

Challenges and difficulties



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Although the Brazilian market is full of opportunities and potential for foreign companies, it is not perfect, quite the opposite, it has challenges and difficulties.

Knowing about them is important for you to better understand the country's internal dynamics and already know what to expect when negotiating with Brazilian companies and then to put together a more accurate strategy.

BRAZILIAN BUREAUCRACY

Negotiations in Brazil demand many documents and procedures. Depending on the product, the processes may take longer or not, but the fact is that the huge and complicated Brazilian bureaucracy makes business activities take longer than they do elsewhere. And, as a result of this situation, the costs and complexity of making deals can increase significantly.

TAXES

Not only are Brazil's taxes relatively high, but the country's tax system has been classified as one of the most complex in the world.

With aggressive inspection and high rates, the price of imported products tends to be very high in the domestic market. Sometimes prices are so high due to tax rates that some Brazilian consumers prefer to make certain purchases outside the country.

This situation can motivate companies to choose the most expensive part of production to be manufactured locally, something very common with automotive companies, and even to withdraw from the Brazilian market.



INFRASTRUCTURE

In Brazil, the most used means of transport are roads and highways. There is no major rail transport route. The infrastructure is underdeveloped and still needs profound improvements.

Travel delays, such as traffic jams, are very common, so business activities are often delayed as well. That's why having an agent is a good thing.



LANGUAGE

Portuguese is spoken by about 99% of the Brazilian population. So, by this logic, it's easier to do business in Brazil than in a multilingual market. However, only a small portion of the Brazilian population (approximately 5%) speaks English, even if that language, along with Spanish, is taught in schools.

CULTURE

Brazilians are generally positive and open to negotiating with foreigners. Usually, Brazilians appreciate a pleasant and relaxed atmosphere and have a more "relaxed" and not so serious attitude when negotiating. In addition, there is a cultural reluctance to avoid confrontation and to avoid saying "no". This doesn't mean that Brazilian entrepreneurs don't have a formal attitude when negotiating, only that Brazilians tend to be more friendly and inviting.

REGIONAL DIFFERENCES

The Brazilian regions are diverse. Each one of them has different identities, climates, tax systems, customs and ways of doing business. Therefore, it's very important to do a market research on the regions that you are interested in selling or which ones are more favorable for the sale of your product.



Final recommendations



Brazilian customs

In a negotiation, the country's commercial and cultural customs must always be respected, in order to avoid certain behaviors that may cause surprise or even embarrassment. In this way, what we can say about Brazil is:

a) Business meetings are usually held in offices and the visitor will hardly ever be invited to visit the client's family

- However, if the business topic has been exhausted, Brazilians like to pursue conversation on personal matters, informally and discretely.

b) As far as possible, an effort must be made to provide catalogs and websites in several languages, including Portuguese, so that technical information will not have to be translated or explained during the meeting.

c) Brazilians clients shouldn't be pressured in the hope of achieving a prompt decision, as parallel routine consultations on potential customs procedures may delay the decision-making process

- What may happen in a meeting is that the exporter will be requested to send the Pro Forma Invoice. Therefore, exporters must not forget to have the company's letterhead stationery with them.

d) There are no cultural or religious taboos in terms of colors worn in Brazil. At meetings, just dress formally.

The key to a successful adaptation to do business in Brazil is to be flexible, patient and persistent. It's also essential to invest in personal relationships and long term commitments in Brazil.

What to avoid

Additionally, here are some tips on what not to do when negotiating with Brazilians:

- Not replying promptly to the client's e-mails;
- Criticizing your country or Brazil;
- Criticizing Brazilian customs formalities and cuisine;
- Saying you do not like the Portuguese language;
- Delaying the remittal of necessary documentation;
- Changing the price after formalizing the Pro Forma Invoice;
- Not sending samples promised;
- Not justifying discrepancies in the documentation;
- Unilaterally changing the payment terms agreed.



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