



DOING BUSINESS IN BRAZIL

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Introduction



CAPITAL: BRASILIA



POPULATION

Total Population: 209,469,333

Natural Increase: 0.8%

Density: 25 Inhabitants/km²

Urban Population: 86.6%

Population of main metropolitan areas: Sao Paulo (21,090,791); Rio de Janeiro (12,166,798); Belo Horizonte (5,813,410); Brasília (4,201,737); Porto Alegre (4,179,197); Salvador (3,953,288); Recife (3,914,317); Fortaleza (3,852,705); Curitiba (3,449,491); Campinas (3,081,247); Goiânia (2,421,831); Manaus (2,403,986); Belém (2,212,653); Grande Vitória (1,910,101); Santos (1,797,500)

Ethnic Origins: According to the IBGE ([Brazilian Institute of Geography and Statistics](#)), less than 48% of the Brazilian population is of European origin. About 43% of the population is of mixed ethnic origin, about 8% is of African origin and less than 2% have other ethnic origins, including Indian, Arab and Japanese.

Official Language: Portuguese

Other Languages Spoken: English is the most commonly spoken foreign language in Brazil. Spanish is generally understood by the Brazilians and French is spoken by around 570,000 people across the country.

Business Language(s): Portuguese, English and Spanish.

Religion: Despite a very strong Catholic tradition, religious freedom has been recognised and practiced for several decades. Religions of African origin were legalised in the 1950s and many Neo-Pentacostal churches have been opened since the end of the 1980s.

Literacy Rate: 88.6%

National Currency: Brazilian Real (BRL)



COUNTRY OVERVIEW

Area: 8,515,770 km²

Type of State: A federal republic based on parliamentary democracy. The Brazilian constitution gives extensive powers to the [government](#).

Type of Economy: Upper-middle-income economy, Emerging Financial Market.
7th world economy with high inequalities; leading producer of sugar and coffee in the world.

HDI*: 0.755/1

HDI (World Rank): 75/188

Note: () [The HDI](#), Human Development Index, is an Indicator Which Synthesizes Several Data Such as Life Expectancy, Level of Education, Professional Careers, Access to Culture etc.*



TELECOMMUNICATION

Telephone Code:

To call from Brazil, dial 00

To call Brazil, dial +55

Internet Suffix: .br

Computers: 16.1 per 100 Inhabitants

Telephone Lines: 22.3 per 100 Inhabitants

Internet Users: 49.8 per 100 Inhabitants

Access to Electricity: 99.5% of the Population

Foreign Trade in Figures

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods <i>(million USD)</i>	239,152	178,798	143,474	157,476	188,564
Exports of Goods <i>(million USD)</i>	225,101	191,134	185,280	217,769	239,889
Imports of Services <i>(million USD)</i>	85,916	68,921	63,750	66,293	65,726
Exports of Services <i>(million USD)</i>	39,047	32,989	33,300	33,677	33,224

Source: WTO – World Trade Organisation, 2017

[See the latest updates in the Country Profile for Brazil.](#)

Latest Update: December 2019

Economic and Political Overview

ECONOMIC OUTLINE

Economic Overview

Brazil is the world's eighth largest economy. After almost a decade of strong growth (2002-2013), Brazil entered into the worst recession in its history in 2015 (-3.8% of GDP) and 2016 (-3.6%). This economic crisis was due to the fall of commodity prices and a drop in consumption and in investment. However, the economy recovered in 2017 and the GDP recorded a 1% progression. Budgetary adjustment and favorable economic conditions have fostered the recovery. In 2018, the Brazilian economy confirmed its rebound and the country's GDP grew 1.4%. The economy is expected to keep growing in 2019, reaching an estimated annual GDP growth rate of 2.4% (IMF).

In 2018, inflation grew slightly, reaching 3.7% (compared to 3.4% the previous year) and is expected to increase to 4.2% in 2019. Fiscal consolidation is the government's main objective, but even though the fiscal deficit is expected to narrow in 2019, the President's promise to reduce the imbalance to zero this year is not feasible. The government budget balance registered in 2018 a deficit of 7.3% which is expected to be maintained at the similar level in 2019 and 2020. The government will also focus on social security reform, which was announced by the previous administration but failed to pass the Congress. If the current government fails to address the pension system reform, it could jeopardise the stronger economic momentum. However, the Congress is still far from passing the reform plans.

The unemployment rate in Brazil is still high, reaching 11.8% in 2018, however it recorded a 1% decrease from the previous year. The steady decrease in unemployment throughout 2018 contributed to an improvement in household consumption. Although unemployment decreased, the country continues to face social issues and has one of the highest levels of inequality in the world. Even though Brazil has lifted 28 million people out of poverty in the last 15 years, 10% of the population still live in poverty. The country's richest 5% have the same income as the remaining 95%. There are high disparities between the regions, and there has been a recent rise in the rates of delinquency and criminal violence. The indebtedness of the state of Rio de Janeiro has had severe consequences. Criminality rose during the past two years and a controversial military intervention in Rio de Janeiro was decided in February 2018.

Main Indicators	2017	2018	2019 (e)	2020 (e)	2021 (e)
GDP (billions USD)	2,052.81e	1,867.82e	1,847.02	1,893.01	1,987.82
GDP (Constant Prices, Annual % Change)	1.1e	1.1e	0.9	2.0	2.4
GDP per Capita (USD)	9,926e	8,959e	8,797	8,956	9,344
General Government Balance (in % of GDP)	-6.5	-6.1e	-6.3	-6.0	-6.0
General Government Gross Debt (in % of GDP)	84.1	87.9e	91.6	93.9	94.5
Inflation Rate (%)	3.4	3.7e	3.8	3.5	3.8
Unemployment Rate (% of the Labour Force)	12.8	12.3e	11.8	10.8	10.0
Current Account (billions USD)	-7.24	-14.51e	-22.32	-19.64	-22.54
Current Account (in % of GDP)	-0.4	-0.8e	-1.2	-1.0	-1.1

Source: IMF - World Economic Outlook Database, Latest available data

Note: (e) Estimated Data

Main Sectors of Industry

Brazil has abundant natural resources and a relatively diversified economy. Brazil is the world's largest producer of coffee, sugar cane and oranges, and is one of the world's largest producers of soy. With forests covering half of the country and the world's largest rainforest, Brazil is the world's fourth largest exporter of timber. Additionally, Brazil is home to the world's largest commercial livestock herd. The country also attracts many multi-national groups in the food and bio-fuels industries. Still, agriculture contributes relatively little to the GDP (4.6%) and only employs 10% of the population, while it represents 40% of exports.

Brazil is also a large industrial power, and has benefited greatly from its mineral ore wealth. The country is the world's second largest exporter of iron, and one of the world's main producers of aluminium and coal. As an oil producer, Brazil is aiming to become energy independent in the near future, with reserves that could make it one of the top five oil producers in the world. Furthermore, the country is increasingly asserting itself in the textile, aeronautics, pharmacy, automobile, steel and chemical industry sectors. Many of the world's large automobile manufacturers have set up production plants in Brazil. The industry sector contributes 18.5% to the GDP and employs 20.9% of the population. Even though the sector had experienced a slowdown in recent years, it has been recovering since 2016 and is currently growing again.

The service sector represents over 63% of Brazilian GDP and employs almost 70% of the active workforce. In recent years, the country has embarked on the production of high added-value services, especially in the fields of aeronautics and telecommunications. Tourism has also been on the rise in recent years, making it an important segment of the sector.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	9.3	20.4	70.3
Value Added <i>(in % of GDP)</i>	4.4	18.4	63.1
Value Added <i>(Annual % Change)</i>	0.1	0.6	-2.6

Source: World Bank, Latest available data.

Learn more about [Market Analyses about Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Indicator of Economic Freedom

Score: 51,9/100

World Rank: 150

Regional Rank: 27

[Economic freedom in the world \(interactive map\)](#)

Source: [2019 Index of Economic Freedom, Heritage Foundation](#)

Business environment ranking

Score: 6.57

World Rank: 43/82

Source: [The Economist - Business Environment Rankings 2014-2018](#)

Country Risk

See the country [risk analysis](#) provided by [Coface](#).

Sources of General Economic Information

Ministries	Ministry of Agriculture (MAPA) Ministry of Foreign Relations (MRE) Integrated Development Institute of Minas Gerais (INDI) Ministry of Development, Industry and Foreign Trade Ministry of the Economy (Fazenda)
Statistical Office	Brazilian Statistics Institute
Central Bank	Central Bank
Stock Exchange	Rio de Janeiro Stock Exchange São Paulo Stock Exchange
Other Useful Resources	Economic Statistics
Main Online Newspapers	Folha de São Paulo Estado de São Paulo Jornal do Brasil News publication focusing on business, finance and the economy Jornal do Comercio
Economic Portals	Economic Portal- Brazil

POLITICAL OUTLINE

Type of State	A federal republic based on parliamentary democracy. The Brazilian constitution gives extensive powers to the government .
Executive Power	The President is both Head of State and Head of the Government. He or she holds executive power and appoints the Council of Ministers. The President and Vice-president are elected by universal suffrage to a four year term.
Legislative Power	The legislative power is bicameral. The parliament, called the National Congress, is made up of two houses: the Senate (upper house) and the Chamber of Deputies (lower house). The Senate is comprised of 81 members (three members for each of the 26 provinces and the Federal District of Brasília), each elected on a majority basis for eight year terms. The Chamber of Deputies is comprised of 513 members, with seats allocated according to proportional representation for a four year term. There are also legislatures and administrations at the state level in each of Brazil's 26 states and in the Federal District.
Main Political Parties	<p>About two dozen political parties are represented in the Brazilian National Congress. Parties typically group together to form coalition governments. The two prominent coalitions were the Worker's Party (PT) and the Social Democratic Party (PMDB) until the end of 2018. However, politicians often change parties, which has led to weak party discipline. This was the case with Jair Bolsonaro joining to Social Liberal Party in 2018, changing political balance in the country.</p> <p>Main parties by number of seats in Congress are:</p>

- Social Liberal Party (PSL): extreme-right, liberal , anti-communist. In 2018, After the presidential election of Bolsonaro, PSL became the second most powerful country in Brazil with 60 elected officials in parliamentary elections.
- [The Worker's Party](#) (PT): centre-left, winning party since 2003, retains majority in both chambers of Congress, heads the ruling coalition
- [The Democratic Movement Party](#) (MDB): centrist
- [Partido Social Democrático](#) (PSD): centrist
- [The Social Democratic Party](#) (PSDB): centre to centre-left; chief opposition party, weakened by its inability to secure the presidency
- [The Progressive Party](#) (PP): centre-right
- [The Party of the Republic](#) (PR): centre-right
- [The Democrats](#) (DEM): centre-right to right-wing
- [Solidarity](#) (SD) : left-wing
- [Podemos](#) (PODE) : centre
- [Republican Party of the Social Order](#) (PROS) : liberal; social-conservatist
- [Socialism and Liberty Party](#) (PSOL): democratic socialist; left-libertarianist.
- [Green Party](#) (PV): green politics
- [The Brazilian Socialist Party](#) (PSB): centre-left
- [Democratic Labour Party](#) (PDT): centre-left

Current Political Leaders	President: Jair BOLSONARO (since 1 January 2019) - Social Liberal Party (PSL) ; the president is both chief of state and head of government Vice President: Antonio Hamilton Martins MOURAO (since January 1, 2019)
Next Election Dates	Presidential: October 2022 Federal Senate and Chamber of Deputies: October 2022

Indicator of Freedom of the Press

World Rank: 105/180

Source: [2019 World Press Freedom Index, Reporters Without Borders](#)

Indicator of Political Freedom

Ranking: Free

Political Freedom: 2/7

Civil Liberties: 2/7

[Political freedom in the world \(interactive map\)](#)

Source: [Freedom in the World 2019, Freedom House](#)

Latest Update: December 2019

Trade Profile

FOREIGN TRADE IN FIGURES

Although foreign trade only represents 24.1% of its GDP, Brazil is among the world's 25 largest exporters and importers. The country has an enormous economic potential. Brazil mainly exports agricultural and food products (soya, coffee, sugar, maize, meat), minerals, oil and air vehicles and imports hydrocarbons, vehicles, chemicals and pharmaceuticals, and electrical and electronic products. Brazil main exports are soya beans (11.8%), iron ores (8.8%), petroleum oils (7.6%), cane or beet sugar and sucrose (5.2%), and motor vehicles (3.1%), while its main imports are petroleum oils (7.9%), parts and accessories for tractors and motor vehicles (3.6%), electronic integrated circuits and microassemblies (2.8%), coal and similar solid fuels (2.3%), and pharmaceuticals (2.1%).

The country's main trade partners are China, the United States, Japan, the countries of Mercosur and the EU. Since Brazil's economic crisis (2013-2017), the economy has been a prominent issue in political conversations, especially regarding globalization and the ways in which trade liberalization can affect economic growth. Despite being the largest economy in Latin America and the eighth in the world, Brazil is still relatively closed compared to other large economies, with a low trade penetration and a low number of exporters relative to the population (its absolute number of exporters is roughly the same as that of Norway, a country with approximately 5 million people compared to Brazil's 200 million).

