

BRAZIL COUNTRY

COMMERCIAL GUIDE

Fiscal Year 2003

Preparation Date: July 15, 2002

* Resource Information Available with the American Commercial Service in Brazil.

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01. EXECUTIVE SUMMARY

This Country Commercial Guide presents a compendium of information needed by U.S. companies interested in exploring market opportunities in Brazil.

Brazil has the 9th largest economy in the world, and represents about half of South America in population, territory, and economy. With over 170 million people, it is rich in agricultural, mineral and industrial resources and represents a substantial market opportunity for U.S. exporters.

Overall relations between Brazil and the United States are strong. Business between the two countries is vibrant and expanding. The economy is not expected to grow as much as originally anticipated over the next 12 months by local and foreign experts who track the Brazilian economy. There are two main reasons for lowered expectations -- a serious energy crisis and the severe economic recession in Argentina, one of Brazil's major trading partners. The United States is Brazil's largest single trading partner, with nearly one-quarter of its products exported to the U.S.

In accordance with the government's emergency energy measures, commercial and industrial consumers have been required to reduce consumption by 15% to 25%. Power outages are likely if rainfall continues to be below normal. Moreover, power distributors are restricted from authorizing new electrical loads for either expansion of industrial/commercial activities or for new investment. Residential consumers must reduce consumption by 20 percent. So far, these measures have reduced industrial output, and have resulted in a predictable downgrading of economic growth for the country.

Argentina has entered the third successive recession year. However, during 2001 the country's economic difficulties have gotten even worse. Since the Argentine and Brazilian economies are somewhat integrated, the Brazilian economy is also suffering the impact of the Argentine crisis. Most attribute the sharp devaluation of the Brazilian currency -- the Real -- by approximately 30 percent in the first semester of 2001 to both the Argentine crisis and the electricity crisis.

Although domestic inflation rates have already surpassed initial estimates, Brazilian industrial and individual consumers have proved to be highly resistant to price increases. For example, whenever possible, Brazilians are quickly switching to domestic substitutes or off-brands, holding exchange rate pass-through to a minimum. Another problem affecting the Brazilian economy is the slowdown of the U.S. economy and the reduction of foreign investment which may be as high as U.S. \$9 billion this year, but significantly less than last year's \$28 billion.

With the largest economy and population in Latin America, Brazil presents considerable export opportunities, particularly in areas such as energy generation, construction, safety and security equipment, and metalworking machinery. The Best Prospects section of this report details these and other sectors of the economy that should be attractive to U.S. exporters. According to U.S. Customs statistics, the U.S. trade surplus with Brazil was \$1.9 billion in 1999, down over 70 percent from 1998. Last year, U.S. exports to Brazil increased 10 percent to \$12.9 billion and imports from Brazil rose 23 percent to \$13.2 billion. Brazil was our 12th largest export market in 2000.

Despite liberalization, the complexities of the Brazilian business environment still create substantial obstacles for U.S. exporters. Doing business in Brazil can be a challenge and requires intimate knowledge of the local environment. Tariff barriers are still high, and U.S. companies face a very difficult customs system, a very high and unpredictable tax burden and a

legal system that is overburdened and is often unable to be an effective enforcer of business law. Nevertheless, most companies find that the opportunities outweigh the risks and the known and hidden costs of doing business here (referred to as the “Custo Brasil”). U.S. companies will find great opportunities in this market, and this Country Commercial Guide will allow them the chance to learn more about business activities in Brazil.

“Country Commercial Guides can be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest Export Assistance Center of the U.S. Department of Commerce’s Trade Information Center at (800) USA-TRADE, or go to one of the following websites: www.usatrade.gov or www.tradeinfo.doc.gov”

02. ECONOMIC TRENDS AND OUTLOOK

Major Trends and Outlook

In 2001, the Brazilian economy was hampered by several factors, most notably an economic crisis in Argentina, falling growth in the major world economies, a serious electricity shortfall in Brazil, and the effects of the September 11 terrorist attacks. The exchange rate weakened appreciably in the second and third quarters (at its weakest point, in mid-October, it was down 40% for the year), before partially recovering at the end of the year. The depreciation increased inflationary pressure, which rose to 7.7%. A shortage of rain led to electricity rationing (20 percent reduction from 2000 consumption levels). Higher interest rates (to counter inflationary pressures), electricity rationing, and weakening consumer confidence affected economic activity, and GDP expanded by only 1.5% for the year. The Brazilian government made several economic adjustments in 2001 in response to the economic shocks, renewing its agreement with the IMF, tightening fiscal discipline, and drawing on international reserves to provide limited support to the exchange rate. These measures helped strengthen investor confidence, and when Argentina defaulted in December 2001, the Brazilian real actually strengthened.

The first quarter of 2002 was relatively calm, as the exchange rate strengthened moderately, the government and private sector renewed international borrowing, and economic activity showed signs of picking up. However, beginning in the second quarter, investor confidence fell because of uncertainty about the 2002 presidential election and whether the new president, who takes office in 2003, will be able to service the Brazilian government’s sizeable debt burden. The exchange rate again weakened and Brazil risk premiums for international borrowing increased. Although the public sector had filled its annual international borrowing needs in the first quarter, the private sector had not. Therefore the private sector has been forced to retire a share of its foreign debt, putting pressure on Brazil’s balance of payments. In August, Brazil reached an agreement with the IMF for a new \$30 billion program that extends through 2003, which should alleviate the balance of payments pressure. Given the economic uncertainty, growth will again be modest in 2002, probably under 2%. Inflation is projected at around 6%.

In the past decade, Brazil has undertaken a number of economic reforms that have helped it absorb these shocks. In 1994, Brazil initiated an economic stabilization program known as the Real Plan which was highly successful in reducing longstanding inflation. The plan also inaugurated one of the world’s largest privatization programs. However, when growth slowed, the economy’s dependence on external financing and the government failure to control its finances, left the economy vulnerable to external shocks. Following the Russian debt default in

August 1998, the economy entered into recession. In spite of a \$42 billion assistance package negotiated with the IMF and other lenders, the government was forced to float and devalue the real in January 1999.

Since 1999 the government has been dedicated to fiscal discipline, highlighted by the passage in May 2000 of the Fiscal Discipline Law, which sets strict limits on government spending at the federal and sub-federal level. The government also initiated an inflation targeting program as the basis of monetary policy, wherein the government sets a target and the Central Bank strives to keep inflation within a band around the target. Inflation was on target for 2000, but exceeded the targets for 2001 and will do so again in 2002, largely because of the depreciation of the exchange rate and other shocks. Reflecting the difficulty of accommodating these shocks, the government raised the inflation target for 2003 and expanded the band around the central target.

While many changes have been implemented, the government needs to continue its economic reform program, notably tax and pension reform. The balance of payments, with a large current account deficit and reliance on foreign financing, is also a concern.

Principal Growth Sectors

The Brazilian Statistical Institute (IBGE) estimated that the economy grew 1.5% in 2001. Growth was led by agriculture, which expanded 5.1%. Industrial production contracted by 0.7%, while services grew by 2.5%. Within the industrial sector, public utility services fell 5.5% as a result of the electricity rationing. Manufacturing activity grew 0.6% and construction fell by 2.6%. In the services sector, the communications subsector turned in the best performance by far with a 12% expansion. Commerce rose 0.7% and transportation 1.0%. In the first quarter of 2002, compared to the same quarter in 2001, GDP fell 0.7%, slowed by a 5.5% contraction in industry. Agriculture grew by 4.4% and services increased 1.7% in the quarter.

Government Role in the Economy

Under the development policies of previous Brazilian administrations, the government established itself as the dominant force in shaping economic growth by means of planning and management. Its influence was felt not only directly through the day-to-day activities of government entities, but also through wage, price, and credit policies, and subsidy and fiscal incentive programs. While the central government retains an important economic role, the policies of the Cardoso administration have aimed at reducing the government presence in economic activities and concentrating on its role in areas such as public health, safety, and education. The government is emphasizing creating greater economic opportunities for the private sector through privatization, deregulation, and removal of impediments to competition. Thus, the engine of Brazilian economic growth is more and more the private sector.

The government has broken up numerous federal monopolies in key areas. In the energy sector, the government began privatizing state entities in 1995 and created the National Electrical Energy Agency (ANEEL) to regulate the sector in 1996. Most electricity distribution has been privatized, but a large share of generating capacity is held by the government. In the petroleum and gas sector, the government has opened exploration to private companies, including foreigners, although PETROBRAS, a state-owned enterprise, still dominates the sector. In the telecommunications sector, the government amended the constitution in 1995 to end the state's monopoly in this field. It established a National Telecommunications Agency (Anatel) to regulate this once dormant sector, which has experienced explosive growth since privatization. In the

transportation sector, the government privatized all seven railway firms in 1997-97 and has either privatized or turned over to the states most of the federal highway network.

Balance of Payments Situation

Brazil's trade position underwent a radical transformation under the Real Plan due to market opening, an overvalued exchange rate, and pent-up demand for capital and consumer goods. From a traditional surplus, the merchandise balance dropped sharply from a surplus of \$10.5 billion in 1994 to sizeable deficits in 1995-98. The 1999 devaluation helped reduce the trade deficit, but not until a subsequent depreciation in 2001 did Brazil register another trade surplus, \$2.6 billion. Brazil will run a trade surplus of around \$5 billion in 2002. Exports have declined in 2002, but have performed reasonably well given weak prices for Brazilian commodities and the collapse of exports to Argentina, which had been Brazil's second largest market. Meanwhile, imports have fallen more rapidly than exports, a result of the exchange rate depreciation and weak domestic demand.

Brazil ran a \$23.2 billion current account deficit in 2001 (4.6 percent of GDP), largely because of sizeable interest payments on its foreign debt (\$15 billion). However, foreign direct investment (\$22.5 billion, including intercompany loans) largely offset the current account deficit. The capital account ran a net surplus of \$27.9 billion. Brazil's balance of payments surplus was \$3.3 billion, including \$6.6 billion in net new financing from the IMF.

For the first six months of 2002, the current account deficit was \$8.3 billion, well below last year's pace. Foreign direct investment has been maintained at roughly 2001 levels. However, in the third quarter, international lending to Brazil dropped sharply. Meanwhile, Brazil has to make roughly \$14 billion in amortization payments on external debt in the second half of 2002. To help finance this balance of payments gap, Brazil reached agreement with the IMF for a \$30 billion program, which will extend into 2003.

Based on U.S. Government statistics, the United States ran a \$1.5 billion trade surplus with Brazil in 2001, with U.S. exports of \$15.9 billion and imports from Brazil totaling \$14.5 billion. Brazilian trade statistics, on the other hand, show that Brazil ran a \$1.3 billion trade surplus with the U.S. U.S. and Brazilian trade figures diverge for various reasons, but both show strong growth in trade. According to Brazilian data, the United States is Brazil's leading trade partner, accounting for almost a quarter of its imports and exports. The aviation and communications sectors figure prominently in the trading relationship, with significant volumes flowing in both directions. The structure of trade also reveals a growing degree of production interdependence as U.S. firms provide hi-tech inputs for final assembly in Brazil.

Infrastructure Situation

Most products reach Brazil by sea and must pass through Brazil's inefficiently run seaports. Costs are high and turnaround time is long. Bureaucracy and paperwork can be serious impediments at the ports. Port reform legislation, enacted in 1993, has not yet significantly improved port conditions. The Brazilian government has promised to privatize the port system. Rio and Espírito Santo constitute two ports in Brazil which are partially privatized along the southeastern coast. Costs are lower and turnaround time shorter there.

Internal transportation is primarily by truck. The increasingly privatized highway network is adequate, but only reaches first-world standards in the state of São Paulo. Fuel costs are high and add significantly to the cost of transportation. Rail transportation is limited; however, the

entire rail system has now been privatized and the operators have started to upgrade their rolling stock and other equipment. Geographical constraints and environmental concerns have limited river transport development.

Over 90 percent of Brazil's electrical power generation capacity is hydro, and poor rains in 2001 resulted in a serious production shortfall for the second half of the year. The government required business and residential users in most of the country to reduce consumption by 20 percent from 2000 levels. The rationing program, which ran from June to February, was sufficient to avoid blackouts.

Even before the crisis, analysts had noted a decline in investment in the electrical sector at a time that the economy was growing rapidly. The government was looking to the private sector to undertake the necessary investments. However, while the government was successful in privatizing most distribution companies, it has not privatized the major generating companies. The government had announced plans to increase hydroelectric and thermal generating capacity, as well as upgrade transmission systems linking independent systems within Brazil and linking Brazil to its neighbors. The crisis has spurred the government to review its policies in order to reduce impediments to investment in the sector. However, in 2002 private investment remains modest, particularly in thermal generation. This has been attributed to a number of factors: losses the industry suffered in 2001, questions about thermal plants' ability to compete with hydropower, concerns about regulatory risk, and because demand for electricity has been weak (due to limited economic growth and retention of some ration-induced conservation measures).

03. POLITICAL ENVIRONMENT

Nature of Political Relationship with the United States

The United States was the first country to recognize Brazil's independence in 1822 and the two countries have traditionally enjoyed friendly and active relations encompassing a broad political and economic agenda. By most measures -- geographic size, population, and gross economic product, each approaching 50 per cent of South America -- Brazil is the continent's dominant country. It has played an important role in international collective security efforts -- from sending an expeditionary force to the Allied campaign in Italy during World War II to dispatching a battalion to Angola as UN Peacekeepers from 1995-1997 and coordinating the Military Observer Mission on the Peru-Ecuador border (MOMEPE). It has also led political efforts for economic integration in the Southern Cone.

Under the administration of reformist President Fernando Henrique Cardoso on January 1, 1995 and his reelection in 1998, U.S.-Brazilian contact and cooperation have intensified. Relations during the Clinton Administration were very close. In the Bush Administration, the first cabinet-level visit was that of USTR Zoellick; and Presidents Cardoso and Bush met several times during the first year alone. Brazil led the successful effort to invoke the Rio Treaty of mutual security following the events of September 11, 2001. Apart from trade and finance, important topics of discussion and cooperation include counter-terrorism, United Nations reform and peacekeeping efforts, contributions to resolution of regional problems, human rights, counter-narcotics, and environmental issues. The signing of a nonproliferation technology safeguards agreement by the two countries in early 2000 has paved the way for participation of U.S. firms in commercial space launches from Brazil's Alcântara space facility, although, as of mid- 2002, the Brazilian Congress had yet to ratify the accord.

Major Political Issues Affecting Business Climate

The Cardoso administration has made stabilization and reform of the economy and modernization of the state its highest priorities. The Real Plan dramatically lowered the annual rate of inflation. In 1998 the government passed a major constitutional amendment allowing public administration reforms necessary to consolidate economic stabilization and lay the groundwork for future growth and development in Brazil. In 1998, it reformed the Social Security system and passed Civil Service reform and a number of emergency fiscal measures to deal with the economic problems caused by the Asian and Russian crises. Although progress has been slower in reforming the country's complex tax structure, and in dealing with high public sector expenditures in the country's civil service personnel and pension systems, the Cardoso administration instituted a major reform limiting public-sector salary expenditures in state and municipal governments in early 2000.

The need for judicial reform is widely recognized because the current system is inefficient, with backlogs of cases and shortages of judges. Lawyers often drag out cases as long as possible, hoping an appeals court will render a favorable decision and because they are paid according to the amount of time they spend on a case. At the appellate court level, a large backlog of cases hinders the courts' ability to ensure fair and expeditious trials. It takes eight years to reach a definitive decision in the average case, a delay that the Supreme Court president considered unjust. The judiciary is, in many instances, unable to ensure the right to a fair and speedy trial, particularly in rural areas, where the judiciary is less capable and more subject to influence or intimidation by local landowners. In early 1999, a senate committee of inquiry (CPI) began investigating irregularities in the judiciary branch. The report was presented in October 2000 and led to the impeachment of one Senator and arrests of a Judge and two construction contractors.

Brazil is a federal republic with 26 states and a Federal District. The federal government is comprised of the executive, legislative, and judicial branches. The system is governed by the 1988 Constitution, which grants broad powers to the federal government. The President may be elected to two four-year terms and appoints his own cabinet. The Congress consists of two houses, the Senate and the Chamber of Deputies. There are 81 Senators, three for each state and the Federal District, and 513 Deputies. Senate terms are for eight years (with elections staggered so that two-thirds of the upper house is up for election at one time and one-third four years later). Chamber terms are for four years, and Deputies are elected statewide. State representation in the Chamber is only loosely proportional. Each state is eligible for a minimum of 8 seats; the largest state delegation (São Paulo's) is capped at 70 seats. The net result is a system heavily weighted in favor of the less populated states.

In addition to geographic imbalance, Congress is characterized by a large number of political parties. Federal deputies and senators do not always vote with their parties, a consequence of weak internal party discipline. Among several opposition parties, the left-of-center Workers Party (PT) is the largest. In 2001, for the first time, a senator was expelled for corruption, and three others were forced to resign for serious breaches of rules.

States are organized like the federal government, with three branches of government. Because of mandatory revenue allocation to states and municipalities provided for in the 1988 Constitution, Brazilian governors and mayors have exercised considerable power since 1989.

Presidential, congressional, and gubernatorial elections will be held in October 2002. The governing coalition, led by the PSDB, will try to elect Jose Serra to provide continuity to many of President Cardoso's policies. The PSDB is challenged by PT candidate Luiz Inacio "Lula" da Silva, Ciro Gomes and former Rio governor Antonio Garotinho, all to the left of Serra. Whatever the outcome, there is not likely to be significant changes to fiscal or monetary policy.

Brief Synopsis of Political System, Schedule for elections, and Orientation of Major Political Parties

The following are Brazil's major political parties, in order of the size of their congressional delegations in 2000 (since it is common for politicians to switch parties, the proportion of congressional seats held by particular parties changes regularly).

PSDB - Partido da Social Democracia Brasileira (center-left)
PFL - Partido da Frente Liberal (center-right)
PMDB - Partido do Movimento Democratico Brasileiro (center)
PT - Partido dos Trabalhadores (left)
PPB - Partido Progressista Brasileiro (center-right)
PDT - Partido Democrático Trabalhista (left)
PTB - Partido Trabalhista Brasileiro (center-right)
PSB - Partido Socialista Brasileiro (left)
PL - Partido Liberal (center-right)
PPS - Partido Popular Socialista (left)
PCdoB - Partido Comunista do Brasil (left)

In 2002, Brazilians will elect a president and vice president, all 27 state governors, all federal deputies (the lower house), and two-thirds of the federal senate. The first round of elections is scheduled for October 6; if no presidential candidate receives a majority, a second round will be held on October 27. The new administration will take office on January 1, 2003.

04. MARKETING U.S. PRODUCTS AND SERVICES

Distribution and Sales Channels

All of the customary import channels exist in Brazil: 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. This is partly due to high importation and storage costs. Recently, due to the creation of additional bonded warehouses, industries that rely heavily on imported components and parts are maintaining larger inventories in bonded warehouses.

Use of Agents and Distributors; Finding a Partner

Although some companies import directly from foreign manufacturers without local representation, in most cases the presence of a local agent or distributor can be very helpful. As in other countries, the selection of an agent requires careful consideration. In general, larger companies will have sales offices throughout Brazil which would be key for U.S. companies seeking a countrywide presence. Smaller agents may have geographical limitations.

Lawyers recommend that the exporter and representative have a written agreement. The advantages of a written agreement are that the exporter can limit his liability in case of any product defects, can define the type of warranty, protect his trademark and better ensure payments.

It is up to the foreign company and the local agent or distributor to negotiate the type of representation, whether it is an exclusive representation and whether performance targets are included. Contract clauses are freely negotiated between the foreign and local firms. However, we strongly suggest that U.S. companies consult with a Brazilian law firm before signing any type of agreement with local firms to avoid legal problems in the future. Under Brazilian law, an agency agreement entitles an agent to receive a termination amount equivalent to at least 1/12 of all commissions received throughout the contract.

Franchising

Franchising is one of the healthiest segments in the Brazilian economy and accounts for approximately 25% of the gross revenue in the retail sector. Local Brazilian Franchises dominate the market (94%), however, foreign groups, particularly from the U.S., are making their way into the market too. The apparent success of local franchise operations is primarily attributed to the speed of service and quality of products offered by these firms.

To take best advantage of this huge market, U.S. franchisers must be prepared to adapt their product or service to the Brazilian market, invest in market research and test market receptivity thorough pilot projects. In Brazil franchise consultants call this process “the tropicalization of the franchise.”

The Franchising Law requires a very close attention and states that franchisors - or their master-franchisees - should provide all their potential franchisees with a *Franchise Offering Circular (Circular de Oferta de Franquia)*. This document must contain basic vital, information regarding the economic and financial health of the franchiser, as well as information on any pending legal disputes.

Direct Marketing, including E-Commerce and Teleservices

Brazil is a large country, with a vast untapped interior, which is perfect for direct marketing. Brazil is the fifth most populous country in the world with the ninth largest economy. It kept inflation under control and E-commerce on the increase, which reflects a good time to find out the real opportunities. Because of its excellent postal service, direct marketing is a proven way to reach 35 million middle-class Brazilian consumers. On average, Brazilians only receive 10 percent as much direct mail as Americans each year.

Although the Brazilian market differs that of the United States in regards to telemarketing, postal rates, regulations, fulfillment, printing and mailing services, American exporters do very well in South America. Last year, U.S. exports to Chile, Brazil, and Argentina topped 11 billion dollars. U.S. leading catalog, E-commerce and teleservice firms have had a significant presence and have successfully marketed their products and services in Brazil. (e.g.: Amazon.com is the largest online bookseller in Brazil.)

In Brazil, business perspectives for the digital “e-economy” are optimistic in spite of the depreciation of the “Real” (Brazilian currency), the Argentine crisis and the U.S. economy’s slow

down. Brazil has the most advanced Internet and e-commerce industries in Latin America. Today, approximately 23 million Brazilians are on-line on a regular basis and there are 35 million credit cards in circulation. Growth has been steady. In 2001 electronic business transactions between companies in Brazil represented US\$ 3.9 billion. In three years, this amount is expected to surpass US\$ 21 billion. Worldwide, the Gartner Group estimates that online sales will reach US\$ 3.17 trillion in 2003, compared to the US\$ 75 billion generated in 2000.

The Brazilian Direct Marketing Association (ABEMD) has over 1,000 members and reported that catalogers, financial service companies, publishers, telemarketers, E-commerce companies, and service suppliers to the direct marketing industry constantly look to Brazil as a growing market. Nevertheless, U.S. companies must track the latest information about direct mail, internet marketing, telemarketing, mailing lists, databases, media, DRTV, shipping, tariffs, taxes, credit cards, financial services, and other subjects vital to direct marketing.

U.S. exporters may sell directly to Brazilian consumers or distributors. However, different Brazilian customs rules apply to these types of transactions. As far as shipments to distributors or Brazilian trading companies, U.S. exporters can only sell to Brazilian companies that are registered with the Secretariat of Foreign Trade (SECEX) of the Ministry of Development, Industry and Commerce (MDIC). SECEX plays a central role in the implementation of directives on trade issues in general. With respect to sales to end users or consumers, U.S. exporters may ship the goods directly to them.

In such cases the following regulations must be noted:

- Shipments under US\$50 enter Brazil duty free;
- Shipments over US\$50 up to US\$500 are subject to a flat 60 percent import tariff rate (except for pharmaceutical drugs and books which enter duty free regardless of the value of the shipment);
- Merchandise imported under this mechanism cannot be resold locally; and
- All Shipments valued above US\$500 must be imported by Brazilian companies registered with SECEX. Also, in these cases the product specific import tariff rate will apply rather than the flat 60 percent rate applied to shipments valued under US\$500 described above.

Joint Ventures/Licensing

Establishment of joint ventures is a common practice in Brazil. A major motivation for joint ventures is to pair foreign firms with Brazilian partners to compete in segments of the government procurement market or in other markets subject to government regulation, such as telecommunications and energy. Usually, joint ventures are established through two main legal formats -- "sociedades anônimas" or "limitadas," which are legally similar to corporations and limited partnerships companies in the U.S.

Licensing agreements are common forms of accessing the Brazilian market. Use of a competent local attorney in structuring such an arrangement is advised. All licensing and technical assistance agreements, including trademark licenses, must be registered with the Brazilian Industrial Property Institute (INPI). (See Appendix E - Country Government Agencies.)

Steps for Establishing an Office

Either setting up a company in Brazil or acquiring an existing entity are options for investing in Brazil. Setting up new companies is relatively easy and inexpensive. Acquisitions of existing companies are monitored by the Central Bank. Corporations (sociedades anônimas) and limited liability companies (limitadas) are relatively easy to form. Local law requires that foreign capital be registered with the Central Bank. Failure to do so may cause serious problems related to access to foreign exchange, capital repatriation, and profit remittance. For further information please contact the Secretariat of Foreign Trade - SECEX or the Brazilian Consulate in New York City. (See Appendix E, U.S. Contacts.) And/or Brazil's Ministry of External Relations' homepage at <http://www.mre.gov.br>

Selling Factors/Techniques

Sales are typically price-driven, but quality is also a very important factor. Generally, U.S. goods are perceived as high quality products, but the opening of the market in the early nineties upgraded considerably the quality of locally produced products. To be competitive in the market, U.S. companies must offer high quality products at competitive prices. Other important aspects include financing, delivery, after sales support and customer service.

To be successful in Brazil, U.S. companies should also take into consideration the local culture and technical requirements, and adapt their products accordingly. In many cases, products manufactured at U.S. standards are not acceptable in Brazil. Due to Brazil's vast territory and cultural differences, one must often develop different approaches for different parts of the country.

Advertising and Trade Promotion

Advertising in specialized trade and technical publications is an important marketing tool in the Brazilian market. With its well-established and diversified industrial sector, Brazil has a variety of specialized publications that serve the industrial and business communities. U.S. firms wishing to sell in the Brazilian market should not ignore advertising in these trade publications. TV advertising in Brazil is also highly developed and plays an important role in the promotion of consumer goods and food products.

Brazil is home to many well-established and sophisticated advertising agencies, with first-world standards and a high level of creativity. According to Zenith Media and The Economist, Brazil's total ad spending in 2000 was US\$ 6.9 billion.

Some of the top networks in Latin America in 2001 were: McCann-Erickson, J. Walter Thompson Co., Ogilvy & Mather, Euro RSCG, Leo Burnett, Y&R Advertising, D'Arcy Masius Benton & Bowles, Foote, Cone & Belding, DDB Worldwide Communications, Grey Worldwide, Lowe & Partners, Publicis Worldwide, Fischer America Comunicação, DPZ Duailibi Petit Zaragoza Propaganda*, Grupo Interamericano de Comunicação*, Saatchi & Saatchi, Talent Comunicação* , Bates Worldwide, TBWA.

The Latin American ranking presents both foreign-owned agency networks and indigenous (*) Brazilian agencies largely with multiple offices throughout Brazil. Brazil accounts for 41.6% of agency gross income in the region. (Source: AdAgeGlobal www.adageglobal.com)

Top advertisers vary from year to year, but can be listed as: Volkswagen, Unilever, Fiat, Ford Motor Co., Lopes Consultoria de Imoveis (real estate company).

According to the Monitor/IBOPE Research groups, the top ad categories per investment (\$) in 1999 were: trade & commerce, consumer services, culture, leisure, sports & tourism, media, and public & social services; and the top ad-funded web sites in Brazil included Universo OnLine (www.uol.com.br) with 650,000 subscribers and Terra/ZAZ (www.terra.com.br) with 450,000 subscribers. Online advertising accounted for US\$ 44.7 million in 1999. (Source: Interactive Media Association).

The biggest circulation magazine in Brazil with a circulation of 1.12 million copies is a weekly publication called *Veja* (published by Abril Publishing Company www.uol.com.br/veja/); and the biggest daily circulation newspaper is *Folha de São Paulo*, published by the Folha Group, with a circulation of 592,934 on Sundays, 449,888 on Mondays and 451,534 from Tuesday through Saturday (www.uol.com.br/fsp/). Source: IVC (Institute of Circulation Verification).

Participation in Brazilian trade fairs is another important marketing tool. The city of São Paulo hosts around 300 trade fairs per year. These events attract a large number of visitors and exhibitors from Brazil and foreign countries. The U.S. Department of Commerce assists U.S. companies seeking to do outreach at several of them.

Pricing a Product

Due to very high local interest rates, often the price of products sold in the domestic market reflects financing costs. Therefore, price negotiations are intimately related to the supplier's payment terms. It is not unusual for a company to select a supplier whose prices are higher than the competition based solely on payment terms.

Tax burden in Brazil on both imported and locally manufactured products is the heaviest in Latin America and higher than in the United States. In order to be competitive in the market, several companies are reducing profit margins and implementing efficient logistics systems to reduce costs.

In the case of foreign suppliers, it is important to calculate the import-related costs. In Brazil such costs are generally high. In some cases they are so high that a simple calculation may indicate that there is *de facto* no way that the product can effectively compete with a locally made similar product.

After Sales Service/Customer Support

The "Consumer Protection Law" of 1992 requires customer support and after-sales servicing. In the case of imported products, the importer or the distributor is responsible for such services. Therefore, it is important that U.S. manufacturers appoint agents or distributors in Brazil that are qualified to provide such services.

Selling to the Government

The Brazilian Government procurement policies apply to purchases by government entities and by parastatal companies. Government procurement regulations contained in 8666 Law of

August 1993 establish an open competitive process for major government procurement. Under 8666 Law, price is to be the determining factor in selecting suppliers, i.e., the bid with the lowest price becomes the provisional winner. The 8666 Law establishes general norms regarding tenders and administrative contracts (for goods and services) to be followed at the Federal, State, and Municipal levels, by entities directly and indirectly administered by the Federal Government, special funds, public enterprises, and companies of joint public and private ownership that are controlled by the Brazilian Government. Following enactment of Constitutional Amendment No. 6, of 15 August 1995, which suppressed the difference between nationally owned and foreign-owned companies, there is no distinction between Brazilian and foreign enterprises in the government procurement process. Nevertheless, in the case of a tie in the tendering process, preference is given to goods produced or services supplied by Brazilian firms of national capital; domestically produced in Brazil; or produced by a Brazilian company.

Most government procurement processes are open to international competition, either through direct bidding, consortia or imports. However many of the larger bids (e.g. military purchases) become very political and are done through "sole sourcing" or "national security" arrangements that exclude competition. This kind of purchasing does often require an act of Congress, which can be difficult and time consuming. Brazil is not a signatory of the WTO plurilateral Agreement on Government Procurement (GPA), and as such does not necessarily use the same procedures as developed country signatories. International bidding is required for all procurements with international development bank funding, i.e. the Inter-American Development Bank, the World Bank, etc. The Brazilian executing agencies of IDB loans require international bidding above specific ceilings, according to IDB procurement guidelines. For example, consultant contracts require international bidding above US\$200,000 and civil works above US\$5 million. However, portions of major projects financed by IDB may not require bidding where local Brazilian counterpart funding is involved.

Government procurement of telecommunications equipment and data processing (informatics) equipment is exempted from the above requirements. Special requirements were established in 1993 and 1994 allowing locally manufactured telecommunications and informatics products to receive preferential treatment in government procurement, and to be eligible for tax and other fiscal benefits based on meeting local content and other requirements.

In practice, it is difficult for Foreign Service firms to operate in the public sector in Brazil unless in association with a local firm. To be considered Brazilian, a firm must have majority Brazilian capital participation and decision-making authority ("operational control"). A Brazilian State enterprise is permitted to subcontract services to a foreign firm if domestic expertise is not available for the specific task. A foreign firm may only bid for government contracts to provide technical services when no qualified Brazilian firms exist.

In the case of international bids to supply goods and services or specific government projects, successful bidders are required to have local representation -- i.e., "legal presence" in Brazil. Since the open period for bidding is often as short as one month, it is advisable to have a partner resident in Brazil able to act on tenders as soon as they are announced.

An U.S. supplier may find that inclusion of local purchases of Brazilian goods and services within its bid, or significant subcontract association with a Brazilian firm, will improve the chances for success. Similarly, a financing proposal that includes credit for the purchase of local goods and services for the project will be more attractive.

