



Flanders
State of the Art



PET SECTOR

IN BRAZIL

FLANDERS INVESTMENT & TRADE MARKET SURVEY

////////////////////////////////////

THE PET SECTOR IN BRAZIL

December 2021

////////////////////////////////////

INHOUD

1. Foreword	3
2. The pet population.....	7
3. The pet market.....	11
4. The pet industry.....	27
5. Import regulations and taxes.....	32
6. Associations, press and trade fairs.....	36



1. FOREWORD

The pet sector

According to Forbes Brasil the world had a pet population of 1.6 billion in 2020; 139.3 million of them were in Brazil, which means that nearly 10% from the total pet population is in Brazil. The country has the third largest pet population, behind China and the USA. These figures do not stop to grow as it is one of the fastest growing industries in the country, even during the corona crisis.

Números globais



Source: Forbes Brasil

Brazil also has the largest pet population in Latin America. Dogs are the favorite pets among Brazilian households, followed by birds and cats. In 2019,

In terms of revenue generated by the pet industry Brazil was on the 3rd position in international rankings but due to the currency devaluation it is now ranked at the 7th position, behind the USA, China, UK, Germany, Japan and France.

Mordor Intelligence Report informed that the Brazilian pet food market is projected to register a compound annual growth rate of 7.5% in the period 2021-2026.¹

Based on data compiled by the Instituto Pet Brazil up to March 2021 (figures March 2020-March 2021), the projected income of the pet sector amounts to R\$ 46.5 billion (€ 7.2 billion), an increase by 13.8%:

- pet food represents R\$ 24.8 billion (53.4% of sales and 21% growth), followed by
- the sale of pets directly from the breeders, R\$ 5.6 billion (12.2% of sales, up 16% compared to 2020);
- veterinary products, R\$ 5.3 billion, 11.4% of market revenue, up 12%;

¹ <https://forbes.com.br/wp-content/uploads/2020/07/peti.jpg>

- general services, R\$ 4.6 billion, 10% of the market and 10% growth;
- veterinary services, R\$ 4.6 billion, 10% of the market and 13% growth and
- animal hygiene & welfare products and pet care, R\$ 2.7 billion, 5.9% of the market and 18% growth.²

Projeção Faturamento 2021 - Base 1º Trimestre			Variação 21 x 20
Segmentos	Faturamento 1º Tri	%	%
Pet Food	R\$ 24.833.141.076,19	53,4%	21%
Vendas T. de animais	R\$ 5.682.776.487,65	12,2%	16%
Pet Vet	R\$ 5.314.150.296,00	11,4%	12%
Serv Gerais	R\$ 4.663.283.253,49	10,0%	10%
Serv Veterinários	R\$ 4.689.606.574,08	10,1%	13%
Pet Care	R\$ 2.742.163.557,82	5,9%	18%
Total	R\$ 46.516.652.368,22	100,0%	13,8%

AP source <https://www.editorastilo.com.br/projecao-do-instituto-pet-brasil-aponta-que-setor-pet-deve-crescer-138-em-2021/>

Another source, Abinpet, the Brazilian Association of the Pet Products Industry, only provides figures for pet food, veterinary products and pet care products (such as equipment, accessories, hygiene and grooming products); all those subsectors represented a turnover of R\$ 27.02 billion in 2020.

Surveys show that the pet sector represented 2.7 million jobs in 2019, which is 13% more than in 2018.³

There are also quite some investments in the pet sector: R\$ 420 million in 2019 which should amount to R\$ 2.1 billion in 2025, according to industry projections.⁴ In June 2021 Nestle announced an investment of R\$ 1 billion for the construction of a new industrial site focused on food for dogs and cats. And the Brazilian food company BRF, one of the biggest food companies in the world, decided to step into this huge market and acquired some companies to compete with the major players.

Brazilians and their pets

Brazilians only started keeping pets in their apartments or small houses in the last 2 decades. Until then, only houses with backyards had pets. But ever since, the scenario changed; it is now possible to see lots of pets walking around in big cities such as São Paulo and Rio de Janeiro; shopping centers and restaurants started to let them in and several places started to be mentioned as pet friendly location.