Brazil's trade balance is structurally positive, but has declined in recent years due to a drop in the prices of raw materials, an increase in energy imports and a decline in the competitiveness of Brazilian products. Brazil's current account balance represented -0.47% of GDP in 2018 compared to -0.6% in 2017, according to Trading Economics. Even though Brazil experienced trade deficits between 2013 and 2015, the balance has picked up since mid-2016. Exports of basic goods and manufactured products went up in 2017 and 2018. In 2017, trade balance of goods amounted to USD 64 billion (World Bank). In 2018, Brazil's balance of trade closed out 2018 at USD 58.3 billion, which was the second best performance since 1989, according to the state-owned news company [EBC](#). As the world's agricultural super power, Brazil conducts a very particular foreign trade policy, aiming at conquering markets while preserving at all cost its influential position.

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods <i>(million USD)</i>	239,152	178,798	143,474	157,476	188,564
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Imports of Services <i>(million USD)</i>	85,916	68,921	63,750	66,293	65,726
Exports of Services <i>(million USD)</i>	39,047	32,989	33,300	33,677	33,224
Imports of Goods and Services <i>(Annual % Change)</i>	-2.3	-14.2	-10.3	5.0	8.5
Exports of Goods and Services <i>(Annual % Change)</i>	-1.6	6.8	0.9	5.2	4.1
Imports of Goods and Services <i>(in % of GDP)</i>	13.7	14.1	12.1	11.6	14.3
Exports of Goods and Services <i>(in % of GDP)</i>	11.0	12.9	12.5	12.6	14.8
Trade Balance <i>(million USD)</i>	-6,629	17,655	44,635	63,959	53,047
Trade Balance (Including Service) <i>(million USD)</i>	-54,736	-19,261	14,188	26,032	17,313
Foreign Trade <i>(in % of GDP)</i>	24.7	27.0	24.5	24.1	29.1

Source: World Trade Organisation (WTO) - 2017; World Bank - 2017

Main Partner Countries

Main Customers (% of Exports)	2018
China	26.8%
United States	12.2%
Argentina	6.2%
Netherlands	5.4%
Chile	2.7%
Germany	2.2%
Spain	2.1%
Mexico	1.9%
Japan	1.8%
India	1.6%

Source: Comtrade, 2017

Main Products

239.9 bn USD of products exported in 2018	
Soya beans, whether or not broken	13.8%
Petroleum oils and oils obtained from bituminous minerals, crude	10.5%
Iron ores and concentrates, incl. roasted iron pyrites	8.4%
Chemical wood pulp, soda or sulphate (excl. dissolving grades)	3.3%
Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya-bean oil	2.8%
Cane or beet sugar and chemically pure sucrose, in solid form	2.7%
Meat and edible offal of fowls of the species gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen	2.5%
Light-vessels, fire-floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function; floating docks, floating or submersible drilling or production platforms (excl. fishing vessels and warships)	2.4%
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	2.1%
Meat of bovine animals, frozen	1.9%

Main Suppliers (% of Imports)	2018
China	19.2%
United States	16.2%
Argentina	6.1%
Germany	5.8%
South Korea	3.0%
Mexico	2.7%
Italy	2.5%
Japan	2.4%
France	2.2%

181.2 bn USD of products imported in 2018	
Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals	7.1%
Light-vessels, fire-floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function; floating docks, floating or submersible drilling or production platforms (excl. fishing vessels and warships)	5.3%
Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s.	3.2%
Petroleum oils and oils obtained from bituminous minerals, crude	2.8%
Electronic integrated circuits and microassemblies	2.6%
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	2.3%
Petroleum gas and other gaseous hydrocarbons	2.0%

181.2 bn USD of products imported in 2018

Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal administration or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)	1.9%
Coal; briquettes, ovoids and similar solid fuels manufactured from coal	1.9%
Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and modified immunological products, whether or not obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products	1.8%

Source: Comtrade, 2017

See More Products [More imports \(Intracen Data\)](#)
[More exports \(Intracen Data\)](#)

MAIN SERVICES

30.4 bn USD of services exported in 2016	
Other business services	54.05%
Travel	19.82%
Transportation	16.64%
Insurance services	2.58%
Government services	2.41%
Royalties and license fees	2.14%
Cultural and recreational services	1.87%
Construction services	0.49%

59.4 bn USD of services imported in 2016	
Other business services	44.60%
Travel	24.39%
Transportation	14.79%
Royalties and license fees	8.65%
Government services	3.86%
Insurance services	2.25%
Cultural and recreational services	1.44%
Construction services	0.01%

Source: United Nations Statistics Division, Latest Available Data

Exchange Rate System

Local Currency Brazilian Real (BRL)
 Exchange Rate Floating exchange rate.
 Regime

Level of Currency The Real has recently been subject to increased volatility. In 2015, it fell to its lowed point compared to the U.S. Dollar in a decade, due to fiscal turmoil and signs of
 Instability economic contraction.

Exchange Rate on :

Monetary Indicators	2014	2015	2016	2017	2018
Brazilian Real (BRL) - Average Annual Exchange Rate For 1 USD	2.35	3.33	3.49	3.19	3.65

Source: World Bank - Latest available data.

TRADE COMPLIANCE

International Conventions	<p>Member of World Trade Organisation</p> <p>Party to the Kyoto Protocol</p> <p>Party to the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora</p> <p>Party to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal</p> <p>Party to the Montreal Protocol on Substances That Deplete the Ozone Layer</p> <p>Party of the International Coffee Agreement 2007</p>
Main International Economic Cooperation	<p>Full member of MERCOSUR since 2012.</p> <p>Latin American Integration Association (ALADI)</p> <p>Free Trade Area of the Americas , not yet elaborated (FTAA)</p> <p>The country has signed a trade agreement with 21 other countries in the São Paulo Round of the Global System of Trade Preferences among Developing Countries (GSTP).</p>
Party of the ATA Convention on Temporary Admissions and Use of the Carnets	<p>No</p> <p><i>As a Reminder, the ATA is a System Allowing the Free Movement of Goods Across Frontiers and Their Temporary Admission Into a Customs Territory With Relief From Duties and Taxes. The Goods Are Covered By a Single Document Known as the ATA Carnet That is Secured By an International Guarantee System.</i></p> <p>Look Up the Other Member Countries And Read the Web Pages of the World Customs Organization Devoted to the ATA Carnet.</p>
Party of the TIR Convention	<p>No</p> <p><i>As a Reminder, the TIR Convention and its Transit Regime Contribute to the Facilitation of International Transport, Especially International Road Transport, Not Only in Europe and the Middle East, But Also in Other Parts of the World, Such as Africa and Latin America.</i></p> <p><i>The UNCTAD Website Allows You to Read the TIR Convention, See the List of Member Countries And to Find Further Information.</i></p>
Accompanying Documents For Imports	<ul style="list-style-type: none"> - single administrative document (SAD) - commercial invoice (in triplicate, preferably in Portuguese, with a detailed description of the goods, the country of purchase, origin and provenance, tariff details, registration number in the importer's register of commerce and the classification number of the goods) - phytosanitary or health certificate; - free sale certificate for cosmetics; - radioactive non-contamination certificate; - certificate of analysis and origin for wines, consular declaration for other types of alcoholic beverages; - transport documents and packing list.
Free Zones	<p>There are 8 free zones in Brazil but only the Zona Franca de Manaus has managed to attract foreign investment and experienced real economic development.</p>

For Further Information	<p>Customs Department The WTO website on Brazil's commercial policy</p>
Non Tariff Barriers	<p>A large number of imported products are subject to a prior license application to the SECEX (Secretariat for Foreign Trade), which is the only organisation authorised to issue this license. The license is valid for 60 days from the date of shipment of the goods (sometimes from the date of the license application). This period cannot be extended and is often insufficient. A new license application must then be made. For textiles, regulations are even stricter: the license is only issued if payment is carried out within 30 days following the date of the B/L (importers have to prove that they have effectively paid within the 30 days).</p> <p>All imports must be accompanied at least by 2 copies of the commercial invoice and the B/L. In the case of non-compliance with the legal requirements of the country, customs officials have the right to impose large fines (commonly, up to 100% of the usual duties). It is advisable in any case to work with a very good Brazilian Customs broker, who stays up to date on Customs regulations.</p> <p>One must consult the numerous sanitary regulations before undertaking any imports.</p> <p>Since Brazil has launched the Brasil Maior (Greater Brazil) plan, a rise in trade protection has been observed.</p>
Sectors or Products For Which Commercial Disagreements Have Been Registered With the WTO	<p>Petrol, agricultural dumping, cotton, citrus fruit, heavy industry, patents (with the United States); aeronautical construction (with Canada); coffee, poultry, sugar, heavy industry (with the European Union). Brazil is often attacked for its import restrictions and on its side makes complaints about the agricultural subsidies in the OECD countries.</p>
Assessment of Commercial Policy	<p>Brazil and the WTO Barriers to exchanges, inventoried by the EU Sanitary and phytosanitary barriers, inventoried by the EU</p>

Learn more about [How to Export to Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

STANDARDS

National Standards Organisations	<p>Brazilian Technical Standards Association Brazilian Committee for Standardisation in the Fields of Electricity, Electronics and Telecommunications National Council of Metrology, Standardisation and Industrial Quality (CONMETRO) National Institute of Metrology, Standardisation and Industrial Quality (INMETRO)</p>
Integration in the International Standards Network	<p>Member of the International Organisation for Standardisation (ISO), the International Electrotechnical Commission (IEC), the Global Ecolabeling Network (GEN), the Pan-American Standards Commission (COPANT), the MERCOSUL Association for Standardisation (AMN) and of the Uniform Commercial Code (UCC), which has become the GS1 after merging with a European group (an organisation concerning logistics chains and bar codes).</p>
Obligation to Use Standards	<p>Conforming to standards is obligatory for some products . For others it is voluntary . As with all voluntary standards, market forces and preferences often lead to the need for a specific certification.</p>
Classification of	<p>ABNT, NBR standards</p>

Standards

Assessment of the System of Standardization

The Brazilian consumer's approach is twofold: the 40 million richest Brazilians have requirements close to those of OECD countries' markets regarding the quality standards of the goods they buy. On the other hand, the rest of the population is especially careful about prices and the product's commercial image. Brasil has strict rules regarding standards and an active group of standard organizations.

Online Consultation of Standards

[The ABNT Catalogue](#)

Certification Organisations

[List of organisations authorised to issue certifications](#)

Latest Update: December 2019

Tax System

CORPORATE TAXES

Tax Base For Resident and Foreign Companies A company is considered resident in Brazil if it has been incorporated in Brazil, and its tax domicile is where its head office is located. The Brazilian legislation has a concept of 'taxable presence' (rather than the more common 'permanent establishment'), according to which a non-resident company may be treated as resident if it operates in Brazil either through: (a) a fixed place of business or (b) an agent who has the power to enter into contracts in Brazil in the name of or on behalf of the non-resident company.

Tax Rate

Corporate Income Tax	15%
Surtax on companies with taxable profits over BRL 240,000	10%
Social Contribution Tax (CSLL - non-deductible)	9% (20% for financial institutions, private insurance companies and capitalisation companies until 31 December 2018)
Effective tax rate	34%

Tax Rate For Foreign Companies Brazilian resident companies are subject to taxation on their worldwide income. Non-resident companies are generally taxed in Brazil through a registered subsidiary, branch, or permanent establishment, based on income generated locally. Non-resident companies may also be subject to withholding tax (IRRF) on Brazilian-sourced income.

Capital Gains Taxation Capital gains are treated the same way as ordinary income (subject to restrictions on the offsetting of capital losses against ordinary profits in certain cases). Capital gains derived by a non-resident on an investment registered with the central bank are subject to progressive rates, as follows:

- 15% until BRL 5 million;
 - 17.5% from BRL 5 million to BRL 10 million;
 - 20% from BRL 10 million to BRL 30 million;
 - 22.5% over BRL 30 million
- a 25% rate applies if the gains are derived by a resident of a tax haven.

Capital gains arising other than out of financial instruments are subject to income tax at 15%.

Main Allowable Deductions and Tax Credits In principle, all the expenses necessary for company activity are deductible. Start-up and pre-operational expenses may be deferred and amortised on the straight-line basis over a period of minimum five years. R&D expenditures may be deducted when incurred or deferred until termination of the project and then amortised over a period of not less than five years, at the company's choice. Losses on bad debts are tax deductible (conditions apply), except for those arising from inter-company transactions. Charitable contributions are deductible if the recipients are registered as charitable institutions (limits apply). Expenses of group medical care and health insurance programmes for employees, as well as contributions to private supplementary pension schemes are considered deductible if supplied to all employees indiscriminately. When properly documented and substantiated, travel expenses related to business activities can be deductible.

Net operating losses can be carried forward indefinitely. Nevertheless, the loss carry-forward is capped at 30% of taxable income (before the reduction of net operating losses). Loss carryback is not permitted.

Exemptions and reductions of corporate income tax are provided for businesses in certain less developed areas. Companies investing in less developed regions may qualify for tax exemptions and reductions. Foreign tax credit is available for resident companies on foreign income tax paid, generally limited to the amount of CIT and SCT on the foreign income.

Other Corporate Taxes

There are numerous other taxes, including:

Tax on Financial Operations (IOF): levied on certain financial operations, such as loans, foreign exchange operations, insurance, and securities, as well as operations with gold (as a financial asset) and foreign exchange instruments. The applicable rate will vary depending on the operation.

Social Integration Programme (PIS) tax: a federal social contribution calculated as a percentage of revenue; it is levied at the rate of 1.65%

Social Security Financing Contribution (COFINS): a monthly federal social assistance contribution calculated as a percentage of revenue, is levied at the rate of 7.6%.

