

U.S. Country Commercial Guides



Brazil
2020

Brazil 2020

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Doing Business in Brazil

Market Overview

Brazil continues to be an excellent market for experienced U.S. exporters across a wide range of sectors, despite the economy experiencing a slow down as a result of the pandemic. The aggressive response by the Brazilian government to pump money into the economy and offer generous unemployment benefits has economists forecasting a return to positive GDP growth for 2021.

U.S. exporters and those firms willing to become knowledgeable of regulatory and country-specific challenges can do well in Brazil. In 2019, Brazil was the United States' [ninth largest export market and our fourteenth-largest trading partner](#). The United States [exported \\$67.3 billion in goods and services to Brazil, while the United States imported \\$37.6 billion in Brazilian goods and services, representing a \\$29.7 billion U.S. trade surplus](#). Brazilian President Jair Bolsonaro has made efforts to strengthen the Brazil-U.S. trade relationship, and he has expressed a desire for the United States to supplant China in becoming Brazil's number one trading partner.

After the United States, Brazil is the Western Hemisphere's second largest population and economy. In reaction to the global viral pandemic, the Government of Brazil (GoB) has made efforts to encourage private sector participation in economic recovery and revitalization. July 2020 Brazilian sanitation legislation aims to universalize water, wastewater, and solid waste management for all Brazilians and requires that public bids be open to private players. U.S.-Brazil trade facilitation cooperation and a substantial slate of transportation and logistics infrastructure projects promise to help further reduce the "Custo Brasil," which is the traditional notion that doing business in Brazil can be costly.

The largest healthcare market in Latin America spends 9.1% of its GDP in healthcare and 70% of the approximately 6,500 hospitals are private. Imported medical devices correspond to 80% of the market in Brazil and the United States represents 29% of this share. Brazil ranks among the top seven markets in size for drugs and pharmaceuticals, with market growth of 10.74% in 2019. Despite the strong dollar, U.S. drug exports to Brazil are expected to continue an upward trend.

Brazil is Latin America's top oil producer and owns the largest recoverable ultra-deep oil reserves in the world, with 94% of Brazil's oil production produced offshore. Brazil is also the largest electricity market in Latin America and the 7th largest globally in electricity generation capacity. Renewable energy makes up a large percentage of the energy mix at 45%, and both current and future installed capacity represent an opportunity for U.S. firms to provide much needed solutions within energy storage, transmission & distribution, and efficiency.

In December 2019, the Brazilian Congress ratified the Technology Safeguards Agreement (TSA), which unlocked the use of U.S. technology in suborbital and orbital space launch operations from the Alcantara Space Launch Center. Aviation has been hit hard globally, but Brazil remains one of only six countries in the

world that manufactures commercial jets, and has been one of the top 10 export destinations of U.S. aerospace products over many years.

Brazil also remains the largest Latin American source of Foreign Direct Investment (FDI) in the United States according to [SelectUSA](#), the USG's investment promotion program. In 2019, the United States [received \\$45.7 billion in job creating FDI from Brazil according to the Bureau of Economic Analysis](#).

Market Challenges

Doing business in Brazil requires intimate knowledge of the local environment, including the high direct and indirect costs of doing business in Brazil commonly referred to as the "Custo Brasil". [The World Bank's Doing Business 2020](#) report ranks Brazil 124 out of 190 countries in terms of ease of doing business, falling from number 109 in 2019 despite numerous positive economic reforms. Companies seeking to enter the Brazilian market should be prepared to identify local partners to help navigate Brazil's complex legal and regulatory system. The top challenges U.S. companies doing business in Brazil face include:

The current economic crisis, which has driven down business and consumer demand and caused Brazil's currency, the real, to weaken significantly, which lowers Brazilian buying power for U.S.-made products.

Brazil's high taxes, high import tariffs, and complicated tax system.

A variety of non-tariff barriers, including a complicated regulatory system, lack of adequate or effective intellectual property protection and enforcement, its use of Brazil-unique standards and lack of recognition of international standards commonly used in the United States, among others.

High logistics costs resulting from poorly developed infrastructure and inefficient customs processes.

Non-transparent public procurement processes that favor local players due to local content requirements and high levels of corruption.

There are a number of things that companies can do to overcome these challenges. First and foremost, work with the [U.S. Foreign and Commercial Service](#) whenever you are considering doing business in the market, and with our [Advocacy Center](#) when bidding on public procurements. In addition, it is important to do your homework, get to know Brazil, and work with our experts in country to identify local partners that can help you navigate Brazil's complex business environment. Companies should be prepared to make a long-term commitment to the market, as it will take time to establish and build relationships locally. Given that imported U.S. products will likely be more expensive than local products, your company will need to be prepared to make the case for your product's overall value, including any before- and after-sales services you plan to provide. You may also wish to work with our team to identify potential tools that can help to mitigate Brazil's high tariffs and taxes. These include programs such as the ex-tarifario, (temporary waiver of import duties on products not produced in Brazil). Finally, if you do encounter a trade barrier, make sure to report it

either through the Commercial Service or the Department of Commerce's Office of Trade Agreements, Negotiations and Compliance:

<https://www.export.gov/Report-a-Trade-Barrier>.

Effects of the Economic Crisis: President Bolsonaro entered office on January 1, 2019, promising to make significant economic reforms. While he has made progress advancing his economic agenda including passage of a much-needed reform of Brazil's pension and social security system, much remains to be done and the 2020 economic crisis as a result of the global pandemic puts much of his reform efforts at risk. As of late December 2020, analysts expect Brazil's GDP to contract by around 4.4 percent in 2020, less severe than early predictions of a drop of 9 percent. This economic downturn will make U.S. products more expensive to Brazilian buyers and reduce purchasing power of consumers and put Brazil's infrastructure investment plans at risk of delay. However, Brazil is the largest economy in the region and implementation of the Bolsonaro administration's planned reforms could assist its recovery. Given the generally high demand for U.S. products, companies that invest time in developing partnerships in Brazil will be more successful during the economic recovery.

Taxes and Tariffs:

Brazil applies federal and state taxes and charges to imports that can effectively double the cost of imported products in Brazil. The complexities of Brazil's domestic tax system, including multiple cascading taxes and tax disputes among the various states, pose numerous challenges for all companies operating in and exporting to Brazil, including U.S. firms.

Brazil's average Most Favored Nation (MFN) applied tariff rate was 13.4 percent in 2018 (latest data available). However, Brazil's simple average WTO bound tariff rate is much higher, at 31.4 percent. This means Brazil could decide to raise its tariff rates up to the bound rates at any given time, which introduces significant uncertainty for exporters. Brazil frequently increases and decreases tariffs, within the flexibilities established by the Southern Common Market (MERCOSUR), to protect domestic industries from import competition and to manage prices. Law exporters to forecast the costs of doing business in Brazil.

Non-tariff Barriers:

Regulatory Burden - Brazil currently ranks last (141/141) in the World Economic Forum's [2019 Global Competitiveness Report](#) for "Burden of Government Regulation". Companies will need to navigate a complex web of federal, state, and local regulations affecting their products. In addition, Brazilian regulating authorities do not always follow a transparent, consistent process for developing or modifying regulations. Brazil is working to improve its regulatory practices through recent reforms, including its Regulatory Agencies Law and Economic Freedoms Law. These reforms should work to reduce the burden of regulation and improve the regulatory development process. Brazil plans to increase its use of tools such as public consultation and regulatory impact analysis to improve the quality of its regulations. Companies can sign up

to receive notifications of proposed regulatory changes in Brazil through [NotifyUS](#), and participate in the public consultation process by submitting comments via the [U.S. Inquiry Point](#).

Standards - Companies must also be prepared to meet different standards and technical requirements from those used in the United States in order to sell their product in Brazil. This may mean that even if you have already tested your product and successfully met technical requirements in the United States, you may need to re-test and re-certify the product to the technical requirements used in Brazil. It may also mean you will need to modify your product in order to meet the requirements in the Brazilian market. Brazilian regulators also sometimes require that testing and certification of products be done locally, which adds to the time and costs required to get your product approved for sale in Brazil.

Intellectual Property Protection – Brazil has been on the USTR Special 301 Watch List since 2007. The [annual Special 301 report](#) includes comments on Brazil and reflects concerns about the high levels of counterfeiting and piracy, including online piracy and the use of unlicensed software, and the country’s insufficient enforcement regime. At the end of 2019, Brazil and the United States upgraded their Patent Prosecution Highway (PHH) pilot to now cover all technologies. While Brazil continues to have long delays in the examination and processing of patents, it has taken positive institutional measures to lower patent pendency. In any foreign market, companies should consider several general principles for effective protection of their intellectual property. For background, click to our article about [Protecting IP](#), or visit [Stopfakes.gov](#) for more resources.

Logistics Costs: customs and infrastructure

Once a sale is made, companies should be prepared to face high costs and delays getting goods into market due to a complicated tax system, bureaucratic customs procedures and inadequate infrastructure. However, as a result of recent improvements in Brazil’s single window and Brazil’s changing culture to address border clearance inefficiencies, clearance overhead time and costs are falling. The World Bank’s 2020 Doing Business Report ranks Brazil 108 of the 190 for trading across borders. While a slight drop from the 106 ranking in 2019, it remains a huge improvement from 2017 Doing Business data that ranked Brazil 149 of 189. Companies should make sure to identify a customs broker in Brazil to help navigate the complicated processes. In a 2017 report, [The World Bank](#) ranked Brazil 108 out of 137 countries terms of quality of infrastructure. Companies should be prepared to spend more time getting their goods to their customers.

Public procurement processes: local content requirements, corruption

The Government of Brazil (GOB) is the nation’s largest buyer of goods and services. Navigating the government procurement process, however, may prove challenging. Brazil is not yet a member of the World Trade Organization’s (WTO) Government Procurement Agreement (GPA) but submitted its application to join in May 2020. Brazil’s procurement law as of early 2020 offered “margins of preference” to domestic firms bidding on government contracts. As such, U.S. exporters may find themselves at a competitive disadvantage

if they do not have a significant in-country presence, whether via established partnerships with Brazilian entities or some type of Brazilian subsidiary, along with the endurance and financial resources to respond to legal challenges and bureaucratic issues. CS Brazil can help U.S. companies to find trusted local partners through our [matchmaking](#) and [due diligence](#) services.

However, in preparation for GPA, the country is adopting a new bidding law, (PL 4.253/2020), which will have a phased implementation over the next two years. U.S. and international companies participating in Brazil's public procurement should see substantial improvements, including standardizing bidding deadlines, implementing electronic bidding processes, publishing government bids in a national procurement portal and more flexibility in access and equality for foreigners in regards to required documentation. For projects in architectural and engineering services, Brazil will require that bidders use Building Information Modeling or a similar international standard in their projects. There will continue to be national preferences, for small businesses for example, however, the overall goal is for public bids at the federal, state and municipalities to align with WTO and international standards.

Brazil has laws, regulations, and penalties to combat corruption, and the government is working to improve their effectiveness. Bribery is illegal and a bribe by a company to a foreign official can result in criminal penalties for individuals and administrative penalties, including fines and potential disqualification from government contracts, for companies.

For a more complete accounting of the non-tariff barriers faced by companies in Brazil, please consult the [United States Trade Representative's National Trade Estimate Report](#) on Foreign Trade Barriers.

Market Opportunities

The Commercial Service Brazil (CS Brazil) has prioritized six sectors with high export potential: energy, infrastructure, health, defense and aviation, as well as IT; and four for services: education, tourism, franchising and fintech. Across five offices, our specialists help U.S. companies identify public and private sector opportunities in these industries and others throughout Brazil. Additional information regarding specific market opportunities available to U.S. companies in the priority sectors listed above can be found in the Leading Sectors of the U.S. Exports and Investment chapters. U.S. companies are encouraged to consult the [CS Brazil website](#) for the full list of [industry sector specialists](#) and contact details.

Market Entry Strategy

The U.S. Commercial Service in Brazil (CS Brazil) maintains offices in Belo Horizonte, Brasilia, Rio de Janeiro, São Paulo, and Recife to provide U.S. exporters information and assistance. Please see the CS Brazil [directory of in-country subject matter experts](#). The U.S. Commercial Service also has a network of [domestic offices](#) available to advise and assist U.S. firms in exporting to Brazil.

Leading Sectors for U.S. Exports and Investment

Agricultural Sector

Information on agricultural sectors may be drawn from FAS's online Global Agricultural Information Network ([GAIN](#)). FAS publishes market briefs, an annual "Exporter Guide," and a "Food and an Agricultural Import Regulations and Standards (FAIRS)" report for select markets. Consult with the nearest international FAS office regarding which reports and other data it publishes for your country or region.

The main point of contact in Brazil for U.S. food and beverage exporters is the Agricultural Trade Office (ATO), located in São Paulo. For any questions, please contact:

USDA/FAS/ATO

Phone: +55-11-3250-5400

Email.: atosapaulo@fas.usda.gov

Architecture, Construction and Engineering (ACE) Services

Overview

Due to the so-called "Car Wash Operation" (Lava-Jato in Portuguese), Brazil's major construction companies have been at the center of police investigations, which has negatively impacted their ability to do business. Due to the weakened state of these construction firms, there has been an increase in activity of medium-sized companies as well as foreign players in the market. Analysts are seeing a slow recovery, encouraged by the expectation of lower inflation and interest rates – as of December 2020, the official "Selic" rate is at a historic low level of 2.00%.

To boost the economy, the government created the Investment Partnerships Program (Programa de Parcerias de Investimentos – PPI), which was initiated to increase the contribution of private capital to infrastructure projects in Brazil. The purpose of the PPI is to expand and strengthen the relationship between the state and the private sector through partnership contracts (including concessions, public private partnerships, permissions or leasing of public assets, and any other public private arrangements that have a similar legal structure), enabling business opportunities and helping Brazil to resume growth.

Another Federal Project is the low-income housing Project "Minha Casa Minha Vida", a program launched in 2009 to build one million homes (out of an estimated deficit of about 7 million units). Over the last 10 years, the Federal Government hired the construction of about 6 million housing units, with more than 4 million already delivered.

Impacts of COVID-19 in the ACE sector

The pandemic severely hit this sector in Brazil, which by March 2020 reached the lowest activity rate in four years. To counteract this, the Government issued a decree that classifies construction as an essential service, which caused a positive impact. Also, financial measures adopted by the Ministry of Finance and the banking system, issuing new credit lines for the sector, will benefit it with the maintenance of over 1.2 million jobs and the construction of over 530,000 new habitation units. Programs such as Minha Casa, Minha Vida will benefit from these credit lines.

Limitations on Selling U.S. Products and Services

The U.S. Commercial Service recommends that U.S. firms with no physical presence in Brazil partner with Brazilian firms before bidding directly on projects.

In the architectural sector, the overall experience for registration and licensing has shown that foreign architectural firms with international awards or a specialized niche have been the most successful at attracting partnerships with Brazilian architectural firms. Having a local office with the necessary licensing to

do design work in Brazil is very advantageous as well, due to the hefty taxes levied by Brazil for importing services, including architectural services.

To justify these costs, Brazilian clients prefer to work with firms that have certain expertise that is normally not available from a local architectural firm. This option works for U.S. firms looking to do business in Brazil over the long term, as starting a business in Brazil and obtaining the necessary approvals to do architectural work in the country is not a short-term process.

The exchange rate may be a limitation for the importation of US goods and services: Since the beginning of the year, and in part because of the COVID-19 pandemic, there was a huge fluctuation of the US Dollar face to the Brazilian Real – from 4.02 R\$/1.00 US\$ in January 2020 to 5.59 R\$/1.00 US\$ in June/2020.

Import Requirements & Documentation

The general rule is that any foreign company can be a partner, investor or shareholder in a Brazilian company, making the Brazilian company a subsidiary of the foreign entity. The Brazilian company will then be fully governed by Brazilian law and will have the same rights and responsibilities as any other Brazilian company.

Opening a branch of a foreign company in Brazil is slightly more complicated. This requires a specific authorization from the Brazilian Ministry of Economy. A foreign company that wishes to install a local branch in Brazil will have to send a formal request to the ministry where the National Department of Trade Registration, known as DNRC, will evaluate the request.

To form a limited partnership in Brazil it is necessary to have at least two partners. The general rule is that both partners in the company can be foreign and they can either be individuals or legal entities.

It is important to emphasize that all companies formed in Brazil need a unique physical address. A virtual address is not accepted as a fiscal address. For operations where there are several companies registered at the same office address, it is common to specify which room each company is registered to, as this makes each address unique for fiscal purposes.

Selling to the Government

In the case of engineering, architecture or construction services for government projects (mostly infrastructure projects), public tenders are publicized which are usually open to foreign companies. But to participate in a public tender, any foreign firm must have a local presence, be it a representative or a local office.

Distribution & Sales Channels

As in most other industry sectors, foreign service providers must either establish themselves in the country or have a local representative to be successful in Brazil, as explained above.

Pricing

Price is a critical factor in the purchase decisions, particularly in public bidding programs.

Leading Sectors

Leading sectors in the ACE industry include:

- Infrastructure Projects (ports, airports, railways, highways)
- Urban Planning
- Real Estate: new or retrofit
- Industrial: new or retrofitted plants
- Hospitality (new hotels, retrofit of existing hotels, transformation of residential buildings into hotels)
- Health Sectors (new hospitals and upgrades to existing hospitals)
- Education
- HVAC
- Furniture design
- Drywall technologies
- Lighting (residential, commercial, industrial, urban)
- Sports venue design and equipment
- Building Information Modeling (BIM) process
- Landscaping

Opportunities

In a country of over 200 million people spread over 27 states, there are numerous opportunities waiting to be explored by those eager to embrace new challenges and partner with creative and entrepreneurial Brazilians. With respect to the architecture, construction and engineering (ACE) sectors, green and sustainable businesses are gaining more attention. This includes legacy opportunities in several cities, such as large infrastructure projects: The government is seeking to increase U.S. private sector participation in infrastructure projects, with a confirmed federal pipeline of projects valued at more than US\$ 1 billion for ports, US\$ 14 billion in rail, US\$ 2.5 billion in airports, and US\$ 36 billion in highways. There are also projects at the state and municipal levels, in areas such as sanitation.

An area that is booming in the ACE sector is Construction Tech, or Construtech as it is named in Brazil. Startups are investing in areas such as field management, equipment and construction materials marketplaces, and applications in mobile and cloud technologies, robotics, and software for the construction industry. In Brazil, there are already over 560 Construtech firms, and about \$150 million was invested in 2019.

It is recommended that new projects contain sustainable or “green” content, according to LEED, AQUA and other certification programs. According to the Brazilian Green Building Council, Brazil ranks fourth in LEED registrations worldwide, with over 2 million² certified buildings, trailing only the United States, the United Arab Emirates and China.

Web Resources

The Brazilian Council for Architecture and Urbanism (CAU) - www.caubr.gov.br

The Brazilian Association of Architecture Firms (ASBEA) - www.asbea.org.br

The Federal Council for Engineering and Agronomy (CONFEA) - www.confea.org.br

The Brazilian Association of Architectural and Consulting Engineering Companies (SINAENCO)
- www.sinaenco.com.br

The Brazilian Association of Engineering Consultants (ABCE) - www.abceconsultoria.org.br

The Brazilian Green Building Council (GBC Brasil) - <http://www.gbcbrazil.org.br/>

Ministry of Infrastructure – Concession projects - <https://infraestrutura.gov.br/concessoes/>

For more information, please contact the US Commercial Service Industry Specialist
at Patrick.Levy@trade.gov

Defense, Aviation and Security

The Brazilian Defense, Aviation and Security Industries remain one of the most important in the Southern Hemisphere. Brazil is one of only six countries in the world that manufactures commercial jets, and has been one of the top 10 export destinations of U.S. aerospace products over many years.