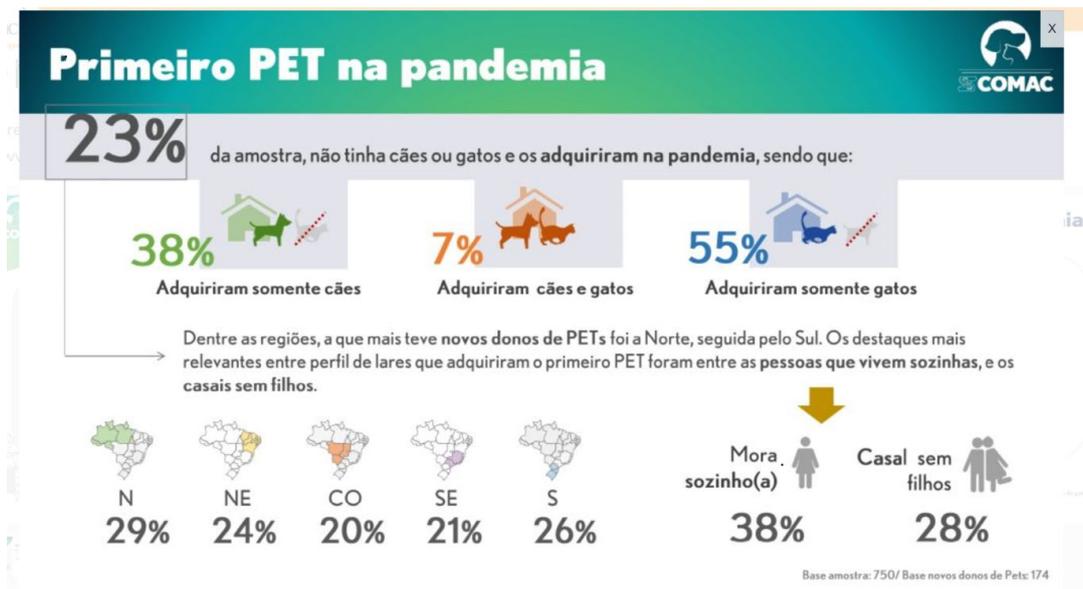
² <https://www.editorastilo.com.br/projecao-do-instituto-pet-brasil-aponta-que-setor-pet-deve-crescer-138-em-2021/>

³ <https://www.assessoriaanimal.com.br/pet-brasil-aponta-crescimento-2020/#:-:text=S%C3%A3o%20Paulo%2C%20agosto%20de%202021.era%20de%202%2C4%20milh%C3%B5es.>

⁴ <https://www12.senado.leg.br/noticias/materias/2020/01/20/brasil-podera-ter-marco-regulatorio-dos-animais-de-estimacao>

The Pet Vet segment is also one of the fastest growing subsectors with costumers investing a good amount of money on drugs and medical solutions for pet.

The survey “The Radar Pet 2020”, that was carried out by the H2R Institut and SIDAN, the National Union of the Animal Health Products Industry, contacting 750 families, revealed that 23% of those families acquired the first pet during the pandemic: 55% acquired a cat, 38% a dog and 7% dogs and cats. 38% of them are living alone and 28% represents couples without kids.

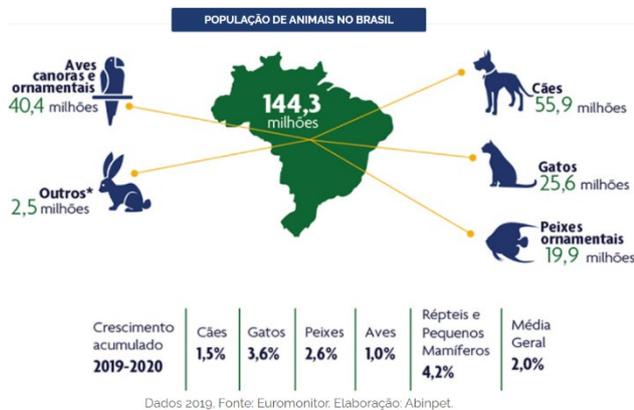


Despite the large number of animals, Brazilians only started recently to spent more on their pets which means that the country presents many opportunities in several categories such as pet care and well-being of pets. No wonder, this is one of the most promising markets within Brazil due to its growth potential.

The main reason for this study is twofold:

- There is a growing interest to import premium products for pets, including premium pet food, vet products and innovative products, hence creating more opportunities for Belgian exporters;
- Investigate the current situation in the pet market to check opportunities.

Our office in São Paulo will be glad to provide you with the contact details of the local distributors and importers.



In comparison to 2018 when the country had 139.3 million animals, there were 54.2 million dogs (38.9%), 39.8 million birds, 23.9 million cats (17.1%), 19.1 million fish and 2.3 million other species (reptiles, amphibians and small mammals), indicating that the cat population increased slightly more than the other groups.

If we compare with 2013 when Brazil only had 106 million pets we notice that in less than 10 years, the pet population increased by 35%. And it is forecasted to further grow in the next years.

In 2019, Abinpet reported that the cat population more than doubled in relation to dogs in the last six years. The number of dogs grew by 3.8% in that period, while that of cats rose by 8.1%. Also noteworthy is the growth of other types of pets over the last 6 years, such as birds, that increased by 5% and reptiles and small mammals by 5.7%.⁸

Share dogs-cats per region in Brazil

As mentioned on page 4, 47.9 million households have pets. Of this total, 33.8 million units have dogs. The Northeastern region of Brazil has the least dogs, 37.6%. On the other hand the North and Northeast are the ones with the highest percentages of cats, 25.3% and 24.1% respectively. The lowest rates for having cats are in the Southeast and Midwest, with 15.2% and 16.6% respectively.⁹ In that context, Radar Pet observes: “We have more dogs, but cats have gained a great deal of space in Brazilian homes. In the Northeast, for example, there is already a predominance of cats. One of the possible reasons for this, in addition to the animal’s profile, is a lower monthly cost. The cat will be the animal of the future”.

