BRAZIL AND CHINA: BEYOND BORDERS

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INTERNATIONAL BUSINESS PROGRAM
DEPARTMENT OF PROFESSIONAL PRACTICES
PEREIRA
2010
PRACTICE FINAL REPORT

BRAZIL AND CHINA: BEYOND BORDERS

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INTRODUCTION ........................................................................................................... 16

1. SUMIVA PROFILE .................................................................................................. 17
   1.1 History .................................................................................................................. 17
   1.2 Mission .................................................................................................................. 20
   1.3 Vision .................................................................................................................... 21
   1.4 Corporate Values ................................................................................................. 21
   1.5 Service .................................................................................................................. 22
   1.6 Number of Employees ......................................................................................... 22
   1.7 Company Chart .................................................................................................... 23
   1.8 Place in which practice is located ..................................................................... 24

2. DIAGNOSIS OF INTERVENTION AREA ................................................................. 24
   2.1 Sumiva Needs ...................................................................................................... 24

   2.2 Data Collection ................................................................................................... 25

3. INTERVENTION SHAFT ............................................................................................ 26

4. JUSTIFICATION OF INTERVENTION SHAFT ...................................................... 27
5. **OBJECTIVES** ........................................................................................................29

5.1 **General Objective** ..........................................................................................29

5.2 **Specific Objective** .........................................................................................29

6. **THEORECAL FRAMEWORK** ........................................................................30

7. **SCHEDULE OF PANNED ACTIVITIES** .........................................................33

8. **RESULT ANALYSIS** ....................................................................................35

9. **TARGET MARKET DESCRIPTION** .................................................................39

9.1 **Brazil History** ...............................................................................................39

9.2 **Location** ......................................................................................................43

9.3 **Surface** ........................................................................................................43

9.4 **Climate** ........................................................................................................43

9.5 **Demography and societies** .........................................................................46

9.6 **Macro environmental variables** .................................................................48
9.6.1 Political environment Analysis ........................................................................48
9.6.2 Trade Balance Analysis ..................................................................................49
9.6.3 Environmental Analysis ................................................................................59
9.6.4 Regulations and environmental standards ....................................................59
  9.6.4.1 Restrictions and special requirements ......................................................59
9.6.5 Trade Agreements Analysis ..........................................................................63
  9.6.5.1 General .....................................................................................................63
  9.6.5.2 Brazilian Trade ........................................................................................64
  9.6.5.3 Taxes ........................................................................................................65
  9.6.5.4 Bilateral cooperation agreement China-Brazil ..........................................67
  9.6.5.5 Economic Complementation Agreement MERCOSUR-CAN ..................70
  9.6.5.6 Regional Tariff Preference ALADI ..........................................................72
  9.6.5.7 Cooperation Agreement MERCOSUR-EUROPEAN UNION. ..............72
9.6.6 Legal Variable ................................................................................................73
  9.6.6.1 Labor Law ..................................................................................................73
  9.6.6.2 Tax Legislation ..........................................................................................79
9.6.7 Socio-Cultural Variable ........................................................................82

9.6.7.1 Business Culture .............................................................................82

9.6.7.2 Business Travel ..............................................................................84

9.6.7.2.1 Visas for business travelers .......................................................84

9.6.7.3 Immigration Process for Entrepreneurs .......................................85

9.6.7.4 Public Holidays 2010 ....................................................................90

9.7 Strategic Analysis ................................................................................92

9.7.1 Country Risk Analysis ......................................................................92

9.7.2 Government ...................................................................................106

9.7.3 Local Context ..................................................................................107

9.7.1 Trade Policy ...................................................................................109

9.7.4.1 Agency for Export Promotion (APEX) .........................................109

9.7.4.2 Import Procedure to Brazil .......................................................111

9.7.4.3 Import Duties .............................................................................113

10. SUMIVA AND ITS TARGET MARKET ............................................116

10.1 Brazil's Informal Economy ................................................................116
10.1.1 SWOT Analysis. ................................................................. 121

10.2 Identified products for Brazil. .................................................. 123

10.2.1 Tariff Position. ................................................................. 127

10.2.2 Demand Forecast. ............................................................ 129

11. CONCLUSIONS ........................................................................ 132

12. SUGGESTIONS ........................................................................ 133
TABLE LIST

Table 1. Schedule of planned activities ................................................. 33
Table 2. Result Analysis ........................................................................ 34
Table 3. Report of Brazilian Trade .......................................................... 56
Table 4. Public Holidays 2010 ................................................................. 90
Table 5. Political Risk ............................................................................ 99
Table 6. Economic Indicators ................................................................. 100
Table 7. External Debt ........................................................................... 101
Table 8. External Liquidity .................................................................... 102
Table 9. Fiscal Indicators ..................................................................... 103
Table 10. Financial Indicators ................................................................. 104
Table 11. Total Qualification ................................................................ 105
Table 12. SWOT MATRIX ..................................................................... 122
Table 13. Tariffs of Exported products to Brazil ...................................... 128

FIGURE LIST
Figure 1. Brazilian Island .................................................................43

Figure 2. Winter in Brazil, Southern Region ...........................................44

Figure 3. Population of Brazil per KM2. ................................................46

Figure 4. Brazil: Economic Sector by region ..........................................49

Figure 5. Ports in Brazil ........................................................................113

Figure 6. Potential products in Brazil .....................................................124

Figure 7. Potential products in Brazil .....................................................125

Figure 8. Potential products in Brazil .....................................................125

Figure 9. Potential products in Brazil .....................................................126

GRAPHIC LIST

Graph 1. Gantt Chart ...........................................................................34

Graph 2. Balance Trade between Brazil and the world 2006-2009 in US$ millions .................................................................52

ANNEXES LIST

Tables>>

Annex. 1 Main 10 products exported to Brazil 2009 .............................137
Annex.2 Purchase Capacity in Brazil .............................................. 138

Graphics>>

Annex.1 Annual inflation rate (IPCA) .............................................. 139
Annex.2 Trade Balance of Brazil .................................................. 139
Annex.3 International Reserves ................................................... 140
Annex.4 Foreign Direct Investment ................................................ 140

Images>>

Annex 1 “Shanghai Expo 2010 Brazil Pavilion”. .............................. 141
Annex 2. “Pulsing Cities” .............................................................. 141
Annex 3. Shanghai Expo inside the heart of Brazil ............................ 142
Annex 4. Brazil Economic Map .................................................... 142
Annex 5. Rio de Janeiro Downtown ............................................... 143
Annex 6. Light Station, Sao Paulo ............................................... 143

**DIGITAL ANNEX** ..................................................................... 144
ABSTRACT

This report aims to determine if it's viable for Sumiva International Limited as a leading player in sourcing and product supply from Asia to penetrate the Brazilian market, to be precise, work in the informal trade. To achieve this objective, it is necessary to know which is the country, in terms of trade, know its demand, scope places that may accept Sumiva products, and also know their cultural, ideological, political, and economical situation.

This report, based on the prior identification of need, and based on the design of market research, allows identify the advantages and disadvantages of access in a new market niche, also helping to define strategies that easy outcome new business between different companies in Brazil and China, today major trading partners.

Key words: Research, trade, sourcing, objective, Asia, Brazil, China.
RESUMEN

EL presente informe tiene como finalidad, determinar si es viable el ingreso de la empresa Sumiva International Limited como comercializadora de productos manufacturados en el Asia hacia el mercado de Brasil; para ser más precisos, llegar al comercio informal.

Para alcanzar este objetivo, se hace necesario conocer el país, en términos de comercio, demanda, lugares enfocados a los productos que Sumiva ofrece, que tanta aceptación podrían tener; así como su situación cultural, ideológica, política y económica actual.

Este informe, con base en la previa identificación de la necesidad, y en base en el diseño de la investigación de mercados, permite conocer las ventajas y desventajas de acceder a un nuevo nicho de mercado, y al mismo tiempo definir estrategias que ayuden al fácil desenlace de nuevos negocios entre diferentes empresas de Brasil y China, hoy por hoy grandes socios comerciales. Palabras claves: Investigación, objetivo. Comercio, comercializadora, Asia, Brasil, China,
INTRODUCTION

With the following report seeks to highlight all the specifications for market research. This also becomes relevant to publicize the details of the Brazilian market and its business culture, trade agreements, country risk analysis which determines the picture to see the weaknesses, opportunities, strengths and weaknesses among other points that are important to developing the plan, to which they may face Sumiva International Limited wanting to dabble in it. Brazil being an important source for business with China. Similarly, through the development of a timeline for proposed activities, to determine how viable venture or not, taking into account their positive and negative points of each intervention. And ultimately determine how useful were these tools to the company for future negotiations not only Brazil but with other potential buyers.
1. Sumiva Profile

1.1 History

SUMIVA INTERNATIONAL LIMITED is a company established in Hong Kong with personnel of more than 25 years of experience in foreign trade. The main business purpose is to export manufactured products from Asian, towards Latin America and the United States. On the basis of its extensive network of contacts with manufacturing companies in Hong Kong, China and Taiwan, SUMIVA provide a great variety of products among them cellular phones accessories, watches, sunglasses and optical frames, household-electrics, garments and textiles, furniture, hardware tools, building materials, toys, computer components, school and office supplies. SUMIVA, as a leading player in both sourcing and product supply from Asia, manages any other requests of products according to the necessity of its clients.

The SUMIVA’s elite staff consists of highly knowledgeable and industry-familiarized individuals holding over twenty years experience in international trade for the protection of its clients. At
the same time SUMIVA’s staff visits the manufacturers constantly for monitoring the quality of production and making inspections. Thus an appropriate quality and on time delivery of products to our customers it maintained. The SUMIVA’S staff has the skills to speak Spanish, English, Mandarin and Cantonese to facilitate the negotiations between manufacturers and clients. As part of its services, SUMIVA provides consolidation of merchandise andembarking, when the client requires it.

SUMIVA operates by international business partners Carlos E. Uribe and Jorge I. Uribe with more than 20 years of experience in Asian markets. Both who count on a vast experience in the United States and Latin America markets.

SUMIVA maintains two offices in China in the cities of Yiwu and Guangzhou, as well as a representative office in Miami that serves as a contact point and coordination with its clients.

- Yiwu city located near Shanghai is ranked as the first commercial city in China and the world by the volume of goods handled daily.

YIWU has several business centers located in an area of 1.5 million square meters, in whose area we offer a wide range of wholesale
products that are in existence through 40,000 points of distribution and sales.

EXCEL SUMIVA INT’NAL before YIWU is operating in your office through established since March 2004 to meet the needs of clients interested in importing products from this city. Upon completion of orders, goods are obtained more rapidly compared to those sent to manufacturing.

SUMIVA from its new office in YIWU offers its services direct contact with suppliers to obtain the best market prices. At the same time SUMIVA has a specialized staff to conduct inspections of goods to the respective building office and make good sea or air according to the request.

- Guangzhou city located near the city of Hong Kong, is ranked as a major trade city in the world for the diversity of markets and goods that are handled daily. GUANGZHOU has several business centers located in different areas offering a wide range of wholesale products that are, some in existence and others to produce.
EXCEL SUMIVA before GUANGZHOU is operating in your office through established since March 2007, to meet the needs of clients interested in importing products from this city. Upon completion of orders, goods are shipped according to delivery times and products are in inventory or products ordered to be produced.

SUMIVA from its new office in Guangzhou offers its services direct contact with suppliers to obtain the best market prices. At the same time SUMIVA has a specialized staff to conduct inspections of goods to the respective building office and make good sea or air according to the request.