Municipal Service Tax (ISS): imposed on a cumulative basis (it is not creditable), and the rates may vary between 2% and 5%, depending on the type of service (rates to be stipulated on a municipal basis).

Severance Pay Indemnity Fund (FGTS): levied on employee’s salary at the rate of 8%.

Other Domestic Resources

[Federal Tax Revenue Authority](#)

[Doing Business: Brazil](#), to obtain a summary of taxes and mandatory contributions

Country Comparison For Corporate Taxation

	Brazil
Number of Payments of Taxes per Year	9.6
Time Taken For Administrative Formalities (Hours)	1,958.0
Total Share of Taxes (% of Profit)	65.1

Source: *Doing Business - 2017*.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

ACCOUNTING RULES

Accounting System

Accounting Standards

Brazil adopted the IASB's International Accounting Standards on a gradual basis between 2008 and 2010. As a consequence, there are several important changes to the Brazilian accounting practices, the most important of which is that these new accounting practices are required not only in consolidated financial statements but also in the individual financial statements (Law 11638/07). These include the recognition of leasing transactions, depreciation treatment, the recognition of intangible assets, impairment concept etc.

Accounting Regulation Bodies	CFC , Federal Accountancy Council Regulation of financial institutions , Internet Portal on Brazilian Accounting Resources
Accounting Law	Law nº 6.404 of 15 December 1976 (amended in 1997 by Law No. 9.457, in 2007 by Law No. 11.638 and in 2009 by Tax Law No. 11.941).
Difference Between National and International Standards (IAS/IFRS)	Brazil made the full adoption of IFRS in 2011.
Accounting News	Brazil Accounting News

Accounting Practices

Tax Year	From 1 January to 31 December.
Accounting Reports	Financial statements must include at least: a balance sheet, profit and loss statement, statement of cash flows and notes to the financial statements.
Publication Requirements	Commercial companies are required to annually publish a balance sheet, a profit and loss account and all the information necessary to understand the financial health of the company. The documents are required within the 60 days preceding the shareholders' Annual General Meeting.

Accountancy Profession

Accountants	There are no real differences compared with most other countries. Qualified chartered accountants, working independently or for an accounting practice, must certify the company accounts.
Professional Accountancy Bodies	IBRACON , Professional Association of Chartered Accountants CFC , Federal Accountancy Council CPC , Accounting Pronouncements Committee
Member of the International Federation of Accountants (IFAC)	Yes
Member of Other Federation of Accountants	Member of IASB .
Audit Bodies	Independent auditors and international firms are registered with the Instituto Brasileiro de Contadores. Financial statements are controlled by an independent auditor registered with the 'Securities and Exchange Commission' or the 'Instituto Brasileiro de Contadores'. Approximately half of the audits in Brazil are carried out by international audit firms. The present trend is towards an increase in the number of companies audited, even those which are not required to be audited. The guarantee of quality arising from a certification represents a considerable advantage for Brazilian companies.

CONSUMPTION TAXES

Nature of the Tax	ICMS (Imposto sobre circulação de mercadorias e serviços), IPI (Imposto sobre
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produtos industrializados), ISS (Imposto sobre Serviços), PIS-PASEP (Employees' Profit Participation Program), and COFINS (Social Contribution for Social Security Financing).

Standard Rate

1. ICMS rates vary across states from 17% to 20%. The standard rate is 18% in Sao Paulo and 20% in Rio de Janeiro. Special rates apply to interstate sales (from 2019, the interstate ICMS is levied exclusively by the state of destination).
2. IPI rates vary on how essential the product is considered to be, from 0% for the most essential and 330% for 'superfluous' or luxury items. The IPI tariff table contains 9,728 different classification codes and follows the Brazilian External Tariff Code (BTEC).
3. ISS varies across municipalities, generally from 2% to 5%.
4. PIS-PASEP is 0.65% for taxpayers under the cumulative system and 1.65% for taxpayers under the non-cumulative system. Certain companies and products, such as the automotive industry, receive special tax treatment under PIS-PASEP and COFINS (which is levied at a rate of 7.6%).

Consult the [Guide on Brazilian VAT](#) to find import duty and taxes which apply to your product.

Reduced Tax Rate

For ICMS, generally lower rates apply to interstate sales, with a 4% rate applied on all interstate sales of imported goods. COFINS and PIS may be reduced in certain circumstances (for example for financial revenues), and some transactions are exempt (e.g. exportation of services or assets fulfilling certain requisites). Reduced rates generally apply to items of basic necessity (e.g. IPI applies at 0% to wheat and rice flour, 8% to pipes and 330% to luxury products).

Exclusion From Taxation

Exports are generally exempt. Certain items are tax-exempt e.g. medicine from ICMS, wheat flour from IPI. ISS is not levied on export of services.

Method of Calculation, Declaration and Settlement

Four types of value-added tax are in effect in Brazil, at federal, state and municipal levels: (i) State VAT (ICMS) applies to the circulation and importation of goods and the supply of interstate transportation, communication services and electricity; (ii) Federal VAT (IPI) is levied on "finished goods" that are moved in and out of the country; (iii) Municipal Service Tax (ISS), a sales tax payable to municipalities that applies to service not taxable by ICMS; (iv) Gross Receipt Contributions (PIS-PASEP and COFINS) levied on companies' gross revenues and imports. Companies must register with federal and state authorities to sell goods and with municipalities to provide services as well. In general, all the taxes are filed monthly.

Other Consumption Taxes

A tax on industrialised products (IPI) is also collected. An excise duty levied at the federal level, it applies to almost all sales and transfers of goods manufactured or imported in Brazil. The IPI rate can vary between 0% and 330% (between 10 and 15% on average). The least taxed products are basic foodstuffs, while the most taxed are alcohol and cigarettes.

INDIVIDUAL TAXES

Tax Base For Residents and Non-Residents

As per the Brazilian legislation, the following individuals are considered tax residents: naturalized foreigners; foreigners who hold a permanent visa or a temporary visa with a local employment contract from the date of arrival; and foreigners who hold a temporary visa, but no local employment contract, after completing 183 days of residence in Brazil within any 12-month period.

Tax Rate

Annual Taxable Income	Rate
Below BRL 22,848	0%
From BRL 22,849 to 33,920	7.5%
From BRL 33,921 to 45,012	15%
From BRL 45,013 to 55,976	22.5%
Over BRL 55,976	27.5%

Allowable Deductions and Tax Credits

When calculating monthly tax liability, the following expenses are deductible: social security and pension contributions to government entities, alimony and pension amounts decreed by court, dependent allowance (determined every year), tuition expenses, medical expenses. Some deductions, such as those for dependants, alimony, and Brazilian official social security contributions are allowed on a monthly basis.

Some items can be deducted from the tax due instead of from the calculation base, such as: donation made to official government, state, and/or municipal child care entities and elderly fund; certain qualified contributions to cultural, audio-visual, and sports projects (capped at 6% of the tax due); contributions made by the taxpayer to the official social security system; contribution to health programs related to cancer and mentally handicapped support (capped at 1% of the tax due).

When calculating annual federal income tax liability, taxpayers may elect for a standard deduction of 20% (up to BRL 16,754.34, with this amount being reviewed each year) or reduce liability by the monthly deductibles as well as educational expenses, medical payments, contributions to cultural and sport activities and social security payments on behalf of a maid.

Special Expatriate Tax Regime

Resident taxpayers are taxed on their worldwide income, unless otherwise agreed in a tax treaty. Non-residents of a non-treaty country are liable for a flat rate 25% tax on their income earned in Brazil (no deductions are allowed). Rental income received from a property located in Brazil is taxed at 15%. Income received abroad by non-residents is tax exempt.

Resident individuals are taxed on their worldwide income. Non-residents are taxed only on income from Brazilian sources.

Capital Tax Rate

Social security contributions on Brazilian-source income are due by employees each month, at the rate of 8% to 11% (with a maximum of BRL 621.04 per month). Self-employed individuals may pay 5%, 11%, or 20% of the ceiling contribution salary, according to personal and sectorial parameters.

Capital gains on the sale of real estate, vehicles and objects of art and collectibles sold in Brazil or abroad; on stocks sold in foreign markets, as well as on interest income received from investments located offshore, are subject to a rate of 15%, and to progressive rates ranging between 17.5% and 22.5% for the portion of capital gain that exceeds BRL 30 million. Non-residents are only subject to capital gains tax resulted from the sale of assets located in Brazil.

A state estate and gift tax (*Imposto sobre Transmissão Causa Mortis e Doações - ITCMD*) of up to 8% is applicable on transfers of real estate by donation or inheritance. For resident foreigners and nonresidents, this tax applies on assets located in Brazil only. In general, the rate is 4% in Sao Paulo and Rio de Janeiro.

A property tax (*Imposto Predial e Territorial Urbano - IPTU*) based on the fair market value of property in urban areas is levied annually at different rates depending on the municipality and location of the property (the basic rate for residential properties is 1%). The transfer of real estate properties is subject a municipal tax (*Imposto de Transmissão de Bens Imóveis Inter Vivos - ITBI*) of up to 3%.

DOUBLE TAXATION TREATIES

Withholding Taxes Dividends: 0%; Interest: 15%/25% (for residents in tax havens); Royalties: 15%/25% (for residents in tax havens).

SOURCES OF FISCAL INFORMATION

Tax Authorities [Federal Tax Revenue Authority](#)
 [Ministry of Finance and Development \(in Portuguese\)](#)

Other Domestic [Portal Tributário](#)
Resources [Portal Industria](#)

Learn more about [Service Providers in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Learn more about [Taxes and Accounting in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Legal Environment

BUSINESS CONTRACT

General Observation	Be precise in the description of the obligations of the contracting parties and of quality control.
Law Applicable to the Contract	In 2012, Brazil signed the Vienna Convention on International Contracts , which entered into force in the country in October 2014. The Brazilian legal system is complex. It is not easy for a foreigner to understand Brazilian law. It is recommended that you use international law or call on an arbitration system and that you get help from a Brazilian lawyer.
Language of Domestic Contract	Portuguese.
Other Laws Which Can Be Used in Domestic Contracts	The main rules of international law are likely to be accepted by a Brazilian supplier.

INTELLECTUAL PROPERTY

National Organisations	The organisation in charge of the patent protection and trademarks in Brazil is the INPI (Instituto Nacional de la Propiedad Industrial).
Regional Organisations	MERCOSUR (Mercado Común del Sur); UPOV (International Union for the Protection of New Varieties of Plants)
International Membership	Member of the WIPO (World Intellectual Property Organization) Signatory to the Paris Convention For the Protection of Intellectual Property

National Regulation and International Agreements

Type of property and law	Validity	International Agreements Signed
Patent Lei de Propriedade Industrial	20 years for inventions	Patent Cooperation Treaty (PCT)
Trademark Lei de Propriedade Industrial	10 years, renewable	
Design Lei de Propriedade Industrial	10 years, renewable three times for five years	
Copyright Lei de Direitos Autorais	70 years after the death of the author or from the publication (for audio-visual and photographic works)	Berne convention For the Protection of Literary and Artistic Works Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms Rome Convention For the Protection of Performers, Producers of Phonograms and Broadcasting Organizations

Type of property and law	Validity	International Agreements Signed
Industrial Models Lei de Propriedade Industrial	15 years	

LEGAL FRAMEWORK OF BUSINESS

Equity of Judgments

Equal Treatment of Nationals and Foreigners	Judicial power guarantees a fair trial to foreign nationals.
The Language of Justice	Portuguese
Recourse to an Interpreter	It is often necessary to resort to an interpreter if you do not speak Portuguese.
Legal Similarities	The main source of the law is the Constitution of 1988. The legal system is based on Roman codes. The civil code, inspired previously by the Napoleonic code, is nowadays closer to the Italian code.

The Different Legal Codes

Contract and property law	Lei nº 9.279 de 14 de maio de 1996
Consumer rights	Lei nº 8.078 de 11 de setembro de 1990
Company law	Lei nº 556 de 25 de junho de 1850
Labour law	Lei nº 10.406, de 10 de janeiro de 2002

Checking National Laws Online	Brazilian legislation Guide to Brazilian Law Online
Other Useful Resources	Ministry of Justice Interlegis Direitodoestado , Legal website
Country Guides	American Secretary of State website Lexmundi Country Guide

Learn more about [Lawyers and Legal in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

The Jurisdictions

State Court of Justice	All disputes, crimes and offenses on state territory. The criminal courts are themselves divided into courts of judgment and courts of appeal, and have specialized branches such as the Court of Assizes when murderers are judged by a jury of citizens, the Court for the enforcement of sentences and the Court for police cases.
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Federal Court of Justice	Competent within the states for disputes involving the federal authorities or for disputes between states.
Regional Court of Federal Justice	Hears judgements on appeal given by federal judges or state judges ruling on a federal dispute.
Industrial Tribunal (local, regional, supreme court for labor)	Settles disputes between employers and employees and all cases connected with labor law.
Electoral tribunal (local, regional, supreme)	Competent for the way elections are held and the creation of political parties.
Court martial (local, superior)	Competent for crimes and offenses involving the army.
Others	Specific courts have been set up in certain States to cope with a workload which is too heavy: public finance courts, family and inheritance courts, public register courts and courts for minors.
Higher Court of Justice	Judges appeal proceedings at the federal level.
Supreme Court	Rules on constitutional issues.

