

THE BRAZILIAN MARKET GUIDE

for entrepreneurs



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

TABLE OF CONTENTS

Introduction

1. GEOGRAPHICAL, ECONOMIC AND SOCIAL CONDITIONS

- 1.1 Geography
- 1.2 Economy
- 1.3 The culture and behaviours

2. DOING BUSINESS IN BRAZIL

- 2.1 Trade and commerce
- 2.2 Setting up a business in Brazil
- 2.3 Taxes
- 2.4 Social insurance
- 2.5 Intellectual property rights and protection
- 2.6 Payments

3. INSTITUTIONS SUPPORTING ESTABLISHMENT OF COMMERCIAL RELATIONS IN THE BRAZILIAN MARKET

4. PROMOTION

- 4.1 marketing, advertising, social media
- 4.2 PUBLIC RELATIONS
- 4.3 media and agencies

5. FAIRS AND EXHIBITIONS

- 5.1 Fairs and exhibitions in the creative sector
- 5.2 Practical notes on the organisation of exhibitions and trade fairs

6. CREATIVE SECTOR IN BRAZIL

- 6.1 Key information describing the creative sector in Brazil (data for 2010)
- 6.2 Government support for the creative sector in Brazil and international politics

7. USEFUL WEBSITES

8. ABOUT THE AUTHORS

9. CONTRIBUTIONS

10. BIBLIOGRAPHY



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

INTRODUCTION



This manual was commissioned by the City of Warsaw and the European Creative Cluster Lab (ECCL). It is addressed to European entrepreneurs (SMEs) who intend to start up business activities in Brazil or to expand their international cooperation in the Brazilian market. It also includes tips for entrepreneurs specifically from the creative sector.

WHAT IS ECCL?

ECCL (European Creative Cluster Lab) project is dedicated to managing creativity and creative teams, cross-sector collaboration between creative and traditional industries, new collaboration approaches between creative clusters, incubation, innovation and creativity. Internationalisation is an aspect within all those actions. To develop exchange of know-how and gain new possibilities of cooperation the Global Study Visit to Brazil was prepared. One of the recommendations that followed was an idea of developing a guide for EU entrepreneurs about Brazil, which this manual is a result of.

WHY BRAZIL?

A Memorandum of Understanding (MoU) between the EU Commission and the Brazilian government was signed in December 2013. The aim of the MoU is to strengthen business and research cooperation between Brazil, European Clusters and SMEs, and to raise the international profile of the latter, as well as support growth and cooperation.

WHY CLUSTERS?

Clusters are an irreplaceable link between SMEs and their international partners to be. Their knowledge, experience and solid structure is necessary support for SMEs willing to go with their business internationally.

Therefore internationalisation of clusters and SMEs, if fulfilled, needs to be strengthened by marketing possibilities, networking opportunities and market recognition.

WHAT CAN BE DONE?

Facing the challenges mentioned above, the ECCL project would like to build cross sector cooperation with enriching EU cluster internationalisation process with creative clusters.



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

1. Geographical, economic and social conditions

1.1. GEOGRAPHY

POLITICAL
SUBDIVISIONS
OF BRASIL



Considering its vast territorial space, geographical and economic diversity, as well as its administrative division, Brazil should be viewed as **27 separate entities** (26 states and 1 Federal District) linked by economic, social and spatial ties. The characteristics of the respective states, as well as relations between them, may turn out to be the key factor for the pursued business activity.

POPULATION

The number of inhabitants and population density are factors that depict quite well the diverse conditions in different parts of Brazil. A rich source that contains a great number of quality data on the country's population is the Brazilian Institute of Geography and Statistics' website (Instituto Brasileiro de Geografia e Estatística). This site also contains real-time calculation of country's population (average data)¹.

The difference in number of inhabitants between different Brazilian cities and metropolitan areas (Regiões Metropolitanas - RM) is worth noticing. According to IBGE² (data from 28.08.2014), São Paulo metropolitan area has a population of almost 21 million people, which constitutes 10,32% of Brazil's total population. In terms of the number of inhabitants, it is followed by Rio de Janeiro metropolitan area with a population 9 million smaller than that of São Paulo metropolitan area, after that comes Belo Horizonte metropolitan area, inhabited by approximately half the number of people that inhabit Rio de Janeiro metropolitan area. These are the three biggest, out of the 25 most populated, metropolitan areas. Subsequently, there are 10 areas with a population between 2 and 5 million people, and 12 regions with a population between 800 thousand and 2 million people. All in all, the 25 aforementioned regions are inhabited by circa 45% of the country's total population.

Brazil occupies 47% of the South America's territory and shares borders with most of the continent's countries (except for Ecuador and Chile). Over 50% of its territory constitutes a plateau (altitude between 200 and 900 m above sea level), 40% lies below 200 m above sea level, and as little as 3% of the territory is located over 900 m above sea level with the highest point at 3014 m³.

1 IBGE, <http://www.ibge.gov.br/apps/populacao/projecao/index.html>, 11.10.2014

2 IBGE, <http://saladeimprensa.ibge.gov.br/noticias?view=noticia&id=1&idnoticia=2704&busca=1&t=ibge-divulga-estimativas-populacionais-municipios-2014>, 11.10.2014

3 Fact Sheet on Brazilian Economy by Polish Ministry of Foreign Affairs, http://www.informatorekonomiczny.msz.gov.pl/pl/ameryka_poludniowa/brazylia/?printMode=true, 11.10.2014

Brazilian territory is entirely located within the Atlantic catchment area. Brazil's river systems are rich in water and well developed - the biggest one being the Amazon river system, followed by the Paraná, La Plata and São Francisco river basins. Brazilian coastline is 7,500 km long, lining in its entirety by the Atlantic Ocean. A significant area of the country is covered by tropical rainforest, this refers to regions with heavy rainfall in the Amazon Basin and along the Atlantic coast. The country has a small number of lakes, most of them being shallow coastal lakes called lagoons. The biggest ones are Lagoa Dos Patos (with a surface of 10,000 km²) and Lagoa Mirim (3,000 km²). Talking about Brazil's rich natural water resources, it is worth realising the huge hydropower potential of the country⁴. On the border between Brazil and Paraguay, on the Paraná river, there is the Itaipu Dam - the world's second-biggest hydroelectric power plant, a joint project between Brazil and Paraguay. Most of the country's climate can be defined as equatorial or subequatorial, although southern regions are located in the tropical climate zone.

The main of Brazil's natural resources include metal ores (iron, manganese, copper, aluminium, lead, zinc, nickel, uranium, rare earth metals), as well as quartz, industrial diamonds, precious and semiprecious stones, and petroleum⁵.

4 Wikipedia, http://pl.wikipedia.org/wiki/Geografia_Brazylii, 11.10.2014

5 Fact Sheet on Brazilian Economy by Polish Ministry of Foreign Affairs, http://www.informatorekonomiczny.msz.gov.pl/pl/ameryka_poludniowa/brazylia/?printMode=true, 11.10.2014



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

1.2 ECONOMY

Brazil is one of the largest economies in the world. It is estimated that, along with the other BRICS states, it will be playing an increasingly important role in the world. Natural resources will be crucial for its development

The minimum wage is established on the national level and each year it is readjusted for inflation. Brazilian law allows different states to introduce a higher minimum wage that applies in the given state only⁶.

There is a website in Portuguese that shows national average salary for different professions⁷, it also presents basic information on a given profession (e.g. average employee's age, ratio of male to female employees, job satisfaction level, etc.). The country's unemployment rate is 5.7%⁸ (data from 2013).

Doing research on the Brazilian market and its attractiveness for foreign entrepreneurs, it is easier to find optimistic forecasts than pessimistic or moderate ones. Some of these may result, among others, from opinions such as that expressed by the Minister of Finance of Brazil, Guido Mantegi, who thinks that the country's economic policy is heading in the right direction and that Brazil copes well with the world's crisis - despite low economic growth in 2012 it was supposed to get much better results in 2013⁹. However, it is worth taking into account also less optimistic

6 Portal Brasil, <http://www.portalbrasil.net/salariominimo>, 11.10.2014

7 Wage Indicator Foundation, Meusalario.uol.com.br, <http://meusalario.uol.com.br/main/salario-e-renda/Salario-Check>, 11.10.2014

8 Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-fact-book/geos/br.html>, 11.10.2014

9 Fact Sheet on Brazilian Economy by Polish Ministry of Foreign Affairs, http://www.informatorekonomiczny.msz.gov.pl/pl/ameryka_poludniowa/brazylia/?printMode=true, 11.10.2014

forecasts based on the Economic Outlook analyses issued by OECD, as well as outlooks by rating agencies (Fitch, Standard&Poors)¹⁰.

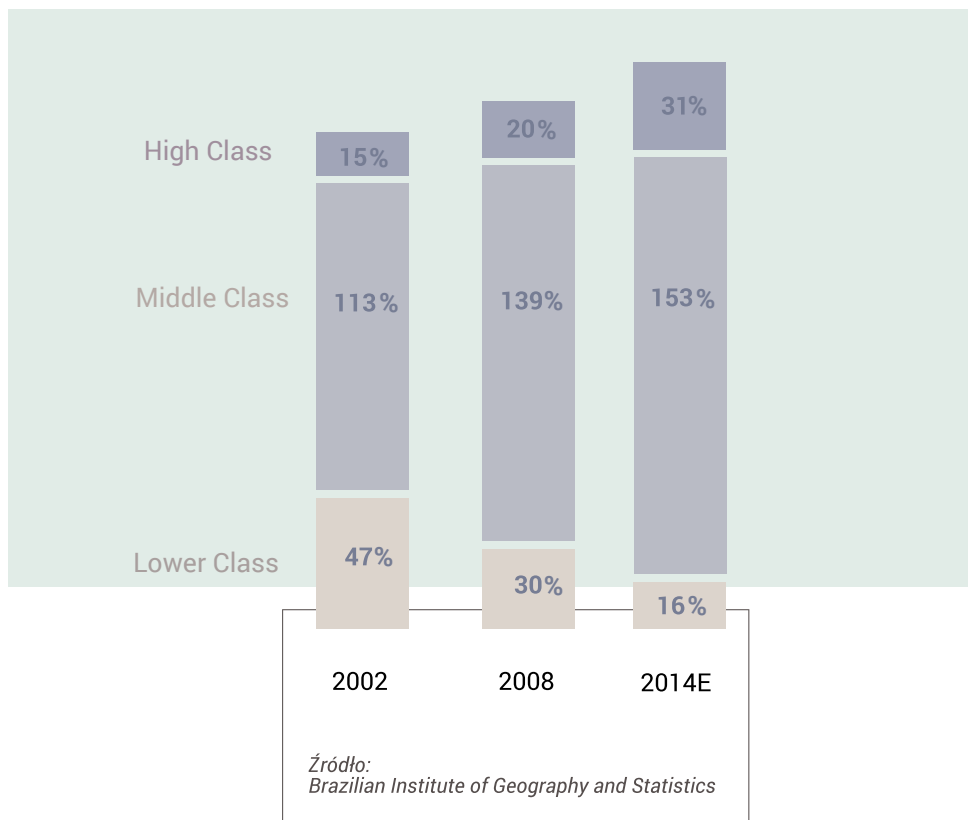
One of the sources that provides moderately optimistic outlook on the Brazilian market is the website of a consulting firm, Berners Consulting (www.bernersconsulting.com), offering assistance to companies entering the Brazilian market. It publishes forecasts related to the Brazilian market, among others, an outlook until 2016 with an estimated increase in retail sales by 40% and in food and beverage sales by 60%¹¹.

