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## **RALEIGH EXPORT ASSISTANCE CENTER TRADE BULLETIN**

### **SETTING UP OPERATIONS IN BRAZIL**

**By: Marina Konno**

Foreign investors interested in the Brazilian market should consider setting up a company or acquiring an existing entity. According to information provided by Marcondes Advogados Associados Law Office, both options are available to foreign investors, and are cheaper and easier to perform than the establishment of a branch office. The formation of a branch office is allowed, but requires prior approval from the Brazilian Federal Government. Such approval must come from the President himself as a Decree. However, any foreign individual or company may form a legal entity in Brazil, just like a Brazilian citizen or company.

Pursuant to the Brazilian legislation, a company is deemed Brazilian if it is formed according to the Brazilian statutes and if its activities and management are headquartered in Brazil, regardless of the origin of its capital. That is, even if all shareholders of a company are located in foreign countries, the entity is still considered Brazilian for legal purposes.

On some activities the law requires a company to be controlled by a Brazilian individual or entity. However, according to Marcondes Advogados, most restrictions may be lawfully overridden by careful planning, which might include the formation of a company in Brazil. All company types foreseen by the Brazilian law are open to foreigners. Thus, foreign companies may opt to form a partnership, a civil company or a corporation. Types of partnerships differ regarding management privileges and liabilities.

The U.S. Commercial Service maintains a list of attorneys that can help U.S. companies interested in setting up operations in Brazil. Companies interested in receiving a copy of such a list should contact Shirreef Loza, Commercial Service Specialist, e-mail [SHIRREEF.LOZA@MAIL.DOC.GOV](mailto:SHIRREEF.LOZA@MAIL.DOC.GOV)

The above information was provided by the Brazilian law firm Marcondes Advogados Associados, phone 55-11-3253-9199, [WWW.MARCONDES.COM.BR](http://WWW.MARCONDES.COM.BR)

### **U.S. ENGLISH AS A SECOND LANGUAGE (ESL) PROGRAMS MISSING OUT ON MEXICAN MARKET**

The importance Mexican citizens place on having a command of the English language is a trend that has resulted from Mexico's role as a player in the world economy and international politics, and even more specifically as a result of growing economic and cultural interdependence between Mexico and the United States. The United States is the largest foreign investor in Mexico, its largest trading partner, the leading source of its international tourists, and the preferred destination for Mexican nationals seeking graduate education. For more information on potential export success for ESL programs to Mexico, please contact Shirreef Loza at (919) 715-7373 ext. 613, or e-mail [SHIRREEF.LOZA@MAIL.DOC.GOV](mailto:SHIRREEF.LOZA@MAIL.DOC.GOV)

## **SOUTH AFRICA—"MARKET OF THE MONTH"**

On April 27, South Africa celebrated the 10-year anniversary of democracy. The country enjoys robust civil institutions, a consistent rate of growth, and a respectable investment rating, making it very attractive for companies interested in doing business in a dynamic market. Now is the time for U.S. companies to prepare their business development plans in southern Africa, before the US-SACU Free Trade Agreement, due to be signed in 2005, opens up the market for even more U.S. exports. Accessing the South African market is also a cost-effective means of gaining entry to the SACU (Southern African Customs Union: South Africa, Namibia, Botswana, Lesotho and Swaziland) as well as the SADC market (Southern African Development Community: Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe). With its financial management and transportation infrastructure, South Africa is the logical conduit for most commercial activities in the region. Go to:

[http://www.export.gov/comm\\_svc/press\\_room/marketofthemonth/SoAfrica/SoAfrica.html](http://www.export.gov/comm_svc/press_room/marketofthemonth/SoAfrica/SoAfrica.html) for more information or contact the Raleigh USEAC.

## **U.S. and DOMINICAN REPUBLIC CONCLUDE TRADE AGREEMENT**

The U.S. and the Dominican Republic concluded a free-trade agreement on March 15 that will promote growth and opportunity by integrating the Dominican Republic into the recently concluded U.S.-Central American Free Trade Agreement (CAFTA). U.S. Trade Representative Robert B. Zoellick commented, "This is a proud day for the people of the Dominican Republic and the United States. With close ties and \$9 billion in trade already, this free-trade agreement will help both countries to grow stronger together." With the addition of the Dominican Republic to the "cutting-edge, modern" CAFTA (an agreement between the U.S., Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) the combined total goods traded among all seven

countries will be approximately \$32 billion. For more information, go to:

<http://www.tcc.mac.doc.gov/cgi-bin/doi.cgi?204:52:832674447:1050>.

## **TWO SHOWS IN JAPAN TO SHOWCASE HOME & BUILDING PRODUCTS**

The Commercial Service in Osaka-Kobe will again host a U.S. Pavilion at the **Japan Home & Building Show**, formerly Japan Home Show, in **Tokyo, November 16-19** and the **Home Builders Expo in Osaka, November 25-27** of this year. The Japan Home & Building Show is the largest housing industry trade show in Japan, attracting about 100,000 visitors. Exhibiting as a U.S. Pavilion participant is an excellent way to meet knowledgeable industry representatives such as homebuilders, importers and distributors, architects and developers. The Home Builders Expo that is being organized as a follow-on trade show to the Tokyo event will also feature a U.S. Pavilion. The Japanese housing market is the world's second largest. Japanese homebuyers' continued interest in North American style housing means that more builders are seeking new high quality products and suppliers. In addition, the traditional post-and-beam, condominium and remodeling markets, largely untapped by U.S. companies, offer expanded opportunities for export-minded businesses. For more information, contact the Raleigh USEAC.

## **UPDATES ON FREE TRADE AGREEMENTS**

The U.S. Commercial Service is now publishing a free email newsletter called "TradeWise" to update companies on Free Trade Agreements of which the United States is a part. The current issue focuses on the recent U.S.-Chile and U.S.-Singapore Free Trade Agreements. Though culturally and economically different, Chile and Singapore do have something in common: It is now easier than ever for U.S. exporters to enter these markets and expand their international sales. To receive issues of "TradeWise", go to: <http://www.mailermailer.com/x?oid=05056u>.