Court Officials

- Judge** A judge appoints a duly authorized professional who will review information in order to clarify certain elements of a case.
- Lawyer** The lawyer's first role is to inform his clients about their rights and obligations. Then he can represent them in court and make a speech for the defense.
- Public prosecutor** He is a magistrate who represents the Prosecution .

Learn more about [Legal and Compliance in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

INTERNATIONAL DISPUTE RESOLUTION

- Arbitration** Arbitration has been officially recognized as a legitimate procedure for domestic and international commercial conflict resolution for 10 years. The Brazilian Court system, in general, is overburdened, and contract disputes can often take years to move through the system. According to a study by the World Bank, it takes 44 procedures and 731 days to litigate a contract breach at an average cost of 15.3% of the claim.
- Arbitration Law** [Law nº 9307 of 1996](#).
Article 34 of Brazilian Law 9.307, the 1996 Brazilian Arbitration Act, defines a foreign arbitration judgment as any judgment rendered outside the national territory. The law established that the Brazilian Federal Supreme Court must ratify foreign arbitration awards. This law also stipulates that the foreign arbitration award is to be recognized or executed in Brazil in conformity with the international agreements ratified by the country and in their absence, with domestic law.
- Conformity to International Commercial Arbitration Rules** Party to the [New York Convention](#) on the Recognition and Enforcement of Foreign Arbitral Awards.
- Appointment of Arbitrators** Chosen by the opposing parties.
- Arbitration Procedure** Arbitration procedures are only accepted for cases of an economic nature.

International arbitration must be ratified by the Supreme Court to be valid in Brazil. Brazilian justice can be referred to if an arbitration decision is not observed.

Permanent Arbitration Bodies

[Arbitration practice in São Paulo](#) (Sectors Covered: All commercial disputes in their jurisdiction.)

[Arbitration practice in Rio](#) (Sectors Covered: All commercial disputes in their jurisdiction.)

[Brazilian Chamber of Arbitration \(TAAB\)](#) (Sectors Covered: All commercial disputes in their jurisdiction.)

Learn more about [Lawyers and Legal in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Reaching the Consumers

CONSUMER PROFILE

Consumer Profile	<p>Brazil is a country of young people, as 62% of Brazilians are aged 29 or under. The median age is 31 years. The country has a population of approximately 215 million people, where 49.2% are men and 50.8% are women. The number of households in Brazil has been increasing. Currently, 12% of households consist of one person, 47% have of two or three people, 32% four or five people, and 9% have six or more inhabitants. Good education is an important requisite for finding a good job in Brazil. However, only 49% of adults aged 25-64 have completed upper secondary education in the country. Of those who have a degree, 46% of them are men, and 52% are women. Brazil is sparsely populated and the majority of the population lives along the coast, particularly around São Paulo and Rio de Janeiro. Throughout the country, most people live near or in urban areas. However, some areas of the country are essentially deserted, mainly in the Amazon region. The services sector employs almost 70% of the active workforce. While agriculture employs 10% of the country, industry sector employs 20% of the total active workforce.</p>
Purchasing Power	<p>In Brazil, GDP per capita had been declining since 2011. But in 2016 it started to increase again and in 2017 it reached USD 9,821 PPP. The yearly average salary of a Brazilian is USD US\$ 7,100. After increasing in 2017, household consumption declined in 2018. Income inequality is a big issue in Brazil, a country where the six richest men have the same wealth as poorest 50% of the population (which is around 100 million people), and where the richest 5% of the population have the same income as the remaining 95%. Furthermore, the country's Gini coefficient has been rising as poverty and inequality increase in the country (53, 3 in 2017). Moreover, women's wages are, on average, 91% that of their male counterparts'. In addition, while 76% of men are in paid work, only 54% of women have jobs. Different regions of the country have different standards of living, with the best ones in the southern areas of Brazil and the poorest living conditions in the north and northeast.</p>
Consumer Behaviour	<p>Lately, Brazilians have become more optimistic about the country's economy, which has allowed them to increase their spending. Even though the Brazilian consumer is hopeful about the economy, the country's recent recession has influenced the way people manage their spending. Nowadays, Brazilians tend to save as much as they can when they go shopping. Additionally, even though consumers usually remain loyal to their favourite brands, they only do it if the price is right. Consumers might also shop around to find retailers selling a specific brand's products at lower prices. That way, consumers continue to purchase items from their favourite brands without spending too much. Brazilians tend to do product research and look for deals before making a purchase. To save money, Brazilian consumers often shop in popular discount chains. However, they still expect quality products. Furthermore, customers demand high-quality sales service and customer support. Online customer support service is highly useful in maintaining contact with customers, but customers expect a fast response when they contact companies via social media, as they mostly hope to have a reply in under one hour. Consumers have more access to information than ever before, and they will likely search for reliable information about brands and products to assist in the purchase decision. Furthermore, the reputation and popularity of the brand matter more than before to the average Brazilian consumer nowadays. People tend to spend their money on experiences as much as they spend on products. Additionally, Brazilians spend a significant amount on electronics and beauty products, and the country is one of the biggest markets for beauty products in the world. According to research from the Brazilian Credit Protection Service, 65.7% of Brazilians say that caring for their appearance is not a luxury but rather a necessity, and a quarter of Brazilians say that they spend more on beauty than they should. Young</p>

consumers are inclined to buy trendy and brand name products, particularly those products that are popular on social media. Moreover, those younger than 25 are usually more susceptible to advertising, especially on-line. Brazilian consumers are also significantly influenced by social media comments, so if there is a significant number of negative reviews about a product on social media, they will consider not making the purchase. E-commerce has been growing steadily, and Brazilian consumers have been making purchases online more often than they do in-store. However, after decreasing for four consecutive years, the number of consumers who frequently make purchases in-store increased in 2018, with 61% of buyers frequently purchasing in person. However, that does not mean that online shopping is not strong in Brazil. About 51% of people make frequent purchases online in the country, with online shopping growing rapidly in the last couple of years, especially when it comes to purchases made via smart phones. Rather than paying outright, Brazilians have a strong preference to pay for a purchase in instalments. That payment option strengthens consumers' purchasing power, and consequently boosts the average transaction value per customer. Three quarters of consumers commonly make payments in instalments, in an average of six payments per purchase, and one third of consumers will not make a purchase if the shop does not offer the option to pay in instalments. Even though Brazilian consumers are still not considered "environmentally conscious", the overall awareness has improved. Among the top environmentally friendly attitudes among consumers are exchanging or donating products that they no longer use, avoiding printing documents, and turning off lights that are not being used. Brazil is home to many international collaborative platforms and use of Uber and Airbnb is very common.

Household Consumption Expenditure

Sector	Percentage
Transport	23.6%
Food and beverages	23.0%
Health	8.3%
Housing	6.2%
Clothing and footwear	6.1%
Energy	4.9%
Education	3.4%
ICT	3.1%
Personal care	1.9%
Water utility	1.4%

Consumer Recourse to Credit Cash is still the preferred payment method among Brazilian consumers, but the use of credit has been growing rapidly in the country - especially among the middle class. Most shops offer consumers the option to pay for their purchase in instalments spread over a period of time, which is usually done without charging interest. Among consumers, the value of the purchase is the main factor that determines whether to use credit. A concentrated banking sector and a history of rampant inflation and defaults have long pushed up borrowing costs in Brazil, where interest rates average more than 300% for unpaid credit card bills. According to the Brazilian National Consumer Indebtedness Survey, as of January 2017 over half (55.6%) of the Brazilian households had some type of debt. Credit card debt is by far the main type of debt in the country, with 77.3% of households having credit card debt, followed by car leases (14%) and mortgages (10%). Even though demand for credit is still weak, it should see a significant change with an eventual drop in interest rates. Additionally, Brazil has 55 million unbanked adults and more than 20 million people without access to any banking service whatsoever.

Growing Sectors Agribusiness, automotive industry, renewable energy, iron and steel, environmental solutions, oil and gas, textiles, and healthcare.

Consumers Associations [Instituto Brasileiro de Defesa do Consumidor](#) , Brazilian Institute for the Defence of the Consumer
[Associação Brasileira de Defesa do Consumidor](#) , Brazilian Association of Consumer Protection
[Fundação de Proteção e Defesa do Consumidor](#) , Consumer Protection and Defense Foundation

Population in Figures

Total Population: 209,469,333
 Urban Population: 86.6%
 Rural Population: 13.4%
 Density of Population: 25 Inhab./km²
 Men (in %) 49.3%
 Women (in %) 50.8%
 Natural increase: 0.78%
 Medium Age: 27.0
 Ethnic Origins: According to the IBGE ([Brazilian Institute of Geography and Statistics](#)), less than 48% of the Brazilian population is of European origin. About 43% of the population is of mixed ethnic origin, about 8% is of African origin and less than 2% have other ethnic origins, including Indian, Arab and Japanese.

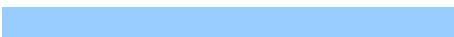

Population of main metropolitan areas

Name	Population
Sao Paulo	21,090,791
Rio de Janeiro	12,166,798
Belo Horizonte	5,813,410
Brasília	4,201,737







Name	Population
Porto Alegre	4,179,197
Salvador	3,953,288
Recife	3,914,317
Fortaleza	3,852,705
Curitiba	3,449,491
Campinas	3,081,247
Goiânia	2,421,831
Manaus	2,403,986
Belém	2,212,653
Grande Vitória	1,910,101
Santos	1,797,500

Source: Citypopulation.de, 2015 - Latest available data.

Age of the Population

Life Expectancy in Years	
Men:	71.8 
Women:	79.2 

Source: World Bank, last available data, 2009 - Latest available data.

Distribution of the Population By Age Bracket in %	
Under 5:	7.8% 
6 to 14:	17.7% 
16 to 24:	17.3% 
25 to 69:	52.7% 
Over 70:	4.5% 
Over 80:	1.5% 

Source: United Nations, Department of Economic and Social Affairs, Population Division, *Prospects 2010*- Latest available data.

Household Composition

Average Age of the Head of the Household	29.5 Years
Total Number of Households (in million)	54.6
Average Size of the Households	3.5 Persons
Percent of Households of 1 Person	11.1%
Percent of Households of 2 Persons	20.5%
Percent of Households of 3 or 4 Persons	47.0%

Percent of Households of 5 Persons and More	20.5%
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Source: [PNAD 1996, 1996](#); [National statistics institute \(IBGE\), 2006](#) - Latest available data.

Consumption Expenditure

Purchasing Power Parity	2017	2018	2019	2020 (e)	2021 (e)
Purchasing Power Parity <i>(Local Currency Unit per USD)</i>	2.02	2.03	2.08	2.13	2.17

Source: [IMF - World Economic Outlook Database, 2015](#)

Definition: Purchasing Power Parity is the Number of Units of a Country's Currency Required to Buy the Same Amounts of Goods and Services in the Domestic Market as USD Would Buy in the United States.

Note: (e) Estimated Data

Household Final Consumption Expenditure	2016	2017	2018
Household Final Consumption Expenditure <i>(Million USD, Constant Price 2000)</i>	1,420,332	1,439,613	1,466,916
Household Final Consumption Expenditure <i>(Annual Growth, %)</i>	-3.9	1.4	1.9
Household Final Consumption Expenditure per Capita <i>(USD, Constant Price 2000)</i>	6,889	6,927	7,003
Household Final Consumption Expenditure <i>(% of GDP)</i>	64.0	63.4	n/a

Source: [World Bank, 2015](#)

Consumption Expenditure By Product Category as % of Total Expenditure	2015
Housing, water, electricity, gas and other fuels	24.2%
Food and non-alcoholic beverages	17.7%
Miscellaneous goods and services	9.2%
Furnishings, household equipment and routine maintenance of the house	9.2%
Transport	8.9%
Health	7.2%
Restaurants and hotels	6.1%
Clothing and footwear	6.0%
Communication	5.1%
Education	2.8%
Alcoholic beverages, tobacco and narcotics	2.6%
Recreation and culture	0.9%

Source: [UN Data, Latest available data](#)

Information Technology and Communication Equipment, per 100 Inhabitants	2012
Telephone Subscribers	123.2
Main Telephone Lines	22.3
Cellular mobile subscribers	123.2
Internet Users	49.8
PCs	16.1

Source: [International Telecommunication Union](#), Latest available data

MARKETING OPPORTUNITIES

Media in Which to Advertise

Television It is possible to reach the entire Brazilian population through the country's hundreds of TV channels. Everyone watches television, especially when the telenovelas are on in prime time and during sports events that the country takes part in. Pay TV accounted for over 72% of ad spending in Brasil during 2015, according to [Media Compass](#). The most watched free TV station from January to August 2017 was Globo (4.85 million viewers) followed by Record TV (1.91 million viewers) ([Statista](#)).

Main Televisions
[Grupo Bandeirantes de Comunicação](#)
[Central Nacional de Televisão \(CNT\)](#)
[Rede Globo](#)
[Rede Record](#)
[Sistema Brasileiro de Televisao \(SBT\)](#)
[Fundacao Padre Anchieta](#)
[RedeTV!](#)

Press Much read by the more well-off and more educated people, company managers and civil servants. The main dailies are published regionally but read all over the country. PwC projects digital newspapers to sell 2.2 million copies in 2020 (compared to 0.3 million in 2015). "O Globo" is the second most sold paid newspaper in Brazil ([Statista](#)).