The strong relationship developed between Brazil and the U.S. in recent years has contributed for the development of strategic sectors such as defense and space. Currently, there are successful government-to government and industry-to-industry cooperative efforts leading the market to the establishment of joint ventures and bilateral commercial cooperation that leverage corporate synergies in a range of advanced technologies and capabilities. In the security sector, concerns about public security have continued to be a fundamental problem in Brazil. The problem has gained enormous public and political visibility leading the federal government to create a Public Security Department to coordinate a portfolio of law enforcement agencies throughout the national territory, including the Federal Police Department, National Prison System and the National Public Security Council.

Opportunities

There are significant opportunities for U.S. companies to do business and/or become a supplier to the Brazilian defense, aviation and security sectors. There are major subsectors and segments in these industries that U.S. suppliers should focus on, which include but are not limited to the OEMs (original equipment manufacturers), aircraft repair & maintenance, space launch technologies, communication satellites, UAV (unmanned aerial vehicles) and many others. The Brazilian defense sector also offers unique business opportunities in the segment of wheeled and tracked armored vehicles, short range air defense systems, weapon systems, attack helicopters, communication satellites, sensors, radars and systems integration.

Companies with know-how and technology in these areas are welcome to establish partnerships with local Brazilian companies and are encouraged to participate in future public bids and reverse auctions opened by the Brazilian Government. To succeed in Brazil, U.S. companies must either be established in the country or have a well-informed local representative. Much like in other sectors in Brazil, it is important to have a distributor or system integrator that can offer post-sale and maintenance services, replacement parts, and repairs. Whether introducing a product to the market independently or entering with an existing local partner, it is necessary to have a coherent market entry strategy to penetrate the Brazilian market.

Leading Sub-sectors

Commercial Aviation

There are three major segments that U.S. suppliers in this industry should focus on, which are the OEMs (original equipment manufacturers), the General Aviation, and the Repair & Maintenance markets. A fourth niche, still small but growing rapidly, is the UAV (unmanned aerial vehicles) market.

OEMs – Embraer is a global company headquartered in Brazil with businesses in commercial and executive aviation, as well as in defense and security markets. Founded in 1969, the company became a leading manufacturer of commercial jets up to 150 seats. In July 2018, Boeing and Embraer signed a Memorandum of Understanding to establish a strategic partnership. However, on April 25 2020, Boeing announced that it had terminated its Master Transaction Agreement (MTA) with Embraer, under which the two companies sought to establish a new level of strategic partnership.

Currently, Embraer imports approximately 56% of its components from North America, mostly from the United States. Embraer always welcomes the registration of new and qualified companies in its Supplier's Portal - www.embraersuppliers.com. Embraer's selection criteria take into consideration: technical solutions, product quality, commercial and aftermarket support, supplier's performance, expertise and financial health, and manufacturing capability. It requires certifications such as, but not limited to, AS9100, EN9100, JISQ9100, and NBR15100. Depending on the type of the product, additional certifications might be required.

The other major OEM is Helibras, the Brazilian subsidiary of Airbus Helicopters. In 2019, approximately 36 helicopters were produced in its Brazilian plant, serving the military and civilian markets. Companies interested in supplying parts or technology to Helibras should send an e-mail to procurement@helibras.com.br. Information on requirements to become a supplier is also available in the company's website www.helibras.com.br.

General Aviation

According to the Brazilian Association of General Aviation (ABAG), a private aviation association, general aviation plays a strategic role in the development of Brazilian transportation and logistics industries by establishing connections with 5,568 municipalities, through 2,567 airport spread across the Brazilian territory, which in 2018 were responsible for more than 600,000 landing and takeoff operations. The general aviation fleet includes approximately 7,800 airplanes and helicopters in service. The detailed breakdown includes 610 jets, 1,130 turboprops, 1,160 helicopters and about 4,900 piston engine aircrafts, which are used by passenger air taxis, air ambulances, private operators and flight instruction providers.

Cessna, Neiva, Piper, Embraer and Beechcraft together represent 50% of Brazil's existing fleet. According to a study conducted by the Brazilian General Aviation Association, 40% of the fleet is concentrated in the Southeast region, but in 2018 the South and the Midwest regions registered the highest growth rate of 5.99% and 4.17%, respectively.

In a subcategory sector within the general aviation industry, the aerial agricultural sector has never had a negative year in fleet growth. According to the National Agricultural Aviation Companies Union, in 2018, 79 aircraft were added (5 helicopters and 74 aircraft) totaling 2,115 aircraft.

Repair & Maintenance

According to the Brazilian National Civil Aviation Agency (ANAC), the total Brazilian fleet consists of 22,219 aircraft composed of commercial aircraft, general/business aircraft, and experimental aircraft. Due to the political and economic disruptions going on in the country, demand for new aircraft has slowed down over the last couple of years, but the demand for replacement parts will likely continue growing over the next few years.

In 2018, the market for aircraft repair and maintenance was estimated at US\$730 million with an estimated annual growth rate of approximately 5% over the next 5 years. The relatively strong market for repair and maintenance is driven by the fact that more than 40% of the general aviation fleet is composed of one or two-engine piston-powered aircraft with more than 30 years of use. The average age of the general aviation fleet is currently 30 years, while the commercial aviation fleet has an average age of six years. To provide repair and maintenance services in Brazil, the company needs a Maintenance Organization Certificate (COM) issued by ANAC. There are 522 maintenance bases currently in Brazil with a valid COM. The importation of parts and components for the aeronautical industry amounted US\$9.2 billion in 2018. Around 36% of the imports have their unit value in the range of \$10k to \$100k dollars.

UAVs

There is no precise official data on the size of the UAV market in Brazil, but it is estimated to be approximately US\$80 million. ANAC, which regulates the sector, recognizes 70,000 portable drones registered in its system, and of these, 35% are registered for professional use. According to Drone and Engineering Brazil Magazine, following a worldwide trend, the market should grow rapidly over the next few years, mainly in the agricultural and inspection segments. In May 2017, ANAC approved the special regulation for the commercial use of unmanned aerial vehicles (UAV) throughout the Brazilian territory. UAV operations in Brazil must follow the ANAC regulations as well as the regulations established by the Brazilian Air Space Control Department (DECEA) and the National Telecommunications Agency (ANATEL). According to ANAC, there are currently around 2,400 companies registered for drone operation in Brazil.

The services provided by drones have increased in recent years, as demonstrated by the increase in the number of drones used for professional reasons. The main activities are agricultural mapping, mainly used in the ethanol production. In 2019, most drones (64%) were used for recreational reasons and the owner's registries are mainly individuals. According to consultancy PwC, Brazil follows global trends and its drone market is divided among sectors including infrastructure (41%), agriculture (26%), logistics (10%), safety (8%), entertainment (7%), insurance (5%) and mining (3%).

Opportunities

Better integration is expected in areas of supply chain and procurement, composites and metallic structures, automation technology, connectivity and MRO. The industry welcomes competitors and development of the existing supply chain within the aerospace sector to respond to the challenges imposed by the COVID- 19 in the aviation industry in Brazil.

Brazil offers excellent opportunities for general aviation aircraft suppliers. According to the Brazilian Association of General Aviation (ABAG), Brazil has the second largest executive aircraft fleet and remains stable among the second largest helicopter fleet in the world, with approximately 610 jets and 1160 helicopters. As Brazil's aviation market resumes its activities after COVID-19, importation of parts and components should represent good business opportunity for aircraft suppliers.

The Drone Show in Sao Paulo in 2019 helped define the Brazilian drone market. As a result, opportunities exist in the areas of mapping, agriculture, entertainment, security, infrastructure, environment, emergency services, risk mitigation, city management, and mining.

Airlines

In 2019, Brazil passenger volume reached 107 million passengers which represented 1.2% increase versus the previous year.

There are 11 air transport domestic companies certified to operate in the country, concentrated in 5 Brazilian states: São Paulo, Paraná, Amazônia, Goiás and Rio de Janeiro. Besides the domestic airline companies, ANAC has certified 72 foreign companies to operate regularly in the country. The United States hosts most of these companies, followed by Argentina and Colombia, with 7, 5 and 4 companies, respectively.

In 2018/2019, the highest concentration of operations was made by Azul (29%), followed by GOL (27%) and LATAM (24%). Although Azul has the most operations in 2018/2019, it is not the biggest company in terms of transported passengers. Azul uses mainly narrow-bodied aircrafts and primarily connects smaller airports in Brazil. The most widely used aircraft in the Brazilian commercial aviation market are the Airbus A320 (20%) and the Boeing 737 (22%).

Opportunities

Domestic and international passenger traffic plunged in 2020 due to the pandemic. The three major carriers reported operations at between 70-80 percent of pre-pandemic level in the fourth quarter of 2020, and industry observers expect domestic traffic to return to 2019 levels by mid-2021. International air traffic will likely be slower to recover.

Ground Service Providers (GSP)

Ground Service Providers (GSP) play a key role to bolster the aviation sector in Brazil. Currently, GSPs account for 40% of all the services at Brazilian airports. According to the International Air Transport Association (IATA). The world-wide average is closer to 50%, showing there is still exists room for GSPs to grow as Brazil continues to develop towards reaching world GSP service standards. Between May 2016 and December 2018, there was a 30% growth in the segment. Brazil has 120 GSPs which are responsible for generating 42,000 direct jobs.

Opportunities

As the GSP sector continues to develop, there will be demand for services like baggage transport, aircraft cleaning, safety inspections, check-in, aircraft fueling, surface transport for crew and passengers, X-ray for hand luggage and checked luggage, and air cargo handling.

Safety and Security Industries

Public security remains a fundamental problem with enormous public and political visibility, leading the federal government to create a Public Security Department to coordinate a portfolio of law enforcement agencies throughout the national territory, including the Federal Police Department, National Prison System and the National Public Security Council.

The Brazilian National Bank for Economic and Social Development (BNDES) approved the creation of a program to support investments in public security for the acquisition of equipment for state and municipal police forces. Implemented in 2019, the plan is to invest US\$30 billion within the next 4 years as Brazilian officials upgrade public security agencies with new equipment such as vehicles, ballistic vests, holographic sights, and stun guns.

Opportunities for security suppliers will be enhanced, as the government continues to focus on infrastructure concessions to address public security problems. Local analysts anticipate that the market for security technologies across a wide range of critical national infrastructure segments will continue to grow as the country continues its internal development. This in turn has increased the security opportunities available to system and technology providers in the country. Concession investments should take place in mass transport systems, with money being spent on both roads and airports to increase their efficiency, security, and capacity.

The largest clients in the security market are the Government of Brazil (GOB), and financial and commercial institutions. The large investments in the police modernization program are key drivers in the Brazilian security market.

Over the next decade the Brazilian government security program aims to strengthen border control, combat organized crime, improve the prison system, create a National Information System for the Public Security agencies, and combat drug trafficking.

At the state level, public security secretariats are also investing in the acquisition of new technologies to respond to the public outcry against crime across the country. Command and Control centers have become widely used by state police agencies and will need to be modernized to improve interoperability and data analysis capabilities as modern law enforcement methods are implemented.

Below are the areas that currently present the best prospects in the Security market.

	Surveillance Equipment	Access Control	Security Systems	Detection Devices (thermal cameras, drug, fire, metal)	Unmanned Aerial Vehicles	Cyber Security (hardware, software)
Personal	Personal security, access control, alarm systems and surveillance circuits					
Residential Buildings	●	●	●			
Home Security		●	●	●		
Commercial	Personal security, access control, alarm systems and surveillance circuits					
Airport Security	●	●	●	●	●	●
Banking Institutions	●	●	●	●	●	●
Public Safety & Security	Surveillance equipment e.g. UAVs, emergency response integrators and professional training					
Mass Transportation	●	●	●	●	●	●
Government	●	●	●	●	●	●

Defense & Space

In 2019 the United States of America officially designated Brazil as a Major Non-NATO Ally (MNNA). The MNNA designation is a unilateral U.S. decision that identifies its top, strategic defense partnerships. Brazil is only the second country to receive MNNA designation in the Western Hemisphere and it reflects the strong bilateral defense relationship between the two countries. The MNNA helps support the collaboration on the development of defense technologies; privileged access to the U.S. defense industry; increased joint military exchanges, exercises, and training, as well as special access to military equipment financing.

In March 2020, the United States of America and Brazil signed a bilateral agreement on Research Development, Test and Evaluation (RDT&E) that will expand opportunities for both countries to collaborate and share information on the development of new defense capabilities and pave the way for potential future cooperation on applied research, development of emerging technologies, analysis, operational studies, demonstrations and testing and evaluation prototypes. Before it can enter into force, the Brazilian Congress needs to ratify this agreement.

Opportunities

Brazil's 2020 federal budget proposal for the defense sector is approximately \$USD 397.5 billion * (Using 5.49 exchange rate). The National Defense Strategy (NDS) continues to be the guide for the medium and long-term planning for the defense sector in Brazil. The three strategic sectors highlighted in the NDS are: nuclear, cyber, and space, as well as promoting the development and strengthening of the Brazilian defense industry. Major Brazilian Defense Strategic projects include: the Submarine Development Program (PROSUB) and the Navy Nuclear Program (PNM) coordinated by the Brazilian Navy; the Guarani Armored wheeled vehicles, the Integrated Border Monitoring System (SISFRON) and Cyber Defense coordinated by the Brazilian Army; and the KC-390 aircraft, the Gripen AM-X aircraft modernization, and Space System Strategic Program coordinated by the Brazilian Air Force.

The LAAD 2021 Defense & Security– International Defense and Security Fair is the largest defense trade show in Latin America. It has the institutional support of the Brazil Ministry of Defense, the Armed Forces, the Ministry of Justice and the Brazilian Public Security structure. The exhibition brings together key military leaders and civilian industrial manufacturers and suppliers of technology from Brazil, the United States, and around the world. The show is an excellent place to meet with Government authorities and expand your network as well as meet and establish new partners. For additional information please visit www.laadexpo.com.br

Space

The strategic relationship between Brazil and U.S. in the space sector has been rapidly growing in recent years with several foundational agreements signed, such as the Space Situational Awareness Agreement, the CubeSat Agreement to Study Solar Physics, Scintillation Prediction Observations Research Task - SPORT, and

the Peaceful Uses of Outer Space Cooperation Agreement. Most recently, in March 2019, Brazil and the U.S. signed a technology safeguards agreement (TSA) which was ratified by the Brazilian Congress and entered into force in December 2019. The TSA allows the use of U.S. technology in space launches from Brazil, specifically the Alcantara Space Launch Center.

Opportunities

Recently, the Brazilian Space Agency published a public call to identify companies, national or foreign, that were interested in carrying out suborbital and orbital launch operations using the Alcantara Space Center (CEA), as well as providing information on the contractual process, including licensing processes and authorization for space launch. The TSA is helping unlock bilateral commercial cooperation in a range of advanced technologies related to space. According to Brazil's Strategic Program for Space Systems (PESE), priorities for the space sector include development in the following areas: satellite constellations, launch vehicles, a space launch center (Alcantara), and a space operations center.

In October 2020, the Brazilian Space Agency will host the fourth edition of the Brazilian Space Industry Forum in a virtual format. The Forum's theme for this year event is "Space Applications" with the objective to explore the development of several applications through space technology and to demonstrate that the sector is present in the daily life of society. For more information please visit www.aeb.gov.br.

Import Requirements & Documentation

As in most industries, having a local office or a trusted and well-respected local representative with extensive contacts and a solid sales record is a critical business practice to succeed in Brazil and is required.

Some of aerospace, defense, and space technology might be subject to ITAR regulation. U.S. companies should contact the State Department to learn about regulations and restrictions before engaging in any business transactions.

Selling to the Government

To conduct business with the Brazilian government, U.S. companies must be prepared for a long and complex engagement. In addition to the ever-present desire for offsets, U.S. firms must be prepared to transfer technology (subject to pertinent export control regulations) and oftentimes engage in a long-term partnership with the Brazilian aerospace and defense industry for the co-development and local production of components, parts, and assembly. All government acquisitions are published at <https://www.gov.br/compras/pt-br/>

Pricing

Most Armed Forces acquisitions are done through public bids. Generally, bids are evaluated on the basis of technical specifications, price and availability with an emphasis on lowest price. The company that presents the lowest price and complies with all technical requirements and documents requested in the bid wins the

contract. Foreign Military Sales (FMS)* are an important and well used government-to-government acquisition mechanism. Sole source procurement is rare and generally only on national security basis. More information about the FMS program can be found at <https://www.dsca.mil/foreign-military-sales-faq>(*)

Principle Business Associations

ABIMDE – Brazilian Defense and Security Industries Association – www.abimde.org.br

AIAB – Aerospace Industries Association of Brazil – www.aiab.org.br

COMDEFESA/ FIESP – Department of Defense and Security / State of Sao Paulo Industry Federation – www.fiesp.com.br

ABAG – Brazilian Association of General Aviation – www.abag.org.br

ABEAR – Brazilian Airlines Association – www.abear.com.br

IBA – Brazilian Aviation Institute – www.institutoaviacao.org

ABESE - Brazilian Association of Electronic Security Equipment (<http://www.abese.org.br/>)

ABSEG – Brazilian Association of Security Professionals (<http://www.abseg.com.br/>)

FENAVIST – National Federation of Security Companies (<http://www.fenavist.org.br/>)

Limitations on Selling US Products and Services

Aeronautical products must have a certification issued by [ANAC – National Civil Aviation Agency](#), responsible for the regulation, inspection, and safety of civil aviation activities, aeronautical products, and airport infrastructure.

Distribution & Sales Channels if applicable

Brazil is a geographically large country. Aircraft part suppliers without local representation may find it difficult to build relationships, get timely information, and gain access to decision-makers.

Education

Overview

Despite current economic and political challenges, Brazil is the fifth largest higher education market in the world and the largest in Latin America. Education expenditures for 2019 were around US\$ 24 billion. The Brazilian Ministry of Education's budget for 2020 is projected to be US\$ 27 billion (please note that during the COVID-19 pandemic there was a huge fluctuation in dollar-to-real exchange rate from about 1:4.20 in December 2019 to 1:5.59 in June 2020).

Brazil has 68.5 million students in its basic education system, with 13.9 million in pre-school, 24.9 million in elementary school and 29.7 million in high school. The higher education sector includes 7.3 million enrolled students. Approximately 73% of higher education students go to private institutions.

The education sector is a high priority for the Government of Brazil. The internationalization of higher education is a subject that is gaining increasing relevance for both public and private Brazilian Higher Education Institutions. Brazilian federal research agencies have a long history of supporting international research partnerships, and such bilateral agreements with various countries in Europe, North and Latin America have existed for decades. However, available English language courses at Brazilian universities are still limited but growing.

In contrast to the segment for primary education, private institutions dominate higher education in Brazil. Public institutions in Brazil are small and are not capable of meeting the overall demand for higher education courses. Public higher education institutions are directed to serve as centers of excellence and research, with extremely competitive admissions standards and a limited capacity for expansion. Private higher education institutions are focused on meeting the professional requirements of the labor market and have developed flexible programs to meet the needs of the working population.

Industry specialists such as Hoper Education expect that despite the challenging situation, the education sector in Brazil will continue to grow, particularly the distance-learning segment. Lower monthly distance learning tuition fees are expected to increase higher education penetration. Distance learning solutions are particularly attractive to the substantial number of private, for-profit universities in Brazil. According to the Brazilian Association of Distance Learning (ABED) in 2018, 65% of the 259 institutions that offer distance-learning classes are private, while 35% are public.

Leading Sub-Sectors

Brazil ranks ninth as a country of origin for foreign students studying in U.S. universities. In the 2018-19 academic year, 16,059 students from Brazil were studying in the United States. The breakdown was as follows: 48.4 % undergraduate; 29.5 % graduate students; 9.4 % non-degree, 12.7 % OPT (Optional Practical Training).

