



Doing business in Brazil?

We can help

UK Trade & Investment contact details at British diplomatic posts in Brazil

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Brasília DF 70408-900

Tel: +55 61 3329 2300

Fax: +55 61 3329 2369

Email: press.brasilia@fco.gov.uk

British Consulate-General, São Paulo

Rua Ferreira Araújo 741, ground floor

Pinheiros

São Paulo SP 05428-002

Tel: +55 11 3094 2700

Fax: +55 11 3094 2717

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British Consulate-General, Rio de Janeiro

Praia do Flamengo 284, 2nd floor

Rio de Janeiro RJ

22210-030

Tel: +55 21 2555 9600

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Email: bcg.rj@fco.gov.uk

British Trade Office, Recife (Pernambuco)

Thomas Edison Business Building,
8th floor

Av. Agamenon Magalhães,

4775 Ilha do Leite

Recife PE 50070-160

Tel: +55 81 3031 5961

Fax: +55 81 2127 0247

Email: recife@britishconsulate.org.br

**British Trade Office, Porto Alegre
(Rio Grande do Sul)**

Rua Antenor Lemos, 57 Conj303
Bairro Menino Deus
Porto Alegre RS 90850-100
Tel +55 51 3232 1414
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**British Trade Representative,
Belo Horizonte (Minas Gerais)**

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Disclaimer

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Introduction



UK Trade & Investment

UK Trade & Investment is the Government Department that supports companies in the UK trading internationally, and overseas companies seeking to locate in the UK. One of the themes of its strategy is to focus UK Trade & Investment's resources on high-growth emerging markets, like Brazil, that are expected to be major sources of both trade and foreign direct investment in the future. UK Trade & Investment helps companies of all sizes to do business in Brazil through a network of international trade teams based in the English regions and the devolved administrations in Northern Ireland, Scotland and Wales. In Brazil, there are dedicated trade and investment teams based in the British Embassy in Brasília, the Consulates-General in

São Paulo and Rio de Janeiro and the Trade Offices in Porto Alegre, Recife and a UKTI representative in Belo Horizonte.

Who is this guide for?

Even for the seasoned exporter, Brazil can be a tough proposition due to the procedures that need to be followed. This guide is aimed at companies experienced in overseas trade who are new to doing business with Brazil. You may be an exporter looking to sell directly to Brazilian customers or through an agent or distributor in Brazil. Alternatively, you may be planning to set up a representative office, joint venture or other form of permanent presence in Brazil.

How to use this guide

This guide is not designed to be read from cover to cover, but more as a useful reference to dip in and out of. It should be used in conjunction with the UK Trade & Investment website, www.ukti.gov.uk, and our other services.

The guide will take you through the process of doing business in Brazil, while the website will provide you with regularly updated market and sector information, business opportunities and details of further contacts.

What does this guide aim to do?

This guide aims to provide a route map of the way ahead, together with signposts to other sources of help. It identifies the main issues associated with initial research, market entry, risk management and cultural and language issues. It also includes questions you should ask at the beginning of your research into Brazil.

We do not pretend to provide all the answers in this guide. It does not cover the regions of Brazil or sectoral opportunities. Neither does it cover the legal, taxation or accounting aspects of setting up a permanent presence in Brazil – but it will point you in the direction of the people, organisations and publications that will be able to

answer these and other more detailed questions. The objective of this guide is to steer companies through the initial research and preparation stages of entering the Brazilian market. It is far better to spend time and money carrying out thorough research and preparation before entering the market than to enter Brazil in a rush, only to discover, when it is too late, that you have made a poor and expensive decision! UK Trade & Investment is here to help you through this process.

Researching the market

Why Brazil?



Brazil is simply too big a market to ignore. It is the fifth-largest country in the world, with a population of approximately 190 million. It has one of the world's most rapidly developing economies and a GDP per head that is greater than either India or China. It has natural resources in abundance, a developed industrial base, high standards in scientific research and substantial human capital.

Brazil is one of the four countries which, together with Russia, India and China, make up the so-called BRIC economies. The term was first used in 2001 by the investment bank Goldman Sachs which highlighted the huge potential of Brazil and recognised that, together with the other BRIC countries, it has the potential to be one of the most dominant economies in the world by 2050.

Brazil is the world's seventh largest economy and by far the largest in South America.

Economic reform in the 1990s brought stability to the country's finances, putting behind it a history of boom and bust where high inflation and foreign debt hampered its development. Today, Brazil is the world's 7th largest economy and by far the largest in South America, representing over 50 per cent of regional GDP.

The UK enjoys a strong and historic trading relationship with Brazil,

stretching back over 200 years. Today, Brazil remains the UK's most important trading partner in Latin America, with bilateral trade almost reaching £5 billion in 2010. The UK is also one of the largest investors in Brazil. However, there is strong evidence to suggest that many UK companies are not aware of the size and level of opportunity that exists in Brazil.

Before you begin

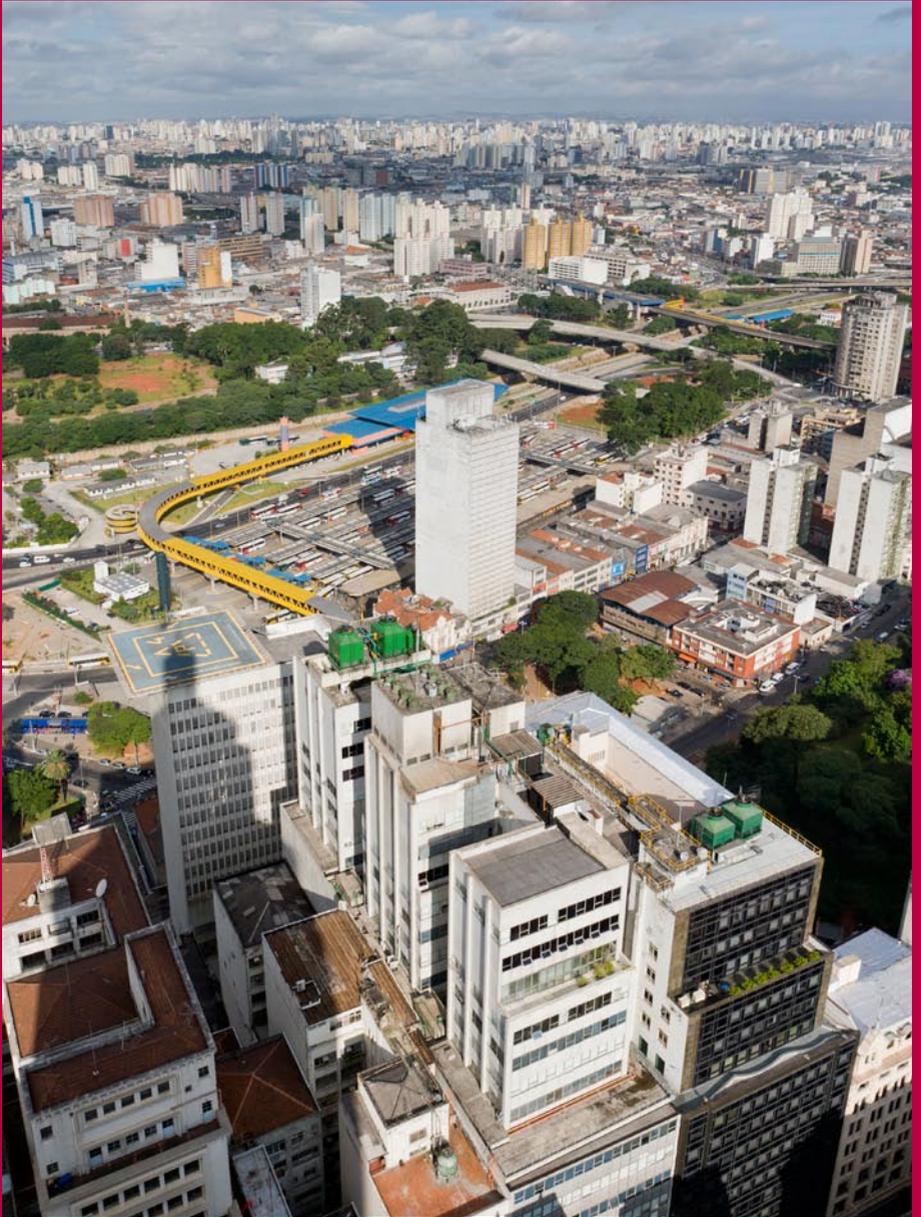
Thinking through the questions on page 23 will help you gain a clearer idea of what you want to achieve, and will enable you to focus your research. However, before you begin, there are some things to bear in mind.

There is the size of the country. Brazil is often described as a continent within a continent. São Paulo state alone is about the size of Great Britain. All of Western Europe would comfortably fit into Brazil with room to spare!

Brazil consists of 26 administrative states and the Federal District of Brasília, all with their own character, traditions and economic profiles. As a country of such magnitude and diversity, Brazil presents enormous potential for companies with persistence who are willing to invest time, money and effort. If you expect quick and easy results, you are likely to be disappointed.

