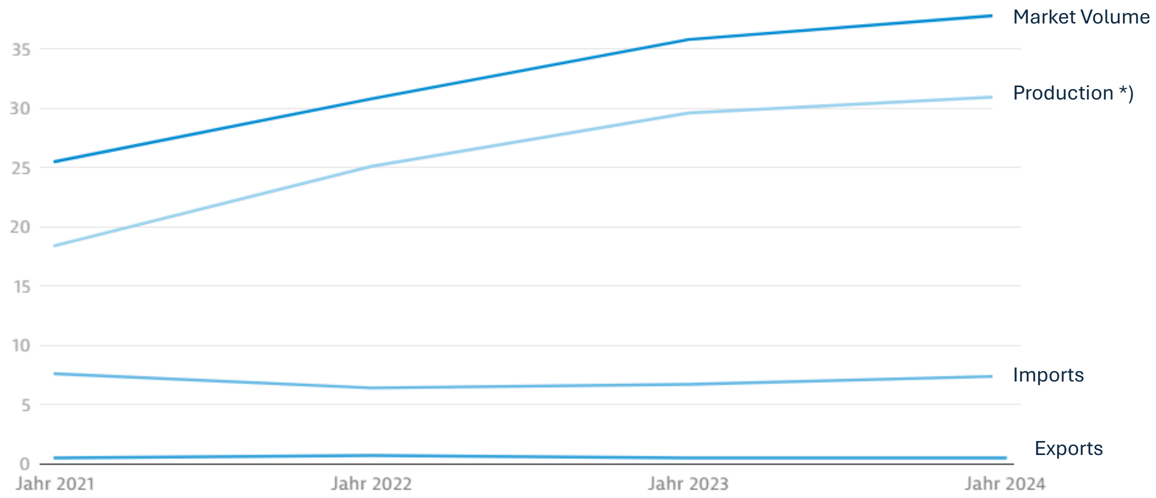
In 2024, Brazil accounted for 42 percent of total pharmaceutical sales in Latin America, followed by Mexico with 17 percent.

Brazil's pharmaceutical market is growing – steadily and at a rapid pace
The pharmaceutical market in Brazil has experienced strong growth in recent years. In 2024, 6.3 percent more pharmaceutical packages were sold than in the previous year. Retail sales rose to US$37.9 billion. According to IQVIA, this represented a nominal increase of 14 percent in the local currency, the real (R$), in 2024. However, calculated in US dollars, the increase was significantly lower at 5.6 percent. This is due to the sharp devaluation of the R$ since summer 2024.

A comparison with overall consumption illustrates how strongly pharmaceutical sales are growing. According to data from the Brazilian statistics institute IBGE, sales of medicines increased three times as fast as total retail sales in 2024. IQVIA expects a nominal sales growth in R$ of 9.3 percent for 2025.

The devaluation of the Brazilian real is also the reason why Brazil fell to tenth place among the world's largest pharmaceutical markets in 2024, according to industry association Sindusfarma, behind the US, China, Japan, Germany, France, Italy, the UK, Spain, and Canada. In 2023, Brazil still ranked on place eight. However, the factors mentioned above will continue to drive strong growth in demand for medicines. IQVIA expects Brazil to take the sixth place in the medium term.

Brazil covers over 80 percent of its drug demand from its own production
Development of the pharmaceutical market (in billions of US dollars)



* Calculated based on market volume – imports + exports.
Source: IQVIA 2025; Sindusfarma 2025

The state is the largest single buyer

Brazil offers its population free healthcare under the “Sistema Único de Saúde” (SUS). This also includes the provision of certain drugs, especially for chronic diseases and serious illnesses. The state invests heavily in the provision of biopharmaceuticals – biologically manufactured drugs – especially for cancer treatments and autoimmune diseases. In addition, all vaccines in the “Plano Nacional de Imunização” (PNI) are offered free of charge.

The government allocated a budget of US$3.7 billion for the purchase of medicines in 2024. A range of essential medicines is available free of charge through the Farmácia Popular program. These medicines are often dispensed through the private pharmacy network. The 93,700 pharmacies and drugstores nationwide handle the majority of medicine distribution in Brazil. Anyone who needs medicines that are not on the SUS list must purchase them privately or finance them through health insurance.