⁸ <https://g1.globo.com/mg/minas-gerais/noticia/2019/09/08/gatos-podem-superar-caes-como-animais-de-estimacao-no-brasil-em-cinco-anos-diz-veterinaria-de-bh.ghtml>
<https://www.folhape.com.br/noticias/caes-sao-maioria-em-lares-brasileiros-mas-gatos-ganham-espaco/155207/>

⁹ <https://www.correiobraziliense.com.br/brasil/2020/09/4873376-quase-48-milhoes-de-domicilios-no-brasil-tem-caes-ou-gatos-aponta-pesquisa-Dogsdo-ibge.html>

Dogs in Brazil

Brazil has 55.9 million dogs, right behind the USA (90 million) and China (which has 100 million dogs and which is by far the number one in the world but if you compare it to the human population of over 1.4 billion, it has a below-average number per 1000 people).



<https://quotationcheck.com/all-about-dogs/dog-population/>

Emotional bonding with pets

Brazilians are increasingly creating emotional bonds with their pets. They see their animals as children or family members. Radar Pet survey revealed that within families the health of pets has become as important as the health of other people. There is also a great concern about the aging of the pet and care for the preventive health of animals. However, the frequency of visits to the vet is still low. Despite the large number of animals, Mr Leonardo Brandão from Sidan realizes that Brazil needs a lot to evolve in relation to the care and well-being of pets. No wonder this is one of the most promising markets within Brazil.¹⁰

A poll carried out among 800 pet owners drew a profile of the Brazilian “pet parents”. The survey was conducted by DogHero, a dog services company, in partnership with the Zap Imóveis. It found out that most of the animals (46%) were “adopted” (in contrast to buying or raising yourself).

¹⁰ <https://www.sidan.org.br/release/pesquisa-radar-pet-brasil-conta-com-a-segunda-maior-populacao-pet-do-mundo/>

In addition, 78% of people said they consider the pet as a child, especially members of generations X and Y, who are between 30 and 45 years old; 15% already organized a party for the pet and 9% are doing this annually.

The perks do not stop there: 36% of the respondents share a room with the animal, while 30% even share their own bed. Weekend movies are also a thing of the past: 59% of the owners prefer to spend Saturday night at home, in the company of their dogs. Include a partner in the program? Only if he likes the animal. 86% of respondents said they would end a relationship with someone who does not like their four-legged child.¹¹

As consumers become progressively more concerned about their own health, particularly in relation to their diet, similar concerns are increasing when it is about the diets of their pets. Furthermore, they highly prefer natural and organic products. The drivers identified in this market are: pet humanization which influences the purchase decisions, a change in the perception of the consumer towards pet health and the increasing trend of a nuclear family. The restraints identified in this market are regulations imposed on pet food.

All subsectors are benefiting from this huge market, specially food, preparations for animal feeding, medicated feeds and veterinary medicine, including drugs and vaccine.

¹¹ <https://quotationcheck.com/all-about-dogs/dog-population/>

3. THE PET MARKET

As mentioned above Brazil was ranked as the third largest pet industry market worldwide but now it is ranked on the 7th position due to devaluation of the exchange rate. It is behind the USA, China, UK, Germany, Japan and France but despite its currency devaluation, it is still ahead of Italy, Canada, Australia, etc.



In 2020, the subsectors within the pet industry realized the following growth figures (figures from ABINPET which considers only Pet Food, Pet Vet and Pet Care):¹²

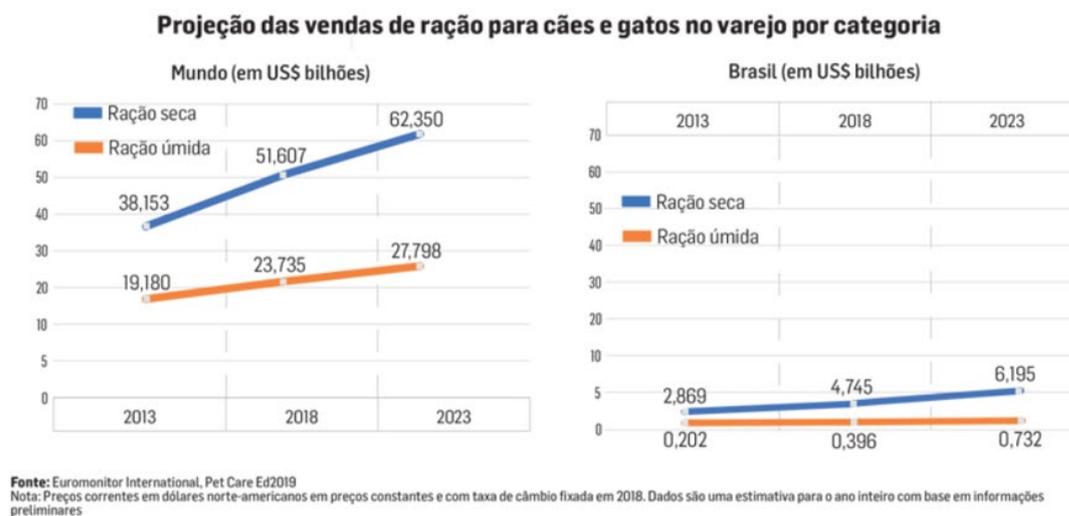
- Pet Food, representing 75% of the revenue in the sector, increased by 24%;
- Pet Vet, representing 17% of the revenue, increased by 18%, while
- Pet Care, representing 8% of the total revenue, increased by 9.5 %.