Until comparatively recently, Brazil's broad industrial base supplied the domestic market. Although some of the larger multinationals such as GM, VW, Ericsson, Siemens and Fiat have been there for much longer, it was only at the beginning of the 1990s that Brazil's economy began to liberalise and open up to significant foreign industrial trade and investment. Brazil has been an agricultural exporter for much longer, but it is only recently that it has begun exporting large amounts of industrial and manufactured goods.

Today, Brazil is asserting its presence on the world stage as an emerging power and is enjoying its first sustained period of export-led growth in 20 years. Consumers and businesses have developed higher standards, both for quality and value for money and Brazil has a large, and prosperous middle class with an appetite for quality goods and services every bit as demanding as the consumer in London, Paris or New York. Against this background, Brazil has immense potential as a trade and investment partner, with huge opportunities for UK companies across a range of sectors.



Taking the strategic approach



I'm thinking of doing
business in Brazil...
but don't know where
to begin!

Doing business in Brazil can seem daunting for those new to the market, but taking a strategic approach is the key to making the process manageable. It is important to take a medium to long term view as success in Brazil requires commitment and patience. Brazil is one of the most promising and exciting major developing markets. However, it presents challenges in practical areas, such as communications, travel, product delivery and aftersales service. If, after

your initial background research, Brazil forms part of your strategic plan for overseas development, then you are ready to start the next phase: market research.

In many sectors Brazil is already a well-developed market. You may find that your competitors are already there and that competition is fierce. As in any new market, you will need to use your competitive advantages to the full and it is important to know which ones will



be the most effective in Brazil. You will need to research the market to identify the level of demand for your product and to decide whether you should address the market as a whole or via specific niches. Your initial research should tell you:

- whether there is a market for your product in Brazil,
- if you should be targeting particular niches, and
- if you can be competitive in Brazil.

UK Trade & Investment can help you with market research through its Overseas Market Introduction Service (OMIS). Please see pages 16-20 for further details about how we can help you.

Once you have confirmed that there is a market for your product in Brazil, you may want to use the information you have gathered as a basis for developing a formal Brazil strategy.

This strategy should address questions such as the form of market entry (i.e. setting up a subsidiary, using a distributor or an agent, joint ventures, etc), identification of customers, potential partners, geographical locations, sales structure, product delivery, payment channels and after-sales set up. You may want to spend some time looking at the questions opposite to help focus your thoughts.

What is the right approach to Brazil?

- Leave your preconceptions at home.
- It is all too easy to be dazzled or overawed by Brazil, but keep hold of your business sense as tightly as you would anywhere.
- Do your homework on the market and on potential partners.
- Patience is a virtue. Some things may take longer to set up than you expect (especially if they involve bureaucracy), so allow for this in your preparations.
- Take a long-term approach, but do not always stick too rigidly to your plans. Things often change rapidly and unexpectedly in Brazil. Brazilians are flexible, and famous for finding a way around problems.
- Obtaining good-quality independent legal and professional advice is essential.
- If your product is in danger of being copied or counterfeited, seek specialist legal advice on how best to protect your intellectual property rights.
- Do not forget to carry out due diligence.
- Consult UK Trade & Investment teams in Brazil and the UK who can provide help in researching the Brazilian market.

Desk research

You will be able to find much valuable free information from carrying out desk research. A good place to start is the UK Trade & Investment website (www.ukti.gov.uk), which provides detailed country and sector information. Registering on the website, which is free, provides you with a number of additional benefits, such as access to business opportunities, sector and market reports, and information alerts. You can choose the information you receive.

Once you have gained a clearer idea of the Brazilian market and what you want to achieve, it is time to start exploring what kind of tailored research you might need to make an effective entry into the market, and to find the right customer or partner.

You can commission a wide range of information about the Brazilian market from UK Trade & Investment through your local International Trade Adviser or directly from UK Trade & Investment's team in Brazil. UK Trade & Investment officers in Brazil provide tailor-made information for UK-based companies at a highly subsidised rate. This may include:

- basic market information,
- identification and assessment of potential agents or distributors,
- customised local contact lists,
- market assessment of the goods or services to be exported,
- advice on the best market approach,
- information about potential local business contacts,
- advice on the Brazilian marketing environment, and
- general information on local investment opportunities.

The service can be tailored to your particular needs. If in doubt, please ask us. We will be happy to help.

How UK Trade & Investment can help

In England, UK Trade & Investment provides support for companies through a network of international trade teams based in the English regions.

UK Trade & Investment services are also available to companies in Scotland, Wales and Northern Ireland (contact details on page 20). As well as providing general help and advice on all aspects of exporting, the trade teams run a range of roadshows, seminars and other events on Brazil and other markets. To find your nearest International Trade Adviser, call +44 (0)20 7215 5000 or enter your postcode in the Local Trade Team Finder at www.ukti.gov.uk.

There are also dedicated UK Trade & Investment teams in Brazil that frequently help UK companies to do business there. Where you feel that you need assistance, UK Trade & Investment is able to provide in-depth consultancy services at heavily subsidised rates. We can do much of this work without you needing to be there, therefore reducing the cost of your market research.

Pre-visit research

UK Trade & Investment can provide a variety of services prior to you visiting Brazil:

Market overview: Sector information and statistics.

Market analysis: Market information, specific to your product or service: analysis of competitors, the marketing environment, opportunities, prospects and evaluation of market entry strategies.

Initial list of potential business contacts: Tailored list of named individuals and verified contact details, with brief pen pictures. Generic market contacts, such as local chambers.

List of potential business partners: List of named individuals and their contact details. Detailed pen pictures. Sectoral and market contacts, such as local chambers and industry associations. Mailing of brochures, visiting local contacts, and passing on expressions of interest.

General local market introductions:

Introductions to other local market contacts, decision-makers and opinion formers, eg local chambers of commerce, UK and Brazilian trade associations, importers' associations, etc.

Additional in-depth assessment of selected potential business partners:

Target contacts shortlisted by client from a list of potential business partners identified by UK Trade & Investment in Brazil and/or in response to expressions of interest. Typically, this would include information on premises, e.g. warehousing facilities, distribution and transport networks, partnerships or relationships with other businesses, local reputation, banker's details and signposting to local credit agencies. Information about the credit status of a company can be obtained at an additional cost, payable separately.

Counselling/mentoring by staff:

One-on-one advice by email, telephone, fax or video conferencing.

In-market support: You can also take advantage of UK Trade & Investment's services when the time is right to visit. The following are examples: Face-to-face, pre-visit briefing and post-visit debriefing, including some post-visit follow-up support.

Appointment-making with selected contacts and potential business partners:

Assistance in making visit appointments with target contacts shortlisted by the client from a list of potential business partners identified by UK Trade & Investment, and/or in response to expressions of interest.

Assistance with arranging local transport, guides, interpreters or other local support:

Advice and costings or estimates only. Charges are the client's responsibility and costs will be paid direct to the service providers.

Assistance with the organisation of promotional events:

Promotional support during your visit to the market, including use of official premises (e.g. conference room, embassy or British Ambassador's residence) as appropriate and subject to availability and local charges.

Assistance with marketing and public relations:

Preparation of a previsit press release and distribution to the general and specialist press, local websites and local contacts. Assistance in arranging interviews and press conferences. Suggestion of appropriate marketing outlets.

Assistance with preparation of promotional leaflets, where appropriate.

Follow-up monitoring of opportunities/ leads:

Alerting clients to relevant local opportunities, projects or tenders of which staff become aware, for a period following a visit. The cost of UK Trade & Investment services depends on the time invested in research or spent undertaking these activities. Details of the rates are available from www.ukti.gov.uk. In addition to this support, which is offered as our Overseas Market Introduction Service (OMIS), the following fully funded or subsidised services are available from UK Trade & Investment:

Information and opportunities:

- Export Marketing Research Scheme – this service provides companies with market research to assist in the development of a marketing strategy.
- Business Opportunities – free internet-based service matching UK companies with international opportunities identified by trade and investment teams overseas.
- The UK Trade & Investment High Growth Markets Programme helps UK companies to capitalise on major commercial opportunities in some of the world's fastest growing markets. It selectively targets mid-corporate companies with the potential to enter or expand in 17 designated high-growth markets (including Brazil) and aims to:
 - develop and deliver support services tailored to the needs of individual companies,
 - enable the sharing of experiences and lessons learned from exporters in these markets, and
 - provide intelligence about specific opportunities in particular high-growth markets.

For more information on how the High-Growth Markets Programme can support your company's objectives in Brazil, speak to your local International Trade Adviser or visit www.ukti.gov.uk.

- **Aid-Funded Business** – advice on business opportunities that are created through Multilateral Development Agency projects.

Making it happen:

- **Visiting the market** – taking part in overseas events such as trade shows or missions is an effective way for you to test markets, attract customers, appoint agents or distributors and make sales. UK Trade & Investment helps companies to attend trade shows worldwide and take part in trade missions to overseas markets.
- **If your company is small to medium-sized and Brazil is a new market for you** then you may be eligible for financial support to visit the country under UK Trade & Investment's Market Visit Support scheme.
- **Export Communications Review** – assessment of your company's export communications, followed by practical recommendations for improvement.

Your International Trade Adviser will be able to provide you with further information on UK Trade & Investment services.