The pharmaceutical sector generates most of its sales through wholesale (share in 2023: 63 percent). Retail and sales to government agencies each account for 15 percent. The remaining 7 percent goes to private healthcare facilities.

Trends in consumer behavior and distribution

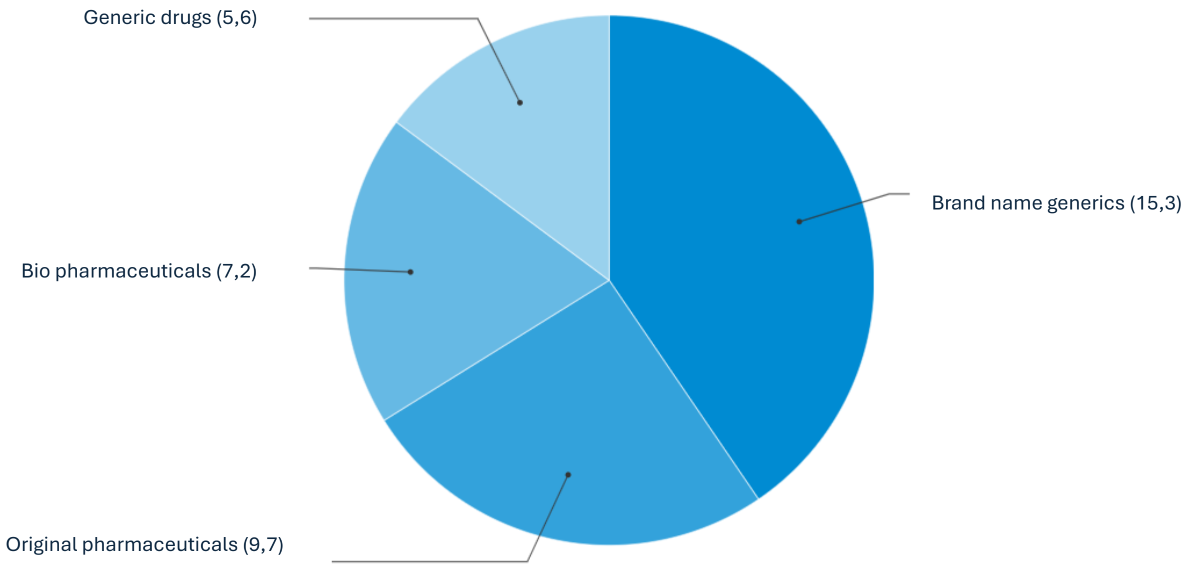
1. **Healthcare services in pharmacies:** Pharmacies are expanding their offerings to include medical services such as vaccinations and rapid tests in order to increase customer loyalty and sales.
2. **Expansion of omnichannel retailing:** Digital and physical shopping experiences are increasingly being linked, allowing customers to choose flexibly between online ordering and in-store pickup. Brazil's online trade in medicines is growing at double-digit rates. Around 11.6 percent of medicines were ordered online by customers in 2023. According to IQVIA, the share was higher only in Germany and the US.
3. **Focus on customer experience:** Pharmacies are improving their service quality and facilitating customer communication through self-checkout, chatbots, and WhatsApp support.
4. **Loyalty programs:** Customer loyalty programs are gaining importance as personalized offers and discounts increase willingness to buy.
5. **Automation and technological management:** Pharmacies are increasingly relying on digital systems to make inventory management and sales processes more efficient.

Generic drugs and biosimilars continue to gain importance

In Brazil, generic drugs must be at least 35 percent cheaper than the corresponding reference drugs. In practice, however, they are often even cheaper. The actual savings average 60 percent, according to the PróGenéricos association. In terms of volume, generics still account for a lower share of drug sales than in mature markets such as the US or Germany. However, the triumph of low-cost generic drugs will continue, especially as Brazilian generic manufacturers are constantly expanding their portfolios.

Brazil's market for biopharmaceuticals is growing at an above-average rate. Since the launch of the first such drug in 2016, Brazil's health regulator Anvisa has approved more than 50 biosimilars for the market.