1.2 Mission

Sumiva International Limited its work on exports of manufactured goods in the Asian area. Its main objective is to supply and satisfy the needs and / or demands of the markets of Latin America and the United States. Allowing, assisting their business by diversifying their businesses, increasing its interests, and cooperating in the generation of new business and social and economic commitment.
1.3 Vision

Sumiva International Limited aims to remain a leader of international stature in the export of products manufactured in Asia. Achieving recognition in other Latin American countries as the best alternative to offer new and innovative options that respond to market trends, with high standards of quality, efficiency, profitability and confidence in a period not exceeding three years.

1.4 Corporate Values

- Quality
- Compliance
- Éthics
- Responsibility
- Honesty
- Respect
- Efficiency
1.5 Service

- Assist in locating sources of supplier for products that customers want to buy.
- Ask for the respective contributions and physical samples. (If required).
- Place orders directly to the supplier according to the order.
- Keep in touch with the supplier to ensure that the goods are delivered in due time, according to the time specified in the purchase order.
- Inspection of the ordered goods from the supplier and ensure that products are delivered according to the specifications outlined in the purchase order.
- Consolidation of goods from different suppliers. (if required)
- Process the Documents relating to the shipment by Air or by Sea and send it directly to the customer.

1.6 Number of Employees

24 employees
1.7 Company Chart
1.8 *Place in which practice is located*

Marketing and Shipping Department

2. **Diagnosis Intervention Area**

2.1 *Sumiva Needs*

Sumiva International Limited has a Marketing Department that is primarily responsible for work and implements appropriate actions to sales and meet customer needs. However, this need arises by the general manager to seek new businesses in a particular niche market Brazil. This is mainly based on selling different range of products that China offers to their customers through Sumiva to major distributors in Brazil, so that these entrepreneurs at the time when they receive their goods can be distributed to its ultimate buyer. And thus create tools that allow approach this plaza. Thus some questions arise about: How will this take? What would it take?, What recipient?, How long would it take?, Recognizing that customers do business with Colombian, Venezuelan, Panamanian,
etc., is totally different. In addition to this we must add their ways of acting, thinking, tastes and preferences. It is for this reason that it is conducted with a Marketing Research of Brazil, to discuss in detail the market potential, its objectives, its competence, its parent SWOT, the 4 P's, their political, its commercial position, amount of exports and imports, and general information about Brazil. Since this requires time to segment the market; that strategies aimed at commercial development designed in terms of sales growth and fulfill its vision to recognize the organization by customers.

2.2 Data Collection

The interview was conducted to the general manager, where he was giving information about the status of the organization to identify the different patterns to intervene, and also the purpose of the interview were kept the employees point view, to know how much are informed about Brazil and if they had opinions and suggestions about the plan to perform.
3. Intervention Shaft

The lack detailed information about Brazil to enter in an objective, fast and effective way.. More than a problem, as mentioned above is a necessity that the company is to suffer at the moment.

Have specific tools and strategies to move into a market, has become a fundamental point to Sumiva to pursue his visionary plan to dig deeper into Latin America, look for new horizons, to become known, generate new revenue and expand its database which until now has 25 customers and is expected to increase to about 25 over. And what better than to start with Brazil being "the largest economy in Latin America, one of the 10 largest economies in the world and the ninth largest country with more purchasing power in the world. (International Monetary Fund, 10/01/2009) [1]

In this way we can say that "Make a Market Research, should be the backbone of any business strategy. Made with care and creativity, research becomes a vehicle that illuminate decisions making and radar that alerts the company of threats and opportunities that approach "(Wiley, 2000, p.320) [2]
The investigation takes place between the months of February, April, May and June which take four (4) months and will be held in the cities of Hong Kong, Guangzhou and Yiwu.

4. **Justification of intervention shaft**

Perform this Market Research is important for me because gives the opportunity to expand my knowledge, know a great market full of business, opportunities and also interesting to visit. This plan has allowed me meet people who have placed their trust and have given great support, in order to make a good contribution to Sumiva and forming part of a future link between two nations intercede by Sumiva.

Another reason for this plan is seek new market niches; also show a different look to Brazilians what is China today, their strengths, advantages and opportunities to do business.

Keeping in mind that in the last years bonds between Brazil and China have strengthened is what gives more reasons to continue
with this project since to generate benefits for both countries. One of those benefits by Brazil was to reduce tariff taxes on exports from China, for the purpose of support to participate again at the WTO, due to the lack of transparency, free competition, trademark counterfeiting and limits on interference State private sector that had been presented and affecting many businesses. And by China, have the doors open for free trade barriers for Brazil to increase the range of products exported by the positive reception he has presented on behalf of their clients, either from a Brazilian restaurant up a can of imported foods bearing the label "Made in Brazil".

This approach is reported as a novelty, since it has never been done in the business, but by this one had knowledge of market research, this is the first time formally developed, which will have the necessary information and create strategies to develop the best way.

It is important to note that the development of this project will make known what are the skills, attitudes, skills, responsibilities and knowledge of the student throughout her academic activity within the UCPR, will be implemented the ability to interact with other people,
cultures, languages, ways of thinking and know their tastes, in the place where this is required to locate.

This market research will benefit Sumiva International Limited to specific and detailed information about Brazil which is the target market, and future negotiations to establish new ways of seeing the market and knowing how to deal an excellent way to achieve the objectives proposed.

5. Objectives

5.1 General Objective

Implement strategies that allow enter to the Brazilian market, in order to satisfy needs and meet customer expectations about the wide variety of Chinese products, providing security, reliability and customer service in the best way need it.

5.2 Specific Objective

- Research the Brazilian market with the aim to propose strategies for the company’s entry.
- Understand the business culture that applies Brazil, not to make mistakes that could harm the company and its customers.
- Achieve an excellent appreciation and participation not only in the Brazilian market but also in other countries.

6. Theorical framework

Brazil currently has restored its business activities, one very noticeable indeed that is the business relationship it has with the United States, because this happened to be the third largest trading partner of Brazil.

Thus providing a chance for Brazil to work hand in hand with naming China as its first target market. This has been occurring since 2009, which registered a business growth of nearly 50% in terms of exports and imports and 30% in the last month to nearly USD 4,000 million.

This growth reflects the growing importance of China, shows how China has been making inroads into new markets by leaps and
bounds seeking not only to their own benefit but also those of its trading partners.

For Brazil, the being able to have a country that recently China has been so stable, it is an advantage that should not be left ignored.

This becomes relevant once more, make this market research.

This analysis is based on the theory that applies Porter, to understand that market research is, what is its importance, so it applies and what strategies can be applied in this. From here then success is part of the company to reach this niche market and how to achieve its permanence.

According to Porter (2007), market research, is a resource, a tool for those in need. It suggests a detailed contribution in the process of planning to raid and make decisions which are relevant to this. Market research becomes a major factor that defines what the profits received, will also minimize the risks and know what can occur and how they can afford. To understand how Sumiva can venture into a new market, it is
necessary to take into account that shows Porter, knowledge raised to five factors that are able to define how the business worked. They are known as "Porter 5 forces", these are those that determine the profitability of a market. It is based on the need to carefully assess the objectives and resources of the company based on:

- Threat of new entrants.
- Rivalry among competitors.
- Bargaining power with suppliers.
- Bargaining power with customers.
- Threat of substitute products income.

These five forces allow both define and be clear about how long they will have results of the goals of the organization.
7. Schedule of planned activities

*Table. 1*

<table>
<thead>
<tr>
<th>Actividad</th>
<th>Precedencia</th>
<th>Inicio/ semanas</th>
<th>Duracion/semanas</th>
<th>Total/semanas</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Placement Report</td>
<td>---</td>
<td>Feb 8</td>
<td>Feb 15</td>
<td>1</td>
</tr>
<tr>
<td>B Interview with immediate supervisor</td>
<td>A</td>
<td>Mar 1</td>
<td>Mar 5</td>
<td>1</td>
</tr>
<tr>
<td>C General &amp; specific objective</td>
<td>A</td>
<td>Mar 5</td>
<td>Mar 15</td>
<td>1</td>
</tr>
<tr>
<td>D Data Collection, Brazil.</td>
<td>B,C</td>
<td>Mar 17</td>
<td>Mar 29</td>
<td>2</td>
</tr>
<tr>
<td>D First report presentation</td>
<td>C</td>
<td>Mar 29</td>
<td>Abr 9</td>
<td>3</td>
</tr>
<tr>
<td>E Potential customers visit Canton Fair</td>
<td>D</td>
<td>Abr 15</td>
<td>May 1</td>
<td>3</td>
</tr>
<tr>
<td>F Document development</td>
<td>D,E</td>
<td>May 2</td>
<td>May 4</td>
<td>1</td>
</tr>
<tr>
<td>G Second report presentation</td>
<td>F</td>
<td>May 4</td>
<td>May 7</td>
<td>1</td>
</tr>
<tr>
<td>H Shanghai Expo 2010</td>
<td>G</td>
<td>Jun 10</td>
<td>Jun 13</td>
<td>1</td>
</tr>
<tr>
<td>I Trade misión to Sao Paulo, Rio de Janeiro, Brazil</td>
<td>H</td>
<td>Jun 17</td>
<td>Jun 24</td>
<td>1</td>
</tr>
<tr>
<td>J Final review and report corrections</td>
<td>H,J</td>
<td>Jul 1</td>
<td>Jul 9</td>
<td>1</td>
</tr>
<tr>
<td>K Conclusions and recommendations</td>
<td>J</td>
<td>Jul 10</td>
<td>Jul 18</td>
<td>1</td>
</tr>
</tbody>
</table>

*Nota: By the author. Nathalia Herrera Valencia. May 18 2010*
Graphic 1. Gantt Chart

8. Result Analysis

Table 2.

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>% OF PROGRESS</th>
<th>RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RESULTS</td>
<td>Positive</td>
</tr>
<tr>
<td>1. Brazilian entrepreneurs interested in China.</td>
<td>50% (Cualitativo)</td>
<td>Ease of finding information through different sources. With the support of colleagues in the company and external sources.</td>
</tr>
<tr>
<td>✓ Marketing Analysis</td>
<td>50% (Cuantitativo)</td>
<td>Easy to research into different media (TV, internet, books, radio, own files, etc)</td>
</tr>
<tr>
<td>✓ Data Collection</td>
<td>50% (Cualitativo)</td>
<td>Easy knowledge will of tastes and preferences of each client. It is possible to engage in direct relationship between suppliers</td>
</tr>
<tr>
<td>✓ Potential customers visit Canton Fair</td>
<td>50% (Cualitativo)</td>
<td></td>
</tr>
<tr>
<td>✓ Hosting customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ Follow his business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ Search different</td>
<td></td>
<td></td>
</tr>
<tr>
<td>products required by the customer.</td>
<td>50% (Cuantitativo)</td>
<td>and customers. Make contributions according to your selection and confirm orders.</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>--------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>35% (Quantitative)</td>
<td>Being able to know in a comprehensive manner over the world. Its culture, cuisine, lifestyles, and the power to go around the world in less than 80 days. The flag that corresponds to Brazil, is very well structured has very good sources that make the visitor interested in learning more, and still today the Brazilian economy makes it look attractive to do</td>
</tr>
<tr>
<td></td>
<td>65% (Qualitative)</td>
<td></td>
</tr>
</tbody>
</table>
The slogan which corresponds to Brazil’s "Better Sensation", the idea is that there is interaction between people, food, nature, environment, experience different perspectives of the Brazilian population.

| 4. Trade Mission to Sao Paulo and Rio de Janeiro, Brazil. | Currently the company is doing the opening Sumiva business in Brazil. Until now it has been very successful, since they already have a new agreement reached on which they are working. | Sometimes there were delays in business meetings, making the same thing happen with the executive presentations and its developments. |

50% (Quantitative)  
50% (Qualitative)
slowly. And throughout this meeting other potential customers. It was a great opportunity to travel to Brazil as it has a different view on business when it really is in the "battlefield"

**Note:** By the author, Nathalia Herrera Valencia. May 18 2010
Note: By the author, Nathalia Herrera Valencia. May 18 2010

We have designed this chart to know exactly how the activities were developed and how it reached its objectives. Was given a score of 0-5 where you can see that activities are fully met up to 90% of what was expected for this academic project.