Advance descriptions of U.S. suppliers' capabilities can often be influential in gaining a bid contract. These early proposals can be effective even before the exact terms of an investment plan are defined or the project's specifications are completed. Such a proposal should include financing, engineering, and equipment presentations.

Due to the advance of the technology and Brazilian Government successes in the e-Gov aspect, the Brazilian Government is changing the 8666 Law in order to adapt a legislation on electronic procurement.

The GOB proposes to provide more efficient system using electronic purchase contracts and to allow small companies to have better chances to compete with other small, medium and large size companies.

The proposed changes to the "Project of Law" and other relevant information is available on the Brazilian e-Procurement homepage - <http://www.ComprasNet.gov.br> (only in Portuguese) and until May 17, 2002 anyone interested in providing comments and suggestions to the Project of Law was allowed to give the inputs. Based on the comments provided at ComprasNet homepage, the Brazilian Ministry of Planning will work in order to have the project turned into law as soon as possible (it is considered as a priority issue at Brazilian Congress).

Ms. Renata Vilhana, Deputy Secretary of Logistics and Information Technology Department, Brazilian Ministry of Planning, is the major on this topic.

Protecting your Products from IPR Infringement

Brazil is a signatory to the Paris, Bern, and Universal Copyright conventions on intellectual property rights (IPR) protection, the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), and the Patent Cooperation Treaty (PCT). Brazil is also a member of the World Intellectual Property Organization (WIPO).

The Brazilian Institute of Industrial Property (INPI – www.inpi.gov.br) is the government entity in charge of industrial property rights, and the formal examination of applications for trademark and advertising slogan registration, and the issuance of letters of patent.

Industrial Property

The Industrial Property Law (May 15, 1997, Law No. 9279) features the granting of patents to medicines, chemical, pharmaceutical and food products; besides patents of invention, utility models, industrial designs and models, trade and service marks, and advertising slogans. An additional feature is the recognition given to well-known ("famous") brands.

Patents

In order for an invention to be protected, it must be patented in Brazil. Brazil is a member of the Paris Convention and thus U.S. patent holders have an exclusive right to apply for patents during certain periods: 6 months for industrial designs, and 12 months for inventions and utility models (a new arrangement of known materials which improve a product). A patent holder must use the patent commercially or the patent lapses. Food, medical, chemical-pharmaceutical products or preparations, and microorganisms are patentable. Foreign patent holders have expressed concern about INPI's slow processing of patent applications.

As provided for in article 8 of the Industrial Property Law, the requirements essential for the granting of a patent in Brazil are: absolute novelty, industrial nature, and inventive nature. A patent is considered to be new when its subject is not included in the prior art concept. Prior art constitutes everything that has become accessible to the public through a written or oral description or by use or any other means, including the contents of patents in Brazil and abroad before filing a patent application, with the exception of cases where priority was previously applied for or a priority claim was made pursuant to the Paris Convention.

Letters patent may be issued for the protection of inventions, utility models, and registration of industrial designs. The protection granted by a patent extends for 20 years, in the case of inventions; for 15 years for patents on utility models; and for 10 years for industrial design patents, always as from the date the request for protection is filed at INPI.

Proceedings for the issuance of a letter patent are lengthy and time-consuming. An application must be submitted to INPI, containing the inventor's claims, a full description of the invention and its drawing (when applicable), and proof of compliance with all legal requirements. Once the application has been presented, a preliminary formal examination takes place, and a certificate of filing is issued. The application will be kept secret for 18 months, and will then be officially published. The inventor has 36 months to request a formal examination of the application. Failure to request this formal examination will cause the application to be considered withdrawn. Granting of any patent application can be cancelled at any time by the courts.

Commercial use of the patent must be initiated within three years of the date of issue of the letter patent, under penalty of obligatory licensing or lapse. Extinguishment of a patent may also occur if its use is interrupted for a period of two or more consecutive years; if the inventor fails to pay the required annuities to INPI; if the inventor expressly waives the privilege; or if it is administratively cancelled or judicially annulled.

The Industrial Property Law provides for conducts that constitute patent infringement, which is subject to penalties varying from three (3) months to one (1) year of imprisonment or a fine.

This law determines that the manufacture of a product or use of any means or processes covered by a patent, without authorization of the respective patent owner, will constitute a patent infringement.

Trademarks

Application for a trademark may be either as a foreign or a Brazilian trademark. A foreign trademark is registered under the terms of the Paris Convention and thus establishes an exclusive priority. Registering your trademark secures protection and enables the trademark to be licensed or transferred in return for a royalty payment. A registration is valid for ten years and is renewable for successive ten-year periods.

The system for protection of trademarks in Brazil is based on ownership, and all rights stem from the registration of the trademark in Brazil. No protection whatsoever is accorded an unregistered owner even though it may have been using a trademark for years.

However, if the foreign owner of an unregistered trademark is able to prove its trademark is well-known worldwide, it is possible to claim the international protection granted by article 6 bis of the Paris Convention, which establishes that the signatory countries must deny applications for registration or cancel registrations of a trademark that reproduces a well-known trademark

registered in another signatory country. However, in order to qualify for the benefit of article 6 bis of the Paris Convention, the owner must apply for registration of its trademark in Brazil.

Registration of a trademark in Brazil may be applied for either by a Brazilian or foreign company.

If a trademark registration is applied for in Brazil by a foreign company without the priority claim established in the Paris Convention, it will be considered a Brazilian trademark, and therefore the benefit of such Convention will not be granted.

Brazilian law requires that the field of business of the trademark owner in Brazil be related to the goods or services covered by such trademark. In order to apply for registration of a trademark in Brazil, certification that the applicant is a company duly organized in accordance with the laws of its country to operate within its field of business is required.

The use of a trademark is essential to its protection in Brazil. A trademark will lapse if it is not used for five years from the date of registration, or if its use is interrupted for more than five consecutive years. Use can be proved by the owner of the trademark in Brazil or by the licensee that actually uses it.

Technology Transfer Agreements and Trademark or Patent License Agreements

Companies established in Brazil are now virtually free to negotiate technology transfer contracts. However, contracts still have to be registered with INPI.

Franchising agreements are not subject to the same statutory rules as trademarks, patents and transfer of technology. However, these contracts are subject to review and approval by INPI. It is not mandatory to register a franchising agreement to be valid, but to be executable against third parties it must be registered in accordance with Norm 115/93. If the franchiser is a foreign party, it has to register with the Central Bank in order to remit payments.

Technology transfer agreements in Brazil are subject to filing at INPI. After approval of the Industrial Property Law, several requirements for approval of agreements of this kind were eliminated, simplifying the procedures for approval. Among other changes, the list of mandatory clauses that the agreements should contain was eliminated.

Currently, INPI review of agreements that involve licensing of industrial property rights (trademarks and/or patents), transfer of technology, technical assistance services and similar agreements will be limited to examination of the aspects intrinsic to the documents submitted thereto, the tax and exchange legislation, and any characterization of antitrust or unfair competition practices.

INPI approval of such agreements is not only essential for the registration at the Central Bank of Brazil that will allow remittance of the remuneration abroad, but also for the deduction of fees paid by the licensee or recipient of the technology as operating expenses. Furthermore, INPI approval of patent license agreements is necessary, together with actual use by the licensee, to evidence commercial use of the licensed patent and to avoid forfeiture, as well as to enforce them upon third parties.

Other valid documents evidencing the transfer of technology and conditions governing such transfers (invoices, for instance) may also be submitted to INPI for approval, thus permitting remittance of funds abroad and tax deduction of payments resulting from the transfer.

Generally, technology transfer agreements must clearly state their object and the industrial property rights involved, and describe in detail how the transfer will actually take place.

The license agreements must state the conditions for actual use of patents regularly applied for or granted in Brazil; the registered trademark in Brazil or application for registration; the acquisition of know-how and technology not protected by industrial property rights; and the obtainment of techniques, planning and programming methods, research, studies and projects intended for execution or rendering of specialized services.

Trademark and patent license agreements must also state whether the license is exclusive and remunerated, and whether sublicensing is permitted. The term of the agreement must not exceed the validity of the trademark registration or patent. Trademark and patent license agreements will only entitle the owners to collect fees if the requirements mentioned above are met.

Contracts for rendering of technical and scientific assistance services must state the time required to perform the specialized services, the number of technicians required, their specialization and training programs, and respective remuneration.

Remuneration of the technology to be transferred may be established at a fixed price, a fixed price per item sold, a percentage of the profits, or a percentage of the net sales price, less taxes, fees and other charges agreed to by the parties.

Informatics

In October 1984, Congress approved Law 7232 (the Informatics Law), establishing the principles, objectives and guidelines for the Brazilian Informatics Policy, and empowering the federal government to establish restrictions on the manufacture, operation, marketing, and import of computer goods and services; this was the start of the practice known as market reserve.

Although the Informatics Law did not expressly establish the market reserve, the federal government used to monitor imports of computer goods and services, as well as examine and decide on plans for development and production of such goods.

Companies not considered domestic (or national) pursuant to article 12 of the Informatics Law could only manufacture computer goods and qualify for the benefits granted by the law if their plans were approved by the Brazilian Informatics and Automation Council (CONIN).

Under article 12 of the Informatics Law, a domestic company was defined as one incorporated according to the laws of Brazil, and headquartered in this country. Additionally, to qualify as a domestic company, its decision-making as well as technological and capital control had to be exclusively in the hands of individuals resident and domiciled in Brazil. At least 70% of the total corporate capital should be held by Brazilians, and no voting rights should be granted to any alien.

On October 24, 1991, Law No. 8248 was enacted, introducing several modifications in the regulation of the computer science field in Brazil, and amending the Informatics Law.

The first important modification introduced concerns the definition of a domestic company for the purposes of manufacturing and marketing of computer goods in Brazil. The new law defines a Brazilian company with domestic capital as a legal entity incorporated and headquartered in Brazil, in fact controlled--directly or indirectly--by individuals domiciled and resident in Brazil, or by a state-owned company.

Law 8248/91 clearly states that as from October 29, 1992 no special monitoring of imports or approvals of manufacturing plans would be in force. This should mean the end of market reserve, although some incentives were left in effect until 1997 as a sop to domestic companies.

On the other hand, Law 8248/91 also provides for certain benefits applicable to any company producing computer products, such as:

- exemption from the Tax on Manufactured Products (IPI) until October 29, 1999 with regard to products manufactured following certain criteria;
- deduction of all research and development expenditures up to the limit of 50% of the income tax owed by the company; and
- deduction of upto 1% of the income tax owed by legal entities investing in domestic informatics companies.

Copyrights

Copyrights are protected regardless of whether or not they are registered. Criminal and civil proceedings may be brought against infringers. The registration of software prior to marketing is no longer required. However, registration is recommended. Brazil's new software law meets the TRIPS accord framework. It addresses protection of software programs, and modifies definitions of reproduction, publication, transmission, and distribution. This provides protection especially against large distributors of pirated software including producers of hardware and CDs. Nevertheless, concern remains about the lack of effective copyright enforcement against pirated videocassettes, sound recordings, books and computer software entering the market.

How does Brazilian Law avoid and punish the property's copyright piracy?

The Brazilian Law protects copyrights, trademarks and intellectual property under the terms of the Paris Convention. The copyright piracy is punished with payment of damages and loss of profits, besides a Court order to stop the piracy and search and seizure of the forgery goods (if required in Court). Copyrights in Brazil are regulated by Law No. 9610 of February 19, 1999, pursuant to which all creative works of inspiration howsoever expressed are protected as intellectual property.

The author of the work or, in the absence of proof to the contrary, the person claiming to be the author or whose name is included in the registered work, is treated by Brazilian law as owner of the copyright.

In addition, any person who adapts, translates, arranges or edits a work that is no longer under copyright may claim the copyright to the work, but he/she cannot prevent the publication of another adaptation, translation, arrangement or edition of the same work unless the new version is derived from his/her own.

Not only individuals, but also corporations are allowed to own the copyright to a work. However, a corporation must hold such rights always at the author's approval.

Registration of a work in Brazil is optional, and not essential for its protection. Nevertheless, in order to secure the copyright the author may register his/her work with the following bodies, depending on its nature:

- at the Brazilian National Library;
- at the School of Music of the Federal University of Rio de Janeiro;
- at the School of Fine Arts of the Federal University of Rio de Janeiro;
- at the Brazilian Film Institute; or
- at the Federal Council of Engineering, Architecture & Agronomy.

Any other work that cannot be classified within any of the above categories may be registered at the Brazilian Copyright Information Center of the National Copyright Council.

Proceedings in the civil and criminal courts may be brought against anyone who infringes another's copyright. The civil courts prohibit publication of a work which infringes copyright, and can also award damages to the owner of the copyright. Infringement of copyright can also be punished as an offense by the criminal courts.

Software

Protection of software in Brazil is regulated by Law No. 9609 of February 19, 1999, which provides mainly for: (a) protection of the software itself as intellectual property; (b) the rules for marketing software, creating mechanisms for government agencies to monitor this marketing with a view to protecting Brazilian software; and (c) penalties of a criminal nature, for cases of infringement of software copyrights and certain rules for marketing.

Software is protected for 50 years as from January 1st of the year following its publication, or if not published, following its creation in each country. As with copyrights, software owners that reside outside Brazil are ensured protection, provided that their country of origin offers reciprocal treatment, granting both Brazilian and aliens resident in Brazil protection equivalent in extent and time.

The protection of software does not depend on registration, and the author need not register it. Registration can be made at the Brazilian Institute of Industrial Property (INPI).

Infringement of software copyright is a criminal offense, which subjects the offender to detention from six months to two years, plus a fine.

Unless the parties agree otherwise, the rights to any software developed during the life of any agreement or statutory relationship, research or development, in which such activity is carried out by the employee, civil servant or individual hired to render services as expressly provided for in the respective agreements, or which results from the nature of the work for which he/she was hired, will belong to the employer or service principal.

However, if the software is developed independently of any agreement or statutory relationship, and without the use of any resources, know-how, materials, facilities or equipment belonging to the employer or service principal, the rights to such software will belong to the employee, civil servant or individual rendering the services.

According to the Software Law, the following situations will not violate software copyright:

- reproduction of a copy that has been legally acquired, provided it is essential to the proper use of the program; partial quotation for educational purposes, provided the author and the software quoted are mentioned; similarity of two copies, provided this similarity stems from functional features in their application, from compliance with legal, regulatory precepts or technical standards, or a limitation of alternative forms for their expression; and integration of software and its basic features into an application or operating system that is technically indispensable to the user's needs, provided it is used exclusively by whoever undertook this integration.

Source: 2000 Pinheiro Neto Advogados

Need for a Local Attorney

Local assistance can be very useful when entering, consolidating or expanding in the Brazilian market. Understanding the legal aspects of the Brazilian market is extremely important. To operate in accordance with Brazilian laws, it may be essential to hire a local lawyer, qualified to act on behalf of the foreign company. Without the appropriate legal assistance, investors might be subject to several liabilities, which range from a denial of an appropriate authorization to operate in the Brazilian market to facing obstacles with a Brazilian partner, causing eventual losses to the foreign company.

Local lawyers can assist with minimizing your company's tax burden by taking advantage of tax incentives provided by local, state or federal levels. Lawyers can also explain aspects related to real estate, labor, intellectual property, and antitrust laws, all of which can be complicated in Brazil. Local legal council may also provide expertise in negotiating with local players.

Performing Due Diligence/Checking Bona Fides of Banks/Agents/Customer

Because laws regulating commercial agreements and commercial transactions vary from country to country, the U.S. Commercial Service strongly encourages all U.S. companies to conduct legal and financial due diligence before completing a commercial transaction or formalizing any agreement outside the United States. In Brazil, the Commercial Service can provide U.S. companies with lists of well-known and respected credit rating companies and law firms to assist U.S. firms to conduct credit checks on potential customers or to obtain important legal advice before signing commercial agreements.

Detailed due diligence on a target company based on all documentation provided by the Brazilian company and field investigation by a law firm is crucial when trying to avoid any negative surprises in the future. In the event that the relationship with the Brazilian company is strictly commercial, the U.S. company may not have access to the private and confidential documentation and information, relying only the public investigations regarding the legal and financial situation of the Brazilian company. It is advisable to check corporate compliance with Brazilian corporate tax laws. The Federal Taxpayer Registry Number of the company can help obtain information that attests to the firm's compliance with tax requirements and other public and third party interests.

5. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

Best Prospects for Non-Agricultural Goods and Services

The following best prospects are ranked by estimated US\$ total U.S exports over the coming year. (See Chapter 12, Guide to Commercial Services, for a list of trade specialists responsible for the following sectors.)

RANK:	Name of the Sector:
01	Telecommunications, Equipment & Services
02	Computer Software
03	Oil and Gasfield Machinery & Services
04	Drugs/Pharmaceuticals
05	Safety and Security Equipment
06	Pollution Control Equipment & Services
07	Sporting Goods and Recreational Equipment
08	Print and Graphic Arts Equipment
09	Electrical Power Systems
10	Mining Equipment
11	Iron & Steel
12	Medical Equipment & Devices
N/A	Airport
N/A	Insurance
N/A	Internet and e-Commerce Services
N/A	Transportation, Railroads and Highways

A. Rank: 01

B. Sector: Telecommunications Equipment and Services

C. ITA Code: TEL, TES

The largest and most industrialized nation in Latin America, Brazil also has the largest telecommunications sector in the region with net revenues in 2000 of approximately US\$ 33.5 billion for telecommunications equipment and services, a 28% growth compared to 1999. Telecommunications services companies represented \$24.7 billion, or 73.7%, of these overall revenues. Over US\$20 billion, or 82%, of the service revenues were obtained from fixed line and cellular service operators (20.2 billion), according to Anuario das Telecomunicacoes.

Significant growth of the telecommunications sector in Brazil took place in the years 2000 and 2001. At the end of 2001, Brazil passed the 47.8 million mark for fixed line access, an increase of 24.8% in comparison to 2000. The number of cell phones in service also grew significantly and now accounts for 28.7 million users, an increase of 23.7% in comparison to 2000. Pre-paid telephones account for 60.8% of the total mobile phones and 39.2% are post-paid.

In recent years, the Government of Brazil has pursued a comprehensive privatization and economic liberalization agenda, which changed completely the face of the telecommunications market and its players. As a result, Brazil's telecommunications sector displayed dramatic growth. The Brazilian import market for U.S. telecommunications equipment and components in 2001 surpassed US\$ 5.8 billion and is expected to increase another 4% in 2002. The United States holds the lion's share of the import market with 51.3% of all telecommunications imports.

South Korea increased exports to Brazil in 2001 by 33.4% and China by 10.8%. These countries are the principal U.S. competitors.

Unlike past years, investments in this sector are expected to grow at lower rates due to prior large investments made by companies in the fixed and wireless segments. These investments were made in order to comply with the standards established by ANATEL, Brazil's telecommunications regulatory body, so that companies were eligible to operate domestic long-distance and international lines. Preliminary projections indicate that investments in-country reached US\$ 7 billion in 2001.

Having concluded the initial phase of privatization and regulation of the Brazilian telecommunications sector, ANATEL is now proceeding with introducing competition and universalization. Full competition in telecommunications services will only take place after the termination of the current "duopoly period." The duopoly period was created during the privatization process to give the companies that acquired concessions and authorizations for fixed and mobile telephony, often at a great cost, a chance to consolidate their operations prior to facing full competition. This is expected to begin when the new bands "D" and "E" for personal communications service (PCS) operators (Telemar and TIM) start to offer their services to the public by mid 2002. PCS will operate in the 1.8GHz band of the spectrum.

Wireless companies with TDMA technology are testing CDMA2000 1x against GSM to evaluate the best technology to be used for a future migration to 2.5 generation (G) or 3G. Once this decision is made, a significant demand for GSM or CDMA2000 1x equipment and services will be necessary for the carriers to build their new networks.

According to ANATEL, the penetration of fixed telephony services in upper income households is 99%, in medium-to-upper income households 84%, and in medium income households 62%. Lower income groups, however, have very low access to fixed telephony services, 5-20%, mainly because their current net income does not allow them to pay for telephone services. There are approximately 22 million households that still do not have a telephone. Local carriers consider it very difficult to attract these potential new clients because the carriers cannot afford to decrease the minimum fee charged for telephone services due to the high tax burden that they must pay, approximately 33,0%.¹

According to local sources the 3G of cell phones is expected to arrive in Brazil by 2004. ANATEL plans to place the bids to introduce this new technology as soon as it is commercially functioning in Europe and Asia.

(US\$ millions)

	2000	2001	2002*
Total Market	10,983	12,570	13,576
Local Production Equip.	4,942	5,930	6,404
Local Production Serv.	5,131	6,157	6,650
Total Exports	3,023	3,136	3,450
Total Imports	9,212	8,655	9,001
Total Import from U.S.	2,610	3,132	3,257

Exchange Rate: US\$ 1.00 = R\$ 2.50 (June 2002)

* The above statistics are unofficial estimates.

Sources: ABINEE, Associação Brasileira da Indústria Elétrica e Eletrônica, SECEX – Secretaria de Comércio Exterior and other industry sources.

- A. Rank: 02**
- B. Sector: Computer Software**
- C. ITA Code: CSV**

As the largest and most dynamic IT market in Latin America, Brazil offers significant opportunities for U.S. suppliers of IT products and services. Brazilians have a high regard and strong preference for U.S. technologies and will buy from U.S. companies that can offer competitive prices.

The Brazilian market for software represents one of the best opportunities for U.S. exporters. Industry experts predict total software sales in excess of US\$ 6 billion in Brazil during 2002. Of this amount, US\$ 2.7 billion will be sales of imported products, of which, almost 90% originated from the U.S. The role of the U.S. as the primary source of software for Brazil paves the way for U.S. suppliers to introduce new products to this market.

SOFTWARE/SERVICES REVENUES

(US\$ millions)

	2000	2001	2002*
Total Market	1,560	5,500	6,000
Local Production Equip.	760	3,000	3,300
Total Exports	-	100	100
Total Imports	800	2,500	2,700
Total Import from U.S.	640	2,000	2,500

The above statistics are unofficial estimates.

(*) Source ABES - 2001 Estimated Exchange rates: values expressed in U.S. dollars - US\$ 1.00 = R\$ 2.70 (June 2002)

The Brazilian packaged software market has enormous potential for U.S. suppliers as long as the Brazilian government and private sectors make meaningful progress toward reducing intellectual property rights violations.

Brazilian manufacturing and service corporations have a significant need for software solutions that will help them reduce costs and increase profits through automation of their industrial and commercial processes. The software packages that will continue to be in the highest demand in Brazil are those for customer relationship management (CRM), supply chain management (SCM), networking and communications, database management, electronic document management (EDM), and enterprise resources planning (ERP).

Desktop PC applications, such as word processing, spreadsheet, and graphics, are good opportunities as the use of PCs grows among small and mid-size companies and more affluent home users. Educational software packages will emerge as another lucrative area in concert

1 Source: A Visão do Investidor (Investor Vision) – Painel Telebrasil – May 2002 - Natal – RN

with the Brazilian government's efforts to provide PCs to secondary schools and its focus on electronic learning (e-learning).

Most Brazilian companies are concerned about the security of their operations following the September 11th event in the United States. They are expected to spend heavily on IT security solutions such as encryption, anti-virus systems, and firewalls. The end-user sectors that U.S. firms should consider targeting first are financial service institutions, particularly banks, and retail operations since they face the most immediate security threats.

The following table shows the Brazilian corporate investment business plan for information technology. Among 147 companies that participated in this survey, 49% are from the industrial sector, 41% from service, and 10% from the commercial segment.

FORECAST INVESTMENT IN THE CORPORATE MARKET – 2002

Software and Services	% Companies investing in solutions
CRM	60%
Data Warehouse	57%
Business Intelligence	53%
Supply Chain	41%
E-commerce	39%
Internet/Intranet/Extranet	38%
Security	34%
ERP	30%
Industrial Automation	19%
Outsourcing	18%

Source: Gazeta Mercantil (a leading Brazilian business daily)

A. Rank: 03

B. Sector: Oil and Gasfield Machinery and Services

C. ITA Code: OGM/OGS

Comments: The Brazilian oil and gas sector is considered today one of the most attractive markets for U.S. industry due to the ambitious investment plans of over 30 international petroleum firms led primarily by Petrobras, the largest Brazilian company. Brazil's petroleum regulatory agency reports that the petroleum sector's share of Brazil's GDP doubled in 2000 alone, and expansion plans are underway as a result of the four rounds of oil concessions held to date where 88 oil blocks have been sold. Petrobras itself plans to invest US\$6 billion a year to increase capacity to 1,850 million barrels of oil a day by 2005.

Oil exploration and production (E&P) is expected to account for 70% of Petrobras' annual investments. Other companies including, Shell/Enterprise Oil, Chrevon-Texaco, EIPaso/Coastal, Exxon-Mobil, and Phillips Petroleum, which in many cases are partnered with Petrobras, are expected to invest a total of \$4 billion a year to fulfill their contractual obligations as a result of having won oil concession rights. Opportunities will obviously abound for U.S. suppliers of offshore and onshore equipment and services, for example flexible pipes, oilwell completion systems, pumps, valves and consulting services.

U.S. companies interested in supplying equipment or services to Petrobras must register at Petrobras's website (www.petrobras.com.br - "ABC of Registration/Vendors's List Registration Guide" available in English).

The total Brazilian market for oil and gas equipment and services was projected at US\$ 6.31 billion in 2001, of which over US\$ 2.0 billion (37%) is represented by imports. The Brazilian import market for U.S. oil and gas equipment in 2001 is estimated to have surpassed US\$ 1.4 billion, and the outlook is very positive despite the National Association of the Petroleum Industry's (ONIP) strong lobby to secure domestic equipment supply for the oil projects.

ONIP is a new organization headquartered in the State of Rio de Janeiro, where 70% of Brazilian oil reserves are located. ONIP is closely watching the fulfillment of the contractual clauses of the oil concessions to ensure that concessionaires meet the committed levels of domestic purchases. In the third oil round held in June 2001, the average percentage of local source commitment reached 34% down from 47% in the 2000 oil round. In the June 2002 round, their commitment averaged 40% for the exploration phase and 55% for the oil development stage.

In an attempt to attract foreign investors to the oil and gas sector, the Brazilian Government (GOB) created a special federal tax exemption regime (Repetro) in 1999 to last until 2007. Although the domestic suppliers are also eligible for Repetro, foreign suppliers benefited the most as they were exempted from the ICMS state sales tax as well. Additionally, although the Repetro philosophy was for "temporary" admission of products, in practice it applied to items such as production platforms which end up staying in Brazil for up to 20 years, as well as to other types of equipment installed at depths of 1500 meters.

Recently, however, the State of Rio de Janeiro abolished such ICMS exemption on the imports of oil and gas equipment, although it excluded oil rigs and other equipment for exploration activities, as long as they remain in the country for less than 24 months.

Although foreign suppliers tend to be more price competitive and to offer advanced technology not yet available in Brazil, U.S. companies are encouraged to seek partnerships with local suppliers. This strategy is particularly advisable in view of the current exchange rate volatility and due to the increased local content commitment noted previously in this report.

In the downstream area, Petrobras also has significant investments under progress to improve the quality of its oil products (mainly diesel and gasoline) to face the recent opening of this market to imported products. Petrobras plans to disburse a total of \$4.8 billion by 2005 in selected refineries. Part of these investments will be directed to operational safety and environmental upgrades. Specifically, the environmental area has merited further attention from Petrobras after the company encountered major oil accidents in the last two years. A new environmental program was created (Pegaso) in which Petrobras will disburse \$1 billion by 2003 to lower safety and environmental risks in all its facilities. Among planned actions, Petrobras aims at installing automated supervision at 100% of main pipelines, contracting risk analysis and subsurface hydrologic studies, installing oil bearing detection and soil movement monitoring systems, upgrading oil spill detection in deep waters and well-decommissioning techniques.

The gas distribution market is gradually undergoing privatization. To date, Shell, Iberdrola, Enron, Gas Natural, and British Gas are some of the foreign shareholders at companies formerly owned by the State Governments. All of them have investment goals to expand their

gas networks and meet contractual obligations. Petrobras is also a major player in this segment with minority participation in virtually all state-owned gas distribution companies.

In the gas supply segment, the Brazilian regulatory agency for petroleum, ANP, is engaged in establishing new open-access rules to allow competition. British Gas, for instance, has recently secured free access to the Bolivia-Brazil gas pipeline, although negotiations for more favorable cost terms are still in progress with Petrobras/TBG. Depending on the success of Brazilian Thermal Power Program and on the new Brazilian Administration to take office January 2003, the Bolivia-Brazil gas pipeline may double its capacity in the future. Natural gas is expected to account for about 15% of the Brazilian energy matrix in five years, up from 3% currently. Hence, new gas pipelines will be built to bring gas from neighboring countries representing additional business opportunities for U.S. companies.

(US\$ millions)

	2000	2001	2002*
Total Market	5.430	6.310	7.925
Local Production	3.900	4.290	5.145
Total Exports	140	150	155
Total Imports	1.670	2.170	2.935
Total Import from U.S.	1.085	1.410	1.905

Exchange Rate: US\$ 1.00 = R\$ 2.70 (June 2002)

* Statistical data are unofficial estimates

Source: PETROBRAS/Brazilian trade and industry analysts

A. Rank: 04

B. Sector: Drugs/Pharmaceuticals

C. ITA Code: DRG

The Brazilian pharmaceutical industry is comprised of 370 companies, representing a total market value of US\$7 billion. This market is the 10th largest in the world and the second largest in Latin America after Mexico. Despite stagnating pharmaceutical sales over the past three years, Brazil still remains in 4th place in terms of units sold. In 2001, Brazil sold 1.6 billion packages of pharmaceuticals. Brazil also represents 67% of the overall Mercosul market². Of the four Mercosul countries, Brazil is arguably the preferred country for investment and exports to other Mercosul members in the pharmaceutical sector.

Of the 370 companies in the Brazilian market, 296 are domestic and 74 are foreign, most of them from the United States and Europe. The total number of employees in the pharmaceutical market is approximately 300,000, including direct and indirect jobs. Multinational companies are responsible for supplying 70% of the internal market, not including direct sales to the Government.

Investment in the pharmaceutical industry has been increasing in the past years. From 1994 to 2000, investment in this market reached US\$2 billion. Estimates for the period of 2001 to 2005 are that US\$ 200 million will be invested per year in this sector.

² MERCOSUR is comprised of four countries – Argentina, Brazil, Paraguay and Uruguay.

In 2001, Brazil's pharmaceutical net sales reached US\$ 5.7 billion, in comparison to US\$ 6.7 billion in 2000. The market has softened somewhat, but currency fluctuations make this drop more dramatic. Imports still represent a large share of the market. According to the Syndicate of the Pharmaceutical Industry (SINDUSFARMA), total Brazilian imports of pharmaceutical products in 2001 were approximately US\$1.5 billion. This reflects a 7.1% increase over the previous year's level. Imports from the United States account for about 50% of Brazil's imports of pharmaceutical products.

Taxes applied on medicines in Brazil are among of the highest in the world. The Government collects over US\$1 billion in taxes from the pharmaceutical sector. The cascading tax method applied on manufactured goods in Brazil affects several industries, and is one of the most important topics that private industry has raised with the Government. The process aimed at reducing these taxes on pharmaceutical production is slow and bureaucratic. No matter which party wins the 2002 elections, it will take many years until the taxes on pharmaceuticals in Brazil will reach a reasonable level, according to the industry.

Pharmaceutical Market – Statistical Data: Net Values (in US\$ millions)

(US\$ millions)

	2000	2001	2002*
Total Market	6.705	5.758	5.550
Total Exports	218	241	252
Total Imports	1.420	1.521	1.55
Total Import from U.S.	750	700	800

*The above statistics are unofficial estimates.

Sources: ABIFARMA- Brazilian Association of Pharmaceutical Industries and Sindusfarma – Pharmaceutical Industries Syndicate of São Paulo.