However, at the same time, experts from Berners Consulting point out that Brazil cannot be blindly seen as paradise for entrepreneurs. To help companies adopt a reasonable, in their opinion, approach to the Brazilian market, they prepared a simplified SWOT analysis for undertaking business activity on this particular market¹². Among the identified strengths they name political and economic stability, market size and optimistic economic growth forecasts in many sectors. As weaknesses - mainly bureaucracy and taxation-related issues were indicated. Citing information from IBGE, the firm sees as an opportunity a dynamically growing middle class with an increasing purchasing power, whereas the inaction of the Brazilian government in fighting national economic inequalities is considered as a threat.

10 Fact Sheet on Brazilian Economy by Polish Ministry of Foreign Affairs, http://www.informatorekonomiczny.msz.gov.pl/pl/ameryka_poludniowa/brazylia/?printMode=true, 11.10.2014

11 Berners Consulting, *Market entry Brazil successful planning and implementation*, http://bernersconsulting.com/assets/files/Berners-Consulting_Brochure_BR-US-implementation.pdf, 11.10.2014

12 Berners Consulting, *Market entry Brazil successful planning and implementation*, http://bernersconsulting.com/assets/files/Berners-Consulting_Brochure_BR-US-implementation.pdf, 11.10.2014



CLASS SYSTEM

The growing economic ties between Brazil, China, United States, Europe and other Latin American countries are also seen by Berners Consulting as an opportunity.

The main business partners of Brazil, according to data from 2012, include China, USA and Argentina. The same data indicates that exports of goods from Brazil are distributed across the following countries: China 17%, USA 11.1%, Argentina 7.4%, Netherlands 6.2%, after that Japan, Germany, Chile, Italy, United Kingdom and Russia. The exports mainly include raw materials, which constitute almost half (46,8%) of the value of goods exported from Brazil. Final products constitute 37,4% of the value of the exported goods and semi-finished products, 13,6%. Exported goods are mostly iron ore, soya, coffee, footwear and transportation equipment, whereas imports to Brazil mainly include petroleum and fuels, electronic and mechanical equipment, chemicals and pharmaceuticals, as well as car parts. These goods in their majority come from the following countries: China 15,3%, USA 14,6%, Argentina 7,4%, Germany 6,4%, South Korea 4,1%, as well as Nigeria, Japan, Italy, France and India¹³.

Brazil is a member of Mercosur (or Mercosul) – Spanish: *Mercado Común del Sur*, Portuguese: *Mercado Comum do Sul* – an international trade organisation founded in 1991, also including Argentina, Uruguay, Paraguay (suspended) and Venezuela, with other South American countries as associate states.

¹³ Fact Sheet on Brazilian Economy by Polish Ministry of Foreign Affairs, http://www.informatorekonomiczny.msz.gov.pl/pl/ameryka_poludniowa/brazylia/?printMode=true, 11.10.2014

1.3 THE CULTURE AND BEHAVIOURS

For historical reasons, Brazil is a country with a huge cultural and ethnic diversity. This is what probably makes Brazilians so open. However, making contact with foreigners can often be challenging because of the language barrier. Not many Brazilians speak English, even in places where one would expect decent language skills (e.g. hotels). Most people with the knowledge of foreign languages (English, Spanish) live in big cities. With no knowledge of Portuguese, communication might be very difficult, if not at times impossible. On the bright side, even if one does not speak Portuguese, Spanish speaking skills will facilitate communication.

Before undertaking any business activity in Brazil, one should have a look at particular characteristics of the Brazilian culture, work style and lifestyle. It might be helpful to compare Brazil with a country or countries we are familiar with and the culture of which we understand. Geert Hofstede's cultural dimensions¹⁴ are a great tool to do such exercise.

While establishing business relations in a culture one barely knows, we need to pay special attention to the commonly accepted specific behaviour patterns and habits. One of the differences lies in the use of hand gestures. In Brazil, we shouldn't use the "O.K." gesture made by connecting the thumb and the index finger into a circle. In this cultural context it is considered as vulgar¹⁵. Instead, a gesture with a positive meaning equivalent to the European "O.K." can be achieved in Brazil by a closed fist held with the thumb extended upward.

¹⁴ G. Hofstede, G. J. Hofstede, M. Minkov, *Cultures and Organizations: Software of the Mind. Revised and Expanded 3rd Edition* New York: McGraw-Hill USA, 2010 oraz G. Hofstede, *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations. Second Edition*, Thousand Oaks CA: Sage Publications, 2001

¹⁵ Georgia Freitas, *Brazilian Hand Gestures*, http://www.worldcupriobrazil.com/20111013_brazilian-hand-gestures/, 11.10.2014

In establishing business contacts in Brazil, connecting on a personal level is extremely important. Meetings tend to last long hours and are intersected with casual conversations on matters unrelated to the main subject of the meeting. The established meeting timeframe, as well as working hours, are very flexible in some parts of the country. In São Paulo or Rio de Janeiro business meetings are supposed to start as planned, however because of heavy traffic they are often delayed. Informal meetings throughout the country usually start with a delay. It is customary to begin the meeting with a small talk on a non-business topic and the host is the one who should switch to the business-related topic, the guest should not do it first. Interrupting a sentence or joining the conversation at any time is seen as a sign of enthusiasm.

In Brazil, offering gifts is of common agreement and is very welcome, however not really recommended on a first business meeting. Instead, as a gesture of courtesy you might want to pay for coffee or dinner.

Close personal connection in business relations is also reflected in gestures. Long hello or goodbye handshakes are very common. While greeting a small group of people, you cannot miss a person. Also, greeting someone always requires eye-contact. Hugs, putting your arm around someone's shoulder and hand touch on the shoulder are very common in business contacts¹⁶. A kiss on the cheek (one, e.g. in São Paulo, or two, e.g. in Rio de Janeiro) is also a commonly accepted way of saying hello or goodbye one needs to be prepared for.

¹⁶ International Business Center, *Brazil Business Etiquette & Culture*, <http://www.international-business-center.com/geert-hofstede/index.shtml>, 11.10.2014



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

2.

Doing business in Brazil

Brazil, the fifth world's population¹⁷ with a middle class of roughly 35 million people is a massive consumer market. Brazil is also South America's leader in the area of innovation and new technologies.

On the other hand, there are multiple barriers encountered by those who are trying to enter the Brazilian market, such as numerous laws limiting free development of trade, as well as other obstacles, for instance costly and time-consuming certification procedures. Furthermore, there are general anti-import tendencies shared by governmental organisations, enterprises and even the media. Nevertheless, the progressing trade liberalisation encourages foreign companies to expand into the Brazilian market.

2.1 TRADE AND COMMERCE

Customs procedures in Brazil are highly bureaucratised, and in addition Brazilian legislation is full of exceptions from the adopted general standards (such as the Mercosur agreements that regulate trade in South America).

Many goods require obtaining an import licence before importing, granted after a thorough verification of the import rights. This applies to goods, such as ceramics, glass, phytosanitary products, pharmaceuticals, cosmetics, machinery and equipment, electrical materials or medical equipment. Food products additionally undergo rigorous health inspections. Apart from complex legislation, difficulties are additionally magnified by administrative indolence.

¹⁷ Mapa.biz.pl, World's most densely populated countries, <http://www.mapa.biz.pl/html/informacje/ludnosc>, 20.10.2014

On the bright side, a tool that makes the entrepreneurs' life easier is the SISCOEX export and import control system, which enables registered users to easily access full information on the import requirements and licences as well as automatically obtain import licences. Goods subject to non-automated licensing procedure require complying with additional formalities. It is worth remembering that the external packaging of produce imported into the Brazilian market must contain a series of information, such as: full product name, ingredients and its recommended use.¹⁸

The Brazilian import tax system is one of the most complex in the world. There are dozens of import taxes and many ways of their calculation. The main taxes include: import tax (II), excise duty (IPI), social taxes (PIS and COFINS) and state taxes (ICMS).

Furthermore, imports can generate additional costs, such as the agent's remuneration, the fee of a despachante (please refer to section 5.1) fees for using the SISCOEX system and duties that feed the Brazilian navy and harbours.¹⁹

Taxes are calculated cumulatively, can be very high, amounting to as much as 100% of the product value.

An example of import tax calculation can be found on the following website: <http://www.braanz.com/Sample-Import-Tax-Analysis.pdf>. It shows how taxes boost Brazilian market prices of imported products.

For these reasons it is highly recommended to use services of an experienced shipping company that will also take care of customs clearance procedures. Companies can sell their products and services in Brazil directly or through distributors²⁰.

¹⁸ The Brazilian market: a manual for exporters, http://www.kig.pl/files/BWZ/brazylia_e_2012.pdf, 15.10.2014

¹⁹ Braanz Consulting, <http://www.braanz.com/import-taxes-a-tariffs.html> 20.10.2014

²⁰ The Brazilian market: a manual for exporters, http://www.kig.pl/files/BWZ/brazylia_e_2012.pdf, 15.10.2014

DIRECT MARKETING

Brazil, with its powerful middle class that uses Internet as their main communication and purchasing tool, ranks 9th worldwide in e-commerce²¹. Many companies successfully sell their products and services here, and the outlooks indicate that B2B market will be growing in the following years. However, in case of direct sales, getting familiar with local procedures and knowledge of the Portuguese language are essential.

SALES AGENT / DISTRIBUTOR

Working with a Brazilian distributor is an alternative to direct export. If a Brazilian company acts as an export intermediary, it is required by law that it is registered in the Secretariat of Foreign Trade (SECEX).

Finding an agent to represent the company is a cheap and easy way of entering the Brazilian market. The distributor knows the market, all the necessary procedures and will be helpful with overcoming the language barrier. This solution is beneficial especially if the company aims at researching the market. It obviously poses certain risks, thus the partner recruitment process should be thorough and it is necessary to examine distributor's experience in introducing a particular product or a service on the market.

Before signing an agreement, it needs to be consulted with a local lawyer. It is also worth searching for additional information or seek the advice of the chamber of commerce or within the trade and investment promotion section of the Embassy of the specific entrepreneur's country of origin.

21 The Brazilian market: a manual for exporters, http://www.kig.pl/files/BWZ/brazylia_e_2012.pdf, 15.10.2014

BRAZILIAN LEGISLATION PROTECTS LOCAL DISTRIBUTORS²²

- according to Brazilian law, the agreement is exclusive unless stipulated otherwise;
- a fixed-term contract, after its first renewal, automatically becomes a contract of indefinite duration;
- once the distribution agreement is terminated, the Brazilian representative is entitled to an indemnification of 1/12 of the total amount earned while the agreement was in place.

FRANCHISE

It constitutes an interesting option for companies planning to introduce products on the Brazilian market. Franchise is regulated by the act no. 8.955/9423. According to this law, an entrepreneur must send an offer letter, then register the agreement in the Brazilian Patent Office (INPI). It should be noted that a foreign investor can assign a helper that will sign the franchise agreement on his behalf with the Brazilian partner.

22 The Brazilian market: a manual for exporters, http://www.kig.pl/files/BWZ/brazylia_e_2012.pdf, 15.10.2014

23 Entrepreneurs' handbook: the Brazilian market, <http://bip.parp.gov.pl/files/74/81/106/5396.pdf>, 15.10.2014



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

2.2 SETTING UP A BUSINESS

Types of businesses:

IDENTIFICATION NUMBERS

CPF (Cadastro de Pessoa Física)

tax identification number for an individual person

CNPJ (Cadastro Nacional da Pessoa Jurídica)

tax identification number for companies

RNE (Registro Nacional de Estrangeiros in Brazil)

identification number for permanent foreign resident

INDIVIDUALS

Profissionais Autônomos (Self-employee)²⁴

- 's an option for freelancers and contractors with the residency status. In order to start a business, a special tax number CCM (Cadastro de Contribuintes Mobiliarios) is required.
- Application for CCM can be done online via <http://www.prefeitura.sp.gov.br/cidade/secretarias/financas/servicos/ccm/index.php?p=2369>
- The forms generated online have to be printed out, signed and, along with the identity documents, submitted at the local authority within 30 days.