Only a quarter of market sales are accounted for by original products
Value share of the pharmaceutical market in Brazil (in billion US dollars)



* converted at the average annual exchange rate for 2024: 1 US$ = 5.39 R$.
Source: IQVIA 2025; Sindusfarma 2025

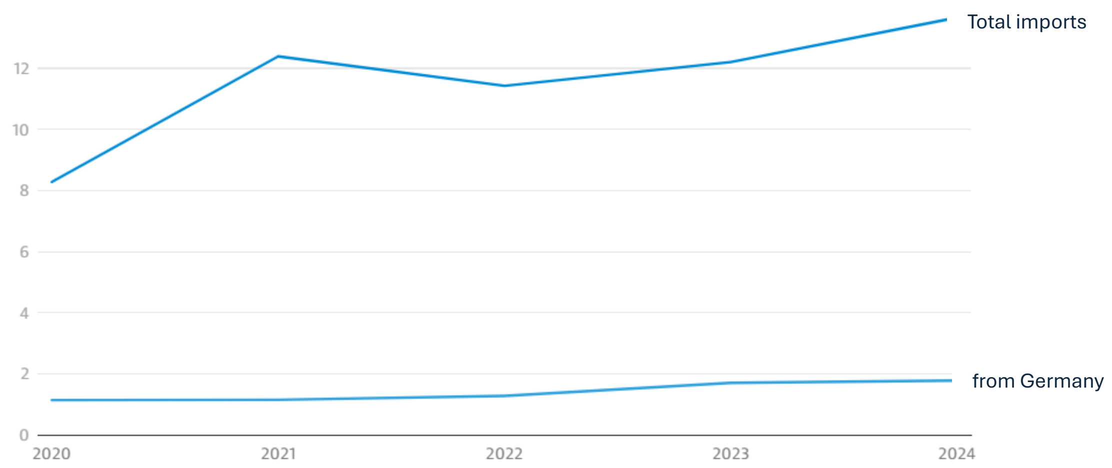
Anvisa continuously updates the list of over-the-counter drugs ("medicamentos isentos de prescrição" (MIP)). MIPs account for about 23 percent of drug sales. Another 15 percent are drugs subject to simplified registration ("notificação simplificada") and dietary supplements. The majority of market sales (62 percent) are prescription drugs whose packaging is marked with a red stripe or a black stripe for controlled substances.

Germany is the second most important supplier

The US is Brazil's most important supplier of pharmaceuticals. In 2024, it accounted for 17.7 percent of the market. Germany ranked second with 13 percent, followed by Switzerland (8.3 percent), Ireland (7 percent), and Italy (6.5 percent). The top ten also included Denmark, China, India, France, and Spain. Among the top ten, Germany has lost the most ground over the past decade. While Denmark, Spain, and Ireland more than tripled their sales of pharmaceuticals to Brazil, imports of German pharmaceuticals have increased by just 15 percent since 2014.

From the perspective of German pharmaceutical exports, Brazil ranked 18th worldwide in 2024. Brazil imported only 14 percent more pharmaceuticals from Germany than Mexico, even though its market is more than twice as large.

Brazil's imports of pharmaceutical products are rising *) - Figures in billions of US dollars



* SITC commodity code 54.
Source: UN Comtrade 2025

Cosmetics Industry

Brazil remains an important growth market for cosmetics and a major innovator with a focus on sustainability and biodiversity. Demand for premium products is booming.

With industry sales of US$26.6 billion, Brazil had the fifth-largest market for cosmetics worldwide in 2024. This is shown by figures from Statista Market Insights. The market volume was surpassed only by the US, China, Japan, and India.

Statista forecasts nominal sales growth of 6 percent to US$28.2 billion for 2025. The highest growth is expected in the perfume and deodorant segment (+7.6 percent), followed by cosmetics (+6.3 percent) and hygiene and personal care products (+5.7 percent). Sales of skin care products could rise by 5.4 percent in 2025, and those of beauty tech products by 2.6 percent.