Non-automatic recognition of foreign university credits toward earning a degree in Brazil is a barrier to U.S. education exports. In 2017, the Ministry of Education launched the “Plataforma Carolina Bori”, which processes all requests for validation of undergraduate and graduate degrees. Although this portal accelerates the process of recognition by establishing precedents, it is still in the beginning and slowly being developed. For continuing education purposes, the private universities have authority to work on case-by-case diploma acceptance.

Despite the bureaucratic challenges of having U.S. degrees recognized in Brazil, the number of Brazilian students choosing U.S. education is significant. The economic impact of Brazilian students in U.S. colleges and universities contributed \$558 million to the U.S. economy during the 2018-19 academic year last year.

Approximately 80 % of Brazilian students who study abroad come from Brazil’s southern and central eastern states of São Paulo, Santa Catarina, Rio Grande do Sul, Paraná, Rio de Janeiro, Brasília and Minas Gerais. Among these, São Paulo, Brasília and Rio de Janeiro represent the three best locations to recruit Brazilian students to study in the United States. São Paulo has the largest applicant pool (33%) and attracts the most talented students to its own university campuses. The capital city of Brasília (11.6%), has the country’s highest GDP per capita at approximately \$16,500, over twice that of second-highest São Paulo. The applicant pool within the state of Rio de Janeiro (13.4%), which is the country’s hub for the oil and gas industry, attracts many engineering and science majors.

Brazil recognizes the need to improve English language skills across the country. Most of the population (including those employed in the tourism sector) lack basic English language skills, which is the main challenge for many Brazilian students applying for study abroad programs. Institutions that can address this issue by providing conditional acceptance tied to English language training or other such “pathway programs” may have a competitive advantage in attracting Brazilian students.

Although private English language schools are abundant, student exchange programs are a huge market in Brazil, especially short-term and part-time programs. Examples of exchange programs currently popular in Brazil include part-time study programs combined with tourism and outdoor sports; teen vacation (specifically for teenagers with a mix of classes and leisure activities) and English language programs designed for 50+ year old students.

U.S. schools interested in Brazilian recruitment should provide creative financing options, including options to pay in installments since cost will continue to be a challenge for Brazilian students studying abroad. Installment payments are also widely popular throughout Brazil, from personal care to larger purchases such as computers.

Education Technology

EdTech is a growing market in Brazil. There are 364+ EdTech companies in Brazil. Sao Paulo is the leading city for the Brazilian EdTech industry, with a focus on the domestic market. Most EdTech companies or 47% work in the K-12 segment; 8% work exclusively for higher education institutions; 49% work with Content Manager System solutions; 19% work with Educational Manager System solutions and 70% use SAAS (software as a service) to generate revenue.

Opportunities

The international education market grew 20.46% in 2018 with 365 thousand students studying abroad and spending USD 1.2 billion.

For the next decade, the fastest growing segment of the educational market in Brazil will be English learning courses, followed by language courses with temporary work and teen's vacation courses (July and January). Short-term vocational courses, due to government investments in technical schools and courses for high school students and adults. The possibility of earning an athletic scholarship grew by 20%, with Brazil sending 3 thousand teenagers to attend school with a partial or full scholarship abroad.

Resources

For additional information about the Education industry or interest in the possibility of customized services from the U.S. Commercial Service, please contact laura.reffatti@trade.gov or visit <https://www.trade.gov/all-services>

U.S. Government:

[Foreign Commercial Service Education Team](#)

[Department of Commerce – Education Industry](#)

[Education-Brazil Top Markets Report](#)

[EducationUSA Brazil](#)

Government of Brazil:

[Brazilian Ministry of Education](#)

[Portal da Transparência](#)

[INEP School Census](#)

Other:

[Institute of International Education - Open Doors](#)

[Belta – Brazilian Educational and Language Travel Association](#)

[ABstartups](#)

[DOT Digital Group](#)

Energy

Overview

The Brazilian Energy Planning Agency's (EPE) Energy Expansion Plan (PDE) for 2019-2029 indicates that renewable sources will remain a high priority, targeting 48% of Brazil's energy matrix by 2029. Nuclear energy is expected to grow with the Angra 3 power plant's entry into operation, estimated for 2026. Within the non-renewable sources, oil and gas will continue to play a key role in energy supply for the country.

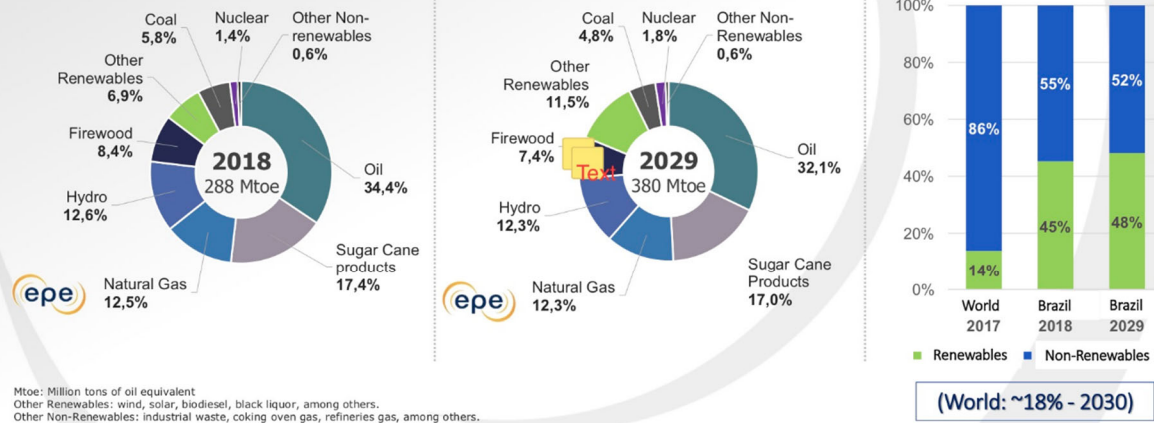
Domestic Energy Supply Evolution in 10-year Period	2019		2024		2029	
	Thousand Tep*	%	Thousand Tep*	%	Thousand. Tep*	%
Non-Renewable Energy	157,293	53	171,778	52	196,652	52
Oil and Gas Products	191,439	34	110,256	33	122,323	32
Natural Gas	34,709	12	38,679	12	46,842	12
Coal and Derivatives	15,454	5	17,022	5	18,404	5
Uranium (U308) and Derivatives	4,071	1	3,974	1	6,959	2
Other Non-Renewable Sources	1,620	1	1,847	1	2,124	1
Renewable Energy	138,150	47	160,051	48	183,844	48
Hydraulic Energy and Electricity	36,180	12	44,572	13	46,896	12
Firewood and Charcoal	24,591	8	26,251	8	28,311	7
Sugar Cane Derivatives	55,019	19	56,384	17	64,719	17
Other Renewable Sources	22,360	8	32,844	10	43,919	12
Total	29,444	100	331,829	100	380,496	100

*Tons equivalent of petroleum

Source: Brazilian Energy Planning Agency (EPE).

Primary energy matrix of Brazil

TPES (%)



Source: EPE February 2020 presentation.

Leading Sub-Sectors

Oil and Gas

Brazil is Latin America's top oil producer. The country owns the largest recoverable ultra-deep oil reserves in the world, with 94% of Brazil's oil production produced offshore. In 2019, total annual oil production was 1,018 billion barrels, an increase of 7.78% from 2018. Deep pre-salt fields are responsible for more than 60% of national production. From 2014 to 2019 the country experienced a 61% drop in well lifting costs (from US\$15.3 per barrel to US\$6).

Brazil's natural gas production increased 9.46% in 2019, totaling 44,724 billion cubic meters. Associated gas currently represents approximately 80% of Brazil's natural gas production, which is expected to reach 253 million m³/day by 2029. Common challenges facing the Brazilian gas market include high CO₂ content, distances from the offshore gas fields to the coast, limited gas pipeline infrastructure, and the need to boost domestic demand.

Significant energy reforms, frequent oil field finds, and opening of oil bidding rounds have been attracting International Oil Companies (IOCs) from around the world. IOCs have acquired oil field concessions, gas pipeline networks, and are developing liquified natural gas (LNG) terminals.

[The EPE 2019-2029 Energy Expansion Plan summary](#) forecasts exploration and production (E&P) investments of US\$424 billion to US\$472 billion in aggregate over the next 10 years. However, the drastic drop in oil prices and adverse impact of COVID-19 prompted Petrobras to cut its 2020 investments by 30%,

down to US\$8.5 billion from US\$12 billion. While that is still a significant investment from Petrobras, investments from other oil companies are also expected to drop by up to 30%.

Nuclear

Brazil has a promising civil nuclear energy market. Through regulatory changes that will allow for private sector investment, Brazil is planning to more than quadruple its nuclear power generation by 2050. Currently, two nuclear reactors supply nearly 2% of Brazil's energy. Conclusion of a third nuclear power reactor (Angra 3) is pending implementation of a new business model that will call for an Engineering, Procurement, and Construction (EPC) company to finalize the plant's construction. A strategic partner is no longer mandatory (although welcome) as Eletrobras Holding and Brazil's Social Economic and Development Bank are expected to solve current Angra 3 debts. Studies are under progress to revise the final costs to conclude the plant. Government-owned EletroNuclear (ETN)'s strategic plan for the 2020-2024 period will be of R\$ 32.4 billion reais (approximately \$7.2 billion).

Electric Power Systems

Brazil is the largest electricity market in Latin America and the 7th largest in electricity generation capacity in the world, with 173.2 GW. Brazil generates and distributes electricity to over 85 million residential, commercial, and industrial consumers, more than all the combined power produced by other South American nations. Investment into the Brazilian electricity sector is expected to reach \$94 billion by 2029, including utility-scale generation, distributed generation, and transmission projects.

Generation

Brazil has a total of 173.2 GW in installed capacity, 84% of which is renewable resources, mainly hydropower. The thermal (coal, gas, oil and nuclear) represent 16% of the Brazilian electricity matrix. According to the Ministry of Mines and Energy (MME), Brazil is expected to add 15 GW of centralized power generation capacity by 2025. Investments in utilized-scale power generation are estimated to reach \$62 billion by 2029, while distributed generation should see investment of \$10 billion in the same period.

Transmission

Brazil has a country-wide interconnected grid of over 100,000 miles of high voltage transmission lines. By 2029, an additional 32,000 miles will expand the grid significantly. Total investments in the power transmission sector over the same period are projected to reach \$22 billion, representing \$15 billion in transmission lines and \$7 billion in substations.

Distribution

Brazil has 102 power distribution companies, and private firms owned by foreign investors prevail in this segment. Large international companies operating in this market include Spanish Ibedrola and Italian

ENEL. This segment sees annual investment of around \$2.2 billion per year, 69% of which is in expansion, 19% in improvement and 12% in renewal of distribution networks.

Renewable Energy

Brazil's electricity matrix is one of the cleanest in the world and Brazil is committed to continuing its support for renewable energy projects. Continued investments are expected in wind, solar, and hydropower capacity. Brazil uses auction-based renewable procurement to increase new generation capacity and contract duration is typically 15 to 30 years. As Brazil moves forward with its modernization plans for the electricity sector, which includes expansion of the deregulated market, we see use of private sector Power Purchasing Agreements (PPAs) increasing exponentially within the renewable energy sector.

Hydropower represents 63% of the Brazilian electricity matrix. Wind power is the second largest source of energy in Brazil with 15 GW of installed capacity, and with an additional 4.6 GW already contracted or under construction and expected to come online by 2023. Brazil has 601 wind farms utilizing 7,000 wind turbines.

New solar energy developments over the long term may potentially rival investments in wind power. Solar energy in Brazil tripled in the last year and grew 45% in the past 6 months alone, despite the impact of COVID-19, reaching 3 GW in installed capacity in Brazil. Investments in utility-scale solar energy projects, already contracted in the energy auctions, will reach over \$5 billion by 2022. Another \$1 billion has been invested in solar distributed generation since 2012, and this amount is expected to increase exponentially in the next few years.

Opportunities

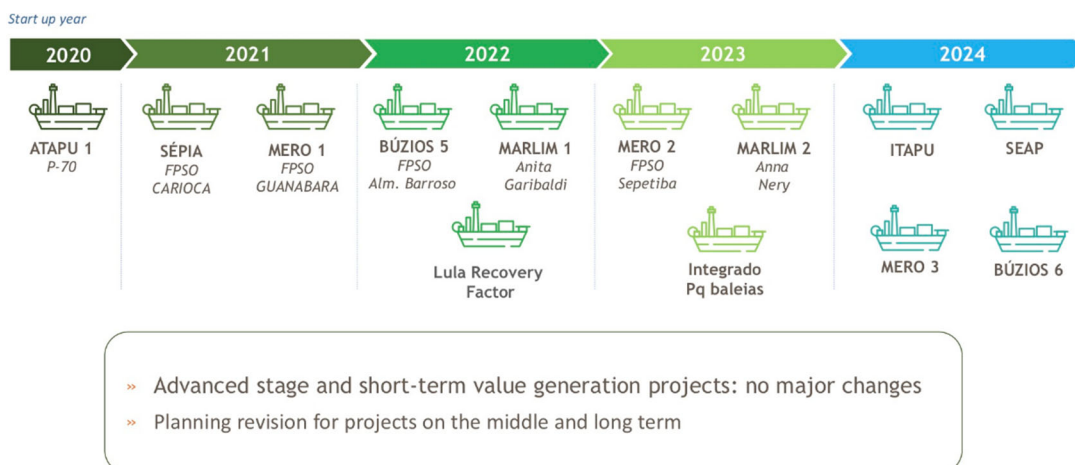
Oil & Gas

As Brazil's deep [pre-salt fields](#) have proven to be extremely prolific, most opportunities for U.S. oil and gas suppliers are expected to be related to the pre-salt projects. Together, in the medium to long-term, the oil companies plan to drill 300 offshore wells, order 17 new production units, and build 600km (373 miles) of gas pipelines in Brazil. Most oil companies have postponed drilling activities to 2021 due to COVID-19.

In addition to Petrobras, which is responsible for 92% of Brazil's oil and gas production, there are 47 local and 50 foreign companies that hold oil rights to exploration and appraisal areas in Brazil (e.g.: Shell, Equinor, Chevron, Total, etc.). You can view a list of these companies on the Brazilian Oil and Gas Regulator (ANP) website [here](#).

Expected Petrobras investment in oil and gas between 2020 and 2024 was approximately \$75.7 billion, but this number may drop by up to 30% due to COVID-19 and other influences. About 85% of the Petrobras investments will be on exploration and production. The June 2020 Petrobras slide below shows 13 new Floating Production Storage and Offloading (FPSO) platforms entering operation from 2020 to 2024 (Petrobras).

Major Projects



12

Source: June 2020 Petrobras presentation.

Despite the emphasis on the upstream segment, the downstream subsector is also expected to generate business opportunities mainly related to refineries and gas processing units, as noted below.

Brazil holds the 8th largest refining complex in Latin America (17 refineries) with Petrobras owning 98% of Brazil's refining capacity. However, a divestment program is in progress and new players are expected to enter the segment. The country will continue to be a net importer of naphtha, jet fuel, and diesel.

There are three LNG terminals in operation (all owned by Petrobras); three are in the development stage; and a few others are planned for the coming years. Recently, Petrobras has started a pre-qualification process for the long-term lease of one its owned LNG terminals and associated pipelines, located in Bahia State, with a 20mn m3/day import capacity. Such a process will open the company's lock on Brazil's LNG imports. Among the new terminals, the Port of Açú LNG-to-power project, developed by GNA, is the largest of its kind in South America. Two natural gas-fired power plants with a combined capacity of 3GW are fed by an LNG import terminal with regasification capacity of 21mm m3/day. Despite anticipated temporary lower gas consumption due to the COVID -19 pandemic, industry contacts forecast that LNG imports are expected to rise again in the late 2020s to take advantage of lower prices and an abundance of supply. Additionally, a number of new gas-fired power projects under construction in Brazil are anchored to imported LNG.

LNG TERMINALS IN BRAZIL



Sources: Brazil's Energy Research Office (EPE); FGV; S&P Global Analytics

While the currently unfavorable exchange rate impacts price competitiveness, there is increased potential for U.S. exports of equipment and services as Brazil has lowered local content requirements, and the US oil and gas industry enjoys an excellent reputation due its advanced and innovative technology and expertise.

Selected best sales prospects are listed below:

- Maintenance integrity of Petrobras' assets (113 oil platforms; 13 refineries; 4 gas process units; and 19 power generation plants)
- Operation Logistics optimization with view of COVID- 19 impact
- Oil rig decommissioning , including 62 Petrobras platforms
- HSE - offshore emergency response solutions and safety supervisory systems;
- IT and cybersecurity systems
- Well services, including intelligent well completion services
- Subsea systems (including power transmission and distribution)
- Autonomous subsea inspections
- Geophysical services (including reservoir appraisal strategy optimization)
- Chemicals and catalysts

U.S. companies can also consider bidding during the [2021-2022 auctions](#) for oil blocks and for the [Open Acreage Permanent Oil Block Offers](#) that the [Brazilian Oil and Gas Regulator \(ANP\)](#) organizes.

Since mid-2018, Petrobras has been following the new Brazilian state-owned [public procurement legislation number 13,303/16](#). This legislation has brought more transparency to the Petrobras bidding processes, as all tenders must be published in advance at the [Petronect](#) portal. In the past, Petrobras would mostly only invite pre-registered suppliers to participate in its tenders. Currently, even if a supplier is not yet registered with Petrobras, he can submit a bid, and if he wins, he will be able to pursue the supplier's registration process during the tender process.

Interested parties may find all Petrobras tenders via its supplier's portal [PETRONECT](#). U.S. oil and gas suppliers are encouraged to secure a [supplier's registration](#) to facilitate contracting procedures with Petrobras. Registration requires that foreign firms have a local legal representative. In some tenders, this requirement may be waived, depending on the bid specifications.

Nuclear Power

Most civil nuclear opportunities relate to the Angra 1 Lifetime Operation Extension (LTO). Eletronuclear (ETN) is working with EXIM Bank on a \$300M project to extend the lifespan of Angra 1. Eximbank has approved a guarantee for an initial Engineering Project Multiplier (EPM) loan and ETN is in the process of selecting a lender for this loan.

Equipment and services to be demanded for the LTO project include:

- Design engineering
- Replacement of cables
- Environmental qualification of electrical equipment
- Modernization of radiation monitoring systems
- Reactor coolant pump seals
- Instrumentation & control systems
- Junction boxes
- Cables
- Battery bank
- Auxiliar boiler
- Low pressure turbine rotor
- Ventilation system
- Drums and liners for waste storage
- Waste treatment system technology
- Filters
- Process robotization
- Predictive operation and maintenance analysis
- Mobile and artificial intelligence technologies

Brazil also plans to complete Angra 3, a 1245MW Siemens technology power plant project started in 1984. ETN will divide the project into tranches to make it more flexible. The Eletrobras Holding Inc. will

finance the approximately \$200 million first tranche focused on construction and completion of the reactor dome. ETN plans to release the tender by the end of 2020.

The USDOE is working with Brazil's energy research company (EPE) to finalize the scope of an assessment of market opportunities for small modular reactors (SMRs) and advanced microreactors in Brazil. ETN views clusters of SMRs as viable for the expansion of Brazil's nuclear power fleet.

You can view/follow all Eletronuclear tenders via the [company's tenders portal](#).

Electric Power Systems and Renewable Energy

Brazil has one of the cleanest electricity matrixes in the world and is committed to continue pursuing clean energy sources in the future. The growth of solar and wind power in Brazil and reforms in the electricity sector that will foster a deregulated power market present great business opportunities for U.S. companies offering innovative technology and solutions to address the impact that these changes will have in the Brazilian power grid.