²⁴ Self-employed Workers, www.brazil.angloinfo.com/working/self-employment/self-employed/ 15.10.2014

Empreendedor Individual (Individual Entrepreneur)²⁵

- This form of employment is only open to workers in certain fields and industries (ie. services and trade)²⁶; the eligibility for registering particular business in that form can be verified online though SEBRAE site <http://www.sebrae.com.br/sites/PortalSebrae>
- The availability of the business name can be verified through <http://www.portaldoempreendedor.gov.br/>
- The registration can be conducted through <http://www.portaldoempreendedor.gov.br/>
- After submitting the business name, CNPJ number will be automatically generated
- The documents generated online have to be submitted, then printed, signed and sent along with the copy of CPF to Juntas Comerciais within 60 days.

In order to register as an Individual Entrepreneur the person needs to meet following conditions:

1. Annual income not exceeding 60.000 BRL.
2. Cannot have shares at other companies.
3. Foreigners have to hold an RNE number.

²⁵ Sole and Small Traders, <http://brazil.angloinfo.com/working/self-employment/> 15.10.2014

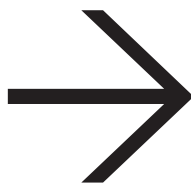
²⁶ Self-employed Workers, <http://Sãopaulo.angloinfo.com/information/working/self-employment/>, 21.10.2015

Empresa Individual de Responsabilidade Limitada (EIRELI, Individual Limited Liability Company)²⁷

Characteristics **EIRELI**:

- only one shareholder, holding the entire capital of the company
- the shareholder is liable up to the limit of his capital in the company
- the expression EIRELI has to be used at the end of the company name
- the individual can be a shareholder of one EIRELI at the time
- the minimum investment is for foreign investors is 150.000 BRL
- the capital of the company must be at least 100 times the minimum wage, fully paid at the time of incorporation of the company
- the company registered as EIRELI can use the *Simples Nacional* tax regime.

WORTH TO KNOW BEFORE
SETTING UP A BUSINESS²⁸



- The set up process takes at least 30 days (if the shareholder is a Brazilian national or a foreigner with the residency status) although usually the process takes longer (a few months)
- In order to become a Managing Director, the foreigner needs to obtain a residency permit; otherwise the company needs to employ a Brazilian national
- Foreign shareholder can travel to Brazil on a tourist visa, unless he decides to live in Brazil, in that case he needs to apply for the residency permit
- In order to obtain a residency status, the foreigner needs to invest in local business. The cost of such an investment is 150.000 BRL in case of individual investor, and 600.000 BRL for the companies²⁹; it can be reduced, if the company gives a guarantee to employ at least 10 people within the next two years; the residency permit procedure takes a couple of months
- There are some restrictions for the foreign companies, they concern either specific sectors (ie. publishing) or regions (border and coastal areas)
- It's worth to consider using the services of a despachante - who will help with different bureaucratic matters (such as translations, registration, taxes etc).

²⁷ EIRELI, <http://brazil.angloinfo.com/working/starting-a-business/eireli/> 15.10.2014

²⁸ Starting a business, <http://brazil.angloinfo.com/working/starting-a-business/> 10.15.2014

²⁹ Investing in Brazil, https://www.taylorwessing.com/uploads/tx_siruplawyermanagement/Investing_in_Brazil.pdf, 19.10.2014

TYPES OF COMPANIES

There are two types of limited liability companies in Brazil³⁰

Sociedade Limitada (LTDA) – governed by Contrato Social (the company agreement)

- most popular, easy to run and cheaper
- no minimum initial capital is required
- managed by one or more persons with the resident status, appointed by the quotaholders (holding at least 75% of quotas).

Sociedade Anônima (SA) governed by Estatutos (company status)

- Not as flexible as Sociedade Limitada, and more expensive to run
- More transparent – the corporate acts and financial statements need to be published
- Managed by the Board and Fiscal Council (with the minimum of two persons with the resident status).

The tax treatments for both types of companies are the same.

The company can be set up by a foreigner (present in Brazil) or the lawyer or Power of Attorney, on behalf of the foreigner.

The following details are required prior to setting up the business:

1. Name of the company,
2. Name of the shareholders,
3. Address,
4. The capital and the management.

The company documents (By-Laws) need to be agreed and signed in the presence of a lawyer. The registration process can then be initialised.

The table below presents the steps that need to be taken in order to set up a limited liability company³¹



³⁰ Starting a business, <http://brazil.angloinfo.com/working/starting-a-business/>, 15.10.2014

³¹ Doing business <http://www.doingbusiness.org/data/exploreeconomies/brazil/starting-a-business>, 15.10.2014

Nr	ACTION	TIME	APPROX. COST
1.	Checking the name with JUCESP www.jucesponline.sp.gov.br	Online	n/d
2.	Registration fees	1 day	See below
3.	Registry at JUCESP in order to obtain: CNP - National Register of Legal Entities NIRE - Register of Enterprises*	7 days	75 BRL registration + 50 BRL administratrion fee
4.	Registry at INSS (National Institute of Social Security) – the social insurance number	5 days	n/d
5.	Register at ICMS - VAT equivalent	1 day	n/d
6.	Registry at Secretaria Municipal de Finanças (the tax authority)	1 day	n/d
7.	Obtaining a token allowing to generate e-invoices	2 day	450-600 BRL
8.	Operation permit (Auto de Licença de Funcionamento) from the Municipality due to the long procedure the companies can operate as soon as they pay TFE (see below)	90 days	n/d
9.	Registry and payment of TFE (Registry Taxa de Fiscalização de Estabelecimentos) – the tax relating to registering the business	1 day	425,46 BRL
10.	Registry at the Social Integration Programme (Programa de Integração Social, PIS)	1 day*	n/d
11.	Open a social fund for the emoloyees (Fundo de Garantia do Tempo de Serviço - FGTS)	1 day*	n/d
12.	Registry at the Mistry of Labour (Cadastro Geral de Empregados e Desempregados, CAGED)	1 day*	n/d
13.	Registry with the Employee Union	5 day*	Annual fee

* parallel to other procedures



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

Based on my four-year-long observation and residency in Brazil, the undoubted objective attractiveness of the Brazilian market is directly proportional to the level of difficulty encountered while competing on it in reality. Entities that are planning to start up a business in Brazil should, in the first place, shelve among fairytales the vision of the Brazilian "El Dorado" from post-war period of the 20th century. There is no quick, cheap and easy road to success here.

Brazilian market encompasses a federation of 27 states. It covers an area twice the size of the EU (although its majority is almost uninhabited) and its number of consumers exceeds the number of consumers in the EU by a third. Its political situation is stable, its democracy functional and economic growth in the recent years, despite its ups and downs, is a known fact.

For the European entrepreneurs, this means the existence of a huge market characterised by an increase of the society's purchasing power, with lots of possibilities in various sectors but also enormous competition. On the other hand, one cannot forget the challenges Brazil is still facing: the aggressive protectionist import policy, complicated and indolent bureaucracy, ineffective law enforcement and protection of property rights, corruption, problems with education, etc.

Brazil's population is extremely diverse, being a confluence of many ethnicities and nationalities. Less developed states in the North and Northeast differ significantly in terms of people's habits (also consumption related ones), culture and business environment from Southwestern states. An entirely different topic is São Paulo, Latin America's biggest

commercial and industrial hub. The respective states compete for investors and enterprises. For this reason, currently out of 500 world's biggest companies 490 are most probably already doing business directly in Brazil. Cities such as Belo Horizonte, Recife, Vitoria, Curitiba, Porto Alegre, Manaus are commercial and industrial hubs for their respective regions. Understanding and covering the entire spectrum of the Brazilian market in the majority of sectors is possible only in case of relatively few enterprises. Also, market particularities vary from region to region.

European companies should determine their strategy based on market knowledge and verified qualitative information. It is also necessary to define the region, in which to start up business activity and the type of collaborative arrangement with a local partner, something I highly recommend in each case. The first step should include acquiring important information concerning a certain business sector, visiting fairs, identifying main competitors, potential clients and their needs. At the same time, tariff and non-tariff barriers, of which there are great many in Brazil, as well as procedures for importing domestic goods into Brazil should be analysed. After collecting all these data, the enterprise should define its market entry strategy and finally the type of collaborative arrangement with a local partner. In all this, one needs to keep in mind that competing in Brazil is a long-distance race. The main obstacle for European companies are high import duties, taxes and other systemic barriers, only after that comes bureaucracy.

All the aforementioned factors create a general situation that concerns, with no exception, all foreign operators interested in Brazil. To be competitive here, it is crucial to thoroughly understand and constantly adjust to this particular environment.

2.3 TAXES

The Brazilian tax system is one of the most complicated in the world. There are federal, state and municipal taxes.

On August the 1st in 2007 a new, simplified tax regime (Law n° 123/2006) has been introduced. It allows the companies with the annual gross revenue up to 2.400.000 BRL (1.372.684 USD), to pay one tax instead of the federal and state taxes (IRPJ, CSLL, PIS, COFINS, IPI, ICMS, ISS). Depending on the activity (trade, services, industry) the tax rate varies between 4%-17.42%.

NR	PODATEK	ZAKRES	WYSOKOŚĆ %
1.	IRPJ (Imposto de Renda de Pessoas Jurídicas) Income tax (corporate)	Federal	15% + 10% at the income over 240.000,00 BRL per annum
2.	IRPF (Imposto de Renda de Pessoa Física) Income tax (individuals)	Federal	0%, 15% 27,5%, zależności od wysokości dochodów
3.	RRF (Imposto de Renda Retido na Fonte) Income tax (non-residents)	Federal	15% to 27,5%
4.	IPI (Imposto sobre Produtos Industrializados) Excise tax (on import and export of consumption goods)	State	10-15%
5.	ICMS (Imposto sobre Circulação de Mercadorias e Serviços) Added value tax (equivalent of VAT) – on sale of some products and services	Federal	Depends on the state and if the operations takes place within the state (6-18%)
6.	SS (Imposto sobre Serviços) Services tax	Municipal	2-5%
7.	CIDE Tax on royalty payments and technology transfers on services imported to Brazil	Federal	10%
8.	II (por. Imposto sobre Importação) Import tax	Federal	See: 2.1

RESIDENT STATUS

This status is granted to foreigners who hold a permanent residence visa or a working visa. A foreign company becomes a resident once it gets incorporated in Brazil and is carrying out business activity within its territory. Foreigners are granted resident tax status if they stay in Brazil for more than 183 days within a 12-month period (this status is granted for 12 months from the last entry to Brazil).

Persons that are not holding the resident status pay the IRRF tax of 25% on any type of work carried out within the territory of Brazil. Brazil has signed double taxation agreements with many countries³².

In Brazil, tax return statements must be submitted each year by the 30th of April.