Main Newspapers
[Folha de São Paulo](#)
[O Globo](#)
[Super Notícia](#)
[O Estado de São Paulo](#)
[Correio Braziliense](#)
[Zero Hora](#)
[Estado de Minas](#)
[Brasil em Folhas](#)
[Valor Econômico](#)
[2017 average paid circulation of Brazilian newspaper](#)

Mail Mail advertising has been largely displaced by e-commerce.

In Transportation Venues Adverts on means of transport are common, but not on public transport. The city of São Paulo has even prohibited any advertising posters anywhere in the urban area. Given the very low cost of labor, sandwich men or touts are used a lot by small companies.

	<p>Market Leaders: National Association of Bus Advertising Companies (in Portuguese)</p>
Radio	<p>Television has widely replaced radio as a means of daily entertainment. However, listening ratings are still high, especially in rural areas, small shops or in transportation. Brazil has thousands of radio stations. Most transmitters are local or regional. Digital radio ratings by period and region can be found here.</p> <p>Main Radios Radio Bandeirantes Radio Globo / CBN Radio Eldorado Empresa Brasil de Comunicação (government-owned)</p>
Web	<p>E-commerce is in full expansion. The Brazilian market leads Latin America with 20 million regular Internet users. Consequently, online advertising is comparable to OECD countries and seeks to target Internet users more subtly through email, hyperlinks, popups, etc. Facebook is present and has a dominant position in the Brazilian market. The proliferation of smartphones has also increased internet retailing. 139 million Brazilians had access to Internet in 2016 according to Internetlivestats.com. Brazilians also favor use of social media such as Facebook.</p> <p>Market Leaders: Buscapé Preçomania Que Barato</p>
Main Advertising Agencies	<p>Search for members of the Professional Association of Brazilian Advertising Agencies</p>

Main Principles of Advertising Regulations

Beverages/Alcohol	<p>Advertising concerning alcoholic beverages must not incite people to drink nor behave irresponsibly. They must target people over 25 and not be broadcast on television and radio except between 9.30 pm and 6 am. On billboards and in events sponsored by firms, only the name of the brand and the representation of the product are authorized. Any advert must be accompanied by an official message advising against excessive drinking. Alcohol advertisement is regulated by Federal Law No. 9,294 since 1996.</p>
Cigarettes	<p>Must not be aimed at people under 25, associated with a source of pleasure, relaxation or well-being nor promote excessive consumption. Tobacco advertising and promotion is prohibited except when displaying products at the point of sale. No official sports personality may appear in adverts. Alcohol advertisement is regulated by Federal Law No. 9,294 and regulated by CONAR since 1996. All relevant tobacco ad regulations can be found here.</p>
Pharmaceuticals/Drugs	<p>Advertising for over the counter medicines must not use excessive scientific jargon, must not call on non scientific but strictly approved tests, nor encourage the systematic use of the medicine or use which is foreign to its purpose. All pharmaceutical products must be registered with the National Sanitary Surveillance Agency (ANVISA) under Federal Law No. 9782 of 1999. Resolution No. 96 makes no statement on using email or mail orders to buy or sell drugs, provided all other requirements are met.</p>
Other Rules	<p>Advertising must not overstep the principles of respect, decency, honesty and integrity of people's private life, must not lead to violence, nor be based on fears, beliefs or</p>

superstitions. Comparative advertising is allowed but with a strict respect for objectivity.

Use of Foreign
Languages in
Advertisement

Tolerated to the extent it is necessary to put over the advertising message. Must be carried out in Portuguese and in a Brazilian socio-cultural context. Imported products must have a Portuguese translation.

Organizations
Regulating Advertising

[National Council for Advertising Self-Regulation \(non-binding\)](#)
[Executive Council for Standard-Rules \(non-binding\)](#)

Learn more about [Sales in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Selling

MARKET ACCESS PROCEDURES

Customs Procedures

Import Procedures Foreign exporters and Brazilian importers must register with the Foreign Trade Secretariat (SECEX), a branch of the Ministry of Industrial Development and Commerce (MDIC). Companies seeking to import goods into Brazil must obtain a RADAR licence. This licence can be limited, unlimited or express depending on the amount of imported goods. Licence applications must be submitted to tax authorities and the type of licence is determined after a review of the financial capacities of the company.

Depending on the product, Brazilian authorities may require more documentation. For instance, the Ministry of Health controls all products that may affect the human body, including pharmaceuticals, vitamins, cosmetics and medical equipment/devices. Such products can only be imported and sold in Brazil if the foreign company establishes a local Brazilian manufacturing unit or local office, or the foreign company appoints a Brazilian distributor who is authorized by the Brazilian authorities to import and distribute medical products. Such products must be registered with the Brazilian Ministry of Health. The registration process is usually cumbersome and/or time consuming.

Import costs include the Import Duty (II), the Merchandise and Service Circulation tax (ICMS) and the Industrialized Product tax (IPI). Import duty is a federal product-specific tax levied on a CIF (Cost, Insurance, and Freight) basis. Rates usually vary between 10% and 35%. The IPI is a federal tax levied on most domestic and imported manufactured products. The IPI is not considered a cost for the importer, since the value is credited back to the importer. IPI rates range between 0% and 15%. The ICMS is a state government value-added tax applicable to both imports and domestic products. Although importers have to pay the ICMS to clear the imported product through Customs, it is not necessarily a cost item for the importer because the paid value represents a credit to the importer. ICMS rates vary from one state to another: In the State of São Paulo, the rates vary between 7% and 18%. Certain industries may qualify for a ICMS tax exemption.

Other minor taxes that apply to imports:

- Guia de importação: USD 70, a lump sum paid for the import licence
- Merchant Marine Renewal Tax: 25% of ocean freights
- Air freight duty: Goods with a FOB value between USD 50 and 3 000, 60% of the shipment's value

MERCOSUR countries (including Brazil) are currently in talks with the European Union for a trade agreement.

For more information, please visit the [website](#) of Brazilian Tax Authority.

Specific Import Procedures

It is necessary to obtain a specific agreement from the ministry concerned for the following products: beverages, pharmaceutical or veterinary products, arms and munitions, as well as many cosmetics, rare metals, radioactive products or those which can damage the environment, and petroleum and all its derivatives. The Ministry of Health regulates all products that may affect the human body, including pharmaceuticals, vitamins, cosmetics and medical equipment/devices. Such product can only be imported and sold in Brazil if the foreign company establishes a local

Brazilian manufacturing unit or local office, or if the foreign company appoints a Brazilian distributor who is authorised by the Brazilian authorities to import and distribute medical products.

The import of several types of meat is prohibited.

Importing Samples Imported samples will be considered by the Customs at their market value, unless there is a particular agreement according to the quantity and size of the samples.

Customs Duties and Taxes on Imports

Customs threshold (from which tariffs are required) No duty and ICMS are levied on imports where the CIF value is below USD 50.

Average Customs Duty (Excluding Agricultural Products) 10.73 %, which is within the average for emerging countries. You can find Customs duties by country on the [Intracen website](#).

Products Having a Higher Customs Tariff Agricultural products, fermented liqueurs, IT and telecommunications equipment.

Preferential Rates Member of [MERCOSUR](#) (Mercado Comun del Sur : Argentina, Brazil, Paraguay, Uruguay). Customs duties between member countries were theoretically abolished in 1994, but with many exceptions, according to the "adaptation regime" (Regime de adequação): capital goods, information technologies, telecommunications sector, automobiles, sugar sector.

The Mercosur Common External Tariff (CET) does not concern all products: only 75% of the tariff lines benefit from a single tariff. Moreover, there are a certain number of sensitive products according to the country (about 300 for Brazil) which are also exempted from this single tariff.

The CET was completely in place in 2006, with the following structure:

- 0% to 14% for capital goods;
- 16% to 20% for textiles, articles of clothing, consumer goods;
- 10% to 15% for metallurgy;
- 12% to 16% for agricultural products and the information processing and telecommunications sectors.

The countries apply the recommendations of the central institution more or less, according to their economic situation. It should also be noted that re-exporting within Mercosur does not entitle you to an exemption from duties: so if you export a product to Brazil, to sell it on to Argentina, you will pay Brazilian duty and then Argentine duty. There are various [Customs agreements](#), either between Mercosur and other countries (EU, Chile and Bolivia), or bilaterally between Brazil and other countries (Chile, Andean Pact). Brazil launched in May 2013 a system of consultation of the agreements on tariff preferences signed by the country named [CAPTA](#).

Customs Classification Brazil applies the Mercosur Common Nomenclature (NCM) is used to comply with the Harmonised Customs system.

Method of Calculation of Duties Ad valorem on the CIF value of the goods. Be careful, there are a certain number of minimum prices applied by Brazilian Customs for the calculation of duties. Most of the taxes are calculated on a cumulative basis.

Import Taxes (Excluding Consumer Taxes) The cost of importing is composed of an import tax (II), taxes on the standard added value (ICMS) and a tax which is added to industrial products (IPI). The import duty is a federally mandated product specific tax levied on a CIF basis. In general, import duty rates range from 10% to 35%. The IPI is a federal tax levied on most domestic and imported manufactured products. It is not considered a cost for the importer, since the

value is credited back to the importer. Generally, the IPI tax rates range from 0 to 15%. The ICMS is a state government value-added tax applicable to both imports and domestic products. Although importers have to pay the ICMS to clear the imported product through Customs, it is not necessarily a cost item for the importer because the paid value represents a credit to the importer. The rate of this tax varies among Brazilian states: in the State of São Paulo, the rate varies from 7% to 18%. Some sectors of the economy can be exempted from this tax.

In addition to these taxes, several smaller taxes and fees apply to imports :

- Guia de Importação: USD 70, a fixed sum paid to obtain an import license;
- Merchant Marine Renovation Fee: 25% of the total amount of the freight.
- shipments by plane, between USD 50 and USD 3,000, subject to a tax of 60% on the FOB value of the goods.

Labeling and Packaging Rules

Packaging	Must respect the Brazilian Consumer Code adopted in 1990. This requires the packaging of a product to give the consumer correct information, which is legible, clear and precise, about the quality, quantity, composition, price, guarantee, origin, expiry date and risks for health and safety.
Languages Permitted on Packaging and Labeling	Translation into Portuguese is mandatory for imported products.
Unit of Measurement	Metric system.
Mark of Origin "Made In"	Yes
Labeling Requirements	Quality, quantity, composition, price, guarantee, origin, expiry date and risks for health and safety.
Specific Regulations	Any product containing GMOs must show this very clearly.

DISTRIBUTING A PRODUCT

Distribution Network

Types of Outlet

Supermarkets and hypermarkets	Retail Carrefour, Pao de Açucar, WalMart (national coverage). Cencosud, Supermercados BH, Irmaos Muffato, SDB Comercio, Condor, Sonda (regional coverage). Represent almost 37,000 all over the country.
Markets	Wholesale, retail-wholesale, retail Mostly fresh products for the majority of Brazilian households; exist in towns and especially in rural areas.
Shops and grocery stores	Retail Small shops make up a network of more or less formal distribution in rural areas and in the popular districts of towns, selling vital commodities (almost 52,000 all over the country).

Evolution of the Retail Sector

Growth and Regulation According to *Euromonitor*, Brazil is the 7th largest market in the world, with retail sales in the packaged food market representing US\$ 82.2 billion in 2016. That represents a growth rate of 42.2% since 2012, despite a huge economic crisis that led to a -6.2% sales in 2016. By the year 2021, it is estimated to reach US\$116.6 million.

Since June 2016, the retail index has stabilised and sales turned positive. In 2017, retail sales were positive by 1.0% compared to 2016, according to BCB and Santander projections, after suffering turbulence during the economic crisis that occurred in 2015/2016. For 2018, LatinFocus Consensus forecasts a 3.0% growth for the retail sector, and 3.7% for 2019.

The retail sector seemed to be less affected by the economic crisis that occurred in 2015 and 2016. Brazilian consumers have changed their purchasing habits: more than 1 million consumers migrated from hypermarkets to cash and carry model, as they offer lower prices. Also, according to Nielsen, between January and June 2016, 400,000 Brazilian migrated from supermarkets to hypermarkets. Shifting demand went from premium brands – the majority is imported – to more affordable products. Within the imported categories, retailers kept well-known brands and changed the mix of products, opting for less expensive items. According to *Euromonitor*, the share of imported products varies on average from 2% in the supermarkets to 25% - 30% in the speciality stores. However, well-known brands and high-end products are still promoted by Brazilian importers.

According to the FGV (Fundação Getulio Vargas), the consumer confidence index continued to rise in January 2018, after reaching 88.8 – the best reading since 2014 – in December 2017. Analysts expect private consumption to reach 2.8% growth both in 2018 and 2019.

Market share

Brazil is a country of continental size, where the retail sector is considered fragmented. According to ABRAS (Brazilian Association of Retail Stores), in 2016 the Brazilian market was composed of 89,000 stores, divided between 37,700 supermarkets and 51,300 traditional stores (mostly independent stores). The top 10 retail companies accounted for almost 35% of industry sales, whereas the top 50 accounted for almost 47%, reinforcing the fragmentation of the market. Supermarket purchasing accounts for almost 80% of the total self-service grocery stores in the country.