9. Target Market description

9.1 Brazil History

- Colonization:

  Much of America was populated by Native Americans, according to the vision of the Old Continent. The territory which now
corresponds to Brazil was no more than an uncertain representation of land, of which the first inhabitants were the Arawak Indians, Caribs, Tupi-Guarani, the Ge, the cloth, the semi-nomadic, and living from hunting, agriculture and primary collection.

The first European explorer was the navigator Vincente Yanez Pinzon, from Spain to land Brazilian in the years 1500. El discovery of Brazil began in 1532 with the founding of the town of São Vicente Martin Alfonso de Souza. In 1549 he founded the first capital of Brazil, the city of Salvador in Bahia province, just as in recent years, the authorities of the Brazilian state of Pernambuco celebrated the V Centenario 26 January, when they assume the correct regarding the discovery of Brazil, to more controversial the topic, gives the honor to Spanish, because they believe that Vicente Yanez Pinzon arrived first to land Brazilian Pedro Alvares Cabral to Brazil who arrived 80 days after Vincent.
• Towards Independence

Independence was proclaimed on September 7, 1822 by the son of the king of Portugal. Don Pedro I established a constitutional monarchy, with economies based on slave labor. During the century, slave labor was gradually replaced by European immigrants, mostly Italians, in which from the first year in office was losing popularity, until it became removed.

• The Republic of Brazil

The leap to modernization continues with the abolition of slavery (the May 13, 1888), become indispensable at the time led to a coup that ousted the monarchy (the November 15, 1889). The Republic is proclaimed, dominated by oligarchies of rural origin that remained in power through corrupt elections and known as Old Republic, lasted until 1930, in the same years Getulio Vargas to power and launched in 1946, a new constitution is approved and Vargas is replaced by an elected president. This starts the most democratic period in Brazil until then. The country was rocked by suicide in 1954 of the Vargas, who was democratically elected president.
By 1989 the government of Itamar Franco, the finance minister Fernando Henrique Cardoso introduced the Real Plan, an unprecedented economic plan that succeeded in controlling the high inflation that troubled the country for decades with success by 1994 Fernando Henrique manages to defeat the candidate Inazio luis lula da Silva, repeating this in 1998 when they re-elected president the next four years, with this fact in the years 1994 and 1998 the country achieved progress in privatization, control of inflation and public spending is by these agreements are signed with the IMF and give names to this government of neoliberal government.

A 2002 presidential elections and is again the candidate Luis Lula da Silva Inazio, promising to change the direction of the country without economic or revolutionary abuses, despite its promises of change to a policy similar to that of the previous government, to the 2006, Lula was re-elected for a second time.
9.2 Location

Brazil is the fifth largest country in the world and the largest in South America, which covers almost half of the surface. Located east of South America, bordering the Atlantic Ocean to the east, and all the states of South America (except Chile and Ecuador) its northern border with Colombia, Venezuela, Guyana, Suriname and French Guiana on the south by Argentina, Uruguay and Paraguay, on the east by the Atlantic Ocean and the west by Bolivia and Peru.

9.3 Surface

8.547.404 km²

9.4 Climate

Figure 1. Brazilian Island
Brazil's climate is varied according to altitude and latitude of the area: From the arid inland, the tropical climate of the Amazon and East Coast regions. In general, we can say that is predominantly tropical. It is a wet country, the climate changing, especially in the south. The rainy season depends on the region: January to April in the north, April to July in the northeast and November to March in the regions of Rio and São Paulo.

Seasons in Brazil are opposite to those in Europe, Asia and North America to be in the global south, except in the northern region. Thus, the winter runs from June to August, with average temperatures ranging between 8 °C and 17 °C. Summer lasts from December to February, with an average temperature of 27 °C. The average annual temperature is approximately 27 °C in the north and 16 °C in the south.

Figure 2. Winter in Brazil, Southern Region
The coldest region is the Southern Region, which was recorded temperature of \(-17.8 \, ^\circ C\) at the summit of Morro da Igreja, a mountain located in the municipality of Urubici. In this region the winters are harsh and every year it snows in the mountains of Santa Catarina and Rio Grande do Sul (though in small quantity). The South Region is the only region in Brazil located almost entirely below the Tropic of Capricorn and, for that matter, is the coldest in Brazil. The prevailing climate is subtropical and temperate where frosts are common. The seasons are well defined and the rains, generally have large quantity in the year.

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9.5 Demography and societies

This shows the population of Brazil:

Figure 3. Population of Brazil by KM2.
Note: Taken from the Third Congress of International Business Administration. Universidad de La Sabana. 29 And April 30, 2010.

198 million inhabitants

- Birth rate: 16.3 per thousand
- Death rate: 6.5 per thousand
- Rate of annual population growth: 1.19% (2004)
- Population of 0-14 years: 30% (2000)
- Population of 15-64 years: 65% (2000)
- Population over 60 years: 8.6% (2000)
- Population over 65 years: 5% (2000)
- Male life expectancy: 66.71 years
- Female life expectancy: 74.29 years
- Total life expectancy: 70.4 years (2000)
- Infant mortality rate: 23.33 births muertos/1.000 (2000)
- Literacy Rate: 83.3%
9.6 Macro environmental variables

9.6.1 Political environment Analysis. Brazil is a federal republic where the head of government and the state is the president who represents the executive. The election system is similar to Colombia in which we use a second round if no candidate receives a majority of votes. The president is elected by universal suffrage for a term of four years, with possibility of reelection. Currently head LULA DA SILVA LUIS Inazio.

The vote may be exercised by citizens from the age of 16 is mandatory exercise for those aged between 18 and 70, and optional for the illiterate.

Legislative bodies that make up the National Congress are the House of Representatives with 503 members elected every four years, and the Senate with 78 members elected every eight years.
The judiciary comprises the Supreme Court of Justice, the Federal Court of Appeal and the courts of each state.

9.6.2 Trade Balance Analysis

Figure 4. Brazil: Economic Sector by region


Brazil is the leading producer of jet aircraft, three largest producers of shoes, three largest producers of soft drinks, 5 largest producers of rubber, six largest producer of cellulose pulp, eight
biggest car producers and producer for 10 more iron with 27% of industrial output exported. Likewise, exports 52% footwear, machinery 35%, pulp 31%, food 20%. It produces 2.8 million cars and 86% of motor cars have flex-fuel biodiesel.

Also, Brazil is the 8th in oil reserves; Brazil is the 10 producers and exporter in the world. In cosmetics is the third largest market in the world.

A very relevant information for both Sumiva International Limited, as any investor interested in Brazil is that Brazil has 52 ports, with very good roads and transport fluctuations, which are easily accessible for the exported goods and entered the national territory.

Besides having a good space between its ports and know how important they are for the marketing of products exported and imported, it is also important and has great relevance to know what the purchasing power of Brazilians here as part of the opportunity conducting business at the same time have the opportunity to know the tastes and preferences of the population of Brazil.
The Ministry of Development, Industry and Foreign Trade of Brazil said that "trade balance" in the first 21 days of February, accumulated surplus of U.S. $ 735 million. “According to official information, the result in the three weeks of the second month of the year was 26.6% higher than cast in February 2009 and 19.3% more than in January 2010.

Enter first day and 21 February, the Brazilian trade balance accumulated a surplus (positive difference between exports and imports) of U.S. $ 735 million, representing an average daily balance of $ 56.5 million. In the first week of the month there was deficit of U.S. $ 172 million.

According to numbers released on February 22 by the Ministry of Development, Industry and Foreign Trade (MDIC), in the second week of February began to rise, reaching a surplus of U.S. make $ 621 million in the third week of the month, climbed $ 216 million. Exports in the three weeks of February totaled U.S. $ 8.768 billion, with a daily average of U.S. $ 674.5 million.

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</tbody>
</table>

Note: The data used for the preparation of tables and charts are font Trade Map International Trade Centre

- Exports

The value of billing made to the exterior was 26.6% higher than observed in February 2009 when the daily average was US$ 532.6
million. This growth was based on shipments of products into three categories:

- Semi: (+40.6%), mainly iron alloy, leather, raw aluminum, raw sugar and cellulose.
- Basic: (+39.6%), prominently, copper ore, oil, chicken and beef, crumbs, soy and iron ore.
- Manufactured (+10.7%) especially flat-rolled, automobiles, aluminum oxides and hydroxides, fuel oils, polymers and plastic parts.

In relation to January 2010 (daily average of U.S. $565.3 million), the increase was 19.3%, based on the performance of three categories: Basic (+32.8%), semi (+18.7%) and manufacturing (+9.5%).

- Imports

In the three previous weeks, accumulated imports US$ 8.033 billion (daily average of US$617.9 million), was 42.1% higher than
that accumulated in February 2009 and 7.7% highr than that observed in January 2010. The performances daily average of imports in February 3009 and January 2010 were as follows: US$ 434.7 million and US$ 573.6 million, respectively.

Compared with February 2009, Brazilian imports rose fertilizer (+125,4%), fuels, lubricants (+88,8%), automobiles, auto parts (+70,3%) and electro- electronic equipment (+59,7%).

In January 2010, increased purchases of cereals and millers (+40,4%), fuels and lubricants (+21,9%), copper products (+19,9%), mechanical equipment (+13.8%) and electro-electronic equipment (+11.4%).

Until the third week of February, the trade flow, which is the sum of exports and imports was U.S. $ 16.801 billion, representing a daily average of U.S. $ 1.292 trillion, according to the Ministry of Development, Industry and Trade Exterior (MDIC).

On the commercial fluctuation generated this year, showed an increase of 6.6 billion.
In the second week of February (from 8 to 14), Brazilian exports totaled U.S. $ 3.661 billion (daily average U.S. $ 732.2 million) and imports U.S. $ 2,970 million (daily average of U.S. $ 594 million). In the period, the surplus was U.S. $ 691 million and trade flows of U.S. $ 6.631 billion.

Within three business days after the third week of February (from 15 to 21), the Brazilian trade balance recorded a surplus of U.S. $ 216 million, with a daily average of $ 72 million. This was the result of exports of U.S. $ 2.179 billion (average of U.S. $ 726.3 million a day) and imports reached U.S. $ 1.963 billion (average of U.S. $ 654.3 million per day).

From January to the third week of February 2010, Brazilian companies exported U.S. $ 20.073 billion, representing an average of U.S. $ 608.3 million per day. This value is 22.7% higher than observed in the same period in 2009 (average U.S. $ 495.6 million days).

Imports totaled U.S. $ 19.504 billion, average days of $ 591 million. By that criterion, there was an increase of $ 25.1% compared to the same period in 2009, when the average daily
performance of landings in Brazil stood at U.S. $ 472.6 million. In the year, the accumulated surplus is U.S. $ 569 million, or that, on average per day was U.S. $ 17.2 million. That balance is 25.2% lower than that recognized in the same period in 2009, when the daily average was U.S. $ 23.1 million.

In the same comparison, the flow of trade increased 23.9%. In the year 2009 was U.S. $ 34.856 billion, with an average of U.S. $ 968.2 million days, and in January through the third week of February 2010, reached U.S. $ 39.577 billion (U.S. $ 1.199 billion average day). The information was issued by the press area of the Ministry of Development, Industry and Foreign Trade (MDIC).

Table 3. Report of Brazilian Trade
Note: the data used for the preparation of tables and charts are from Trade Map International Trade Centre

In addition to changes in the international trade, there were also significant changes in Brazil's trading partners. United States ceased to be the main importer of Brazilian products, being replaced by China, which happened to buy 19,900 million dollars annually to Brazil.