9.	IE (por. Imposto sobre Exportação) Export tax	Federal	2%-3%
10.	IOF (por. Imposto sobre Operações Financeiras) Tax on financial transactions	Federal	depends on transaction
11.	PIS/PASEP (Programa de Integração Social) Social tax	Federal	1,65%
12.	COFINS (Contribuição para o Financiamento da Seguridade Social) Social tax	Federal	7,6 %
	Inne podatki:		
13.	ITCMD Imposto Transmissão Causa Mortis e Doação Inheritance tax	Federal	depends on the state (max. 8%)
14.	IPTU (Imposto sobre Propriedade Predial e Territorial Urbana) and ITBI (Imposto sobre Transmissão "Inter Vivos" de Bens e Imóveis e de Direitos Reais sobre Imóveis) Urban buildings and real estate tax	Municipal	depends of the value and condition of the property
15.	IPVA (Imposto sobre propriedade de veiculos automotores) Podatek dla posiadaczy pojazdów	State / Municipal	depends on the type and value of the vehicle

³² Double Taxation Conventions, www.receita.fazenda.gov.br/principal/Ingles/Acordo/DuplaTributDefault.htm, 22.10.2014

2.4 SOCIAL INSURANCE

- Social insurance only embraces Brazilians and foreigners who pay social insurance contributions (those employed, self-employed and entrepreneurs)
- The entity responsible for the social insurance system is the Ministry of Social Security (Ministério da Previdência Social)
- Social insurance (Previdência Social) guarantees benefits (also to family members) in case of sickness, accident, pregnancy, custodial sentence, as well as retirement benefits

Contributions:

Employee: 8-11% of gross remuneration

Entrepreneur: 20% of gross income

Employer: 37% of gross remuneration (including 28,8% for social security and 8,5% for social fund)³³.

2.5 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Protection of industrial property is managed by Instituto Nacional de Propriedade Industrial - www.inpi.gov.br and it is regulated by the law no. 9279/96 www.planalto.gov.br/CCIVIL/Leis/L9279.htm

It enables registration and protection of commercial brands and foreign patents.

Costs and time of the registration procedure for foreign trademarks are influenced by the lobbies that are quite powerful in Brazil. Foreign enterprises must be represented in the Brazilian Patent Office INPI by someone who holds Brazilian citizenship.³⁴

³³ International Living, <http://internationalliving.com/countries/brazil/taxes/>, 15.10.2014

³⁴ Doing Business and Investing in Brazil, <http://www.pwc.de/de/internationale-maerkte/assets/doing-business-and-investing-in-brazil.pdf>, 15.10.2014

2.6 PAYMENTS

The process of paying debts is not well developed in Brazil and arrears in payments are not uncommon. For this reason, before starting a business relation it is absolutely necessary to examine your counterparty.

Some ways of protecting yourself against such case include:

- business intelligence - www.serasa.com.br - one of the world's biggest commercial information agency (information in English or Portuguese)
- investigating company's credibility in the National Credit Protection System (Sistema Nacional de Protecao de Credito, SNPC) – Empresa De Cobranca - www.snpc.com.br and in the State Trade Union
- using services of debt collecting agencies (e.g. Cobrança - Serviços Belfort or Grupo Central Cobranças)³⁵.

STAGGERED PAYMENT SCHEDULE

Many payments in Brazil are made in the context of staggered payment schedule (this concerns not only products but also, for instance, flight or bus ticket purchase). This affects companies' liquidity as payments can be made after months of delay.



³⁵ The Brazilian market: a manual for exporters http://www.kig.pl/files/BWZ/brazylia_e_2012.pdf, 15.10.2014

CASE STUDY:

QUERO PASSAGEM

PT: www.queropassagem.com.br

EN: www.brazilbustravel.com / ES: www.quieroautobus.com

Date of establishment: August 2013

Founders: Łukasz Gierańczyk, Jarek Piasecki (Poland)

Queropassagem.com.br website (Portuguese: "I need a ticket") is a bus ticket vending site in Brazil.

The business was initiated by Łukasz Gierańczyk. Having previously worked in Brazil as a general manager of a company selling airline tickets, he spotted the potential offered by the local bus service market. Together with Jarek Piasecki, who specialises in risk management and company valuation, as well as has know-how of developing similar websites, they created a web portal in Brazil that enables searching for bus connections and buying bus tickets. They both previously lived in Brazil, are familiar with the country's reality and speak fluent Portuguese.

The company, due to a thoroughly planned strategy, quickly gained a strong position on the bus ticket sales market and aims at becoming a leader in this business segment.

„Brazilians, while buying a ticket, pay special attention to price comparison. They like to see all the available options, of which in Brazil there are 270, in one window. It is also of importance to them if the ticket can be paid in instalments”, **says Łukasz Gierańczyk.**

The company Quero Passagem has a well thought and developed online marketing and great website positioning on Google.com.br. It currently sells around 300 tickets per day, receives over 150.000 unique monthly visits and has over 18.000 fans on Facebook.

There is no doubt that the Brazilian market presents great potential, however, the owners of Quero Passagem point out a series of impediments encountered while doing business here:

- one of the Board members must be a Brazilian citizen or a foreigner with a permanent residency visa, holder of a local identity card
- recruiting employees in Brazil is quite a challenge if you do not speak Portuguese yourself (in its Brazilian version)
- company incorporation procedure, once you have found the Executive Director, will take between 3 to 5 months
- the cost of setting up a company, including all the legal, administrative and other fees amounts to a minimum of 5.000 USD (an average of 10.000-15.000USD in case of working with specialised financial intermediaries)
- Brazil is a federation and thus legislation may vary from state to state
- Brazilian taxation system is very complex
- Brazil is a very closed country towards foreign investors and costs of doing business are very high.

For more information, see:

www.queropassagem.com.br/



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

3.

Institutions supporting establishment of commercial relations in the Brazilian market

The first step of an EU entrepreneur interested in cooperating with Brazil should be contacting the trade and investment section of the local embassy. Such a unit is fit to help in establishing business contacts, as well as providing all necessary information about the Brazilian market as well as ensuring contacts with specialists in particular fields, such as: lawyers, translators, brokers.

Below we present a list of Brazilian organisations supporting commercial networking:³⁶

NATIONWIDE INSTITUTIONS

ORGANISATION	WEBSITE	HEADQUARTERS
SEBRAE <i>Serviço Brasileiro de Apoio às Micro e Pequenas Empresas</i> Brazilian Service Office of Small and Micro-Enterprises	www.sebrae.com.br	Brasilia

SEBRAE is an institution with a nationwide coverage supporting development of Brazilian small and medium-sized enterprises (SMEs), including the creative sector.

The institution was founded in 1972 as a government agency, and since 1990 has evolved into a non-profit institution, formally independent of the Brazilian federal government, however, coordinating its activities in this area with competent authorities of the federal administration and individual states.

SEBRAE is an agency having its representatives (consulting centers) in 27 states of Brazil. The largest number of representative offices is located in the state of São Paulo (128), Minas Gerais (67) and Paraná (59).

The activity of this organisation is very well known to people involved in the establishment and development of enterprises in Brazil.

APEX <i>Agência Brasileira de Promoção de Exportações e Investimentos</i> Agency for Export Promotion	www.apexbrasil.com.br	Brasilia
--	--	----------

APEX, a Brazilian agency for promotion of trade and investment, promotes Brazilian products, brands and services abroad and searches for foreign investors for strategic sectors of the Brazilian economy.

The Agency establishes business platforms in the form of trade missions, business travel, it supports Brazilian companies in preparation for overseas trade fairs, organises technical visits for foreign investors or traders, acquainting them with the realities of production in Brazil.

³⁶ Promotion of Commerce and Investment Department of Embassies and Consulates of the Republic of Poland, 2012 . p/15-17, Guide available on: https://polska.trade.gov.pl/pl/przewodniki/article/detail,5062,PRZEWODNIK_EKSPORTERA_PO_44_RYNKACH.html

SESC
Serviço Social do Comércio
Social Service of Commerce

Przykładowe strony:
www.sescsp.org.br/
(São Paulo)
www.sescdf.com.br/
(Brasília)
www.sescrj.org.br/
(Rio de Janeiro)

Brasília

SESC is a network of centers providing education, stimulation of entrepreneurship, culture, as well as sport. In São Paulo itself there are more than 30 institutions offering a wide range of activities. SESC has a very important place in promoting broadly defined activation of the Brazilian society.

FUNCEX
Fundação Centro de Estudos do Comércio Exterior
Research Center for Foreign Trade Foundation

www.funcex.com.br

Rio de Janeiro

Organisation operating since 1976, active in the field of research, training, information dissemination and providing technical assistance in the field of foreign trade. Cooperating with both the private and the public sector.

CNC
Confederação Nacional de Comércio
National Trade Confederation

www.portaldocomercio.org.br

Rio de Janeiro

CNC is a union bringing together representatives of the major sectors of the Brazilian economy. These sectors are responsible for about a quarter of Brazil's GDP. The organisation has been operating since 1945, representing approx. 2.2 million manufacturing companies, service companies and those of the tourism industry.

CNI
Confederação Nacional da Indústria
National Confederation of Industry

www.cni.org.br

Brasília

CNI exists since 1938, representing the interests of the Brazilian industry. It unites 27 industrial confederations and 1.245 employers' associations with which almost 700.000 business branches affiliated.

AEB
Associação de Comércio Exterior do Brasil
Brazilian Foreign Trade Association

www.aeb.org.br

Rio de Janeiro

A non-profit organisation representing companies involved in foreign trade. AEB represents the interests of its members, assisting them in the development of activities beyond the borders of Brazil, as well as creating a platform for new business relationships between them.

IEL
Instituto Euvaldo Lodi
Euvaldo Lodi Institute

www.portaldaindustria.com.br/iel/

Brasília & São Paulo

IEL provides consulting services in corporate management, business education and coaching related to career development. It has 100 branches throughout the country.



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

SÃO PAULO STATE ORGANISATIONS

FIESP

Federação das Indústrias do Estado de São Paulo
Industrial Federation of the State of Sao Paulo

www.fiesp.com.br

São Paulo

The largest professional association of the Brazilian industry. It unites approx. 130.000 companies from different industries, of different sizes, covering approx. 130 trade unions. In the whole state of São Paulo FIESP is represented by 51 regional offices. The organisation is divided into 11 so-called Superior Thematic Councils (Conselhos Superiores Theme parks), which include such sectors as, i.e. Infrastructure, Competitiveness and Technology, International Relations and Foreign Trade, Construction, Agribusiness or the Defence Industry. FIESP organises Committees of Young Business People as well as cultural activities and activities related with social responsibility.

Fecomercio SP

Federação do Comércio de Bens, Serviços e Turismo do Estado de São Paulo
Trade Federation State of São Paulo

www.fecomercio.com.br

São Paulo

This is the main trade union in the field of trade and services in São Paulo. It mobilises more than 1.8 million business activities conducted by companies of different sizes, associates 155 unions, which corresponds to 11% of GDP generated in São Paulo (4% of Brazil's GDP).

ACSP

Associação Comercial de São Paulo
Commercial Association of São Paulo

www.acsp.com.br

São Paulo

The Association provides support services in establishing and running a business. It provides, among others, access to legal assistance and technology.

CIESP

Centro das Indústrias do Estado de São Paulo
Industry Centre State of São Paulo

www.ciesp.com.br

São Paulo

The Centre operates since 1928, clustering industrial companies related to the production and companies cooperating with them. CIESP has 42 regional offices, offering approx. 10.000 of related services, including legal and technical advice on the economy, trade, infrastructure, environmental protection and social responsibility. As part of the Centre's activities research is organised as well as trade shows, training sessions, receptions and business meetings.



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

STATE ORGANISATIONS RIO DE JANEIRO

FIRJAN Federação das Indústrias do Rio de Janeiro Industry Federation of Rio de Janeiro	www.firjan.org.br	Rio de Janeiro
---	--	----------------

The organisation co-creates a network of entities supporting the development of initiative in the state of Rio de Janeiro, together with the Centro Industrial do Rio de Janeiro (information below), Serviço Nacional de Aprendizagem Industrial (SENAI), Serviço Social da Indústria (SESI) and Instituto Euvaldo Lodi (IEL). FIRJAN develops and coordinates projects, including research and promotion in the field of industrial enterprises. It analyses trends in specific sectors, organises meetings and events.