- Data analytics
- Control and automation systems
- Data loggers and acquisition systems
- Monitoring/testing/inspection systems
- Remotely operated vehicles
- Digital power plants
- High efficiency turbines capable of integrating with renewable resources
- Rehabilitation/repair/maintenance/upgrading services
- Weather instruments and meteorological equipment
- Microgrid solutions
- Residential, commercial and industrial energy efficiency solutions
- Energy storage
- Distributed energy resources management and control
- Transmission and distribution automation
- Enterprise grid management
- Cybersecurity and incident response solutions
- Customer engagement solutions
- Smart metering: smart grid software and analytical packages; advanced metering infrastructure
- Electric vehicle infrastructure
- Disruptive, emerging and innovative technologies
- Blockchain, vehicle-to-grid, off-grid, PV + storage

Resources

[Brazilian Wind Power Association](#) (ABEEOLICA)

[Brazilian Energy Efficiency Association](#) (ABESCO)

[Brazilian Association of Electric Power Distribution Companies](#) (ABRADEE)

[Brazilian Association of Large Electric Power Generation Companies](#) (ABRAGE)

[Brazilian Association of Large Electric Power Transmission Companies](#) (ABRATE)

[Brazilian Solar Power Association](#) (ABSOLAR)

[Brazilian Association of Independent Power Producers](#) (APINE)

[Brazilian Cogeneration Association](#) (COGEN)

[Brazilian Oil and Gas Regulator \(ANP\)](#) - For E&P Exploration Data

[Petrobras](#)

[The Brazilian Petroleum Institute](#) (IBP)

[Brazilian Association of Oil Service Companies](#) (ABESPETRO)

[Brazilian Machinery and Equipment Association](#) (ABIMAQ)

[Brazilian Association of Independent Oil and Gas Producers](#) (ABPIP)

[Brazilian Association of Fuel Distribution Companies](#) (BRASILCOM)

[Brazilian Association of Nuclear Power Development](#) (ABDAN)

[Eletronuclear](#)

[Brazilian Nuclear Power Association](#) (ABEN)

During COVID-19 pandemic there was a huge fluctuation in dollar exchange rate from about 4,20 in December 2019 to 5,59 in June 2020. The official link to Exchange rates is [World Bank](#).

For any additional information about Brazil's energy sector, please contact igly.serafim@trade.gov, regina.cunha@trade.gov, rodrigo.correa@trade.gov.

Finance

Financing / Banking

The Brazilian banking system today is extremely efficient. Most banks have sophisticated Internet sites offering most, if not all, of their products and services. Bank branches are numerous and nearly all cities in the country have at least one major bank branch. The five largest banks have approximately 15,000 branches throughout Brazil. International operations are centralized at the bank's headquarters, usually in São Paulo or Rio de Janeiro, although major branches at larger cities may handle routine operations involving trade finance. All Brazilian banks have a number of correspondent banks around the world.

Number of Foreign Banks and Origin

According to the Brazilian Central Bank (BCB), of the top 10 banks in Brazil ranked in December 2018 (latest figure available) by net equity, two are state-owned banks (Banco do Brasil and Caixa Econômica Federal); five are Brazilian (Itaú-Unibanco, Bradesco, Safra, BTG Pactual and Votorantim); and one is foreign (Banco Santander from Spain).

Of the top 50 banks in Brazil, 26 are foreign-owned or -controlled, ranked by net equity as follows (as of December 2018). They include banks from:

The United States: 7 banks-- (Citibank (ranking 12th); JP Morgan (14th); BofA Merrill Lynch (28th); Morgan Stanley (30th); GMAC (33rd); Goldman Sachs (34th) and John Deere Bank (45th).

Note that Citibank only operates in corporate business in Brazil, as it sold its retail operations in the country to Banco Itaú in 2017.

France: 6 banks

Germany: 3 banks

Japan: 3 banks

Netherlands: 3 banks

Spain: 1 bank (Santander, among the largest in operations in Brazil)

Switzerland: 1 bank

China: 1 bank

Bahrain: 1 bank

Currency

Since 1994, the Brazilian currency is the Real, with six banknotes (R\$ 2.00, R\$ 5.00, R\$ 10.00, R\$ 20.00, R\$ 50.00 and R\$ 100.00, and six coins including a R\$1.00 coin. Reais can be obtained at banks or approved

foreign exchange shops. The exchange rate between the US\$ and the Real (R\$) varies on a daily basis, and is currently valued at US\$ 1.00 = R\$ 5.41. (As of Jan 8, 2020).

Though there is no limit on the amount of money that foreign visitors can bring into the country or take out of the country, amounts over R\$ 10,000.00 require documentation (a Currency Carry-on Electronic Declaration must be filled in such cases).

Methods of Payment

Imports in Brazil are primarily handled using traditional letters of credit (L/C) or collections through established banks with correspondent banking agreements overseas. To a lesser extent, U.S. exporters may choose to operate on an open account or cash in advance basis once they have established a trustworthy relationship with their Brazilian buyers. (Note: given high interest rates and intermediary spreads, Brazilian buyers are likely to push for an open account or cash up front. We highly recommend that U.S. companies work with EXIM Bank insurance or guarantees to ensure payment). For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

Credit and Collection

Credit information on Brazilian companies is available for a fee from Dun & Bradstreet (<http://www.dnb.com.br>), Equifax (<http://www.equifax.com.br>) or Serasa, a Brazilian commercial information service company (<http://www.serasaexperian.com.br>) (Serasa recently merged with the Irish firm Experian, which has a strong presence in the U.S.). In the event of a commercial dispute or non-payment by a Brazilian importer requiring legal action, the U.S. exporter should contact a reputable legal firm with experience in international collections. Local collection agencies do not handle international disputes. The U.S. Commercial Service in Brazil can furnish lists of law firms through our services.

Foreign Exchange Controls

In Brazil, accounts can only be kept in local currency (Brazilian Reais, R\$). For a Brazilian importer to remit funds to a seller in the United States, the importer must purchase the corresponding foreign funds by means of an exchange contract at any bank authorized by the Brazilian Central Bank. The exchange rate and related fees are negotiated directly between the purchaser of the foreign currency (the importer) and the bank.

The Brazilian Central Bank is the federal agency entrusted to implement the federal government National Monetary Council's (Conselho Monetário Nacional) policies to improve and stabilize the national financial system. Its functions include the control of foreign capital flows.

Project Financing

Exim: The U.S. Export Import Bank (Exim) provides both export insurance and working capital for U.S. exporters and guaranteed loans for Brazilian importers. Contact the international department of your bank for information regarding correspondent banks in Brazil and to see if they work with Exim. You will also find contact information for Exim insurance brokers and guaranteed lenders at <http://www.exim.gov>.

Multilateral Development Banks

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders.

Measures adopted to face the COVID-19 Pandemic

Here are some of the measures adopted by the Brazilian government to face the economic impacts of the pandemic:

New cut in the Brazilian basic interest rate (SELIC) sets a historic low, at 2.00% annual as of December 2020;

Government fiscal measures to address the recession totaled over US\$ 230 Billion, or 18% of GDP, well above the amount involved in the 2008 crisis (3.5% of GDP);

The National Economic and Social Development Bank (BNDES) expanded credit offer to micro and small business, with a 24-month grace period and a total term of 60 months;

Financing for companies of up to 2 monthly minimum wages per employee for 2 months for companies with annual revenues between US\$ 70 thousand and US\$ 1.9 million, with no credit restriction in the last 6 months. The rate is pre-set: 3.75% per year, with 6 months grace period and 30 months for payment. The resources must be used only for payment of salaries, and companies may not dismiss for two months; and

What is nicknamed the "Coronavoucher": A monthly allowance of about US\$ 110.00 per month, for three months, to informal, intermittent and Micro-Individual Enterprises (MEIs). The total amount reached US\$ 8.5 billion.

Below are some measures adopted by the Brazilian Banking system:

Bank branches remained open during the pandemic, with a special schedule and a priority given to vulnerable population such as retirees and pensioners.

Operations such as payments, transfers, loans can more easily be done over cell phones and internet. Currently, in Brazil, of every ten transactions, six are made by digital means.

The five largest Brazilian banks (Banco do Brasil, Bradesco, Caixa, Itaú Unibanco and Santander) announced the extension of debt maturities for individuals and micro and small businesses.

Web Resources

Export-Import Bank of the United States (Exim): <http://www.exim.gov>

U.S. International Development Finance Corporation (DFC): <https://www.dfc.gov/>

USTDA (U.S. Trade and Development Agency): <http://www.ustda.gov/>

SBA (Small Business Administration) - Office of International Trade: <http://www.sba.gov/oit/>

USDA (U.S. Department of Agriculture) Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

USAID (U.S. Agency for International Development): <http://www.usaid.gov>

Commercial Liaison Office to the World Bank <http://export.gov/worldbank>

Commercial Liaison Office to the Inter-American Development Bank <http://export.gov/idb>

Brazilian Central Bank: www.bcb.gov.br

Brazilian Federation of Banks (Febraban): <https://portal.febraban.org.br/>

For more information, please contact US Commercial Service Industry Specialist Patrick Levy at Patrick.Levy@trade.gov

Fintechs

Overview:

Brazil is the largest Fintech market in Latin America, and the fifth in the world, with about 700 startup companies. Investment in Brazilian Fintech companies totaled about US\$52 million in 2015, as compared to US\$ 1.6 billion in 2019.

Though the overall Brazilian financial sector is strongly regulated, regulation in the Fintech subsector is still being defined:

The Brazilian Central Bank (BCB) issued, in April 2018, Resolution 4,656/18, which allows Fintechs to grant credit without the intermediation of a bank. The regulation also allows credit fintechs to be controlled by investment funds.

Also, in April 2019, the BCB released, through Communiqué 33,455, the main guidelines that will guide the regulation of Open Banking in Brazil.

The Brazilian Open Banking model is currently being discussed, with the support of entities such as the Brazilian Association of Fintechs (ABFintechs) and is expected to be put into practice in phases, starting in the second half of 2020.

With the client's authorization, banks will be able to share their information with fintechs and financial services startups, for example. This will allow cooperation between the Banking system and fintechs, leading to a better offer of financial services and products. The efforts adopted by the BCB towards the adoption of open banking will increase market opportunities for e-banking, e-commerce, and attract millions of new users for the financial system. Currently, from a population of 210 million inhabitants, Brazil has almost 60 million people who are unbanked.

In addition, the Brazilian Securities Exchange Commission, CVM, created an internal "Fintech Hub" for a better understanding of the market in order to guide future regulation.

Coronavirus crisis and Fintechs

On March 26th, 2020, the National Monetary Council (CMN) authorized specific fintechs to issue credit cards. These changes apply to **direct credit companies** (SCD) and **inter-person loan companies** (SEP). The objective is that these fintechs can contribute "in a countercyclical way in the current moment of crisis of the coronavirus."

According to the Central Bank, the SCDs and the SEPs "constitute an important channel for granting credit, since they provide their services through electronic platforms and, therefore, have high capillarity, reaching even clients with less access to financial services.

In addition, other changes have been implemented for these fintechs. It was authorized, for example, that they can carry out operations with resources from the National Bank for Economic and Social Development (BNDES).

Also, the National Monetary Council extended to fintechs and credit unions the rules for renegotiating debts already adopted by the other segments of the national financial system due to the coronavirus crisis.

According to the BCB, institutions within the “S5” segment, in which fintechs and cooperatives are included, “may not characterize as problematic assets the credit restructurings made up to September 30, 2020, which aims to extend financing terms to companies and families”.

The objective, says the BCB, is to make it easier for institutions in the financial system to maintain credit supply and minimize the effects of the pandemic on the Brazilian economy.

The Brazilian Association of Fintechs (ABFintechs) also released a note, which says:

ABFintechs communication about COVID-19:

“The Brazilian Association of Fintechs – ABFintechs informs the public that it is interacting with the authorities that regulate the Brazilian financial market with the objective of strengthening our ecosystem considering the impact that the pandemic declared by the World Health Organization - WHO on the new coronavirus (COVID-19) may cause on the Brazilian economy. Taking into account the essence of a fintech, which is to offer innovative services and products in the financial sector in an easy, agile and unbureaucratic way, we believe that we fintechs fulfill a role of great importance in the financial restructuring of small and medium enterprises in the country. This initiative is an effort of the association to maintain its commitment to its associates. We will soon present what we are looking for and the results achieved so far.”

Opportunities:

Business opportunities for US Fintechs to collaborate with Brazilian counterparts are in areas such as:

- Payment and Remittances
- Enterprises Financial Management
- Lending
- Personal Financial Management
- Crowdfunding and Wealth Management
- Insurance (“Insurtech”)
- Virtual currency and blockchains
- Alternative scoring firms
- Trading and Capital Markets
- Digital Banks
- E-commerce
- Technologies for financial institutions, and pretty soon,
- Open Banking.

Distribution & Sales Channels:

As in most other industry sectors, to be successful in Brazil, foreign service providers must either establish themselves in the country or have a local representative.

Resources:

Principal Business Associations:

As this sector is still in its early stages, there are few associations:

The Brazilian Association of Fintechs (<https://www.abfintechs.com.br>)

The Brazilian Association of Digital Credit (ABCD) (<http://www.creditodigital.org.br>)

The Brazilian Association of Startups (ABStartups) - <https://abstartups.com.br/>

For more information, please contact US Commercial Service Industry Specialist at Patrick.Levy@trade.gov

Franchising

Brazil is the fifth largest market in the world in terms of number of franchise chains. Currently, there are only 81 American brands operating in country, and this represents a huge opportunity for U.S. concepts seeking to expand their presence internationally.

The main challenge in Brazil is to identify a potential investor as a master franchisee who has the ability and desire to scale the franchise quickly. Local investors are often interested in opening only one or two stores /restaurants in the first year.

The Brazilian franchise sector is among the world's largest and most sophisticated markets, in terms of business practices and in adapting concepts from both foreign and domestic franchisors. The sector has consistently grown faster than Brazil's economy overall - especially during the recent period of recession and stagnation - to become one of the economy's main growth engines. In addition, even traditional retail companies are adding franchising to their channel expansion strategy. U.S. franchisors encounter strong competition in this robust market from Brazilian franchisors offering a variety of product and service solutions, more so than what they might encounter in other Latin American markets. Brazil has specific legislation that covers franchising.

In 2019, the Brazilian franchise sector grew by 6.8%, and total sector revenue was about US\$ 46.3 billion, (R\$ 186.7 billion). There are 2,918 franchising chains (an increase of 1.4% compared to 2018) and 160,958 franchising units in the country (a growth of 4.7% compared to 2018), making Brazil the sixth largest in the world in number of units and the fifth largest in number of franchise chains. The franchise sector currently accounts for about 1.35 million jobs, a growth of 4.6% over last year, (with a projection to grow 6% by the end of 2020) during a period in which the Brazilian unemployment rate was + 12.7%.

Before the COVID-19 pandemic, the Brazilian Franchise Association (ABF) projected sector growth for 2020 as follows:

- Sector Venue 8%
- Units 6%
- Brands 1%

These numbers will certainly not be reached, however, the franchise sector is very resilient, and as of this writing it is too early to speculate how the sector will perform post-COVID.

According to the World Franchise Council (WFC), Brazil ranks fifth in number of brands offered (2,845) through the franchising model, behind South Korea (4,844), India (3,922), USA (3,472), and Taiwan (3,395). Rounding out the top 10 countries are France, Turkey, Philippines, Japan, and Russia.

As for total number of franchising units operating in Brazil, the top 10 countries are:

- U.S. (732,842)
- Japan (260,992)

- South Korea (200,000)
- India (168,000)
- Taiwan (148,941)
- Brazil (146,134);
- followed by Philippines, Australia, Poland and France.

The franchise sector revenue in Brazil is composed of:

- Food (26.2%)
- Health & Beauty (18.4%)
- Services & Other business (14.5%)
- Fashion (+ shoes & accessories) (12.9%)
- Hotel & Tourism (7.2%)
- Education Service (6.5%)
- Home / Construction (5.9%)
- Automotive Service (3.3%)
- Informatics / Electronics (3.2%)
- Entertainment / Recreation (1.3%)
- Cleaning (0.6%)

In terms of growth rankings, the top 11 best-performing franchise sectors in Brazil in 2019 were (ranked by % of growth):

- Home / Construction (10%)
- Informatics / Electronics (10%)
- Services & Other business (8.3%)
- Education Service (7.4%)
- Health & Beauty (7.2%)
- Automotive Service (7.2%)
- Fashion (+ shoes & accessories) (5.7%)
- Food (5.6%)
- Entertainment / Recreation (5.4%)
- Hotel & Tourism (5.2%)
- Cleaning (4.7%)

Local Brazilian franchises dominate the market across many sectors, controlling 94.8% of sales volume; while foreign groups (5.2%), mostly from the U.S., are making headway. According to ABF, 214 foreign franchise brand concepts, from 30 countries, currently operate in Brazil, of which 81 are based in the U.S.

Foreign Franchises Brands in Brazil	%
USA	38%
Portugal	10%
Spain	8%

Italy	6%
U.K.	6%
Argentina	5%
France	5%
Canada	4%
Germany	2%
Australia	2%
Others	14%

214+ International Brands in Brazil	%
Food	26%
Health & Beauty	18%
Fashion (+ shoes & accessories)	13%
Education Service	12%
Home / Construction	7%
Services & Other business	6%
Automotive Service	5%
Cleaning	5%
Informatics / Electronics	3%
Entertainment / Recreation	3%
Hotel / Tourism	2%

Brazil has 5,570 cities, there are franchise operations in 2,671 cities countrywide or 48% of Brazilian cities.

The presence of franchise units is distributed throughout Brazil as follows, grouped by states geographically:

- Southeast 56%
- Southern 16%
- Northeast 15%
- Middle West 9%
- Northern 4%

Distribution by units by TOP 10 Brazilian cities:

#	REGION	STATE	CITY
1	Southeast	Sao Paulo	SAO PAULO
2	Southeast	Rio de Janeiro	RIO DE JANEIRO
3	Middle West	Distrito Federal	BRASILIA
4	Southeast	Minas Gerais	BELO HORIZONTE
5	Southern	Parana	CURITIBA
6	Northeast	Bahia	SALVADOR
7	Southeast	Sao Paulo	CAMPINAS
8	Southern	Rio Grande do Sul	PORTO ALEGRE
9	Northeast	Ceara	FORTALEZA
10	Middle West	Goiias	GOIANIA

Top Players Ranked by Revenue, Number of Units

The ranking of the top twenty franchise operations in Brazil shows the dominance of Brazilian franchisors over foreign competitors. Only five out of the top 20 performing franchise brands (in terms of earnings revenue and number of units in operation) are foreign: McDonald’s, AM-PM Mini Market, Subway, and Burger King from the US; and Kumon from Japan.

#	BRAND	SECTOR	UNITS
1	O Boticário	Health & Beauty	3,806
2	McDonald's	Food	2,459
3	AM PM Mini Market	Food	2,377
4	Cacau Show	Food	2,322
5	Subway	Food	1,864
6	ACQUIO	Informatics / Electronics	1,703
7	Lubrax +	Automotive Service	1,643
8	Kumon	Education Service	1,563
9	Jet Oil	Automotive Service	1,491
10	CVC Brasil	Hotel / Tourism	1,414
11	Óticas Carol	Health & Beauty	1,335
12	Segurlata–Bolsade Seguros	Services / Insurance	1,325
13	Wizard by Pearson	Education Service	1,260
14	Burger King	Food	1,209
15	BR Mania	Food	1,181
16	Óticas Diniz	Health & Beauty	1,154
17	Bob's	Food	1,047
18	Correios	Services & Other business	994
19	Farmácias FTB	Health & Beauty	992
20	Dia%	Food	865

Finding suitable master franchisees in Brazil is very challenging for U.S. franchise companies. One strategy is to develop relationships with Brazilian franchisors and master franchisees of non-competing, yet complementary concepts. In general, Brazilian investors make decisions based on well-structured business plans and the expectation of financial return. It is misleading to think that emotional factors will heavily influence a decision in favor of a certain brand or business concept. It is important that foreign franchisors understand this, and approach the market only after having done the necessary homework, having estimated the true potential of the brand for Brazil.