The number of sales to the U.S., was in 2008 a total of 27,600 million, these were reduced 2009-15,700 million, narrowly beating the purchases made by Argentina for 12,000 million dollars.

Besides these, other aspects that could be watched and before there was an increase in 2009. Chief among them was the exchange rate as the dollar lost in the year 25.6 percent of its value against the real.
With real-valued, the risk that exports continue to fall is considerable, since that reduces the competitiveness of Brazilian products abroad.

The fact that Brazilian exporters receive less and less real for productos sold abroad is one reason that the country’s investment rates are much lower than they would need development.

Brazilian entrepreneurs show before this fear that, although exports to grow again in 2010 following the international economic recovery, imports grow more due to the stimulus of cheap dollar.

Projections estimate that by the end of this year 11 percent higher exports to reach 170,000 million dollars.

But imports are expected to reach 21 percent growth, stimulated by the exchange rate, with a total value of 175,000 billion.

The accounts of trade, in that case, they would close with a deficit in the trade balance of about 5,000 million dollars. What would
make Brazil back to the conditions of the mid-1990s (People Daily, 2010)

9.6.3 Environmental Analysis. The biodiversity of the Amazon represents the existence of sustainable opportunities, such as:

- The use of natural resources in a variety of supply chains in the industry (timber, mining, cosmetics, perfumes, food)
- Scientific research to find new applications in the production of medicines, cosmetics, herbal medicine and nanotechnology.
- Great potential for trade within the framework of Clean Development Mechanisms (CDM / FCCC, its acronym in English)
- Brazil accounts for 20% of global biodiversity

9.6.4 Regulations and environmental standards

9.6.4.1 Restrictions and special requirements

- Environmental Legislation
Protecting the environment is referred to in Article 225 of the Federal Constitution. According to this article, "everyone is entitled to an ecologically balanced environment ...." Its protection is the responsibility of both the public and to the whole community.

In the specific case of the environment, there is a federal rule. This is the No 6.938/81, through which states and the federal district when exercising its legislative power on environmental issues, must observe the provisions of this law, without possibility of opposites. The most important aspects contained in this act of environmental legislation are:

- Licensing of activities actually or potentially causing pollution

For activities or likely to cause pollution are required to carry out a prior environmental impact study (EIA).

For the installation or operation in a particular activity, the licenses must be obtained are:

1. Previous License
2. Installation License
3. Operating License

It is noteworthy that in some cases the licensing process should be subject to approval by the federal environmental agency is the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA). For example, participation is mandatory IBAMA when a project is located or through an Environmental Protection Area (APA), an Indian reservation or any area that is protected, so-called "conservation units."

- Criminal and administrative responsibility around environmental issues

In this sense, the penalties imposed by the Brazilian authorities both municipal and federal state, consist primarily of fines, warnings, bans and suspension of benefits.

- Civil liability for environmental damage

Along with administrative and criminal responsibility, who performs some type of environmental pollution, must respond civilly
liable for the damages caused.

In this regime, it is the obligation to repair the damage, requiring any proof of fault or intention against the pollutant.

- Regulations of public health

Products subject to the issuance of a prior authorization medications, drugs, supplies, pharmaceuticals and correlates, as well as hygiene products, cosmetics, perfumes, sanitizers, domisanitary, products and equipment for medical and dental equipment and products for the aesthetic correction; Blood products, human blood and its derivatives, products of animal origin, pigs and pig semen, aquatic species, bamboo plaiting, coconut plants, grains and dried fermented cocoa fresh or chilled garlic seed.

Products subject to registration in a register, presenting a health certificate or other requirements intended to protect human health, animal health or to preserve plant health: food, packaged food and
beverages, canned hearts of palm, coconut milk, coconut, peanut, bread, pasta, milk drinks, honey intended for direct human consumption, Petit Suisse cheese, poultry and offal, raw, chilled or frozen beverages, spirits and vinegar, mate, generic drugs, protective solar, medical products, latex male condoms natural rubber, toothbrushes, household disinfectants, insecticides, rodenticides and disinfectants domisanitary, cigarettes, cigars, snuff, pipe, cigars, snuff to assemble, snuff, veterinary products, animal and animal products, vegetables and parts, timber, green coffee, among others.

9.6.5 Trade Agreements Analysis

9.6.5.1 General. Treaties are written agreements concluded between parties that have legal personality of international law and can be made between States, between States and international organizations or between international organizations themselves, as long as the parties are represented by accredited agents and seek legal relations discipline freely. Adjusted for lawful purpose and possible, in order to ensure the
effective enforcement contracting and compliance with the provisions contained therein.

Negotiated and signed by the Chief Executive - the President of the Republic - before being ratified in the international arena, treaties and conventions must be submitted for approval by the National Congress: first, the Chamber of Deputies and then by the Senate Federal, whose President issued a formal Legislative Decree, then passing treaties and conventions to be effective and to integrate the domestic, after promulgation and publication stages necessary for the Treaties to be executed at the domestic level.

Next and finally, the treaties are submitted to be registered with the Secretariat of the UN. After making the record, then pass to be known by other countries, that is, before the International Order.

9.6.5.2 Brazilian Trade. From the point of view of international trade, Brazil is a member of the WTO (World Trade Organization, which replaced the GATT (General Agreement on Tariffs and Trade)
through the Marrakech agreement in 1995, having been an original signatory States of the Bretton Woods agreements (institution the International Monetary Fund, IMF, and the International Bank for Reconstruction and Development, IBRD). is a founding member and shareholder of the Inter-American Development Bank, IDB, and state-observer to the Communities European Economics, maintaining a permanent representation in Brussels. signed bilateral treaties with Austria, 13.03.1993, with the European Community, on 31/01/1994, with Turkey, the 04/10/1995 and Uruguay, the 06/05/1997 and adjustments complementary agreements with Peru, the 07/21/1999 and Costa Rica, the 04/04/2000, and a protocol with Argentina, 29/10/1999.

9.6.5.3 Taxes. In the field of tax law of international trade relations, Brazil signed, ratified and transformed into domestic law, several international bilateral agreements to avoid double taxation of income tax (bitributacion international agreements), particularly at For example, agreements with: Argentina (1982), Austria (1976), Belgium (1973), Canada (1986), Chile (2003), China (1993), South Korea (1991), Denmark (1974) Ecuador (1988), Spain (1976),

Similarly, international treaties signed tax exemption from corporate income of sea and air with South Africa, Chile, France, Italy, United Kingdom of England, Ireland, Switzerland and Venezuela. On the strength of the agreements to avoid bitributacion, Brazil reduced rate applies, as established in the above agreements at the expense of those that were set by the Brazilian domestic law, the expected return, including interest on the purchase of goods term: the reduction of aliquots is also permitted when the source assumes the tax payer, depending on contracts or in Brazil or abroad, with residents of the country or abroad.

Furthermore, in order to develop projects and technical cooperation activities in the area of tax administration and customs
administration, Brazil celebrated a further adjustment to Cuba, 27.05.1998, prioritizing, in the area of tax administration, collection, procedures and Systems in terms of tax administration with the banking network (with adaptation or development of income-ranking system and also, changes to management systems for collection) on technology and computer networks, with the development systems.

9.6.5.4 Bilateral cooperation agreement China-Brasil. The governments of China and Brazil drew certain financing agreements, oil cooperation, technological and legal, during the second day of state visit by Brazilian President Luiz Inacio Lula da Silva, which was held on May 19 last year.

The ceremony was carried out by Lula da Silva and his Chinese counterpart Hu Jintao, who translate a joint willingness to strengthen the strategic partnership between China, the third economic power, and Brazil, the ninth. Various agreements were translated as:

• Oil field:
The most important agreement is the granting of a loan of 10,000 million dollars over ten years by the China Development Bank (CDB) to the Brazilian state company Petrobras to finance investments related to exploration in deep water.

The agreement provides a parallel commitment of Petrobras to increase its sales to Sinopec (China Petroleum and Chemical Corp) to 150,000 bpd in the first year of operation and up to 200,000 in the next nine years, exports to be carried out through Unipec Asia, a subsidiary of Sinopec. Sinopec and Petrobras signed a memorandum of understanding to cooperate in exploration, refining, petrochemical and goods and services.

The two governments pledged to finance the development of oil equipment and other documents.

In addition, both governments signed a credit line of $ 800 million from China Development Bank (CDB), the National Bank of Economic and Social Development of Brazil (BNDSE).
Also marked are other loan documents, which consist of financial cooperation between the CBD and the Bank of Brazil, unspecified amount, and funding of the CBD to the Brazilian entity Itaú BBA, worth $100 million, and principle for the Brazilian private sector to balance exports with China.

As for Legal Cooperation are:

- Civil Matter
- Science and Technology Cooperation
- Agreement between the Ministries of Transportation and Secretary of China Seas and Ports of Brazil.

In addition, the two governments agreed:
- Continue to work between their space agencies in the field of satellites.

Finally, the respective health agencies signed an agreement for plant protection analysis for Brazilian beef trade. Based on the foregoing, China in April became the main trading partner of Brazil to reach a trade of 3,200 million dollars and beyond for the first time in U.S. history, was accounted for 2,800 million exchanges with Brazil.
According to official Brazilian bilateral trade volume between Brazil and China reached 36 440 million dollars in 2008, which represented a 55.9% increase over the previous year.

Even amid the global financial crisis, trade between two of the major emerging powers of the globe has continued to grow.

9.6.5.5 Economic Complementation Agreement MERCOSUR-CAN.
Member countries of the Andean Community (with the exception of Bolivia) and MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) signed on 18 October 2004, the Partial Agreement Complementation Economic No. 59, which came into effect from February 1, 2005.

The Ministry of Commerce, Industry and Tourism, highlighted the importance of NAFTA for the country, Mercosur, the Andean Community provides a potential market of 222 million inhabitants, with a gross domestic product close to a billion dollars, which lets demand for products imported about U.S. $ 63,000 million and exports of U.S. $ 80,000 million.
Indeed the text incorporates additional provisions on matters and development activities, complementarity and cooperation in other economic sectors of mutual interest and provides that trade liberalization measures, accompanied, of the following joint and coordinated activities:

- Establishing a legal and institutional framework for economic cooperation and physics to the free movement of goods and services and full utilization of productive factors
- Promotion of mutual investment
- Measures to promote complementarity and economic cooperation, energy, science and technology, and promoting the development of physical infrastructure, especially those capable of reducing operating costs and,
- Understandings to move towards the coordination of positions in trade negotiations conducted with third countries or groupings of countries outside the region.
Likewise, certain objectives that were agreed are:

- Liberalization Program (PLC)
- Tariff Liberation
- Rules of origin
- Sanitary and Phytosanitary Measures

9.6.5.6 Regional Tariff Preference ALADI. It was established by the Regional Agreement No. 4 signed in 1994 by all countries of ALADI and amended the Second Protocol Amending 1990, through this Agreement, each country will give a percentage reduction of taxes according to the degree of development of countries in accordance with preferential and differential treatment for smaller countries.

In Brazil, this preference applies to products not covered by the Agreement CAN - Brazil and not in the List of Exceptions to the Preference. The preference granted by Brazil's percentage of 28% on the general duty or from third countries.

9.6.5.7 Cooperation Agreement MERCOSUR-EUROPEAN UNION. The agreement between the European Union and the states of
Mercosur, seeks to strengthen political, trade and integration between the two blocs. The main topics are covered in the agreement among others include cooperation in agro and industrial standards, promoting investment, energy cooperation and transportation, telecommunications and information technology.

The agreement was signed in Madrid by the different countries between 15 and 31 December 1995.

9.6.6  

9. 6.6.1 Labor Law. Labor legislation in Brazil was influenced by changes in Europe and the concern of many countries around the labor laws protecting workers and especially the commitment made by Brazil to the International Labour Organization (ILO).

