

Brazil, 12 June 2020

Country	Gov measures for Swiss subsidiaries in country	Economic Outlook 2020	Movement of goods	Movement of people
Brazil	✓			

Red = critical situation / expected GDP decline bigger than 5% compared to previous year

Yellow = difficult situation / expected GDP decline up to 5% compared to previous year

Green = normal or almost normal situation / remaining GDP growth compared to previous year

1. General Situation

DESCRIPTION OF THE CURRENT SITUATION

Brazil is the hardest-hit Latin American country in the coronavirus pandemic and has reached 41,000 deaths (stand June 11th, with 1'239 deaths within the last 24 hours). While Brazil's official numbers state 802'000 confirmed cases different scientific studies pretend the real figures could be 10 or even 15 times higher, given the country's absence of widespread testing. Many Lawmakers and state governors ask the population to follow health authorities' recommendations to reduce infection rates through stay-at-home policies while the President, Jair Bolsonaro, publicly opposes such measures invoking in particular their impact on the country's economy. Nevertheless, the governors of some of the most populous states as Sao Paulo and Rio de Janeiro among others intend to extend the partial quarantine measures in force since March until the Mid June. The pandemic, besides its high drain on the national health system – already collapsing in some regions, in particular cities like Manaus, Belem, Sao Luis and Fortaleza– and on the Brazilian economy in general, has pointed out weaknesses in the collaboration between Federal and State level, aiming at joining forces for the fight against the disease. These combined factors have also significant hurt the national currency: The Brazilian Real has seen a devaluation of over 40 % in 2020 during the first months of the year. During the past days the currency has slightly recovered and closed at 5.02 BRL per USD on June 11th. In June, some States and municipalities will start the easing of the quarantine measures, including the city of Sao Paulo with the opening of retail activities. This measure is highly debatable as the number of cases continues to grow and there is uncertainty regarding the evolution of the pandemic in the country.

- For updated numbers on COVID-19 in Brazil see:
<https://www.worldometers.info/coronavirus/country/brazil/>

GOVERNMENT MEASURES

- Isolation measures (closing of non-essential businesses, etc.) in almost all 26 states. Since In June 8th, some municipalities have gradually eased these measures.
- Financial support for informal sector workers and low-income families (3x120USD/month)

- Labor law adjustments in order to lower salary payments, suspension of employment contracts, anticipation of vacation days, work from home.
- Support for companies via postponement of due payments (federal taxes, social contributions)
- New credit lines for companies from state-owned Federal Savings Bank and Banco do Brasil
- See <https://www.s-ge.com/en/article/news/20202-c3-brazil-covid-economic-trade-related-measures>

ECONOMIC OUTLOOK (ECONOMIC DEVELOPMENT, EFFECTS ON INDUSTRIES)

- High government debt and spending
- Most industries under duress (tourism, automotive industry, production, design etc.)
<https://blog.euromonitor.com/the-impact-of-coronavirus-in-brazil-uneven-prospects-across-industries/>
- Very diversified economy, some sectors remain stable, in particular agriculture and food industry, mining.
- Increasing demand for digital solutions.
- Increase demand for industrial cleaning or disinfecting solutions.
- Early estimations predict GDP fall of 8% in 2020, Recovery of 4.5% in 2021 (based on last release of World Bank).

2. Movement of goods

- The Brazilian government introduced new legislation that simplifies the customs clearance procedures for articles used to combat the spread of COVID-19.
- Tax reduction to zero and export restrictions of medical, hospital and hygiene products essential to combat the pandemic caused by COVID-
- See <https://www.s-ge.com/en/article/news/20202-c3-brazil-covid-economic-trade-related-measures>

3. Movement of people

RESTRICTIONS ON ENTRY FROM SWITZERLAND

- Entry ban until end of June for all foreign nationals, with limited and specific exceptions such as for foreign nationals holding a Brazilian residence permit or a local identity document, those who are the spouse, de facto partner, child, parent or guardian of a Brazilian national and passengers in transit in Brazil who will remain inside the international area of the airport, among others.

RESTRICTIONS ON MOBILITY WITHIN THE COUNTRY

- No general restrictions on mobility within the country, however, reduced number of domestic flights available.
- Certain cities (Sao Luis, Belem, Fortaleza, Salvador, and Niteroi) have partial lockdowns, which restrict mobility within, and in an out of these cities. Rio de Janeiro has partial lockdowns in certain city districts.

- Sao Paulo, Rio de Janeiro, Brasilia and other bigger cities have measures obligating the use of protection masks on the streets.