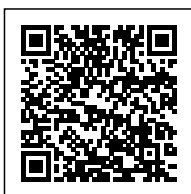


THE CHALLENGES OF INVESTING - BRIGANTI ADVOGADOS

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With Brazil poised to host the FIFA World Cup in 2014 and the Olympic Games in 2016, investment in major infrastructure projects is rising, says Leonardo Briganti, Founding Partner of Briganti Advogados in São Paulo, Brazil. But while it remains an attractive market, new tax regulations mean greater obstacles for foreign companies seeking to compete there.

"Many foreign investors are becoming involved in Government infrastructure projects, but to sell services in Brazil, they face a heavy tax burden that actually leads to the obligation of setting up a local company in order to provide such services," he says.

But such protectionism still leaves the door open for the creation of joint ventures with Brazilian firms, explains Briganti. "The upcoming sporting events, as well as Brazil's progress and economic growth have highlighted the need for infrastructure development with, for example, 10,000 km of railways planned. But real estate, where prices have doubled over the past five years, risks

overheating, and should be approached with caution."

Since Brazil still has many improvements to be developed, there are interesting opportunities for investors in almost every area of activity. Briganti, identifies sectors such as energy, services, infrastructure and technology as attractive to foreign investors.



However, investors still face some challenges. Foreign investors must be prepared to face a different culture and way of doing business, and to deal with the Brazilian bureaucracy and its legal and tax framework, he explains. Even within Latin America, Brazil is different to other countries in terms of investment, and investors must be prepared to wait for up to three or four years for a return. "But in terms of economic stability, we are in a much better position than we were ten or 15 years ago, and the outlook is very positive."