Only in 1943, was created the Consolidation of Labour Laws (CLT), systematizing and scattered laws existing at the time. This Consolidation is the primary law that governs labor relations, having
more than 900 articles on this subject.

Among the chapters included in this system are rules:

- General rules of work safety
- Rules concerning working hours, minimum wages and holidays.
- Standards related to medical and security assistance.
- Special rules for Labour protection for Women and child.
- Standards on the individual employment contract
- Organization Standards Association

Basically sheltered employment rights in the Brazilian legislation are:

(A) minimum wage;
(B) 44-hour workweek;
(C) pay irreducibility;
(D) unemployment insurance;
(E) participation in the profits;
(G) Overtime;
(H) holidays;
(I) pregnancy leave;
(J) paternity leave;  
(L) notice;  
(M) retirement;  
(N) recognition of collective norms;  
(O) accident insurance;  
(P) guarantee fund for length of service;  
(Q) the right to strike

The following describes in greater detail some of these rights:

• Salary and Compensation

    Under Brazilian law, the person providing any service work is entitled to remuneration, wages, which can be paid monthly, biweekly, weekly, or task, depending on the conditions of engagement. The wage paid to the employee cannot, under any circumstances, be less than the "minimum wage" or minimum wage established by the collective agreement of each professional category.

• Paid Weekly Rest (DSR)
All employees are entitled to a paid day off, which should preferably be on Sunday. In the case of monthly wages, payment of weekly paid rest is encompassed in the monthly salary.

- Holiday bonus

  ✓ Paid Vacation

Any employee, when you complete one year of service in the same company (buying period "), is entitled to 30 days paid holiday if you have not unreasonably failed more than five times to work during that time. The payment of salary for the period of leave must be made no later than two days before the commencement date thereof.

When the employer did not grant the employee annual leave during the twelve months following the accrual period of the same, it should pay a double payment.

✓ Additional vacation Tercio
Since the enactment of the Federal Constitution of 1988, workers are entitled to receive an additional payment for a third of his normal salary, plus the amount to which they are entitled in the period of paid annual leave.

Bonus

In the months of December, similar to the "premium" in our country, the employer must pay a wage Brazilian special called "Christmas bonus." The amount must be equivalent to the highest monthly salary received by the employee during the year. When the employee goes on vacation, may require an advance in proportion to that gratification.

Labor day

For workers in private enterprises, the maximum working day is eight hours and forty-four hours a week. For some personal categories, called “differentiated”, collective agreements or collective bargaining agreements may set different daily and weekly hours of work.
The work done over these limits is considered extraordinary. It can provide extra services for up to two hours a day, by written agreement between employer and employee, or by collective bargaining agreement.

The minimum wage per hour of overtime is to increase by 50% the normal working hours. The overtime pay does not apply to persons occupying positions of trust.

Night work is carried out between 22:00 and 5:00 pm: every hour of night work should be paid at least 20% more than the daytime hours.

- Work safety

According to the Social Security Act, every employee must be enrolled in the same. Social Security in Brazil is financed by monthly contributions from employees, employers and the state. These payments entitle the employee to receive benefits, you are insured. Decree No. 89312m of January 23, 1984; regulate all
social benefits in Brazil. This sets various forms of disability pensions, retirement, special service and seniority.

The employer is obliged to take out insurance against accidents at work for their employees in the National Social Security Institute (INSS). The value of this insurance is set by the Ministry of Labor and Social Security. Managers and business partners, if they are employees and self-employed and domestic workers are not covered by the law of insurance against accidents.

Companies contribute to the INSS 20% of total gross wages of its employees, plus a variable rate depending on the riskiness of their activities, as classified by the NACE (National Code of Economic Activities), this percentage varies from 1% to 3% and 5.8%. Payment is always on the second working day of the month following the taxable event. Self-employed contribute to the INSS with 15% of the profits in the period.

9.6.6.2. Tax Legislation

• Taxes and Tax Powers
In Brazil, the main tax guidelines are set by the Federal Constitution, which provides about general principles, the limitations of power to tax, powers and also on the distribution of tax revenues. Thus, the National Tax System is established by the Constitution, which stipulates that the Union, States, Federal District and the Municipalities may institute taxes. The political and administrative autonomy, an essential characteristic of our federal system, gives each sphere of government the possibility of instituting taxes, fees (due to the police power or the use of public services) and contributions to improvements (from public works.). In regard to social security contributions, most can only be instituted by the Federal Government. Although most of the taxes has the primary purpose of rising funds for the financing of state actions (tax revenue collection), some of them have characteristics that give them the status of instruments of economic policy or social (regulatory taxes). It may be mentioned as an example of regulators, the IOF and the IPI, which can be used by the federal government as auxiliary instruments in the conduct of monetary and industrial policies, respectively.
• Tax Administration

In Brazil there are multiple bodies with typical functions of Tax Administration, the result mainly of its federal structure of political organization. The main body of the Tax Administration the Federal Revenue Secretariat (SRF), which is responsible for managing all taxes of any power of the Union and the main social security contributions for Social Security - with the exception of contributions impact on payroll and self-employment. In Brazil, the administration of social contributions that affect the power of the work is the National Social Security Institute - INSS, autarchy linked to the Ministry of the Retirement and Social Welfare. The other members of the Federation - Federal District, states and municipalities - keep themselves tax authorities in the field of taxation of their powers, each exercise all the functions inherent in a tax administration. It must be emphasized that Brazil has a Federal District, twenty-six states and more than five in 1500 municipalities, each with its own tax administration
The system of "withholding" is too long use in the Brazilian tax model, by this mechanism, the legislation transferred to third parties the responsibility for the collection of various taxes; mark those on employment income and capital.

For some specific products (cigarettes, beverages, fuel, pharmaceuticals, automobiles and others), is used by both the SRF and state tax administrations, the institute of "tax substitution", whereby the law chosen, among many agents that interfere with certain supply chain / distribution, one that, for greater certainty with regard to compliance with the tax liability, the taxpayer will be responsible for collecting all taxes related to that chain, including facts taxable occur later. Through the mechanism of replacement tax becomes law typically multistage taxes - as the IPI and ICMS - in single phase.

9.6.7 Socio-Cultural Variable

9.6.7.1 Business Culture

• Meetings
It is necessary for business meetings are prepared in advance. In most cases, negotiations may take more than one meeting. Are very common business lunches or dinners. The Brazilians considered important to establish a personal relationship, taking his time before developing any business relationship. Negotiations must take place between equals (hierarchy within the company).

• Business Cards

It often exchanges business cards and company.

• Timeliness

In Sao Paulo and Brasilia it is important to arrive on time for meetings. In Rio de Janeiro and other cities it is acceptable to arrive a few minutes late.

• Greeting Etiquette

The appropriate greeting is extended a handshake, especially if the first encounter. In business it is customary to try to "Lord (a)" (in Portuguese Senhor) or professional title.
• Clothing Label

For business appointments should wear jacket and tie for men and women tailor.

9.6.7.2 Business Travel. The hours of work in Brazil usually begins at 8:00 am and concludes at 6:00 pm.

9.6.7.2.1 Visas for business travelers. In immigration matters have a high degree of discretion of the competent authorities and are closely linked to national sovereignty. Therefore, they reflect government policy and reciprocity in the treatment.

The visa application does not create any right to be granted and that this represents a mere expectation of law. There are different visa categories defined by Brazilian legislation, whose implementation depends on the reason and the specific situation of the trip to Brazil. Not all types of visas allow foreign labor in the country. In general, there are no restrictions for the
granting of visas relating to the nationality of the applicant or the fact that the applicant has a spouse or child under 18 years.

The law establishes 7 (seven) categories of visa
- Transit,
- Tourist,
- Temporary,
- Permanent
- Courtesy,
- Officer and
- Diplomacy.

Tourist visas, Temporary and Permanent are the most commonly used to immigrate to Brazil.

9.6.7.3 Immigration Process for Entrepreneurs

- Entry restricted: (a) Nationals of certain countries require consultation with an approved form of the Brazilian Ministry of Foreign Affairs before being allowed access to a visa. In these cases a rate of about 30 Euros will apply and will be processed within a minimum of 15 days. (B) The passports of Bhutan,
Comoros Islands, Central African Republic and Taipei (China) are not recognized by the Brazilian government. Holders of these passports will need a Laissez-passer issued by Brazilian authorities. For more details please contact the nearest consulate.

- Passport: You need a passport valid for a minimum period of six months from the date of entry into the country. This rule applies to all visitors to Brazil except:

  (A) Nationals of Argentina, Chile, Paraguay and Uruguay arriving in Brazil directly from their own countries and have a valid identity card.

- Warning: Persons under 18 years of age, when not accompanied by both parents, must have a birth certificate (original or certified copy). The certificate must be written in Portuguese, Spanish, French or English. If you are in another language must be submitted an official translation. When the minor traveling with only one parent is also required by a statement from the absent parent authorizing the trip while the person is appointed
(full name and address) that is ultimately responsible for the child in Brazil. In the event that the parents are separated, or one of the two deceased, you must show that he has full custody over the child.

- Visas: Required by all except

  - (B) Nationals of Argentina, Paraguay, Uruguay and Chile mentioned above.

  - (C) Citizens of the EU (except nationals of Cyprus, Czech Republic, Estonia, Latvia, Lithuania, Malta and Slovak Republic, which require a visa) for tourist stays of less than 90 days

  - (D) Citizens of Andorra, Bahamas, Barbados, Bolivia, Colombia, Vatican City, Costa Rica, Ecuador, Iceland, Israel, Korea, Philippines, Mexico, Monaco, Morocco, Norway, Peru, San Marino, South Africa, Surinam, Switzerland, Thailand, Tunisia and Turkey for tourist stay of less than 90 days.
(E) Transit passengers continuing their journey to another country, on the same flight or first connecting flight to your destination, provided they have appropriate air tickets and do not leave the airport.

**Note:** The visa exemption explained above applies only to leisure travelers. All those business travelers need a visa (except nationals referred to in paragraphs 2, 3 and 4). All travelers need to be in possession of a plane ticket back.

- **Types of visa and cost:**
  
  For Tourist and Business Visa prices are based on reciprocity.
  
  For transit visas available at the consulate.
  
  Note: Visas are required by mail will have a surcharge.

- **Valid for 90 days from the date of issue.**

- **Processing:**
  
  At the Consulate or Embassy consular section

- **Processing requirements**
✓ For Tourist or Transit Visa

(A) Passport valid for at least six months.

(B) Application.

(C) Proof of economic justification or sufficient funds to cover the stay in the country, or full-fare air carrier charter specifying the details of the flight.

(D) A passport type photograph.

(E) Payment of visa fees at the consulate.

(F) Certificate of vaccination against yellow fever if arriving from certain countries in a period less than three months (for a list consult the nearest Consulate).

(G) If participating in a conference or seminar or sporting event or art, requires a letter from the organizers.

- For Business Visa

It will take the requirements (a) to (g) and (h): A letter from the applicant's undertaking that sets forth the purpose of the visit, the duration and who bears the financial responsibility of the trip.
• Turnaround time: Depends on nationality. For citizens of countries of South and Central America typically in 3 days. 10 by mail and 15 for those who require consultation.

• Temporary residence: Address to the corresponding consulate.