Average Exchange Rate in June 2001: R\$ 1.00 = US\$ 2.50

Most Brazilian health insurance companies do not reimburse patients for prescription drugs. Similar to most countries in Latin America, over 80% of drug expenses in Brazil are paid by one's own resources. The average annual per capita consumption of pharmaceuticals in Brazil is approximately US\$ 61, according to data from the Pan American Health Organization.

Certainly, one of the most problematic areas of the pharmaceutical sector in Brazil is the lack of access to essential drugs by a large portion of the country's population due to financial constraints. Estimates vary, but various sources suggest that 40% to 50% of the population have limited or no access to needed pharmaceuticals.

According to Brazilian legislation, the production, manufacturing, importation, exportation and sale of any medical product, pharmaceutical or cosmetic must be processed through authorized companies only. Moreover, all products must be registered with the National Agency for Sanitary Health - ANVS, an agency of the Brazilian Ministry of Health. This is the Brazilian counterpart of the U.S. Food and Drug Administration.

The introduction of generic drugs in the Brazilian market, in 1999, created a dynamic investment process in the pharmaceutical market. In 2001, the volume of generic units sold increased 614% compared with 2000. The income from this sector increased from US\$25.4 million in 2000 to US\$126.7 million in 2001. The public health care systems in most Brazilian states are

expected to purchase almost the entire production of generic drugs as part of the government's program to distribute medicines to the poorest.

The generic market represents today approximately 6% of the total market. It is expected that in a few years this market will reach 40% of total sales. Currently, approximately 85% of the raw materials used in the production of generic drugs in Brazil are imported. Sales of generic drugs should also be further boosted by the fact that 75 important medicine patents on best selling drugs will expire by 2004. This expiration of patents and the new demand may stimulate an increase in the scale of production, and may make Brazil a generic drug nexus, eventually beginning to export generic drugs.

The Brazilian Health Ministry developed a health care program that provides free treatment to all HIV positive patients, including the distribution of the anti-retroviral cocktail considered worldwide as the most effective treatment available. Since 1997, approximately 100,000 patients have been benefiting from this program. Surveys suggest another 400,000 HIV positive individuals in Brazil are still unaware that they are infected. Brazil is also carrying out an aggressive AIDS prevention program, including the distribution of millions of free condoms and the dissemination of educational information through the mass media.

Over half of the US\$300 million annual budget for AIDS treatment is used to import four of the 12 drugs that comprise the so-called AIDS cocktail. The other 8 medicines are manufactured locally and have greatly contributed to the reduction of almost 80% of treatment costs. Based on Brazilian press reports, the Health Ministry has spent US\$444 million on AIDS drugs in 2000. Due to the AIDS health program, the savings on hospitalizations linked to opportunistic infections from 1997 to 1999 was over US\$422 million. Moreover, these numbers reflect a better quality of life and a smaller number of hospitalized patients.

A. Rank: 05

B. Sector: Safety and Security Equipment

C. ITA Code: SEC

According to local trade contacts, Brazil invests approximately US\$ 20 billion per year in safety and security equipment and services. Despite the ups and downs of Brazil's economic performance in the last few years, the safety and security sector has constantly registered an average growth of 15-20% per year.

Brazil is currently facing serious social problems due to the country's worsening economic climate, high unemployment rate, and increasing use of drugs. All of these factors have contributed to the increase in crime in large cities. According to "Proteger," a security industry publication, someone is murdered every hour in the State of São Paulo, and kidnapped every few hours. Kidnappers usually carry guns and drive the victim around to make withdrawals from ATM cash machines. They do not hesitate to kill if the victims resist. Today, the population is more fearful than ever of being robbed, attacked, or kidnapped on the streets, in the house, in the office, in the restaurants, or anywhere else.

In view of such a dramatic situation, federal, state and municipal governments are implementing new security measures to inhibit crimes and protect the population. In June 2002, the Brazilian federal government signed a cooperation agreement with state governments and announced the allocation of approximately US\$ 64 million for new police equipment and enhanced police training programs. Aside from this federal government program, some municipalities are

installing video cameras on the streets to inhibit criminal activities. Others have passed a law, or are in the process of approving a law that makes it mandatory to install cameras or other security devices in residential and commercial buildings with more than four floors.

As the violence level grows, the market for safety and security equipment also grows. There are opportunities in almost all segments, but it is in the electronic security segment that U.S. firms will find excellent opportunities. According to the Brazilian Association of Electronic Security Companies (ABESE), this market is estimated at US\$ 750 million. Foreign products supply about 75% of the market and U.S. products retain about 50% of the import market share. Major competitors are Israel and Japan, each one responsible for about 20% of the market share.

Today, electronic security equipment is not limited only to banks, commercial or industrial buildings. The increase of security monitoring services and security devices in residences are contributing to the fast expansion of the market. According to ABESE, only 3% of buildings in Brazil are currently equipped with more sophisticated access control systems. ABESE believes that the market will grow about 20% in 2002.

The market for electronic security equipment is heavily concentrated in the States of São Paulo, Rio de Janeiro, Espírito Santo and Minas Gerais, that together are responsible for 63% of the market. Best prospects include: access control equipment, especially the ones that use biometric technology; closed circuit TVs; home security equipment; alarm systems; and vehicle monitoring systems.

Market statistics for electronic security equipment:

(US\$ millions)

	2000	2001	2002*
Total Market	650	750	900
Local Production	177	208	245
Total Exports	15	18	20
Total Imports	488	560	675
Total Import from U.S.	244	280	337

The above statistics are unofficial estimates

Exchange Rate: US\$ 1.00 = R\$ 2.50

Sources: ABESE – Brazilian Association of Electronic Security Companies, publications and industry contacts

A. Rank: 06

B. Sector: Pollution Control Equipment and Services

C. ITA Code: POL

The concern with environmental issues started in Brazil in the mid-eighties, with the creation of a number of environmental agencies at the municipal, state and federal levels and strict environmental legislation. Since that time, private and public companies have been increasingly investing in environmental technologies. Environmental awareness is growing in Brazil,

especially in the larger cities, and a number of projects are being proposed to reduce air, water and solid waste pollution.

Environmental experts estimate that Brazil's environmental technologies market equaled US\$2.9 billion in 2001, including equipment, engineering and consulting services and instrumentation associated with pollution control and cleanup projects. The market for air pollution control products is estimated at US\$230 million, for water and wastewater treatment at US\$1.6 billion and the market for solid waste treatment at US\$1.2 billion. The market is growing at a rate of 8 to 10% per year.

Brazil's water treatment market consists of state and municipal companies. The Federal Government establishes sanitation policies, regulations, guidelines and overall supervision of the sector. Often, state companies provide sanitation services for the municipalities under concessions, many of which will end by 2005. Business opportunities will arise for U.S. companies as service providers; concessionaires; purchasers of privatized sanitation companies; Build-Operate-Transfer (BOT) and joint-ownership.

According to industry experts, domestic waste disposal is one of the major environmental problems yet to be resolved by the Brazilian municipalities. This problem is particularly critical in São Paulo because the capacity of its landfills is nearly full.

Best prospects for U.S. environmental products and services include: water loss control technologies; products for automation and monitoring of water/sewage treatment stations; and equipment for improving water consumption measurement (remote measuring). There is an increased market demand for developed water treatment technologies (ultra, micro and nano filtration) especially in places like São Paulo where the water quality is quite poor. Although equipment for reverse osmosis is produced in Brazil, the membrane is currently being imported. Suppliers of water treatment stations incorporate specific imported equipment such as automatic valves, oil separators, and ultra-violet systems. Laboratory and analytical instruments are usually imported.

(US\$ millions)

	2000	2001	2002*
Total Market	2,900	3,193	3,512
Local Production	2,030	2,233	2,456
Total Exports	0	0	0
Total Imports	870	960	1,056
Total Import from U.S.	261	287	317

* Statistics are unofficial estimates.

Exchange Rate: US\$ 1.00 = R\$ 2.50 (June 2002)

Source: environmental consulting companies.

A. Rank: 07

B. Sector: Sporting Goods and Recreational Equipment

C. ITA Code: SPT

The Brazilian market for sporting goods reached an estimated US\$ 4.73 billion in 2001, up 1% from the US\$ 4.69 billion market size in 2000. For 2002 and 2003, market analysts have projected a growth rate of 2-4 percent.

U.S. sporting goods products enjoy a good level of acceptance due to its high quality recognition. Imports constitute almost 30% of this market and U.S. imports, specifically, count for 20% of such imports. Strong competition exists in many segments from lower priced Asian (Chinese, Korean and Taiwanese) imports.

The import duty rate for sporting goods, e.g., fitness equipment, jet skis, and boats range from 17-25%. Before importing, hunting equipment, for example, one must obtain an import license from the Brazilian authorities.

Best U.S. export prospects in this sector include Bicycles, Boats and Sailing, Fitness Equipment, Other Water Sports Equipment, Safety Equipment, Active Wear, Team Sports Accessories, Golf Equipment. Below is a table that illustrates Brazil's imports and current import duties related.

Harmonized Codes	Product Description	Import Duty	Tax over Industrial Products (IPI)	Amount Imported by Brazil in 2001 in US\$ (*)
8903	Boats and sailing	21.5%	10%	10,852,544
640411	Sport shoes	21.5%	0%	4,264,846
950691	Fitness Equipment	21.5%	20%	5,044,159
950661	Sport Balls	21.5%	20%	3,432,770
871200	Bicycle	21.5%	10%	1,008,197
871491	Bicycle parts	17.5%	10%	2,380,650
9507	Fishing equipment	21.5%	20%	1,903,728
950670	In-line skates	21.5%	20%	937,658

(*) Source: Aduaneiras Database

NOTE: Import Duties and IPI may vary as you breakdown the HS Code.

The major end-users of sporting goods equipment in Brazil are individuals who exercise at home or at sports clubs. Taking the opportunity of the perfect Brazilian weather and landscape, people love to be in contact with the environment when practicing sports. A strong retail sales network exists to support individual demand through large sporting goods chains that are located at shopping centers, neighborhood sports shops, and sales through the recreational section of large supermarket chains.

(US\$ millions)

	2000	2001	2002*
Total Market	4,692	4,738	4,832
Local Production	3,296	3,315	3,416
Total Exports	4	4	4
Total Imports	1,400	1,427	1,420
Total Import from U.S.	238	283	256

Statistics are unofficial estimates (*)

Sources: Trade Associations, publications and trade contacts.

A. Rank: 08

B. Sector: Print and Graphic Arts Equipment

C. Code: PGA

In the beginning of 2001, industry experts had forecasted that the Brazilian printing and graphic arts industry would grow between 6 and 10%, but this sector was deeply affected by the national energy crisis in 2001, registering a 20% decrease in revenues. These results contrasted with the 27% growth registered by the printing and graphic arts industry in 2000, when revenues amounted to US\$ 5 billion, the largest in the past ten years.

The Brazilian printing and graphic arts equipment sector was estimated at US\$ 419 million in 2001, with US\$ 144 million in local production, US\$ 165 million in exports and US\$ 440 million in imports. The United States exported approximately US\$ 211 million in printing and graphic arts equipment to Brazil in 2001, which represented 48% of the total import market in this sector. While the United States is the leading supplier for digital processing units and plotters to Brazil, Germany has the competitive advantage in the offset printers segment.

Because imported printing and graphic arts equipment account for 88% of the total market for these products in Brazil, this sector is very sensitive to exchange rate fluctuations and is suffering from the current unfavorable Real-Dollar rate. Fortunately, a large quantity of the printing and graphic arts equipment imported from the United States are on the tariff exemption list published by the Brazilian Federal Government, which seeks to modernize Brazilian production lines and, consequently, obtain higher quality products capable of competing in foreign markets. The ex-tariff list includes 600 items, mostly equipment and machinery with high technology, automated, and usually with no similar product manufactured locally, granting import duty reductions up to 4%.

Best U.S. export prospects for printing and graphic arts equipment include machinery with higher efficiency levels, automated devices and new technology. Segments presenting good prospects for U.S. exporters include digital processing units and plotters, offset printers, flexographic printing machines, auxiliary machines, bookbinding machines, machines for photographic procedures and serigraphy printing machines.

Print and Graphic Arts Equipment

(US\$ millions)

	2000	2001	2002*
Total Market	517	500	510
Local Production	245	225	240
Total Exports	150	165	180
Total Imports	422	440	450
Total Import from U.S.	219	211	216

Includes HS 8440/8441/8442/8443/8471/9006.10/9009/9027.90

The above statistics are unofficial estimates

Exchange Rate: US\$ 1.00 = R\$ 2.5 (June 2002)

Source: Secex, MDIC-Abimaq-Decon, Abigraf and Industry Specialists

A. Rank: 09

B. Sector: Electrical Power Systems

C. ITA Code: ELP

Comments: The total Brazilian market for electrical power equipment (ELP), including generation, transmission, and distribution segments (GTD), is estimated to have reached US\$ 2.18 in 2001. This market is expected to grow about 13% in 2002 - - half of what the Brazilian Association of Electrical and Electronic Industries had previously anticipated.

The main reason for an expected reduction in the growth of the GTD market was the power rationing in Brazil from June 2001 to February 2002. The rationing, on the other hand, accelerated the construction of power transmission and (mostly hydro) generation projects, which are expected to absorb the bulk of power equipment and services in 2002.

During the nine-month rationing, there was an overall power consumption reduction of 20% mandated by the Brazilian Government (GOB) to save energy and avoid blackouts. Consequently the demand for equipment and services in the power distribution segment dropped significantly, while the demand for stand-by power generators, for example, increased.

The power distribution companies (DISCOs) were forced to reevaluate their investment plans in the face of shrinking revenues. Additionally, these utilities have accumulated high debts contracted in US dollars, some of which were caused by the mandatory purchase of electricity from Itaipu Binational dam charged in US dollars. In contrast, the utilities argued that their electrical tariffs had not been adequately readjusted due to the GOB's attempt to control inflation.

Beginning 2002, the DISCOs received a tariff readjustment to compensate for losses caused by the power rationing and negotiated a loan with the Brazilian Economic Development Bank. There has also been some improvement in the yearly tariff readjustment mechanism to better reflect the DISCOs "non-manageable" costs. Nevertheless, the electrical consumption has continued low even after the end of the power rationing, and the unfavorable exchange rate in Brazil has greatly impacted the DISCO's ability to recuperate their revenues.

Despite the adverse scenario for the DISCOs, investments in power system upgrades are projected to continue -- although at a considerably slower pace -- to meet contractual obligations established by ANEEL, Brazil's Power Regulator. The gradual opening of the power market is also expected to influence the utilities' investment decisions over the next few years. (Note: As of 2003, additional client categories will be allowed to select their power supplier, and competition is expected to be stiffer.) Hence, quality in energy delivery and effective electricity measurement will make a difference in the companies' competition for clients.

The outlook for the power generation and transmission subsectors is favorable in view of ongoing investments. Despite the current reduced electrical consumption, Brazil needs to add over 4,000 MW every year to avoid future power shortfalls. The Brazilian power market is projected to grow 4.3% a year over the next decade, which means investments of about \$14 billion from 2002 - 2008.

New transmission lines (TLs) and hydropower plants (HPPs) are either being built or in tender process. Local suppliers of transmission equipment have been operating at full capacity, and imports of selected products (circuit breakers, for example) are expected to continue to fulfill the demand.

While hydropower projects are under construction, the same does not apply to most planned thermal power plants. The 1998 Thermal Power Emergency Plan (TPEP) that called for the construction of 50 new power plants (17,400 MW) by 2003 is virtually stalled with only a dozen power plants to come into operation in the next two years. A series of regulatory obstacles has delayed most plans for those new gas-fired plants, coupled with uncertainties in the Brazilian political scene. (Note: Federal and state level elections will be held in October 2002.)

On January 10, the GOB announced a Power Revitalization Program (PRP) with eighteen proposals. Since eleven of these new measures have been subject to public hearings, investors have postponed a decision to move ahead with their thermal power plants. Specifically, they argue they cannot determine what the level of competition will be with the government-owned producers. (These government-owned generators currently account for nearly 80% of the Brazilian market and generate cheap hydropower.) Considering the fact that the power distributors can generate up to 30% of the energy they sell to their captive market, this reduces even further the market for new Independent Power Producers (IPPs). Additionally, the GOB will change the price cap formula ("normative value") that enables power distributors to pass the costs of acquiring energy through the consumers. Again, the lack of definition on these prices leads to difficulties in closing power purchase agreements - - directly affecting power generators.

Overall, the perception in the market is that some of these new measures might greatly contribute to increase the Brazil regulatory risk. In the long term, however, if the thermal power plants progress, U.S. companies may find good export opportunities in this segment as locally established manufacturers have limited capacity to supply this market.

(US\$ millions)

	2000	2001	2002*
Total Market	1,930	2,180	2,465
Local Production	1,800	2,015	2,275
Total Exports	200	215	235
Total Imports	330	380	425
Total Import from U.S.	65	95	110

* Statistics are unofficial estimates from trade sources.

Exchange Rate: US\$ 1.00 = R\$ 2.70 (June 2002)

Source: Brazilian Association of Electrical/Electronic Industries (ABINEE)

A. Rank: 10

B. Sector: Mining Equipment

C. ITA Code: MIN

Comments: The Brazilian market for mining equipment is one of the largest in the world. Brazil is a major producer of several minerals, especially iron ore, gold, bauxite, kaolin, manganese, phosphate rock and niobium. It is the fifth largest mineral producer in the world. The mineral

potential of the country has not been fully assessed and ongoing geological surveys may still find significant deposits. There are also many well-known deposits, especially of copper and gold, that are not being currently exploited, but that could be developed in the future if world market prices increase.

Most of the mining activities in Brazil are open pit. The local market for underground mining equipment is relatively small, when compared to the market for open pit mining. In the long term (three to seven years), however, there will be a trend to increase the number of underground mines. The largest installed mining operations are for iron ore, with total output of more than 200 million metric tons of processed ore in 2001.

CVRD, Companhia Vale do Rio Doce, the largest Brazilian mining company, is responsible for nearly one third of the mineral output of this country, in terms of value. CVRD was privatized in May 1997, and there are no longer any state-owned mining operations in Brazil.

The largest investments planned for the next three years in Brazil are three copper projects of CVRD, calling for a combined total investment of more than US\$600 million. Expansion of the existing gold mines is the second most promising area for the near future.

(US\$ millions)

	2000	2001	2002*
Total Market	2,840	2,900	3,950
Local Production	3,000	3,050	3,100
Total Exports	350	350	370
Total Imports	190	200	220
Total Import from U.S.	90	90	95

Sources: Brazilian Ministry for Industry, Trade and Tourism and the Brazilian Mining Institute.

* Statistics are unofficial estimates

A. Rank: 11

B. Sector: Iron & Steel

C. ITA Code: IRS

The total Brazilian crude steel production in 2001 was 26.7 million metric tons. The total Brazilian imports of steel products in 2001 were US\$677 million or 1,088,395 metric tons and total exports by Brazilian manufacturers were US\$2,317 million or 9,309,000 metric tons. Brazil is the eighth largest steel manufacturer, with approximately 50% of the steel production of Latin America and 3.2% of the world.

Approximately 85% of the Brazilian crude steel production is made in integrated steelworks, whereas 15% are made in non-integrated mills; 92% of it is made in continuous casting process and 8% in conventional casting; 80% are made in oxygen (BOF) process, 20% using electric process. Regarding types of steel products made in Brazil, nearly 59% of the total output of the country is flat products and 41% are long products.

Brazilian manufacturers are concentrated in the states of Minas Gerais (41% of total production), Rio de Janeiro (20%), Espirito Santo (19%) and São Paulo (13%). The largest

manufacturers are Usiminas / Cosipa with a combined output of 7 million metric tons / annually, Gerdau with 3.5 Mtons, and CSN with 4.5 Mtons.

Brazilian imports of steel products from the U.S. during 2001 were 22,657 metric tons, or US\$65.9 million (FOB). During 2000 they were 24,386 metric tons or US\$78.7 million. The most-exported products from the U.S. to Brazil have been seamless tubes and pipes, welded tubes and pipes, strips and hoops, drawn products, stainless steel sheets and coils and hot dip galvanized sheets.

(US\$ millions)

	2000	2001	2002*
Total Market	6,177	6,860	7,200
Local Production	8,300	8,500	8,900
Total Exports	2,752	2,317	2,400
Total Imports	629	677	700
Total Import from U.S.	79	66	72

Source: IBS - Brazilian Steel Institute.

* Estimate

A. Rank: 12

B. Sector: Medical Equipment and Devices

C. Code: MED

Brazil is the largest medical market in Latin America. The total market for medical equipment in Brazil should continue to expand through 2002, with solid local production and a sizeable import market. This market comprises medical equipment and devices, dental equipment and products, radiology and image diagnostic equipment and laboratory equipment.

Brazilian medical equipment revenues in 2001 reached US\$ 1.8 billion, compared to US\$ 1.77 billion in 2000. The United States accounts for 50% of the import market. U.S. sales have traditionally been made through Brazilian agents, distributors and importers who sell to hospitals and clinics. There are few high-quality Brazilian manufacturers of advanced medical products so reliance on imports will generally continue. Local buyers view U.S. and other foreign products (mainly Canadian and European) as having equally good quality and reliability. Financing often becomes the differentiating criteria in making the sale.

There are some 3,000 equipment and supply distributors in Brazil, but only 3,3 % of these firms can be classified as large companies. Excluding the direct sales networks of individual multinational manufacturers, virtually all distributors are regional rather than national.

In addition to the attractive size of the Brazilian medical market, U.S. exporters should consider the opportunities offered by Mercosul, and use Brazil as a "spring board" for export into the region. Since compulsory product registration before sale is required in the entire region, U.S. exporters should consult a local lawyer/consultant before signing a contract with any agent/distributor.

An interesting trend in Brazil is the growing market of the Home Health Care, which moved approximately US\$120 to 200 million in 2001. Brazil now has approximately 150 of these types

of care providers, compared to approximately 1,440 in the United States. These organizations are being viewed as a good way to cut hospitalization costs, while offering better services to the patients. Nowadays, health insurance companies are responsible for 99% of the costs with home care treatment. The Nursing Regional Council is developing procedures on how to regulate this market, including standards for health professionals.

Private entities such as universities and even religious organizations around the country offer new opportunities for both U.S. equipment and training/management services suppliers. Interested U.S. suppliers should look for opportunities beyond the larger communities of São Paulo and Rio de Janeiro (both in Southeast Brazil). In particular, opportunities exist in the northeastern states of Bahia, Ceará, Pernambuco, Paraíba and Rio Grande do Norte; the southeastern states of Minas Gerais and Espírito Santo; the central western states of Goiás and Mato Grosso do Sul; and the southern states of Paraná, Santa Catarina and Rio Grande do Sul.

Of Brazil's total medical equipment sales valued at US\$1, 82 billion in 2001, approximately 48% were to the private health sector, 44% were to the public sector and 8% were exported. Brazil's economic difficulties slowed government investment plans for public hospitals. However, the continued expansion of the Brazilian private health care sector, particularly HMO's (private health care plans), was the good news the market needed and should create new opportunities for U.S. exporters, particularly for more advanced medical equipment, disposables, diagnostic devices, implants and components.

The tables below are based on the following Harmonized System Codes: 3701, 3702, 3821, 3822, 3917, 3919, 3923, 3926, 4014, 4015, 8419, 8421, 8540, 9011, 9018, 9019, 9020, 9021, 9022, 9023:

Medical Products Market

(US\$ millions)

	2000	2001	2002*
Total Market	1,634	1,816	1,871
Local Production	866	995	1,093
Total Exports	150	160	170
Total Imports	918	981	948
Total Import from U.S.	486	518	500

* The above statistics are unofficial estimates.

Source: SECEX - Brazilian Government Statistics and ABIMO

Best Prospects for Medical Equipment and Devices:

	2000 US\$FOB	2001 US\$ FOB	2002* US\$ FOB
Diagnost. for Resonance Visualization	36,944	54,870	81,960
Other medical instruments for medicine, surgery	42,782	37,580	33,628
Echography with Doppler analysis	43,697	52,303	43,560
Other probes, catheters and cannulas	35,121	37,641	36,000
Computer Aided Tomography	33,044	41,286	49,544

Pacemaker (except accessories)	18,414	16,779	15,812
Artificial Kidneys	17,098	25,146	11,944
X-Ray tubes	15,224	16,251	14,588
X-Ray Angiography	14,826	35,355	26,580
Ophthalmic Instruments	10,199	15,008	16,321

* The above statistics are unofficial estimates.
Source: SECEX

- A. Rank: N/A**
- B. Name of Sector: Airport**
- C. ITA Code: AIP**

There are two main factors reflected in the airport market in Brazil: growth of the Brazilian economy and the modernization of major airports to accommodate the increase in passenger traffic. The airport modernization projects offer good long-term market prospects for U.S. manufacturers.

INFRAERO's total revenue in 2001 reached US\$ 577 million. Its major source is from air cargo storage and handling - around the 29% followed by commercial revenue - 23%. The balance comes from operational charges. As a result, INFRAERO is able to self-finance all modernization airport projects.

INFRAERO (Empresa Brasileira de Infra-Estrutura Aeroportuária), is a federal agency and is responsible for designing, building, operating and managing 65 airports and 82 navigation support stations for air traffic control, telecommunications services, and flight protection. The agency headquarters is in Brasília and has seven regional centers in Belém, Brasília, Manaus, Porto Alegre, Recife, Rio de Janeiro, and São Paulo.

In 2001, INFRAERO airport network handled 73.9 million passengers and 1.25 million tons of air cargo. The volume of passenger traffic is increasing at 8.7% per year, almost double the world average growth.

INFRAERO plans to invest US\$ 1.65 Billion to upgrade and expand its airport network. This investment will be made in operation with local and state governments as well as with the private sector. All airport construction projects are contracted by INFRAERO through a public bid-process. It is therefore, up to individual companies to decide whether they will team up with foreign or domestic partners. The largest investments will be made at São Paulo International Airport (Guarulhos), Recife, Salvador, Maceio, Brasília and Rio de Janeiro downtown airport (Santos Dumont).

Salvador Airport (Luis Eduardo Magalhães)

New terminal
New parking lot building
Total Investment: US\$87 millions
Conclusion: October 2002

Rio de Janeiro Airport (Santos Dumond)

Terminal Expansion

Renovation of parking lot building
Total Investment: US\$51 millions
Conclusion: June 2002

Brasilia Airport (Juscelino Kubitschek)

Second phase terminal construction
Second runway
Total Investment: US\$52 millions
Conclusion: December 2002

São Paulo Airport (Guarulhos)

Construction of third terminal
New runway
Total Investment: US\$549 millions
Conclusion: 2006

- A. Rank: N/A**
- B. Sector: Insurance**
- C. ITA Code: INS**

The Brazilian insurance market has reached US\$ 15 billion, approximately 2.3% of the Brazilian GNP. This equates to almost half of South America's insurance market. The Brazilian insurance industry has been growing for the last six years at rates higher than that of the GNP. In fact, it has doubled since 1994. Life, health, and retirement insurance were the fastest growing sectors. The market potential is attracting foreign companies: in 1994, 95% of the sector was controlled by Brazilian companies. Foreign companies now control 40% of the sector. U.S companies' share of this market is 12%.

The Brazilian federal government formulates policy for the private insurance system, and does so through the following organizations:

(I) The National Council of Private Insurance (CNSP), comprised of the Ministry of Finance, the Office of the Superintendent of Private Insurance (SUSEP), the Brazil Reinsurance Institute (IRB), the Brazilian Central Bank, representatives of the Ministries of Justice and of Planning, and four private insurance companies. The CNSP's responsibilities include setting insurance policy guidelines and rules; regulating private insurance firm creation, organization, activities and supervision; establishing guidelines of insurance contracts; establishing reinsurance rules; and setting general accounting and statistical standards.

(II) SUSEP, an independent agency subject to the Ministry of Finance via the CNSP. It monitors the insurance and private pension market through the solvency index; establishes operational risk limits; supervises technical reserves; and regulates open pension funds (which are equivalent to the U.S. KOLC). It also regulates insurance brokers, which are the main distribution channel for insurance in Brazil, accounting for 70% of the sales. The remainder is made through banks.

(III) IRB - a 51% state-owned company, 49% privately-owned insurance company - is currently the sole Brazilian re-insurer at this time. The state-owned segment is scheduled to be privatized pending the outcome of a recent court injunction.

The sector's trade association is the Federation of National Private Insurance and Capitalization Firms (FENASEG).

Main insurance types in Brazil include:

Cars:	32%
Life:	24%
Health:	17%
Personal Accidents:	9%
Risks:	4%
Residential:	4%
Property:	3%
Other:	7%

(Source: Fenaseg)

Retirement Insurance

This sub-sector has been undergoing rapid growth. The Brazilian pension funds system is composed of public social security and private complimentary plans.

The public social security is deducted from salaries, and administered through the National Social Security Institute (INSS). This system has recently been reformed by the government, though it still runs a deficit.

The private system consists of two categories: open and closed funds. The latter is for employees of specific companies and institutions (the largest being linked to governmental entities such as Banco do Brasil, and Petrobras), and open funds are, as per its name, open to all. Those funds operate as an insurance product, paying an annuity as soon as the client is retired. Open funds are usually provided by insurance companies and insurance subsidiaries of banks, such as Banco Bradesco (main provider), AIG, and Hartford.

Two other new funds have been offered, both similar to the U.S. 401(k) plans:

- a) The individual programmed retirement fund (Fundo de Aposentadoria Programada Individual, FAPI), which is a long-term savings and retirement fund for individuals operated by financial institutions. It allows small and medium-sized companies to supplement its employees' social security.
- b) The tax-free benefits generation plan (Plano Gerador de Benefícios Livres, PGBL): this product, offered through insurance companies, is very popular due to the tax incentives (earnings are tax-free).

Reinsurance

The IRB was founded in 1939, and acted as a monopoly for over 50 years. In 1996, the Congress passed a law to open this market to competition, and, as of 1997, the IRB – now IRB Re Brasil – is owned 51% by the Brazilian government. All the steps were adopted in order to complete IRB's privatization.

In July 2000, some Brazilian congressmen stopped the IRB's privatization, stating that a "specific legislation on reinsurance should be created". While the prerequisites for IRB's privatization already exist, a court injunction has interrupted the process. If the court decides against these congressmen and in favor of the privatization, the process could be completed by the end of 2002. Otherwise, a revised law shall be issued. The timing of the court ruling is uncertain.

Several foreign companies have established branches in Brazil to strengthen their bids for the IRB's auction. However, these repeated court injunctions and delays may discourage foreign companies from maintaining their market presence.

NEW REGULATORY AGENCY

The creation of a regulatory agency for the insurance sector in Brazil is under study. Similar agencies exist in Canada, Japan, and the Scandinavian countries, among others. In Brazil, a new office would bring together institutions such as SUSEP; the Secretariat of Complementary Pension of the Ministry of Finance; and the Comissão de Valores Mobiliários (CVM), which is the Brazilian equivalent of the U.S. Securities and Exchange Commission.

U.S. insurance companies currently operating in Brazil include:

AETNA
AIG
AMERICAN HOME
AON
CHASE
CHUBB
CIGNA
HARTFORD
LIBERTY MUTUAL
LINCOLN CONTINENTAL
MARSH & MCLENNAN
METLIFE
NATIONWIDE
PRUDENTIAL

A. Rank: N/A

B. Sector: Internet and E-Commerce Services

C. ITA Code: CSV, TEL, INF

Electronic commerce continues to grow in Brazil. Although the initial euphoria is gone, this sector continues to receive significant investments, especially in the B2B area. In 2001, electronic business transactions between companies in Brazil represented US\$ 3.9 billion. In three years, this amount is expected to surpass US\$ 21 billion. Worldwide, the Gartner Group estimates that online sales will reach US\$ 3.17 trillion in 2003, compared to US\$ 75 billion generated in 2000.

