Country Briefing Series
Brazil - Gateway to South America

EXPORTING IS GREAT
BRITAIN
Brazil is larger than the whole of Western Europe. In fact, São Paulo state is the same size as Great Britain. In 2001 it was labelled as one of the four ‘BRIC’ countries by Goldman Sachs, as they considered there to be huge potential for Brazil to be one of the most dominant economies by 2050.

With a population of over 190 million, it is the world’s fifth largest country and has a GDP per head that is greater than both China and India. It is very high in natural resources and has a substantial people resource pool.

Key facts about the Brazilian market
• Brazil is the world’s seventh largest economy and represents 50% of the whole of South America’s GDP.
• Britain has been trading with Brazil for more than 200 years.
• Bilateral trade almost reached $5 billion in 2010.
• Brazil is part of the Mercosul (Spanish-speaking Latin America) which has free trade between Brazil, Argentina, Uruguay, Paraguay and Venezuela providing an additional market of 185 million people.
Which products and services?

UKTI have teamed up with i2i Events Group to deliver a number of international trade shows in the following specific industries: Homewares, jewellery, gifts (Spring Fair), education and training (Bett, The Education Show), fashion and clothing (Pure), media (BVE), electronics, automotive and energy (CWIEME).

Trade shows can be one of the best ways to promote your products, as well as find out much more about the market in which you want to export to. Be sure to explore how you can have exporting success in Brazil by attending one or more of these trade shows.

Thinking about exporting to Brazil

Here are three top tips to help you prepare for exporting:

1. Do your market research by accessing the UKTI website www.ukti.gov.uk and reading the ‘Doing business in Brazil’ guide. Search the Internet and talk to others who have successfully exported.

2. Make use of the UKTI experts, such as an International Trade Advisor (ITA) and Commercial Officer (CO). They will advise you and provide a myriad of services, most of which are completely free of charge.

3. Attend a trade show that attracts international visitors.
Brazil is made up of 26 administrative states and the Federal District of Brasilia. As you would expect for such a vast country, each has its own culture and economic profile. You will need to decide which part of Brazil you want to set up your business and the main cities to consider are:

- **São Paulo** - The main business centre of Brazil and one of the largest metropolitan areas in the world. The region accounts for 25% of the nation’s industrial production.
- **Rio de Janeiro** - The second largest city, and the centre for tourism. It is also a busy business area with a significant oil and gas industry, as well as being home to many multinational businesses.
- **Recife** - An important city for marine, shipping, aquaculture and fisheries.
- **Porto Alegre** - The gateway to the Mercosul hub, which makes it an important place to consider for wider export into Latin America.

You will likely start your export journey with an agent or distributor. They can handle the complex customs and logistics challenges, but make sure you vet them thoroughly first. For example, how large are they? What other companies have they imported for? Do they have goods that compete with yours? What is their coverage? Do they have experience with your type of goods?

If you are considering setting up your own operations, then consult UKTI for their advice about the best route to take.
Goods entering Brazil will be liable to pay import duty based on a standard classification and their value. The importer is responsible for calculating the value and using the correct classification based on the Harmonized Tariff Schedule. In addition to these duties, taxes are also due.

This can make export to Brazil very expensive and you must factor in the expected end price, all the taxes and duties you will need to pay, as well as transportation and logistics in order to determine your own margins to see if they are healthy enough to develop an export plan.
Tax, customs and regulations continued

Intellectual property, trademarks and certification

Brazil has a good intellectual property rights and patent system that doesn’t discriminate unfairly against foreign companies. However, as with any country you are considering exporting into, you are encouraged to seek legal advice and protect your trademarks and intellectual property against infringement.

Culture and etiquette

Unlike most of the other Latin American countries, the language of Brazil is Brazilian-Portuguese and not Spanish. Being able to say a few words in Portuguese will help you build rapport with your contacts. Brazilians can be quite direct in their communication, which can seem a little abrupt. However, on the other hand, punctuality can be challenging, with meetings often starting late and being relatively lengthy. Food and entertainment is a large part of the culture, and as everyone needs to eat, going out for lunch or dinner can be a great way to build a relationship with a new contact outside of the office. It is quite normal for your guests to arrive late for social engagements, and often there will be plenty of time after the formal meal is over to socialise more at leisure.