9.6.7.4 Public Holidays 2010

Tabla 4.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1</td>
<td>New year</td>
</tr>
<tr>
<td>February 13-16</td>
<td>Carnival</td>
</tr>
<tr>
<td>February 17</td>
<td>Ash Wednesday</td>
</tr>
<tr>
<td>April 2</td>
<td>Friday Holiday</td>
</tr>
<tr>
<td>April 4</td>
<td>Easter Sunday</td>
</tr>
<tr>
<td>April 21</td>
<td>Tiradentes</td>
</tr>
<tr>
<td>Date</td>
<td>Holiday</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>May 1</td>
<td>Labor Day</td>
</tr>
<tr>
<td>June 11</td>
<td>Corpus Christi Day</td>
</tr>
<tr>
<td>September 7</td>
<td>Independence Day</td>
</tr>
<tr>
<td>October 12</td>
<td>Our lady of Aparecida</td>
</tr>
<tr>
<td>November 2</td>
<td>All soul’s Day</td>
</tr>
<tr>
<td>November 15</td>
<td>Republic Day</td>
</tr>
<tr>
<td>December 24</td>
<td>Christmas Eve (half day)</td>
</tr>
<tr>
<td>December 25</td>
<td>Christmas Day</td>
</tr>
<tr>
<td>December 31</td>
<td>Eve (Noon)</td>
</tr>
</tbody>
</table>

- In addition, several parties proclaimed state, religious and federal holidays throughout the year. Some of these include: Day of San Sebastian (Rio de Janeiro) on 20 January, Foundation of the City of Sao Paulo (Sao Paulo) on 25 January, and Our Lady of the Navigators (Porto Alegre) on February 2.

- Infrastructure: Railways: 28,862 km waterways: 50,000 km Ports: Belem, Fortaleza, Ilheus, Imbituba, Manaus, Paranagua, Port Alegre, Recife, Rio de Janeiro, Rio Grande, Salvador, Santos,
Vitoria. International Airports: 21 the most important and busiest are the Rio de Janeiro and Sao Paulo.

9.7 Strategic Analysis

9.7.1 Country Risk Analysis. Brazil's economy has not been the exception to the overall trend of contraction in the manufacturing sector. Industrial item data point to a significant drop in industrial production for the fourth quarter of 2008, and the accumulation of inventories suggests that for the first quarter of 2009 does not seem to be much room for growth in the sector. In this line, is now projected that the growth of Gross Domestic Product (GDP) in the fourth quarter (compared with the previous period and has been seasonally adjusted 6.0%, which would be followed by a contraction of 2.2 % in the first quarter of 2009. In this way, considering a significant recovery in the second half of 2009, is projected to expand 0.8% this year, an estimate has been revised steadily downward in recent times due to worsening economic conditions in the world.
The Monetary Policy Committee (Copom) began a phase of relaxation of its policy by cutting the Selic rate by 100 basis points at its last meeting in January, being the largest cut in five years. Thus, the Copom began a process of easing monetary policy, where in October the Central Bank had put an end to the cycle of increases that began in April 2008 and was directed to contain strong inflationary pressures which was under the Brazilian economy. But price rises have been contained and the scenario for 2010, with an increasingly weak activity, you see lower the risks from the current weakness of the real and the difficulty in assessing the net impact will the increased tax incentives (implemented through multiple channels, ranging from increases in public consumption to capital injections into state-run banks), factors that had delayed the start of a more expansionary monetary policy. Considering the above, it predicts a further cut in the Selic rate 100 basis points in the next session in March, a rate that should be taken around mid-year to values around 10.5% from 12.75% Current.
Speaking a little more than political risk, for this year 2010 is close to approaching elections that will take place on October 3. As this has been the major dispute between the two most popular candidates Dilma Rousseff Workers’ Party (PT) and Jose Serra Social Democratic Party (PSDB). Both candidates show interest in continuing the policies that Lula da Silva had planned if he continued with his presidency. As for their projects are:

- bet heavily on public investment, both in infrastructure, Logistics,
Energy, Social, Urban, under the Plan for Accelerated Economic Growth PAC. In order to attract more foreign investment and economic measures as to welcome the stimulus to credit and financing, greater investment in the preservation of the environment, provide exemptions and tax administration and reduce long-term fiscal measures, to ensure the future of Brazil in the next ten years.

- Continue work on the program "Family bag" that provides services and money to the most vulnerable families. This program aims to serve as a cushion to deal with the crisis now has reached to 11 million families in poverty and destitution.

The discourse and practice of government are a sort of "shield" of Brazil to the international crisis. However, the forecast of Brazil in 2009, although not as dire as that of Mexico or Venezuela's, indicates a fall of 1.3% of products. A first impact of this recession is the increase in public debt and declining fiscal targets this year. A price to pay, says the government does not think cutting public spending (as follows from the continuity of the CAP and increased
spending on the Bolsa Familia), and even less social spending. The Planning Minister Paulo Bernardo says (2010), public debt will increase this year but this is a relatively small price you are paying to save the Brazilian economy and keep it out of the whirlwind that hit the economy in worldwide. Lula reaffirmed that idea "Time is up when the U.S. sneezed and Brazil contracted pneumonia. Time's crisis in Russia and Brazil had drowned. That is over. This country has learned to respect you."

As noted above analysis, one can say so far there is no risk-it reaches maximum political concern to foreign investors, on the contrary still remain strong in Brazil today [7] (Moreira, 2009) 

Note: Information subject to change.

But there are other aspects that lately have not had much luck and the weakness of the real and the outflow of capital, and these have stimulated a significant adjustment in the value of the assets of foreign investors in the Brazilian domestic market. Indeed, according to estimates by JPMorgan, the stock of foreign investment in the local stock market has dropped to USD 64 billion
(from USD 200 billion), as well as foreign positions in domestic debt declined to $45 billion from USD 69 billion. Despite this significant adjustment, there would still be room for continued capital outflow in the event of deterioration in the external landscape. Investors are expected to continue relating the actual evolution of the trend of commodity prices. If none relevant improvement in the external situation, it is expected that the real is around the USD / BRL 2.5 on average in the coming quarters, hoping to regain strength.

Now to conclude, it is remarkable that this crisis originated in the United States has shown that emerging economies, despite what was initially projected, they are decoupled from the trend to follow the global economy. Thus, the decline in auto sales, the deterioration in the data from the housing sector and the sharp drop in employment shows that the isolation between Brazil and the rest of the world is not such.

Despite the above, it must be stressed that this crisis was not caused by poor internal management, but Brazil is in a good
position to face: the strong inflationary pressures have fallen in recent months and there is a good fiscal position.

And thanks to the launch that has been generated in tax breaks, accommodation of the price of goods and sustainable return of capital to the country, including those mentioned above, have enabled the development of Brazil is as appealing as to host the most important event of Football "The World Cup 2014" and "The Olympic Games in Rio de Janeiro 2016." In this context, there is room to develop an appropriate manner, monetary policy and fiscal policy to help cope in good shape this process of global slowdown.

(Honk Kong Trade Corporate)
Table. 5 Political Risk

<table>
<thead>
<tr>
<th>Riesgo Político</th>
<th>Punto de Referencia</th>
<th>Valor</th>
<th>Nota</th>
<th>Pond (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIB per Cápita (PPP, US$)</td>
<td>10,200</td>
<td>10,690</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>Esperanza de Vida (años)</td>
<td>74</td>
<td>71.7</td>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td>Índice Nivel Educacional</td>
<td>0.875</td>
<td>0.883</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>Índice Percepción de Corrupción</td>
<td>5.5</td>
<td>3.5</td>
<td>5</td>
<td>12%</td>
</tr>
<tr>
<td>Índice de Libertad Económica</td>
<td>65.0</td>
<td>55.9</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>Índice de Gobernabilidad</td>
<td>62.5</td>
<td>49.5</td>
<td>4</td>
<td>12%</td>
</tr>
<tr>
<td>Pobreza (% población)</td>
<td>24.0%</td>
<td>22%</td>
<td>3</td>
<td>8%</td>
</tr>
<tr>
<td>Desigualdad del Ingreso (Índice de Gini)</td>
<td>40.0</td>
<td>57.0</td>
<td>6</td>
<td>4%</td>
</tr>
</tbody>
</table>
### Economic Indicators

<table>
<thead>
<tr>
<th>Riesgos Geopolíticos</th>
<th>-</th>
<th>No</th>
<th>3</th>
<th>40%</th>
</tr>
</thead>
</table>

Table. 6 Economic Indicators

<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>Punto de Referencia</th>
<th>Valor</th>
<th>Nota</th>
<th>Pond (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crecimiento PIB (2004-2009p)</td>
<td>5.0%</td>
<td>4.5%</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>Crecimiento PIB (2009p)</td>
<td>5.0%</td>
<td>0.8%</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Tasa de Desempleo (% fuerza de trabajo)</td>
<td>8.0%</td>
<td>8.1%</td>
<td>4</td>
<td>15%</td>
</tr>
<tr>
<td>Crecimiento del Empleo (2004-2009)</td>
<td>2.5%</td>
<td>5.4%</td>
<td>1</td>
<td>15%</td>
</tr>
<tr>
<td>Inversión (% PIB)</td>
<td>22.5%</td>
<td>16.8%</td>
<td>4</td>
<td>25%</td>
</tr>
<tr>
<td>Inflación (promedio anual 2004-2009p, %)</td>
<td>4.0%</td>
<td>4.9%</td>
<td>4</td>
<td>15%</td>
</tr>
</tbody>
</table>
Table 7 External Debt

<table>
<thead>
<tr>
<th>External Debt</th>
<th>Punto de Referencia</th>
<th>Valor</th>
<th>Nota</th>
<th>Pond(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deuda Externa (% del PIB)</td>
<td>40.0%</td>
<td>17.2%</td>
<td>1</td>
<td>20%</td>
</tr>
<tr>
<td>Deuda Externa Neta (% PIB)</td>
<td>20.0%</td>
<td>2.1%</td>
<td>1</td>
<td>15%</td>
</tr>
<tr>
<td>Deuda Externa (% Exportaciones)</td>
<td>200.0%</td>
<td>148.1%</td>
<td>2</td>
<td>20%</td>
</tr>
<tr>
<td>Deuda Externa Neta (% Exportaciones)</td>
<td>80.0%</td>
<td>18.1%</td>
<td>1</td>
<td>15%</td>
</tr>
<tr>
<td>Deuda Externa CP / Deuda Externa Total</td>
<td>25.0%</td>
<td>24.1%</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>Servicio Deuda Ext. (% Exportaciones)</td>
<td>20.0%</td>
<td>22.3%</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>External Liquidity</td>
<td>Punto de Referencia</td>
<td>Valor</td>
<td>Nota</td>
<td>Pond(%)</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------------------</td>
<td>-------</td>
<td>------</td>
<td>---------</td>
</tr>
<tr>
<td>Saldo Cuenta Corriente (SCC) (% PIB)</td>
<td>-3.0%</td>
<td>-0.7%</td>
<td>2</td>
<td>15%</td>
</tr>
<tr>
<td>SCC Tendencial (% del PIB)</td>
<td>-3.0%</td>
<td>-0.6%</td>
<td>2</td>
<td>35%</td>
</tr>
<tr>
<td>Inv. Extranjera Neta / SCC (2004-2008p)</td>
<td>1.5</td>
<td>3.4</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Reservas Internacionales / Importaciones</td>
<td>5.0</td>
<td>12.8</td>
<td>1</td>
<td>20%</td>
</tr>
<tr>
<td>Necesidad Bruta de Financiamiento Externo</td>
<td>70.0%</td>
<td>51.9%</td>
<td>2</td>
<td>20%</td>
</tr>
</tbody>
</table>
### Table 9 Fiscal Indicators

<table>
<thead>
<tr>
<th>Fiscal Indicators</th>
<th>Punto de Referencia</th>
<th>Valor</th>
<th>Nota</th>
<th>Pond(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deuda Pública (% PIB)</td>
<td>35.0%</td>
<td>65.9%</td>
<td>5</td>
<td>35%</td>
</tr>
<tr>
<td>Balance Primario Gobierno Central (% PIB)</td>
<td>-1.0%</td>
<td>2.2%</td>
<td>1</td>
<td>35%</td>
</tr>
<tr>
<td>Balance Fiscal (% PIB)</td>
<td>-1.0%</td>
<td>-2.5%</td>
<td>3</td>
<td>30%</td>
</tr>
</tbody>
</table>
Table. 10 Financial Indicators

<table>
<thead>
<tr>
<th>Financial Indicators</th>
<th>Punto de Referencia</th>
<th>Valor</th>
<th>Nota</th>
<th>Pond(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clasificación Deuda Soberna</td>
<td>-</td>
<td>BBB-</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>- Standard &amp; Poor's</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clasificación Deuda Soberna</td>
<td>-</td>
<td>Ba1</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>- Moody's</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clasificación Deuda Soberna</td>
<td>-</td>
<td>BBB-</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>- Fitch</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spread Deuda Soberana (EMBI Global, prom 2008)</td>
<td>150</td>
<td>302</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>Cumple Sus Acuerdos</td>
<td>-</td>
<td>Si</td>
<td>4</td>
<td>40%</td>
</tr>
<tr>
<td>Reprogramación Deuda</td>
<td>-</td>
<td>Si</td>
<td>4</td>
<td>20%</td>
</tr>
</tbody>
</table>
Table 11 Total Qualification

<table>
<thead>
<tr>
<th>Total Qualification</th>
<th>4.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajuste</td>
<td>0.1</td>
</tr>
<tr>
<td>Calificación Definitiva</td>
<td>4.0</td>
</tr>
<tr>
<td>Categoría</td>
<td>Muy bueno</td>
</tr>
</tbody>
</table>
9.7.2 Government. Brazil is a Federative Republic presidential regime is divided administratively into 26 states and one Federal District, the state government is exercised by three powers that the executive, legislative and judicial, as in Colombia.