CIRJ Centro Industrial do Rio de Janeiro Industrial Centre of Rio de Janeiro	www.firjan.org.br/data/pages/40288094212F79010121314833036D37.htm	Rio de Janeiro
--	--	----------------

The Centre gives companies access to different types of services offered by the FIRJAN network (see above)

Rio Criativo	www.riocriativo.rj.gov.br	Rio de Janeiro
--------------	--	----------------

The business support organisation focused on the local environment, supporting development of entities from the creative sector. The institution was founded in cooperation between the Ministry of Culture, the City Hall of Rio de Janeiro and the Catholic University in Rio de Janeiro.

ORGANISATIONS IN OTHER STATES IN BRAZIL

FIEP Federação das Indústrias do Estado do Paraná Industrial Federation of the State of Paraná	www.fiepr.com.br	Curitiba
--	--	----------

The organisation was founded in 1944 and represents the industry state of Paraná. It cooperates with Serviço Nacional de Aprendizagem Industrial (SENAI), Serviço Social da Indústria (SESI) and Instituto Euvaldo Lodi (IEL). FIEP currently has 21 coordinators, associates 109 unions, represents the interests of 46.000 enterprises, which correspond to 820 thousand job posts.

ACP Associação Comercial do Paraná Commerce Association of the State of Paraná	www.acp.org.br	Curitiba
--	--	----------

The organisation functioning since 1890. A professional non-profit association bringing together companies of various industries in the state of Paraná.



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

FEDERASUL
Federação das Associações
Empresariais do Rio
Grande do Sul / Federation
of Businessmen Associations
of Rio Grande do Sul

www.federasul.com.br

Porto Alegre

The organisation consists of approx. 230 associations whose members are approx. 40,000 enterprises of Rio Grande do Sul. It represents commercial, industrial and service companies, as well as those from the agricultural sector.

FIEB
Federação das Indústrias do
Estado da Bahia
Federation of Industry
of State of Bahia

www.fieb.org.br

Salvador, Bahia

One of the 27 federations coordinated by Confederação Nacional da Indústria (CNI). Its role is to combine the state of Bahia industrial companies, offering them education and vocational training opportunities, as well as integrating them with the needs of the local community.

Promo-Centro Internacional
de Negócios da Bahia
International Business Pro-
motion Centre in the State
of Bahia

[www.fieb.org.br/
suporte_a_negocios/
Pagina/118/Centro-
Internacional-de-Ne-
gocios-da-Bahia.aspx](http://www.fieb.org.br/suporte_a_negocios/Pagina/118/Centro-Internacional-de-Negocios-da-Bahia.aspx)

Bahia

The Centre operates within the system associating business support institutions in the state of Bahia, FIEB.

4. Promocja

Promotional activities in the Brazilian market require, among others, including into the marketing strategies of the two essential elements – Brazilian culture, which should be recognised, respected and reflected in all messages, as well long-term investment in the process of building relationships with interest groups. The impact that culture and mentality of Brazilians have on business relations, confirms the need for close cooperation with local partners. In the context of promotional activities, we recommend cooperation with a Brazilian agency, which will take part in creating an appropriate marketing and communication strategy for the product or service and indicate areas of Brazil, where it can become attractive.

We would like to emphasise again finding a local business partner should not relieve companies interested in the Brazilian market of the obligation to know the local culture. It is extremely different from that of Europe, what also affects the formation of marketing and communication practices. Cultural sensitivity, understanding of protocol, knowledge of the society's mentality, its beliefs, and even superstitions also affects the structure of relationships³⁷. For more information on the cultural aspect refer to section 1.4 The culture and behaviours.

Success in the Brazilian business relies to a great extent on the development of personal relations, business partnership, which is directly reflected in the shape of promotional activities, both in terms of promotion strategies, as well as in everyday activities. Clients are treated like friends, even family members, so investing time and money in maintaining these relationships is very important and brings very positive results.

³⁷ Natalie Burg, 5 Key Things To Know Before Doing Business In Brazil, <http://www.forbes.com/sites/hsbc/2014/07/15/5-key-things-to-know-before-doing-business-in-brazil/>, 14.10.2014.

4.1 MARKETING, ADVERTISING, SOCIAL MEDIA

The marketing and advertising industry in Brazil are advanced. Multinational corporations have held a high position on the market for decades, bringing with them advanced marketing practices. The creativity of the Brazilian advertising industry - recognised as one of the most significant in the world - is visible in many aspects. When launching a new product, a partnership with a local advertising agency appears to be essential. Local companies recognise the value of brand and marketing, which are for them the main growth factor³⁸. Trade fairs, exhibitions and advertising are of course recommended forms of reaching potential clients.

It is also vital to recognise the sheer size and purchasing power of the internet market when constructing promotional strategies. The Internet and mobile industry are observing rapid growth, giving direction to the digital development of Brazil. According to Nielsen, the smartphone market penetration reaches 50%. Brazil is the second largest Facebook user base (65 million users)³⁹. Just like in western markets, Brazilian marketing specialists create integrated strategies for brand development, with the use of content marketing, social media, and utilising the unique tendency Brazilians have towards sharing information and socialising on the web⁴⁰. Internet Marketing, and especially its part connected with social media should play a crucial role in any strategy. According to Google, Brazil is the fifth largest internet market in the world with 78.5 million people with access to internet. According to research done by IBOPE and Nielsen Online, 47.5 million internet users are active users. The number of mobile phones exceeds the number of inhabitants and the number of Google search and YouTube users is one of the high-

38 Mhairi McEwan, It's not just samba and carnival: media and marketing in Brazil, <http://www.theguardian.com/media-network/media-network-blog/2014/apr/11/brazil-marketing-world-cup>, 14.10.2014.

39 Loretta Chao, Brazil: The Social Media Capital of the Universe, <http://online.wsj.com/news/articles/SB10001424127887323301104578257950857891898>, 15.10.2014.

40 Mhairi McEwan, It's not just samba and carnival: media and marketing in Brazil, <http://www.theguardian.com/media-network/media-network-blog/2014/apr/11/brazil-marketing-world-cup>, 14.10.2014.

est in the world. Twitter also confirms that the Brazilian market is among the top five countries with the highest number of user accounts.

According to the US Wall Street Journal, Brazil has been recognised as the world capital of social media.⁴¹ The people of Brazil are spending more and more time on social media sites, even when watching TV, football matches, or soap operas.⁴² Research firm eMarketer Inc. notes that the expenses on online advertising in Brazil will reach \$4 billion over the next three years. That is why internet advertising is recognised as an important aspect of promotional strategies. It is also visible in the e-commerce branch, which is recording significant growth of interest in online shopping using credit card⁴³. In 2012 the internet market was valued at \$20 billion.

Interestingly, Brazilian agencies are often forced to demonstrate great creativity and cleverness, in order to bypass certain restrictions operating in the country. The introduction of a law banning outdoor advertising in São Paulo may serve as an example. This undoubtedly contributed to a significant increase in the use of social media and mobile phones, as well as a variety of guerilla marketing strategies. A positive feature of the Brazilians, which has an impact on promotion is their openness to a large consumption of new products. According to Nielsen, 62% of Brazilians respond well to new brands introduced to the market⁴⁴. Many publications, analysing promotional activities in Brazil, emphasise optimism prevailing among Brazilians, who appreciate the community, relationships and emotions. Therefore, marketing efforts should also correspond to those characteristics, be energetic, lively and positive⁴⁵.

41 Loretta Chao, Brazil: The Social Media Capital of the Universe, <http://online.wsj.com/news/articles/SB10001424127887323301104578257950857891898>, 15.10.2014.

42 Loretta Chao, Brazil: The Social Media Capital of the Universe, <http://online.wsj.com/news/articles/SB10001424127887323301104578257950857891898>, 15.10.2014.

43 Loretta Chao, Brazil: The Social Media Capital of the Universe, <http://online.wsj.com/news/articles/SB10001424127887323301104578257950857891898>, 15.10.2014.

44 Will Palley, Why Multinational Marketers Need To Be In Brazil, <http://www.forbes.com/sites/onmarketing/2013/12/18/why-multinational-marketers-need-to-be-in-brazil/>, 15.10.2014.

45 Will Palley, Why Multinational Marketers Need To Be In Brazil, <http://www.forbes.com/sites/onmarketing/2013/12/18/why-multinational-marketers-need-to-be-in-brazil/>,



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

4.2 PUBLIC RELATIONS

Like many other foreign markets, cultural elements of Brazil have a significant impact on communication activities. But more than in other cases, the Brazilian culture also contributed to the development of the principles of public relations.

Orientation and strong focus on people is the primary aspect of any strategy in this country, the primary component of creating relationships.

In contrast to European standards, personal contact is essential in creating interaction with journalists, publishers, representatives of the authorities. In public organisations and government agencies, the primary function of public relations is „protocol and etiquette.“⁴⁶.

The practice of public relations in Brazil records a long enough history to become a stable industry and have clearly defined standards - however, what needs to be emphasised, often different from those popular abroad. Most of the PR agencies are engaged in „Assessoria de Imprensa“ activity, which in direct translation refers to advising the media - and that is exactly what happens in practice. PR professionals become advisors providing information for specific groups of journalists.

Although media relations are still the most important branch of activities within public relations, right next to internal communications, in recent years a growing interest and specialisation in the EPR, crisis management and CSR can be observed.

Media relations are based on a great trust and respect between a journalist and a PR agency, as well as on direct relationships and meetings.

15.10.2014.

⁴⁶ The Global Public Relations Handbook: Theory, Research, and Practice, Krishnamurthy Sriramesh, Dejan Verčič (red), Lawrence Rlbaum Associates, Publishers 2003, p. 369.

83% of journalists confirm that they make use of the information from the public relations agency in the process of obtaining information. For 18% of journalists, agencies are even their primary source of information⁴⁷.

Many promotional activities take place during events and personal contacts.

4.3 MEDIA AND AGENCIES

Media is the most important target group of PR activities. One of the most powerful media companies in South America is a Brazilian Grupo Globo. TV channels with national coverage include: SBT, Record, BAND. The most influential newspaper in the country is Folha de S.Paulo with a circulation of around 330.000.

The largest weekly magazine in the country is Veja - the fourth in the world. Other important newspapers are: O Estado de S Paulo and O Globo. Economic newspapers: Valor Economico, Brasil Economico and Exame magazine. Portals: UOL, Terra, Globo.com, iG, Grupo Abril and comparison site BuscaPe⁴⁸. There are over 1.200 PR agencies the majority of small and medium - employing around 15.000 workers⁴⁹.

The PR market is divided between the Brazilian entities such as the FSB, Grupo Maquina PR, Grupo CDI, Publicom. From the smaller, eg .: Race Comunicação and De Fatho Comunicação. Among international networks the dominant are: Fleishman-Hillard, Porter Novelli Inpress, Ketchum Estrategia, Andreoli MSL and Burson Marsteller.

⁴⁷ Pedro Cadina, PR, Social media and economic growth in Brazil, <http://www.oriel-lapnetwork.com/blog/pr-social-media-and-economic-growth-brazil>, 15.10.2014.

⁴⁸ Brazil, <http://www.prweekglobalthinktank.com/regions-countries/americas/brazil>, 15.10.2014.

⁴⁹ Arun Sudhaman, Focus On...Brazil, <http://www.prweek.com/article/976156/focus-onbrazil>, 15.10.2014.