In Brazil, business perspectives for the digital "e-economy" are optimistic in spite of the depreciation of the "Real" (Brazilian currency), the Argentine crisis and the U.S. economy's slow down. E-commerce growth has been steady in Brazil, though not as strong as it was in 2000 and 2001. Due to the rapid expansion of the Brazilian telecommunications sector in 2001, this

segment grew and made room for more broadband applications. Some of the factors influencing growth were: (1) large user base; (2) state-of-the-art banking equipment; (3) large local retailers with strong brand recognition; (4) a wide array of Portuguese language content providers; and (5) the Brazilian Government's new project to extend internet access to all citizens.

Brazil has approximately 23 million internet users. A few large Internet Service Providers (ISPs) dominate the Brazilian market. According to the Brazilian Association of Internet Service Providers (ABRANET), there are currently more than 1,000 ISPs in Brazil, but only five large companies hold 50% of the market share (in Internet users). The market leader for paid internet access is Universo Online (UOL), with approximately one million subscribers. The UOL group is ranked in first, second and third places with its UOL, BOL (Brazil Online) and ZipNet.

Besides being the largest ISP, UOL is also the largest Brazilian portal and has attracted many business partners with its e-commerce site "Shopping UOL." Other ISPs include ZAZ/ Terra (owned by Spain's Telefonica), iG, AOL, Starmedia, O Site, Matrix, PSI Net, etc. Fierce competition among ISPs has caused access costs to fall, which has caused a boom in the number of users, but this has not always resulted in profits for dot com companies.

E-Commerce & E-Business: The "Business to Business" (B2B) segment still grows in Brazil and is concentrated in a few large companies. Brazilian companies know they must rush to do their homework. Although a large number of Brazilian and multinational companies made significant investments to develop e-business, numbers point to a different reality. For example, in the state of São Paulo, only 5% of the industry is currently utilizing B2B tools to perform sales (*Source: The Industries Federation of the State of SP-FIESP*). In contrast, Dell Computers is a good example of a U.S. based computer hardware company which opened a plant in Brazil in 1999 (Rio Grande do Sul) and has been fully operating in the Brazilian e-business scenario.

Among the main "Business to Consumer" (B2C) players are diverse retail companies such as "Amelia.com" (Grupo Pão de Açúcar, the second largest Brazilian supermarket chain), "Americanas.com" (a major retail chain), "Livraria Saraiva" (a bookstore chain), "Webmotors" (used-car sales) and "Submarino.com" (books and CDs). They hope to dramatically increase sales through on-line channels.

It is estimated that one fifth of Brazilian internet users have made on-line purchases. Most local Brazilian sites are dedicated to books, music, groceries, electronics, brokerages, banks, airlines, computer software and hardware, and others (including auction sites and virtual automobile dealerships). While books, CDs, and software are still the most frequently purchased items, Brazilian consumers have begun to buy items such as computer peripherals and accessories, cosmetics, vitamins, car accessories, clothes, household items, and toys.

In the "Consumer to Consumer" segment (C2C), a number of local on-line auction sites continue to offer their services, e.g., Arremate.com, Mercado Livre, and Lokau.

The average Brazilian on-line consumer is well educated, highly sophisticated, used to shopping internationally and is just beginning to experiment with on-line shopping. The penetration rate is limited due to the relatively small portion of the population in the upper and middle classes, who have access to computers and other necessary hardware to access the Internet.

The "Government to Consumer" (G2C) and "Government to Business" (G2B) segments are a new reality in Brazil. The Brazilian Government has successfully established a one-stop-shop

portal called www.redegoverno.gov.br, where public services are available online to Brazilian citizens. Filing income taxes electronically has become very popular among Brazilians of all classes.

Internet Banking: Thanks to Brazilian banks, the country is on the cutting edge in the development of secure e-commerce technology. Through an early focus on PC banking and internet-based offerings, Brazil has developed one of the most advanced home-banking systems in the world, of which “Bradesco” (the largest private Brazilian retail bank) was the pioneer. In 1999, approximately 1.5 million Brazilian consumers had accessed their banks via direct dial-up or the Internet, performing various transactions such as obtaining checking balances, making transfers, and applying for loans on-line.

High Speed Internet Access: High speed internet access has become more popular in certain regions of Brazil where it is available. São Paulo’s telecommunications operator, Telefonica, offers high speed services through the Asymmetric Digital Subscriber Line (ADSL) and TVA cable television also offers high speed internet access through cable modem technology with its “@jato” service.

Future Challenges: Economic and technological issues that have impeded the growth of the internet and e-commerce in Brazil are gradually being resolved. PC ownership is increasing as prices decline with the introduction of cheaper models. However, local telephone charges remain high as calls are still billed on a per minute/per pulse basis. Additionally, despite improvements, the postal and delivery systems that service Brazil are still inadequate in light of the high volume of small packages that characterizes business to consumer e-commerce. As these issues are resolved, the potential for e-commerce transactions will grow as well.

(US\$ Millions)

	2000	2001	2002 (*)
Total Market (B2B + B2C)	3.100	3.900	7.400

Exchange Rate: US\$ 1.00=R\$ 2.50 (June 2002)

(*) The above statistics are unofficial estimates

Sources: IDC Brasil, Forrester Research, Gartner Group & Boston Consulting Group

A. Rank: N/A

B. Sector: Transportation, Railroads and Highways

C. ITA Code: TRN

Railroads

In 1992, the federal government included the federal railroad system (RFFSA) in the privatization program, and divided the network into six regions, to be transferred to the private sector, under concession, for 30 years. The privatization process was completed in December of 1999. Prior to this, 73 percent of the railroad tracks were controlled by the federal government, which transported over 80 million tons of cargo per year. The railway transported mostly agricultural goods, minerals, steel and petroleum.

At that time the Brazilian railway network consisted of 36,000 km. of track, 20,000 km. of which were considered to be in satisfactory condition. The six newly established railroad companies have aggressive development plans for the next 3 to 6 years.

The concessions require that the concessionaires provide maintenance services as part of the agreement. Private consortia, including U.S. participants, invested US\$2.5 billion in the concessions. Noel Group, Brazil Rail Partners, Railtex International Holding, Ralph Partners, and BankBoston, are some of the U.S. groups participating in the Brazilian concessions. U.S. suppliers are expected to capture 25 percent of the market, as there is a local preference for U.S. technology and products. The total needed investment is estimated at US\$5 billion over the next 30 years.

After privatization, freight shipment by rail increased 20% on average, billings increased 75%, and more than US\$500 million was invested in the recuperation of permanent way, refurbishing and purchases of rolling stock.

There has not been any significant increase in the 36,000 kilometers of railroad tracks, but much has been upgraded allowing longer and heavier cargo to be transported, some cargo has been transported with as many as 160 freight cars, reducing shipping time and improving train safety.

The type of freight being shipped is also changing. Now food and beverage pallets, containers, paper and pulp and even automobiles are being shipped by rail. In order to do so, new specialized rolling stock was purchased and terminals were improved.

Railroad companies are increasing their investments to serve important export corridors:
Midwest - grains for export are being shipped to the ports of Santos (SP), Tubarão, and Vitória (ES) and Rio de Janeiro (RJ); manufactured goods, from São Paulo and Campinas, are being transported mainly to the port of Santos (SP);
Mercosul - freight to and from neighboring countries;
North and Northeast - integration and improvement of regional systems.

In 1999, after investments on the order of US\$484 million, the railroads had billings of US\$2.2 billion, 20% over 1998.

Since 1999, due to the construction of gas pipeline, the rail companies were hit by the loss of substantial fuel cargo, an important source of income for several railroads. This loss is being compensated by other freight, largely grain.

Results for 2002 should be at least equal to 2001 as operators invested in increasing and diversifying services to meet new demand.

According to sector analysts, investment in the railroad industry will remain heated in the next few years. This expectation can be substantiated by the investment plans published by the railroad companies that estimated over 416 million dollars to be invested in 2001, an increase of 56.1% over the previous year's budget. Ferronorte, the major investor for 2001, had a 98 million-dollar loan approved by the Brazilian Development Bank - BNDES. These funds are meant to finance the second stage of the Alto Taquaril project, in the state of Mato Grosso.

The majority of the resources forecasted for 2001 (54.9%) are destined for the construction and revamping of the permanent way. Purchasing and maintenance of rolling stock will represent 37.9% of the total estimated investment. The rest will be used for the expansion of the

telecommunications system, licensing, information technology, personnel training and interfacing with seaports and other logistics systems.

Brazil's private railroad operators were reluctant to release investment figures for 2002 but said they planned to invest millions of Dollars in the following activities:

Refurbishing locomotives, locomotive spare parts, braking systems, couplings, diesel engine parts, communication systems, signaling systems, track maintenance equipment and services, railroad ties of concrete and wood, remodeling, duplicating and electrifying 3,300 km of railroad tracks, replacing rails and ties and enlarging and remodeling maintenance facilities.

U.S. Business opportunities: Supplying railroad equipment; building and/or operating multimodal transshipment terminals; building and/or operating silos and other warehouse facilities; container operations; partnerships in railroad expansion; growing and processing soy beans and corn; and freight handling for agricultural products.

Highways

Brazil has roughly 1.5 million km of highways, the 12th largest road system in the world, but only a little over 10% are paved. However, an ongoing privatization program is gradually bringing investment to the main cargo and passenger routes, with substantial upgrading of service quality.

Excluding waterways, rivers and coastal shipping, 75% of the country's cargo is transported on highways, suggesting substantial inefficiencies, although railroads are gradually winning back heavy, long-distance freight. The 1993 federal highway concession program (Programa de Concessão de Rodovias Federais - Procrofe) identified 15,500 km of highway which could be privatized and profitably operated.

Subsequently, the program included privatization of :

8,000 kilometers of federal highways, and to turn over 7,500 kilometers of federal highways to state control.

Procrofe also determined that the criteria for granting concessions would be based on the lowest tolls charged and a guaranty to meet pre-determined improvement objectives.

Through the end of 1999, Procrofe, state and municipal privatization programs had granted 39 concessions with investment commitments of US\$6 billion. In this first stage some 10,000 kilometers of federal and state roads were turned over to private operators. Private companies operating 39 highway concessions invested US\$700 million through 2000. This amount represents 12% of the investment required until the end of the concessions, which is 20 years on average.

Privatized highways are safer now and offer more service to users, long stretches of highways have been re-paved and signs have been recuperated.

Since privatization user satisfaction has improved and the number of accidents has decreased, from 124,000 in 1997 to 120,000 the following year, on privatized highways. Freight shipment increased from 396 billion ton-kilometers to 444 billion between 1996 and 1998.

Operators aim to incorporate modern technology to the network system, to reach European and U.S. interstate highway benchmarks.

Business opportunities

In Brazil, 60% of all freight - counting waterways, rivers and coastal shipping - are transported over 1.5 million km of highways. So far, privatization programs are aimed at roughly 10% of the 164,000 km paved roads, and concession auctions have been held for less than half of the planned number.

Companies operating the highways already privatized are expected to invest US\$5.3 billion on improvements of roads over the next two decades. Many opportunities are foreseen with new highway sections to be offered for bidding and the services and infrastructure that will be needed after new privatization.

The Brazilian government plans to continue its highway privatization program opening up new opportunities for direct and indirect investments: privatize additional 10,000 kilometers of federal highway; turn over to state control 13,000 km; rebuild 14,000 kilometers of federal highways.

Avança Brasil - the 2000-2003 Development Plan calls for construction, duplication and improvement of the following federal and state highways:

Fernão Dias (BR-381) - connecting two of Brazil's most important state capitals, Belo Horizonte (MG) and São Paulo (SP). The cost of duplicating this highway is estimated at US\$1.8 billion.

Mercosul - duplication of the highways which connect São Paulo to the southern states, US\$2.2 billion.

BR-364/163 - rebuilding of 520 km, US\$40.5 million.

São Paulo Beltway - construction of the first sector, Beltway West, is under way. The complete Beltway, to be built in four sections, will require US\$1.7 billion of investment. Many of these projects will involve substantial concessions, either for construction and operation or just for operation.

Business opportunities:

Highway operation - acquisition of concessions through public auction.

Highway, toll booth, service plazas and other civil construction.

Construction and operation of transshipment terminals.

Manufacture/supply of asphalt, concrete and electrical wire.

Telecommunications - fiber optic installation along highway ROW.

Electronic signs and safety equipment supply.

Medical and rescue equipment supplies.

Building and operating distribution and business centers.

Best Prospects for Agricultural and Food Products

Name of Sector: Pears and Apples **HTS 0808.20.10 and 0808.10**

Brazil has virtually no commercial pear production. While Brazilian apple production continues to increase, imports are ongoing. Argentina and Chile, the dominant suppliers of pears and apples to Brazil, benefit from preferential tariff treatment. European suppliers are also active in the market. Consumer knowledge of U.S. product characteristics and quality, nevertheless, is expanding. U.S. production also benefits from having an opposite harvest season from that of Argentina and Chile, allowing for a marketing window, and active U.S. marketing programs, particularly for pears. U.S. exports have interesting opportunities in this market.

(Thousand Metric Tons)	2000	2001	2002(*)
Consumption	1,049	792	862
Local Production	969	631	757
Exports	64	36	75
Imports	145	197	180
Imports from the U.S.	8	3	5

(*) Statistics are unofficial estimates.

Source: Secretaria de Comércio Exterior (SECEX) - MICT, Ministry of Finance, and USDA/Foreign Agricultural Service.

Name of Sector: Coarse Grains **HTS: 1001 – 1008.99**

Traditionally a net coarse grain importer, Brazil emerged as a corn exporter in 2001. However, a smaller and weather-damaged crop in 2002 will necessitate increased imports to meet consumption needs. Even in years of surplus production, Northeastern Brazil continues to import due to the high internal freight costs. Argentina enjoys many advantages in the Brazilian market, such as proximity, lower transportation costs, shorter delivery times, and protection from the 9.5 percent MERCOSUL duty and 25 percent merchant marine tax. Despite Argentina's advantages, there are opportunities for U.S. grains, particularly in feeds and fodder, which enjoyed \$16 million in sales from the United States to Brazil in 2001.

Corn (Thousand Metric Tons)	2000	2001	2002(*)
Consumption	36,236	36,300	37,000
Local Production	41,536	36,000	38,500
Exports	5,918	1,500	800
Imports	625	100	600
Imports from the U.S.	16	50	50

(*) Statistics are unofficial estimates.

Source: Secretaria de Comércio Exterior (SECEX) - MICT, Ministry of Finance, and USDA Foreign Agricultural Service

Name of Sector: Cotton
HTS: 5201

Despite economic ups-and-downs, consumption held, increasing nearly 8 percent in the past three years. Uncertainties with regard to Brazilian economic conditions, however, may affect near-term cotton demand.

Cotton imports are expected to increase this season as a result of domestic demand relative to lower local production. U.S. suppliers have benefitted from the deficit. The US niche market is a result of U.S. product quality and benefits associated with the USDA/GSM-102 credit guarantee program, factors highlighted by U.S. market development efforts. Cotton imports have decreased in recent years due to the higher availability of domestic product and the steady devaluation of the Real, vis-a-vis the US dollar.

Brazilian cotton output fell off this past season, after several years of expansion, due to land being shifted to relatively better priced soybean production. A shift back is not anticipated for the coming crop.

(Thousand Metric Tons)	2000	2001	2002(*)
Consumption	870	860	860
Local Production	899	769	769
Exports	68	150	80
Imports	131	60	160
Imports from the U.S.	6	6	10

(*) Statistics are unofficial estimates.

Source: Secretaria de Comércio Exterior (SECEX), Ministry of Finance, and USDA Foreign Agricultural Service

Name of Sector: Fresh Fruit (Excl. Apples & Pears)
HTS: 0804 - 0807 & 0809 - 0810

With an over-valued currency during the first years of the Real Plan (1994-97), the market showed an unprecedented opportunity for imported fruit. In 1996, Brazil imported US\$21.4 million of U.S. fruit, the highest level since the 1970's. The situation shifted, however, with the 1999 maxi currency devaluation. Other factors also impacted U.S. fresh fruit imports, including: increased competition from MERCOSUL countries and Chile, which enjoy duty-free entry and preferential tariffs, respectively; increased phytosanitary restrictions; and, greater local production.

A year after the maxi devaluation, however, the Brazilian economy showed significant recovery. Concurrently, despite a general decrease in Brazilian fresh fruit imports, the U.S. share increased 33 percent, a factor supported by aggressive U.S. marketing activities addressing purchasing, handling and promotion issues. Brazil has enormous growth potential, as noted when comparing per capita fresh fruit consumption with that of more economically developed countries. There are market segments to be developed. Today, opportunities exist for imported cherries, grapes, plums, kiwi, peaches and strawberries.

Brazil ranks among the major fruit producers. It is the top grower of oranges, bananas and papayas, and is among the larger producers of pineapple, mangoes and grapes. Even so, Brazilian fresh fruit exports in 2000 accounted for only 1 percent of world trade.

(Thousand Metric Tons)	2000	2001	2002(*)
Consumption	22,379	23,637	23,035
Local Production	22,539	23,922	23,340
Exports	208	329	350
Imports	48	44	45
Imports from the U.S.	1	1	1

(*) Statistics are unofficial estimates.

Source: Secretaria de Comércio Exterior (SECEX) - MICT, Ministry of Finance, and USDA Foreign Agricultural Service

Name of Sector: Wheat
HTS 1001

Comments: Brazil relies on imports for the majority of its wheat consumption, with Argentina as its primary supplier. For the past several years, Brazil blocked U.S. wheat imports due to several phytosanitary issues related to wheat, including TCK smut, cereal stripe and flag smut. On March 15, 2001, the Ministry of Agriculture lifted the ban on U.S. Soft Red Winter, Hard Red Spring, and Hard Red Winter wheat. Exports of these wheat varieties must come with an addition declaration in the phytosanitary certificate that "the wheat comes from an area free of anguina tritici," and cannot be shipped out of west coast ports. Importation of U.S. wheat from the states of Washington, Oregon, Idaho, California, Nevada, and Arizona remains prohibited due to phytosanitary concerns.

Brazil is one of the world's largest wheat importers. Argentina enjoys many advantages in the Brazilian market, such as proximity, lower transportation costs, shorter delivery times, and protection from the 11.5 percent MERCOSUL duty and 25 percent merchant marine tax. Despite Argentina's advantages, there are significant opportunities for U.S. wheat, particularly from May through September preceding the Brazilian harvest. Furthermore, importers and millers have stated a willingness to pay a premium for U.S. wheat, given its superior quality. Access to U.S. wheat classes will benefit Brazilian millers and consumers. In 1996, before Brazil imposed import restrictions on U.S. wheat, it purchased roughly 760,000 tons of U.S. wheat worth \$174 million. In 2001, U.S. wheat exports to Brazil reached nearly \$10 million.

(Thousand Metric Tons)	2000	2001	2002(*)
Consumption	10,070	10,100	10,200
Local Production	1,650	3,194	3,600
Exports	0	0	0
Imports	7,610	7,200	6,500
Imports from the U.S.	100	110	300

(*) Statistics are unofficial estimates.

Source: Secretaria de Comércio Exterior (SECEX) - MICT, Ministry of Finance, and USDA Foreign Agricultural Service

Name of Sector: Whey and Lactose
HTS 0404, 1702

Comments: Although Brazil produces a small amount of whey derived from its cheese production, whey is considered a residue and is seldom used as a food ingredient. Most of the whey used by the dairy and beverage industry in Brazil is imported. The market is booming because of the increasing use of whey in dairy-based drinks (yogurt), as well as for animal feed purposes. This offers an opportunity for U.S. exporters because local production does not meet demand. The EU is the major competitor for this product.

(Thousand Metric Tons)	2000	2001	2002*
A. Total Consumption	61	65	70
B. Total Local Production	28	30	35
C. Total Exports	0	0	0
D. Total Imports	33	35	35
E. Total Imports from the U.S.	9	9	11

* Statistics are unofficial estimates.

Source: Secretaria de Comércio Exterior (SECEX) - MICT, Ministry of Finance, and USDA Foreign Agricultural Service.

Name of Sector: Wine
HTS: 2204

Trade sources indicate that Brazilian wine consumption has grown on average from 1.3 liters per capita to 3 liters in the last decade. If, however, one considers the Southwest, Center-South and South regions, the average rose to approximately 10 liters. Even though domestic wine production has increased, it is not enough to supply the expanded demand, which favors imported wine. Production is concentrated in the southernmost part of the country, notably the state of Rio Grande do Sul.

The sector is very promising for imported wines, and highly competitive. In the last 10 years, for instance, the number wine importing companies decreased from 800 to 300. Concurrently, with time and product choices consumers learned more about wine quality and characteristics. The main suppliers of imported wine are France, Italy, Portugal, Chile and Argentina. These last two countries also enjoy MERCOSUL tariff rate advantages. Despite the decline of the Real, vis-a-vis the U.S. dollar, sector specialists indicate that the wine segment will be one of the least affected as wine, particularly imported product, still tends to be consumed by higher economic classes, which are not as sensitive to economic fluctuations. While Brazilian consumers generally lack awareness of U.S. quality wines, they show great interest in learning more. Importers believe there is a great potential for the U.S. product in Brazil.

(Thousand Liters)	2000	2001	2002 (*)
Exports	5,989	5,508	4,500
Imports	30,352	29,173	27,000
Imports from the U.S.	398	356	350
Avg Price per Lt. (US\$) (**)	2.54	2.50	2.53

(*) Statistics are unofficial estimates.

(**) Import FOB price

Source: Secretaria de Comércio Exterior (SECEX) - MICT, Ministry of Finance, and USDA Foreign Agricultural Service.

06. TRADE REGULATIONS AND STANDARDS

Trade Barriers, including tariffs, non-tariff barriers and import taxes.

Since 1990, Brazil has made substantial progress in reducing traditional border trade barriers (tariffs, import licensing, etc.), even though tariff rates in many areas are still high.

Tariffs, in general, are the primary instrument in Brazil for regulating imports. All tariffs are ad valorem, with rates between 0-35%, levied on the c.i.f. value of the import, with the exception of some telecommunication goods. Brazil's average applied tariff is 11.8% in 2002. The average tariff in 1990, by contrast, was 32%. Brazil also maintains a higher average tariff on processed items than on semi-processed goods and raw materials. The United States continues to encourage tariff reductions on products of interest to U.S. firms.

Brazil and its Southern Common Market (Mercosul) partners, Argentina, Paraguay and Uruguay, implemented the Mercosul Common External Tariff (CET) on January 1, 1995. In November 1997, after consulting with its Mercosul partners, Brazil implemented an across-the-board three-percentage point increase on all tariffs (inside and outside the CET), raising the ceiling from 20 to 23%. The surcharge is being gradually phased out (over a longer period than initially anticipated), and should be eliminated in 2003. Other Mercosul members have also unilaterally adjusted their tariffs in response to economic crises, and given these developments, the CET is currently full of exceptions.

In January 1997, the Secretariat of Foreign Trade (SECEX) implemented a computerized trade documentation system (SISCOMEX) to handle import licensing, and a wide variety of products were subject to non-automatic licensing. There are fees assessed per import statement submitted through SISCOMEX, and importers must comply with onerous registration guidelines, including a minimum capital requirement, to register with SECEX (the Foreign Trade Secretariat). Complete information on requirements for importing into Brazil is available only through SISCOMEX, which is only available to registered importers. Beginning in October 1998, Brazil issued a series of administrative measures that required additional sanitary/phytosanitary (SPS), quality and safety approvals from various government entities for products subject to non-automatic licenses.

In 1998, in order to fight increasing under-invoicing, Brazil issued a series of measures that required additional approvals for products subject to non-automatic licensing, and broadened the list of such products. While the Government is now in the process of phasing these out and moving most products to the automatic license category, these requirements still present a barrier. Under Brazil's new Customs Valuation regulations, Customs will focus its efforts on under-invoicing, and are authorized to hold up imports until the goods are valued.

A primary concern has been the use of minimum reference prices both as a requirement to obtain import licenses and/or as a base requirement for import. It appears that the Government of Brazil has required some products to meet minimum prices for the issuance of import licenses and/or in order to receive normal customs processing. This would raise questions about whether Brazil's regime is consistent with its obligations under the WTO. In November 1999, the

United States actively participated as an interested third party in European WTO consultations on the issue, and in July 2000 the United States held its own WTO consultations with Brazil. The Brazilian Government reportedly has modified its customs regime somewhat, but it has not codified these changes in a public document. Senior Brazilian officials have stated to embassy officers since late 1999 that such requirements currently do not exist.

In addition, product registrations from the Ministry of Health are required for imported processed food products and food supplement products effective March 1, 2000, with a reduced term of validity for registrations. Registration fees for these imports, as well as for medical and pharmaceutical products, also increased significantly over the course of 1999. The U.S. Government also has received complaints relating to Brazil's "law of similars," including that it leads to non-transparent preferences for Brazilian products in procurement bids for government and non-profit hospitals and prejudices against the import of refurbished medical equipment when domestically-produced "similars" exist. Implementation of such import measures continues to be poorly coordinated and not well publicized, magnifying the negative impact on U.S. exports.

The United States signed a trade and investment framework agreement with Mercosul in 1991. The United States will continue to encourage the reduction of barriers to trade and investment, including tariffs and the creation of a customs union that is open and consistent with the WTO, specifically GATT Article XXIV.

Tax and Fees Assessed on Imports

Imports are subject to a number of taxes and fees in Brazil, which are usually paid during the customs clearance process. There are three main taxes that account for the bulk of importing costs -- (1) Import Duty itself (known in Brazil as the "II"), (2) the Industrialized Product tax (known in Brazil as the "IPI"), and (3) the Merchandise and Service Circulation tax (known in Brazil as the "ICMS"). Please note that most taxes are calculated on a cumulative basis. In addition to these three taxes, several other taxes and fees apply to imports; such costs are discussed below.

- Import Duty

Import duty is a federally mandated product specific tax. After the creation of the MERCOSUR customs union, the four member countries -- i.e., Argentina, Brazil, Paraguay and Uruguay -- adopted a single import tariff structure known as the "common external tariff" (known in Brazil as the "TEC"). While after the adoption of the TEC, Brazilian import tariff rates were reduced, they are still high in comparison to U.S. import tariff rates. In most cases, Brazilian import duty rates range from 10 - 20 %.

- Industrialized Product Tax (IPI)

The 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. The IPI tax is not considered a cost for the importer, since the value is credited to the importer. Specifically, when the product is sold to the end user, the importer debits the IPI cost.

The Government of Brazil 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 to 15 %. In the case

of imports, the tax is charged on the product's c.i.f. value plus import duty. Often one can note that usually a relatively low import tariff rate carries a lower IPI rate. Conversely, a relatively high import tariff rate carries a correspondingly higher IPI rate. As with value-added taxes in Europe, IPI taxes on products that pass through several stages of processing can be adjusted to compensate for IPI taxes paid at each stage. Brazilian exports are exempt from the IPI tax.

- Merchandise and Service Circulation Tax (ICMS)

The 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 c.i.f. 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, since the cost of the tax is generally passed on to the buyer in the price charged for the merchandise. The ICMS tax due to the state government by companies is based on taxes collected on sales by the 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 is 18 percent. On interstate movements, the tax will be assessed at the rate applicable in the state of destination. (Some sectors of the economy, such as construction services, mining, electrical energy, liquid and gaseous fuels are exempt from the ICMS tax. Most Brazilian exports are exempt.)

- Additional Miscellaneous Taxes and Fees

- Warehouse Tax: 0.65% of CIF for a 15 day period
- Typical Terminal Handling Charges at Santos' port: US\$100 per container
- Merchant Marine Tax: 25% of ocean freight charges (does not apply to air freight)
- Mandatory Contribution to Custom Broker's union: 2.2% of CIF with a minimum contribution of US\$71 and a ceiling set at US\$160
- SISCOMEX usage fee: US\$30
- Typical Cargo Transportation Fee: US\$35

The hypothetical cost buildup for an imported machine, shipped in a 20 foot container, shipped from Miami to the port of Santos illustrates how taxes and fees are calculated. It also illustrates the impact of importing costs on the landed price of the product in the Brazilian market.

FOB price of Product	100,000
*Freight	2,400
Insurance (1%)	1,000
CIF Price of Product	103,400
Import Duty Rate: 19% -- applied to CIF	19,646
IPI: 5% -- applied to CIF + import duty	6,152
ICMS: 18% -- applied to CIF + import duty + IPI	23,256
Merchant Marine Tax: 25% of ocean freight cost	600
Warehouse: 0.65% of CIF; or min. US\$ 170, max US\$ 235	235
Terminal Handling Charges: average US\$ 100 per container	100
Contribution to Custom Broker's union 2.2% CIF; or min of US\$ 71, max US\$ 160 ..	160
Custom Brokerage Fee: average 0.65% of CIF or min US\$ 170, max US\$ 450	450
SISCOMEX Fee	30
Typical Cargo Transportation charge	35
Typical Bank Costs: 2% of FOB	2,000
FINAL COST	156,064

State of Espírito Santo Tax Exemption Incentive

The State of Espírito Santo has established an import-friendly system entitled FUNDAP to defer payment of ICMS (value-added tax charged by all Brazilian States) to the State. Specifically, either an importer of record or simply a consignee located in the City of Vitoria is exempt from this tax, payable upon Customs clearance of the imported goods. Vitoria, in the State of Espírito Santo, claims to have the largest privatized port complex of Latin America.

The FUNDAP program allows for payment of ICMS up to 60 days after the product is sold to the customer. The FUNDAP program also applies to imports by air transport, as well as sea.

Under the new Customs regime imported goods in bond (or out of bond) may be held until the U.S./foreign exporter is ready to ship to its customer(s). During this entry phase, the goods are retained in a tax/duty free status. The goods can be held at the Customs Interior facilities (EADI) for up to 6 months.

The FUNDAP regulation permits the importer of record or consignee to transfer some financial benefits to the U.S./foreign exporter, thus improving the exporter's cash flow and competitive position.

The FUNDAP program has been instrumental in developing in the State of Espírito Santo an efficient and economical port structure (seven ports), reducing the time and cost of clearing imported goods, and improving the final operational efficiency of the import process.

Briefly, the main advantages to importers using the FUNDAP system are:

- Exemption of the "import" ICMS tax during customs clearance. The ICMS rate is 18% of the total import cost. Import cost is here defined as the total CIF + Import duty + Industrial Federal tax;
- Deferred payment of the "Sales" ICMS by for approximately 60 days after consignee invoices the goods to the customer ["Sales" ICMS is 12% of the sales amount in inter-state sales and is otherwise due within several days of the sale.]

Customs Regulations

In 1997 the Brazilian Government established a computerized information system to monitor imports and to facilitate customs clearance known as the Foreign Trade Integrated System (SISCOMEX). The SISCOMEX has facilitated and reduced the amount of paperwork previously required for importing into Brazil, which, however, can still be burdensome. Brazilian importers must be registered in the Foreign Trade Secretariat - SECEX's Export and Import Registry and receive a password given by Customs to operate the SISCOMEX. The SISCOMEX has a graphic interface for the composition of electronic import documents and transmits information to a central computer.

Customs Clearance in Brazil can be a time consuming and frustrating process, similar to other countries in the region. In a report issued by ICEX (Instituto de Estudos das Operações de Comércio Exterior), the average customs clearance time in Brazil was the slowest in the Hemisphere (150 hours). Products can get "caught up" in customs because of minor errors of emissions in paperwork. In FTAA negotiations, Brazil and the U.S. are working on measures to allow more rapid customs clearance. The Brazilians recognize that many of its ports, loading and unloading as well as customs clearance need increased efficiency. To this end, they are also working on a "green line" expedited method of clearance. However, you should be prepared for the fact that unloading and clearance may take substantially longer than expected.

Import Licenses

Automatic License

As a general rule, Brazilian imports are subject to the "automatic import license" process. This procedure requires that the Brazilian importer submits information concerning each import, including description of the product as well as the harmonized tariff classification number, quantity, value of the shipment, shipping costs, etc. This information will be used for purposes of preparing the "Import Declaration" (locally known as the DI). Subsequently, all information is fed into Brazil's customs computer system known as the SISCOMEX. The Brazilian Foreign Trade Secretariat (SECEX) is the government agency responsible for granting import licenses. Certain products and import operations are subject to special requirements, which should also be completed prior to the customs clearance process. Below is an illustrative list of special requirements.

