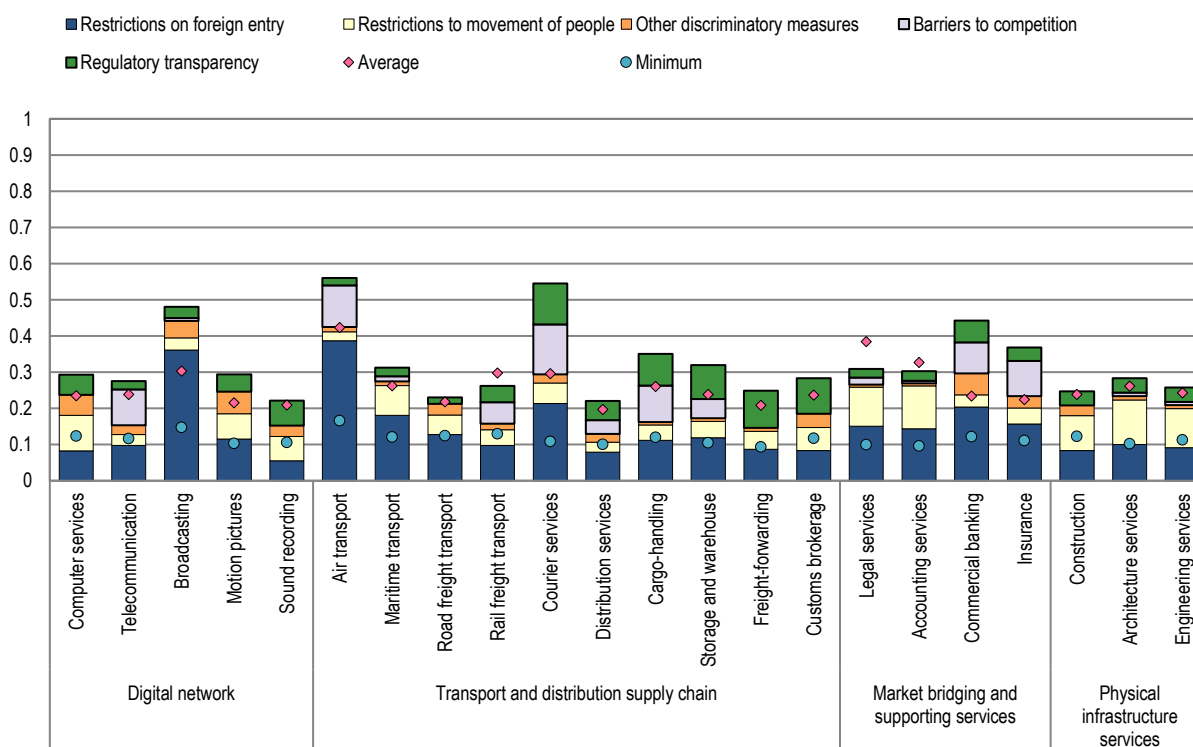


OECD Services Trade Restrictiveness Index (STRI): Brazil

Brazil exported services worth USD 34 billion and its services import value was USD 66 billion in 2017. Business, professional and technical services are the largest categories of services exports and imports. Brazil's score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 45 countries included in the STRI database for each sector.

STRI by sector and policy area



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 36 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Malaysia, Russia and South Africa. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people).

Horizontal policy measures

Brazil has a lower score on the STRI than the average in three out of 22 sectors, a fact explained both by general regulations affecting all sectors and by sector-specific rules. A specific approval regime applies to the establishment of foreign branches, which requires the publication of an executive decree issued by the federal government. For natural persons providing services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers, Brazil imposes a labour market test according to which foreign workers are hired if no potential Brazilian candidate has the required skills. In addition, at least two-thirds of the workforce of a Brazilian company must be composed of nationals, and the managers of a joint-stock company must be residents in all sectors. The administrative procedures required to register a company are not in line with best practice, raising the cost of establishment in all sectors.

The sectors with the relatively lowest STRI scores

Legal services, rail freight transport and accounting services are the three sectors with the lowest score relative to the average in Brazil. Only locally licensed lawyers can hold shares in law firms and they are prohibited from associating with or being hired by foreign legal professionals. However, foreign lawyers can register after passing an exam, or practice their home country and international law as foreign law consultants. Accounting services cover also auditing services. Similar to legal services, accountants and auditors that obtained their qualifications abroad are required to take a local examination to revalidate their credentials and only locally licensed and registered accountants can become equity partners in Brazilian accounting companies. Rail freight transport is open to foreign investment and Brazil grants international access rights in freedom of transit conventions, although rail operators that plan to provide cabotage services need to register as domestic companies. Interoperability is encouraged but not required.

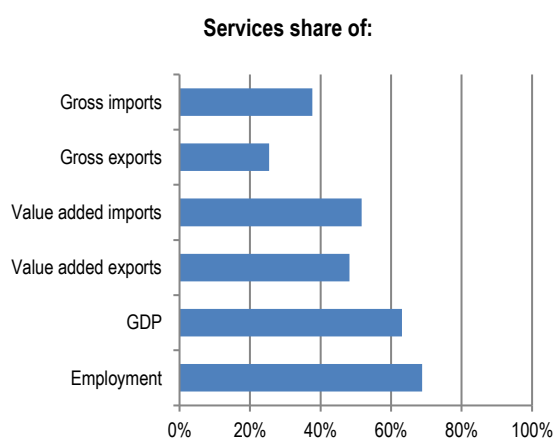
The sectors with the relatively highest STRI scores

Insurance, courier services and commercial banking are the three sectors with the highest score relative to the average in Brazil. The admission of foreign participants in the banking sector is subject to prior approval by Brazilian authorities based on international agreements, reciprocity or national interest. The establishment of foreign bank branches and the provision of banking services on a cross-border basis are not allowed. Several major commercial banks are state-owned. Foreign insurers can establish subsidiaries and branches, but the authorisation takes into account economic needs tests and reciprocity conditions. Cross-border transactions are allowed only for reinsurance and locally unavailable policies. Furthermore, insurance brokers must be Brazilian nationals or permanent residents, and financial supervisory institutions are not fully independent from government intervention. Courier services include letters, parcel and express delivery services. The state-owned postal operator has a monopoly on pick-up, transport and delivery of letters, hence excluding private competitors from the letter segment. Express delivery services operate competitively, but the absence of pre-arrival customs processing and of a general *de minimis* regime affects cross-border services.

Recent policy changes

In 2015, the Federal Supreme Court ruled to exempt the designated postal operator from VAT and other local taxes for both its postal and courier services.

Efficient services sectors matter



Services account for only 25% of Brazil's gross exports, but half of its exports in value added terms, indicating that Brazil's exports of goods rely intensively on services inputs. The present contribution of services to value added exports is, however, lower than average. Services account for around two-thirds of GDP and employment, which implies that earnings and aggregate demand depend crucially on productivity in the services sectors. The information and communication technology revolution opens new opportunities for inclusive growth in a services economy like Brazil. Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Brazil could benefit from more open markets for services trade through the temporary movement of natural persons.

More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](#)
- » Find out more about the [Role of Services for Economic Performance in Brazil](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org