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

Oriella Digital Journalism Study (ODJS)⁵⁰ has determined a few key rules on how public relations, especially media relations and social media strategies, should be developed and addressed by companies entering the Brazilian market. Growing (at lightning speed) internet traffic and data transmission have been pointed out – till 2016 they will rise as much as 19 times. The activities within the public relations should primarily take into account the social media, which determine the main direction of the communication activities of both media and firms. Contacts with journalists should be based on long-term relationship built on direct contacts and meetings. What is also worth noting, according to Oriella PR Network public relations agencies appear to be often the first contact in the process of establishing business relations in Brazil. PR agencies, often apart from their typical duties, may serve with an additional translation services, or with mediating contacts.

There is a fundamental difference in the quantity and quality effects of media relations activities for cooperation with the agency and the individual work of a company entering the market - local PR agencies provide much greater efficiency. However, conducting independent PR activities doesn't mean there won't be any results. Brazilian journalists are open to novelties and well prepared press release with images of good quality can also be used by them without the support of an external PR agency. A major source of contacts with journalists in Brazil is LinkedIn.

50 Pedro Cadina, PR, Social media and economic growth in Brazil, <http://www.oriellaprnetwork.com/blog/pr-social-media-and-economic-growth-brazil>, 15.10.2014

5. Fairs and Exhibitions

The main source of information on trade fairs organised in Brazil is the document "The Brazilian Calendar of Exhibitions and Fairs", prepared and distributed by the Brazilian Ministry of Development, Industry and Foreign Trade (MDIC) and the Ministry of Foreign Affairs (MRE). This document is issued in English, French, Portuguese, Spanish, and its electronic version is available on: www.expofeiras.gov.br. The indicated website is also a well-functioning browser for fairs. It should be noted, however, that this document does not contain many important promotional events of the creative industry – it focuses on the traditional branches of industry.

5.1 FAIRS AND EXHIBITIONS IN THE CREATIVE SECTOR

Among the events within the creative industry it is worth mentioning the following additional events:

FASHION

- São Paulo Fashion Week <http://ffw.com.br/spfw>
International Fashion Week held in São Paulo - one of the five most important in the world.
- Fashion Rio <http://ffw.com.br/fashion-rio>
One of the most important events in Brazil dedicated to fashion, held in Rio de Janeiro.

DESIGN

This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



- DW! São Paulo Design Weekend

www.designweekend.com.br

The largest design festival in South America, working with the largest publisher in the Brazilian market ABRIL MÍDIA. So far, there have been three editions. The last one congregated approx. 150 events taking place throughout the city - in places such as museums, galleries, studios, showrooms, shops, parks or other types of public spaces.

- MADE

www.mercadodeartedesign.com.br

This is a forum created by a group of designers, architects, art collectors and gallery owners, as well as people from the business environment. The platform promotes not only design, but also photography, graphics and art. Its aim is to promote the creative sector, combining art with business. The curator of MADE is Waldkick Jatobá, one of the most respected independent promoters of art and design in Brazil.

- CASA COR

www.casacor.com.br

This is an initiative launched in 1987 in São Paulo, which is now considered the largest trade fair for interior design, architecture and landscape architecture in Latin America (600 000 people visited CASA COR salons in 2013). Currently, apart from offices in São Paulo, CASA COR has 20 branches in Brazil and 5 foreign branches. CASA COR organises 26 events in Latin America every year.

- D.A.D. Professional Decoration Fair www.feiradad.com.br

DAD is an international interior decoration and design fair. In terms of organisation, the event is linked to the GIFT FAIR.

FILM

- Mostra Internacional de Cinema de São Paulo (São Paulo International Film Festival) <http://38.mostra.org/br/home/>
International film festival held every year in São Paulo, always in October. Organised by Associação Brasileira Mostra Internacional de Cinema (ABMIC).
- Festival do Rio www.festivaldoriorio.com.br
The festival was created in 1999 by the merger of two other regular film events taking place in Rio de Janeiro from the 1980s: Mostra Banco Nacional and Rio Cine Festival. Today, it is one of the most important international film festivals in Latin America.
- Amazonas Film Festival www.amazonasfilmfestival.com.br
Film festival held in Manaus. The competition part includes a block of home and international films.
- International Film Festival in Brasília www.biffestival.com
International Film Festival taking place in Brasília.

THEATRE

- Festival de Teatro de Curitiba www.festivaldecuitiba.com.br
This festival started off in 1992. Its last edition featured more than 400 performances and drew audience of over 200 000 people. The event consists of two shows: Principal (performances selected by the curator) and the Fringe.
- Festival Internacional de Londrina (FILO) www.filo.art.br
International festival held in Londrina (Paraná state) since 1968.
- Festival Internacional de Teatro de São José do Rio Preto (FIT) www.festivalriopreto.com.br
One of the five most important theatre festivals in the country, organised in São José do Rio Preto (São Paulo state) since 2000.



EUROPEAN
Creative Industries
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

- Porto Alegre em Cena www.portoalegreemcena.com
One of the most important festivals in the country dedicated to the performing arts, organised by the municipal authorities of Porto Alegre since 1994.
- Cena Contemporânea – Brasília International Festival of Theatre www.cenacontemporanea.com.br
International theatre festival in Brazil, held since 1995.

ART

- Bienal de São Paulo <http://www.biennialfoundation.org/biennials/Sao-paolo-biennial/>
São Paulo Bienal was established in 1951 and is the second oldest biennial in the world, after the Venice Biennale. São Paulo Bienal was founded by Italian-Brazilian industrialist Ciccillo Matarazzo. Since 1957, São Paulo Bienal has been held in the Ciccillo Matarazzo pavilion in the Parque do Ibirapuera. The pavilion was designed by a team led by architects Oscar Niemeyer and Hélio Uchoa and provides an exhibition space of 30,000 m². São Paulo Bienal features both Brazilian and foreign artists – it is considered one of the most important art exhibitions in the country.
- SP-Arte www.sp-arte.com
SP-Arte is an international contemporary art fair held annually in São Paulo. It hosts renowned galleries and exhibitions from prestigious art markets such as Madrid or New York.
- ArtRio <http://www.artrio.art.br/en>
ArtRio debuted in 2011. It is now a major event presenting international art in Brazil. Divided into four sections: Panorama, which presents international galleries; VISTA dedicated to novelties; LUPA, places specially designed to organise large-scale exhibitions; SOLO, which offers exhibitions of individual artists.

LITERATURE

- FLIP - Paraty International Literary Festival www.flip.org.br
Paraty International Literary Festival is one of the most interesting events dedicated to international literature. Apart from the conference, the organisers invite the public to exhibitions, film screenings and meetings.
- Bienal Internacional do Livro de São Paulo www.bienaldolivrosp.com.br
International Book Festival in São Paulo.
- Bienal do Livro do Rio de Janeiro www.bienaldolivro.com.br
Book Biennial in Rio de Janeiro.
- Feira do Livro de Porto Alegre www.feiradolivro-poa.com.br
Book Fair organised since 1955 in Porto Alegre.
- Feira do Livro de Caxias do Sul <http://feiradolivrocaxias.com.br/2014/>
Book Fair de Caxias do Sul.

FOTOGRAFIA

- Paraty Em Foco www.paratyemfoco.com
International Photographic Festival
- SP-Arte/Foto <http://www.sp-arte.com/en/foto/>
SP-Arte/Foto is a continuation of SP-Arte Festival in Photography.



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW

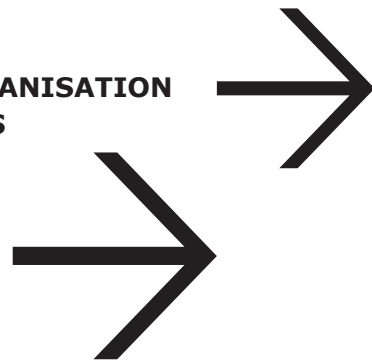


This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

MULTIMEDIA

- Anima Mundi www.animamundi.com.br The Animation Festival: Anima Mundi is one of the biggest events of this kind in the world
- Pixel Show www.pixelshow.com.br
An event dedicated to the creative industry, organised since 2005 in São Paulo. The event hosts well-known artists in the field of illustration, animation, graphics, comics, 3D, visual arts, graffiti, fashion, film, games, etc. Pixel Show is primarily an international conference covering workshops, concerts, exhibitions of art and technology.
- Brazil Game Show www.brasilgameshow.com.br
Created in 2009, Brazil Game Show is now the largest event in the world of computer games in South America. The last edition, held in São Paulo (2014) attracted 250.000 visitors.

5.2 PRACTICAL NOTES ON THE ORGANISATION OF EXHIBITIONS AND TRADE FAIRS



- Logistics. Transport of objects to Brazil is relatively expensive. It is a good idea to leave yourself some extra time for customs procedures and local regulations, which might otherwise cause a delay in delivery of products. When transporting objects, it is suggested to contact the consular and trade representatives of a particular country in the territory of Brazil. Brazil is excluded from the ATA carnet (which allow for exemption from customs duties on goods involved in exhibitions and fairs).
- The selection of sub-contractors. Due to the distance and lack of verifiable measures on the spot, it is advised to follow recommendations when selecting subcontractors. Prices for services in Brazil can be very different for different subcontractors (so it is worth to compare several offers before making a final decision).
- Completion dates. Many of the projects implemented in Brazil are completed with a delay or at the last minute, so it is worth reserving additional time in your planned schedule of activities.
- **Portugese language. Without knowledge of the language it is extremely difficult to accomplish objectives pursued in Brazil. This is an insurmountable barrier in the formal and logistical issues. The solution may be the so called despachante (a helper, who plays both the role of an interpreter and a person taking care of all sorts of formalities), or to establishing a close cooperation with a partner in the Brazilian territory.**
- Costs. When estimating the cost of a project, you have to take into account the currency risk (the exchange rate of Brazilian real in recent years was much higher than it is now) and the relatively high bank charges for foreign currency transactions. Many payments are executed in US dollars. Participation in Brazilian fairs is expensive and is often associated with the necessity of paying additional municipal taxes.

At the level of common knowledge, Brazil is known for its creativity: Brazilian music, film, the whole culture are well known and popular in the world. However, at the level of measurable variables, this is no longer so clear. According to the Global Creativity Index, Brazil received less than 50% of the points and was ranked 46th, below countries such as Nicaragua and the United Arab Emirates⁵¹. This shows that the potential of this sector is not fully realised, although you can already see the first signs of change.

The Brazilian Ministry of Culture takes the following definition of the creative sectors/industries: "creative industries are those whose all production activities are focused on the act of creation, generating symbolic value, which is the main point of reference for the price and the result is the creation of cultural and economic wealth"⁵². The creative sectors were defined by the British Department of Culture, Media and Sport (DCMS) in 2006. These are: advertising; architecture; art and antiques market; crafts; design; fashion; film, video and photography; software, computer games and electronic publications; music and the visual and performance arts (including theatre, dance and music); the publishing industry; TV and radio⁵³.

51 CISAC, *The Creative Industries and The BRICS. A review of the state of the creative economy in Brazil, Russia, India, China and South Africa*, 2014, s. 38.

52 Ministério da Cultura, *Plano da Secretaria da Economia Criativa: políticas, diretrizes e ações*, 2011 a 2014, Brasília, 2012. Cytaty basing on the English version document: Ministry of Culture, Secretariat of the Creative Economy Plan. Policies, guidelines and actions 2011 – 2014, Brasília, 2012.

53 Department of Culture, Media and Sport, *Creative Industries Statistical Estimates Statistical Bulletin*, London, 2012.