It is also increasingly common for a Brazilian investor to negotiate risk-sharing agreements with the foreign franchisor when introducing a new brand to the market. "Risk" in this case refers to making direct investment in the form of a joint-venture partnership. In addition, as many Brazilian concepts are now seeking to expand internationally, some will be open to discussing bilateral agreements, wherein a foreign brand is launched in Brazil at the same time as the foreign franchisor develops a Brazilian brand in its home country.

According to ABF, 163 Brazilian brands are present in 107 countries in all continents. 67 of them operate in the USA.

Resources:

- World Franchise Council www.worldfranchisecouncil.net
- Brazilian Franchise Association www.portaldofranchising.com.br

More information, please contact Renato Sabaine at renato.sabaine@trade.gov

Healthcare

Overview

Pharmaceuticals and Nutritional Supplements

Medical Devices/Health IT

Overview

Brazil is the largest healthcare market in Latin America and spends 9.1% of its GDP in healthcare. Of the approximately 6,500 hospitals, 70% are private. There are approximately 495,000 hospital beds, 96,000 healthcare supplementary services, 432,000 physicians, 144,000 dentists, and 70,000 drugstores.

[SUS](#), the Unified Healthcare System, is the primary provider of health services to at least 70% of the population. In addition to medical diagnostics and treatment, the public system provides free medication for some chronic diseases and promotes national vaccination programs, mostly focused on the elderly and children. In addition to that, the Ministry of Health has been regulating and encouraging the expansion of Complementary and Integrative Practices in the public system, mostly at the municipal level.

[ANVISA](#) is the counterpart of FDA and regulates all health-related products. While certain low risk products may be exempt from registration, it is mandatory to have an importer or distributor for product liability. Also, it is recommended that foreign companies have local technical staff and replacement parts available locally for customer support.

In Brazil, the healthcare market is price-driven, with products that are manufactured in country having a distinct price advantage. Quality is also important, and companies must meet all sanitary registration requirements to sell to the government. Foreign companies should consider cost-saving concepts and make clear the benefits of new technologies in marketing and promotional materials.

An aging population and poor management of resources in the healthcare sector offer opportunities for U.S. products and services.

COVID-19 Impact

By July 2020, Brazil has more than 2 million patients infected with COVID-19, with more than 80,000 deaths, and 1.4M recoveries. Brazil established temporary hospitals in most of the major cities and suffered from the lack of ventilators and personal protective equipment.

Brazilian public laboratories have partnered with international institutions for the development and tests of vaccines and drugs to combat the pandemic. Universities played a key role in R&D for the development of diagnostic kits, drugs and vaccines.

Pharmaceuticals and Nutritional Supplements

Brazil ranks among the top seven markets in size for drugs and pharmaceuticals, with sales of US\$ 17.5 billion in 2019 (including taxes – Source: [Sindusfarma](#)). Despite the large increase in the strength of the dollar vs. the real, the market grew 10.74 % in 2019 and it is expected that this positive trend will continue.

In 2019, Brazil increased imports by 1.4 percent in medicines and raw materials reaching \$7.3 billion. For high value-added medicines, the United States and Europe are the main exporters to Brazil, while China, India, and Ireland are the main suppliers of raw ingredients. Imports of medicines from the United States represented U\$1.09 billion in 2019.

Regulations prohibit sales of medicines and medical devices outside of specialized medical stores or pharmacies.

Brazilians recognize U.S. brands as of high quality and are likely to purchase products with a better reputation and with natural appeal. Nutritional products are classified as food and require labels in Portuguese. Claims are also regulated by ANVISA

Leading Sub-Sectors

- Chronic diseases – blood pressure, diabetes, cardiovascular
- Contraceptives
- Rare Diseases
- Generic Drugs
- Infectious Diseases – HIV and Hepatitis C
- Weight Loss, Vitamins and Sport Nutrition

Opportunities

The Government of Brazil is the main buyer of healthcare products to supply the public healthcare system. Foreign companies can participate in bids as long they have local representatives, with some exceptions. It is also possible to participate in a Productive Development Partnership (PDP). PDPs are designed to allow international companies to partner with local laboratories to supply the public system for a period of up to five years, with a reserved market share, with the goal of a technology transfer at the end of the contract. Companies should be well-prepared and fully investigate all terms before committing to a PDP.

E-commerce is a growing channel for end-users to acquire imported products if they are for personal use. To reduce returns, sellers should inform customers that Brazilian Customs charges fees to clear imported goods.

Cannabidiol medicines

ANVISA has recently published a regulation that will allow the marketing of CBD in pharmacies and drugstores, through medical prescription and subject to strict quality controls. Any CBD product must be imported from countries where it is legal to produce CBD.

The Commercial Service (CS) cannot provide export promotion assistance for products that are prohibited by U.S. Federal law, including cannabis products within the scope of the definition of “marijuana” under the Controlled Substances Act (CSA). Clients must provide a Drug Enforcement Administration (DEA)-issued export certificate demonstrating that its product is not within the scope of the definition of “marijuana” under the CSA to be eligible for CS’s export promotion assistance. We cannot accept assertions by a client of the legality of their product under state or local laws, nor can we accept a Food and Drug Administration (FDA) Certificate of Exportability as proof that the product is not within the scope of the definition of “marihuana” under the CSA.

Medical Devices/Health IT

The market size for medical equipment is approximately US\$ 10.5b (Source: [Abimed](#)), an increase of 4.8% in 2019 (Source: [ABIIS](#)).

In 2019, Brazil increased imports of medical devices by 5.4%, reaching U\$4.6 billion. Imported medical devices corresponds to 80% of the market in Brazil and the United States represents 29% of this share. Brazil is the 14th largest market for U.S. medical devices and second in Latin America, after Mexico. In 2019, U.S. medical device exports to Brazil reached \$947 million (Source: [Census Bureau, U.S. Department of Commerce -DOC](#)).

2019 Total Imports of Medical Equipment into Brazil

Group of Products	Imports US\$ m	% Variation from 2018
Total of Medical Devices (ABIIS)	4,625	5.4
Material and Equipment for Health (ABIMED)	3,828	8.7
Prosthesis and Implants -OPDE (ABRAIDI)	1.047	1.9
In Vitro Diagnostic Reagents and equipment (CBDL)	758	-9.1

Source: [ABIIS](#)

Brazil is part of the Medical Devices Single Audit Program (MDSAP), in conjunction with the United States, Japan, Canada, and Australia for the acceptance of a mutually recognized international audit program performed by a third-party company. This can expedite processes of approval for new products in the country, though ANVISA maintains their fee, in addition to the MDSAP fees.

Leading Sub-Sectors

U.S. companies can be competitive in the Brazilian market when offering high quality products, innovation and lower cost products.

Dental Products – implants, equipment, tools, and aligners.

Healthcare IT – telemedicine, EMR, interoperability, big data, and AI.

Medical Devices – consumables, imaging diagnostic, in vitro diagnostic, implants

Opportunities

For Healthcare IT, the Ministry of Health announced possible investments of more than US\$ 450 million by 2019 to digitalize the public basic care units of the country's Unified Health System (SUS). Private hospitals are also investing in technology and several new hospitals are formalizing their progress by obtaining international certificates for data management and reduction of paper use.

Due to COVID-19, Brazil approved the use of telemedicine in several practices, which should help speed up efforts to implement and broaden the use of digital solutions for healthcare consultation, diagnostics and treatment. Additionally, Internet of Things and Artificial Intelligence is expected to play a key role in the medical field in the coming years.

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ICT

Overview

The Brazilian Information and Communication Technology (ICT) market is expected to grow 4.9% in 2020, according to a February 2020 [study](#) prepared by the International Data Corporation (IDC). The IT sector is projected to expand at 5.8% due to acceleration of the cloud computing and software markets. Meanwhile, the telecommunications sector is predicted to experience a modest 0.7% growth rate, driven primarily by data services.

While the Brazilian government (GoB) is currently scheduled to hold its 5G auction at the end of 2020, this date will almost certainly slide into 2021 due to COVID-19 and other sticking points such as possible interference with satellite TV broadcasts on the 3.5GHz band.

The Brazilian Data Protection Law (LGPD) is scheduled to come into effect in August 2020 with punitive sanctions delayed until August 2021, providing entities time to come into compliance with the new regulations. However, details on implementation of the law, sanctions, and the establishment of a data protection authority (DPA) are fluid due to political maneuvering. Industry specialists report that the DPA could be established before the end of 2020.

The COVID-19 pandemic will impact investments in all sectors. IDC estimates that IT sector investments into Latin America may experience declines of more than US\$ 15 billion in 2020. IT spending in the region will decrease 10% overall, from an original projection of a 7% increase--before COVID-19 in 2020-- to a 4% or more decrease.

Leading Sub-Sectors

Artificial Intelligence (AI)

The GoB is reviewing its National Artificial Intelligence Strategy at the federal level, and several bills governing AI have been introduced in Congress. In the [AI Readiness Index](#), developed by Oxford Insights and the International Development Research Center, Brazil ranks 40th out of 194 countries. Another study commissioned by Microsoft from the American consultancy [DuckerFrontier](#), reports that with the adoption of AI technology Brazil could quadruple productivity growth and increase GDP by up to 7.1% per year.

Cybersecurity

In early 2020, the Institutional Security Cabinet (GSI) instituted E-[Ciber](#), Brazil's National Cybersecurity Strategy, which provides guidance on cybersecurity, cyber defense, critical infrastructure, confidential information, and protection against data breach. E-Ciber utilizes the U.S. National Institute of Standards and Technology (NIST) Cybersecurity Framework for Critical Infrastructure, among others, to provide a consistent and evolving approach to identifying and assessing cybersecurity vulnerabilities and managing risks. GSI has also issued [Normative Instruction #4](#) which provides minimum Cybersecurity requirements

that must be adopted in the establishment of 5G networks. There is significant demand for cybersecurity solutions within all industries, which represents an opportunity for U.S. companies.

Internet of Things (IoT)

In 2019, Brazil launched its National IoT Strategy aimed at advancing Brazil's IoT plan across verticals, including smart cities, agriculture, manufacturing, and healthcare. with an expected US\$ 200 billion in widespread IoT adoption by 2025 in the country. The Inter-American Development Bank report on [IoT](#) released in Oct 2019 projects that 416 million devices will be connected to the internet in Brazil by 2023.

Public Cloud

The public cloud segment in Brazil is expected to grow by 35% annually and reach US\$ 6.5 billion by 2022. Portaria No. [9](#) regulates cloud computing for the federal government. According to the Ministry of Economy, federal procurement of cloud services in 2020 have an estimated value of US\$ 61 million, comprised of US\$ 21.5 million in renewals of existing contracts and US\$ 40 million in new contracts.

Opportunities

Brazil will be among the five largest markets in the world for smartphones by 2025, with around 200 million connections. The GoB has conducted several studies to improve the ICT market and address challenges in Brazil's adoption of its Digital Transformation Strategy. GoB development of national strategies such as the National IoT Strategy, the National Defense Strategy, the National Cybersecurity Strategy, the Digital Governance Strategy, and the National Artificial Intelligence Strategy are designed to embrace the full potential of digital technologies to improve Brazilian productivity and competitiveness.

The growing importance of mobile telephony requires improvements in service delivery, particularly within developing countries such as Brazil where challenges and opportunities for expanding the existing infrastructure network are greater. Expansion of the market requires infrastructure investment and service improvements, and public investment has typically been required to service the most remote areas of Brazil.

Brazil's auction of 5G spectrum has been delayed to 2021. In May 2020, Anatel closed Public Consultation No. 9, on the Bidding Notice for radio frequency bands that will allow the implementation of the fifth generation (5G) technology in Brazil. This will be the largest frequency auction in Anatel's history. The Public Notice proposes the bidding of the 700 MHz, 2.3 GHz, 3.5 GHz and 26 GHz bands and brings, as a novelty, the inclusion of another 100 MHz in the 3.5 GHz band.

According to Brazilian regulations, ICT products sold and used in Brazil must have a Certificate of Conformity issued by a Designated Certification Body (OCD), indicating compliance with Brazilian regulatory requirements. This certificate must also be approved by the Brazilian Telecommunications Agency (ANATEL). The chosen OCD will examine the technical characteristics of the product and determine applicable

certifications and approvals. The list of OCDs designated by Anatel can be found [here](#). Brazilian law requires manufacturers of imported products to have a local representative— responsible for product supply and warranty within Brazil. This report uses exchange rate US\$1.00 = R\$4.00.

Resources

For additional information, including market report, trade events, contacts and the products and services that the U.S. Commercial Service can provide, please contact Commercial Specialist Patricia Marega.

During COVID-19 pandemic there was a huge fluctuation in dollar exchange rate from about 4,20 in December 2019 to 5,59 in June 2020. The official link to Exchange rates is [World Bank](#).

[Brazilian Association of Software Companies – ABES](#)

Brazilian Association of Information and Communication Technology Companies – [Brasscom](#)

Brazilian Electrical and Electronics Industry Association – [Abinee](#)

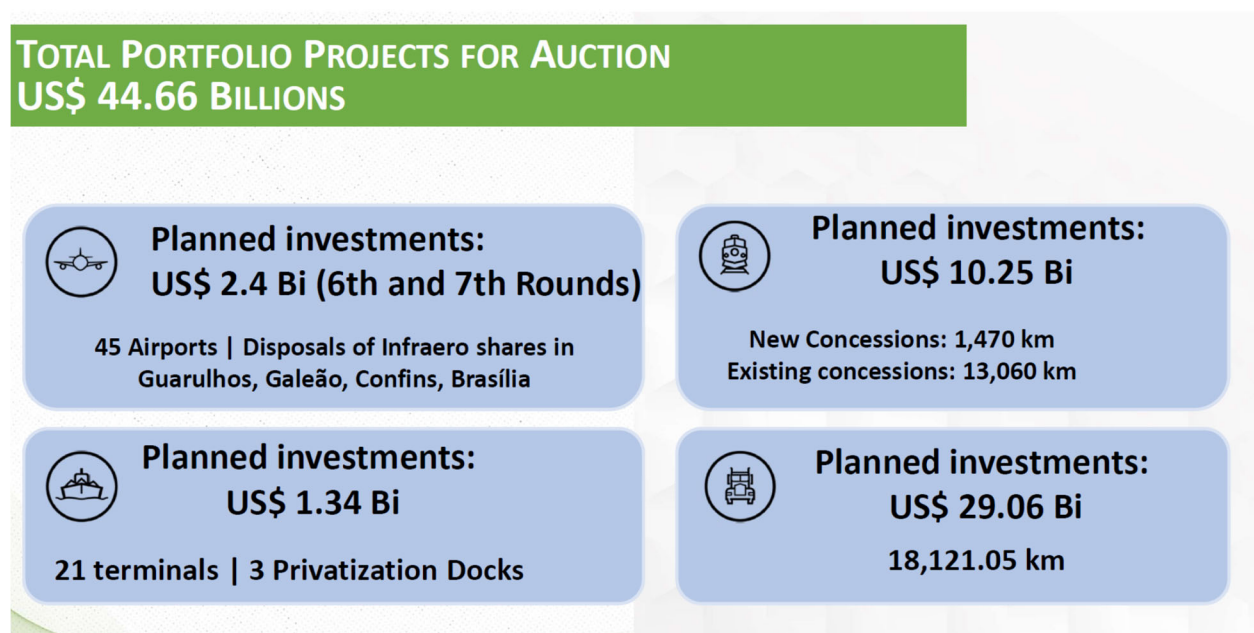
For more information please contact Patricia.Marega@trade.gov

Infrastructure

Overview

The Infrastructure sector is comprised railways, ports, highways, airports, water, wastewater, sanitation and solid waste. The Government of Brazil (GoB) will continue to support and promote business opportunities in infrastructure equipment, development and operations to potential partners and investors. Recent Ministry of Infrastructure (MINFRA) activities have included foreign virtual roadshows to showcase concession opportunities in railways, airports, highways and ports. GoB interagency worked to make projects more attractive to foreign investors and legislators passed needed reforms to improve the investment environment in Brazil.

As a result, Brazil returned to the Top 25 Ranking of [Kearney's Global FDI Confidence Index in 2020](#), which was conducted between January and March of 2020. While COVID-19 had not yet hit Brazil at the time of publication, Kearney's partners in Brazil point to the positive sign that 35% of respondents were optimistic about Brazil's recovery, versus 13% expressing a pessimistic view. Pro-market actions, such as the Pension Fund reform and the privatization program, signal to investors that Brazil is well-positioned for long term growth beyond economic and political turbulence. The [Investment Partnership Program](#) (PPI) is the government body that evaluates and recommends infrastructure projects that will be included in the priority list of projects that will enter a bidding process for concession or privatization. PPI has published ten guidelines aiming to offer higher level of transparency and efficiency throughout the whole qualification process.



Source: Ministry of Infrastructure

Transportation



The Brazilian transportation sector can be segmented into cargo rail, passenger rail, logistics infrastructure, roads, ports, public transportation, urban mobility and smart transportation systems. According to the [World Bank's 2018-2019 Logistics Performance Index](#), Brazil ranks 56th out of 160 countries in the quality of its infrastructure. Trucks are the primary method of cargo transport, which makes logistics more expensive and contributes to the “Custo Brasil” concept that higher operational expenses are the cost of doing business in Brazil. [Logistics costs account for around 12% of Brazil's GDP](#) (5% more than in the U.S.), reflecting an inefficiency that results from poor transportation infrastructure.

Opportunities

The Government of Brazil has been working to increase private investments in railways, especially for cargo, and has a [portfolio of concessions](#) in the pipeline over the next few years. The “BR do Mar” (“Ocean Highway”) project, which was presented to Congress in the first semester of 2020, will bring an incentive package for cabotage aimed at opening the market to increase supply, foster competition, lower costs and create new routes. Another major project still under study and financial modeling by the Ministry of infrastructure (MINFRA) with the support of the Brazilian Development Bank (BNDES) is the [privatization of the Port of Santos](#), the largest in Latin America. Public auction is scheduled for the first semester of 2022, with the expectation that the entry of private sector players into port management will generate a greater flow of investments, bring more dynamism to port activity, as well as modernize and improve service.

PROJECTS PIPELINE



Source: Ministry of Infrastructure

Resources:

Ministry of Infrastructure (MINFRA) - <https://www.infraestrutura.gov.br/>

Investment Partnership Program (PPI) - <https://www.ppi.gov.br/>

National Confederation of Transportation - <https://www.cnt.org.br/>

Brazilian Association of Infrastructure (ABDIB) - <https://www.abdib.org.br/>

National Agency of Land Transportation - <https://www.antt.gov.br/>

National Agency of Railway Operators - <https://www.antf.org.br/>

Water and Wastewater Subsector

The Internet of Things (IoT) is trending in Brazil's water and wastewater market. In 2018, Sabesp initiated a pilot project to test the IoT coverage in part of its networks, and given the positive results, in 2019, Sabesp contracted an IoT company to monitor water consumption. Sabesp initiated installation of 100,000 smart water meters in its largest clients' sites, whose consumption will be remotely measured. Other examples of information technologies in the sector include the purchase of 2,000 on-line sensors by the Municipal Department of Water & Sewage of Rio Grande do Sul in 2018. Some utilities already use telemetry, GIS for digital mapping and public works monitoring, among other technologies.

Among water supply projects, the Government of the Northeastern state of Ceará is expected to publish the request for bids for the construction and operation of a seawater desalination plant, which should benefit a population of 720,000 inhabitants in the metropolitan region of Fortaleza.