In 2015, the market was divided as follows:

- GPA: 24.3% market share (Pão de Açúcar, Minuto Pão de Açúcar, Extra, Mini Mercado, Assai)
- Carrefour: 13.5% market share (Carrefour Mercado, Carrefour Bairro, Carrefour Express, Supeco, Atacadão). Note that Carrefour invested a lot in the Carrefour Express format, from 61 stores in 2014 to almost 650 in 2017.
- WalMart: 9.2% market share (WalMart, Hipermercado Big, Hiper Bompreço, Bompreço, Mercadorama, Nacional, TodoDia, Maxxi Atacado, Sam's Club)
- Cencosud: 2.9% market share (G.Barbosa, Perini, Mercantil, Bretas, Presunic)
- Irmaos Muffato: 1.3% market share (Super Muffato, Muffato Max)
- Supermercados BH: 1.2% market share
- SDB Comercio: 1.2% market share
- Condor: 1.2% market share
- Sonda: 1.0% market share

Retail Sector Organisations

[Brazilian Supermarket Association \(Abrasnet\)](#)

E-commerce

Internet access	<p>With a population of over 200 million people, Brazil is the 5th most populous country in the world and the largest internet market in Latin America. As of 2017, Brazil is the fourth largest internet market worldwide, with a user base of 139.111.185 people, placing penetration around 66%. The number of smartphone users in Brazil is estimated to reach 84.24 million by the end of 2018. Monthly internet usage in Brazil amounted to 25.7 hours per user in 2016. In comparison, the Latin American average is 18.6 hours. The most popular search engines in the country are Google, Bing, Yahoo!, DuckDuckGo and Baidu. Google is by far the most popular and accounted for 96.98% market share, followed by Bing with 1.61%. Google is the most dominant search engine in the Latin American online search market, with a desktop search market share of over 92% in several leading markets in the region.</p>
E-commerce market	<p>Brazilian e-Commerce ended 2017 with US\$18 billion in earnings, a number that has been increasing over the past few years and is expected to reach US\$ 23 billion by 2021. With a predicted online retail growth of 12% in 2018, Brazil continues to be an outstanding opportunity for online retailers in Latin America and the world. Mobile commerce continues to be one of the strongest trends for the coming years. Consumers are learning to compare prices and product information via the internet and often prefer the convenience of purchasing items via e-Commerce. The rise in sales of mobile devices (2%), compared to the decrease in sales of notebooks (30%) and desktops (37%) demonstrates a change in people's lifestyle and buying habits. Mobile devices were used for 27.3% of e-commerce purchases according to Ebit and up to 31% according to Atlas and ABComm, a significant growth in comparison to 2016, when its share was 22%. However, when it comes to completing an online purchase desktop is still the most popular device. According to the e-Commerce Foundation, 25% of people use their smartphones to look for information on a particular product every week, while 12% do that on their computers. Additionally, 6% of people use their smartphone to purchase goods on a weekly basis and 3% of them use their computers to make the purchases.</p>
E-commerce sales and customers	<p>According to Euromonitor International, Brazil represents about 42% of all B2C e-commerce in Latin America. In 2017, an estimated 52.8 million people were shopping online in the country, representing an increase of 11% compared to 2016. According to the e-Commerce Foundation, the number of e-shoppers is increasing, but they are spending less on average. Brazil registered a total of 111.2 million e-commerce transactions in 2017, with an average transaction amount of US\$ 130. The main product categories by revenue are telephony/mobile, which took the first position from household appliances for the first time, with 21.2%, followed by household appliances (19.3%), electronics (10%), IT (8.9%), home and decoration (8.4%) and fashion and accessories (6.1%). Although the most popular websites amongst online shoppers are national ones, purchasing on international websites is common. According to Statista, 23% of Brazilian consumers shop on US-based websites versus only 9% of European consumers. Half of the Brazilian population (around 100 million people) have purchased on international websites at least once, according to E-bit. Chinese websites are also very popular among Brazilian shoppers. According to eBit research, the top five most used international websites are AliExpress (45% of consumers), Amazon.com (40%), eBay (26%), DealExtreme (12%) and Apple Store (10%). Brazilian e-commerce sales are mostly concentrated among the younger population, with people aged 25-34 representing 38% of online shoppers and people aged 35-44 representing 23%. When it comes to gender, things are balanced, with women accounting for 50.1% of total online shoppers and men 49.9%. The majority of online shoppers (65%) live in the Southeast area of Brazil, 15% of them live in the South, 13% in the Northeast, 7% in the Centre-West and only 3% in the north. 22% of consumers buy either daily or weekly, 37% of them do it monthly and 41% only buy a</p>

few times a year. According to PagBrasil, most online purchases are paid using credit cards (58%), followed by Boleto Bancário, which is a type of payment slip popular with people who do not have credit cards (25%), online banking transfer (13%) and debit cards (5%). Debit cards are still a novelty for e-commerce in Brazil and have only recently been made available for online payments. Many Brazilian websites do not accept international credit cards. The most commonly accepted cards in Brazil are Visa and MasterCard. Credit card payments with instalments are an absolute must in Brazil. They can represent 75% or more of all credit card payments, depending on the products sold by an online store.

Social media

In 2013, the Wall Street Journal bestowed Brazil with the title of “Social Media Capital of the Universe”. Brazilian users are among the world's most engaged, spending an increasing amount of time on social media (in 2017, the daily average spent on social media was 3 hours 43 minutes). Facebook and WhatsApp are the leading social networks in the country, followed by Facebook Messenger, Instagram and Twitter. According to a report by We Are Social, as of 2017 122 million people in Brazil are active on social media, which accounts for 87.7% of all internet users in the country. Of them, over 100 million are active on a daily basis. The number of social media users is up 18% since January of 2016, so it is clear that social media is a rapidly-growing sector in Brazil. Brazil has the third largest Facebook user base in the world, after India and the US, and they have the third highest number of Google+ users worldwide. Almost 18 million people use Twitter, making it their sixth highest user base. Around 63% of online shoppers receive and search recommendation through social media before making any purchase, according to the Brazilian Ecommerce Association. More than 60% of companies in Brazil invest in a paid advertising strategy, with the intent of raising brand visibility and increasing sales. Of this percentage, 98.5 % of businesses invest their money in Facebook Ads, which, being less expensive than Google AdWords, is a great option for small to medium sized brands who want short-term results with a low budget.

Direct Selling

Evolution of the Sector

According to the World Federation of Direct Selling Associations (WFDSA), 2016 retail direct sales in Brazil decreased slightly to USD 8,689 million (a 0.1% decreased compared to 2015). Despite this, independent representatives in the industry reached 4,335,834 people. According to Euromonitor International, direct selling remained relevant in 2017 due to increased unemployment in other sectors generating an influx of new direct sales representatives. [Fabio Piastrelli](#), founder of Gera (IT solutions for direct sellers), claims Brazil has nearly 200 direct selling companies that will maintain direct selling's relevance in the country.

Brazilians value a well-groomed appearance which, combined with person-to-person experience, makes personal care products the leading direct selling sector. Major players include Natura, Avon, and Luxor Cosmetics, although they face increased competition from cosmetics company [Hinode](#). In fact, Hinode has revolutionized the industry by offering strong direct selling training, jumping from 35,000 to 600,000 representatives and 600% revenue growth from 2012 to late 2016. As a response, many direct selling companies are diversifying their sales efforts into the Internet to make up for decreasing demand.

Commercial Intermediaries

Trading Companies

Type of Organization	- Trading companies, public limited companies, listed on the Stock Exchange and registered with the Secretariat for Foreign Trade (SECEX), they manipulate large volumes of imports thanks to substantial financial capacities; - empresas comerciais, limited liability companies, less expensive and more flexible, better adapted to lower volumes of imports or on the regional scale. In addition, it is essential to go through these importers-exporters to penetrate the retail sales market, and they take charge of distribution.
Main Actors	List of import-export companies.
Wholesalers	
Type of Organization	Importers are also wholesalers in accordance with Brazilian legislation.
Main Actors	Atacadão , a wholesaler bought by Carrefour in 2007. Makro Atacadista S.A. Association of wholesalers and distributors (ABAD)
Useful Resources	Invest Export Brazil Association of wholesalers and distributors Association of pharmaceutical product wholesalers

Using a Commercial Agent

The Advantages	It is advisable to begin commercial operations through an agent or a distributor. Agency and representation agreements are governed by the law of 10 December 1965. An agent knows his area of activity, his potential customers, his town and/or his region well. Less expensive than going through a trading company.
Where to Be Vigilant	A single agent cannot cover the whole country. In spite of considerable progress made at the level of domestic transport and communications, the regional orientation of the economy remains important. A company desiring more complete coverage across the country is advised to place at least one agent in each of the two main centres of activity: Rio and Sao Paulo. Moreover, regional economic disparities and varying states of infrastructure often make it necessary to use several agents to access the Brazilian market. Agents are not always specialised in one type of product. Companies are advised to seek prior information about their contacts.
Elements of Motivation	The agent has exclusivity for the distribution of the product once he has proved his sales capacities in the area concerned.
The Average Amount of Commission	Commission on the volume of sales is negotiated between the two parties. It is better to go through a bank which pays the income from sales to the exporter and commission to the agent.
Breach of Contract	The content and the extension of the agent's work must be specified in the contract. This cannot be broken unless there is a professional fault or the two parties request it.
Finding a Commercial Agent	French Chamber of Commerce in Brazil Association of distributors and wholesalers , State of São Paulo Alibaba

Learn more about [Traders, Agents in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Setting Up a Commercial Unit

The Advantages	The company's physical presence in Brazil is an essential element given that business relations are based on personal contact and mutual confidence.
Where to Be Vigilant	Be careful of fiscal declarations and the legal constitution of your company; the initial formalities can be long and complex. The advice of a local lawyer is not superfluous.
Different Possible Forms of Settlement	
A Representative Office	It is relatively easy to set up a representative office to make the first contacts on the ground. If the office is to be responsible for importing, it must be formed into an "empresa comercial" (commercial company).
A Branch Office	There are no major legal obstacles to setting up a branch office in Brazil. It will be considered as a local company in the eyes of the fiscal authorities.
A Company	The forming of a company in Brazil, as a corporation (anonimas) or limited liability company (limitada) is relatively easy but all participating foreign capital must be registered with the Central Bank. Failure to comply may cause serious foreign exchange losses, as well as problems with capital repatriation or profit remittance.

Franchising

Evolution of the Sector	<p>Franchise stores represent about 25% of retail turnover. Brazilian franchises dominate 92.4% of the market, but foreign names are beginning to appear. The Brazilian franchise sector grew faster than the overall economic sector in the past few years. Nowadays, even traditional retail companies will include franchises in their growth strategy. In 2013, the Brazilian franchise sector grew by 11.9%, and total sector revenue was about US \$52 billion. There are an estimated 2,703 franchising chains and 114,409 franchising units in the country. In 2014, the growth projection for franchises is about 10%, mainly driven by the opening of new shopping centers around the country.</p> <p>It is important to adapt a foreign name to the Brazilian context. At the legal level, a specific form is required for any official franchise offer, called "Circular de Oferta de Franquia," which must contain a certain amount of information concerning the company's financial health and the settlement of legal disputes. The main sectors in which franchises have developed are catering, language courses and fitness and body care centres.</p> <p>It is increasingly common for a Brazilian investor to negotiate risk-sharing agreements with the foreign franchisor when introducing a new brand to the market.</p>
Some Big Franchises	<p>Habib's, Fast-food O Boticario, body care and products Kumon, language and mathematics courses Wizard, English courses</p>
For Further Information	<p>Setting Up Your Company and Office in Brazil Brazilian franchise association (in Portuguese)</p>

Finding Assistance

Export Trading Companies	Association of foreign trade companies
Recommended Resource	Export Support Center

Learn more about [Sales in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

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Buying

CUSTOMS PROCEDURES

Export Clearance	You must be registered with the Secretariat for Foreign Trade (SECEX), have a registration number in the national register of persons (CPF) or in the national tax register (CGC). You must also have all the documentation for the products exported, licenses, certificates of origin, invoices and some proof of the order of the product from the country it is being exported to.
Necessary Declaration	There is a specific declaration for agricultural products, in particular for GMOs.
Restrictions	Prohibited or restricted products for export, especially agricultural products, are listed on the Ministry of Industry and Development website.
Export Taxes	You can simulate the export cost of a product.

INDUSTRIAL AND MANUFACTURING PROFILE

Type of Production	Industry is dynamic and constitutes 37% of GDP. The following sectors are especially crucial: agri-foods, textiles, aeronautics, pharmacy, iron and steel, automobile and chemical.
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Type of Manufacturers

Original Equipment Manufacturers	Manufacturers of spare parts for the automobile, aeronautics, IT and electronics industries, appreciated for their excellent technological skills for a relatively low cost.
Original Design Manufacturers	A great number of subcontractors have had to adapt to the requirements of their industrial customers and take a larger part in the industrial production process. They have gone from the simple task of making parts to that of assisting in decision making or marketing.
Subcontractors	This involves a certain number of fields, but many fewer than its South East Asian competitors because of the cost of labor and its overvalued currency. Nevertheless, the national industrial fabric relies for a large part on these effective and flexible intermediaries, in particular in high-tech industries, in order to respond to international competition. This expansion of subcontracting meets with some resistance on the Brazilian job market, traditionally protected because of the flexibility demanded and low wages.
Useful Resources	Brazil Outsourcing

IDENTIFYING A SUPPLIER

Business Directories

Multi-sector Directories	All.biz - Brazil - Directory of companies in Brazil. BrazilBiz - Vendors and business opportunities in Brazil. Brazilian Exporters Directory - List of Brazilian exporters provided by Brazil4export.com. Cyclax Brazil - Brazil's business directory. Cyclax Brazil - Brazil's business directory. NEI Directory - Solar and photovoltaic panels - Directory of solar and photovoltaic manufacturers in Brazil.
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[PlanetaBrasileiro](#) - A search engine for companies in Brazil.
[Telelistas.net](#) - Brazil's business directory.
[The Yellow Pages](#) - Find a business in Brazil.