International trade contacts in Scotland, Wales and Northern Ireland

Scottish Development

International

150 Broomielaw
5 Atlantic Quay
Glasgow G2 8LU
Tel: 0800 917 9534 within Scotland
Tel: +44 (0)141 228 2828
outside Scotland
Email: investment@scotent.co.uk
www.sdi.co.uk

Invest Northern Ireland

Bedford Square
Bedford Street
Belfast BT2 7ES
Tel: +44 (0)28 9069 8000
Fax: +44 (0)28 9043 6536
Email: eo@investni.com
www.investni.com

Welsh Government - Business Wales

QED Centre, Main Avenue
Treforest Industrial Estate
Treforest CF37 5YR
Tel: +44 (0)3000 6 03000
Email: ibwales@wales.gsi.gov.uk
www.wales.com/business

Other contacts for advice on Latin America:

Latin America Market Adviser – North West

Paul Eadie MBE
UK Trade & Investment
Warren Bruce Court
Warren Bruce Road
Trafford Park
Manchester M17 1LB

High Growth Market Adviser Chris Wall (Brazil and Mexico)

Mobile: +44 (0)7954 433169
Email: chris.wall@uktispecialist.com

Private sector assistance

In addition to the services of UK Trade & Investment, a wide variety of nonsubsidised private sector advice is available for companies wishing to do business in Brazil. This ranges from the big international professional services firms to specific services provided by specialist operators. Companies such as PwC, KPMG, Deloitte Touche Tohmatsu, Serasa and HSBC provide reports on the Brazilian economy.

The range of services available from the private sector includes company structuring advice, marketing, translation and interpreting, website design, partner selection, due diligence, legal services, advice on intellectual property rights and outsourcing. Some consultancies also offer more in-depth assistance on developing a strategy for Brazil and operational management.

The British Chamber of Commerce and Industry in Brazil (Britcham) also provides services to UK companies. It is headquartered in São Paulo and has branches in Rio de Janeiro and Porto Alegre. It has a long history of assisting UK companies and works closely with UK Trade & Investment. Britcham organises events on topics of interest to business, providing valuable networking opportunities.

British Chamber of Commerce and Industry (Britcham)
Tel: +55 11 3819 0265
Email: britcham@britcham.com.br
Website: [**www.britcham.com.br**](http://www.britcham.com.br)



Legal advice

The importance of good quality independent legal advice, as in any foreign market, cannot be emphasised enough. It is essential to take this into consideration at the early stages of doing business in Brazil. Always seek good-quality independent legal advice before starting or signing anything that could have legal implications for your company, such as contracts or representation agreements. Specialist legal advice on intellectual property rights protection is also recommended and there are a number of highly qualified patent agents' firms available. Legal advice can be expensive, but it is money well spent.

It is far better to ensure that your interests in Brazil are fully protected than to leave yourself vulnerable to untoward consequences – which can be even more expensive to sort out!

Market entry and start-up considerations

Brazil regional options

Questions to ask yourself

- Where is there greatest demand for my product?
- Where is there greatest growth potential?
- How easy will it be to market, distribute and sell my product in the states I am looking at?
- What is the local/state authority's attitude to international trade?
- Do they welcome it or do they have a reputation for bureaucracy and obstructiveness?
- Who are my competitors?

Once you have decided that entering the Brazilian market is right for your company, you will need to identify which part of the country you will start in – unless, of course, you are doing business in Brazil as a result of an initial enquiry from a Brazilian company.

UK Trade & Investment has teams in six of the main commercial centres in Brazil, structured on a sectoral basis. Please see the map of Brazil at the end of this publication.

São Paulo

The city of São Paulo is one of the largest metropolitan areas in the world and recognised as the business centre of Brazil. The interior of São Paulo state is also a very rich industrial and agricultural region, accounting for 25 per cent of the nation's industrial production. The UK Trade & Investment team in São Paulo is the co-ordinating office in Brazil and the first point of contact for all customer enquiries.

The team in São Paulo covers: education and training, creative and media industries, food and drink, ICT and software, security, aerospace, automotive, engineering, environment, water, life science, transport, financial services, construction and consumer goods.

Mercosul

Brazil is a huge market in its own right. However, it should also be viewed in the context of Mercosul (Mercosur in Spanish-speaking Latin America), the South American trading bloc that operates a similar principal of tariff-free trade to that of the EU between its member states. Mercosul encompasses Brazil – its largest and most influential member – and neighbours Argentina, Uruguay, Paraguay and Venezuela. So in addition to the 185 million people in Brazil, there is a regional market of over 250 million!



You can find out more information by visiting: www.mercosur.int

Rio de Janeiro

Rio is the second-largest city in Brazil. Aside from tourism, Rio has a vibrant business district and is home to the dominant oil and gas industry, many of Brazil's largest companies and many multi-nationals.

UK Trade & Investment's team in Rio de Janeiro covers: oil and gas, power and renewable energies, infrastructure, sports infrastructure, defence and security.

Brasília

The economy of Brasília is driven by the federal government, which employs most of the city's workers. Aside from some light industry serving the needs of the city, there is little industry in Brasília.

The team in Brasília covers: agriculture policy (related to biotechnology) and agribusiness.

Recife

Recife is one of the most important cities in the North East region, with a strong sense of a separate economic, political and cultural identity. Recife has a busy port and is the centre of aquaculture.

The team in Recife covers marine, aquaculture and fisheries.

Porto Alegre

Porto Alegre, in the south of the country, considers itself the hub for Mercosul as it is only an hour's flight from all the major Mercosul business centres (São Paulo, Rio de Janeiro, Buenos Aires, Montevideo and Asunción).

The team in Porto Alegre covers chemicals.

Please see the inside front cover for contact details of the teams.

Agents and distributors

To export successfully to Brazil you will probably need to employ an agent or distributor. An agent is a company's direct representative in a market and is paid commission, while a distributor sells products on to customers after buying them from the manufacturer – their income comes from the margin they can make on resale.

The Brazilian legal concept of a sales agent is rather broad, including almost any independent agent who works as an intermediary in the sales of products or services. Given the size of the country, many companies employ sales representatives so that they can take best advantage of Brazil's vast market potential. As a result, a number of rules have been established regulating the activities of autonomous commercial representatives ("sales agents") and creating an extremely protective environment for sales representatives in Brazil. Employing an agent or distributor can have several advantages and can greatly reduce the set-up costs and time taken to enter the market.

By employing an agent or distributor, you gain the experience of a seasoned local who will have expert local knowledge and contacts, and you will have someone on the ground to look after your interests.

However, there are some drawbacks to this approach. Employing a third party will raise the cost of your products in the market and you will also lose some control over sales and/or marketing. Using a distributor may also increase the risk of your product being copied or counterfeited. Some of the larger agents and distributors may manage so many product lines that not enough attention is given to yours. Consequently, as sales develop, you may wish to open a representative office or some other form of permanent representation. To manage agents and distributors properly you will need to identify the agent or distributor that is right for you. The information in the box overleaf provides a checklist of issues you should take into account when looking for a suitable agent or distributor.

Once you have chosen an agent or distributor you will want to ensure that your products receive a fair share (or more than a fair share) of the agent's attention. This can be achieved as follows:

- Visiting as regularly as possible at senior management level – this shows interest in, and commitment to, the agent and the market. This will also provide you with an opportunity to learn about conditions in the market and see how your products are faring. This is particularly important in Brazil, where it is beneficial to develop personal relationships to do business. Distributors in Brazil often complain that their suppliers rarely visit the market. This can be one of the reasons why UK suppliers fail to achieve their full market potential in Brazil.
- Working closely with your agents and distributors to show them how they can profit from your products.
- Helping to prepare marketing and sales plans for the agent.
- Providing regular training for the sales staff, and aftersales training for the technical staff in the UK.
- Linking performance to incentives and agreeing milestone targets.

Finding the right agent or distributor

The checklist below details things you should bear in mind when looking for a suitable agent or distributor.

Background

- Size of agency
- History of agency
- Other companies they act for
- What is the core business of the agent or distributor?
- Does the agent or distributor carry products that will compete with yours?
- Does the agent or distributor have qualified staff who can offer the necessary technical support, without which clients will not buy the products?
- Experience
- Number of sales people, their length of service and qualifications
- Success record
- Banking and trade references

Distribution

- Geographical coverage
- Types of outlets covered
- Transportation
- Warehousing

Are they right for your product?

- Knowledge of local market conditions
- Marketing competence
- Degree of English-language skills throughout the organisation
- Their interest in and enthusiasm for new products – and yours in particular
- After-sales service levels
- Required skills of salespeople
- Personal relationships – this is very important in Brazil.

Establishing a permanent presence in Brazil

Direct and indirect investment

There are both direct and indirect investment options in Brazil. Direct investments are those made through a newly created corporate entity or by acquiring equity participation in existing Brazilian companies. Equity participation includes:

- currency investments,
- investment by conversion of foreign credits, and
- investment by importation of goods without exchange cover.

Indirect investments are those made by foreign investors in the financial and securities markets where there is no requirement to establish or acquire participation in a Brazilian company.

