

Brazilian Chocolatier Finds Sweet Spot in Middle East in Bitter Times

Contributed by Marina Sarruf
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After introducing its product to a few South American countries and the United States the Brazilian maker of chocolates and syrups Harald is trying to expand sales to the Arab market. Since August the company has been negotiating with a consortium from Saudi Arabia to distribute its products in the Middle East.

If all works out, shipments should total 500 tons of chocolate for filling and coating throughout the year of 2009. "We are at the final stages of negotiation. We want to start shipping in December," said the foreign trade manager at the company, José Ricardo Cicone.

According to him, negotiations began during the Brazilian Association of Wholesalers and Distributors (Abad) fair, in Curitiba, capital of the state of Paraná.

Since August, representatives of Harald have visited their distributors in Saudi Arabia, Egypt, Lebanon, Qatar and Oman and some of the distributors have already traveled to São Paulo to visit the company factory. "The generation of closer ties between both parties takes longer as we are dealing with food products," said the manager.

This should not be the first Harald export to the Arab market. The organization has been present in the United Arab Emirates and Yemen for one year. "We see the Middle Eastern market as a market of good buyers and partners and with great buying power," stated Cicone. According to him, consumption of chocolates in the Arab nations has been growing in recent years, expanding opportunities for Brazil.

The main product to be shipped to the Arab market is chocolate in bars used for the production of sweets and breads. To increase production and manage to supply the foreign demand, Harald invested 10 million Brazilian reais (US\$ 4.3 million) in new equipment for production, dosage and crystallization of chocolate bars and coatings. According to Cicone, with the new machine, production of chocolate bars should rise by 30%.

Investment in greater Harald production capacity is part of the company's objective of winning and diversifying new markets. This year, company exports should represent between 3% and 4% of production. "Our target is to increase this total to 15%," said Cicone.

According to him, the company has started exporting greater volumes and investing in the foreign market. Chile, Peru and the United States are the main markets for Harald, which wants to diversify clients due to the financial crisis. "We are diversifying the focus to the Middle East because they are excellent consumers," added Cicone.

To seek new clients, the company should participate for the first time in a business fair outside Brazil, ISM (International Sussewaren Messe), the main international fair in the chocolate and sweet sector, to take place in January, in the city of Cologne, Germany.

Harald was initially established in Porto Alegre, Rio Grande do Sul, in 1982, but in 1991 the head office was transferred to Santana de Parnaíba, in the interior of São Paulo.

Currently, the company produces over 100 products, like rice flakes, cereal coated with chocolate, chocolate drops, granulated products, liquid coating, fruit gel, cocoa powder, chocolate and sugar, creams and fillings, among others.

In an area of 12,000 square meters and responsible for production of 58,000 tons a year, the company supplies the sectors of industry, arts, bread production, confectionery and ice cream, among others.

Over the last five years, Harald has invested 50 million Brazilian reais and has become one of the main producers of chocolate in Brazil.

With annual growth of 20% in sales over the last 20 years, the company hopes to reach growth of 15% this year and 18% in 2009. With 500 employees, the company has been working to receive all national and international certification.

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