

How to Export to Brazil?



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Exporting to Brazil sometimes seems to be a very complex and difficult task. For this reason, in this section we will focus more on the documents and requirements that the Brazilian government makes for those who want to export and also import.

DOCUMENTS AND REQUIREMENTS

First of all , in Brazil importers and exporters **must register with Foreign Trade Secretariat (SECEX)** of the Ministry of Industry, Commerce and Tourism.

The documents **have to be consistent** all the way through the process, which means that **all information must match and be accurate**. In addition to that, all of documents needs to be **presented timely**. If your documentation does not follow this requirements or is wrong or incomplete, your products will be barred and you'll be probably fined.

Here are some of the main documents requested:

- ★ **Original commercial invoice signed;**
 - 3 copies .
 - INCOTERMS must be stated on the commercial invoice.
 - DAP is allowed, but discouraged.
 - DDP is strictly prohibited due to taxes reasons, but CIF can be a good choice.
 - Take out cargo insurance.
 - The inscription number in the General Taxpayer Register os the Revenue Ministry must appear on the commercial invoice or other documentation for clearance.
- ★ **Original packing list signed;**
 - 3 copies.
- ★ **Bill of lading signed;**
 - The original master bill of lading can be issued at destination and that's very common.
 - The 4 digits of the NMC numbers must be listed.
- ★ **Original MBL;**
- ★ **Original HBL;**
- ★ **ISPM 15 certification.**

Remember that these are just a few of the documents requested. Each case is unique, as it all depends on which country the cargo comes from and what the product is.

In addition, the client can ask for more documents and the authorities can also ask for the certificates of origin or they can actually want a certificate of insurance.

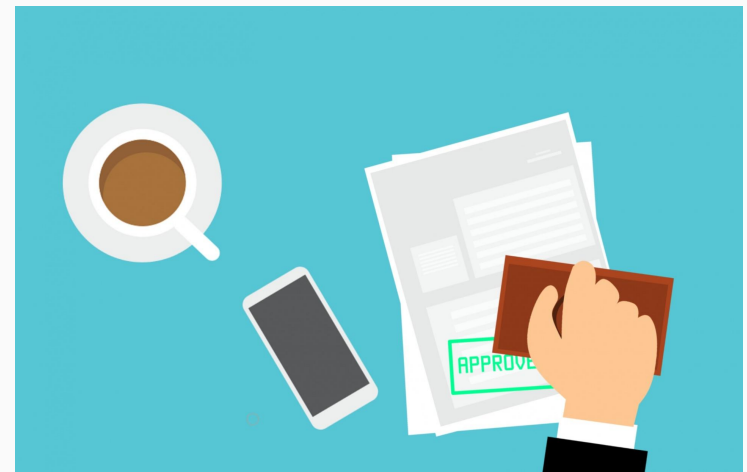


Contracting international cargo insurance is not mandatory for the Brazilian importer, but for commercial and financial security reasons, companies tend to opt for insurance and the issuance of the respective policy with Brazilian insurance companies.

Overall, the documents must show:

- Freight;
- Insurance;
- Other charges (when applicable) as separate lines items.

Tip: The originals documents must be in-hand at destination before cargo discharges at first port of call in Brazil.



Trade modes and practices



Trade modes and practices

Brazil is an attractive market for international companies due to the size of its population and its high consumer potential, which is comparable to some major world markets. However, at the same time, the Brazilian market is highly complex.

The job of exporting to Brazil calls for some key tasks, such as surveying the market, getting to know about business practices in Brazil and the country's system of government procurement, identifying the best distribution channels available, dealing with sales promotion and even becoming aware of the business and cultural customs in the country.

MARKET SURVEY

The exporter must collect as much information as possible about the **tastes and preferences of the Brazilian consumer**, as well as the **best markets in the country in which to place their products**. The exporter's strategy should focus on Brazilian importers that have a **high demand for the product**, regardless of the state in which they may be located.

Ideally, companies should choose one state as the first point of entry and, subsequently, as business progresses, expand contacts to the remaining regions.

For example, a good way to start is through the markets in the South and Southeast regions, comprising the states of São Paulo, Rio de Janeiro, Minas Gerais, Espírito Santo, Rio Grande do Sul, Paraná and Santa Catarina. These are places with higher levels of purchasing power and consumption per capita in the country.



BUSINESS PRACTICES

It's crucial that the foreign exporter is clear about the conditions of sale and payment. The Brazilian buyer ordinarily obtains **detailed quotes from the suppliers** in the world market and will certainly have contacts with companies from other countries that may offer the product.

The exchange of substantial technical and business information about the operation is a common practice. Only after analyzing the viability of the proposition, the importer will request that the so called **Pro Forma Invoice** be sent. It only serves to perform internal company procedures, so it **will not imply the effective approval of the purchase**.