<https://www.ceara.gov.br/2020/01/13/maior-usina-de-dessalinizacao-do-brasil-sera-construida-no-ceara/>

Another relevant desalination program is Agua Doce, which is managed by the Regional Development Ministry. As of 2019, 221 desalination systems were installed in remote areas of the semiarid region of Brazil, using reverse osmosis technology. The membranes are imported into Brazil, whereas the equipment that houses the membranes are made in Brazil. <https://mdr.gov.br>

There is also high demand for retrofit and renovation of water and wastewater treatment plants in utilities all over Brazil. The “[New Pinheiros](#)” is a river clean-up project in the city of Sao Paulo, which demands onsite sewage treatment solutions. The river pollution is mostly due to sewage disposal. Several areas of the city are informally occupied and are not accessible to the traditional wastewater collection network, creating a major pollution problem.

Solid Waste Management

In the context of the Environmental Ministry “Zero Garbage Dump program”, the Ministries of Environment and Energy issued Ordinance 274/19 in May 2019, on Energy Recovery of Solid Waste, regulating the sector and providing the necessary legal security to attract private investors. There is an increased interest in waste-to-energy technologies in Brazil, as some sanitary landfills are reaching full capacity. www.mma.gov

The program is also expected to stimulate the recycling market, as some of the actions included the signature of the sectoral agreement on lead acid batteries, which foresees collection and recycling of 16 million batteries and the recycling of 150,000 M.T. of lead per year. The sectoral agreement on electronics was also signed, increasing the number of voluntary delivery points of electronic waste from current 70 to 5,000 until 2025, which will enable recycling of 150,000 M.T. of electronics after 2025. Finally, the expansion of lubricant oil reverse logistics will increase the amount of recyclable lubricant oil by 100 million liters by 2023. According to industry experts, there are business opportunities for operating the reverse logistics systems, which demand waste tracing technologies, as well as improvements in product manufacturing in line with the circular economy concept.

Figures from the Brazilian Association of Solid Waste Management companies (ABRELPE), abrelpe.org.br indicate that the amount of municipal solid waste generated in Brazil in 2018 was of 79 million M.T. of which about 60% were disposed in sanitary landfills. Fifty nine percent (59%) of the 5,570 municipalities in Brazil have sanitary landfills, whereas a large number of cities simply dispose the waste in garbage dumps. An industry contact envisions business opportunities in transforming the numerous dumps into small sanitary landfills. This activity would create a demand for small equipment, capable of processing about 100 Metric

Tons of solid waste per day. The Brazilian subsidiaries of Caterpillar and Komatsu are currently the leading suppliers of sanitary landfill equipment (crawler tractors, compactors, excavators, etc.), there is room for smaller equipment suppliers, provided they are capable of offering attractive financing terms and in-country aftersales services.

INDUSTRY CONTACTS:

Abrelpe – Brazilian Association of Private Solid Waste Management Companies – abrelpe.org.br

MMA - Brazilian Environmental Ministry – mma.gov.br

Regional Development Ministry – mdr.gov.br

Sabesp – Sao Paulo State Water and Wastewater Company – sabesp.com.br

AESabesp – Association of Engineers of Sapesp – www.aesabesp.org.br

TRADE EVENTS

Water and wastewater technologies

Fenasan – Annual International Water and Wastewater trade show and congress– www.fenasan.com.br

FITABES – Bi-annual International Water and Wastewater trade show and congress – abes-dn.org.br

Waste Expo Brasil – Annual International Solid Waste Management trade show and congress – www.wasteexpo.com.br

Airports

Since 2012, the government of Brazil has privatized 23 of the country's busiest airports. The funds generated by auctioning these airports will be reinvested in the modernization of 50 regional airports. Brazil has recently concluded a round of airport concessions that signals exciting opportunities for U.S. Companies interested in participating in the expansion of the country's system of airports.

While most of the large international airport concessions have already taken place, many opportunities, particularly in regional airport development are still available as Brazil works to privatize important regional airports. The Brazilian Civil Aviation Secretariat (SAC) predicts that the domestic segment will increase by 200% over the next 20 years from its current base of 107 million passengers per year. The airport concession program presents a remarkable opportunity for U.S. suppliers of airport products and services.

Despite the current challenges brought by COVID-19, Brazil plans to continue its privatization efforts via the public airport concession program. The next request for proposals for the project of transferring the 43 airports which are currently managed by the Brazilian Airport Infrastructure Company (Infraero) is scheduled for the first quarter of 2021.

The forecast is to offer, in this sixth round, 22 airports grouped in three regional blocks. The South Block will include: Curitiba airports; Foz do Iguacu (PR); Londrina (PR); Bacacheri (PR); Navegantes (SC); Joinville (SC); Pelotas(RS); Uruguaiana (RS) and Bage (RS). The Central Block will include: airports in Goiania; Palmas (TO); Teresina (PI); Petrolina (PE); Sao Luis (MA) and Imperatriz (MA). The Northern Block will include: Manaus Airports; Tabatinga (AM); Tefe (AM); Rio Branco and Cruzeiro do Sul (AC); Porto Velho and Boa Vista. According to the National Civil Aviation Agency (ANAC), before the crisis caused by the pandemic, these terminals accounted for the movement of 11% of domestic air transport users.

The Brazilian government launched a regional aviation development plan at the end of 2012. At the time, the initial plan called for investments in about 800 small and medium airports but ended up being reduced to 53 regional airports and heliports. The new plan will require R\$2.4 billion in investments in these 53 airports over the next decade with funding from the National Civil Aviation Fund.

During the pandemic, the government of São Paulo has opened a public hearing for the concession of 22 regional airports in the country's most populous state. The public hearing was held on May 21, but no dates for auctions were announced. The total estimated capital expenditures for the airports during the 30-year concession period are approximately US\$ 100 million. Despite the big crisis facing the airline industry due to the coronavirus, experts see appetite from investors for regional airports. After the end of this health crisis, it is expected the public will tend to opt for short-range trips or travel by private jets, which are served by regional airports. Thus boosting demand for these airports.

Opportunities

As a result of Brazil's airport privatization program, airport infrastructure presents significant business opportunities for U.S. companies as the winners of airport concessions upgrade existing infrastructure. In addition to design and consultancy services, opportunities exist in areas such as passenger bridges, docking systems, baggage handling systems, handling equipment, check-in conveyors, x-ray integration, baggage claim carousels, x-ray machines and other safety and security equipment.

Companies with know-how in the areas of airport management and operations are welcome to establish partnerships with local Brazilian companies and are encouraged to participate in future privatization auctions. To succeed in Brazil, U.S. companies must either be established in the country or have a well-informed local representative. Much like in other sectors in Brazil, it is important to have a distributor or system integrator that can offer post-sale and maintenance services, replacement parts, and repairs. Whether introducing a product to the market independently or entering with an existing local partner, it is necessary to have a coherent market entry strategy to penetrate the Brazilian airport industry.

Industry Contacts

SAC – Civil Aviation Secretariat – www.aviacao.gov.br

ANAC – Brazilian Civil Aviation Agency – www.anac.gov.br

ANEAA - Brazilian Association of Private Airports Concessionaires - www.anea.com.br

ABAG – Brazilian Association of General Aviation – www.abag.org.br

ABEAR – Brazilian Airlines Association – www.abear.com.br

IBA – Brazilian Aviation Institute – www.institutoaviacao.org

TRADE EVENTS

LABACE - Latin America General Aviation Show - <http://www.labace.com.br/en/labace-svd2021-en/>

AirConnected - Airport - <https://www.airconnected.com.br/>

Travel and Tourism

Overview

In 2019, Brazil was the eighth largest international source of tourists to the United States. According to the National Travel and Tourism Office, Brazil is the top arrivals market to the United States from South America, accounting for more than thirty percent of all arrivals from South America. Brazilians spent \$11.3 billion in the United States in 2019, seventh largest globally.

Arrivals from Brazil decreased ninety percent during the COVID-19. The industry expects a slow rebound by winter barring an extension of travel restrictions.

Four Brazilian and forty-one international airlines operated in Brazil in 2019. Starting in March, airlines cancelled more than 90 percent of flights between Brazil and the United States. You can find up-to-date flight availability information at the site of [American Airlines](#), [Delta Airlines](#), [United Airlines](#), [LATAM](#), [Azul](#) and [Gol Airlines](#).

Opportunities

While leisure travel is the largest segment of the Brazilian market, Meetings, Incentives, Conferences, and Exhibitions (MICE), luxury, and “bleisure” (business + leisure travel) are growing. Florida and New York continue to be most popular, with Las Vegas, and California attracting an increasing percentage of Brazilian travelers. Other popular destinations include Atlanta, Boston, New Orleans, Chicago, and Philadelphia.

The Brazilian Travel Agencies Association (ABAV) projects that an increasing percentage of travelers will use travel agents as travel resumes due to uncertainties and better refund and rescheduling options. ABAV states that travel agents currently account for eighty-five percent of leisure travel sales and ninety-five percent of cruise trip sales in Brazil.

Brazilian travel agents value training opportunities. The VisitUSA Committee and the Commercial Service organize the annual VisitUSA Show to coincide with the World Travel Mart (WTM) Latin America show. Single destination promotions are also well received.

Resources

[Brazilian Travel Agents Association \(ABAV\)](#)

[Brazilian Tour Operators Association \(BRAZTOA\)](#)

[World Travel Mart \(WTM\) Latin America](#)

[Panrotas](#)

[Mercado & Eventos](#)

[Brasilturis](#)

[DOC Office of Travel & Tourism Industry \(OTTI\)](#)

[DOC National Travel and Tourism Office](#), 2017 Market Profile

[DOC International Trade Administration's 2017 Fast Facts: United States Travel and Tourism](#)

[Travel Agencies Outlook](#) - Sebrae

Customs, Regulations and Standards

Trade Barriers

Brazil ranked 124 out of 190 countries in the World Bank's 2020 Ease of Doing Business Report. Brazil can be a challenging market for doing business, partly due to a complicated regulatory environment. Brazil ranked 141 out of 141 economies for burden of regulation in the World Economic Forum's 2019 Global Competitiveness Report. U.S. companies often mention duplicative, arbitrary, or sometimes discriminatory regulations as barriers to trade for U.S. products in Brazil.

U.S. companies also cite high tariffs, an uncertain customs system, high and unpredictable tax burdens, and an overburdened legal system as major hurdles to doing business in Brazil. U.S. exporters in highly regulated industries such as, medical devices, health, and safety products have a particularly challenging time navigating Brazilian rules and regulations. U.S. companies will increase their chances of success by working with Strategic Brazilian partners and demonstrating their commitment to the Brazilian market. While U.S. companies have faced market access challenges in Brazil over the past several years, including high tariffs, local content requirements, and a "Buy Brazil" policy from a previous administration, the U.S. Government is working with the GOB to reduce non-tariff barriers, especially in the areas of trade facilitation, good regulatory practices, technical standards, and conformity assessment through a number of bilateral and multilateral fora.

On October 19, 2020, the United States and Brazil signed a protocol to the bilateral Agreement on Trade and Economic Cooperation (ATEC) covering commitments in three areas: trade facilitation, good regulatory practices, and anti-corruption. More information about these commitments can be found at:

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2020/october/united-states-and-brazil-update-agreement-trade-and-economic-cooperation-new-protocol-trade-rules>

Brazil has recently taken some significant steps designed to ease regulatory burdens and implement good regulatory practices (GRPs). In 2019, Brazil passed the Regulatory Agencies Law and the Economic Free Law, which make certain GRPs, like public consultation requirements and the use of a regulatory impact analysis, legal requirements for all Brazilian regulating agencies. Brazil has also begun an extensive regulatory review and reduction effort under Decree 10,139 of 2019.

On June 30, 2020, Brazil published Decree 10,411, which implements the regulatory impact analysis established by the Economic Freedom and Regulatory Agencies laws. RIA requirements enter into force in Brazil on April 15, 2021 for the Ministry of Economy, regulatory agencies and the INMETRO, and on October 14, 2021 for the other federal administration bodies.

The Brazilian Foreign Trade Council (CAMEX) published Resolution 90 on December 7, 2018, establishing good practices for the preparation and review of regulatory measures affecting foreign trade. The resolution

encourages the competent Brazilian regulatory bodies and entities to develop regulatory agendas, conduct regulatory impact analysis, evaluate regulatory alternatives, use international standards, conduct transparent public consultations of a minimum of 60 days for all regulations with international trade effects, ensure all regulations comply with Brazil's international trade commitments, notify regulations to the WTO via the inquiry point, use evidence-based decision making, coordinate with other relevant regulators to ensure coherence and compatibility with other regulations, and review and manage regulatory stock.

In addition, on October 30, 2018, the Brazilian Attorney General of the Union (AGU) published Ordinance 328 that encourages the AGU to review regulations to ensure that all established GRP requirements are met.

In March 2018, Casa Civil (the Brazilian Executive Branch) published a Regulatory Impact Analysis (RIA) Guidelines and Elaboration Guide for Brazilian regulators to improve the implementation of regulations in Brazil. The guidelines' text is aligned with the Organization for Economic Co-operation and Development's (OECD) standards with inputs from all of Brazil's relevant federal regulatory agencies at the time, including the Ministry of Finance, the Ministry of Planning, Ministry of Economy and [INMETRO](#) – Brazil's metrology and standardization agency. The Ministries of Finance and Planning have since been integrated into the Ministry of Economy.

The governments of the United States and Brazil continue to collaborate to share information and experiences about good regulatory practices to promote a regulatory environment that is transparent, consistent, and predictable. It has helped U.S. companies comply with Brazilian regulations, since Brazil has been more open to regularly consulting the private sector when developing new regulations. By implementing an improving regulatory policy, Brazil has been reducing regulatory burdens for U.S. exporters and increasing mutual understanding of U.S. and Brazilian regulatory systems to enable better promotion of bilateral commerce and investment.

Import Tariffs

Imports are subject to several taxes and fees in Brazil, which are usually paid during the customs clearance process. There are three taxes that account for the bulk of import costs: the Import Duty (abbreviated in Portuguese as II), the Industrialized Product tax (IPI) and the Merchandise and Service Circulation tax (ICMS). In addition to these taxes, several smaller taxes and fees apply to imports. Note that most taxes are calculated on a cumulative basis.

Brazil and its Southern Common Market (Mercosul) partners, Argentina, Paraguay, and Uruguay, implemented the Mercosul Common External Tariff (CET) on January 1, 1995. Each country maintains a separate exceptions list of items for tariffs.

In 1995 Brazil implemented the Mercosul Common Nomenclature, known as the Nomenclatura Comum do Mercosul (NCM), consistent with the Harmonized System (HS) for tariff classification.

Import duty (II) is a federally-mandated product-specific tax levied on a CIF (Cost, Insurance, and Freight) basis. In most cases, IPI is a federal tax levied on most domestic and imported manufactured products. It is assessed at the point of sale by the manufacturer, or processor in the case of domestically produced goods, and at the point of customs clearance in the case of imports. As part of the federal government's efforts to support local producers, IPI rates between imported and domestically produced goods within the same product category may differ. The IPI tax is not considered a cost for the importer, since the value is credited back to the importer. Specifically, when the product is sold to the end user, the importer debits the IPI cost.

The GOB levies the IPI rate by determining how essential the product may be for the Brazilian end-user. Generally, the IPI tax rate ranges from 0-15 percent. In the case of imports, the tax is charged on the product's CIF value plus import duty. A product's IPI rate is directly proportional to its import tariff rate. As with value-added taxes in Europe, IPI taxes on products that pass through several stages of processing are reduced to compensate for IPI taxes paid at each stage. Brazilian exports are exempt from the IPI tax. Brazilian Customs publishes the [complete list](#) of NCM products and their IPI tariffs at this website.

ICMS is a state government value-added tax applicable to both imports and domestic products. The ICMS tax on imports is assessed ad valorem on the CIF value, plus import duty, plus IPI. 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. When the product is sold to the end user, the importer debits the ICMS, which is included in the final price of the product and is paid by the end user.

Effectively, the tax is paid only on the value-added; the tax is generally passed on to the buyer since it is included in the price charged for the merchandise. The ICMS tax due to the state government is based upon taxes collected on sales by a company, minus the taxes paid in purchasing raw materials and intermediate goods. The ICMS tax is levied on both intrastate and interstate transactions and is assessed on every transfer or movement of merchandise. The rate varies among states: in the State of São Paulo, the rate varies from 7-18 percent. On interstate movements, the tax will be assessed at the rate applicable to the destination state. Some sectors of the economy, such as mining, electricity, liquid fuels and natural gas can be exempt from the ICMS tax. Most Brazilian exports are exempted.

Brazil's customs regime allows for ex tariff imports of foreign and U.S. manufactured goods under some circumstances. When there is no similar equipment being manufactured locally, an importer can seek import duty waivers to reduce import costs. This tax reduction is called 'ex tariff' or 'ex tarifário.' The ex-tariff regulation consists of a temporary reduction on import duties of capital goods, information technology and telecommunications (BIT), as written in the CET, when there is no domestic equivalent production. The Ministry of Economy coordinates the ex-tariff program which can only be requested by local companies with import/export registration with Customs. Generally, if this status is granted, the import tariff can be

temporarily lowered to 2 percent for up to two years. To qualify, U.S. exporters or their legal representatives must submit a technical application for review.

Import Requirements and Documentation

U.S. exporters and Brazilian importers must register with the Foreign Trade Secretariat (SECEX), a branch of the former MDIC – now a branch of the [Ministry of Economy](#). 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 ANVISA.

The entry of several imported products to Brazil is subject to permission issued by the respective Brazilian authorities that regulate the entry and commercialization of these goods. Goods that require an import license require approval from one or more of 16 authorities, composed mainly of ministries or regulatory agencies. Usually, these licenses must be requested by a branch of the Ministry of Economy before the shipment, but in certain cases they can be obtained after the shipment of goods, but prior to customs clearance.

Labeling and Marking Requirements

The Brazilian Customer Protection Code requires that product labeling provides the consumer with precise and easily readable information about the product's quality and quantity, composition, price, guarantee, shelf life, origin and risks to the consumer's health and safety. Portuguese translation of this information is required for all imported products. Labels should also include metric units or include a metric equivalent.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counseling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance

program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of “red flags”, or warning signs, and compiled “[Know Your Customer](#)” guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check [This is a best prospect industry sector for this country](#). Includes a market overview and trade data [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of “dual-use” U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed. The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

In 2017, the GOB became the third country in Latin America to officially accept ATA Carnet. The Carnet is an international customs document and temporary export-import document, which allows the holder to avoid import duties for goods that will be re-exported within one year. Prior to Brazil's participation in the Carnet Program, U.S. exhibitors faced extreme difficulties and delays in clearing temporary imports and frequently wrote-off the imports as a complete loss. The Carnet can significantly ease customs clearance procedures for U.S. exhibitors in Brazilian trade shows.

Since 2000, the GOB has made an allowance for temporary importation of products that are used for a predetermined time period and then re-exported. Brazil has already ratified the International Convention for the Temporary Admission of Goods. Under Brazil's temporary import program, the II and IPI are used to determine the temporary import tax. Products must be used in the manufacture of other goods and involve payment of rental or lease fees from the local importer to the international exporter.

Under Brazil's temporary import program, the Import Duty (II) and IPI are used to determine the temporary import tax. Products must be used in the manufacture of other goods and involve payment of rental or lease fee from the local importer to the international exporter.

There are very strict rules regarding the entry of used merchandise into Brazil. An example of products falling under this program would be the temporary importation of machine tools. The example in the table below shows that taxes due are proportional to the period the imported product will remain in Brazil. This also applies to temporary entry of personal belongings.

Permanent and Temporary Tax example - Brazil	
CIF price of machine tool	\$200,000
II of 10 percent on CIF	\$20,000
IPI of 5 percent X (CIF plus II)	\$11,000
Taxes that would be owed if importation were permanent	\$31,000
Total life span of machine tool	60 months
Time machine tool with stay in Brazil	12 months
Tax for temporary importation	\$6,200

Value = 31000 X (I-(60-12)/60)	
(20 percent of tax is owed as tool will stay in Brazil 1/5 of it's useful life)	

Prohibited and Restricted Imports

The GOB has eliminated most import prohibitions with certain exceptions. In general, importation of any used consumer goods is prohibited. Used capital goods are only allowed when a similar, locally produced item is not available - such as used aviation parts. Remanufactured goods are still considered used goods.