Foreign branches

To set up a branch in Brazil a foreign company must submit an application to the Brazilian government, which must be approved by a Presidential decree.

A certificate of the decree will then be published in the Official Gazette, and a copy registered at the appropriate commercial registry. The branch can only start its activities when all the formalities have been completed. The foreign company must also empower a representative (who need not be Brazilian, but must be resident in Brazil) to act on its behalf.

Due to these complex and time-consuming requirements, you will probably only want to set up foreign branches in Brazil if this is required by law (e.g. for financial institutions and insurance companies). The UK Trade & Investment team in Brazil can provide further advice on this subject.

Limited liability companies

As a rule, foreign firms who choose to set up a Brazilian company can establish either as a limited liability company (the most common corporate entity) or as a corporation. A Brazilian company is legally defined as one which is incorporated according to Brazilian law and has its head office in Brazil.

Corporations

The registered capital of corporations is divided into shares. Corporations can be capitalised either by private or public subscription. Open capital corporations offer public subscriptions by offering their shares to the public through the stock market. Closed capital corporations offer theirs privately to existing shareholders.

If you are considering setting up or forming a company in Brazil, it is recommended that proper legal advice is sought.

UK Trade & Investment teams can supply a list of law firms in the UK and in Brazil with appropriate expertise. The British Chamber of Commerce and Industry in Brazil can also offer advice and help on a wide spectrum of business related issues.

If you decide to establish a permanent presence in Brazil, then the following steps are essential:

- carry out thorough research and due diligence checks,
- seek good-quality independent legal and professional advice,
- allocate sufficient time and money to do this properly,
- research local market conditions,
- investigate any restrictions that may apply to your investment,
- acquaint yourself with the relevant legal requirements and regulations,
- identify the potential risks and plan for them, and
- get to grips with anything that might impact on your investment.



REMEMBER:
Forewarned is forearmed!

There is a great deal of good free information available on investing in Brazil. Here are a few websites that will provide useful background on the market and its current political and economic conditions:

The Economist	www.economist.com
Latin Trade magazine (US site)	www.latintrade.com
Folha de S.Paulo (Portuguese only)	www.folha.uol.com.br
Estado de S.Paulo newspaper	www.estadao.com.br
Brazil Development Bank	www.bndes.gov.br/SiteBNDES/bndes/bndes_en/
Brazil Central Bank	www.bcb.gov.br
Bank of Northeast Brazil	www.banconordeste.gov.br
ApexBrasil – Trade and Investment Promotion Agency	www.apexbrasil.com.br
Investment Information	www.braziltradenet.gov.br

Other useful contacts

Brazilian Association of Trade Fairs Organisers	www.ubrafe.org.br
Energy Industries Council	www.the-eic.com
SEBRAE (Brazilian Service of Support to Micro and Small Enterprises, Portuguese only)	www.sebrae.com.br
SENAC (National Commercial Training Service, Portuguese only)	www.senac.com.br

Joint ventures

In Brazil, a joint venture is – as the name suggests – an organisation jointly owned by a Brazilian and a foreign partner, and was for a long time the only option available for foreign investment in Brazil. In some sectors, a joint venture is still the only permitted route for establishing a permanent presence.

Joining forces with a Brazilian partner can be beneficial if you wish to sell direct to the Brazilian domestic market. You will be able to take advantage of the Brazilian partner's contacts and local knowledge, while they in turn benefit from technology transfer or your company's expertise in other areas. However, the major concern with joint ventures is finding a partner with whom you can work. Many joint ventures fail where, for example, due regard has not been given to the importance which Brazilians attach to personal relationships in business. It is often better to select a joint venture partner who complements you rather than a potential competitor. Plan for your exit from a joint venture from the outset – it is rare that joint ventures are permanent, and it is better to have a “pre-nuptial agreement” than a messy divorce. If you do decide to go down this route, it is essential that you carry out thorough due diligence checks on your potential partner.

While no specific Brazilian law governs joint ventures, they are usually classified under two types – contractual joint ventures and corporate joint ventures.

Under a contractual joint venture, it is not necessary to set up a Brazilian company. This type of joint venture is a co-operation mechanism between the parties whereby the profit or loss distribution, and the relative management, can be freely stipulated.

Under a corporate joint venture, a Brazilian company will be incorporated under the limited liability or corporation format. Although there is no specific law in Brazil relating to joint ventures, the laws on mergers and acquisitions should be taken into account when establishing a corporate joint venture.

Best practice and risk management

Finding a customer or partner



Once you have identified where you would like to start and the best market-entry option for your company, the next step is to find potential customers or partners.

The following are effective ways of finding potential customers, partners, agents or distributors:

- Commission a UK Trade & Investment Overseas Market Introduction Service (OMIS) workplan for a tailor-made list of potential customers/ partners. A programme of meetings with these potential customers/ partners can also be arranged for you when you visit Brazil. This is a very cost-effective way of using locally based, experienced UK Trade & Investment staff to identify potential partners on your behalf.
- Attend trade shows and exhibitions. Numerous trade shows and exhibitions take place in Brazil throughout the year and these can be an excellent way to meet potential customers face to face.
- Take part in a trade mission. UK Trade & Investment supports a number of trade missions to Brazil, run by accredited organisations such as trade associations and local chambers of commerce. Travel grants may be available to eligible participating companies.
- If your company is small or medium sized and Brazil is a new market for you, then you may be eligible for financial support to visit the country under UK Trade & Investment's market visit support scheme.

UK Trade & Investment supports a number of trade missions to Brazil.

In addition, the approaches below are suitable for companies who want to export to Brazil:

- Make an approach via the relevant trade association in Brazil. The members themselves will often be the most appropriate partner for your product or service in Brazil, and many Brazilian companies who are well established in their home market are looking for new and innovative products to complement their range. You can ask for a list of trade associations when commissioning an OMIS workplan.
- Advertise in professional newspapers, magazines and journals. This can be beneficial for hightech companies with leading-edge products, but less effective for companies without a technical background.
- Hold a technical seminar or product introduction meeting in Brazil to attract potential customers. UK Trade & Investment can help you organise product promotion events and identify the audience you need to target as part of our chargeable services. Alternatively, you may wish to involve a local consultancy or public relations firm to assist you.

For more information on how UK Trade & Investment can help you to do business in Brazil, please speak to your local UK Trade & Investment team on +44 (0)20 7215 5000 or visit www.ukti.gov.uk.

Marketing



Trade shows, exhibitions and advertising are good ways to attract potential customers. You will need to ensure that your sales literature is effective both in English and Brazilian Portuguese and consider whether advertising is appropriate. We recommend that you involve a Brazilian specialist consultancy who can develop an appropriate marketing strategy for your product and the areas of Brazil it will be sold in.

You may need to adapt your product to meet Brazilian preferences or requirements to be able to sell it. Ignoring local regulations, tastes and cultural preferences is a recipe for failure – it's hard to sell a right-hand drive car in a left-hand drive country! Later pages of this guide highlight some aspects of Brazilian culture that you should be aware of when promoting your product.

We recommend that you involve a Brazilian specialist consultancy who can develop an appropriate marketing strategy.

The advertising industry is advanced in Brazil and considered one of the best in the world. Therefore, UK companies wishing to advertise to the general public should engage the services of a local advertising agency to ensure their messages are both localised and sophisticated. Given the rise in internet, we recommend companies localise their websites to reflect Brazilian interests. Where a “flag” system is used, the Brazilian flag should be displayed, rather than the Portuguese flag, to indicate the Brazilian Portuguese language.

You may also consider using UK Trade & Investment’s Export Marketing Research Scheme. This aims to encourage UK companies to use export marketing research in the development of a market-entry strategy for their overseas markets. It also helps companies to undertake or commission marketing research based on sound methods. In addition to advising companies how to use export marketing research effectively, financial support towards the costs of undertaking approved projects is also provided.

Branding



In order to create a favourable impression of your company and your product in Brazil, it is essential to have a name that Brazilian consumers can remember. If a product name cannot be remembered, it is unlikely that many people will buy it. It is not advisable to have a Portuguese translation of your company name. English names are very well accepted by Brazilians.

However, it is advisable to spend some time on getting this right. The name is, after all, the first thing your potential customers will see.

Due diligence



Due diligence is a security measure that companies often choose to undertake in order to check the viability of potential new business before contracts are signed.

Due diligence is strongly advisable, particularly in connection with the acquisition of a shareholding interest either in a limited liability company or a corporation, and in the acquisition of all quotas of a limited liability company or shares of a corporation.

For practical purposes, it is recommended that due diligence covers all accounting, tax and legal issues concerning a particular business enterprise. Special attention should be given to ongoing, or threatened, commercial and tax claims at administrative and judicial level.

Wherever the purchase of property is involved, a review of the Real Estate Registry status is crucial to establish that the seller has the valid title, and that the property is free and unencumbered.

Language



The language spoken in Brazil is Brazilian Portuguese. The differences between Brazilian and European Portuguese are slight and are similar to those between British and American English (i.e. differing accents and some different words). Making the effort demonstrates a seriousness about entering the Brazilian market and any attempt to communicate in Portuguese will be met with a positive response.