Marketplaces

Regional Marketplaces [Touchmercosur](#)

Other Useful Resources

Trade Agencies and Their Representations Abroad [Chamber of Commerce and Industry of Rio de Janeiro](#)
[Official foreign trade website](#)
[Brazilian Trade and Investment Promotion Agency](#)
[Brazilian Chambers of Commerce abroad](#)

Fairs and Trade Shows [Calendars of trade shows and exhibitions](#)

Learn more about [Service Providers in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

CONTROLLING THE QUALITY OF THE PRODUCTS

Quality Control Organizations [Brazilian association for technical standards](#)
[National institute for standardization](#)
[National Council of Metrology, Standardization and Industrial Quality \(CONMETRO\)](#)

ORGANIZING GOODS TRANSPORT TO AND FROM BRAZIL

Main Useful Means of Transport The most commonly used means of transport in Brazil is roads- about 85% of the transport of people and products in the country (58% of the total freight) move along roads. Practically all the State capitals are linked by tarmac roads and major states (including São Paulo and Rio de Janeiro) have expressways. Road and motorway networks cover approximately 1.5 million kilometres, of which some 160,000 are tarmac- an increase of more than 300% over the last two decades. The management of several motorways has recently been transferred to the private sector.

Rail transit is the second most frequently utilised method of transportation, with railway networks carrying 22.5% of goods moved throughout Brazil. Only 7% of railway lines are electrified. Despite the enormous potential for river traffic, only 13% of cargo is transported through waterways. Brazil's large cities are well served by air, but this type of goods transport is not very developed, mainly because of the high cost.

Overall, Brazilian transportation infrastructure faces many challenges, as roads and ports need to be upgraded. However, the transportation sector was among the sectors showing the highest economic growth.

By Sea

Ports [Port of Recife](#)
[Port of Santos \(São Paulo\)](#)

[Port of the Rio Grande](#)
[Port of Salvador](#)
[Port of Rio de Janeiro](#)
[Port of Belem](#)
[Port of Paranagua](#)
[Port of Vitoria](#)
[Port of Itaquí](#)
[Port of Sao Sebastiao](#)
[River Port of Manaus](#)

Transport Professionals [Links to sea transport companies](#)
[Task Logistics](#)
Government Transport Organisations [Government Agency for Sea Transport](#)

By Air

Airports [Brazilian airports website](#)
Transport Professionals [Links to air transport companies](#)
[Task Logistics](#)
Government Transport Organisations [National Civil Aviation Agency](#)

By Road

Transport Professionals [Links to road transport companies](#)
[Brazilian Association of Car Rental Companies](#)
Government Transport Organisations [National Land Transport Agency](#)

By Rail

Transport Professionals [Links to rail transport companies](#)
[List of contractors on the Ministry website](#)
Government Transport Organisations [National Land Transport Agency](#)

Learn more about [Sourcing in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

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Operating a Business

LEGAL FORMS OF COMPANIES

La Sociedade a Responsabilidade Limitada (SARL): Limited Liability Company	Number of partners: 2 partners minimum. Capital (max/min): No minimum capital requirement. Shareholders and liability: Liability is limited to the amount of capital contributed. Partners are also jointly liable for the company's commitments within the limit of the capital remaining to be paid up.
La Sociedade Anonima (SA): Public Limited Company.	Number of partners: 2 partners minimum. Capital (max/min): No minimum capital requirement. 10% minimum of the issue price of the subscribed shares must be paid up in cash. Shareholders and liability: The partners' liability is limited to the amount of capital contributed.
General Partnership	Number of partners: 2 partners minimum. Capital (max/min): No minimum capital requirement. Shareholders and liability: The partners' liability is limited to the amount of capital contributed.
Limited Joint-Stock Partnership	Number of partners: 2 partners minimum. There are two types of partners- active partners and the silent partners. Capital (max/min): No minimum capital requirement. Shareholders and liability: The liability of the active partners is unlimited. The liability of the silent partners is limited to the amount of capital contributed as long as they do not participate in the management of the company.
Enterprises Federation	Union Representation for Trade in Goods, Services and Tourism National Confederation of Industry National Agency for Support for SMEs
Find a Company or a Financial Report	DNRC , Registro Mercantil

BUSINESS SETUP PROCEDURES

Setting Up a Company	Brazil
Procedures (number)	11.00
Time (days)	20.50

Source: *Doing Business*.

For Further Information [Consult Doing Business Website](#), to learn more about procedures to start a business in Brazil
[Register of Commerce](#)
[Civil Register of Legal Entities](#)

The Competent Organisation All necessary information is on the [SEBRAE website](#). It is also possible to make an [application for registration by Internet](#). It is advisable to call on a lawyer for assistance.

Recovery Procedures

Principle	Law 11 101 of 2005 simplified bankruptcy, recovery and repurchasing procedures in order to favor creditors and credit fluidity. The new system enables minority creditors who are too insistent to be marginalized and favors dialogue between debtor and creditor in order to perpetuate the activity of the company. The priorities in reimbursing debts in the case of bankruptcy are according to several categories: the employees (within a limit of 150 salaries minimum), then the fiscal administration, then the other creditors according to the preferential rank given to their claims.
Minimum Debt-to-Capital Ratio Triggering Liquidation	A creditor or an association of creditors can claim bankruptcy if the debtor cannot reimburse his debts at the required date, from an amount equivalent to 40 salaries minimum.
Bankruptcy Laws	LEI N o 11.101, DE 9 DE FEVEREIRO DE 2005 . (Law 11.101 of 9 February 2005)
Reorganization and Rehabilitation Laws	Legal and extra-legal stabilizing procedures are always possible. In the first case, under the direction of a judge and with the agreement of some of the creditors (at least 1/3 of the claims in each category and the majority for two of them), all debts are suspended for a maximum of 6 months to leave the debtor company the time to reorganize the payment of its debts. In the second case, there is a simple renegotiation and rescheduling of the debt between the company and its creditors, but it requires the agreement of the creditors who hold at least 60% of each category of debt. The same law as for bankruptcies governs legal stabilizing.

THE ACTIVE POPULATION IN FIGURES

	2012	2013	2015
Labour Force	107,100,000	107,300,000	109,200,000

Source: CIA - The World Factbook

	2015	2016	2017
Total activity rate	67.11%	66.96%	66.79%
Men activity rate	60.24%	60.19%	60.09%
Women activity rate	56.31%	56.18%	56.04%

Source: ILO, Laborstat - Yearly Statistics

Employed Persons, by Occupation (% of Total Labour Force)	2016
Wholesale and retail trade; repair of motor vehicles and motorcycles	19.3%
Manufacturing	11.4%
Agriculture, forestry and fishing	10.2%
Construction	8.1%
Education	6.7%
Public administration and defence; compulsory social security	5.7%
Accommodation and food service activities	5.1%
Transportation and storage	5.0%
Human health and social work activities	4.8%

Employed Persons, by Occupation (% of Total Labour Force)	2016
Administrative and support service activities	4.1%
Professional, scientific and technical activities	3.3%
Financial and insurance activities	1.4%
Information and communication	1.3%
Arts, entertainment and recreation	1.0%
Water supply; sewerage, waste management and remediation activities	0.7%
Real estate activities	0.6%
Mining and quarrying	0.5%
Electricity, gas, steam and air conditioning supply	0.2%

Source: [ILO, Laborstat - Yearly Statistics](#)

For Further Statistics [IPEA Data](#)
 For Further Information [Ministry of Social Security](#)
 About the Labour Market [ILO, International Labour Organisation](#)

WORKING CONDITIONS

Opening Hours

Legal Weekly Duration	The legal duration is 44 hours, although the norm in Brazilian and foreign companies is 5 weekly working days of 8 hours.
Maximum Duration	Overtime is paid 50% more than the basic wage. The maximum number of hours per day and/or per week is 2 hours a day, with the agreement of both parties.
Night Hours	A maximum of seven consecutive hours is allowed in town (from 10 p.m. to 5 a.m.) and height hours in the countryside (from 9 p.m. to 5 a.m.). Hours worked over this are considered to be overtime.

Working Rest Day Saturday and Sunday.

Paid Annual Vacation 30 days of annual vacation granted at the end of the first year in the job.

Retirement Age The minimum retirement age is 55 for women and 60 for men in civil service. In the private sector, men have to have contributed for 35 years to the retirement scheme and women for 30 years. If the number of years of contributions is lower than these figures but over 15 years, it is also possible for men to retire at 65 and women at 60. If these conditions are not met, there is a minimum retirement pension accessible to everyone over 65.

Child Labour and Minimum Age For Employment The minimum age for working is 16 and 14 for apprentices.

Informal Labour Market Nearly 25% of the active population works in the informal sector, and almost as many are self-employed, 80% undeclared. In total, the informal sector represents almost half of the labor market in Brazil.

THE COST OF LABOUR

Pay

Minimum Wage	BRL 788 per month (source: ILO, 2015, dernières données disponibles). According to Institute of Applied Economic Research data, the minimum wage is BRL 954 per month since the 1 January 2018. NB: the minimum wage is varying according to the States.
Average Wage	Gross average monthly wage: BRL 2 219 (source: ILO, 2017, lastest available data).
Other Forms of Pay	
Pay For Overtime	150% of the basic wage. A maximum of six consecutive hours is allowed. Hours worked over this are considered to be overtime.
Pay For Rest Days Worked	Considered to be overtime (50% more than the basic wage).
Pay For Night Hours	In urban areas, there is an increase of 20% within a limit of 8 hours of daily work, equivalent to 7 hours at night (a night hour lasts 52 min 30s). In rural areas the increase is 25%, but the legal limit is 8 hours per night.
Pay For Overtime at Night	The increase for night work is added to the increase for overtime.

Social Security Costs

The Areas Covered	Social insurance (covering old age, disability, maternity, unemployment), social assistance (for people in situations of increased vulnerability) and health.
Contributions	Contributions Paid By the Employer: 26.8-28.8% of monthly payroll, without cap, comprising of social security contributions (20% or 1-2% of company's gross revenue under the Greater Brazil Plan), social assistance contributions (1-3% depending on the level of risk of activity) and additional "S" system contributions (approximately 5.8%). Self-employed individuals contribute at 20% base salary, capped at BRL 932.75. Contributions Paid By the Employee: 8-11% withholding tax on monthly payroll, capped at BRL 513.01
Competent Organization	Ministry of social providence

MANAGEMENT OF HUMAN RESOURCES

Recruitment

Method of Recruitment	In spite of the cost of labor in Brazil, the job market is very dynamic especially for managers. Adverts are put in the newspapers, on specialized web-sites, and by word of mouth. For high level management, methods of recruitment are basically the same as those of European or American firms. For less qualified personnel, a simple interview is enough.
Recruitment Agencies	Brazilian and international recruitment agencies are taking a growing place on the job market.
Recruitment Websites	Recruitment website

[Manager online](#)
[People consulting](#)
[Jora](#)

The Contract

Type of Contract Legal measures govern work contracts; collective agreements and individual negotiation complete them. The formality of work contracts and constraints of dismissal are very rigid, while hiring conditions are rather flexible. The two types of contract mainly used are fixed term and open ended. A variation on the fixed term contract is a contract with no hierarchical relation for carrying out a particular task.

Breach of Contracts

Retirement	Workers can retire according to the terms described above.
Dismissals	In the case of fixed term contracts the employer can part with an employee without penalty when the contract runs out. In the case of an open ended contract or before the end of a fixed term contract, either of the parties can terminate the work contract with 8 or 30 days' notice, according to whether the worker is paid weekly or monthly. If the employer has no valid motive for dismissal, half of the wages remaining until the expiry of the fixed term contract must be paid. In all cases, the balance of remaining vacation must be paid, as well as the balance of the fund into which the company pays contributions every month for the employee, the FGTS, up to 8.5% of gross salary, increased by 40 to 50% when an employee with an open ended contract is dismissed without a valid motive. The Brazilian Labor Code is very rigid, so a serious motive is necessary to dismiss an employee, or a difficult economic situation must be proved.
Other Possible Methods	Direct negotiation with the employee concerned.
Labour Laws	Labor Law in Brazil Doing Business: Brazil , to obtain a summary of labour regulations that apply to local enterprises

Dispute Settlement

Conciliation Process

Cases of Dispute	Disputes regarding working conditions, misuse of power and moral harassment, individual or collective negotiation.
Legal Framework	The creation of a conciliation commission ("juntas de conciliação prévia") before which any decision concerning the dispute must be taken. One of the two parties can appeal to this conciliation court whose decisions must be accepted.
Procedure	Law 9 985 of February 2000 promotes conciliation in disputes between companies and their employees.

Judicial Structures

Competent Legal Body	There are industrial tribunals in each State where disputes not settled by conciliation are heard. There are Magistrates' courts in the four macro-regions of the country and a Higher Industrial Tribunal settles the last appeal procedures. The Higher Industrial Tribunal (in Portuguese) (the Constitution of 1988, title 4, chapter 3, section 5, article
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111 governs the role of the Higher Industrial Tribunal).

