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BRAZIL

Market Overview for Foreign Companies Selling in Brazil

July 2026

Demand, routes to market and partners — what exporters and suppliers need to know

CAPITAL **Brasília**	POPULATION **212.8 M**	CURRENCY **Real (BRL)**	FX (USD/BRL) **~5.08**
GDP (NOMINAL) **~US$2.28 T**	GDP / CAPITA **~US$10,700**	GDP GROWTH '26F **~2.0%**	INFLATION (JUN '26) **4.64%**
POLICY RATE (SELIC) **14.25%**	UNEMPLOYMENT **~6.0%**	SOVEREIGN RATING **BB / Ba1**	ELECTION **4 October 2026**
INDIRECT TAX **ICMS/IPI (in reform)**	TRADE BLOC **Mercosur (CET)**	IMD COMPETITIVENESS **65th of 70 (−7)**	MAIN PORT **Santos**

POLITICS

- **Election year.** General elections on 4 October 2026, with a runoff on 25 October near-certain. President Lula (PT) seeks a fourth term against Senator Flávio Bolsonaro (PL), who leads in recent second-round polling.
- **Genuine uncertainty.** Polls and prediction markets are close — treat 2027 policy direction as unresolved and avoid betting a market-entry plan on either outcome.
- **Tax reform in transition.** The consumption-tax overhaul (CBS/IBS) is phasing in, simplifying one of the world's most complex indirect-tax systems — a multi-year but material improvement.
- **Institutional depth.** Strong institutions and a vast domestic market offset the political noise; Brazil rarely rewards short-term tactics.

ECONOMY

- **Slowing but resilient.** ~2.0% expected in 2026, with Q1 growth of 1.1% ahead of the prior quarter.
- **High rates bite.** Selic at 14.25% after three consecutive cuts — still deeply restrictive, constraining credit-financed purchases.
- **Inflation easing.** 4.64% in June, above the 3% target but drifting down; the interest-rate differential keeps the real supported.

MOST ATTRACTIVE SECTORS

- **Agribusiness.** The world's agricultural powerhouse — machinery, inputs, precision agriculture and processing equipment.
- **Energy.** Pre-salt oil, plus wind, solar and transmission at scale.
- **Mining.** Iron ore and base metals with a deep supplier chain.
- **Healthcare & medical.** A vast public and private system with sustained equipment demand.
- **Technology & industry.** Latin America's largest tech market; automation and Industry 4.0 investment.

SELLING INTO BRAZIL

- **The hard market.** Latin America's biggest prize and its most protected: high tariffs, complex indirect taxes and heavy compliance. Budget more time and cost than elsewhere.
- **Local presence often required.** Distributor-only models frequently underperform; many sectors effectively require local stock, service and technical support.
- **Certification.** INMETRO (products) and ANVISA (health, food, cosmetics) approvals are slow and mandatory — begin well before launch.
- **Regional reality.** São Paulo is the commercial center, but Brazil is a continent — regional distribution strategy is essential.

HOW SOUTHBRIDGE HELPS YOU SELL IN BRAZIL

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