The government acts as an external force that facilitates or hinders competitiveness, or business. His presidential term is four years, and a president has the possibility of reelection. Inazio Luis Lula da Silva is Brazil’s current president, began his term as president since 2002 and was reelected in 2006, his term ended this year 2010. Lula has projects in Brazil that are succeeding in reducing millions of dollars in government spending, policies and labor reforms. With regard to the confidence of economic policy, the continuation of the Lula government accountability and the severity of the Cardoso administration is an aspect to be highlighted along with the human development index prepared by the UNDP, which is constantly growing in Brazil.

The environmental context raised by President Lula is that the sustainability of the economic transformations will be decided by the monitoring of policies of environmental conservation, actions
planning and environmental monitoring that will encourage scientific research.

Brazilian President Lula da Silva (2010) argued that it must find a balance for the dollar exchange rate, where the right is not very strong or much devalued. She explained that she does not know what should be the correct price of the currency, but said his government will continue taking measures to curb real recovery in shares as the purchase of dollars by the Central Bank and the transaction of foreign applications through the tax on financial transactions. I also talk about consciousness that has the government exaggerated dollar inflows into the country, and this is what causes the devaluation of the dollar and the real overvaluation, and cause difficulties in exports and facilitate imports causing a deficit in its trade balance.

9.7.3 Local Context. In this aspect shows the conditions of a territory in terms of language, culture, beliefs, religions, technological development. As mentioned earlier, the official language of Brazil is Portuguese and is spoken by all people.
"Brazilians are not considered Hispanic. So if you speak Spanish you should ask first if they would mind speaking in Spanish. In case of a mismatch with the English language is used as a common language. It is the universal language of business. ¹

Brazil is officially a Catholic country, mixed with a multitude of deep-rooted folk beliefs. These beliefs are rooted in indigenous animism, in Catholicism and African religions brought by the blacks during the period of slavery. These beliefs are outstanding worship of Afro-Brazil: Candomblé and Umbanda.

African slaves could not practice their religion and its deities associated with Catholic saints. The two religions began to melt in this way in one in a process of syncretism. This duality allowed the continuation of religious practices of all Bahianenses, who are descendants of Africans, Europeans, or natives of the Amazon Indians. Today the local religion is mixed with sacred and profane elements in festivals and religious celebrations. ²

¹ http://www.protocolo.org/qest web/photo seccion.pl?rifD=439&arefid=2178
Salvador found in hundreds of Catholic Churches. The church of Our Lady of Black symbolizes the religious discrimination which is relevant to blacks. This church was built by slaves, for use by people with African roots, this time blacks could not do their prayers with the Brazilians of European descent.

9.7.4 Trade Policy

9.7.4.1 Agency for Export Promotion (APEX). Brazil has an agency for export promotion (Apex-Brazil) as a major instrument for worldwide dissemination of the mark made in Brazil. Medium and small companies in Brazil have managed to showcase their products and services, originality, efficiency and beauty to the international market, with technical and financial support from the Brazilian government through some programs promoted by the APEX, who has also worked for conquest of new markets and achieve diversification in the export sector.

With Lula in power, the Export Promotion Agency has gradually gained more independence and political power in addition to
expanding its scope, with the approach the production chain and not only in different sectors.

APEX works in conjunction with public and private sector, so that it can increase the number of Brazilian companies in international trade.

With regard to international fairs, the agency gives much attention to those undertaken in the country, there is a project called "Project Buyer", where the APEX supports the arrival of the importing country, this has yielded excellent results as well as making Business buyers can look in more detail, the products with sales potential in foreign markets. However, besides knowing the products, it is necessary that the importer knows the country, with a positive image that encourages exports to grow the Brazilian economy, which is why also I put into practice the "Image Project" which is responsible to bring opinion makers, especially journalists of major magazines to realize and disseminate what they have the Brazilian industry to offer the rest of the world.
Besides being a strong country in the commodity export sector has a great technological development. APEX, made a series of events in countries of priority interest for the technology sector, with the name of "Brazil technology." In the first country to carry out this program was in Mexico City, and attracted a large number of businessmen interested in this area, such as software, electronic and electro-medical equipment in hospitals.

Also in technology sectors such as oil exploration, aviation, Ethanol and FlexFuel engine had a special interest in the opening ceremony. Speakers showed them Mexicans, in addition to a solid structure in the economy and politics, Brazil is innovative and competitive companies, leaders in their sectors of activity.

9.7.4.2 Import Procedure to Brazil. On November 24, 2006 was published the article No. 35por which the Secretary of Foreign Trade (SECEX) of the Ministry of Development, Industry and Foreign Trade, consolidates multiple legislative acts concerning the importation of goods into Brazil under a single document They have become an obligatory reference document for those interested in
the Brazilian import process. Main points addressed by the article No. 35, is the record of the importer in the implementation of the Integrated Foreign Trade (Siscomex), from which you can perform various operations related to the importation of goods to Brazil, such as: The import license application, the development of the Import Declaration (DI) and the operations of customs clearance of goods.

Once registered with the (SECEX), the importer gets its import license to be used for certain products into the country. Within the import license, there are three types of licenses are the exception, automatic and not automatic. But according to the products that the importer wants to buy, you must identify whether or not it requires a license. By contrast, for products such as toys, optical and photographic lens you require license to import.  

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9.7.4.3 Import Duties

Apart from the registration process and issuance of import licenses, import duties for Brazil, as well as a wide range of indirect taxes on imports. The import duties are the main instrument of Brazil for regulating imports. As a member of Mercosur, Brazil uses the Mercosur Common Nomenclature (NCM) classification, which is consistent with the Harmonized System (HS). In general, the customs value of goods is determined in the Incoterms CIF (cost, insurance and freight).
Most imports from countries not members of Mercosur are subject to the Mercosur Common External Tariff (TEC) ranging from zero to 35%.

The import tariff affects all those foreign goods imported into the customs territory of Brazil. In general, the tax base is the customs value expressed in foreign currency, which must be converted to national currency (the Real) in accordance with the Exchange Rates for this purpose, fixed on the basis of the daily trading of the currency; that as determined in Article MF 6 / 99.

A clear example is the following:

Product Customs Value (CIF value): U.S. $ 200,000.00
Exchange Rate for purposes of the Tariff: U.S. $ 1.00 = R $ 2.9374
Ad Valorem: 20%

Conversion to currency:

$$\text{US$} \times \text{R$} = \text{US$} \times \text{R$}$$

U.S. $ 200,000.00 X

$$X = \text{US$} \times \text{R$}$$
As additional information, in November 2004, Brazil granted market economy status to Chinese mainland for the purposes of anti-dumping (AD) and countervailing duty (AD) duty investigations.

This means that costs and pricing structures in the Chinese market are considered reliable and used for calculating dumping margins. In its current form, Brazil implemented several anti-dumping measures on imports from the continent, including garlic, pencils, padlocks, spectacle frames, electric table fans, irons and hair brushes, and speakers. While not apply any anti-dumping measures on imports from Hong Kong or DV measures on imports from the mainland and Hong Kong.
With regard to exchange control, the Brazilian Central Bank imposes no limit on the amount of currency bought by Brazilian importers. In fact, the regulation provides that any person or company may buy or sell foreign currency, currency or transferred to any country, no quantity limits, for any lawful business transaction, in accordance with the tax code in Brazil.

10. SUMIVA and its Target Market

10.1 Brazil's Informal Economy

As in all countries of the world, here in Brazil also found many people who engage in this activity, the informal economy, increasing unemployment levels and, therefore, worsening poverty and shortage scenario in the country.
From the economic point of view, the degree of poverty of a country refers to two key elements to the aggregate shortage of resources and / or an erroneous distribution of them. 4

Currently, about 14% of the Brazilian population belongs to families with income below the poverty line 5 and 22% for families with income below the poverty line 6 , which represents the existence of 22 million and 5 million homeless poor respectively. 7

Now with the above to respond to this picture of social class differences, it shows how the population is taking measures survival through different ways to enter a rather large working class, as an alternative employment and income generation.

This is working class are two types: street vendors who are seen on the streets of Brazil and those businessmen who initially started by selling small amounts as creating your own business and today,

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4 Conforme a la Organización Internacional del Trabajo
5 La línea de indigencia utilizada se refiere al costo d una canasta alimenticia capaz de suplir el consumo calórico mínimo de un individuo
6 La línea de pobreza a su vez es calculada como un múltiplo de la línea de indigencia, considerando los gastos de alimentación, vestimenta, habitación y transporte.
7 Datos extraído de Doing Business Brazil 2010.
and are major distributors of goods imported in large quantities and are influencing those who are best known shops as well Sanandresitos in Colombia.

Unlike Colombia, and many Latin American countries the informal trade in Brazil is too organized, ie all invoices that are carried out among traders is charged by banks, checking if you have enough money to purchase goods and this in turn, ensures the collection of portfolio.

Likewise, today thanks to the strategies that has placed the Brazilian government to enter the contraband trade is generated in this informal, has been through the elimination of tariff barriers for certain types of products, and through making these traders are engaged in work legally registered with the chambers of commerce and are being trained to do their reports with the law.

This has allowed even the image of these places have changed, and are more organized, modern, clean, and also changed now customer service is personalized, due to low operating costs. It has also been improvement in terms of the riots that were
generated earlier before the police prosecutor who came to confiscate the smuggled goods at the beginning of this activity.

Merchants, allow access to their facilities without any problem, since you are current with their documents of the goods imported or purchased directly to large factories.

The issue of informal traders, it is not a new issue, on the contrary in Brazil and has over 50 years in existence and generating resources to those who develop this work, taking products on their markets mostly imported and mostly priced favorable focused on all social strata but mainly to medium-low strata. These still remain in a continuous struggle competing with large chain enterprises, as companies generate formal guarantees and after-sales service and are competitively priced.

In the figures for 2008-2009, it showed that informal activity had decreased by 2.1% compared to previous years because of competition that exists with the string companies, mentioned above and also because people are able monetary prefer to spend a little
more on a story that really is original and that this addition to give up to one year warranty.