Social Partners

Social Dialogue and Involvement of Social Partners

Labour unions, especially in sectors such as metalworking and banking, tend to be well-organised and aggressive in defending wages and working conditions. Unions in various sectors engage in industry-wide collective bargaining negotiations mandated by federal regulation. Strikes occur periodically, particularly amongst public sector unions.

The Labour Code prohibits having too many unions for a single profession and in each region. Although the law has not created a central institution representing the unions, four groups have tried to provide this, but without legitimacy: the [Unitarian Workers Group \(CUT\)](#), the General Confederation of Workers (CGT) and the [Força Sindical \(FS\)](#). Some industrial and mining sectors have powerful unions; however, the unions are more or less absent from the rural areas where the great landowners still hold sway.

Unionisation Rate

The Ministry of Labour estimates that there are 15,000 labour unions in Brazil, but these figures are considered by some to be inexact. Labour unions account for approximately 19% of the official workforce according to the Brazilian Institute of Geography and Statistics (IBGE). Union dues are compulsory for all workers in the formal sector and are set at one working day's income per year.

Unions

[Unitarian Workers Group](#)
[CGT Brazil](#)
[Força Sindical](#)

Regulation Bodies

[Securities and Exchange Commission of Brazil](#)

Learn more about [Operating a Business in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Investing

FDI IN FIGURES

Foreign direct investment into Brazil boomed between 2009-2011, but had been slowing down ever since. After 3 consecutive years of decline in FDI inflows, they have managed to start up again in 2017. However, according to the [World Investment Report 2019](#) published by UNCTAD, FDI inflows decreased by 9.4% between 2017 and 2018 and reached USD 61.2 billion. Brazil is the 7th recipient of FDI in the world in terms of inflows (6th the previous year), and the first one in Latin America and Caribbean. FDI in the country declined during the first semester of 2018, mainly due to uncertainties and tensions related to the presidential elections, according to Unctad. The decline is due to the economic situation and the sharp decline in M&A deals. During the year, only six acquisitions by Chinese companies took place, half of the level in 2017. However, a few industries attracted inflows: extractives sector (+45%), non-metallic mineral products and automotive industry, as well as ICT. According to UNCTAD, the level of inflows in 2019 will depend on the new Brazilian administration's reform programme, but should increase thanks to positive economic forecasts, supportive investment policies and the greenfield projects. FDI stock increased by 9% between 2017 and 2018, and reached USD 684 billion by the end of the year. In 2018, the main investing countries in Brazil were the Netherlands, the United States, Germany, Spain, the Bahamas, Luxembourg, the United Kingdom, Canada, France and Chile. Investments were mainly oriented towards oil and gas extraction, the automotive industry, financial services, commerce, electricity, paper production, ITC, storage and transportation, the food industry, and mining.

Brazil ranked 109th out of 190 countries in the World Bank's [2019 Doing Business report](#), an improvement from the previous year, when it ranked 125th (the largest score improvement in Latin America and the Caribbean). Brazil is an attractive market for international investors due to several factors: a domestic market of nearly 210 million inhabitants, availability of easily exploitable raw materials, a diversified economy that is less vulnerable to international crises, and a strategic geographic position that allows easy access to other South American countries. However, investment in Brazil remains risky because of some negative factors including cumbersome and complex taxation, bureaucratic delays and heavy and rigid labour legislation. As part of the country's ongoing effort to strengthen its business environment, Brazil introduced electronic certificates of origin which reduced the time required for import documentary compliance, facilitating and simplifying the whole process. The country also made several infrastructure concessions which have helped foster investment. In 2017, Brazil awarded the rights to pump oil from its offshore "pre-salt" region to Shell (which got three blocks, out of six that were being auctioned), BP (that got 2 blocks) and ExxonMobil (one block). The Government expects the oil blocks to generate USD 30.2 billion in investment from the winning companies and USD 39.3 billion in royalties and other revenues. Attracting FDI is a core objective of Brazil's international political economy. Since 2016, the Brazilian government has been committed to improve, strengthen, and implement legislation and regulatory procedures designed to provide investors with a favourable business environment in the country.

Foreign Direct Investment	2016	2017	2018
FDI Inward Flow <i>(million USD)</i>	52,751	67,583	61,223
FDI Stock <i>(million USD)</i>	563,539	622,990	684,213
Number of Greenfield Investments***	200	197	332
FDI Inwards <i>(in % of GFCF****)</i>	19.6	n/a	n/a
FDI Stock <i>(in % of GDP)</i>	34.8	n/a	n/a

Source: UNCTAD, Latest available data.

Note: * The UNCTAD Inward FDI Performance Index is Based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. ** The UNCTAD Inward FDI Potential Index is Based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, Country Risk. *** Green Field Investments Are a Form of Foreign Direct Investment Where a Parent Company Starts a New Venture in a Foreign Country By Constructing New Operational Facilities From the Ground Up. **** Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased By Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped.

FDI INFLOWS BY COUNTRY AND INDUSTRY

Main Investing Countries	2018, in %	Main Invested Sectors	2018, in %
Netherlands	20.0	Oil and gas extraction	11.4
United States	16.0	Motor vehicles, trailers, semi-trailers and related parts	9.8
Germany	8.2	Financial and auxiliary services	7.6
Spain	7.4	Commerce, except vehicles	6.8
The Bahamas	5.7	Electricity and gas	5.4
Luxembourg	5.2	Chemical products	5.1
Cayman Islands	3.8	Pulp, paper and paper products	4.3
British Virgin Islands	3.1	Information technology services	4.1
Canada	2.8	Storage and transportation auxiliary activities	3.5
France	2.8	Foodstuffs	3.5
Switzerland	2.6	Mining support service activities	3.3
		Other services	2.8

Source: [Brazil's Central Bank](#) - Latest available data.

Form of Company Preferred By Foreign Investors	Very large companies, mergers and international acquisitions. The sociedades anonimas are the legal form of company preferred by foreigners.
Form of Establishment Preferred By Foreign Investors	Joint-ventures
Main Foreign Companies	Renault, Peugeot, Carrefour, Casino, Mc Donalds, Zara, General Motors.
Sources of Statistics	Central Bank of Brazil

WHAT TO CONSIDER IF YOU INVEST IN BRAZIL

Strong Points	<p>Advantages for FDI in Brazil:</p> <ul style="list-style-type: none"> Extensive natural resources A large middle-class and a large domestic market (5th largest population in the world) A strategic geographic location A diversified economy, well anchored in international exchanges (FDI inflows and
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foreign exchanges reserves are important, low external debt)
 Export sectors, especially in industry, represent investment opportunities, thanks to the weakness of the real exchange rate
 After recent corruption scandals, the fight against corruption is intensifying, which could benefit investment in the long-term.

Weak Points

Despite being open to world trade, several administrative barriers cripple international trade:

- Onerous labour laws, resulting in high costs to foreign companies and keeping a good part of local business in the informal sector
- Fiscal system is heavy and customs duties are high
- Costs of production are high and inflation is high
- Infrastructure is insufficiently developed
- Foreign investments are restricted in several sectors
- Some foreign investors have encountered obstacles engaging with regulatory agencies (high level of regulatory risk)
- Brazil highly exposed to changes in commodity prices on international markets
- Budgetary situation is exposed
- Political and social tensions and corruption
- Lack of highly qualified workforce
- Public education system is weak

Government Measures to Motivate or Restrict FDI

The Brazilian Government encourages and promotes FDI. The National Investment Bank (BNDES), one of the largest development banks in the world, encourages foreign investment. Most of the barriers to foreign investors have been removed, particularly on the stock market. A very large number of public companies have been privatised and many sectors were deregulated over the last fifteen years.

After the corruption scandal that embroiled Brazilian politic life in the 2010's, the government is trying to regulate relations between big corporations and political power. It is also pursuing a strategy of macroeconomic reforms, which aims to rationalise the Brazilian tax system. These efforts of the Temer administration allowed improvement of the FDI inflows in 2016 and 2017.

PROTECTION OF FOREIGN INVESTMENT

Bilateral Investment Conventions Signed By Brazil

Brazil has signed bilateral agreements for the protection of foreign investment with 14 countries, but seven of them have not been ratified by the Congress. To see the list of countries and conventions, [click here](#).

International Controversies Registered By UNCTAD

There has not been any major controversy over the last few years.

Organizations Offering Their Assistance in Case of Disagreement

[ICCWBO](#) , International Chamber of Commerce in Rio

Member of the Multilateral Investment Guarantee Agency

No

Country Comparison For the Protection of Investors

	Brazil
Index of Transaction Transparency*	5.0
Index of Manager's Responsibility**	8.0
Index of Shareholders' Power***	4.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

PROCEDURES RELATIVE TO FOREIGN INVESTMENT

Freedom of Establishment	Guaranteed
Acquisition of Holdings	The investment regime in Brazil is liberal, allowing foreign investors to have a majority share in the creation of their company.
Obligation to Declare	The Agency for the Promotion of Foreign Investment gives information about the authorisations necessary for setting up. All inflows of capital must be declared to the Central Bank.
Competent Organisation For the Declaration	Central Bank of Brazil
Requests For Specific Authorisations	Foreign investment is restricted and requires special authorisation in the nuclear, health, land ownership, fishing, postal, telegraph, aviation, aeronautics, media communications and highway freight sectors.

Learn more about [Foreign Investment in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

OFFICE REAL ESTATE AND LAND OWNERSHIP

Possible Temporary Solutions	There are plenty of offices to rent.
The Possibility of Buying Land and Industrial and Commercial Buildings	<p>There are no restrictions on foreigners buying land and commercial buildings, except at the borders of the country.</p> <p>In October 2009, the Brazilian Chamber of Deputies approved legislation that further restricted foreign ownership of land along Brazil's borders and within the Amazon. In August 2010, the government issued a revised interpretation of Brazil's 1971 land ownership legislation (Law 5709), strengthening existing language limiting foreign ownership of agricultural lands in rural municipalities. The new regulations have the potential to disrupt purchases of farmland by foreigners.</p> <p>In August 2013, a set of new rules covering the purchase of Brazilian land by foreigners was published. The area bought or leased by foreigners cannot account for more than 25% of the overall area in any municipal district. When a foreign group wants to purchase large plots of land, congressional approval is required.</p>
Risk of Expropriation	Risks of expropriation are very low today. Compensation is provided for in case of

expropriation, especially for foreigners.

INVESTMENT AID

Forms of Aid	The government encourages foreign investment in the form of tax exemption, aid, etc.
Privileged Domains	Companies which export more than 80% of their production in IT and communications are exempt from certain taxes (COFINS and PIS) on their exports. This regime has been extended to all exporting companies, but for three years only. In addition, there is much public aid for SMEs that export. Furthermore, Brazilian states try to attract investment by offering ad hoc tax benefits and infrastructure support to specific companies, negotiated on a case by case basis. This has led to a "fiscal war" between Brazilian states. Until now, it has not been possible to standardise this tax rate issue.
Privileged Geographical Zones	Tax reductions are granted to companies who set up in economically disadvantaged regions such as the North, Nordeste and the Amazonian regions (Manaus in particular).
Free Zones	There are 8 free economic zones in Brazil but only that of Manaus, Zona Franca de Manaus , has managed to attract foreign investment and seen real economic development. In 2011, a constitutional amendment extended Manaus's status as an industrial zone for another 50 years.
Organizations Which Finance	The National Investment Bank (BNDES) The PROEX (in portugese) The Instituto de Desenvolvimento de Minas Gerais (INDI) .

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy	Agriculture (sugar cane, coffee, oranges, soya, bananas, walnuts, cashew nuts, corn, pineapples and peppers), beef, poultry, tobacco leaves; mineral ores, iron and aluminium. The country is increasingly asserting itself in aeronautics, pharmacy, automobile, iron and steel and chemical sectors. Petrogas sector has a large potential and Brazil is the largest market in Latin America for renewable energies. Moreover, the Brazilian government launched an investment program for infrastructure development . Opportunities exist, notably in the development of airports and more generally in the public-private partnership targeting infrastructure development, as the Projeto Crescer . Thanks to the growth of the middle-class, the franchising sector is booming in Brazil.
High Potential Sectors	Numerous sectors in Brazil offer excellent short-term opportunities: raw materials, agriculture, agri-food industry, IT (hardware and software), energy, petroleum, gas, franchises, insurance, iron, steel, medical equipment, pharmaceutical products, mining sector, pollution control equipment, ports and airports, aeronautical industry, railways, telecommunications infrastructure and tourism.
Privatization Programmes	Since 2013, the Brazilian government has been willing to ease access of FDI in the media sector. However, revision of the regulations is still pending. The electricity company Eletrobras, mainly owned by the Brazilian State, should be privatised by the end of 2018. Several other assets will be open to private sector in the hydrocarbons and infrastructure sectors.
Tenders, Projects and Public Procurement	Tenders Info , Tenders in Brazil Comprasnet , Tenders TendersOnTime , Tenders Worldwide

SECTORS WHERE INVESTMENT OPPORTUNITIES ARE FEWER

Monopolistic Sectors Electricity and energy in general are state monopolies, but the trend is towards the opening up of other monopolies to the private sector, subject to the supervision of a public regulation organisation.

FINDING ASSISTANCE FOR FURTHER INFORMATION

Investment Aid Agency [Apex-Brasil \(Brazilian Trade and Investment Promotion Agency\)](#)
[Invest & Export Brazil \(Trade and Investment Guide\)](#)

Learn more about [Investing in Brazil](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

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