6.1 KEY INFORMATION DESCRIBING THE CREATIVE SECTOR IN BRAZIL (data for 2010)

The part of the creative sector in the GDP of Brazil is 104.37 billion BRL⁵⁴. According to the estimates by the United Nations Conference on Trade and Development (UNCTAD), the share of creative industries in Brazil's GDP is 2.84%. Employment in the creative sector is 865.881 people, which is 8.54% of all people employed in Brazil. The average salary of the employees in the creative sector is 2.293.64 BRL. It is about 44% higher than the average wage in Brazil, amounting to 1.588.42 BRL.

There are 63.373 enterprises in the creative sector, which constitute 1.86% of all the companies in the national economy of Brazil (a total of 3.403.448 enterprises)⁵⁵. This sector is mainly represented by small and medium-sized enterprises. The average number of people employed in the creative sector enterprise is 13.756.

6.2 GOVERNMENT SUPPORT FOR THE CREATIVE SECTOR IN BRAZIL AND INTERNATIONAL POLITICS.

Brazil is currently in the spotlight of the whole world. Its stable situation, economic development, as well as organisation of such great sports events as the FIFA World Cup in June 2014 and the Olympics scheduled for 2016, cause that other countries are even more interested in potential cooperation in the field of economy and culture.

54 Exchange rate of Brazilian Real to Euro 4,2293 (ex. rate from 17.Oct. 2014).

55 It is not known whether in this number individual businessmen were also included.

56 Plano da Secretaria da Economia Criativa: políticas, diretrizes e ações, 2011 a 2014, Brasília, Ministério da Cultura, 2012. Quoted after: Trzeciakowska, U., Kasprzak, R. The report of a study visit to Brazil, the Capital City of Warsaw and ECCL, 2014.

The Brazilian government recognises the important role of the creative sector in its internal economy, as well as in building international relations. The foundation of the Secretaria de Economia Criativa (SEC) is a clear evidence of this tendency.

The Brazilian government is currently developing a further expansion plan of cultural activities into the international arena, which shows that great importance is attached to this sector. This plan is developed by the Ministry of Culture in cooperation with the Ministry of Foreign Affairs, the Ministry of Development, Industry and Trade, the Ministry of Science, Technology and Innovation and the Ministry of Tourism. It is supposed to be made public by the federal government in 2014.

Brazil is the host and the guest of many cultural events. In 2013 Brazil took part in the prestigious Frankfurt Book Fair, in September 2013 Brazil Month was held in China, in 2011/12 the country was present during Europolia event in Belgium. An important aspect of the international cultural policy is to cooperate in organising of the so-called cultural seasons between countries. For example 2012/13 was an exchange year between Brazil and Portugal, 2013/14 is the Germany year, while the year 2016/17 will be the season for Polish culture in Brazil. The Polish government has high hopes concerning this event in terms of closer cultural and economical cooperation between the countries.

Cultural activities in Brazil are sponsored mostly by the banks and corporations that use so-called „Lei Rouanet,” a program of tax exemptions – it is a facilitation introduced by federal government as an incentive. You can apply for funding for projects within the programme of activities Caixa Cultural and Centro Cultural Banco do Brasil (the cultural programs of the two largest banks in Brazil). However, these are only the resources allocated to projects in the areas of specific institutions. They announce so-called „edital” (recruitment), which specifies the conditions and terms. Separate „editals” are announced by the Ministry of Culture (MINC) and Social da Indústria Serviço de São Paulo (SESI-SP),

while organising enrollment for projects related to literature, film, music, visual arts and audiovisual arts.

Another important institution is the SESC, which stands for Serviço Social do Comércio - a network of cultural, sport and business center, whose purpose is to activate precisely these areas. SESC has a particularly strong network of centers in São Paulo <http://www.sescsp.org.br/>, and within the course of its activities it organises exhibitions, performances, concerts, workshops and film screenings.

In all the cultural activities planned in Brazil, one should immediately establish the cooperation with a Brazilian partner, which greatly facilitates the organisation of events on-site as well as the assistance in establishing new contacts and going through all the necessary procedures. In some cases, the presence of a partner or a Brazilian producer is a necessary element of the funding of the project by the above-mentioned institutions.

Brazil sees Europe as a very important partner in the cultural and commercial contacts. The Brazilian government says openly that the strategy for the foreign relations between the EU and Brazil, would allow for better and more effective cooperation. Action must go on both sides. What is very attractive to Brazil is the diversity of the EU countries, which allow to show the whole spectrum and richness of European culture in Brazil⁵⁷. Due to cultural diversity, Brazil and the EU have similar promotional challenges: Brazil must promote a culture of its 27 different states and the Union, in turn, has 28 member states with different culture.

⁵⁷ European Union, Preparatory action “Culture in EU external relations”. Engaging the World: Towards Global Cultural Citizenship, 2014, p. 51-52.



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

CREATIVITY HAS ALWAYS BEEN A HALLMARK OF BRAZILIANS.

However, the term "creative economy" began to function in the official civil service terminology only recently.

The Brazilian government has become aware of the economic potential of the creative sector - its contribution to GDP and the potential creation of alternative forms of livelihood, also for groups so far excluded from the labor market. In 2012, they established the Secretaria de Economia Criativa (SEC) - the unit of the Ministry of Culture (MINC), responsible for the creation and implementation of public policies aimed at supporting the Brazilian creative sector. SEC's first task was to develop a 4-year development plan, which was based on four main pillars: cultural diversity, innovation, social inclusion and balanced development.

It is difficult to assess the fruit of the aforementioned plan, especially since the process of its implementation has not yet ended. However, the very formation of SEC proves that Brazil is aware of the occurring redefinition of the relationship between culture, society and economy, and that it realises that creativity is the key to the promotion of new form of economic development: balanced and favourable to social inclusion. The Brazilian government wants to create its own model of development of the creative sector, based on respect for the cultural wealth and associated with the general country policy⁵⁸, and this requires not only a redefinition of the concept of culture itself, but also implies a modification of the concept of the importance of culture in Brazilian society, positioning it in the center of the overall development of the country.

⁵⁸ This is, among others, about the government programs: Plano Nacional de Cultura, Plano Brasil sem Miséria and Plano Brasil Maior.

The role of culture in external relations is also undergoing changes. The government is currently preparing for all resorts, a new uniform strategy of promoting Brazil in the world. As for relations with the European Union, this strategy has the potential to change the current prevailing situation, in which negotiations on co-operation are carried out either with the whole of the EU bloc, or a particular Member State, depending on the specific interests of both Brazil and the European side. It is important to realise the fact that the EU is also not defined a common cultural policy⁵⁹. So we are witnessing a transformation that opens up new horizons and creates new challenges for both the government institutions and the people associated with culture.

The plan outlined in: Ministério da Cultura, Plano da Secretaria da Economia Criativa: políticas, diretrizes e ações, 2011 a 2014, Brasília, 2012. The document available online: <http://docente.ifrn.edu.br/narapessoa/disciplinas/configuracoes-culturais-ii/plano-da-secretaria-da-economia-criativa-politicas-diretrizes-e-aco-es-2011-2013-2014/view>, 16.10.2014. Document in English available on: http://creatives.waw.pl/files/2413/9714/3270/Secretariat%20of%20the%20creative%20economy%20plan_2011-2014.pdf

⁵⁹ The initiative of the European Parliament, Preparatory Action on Culture in EU External Relations, aims to examine the merits of introducing a common cultural strategy of the EU (more information on: www.cultureinexternalrelations.eu).

For the purposes of this document, the sources of useful internet information about the business activities in Brazil are divided into two parts. The first one contains a list of websites, not necessarily Brazilian, generally describing the elements of trade and investment related with Brazil. The second part contains a list of specific Brazilian institutions' websites, which may be interesting to potential recipients of the report⁶⁰.

7.1. USEFUL SOURCES OF INFORMATION ABOUT BRAZIL:

1) Doing Business / Brasil

The Doing Business Project is dedicated to the analysis of the business environment of 189 world economies. It contains objective data referring to business regulations. <http://www.doingbusiness.org/data/exploreeconomies/brazil/>

2) Portal to Empreendedor

Internet portal written in Portuguese and dedicated to doing business in Brazil. It includes the section with information addressed to foreign companies. <http://www.portaldoempreendedor.gov.br/how-to-open-business-in-brazil>

3) Angloinfo. The Global expat network

Practical information about Brazil in English. <http://brazil.angloinfo.com/>

4) International Business Center

Source of information on etiquette and business culture. <http://www.international-business-center.com/>

5) DELOITTE BRAZIL

The website of Deloitte consulting company. It is fully dedicated to business activities in Brazil. <http://www.dbbrazil.com.br/>

6) CULTURE IN EXTERNAL RELATIONS

The website of the project for the cultural policy of the EU towards other countries, including Brazil. <http://cultureinexternalrelations.eu/>

7) <http://thebrazilbusiness.com/>

An interesting, constantly updated blog, about business in Brazil created by Egil Fujikawa Nes Cynthia in 2008. Information in English is given in a simple, accessible way.

8) ECONOMIC DIRECTORY OF MINISTRY OF FOREIGN AFFAIRS of the Republic of Poland

The source of economic information and general knowledge about the country, useful when considering taking up activities in Brazil and when planning a trip (in Polish). <http://www.informatorekonomiczny.msz.gov.pl/pl/ameryka-poludniowa/brazylia/?printMode=true>

9) International Business Center

Source of information on etiquette and business culture. <http://www.international-business-center.com/>

⁶⁰ Based on the document Apex Brasil "Investment Guide to Brazil 2014", in which the government recommended among other things useful websites and sources of information.

7.2 GOVERNMENT SOURCES OF INFORMATION ABOUT BRAZIL:

1) Brazilian Central Bank. Banco Central do Brasil
<http://www.bcb.gov.br>

2) Receita Federal. Secretariat of the Federal Revenue of Brazil.
The site contains the necessary translated into English, information on taxes in Brazil - also in terms of travel and customs duty.
<http://www.receita.fazenda.gov.br/Principal/Ingles/VerSão2/default.asp>

3) Instituto Nacional da Propriedade Industrial (Brasil)
Website of an organisation responsible for the registration and granting of trademarks, patents, industrial designs, technology transfer, geographical indications, etc.

4) SEBRAE - Brazilian support services for micro and small enterprises. SEBRAE is a unit established in the public interest to support entrepreneurship in Brazil, through actions aiming at the creation and development of small businesses. The Agency is a partner of foreign companies setting up small firms in Brazil and provides information about conducting economic business activity. What is important, all correspondence with SEBRAE should be conducted in Portuguese. Also, the website, although it contains many valuable information, from the point of view of the foreign investor, is in Portuguese.
www.sebrae.com.br

5) FINEP - Brazilian Innovation Agency
Brazilian Innovation Agency (FINEP) is a public institution established by the Ministry of Science, Technology and Innovation to support scientific and technological activities and innovation. FINEP according to its statutory objectives is to provide support at every stage of the innovation process to companies registered in Brazil, as well as to public and private educational institutions, universities, scientific institutes. FINEP

support tools may include loans and grants for businesses, grants for research institutes and direct capital support to businesses. In March 2013, the Government of Brazil created the INOVA EMPRESA program, which aims to promote innovation in the Brazilian business by: grants, support of cooperation between business and science circles, investments in firms, loans. FINEP is one of the most important administrators funds from INOVA EMPRESA. FINEP is also one of the major institutions working in the venture capital industry. It is thus one of the first institutions which the foreign company, that has an innovative idea, should contact, in order to obtain more information.
www.finep.gov.br

6) The Brazilian Agency for the Promotion of Trade and Investment Apex-Brasil is an institution whose aim is to attract foreign investment into strategic sectors of the Brazilian economy through promotion abroad. The Agency focuses on foreign companies and investments of "green-field" type, as well as investments introducing product innovation and new business models in Brazil. The Agency also supports foreign investors who are interested in cooperating with local businesses, universities, research centers. For more information - see part 3 of the report: Institutions supporting establishment of trade contacts in the Brazilian market.
www.apexbrasil.com.br

7) Brazilian Commercial Service (SECOM)

The Brazilian Ministry of Foreign Affairs is responsible for the organisation of SECOM trade and investment located in Brasília and has its representative offices in Brazil Embassies worldwide. SECOM units responsible for promoting investment in Brazil can serve as source of initial information for foreign companies wanting to establish trade relations in Brazil or plan to start investments in this country.
www.brasilglobalnet.gov.pl



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

8) Brazilian Investment Information Network (RENAI)

RENAI is part of the Ministry of Development, Industry and Foreign Trade (MDIC), and works in cooperation with the national authorities throughout the country. The aim of RENAI is to provide local and foreign investors with information on government programs, regulations and projects.

www.mdic.gov.br/renai

9) Legal Support

Free „Legal Guide for Foreign Investors in Brazil“ can be downloaded from the website: <http://www.brasilglobalnet.gov.br/ARQUIVOS/Publicacoes/Manuais/PUBGuiaLegalI.pdf>.