However expert source, say this is a fad and that in this year 2010, the informal trade regains boom as this sector is nearly 45% of GDP.

Despite the ups and downs, informal trade is the optimal market that wants and Sumiva which meets the necessary bases strongly points to achieve future negotiations.

We can say that now is Sumiva in good time to reach this market, that well before, trade agreements with China that in Brazil also appears as a good opportunity to power through the sale of products excellent quality and a winning field marketing company through the voice message to voice its clients to others interested in importing from China.

Now, describe which are the internal and external variables are relevant for the company in front of the macroeconomic environment in Brazil:
10.1.1 SWOT Analysis. The next step of this research is to evaluate the internal and external situation Sumiva about the business idea.

The internal analysis focuses on the strengths and weaknesses that may affect the Company's ability to achieve its objectives in this regard, the company may change or influence as (the organization, production, etc.) While the external analysis looks at the opportunities and environmental threats of the company, ie the factors on which the company has little ability to influence and you have to find ways to live with them (ig inflation, weather, currency change, etc.).

Each time you do this SWOT analysis will be used to set goals and define strategies. And focus on the factors affecting the implementation of the plan.

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### Table 12 SWOT MATRIX

<table>
<thead>
<tr>
<th>POSITIVE</th>
<th>NEGATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Provide satisfaction of customer needs.</td>
<td>✓ Do not rely on information from the customers.</td>
</tr>
<tr>
<td>✓ Experience in the distributions of manufactured products in Asia.</td>
<td>✓ Do not have relevant information on product that customers want to import.</td>
</tr>
<tr>
<td>✓ Ability to manage languages.</td>
<td>✓ Do not have enough staff to meet customer requests.</td>
</tr>
<tr>
<td>✓ Build trust and good customer service</td>
<td>✓ Lack of planning</td>
</tr>
<tr>
<td>✓ Good reputation</td>
<td></td>
</tr>
<tr>
<td>✓ Strategic location for business today.</td>
<td></td>
</tr>
<tr>
<td>EXTERNAL</td>
<td>INTERNAL</td>
</tr>
<tr>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>✓ Support through certification companies</td>
<td>✓ Change in the Exchange rate.</td>
</tr>
<tr>
<td>✓ Brazilian trade agreements</td>
<td>✓ Low competitiveness of products manufactured in Asia.</td>
</tr>
<tr>
<td>✓ Good payment culture</td>
<td>✓ Brazil is a Autarchic country.</td>
</tr>
<tr>
<td>✓ Legal framework for foreign investment.</td>
<td>✓ New traders in Brazil.</td>
</tr>
<tr>
<td>✓ Stimulus to credit and financing.</td>
<td>✓ Political conflicts.</td>
</tr>
<tr>
<td>✓ Good regional leadership.</td>
<td>✓ Decreased purchasing power.</td>
</tr>
</tbody>
</table>

10.2 Identified products for Brazil.

To Sumiva, this point is the heart of the research; it is here where different businesses will emerge with the Brazilians.
Knowing the product line for Brazil is very important because through this is where it is great to identify the real needs of the Brazilian market and its demand; know what their preferences, their quantity demanded.

Below are details of potential products in Brazil. They are described as non-traditional products.

Image 6. Potential products in Brazil.

Image 7. Potential products in Brazil


Image 8. Potential products in Brazil

Note: taken from. III Congress of International Business
However for Sumiva International Limited products where they have more knowledge and are competitive are:

- Clothing (leather manufacturing, materials for underwear, shoes and jewelry, all types of clothing)
- Textiles
• Manufactures and Supplies (plastic, plastic packaging)
• Building Materials
• Tools
• Decorative items.
• Home & Office Items
• Accessories and parts for mobile phones
• Electronic equipment.
• Toys
• School Supplies
• Spare parts and accessories for vehicles

10.2.1 Tariff Position As to the duty position of the company products commercially available, are described is the chapters 60, 61, 62, 63, 64, 65, 66, 69, 68, 73, 82, 85, 90, 91, 92, 94, 95, 96, 97.

Because they are quantities of Nomenclature, the reader is asked to direct their gaze to the table of the TEC (Common External Tariff). This is clearly what their classification, description, and both applied tariff rate.
On the table are differentiated items each with respective color, to have more info please see the CD #2. of this document

Table 13. Tariffs of Exported products to Brazil

<table>
<thead>
<tr>
<th>ITEM DESCRIPTION</th>
<th>COLOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothes (leather, raw material for underwear, shoes, jewelery), Textiles</td>
<td>YELLOW</td>
</tr>
<tr>
<td>Manufactures and supplies (plastic packaging)</td>
<td>ORANG E</td>
</tr>
<tr>
<td>Construction Materials</td>
<td></td>
</tr>
<tr>
<td>Tools</td>
<td></td>
</tr>
<tr>
<td>Decorative Items</td>
<td></td>
</tr>
<tr>
<td>Home and office suppliances</td>
<td></td>
</tr>
<tr>
<td>Cell and part accessories</td>
<td>GREEN</td>
</tr>
<tr>
<td>Electric and Electronic equipment</td>
<td></td>
</tr>
<tr>
<td>Toys</td>
<td>PURPLE</td>
</tr>
<tr>
<td>School supplies</td>
<td></td>
</tr>
<tr>
<td>Other entertainment articles</td>
<td></td>
</tr>
<tr>
<td>Accessories and auto parts</td>
<td>BLUE</td>
</tr>
</tbody>
</table>
10.2.2 Demand Forecast. Keeping in mind that most products have ready markets Sumiva distribution in the southeastern and southern Brazil, with the greatest amount of purchasing power around the country. It aims to reach as the first stay, the population of Rio de Janeiro and Sao Paulo, informal trade, since in these cities is where our customers are located. Now describe these two cities roughly, that Sumiva can know how to act.

- **Rio de Janeiro:**
  Today it is an attractive place to Sumiva, since it is the first industrial and commercial city in Brazil. After his discovery of oil in Campos Basin allowed different national and international companies arrived and began to give way to the city. In Rio, is the headquarters of the National Bank of Economic and Social Development, even the stock market is Brazil, and as the end is excellent attraction sectors in terms of trade in general and tourism in Rio are the best hotels 5 stars from around the country and listed some of the world; where large amounts of tourists from all over the world including famous
characters come to enjoy the beaches and sun of this great city.

- Sao Paulo:

Most developed state in the country, representing over 33.5% of Brazilian GDP and is greater than that of many Latin American countries. The state has a main economic base industry, after the services (including finance) and trade. But its agriculture and livestock are very important and modern. The state is the financial center of Latin America; in the metropolitan area of the capital (São Paulo) are the headquarters of Major Brazilian and foreign banks with subsidiaries in Brazil, especially those found in the Avenida Paulista. BOVESPA (Bolsa de Valores de Sao Paulo state) is also the most important in Latin America.

Its agriculture produces orange and orange juice for domestic and foreign markets, and sugar cane, coffee and cotton for the domestic market. Sugar cane is mainly planted for the production of alcohol, used in all of Brazil as a biofuel. The cattle suffered a slight decline in recent years with the growth of sugar plantations, but it is still important and their herds of cattle are among the best in the
country.
The state also has tourist local and good infrastructure to receive visitors, although not as famous worldwide as the city of Rio de Janeiro.

With regard to expected demand still do not have specific data about how customers are expected to buy, this research at this time pending the outcome occurred in the various activities planned, ie the company is making concessions with different customers inquiring about what the products with which they work, which amounts are expected to purchase, who distribute it, etc.

It is expected that by the end of this report is expected to change these annotations and have more clarity in order to give quantitative figures, qualitative analysis of the situation.
11. Conclusions

Brazil, despite being a self-sufficient country offers the perfect market for Sumiva International Limited between playing an important role in international trading. As mentioned earlier by his great experience in the different markets in China and once the facilities with which the Brazilian government to bring to account the outcome of successful negotiations between countries.

This in turn allows excellent handling thanks to the company, excellent employees, with experience, skills, good values, knowledge of their clients and their differentiated products is what will make you stand out Sumiva successfully in the proposed agenda for working with entrepreneurs Brazil during the second semester of 2010.
12. Suggestions

- Keeping in mind that the Brazilian market is quite large offering different business opportunities and how attractive it has become for foreign investment, is really need to Sumiva International Limited diversify its range of products manufactured in Asia, because of conflicting needs in Brazil through market research.

- All staff Sumiva have to know about Brazil target market, their needs and interests, taking as a tool this writing document, and knowingly applied for here is described how one works and manage relationships with customers and other information necessary to have an optimal achievement.
References


Annexes

TABLES>>

- Annex. 1 Main 10 products exported to Brazil 2009

### Annex. 1 Main 10 products exported to Brazil 2009

<table>
<thead>
<tr>
<th>Description</th>
<th>P2 Mio. USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Vehículos de transporte a motor de pasajeros</td>
<td>316,787</td>
</tr>
<tr>
<td>(2) Bicicletas</td>
<td>191,470</td>
</tr>
<tr>
<td>(3) Artículos para el transporte a motor de pasajeros</td>
<td>108,096</td>
</tr>
<tr>
<td>(4) Vehículos para el transporte a motor de pasajeros</td>
<td>75,246</td>
</tr>
<tr>
<td>(5) Vehículos para el transporte a motor de pasajeros</td>
<td>49,703</td>
</tr>
<tr>
<td>(6) Cables y otros componentes de vehículos</td>
<td>75,246</td>
</tr>
<tr>
<td>(7) Cables y otros componentes de vehículos</td>
<td>49,703</td>
</tr>
<tr>
<td>(8) Motos y partes para motocicletas</td>
<td>95,380</td>
</tr>
<tr>
<td>(9) Carros de caballo y partes para carros de caballo</td>
<td>20,116</td>
</tr>
<tr>
<td>(10) Accesorios</td>
<td>2,172,061</td>
</tr>
</tbody>
</table>

**Note:** The data used for the preparation of the graphs and charts are font Customs Office in Uruguay.
Annex 2


Source: National Research Center for Vegetables in Brazil. 2009
Annex. 1  *Annual inflation rate (IPCA)*

*Fuente: IBGE y BCB*

*Note: The figures were drawn from presentations BCB*

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Annex. 2  *Trade Balance of Brazil*

It has a surplus in 12 months: U.S. 24.3 USD billions. As for the export of commodities and diversification within the market.

*Note: The figures were drawn from presentations BCB*
• **Annex. 3 International Reserves**

Para Enero de 2010 se ha presentado un aumento de las reservas internacionales.

*Note: the figures were drawn from presentations BCB*

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• **Annex. 4 Foreign Direct Investment**

Increased capital inflows to the country during the 2010 tour and we expect even more investments for the next years to come.

*Note: the figures were drawn from presentations BCB*
IMAGES>>

- Annex. 1 “Shanghai Expo 2010 Brazil Pavilion”

**SHANGHAI EXPO 2010 “PAVILION”**

*Note: Taken from Brazil Pavilion.www.expo2010.cn. Mayo 1/2010*

- Annex. 2 “Pulsing Cities”

**EXPO SHANGHAI 2010 “SLOGAN”**

*Note: Taken from Brazil Pavilion.www.expo2010.cn. Mayo 1/2010*
Annex. 3 Shanghai Expo inside the heart of Brazil


IMAGES GENERAL INFO ABOUT BRAZIL

Annex. 4 Brazil Economic Map

- Annex. 5 Rio de Janeiro Downtown

![Image of Rio de Janeiro Downtown]

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- Annex. 6 Light Station, Sao Paulo

**LIGHT STATION, SAO PAULO**

![Image of Light Station, Sao Paulo]

DIGITAL ANNEX>>

There is an Annex in the second CD called “Anexo”, which includes the percentage contribution of Tariffs on exported products to Brazil; because the document is quite expensive.