¹² <https://www.mordorintelligence.com/industry-reports/brazil-pet-food-market>

The image below compares the projection for Pet Food Growth in Brazil and worldwide (dry pet food highlighted in blue and wet pet food indicated in orange). Brazil's consumption of dry pet food will more than double in 2023 compared to 2013, which means more than 100% growth in 10 years. If the world consumption of dry pet food will amount to USD 62,350 billion in 2023, Brazil will be responsible for USD 6,195 billion or almost 10% of the world's consumption.

It is interesting to notice that also the use of wet feed (sachet) has been increasing over the years. It confirms the greater affection for pets, as this food is generally more appreciated by the animal and more expensive.¹³



The import of pet food in Brazil has been growing year after year but if we consider the size of the market and its annual growth, we can see that there are opportunities for premium products, where customers are ready to pay.

¹³ <https://rnpet.com.br/materias/novo-estudo-da-cva-solutions-sobre-o-mercado-pet-care/>

Evolution of the import of food for dogs and cats in Brazil between 2015 and 2021 in USD:

Summary

Year start: 2015	Year end: 2021	Month start: January	Month end: December
Row number: 1	Type of operation: Import	Search type: General	Order type: Values

[Create query url](#) ?

Result

Display type ?

Horizontal Vertical

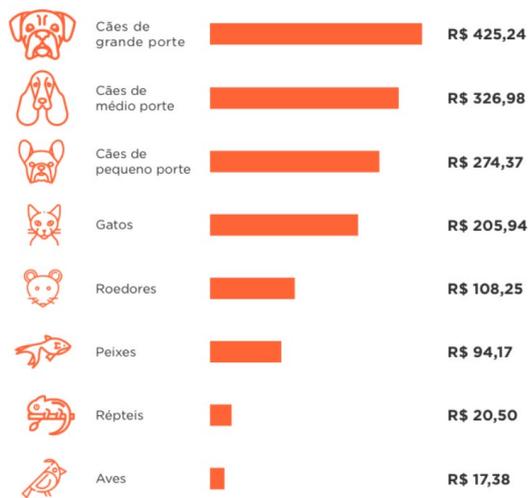
Export data ?

[CSV](#) [Excel](#)

NCM Code	NCM Description	2021 - US\$ FOB	2020 - US\$ FOB	2019 - US\$ FOB	2018 - US\$ FOB	2017 - US\$ FOB	2016 - US\$ FOB	2015 - US\$ FOB
23091000	Food for dogs and cats	\$10.400.101	\$9.325.632	\$8.705.061	\$7.536.304	\$5.965.713	\$6.717.761	\$6.534.421

The average expenditure for pets among Brazilians varies according to the kind of pet and the size of pet (see the chart below, published by Zoetis, the animal health company). It indicates the monthly spend in 2018. The biggest amount goes to large size dogs, followed by medium and small size dogs, followed by cats, rodents, fish, reptiles and birds.

CUIDADO COM O ANIMAL
Gasto mensal médio por tipo de pet



Fonte: Instituto Pet Brasil

<https://www.zoetis.com.br/prevencaocaesegatos/posts/quanto-gasta-o-brasileiro-com-seus-pets.aspx>

All the special care for pets over the last years is also reflected in the investment in health solutions, including vet care, medicine, equipments and insurance. The veterinary clinics offer all kind of services, including ortopedist, physiotherapy, acupuncture, hydrotherapy, surgery and many other options requiring equipments.

The most recommended drugs by veterinarians are dewormers, flea/carroticide and vaccines. The most recommended dewormer for dogs and cats is Drontal (Bayer), followed by Vetmax Plus (Vetnil), Endogard (Virbac) for dogs and Milbemax (Novartis) for cats. Among the flea/carroticide for dogs, the most recommended are Simparic (Zoetis) and Bravecto (MSD). For cats the most recommended are Revolution (Zoetis) and Bravecto (MSD).¹⁴

¹⁴ <https://www.cvasolutions.com/pt/estudo-da-cva-solutions-mostra-boas-avaliacoes-para-fabricantes-de-racao-e-medicamento-pet/>



Summary

Year start: 2015

Year end: 2021

Month start: January

Month end: December

Row number: 25

Type of operation: Import

Search type: General

Order type: Values

[Create query url](#) ?

Result

Display type ?

Horizontal Vertical

Export data ?