- Approval by Brazil's Agricultural Ministry for imports of meat and food products, sea food products, milk and milk derivatives, eggs and honey, fruits, and several other animal or vegetal products;
- The Brazilian Environmental Protection Agency may need to issue a determination concerning imports of natural, synthetic or artificial rubber;
- Company and/or product registration may be required for imports of numbers for asbestos, agricultural chemicals, pharmaceutical products, perfumes and cosmetics and medical related products.

Non-Automatic License (LI)

Whenever imports are subject to the Non-Automatic License (LI) regime, the importer must provide information concerning each shipment to Brazilian customs authority either prior to shipment or prior to customs clearance. The required information includes a description of the product as well as the harmonized tariff classification number, quantity, value of the shipment, shipping costs, etc.

Prior to Customs Clearance: Products imported under the drawback regime, as well as imports destined to the free trade zones and the National Council for Scientific and Technological Development.

Prior to Shipment Clearance: Products subject to special controls from SECEX or which require approvals from other Brazilian government agencies. Such products may include: used products in general, products that enjoy import tariff reductions, imports that do not involve payment from importer to the exporter -- e.g., samples, donations, temporary admission, psychotherapeutic drugs, products for human or veterinary research; weapons and related products, radioactive products and rare earth metal compounds, crude oil, oil derivatives or other petroleum derivatives, anti-hemophilic serum, medications with plasma and human blood, products that may be harmful to the environment -- e.g., CFC, mailing machines, stamp selling machines, airplanes, etc.

Shortly after feeding the SISCOMEX system information concerning a specific shipment, the SISCOMEX system will indicate whether or not a "non-automatic import license" is required.

Export Controls

At this time, the U.S. Government maintains no export controls specific to Brazil. Normal controls are maintained on military equipment, high-tech information systems, and equipment of a highly sensitive nature. Items on the Munitions Control list are also a controlled export to Brazil requiring a special license from the State Department or Commerce Department depending on the item. For Additional information, please contact the U.S. Trade Information Center at 1-800-USA-TRADE.

Import/Export Documentation (Health, Pharmaceuticals, Pre-shipment Inspection).

Any product that comes in contact with the human body is controlled by the Ministry of Health, 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. However, such products must be registered with the Brazilian Ministry of Health.

Product Registration

Product registration in Brazil is a laborious task. Only companies with local operations have standing to apply for registration of medical products. Depending on the product, the

registration may be valid from two to five years and can be renewed continuously for the same period.

Manufacturers have to disclose to the local authorities, through their agents, the technical information of the product, e.g., components and parts of the medical devices. In the case of pharmaceutical drugs and cosmetics, one must inform the active and inactive ingredients. Instructions, directions, cautions, labels, brochures, and pertinent information about the products must be translated into Portuguese.

The product registration process often takes more than one year. Should the process take longer than three months, importers and producers are allowed to use a protocol number provided by the Brazilian authorities and distribute their products in Brazil. However, by doing so they assume the risk of product liability claims if their products are found to be unsafe by the Brazilian authorities.

Temporary Goods Entry Requirements

On December 20, 1999, Brazilian Customs issued regulation 150 (Instrução Normativa 150) establishing new procedures for imports under Temporary Admission Program. The Program allows for imports of goods for a pre-determined time frame and a clear objective. Under the program, import tax and the Federal tax (IPI) are only charged on products that will be used in the production of other products and involves payment of rental or lease from the local importer to the international exporter. This includes products such as dies, matrices, sheets and industrial tools. Taxes due are proportional to the time frame the imported product will remain in Brazil.

The import tax applicable on products imported under temporary admission program is calculated according to the following formula:

$$V = I \times \left[1 - \left(\frac{12 \times U - P}{12 \times U} \right) \right]$$

V = the tax to be paid

I = Federal Taxes in the normal import process

P = number of months in which the product will remain in Brazil

U = the life span of the product - according to Normative Instruction # 162, dated December 31, 1998)

An example is a leasing operation for 12 months of a US\$ 200,000 machine into Brazil, with 10% import tariff and 5% tax over industrial product (IPI). The life span of this hypothetical machine is 5 years. In a regular operation the due taxes would be as follows:

CIF Price: 200,000

Import Tax: 20,000

IPI: 11,000 (5% over CIF Price + Import Tax)

Payable taxes: US\$ 31,000

Under the temporary admission program payable taxes would be as follows:

$$V = 31000 \times \frac{[1 - \{12 \times 5 - 12\}]}{12 \times 5}$$

$$V = 31000 \times [1 - 0.8]$$

$$V = 31000 \times 0.2$$

$$V = 6200$$

$$V = \text{US\$ } 6200$$

Labeling, Marking Requirements

The Brazilian Customer Protection code, in effect since September 12, 1990, requires that product labeling provide the consumer with correct, clear, precise, and easily readable information about the product's quality, quantity, composition, price, guarantee, shelf life, origin, and risks to the consumer's health and safety. Imported products should bear a Portuguese translation of this information. Since metric units are the official measuring system, products should be labeled in metric units or show a metric equivalent. The labeling requirement for genetically modified organism (GMO) must follow the same procedures as mentioned above, although, GMO is currently being debated in Brazil.

The United States Senate Concurrent Resolution nº 40 adopted July 30, 1953, invited U.S. exporters to inscribe, on external shipping containers in indelible print of a suitable size. "United States of America". Although such marking is not compulsory under law, U.S. shippers are urged to follow this procedure in publicizing American-made goods.

Information sources:

IPEM – Instituto de Pesos e Medidas do Estado de São Paulo
Rua Muriaé, 154 Alto do Ipiranga
Cep: 04260-900 São Paulo, SP
Phonefax: 55/11/ 5069-0300
Website: www.ipem.sp.gov.br

CVS – Centro de Vigilância Sanitária
Av. São Luiz, 99 – Centro
Cep: 01046-001 São Paulo, SP
Phonefax: 55/11/3257-7611
Website: www.cvs.saude.sp.gov.br
E-mail: informacao@cvs.saude.sp.gov.br

Prohibited Imports

The Brazilian Government has eliminated most import prohibitions. However, it places special controls on certain imports and prohibits the importation of others, e.g. pleasure boats valued

above US\$ 3,500. The importation of used machinery, automobiles, clothing, and many consumer goods continues to be severely restricted. Imports of some used machinery, however, have been authorized under special exemptions. Court decisions have challenged the regulation that bans used car imports. Imports of used machinery and equipment to the Manaus Free Trade Zone are subject to more liberal treatment.

Standards

Legal framework. Brazilian Federal law established, in 1973, the National System of Metrology, Standardization and Industrial Quality, SINMETRO, with participation from public and private organizations. Under this system, ABNT, the Brazilian Association for Technical Standards (Associação Brasileira de Normas Técnicas), is the recognized standards organization. INMETRO, a government agency is the national accreditation body and is responsible for all aspects of metrology. INMETRO is also the operating arm of CONMETRO, the national committee that oversees the work of SINMETRO.

Voluntary Standards. National voluntary standards in all sectors are developed by ABNT. Standards committees are under the umbrella of ABNT but, in some sectors, industry groups hold the secretariat and run the technical committees that develop standards. In some areas, ABNT bases its standards on those of ISO and IEC and on occasion on U.S. standards. ABNT is also a certification organization for both products and systems.

In Brazil, many standards are voluntary. The buyer and seller share responsibility in determining what product standard is applicable. Products conforming to U.S. standards may be fully acceptable. However, products that meet European requirements may be preferred. This preference may be expressed in procurement specifications or in customary design and construction practices.

Given the growing importance of standards and conformity assessment in expanding U.S. exports, a standards expert is assigned to work in the Commercial Service, at the U.S. Embassy in Brasilia, with regional responsibilities for South American countries.

Technical Regulations. In regulated sectors, the appropriate agencies may impose their own requirements, ranging from registration of products and laboratories to mandatory certification with the 3rd party testing done in-country.

Some ministries such as Health, Agriculture and Mines and Energy issue technical regulations for products under their jurisdiction. Products that are not under the jurisdiction of a specific ministry may be regulated by INMETRO. Some of the regulations managed by INMETRO and currently in place are being strengthened and new ones are being studied. Most recent rules mandate compliance to safety requirements with evidence of compliance often, but not exclusively, through mandatory product certification. It is expected that, in general, enforcement will increase.

Mandatory Testing and Mandatory Product Certification. For regulated products, the relevant government agency generally requires that entities that engage in product testing and mandatory certification must be accredited by INMETRO. Testing must generally be performed in-country unless the needed capability does not exist in Brazil. Brazil (INMETRO) is a signatory to the mutual recognition arrangement of the International Laboratory Accreditation Cooperation

that may facilitate acceptance of test results from U.S. laboratories that are accredited by U.S. organizations party to the ILAC MRA.

Non-Mandatory Testing and Product Certification. There is no legal mandate to date 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 standards, any certification that may be required in non-regulated sectors is a contractual matter to be decided between the buyer and the seller. Market forces and preferences however may sometimes lead to the need for a specific certification.

To facilitate the acceptance of U.S. products in the Brazilian market, agreements between U.S. and local certifiers and testing houses are encouraged. This could provide recognition of existing certifications. Also, there is no impediment for U.S. certification organizations to be established and accredited in Brazil.

Future trends. Brazil develops and issues national planning documents for standards and certification activities that indicate general tendencies and the sectors where activities will be focused.

Standards and Regulations in Mercosul. Brazil, as an active Mercosul member, participates in the development of both Mercosul standards and regulations. Mercosul countries are Argentina, Brazil, Paraguay and Uruguay.

The Mercosul Standards Association, AMN (previously known as the Mercosul Standards Committee) is composed of the standards institutes of Argentina, Brazil, Paraguay and Uruguay and develops and harmonizes voluntary standards. The AMN Executive Secretariat is located in São Paulo. Most of the voluntary standards published deal with steel products, cement and concrete and electrical safety. Several hundred additional standards are at different stages of preparation or in the work plan.

Regional technical regulations are developed and/or harmonized within the Mercosul Sub Working Group 3 in the following fields: automotive, foods, metrology, electrical products safety, toys, pre-measured products and others. Separate working groups, such as those for telecommunications and health issues, also focus on mandatory technical requirements for their particular sectors. To be applicable, harmonized Mercosul regulations must be adopted by each country. The 4 countries generally adopt all Mercosul regulations though at different speeds.

International Agreements. Brazil, a member of the World Trade Organization (WTO), signed the Agreement on Technical Barriers to Trade, affirming its WTO obligations relative to technical regulations and conformity assessment procedures. ABNT has signed the WTO TBT Code of Good Practice for the Preparation, Adoption and Application of Standards. Responsibilities under the TBT agreement include the establishment of a national inquiry point to serve as a central location for information on standards-related issues, including proposed mandatory regulations. The Brazilian inquiry point is in INMETRO in Rio de Janeiro. The US inquiry point is the NCSCI, located at NIST (see Information Sources below).

Information Sources

ABNT - Associação Brasileira de Normas Técnicas
Av. Paulista 726 – 10º andar, Bela Vista
01310-910 São Paulo, SP

Brazil

Phone: (55-11) 3016-7040

Fax: (55-11) 3016-7049

Website: <http://www.abnt.org.br>

AMN, Asociacion Mercosul de Normalizacion

Av. Auro Soares de Moura Andrade 664

01156-001 São Paulo – SP

Brazil

Phone: (55-11) 3823-4603/02

Fax: (55-11) 3826-3724

E-mail: secretaria@amn.org.br

Web site: <http://amn.org.br>

For information on the WTO-TBT inquiry point, contact:

INMETRO – Instituto Nacional de Metrologia, Normalização e Qualidade Industrial

Contact: Annalina Camboim de Azevedo

Rua Santa Alexandrina 416, Rio Comprido

20261-232 Rio de Janeiro – RJ

Brazil

Phone: (55-21) 563-2816/24

Fax: (55-21) 502-6542

Website: <http://www.inmetro.gov.br>

For information in the U.S., contact:

National Center for Standards and Certification Information (NCSCI)

National Institute of Standards and Technology (NIST)

Gaithersburg, MD 20899

Phone: (301) 975-4038

Fax: (301) 926-1559

E-mail: ncsci@nist.gov

Web site: <http://www.nist.gov/ncsci>

American National Standards Institute (ANSI)

11 West 42nd Street

New York, NY 10036

Phone: (212) 642-4900

Fax: (212) 398-0023

Web Site: <http://www.ansi.org>

Free Trade Zones/Warehouses

There are eight Free Trade Zones in Brazil. Manaus, which has the most important Free Trade Zone, is located in the State of Amazonas. The other seven Free Trade Zones are located in Amazon's frontier regions: Macapá-Santana, in the State of Amapá; Tabatinga, in the state of Amazonas, which borders with Peru; and Guajará-Mirim, in the State of Rondônia, bordering with Bolivia; Bonfim and Paracaíma in the state of Roraima; Brasiléia-Epitacilândia and Cruzeiro do Sul, in the State of Acre.

The Manaus Free Trade Zone is the most extensively developed. The Decree No. 288 of February 1967 established special incentives for a period of 30 years with the aim of creating an industrial, commercial and agricultural center in the heart of the Brazilian Amazon. The Manaus Free Trade Zone has a 10,000 square kilometer area, which includes the city of Manaus, the capital of the State of Amazonas in the north region of Brazil, and benefits an area that corresponds to 25% of the national territory. Unlike Manaus, which has special incentives for the establishment of industries, the other zones are only free ports for import and export of goods.

The Brazilian Federal Constitution of 1988 endorsed the fiscal benefits of the Manaus Free Trade Zone and extended their applicability to the year of 2013. The Free Trade Zone status implies that goods of foreign origin may enter into the Manaus free port without the payment of customs duties or other Federal, State or local import taxes. In addition, the Brazilian tax for industrialized products (which has the Brazilian acronym IPI) on certain commodities and the tax for in-country sales (called ICMS, as a Brazilian acronym for Merchandise Circulation Tax) on most items are not applied. With very few exceptions, imported products to be used for processment, re-export or transshipment, which are subsequently shipped to other parts of Brazil, are also qualified for these tax exemptions. The ICMS sales tax is imposed on items produced in the free port whenever they are shipped out of the Free Trade Zone into other areas of Brazil.

The Brazilian Law No. 8387 of December 30, 1991, modifies the regulations for the Manaus Free Trade Zone by eliminating the previously existing import quota and requiring only that prior notification is made to the Superintendent of the Manaus Free Trade Zone (SUFRAMA) which is the Manaus Free Trade Zone Authority. However, in May 1995 the Brazilian Government returned to the import quota system and nowadays only imports of wheat and petroleum are not subject to quotas. It is important to notice that Commercial invoices and bills of lading must have a letterhead mentioning "Free Zone of Manaus" that must be typed on them, and one of the following statements: "Zona Franca de Manaus para Consumo" (Manaus Free Zone for Consumption) or "Zona Franca de Manaus para Reexportação" (Manaus Free Zone for Reexport). The Brazilian Foreign Trade Secretariat – SECEX – is responsible for import licenses, issued through the electronic system called SISCOMEX. The import licenses must be issued prior to shipment of goods destined for the Brazilian marketplace. These licenses are additionally subject to authorization at SUFRAMA.

The Manaus Free Trade Zone importers are allowed to supply foreign goods from their stock in Manaus to other parts of the country regardless of quantity. These goods; however, are subjected to all duties assessed under normal importation. On the other hand, there is the advantage that the ICMS is reduced to only 4 percent.

The Manaus Free Trade Zone was seriously hit by the general lowering of tariff and non-tariff barriers. On July 1992 the Brazilian Government announced a serial number of measures in order to help the Manaus Free Trade Zone. Each industry had to perform certain basic assembly steps in the zone in order to qualify for the fiscal incentives. To protect Manaus industries, such as consumer electronics, which are heavily concentrated in the zone, the IPI Tax was raised by ten percent on competing products, which are either imported or produced in Brazil but outside the zone. The initial list included stereos, televisions, and VCRs; those are not produced outside the Free Trade Zone in Brazil. Computers and peripherals were not on the list.

Fiscal incentives for Manaus include exemption from the IPI tax and from tariffs on imported components, reduced tariffs on products shipped from Manaus to the rest of Brazil; reduced state tax (ICMS) on products imported from or exported to the rest of Brazil, up to ten years exemption from federal income tax, and an exemption from import license fees. Detailed information can be obtained at the internet under: www.suframa.gov.br (Brazilian Government Official homepage) and www.estudosfiscais.hpg.ig.com (private owned homepage).

The 1992 regulations allowed computer firms to benefit from both fiscal benefits and the change in local content requirements. With special government permission, computer firms, although required to perform much basic assembly in the zone, may be permitted to import circuit boards which use only surface mounted devices.

Brazilian restrictions on the informatics sector no longer apply to Manaus Trade Zone. A license and an authorization requirement for health/sanitary controls, national security interests, and environmental protection remain in effect.

In addition to the free trade zones, 19 export processing zones have been authorized. The Ministry of Development, Industry and Foreign Trade administers them.

Legislation regarding Export Processing Zones (which has the Brazilian acronyms ZPEs) requires that firms operating in the zone exports at least 90 percent of its production. Up to 10 percent of production can be sold in the domestic market, and is subject to a duty of 75 percent *ad valorem* on the final price, minus the cost of the imported inputs. Normal corporate income taxes apply to profits generated in the zones. Firms operating in the zones will be exempted from foreign exchange regulations and will maintain dollar and local currency accounts. The official Brazilian exchange rate must be used to convert dollar accounts for local purchases. Foreign firms established in the zones may use their own hard-currency resources for tax-free imports of machinery and raw materials from abroad. Firms in the ZPE may not produce goods subject to export quotas. License and authorization requirements remain in effect in ZPEs for health/sanitary controls, national security interests, and environmental protection.

Membership in Free Trade Arrangements

Brazil is a founding member of Mercosul, the Southern Common Market, a member of the World Trade Organization, and a participant in negotiations that would establish a Free Trade Area of the Americas by December 2005. An imperfect customs union, Mercosul members Brazil, Argentina, Paraguay, and Uruguay implemented a Common External Tariff (CET) on January 1, 1995 (see discussion under tariffs for further details on the Mercosul CET). Chile and Bolivia joined Mercosul as associate members in 1996.

07. INVESTMENT CLIMATE

Openness to Foreign Investment

Brazil welcomes foreign investment and has lifted many restrictions in the past several years to encourage foreign investors. The 1962 Foreign Capital law and subsequent amendments govern most foreign investment. Foreign investors have been permitted to invest in the Brazilian stock market since 1991. The Brazilian Congress approved constitutional amendments in 1995 to eliminate the distinction between foreign and national capital. New rules considerably liberalizing foreign investment in equities, which essentially put foreign investors on an equal footing with Brazilian, began to take effect as of March 31, 2000.

Constitutional amendments passed in 1995 opened formerly closed sectors, such as petroleum, telecommunications, mining, power generation, and internal transport to foreign investors. In 2002, Congress approved a constitutional amendment permitting foreign investors to own up to 30% of media companies. There are restrictions on foreign investment in a limited numbers of sectors: nuclear energy, health services, media, rural property, fishing, mail and telegraph, aviation and aerospace.

New or expanded foreign investment in the banking sector is technically forbidden by the Constitution of 1988. However, since 1995 entry or expansion has been approved on a case-by-case basis; the vast majority of requests for entry or expansion have been granted. Foreign banks currently account for 30% of total banking system assets and 45% of private bank assets. Since 1996, the insurance sector has been open to foreign investors and most major U.S. firms are already represented, mainly via joint venture arrangements. The government plans to privatize monopoly state enterprise the Brazil Reinsurance Institute has been delayed by a court decision; this has also delayed its plan to open the reinsurance market to foreign and domestic competition.

As of April 2002, Brazil had realized \$87 billion in sales revenue and another \$18.1 billion in debt transfer as a result of its decade-long privatization program that began in 1991. Foreign investment accounted for \$42 billion in sales revenue, 48% of the total. A third of the foreign investment was from the United States (\$14 billion).

All foreign investment must be registered with the Central Bank. In most cases, registration is a pro forma matter. The certificate of registration permits remittances of profits and repatriation of capital without additional Central Bank authorization. Foreign loans must be registered with the Central Bank. Usually this is done automatically, but some loans may be subject to review by the Central Bank. Central Bank authorities say that they intend to proceed with a general capital account liberalization in the medium term. Brazil looks to foreign direct investment (FDI) as an important source of financing for its balance of payments, which runs sizeable current account deficits. In 2000, Brazil received a record \$32.8 billion in FDI. In 2001, FDI totaled \$22.5 billion, and in 2002 Brazil may attract around \$18 billion in foreign direct investment. The decline in FDI reflects, in part, the slower pace of privatization in recent years.

Brazil has witnessed a significant reduction in trade barriers in recent years. In 2002, Brazil's average MFN tariff was 11.8% versus 32% percent in 1990, and average tariff should fall to 10.3% in 2003.

Conversion and Transfer Policies

There are few restrictions on converting or transferring funds associated with an investment. At this time, foreign investors may freely convert Brazilian currency in the unified foreign exchange market wherein buy-sell rates are mainly determined by market forces. All foreign exchange transactions, including identifying data, must be reported to the Central Bank. Foreign exchange transactions on the current account have been fully liberalized in practice, and in 2000 the Central Bank greatly simplified requirements for capital account transactions.

Foreigners investing in Brazil must register their investment with the Central Bank within 30 days of the inflow of resources to Brazil. Registration is done electronically. Investments involving royalties and technology transfer must be registered with the patent office (INPI) as well. Investors must have a representative in Brazil and register with the Brazilian securities

commission (CVM). Subsequent transactions, such as reinvested profits, may also have to be registered with the Central Bank.

Foreigner investors, upon registering their investment with the Central Bank, are able to remit dividends, capital (including capital gains), and, if applicable, royalties. Remittances must also be registered with the Central Bank. Dividends cannot exceed corporate profits. The remittance transaction may be carried out at any bank by documenting the source of the transaction (evidence of profit or sale of assets) and showing that applicable taxes have been paid.

Foreign loans obtained abroad no longer require advance approval by Central Bank, provided the recipient is not a government entity (loans to government entities still require prior approval). Upon concluding the transaction, the loan must be registered electronically with the Central Bank. In most instances, the registration is completed automatically. Automatic registration is not issued when the costs of the operation are “not compatible with normal market conditions and practices.” In such instances, the loan is reviewed by the Central Bank; if the Central Bank does not respond within five working days, the registration is considered complete.

Interest and amortization payments specified in the loan contract can be made without additional approval from the Central Bank. That also applies to early payments, if there is a provision in the contract for early payment. If the contract does not have such a provision, early payment requires prior approval of the Central Bank. According to Central Bank officials, this requirement is to ensure accurate records of Brazil's stock of debt, and all requests have been approved since the new guidelines were issued in 2000.

In addition to payments associated with registered loans and investments, there are other approved procedures for transferring funds abroad that in practice can be used for a wide range of purposes.

Taxes— Dividend and capital gain remittances are subject to a 15 percent income withholding tax. Repatriation of an initial investment is exempt from income tax. Beginning in 2000, lease payments were assessed a 25 percent withholding tax. Remittances related to technology transfers are subject to the tax on credit, foreign exchange, and insurance (IOF). Loans of 90 days or less must pay the IOF, while those of longer maturity do not. In 2002 Brazil eliminated the application of the financial transaction tax (CPMF), which is currently 0.38%, on stock market transactions. Brazil has no double taxation treaty with the United States, but does have such treaties with a number of other countries.

Expropriation and Compensation

There have not been any expropriatory actions in Brazil in the recent past nor any signs suggesting that the government is contemplating such actions. A state government sought and obtained a court ruling canceling contractual obligations, signed by the prior state government, associated with the partial privatization of a state electricity company. The court ruling is being appealed by the U.S. investors. Some claims regarding land expropriations by state agencies many years ago have been judged by courts in U.S. citizens' favor. There remain individuals who have not yet been compensated because the states have appealed these decisions.

Dispute Settlement

Brazil is not a member of the International Center for the Settlement of Investment Disputes (ICSID - also known as the Washington Convention) nor of the New York Convention of 1958 on

the recognition and enforcement of foreign arbitration awards. In August 1995, Brazil ratified the 1975 Interamerican Convention on International Commercial Arbitration, as well as the 1979 Interamerican Convention on Extraterritorial Validity of Foreign Judgements and Arbitral Awards.

Brazil has signed Bilateral Investment Agreements with about 14 countries (but not the United States) that permit arbitration by either ICSID or a panel set up under the United Nations Rules for International Commercial Law. None of the agreements have been ratified. Legal experts doubt that such arbitration provisions would apply if the Government of Brazil, or another government entity, was one of the parties to the dispute.

Arbitration clauses in contracts are not enforceable as such. Foreign arbitration awards require confirmation by a court of the country in which rendered and the Brazilian Supreme Court. Binding arbitration between foreign investors and state entities is apparently prohibited on the grounds that it infringes the sovereign rights of the state.

Brazil has a functional commercial code that governs most aspects of commercial association, except for corporations formed for the provision of professional services, which are governed by the civil code. Bankruptcy laws provide for creditor rights, although those rights are sometimes difficult to enforce. The Central Bank is seeking to streamline the assertion of lender rights in the case of default on a loan. An overburdened court system is available for enforcing property rights but decisions can take years.

Political Violence (as it may affect investments)

There were no reports of politically motivated damage to foreign investors' projects or installations. Significant but decreasing human rights violations, however, continues to occur throughout Brazil. In urban areas, the police are sometimes implicated in killings and abuse of prisoners, and are rarely charged and convicted. In rural areas, powerful landowners, often aided by police serving as their private security agents, use violence to settle land disputes and influence the local judiciary. A notable case in June 2000 in the state of Para saw a landowner convicted of ordering the murder of a local Workers' Union official.

Performance Requirements/Incentives

Geographic preferences consist of tax benefits for investment in less developed parts of the country, such as the Northeast and the Amazon, with equal application to foreign and domestic investors. These benefits have had limited impact on most foreign investment decisions; most foreign investment remains concentrated in the more industrialized southern part of Brazil. Individual states have sought to attract investment by offering ad hoc tax benefits and infrastructure support to specific companies. Some municipalities provide land on favorable terms for industrial development.

In firms employing three or more persons, Brazilian nationals must constitute at least two-thirds of all employees and receive at least two-thirds of total payroll. Foreign specialists in fields where Brazilians are unavailable are not counted in calculating the one-third permitted for non-Brazilians.

The Special Agency for Industrial Financing (FINAME) of the National Bank for Economic and Social Development (BNDES) provides financing for purchases by Brazilian firms of Brazilian-made machinery and equipment -- capital goods with a high level of domestic content. An export program known as PROEX was established in 1991 to equalize domestic and

international interest rates for export financing and to directly finance production of tradeable goods. The government also has a series of smaller programs designed to assist small and medium sized businesses export.

Right to Private Ownership and Establishment

Foreign and domestic private entities may establish, own, and dispose of business enterprises.

Protection of Property Rights

Brazil is a signatory to the GATT Uruguay Round Accords, including the Trade Related Aspects of Intellectual Property (TRIPS) Agreement, signed in April 1994. Following passage of copyright and software copyright protection legislation in 1998, pending legislation on the protection of layout designs of integrated circuits is expected to bring Brazil's intellectual property rights regime up to TRIPS standards. Widespread piracy of copyright and trademark material remains a problem, and in 2001, Brazil was placed on the priority watch list during the Section 301 review.

Brazil is a member of the World Intellectual Property Organization (WIPO) and a signatory of the Bern Convention on artistic property, the Washington Patent Cooperation Treaty, and the Paris Convention on Protection of Intellectual Property. In August 1992, Brazil removed its reservations and fully accepted the Stockholm revision of the Paris Convention.

Patents -- The 1996 Industrial Property bill, in most respects, brings Brazil's patent and trademark regime up to the international standards specified in the Uruguay Round's Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

The Industrial Property law includes compulsory licensing and local working requirements which may be TRIPS-inconsistent. The law would theoretically permit the grant of a compulsory license if a patent owner has failed to work, i.e. locally manufacture, the patented invention in Brazil within three years of issuance. Brazil has agreed to consult with the United States before invoking the local working requirement (to date, it has not used this provision).

Trademarks -- The fraudulent use of internationally "famous" marks has been a problem in Brazil. However, progress has been made in this area as Brazil has taken action in the last four years to provide greater protection for such marks. Some foreign firms have been successful in court actions against trademark infringement. The Industrial Property Law provides for significant improvements in Brazil's trademark regime, including better protection for internationally known trademarks. Trademark licensing agreements must be registered with the National Institute of Industrial Property (INPI) to be enforceable; however, the failure to register licensing agreements will no longer result in cancellation of trademark registration for non-use.

Copyrights: Brazil's copyright law generally conforms to world-class standards. The 1998 software copyright protection law contains provisions that would introduce a rental right and an increase in the term of protection to 50 years.

Despite the government's efforts to stem the flow of pirated goods through its ports and across the border with Paraguay, enforcement of copyright laws has generally been lax in selected sectors. The U.S. private sector estimates that trade losses from piracy of videocassettes, sound recordings and musical compositions, books and computer software were over \$700 million in 2001. In the last three years, enforcement of laws against video and software piracy

has improved, and foreign firms have had some success in using the Brazilian legal system to protect their copyrights. For example, major U.S. software firms won landmark decisions against software pirates in 1998 and 2000. The Government of Brazil has also initiated action to reduce the importation of pirated sound recordings and videocassettes. In May 2001, the Government created an inter-ministerial committee to address copyright piracy. In 2002, the police raided several large markets selling pirated IPR products in selected cities.

Integrated Circuit Layout Designs -- A government drafted bill to provide protection for the layout design of integrated circuits (computer mask works) was introduced in the Brazilian Congress in April 1996. The draft law was still under discussion in 2001.

Brazil has not ratified the WIPO Treaties on Copyright and Performances and Phonograms.

Regulatory System: Laws and Procedures (as they pertain to investments)

Although some improvements have been made, the Brazilian legal and procedural system is complex. State courts in particular are subject to political influence. The central government has historically exercised considerable control over private business through extensive and frequently changing regulations. The bureaucracy has broad discretionary authority.

Taxes are numerous and burdensome, but do not discriminate between foreign and domestic firms. Taxes on commercial and financial transactions are particularly burdensome, and businesses complain that these taxes hinder international competitiveness of Brazilian products. Brazil has separate value-added tax systems run by the federal and state governments, and also imposes several invoice taxes that are cumulative. In addition, the federal government imposes a tax on almost all financial transactions. The tax is supposed to be temporary, but has been extended several times, in part because of its ease of collection. Although there is widespread agreement on the need for tax reform, efforts to do so have languished, in part because of concerns that the reform would reduce overall tax collection.

Regulatory agencies for sectors such as telecommunications, energy and transportation are a relatively new phenomenon in Brazil. ANATEL, the country's telecommunication agency, handles the licensing and assigning of bandwidth in an open manner. The National Petroleum Agency (ANP) is commended by the industry for its fair handling of auctions of oil exploration blocks and its willingness to assist industry in seeking to simplify regulatory procedures such as environmental licensing. However, in the electric power sector, a number of companies have complained about the high level of regulatory risk created by ANEEL, which began regulating the power sector in 1998. They cite ANEEL's reluctance to conduct emergency tariff reviews, failure to liquidate any transactions pending in the Brazilian Electricity Wholesale Market (MAE) since 1998, and lack of medium-term to long-term energy policy, as factors which contribute to regulatory uncertainty. Brazil suffered a energy crisis in 2001 when lack of rainfall triggered an electricity supply shortage in the heavily hydro-dependent country, which led to extensive financial losses for a number of companies and prompted the government to review the regulatory framework for the electricity sector.