The country [prohibits](#) the imports of fresh poultry meat and poultry products coming from the United States. There is also specific legislation that prohibits the importation of products that the Brazilian regulatory agencies consider harmful to health, sanitation, national security interest, and the environment.

Customs Regulations

It is essential to have all customs documents filled out correctly and in complete order. You must also have a capable and proven customs broker for the Brazilian market. Products can and often do get delayed for various reasons, including minor errors or omissions in paperwork. Products held at [Customs in Brazil](#) can be assessed high fees and Brazilian Customs frequently seizes shipments that appear to have inaccurate documentation. Customs has the right to apply fines and penalties at its discretion. For specific information on customs regulations in Brazil, please contact the [appropriate sector Specialist](#). The Customs website is [here](#).

The GOB established a computerized information system to monitor imports and to facilitate customs clearance known as the Foreign Trade Integrated System (SISCOMEX), which has facilitated and reduced the amount of paperwork previously required for importing into Brazil. Brazilian importers must be registered in the SECEX Export and Import Registry and receive a password given by Customs to operate the SISCOMEX. The SISCOMEX online registry creates electronic import documents and transmits information to a central computer.

SISCOMEX has been improved by the new Foreign Trade [Single Window](#) (SW) Program, reengineering the process and the system for trade operation registration. A new tool for Brazilian imports was implemented in July 2018. The final goal of the program is to reduce the import time from 17 to 10 days. The GOB believes it will benefit more than 40,000 importers.

Standards for Trade

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment

procedures that could affect trade. **Notify U.S.** (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Brazil has a strong regulatory regime, strict rules regarding standards, and an active cohort of standards organizations. [INMETRO](#) is a government entity and is the operating arm of Brazil's standards regime, led by the [CONMETRO](#). The council is formed by a group of eight ministries and five governmental agencies. The [Council](#) is the regulatory body of the [SINMETRO](#). The American National Standards Institute (ANSI) also has [Brazil-related standards](#) information via its Standards Portal.

Standards

INMETRO is the main national accreditation body and is in charge of implementing the national policies regarding quality and metrology established by CONMETRO, which oversees INMETRO's activities. INMETRO is responsible for certification of products, services, licensing, and testing labs, among other duties.

The [Brazilian Association of Technical Standards](#) (ABNT) is the recognized standards organization which establishes and manages marks of conformity with standards applied in voluntary or compulsory product certification schemes. ABNT is an accredited registration body to certify quality systems, environmental management systems and several products. They develop standards, and reference ISO and IEC standards, and sometimes, U.S. developed international standards. Several U.S. Standards Development Organizations have MOU's with ABNT for cooperation.

When the need for standardization of a given topic arises, ABNT refers the matter to the responsible Technical Committee, where it will be considered by the various sectors involved. Once the draft standard has been prepared, it is then submitted for [national consultation](#). In this process, the Draft Standard, prepared by a Study Committee representing the stakeholders and sectors involved, is submitted publicly for consideration. During this period, any interested party may express, without any burden, recommendations to the Study Group to authorize the approval of the text as presented; approve of the text with suggestions; or its non-approval, though the interested party must present the technical objections and justification.

Inmetro's New Conformity Assessment Policy

The Conformity Assessment Board (Dconf), the Institute National Metrology, Quality and Technology (Inmetro)'s body responsible for macro conformity assessment policy, is designing a new regulatory model for Inmetro. The purpose of this new model is to improve regulatory performance, reduce administrative burdens, encourage innovation and the competitiveness of the productive sector, and align the country with

the best international practices in product regulation. The initiative supports the federal government's directive to improve the regulatory environment in Brazil in order to promote economic development.

The proposed new regulatory model has two objectives. The first is to expand regulatory the effectiveness and efficiency by improving targeting, coverage and compliance. The second is to reduce adverse effects of regulatory activity on economic activity.

Reduction of red tape, simplification of regulatory management and optimization of resources are the main principles that guide the model. Inmetro is looking to international best practices for achieving these objectives, in particular, those used in the United States and the European Union.

The new regulatory model has three main pillars that will allow it to achieve its objectives. The first is the introduction of general regulations and essential requirements, which will help to increase regulatory coverage under INMETRO's legal scope and reduce the prescriptiveness of specific rules. The second pillar emphasizes solving regulatory problems by strengthening monitoring activities and planning and prioritizing regulatory actions based on identified problems. The third pillar comprises increasing the responsibility of suppliers for compliance.

At the base of the three pillars, is the general principle of flexibility. That principle relates to the idea of efficiency and proportionality of regulatory actions. The actions used must be those strictly necessary for the resolution of the regulatory problems and resources should be allocated in order to maximize the effectiveness of the regulation.

Testing, Inspection and Certification

Conformity assessment includes all activities needed to demonstrate compliance with specified requirements relating to a technical regulation or voluntary standard. In Brazil, the conformity assessment system follows ISO guidelines. Conformity assessment includes test and calibration laboratories, product certification bodies, accreditation bodies, inspection and verification units, quality system registrars, and others.

Conformity assessment can be voluntary or mandatory (done through a legal instrument to protect the consumer on issues related to life, health and environment). Interested U.S. parties can be [accredited](#) by INMETRO to perform conformity assessment activities.

For [regulated products](#), the relevant government agency generally requires that entities engaged in product testing and mandatory certification be accredited by INMETRO. Generally, testing must be performed in-country, unless the necessary capability does not exist in Brazil. INMETRO is currently engaged in a regulatory reform process. It's stated reform goals include to improve regulatory performance, reduce administrative effort, stimulate innovation and competitiveness of the productive sector and better align the Brazilian regulation with international best practices. INMETRO has indicated it will look to reduce extensive third-party local testing and certification requirements based on a risk analysis under the new model, once implemented.

INMETRO is a signatory to the Mutual Recognition Arrangement (MRA) of the International Laboratory Accreditation Cooperation (ILAC), which can facilitate acceptance of test results from U.S. laboratories that are accredited by U.S. organizations and are also signatories.

There is still no legal mandate to retest non-regulated products that have been approved in their country of origin. For non-regulated products, some U.S. marks and product certification may be accepted. As with all voluntary standards, any certification that may be required in non-regulated sectors is a contractual matter to be decided between buyer and seller. Market forces and preferences sometimes de facto require a specific certification.

To facilitate U.S. product acceptance in Brazil by recognizing existing certifications, agreements between U.S. and local certifiers/testing houses are encouraged. There is no impediment for the establishment of U.S. certification organizations in Brazil. If your product has been certified in the U.S. or Europe, it may not need to be recertified (see ILAC MRA above). If your product is not certified, please refer to the [mandatory product certification](#) process.

A [search engine of certified products](#) (both mandatory and voluntary) in Brazil is available as well as information about the [accreditation requirements](#) and [current accredited bodies](#). The General Coordination for Accreditation (CGCRE) of INMETRO is responsible for accrediting certification bodies, quality system registrars, inspection bodies, product verification and training bodies, as well as testing and calibration laboratories.

Publication of Technical Regulations The regulations on Public Consultation are on INMETRO's website. INMETRO and CONMETRO use their websites to inform the public about updates to [technical regulations](#).

Members of the WTO are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify the WTO of proposed technical regulations and conformity assessment procedures that could affect trade. [Notify U.S.](#) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of DOC.

Trade Agreements

Brazil is a member of the [Mercosur trading block](#), which has its own regional standards organization that issues and harmonizes standards. Technical committees write and recommend standards in selected areas. Each country must ratify the standard before they are adopted in that country. A number of standards have already been adopted as Mercosul standards. Adopted and proposed Mercosul standards are listed on

Mercosur's [website](#). The Executive Secretariat of the Mercosur Standards Organization is located in São Paulo, Brazil.

Brazil, via Mercosur, is negotiating several FTA's, including with the [EU](#).

The United States U.S. Trade Representative engages with Brazil via the [Agreement on Trade and Economic Cooperation](#).

Licensing Requirements for Professional Services

Many professions in Brazil are regulated or inspected by councils. Councils are public authorities that regulate, supervise, direct, and discipline certain professional categories. Certain workers are obliged to be registered at corresponding councils in order to exercise their profession. Anyone that works without a registration is subject to penalties according to Brazilian law.

The basic requirement to be licensed by a professional council is to own a valid graduation certificate in the chosen area. Since there are several different professional councils, registration requirements may vary. The most common procedure is to visit a regional council or send the necessary documents. This registration has an expiration date, and needs to be renewed periodically, according to the council's rules.

The registration of a foreigner in a Brazilian professional council varies according to each profession. Some, like the Council of Psychology and the Council of Administration, allow foreigners to be registered. The main conditions for this are the revalidation of the foreign diploma and a proficiency test in the Portuguese language. Other councils have stricter rules, allowing foreigners to register only in exceptional cases, like a lack of registered professionals, or only providing temporary permits for the realization of a specific project in Brazil. This is the case in the Council of Engineering and Agronomy.

Contact Information

CS Brazil hosts a Standards Attaché in São Paulo who can answer any additional questions. Please contact: Jeff.Hamilton@trade.gov for more information.

Web Resources:

Contacts of main Standards organizations in Brazil can be found on the following web sites:

Brazilian Tax Authority (Receita Federal)

<http://idg.receita.fazenda.gov.br/information/>

Brazilian country profile with useful customs and standards information

<https://smallbusiness.fedex.com/international/country-snapshots/brazil.html?gtmcc=us#C07>

List and description of mutual recognition agreements between Brazil and USA

<http://www.inmetro.gov.br/english/international/mutual.asp>

Technical regulations of international markets

<https://tsapps.nist.gov/notifyus/data/index/index.cfm>

Brazilian Ministry Development, Industry, and Trade

<http://www.mdic.gov.br/index.php/english>

U.S. export control information: <http://www.bis.doc.gov/>

Brazilian IPI and other tax rates: <http://idg.receita.fazenda.gov.br/information/>

Brazilian Common External Tariffs <http://www.mdic.gov.br/index.php/english>

Selling US Products and Services

Distribution & Sales Channels

Among others, Brazil has the following import channels: agents, distributors, import houses, trading companies, subsidiaries and branches of foreign firms among others. Brazilian importers generally do not maintain inventory of capital equipment, spare parts, or raw materials, in part because of high import and storage costs. Recently, industries that rely heavily on imported components and parts are maintaining larger inventories in bonded warehouses.

eCommerce

The 2019 yearly average conversion rate was 1 to (R)\$3.94 Brazilian Reais (Hey-EYES).

According to the 2020 eBit Webshoppers report, eCommerce in Brazil grew by 16 percent in 2019 compared to 2018, closing the year with revenue of \$15.7 billion – ten times higher than in the beginning of the decade. This growth is driven by the increase in number of orders (20.1 percent in 2019 when compared to the previous year) while the average order value decreased 4.7 percent in the same period. 61.8 million consumers made at least one virtual purchase in Brazil in 2019, representing 29.4 percent of the country's population and an increase of 6 percent compared to 2018 - making eCommerce a viable sales channel worth exploring. While too early to estimate the long-term impact of COVID on ecommerce, between March 17 and April 27, 2020 eCommerce revenues registered growth of 48.3 percent comparing to the same period in 2019.

The self-service segment (entertainment, tourism, durables, non-durables, and perishables) registered the highest growth in number of orders and revenues (61 and 63 percent, respectively). The average growth of all segments was 25 percent for number of orders and 17 percent for revenues. However, department stores still are the primary segment for eCommerce sales, representing 50 percent in number of orders and 67 percent in revenues. Second in number of orders is clothing & footwear (14 percent), followed by sports (8 percent), perfume stores (5 percent), and the self-service segment (5 percent), which represents any online transaction (from purchase to delivery) that is completed without another person's assistance. Regarding revenues, self-service and clothing & footwear occupy second place (7 percent), followed by sports (4 percent), and computing (3 percent).

According to PwC's Global Consumer Insights 2019, 53 percent of Brazilians use their smartphones to research products, 45 percent compare prices in different vendors using their mobile devices, and 32 percent use online payments to purchase goods. In November 2019, mobile sales exceeded desktop sales, a historic moment for the m-commerce (mobile commerce) market in Brazil. M-commerce represented 41.8 of market share in eCommerce and over 68 million orders – up 60 percent over 2018.

Despite continued growth, the eCommerce market in Brazil can be difficult for U.S. companies to navigate without a local presence due to challenges involving customs, taxes, shipping and payments for cross-border sales, in addition to the application of local consumer laws to any purchase completed in Brazilian territory.

The [Brazilian eCommerce Association](#) and [Brazilian eCommerce Chamber](#) are additional resources.

Cross-Border eCommerce

The top websites for Brazilian consumers that U.S. companies should consider for B2C are [Amazon](#), [Mercado Livre](#), [B2W](#) ([Americanas](#), [Submarino](#), and [Shoptime](#)), [Magazine Luiza](#), [Dafiti](#), and [Shop2gether](#).

U.S. B2C firms targeting consumers online from outside Brazil should proceed with caution. Brazil is a price sensitive market with high import taxes. Direct sales from foreign countries, including the United States, are subject to customs and duties regulations. Although Brazil has made substantial progress reducing traditional border trade barriers (tariffs, import licensing, etc.), rates in many areas remain high and favor locally produced products.

Brazil is on the U.S. Trade Representative (USTR) [Special 301 Watch List](#). This designation reflects the agency's concerns with respect to high levels of counterfeiting and piracy in Brazil, including internet piracy and use of unlicensed software. It is important to be aware of this when buying or selling content online. Businesses that locate online content infringing on their rights can contact the Internet Service Providers (ISPs) hosting said content to attempt to resolve their concerns. Businesses can also contact Brazilian enforcement authorities to explore potential criminal action. With respect to potential civil actions, businesses should be generally aware that ISPs will not be found civilly liable for damages resulting from content generated by third parties. Therefore, companies should be aware that their civil actions against an ISP, based on online sales of counterfeit goods, may not be successful. On the other hand, ISPs that host content infringing on copyrights or neighboring rights may be found civilly liable if the ISP does not remove content in a timely matter after notice has been given by the rights holder. The legislation in this area is still developing in Brazil, so companies may wish to consult [local counsel](#) if they have concerns. The criminal division of the U.S. Department of Justice has an Internet Computer Hacking Intellectual Property Officer (ICHIP) posted at the U.S. Consulate in Sao Paulo. Please contact us for more information.

Businesses seeking to market in Brazil also may wish to consider registering their trademark(s) as domain name(s) ending in “.br,” the country-code top-level domain (TLD) for Brazil. Registering trademarks as domain names in country-code TLDs may be helpful in establishing a local market presence. Defensively registering trademarks as domain names also helps guard against “cybersquatters,” i.e., bad actors who register others' trademarks as domain names in bad faith. Domain names typically can be registered for future use, thus preserving the company's options for expansion. The .br TLD, unlike some country code TLDs, has an administrative dispute resolution policy for addressing cybersquatting. Court litigation also

remains an option for instances of cybersquatting. For more information on eCommerce IPR, please visit the [World Intellectual Property Organization website](#) and the [2019 Review of Notorious Markets for Counterfeiting and Piracy](#) published by the Office of the United States Representative.

In 2018, the Government of Brazil launched a service platform that facilitates purchase of U.S. goods from foreign websites. The program, named Pre-Clearance for Americans and “Compra Fora,” for Brazilians is run by Correios, the GOB’s postal service, and allows importers to register a physical address in the U.S. where their purchases will be delivered and then routed to Brazil. For more information about this program, please contact our team.

The Impact of COVID-19 in eCommerce

According to eBit, there are six key stages related to consumption behavior during the COVID-19 pandemic and Brazil is in phase 5, when there is limited shopping trips and heightened concern over price increases. The next phase would be the “new normal,” when people resume their daily routines but are overly cautious about their health. Between March 17 and April 27 (when COVID-19 hit the Brazilian society) eCommerce revenues registered growth of 48.3 percent comparing to the same period in 2019. Growth was mainly driven by the number of orders in the following categories: electronics, home & decoration, computing, and fast-moving consumer goods. Easter-related categories stood out, registering 1,040 percent growth in revenue compared to 2019. 20 percent of consumers in the period declared to be new to eCommerce and were focused mainly in pharma and self-services products.

Throughout the same period, the industry has registered a remarkable surge of new online marketplaces and online sales equaled offline sales. This trend is expected to endure after the COVID-19 scenario.

Online Payment

Brazilians often pay in installments for high-value eCommerce purchases, while preferring to pay in one payment for low-value purchases. In 2018, more than half (54.2 percent) of eCommerce sales were made in one payment, the remaining 45.8 percent were made in installments. U.S. vendors should be aware of this important trend when selling to consumers locally.

Security continues to be a concern particularly regarding online fraud. Most Brazilians do not carry international credit cards, so international transactions can be challenging for both residents and visitors. While visitors have relatively few problems using credit cards at hotels and tourist venues, the same is not true for online purchases. Those wishing to pay for services such as food delivery or movie tickets online often encounter barriers, as many Brazilian websites do not accommodate international credit cards. The most accepted cards in Brazil are Visa and MasterCard with chip and PIN technologies adopted to avoid misuse of physical cards.

Major Buying Holidays

Brazil has five holidays where retail sales increase: Christmas, Mother's Day (the second Sunday in May), Valentine's Day (June 12), Father's Day (the second Sunday in August) and Easter. There are also five other major seasonal dates that affect retail: Children's Day (October 12), Brazil Week, Consumer's Day, Black Friday, and Cyber Monday (in line with the U.S.).

Selling Factors & Techniques

Price and payment terms are extremely important sales factors. Generally, U.S. goods are trusted for their high quality; however, depending on quality as the primary competitive advantage may be risky. To be competitive U.S. companies should adapt their products to local technical requirements and culture. In some sectors, competing with an increasing amount of Chinese imports can be difficult because of their low prices; therefore, emphasizing product quality, customer service, after-sale service, financing arrangements, and warranty terms are key competitive advantages for U.S. companies. As Brazilian companies become more concerned with environmental stewardship, it is advisable to demonstrate commitment to sustainable development practices when introducing new products into this market.

Trade Financing

Financing / Banking

The Brazilian banking system today is extremely efficient. Most banks have sophisticated Internet sites offering most, if not all, of their products and services. Bank branches are numerous and nearly all cities in the country have at least one major bank branch. The five largest banks have approximately 15,000 branches throughout Brazil. International operations are centralized at the bank's headquarters, usually in São Paulo or Rio de Janeiro, although major branches at larger cities may handle routine operations involving trade finance. All Brazilian banks have a number of correspondent banks around the world.

Number of Foreign Banks and Origin

According to the Brazilian Central Bank (BCB), of the top 10 banks in Brazil ranked in December 2018 (latest figure available) by net equity, two are state owned banks (Banco do Brasil and Caixa Econômica Federal); five are Brazilian (Itaú-Unibanco, Bradesco, Safra, BTG Pactual and Votorantim); and one is foreign (Banco Santander from Spain).

Of the top 50 banks in Brazil, 26 are foreign owned or controlled, ranked by net equity as follows (as of December 2018). They include banks from:

The United States: Citibank (ranking 12th); JP Morgan (14th); BofA Merrill Lynch (28th); Morgan Stanley (30th); GMAC (33rd); Goldman Sachs (34th) and John Deere Bank (45th).

Note that Citibank only operates in corporate business in Brazil, as it sold its retail operations in the country to Banco Itaú in 2017.