Brazil is the growth driver

Among the largest markets worldwide, Brazil has by far the highest growth rate. Statista expects average sales growth of around 5 percent per year until 2030. In recent years, higher sales taxes and more expensive intermediate products have driven up prices, partly due to growing demand for premium quality and customized offerings. A study by market research firm Kantar shows that all income groups will be demanding more expensive products in 2024. Middle-income households will even see double-digit growth in their average spending.

Demand for quality products is growing particularly strongly

Sales of premium cosmetics increased by 19 percent in 2024, with high-quality makeup even increasing by 26 percent. Brazil is the third-largest market worldwide for sunscreen products, after the US and China. Market researchers at Euromonitor expect strong growth to continue in this segment. Sales are expected to grow by 67 percent by 2029. This is significantly more than the global average.

Euromonitor also expects an above-average growth for hair care products. Brazil ranks third in this category after the US and China. Other market segments with above-average sales growth include insect repellents, not least as a result of the dengue epidemics in recent years.

Brazil ranks second worldwide after the US for perfumes, deodorants and body care products, and fourth after the US, China and Japan for special products for men. These product categories offer stable growth prospects.

Trends in consumer behavior

1. Premium-quality products at affordable prices are becoming increasingly popular. However, luxury products also continue to perform well.
2. Influencers set the tone in marketing. Social media is exceptionally important in Brazil.
3. Sustainability and climate protection are gaining in importance, with consequences at all levels – from the purchase of raw materials to packaging.

Large manufacturers dominate the market

Many new brands are entering the market. However, the majority of demand is accounted for by established companies. Local manufacturers Natura and Grupo Boticário have a strong presence thanks to traditional direct sales and enjoy widespread recognition. They are joined by large multinational manufacturers, including German companies. Beiersdorf is represented on the market with its Nivea and Eucerin brands and has a production facility in Itatiba (São Paulo). The Hessian company cosnova has been serving the market since 2018 and distributes the low-priced Essence Cosmetics brand and the premium brand Catrice.

Five corporations cover almost half of Brazil's demand for cosmetics, personal care and hygiene products

Company (country of origin)	Brands	Current developments in Brazil/ Latin America
Grupo Boticário (BRA)	Brands: Eudora, Vult, Quem Disse, Berenice, Beauty Box, O.u.i., Truss	Boticário is aggressively expanding through production partnerships with eleven factories and gaining market share. In 2024, the group increased its total sales by 20 percent to US$6.8 billion, overtaking Natura and becoming the market leader. In 2023 and 2024, Boticário was ranked second in Brazil's sustainability ranking (Ranking Merco de Responsabilidade ESG). (Ranking Merco de Responsabilidade ESG)
Natura & Co. (Brazil)	Natura and Avon	Following the acquisition of Avon, Natura is undergoing a period of reorganization. Natura recorded a 6 percent decline in sales in 2024 and continues to focus on sustainable products and digital distribution channels. In 2024, Natura ranked first as the most responsible company in Brazil for the eleventh consecutive year.
Unilever (United Kingdom)	Seda, Axe, Dove, Lux, Presto, Brut, Love Beauty & Planet	Unilever generated sales of around €9.1 billion in Latin America in 2024 (2023: €8.4 billion). Unilever continues to invest in sustainable packaging, digital transformation, and product innovation to strengthen its market position in Brazil and Latin America.
L’Oréal (F)	Brands: L'Oréal Paris, Maybelline New York, Garnier, NYX Professional Make Up as	L’Oréal recorded sales growth of 11 percent in Latin America in 2024. Global sales rose by 5.1 percent. This makes the region one of the fastest-

	well as luxury brands like Lancôme, Yves Saint Laurent, Armani and Biotherm	growing markets for the group. Brazil plays a key role. L'Oréal continues to invest in digital transformation, premium cosmetics, and skin care to strengthen its market position.
Colgate-Palmolive (USA)	Colgate, Palmolive, Sorriso, Protex, Elmex, Darling	In Latin America as a whole, Colgate-Palmolive increased sales by 3.1 percent to just under US$4.8 billion in 2024. Brazil is one of the largest single markets in Latin America. The company invested in and opened the Colgate Xperience Center (CXC) R&D facility in 2024.

