



BRAZIL – 2023

Key findings

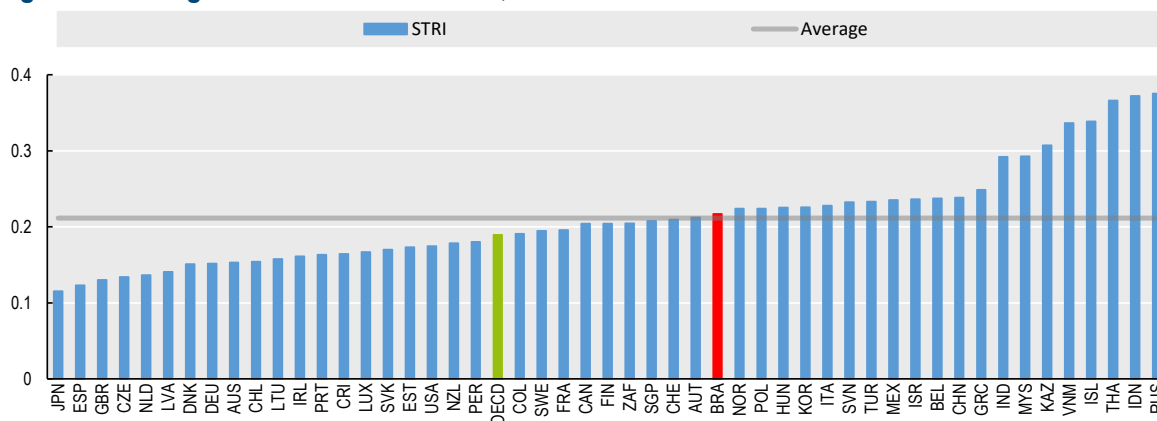
- The 2023 STRI of Brazil is above the OECD average but on par with the STRI sample average. The index has decreased slightly compared to 2022.
- Relevant changes in 2023 include the reversion of a restriction introduced in 2022 that required residency requirements for governance bodies in the insurance services sector and the introduction of a *de minimis* regime for goods of value below USD 50 if certain conditions apply.
- Brazil's regulatory environment for services has been relatively stable with some important liberalising reforms being adopted in the recent years.
- Air transport services are the most open in Brazil compared to sectoral sample average while courier services are the most trade restrictive, relative to the sectoral average.

Recommendation

- Trade in services strengthens resilience across supply chains, facilitating environmental sustainability and promoting greater inclusiveness. To ensure the benefits of open markets and a rules-based international trading system, national and multilateral action is needed to lower barriers and reduce trade costs, promote greater regulatory interoperability, and facilitate the digital transformation of economies.

The 2023 STRI of Brazil is above the OECD average, and on par with the STRI sample average (Figure 1).

Figure 1. Average STRI across countries, 2023ⁱ



OECD (2023). STRI and TiVA databases.

The 2023 index is partially due to stringent economy-wide regulations, including the need for specific approval from the federal government to establish a foreign branch in the country, consideration of national interests when screening foreign direct investment, and the requirement that at least two-thirds of the workforce of a Brazilian company must be composed of nationals.