France: 6 Banks

Germany: 3 banks

Japan: 3 banks

Netherlands: 3 banks

Spain: 1 bank (Santander, among the largest in operations in Brazil)

Switzerland: 1 bank

China: 1 bank

Bahrain: 1 bank

Currency

Since 1994, the Brazilian currency is the Real, with six banknotes (R\$ 2.00, R\$ 5.00, R\$ 10.00, R\$ 20.00, R\$ 50.00 and R\$ 100.00, and six coins including a R\$1.00 coin. Reais can be obtained at banks or approved foreign exchange shops. The exchange rate between the US\$ and the Real (R\$) varies on a daily basis, and is currently valued at US\$ 1.00 = R\$ 5.26. (As of June 17th, 2020).

Though there is no limit to the amount foreign visitors can bring to the country or from the country, amounts over R\$ 10,000.00 require documentation (a Currency Carry-on Electronic Declaration must be filled in such cases).

Method of Payment

Imports in Brazil are primarily handled using traditional letters of credit (L/C) or collections through established banks with correspondent banking agreements overseas. To a lesser extent, U.S. exporters may choose to operate on an open account or cash in advance basis once they have established a trustworthy relationship with their Brazilian buyers. (Note: given high interest rates and intermediary spreads, Brazilian buyers are likely to push for an open account or cash up front. We highly recommend that U.S. companies work with Ex-Im Bank insurance or guarantees to ensure payment).

Credit and Collection

Credit information on Brazilian companies is available for a fee from Dun & Bradstreet (<http://www.dnb.com.br>), Equifax (<http://www.equifax.com.br>) or Serasa, a Brazilian commercial information service company (<http://www.serasaexperian.com.br>) (Serasa recently merged with the Irish firm Experian, which has a strong presence in the U.S.). In the event of a commercial dispute or non-payment by a Brazilian importer requiring legal action, the U.S. exporter should contact a renowned legal firm with

experience in international collections. Local collection agencies do not handle international disputes. The U.S. Commercial Service in Brazil can furnish lists of law firms through our services.

Foreign Exchange Controls

In Brazil, accounts can only be kept in local currency (Brazilian Reais, R\$). For a Brazilian importer to remit funds to a seller in the United States, the importer must purchase the corresponding foreign funds by means of an exchange contract at any bank authorized by the Brazilian Central Bank. The exchange rate and related fees are negotiated directly between the purchaser of the foreign currency (the importer) and the bank.

The Brazilian Central Bank is the federal agency entrusted to implement the federal government National Monetary Council's (Conselho Monetário Nacional) policies to improve and stabilize the national financial system. Its functions include the control of foreign capital flows.

Measures adopted to face the COVID-19 Pandemic

Here are some of the measures adopted by the Brazilian government to face the economic impacts of the pandemic:

New cut in the Brazilian basic interest rate sets a historic low, currently at 2.00% a year;

The Ministry of Economy released measures to release liquidity, reaching US\$ 230 Billion, or 17% of GDP, well above the amount involved in the 2008 crisis (3.5% of GDP);

The National Economic and Social Development Bank (BNDES) expanded credit offer to micro and small business, with a 24-month grace period and a total term of 60 months;

Financing for companies of up to 2 minimum wages per employee for 2 months for companies with annual revenues between US\$ 70 thousand and US\$ 1.9 million, with no credit restriction in the last 6 months. The rate is pre-set: 3.75% per year, with 6 months grace period and 30 months for payment. The resources must be used only for payment of salaries, and companies may not dismiss for two months; and

What is nicknamed the "Coronavoucher": A monthly allowance of about US\$ 110.00 per month, for three months, to informal, intermittent and Micro-Individual Enterprises (MEIs). The total volume reaches US\$ 8.5 billion.

The announcement of the Pró-Brasil project, aiming to create measures to recover the economy weakened by the coronavirus, including ways to generate employment and restore the country's infrastructure.

Below are some measures adopted by the Brazilian Banking system:

Bank branches remain open during the pandemic, with a special schedule and a priority given to vulnerable population such as retirees and pensioners.

Operations such as payments, transfers, loans can more easily be done over cell phones and internet. Currently, in Brazil, of every ten transactions, six are made by digital means.

The five largest Brazilian banks (Banco do Brasil, Bradesco, Caixa, Itaú Unibanco and Santander) announced the extension of debt maturities for individuals and micro and small businesses.

Web Resources

Export-Import Bank of the United States (Exim): <http://www.exim.gov>

U.S. International Development Finance Corporation (DFC): <https://www.dfc.gov/>

USTDA (U.S. Trade and Development Agency): <http://www.ustda.gov/>

SBA (Small Business Administration) - Office of International Trade: <http://www.sba.gov/oit/>

USDA (U.S. Department of Agriculture) Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

USAID (U.S. Agency for International Development): <http://www.usaid.gov>

Commercial Liaison Office to the World Bank <http://export.gov/worldbank>

Commercial Liaison Office to the Inter-American Development Bank <http://export.gov/idb>

Brazilian Central Bank: www.bcb.gov.br

Brazilian Federation of Banks (Febraban): <https://portal.febraban.org.br/>

For more information, please contact US Commercial Service Industry Specialist Patrick Levy at Patrick.Levy@trade.gov

Protecting Intellectual Property

Brazil has been on the U.S. Trade Representative's Special 301 Watch List since 2007. This designation reflects significant concerns with respect to high levels of counterfeiting and piracy in Brazil, including internet piracy, as well as concerns regarding the long delays in the examination of patents, i.e., a reported average pendency of approximately 8.4 years for patents.

The most recent version of USTR's annual Special 301 Report, including specific comments on Brazil, can be found here: https://ustr.gov/sites/default/files/2020_Special_301_Report.pdf

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits, visit the [STOPfakes website](#). The toolkits contain detailed information on protecting and enforcing IP in specific markets and contain contact information for local IPR offices abroad and U.S. Government officials available to assist SMEs. For Brazil-specific resources, please check <https://www.stopfakes.gov/article?id=Brazil-IPR-Resources>

In any foreign market, companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

Maria Beatriz Dellore

Acting IP Attaché Contact for Brazil

U.S. Consulate General, Rio de Janeiro, Brazil

Telephone: +55 (21) 3823-2498

E-mail: carolina.epifanio@trade.gov

Selling to the Public Sector

According to the GOB procurement law (8,666) passed in 1993, price is the primary factor in selecting suppliers and the GOB is precluded from making a distinction between domestic and foreign-owned companies during the tendering process.

A new reform has made it easier for foreign companies to compete in public sector bids. As of October 2020, foreign companies can bid without needing to first establish a local representative. Only at the contract signing will a foreign company need to have a local partner. The Finance Ministry believes this streamlined process should bring more competition to the public sector, a market of about \$USD 13 billion per year.

For an international company to successfully compete in public procurement, bidding, concession, or auction in Brazil, it must understand provisions and procedures of Brazilian legislation. Characteristics and challenges can be sector specific. Bids could require presentations on financing, engineering, equipment capabilities, training and after-sale service that will originate and be carried out within Brazil. Winning bids are chosen based on three principles: lowest price, best technology, or a combination of both. When two equally qualified vendors are considered, the law's implementing regulations provide a preference to Brazilian goods and services.

Brazil permits foreign companies with established legal entities in Brazil to compete for procurement financed by multilateral development bank loans.

As mentioned in the introductory section, in preparation for Brazil to join the WTO's Government Procurement Agreement, the country is adopting a new bidding law, (PL 4.253/2020), which will have a phased implementation over the next two years. U.S. and international companies participating in Brazil's public procurement should see substantial improvements, including standardizing bidding deadlines, implementing electronic bidding processes, publishing government bids in a national procurement portal and more flexibility in access and equality for foreigners in regards to required documentation. For projects in architectural and engineering services, Brazil will require that bidders use Building Information Modeling or a similar international standard in their projects. There will continue to be national preferences, for small businesses for example, however, the overall goal is for public bids at the federal, state and municipalities to align with WTO and international standards.

Financing of Projects

Exim: The U.S. Export Import Bank (Exim) provides both export insurance and working capital for U.S. exporters and guaranteed loans for Brazilian importers. Contact the international department of your bank for information regarding correspondent banks in Brazil and to see if they work with Exim. You will also find contact information for Exim insurance brokers and guaranteed lenders at <http://www.exim.gov>.

Multilateral Development Banks

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders.

Web Resources

Export-Import Bank of the United States (Exim): <http://www.exim.gov>

U.S. International Development Finance Corporation (DFC): <https://www.dfc.gov/>

USTDA (U.S. Trade and Development Agency): <http://www.ustda.gov/>

SBA (Small Business Administration) - Office of International Trade: <http://www.sba.gov/oit/>

USDA (U.S. Department of Agriculture) Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

USAID (U.S. Agency for International Development): <http://www.usaid.gov>

Commercial Liaison Office to the World Bank <http://export.gov/worldbank>

Commercial Liaison Office to the Inter-American Development Bank <http://export.gov/idb>

Brazilian Central Bank: www.bcb.gov.br

Brazilian Federation of Banks (Febraban): <https://portal.febraban.org.br/>

Business Travel

Business Customs

Business visitors should be aware of several customs specific to Brazil. Compared to the United States, the pace of negotiations is slower and is heavily based on personal contact. It is rare for important business deals to be concluded by telephone, e-mail, or letter. Many Brazilian executives do not react favorably to quick and infrequent visits by foreign sales representatives, or to changes in the negotiating team. They prefer a more continuous working relationship, ideally involving multiple visits/meetings with the same person or group of people. The Brazilian buyer is also concerned with the after-sales service provided by the exporter.

Persistent traffic issues in most major Brazilian business centers mean that sufficient time should be scheduled for transportation, as well as other possible delays. It is advisable to be punctual but to avoid showing signs of frustration or impatience with delays, some of which may be attributed to a less formal approach to time.

During a first visit to a company it is customary to give a gift, usually promotional items without great material value. Expensive gifts can be misunderstood as bribes and are not welcome. Be aware that business dress is often formal and conservative despite the apparent informality while conducting business.

Travel Advisory:

Find more Brazil travel information at the [U.S. Department of State](#) and at the [CIA's World Factbook](#).

Visa requirements:

U.S. citizens traveling to Brazil for tourism or business purposes are exempt from visas by the government of Brazil. For current entry and customs requirements for Brazil, travelers may contact the [Brazilian Embassy](#). Travelers can also find out more about [Brazilian consulates in the United States](#).

If you are entering the country with a U.S. diplomatic or official passport you must apply for a Brazilian visa before entering Brazil. Your parent agency should have a designated person to help facilitate this process. Travelers must also apply for a Brazilian visa if they are traveling on a regular (tourist) passport for reasons other than tourism. Questions should be directed to the nearest Brazilian Consulate or Embassy outside of Brazil, or in Brazil, the consular division of the Brazilian Foreign Ministry.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that visa adjudications are handled via an interagency process. Visa applicants should visit the [U.S. Department of State Visa website](#) or the [U.S. Embassy in Brazil](#).

Currency:

Since 1994, the Brazilian currency is the Real, with six banknotes (R\$2, 5, 10, 20, 50 and 100, and six coins including a \$1 coin). Though most shops only accept the local currency, at some touristic venues, hotels and some shops, other currencies, mostly U.S. dollars or Euros can be accepted. In any case, most of the foreign currencies can be exchanged or obtained at banks or approved foreign exchange shops.

Most local credit and debit cards such as Mastercard, Visa, Cirrus and Maestro are widely accepted in most large cities, and at smaller tourist spots. American Express may not be so widely accepted. However, international visitors may have issues making purchases, so it is best to advise your bank of any upcoming travel to Brazil and to carry some local currency in case of emergency.

ATMs are extremely common in Brazil, even in small cities. It might be hard, though, to find an ATM that take specific cards. Cirrus and PLUS networks tend to be easier to find. Most bank agencies in Brazil have ATMs, some inside and some outside. It's more recommendable to use the indoor ATMs and to avoid using it in the evening due to potential crime situations. It is also advisable to monitor bank and credit card statements since PINs may be stolen at ATMs.

To check about the nearest ATMs, the main brands have locators, found at: [Visa](#), [Mastercard](#) (includes Cirrus and Maestro) and [American Express](#). Traveler's checks are rarely accepted as a form of direct payment in Brazil. It can be cashed in exchange offices, some bank agencies, some travel agencies and hotels, but there may be heavy fees. It is not the most recommended way to exchange currencies in Brazil.

An alternative to credit cards and traveler's checks is to use prepaid travel cards, which are accepted as debit cards and can be used at ATMs for withdrawals. Note: Some small stores, markets in some smaller cities may not accept card payments, so it is important to carry some cash.

Telecommunications/Electronics:

Within metropolitan areas, the telecommunications system is robust and reliable. The major cell phone service providers in Brazil are Vivo (Telefónica from Spain), TIM (Telecom Italia from Italy), Claro (América Móvil from Mexico), and Oi (Brazil). Cell phone penetration in Brazil is about 102 percent. Wifi can be easily accessed in most hotels and restaurants in the major metropolitan areas. Internet penetration is at 70 percent.

In Brazil, the type N socket and plug are the official standard, along with the type C plug but not socket. Most of the Brazilian states use 110-volt electricity, but some other states – mainly in the Northeast – use 220 volt. However, there is no standard voltage and within some states it may differ. Consult the [electrical current information for Brazil.](#)

Transportation:

Brazil has numerous international and domestic airports, and normally, American Airlines, Azul, Delta, Gol, Latam and United Airlines offer direct flights between Brazil and the United States. However, during the

COVID pandemic, flights and travel restrictions by both the United States and Brazil, have greatly reduced available flights. The country's taxi services run very well, though U.S. citizens are recommended, for safety reasons, to meet one at a taxi stand, to call a radio-dispatched taxi, or to request on an app instead of hailing a taxi on the street. Public transportation, such as busses and subways, are also available in metro areas but caution is advised.

There are several mobile apps available to hire taxis and personal drivers for transportation inside metropolitan areas, using credit cards (including international), cash or PayPal as methods of payment.

It is important to note that foreign visitors may face difficulties when using their international credit cards to pay for taxi and transportation services ([Uber](#), [99Taxi](#), [Easy Taxi](#), [Cabify](#)) in mobile apps. It is recommended to have cash as an alternative in case any issue is encountered.

Language:

While the proficiency of English varies among people across the country, business meetings are often held in Portuguese, the national language. CS Brazil recommends an interpreter for a business visit, and we are happy to facilitate contracting one. Please find a list of professional service providers at our [Business Service Providers \(BSP\) directory](#), if you need to identify other professional service providers.

Personal space standards in Brazil are different than those in the United States. You may find the environment more intimate space for speaking, touching and greetings and salutations.

Despite the difference in personal space, it is better to act more formal rather than less during an initial meeting. Conversations may occur simultaneously with frequent interruptions, a sign of interest in the subject rather than of disrespect.

Brazilians are very proud of their country and their unique culture. To that end, it is better to refrain from making cultural references or comparisons to other countries and cultures in Latin America.

Health:

The US government does not pay medical bills and U.S. Medicare does not apply overseas. Make sure your health insurance plan provides coverage overseas. Most care providers overseas only accept cash payments. Supplemental insurance to cover medical evacuation is strongly recommended. If traveling with prescription medication, check to ensure the medication is legal in Brazil. Carry your prescription medication in original packaging with your doctor's prescription.

The following diseases are prevalent:

The most common mosquito and other animal, and insect-borne diseases, include Chagas, Chikungunya, Dengue, Zika, visceral leishmaniasis and Rabies. Other more common ailments include:

- Traveler's diarrhea
- Tuberculosis

- Schistosomiasis

In recent years, outbreaks of these diseases have also been detected in certain areas of Brazil:

- Yellow fever
- Zika
- Dengue
- Measles
- Polio

Although Brazil has many elective/cosmetic surgery facilities that are on par with those found in the United States, the quality of care varies widely. If you plan to undergo surgery in Brazil, make sure that emergency medical facilities are available. Some “boutique” plastic surgery operations offer luxurious facilities but are not hospitals and are unable to handle emergencies. Several U.S. citizens have died while seeking medical care from non-traditional “healers” and practitioners. Ensure you have access to proper medical care if seeking such services. Be up to date on all vaccinations recommended by the CDC and the World Health Organization.

Though not required to enter Brazil, travelers wishing to be vaccinated should consider receiving yellow fever vaccine prior to travel to Brazil, as local supplies are limited. Please note: The yellow fever vaccine should be administered 10 days prior to travel in order for it to be effective. Also note: While yellow fever vaccine is not required to enter Brazil, some neighboring countries do require travelers with recent entries in Brazil to show proof of yellow fever vaccination or be denied entry. All travelers to the country are advised to carry documentation, such as a vaccination card, that they have been appropriately vaccinated for Yellow Fever.

Find more health information for travelers to Brazil at the [CDC website](#).

Local time, business hours, and holidays:

Time in the country is noted using the 24-hour clock convention, i.e. 21:00 instead of 9:00 p.m. Brazil has four standard time zones: Brasilia (BRT), Amazon (AMT), Fernando de Noronha Archipelago (FNT), and Acre (ACT). Most visited cities by foreign tourists in the country are located in the Brasilia time zone, which is three hours behind Greenwich Mean Time (GMT-3). The country used to observe daylight savings time, but in April 2019, President Bolsonaro signed a decree that Brazil would no longer observe daylight savings time.

While office hours in Brazil are generally 9:00 a.m. to 6:00 p.m., decision-makers begin work later in the morning and stay later in the evening. The best times for calls with Brazilian executives are between 10:00 a.m. - 12:00 p.m. as well as 3:00 p.m. - 5:00 p.m., except for the city of Sao Paulo where appointments are common throughout most of the day. Business lunches often last from one to two hours.

January, February and July are difficult months to schedule business meetings with high-level decision-makers. Schoolchildren are on vacation; hence many families choose this time to take their long vacations. Brazilians tend to go back to work after the Carnival holiday, which usually takes place in late February or early March.

See a list of all national holidays in Brazil for the calendar year of 2021 (regional and local holidays not included) below:

Date	Day	Holiday
January 1	Friday	New Year's (U.S./B)
January 18	Monday	Martin Luther King (U.S.)
January 20	Wednesday	Saint Sebastian (B – Rio de Janeiro ONLY)
January 25	Monday	Sao Paulo Foundation Anniversary (B – Sao Paulo ONLY)
February 2	Tuesday	Our Lady of Navigators (B – Porto Alegre ONLY)
February 15	Monday	Carnival (B) President's Day (U.S.)
February 16	Tuesday	Carnival (B)
February 17	Wednesday	Ash Wednesday (B)
March 6	Saturday	Magnum Day (Recife ONLY)
April 2	Friday	Good Friday (B)
April 4	Sunday	Easter (B)
April 21	Wednesday	Martyrdom of Tiradentes (B) Brasilia Foundation Day (B – Brasilia ONLY)
April 23	Friday	Saint Jorge (B – Rio de Janeiro ONLY)
May 1	Saturday	Labor Day (B)

May 31	Monday	Memorial Day (U.S.)
June 3	Thursday	Corpus Christi Day (B)
June 24	Thursday	Saint John Day (B – Recife ONLY)
July 5	Monday	Independence Day observed (U.S.)
July 9	Friday	Sao Paulo State Day (B – Sao Paulo ONLY)
July 16	Friday	Our Lady of Carmo (B – Recife ONLY)
August 15	Sunday	Our Lady of the Assumption (B – Belo Horizonte ONLY)
September 6	Monday	Labor Day (U.S.)
September 7	Tuesday	Independence Day (B)
September 20	Monday	Rio Grande do Sul State Day (B – Porto Alegre ONLY)

Temporary Entry of Materials and Personal Belongings: For more information on the temporary admission of goods into Brazil, please access the [Brazilian Department of Federal Revenue](#) website.

Investment Climate Statement (ICS)

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State [Investment Climate Statement](#) website.

Political Environment

For background information on the political and economic environment of Brazil, please click on the following U.S. Department of State link: <https://www.state.gov/countries-areas/brazil/>.