Source: Research by Germany Trade & Invest 2025

Following the severe recession that began in 2014 and the subsequent coronavirus crisis, the Brazilian consumer goods industry is facing a new investment cycle.

In August 2024, Boticário announced investments of US$770 million. In addition to expanding its factories in São José dos Pinhais (Paraná) and Camaçari (Bahia), the group is building a new plant in Pouso Alegre in the state of Minas Gerais.

Manufacturers focus on innovation and sustainability

Brazil's ethnic diversity and unique biodiversity make it an important location for research and development (R&D). Only the US launches more products in this sector.

Local manufacturers Natura and Grupo Boticário are among the most innovative companies in the country. The environment for R&D is strengthened by cooperation between the industry association Abihpec and the Society for Research and Industrial Innovation EMBRAPII. In addition, promising young companies are driving development forward.

Animal testing for cosmetics is prohibited in Brazil, and sustainability is gaining importance. However, without a clear legal framework, the term “natural cosmetics” remains unprotected – a risk for greenwashing. Nevertheless, market leaders are investing in sustainable supply chains and increasingly relying on environmentally friendly packaging.

“Brazil offers opportunities for establishing new supply chains. Few countries are as well positioned as Brazil in the supplier sector,” said Timo Lehner in an interview with Germany Trade & Invest (GTAI). Lehner heads the São Paulo branch of German cosmetics manufacturer cosnova.

Opportunities are also emerging in the collection and processing of biodiversity raw materials. Through the develoPPP support program, the German Society for International Cooperation (GIZ) implemented a corresponding project by Symrise and Natura from 2017 to 2021. Symrise, the German manufacturer of fragrances and flavors, cosmetic ingredients and active ingredients, as well as functional ingredients, operates its own production facilities in Brazil.

Brazil improves cosmetics vigilance

On 2 August 2025, a new regulation from the Brazilian health regulatory authority Anvisa will come into force. Regulation RDC 894/2024 establishes new rules for monitoring the undesirable effects of cosmetic products (cosmetovigilance) and thus enables the ongoing and systematic monitoring of the safety of cosmetics in relation to human health. The new regulation complies with international standards for cosmetics.

Foreign manufacturers must appoint a qualified professional based in Brazil who is responsible for completing the formalities. However, the company that holds the authorisation for cosmetic products remains fully liable to Anvisa.

One of the advantages of the regulation is that companies can outsource cosmetovigilance (including to other countries) – provided that this does not interfere with the monitoring of activities in Brazil and communication with Anvisa. This option represents a significant simplification for foreign companies. On the other hand, stricter controls require regular audits, which tend to lead to higher operating costs.

Cosmetics imports grew by double digits in 2024

From 2020 to 2023, Brazil achieved rising surpluses in foreign trade in cosmetics and hygiene products. The most important export markets for the Brazilian cosmetics industry are in Latin America. In 2024, the country recorded a trade deficit for the first time in years. Exports to 176 countries fell by 3 percent to US$ 884 million.

At the same time, imports rose by 11.7 percent to US$ 927 million. Germany was the ninth largest supplier in terms of import value in 2024. In terms of import volume, Germany ranked sixth.

Practical information on entering the market is provided by the "So geht's... in Brasilien" series published by the German Chamber of Commerce Abroad (AHK) in São Paulo.

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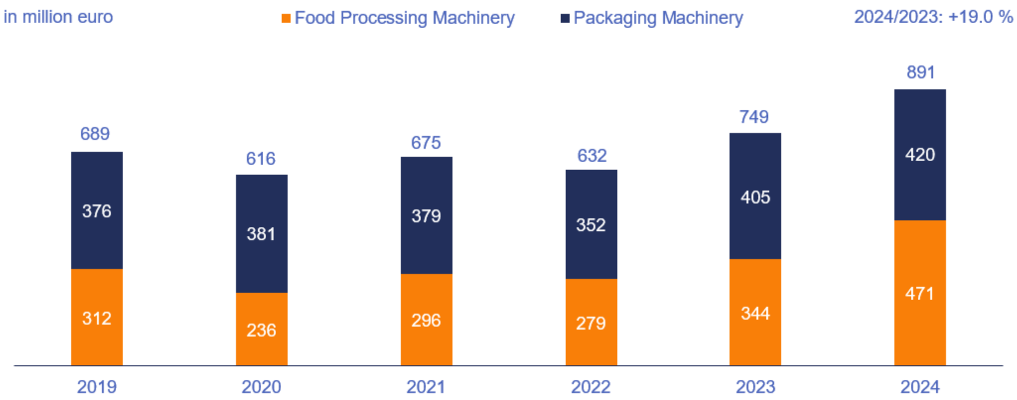
GLOBAL EXPORTS