[CSV](#)

[Excel](#)

NCM Code	NCM Description	Country	2021 - US\$ FOB	2020 - US\$ FOB	2019 - US\$ FOB	2018 - US\$ FOB	2017 - US\$ FOB	2016 - US\$ FOB	2015 - US\$ FOB
30029091	Other toxic, cultures of microorganisms, for animal medic	Spain	\$2.002.129	\$1.397.422	\$1.794.038	\$1.036.530	\$670.737	\$633.387	\$250.953
30029091	Other toxic, cultures of microorganisms, for animal medic	United States	\$1.058.984	\$1.619.492	\$865.145	\$1.075.924	\$1.605.026	\$995.244	\$1.033.306
30029091	Other toxic, cultures of microorganisms, for animal medic	China	\$533.559	\$540.730	\$138.377	\$170.852	\$142.570	\$293.121	\$307.830
30029091	Other toxic, cultures of microorganisms, for animal medic	Hungary	\$411.259	\$806.551	\$702.399	\$276.746	\$599.036	\$481.109	\$308.671
30029091	Other toxic, cultures of microorganisms, for animal medic	Israel	\$334.836	\$282.149	\$250.301	\$199.224	\$198.423	\$53.598	0
30029091	Other toxic, cultures of microorganisms, for animal medic	Austria	\$264.026	\$32.581	\$48.710	0	0	0	0
30029091	Other toxic, cultures of microorganisms, for animal medic	Thailand	\$134.762	\$189.089	\$201.421	\$637.215	\$842.740	\$405.536	\$1.237.013

Summary

Year start: 2015

Year end: 2021

Month start: January

Month end: December

Row number: 1

Type of operation: Import

Search type: General

Order type: Values

[Create query url](#) ?

Result

Display type ?

Horizontal Vertical

Export data ?

[CSV](#)

[Excel](#)

NCM Code	NCM Description	2021 - US\$ FOB	2020 - US\$ FOB	2019 - US\$ FOB	2018 - US\$ FOB	2017 - US\$ FOB	2016 - US\$ FOB	2015 - US\$ FOB
30023090	Other vaccines for veterinary medicine	\$95.715.940	\$113.558.964	\$108.120.131	\$111.645.290	\$107.559.994	\$91.773.198	\$120.296.937

Summary

Year start: 2015

Year end: 2021

Month start: January

Month end: December

Row number: 21

Type of operation: Import

Search type: General

Order type: Values

[Create query url](#)

Result

Display type

Horizontal Vertical

Export data

[CSV](#)

[Excel](#)

NCM Code	NCM Description	Country	2021 - US\$ FOB	2020 - US\$ FOB	2019 - US\$ FOB	2018 - US\$ FOB	2017 - US\$ FOB	2016 - US\$ FOB	2015 - US\$ FOB
30023090	Other vaccines for veterinary medicine	United States	\$48.374.526	\$58.050.712	\$54.242.235	\$61.243.542	\$59.846.640	\$55.040.057	\$82.044.305
30023090	Other vaccines for veterinary medicine	Netherlands	\$15.179.224	\$15.102.876	\$20.643.165	\$12.960.055	\$12.593.471	\$7.987.206	\$6.001.731
30023090	Other vaccines for veterinary medicine	Belgium	\$10.237.304	\$16.363.911	\$12.274.020	\$16.874.146	\$15.544.583	\$15.387.172	\$16.943.612
30023090	Other vaccines for veterinary medicine	Uruguay	\$5.610.947	\$6.225.537	\$5.656.514	\$5.192.593	\$4.607.534	\$3.013.082	\$3.069.965
30023090	Other vaccines for veterinary medicine	Germany	\$5.123.147	\$5.277.708	\$4.506.116	\$5.494.792	\$4.810.976	\$4.040.212	\$3.540.731
30023090	Other vaccines for veterinary medicine	Spain	\$3.622.968	\$5.330.070	\$4.350.831	\$3.403.412	\$3.285.143	\$2.136.012	\$2.120.285

The market for pet food in Brazil is highly consolidated and the top five market players account for more than 60% of the market. It includes the major global players such as **Mars Incorporated** (which has the biggest market share), **Nestle**, **Hill's Pet Nutrition** and **Affinity Pet Care** (recently acquired by the giant food company **BRF** that realized several acquisitions, including Affinity Pet Care Brazil, to enter the petfood market).

But also domestic companies play a major role in the market such as **Nutriara** and **Total Alimentos** (acquired by **Neovia**).