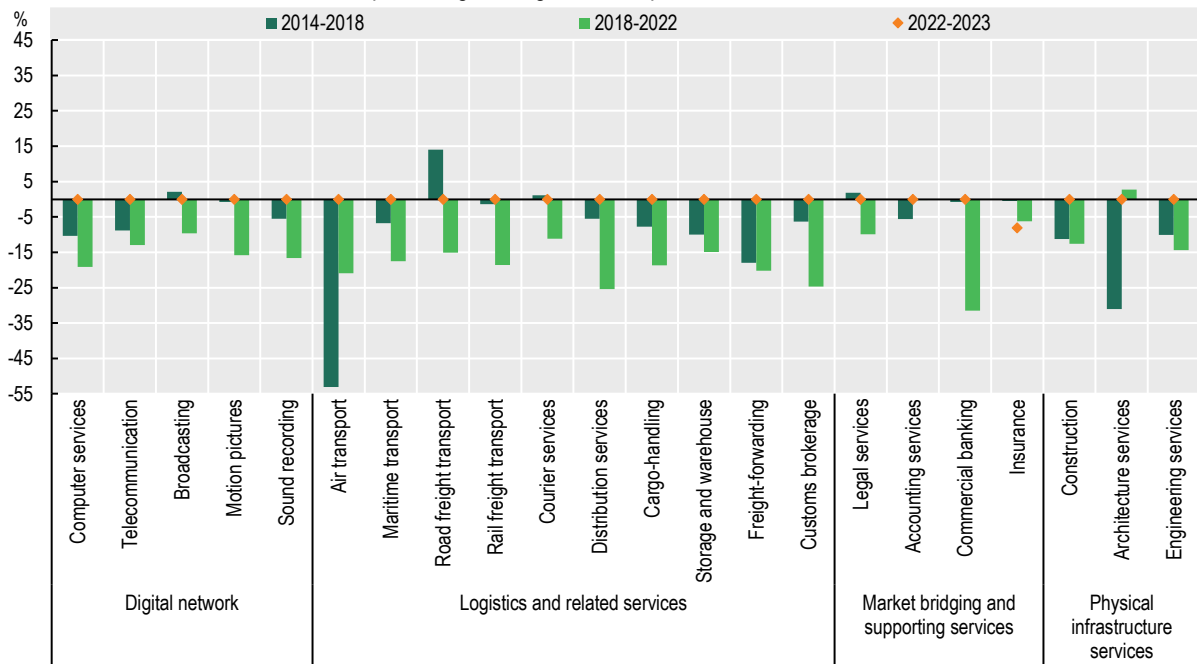
Over the past years, Brazil has been progressively introducing reforms, contributing to easing the conditions for trade and investment in several sectors (Figure 2). In 2023, Brazil introduced a *de minimis* regime for goods included in postal or international air parcels and of value below USD 50. Also in 2023, Brazil reverted a policy change introduced in 2022 that required 65% of the statutory or contractual bodies of supervised entities in the insurance sector and insurance brokers to be resident in the country.

The change in the index between 2018-2022 is largely explained by the entry into force of a new law on the foreign exchange market (*Lei No. 14.286, de 29 de dezembro de 2021*). This new law recognises equal treatment to foreign and national capital and suppresses previous limitations by which National Treasury and other official public credit entities faced limitations to guarantee or provide financing to companies controlled by non-residents. The foreign exchange market law also eliminates restrictions on the possibilities for banks headquartered in countries where Brazilian banks could not fully operate to acquire more than 30% of the voting rights within Brazilian banks.

In 2021, Law 14195/2021 on the facilitation of the opening of companies introduced important reforms, including the elimination of residency requirements for managers in most sectors, except legal and accounting services. Managers are no longer required to reside in the country but need to appoint a representative in the country for legal purposes. In the same year, Brazil introduced an important reform on the organisation of the *Banco Central do Brasil* (Brazil Banking Supervisory Authority) and eliminated the residency requirement for members of the board of directors or managers of the Brazilian Post and Telegraph Corporation (*Empresa Brasileira de Correios e Telégrafos*). Lastly, the rule establishing screen quotas in movie theatres expired, ending a relevant restriction for the motion pictures sector.