This document was prepared by the mainstream law firms in Brazil for the Investment Department of the Ministry of Foreign Affairs.

10) Apex-Brasil and RENAI database

Apex-Brasil institutions together with RENAI have prepared an online database devoted to business opportunities in both the private and public sectors.

<http://investimentos.mdic.gov.br>

11) The Brazilian Institute of Geography and Statistics (INSTITUTO BRASILEIRO DE GEOGRAPHY E ESTATÍSTICA)

Source of many precise statistical and geographical data on Brazil, contains most of the data in Portuguese, and simplified information in English and Spanish.

<http://www.ibge.gov.br/>

12) Brazil Export

<http://www.brasilexport.gov.br/> Set of information prepared by the Brazilian government concerning issues related to import and export. Website in Portuguese, English and Spanish.

15) Brazil Global Net

<http://www.brasilglobalnet.gov.br/>

Internet portal created for Brazilian companies interested in entering foreign markets. It supports establishing contacts between Brazilian and foreign companies. Portal's languages are: Portuguese, English and Spanish.



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

8. ABOUT THE AUTHORS

MONIKA BRAUNTSCH

Monika Brauntsch - after few years of working as an Operations Manager in the corporate environment, she set up the lighting brand KAFTI, the business that she successfully runs since 2007. Co-founder of The Spirit of Poland and WILK Open Cluster of Design in Warsaw.

JULIA CIESZKO

Julia Cieszko is an independent PR expert, specialising in content marketing. She works with many institution from the creative sector, ie. Silesian Design Cluster and The Spirit of Poland. The founder and editor-in-chief of palapa.pl, the website dedicated to design. Since many years helping Spanish companies entering Polish market, as a consultant and PR specialist.

DOROTA KABAŁA

Dorota Kabała specialises in designing for sport and sports people. Her studio We design for physical culture provides services for the manufacturers of the sport equipment (ie. Nobile) as well as the institutions supporting the development of sport and recreation (such as the National Stadium in Warsaw). The designer and curator of The Spirit of Poland exhibition in Brazil. The co-founder of Knockoutdesign and Shinoi brands, Lecturer at School of Form in Poznań at the Industrial Design faculty.

WERONIKA ROCHACKA-GAGLIARDI

Weronika Rochacka-Gagliardi is an independent consultant in the are of design strategy, design management, service design and design education. She works both with private companies and the public sector organisations. She works between Warsaw and São Paulo, i.e. as the Partnership Manager of The Spirit of Poland initiative as well as the co-founder of the ThinkDO Studio.

Dorota, Julia, Monika and Weronika work together within The Spirit of Poland initiative, promoting Polish design at the international forum, e.g. at the Tokyo Designers Week and at the 100% Design London. Until 2014 they organised three exhibitions in Brazil, at DW! São Paulo Design Weekend and at the Museu Nacional do Conjunto Cultural da República in Brasília.

Contact: info@spiritofpoland.com

9.

CONTRIBUTIONS

We would like to thank all the experts that contributed to the development of this guide.

Karolina Małaczek — Expert on Promotion and Culture of the Polish Embassy in Brasilia (2010-2014), the Chairman of European Union National Institutes for Culture EUNIC Brazil (2013-2014).

Łukasz Gierańczyk — CEO & Co-Founder of Quero Passagem.

Wojciech Baczyński — Secretary General of Polish-Portuguese Chamber of Commerce, former Deputy-Consul at the Trade and Investment Promotion Section in São Paulo, Embassy of the Republic of Poland (2009-2013)



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.

1. Hofstede G., Hofstede G. J., Minkov M., Cultures and Organizations: Software of the Mind. Revised and Expanded 3rd Edition, Nowy Jork 2010.
2. Hofstede G., Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations Second Edition, 2001.
3. The Global Public Relations Handbook: Theory, Research, and Practice, praca zbiorowa pod redakcją Krishnamurthy Sriramesh, Dejan Verčič, Nowy Jork 2003.
4. Ministério da Cultura, Plano da Secretaria da Economia Criativa: políticas, diretrizes e ações, 2011 a 2014, Brasília 2012.
5. Trzeciakowska, U., Kasprzak, R. Raport z wizyty studyjnej w Brazylii, Miasto Stołeczne Warszawa i ECCL, 2014.
6. CISAC, The Creative Industries and The BRICS. A review of the state of the creative economy in Brazil, Russia, India, China and South Africa, 2014.
7. Department of Culture, Media and Sport, Creative Industries Statistical Estimates Statistical Bulletin, Londyn 2012.
8. Plano da Secretaria da Economia Criativa: políticas, diretrizes e ações, 2011 a 2014, Ministério da Cultura, Brasília 2012.
9. European Union, Preparatory action „Culture in EU external relations“. Engaging the World: Towards Global Cultural Citizenship, 2014.
10. Investment Guide to Brazil 2014, Report by Ministry of External Relations; the Brazilian Trade and Investment Promotion Agency (Apex-Brasil); the Brazilian Investment Information Network (RENAI) of the Ministry of Development, Industry and Foreign Trade; the Secretary of International Relations of the Ministry of Agriculture, Livestock and Food Supply (MAPA), 2014.

NETOGRAPHY

Brazil, <http://www.prweekglobalthinktank.com/regions-countries/americas/brazil>

Brazylia – w pogoni za innowacyjnością, http://www.pi.gov.pl/PARP/CHAPTER_86196.asp?soid=B93F2459CF9A4B6AB9164998BBBB658B

Burg N., 5 Key Things To Know Before Doing Business In Brazil, <http://www.forbes.com/sites/hsbc/2014/07/15/5-key-things-to-know-before-doing-business-in-brazil/>

Chao L., Brazil: The Social Media Capital of the Universe, <http://online.wsj.com/news/articles/SB10001424127887323301104578257950857891898>

Cadina P., PR, Social media and economic growth in Brazil, <http://www.oriellapnetwork.com/blog/pr-social-media-and-economic-growth-brazil>

Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>

Doing business, <http://www.doingbusiness.org/data/exploreeconomies/brazil/starting-a-business>

Doing Business and Investing in Brazil, Raport PWC, <http://www.pwc.de/de/internationale-maerkte/assets/doing-business-and-investing-in-brazil.pdf>

EIRELI, <http://brazil.angloinfo.com/working/starting-a-business/eireli/>

EURO-DANE, Ekonomia Unii Europejskiej - wskaźniki gospodarcze, <http://euro-dane.com.pl/krajobraz-konkurencyjnosci>

Freitas G., Brazilian Hand Gestures, http://www.worldcupriobrazil.com/20111013_brazilian-hand-gestures/

IBGE, <http://www.ibge.gov.br/apps/populacao/projecao/index.html>

IBGE, Estimativas da população residente no Brasil e unidades da federação com data de referência em 1º de julho de 2014, ftp://ftp.ibge.gov.br/Estimativas_de_Populacao/Estimativas_2014/estimativa_dou_2014.pdf

IBGE, <http://www.ibge.gov.br/english/estatistica/populacao/censo2010/default.shtm>

IBGE, http://saladeimprensa.ibge.gov.br/noticias?view=noticia&id=1&idnoticia=2704&bu_sca=1&t=ibge-divulga-estimativas-populacionais-municipios-2014

International Business Center, Brazil Business Etiquette & Culture, <http://www.international-business-center.com/geert-hofstede/index.shtml>

International Living, <http://internationalliving.com/countries/brazil/taxes/>

Informator Ekonomiczny Ministerstwa Spraw Zagranicznych Rzeczypospolitej Polskiej, http://www.informatorekonomiczny.msz.gov.pl/ameryka_poludniowa/brazylia/?printMode=true

Investment in Brazil, <http://www.kpmg.com/FR/fr/IssuesAndInsights/ArticlesPublications/Documents/Investment-in-Brazil.pdf>

Investing in Brazil, https://www.taylorwessing.com/uploads/tx_siruplawyermanagement/Investing_in_Brazil.pdf

Market entry brazil successful planning and implementation, Raport Berners Consulting, http://bernersconsulting.com/assets/files/Berners-Consulting_Brochure_BR-US-implementation.pdf

Mapa.biz.pl, Najbardziej zaludnione Państwa świata, <http://www.mapa.biz.pl/html/informacje/ludnosc>

McEwan M., It's not just samba and carnival: media and marketing in Brazil, <http://www.theguardian.com/media-network/media-network-blog/2014/apr/11/brazil-marketing-world-cup>

Polacy z sukcesem prowadzą e-biznes w Brazylii, http://mambiznes.pl/artykuly/czytaj/id/6361/polacy_z_sukcesem_prowadza_e-biznes_w_brazylia

Palley W., Why Multinational Marketers Need To Be In Brazil, <http://www.forbes.com/sites/onmarketing/2013/12/18/why-multinational-marketers-need-to-be-in-brazil/>

Portal Brasil, <http://www.portalbrasil.net/salariominimo>

Przewodnik eksportera po rynku Republiki Brazylii Ministerstwa Gospodarki Rzeczypospolitej Polskiej, http://www.kig.pl/files/BWZ/brazylia_e_2012.pdf

Przewodnik Eksportera, Wydział Promocji Handlu i Inwestycji Ambasad i Konsulatów Rzeczypospolitej Polskiej, https://polska.trade.gov.pl/pl/przewodniki/article/detail,5062,PRZEWODNIK_EKSPORTERA_PO_44_RYNKACH.html

Przewodnik rynkowy dla przedsiębiorców – Brazylii, Polska Agencja Rozwoju Przedsiębiorczości, <http://bip.parp.gov.pl/files/74/81/106/5396.pdf>

Self-employed Workers, <http://brazil.angloinfo.com/working/self-employment/self-employed/>

Sole and Small Traders, <http://brazil.angloinfo.com/working/self-employment/>

Starting a business, <http://brazil.angloinfo.com/working/starting-a-business/>

Sudhaman A., Focus On...Brazil, <http://www.prweek.com/article/976156/focus-onbrazil>,

WageIndicator Foundation, Meusalario.org.br, <http://meusalario.uol.com.br/main/salario-e-renda/Salario-Check>

Wikipedia, http://pl.wikipedia.org/wiki/Geografia_Brazylia

When citing the content of the report, you must provide the original source, which the report refers to.



EUROPEAN
Creative
Cluster LAB



CITY
OF WARSAW



This publication is supported by the The European Commission's Directorate-General for Enterprise and Industry. It is subsidised through a framework programme on Competitiveness and Innovation (CIP), which aims to encourage the competitiveness of European enterprises.