Where a visitor possesses no Portuguese language skills, Spanish or Italian can be useful to communicate basic messages, and Brazilians will find it fairly easy to understand “Portuñol”, the mixture of Spanish and Portuguese spoken by many Spanish-speaking Latin American visitors to Brazil. However, do not assume that Spanish will always be welcome. The best advice is to offer a

“disclaimer” i.e. “I’m sorry I don’t speak much Portuguese, but I do speak English and some Spanish”. If you start speaking Spanish directly, Brazilians might think that you don’t know that their first language is Portuguese and it will give a bad impression.

While an increasing number of Brazilian companies, particularly those with an international outlook, have English speakers on their staff, do not assume that everyone speaks English. It is advisable to engage a local interpreter to accompany you to your first meeting with a potential partner until you have established whether your partner is confident doing business in English. Your interpreter will be one of your key assets and should be selected with care. See page 66 for more on interpreters.

Top Tip

It is essential that you request Brazilian Portuguese translation of your literature. A very common mistake is to request a translation into Portuguese without stressing that it should be Brazilian Portuguese. The resulting literature will be seen by Brazilian businesses as demonstrating both a lack of knowledge of the country and a degree of rudeness.

Initial written approaches to Brazilian companies should always be in Brazilian Portuguese and company literature (including a basic company profile and product descriptions/profiles) should also be translated into Portuguese. It is courteous to have your business card translated into Portuguese too.

The Export Communications Review provides companies with impartial and objective advice on language and cultural issues, in order to help them develop an effective communications strategy, thus improving their competitiveness in existing and future export markets. Subsidies are available for eligible companies.

Day-to-day communications



Once you have made contact with a Brazilian company, it is likely that your day-to-day telephone and email communications will be in English with one of their English-speaking members of staff. If you do not think the standard of English in the Brazilian company is up to scratch, you might wish to ask for parallel Portuguese texts and get them translated; this could be a valuable investment. An important part of setting up arrangements in Brazil is to ensure that communication issues are covered in detail. Most failures occur in business relationships because of fractured communications and mutual misunderstandings.

In any case, both parties should agree in writing the language of official documents. This is to avoid endless disputes about meaning and definition between two versions of the same contract. In the event of a dispute, a judge will want to know whether the English or the Portuguese version is the official one.

Some tips to remember

If Brazil is likely to become a significant part of your business, you should consider hiring a Portuguese-speaking member of staff. You may also wish to take up the challenge of learning Portuguese yourself – even having a basic level of communication will create a positive impression and will have the added benefit of making your trips to Brazil more enjoyable. However, even if you do attain a reasonable level of fluency, an interpreter – or a Portuguese speaking member of staff – will be essential in business meetings.

- Brazilians communicate with a blunt cultural style. However, this is often determined by the level of a relationship i.e. the warmer it is, the blunter it gets.
- Brazilians place a lot of emphasis on non-verbal gestures to enhance their point.
- Communication is generally very polite. However Brazilians' conversations can be held at breakneck speed, with plenty of animation, frequent interruptions and lots of physical contact.
- Brazilians like depth, background and context. You should consider offering more information than you normally would.

Intellectual property rights

Brazil is a signatory to the main intellectual property treaties and is a member of the World Intellectual Property Organisation. Its legal provisions are therefore generally consistent with international standards.

In principle, Brazil has a sound intellectual property rights and patent system that does not discriminate unduly against foreign companies. However, the effectiveness and impartiality of enforcement is variable and any legal processes will be both protracted and costly.

A new Trademark and Patent agreement law was enacted in Brazil in 1996 which follows international standards and general guidelines established by TRIPS (the Trade-Related Aspects of Intellectual Property Rights). This has encouraged substantial investment in the country, both in the construction of new manufacturing facilities and in research and development in the pharmaceutical and biotechnology industries.

For companies whose business involves intellectual property, there are issues of piracy to consider, particularly for goods such as books, CDs, textiles, cosmetics and spare parts. While the Brazilian Government has made some progress on intellectual property rights legislation and implementation, there is scope for further progress.



Further contacts

The UK Intellectual Property Office is the Government body responsible for the national framework of intellectual property rights in the UK, comprising patent, designs, trademarks and copyright. If you are thinking about trading internationally, then you should consider registering your intellectual property rights abroad. For more details on intellectual property abroad, please visit the UK Intellectual Property Office web page: www.ipo.gov.uk

Further information is also available from the Brazilian Intellectual Property Office: Instituto Nacional da Propriedade Industrial (INPI)
Praça Mauá nº 7 – Centro
Rio de Janeiro - RJ 20081-240
Tel: +55 (21) 2139 3000
Fax: +55 (21) 2139 3398
Website: www.inpi.gov.br
(English-language option available).

Certification, standards and documentation

It is very important that you comply with all aspects of Brazilian regulations on documentation. The necessity of this cannot be overemphasised as this is a source of frequent difficulties between supplier and buyer. A good partner and/or freight forwarder with a local office in Brazil can provide invaluable advice on documentation.

A commercial invoice and bill of lading/air waybill are required, as are sanitary certificates for the shipment of certain goods. These documents must show the import licence number issued by SECEX (the Brazilian Foreign Trade Secretariat). The commercial invoice should be completed by the supplier in the country of origin and show full details of the goods.

The general documentation requirements for Brazil are:

- Customs Import Declaration
- Simplified Import Declaration
- Declaration of Customs Value
- Import Licence
- Commercial Invoice
- Pro Forma Invoice
- Air Waybill
- Bill of Lading
- Certificate of Origin
- Packing List

Some goods may be subject to additional documentation, such as sanitary certificates, licences, permits and certificates of free sale.

Further details can be found on the EU market access database: <http://mkaccdb.eu.int>.

Import Certificates

The number and date of issue of the import certificate must be shown on the commercial invoice immediately following the declaration of the merchandise (i.e. the description and value of the consignment).

Certificates of Origin

Satisfactory proof of origin of the merchandise must be provided by the exporter to the importer for submission to Brazilian customs. Usually the original plus four copies of the invoices are given to the British or Brazilian Chamber of Commerce for certification. The original plus three copies appropriately certified will then be returned to the exporter. SITTER-aligned documentation is available for Brazil. SITTER is a special certified invoice overlay which enables the required declaration to be produced electronically on a computer screen template, on the lower quarter of the export invoice (ref 380-1).

Certificates of Free Sale

A Certificate of Free Sale can be required to show that goods are available for retail sale, that they comply with EU regulations and are suitable for use by EU consumers. For more details, please telephone:

- **BIS – UK Department for Business, Innovation and Skills**
Tel: +44 (0)20 7215 5000
– cosmetics, chemicals, detergents and cleaners, and disinfectants
- **Defra**
Tel: +44 (0)8459 335577
– food, drinks, additives, disinfectants, pesticides, animal medicines, milk and dairy products, pet food and animal feeding, fertilisers, sugar and sugar products, protein crops, tea, coffee, cocoa, herbs, spices, tobacco flavouring and wines
- **Department of Health**
Tel: +44 (0)20 7972 2927
– medical equipment
- **Medicine and Healthcare Products Regulatory Agency**
Tel: +44 (0)20 3080 6000
www.mhra.gov.uk
- **Forestry Commission**
Tel: +44 (0)131 314 6549/6120
– phytosanitary certificates for products or packaging material made out of or containing wood

Second-hand goods

Applications for import licences for second-hand goods must be accompanied by a technical report issued by SGS United Kingdom Ltd, (www.uk.sgs.com) or another such company appointed by the Brazilian Embassy in London, evaluating the condition of the equipment. The import will also have to meet further criteria determined by the individual nature of the consignment.

Export Licences

Export controls apply to goods upon which the UK Government has placed export licensing requirements. Typically, export controls relate to goods that may be used in some way for military applications, goods of national heritage (eg works of art), and certain chemicals used in the production of controlled drugs.

BIS's Export Control Organisation's helpline Tel: +44 (0)20 7215 4594 email: eco.help@bis.gsi.gov.uk website: www.bis.gov.uk/exportcontrol is the first point of contact for information on export controls. The helpline provides advice on many issues, including how to establish whether or not specific goods need an export licence, the different types of

export licences, how to complete export licence application forms and how long they take to process. The helpline is also the point of contact for Export Control Organisation publications and licence application forms.

If you think your goods may be applied to military purposes, you are advised to phone the helpline or visit www.bis.gov.uk/exportcontrol.

If you think your goods may be of importance to national heritage, you are advised to contact the Department for Culture, Media and Sport (Tel: +44 (0)20 7211 6000 Email: enquiries@culture.gov.uk).

For chemicals that are used in the production of drugs, contact the Home Office (+44 (0)20 7035 0445).

If the above departments consider your products to be sensitive, you will need to apply for an export licence before you can take them out of the UK.

Export documentation

SITPRO is the UK's trade facilitation body dedicated to encouraging and helping businesses to trade more effectively, and to simplifying the international trading process. It focuses on the procedures and documentation associated with international trade. SITPRO offers advice on the documents and procedures for the movement of goods through its briefings, completion guides and checklists at www.businesslink.gov.uk/internationaltrade and through its free helpdesk Tel: +44 (0)20 7215 8150 email: info@sitpro.org.uk.