Food Processing and Packaging Machinery to Brazil

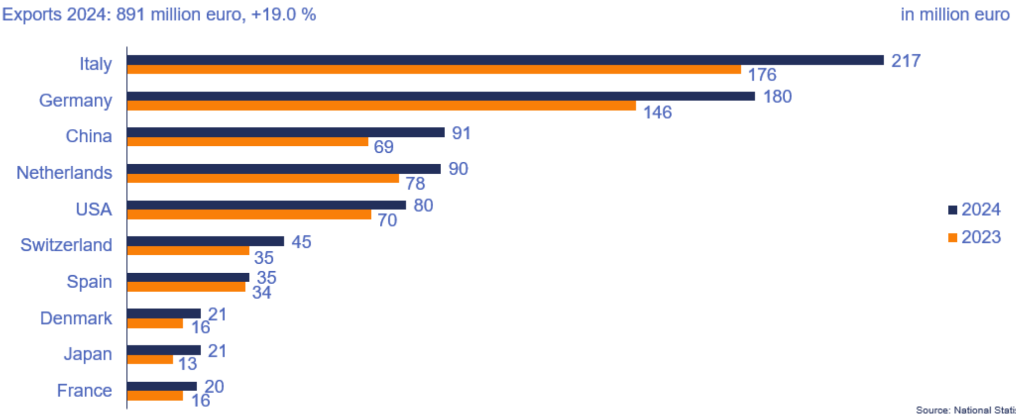


Source: National Statistical Offices, VDMA

GLOBAL EXPORTS

Food Processing and Packaging Machinery to Brazil TOP 10 Supplier Countries

Exports 2024: 891 million euro, +19.0 %



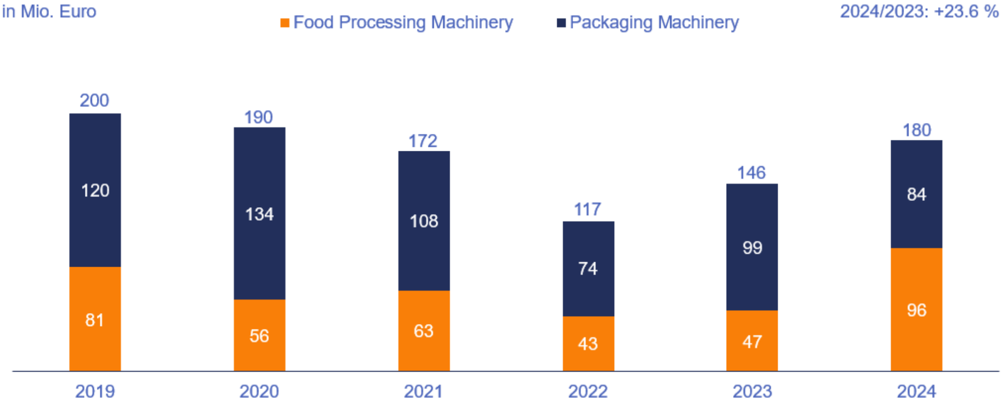
Source: National Statistical Offices, VDMA

GERMAN EXPORTS

Food Processing and Packaging Machinery to Brazil

in Mio. Euro

2024/2023: +23.6 %



Source: National Statistical Offices, VDMA

VDMA Food Processing and Packaging Machinery July 2025 4

GERMAN EXPORTS

Food Processing and Packaging Machinery to Brazil

Exports 2024: 180 million euros, +23.6 %

in million euro

Source: National Statistical Offices, VDMA

VDMA Food Processing and Packaging Machinery July 2025 5