

Brazil's Red Tape Makes It a Poor Exporter

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Brazil's Ministry of Finance has an extensive list of action plans to improve the business climate and increase competitiveness, especially in the export sector.

According to the ministry's secretary of International Affairs, Luiz Pereira da Silva, the essential factor in creating jobs and income while increasing production is macroeconomic stability.

Silva made his comment at a conference on competitiveness sponsored by the American Chamber of Commerce (Amcham).

He went on to say that red tape was the biggest obstacle the business community complained about. Suffice it to say that on the average it takes 150 days to open a business in Brazil, and as much as 10 years to close one.

Meanwhile the Amcham president, Sergio Haberfeld, pointed out that although Brazil keeps breaking export records, its share of international commerce has actually fallen from 1.31% in 1985, to 0.98% today.

At the same time its attractiveness as a destination for direct foreign investment dropped from 9th place in 2003, to 17th place this year.

Besides the red tape, there is the cost of doing business in Brazil, said tax expert, Roberto Pasqualin, pointing to the country's tax burden, elevated interest rates and high banking sector spreads as examples of the problem.

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