Duties and taxes

It is important to know what import duties a product will attract when it lands in Brazil. High duties may make an export too expensive for the Brazilian market.

In addition to import duties, taxes such as COF (the Social Security tax), STT (the State Tax of 17 or 18 per cent), PIS, ICMS (VAT) and IPI are levied against products' duty-paid value. We recommend the European Commission's Market Access Database as a useful resource to research how much it will cost to import your product: <http://mkacddb.eu.int/>

The Market Access Database is a free tool designed to assist exporters:

- it provides information on trade barriers which may affect you in overseas markets,
- the Applied Tariff Database section allows users to enter a Harmonised System code or product description to obtain a tariff rate and details of taxes applicable, enabling you to calculate a landed cost,
- the Exporters' Guide to Import Formalities database (searchable by Harmonised System code or by product), gives an overview of import procedures and documents, as well as any general and specific requirements for a product, and
- the Sanitary and Phytosanitary Database facilitates the identification of sanitary and phytosanitary export problems with any non-EU country. The Market Access Database can only be accessed through an internet service provider that is based in the EU.

Tariff Harmonised System Code

The Harmonised System (HS) code is an international method of classifying products for export purposes. This classification is used by customs officials around the world to determine the duties, taxes and regulations that apply to the product. To obtain a HS code, you should contact HM Revenue & Customs, Tel: +44 (0)845 010 9000.

Although it is advisable to insert the details of the HS code of the product to be exported to Brazil on the Invoice and Certificate of Origin where required, only the first four digits of the HS code should be inserted, as these are common for every country in the world under the HS rule.

The importer must consult the Brazilian import tariff for the rest of the tariff code number to satisfy the Brazilian customs authorities at the time of import of the consignment. The full tariff code required by the Brazilian customs authority may differ significantly from that ascertained by the exporter from the Market Access Database. Although the Market Access Database can be used for reference purposes, it is the prime responsibility of the importer to make their own import declaration to customs, and thus use their own national tariff for this purpose.

Commercial samples and temporary imports

Regulations governing the import of samples are complicated, and samples should not be sent to Brazil except by prior arrangement. Some samples may require previous authorisation from specific government departments in Brazil, such as the Ministry of Health and the Ministry of Agriculture.

Samples cannot be sent if the product is forbidden. Commercial travellers can import small quantities of samples of no commercial value in their baggage without payment of duty. You may take in samples of value on a duty-free basis subject to the posting of a bond to Brazilian customs at the point of entry into the country, to cover payment of any duties and taxes payable if the samples are not re-exported. Samples imported under these arrangements must be listed. Two copies of the list, signed by the traveller's company, are required to be kept by the traveller when they arrive in Brazil, for submission to customs at the point of arrival if required. If the samples are to be distributed to potential customers, proper records should be kept concerning how many samples and their value were given away. All other items retained by the traveller should be noted and recorded for the purposes of exit from the country.



Legislation

Brazil now has very strict legislation for the import of certain products, especially in the food and health sectors. Some products need to be registered with the Health Inspection Agency before they are allowed to enter the country, and this process can be expensive, complicated and time consuming. Local help and expertise are necessary and UK Trade & Investment's teams in Brazil can provide further assistance. Please see the inside front cover for contact details.

Labelling and packaging

Imported products can be sold in Brazil in their original packaging provided a label is attached, giving the following information in Brazilian Portuguese:

- a description of the product,
- the weight (metric) according to local standards,
- the composition of the product,
- its validity (sell-by date or expiry),
- the country of origin,
- the name and address of the importer, and
- any special warning on risks to health or security.

Usually this label is placed on the product in Brazil by the importer. Special labelling regulations apply to imported pharmaceutical specialities, antiseptics, disinfectants, cosmetics, beauty and hygienic preparations, alcoholic beverages and foodstuffs.

The Brazilian government requires the pre-approval of all animal product labels. This is usually the responsibility of the exporter, through his agent or representative, or importer. For a UK company to become an approved supplier of foodstuffs, their local importer has to prepare a Brazilian Portuguese translation of the company's labelling and submit it, along with the required questionnaire, to the Brazilian Department of Animal Origin Products (DIPOA).

The UK company will need to supply the following information,

- name of the product,
- ingredients and country of origin,
- special storage instructions (where necessary),
- net weight (in metric units),
- date of production (must be identified on master carton), and
- expiration date (shelf life, established by the manufacturer).

When an instruction manual accompanies any specific product it must also be in Brazilian Portuguese.

Label approval can be accomplished through the importer or specialist consulting firms in Brazil. UK Trade & Investment's team in Brazil can supply appropriate contact details.

Certificate of Quality

All products imported into Brazil also require a Certificate of Quality, which must be supplied in order for the Brazilian importer to obtain the necessary import licence. British manufactured goods will require certificates issued by the British Standards Institution

www.bsi-global.com/en/sectorsandservices/Disciplines/ImportExport.

Foreign-made goods will require certificates supplied by the appropriate standards organisation in the original country of manufacture. The Brazilian Standards Organisation is INMETRO National Institute of Metrology, Standardization and Industrial Quality – ***www.inmetro.gov.br***.

The UK National Physical Laboratory maintains detailed information on international aspects of standards, accreditation and measurement infrastructure, including specific facts and figures for a number of countries. The information should help exporters and investors form a view of a country's underpinning technological infrastructure. For more details contact the National Physical Laboratory, email: enquiry@npl.co.uk, Tel +44 (0)20 8977 3222.



Details of shipment

For the purposes of import clearance, all invoices, packing lists and shipping documents should contain the clearest information possible concerning the consignment being shipped, with specific details of the description of the goods and quantities thereof. Under the new World Customs Organisation freight security initiatives, the phrases “Said to Contain” and “Freight of all Kinds” are no longer acceptable and must be avoided.

It is also wise to plan ahead when making marine shipments to Brazil. Journey times can be several weeks, and there are not many shipping lines making direct sailings to Brazil. Check details of sailings through your local freight forwarder or through Lloyd’s Loading List, as well as obtaining competitive quotes for freight rates. Remember, the higher the freight cost, the more import duty the Brazilian importer will have to pay. The Import Landed Cost comprises Cost, Insurance and Freight (CIF).

Foreign exchange

The Brazilian currency is the Real, and it is quoted on all the main foreign exchange markets. Check each week on the exchange rate in newspapers such as the Financial Times. There is also a branch of Brazil’s main bank, the Banco

do Brasil, in the City of London, and they can assist with foreign exchange matters where required. Transactions with Brazil can also be negotiated in US dollars.

Technical help for exporters

This service is provided by the British Standards Institute (BSI) to give information and advice on compliance with overseas statutory and other technical requirements. BSI produces a wide range of publications and provides a special updating service of information in some product fields. It can: supply detailed information on foreign regulations; identify, supply and assist in the interpretation of foreign standards and approval procedures; research and give consultation on technical requirements for a specific product; and provide translations of foreign standards, items of legislation and codes of practice. Fees vary according to the amount of work involved.

For specific enquiries, contact BSI on
Tel: +44 (0)20 8996 9001
Fax: +44 (0)20 8996 7001
Email: cservices@bsigroup.com



Short-term finance

When exporting to Brazil normal commercial rules should be followed. You should discuss the arrangements for security of payment with the international department of your UK bank, the UK offices of Brazilian banks or UK-based banks who have offices in Brazil.

If you are a first-time exporter to Brazil, the standard method of receiving payment for your goods is by documentary Letter of Credit. The opening of the documentary Letter of Credit is based on the contract signed between the Brazilian buyer and the foreign seller. There are no problems regarding Letters of Credit opened by Brazilian banks being accepted by foreign banks. The Brazilian bank will make payment provided that the requirements of the Letter of Credit are met.

However, you should be aware that a Letter of Credit is a form of contract between two banks. A bank will make payment provided that the documents submitted to it are in strict compliance with the conditions of the Letter of Credit. This is regardless of the purchase contract. To prevent the possibility of a payment being made if the terms of the purchase contract are not met, the seller should check the Letter of Credit against the terms of the purchase contract and request amendments from the buyer if necessary.

The Brazilian currency is not freely negotiable and foreign currency can only be purchased for transactions that are authorised and controlled by the Central Bank.

Open Account and Bills for Collection are other payment methods commonly used between UK exporters and Brazilian importers when a trustworthy relationship between the two parties has been developed. Major exports and those requiring long-term finance will require specialist payment and financing.

It can be beneficial for UK companies to offer financial support (i.e. credit) to importers of capital goods into Brazil. Such support is often offered as part of a deal by German or US suppliers which they have put together with support from banks in their own countries, with interest rates far below those available from banks in Brazil. Brazilian interest rates are generally significantly higher than those in the EU. This access to favourable payment terms can make a critical difference in negotiations between foreign suppliers and Brazilian importers.

The Brazilian currency is not freely negotiable and foreign currency can only be purchased for transactions that are authorised and controlled by the Central Bank. The appropriate documentary evidence must be presented to authorised brokers for the purchase of foreign currency. Since January 1999, the Brazilian currency has been allowed to float. There are no restrictions on the remittance of profits.

