

# What are the challenges?

## Challenges when doing business in Brazil

There is huge potential for UK companies in Brazil, but you should be patient and be prepared to invest a lot of time and money.

### Challenges include:

- complex tax system with high taxes
- complex regulatory system
- local content laws in certain sectors
- long journeys between cities and states, where cultures can vary significantly
- a lot of importance is put on personal contact so you may need to visit several times before securing a deal
- ranked 105th in the Transparency International's Corruption Perceptions Index (CPI)
- ranked below average in the World Bank's Ease of Doing Business Index at 109th out of 190 countries
- organised crime is a significant problem in some parts of Brazil

*[Source – DIT: Overseas Business Risk – Brazil]*

## Business risk

### **Bribery and corruption**

Bribery is illegal. It is an offence for British nationals or someone who is ordinarily resident in the UK, a body incorporated in the UK or a Scottish partnership, to bribe anywhere in the world. In addition, a commercial organisation with a business in the UK can be liable for the conduct of a person who is neither a UK national or resident in the UK or a body incorporated or formed in the UK. In this case it does not matter whether the acts or omissions which form part of the offence take place in the UK or elsewhere.

Although Brazil is one of the world's top destinations for investment and on the surface there is a formal well-functioning business environment, there are serious issues with bribery and corruption which can be a hindrance to doing business in Brazil.

Due to the federal structure of the political framework in Brazil, there are a number of regulatory agencies, which may possibly increase demands for bribes from public officials. Currently, the tax system is very complicated and reports suggest that it is susceptible to corruption. There have been reports that tax collectors have asked for bribes in return for relaxing inspection assessments, to prevent them from pursuing tax fraud claims, or to provide advice on the legal avenues of reducing tax requirements.

Corruption presents a significant issue with regards to business dealings with the government, at both federal and local levels. Brazil was ranked 105th in the 2018 Transparency International's Corruption Perceptions Index (CPI), see: <https://www.transparency.org/cpi2018>.

Important signs of improvement in combating corruption have been more visible in the past few years. Three laws were passed, and have been implemented at federal, state and municipal levels: the Brazilian Transparency Law (2009), the Brazilian Freedom of Information Law (2011) and the Brazilian Anti-Corruption Law (2013) – based on the UK Bribery Act.

There is a window of opportunity for UK expertise with an increasing encouragement for market liberalisation, to replace Brazil's traditional closed economic policy.

In terms of managing employment, there is a well-established network of HR managers and lawyers that can offer expert advice, even though local labour law is complex and requires careful handling in order to avoid incurring potentially costly liabilities. This is another area for UK businesses to consider, in most cases, engaging a local partner when establishing interests in Brazil.

*[Source – DIT: Overseas Business Risk – Brazil]*

## **Intellectual Property (IP)**

As a member of the World Intellectual Property Organization (WIPO), Brazil's legal provisions are mainly in line with international standards.

In 1996, Brazil enabled a new trademark and patent agreement law, which adheres to the international standards of the Trade-Related Aspects of Intellectual Property (TRIPS).

Certain legal proceedings in Brazil can take a lot of time and money, it is therefore recommended that you grasp an understanding of the process and seek professional legal advice about Intellectual Property rights.

For more information about protecting your Intellectual Property in Brazil, visit: <https://www.gov.uk/government/publications/intellectual-property-rights-in-brazil>, or contact the DIT team in Brazil at: [DITBrazil@fco.gov.uk](mailto:DITBrazil@fco.gov.uk).

*[Source – DIT: Doing business in Brazil: Brazil trade and export guide]*

IP rights are territorial, meaning that they only provide protection within the countries where they are registered or granted. You should consider registering your IP rights (if necessary) in Brazil, before entering the market. There is an online guide to protecting your IP in Brazil from the Intellectual Property Office at: <https://www.gov.uk/government/publications/intellectual-property-rights-in-brazil>.

If you do not possess sufficient IP protection, it may become very hard to trade in Brazil and you could swiftly lose your place within the market. It is also crucial to have competent trademark registration and patent protection in place. These are covered by the Brazilian IP Office based in Rio de Janeiro: Indústria Nacional de Propriedade Industrial (INPI). See: <http://www.inpi.gov.br/>.

Although the trademark, patent, copyright and industrial design structures comply with the World Trade Organization (WTO) TRIPS law, there can be major delays in processing. For example, dependent on categories it can take up to 6 years for trademarks and 12 years for patents. Although experience in the courts when dealing with IP claims is growing and they are fair, legal proceedings can be slow. In order to reduce risks, it is recommended that you contact the IP attaché who can also advise on current delays.

Ensure that your IP rights are protected by contacting a local lawyer who is specialised in Intellectual Property. Remember that it is easier and more cost effective to prevent any issues by preparing correctly, rather than dealing with problems and legal issues that arise later from a dispute.

Visit the DIT Intellectual Property page at: <https://www.gov.uk/government/organisations/intellectual-property-office>, for more information.

*[Source – DIT: Overseas Business Risk – Brazil]*

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