How did Bolivia take over the Global Brazil nut Market?

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About Amazon 2030

The **Amazon 2030** project is a Brazilian research initiative with the purpose of developing an action plan for the Brazilian Amazon. Our objective is to achieve conditions for a higher standard of economical and human development in the region, and to achieve a sustainable use of natural resources by 2030.

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Executive Summary

For centuries, Brazilian companies dominated the Brazil nut (BN) market to the point that, in many languages, the product still bears the country's name. In a surprising turnaround, in 2019, Brazilian companies accounted for only 11% of this market while companies in Bolivia maintained a 74% share. This despite operating in a country with more political turmoil, fewer economic resources, and more structural obstacles than its South American neighbor. This article examines how Bolivian companies managed to overcome these difficulties and prevail in the global Brazil nut market.

The article identifies the decision of the European Union (EU) in 1998 to impose stricter sanitary import standards, especially those related to aflatoxin contamination, as the turning point in the industry's trajectory in both Bolivia and Brazil.

Soon after this decision, both Brazilians and Bolivians pleaded for exemption from the new rules, arguing that the requirements would decimate the industry, harm traditional communities dedicated to forest extraction, and allow for an increase in deforestation. European authorities listened to these requests but made no exceptions.

Bolivian companies responded to this new reality effectively and immediately. First, the Bolivian government required exporters to submit negative tests for aflatoxin before receiving an export license. Second, companies located in Riberalta (Bolivia) have rehabilitated their business association and equipped it with a laboratory capable of checking the content of aflatoxins in nuts. The association found it could cover its expenses if it charged US$105 per test. However, it decided to set the price at US$300, an amount US$80 less than that charged by a commercial laboratory in La Paz, but which generated a surplus to help finance its operations.

Taking advantage of its political representation and its financial autonomy, the association also acquired technical competence by hiring foreign consultants specialized in aflatoxin control. Finally, it used its resources to help local companies renovate their factories, develop new equipment, purchase supplies, train their staff, and adopt new management methods aimed at ensuring food quality and phytosanitary health. Thanks to these initiatives, the Bolivian industry maintained unrestricted access to the European market, and, in subsequent years, it began to expand its participation in other markets as well.

In contrast, the Brazilian government was slow to act, Brazilian processors and exporters were unable to cooperate with each other and continued to ship contaminated batches to the EU. In response, European authorities increased the frequency of inspections until it reached 100% of the loads of shelled Brazil nuts. Finally, these conditions were so onerous and shipping cargo to Europe became so risky that Brazilian exporters gave up on this market.

Today, Bolivia's dominance is so extensive that its companies buy shelled (i.e., raw) nuts from Brazil at a negligible price, process and export them as unshelled nuts at much higher prices to the rest of the world. Since 2010, Bolivia has exported between US$ 1 million and US$ 2 million per year of shelled nuts to Brazil itself.

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