Contracts, pricing and insurance

Contracts

Brazilians usually have the same approach as Europeans, using a standard contract and altering it to fit different circumstances, and signing the revised version would seem straightforward. However, this will again depend on the organisation, size of the company and type of business involved. For some, to start a business relationship with a contract might be seen as overly formal, as for them a balanced relationship should begin based on trust, leaving lawyers to one side, at least until a later stage.

Brazilian importers tend to use a standard form of contract in their transactions. Foreign contracts are seldom accepted for fear of being trapped by unfamiliar contract stipulations. Adding special provisions to the standard contract form is normally acceptable.

Dispute resolution

For a contract or a copy of a document to be automatically recognised in court it usually has to be notarised. It is strongly recommended that you avoid having Brazilian courts decide any disputes between parties, as they can be slow and unfamiliar with crossborder disputes. A good alternative now available under Brazilian law is the use of arbitration, which allows the parties to choose any person or chamber (such as the International Chamber of Commerce or the London Court of International Arbitration) to arbitrate disputes.

Pricing

Pricing should be competitive and can usually be negotiated in US dollars or Brazilian Reals. Brazilian Portuguese should be used if possible and all costs should be included.

Brazilian exporters usually conduct transactions at Free On Board prices, whereas importers would search to find the most cost-effective alternative.



Insurance

Commercial insurance in Brazil usually covers transportation insurance, financial insurance, fire insurance and multi-risk insurance.

The private sector provides credit insurance for exports of consumer goods, raw materials and other similar goods. Speak to your banker or insurance broker for more information, or contact the British Insurance Brokers' Association for impartial advice. Its details are as follows:

British Insurance Brokers' Association
8th Floor John Stow House
18 Bevis Marks London EC3A 7JB
Tel: +44 (0)870 950 1790
Fax: +44 (0)20 7626 9676
Email: enquiries@biba.org.uk
Website: www.biba.org.uk

Private sector insurance has some limitations though, particularly for sales of capital goods, major services and construction projects that require longer credit packages or are in riskier markets.

Commercial risk insurance for capital goods and major projects

UK Export Finance is the UK's official export credit agency. Its aim is to help UK exporters of goods or services win business and complete contracts with confidence. UK Export Finance can support contracts valued as low as £20,000, and potentially up to hundreds of millions of pounds. The responsibility for providing insurance cover for consumer goods that are sold on credit of less than two years rests with private sector insurers.

UK Export Finance provides services such as:

- insuring UK exporters against non-payment by their overseas buyers
- helping overseas buyers to purchase goods and/or services from UK exporters by guaranteeing bank loans to finance those purchases
- sharing credit risks with banks in order to assist exporters in the raising of tender and contract bonds, in accessing pre- and post-shipment working capital finance and in securing confirmations of letters of credit
- insuring UK investors in overseas markets against political risks

UK Export Finance works closely with exporters, sponsors, banks and buyers to put together the right package for each contract. The full range of UK Export Finance facilities are available to support exports to, and investments in, Brazil.

To help those customers relatively new to exporting, UK Export Finance has a customer service team dedicated to helping new customers through the process of credit insurance and export finance. For more detailed enquiries, please contact UK Export Finance's customer service team on:
Tel: +44 (0)20 7512 7887 or Email: customerservice@ecgd.gsi.gov.uk.

Bribery and corruption

There can be problems with bribery and corruption in Brazil. If you believe what you see in the media, it pervades all sections of society – from the residents of shanty towns paying for protection, to business people wanting to get their goods into the country more quickly, to politicians who appear keen to make money from jumping allegiances at the drop of a hat. In 2010, Transparency International's Corruption Perceptions Index rated Brazil in 69th place out of 178 countries – but above fellow BRIC markets China, India and Russia. The Brazilian Government appears to be making some moves in the right direction, but many view these as insufficient to engender real change.

However, most international companies operating in Brazil and most of the large Brazilian companies and organisations now frown on any illegal practices. The majority of business deals are corruption free and, while you should be aware of the possibility of illegal practices, you should not indulge in the hope of getting business quickly.

The new UK Bribery Act will enter onto force in July 2011 forcing companies to re-evaluate how they conduct their own business and partner with others. For more information <http://www.justice.gov.uk/guidance/docs/bribery-act-2010-quick-start-guide.pdf>

Business etiquette

Business culture



Before conducting business in Brazil, you should be aware of the local customs that need to be taken into account. Brazil's business culture is largely southern European, with considerable influence from Africa and Asia regionally. In commercial hubs such as São Paulo you will find a sophisticated and developed commercial environment. In São Paulo and the south of Brazil there is a strong influence from the descendants of Italians and the Portuguese, Spanish and Japanese. Rio de Janeiro has a more laid-back feel and the further north you go the greater the difference to the atmosphere in the south of Brazil. Establishing personal relationships is essential to conducting business throughout the country.

Greeting etiquette

First names should normally be used, but titles are important. When meeting and greeting expect a firm handshake, often for a long time, combined with strong eye contact. Both men and women greet women with a kiss on each cheek. On departure you should repeat all the handshaking and kissing and it can take 10 minutes to get out of a room! Time should be included in your programme; don't assume that you will be able to make a quick exit.

Brazilian holidays

You should not expect to do any business around Carnival week (which immediately precedes Lent, seven weeks ahead of Easter). Indeed, as Carnival usually falls in February, this is not a month in which you should travel to Brazil with the intention of doing business. The same is true for the Christmas and New Year period and, to a lesser extent, the July school holidays.

Meeting etiquette

Conservative European dress code is the norm for all meetings in big cities such as São Paulo and Rio de Janeiro. In the tropical north and north east of Brazil, where temperatures can reach 40°C, smart casual dress may be acceptable, or even desirable, if visiting external sites, but, if in doubt, you should ask beforehand.

When arranging a meeting, it is advisable to provide the Brazilian company with the subject of the meeting in advance, although only limited detail will be required at that stage.

Punctuality can sometimes be an issue in Brazil, but you should not interpret lateness as a sign of rudeness or laziness. If you will be late for a business meeting, you should call the

Brazilian company to advise them. However, be aware that the Brazilians will be making jokes among themselves about the British always being punctual! Traffic in Brazil, especially in big cities like São Paulo and Rio de Janeiro, can be bad. Plan your trip with plenty of time to allow for delays.

Meetings can be lengthy affairs, allowing for small talk before getting down to business. It is normal to exchange business cards at the start of meetings (although in restaurants or at business lunches they should be exchanged after the meal). It is polite to turn off your mobile (or leave it mute) during meetings and business lunches or dinners, only taking urgent calls. If you are expecting an urgent call, it is wise to inform your contact in advance.



Entertainment

Food is big in Brazil, in both its importance socially and the portions served. Formal lunches and dinners have always been a part of doing business in Brazil. Sometimes it is easier to invite a senior contact for a meal than for a meeting at the company. Lunches and dinners are seen as an opportunity to socialise and to get to know each other in more depth and Brazilians enjoy taking this time. These are also seen as good opportunities to do business. In Brazil, there is no “grab-a-sandwich” culture.

Frequent toasts to good health are standard. You can drink alcoholic or non-alcoholic drinks for toasts. If you host a meal, soft drinks and juices should be available.

Brazilians do not arrive on time for social functions; they usually arrive 15 minutes after the agreed time. After a meal is finished they usually stay to socialise.

Lunch in Brazil is served from 12.30 to 14.30 and dinner from about 20.30 to 22.30.

Business negotiations

- **Expect a great deal of time to be spent reviewing details. Often the people you negotiate with will not have decision-making authority.**
- **Use local lawyers and accountants for negotiations. Brazilians resent an outside legal presence.**
- **Brazilian business is hierarchical. Decisions are made by the highest ranking person.**
- **Brazilians negotiate with people, not companies. Do not change your negotiating team or you may have to start over again from the beginning.**

In general, Brazilians tend to be very flexible and adaptable and use common sense. Due to decades of economic instability, hyperinflation and awkward government policies that influenced life and business, the Brazilian businessperson has become short-term minded, with a great ability to review plans, and improvise. Improvisation has a strong presence in people's habits and business in general.

Although Brazilians are concerned with quality, price is usually the key factor to determine the success of a business partnership. Brazilians tend to avoid exclusive agreements and being dependent on a single supplier. They can also be extremely careful if there are doubts or uncertainties, and

a deal can take months before a final agreement is reached. In Brazil, the understanding and concept of timing depends on many factors, including with whom and where business is being conducted. It is important to get to know as much as possible about your potential business partner – this can give you an indication as to how he/she deals with timing and deadlines.

When dealing with the public sector things can be very different. Brazil has a high level of bureaucracy and a very intricate legal system, and any deals or processes can be conducted at a very slow pace. In these cases, local expertise is necessary and always welcome.

Top tip: understanding the Brazilian melting pot

If you choose to do business in Brazil, try to learn a little about the country first. Brazil is vast and diverse. Many cultures from Europe, Asia, Africa and the Middle East have contributed to form the nation. Brazil hosts some of the world's largest immigrant populations of Lebanese, Japanese, Germans, Italians and Portuguese, and large African and Jewish communities, as well as many other minorities, such as Polish, Hungarians, Palestinians, native Indians and many others. These groups have generally intermarried and mixed their cultures under the same language and general

understanding of nationality. In some areas of the country, however, a dominant influence of one original culture can still be evident. This naturally creates variations in the behaviours of the people with regard to relationships, business and the way of life.