The CVA Petcare Dogs and Cats 2020 Study interviewed 5,420 consumers throughout Brazil: 3,400 owners of dogs and 2,020 of cats. It gave the following rankings:¹⁵

Perceived value (Perceived cost-benefit ratio) for dogs feed

- 1) Kanina (Purina)
- 2) Pro Plan (Purina)
- 3) Special Dog (Special Dog)
- 4) Dog Chow (Purina)
- 5) Golden (Premier)
- 6) Pedigree (Mars)
- 7) Naturalis (Total Alimentos)
- 8) Adore Cães (Hercosul)
- 9) Foster (Lupus)
- 10) Premier Pet (Premier)
- 11) Faro (Affinity)
- 12) Bomguy (FVO)
- 13) Royal Canin (Royal Canin)

Brand strength (Share of attraction minus share of rejection) for dogs feed

- 1) Pedigree (Mars)
- 2) Royal Canin (Royal Canin)
- 3) Golden (Premier)
- 4) Premier Pet (Premier)
- 5) Dog Chow (Purina)
- 6) Magnus (Adimax)
- 7) Foster (Lupus)
- 8) Pro Plan (Purina)
- 9) Special Dog (Special Dog)
- 10) Naturalis (Total Alimentos)
- 11) Gran Plus (Affinity)
- 12) Three Dog (Hercosul)

¹⁵ <https://rnpet.com.br/materias/novo-estudo-da-cva-solutions-sobre-o-mercado-pet-care/>

SALES CHANNELS

In 2019 Brazil had 252,000 premises acting directly or indirectly with products and services related to pets:

- 61.1% are companies with point of sales such as food retailers, pet shops, vet clinics and agro stores;
- 38.6 % are breeders and
- 0.3% industry.²⁰

The pet market is dominated by smaller companies: more than 90% of the business is carried out by medium and small companies, while the large pet shops only represent 10%.

The chart below highlights the projected growth in the various sales channels in 2021. Pets shops (SMB) expects a 48.1% growth, while Vet Clinics and Hospitals 17.9%. The e-commerce gained importance during the pandemic, representing R\$ 2.4 billion and an increase by 5.2%.

Canais de Acesso aos Prod e Serv Pet - Projeção 2021 - Base 1º Trimestre R\$ 46.516.652.368,22		
Segmentos	Base 1º Trim	%
E-commerce	R\$ 2.439.781.961,72	5,2%
Clínicas e Hosp. Vet	R\$ 8.347.017.821,71	17,9%
Agrolojas	R\$ 4.736.518.610,26	10,2%
Varejo Alimentar (Hiper Merc. Super Merc., Mercearias, etc.)	R\$ 4.186.498.713,14	9,0%
Outros (Clubes de Serv, Loj de Conveniência, Famacia , etc.)	R\$ 1.050.113.427,21	2,3%
Pet Shops (Pequeno e Médio)	R\$ 22.376.866.202,51	48,1%
Pet Shops (Mega Store)	R\$ 3.379.855.631,68	7,3%
Total	R\$ 46.516.652.368,22	100%

²⁰ <https://www.editorastilo.com.br/mercado-pet-deve-crescer-13-em-2020-puxado-por-pet-food-e-produtos-veterinarios/>

When looking at the distribution of the online “traffic” by country, we see:

- the United States in the lead, with almost 40% of the entire audience and a growth in the last year by 9.47%.
- Germany also stands out with a second position. Although there, pets also pay taxes (like every good citizen).²¹
- Brazil is on position 5, but with an annual growth of 28.59%. This is the biggest growth among the top five countries! So there is still a lot of growth potential for this market, considering the size of the Brazilian market and the number of pets present there.

	Country	↓ Traffic Share	Visits	Growth	Change
1	United States	39.77%	327.5M	2.6M	↑ 9.47%
2	Germany	6.08%	50.05M	472.2K	↑ 11.89%
3	United Kingdom	5.97%	49.15M	-297.1K	↓ 6.45%
4	France	5.11%	42.09M	55.3K	↑ 1.44%
5	Brazil	5.11%	42.09M	918.1K	↑ 28.59%

Fonte: SimilarWeb

<https://www.ecommercebrasil.com.br/artigos/o-mercado-de-pet-care-e-destaque-no-brasil/>

²¹ <https://www.ecommercebrasil.com.br/artigos/o-mercado-de-pet-care-e-destaque-no-brasil/>

in the sector: the purchase of Zee.Dog for R\$ 715 million. One of the great attractions of ZEE.Dog is its digital front, evidenced mainly in the Zee.Now home delivery application.²²

- **Cobasi**, another mega store in the pet sector, received a R\$ 300 million investment from the private equity fund Kinea in April 2021.

- **Petlove&Co** brings together brands such as the:
 - online pet shop Petlove
 - the DogHero accommodation and tour application for pets,
 - the veterinary market platform Vet Smart,
 - the management platform for veterinary clinics and pet shops Vetus and
 - the Porto.Pet health plans 2020²³

PetLove announced a funding of R\$ 750 million to finance its growth, led by the North American Riverwood Capital. With that announcement, Petlove&Co will have received R\$ 1 billion since the beginning of 2020, on top of the R\$ 250 million it received in the previous round, made last year by SoftBank. The company grew by 65% in 2020. According to Petlove&Co, the new investment will "further strengthen the company's future plans, which intends to continue investing to consolidate itself as the main pet ecosystem in Brazil."