Bilateral Investment Agreements

Brazil has signed Bilateral Investment Agreements (BITs) with 14 countries and completed negotiations on two regional Mercosul agreements since 1994. There are two Mercosul investment-related agreements: the Buenos Aires Protocol ("extrabloc") and the Colonia Protocol ("intrabloc"); the latter has not been signed by Brazil. Seven of the bilateral investment

treaties have been sent to the Brazilian Congress, but have not been ratified. The United States signed an Investment Warranty Treaty with Brazil in 1965. The United States and Brazil currently have no plans to discuss a BIT.

OPIC and Other Investment Insurance Programs

Programs of the Overseas Private Investment Corporation (OPIC) are fully available and activity has increased in recent years. The size of OPIC's exposure in Brazil may occasionally limit its capacity for new coverage.

Brazil became a member of the Multilateral Investment Guarantee Agency in 1992.

Labor

The Brazilian labor force is comprised of nearly 80 million workers in a wide range of occupations and industries. Nearly half of the labor force is employed in the service sector, roughly a quarter is found in agriculture, and the retail and manufacturing sectors combine to employ another quarter of all workers. The participation of women, who now account for over 40% of the labor force, continues to grow. The labor market has a high rate of informal sector employment; most sources estimate that nearly half of all workers are not formally registered, pay no income taxes, and do not enjoy full protection under the law. About a quarter of all workers are self-employed.

The Brazilian Institute of Geography and Statistics (IBGE) calculates an average unemployment rate for the country based on data collected monthly in Brazil's six largest metropolitan areas. According to this survey, the unemployment rate in 2001 averaged 6.2%, down from 7.1% in 2000. This decline, however, resulted more from workers leaving the labor market than from job growth, as more than 830,000 people exited the labor market in 2001, while job creation totaled 106,000.

Real wages declined by nearly 4% in 2001, following two consecutive years of lower real wages for most workers. The average monthly wage in Brazil's six largest cities was approximately 770 Reais (\$1 = R2.5) in January 2002, and the minimum salary was raised from 180 to 200 Reais in April 2002. These figures hide stark wage inequalities, as the wealthiest half of Brazilians earn nearly 90% of the total income. Earnings also vary significantly by region and industry. The typical industrial worker in São Paulo, for example, earns about three times as much as the average retail worker in the northeastern state of Bahia.

Differences in earnings are caused in part by the regional disparity in educational attainment and in the availability of skilled workers. According to a 1999 survey of the Brazilian Institute of Geography and Statistics (IBGE), two-thirds of the population studied fewer than 8 years, with this number reaching 60% in the Southeast (including Rio and São Paulo) and 77% in the Northeast (including Recife and Salvador). Illiteracy also exhibits regional disparities. The IBGE reports that about 13% of the population is illiterate, with 7% illiteracy in the Southeast and 26% in the Northeast. Functional illiteracy is considerably higher than the noted rates.

Labor unions, especially in the most skilled sectors such as metalworking and banking, tend to be well-organized and aggressive in defending wages and working conditions. In more remote areas with smaller local unions, however, unions tend to be less effective. Union members account for approximately 16% of the workforce, but unions represent more than twice this number in collective bargaining. Unions, which are funded largely by a mandatory tax

equivalent to one day's wages per year, are obliged to represent all formal sector workers in a professional category and geographical area, regardless of membership status.

The Ministry of Labor estimates that there are over 11,000 labor unions in Brazil, but Ministry officials note that these figures are inexact. Local unions often associate with state federations and national confederations in their professional category. In addition, four major labor centrals have emerged: the Workers' Unitary Central (CUT), the Union Force (Força Sindical - FS), the Workers' General Confederation (CGT), and the Social Democratic Union (SDS). Labor centrals channel much of the political activity of the labor movement, organize strikes and salary campaigns involving multiple professional categories, and represent workers in many governmental and tripartite councils. With some exceptions, labor organizations and their leadership operate independently of the government and of political parties.

The labor code is highly detailed and relatively generous; former sector workers are guaranteed 30 days of annual leave, an annual bonus equal to one month's salary, and severance pay in the case of dismissal without cause. Brazil also has a system of labor courts that are charged with resolving routine cases involving unfair dismissal, working conditions, salary disputes, and other grievances. Currently, over 2.5 million complaints are languishing in the labor court system, where they may remain unresolved for four or five years. The Brazilian government is attempting to reduce this backlog and increase the efficiency of the labor courts through recent initiatives to expedite legal procedures and increase the number of claims that are resolved before reaching the courts.

Labor courts have the power to impose an agreement on employers and unions if negotiations break down and either side appeals to the court system. As a result, labor courts routinely are called upon to determine wages and working conditions in industries across the country. This has led labor relations in Brazil to be characterized by a conflict approach in which both sides typically take extreme positions. This approach is changing, however, as labor and management have become more flexible and collective bargaining has assumed greater relevance. According to the Interunion Department of Socioeconomic Studies and Statistics (DIEESE), the number of strikes each month has declined from 111 in 1996 to roughly 46 in 1999. DIEESE reports that most strikes were motivated by salary demands in the early 1990s, but that strikes are increasingly undertaken to protest a perceived failure by management to comply with negotiated agreements.

Capital Outflow Policy

There are few restrictions on converting or transferring funds associated with an investment. However, the Central Bank has broad administrative discretion in regulating remittances, which in the past has created problems for foreign investors. At this time, foreign investors may freely convert Brazilian currency either at the "commercial" or "floating" rates. (Refer to Chapter VII, Conversion and Transfer Policies Section for further details.)

There has been a relaxation since 1991 of the restrictions on the remittances of royalty payments for patent and trademark use between subsidiaries established in Brazil and the parent office headquartered overseas and on remittances of franchise contract royalties. A 1992 INPI resolution simplified procedures and, in particular, eliminated a number of requirements (but not all) concerning technology transfer agreements. No royalties or other fees may be transferred between related companies for the use of software. (Refer to Chapter VII - Royalties Section for further information.)

CAPITAL OUTFLOW FROM BRAZIL
1992-1999
(US\$ millions)

YEAR	NET OUTFLOW
1992	2,328
1993	9,282
1994	18,480
1995	23,707
1996	20,559
1997	35,912
1998	36,290
1999	7,368 (Jan-Apr)

Source: Central Bank of Brazil.

Capital outflow total equals Portfolio + Direct Investment + Funds.

Major Foreign Investors

As of December 1998, the United States was the largest single foreign investor in Brazil followed by Spain, Germany, Japan, and France. Investment from the Cayman Islands began growing rapidly in 1995 and is thought to represent mainly repatriation of Brazilian capital entering the country as foreign investment and, to a lesser extent, investment activity by other national groups. Investment from Spain and Portugal surged in 1998 due to involvement in telecom privatizations and greatly increased investment in the banking sector by Spain.

According to a study of Central Bank statistics carried out by the Brazilian Studies Center for Transnational Companies and Economic Globalization (SOBEET), the stock of direct foreign investment in Brazil stood at US\$ 130.7 billion as of December 1998. Of this, the United States reportedly had the largest share at about 30% or about US\$ 39 billion. Spain had 8.4% of the total or US\$ 10.9 billion and Germany 8.1% or US\$ 10.5 billion.

Four U.S. companies -- GM, Ford, Texaco, and Exxon -- are among the top ten domestic firms. Six of the top ten importing firms in 1998 were foreign: Fiat, General Motors, Mercedes-Benz, Ford, and Ericsson Telecommunications. Four of the top ten exporters -- Fiat, Ford, General Motors, and Volkswagen -- represented foreign investment.

Efficient Capital Markets and Portfolio Investment

Brazil opened its market to foreign portfolio investment in 1991. In 2000, the government further liberalized portfolio investment by granting foreign investors greater flexibility in reallocating domestic assets without passing through the foreign exchange market.

The Brazilian financial sector is large and sophisticated in part a legacy of the high inflation period when good financial management was critical for a firm's survival. Despite current moderate inflation rates, bank lending spreads remain extremely high due to taxation, risk, and administrative overhead. The Central Bank has drawn attention to this phenomenon and has proposed a number of measures aimed at reducing the margin charged by banks.

With the elimination of high inflation in the mid-1990s, and the disappearance of so-called "float income" due to high inflation, the banking sector entered a period of consolidation in 1995. Domestic banks began to experience liquidity problems, and 1996 and 1997 were marked by a series of failures, mergers, and acquisitions. Three of the country's ten largest banks failed and were taken over by other banks, and some 20 smaller banks were liquidated.

Banks owned by state governments in particular were burdened with large amounts of unserviced debts. Most state banks were taken over by the federal government, liquidated, privatized, or transformed into development agencies. The federally owned banks were also undercapitalized and carrying poorly performing loans, many of the result of the banks undertaking loss-making "social" lending. In June 2001, the government announced plans to recapitalize the banks and clean up their balance sheets. At the same time it is undertaking measures to prevent the banks from undertaking loss-making social program without government budget support to subsidize the programs.

As a result of these failures, the Central Bank strengthened its bank audits, implemented more stringent internal control requirements, and tightened its capital adequacy rules to better reflect risk. It also established loan classification and provisioning requirements. These measures are applied to private and publicly-owned banks alike.

BRAZIL'S TEN LARGEST BANKS

Public and private
(U.S. dollars, billions)
(March 2002)

BANK	Total Assets
Banco do Brasil	72.6
BNDES	51.0
Federal Savings Bank	46.7
Bradesco	46.2
Itau	33.8
Santander Banespa	24.5
Unibanco	23.9
ABN Amro	14.4
Safra	13.9
Citibank	11.6

Source: Central Bank

Notes. Banco do Brasil, the Federal Savings Bank (Caixa Economica Federal), and the National Bank for Economic and Social Development (BNDES) are owned by the federal government. Bradesco, Itau, Unibanco, and Safra are Brazilian-owned private banks. Santander, ABN Amro and Citibank are foreign-owned banks (Spanish, Dutch and U.S.)

Few corporations raise capital through the Brazilian stock exchanges. In 2001 six new issues in the primary market raised only \$625 million. The total number of companies listed on the stock market fell to 419 as of June 2002, compared to 439 in 2001 and 467 in 2000. In part this is due the takeover of local companies by foreign multinationals and subsequent delisting on the local exchange. Total turnover in the secondary market was \$65 billion. Trading is highly

concentrated, with the top 10 stocks accounting for 58 percent of turnover. Some Brazilian firms are also listing on the NYSE via American Depository Receipts (ADR's).

In 2000, with the intent of promoting the stock market and improving liquidity, the numerous regional stock markets agreed to consolidate. All stock trading is done in São Paulo stock market, while trading of public securities is conducted on the Rio de Janeiro market. The São Paulo stock market also launched a "New Market," in which the listed companies would comply with strict corporate governance requirements.

Historically, up to two-thirds of a corporation's capital may be preferred (non-voting) shares, so it is possible to achieve majority control of voting shares, in some cases, by holding only 17 percent of total capital. In 2001, the Congress approved a law that limits preferred shares for new issuances to 50 percent. The same proposal strengthens rights for minority shareholders.

The Brazilian Securities Exchange Commission (CVM) directly regulates the stock exchanges, brokers, distributors, pension funds, mutual funds, and leasing companies. In 2001, new legislation granted the CVM independence and established stronger penalties against insider trading.

In January 2000, Brazilian regulators removed a number of remaining restrictions on foreign portfolio investment. As a result, foreign investors – both institutions and individuals – can directly invest in equities, securities and derivatives. The foreign investors are required to trade derivatives and stocks of publicly held companies on established markets.

BNDES, the government national development bank, is the primary Brazilian source of longer-term credit. BNDES has traditionally limited its financing to Brazilian firms, but may consider loans to foreign firms, particularly for modernization and environmental purposes, particularly if BNDES' own source for such funds is foreign, e.g., the World Bank or Inter-American Development Bank or a bilateral official financing program.

FINAME (Special Agency for Industrial Financing) provides foreign and domestic companies operating in Brazil financing for the manufacturing and marketing of capital goods. FINAMEX (Export Financing) is a part of FINAME, which finances capital good exports for both foreign and domestic companies. An export credit program for capital and some consumer durable goods, known as PROEX, was established in 1991. PROEX receives funds from the National Treasury to offer assistance in the areas of interest rate equalization, capital and other goods exports, and service exports.

Wholly owned subsidiaries of multinational accounting firms, including the major U.S. firms, are present in Brazil. The failure of major banks and large businesses during 1995, notwithstanding positive financial statements prepared by the major accounting firms, raised doubts about the credibility of these financial statements. Beginning in 1996, auditors have been personally liable for the accuracy of accounting statements prepared for banks.

The government legally ended the reinsurance monopoly in late 1996, but opening the reinsurance market to domestic and foreign competition has been held up pending the privatization of the Brazil Reinsurance Institute (IRB). The firm was scheduled to be privatized in 2000, but the sale has been delayed by a court decision.

Brazilian law recognizes mergers, in which one company loses its separate identity by being merged into another, and consolidations, in which the pre-existing companies are extinguished

and a new entity emerges. The procedures for both are essentially the same. Sales of Brazilian companies usually result from private negotiations, rather than stock exchange activities. Acquisitions resulting in market concentration in excess of 20 percent are subject to review by the Administrative Council for Economic Defense (CADE) under Brazil's 1994 Anti-trust Law.

08. TRADE AND PROJECT FINANCING

Brief Description of Banking System

The largest in South America, Brazil's banking system is highly developed, efficient, and offers a wide range of financial services. Brazil's Central Bank regulates banking and financial services, and maintains strict accounting and operational supervision. Private sector banks are often organized as financial conglomerates offering a full range of financial services through subsidiaries and associated companies. The number of such state-level banking institutions has fallen in recent years due to the central government's financial and banking reform efforts. Four of Brazil's states still have state-owned or state-controlled banks offering public and private banking services: The States of Maranhão, Santa Catarina, Ceará, and Piauí.

The following are key governmental financial institutions:

National Monetary Council -- Sets financial and monetary policy;

Central Bank -- Executes monetary policy, sets interest rates within inflation-targeting policy framework via the Monetary Policy Committee (COPOM), manages exchange transactions, regulates banking and financial institutions, registers foreign investment;

Bank of Brazil -- Finances both public and private sector projects, primary lender to the agricultural sector;

National Economic and Social Development Bank (BNDES) -- Provides long-term financing and administers the privatization program;

Caixa Econômica Federal – Finances social programs, including housing and educational programs, for the low-income citizens. It is the principal governmental entity responsible for financing urban development and sanitation.

For more information on Brazil's banking system, see Trade and Project Financing, and the Investment Climate Statement, Chapter VII.

Foreign Exchange Controls Affecting Trade (As Opposed to Investment)

Obtaining an import license gives importers access to foreign exchange to pay for imports at the commercial rate through commercial banks. Individuals may import items via catalogs or phone/mail order, paying with an international credit card. In May 1997, the government instituted new rules that forbade normal financing of outstanding balances arising from international credit card purchases. Ended in October 1999 were import financing restrictions imposed in April 1997 that had required importers to purchase foreign exchange for financing purposes at least 180 days in advance of the due date for short-term supplier credit, i.e., of less than 360 days in duration. With the reduction of the financial operations tax (IOF) on overseas credit card purchases to less than 2 % in February 2000, Brazil removed the last obstacle to full liberalization of the current account.

General Availability of Financing

Interest rates currently prevailing in Brazil for short term loans (60 to 90 days) range currently from 20 to 60% a year (with a 12-month inflation of 7.5% in 2001). The key interest Selic rate (Brazil's counterpart to the U.S. Fed Funds) adopted by the Brazilian Central Bank monetary policy committee (Copom) is 18.5% a year. The BNDES is one of the few sources of long term financing in the market. The BNDES' budget for 2001 was about US\$ 25 billion for financing to small, medium or large Brazilian companies investing in capital goods, raw materials, infrastructure, energy or technology.

Brazilian National Development Bank - BNDES

The Brazilian Development Bank (BNDES), founded in 1952, is the main source of medium and long-term financing in the Brazilian economy, as well as the main Brazilian agent of multilateral credit organizations. The sovereign risk is 100% owned by the Brazilian Federal Government.

BNDES focus has varied in the past :

1950's : Infrastructure - Steel

1960's : Basic inputs – Consumer goods – Small and medium-sized enterprises

1970's : Import substitution of basic inputs – Capital goods

1980's : Energy-Agribusiness

1990's : Private Infrastructure and Brazilian Exports; Privatization

Presently BNDES emphasizes:

Financing to Brazil-based exporters and buyers abroad;

Management of the Brazilian Privatization Program (Total: \$100 billion)

Financing energy, oil and gas, water, ports, telecommunications and logistics

Disbursements by sector in CY 2000:

Industry :	45%
Infrastructure :	38%
Agribusiness :	8%
Commerce and Services :	7%
Education :	2%

BNDES's main credit activities are financing of fixed investment; Brazilian export of goods and services; acquisition and leasing of machinery and equipment.

Web site: www.bndes.gov.br

Loan terms for FINAME (Special Agency for Industrial Financing) are:

- Maximum coverage is 90 % of transaction
- Maximum of US\$ 7,000,000 is automatic, per company, disbursed in one year
- Disbursal above that limit depends on the company in question
- Cost: currently 13.55 to 16.86 % per annum (long term interest rate of 10.25 % plus spread of 3 to 6 % representing BNDES spread and commercial bank fee)

- Amortization period: six months to 5 years
- Maximum grace period: up to twelve months.

FINEP - The Study and Projects Financing Agency of the Ministry of Science and Technology made available US\$ 200 million in 2001 for long-term financing with a grace period of 2 years and repayment period of 5 years. This financing was for the development of new products, for research centers, total quality systems, and joint ventures. FINEP'S funds are made available to the public through some development banks.

Leasing, lease-back and leasing-import are widely used in Brazil. Leasing is available for both new and used, locally produced, and imported equipment. The leasing operation includes financing of installation, transportation, freight, import taxes, and all other taxes and fees involved in the importation.

How to Finance Exports/Methods of Payment

All the standard methods of export financing are available and used in Brazil, both for exports and imports. Brazilian commercial banks, and subsidiaries of international banks are active in trade finance. However, letters of credit and other trade finance can be expensive to open in Brazil. As a result, many suppliers extend open account privileges to established reliable clients in Brazil to avoid high financing costs. BNDES also provides export finance for capital goods and for services.

United States Department of Agriculture Credit Assistance Program

A GSM-102 credit assistance program was extended to the Brazilian private sector for the first time in the Fiscal Year 1995 (October-September). The program is currently authorized at US\$ 250 million Terms were increased to 18 months in March 1997, at the time Brazilian government instituted restrictions on short term import financing. Payment terms are available for up to three years for breeder livestock exports.

The U.S. Department of Agriculture has authorized US\$ 10 million in credit guarantees for sales of U.S. agricultural commodities to Brazil under the Commodity Credit Corporation's Supplier Credit Guarantee Program (SCGP) for Fiscal Year 1997. This is an adaptation of the GSM-102 program and is designed to assist exporters of U.S. agricultural commodities who wish to provide relatively short-term credit to their importers

These credit guarantee programs reduce the risk of nonpayment to U.S. banks that extend credit to Brazilian banks to finance U.S. agricultural exports. The reduction of risk may be reflected in lower interest rates on financing than would be the case without a USDA guarantee, or it may mean the difference for the availability of U.S. bank financing.

U.S. exporters may apply for credit guarantees on a first-come-first-serve basis to cover sales of any of food and agricultural products. Eligible products under the GSM -102 Program include: Breeder livestock (cattle, swine, sheep, goats, horses and donkeys, including semen and embryos); wine and brandy, distilled spirits (rum, wodka and whiskey); fresh vegetables (asparagus, beans, broccoli, carrots, cauliflower, celery, corn, garlic, lettuce, onions, peppers, potatoes and tomatoes); canned vegetables (asparagus, beans, carrots, corn, peas, tomatoes and tomato paste); frozen vegetables (beans, broccoli, carrots, corn and spinach); peanut butter or peanut flour; dairy products (butter, butter oil, ghee, anhydrous milk fat, non-fat and whole milk powder, whey powder, whey protein concentrate, lactose, non-sweetened condensed milk,

fluid milk, lecithin and cheese); ice cream; meat, frozen or chilled (beef, pork and their products);wheat, wheat flour, semolina; cotton, 100% cotton yarn, 100% cotton fabrics (woven and knit unbleached/bleached/dyed, and/or printed); rice; feed grains (barley, including malting barley, white corn, yellow corn, sorghum and oats); corn products (flour, starch, corn meal, popcorn and gluten); pulses(dry beans, peas and lentils), poultry breeder stock (baby chicks, turkey pouts and hatching eggs); eggs and egg products (fresh, dry, refrigerated, frozen, albumin, etc); fresh fruits (apples, apricots, avocados, blueberries, cherries, grapes, grapefruit, kiwi, lemons, melons, nectarines, oranges, pears, plums, peaches, raspberries and tangerines); hops: hops extract; tallow: grease, lard, barley malt; potatoes(cut and chilled or frozen; flakes, granules); peanuts; commercially prepared dog and cat food, animal feed ingredients, fish food; seeds for sowing; almonds (walnuts, pistachios, hazelnut and pecan); dry fruits, frozen fruits, canned fruits, fruit pure and fruit pulp, 100% natural fruit juice; seafood (fresh and frozen);tomato paste; alfalfa; honey; skins; nutritional beverages preparations (for human consumption); soy protein products; vegetable oils; wood; beer; cereals; preparation for breads and pizzas (powder, refrigerated of frozen); canned pickles; ready-to-eat meals; soft drinks and sodas; soups and sauces.

Four additional credit options are also available for coverage of sales to Brazil. These new configuration are set forth below. Also, applicable guarantee fee rates, expressed in cents per US\$100 of coverage (based upon guaranteed value) are shown. These fee rates include a charge to provide adjustable interest coverage.

<u>Length (Term) of Coverage</u>	<u>Principal Repayment Intervals</u>	<u>Fee(cents/\$100)</u>
15 months	Full repayment at 15 months	40.5
18 months	5/6 repayment at 15 months and 1/6 at 18 months	43.5
18 months	Full repayment at 18 months	48.8
36 months (Livestock only)	15/36 repayment at 15 months, 9/36 at 24 months, and 12/36 at 36 months	67.0

No interest coverage is offered. Two promissory note forms exist, one or the other of which must be used by the importer to evidence its obligation to pay for the U.S. agricultural commodities exported under SCGP. Exporters are advised by CCC to review thoroughly the provisions of these promissory notes with the importer. No changes may be made to the promissory note form elected for use and no other form of promissory note may be used.

In order to obtain an updated list of the OAA Brazilian participating banks, please contact the Foreign Agricultural Office at the U.S. Embassy in Brasilia.

Types of Available Export Financing and Insurance

Export-Import Bank of the United States

The Export-Import Bank of the United States (Eximbank) offers a range of loan, insurance and loan guarantee programs to facilitate exports of U.S. goods and services. The Bank's short-term, medium-term and long-term programs are available to support U.S. exports to Brazil when the obligor is a highly creditworthy private sector entity. Following a relaxation of policy in late 1998 reflecting Brazil's progress in making up arrears payments to U.S. Government lenders, a Brazilian public sector entity may be the end-user, obligor, or guarantor of financing provided with Export-Import Bank assistance.

The Bank does not require that a private sector commercial bank be the obligor or guarantor on all transactions. If the risk is with a non-bank company, its audited balance sheet and income statements must be very strong, and the company must have a good commercial track record.

The Ex-Im Bank requires information on proposed obligors and guarantors. Such information includes financial statements and credit references. Engineering data are required for long-term transactions.

Most of the Bank's recent medium-term Brazilian business has been done under the Credit Guarantee Program. Eximbank acts mainly as a guarantor of U.S. bank loans to private Brazilian banks, assuming the commercial and political risks of the loans. The Brazilian bank becomes the obligor and assumes the commercial risk of the transaction. The resources guaranteed by the Bank are made available to privately-owned Brazilian companies importing U.S. goods and services.

Ex-Im Bank works with the Foreign Credit Insurance Association (FICA) to offer various export insurance programs, including short-term and medium-term export insurance, multi-buyer insurance, letter of credit insurance, and lease insurance policies. Other Eximbank guaranteed export credits are available from the Private Export Funding Corporation (PEFCO), which borrows in the commercial market and re-lends for exports.

Ex-Im Bank has approved major procedural changes in applying its foreign content and local cost policies to finance U.S. export sales. The more flexible procedures, effective immediately, will pave the way for co-financing projects with the export credit agencies (ECAs) of other countries. The changes will enhance the competitiveness of U.S. companies seeking to win foreign sales by making Ex-Im Bank programs easier to use.

Foreign Content Policy: Ex-Im Bank will continue to support the lesser of: 85% of the U.S. supply contract, or 100% of the U.S. content of an export transaction.

However Ex-Im Bank will now use an aggregate approach to calculating the foreign content of transactions, replacing the item-by-item procedure used until now. The simplified procedures provide U.S. exporters with a more efficient and predictable disbursement process. Ex-Im Bank will work with exporters to monitor and report on the impact of these procedural changes to ensure they achieve the desired result of maximizing U.S. exports and U.S. jobs.

Local Cost Policy: Ex-Im Bank provides up to 15% of the U.S. contract price of an export to support locally obtained products and services in the country of the foreign buyer. Under the new procedures Ex-Im Bank has eased the eligibility criteria in three ways:

1. Now all long-term cases can obtain local cost support when the costs are connected to the U.S. exporter's responsibilities in carrying out his contract. (Ex-Im Bank will continue to offer

local cost support for all medium-and long-term environmental exports and for project finance transactions);

2. Ex-Im Bank is eliminating certain documentary requirements for local cost financing to avoid unintended expenses for U.S. exporters; and
3. For limited recourse project finance transactions, Ex-Im Bank may now support any local costs that benefit the project as a whole and contribute to the U.S. export.

Co-financing Procedures: The foreign content and local cost changes pave the way for another important initiative -- co-financing. Using the flexibility created by these changes, Ex-Im Bank has established principles for co-financing transactions with other ECAs, which involve exports from each of the respective countries. These principles allow U.S. exporters to offer foreign buyers the convenience of a "one-stop-shop" approach. When Ex-Im Bank is the lead ECA on an export transaction, the new local cost and foreign content procedures will make Ex-Im Bank's ways of doing business more consistent with the co-financing model used by other ECAs. When Ex-Im Bank is the follower ECA on a transaction, Ex-Im Bank will continue to ensure that it meets all of its policy and legislative responsibilities.

As of February 1, 2001, the Export-Import Bank of the United States (Ex-Im Bank) implemented two changes that will enable more U.S. small business to access short-term export credit insurance for their foreign sales: a new short-term pricing system that will reduce premium rates on short-term policies for lower-risk transactions, and an increase in the eligibility threshold of the small business policies from \$3 million to \$5 million in annual credit sales. Short-term export credit insurance (repayment terms generally 180 days or less) is one of Ex-Im Bank's principal products to assist small business exporters because it protects against loss due to buyer default for commercial or political reasons. It also enables companies to obtain export financing more easily because the proceeds of the policy can be assigned to a financial institution.

In Brazil, Ex-Im Bank conducted joint marketing seminars with Banco do Brasil in five Brazilian cities to encourage more small and medium-sized Brazilian companies to purchase U.S. goods and services with Ex-Im Bank and Banco do Brazil financing. (Note: CS Brazil Finance Team actively supported and participated in many of these promotional seminars.)

In FY 2001, Ex-Im Bank authorized \$ 728 million to support U.S. exports to Brazil.

Additional information on Ex-Im Bank, FICA and PEFCO programs can be obtained from:

Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, D.C. 20571
(202) 565-3946
Web site: www.exim.gov

Contact:

Mr. Craig S. O'Connor, Senior Business Development Officer
Phone: (202) 565-3939

Eximbank Regional Offices:

Northeast 6 World Trade Center
Suite 635
New York, NY 10048
Phone: (212) 466-2950
Fax: (212) 466-2959

Southeast 777 N.W. 72nd. Ave
Suite 3M2
Miami, FL 33126
Phone: (305) 526-7436
Fax: (305) 526-7435

Southwest Ashford Crossing II
1880 South Dairy Ashford II
Suite 585
Houston, TX 77077
Phone: (281) 721-0465
Fax: (281) 679-0156

Midwest 55 W. Monroe Street
Suite 2440
Chicago, IL 60603
Phone: (312) 353-8081
Fax: (312) 353-8098

West USEAC – One World Trade Center
Suite 1670
Long Beach, CA 90831
Phone: (562) 980-4580
Fax: (562) 980-4590

Availability of Project Financing

Overseas Private Investment Corporation (OPIC)

There is a huge potential for project finance operations in Brazil because of the lack of public funds for infrastructure investment. Market estimates are that US\$ 44 billion needs to be invested in the next three years, of which US\$ 12 billion is needed in electric power, US\$ 7 billion in telecommunications; US\$ 5 billion in transportation; and US\$ 20 billion in the petroleum sector.

Due to high domestic interest rates, almost all project finance is raised in the international market. Exporting companies typically securitize future export earnings not only for implementing restructuring projects but also for working capital.

Since February 1995, the Brazilian Government has granted concessions to private companies to explore commercially some of the activities formerly reserved to state-owned companies (electricity distribution and generation, road repair). The concessions opened new business opportunities for banks operating in Brazil. Several banks are engaged in project finance for private investors, by providing financial advisory services and raising funds. Preliminary studies involved in project finance can take as long as four years. Investors typically seek guarantees

from international institutions because the long-term nature of the operations presents high commercial, economic, and political risk.

Some of the projects that could be undertaken through project finance include the construction of 19 hydroelectric plants, which was halted in the past due to the lack of investment funds; new gas pipelines and associated thermal power generation plants; and repair of several highways. Banco Pactual and Banco Chase Manhattan S.A. are some of the banks in Brazil that have been involved in project finance.

In CY 2001, OPIC provided insurance in Brazil for five projects, with loans covering \$266 million. The U.S. Commercial Service Brazil was actively involved in several of those projects, namely the AES Corporation/Companhia de Geração de Energia Elétrica Tietê, and El Paso Energy Corp./UTE Araucária.

Additional information on OPIC programs can be obtained from:

Overseas Private Investment Corporation
1100 New York Avenue, N.W.
Washington, D.C. 20527
Web site: www.opic.gov

Contacts:

Ms. Nancy Rivera, Manager, Project Finance
Phone: (202) 336-8500

Mr. Richard Greenberg, Manager, Asia & Latin America Investment Development
Phone: (202) 336-8616

Ex-Im Bank

In June 1994, the Ex-Im Bank established a Project Finance Division. The Bank is capable of financing all creditworthy projects that request its support. Ex-Im has no minimum or maximum project size limitations and no specific country lending caps. The cost of using Ex-Im Bank financing will be directly based on the risks associated with each project and will be designed so that the bank neither makes nor loses money.

Multilateral Development Banks/International Financial Institutions

The Inter-American Development Bank (IDB) and the World Bank are also involved in supporting infrastructure projects in Latin American countries. In 2001 the IDB approved ten loans totaling US\$ 2.055 billion. Currently in the IDB pipeline for Brazil, there are 33 projects. In Brazil, the World Bank approved, in fiscal year 2002, ten projects totaling US\$ 1.54 billion. About 60% of the Bank's resources in FY 2001 focus on targeted poverty reduction, such as education, health, rural development and water/sanitation. The Bank's activities include traditional co-financing, World Bank guarantees, creating infrastructure funds to finance private project companies, and designing projects for future private sector participation.
Web sites: www.iadb.org and www.worldbank.org

List of Banks with Correspondent U.S. Banking Arrangement

Brazil has one of the most sophisticated financial systems in Latin America. U.S. commercial and investment banks have been in Brazil since 1915. In terms of asset size, Bank Boston, Citibank, Banco Ford, JP Morgan & Chase, and Banco GM were among the top 50 institutions in the country as of March 2000. Citibank (12th) and Bank Boston (14th) are placed among the country's top 20 institutions on this basis.