Figure 2. Evolution of STRI indices by sector in Brazil

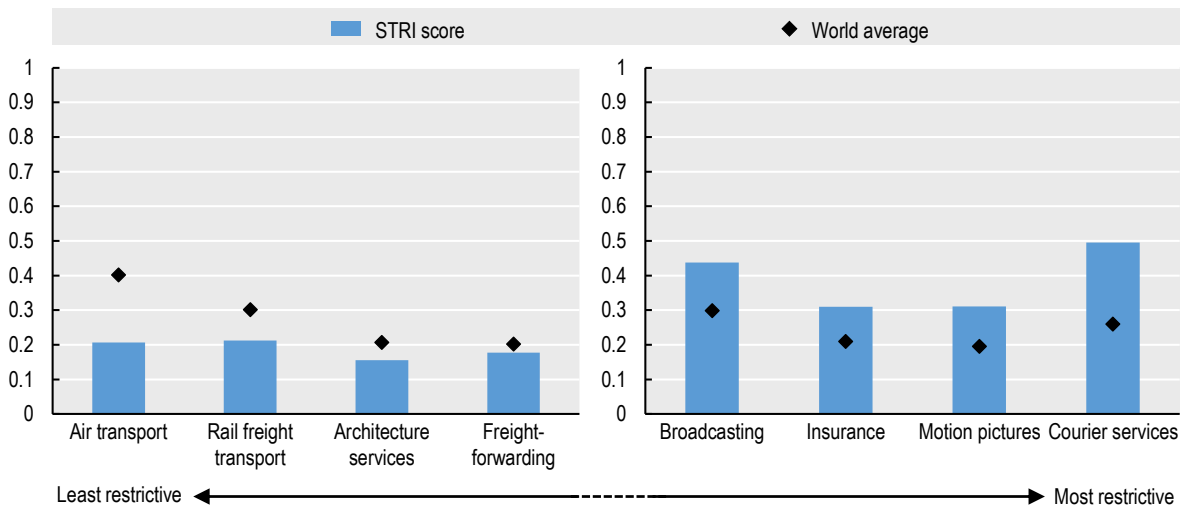
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks Brazil's sectors relative to the respective sector's world average. Air transport, rail freight transport, architecture services and logistics freight-forwarding are the sectors with the relatively lowest scores. Conversely, broadcasting, insurance, motion pictures and courier services are the sectors with the relatively highest score.

Figure 3. Sectoral breakdown - The least and most restricted sectors in Brazil compared to world average



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

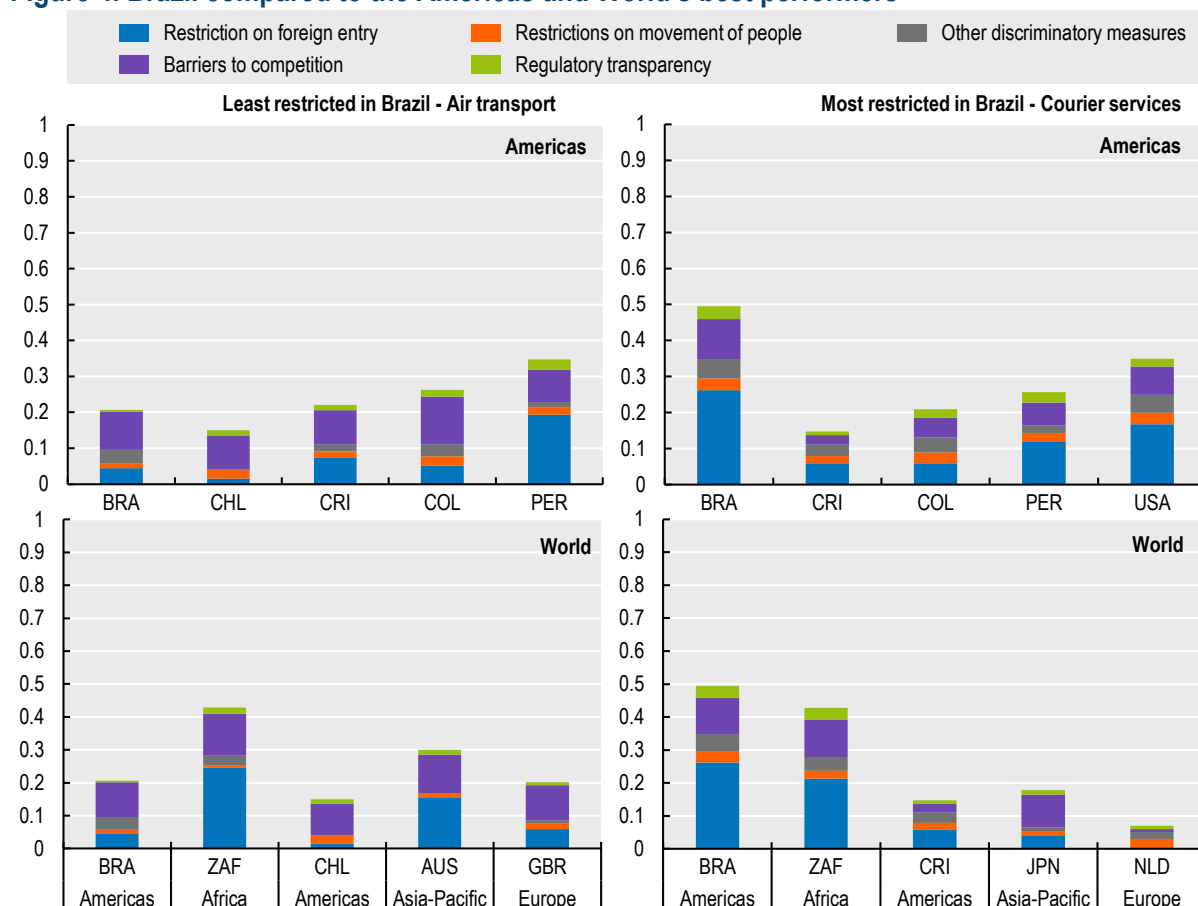
i.e. $(STR I_{country, sector} - STR I_{world\ average, sector}) / STR I_{world\ average, sector}$