²² [Zee.Now: os próximos passos do app de entrega para pets, após ter sido comprado pela Petz - InfoMoney](#)

²³ [Petlove capta mais R\\$ 750 milhões, acelerando a corrida pelo melhor ecossistema pet do Brasil - InfoMoney](#)

4. THE PET INDUSTRY

The pet industry consists of several significant branches: pet food and treats, vet care, pet services such as grooming, pet boarding, training, pet insurance companies, accessories, hygiene and grooming products such as shampoos, clippers, combs, nail grinders, toothbrushes, toothpaste, etc. Pet owners also love to buy clothes for their pets.

Premium products such as premium dog and cat food are increasing its sales and the country has a good number of premium clinics. The competition is growing in regions where large chains of hypermarkets or pet superstores are growing. At the same time, both the generation of consumers born between 1946 and 1964 (baby boomers) and born between 1981 and 1996 (millennials) have sought smaller stores near their homes, avoiding large commutes to large establishments, further away from the city centers.

Another trend is to choose food for the animal in a manner that is more similar to the search for food for the whole family (ingredients, looking for services selling fresh food ...).

Considering that more and more Brazilian pet owners see their pet to be part of the family (parent-child relationship), it translates in a number of new market opportunities for pet products and service providers, such as specific health insurance plans for pets, specific pet medication and medicated feed, specific veterinary care (clinics, 24/7, different specialities such as dermatologist, oncologist, etc.).

Subsectors of the pet industry:

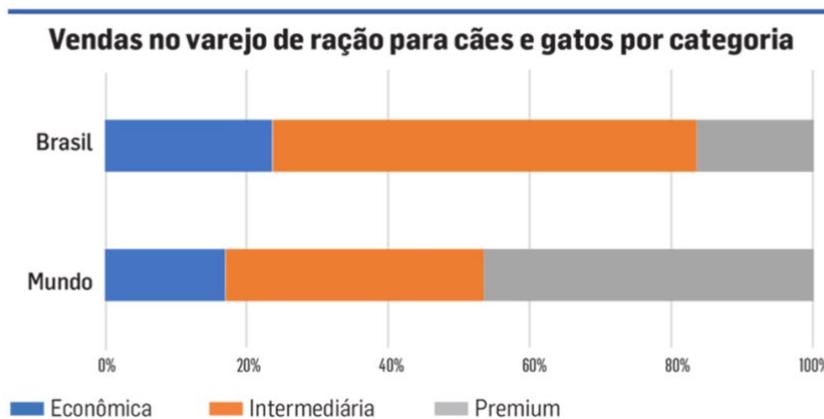
- ✓ Pet food
- ✓ Animal health and veterinary products
- ✓ Services (veterinary services and pet care)
- ✓ Sale of animals from breeders
- ✓ Insurance
- ✓ Pet care (equipment, accessories, hygiene and grooming products)
- ✓ Other services (boarding, training)

PET FOOD

The Brazilian Pet Food market is segmented by Product (Dry Pet Food, Wet Pet Food, Treats and Snacks, Other Products), Animal Type (Dog, Cat, Bird, and Other Animal Types), Ingredient Type (Plant-derived, Animal-derived, Other Ingredient Types) and Sales Channel (Specialized Pet Shops, Internal Sales, Hypermarkets, Other Sale Channels).²⁴

The dry pet food segment of the Brazilian pet food market is projected to register a CAGR (compound annual growth rate) of 7.8% during the forecasted period 2021- 2026. The category economic dry dog food for dogs and cats is still the preferred and most popular choice due to its convenience and low cost. Moreover, considering that Brazilian consumers are spending more on their pet, investments in health and nutrition are increasing. The popularity of dry pet food is rising over the wet food thanks to a few advantages like Kibble eating dogs who tend to have better breath than those who eat only wet food. Chewing the dry Kibble helps to keep pet's teeth healthy by reducing plaque and tartar buildup.²⁵

The consumption of premium pet food in the Brazilian market is improving but the country's main volume is still related to intermediary pet food.



Source: RadarPet2020

²⁴ <https://www.mordorintelligence.com/industry-reports/brazil-pet-food-market>

²⁵ <https://www.mordorintelligence.com/industry-reports/brazil-pet-food-market>

SALE OF ANIMALS FROM BREEDERS

The sales of animals from breeders represents a share of 11.3% of the pet industry market and it is expected to reach R\$ 5.6 billion in 2021, a 14% growth compared to 2020.

Brazil has been taken actions such as inspection, certification of breeders, manual of good practices in order to avoid clandestine activities and the mistreatment of animals.

Breeders use to import cats and dogs to meet the Brazilian demand. It is not an easy process, it requests high investment and time to prepare all the documents requested by Vigiagro, the International Agricultural Surveillance System from the Ministry of Agriculture and Livestock²⁸, a proof of international vaccination, evaluation by a veterinary approved by the Ministry of Agriculture, etc.