American Express Bank Ltd. (São Paulo)
BankBoston (São Paulo)
Bank Audi (São Paulo)
Bank of America - Illinois (São Paulo)
Bank of America International of Florida (São Paulo)
Bank of America International of Texas (São Paulo)
Bank of America National Trust and Savings Association (Rio de Janeiro and São Paulo)
Bank Ford (São Paulo)
Bank General Motors (São Paulo)
Bank John Deere (Porto Alegre)
Bank Merrill Lynch (São Paulo)
Bankers Trust Company (São Paulo)
Bear Stearns & Co. Inc. (São Paulo)
Bishops Merchant Bank (Rio de Janeiro)
Capital Bank (Rio de Janeiro)
Chemical Bank (São Paulo)
Citibank (São Paulo)
Corestates Bank N.A. (São Paulo)
Delta National Bank and Trust Company of New York (São Paulo)
First Interstate Bank of California (Rio de Janeiro)
First Republicbank Dallas, N.A. (São Paulo)
Goldman Sachs (São Paulo)
Harris Trust and Savings Bank (São Paulo)
J.P. Morgan & Chase (São Paulo and Rio de Janeiro)
Manufacturers Hanover Trust Company (São Paulo)
Mellon Bank (São Paulo)
Merrill Lynch (São Paulo and Rio de Janeiro)
Nations Bank (São Paulo)
NCNB National Bank of North Carolina (São Paulo)
Pinebank (São Paulo)
Pittsburgh National Bank (São Paulo)
Security Pacific National Bank (São Paulo)
Texas Commerce Bank N.A. (São Paulo)
UBS Securities Inc. (São Paulo)
Union Bank of California N.A. (São Paulo)
The Bank of New York (São Paulo)
Wachovia Bank (São Paulo)

(Source: Brazilian Banking Association – FEBRABAN)

09. BUSINESS TRAVEL

Business Customs

U.S. business visitors should become accustomed to several business conditions specific to Brazil. Compared to the United States, the pace of negotiation is slower and is based much more on personal contact. It is rare for important business deals to be concluded by telephone or letter. Many Brazilian executives do not react favorably to quick and infrequent visits by foreign sales representatives. They prefer a more continuous working relationship. The Brazilian buyer is also concerned with after-sales service provided by the exporter.

The slower pace of business negotiations does not mean that Brazilians are less knowledgeable in terms of industrial technology or modern business practices. In fact, one should be as prepared technically when making a call on a São Paulo firm as on a Chicago firm. In addition, a U.S. businessperson is encouraged to learn as much about the Brazilian economic and commercial environment as possible before doing business.

While office hours in Brazil are generally 8:00 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 on a Brazilian executive are between 10:00 a.m. and noon, and 3:00 to 5:00 p.m., although this is less the case for São Paulo where appointments are common throughout most of the day. Lunch is usually two hours. While many Brazilians may speak English, they may wish to conduct business in Portuguese. The non-Portuguese speaking U.S. executive may need an interpreter on more than 50 percent of business calls. Correspondence and product literature should be in Portuguese, and English is preferred as a substitute over Spanish. Specifications and other technical data should be in the metric system.

Travel Advisory and Visas

A passport and visa are required for Americans traveling to Brazil for any purpose. Brazilian visas must be obtained in advance from the Brazilian Embassy or Consulate nearest the traveler's place of residence. There are no "airport visas," and immigration authorities will refuse entry to Brazil to anyone not possessing a valid visa. U.S. Commercial or Consular officers are unable to secure relief for anyone arriving without a valid visa. All Brazilian visas, regardless of type or validity, are considered invalid if not used within 90 days of the issuance date.

Business visas are required for visitors intending to engage in business transactions such as meetings, discussions, and negotiations with subsidiaries, partners, or customers in Brazil. Business travelers attempting to enter on tourist visas risk being denied entry. Business visa holders are prohibited from engaging in gainful employment. U.S. specialists providing "technical assistance" to a firm located in Brazil related to the execution of a sale or contract of that firm with a U.S. company always require work visas, even if they are not employed in Brazil and receive no remuneration from a Brazilian source. The Brazilian entity inviting a technical expert to Brazil must apply for and obtain a work permit from the Ministry of Labor in Brazil, which must be approved and transmitted to the appropriate Brazilian Embassy or Consulate before a work visa can be issued. While the U.S. Mission in Brazil is working with the Government of Brazil to find ways of simplifying and speeding up the process, at present delays of several months are frequently experienced in the approval of such work permits.

For complete visa and customs requirements for Brazil, travelers may contact the Brazilian Embassy at 3009 Whitehaven St. N.W., Washington, D.C., 20008; telephone (202) 238-2818, e-mail consular@brasilemb.org; Internet: <http://www.brasilemb.org>. Travelers may also contact the Brazilian consulates in Boston, Houston, Miami, New York, Chicago, Los Angeles, or San Francisco. Addresses, phone numbers, web and e-mail addresses, and jurisdictions of these Consulates may be found at the Brazilian Embassy website above.

For complete information on travel to Brazil, including safety and security, crime, traffic and road conditions, and medical and health information, business travelers may wish to consult the Department of State consular information sheet, located on Consular Affairs web site at www.travel.state.gov.

Holidays

The following holidays are designated by the Brazilian Government:

New Year's Day	January 1
Carnival* 4 nights/3 days preceding Ash Wed.	March 2-4, 2003
Good Friday	Varies, April 18, 2003
Easter Sunday	Varies, April 20, 2003
Tiradentes Day	April 21
Labor Day	May 1
Corpus Christi	Varies, June 19, 2003
Independence Day	September 7
Election Day	October 6, 2002
"Nossa Senhora Aparecida" (Our Lady Appeared)	October 12
All Souls Day	November 2
Proclamation of the Republic	November 15
Immaculate Conception	December 8
Christmas Day	December 25

In addition, various state holidays and other religious and federal holidays are proclaimed throughout the year. Some of these include:

San Sebastian Day (Rio de Janeiro only)	January 20
Anniversary of the Founding of the City of São Paulo (São Paulo only)	January 25
"Nossa Senhora dos Navegantes" (Porto Alegre)	February 2
Evangelic's Day (Brasília only)	November 30

* Avoid arriving during Carnival unless reservations have been confirmed in advance.

Business Infrastructure

Air Travel -- Brazil has four principal airlines: TAM, Gol, Varig and Vasp. These companies provide efficient service throughout the country. Brazilian regional airlines provide service to their respective parts of the country. Private charter rentals are available at major airports in Brazil.

Business people, travelers, and residents spend a good deal of time among the four most important cities -- São Paulo, Rio de Janeiro, Brasília, and Belo Horizonte. São Paulo is Brazil's center for commerce and manufacturing; Rio de Janeiro is important for its service industries;

several state companies; for oil/gas and service industries as well as hosting major national entities such as the Brazilian Development Bank, Petrobras, Eletrobras, etc. Brasilia is the seat of government and location of foreign embassies; and Belo Horizonte is a major industrial/mining center. An excellent air shuttle service (or “ponte aérea”) facilitates travel among those cities. During rush hours, flights between Rio de Janeiro and São Paulo leave every 15 minutes from conveniently located downtown airports. For weekend travel, return reservations must be confirmed for Rio on Friday evening and for return to São Paulo or Brasilia on Monday morning.

Local Transportation -- Meter taxis, identified by roof lights, are plentiful in urban areas. However, getting about in São Paulo and other large cities can still be a problem. It is not always possible to rely on taxis when making calls. They are extremely difficult to find at certain hours of the day and in certain sections of the city. Fares are inexpensive and sometimes a table used to adjust fares is posted on the inside of the taxi's rear window. However, in São Paulo and Rio, taxi fares are comparable to large U.S. cities such as Washington D.C. It is not necessary to tip.

Radio taxis (cabs) are more expensive but convenient and reliable. In Rio call: 270-1442, in São Paulo call: 0800-106688, in Brasilia call: 325-3030, and in Belo Horizonte call: 0800-3350550.

Rental cars are common, especially at airports. They can be costly compared with other forms of transportation. Note that for the newcomer driving can be confusing in large cities such as São Paulo and Rio. Driving is not recommended.

Time -- Local time in Brazil is two hours ahead of Eastern Standard Time. Brazil observes daylight savings from December to February. When daylight savings is in effect in the United States, i.e April to October, Brazilian time is one hour ahead. When daylight savings is in effect in Brazil, i.e November to March, Brazilian time is three hours ahead.

10 – ECONOMIC AND TRADE STATISTICS

Appendix A

Country Data

Population: 172 million inhabitants

Population Growth Rate: 1.3 percent

Religion: Predominantly Roman Catholic, with growing Protestant influence.

Government System: Democratic, Federative Republic, Presidential system, with executive branch agencies, two-house congress (Senate, Chamber of Deputies), and judicial branch.

Language: Portuguese

Work week: 40– 44 hours

Appendix B

Domestic Economy

	2001	2002/1	2003/1
Nominal GDP (US\$ bil)	504	497	519
GDP Real Growth Rate (%)	1.5	2.0	3.5
GDP Per Capita (Current US\$)	2,920	2,850	2,935
Nominal Govt. deficit as a % of GDP	5.3	5.0	4.0
Annual Inflation (%) ²	7.7	5.8	4.2
Unemployment Rate (%) ³	6.2	7.5	8.0
Foreign Exchange Reserves (US\$ bil)	35.9	36.0	30.0
Avg. Exchange Rate (R/US\$1)	2.35	2.60	2.70
Debt Service/Exports (%)	30.3	29.3	30.0
US Econ/Mil Assist (US\$ mil) ⁴	16.0	13.6	21.1

Notes:

/1 2002 = estimate; 2003 = projection

/2 Inflation as measured by the Broad Consumer Price Index (IPCA) produced by the Brazilian Institute of Geography and Statistics (IBGE).

/3 Open unemployment as percent of economically active workforce

/4 No military assistance; USAID figures only, U.S. Fiscal Year

Appendix C

Trade

In US\$ Millions FOB	2001	2002(P)	2003(E)
Total Exports	58.2	53.6	56.0
Total Imports	55.6	48.6	50.0
US Exports	14.4	15.0	15.0
US Imports	13.0	13.5	13.5

Source: Ministry of Development, Industry and Commerce (MDIC)

Appendix D

Investment Statistics

Brazil - FDI stock by country, May 2002 estimate (USD billion)

COUNTRY	STOCK (E)
Total	170.0
United States	41.0
Spain	24.8
Fiscal Havens*	21.7
Netherlands	14.8
France	12.4

Portugal	9.5
Germany	8.8
Japan	5.1
United Kingdom	4.4
Canada	4.3
Other	23.2

Total as PCT of GDP 29%

* Cayman Islands, Virgin Islands, Bahamas, Bermuda

Note: 2002 stock estimate equals to 1995 stock plus sum of inflows 1996-May 2002

Source: Central Bank of Brazil.

BRAZIL – FDI FLOW BY SECTOR, 2001 (USD billion)

SECTOR	STOCK (E)
Total	21.1
Agriculture/Livestock/ Minerals	1.5
Petroleum	1.4
Other	0.1
Industry	6.9
Vehicles	1.6
Chemicals	1.5
Electronic/Telecom	1.2
Dairies/Beverages	0.6
Basic Steel	0.4
Other	1.6
Services	12.7
Mail/Telecom	4.2
Banking	2.2
Commerce	1.7
Energy	1.4
Computing	0.7
Other	2.5
Total as PCT of GDP	4%

Source: Central Bank of Brazil

11. U.S. and Country Contacts

Brazilian Government Contacts

Ministry of Agriculture
MAPA – Ministério da Agricultura, Pecuária e Abastecimento
Esplanada dos Ministerios, Bloco D

70043-000 Brasilia, DF
Phone: 55/61/218-2800
Fax: 55/61/225-8090
<http://www.agricultura.gov.br>
webmaster@agricultura.gov.br

Ministry of Science and Technology
MCT - Ministério da Ciência e Tecnologia
Esplanada dos Ministérios, Bloco E, 4 andar, sala 400
70067-900 Brasilia, DF
Phone: 55/61/317-7500
Fax: 55/61/225-7496
<http://www.mct.gov.br>
webgab@mct.gov.br

Ministry of Communications
MC - Ministério das Comunicações
Esplanada dos Ministerios - Bloco R, 8 andar
70044-900 Brasilia, DF
Phone: 55/61/311-6000
Fax: 55/61/331-6731
<http://www.mc.gov.br>
webmaster@mc.gov.br

Ministry of Culture
MINC – Ministerio da Cultura
Esplanada dos Ministerios, Bloco B, 3 andar
70068-900 Brasilia, DF
Phone: 55/61/316-2000
Fax: 55/61/225-9162
<http://www.minc.gov.br>
info@minc.gov.br

Ministry of Defense
MD – Ministério da Defesa
Esplanada dos Ministerios, Bloco Q, 4 andar
70049-900 Brasilia, DF
Phone: 55/61/312-8520
Fax: 55/61/312-8521
<http://www.defesa.gov.br>

Ministry of Development, Industry and Foreign Trade
MDIC - Ministério do Desenvolvimento, Indústria e Comércio Exterior
Esplanada dos Ministérios, Bloco J, 6 andar
70053-900 Brasília, DF
Phone: 55/61/329-7000
Fax: 55/61/329-7286
<http://www.mdic.gov.br>
webmaster@mdic.gov.br

Secretariat of Foreign Trade

SECEX - Secretaria de Comercio Exterior
Esplanada dos Ministérios, Bloco J, 8 andar
70053-900 Brasilia, DF
Phone: 55/61/329-7077/7080
Fax: 55/61/325-2075
www.mdic.gov.br/comext/secex/secex.html
nucex@secex.mdic.gov.br

Ministry of Education
MEC – Ministério da Educação
Esplanada dos Ministerios, Bloco L
Cep: 70047-900 Brasilia – DF
Phone: 55/61/410-9670
Fax: 55/61/410-9233
www.mec.gov.br
paulorenato@mec.gov.br

Ministry of Sports and Tourism
MET - Ministério do Esporte e Turismo
Esplanada dos Ministerios, Bloco A
Cep: 70054-900 Brasilia – DF
Phone: 55/61/217-1852
Fax: 55/61/217-1818
www.met.gov.br
caio.carvalho@met.gov.br

Ministry of Finance
MF - Ministerio da Fazenda
Esplanada dos Ministérios, Bloco P
Cep: 70048-900 Brasilia – DF
Phone: 55/61/412-3000
Fax: 55/61/226-9084
<http://www.fazenda.gov.br>
acs@fazenda.gov.br

Secretariat of Internal Revenue Service
SRF - Secretaria da Receita Federal
Esplanada dos Ministérios, Bloco P
Cep: 70048-900 Brasilia – DF
Phone: 55/61/223-4302
Fax: 55/61/321-0488
www.receita.fazenda.gov.br

Ministry of National Integration
MI - Ministerio da Integracao Nacional
Esplanada dos Ministerios, Bloco E, 8 andar
Cep: 70062-906 Brasilia – DF
Phone: 55/61/414-5800
Fax: 55/61/321-9125
www.integracao.gov.br
ascom@integracao.gov.br

Ministry of Justice
MJ - Ministerio da Justica
Esplanada dos Ministerios, Bloco T, 4 andar
Cep: 70064-900 Brasilia – DF
Phone: 55/61/429-3000
Fax: 55/61/322-6817
www.mj.gov.br

Ministry of Environment
MMA - Ministerio do Meio Ambiente
Esplanada dos Ministerios, Bloco B, 5 andar
Cep: 70068-900 Brasilia – DF
Phone: 55/61/322-7819
Fax: 55/61/322-8469
www.mma.gov.br

Ministry of Mines and Energy
MME - Ministerio das Minas e Energia
Esplanada dos Ministerios, Bloco U
Cep: 70065-900 Brasilia – DF
Phone: 55/61/319-5042
Fax: 55/61/321-5628
<http://www.mme.gov.br>

Ministry Planning and Budget
MP - Ministerio do Planejamento, Orçamento e Gestao
Esplanada dos Ministerios, Bloco K
Cep: 70040-906 Brasilia – DF
Phone: 55/61/429-4102
Fax: 55/61/225-7287
www.planejamento.gov.br

Ministry of Foreign Relations
MRE - Ministerio das Relações Exteriores
Esplanada dos Ministerios
Palacio do Itamaraty
Cep: 70170-900 Brasilia – DF
Phone: 55/61/411-6100
Fax: 55/61/411-6993
<http://www.mre.gov.br>

Ministry of Health
MS - Ministerio da Saude
Esplanada dos Ministerios, Bloco G
Cep: 70058-900 Brasilia – DF
Phone: 55/61/315-2392
Fax: 55/61/224-8747
<http://www.saude.gov.br/>

Brazilian Central Bank

BCB - Banco Central do Brasil
SBS, Qd.3, Bloco B - Edifício Sede
70074-900 Brasilia, DF
Phone: 55/61/414-1414
Fax: 55/61/321-9453
<http://www.bcb.gov.br>
cap.secre@bcb.gov.br

Bank of Brazil
BB - Banco do Brasil S/A
SBS, Edifício Sede I, Quadra 1, Bloco A
70073-900 Brasilia, DF
Phone: 55/61/310-2000
Fax: 55/61/310-5476
<http://www.bancobrasil.com.br>

National Bank of Economic Social Development
BNDES - Banco Nacional de Desenvolvimento
Av. República do Chile, 100 – Centro
20139-900 Rio de Janeiro, RJ
Phone: 55/21/2277-7001
Fax: 55/21/2533-1538
Contact: Mr. Francisco Roberto Andre Gros, President
<http://www.bndes.gov.br>

Brazilian Long Distance Telephone Company (EMBRATEL)
Empresa Brasileira de Telecomunicacoes S.A.
Av. Presidente Vargas, 1012 - Centro
20179-900 Rio de Janeiro, RJ
Phone: 55/21/2519-8182
Fax: 55/21/2519-8081
<http://www.embratel.com.br>

EMBRATUR - Ministry of Industry and Commerce
SCN – Quadra 2 - Bloco G - 3 floor
70710-500 Brasilia, DF
Phone: 55/61/328-9100
Fax: 55/61/328-9889
<http://www.embratur.gov.br>

Brazilian Industrial Property Institute
INPI - Instituto Nacional da Propriedade Industrial
Praça Mauá 7 - Centro
20083-900 Rio de Janeiro, RJ
Phone: 55/21/2206-3000
Fax: 55/21/2263-2539
<http://www.inpi.gov.br>

Brazilian Petroleum Company
PETROBRAS – Petróleo Brasileiro S.A.
Av. República do Chile, 65 – Centro

20031-912 Rio de Janeiro – RJ
Phone: 55/21/2534-4477
Fax: 55/21/2534-3838
<http://www.petrobras.com.br>

Country Trade Associations/Chambers of Commerce

Aerospace and Defense

Department of Civil Aviation
DAC – Departamento de Aeronautica Civil
Rua Santa Luzia,651- Cstelo
Cep: 20040-030 Rio de Janeiro – RJ
Phone: 55/21/3814-6700
Fax: 55/21/220-5727
<http://www.dac.gov.br>
assecom@dac.gov.br

Aeronautics Command
Esplanada dos Ministérios, Bloco M, 8 andar
70045-900 Brasília, DF
Phone: 55/61/329-9601
Fax: 55/61/223-0930

Navy Command
Esplanada dos Ministérios, Bloco N, 2 andar
70055-900 Brasília, DF
Phone: 55/61/223-6058
Fax: 55/61/429-1006

Army Command
SMU, QG/EX, Bloco A, 4 andar
70630-901 Brasília, DF
Phone: 55/61/415-5200
Fax: 55/61/415-4379

Aerospace Technical Center – CTA
Praça Marechal Eduardo Gomes, 50
12228-901 São José dos Campos, SP
Phone: 55/61/341-3400
Fax: 55/61/323-3154
www.cta.br

AIAB - Associação das Indústrias Aeroespaciais do Brasil
Rua José Alves dos Santos, 281-203 – Jardim Satélite
12230-300 São José dos Campos, SP
Phone: 55/12/331-2721
Fax: 55/12/333-0657
AIab@iconet.com.br

ABIMDE – Associação Brasileira das Indústrias de Material de Defesa

Av. 9 de Julho, 2901, 3 andar
01407-000 São Paulo, SP
Phone: 55/11/3889-8514
Fax: 55/11/3889-8514
www.abimde.com.br
abimde@abimde.com.br

SINAVAL – Sindicato Naval das Indústrias da Construção Civil
Rua Santa Luzia, 799, sala 703
20030-040 Rio de Janeiro, RJ
Phone: 55/21/2533-4568
Fax: 55/21/2533-5310
Sinaval@mandic.com.br

Agricultural Machinery

Ministry of Agriculture
Secretariat of Agriculture & Livestock Defense
Esplanada dos Ministerios, Bloco D, Anexo B
Cep: 70043-000 Brasilia – DF
Phone: 55/61/218-2000
Fax: 55/61/218-2800
<http://www.agricultura.gov.br>
cenagri@agricultura.gov.br

Air Conditioning, Heating, Refrigeration, Ventilation

ABRAVA - Brazilian Association of Manufacturers of Refrigeration, Heating, Air Conditioning and Ventilation Equipment
Av. Rio Branco, 1492
01206-001 São Paulo, SP
Phone: 55/11/221-5777
Fax: 55/11/222-4418
Contact: Mr. Arnaldo O. Correia, General Manager, Foreign Trade Dept.
abrava@abrava.com.br
<http://www.abrava.com.br>

Apparel Manufacturers

ABRAVEST - Brazilian Apparel Association
Rua Bastos Pereira, 251
04507-010 São Paulo, SP
Phone: 55/11/3887-4500
Fax: 55/11/3885-5638
Contact: Mr. Roberto Chadad, President
abravest@uol.com.br
<http://www.abravest.org.br>

Architecture/ Construction/ Engineering

ABCE –Brazilian Association of Consulting Engineers

Av. Rio Branco,124 –13rd floor
20148-900 – Rio de Janeiro – RJ
Phone: 55/21/2215-1401
Fax: 55/21/2224-2693
<http://www.ibpinet.com.br/abce>
abce@abceconsultoria.org.br

SECOVI – State of São Paulo Real Estate Developers Association
Rua Dr. Bacelar,1043
04026-002-São Paulo – SP
Phone: 55/11/5591-1300
Fax: 55/11/5591-1301
<http://www.secovi-sp.com.br>
secovi@secovi-sp.com.br

ASBEA – Brazilian Association of Architectural Firms
Rua Tabapuã,479 – 6 Floor – Cj 62
04533-011 – São Paulo - SP
Phone:55/11/3168-4982
Fax:55/11/3078-2208
<http://www.asbea.org.br>
asbea@asbea.org.br

ABICEM - Brazilian Association of Metallic Construction Contractors
Av. Brig. Faria Lima, 1931 - 9 Floor
01452-001 São Paulo, SP
Phone: 55/11/3816-6597
Fax: 55/11/3813-8717
Contact: Mr. Marcio Guimaraes, Executive Director
abicem@abicem.com.br
<http://www.abicem.com.br>

SINDUSCON - Association of Building Contractors of the State of São Paulo
Rua Dona Veridiana, 55 – Bairro Santa Cecilia
01238-010 São Paulo, SP
Phone: 55/11/3334-5600
Fax: 55/11/3224-8266
Contact: Mr. Artur Quaresma Filho, President
sindusconsp@sindusconsp.com.br
<http://www.sindusconsp.com.br>

SINDUSCON - Ditto, State of Rio de Janeiro
Rua do Senado, 213 - térreo - centro
20231-020 Rio de Janeiro, RJ
Phone: 55/21/2221-5225
Fax: 55/21/3852-8995/2221-8066(presidência)
Contact: Mr. Roberto Kaulffmann, President
nucleo@sindusnet.com.br
<http://www.sindusnet.com.br>

SINDUSCON - Ditto, State of Paraná

Rua da Glória, 175, 2o. floor – Bairro Centro Civico
80030-060 Curitiba, PR
Phone: 55/41/352-2883
Fax: 55/41/253-5567
Contact: Mr. Eliel Lopes Ferreira Jr., President
sinduscon@sinduscon-pr.com.br
<http://www.sinduscon-pr.com.br>

Automotive and Autoparts

ANFAVEA – National Association of Vehicle Manufacturers
(Associação Nacional dos Fabricantes de Veiculos Automotores)
Av. Indianopolis 496
04062-900 São Paulo, SP, Brazil
Phone: 55/11/5051-4044
Fax: 55/11/5051-4044 ext. 225
Internet: <http://www.anfavea.com.br>
Contact: Ecilas Nazario, Foreign Trade Division

SINDIPECAS – National Association of Autoparts Manufacturers
(Sindicato Nacional da Industria de Componentes para Veiculos Automotores)
Rua Abilio Soares 1487
04005-005 São Paulo, SP, Brazil
Tel: 55/11/3884-4599 ext. 222
Fax: 55/11/3884-0584
Internet: <http://www.sindipecas.org.br>
Contact: Luiz Carlos Auler Pereira, Foreign Trade Advisor

SINDIREPA – Brazilian Association of Mechanical Shops
(Associação Brasileira dos Reparadores Independentes de Veículos)
Av. Indianopolis 2357
04063-004 São Paulo, SP, Brazil
Tel: 55/11/5066-7450
e-mail: abrive@nutecnet.com.br
Contact: Antonio Gaspar de Oliveira, Consultant

ANDAP – National Association of Autoparts Distributors
(Associação Nacional de Distribuidores de Autopeças)
Av. Paulista 1009 – 1 andar – conj. 101
01311-919 São Paulo, SP, Brazil
Home Page: www.andap.org.br
e-mail: info@andap.org.br
Tel/Fax: 55/11/3266-7700
Contact: Luiz Carlos Vieira, Executive Director

Brazilian Federation of Banks

FEBRABAN - Brazilian Federation of Banks
Rua Libero Badaro 425 / 17º floor / Centro
01009-905 São Paulo, SP
Phone: 55/11/3244-9800

Fax: 55/11/3104-0641
Contact: Mr. Wilson Antonio Salmeron Gutierrez, Superintendent
febraban@febraban.org.br
<http://www.febraban.org.br>

Building Products

ANAMACO - National Association of Building Materials Retailers
R. Major Quedinho, 111 / 21º andar
01050-904 São Paulo, SP
Phone: 55/11/3151-5822
Fax: 55/11/3120-3611
Contact: Mr. Claudio Elias Conz, President
anamaco@anamaco.com.br
<http://www.anamaco.com.br>

ABCP – Brazilian Portland Cement Association
Av. Torres de Oliveira, 76 – Jaguaré
05347-902 – São Paulo – SP
Phone: 55/11/ 3760-5314
Fax: 55/11/3760-5344
<http://www.abcp.org.br>
mercado@abcp.org.br

SOBRATEMA – Brazilian Association for Equipment and Maintenance Technology
Av. Auro Soares de Moura Andrade, 252- cj 81- Barra Funda
01156-001 – São Paulo - SP
Phone: 55/11/3662-4159
Fax:55/11/3662-4159
<http://www.sobratema.org.br>
sobratema@sobratema.org.br

Cable TV

ABTA - Brazilian Association of Cable TV
R. Paes de Araujo 29, 18 floor, conj. 181
04531-090 São Paulo, SP
Phone: 55/11/3078-9307
Fax: 55/11/3078-9307
Contact: Mr. Moises Plunnick, President
abta@abta.com.br
<http://www.abta.com.br>

Cosmetic and Toilets

IBP - Brazilian Petroleum Institute.
Av Almirante Barroso 52, 26o. floor / Grupo 2602 - Centro
20031-000 Rio de Janeiro, RJ
Phone.: 55/21/532-1610
Fax.: 55/21/220-1596
Contact: Mr. Alvaro Teixeira, Secretary.