This melting pot of different cultures makes it difficult to define a standard behaviour throughout the country or to establish a general cultural trait that defines a Brazilian.

Presentations



Sophisticated presentations with multiple illustrations are the norm for many forward-looking Brazilian companies, and it is advisable to take the same approach to create a good impression. Handouts and brochures in Brazilian Portuguese are recommended.

Never start a presentation apologetically. During presentations avoid slang and jokes specific to British culture and geography. Your Brazilian audience may not understand. There is no need to be extremely formal. Do not speak too quickly, loudly, or in a monotonous tone.

At the beginning of the presentation make it clear to the audience whether you prefer to take questions during or after the talk. Often, audiences are happier writing down their questions rather than asking them in front of others.

If there is not enough time to take all written questions, tell the audience that you will reply to them by email – and do so.

Interpreters

A good interpreter is the key to successful communication. If your audience has not understood what you have said, your message will be lost on them.

A growing number of Brazilian executives and government officials speak some English. However, on setting up an appointment, you should always ask if your contact speaks English or would feel more comfortable with an interpreter.

There are two forms of interpreting. Consecutive interpreting means you speak and then your interpreter interprets; this is the usual form for meetings, discussions and negotiations. Simultaneous interpreting is when you speak while the interpreter interprets simultaneously; but special equipment is required which is expensive to hire. Simultaneous interpreting is generally used only for large seminars and conferences. Interpreting is a skill requiring professional training. Just because someone is fluent in English and Portuguese it does not mean that they will make a good interpreter.

If you are giving a speech or presentation, remember that the need to interpret everything will cut your available speaking time approximately in half (unless using simultaneous interpreting). It is essential to make sure that the interpreter can cope with any technical or specialist terms in the presentation. It is better to be slightly restricted and speak close to a script than to fail to be understood because your interpreter cannot follow you. If you are giving a speech, give the interpreter the text well in advance and forewarn them of any changes.

Below are a number of recommendations for getting the best out of your interpreter:

- Though expensive, a well-briefed professional interpreter is best.
- Try to involve your interpreter at every stage of your pre-meeting arrangements. The quality of interpretation will improve greatly if you provide adequate briefing on the subject matter. Ensure your interpreter understands what you are aiming to achieve.
- Speak clearly and evenly, without rambling on for several paragraphs without pause. Your interpreter will find it hard to remember everything you have said, let alone interpret all your points if you speak at length.
- Conversely, do not speak in short phrases and unfinished sentences. Your interpreter may find it impossible to translate the meaning if you have left a sentence hanging.
- Avoid jargon, unless you know your interpreter is familiar with the terminology.
- Take into account that some interpreters may be more familiar with American English and have a little difficulty at first with British accents.
- Listen to how your interpreter interprets what you have just said. If you have given a lengthy explanation but the interpreter translates into only a few Portuguese words, it may be that they have not fully understood. Or they may be wary of passing on a message that is too blunt and will not be well received by the audience.
- Avoid jokes. They will fall flat, embarrass you, and leave the audience puzzled. And remember: in Brazil, the official language is Portuguese, not “Brazilian”!

Building relationships



Relationships in Brazil are important, but again this can vary between regions and backgrounds. For some businesspeople, it is vital to develop a strong relationship to allow business to flow better. For others, it is not so important. In general, it is usually more productive to start by creating a relaxed, transparent and friendly atmosphere.

An overly professional and direct way of negotiating for the European business person would not usually go down well with most Brazilians. Stiff and aggressive negotiating attitudes generally do not help to bring about the best results.

Learning Portuguese is obviously of benefit. If you don't have time to become conversant, making the effort to learn basic pleasantries can go down well. The differences between Brazilian and European Portuguese are similar to those between British and American English (ie with differing accents and some different words). Any attempt to speak a little will be well received, even if incorrect.

Brazilians tend to speak quite loudly, especially in casual situations. This can appear strange at first to the UK ear.

Body language

- Brazilians speak in very close proximity, with lots of physical contact.
- Touching arms and elbows is the norm. Back slapping is very common between men.
- Eye contact is expected.
- The 'OK' hand signal is a rude gesture in Brazil.

Long, animated conversation is a favourite Brazilian habit. When conversing, interruptions are viewed as enthusiasm. Brazilians enjoy joking, informality, and friendships.

- Good conversation topics include football, family, children and music.
- Bad conversation topics include Argentina, politics, poverty, religion and the rainforest. Don't worry too much about this though as Brazilians are gracious, forgiving and not easily offended.

If this is your first visit to Brazil, you should expect to be asked if you like it. Brazilians are universally keen to know that visitors have a positive impression of their country, as they are intensely patriotic.

Return visits



Brazilians will want to reinforce their business relationship with you by visiting the UK, once a deal has been or is likely to be done, so be sure to invite them at the end of your first meeting if appropriate. Indeed, they will probably be delighted to visit the UK, especially if it is for the first time.

At the time of writing, there is no visa regime for Brazilians coming to the UK as a visitor either on business or for pleasure for up to 6 months. A visitor is not permitted to undertake employment however and we'd recommend that anyone travelling to the UK should review the guidance carefully prior to travelling. Visitors will need to follow the normal rules of valid documents: a return air ticket, sufficient funds, plus an introduction letter from their hosts can be useful. It is essential that your Brazilian partners take every step possible to avoid problems at

entry and they should be directed to UK government websites including the UK Border Agency's website, **www.ukba.homeoffice.gov.uk**, and the British Embassy's website in Brazil, **www.ukinbrazil.fco.gov.uk**.

Brazilians tend to leave arrangements late, so remind your contacts frequently to follow the correct procedure. They may need help with translation of personal material such as CVs and presentations.

You should make clear that the UK is expensive compared to Brazil, and suggest a rough budget for spending money.

If your Brazilian partner is bringing exhibition items, make sure that they apply for the correct temporary entry documentation well in advance. Requirements can be checked on the HM Revenue & Customs website, **www.hmrc.gov.uk**.

Useful Brazilian Portuguese phrases

good morning, afternoon, evening/night	Bom dia, boa tarde, boa noite
nice to meet you	muito prazer
it's OK, no problem	tudo bem, sem problema
yesterday, today, tomorrow	ontem, hoje, amanhã
Hello!	Oi! Hi!,
how are you?	como vai/como está?
please	por favor
thank you	obrigado (for men)
thank you	obrigada (for women)
you're welcome	de nada
I'm sorry	me desculpe
excuse me	com licença
coffee	café
milk	leite
tea	chá
water	água
bye, see you soon	tchau, até logo
one, two, three, four, five	um, dois, três, quatro, cinco
toilet	banheiro

Ten top tips

1. Research and plan early

Is there a market there for you?
Is your competitive edge in the UK transferable to Brazil?
Desk research via the internet, suppliers, customers, trade associations, trade journal editors and exhibition organisers can be free of charge.

2. Seek out early sources of advice and expertise

This should save you time and money on wasteful activity and help mitigate risk.

3. Get in touch with a global support network through UK Trade & Investment

Find your local International Trade Adviser and overseas-based Trade Officer through www.ukti.gov.uk and select “Find your local trade team”.

4. Consider your pricing strategy

Pricing must be competitive – US dollar or Brazilian Real pricing is the norm.

5. Think about language implications

Make the effort to produce brochures in Brazilian Portuguese – it makes a difference. Also, think about translation of parts of your website.

6. Think about cultural implications

Make sure your business cards are up to date and any titles included – Brazilians place a lot of importance on titles and good-quality business cards.

Take business suits – Brazilians generally wear formal suits to all meetings.

Try to visit Brazilians at their offices, rather than invite them to your hotel.

7. Think about your strategy

It is often beneficial to have a local partner or local presence. Think about your strategy – can your business model support margin reduction or transfer of intellectual property?

8. Arrange a programme of visits in the market

If you are new to business in Brazil, it is strongly advisable to arrange a programme of meetings through the local UK Trade & Investment office or other local contacts prior to travel.

In planning your itinerary, allow time at the end of your stay in Brazil to pay a second visit to those potential clients who have asked you to come back and see them again.

Be prepared to socialise and do working lunches. Do not over-cram your time with meetings.

Allow plenty of time between meetings, as the larger cities can get very congested with traffic.

9. Take part in a guided market visit

To take advantage of travel grants, local contacts, experienced mission leaders and business networking, why not consider joining a group-guided and supported market visit with UK Trade & Investment? Details at www.ukti.gov.uk

10. Follow up

Don't forget to follow up and don't let the contacts go cold.

Stay in touch with your Brazilian contact/partner; don't let relationships drift, and visit the market regularly.

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UK Trade & Investment offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage.



UK Trade & Investment is responsible for the delivery of the Solutions for Business product "Helping Your Business Grow Internationally." These "solutions" are available to qualifying businesses, and cover everything from investment and grants through to specialist advice, collaborations and partnerships.



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Brazil: States and major cities



Brazil: States and major cities