There are three essential points during preliminary negotiations between the parties:

- a) **Price:** probably, the buyer will wish to define the sales condition represented by the Incoterms currently used in international trade.
- b) **Terms of delivery:** the duration of the trip up to the arrival of the goods on Brazilian soil and the time required for their nationalization in customs, are factors that affect the decision to import.

c) **Forms of payment:** there are no currency restrictions on Brazilian imports. Although, the Brazilian importer is unlikely to perform purchases in the advance payment modality. Brazilian importers usually prefer the form of payment known as documentary credits, this modality depends on the level of confidence.

GOVERNMENT PROCUREMENT

At any government instance, procurement is regulated by current regulations, which establish the need for bidding processes for any purchases, whether of goods or services, including those originating abroad.

The Ministries, mixed-capital companies, autarchies and other state agencies are required to conduct import operations by publishing procurement proclamations inviting parties interested in participating in a public pricing bid. However, in the case of a tie between the proposals presented by a national company and a foreign one, the law will favor the national product.

Normally, a bank guarantee is required together with the proposal and all public tendering is posted online.

DISTRIBUTION CHANNELS

There are ways of placing products in Brazil that the exporter can choose, depending on their business interests.

- **Direct export**

- In this case, the exporter will negotiate directly with the importers. Usually, The Brazilian importer sees the direct contact with suppliers in good way.

This strategy demands a **constant effort and considerably financial expense** from the exporter, as it entails constant trips to Brazil to take care of business directly with the buyers.

It's recommended that, before the initial contact, a **market survey** be made to avoid wasting time with Brazilian companies that, while related to the product, don't represent a real business prospect.

- **Indirect export**

- The advantage of this case is that market expenses in Brazil are considerably reduced for the exporter, in consequence of the outsourcing of sales efforts.

In Brazil, these intermediary companies are divided in two organizational forms:

- 1) **Trading Companies:** Brazilian law requires that this type of company acquire a special license from Secex and from the Federal Revenue and Customs Administration of Brazil. Trading companies focus primarily on large import orders and are located across the country, mainly in the capital cities.

- 2) **Commercial companies:** This type of company is abundant in Brazil, because their constitution is simplified and can be companies with reduced capital. The commercial activity performed by commercial companies is the resale of the product on the national market. In this case, expenses are reduced since the commercial importers take charge of the entire trade and customs procedures for the entry of the merchandise, in addition to being in close contact with the buying market, thus facilitating the marketing of the product in the regions they operate.

- **Commercial agents**

- Companies can also use business representatives to reach the Brazilian market. They may be freelance professionals or even companies.

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IMPORT LOGISTICS

In this case, the negotiation aims to **seek Brazilian clients** willing to buy the products of the exporter.

Beyond that, the exporter needs to be judicious in choosing a commercial agent, to avoid unnecessary loss of time and operational expenses.

In terms of the payment of commissions, the exporter can combine three modalities practiced in Brazil: escrow account, by remittance and deductible from the invoice.



The logistics practiced in Brazilian import operations are mainly of a maritime nature. Air and land transportation also have some importance but railroad use is still inchoate.

- **Sea transportation**

- South American exporters and importer prefer the sea transport due to the relatively short distance and the possibility of **transporting large amounts of merchandise**, thus cutting down freight charges.

Modern developments in this means of transportation also allow **all types of merchandise** to be freighted. Moreover, freighters that use these routes aren't required to perform transshipment, so this ensure that scheduled times between the ports of origin and destination are followed.

- **Air transportation**

- The use of this means of transport is usually associated with the **urgency in receiving the cargo**, since the great advantage is the **speed of delivery**. However, the cost of air transport is high in relation to maritime transport.

Within these logistics, the exporter may negotiate fees with the so-called air freight agents or even directly with the airlines themselves.

SALES PROMOTION

The success of your exports depends a lot on very successful strategies to promote your product. In this context, we will discuss some ways of promoting effective sales in the Brazilian market, so that can help you to set up an appropriate marketing strategy.

- **Trade missions**

Ordinarily, the organization of a business visit is coordinated by Brazilian entities and their counterparts in the country of origin with the support of the Brazilian embassy and the country's consular representation in Brazil. It's important that initial contacts be made still in the country of origin, with the due prior notice, to engage the logistics, administrative and customs support systems.

- **Publicity and marketing**

In Brazil, there is a range of companies specialized in advertising, sales promotion and marketing activities, and they can be identified through Brazilian embassies and consulates abroad, or through consular representations of exporting countries in Brazil.

- **Trade fairs and shows**

These are traditionally the most widely known and used means around the world for efficiently publicizing foreign products in the target market. In Brazil, trade fairs and shows are more common in big cities and here the foreign exporter can participate either as an exhibitor or visitor.

The Brazilian government always publishes the official calendar of the main trade fairs held in the country. You can check it on the website: <http://www.investexportbrasil.gov.br/?l=en>



- **Business trips**

While in the country of origin, the first step is a preliminary contact with eventual and potential Brazilian importers, in order to identify the real interest in purchasing the product and the possibility of a meeting during the visit.

It must not be forgotten that Brazil is a country of continental proportions and that the clients to be visited may have other engagements in places that are far from the company's headquarters.

Here are some tips on what a foreign entrepreneur should do before the trip to Brazil to make it more productive.