Perfume and Cosmetic Manufacturers
ibp@ibp.org.br
<http://www.ibp.org.br>

SIPATESP - Brazilian Association of Cosmetics Manufacturers
Av. Paulista, 1313 / 10th floor - conj. 1080
01311-923 São Paulo, SP
Phone: 55/11/251-1999
Fax: 55/11/287-9207
Contact: Mr. Manoel Teixeira Simões, Director
geral@abihpecsipatesp.com.br

ADIPEC - Brazilian Association of Perfume and Cosmetics Importers.
Rua Tabapuã, 649 conj. 74
04533-012 São Paulo, SP
Phone: 55/11/3168-4518
Fax: 55/11/3168-4518
Contact: Mr. Luiz Britto filho, President
<http://www.adipec.com.br>

Construction

ABICEM - Brazilian Association of Metallic Construction Contractors
Av. Brig. Faria Lima, 1931 - 9 Floor
01452-001 São Paulo, SP
Phone: 55/11/816-6597
Fax: 55/11/813-8717
Contact: Mr. Marcio Guimaraes, Executive Director

SINDUSCON - Association of Building Contractors of the State of São Paulo (residential and commercial buildings, only)
Rua Dona Veridiana, 55 – Bairro Santa Cecilia
01238-010 São Paulo, SP
Phone: 55/11/3334-5600
Fax: 55/11/224-8266
Contact: Mr. Sergio Porto, President

SINDUSCON - Ditto, State of Rio de Janeiro
Rua do Senado, 213 - 1 floor - centro
20231-020 Rio de Janeiro, RJ
Phone: 55/21/221-5225
Fax: 55/21/221-5195
Contact: Mr. Natalino Rabinovicht, President

SINDUSCON - Ditto, State of Paraná
Rua da Glória, 175, 2o. floor – Bairro Centro Civico
80030-060 Curitiba, PR
Phone: 55/41/352-2883
Fax: 55/41/253-5567
Contact: Mr. Gustavo Daniel Berman, President

Dental, Medical and Hospital Equipment

ABIMO - Brazilian Association of Dental, Medical and Hospital Equipment
Av. Paulista 1313, 8º Floor, conj. 806
01311-923 São Paulo, SP
Phone: 55/11/285-0155
Fax: 55/11/285-0018
Contact: Dr. Ermano Marchette Morais, Director
abimo@abimo.org.br
<http://www.abimo.org.br>

SINAEMO - Syndicate of Medical, Dental, Hospital and Laboratory Industries
Av. Paulista 1313, 8º Floor, conj. 806
01311-923 São Paulo, SP
Phone: 55/11/285-0155
Fax: 55/11/285-0018
Contact: Dr. Ermano Marchette Morais, Director
<http://www.abimo.org.br>
abimo@abimo.org.br

ABIMED – Brazilian Association of Equipment, Products and medical Supplies Importers
Alameda dos Tupiniquins, 203 Moema
04077-000, São Paulo
Phone: 55/11/5052-2664
Fax: 55/11/5052-7074
Contact: José Manuel Laranjeira, President
<http://www.abimed.org.br>
abimed@uol.com.br

MINISTÉRIO DA SAÚDE – Ministry of Health
Esplanada dos Ministérios – bloco G, 5º andar (gabinete do Ministro)
70058-901, Brasília – DF
Phone: 55/61/ 315-2425
Fax: 55/61/ 224-8747
<http://www.saude.gov.br>
ministro@saude.gov.br

Educational Professional Training

MEC – Ministerio da Educação
Esplanada dos Ministérios – Bl L – Ed. Sede e Anexos
70047-902 – Brasília – DF
Phone: 55/61/410-8484
Web site: <http://www.mec.gov.br>
E-mail: paulorenato@mec.gov.br

SENAI – Roberto Simonsen School
Rua Monsenhor Andrade, 298 – Brás
03008-000 – São Paulo – SP
Phone: 55/11/229-5099
Fax: 55/11/229-4707

Contact: Alcindo Daniel Favero, Technical Director
rsimonsen@senai101.com.br
<http://www.senai101.com.br>

Electronic Equipments

ABINEE – Brazilian Association of the Electronic Industry
Av. Paulista, 1313m 7andar, Conj. 703
01311-923 São Paulo, SP
Phone: 55/11/251-1577
Fax: 55/11/285-0607
Contact: Mr. Fabián Yaksic
Abinee@abinee.org.br
<http://www.abinee.org.br>

Energy

ABCE - Brazilian Association of Electrical Energy Concessionaires
Rua Padre Garcia Velho, 73, 84
05421-030 São Paulo, SP
Phone: 55/11/3812-5292
Fax: 55/11/3031-3698
Contact: Mr. Nelson Vieira Barreira, President
abce@abce.org.br
<http://www.abce.org.br>

APINE - Brazilian Association of Independent Electrical Energy Producers
SCN Quadra 2
Edifício Centro Empresarial Encol
Torre A, room 626/8
70710-500 Brasilia, DF
Phone: 55/61/315-9182
Fax: 55/61/327-2069
Contact: Mr. Eric Westberg, President
<http://www.apine.com.br>
apine@apine.com.br

WORLD ENERGY COUNCIL
Rua Real Grandeza, 219
22283-900 Rio de Janeiro, RJ
Phone.: 55/21/2528-5858
Fax: 55/21/2528-4378
Contact: Mr. Luiz Carlos Santos, President
<http://www.furnas.com.br>
presiden@furnas.com.br

ANEEL – Brazilian Regulatory Agency of Electric Energy
SGAN – 603, Módulo J
70830-030 Brasília – DF
Phone: 55/61/ 223-4592
Fax: 55/61/ 426-5615

Contact: José Eduardo Tanure, Superintendent/ Regulations
<http://www.aneel.gov.br>
tanure@aneel.gov.br

Entertainment

ADIBRA-Associação de Empresas de Parques de Diversão
Alameda Santos, 1343, conj. 1502
01419-001, São Paulo, SP
tel/fax: 11 3253-9354
Mr. Francisco Lopes, President
Adibra@uol.com.br

Associação Brasileira de Parques
Rua Cabo Aylson Simões, 490
Vila Velha, Espírito Santo
tel/fax: 27 3200-4600
e-mail: azevedo.m@terra.com.br
Mr. Marco Azevedo, Director

Environment

CETESB - São Paulo State Environmental Agency
Avenida Professor Frederico Hermann Jr., 345
05459-900 São Paulo, SP
Phone: 55/11/3030-6000
Fax: 55/11/3030-6402
Contact: Ms. Fatima A. Carrara, Manager Int'l Affairs
<http://www.cetesb.sp.gov.br>

FEEMA - Rio de Janeiro State Environmental Agency
Rua Fonseca Teles 121, 15 Floor
Caixa Postal 23.011
20940-200 São Cristóvão, RJ
Phone: 55/21/3891-3366
Fax/tel: 55/21/2580-9229/2589-3773
Contact: Mr. Americo Fernando M. Lopes, Chief of the Industrial Control Division.
Mr. José Alencar, Chief of Engineering Services, Liquid Effluent Dept.
feema@proderj.rjgov.br
<http://www.feema.rj.gov.br>

SABESP - São Paulo State Sewage and Water Treatment Company
Rua Costa Carvalho, 300
05429-900 São Paulo, SP
Phone: 55/11/3388-8000
Fax: 55/11/3813-3587
Contact: Mr. Joao Jorge da Costa, Director of Environmental Department
jjcosta@sabesp.com.br
<http://www.sabesp.com.br>

FIESP - Federation of the Industries of the State of São Paulo

Avenida Paulista, 1313 13^o floor Room 1309
01311-923 São Paulo, SP
Phone: 55/11/3549-4499
Fax: 55/11/284-6200
Contact: Dr. Angelo Albiero Filho, Director of the Environment Department
kbugholi@fiesp.org.br
<http://www.fiesp.org.br>

SINDESAM - National Department of Sanitation Equipment Manufacturers
Avenida Jabaquara, 2925
04045-902 São Paulo, SP
Phone: 55/11/5582-6365
Fax: 55/11/5582-6379
Contact: Mr. Ubiraci Moreno Pires Correa, President
<http://www.abimaq.org.br>

CONAMA - National Council of Environment
Esplanada dos Ministérios - BI B - 5 to 9 floor
70068-900 Brasilia, DF
Phone: 55/61/317-1392
Fax: 55/61/226-4961 or 55/61/226-2837
Contact: Mr. mauricio Andres Ribeiro – Director
<http://www.mma.gov.br>
conama@mma.gov.br

FEPAM - Rio Grande do Sul State Environmental Agency
Rua Carlos Chagas 55
90030-020 Porto Alegre, RS
Phone: 55/51/3225-1588
Fax: 55/51/3212-4221
Contact: Dr. Lucia Coelho, Engineer and Project Director
<http://www.fepam.rs.gov.br>
fepam@fepam.rs.gov.br

Food

ABIA - Brazilian Association of Food Industries
Av. Brig. Faria Lima, 1478 - 11 floor
01451-913 São Paulo, SP
Phone: 55/11/3816-5733
Fax: 55/11/3814-6688
Contact: Mr. Edmundo Klotz, President
<http://www.abia.org.br>
abia@uol.com.br

ABRABE - Brazilian Beverage Association
Av. 9 de Julho, 5017 - 1 floor
01407-903 São Paulo, SP
Phone: 55/11/3079-6144
Fax: 55/11/3167-6381
Contact: Mr. Fabrizio Fasano, President

abrabe@attglobal.net

Franchising

ABF - Brazilian Franchising Association
Av. Brigadeiro Faria Lima, 1739 – 3º andar
São Paulo – SP CEP: 01452-001
Phone: 55/11/ 3814-4200
Fax: 55/11/ 3814-4200 – ext. 37
Contact: Mr. Gerson Keila, President
<http://www.abf.com.br>
abf@abf.com.br

Furniture

ABIMOVEL – Brazilian Furniture Industry Association
Av. Brigadeiro Faria Lima, 1234 – 16o andar, sala 161
01451-001 São Paulo, SP
Phone: 55/11/ 3813-7377
Fax: 55/11/3813-7377
Contact: Domingos Sávio Rigoni, President
<http://www.abimovel.org.br>
abimovel@uol.com.br

PROMOVEL – Programa de Incremento à Exportações
Rua Afonso Grosskopf, 352
São Bento do Sul – SC CEP: 89290-000
Phone: 55/47/ 635-1391
Fax: 55/47/ 635-1582
Contact: Pedro Paulo Pamplona, Executive Director
promovel@creativenet.com.br
<http://www.abimovel.org.br>

Industrial Machinery

ABIMAQ – Brazilian Association of Machinery and Equipment
Av. Jabaquara, 2925
04045-902 São Paulo, SP
Phone: 55/11/5582-6327
Fax: 55/11/5582-6239
Abimaq@abimaq.org.br
<http://www.abimaq.org.br>

Internet / E- Commerce

ABRANET (SP) Brazilian Association of Internet Service Providers
Associação Brasileira de Provedores Internet
Av. Paulista, 1313 / 10º andar CEP: 01311-923
São Paulo – SP
Phone: 55/11/3285-3866
Fax: 55/11/2285-3866

Contact: Mr. Roque Abdo, President
secretar@abranet.org.br
<http://www.abranet.org.br>

ABRANET (RJ) Brazilian Association of Internet Service Providers
Associação Brasileira de Provedores Internet
Av. Presidente Vargas, 3131/1505 - Teleporto
CEP: 20210-030 Rio de Janeiro - RJ
Phone: 55/21/524-8209
Fax: 55/21/524-8209
Contact: Mr. Murilo Marques, President
murilo@abranetrj.org.br
<http://www.abranet.org.br>

ANATEL – Brazilian Telecommunications Agency
SAUS Quadra 06 - Bloco H e E
Ed. Sergio Motta
70070-940 - Brasília - DF - Brazil
Phone : 55/61 312-2000
Fax : 55/61 312-2002
Contact: Mr. Renato Guerreiro, President
anatel@anatel.gov.br
<http://www.anatel.gov.br>

ABINEE – Brazilian Association of Electrical and Electronics Industry Association
Av. Paulista, 1313, 7o andar, conj. 703
01311-923 São Paulo, SP
Phone: 55/11/251-1577
Fax: 55/11/285-0607
Contact: Mr. Carlos de Paiva Lopes, President
abinee@abinee.org.br
<http://www.abinee.org.br>

CAMARA E-NET- Brazilian Chamber of Electronic Commerce
Camara Brasileira de Comércio Eletrônico
R. Ferreira Araujo, 221 / conj 42 CEP: 05428-000
São Paulo – SP
Phone: 55/11/3026-9111
Fax: 55/11/3065-9956
Contact: Mr. Jack London, President
<http://www.camara-e.net>
info@camara-e.net

SECRETARIA DA CIENCIA, TECNOLOGIA E DESENVOLVIMENTO ECONÔMICO
(Governo do Estado de São Paulo)
Av. Rio Branco, 1269
01205-001 São Paulo – SP
Phone: 55/11/3331-0033
Fax: 55/11/221-4927
Contact: José Zeno Fontana, Assessor Especial
<http://www.ciencia.sp.gov.br>

j.fontana@sctdesp.sp.gov.br

MINISTRY of COMMUNICATIONS
Esplanada dos Ministérios
Bloco R, 8º floor
Brasília – DF CEP: 70044-900
Phone: 55/61/311-6201/311-6000
Fax: 55/61/226-3980
Contact: João Pimenta da Veiga Filho

Hardware

ABINEE – Brazilian Association of Electrical and Electronics Industry Association
Av. Paulista, 1313, 7o andar, conj. 703
01311-923 São Paulo, SP
Phone: 55/11/251-1577
Fax: 55/11/285-0607
Contact: Mr. Carlos de Paiva Lopes, President
abinee@abinee.org.br
<http://www.abinee.org.br>

ABIMAQ - Associação Brasileira da Indústria de Máquinas e Equipamentos -
SINDIMAQ - Sindicato Nacional da Indústria de Máquinas -
Av. Jabaquara, 2925
04045-902 São Paulo, SP, Brazil
Phone: 55/11/5582-6327
Fax: 55/11/5582-6239
Contact: Maria Cecília Cortez, Executive Manager
Comments: ABIMAQ/SINDIMAQ is the Brazilian Association of Machine and Equipment
Manufacturers
webmaster@abimaq.org.br
<http://www.abimaq.org.br>

Hotel / Restaurant

ABIH – Brazilian Association for Hotels Industry- Rio de Janeiro
Av. Nilo Peçanha, 12 Room 1005
20020-100 – Rio de Janeiro – RJ
Phone: 55/21/2533-7632
Fax: 55/21/2533-7632
Contact: Luis Carlos Nunes (president)
abihnacional@montreal.com.br

Abrasel Nacional
Rua Dom Marcos Teixeira, 25 – 2o. andar, Barra
40140-280 Salvador – BA
Phone: 55/71/267-4566
Fax: 55/71/ 264-3640 - 264-2631
Contact: Sergio Bezerra, President
abraselnac@e-net.com.br

ABREDI – Associação de Bares e Restaurantes Diferenciados
Rua Armando Penteado, 291
01242-010 São Paulo – SP
Phone: 55/11/3663-6391
Fax: 55/11/3663-1872
Contact: Horst Tassilo Siebert, President
<http://www.abredi.com.br>
abredi@uol.com.br

ABPR – Associação Brasileira dos Proprietários de Restaurantes
Estrada do Vidigal, 75. 3rd. floor Leblon
22450-230 Rio de Janeiro – RJ
Phone: 55/21/2516-6293 or 55/21/2512-6522
Fax: 55/21/2512-6522
Contact: Gustavo Werneck, President
<http://www.abpr.net>
abprbrasilrj@bol.com.br

ABERC – Associação Brasileira das Empresas de Refeições Coletivas
Rua Estela, 515 – Bl. B; cj. 62
04011-904 São Paulo – SP
Phone: 55/11/5573-9835
Fax: 55/11/5571-5542
Contact: Antonio Guimaraes, Director
<http://www.aberc.com.br>
guimaraes@aberc.com.br

Iron and Steel

IBS - Brazilian Steel Institute
Av. Rio Branco, 181 - 28 Floor
20040-007 Rio de Janeiro, RJ
Phone: 55/21/2544-3255
Fax: 55/21/2262-2234
Contact: José Armando Figueiredo Campos, President
ibs@ibs.org.br
<http://www.ibs.org.br>

ABTS – Brazilian Association for Metal Surface Treatment
Av. Paulista, 1313 – Cj. 913
São Paulo – SP / CEP: 01311-923
Phone: 55/11/251-2744
Fax: 55/11/251-2558
Contact: Mr. Roberto Della Manna, President
abts@abts.org.br
<http://www.abts.org.br>

ABIFA - Brazilian Association of the Foundry Industry
Av. Paulista, 1274 – 20º andar
São Paulo – SP / CEP: 01310-926

Phone: 55/11/3266-7331
Fax: 55/11/3266-5659
Contact: Mr. José Aoad Raya, Vice - President
Mr. Luis Carlos Koch, President
abifa@abifa.org.br
<http://www.abifa.org.br>

Laboratory Equipment

INMETRO – Instituto Nacional de Metrologia
Av. Nossa Senhora das Graças, 50
25250-020 Xerem – RJ
Phone: 55/21/2679-9001
Contact: Tomaz Gonzalez, Chief of Documentary Service
Mr. Waldemar Pires Ribeiro, Director of Institutional Issues
<http://www.inmetro.gov.br>

Material Handling

ABML- Brazilian Association of Cargo Movement and Logistics
Av. Conselheiro Rodrigues Alves, 848
São Paulo/SP-04014-002
Phone: ++55-11-50823972
Contact: Pedro Francisco Moreira, President
Abml@uol.com.br
Web-site: www.abml.org.br

ASLOG - Logistics Brazilian Association
R. Machado Bittencourt, 205 - cj 96
04044-000 - São Paulo - SP
Phone:++55-11- 5084.2267 / 5084.2287
Fax:++55-11-5084.2294
Contact: Carlos Alberto Mira, President
e-mail:aslog@aslog.com.br
Web-site: www.aslog.com.br

ABAD- Brazilian Association of Wholesalers and Distributors
Av. 9 de Julho, 3147 , 11 andar
Phone:++55-11-3885.9616
Fax: ++55-11-3885.6840
Contact: Paulo Herminio Pennacchi, President
Ventura@abad.com.br
Web-site: www.abad.com.br

Metallurgy

ABM - Brazilian Association of Metallurgy and Materials
Rua Antonio Comparato, 218 / Campo Belo
04605-030 São Paulo, SP
Phone: 55/11/5536-4333
Fax: 55/11/240-4273

Contact: Mr. Karl Heinz Pohlmann, President
abm@abmbrasil.com.br
<http://www.abmbrasil.com.br>

Mining

ABM - Brazilian Association of Metallurgy and Materials
Rua Antonio Comparato, 218 / Campo Belo
04605-030 São Paulo, SP
Phone: 55/11/5536-4333
Fax: 55/11/240-4273
Contact: Mr. Karl Heinz Pohlmann, President
<http://www.abmbrasil.com.br>
abm@abmbrasil.com.br

IBRAM – Brazilian Mining Institute
SCS – Quadra 2 – Bloco D – Ed. Oscar Niemeier – Sala 1107
Brasília – DF CEP: 70316-900
Phone: 55/61/226-9367
Fax: 55/61/226-9580
Contact: Mr. Edmundo Paes de Barros Mercer, President
<http://www.ibram.org.br>
ibrampsb@uol.com.br

Oil & Gasfield Equipment

ABRAPET - Brazilian Association of Oil Drillers
Avenida Rio Branco, 156 room 1119
20043-900 Rio de Janeiro, RJ
Phone: 55/21/2240-7062
Fax: 55/21/2283-1542
Contact: Mr. José Eduardo Frascá Poyares Jardim, President
Abrapet@domain.com.br

Packaging Equipment

ABRE – Associação Brasileira de Embalagens
R. Oscar Freire, 379 – 4º andar – Cj. 41
São Paulo – SP / CEP: 01426-001
Phone: 55/11/ 3082-9722
Fax: 55/11/ 3081-9201
Contact: Mr. Fábio Mestriner, President
<http://www.abre.org.br>
abre@abre.org.br

Pets

Assofauna - Associação dos Revendedores de Produtos, Prestadores de Serviços e Defesa
Destinado ao Uso Animal.
Contact: Mr. João Regis, President
Rua dos Jamaris, 884

04078 002 - São Paulo, SP
Phone: 5511-5051 3511
Fax: 5511-5051 0579
E-mail: alvorada@alvoradapetshop.com.br

ANFAL - PET - Associação Nacional dos Fabricantes de Alimentos para Animais
Contact: Mr. João Prior, Executive Director
Rua Claudio Soares, 160
05422 030 - São Paulo, SP
Phone: 5511-3031 3933
Web site: <http://www.anfal.com.br>

Plastic Production

Associação Brasileira da Indústria de Máquinas e Equipamentos - ABIMAQ
Sindicato Nacional da Indústria de Máquinas - SINDIMAQ
Av. Jabaquara 2925
04045-902 São Paulo, SP, Brazil
Phone: 55/11/5582-6377
Fax: 55/11/5582-6379
Contact: Ms. Maristela Simões Miranda, President of the Plastics Production Machinery Division
ABIMAQ/SINDIMAQ is the Brazilian Association of Machine and Equipment Manufacturers
<http://www.abimaq.org.br>
webmaster@abimaq.org.br

Associação Brasileira da Indústria Química e Produtos Derivados - ABIQUIM
Rua Santo Antonio 184 / 18 andar
01314-900 São Paulo, SP, Brazil
Phone: 55/11/3232-1144
Fax: 55/11/3232-0919
<http://www.abiquim.org.br>
abiquim@abiquim.org.br
Contact: Mr. Carlos Mariani Bittencourt, President
ABIQUIM is the Brazilian Association of Chemical Industries

Instituto Nacional do Plástico
Av. Brigadeiro Faria Lima 1779 – cj.62
01452-001 - São Paulo, SP, Brazil
Phone/Fax: 55/11/3814-8142; 3814-8604
<http://www.plastics.org.br>
inp@inp.org.br
Contact: Mr. Paulo da Colina, Director
Instituto Nacional do Plástico- National Plastics Institute is an association of plastics, resins and plastics machines manufacturers that provides training courses.

ABIPLAST - Associação Brasileira da Indústria de Plástico
Avenida Paulista, 2439 / 8º andar
01311-936 - São Paulo, SP, Brazil
Phone: 55/11/3060-9688
Fax: 55/11/3060-9686
Homepage: <http://www.abiplast.org.br>

e-mail: abiplast@abiplast.org.br
Contact: Mr. Merheg Cachum, President
Brazilian Association of the Plastics Industry

Sindicato da Industria de Resinas Sinteticas no Estado de São Paulo
Av. Paulista 1313 - 8 andar – cj. 810
01311-923 São Paulo, SP, Brazil
Phone: 55/11/287-2619, 287-9539
Fax: 55/11/3284-9812
<http://www.siresp.org.br>
e-mail: siresp@siresp.org.br
Contact: Almir Abdala, Director
Mr. Jean Daniel Peter, President
São Paulo Association of Manufacturers of Synthetic Resins

Printing and Graphics Arts Equipment

ABIGRAF – Associação Brasileira da Indústria Gráfica
Rua Paraíso, 533
São Paulo – SP / CEP: 04103-000
Phone: 55/11/5087-7777
Fax: 55/11/5087-7733
Contact: Mário Cezar Martins de Camargo, President
presi@abigraf.org.br
<http://www.abigraf.org.br>

Pulp & Paper

BRACELPA – Associação Brasileira de Celulose e Papel
Rua Afonso de Freitas, 499
São Paulo – SP / CEP: 04006-900
Phone: 55/11/ 3885-1845
Fax: 55/11/3885-3689
Contact: Mr. Francisco Braz Saliba, Assessor Diretoria Executiva
<http://www.bracelpa.com.br>
saliba@bracelpa.com.br

Security and Safety

ANIMASEG (National Association of Manufactures of Safety Products)
Rua Francisco Tapajós, 627
São Paulo, SP CEP: 04153-001
Phone: 55/11/5058-5556
Fax: 55/11/5058-5556
Contact: Raul Casanova Jr., Executive Director
animaseg@animaseg.com.br
<http://www.animaseg.com.br>

ABRASEG - Brazilian Association of Agents, Retailers and Distributors of Safety Products
Address is the same as the above (ANIMASEG)

Software

ABES - Brazilian Association of Software Companies
Av. Brig. Faria Lima, 1713 - Cj. 33/34 - 3 floor
01451-910 São Paulo, SP
Phone: 55/11/3816-1185
Fax: 55/11/3097-8288
Contact: Mr. José de Miranda Dias, President
abes@abes.org.br
<http://www.abes.org.br>

ASSESPRO-SP - Brazilian Association of Data Processing Companies
R. Teodoro Sampaio 417, 3 floor – Cj. 33
05405-000 São Paulo, SP
Phone: 55/11/3064-0003
Fax: 55/11/3064-0003
Contact: Mr. Ernesto Haberkorn, President
contato@assespro.org.br
<http://www.assespro.org.br>

ASSESPRO-RJ- Brazilian Association of Data Processing Companies
Av. Treze de Maio 33, Bloco A Gr. 509
20031-000 Rio de Janeiro - RJ
Phone: 55/21/2240-2005
Fax: 55/21/2532-5730/ 2533-1940
Contact: Mr. Newton Palhano, Executive Director
npalhano@riosoft.softex.br
<http://www.assespro-rj.org.br>

EAN/Brasil - Brazilian Association of Commercial Automation.
Al. Santos, 2441 – 9º andar
São Paulo – SP / CEP: 01419-002
Phone: 55/11/ 3064-8772
Fax: 55/11/3064-0821
atendean@eanbrasil.org.br
<http://www.eanbrasil.org.br>

Sporting Goods and Recreational Equipment

ABIAE – Brazilian Association of Sporting Goods Industry
Rua Verbo Divino, 1661, 3o andar
04719-002 São Paulo, SP
Phone: 55/11/5185-9400
Fax: 55/11/5185-9411
Contact: Mr. Roberto Estefano, President
marap@cambuci.com.br
<http://www.penalty.com.br>

Parts and Related Accessories

ADIBRA – Associação das Empresas de Parques de Diversões do Brasil
Al. Santos, 1343 Cj. 1502
São Paulo – SP / CEP: 01419-001
Phone: 55/11/ 253-9354
Fax: 55/11/ 284-0536
Contact: Francisco Carlos F. Lopes, President
adibra@uol.com.br

ABRACICLO - Bicycle Association
Av. Morumbi, 8390 - Cj. 62
04703-002 - São Paulo – SP
Contact: Roberto Louejiri, president
Tel: 55/11/241-0766
Fax: 55/11/241-0256

Telecommunications

ANATEL – Brazilian Telecommunications Agency
SAS Quadra 06 - Bloco H
Ed. Sergio Motta
70313-900 - Brasilia - DF - Brazil
Phone : 55/61 312-2578
Fax : 55/61 312-2367
Contact: Mr. Luis Guilherme Schymura de Oliveira, President
<http://www.anatel.gov.br>
anatel@anatel.gov.br

TIA – Telecommunications Industry Association
TEC-LA
Rua Estados Unidos, 1812
01427-002 - São Paulo – SP - Brazil
Phone: 55/11/3897-4023
Fax: 55/11/3062-4866
Contact: Mr. Luiz C. M. Bonilha
<http://www.tiaonline.org>
lbonilha@tia.ele.org

TELEBRASIL - Brazilian Association of Telecommunications
Av. Pasteur, 383 - Urca
22290-240 Rio de Janeiro – RJ - Brazil
Phone: 55/21/ 2295-4432
Fax: 55/21/2542-4092
Contact: Cleofas de Medeiros Uchoa, President
<http://www.telebrasil.org.br>
telebrasil@telebrasil.org.br

ABERIMEST – Brazilian Association of Telecom Companies and Professionals
Associação Brasileira das Empresas e Profissionais das Telecomunicações
Rua Brigadeiro Galvão, 923 –

01151-000 - São Paulo – SP - Brazil
Phone: 55/11 3825-6533
Fax: 55/11 3825-6460
Contact: Mr. Flavio Castelli Chueri, President
<http://www.aberimest.org.br>
aberimest@aberimest.org.br

ABEPREST – Brazilian Association of Telecommunication Service Providers
Associação Brasileira de Empresas Prestadoras de Serviços em Telecomunicações
Al. Campinas, 463 - 4º andar - Conj. 4A - Jd. Paulista
01404-000 São Paulo - SP - Brazil
Phone: 55/11 3253-4633 - 5874
Fax: 55/11 251-3899
Contact: Mr. Harold Walter Weiss, President
<http://www.abeprest.org.br>
wagner-aere@attglobal.net

ABRAFORTE – Brazilian Association of Telecommunication Multi-service Net Provider
Associação Brasileira dos Fornecedores de Redes Multiserviços em Telecomunicação
Av. Das Nações Unidas, 12551, 24º andar
04578-903 São Paulo – SP - Brazil
Phone: 55/11/3043-8832
Fax: 55/11/3043-8834
Contact: Renato Pazotto, President
<http://www.abraforte.org.br>
abraforte@abraforte.org.br

ABTA - Brazilian Association of Pay TV - Associação Brasileira das TVs por Assinatura
Rua Paes de Araujo, 29 - cj. 181
04531-090 São Paulo - SP - Brazil
Phone/Fax: 55//11 3078-9307
Contact : José Augusto Moreira, President
<http://www.abta.com.br>
abta@abta.com.br

ABECORTEL – Brazilian Association of Telecommunications Engineering Services Companies -
Associação Brasileira Das Empresas De Serviços De Engenharia De Telecomunicações
Rua Domingos de Moraes, 2243, 1º andar - cj. 16
04035-000 - São Paulo - SP - Brazil
Phone: 55/11 5082-2902
Phone/Fax: 55/11 5579-8078
Contact: Gilberto Justen, President
<http://www.abecortel.org.br>
marcelo@abecortel.org.br

SET - Brazilian Society of Broadcast Engineering - Sociedade Brasileira de Engenharia de TV
e Telecomunicações
Rua Jardim Botânico 700 sala 306
22461-000 Rio de Janeiro RJ
Phone: 55/21 2512-8747
Fax: 55/21 2294-2791

Contact: Mr. Olimpio José Franco, President
<http://www.set.com.br>
set@set.com.br

Textile and Yarn Industry

SINDITEXTIL - Syndicate of Textile and Yarn manufacturers of the State of São Paulo
Rua Marques de Itu, 968
01223-000 São Paulo, SP
Phone: 55/11/3666-0101
Telex: 55/11/ 3667-8209
Contact: Mr. Paulo Skas, President
abit@abit.org.br
<http://www.sinditextil.org.br>

ABIT – Associação Brasileira da Indústria Têxtil
(Brazilian Association for Industrial Textiles)
Rua Marquês de Itu, 968
01223-000 – São Paulo – SP
Phone: 55/11/3666-0101
Fax: 55/11/3667-8209
Contact: Mr. Paulo Skaf, President
<http://www.abit.org.br>
secretariageral@abit.org.br

ABRAFAS – Associação Brasileira de Produtores de Fibras Artificiais e Sintéticas
(Brazilian Association of Artificial and Synthetic Fiber Producers)
Rua Marquês de Itu, 968
01223-000 – São Paulo – SP
Phone: 55/11/3666-0101
Fax: 55/11/3667-8209
Contact: Mr. Carlos Roberto de Castro, President
<http://www.abrafas.org.br>
abrafas@abrafas.org.br

Travel and Tourism

ABAV - Brazilian Association of Travel Agents
Av. São Luiz, 165 - 1 floor - Centro
01046-001 São Paulo, SP
Phone.:55/11/3231-3077
Fax: 55/11/3259-8327
Contact: Mr. Tasso Gadzanis, President
abav@abav.com.br
<http://www.abav.com.br>

BRAZTOA-COBRAAT - Brazilian Tour Operators Association
Rua Marconi, 34 - 1 floor
01047-000 São Paulo, SP
Phone: 55/11/3259-9500
Fax: 55/11/3255-1226

Contact: Mr. Ilya Hirsch, President.
braztoa@braztoa.com.br
<http://www.braztoa.com.br>

Transportation

ANTF – Associação Nacional dos Transportes Ferroviários
Setor de Autarquias Sul – Quadra 5 – Bl N – Edifício OAB – Room 509
70423-900 – Brasília – DF
Phone: 55/61/226-5434
Fax: 55/61/321-0135
<http://www.antf.org.br>
antf@tba.com.br

ANTP – Associação Nacional de Transporte Público
SCS Quadra 4, bl A- Edif.Mineiro, room 504
70300-944 – Brasília – DF
Phone: 55/61/223-0844
Fax: 55/61/223-0844
<http://www.antp.org.br>
antpsp@antp.org.br
Em SP -
Rua Augusta,1626
01304-902 São Paulo - SP
Phone:55-11-283-2293
Fax: 55-11-3253-8095

ABCR – Associação Brasileira de Concessionárias de Rodovias
Rua Senador Vergueiro, 107/801
22230-000 Rio de Janeiro – RJ
Phone: 55/21/2205-4819 or 55/11/5505-0190
Fax: 55/21/2558-9623
Contact: Gil Firmino, Technical Coordinator
<http://www.abcr.org.br>
abcr@abcr.org.br
Em SP-
Rua Geraldo Flausino Gomes,42 cj. 82 Brooklin
04575-060 São Paulo - SP
Phone: 55-11-5505-0190
Fax: 55-11-5505-1640
Contact: Mr. José Reis de O. Lima

DNER - Ministério dos Transportes
Rod. Presidente Dutra, Km 163 - P. de Lucas
21240-000 Rio de Janeiro – RJ
Phone: 55/21/2473-7245 or 55/21/2471-6565 ext. 2092
Fax: 55/21/2465-2795
Contact: Carlos Henrique L. de Noronha, Highway Concessions Coordinator
sdt7drt@openlink.com.br

Country Commercial Banks

Most banks in Brazil operate as multiple banks, accumulating the functions of commercial and investment banks and are also active in the capital market.

Banks in Brazil Which Operate with Eximbank Credit Lines

Unibanco S.A.

Av. Eusebio Matoso 891 – 9^{and}

05423-901 – São Paulo, SP

Phone: 3097-4321

Fax: 3814-0528

Contact: Mr. Marcio Fugita, Superintendent – Global Financial Institution

<http://www.unibanco.com.br>

marcio.fugita@unibanco.com.br

Banco HSBC Bamerindus S.A.

Rua Dr. Seidel, 425 – 5^{and}

Vila Leopoldina

05315-000 – São Paulo, SP

Phone: 5511/3646-3311

Fax: 3646-3311

Contact: Mr. Luiz Eduardo Assis

<http://www.hsbc.com.br>

Banco Credibanco S.A.

Av. Paulista, 1294 – 12^o and.

Cep: 01310-100 São Paulo – SP

Phone: 55/11/ 707 509 500

Fax: 55/11/ 707 509 529

Contact: Mr. Antonio Veriano de Assis – Director

Banco Bradesco S.A.

Av. Ipiranga, 282 – 10^o and.

Cep: 01046-920 São Paulo – SP

Phone: 55/11/3235-9449

Fax: 55/11/3235-9169

Contact: Edesio Depaula e Silva – Manager

<http://www.bradesco.com>

4900.edesiosilva@bradesco.com.br

Banco BMC

Av. das Nações Unidas, 12995 – 23^o and.

Cep: 04578-000 São Paulo – SP

Phone: 55/11/5503-7500/7780

Fax: 55/11/5503-7676

Contact: Arthur Paulo R. Sabadin – Director

<http://www.bmc.com.br>

asabadin@bmc.com.br

Financial Companies and consultant that facilitate access to Eximbank Financing

NetPlan Corporate Finance Ltda.
Rua Joaquim Floriano, 101 – 11º and.
Cep: 04534-010 São Paulo – SP
Phone: 55/11/3168-
Fax: 55/11/3168-0382
Contact: Ronald Leal – President 0383
<http://www.netplan.com.br>
netplan@netplan.cc

Guardian SC Ltda.
Av. Brig. Faria Lima, 1651 cj. 504/505
Cep: 01451-001 São Paulo – SP
Phone: 55/11/3814-2218
Fax: 55/11/3815-5977
Contact: Joao Carlos Saldanha da Gama – Consult
Email: lynx@uol.com.br

Banco Santos
Av. Paulista, 1842 – 8º and.
Cep: 01310-200 São Paulo – SP
Contact: Mrs. Regina Grinberg
<http://www.bancosantos.com.br>
r.grinberg@bancosantos.com.br

M.T. Brazil Corp. Finance
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