Source: OECD (2023). STRI database.

Air transport services are the least restricted in Brazil compared to the average sectoral STRI. While Brazil maintains low restrictions on foreign entry and regulatory transparency, barriers to competition could be further reduced, including with regard to improving competitiveness in airport slot allocation at major airports.

Courier services is the most restricted services sector in Brazil compared to the average sectoral STRI across all countries. Restrictions on foreign entry are significant compared to best performers in the Americas (Figure 4). Courier services include letters, parcel and express delivery services. The state-owned postal operator *Correios* has a monopoly on pick-up, transport and delivery of letters and postcards, hence excluding private competitors from these segments. Express delivery services operate competitively, and a new *de minimis* regime was introduced in 2023.

Figure 4. Brazil compared to the Americas and World's best performers



Source: OECD (2023). STRI database.

Recent policy changes

In 2023, Brazil introduced a *de minimis* regime. Goods included in postal or international air parcels of value below USD 50 can benefit from zero percent tax if they are intended for natural persons and the sender companies meet the requirements of a compliance programme (*Programa Remessa Conforme*). This programme aims at facilitating e-commerce transactions and companies can voluntarily adhere to it. Also, in 2023, a new resolution from the Agency of Civil Aviation suppressed the requirement to respect historic slots in the allocation of slots for new entrants. However, it kept the priority to the continuation of slots from previous season. Lastly, Brazil also reverted a policy change introduced in 2022 that required 65% of the statutory or contractual bodies of supervised entities in the insurance sector, as well as insurance brokers, to be resident in the country.

From 2022, a new law on the foreign exchange market (*Lei No. 14.286, de 29 de dezembro de 2021*) facilitates the movement of capital between Brazilian and foreign firms. It also suppresses the previous limitation for the National Treasury and other official public credit entities to guarantee or provide loans, credits or financing to companies obtaining credit abroad whose majority of the capital with voting rights

belongs to non-residents. Previously, an analysis of the national interest for Brazil, as well as an authorizing decree from the Executive Branch, were necessary. Since this law entered into force, foreign banks headquartered in areas where the legislation imposes restrictions on the operation of Brazilian banks are no longer prohibited from acquiring more than 30% of shares with voting rights in national banks.

In February 2021, a new law reformed the governance structure of the *Banco Central do Brasil* (Brazil Banking Supervisory Authority). This reform included recognising the *Banco Central do Brasil's* independency and financial autonomy, as well as its full authority over licensing and enforcement of prudential measures. The reform also includes a limitation of the length of term applicable to its governing body. In the same year, Brazil eliminated residency requirements for managers in most sectors, except for legal and accounting services, with managers residing abroad needing only to appoint a representative residing in Brazil for legal purposes. Also in 2021, Brazil eliminated residency requirements for members of the board of directors or managers of the Brazilian Post and Telegraph Corporation (*Empresa Brasileira de Correios e Telégrafos*). Since 2021, cinemas are no longer required to show a quota of Brazilian movies.

More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org

ⁱNote: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2023. The STRI regulatory database covers the 38 OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.