In the chart below you can see the most imported dogs in 2020:

6. RELATÓRIO GERAL DE RECONHECIMENTOS DE PEDIGREE ESTRANGEIRO 2020

RAÇA	QUANTIDADE
SPITZ ALEMAO ANAO - POMERANIA	53
BULDOGUE FRANCES	27
PASTOR ALEMAO	27
ROTTWEILER	19
CAVALIER KING CHARLES SPANIEL	19
CHIHUAHUA PELO LONGO	13

<https://cbkc.org/cbkc/estatisticas/2020>

INSURANCE

Pet owners love their pets, so it is natural that they want to get the best possible pet insurance. The pet insurance industry offers accident, illness and wellness coverage and is becoming incredibly popular. The latest pet insurance consumer report estimates that the global pet insurance industry will hit \$5.89 billion by 2025. A pet insurance in Brazil monthly costs between R\$ 44,00 (€ 6.8) and R\$ 400,00 (€ 62) depending on the coverage.

Main insurance companies for pets in Brazil:

- 1) Meu Pet Protegido
- 2) Vital Pet
- 3) Doutor Pet

²⁸ <https://www.gov.br/agricultura/pt-br/assuntos/importacao-e-exportacao/importacao-e-exportacao-vigiagro>

- 4) Health For Pet (Porto Seguro)
- 5) Liberty
- 6) Dog Life
- 7) Petplan
- 8) Pet Mais Vida
- 9) Health Life
- 10) Pet Care Prevent
- 11) Vetplan



The chart below highlights the taxes for each item.

NCM Code	Description	II	IPI	PIS/Pasep	COFINS	ICMS
2309.1000	Food for Dogs and Cats	14%	10%	2,1%	9.65%	18%

Source: Aduaneiras 19-06-2020²⁹

- II = import duty
- IPI = production tax/excise duty
- Pis/Paseps = social tax
- Confins = social tax
- ICMS = local VAT (each Brazilian State has its own)

More information on the calculation of the different taxes can be found in the “Landenfiche Brazilië” on the Flanders Investment & Trade website.

Approved foreign analysis laboratories can be found on the following website:

(<http://sistemasweb.agricultura.gov.br/siscole/consultaPublicaCadastro!consultarCadastro.action>).

After having received the analysis certificate, the VOKA-Kamer van Koophandel network will have to declare the origin

The Market Access Database published by the European Union also gives an overview of the documents needed by exporter when exporting to Brazil. See link:

<http://madb.europa.eu/mkacddb2/datasetPreviewIFpubli.htm?datasettype=prod>.

DRAWBACK

The drawback is a special customs regime created by the Brazilian government to reduce the production costs of manufactured products that will be exported. Basically, the regime allows the suspension, exemption or refund of the taxes levied on the local acquisition or import of raw materials and inputs to be applied in the production of goods to be exported.

This customs regime is mostly used in the suspension modality, in which the government grants the suspension of these taxes levied on the acquisition of raw materials and inputs:

- the Import Duty (II);
- the Excise Tax (IPI);
- the Social Contributions (PIS and COFINS);
- the State Value-Added Tax (ICMS).

²⁹ <https://tecwinweb.aduaneiras.com.br/Modulos/CodigoNcm/CodigoNcm.aspx?codigoNcm=22030000>

6. ASSOCIATIONS, PRESS AND TRADE FAIRS

ASSOCIATIONS

ABINPET - Associação Brasileira da Indústria de Produtos para Animais de Estimação
Brazilian Association of Pet Products Industry

Av. Paulista, 1159 - Bela Vista, São Paulo - SP, 01310-100

E: abinpet@abinpet.org.br

T: +55 11 3373-8200

www.abinpet.org.br

ANDIPET – Associação Brasileira dos Distribuidores de Produtos Pet
Brazilian Association of Pet Products Distributors

Mr. Rafael Nino Ballarini – Director (CD Porto Alegre)

E: rafael@royalsul.com.br

Ms. Zuleica Mazzetti – Executive Management

E: zuleica@andipet.com.br

Av. Vivaldi, 1412 – Rudge Ramos. CEP: 09617-000 – São Bernardo do Campo/SP

T: +55 11 3459 3406

www.andipet.com.br

Obs.: Mr. Rafael Ballarini will be present at the Global Pet Expo. He is interested in visiting stands to know firsthand the products in order to suggest members of the association as possible distribution partners in Brazil. In case of contact, please put in copy Ms. Zuleica Mazzetti as well.

SINDIRAÇÕES – National Syndicate of the Animal Feed Industry

Avenida Paulista, 1313 – 10^º andar, Cjs. 1050/1060. CEP: 01311-923 – São Paulo/SP

T: +55 11 3541-1212

E: sindiracoes@sindiracoes.org.br

www.sindiracoes.org.br

SINDAN - Sindicato Nacional da Indústria de Produtos para Saúde Animal
National Union of the Animal Health Products Industry

Rua do Rocio, 313 - 9^º andar. CEP 04552-904 - Vila Olímpia/SP

T: +55 11 4130-8440 / 3044-4749

M: +55 11 99504-9936 / 97593-8316

E: sindan@sindan.org.br

www.sindan.org.br

