

Meet the Despachante, Your New Brazilian Best Friend

Written by Robert Eugene DiPaolo
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In the previous articles in our series about doing business in Brazil we've discussed Brazil's legal system, the various types of Brazilian business entities, some of the steps required to start a business in Brazil and some of the obstacles you may face doing business there. At this point you may feel somewhat bewildered and overwhelmed with all the steps you need to take, the numerous applications you need to file and all the hoops you need to jump through to start a business in Brazil.

In fact, the whole process can at times seem unnecessarily complicated and quite Byzantine. Nonetheless, with proper planning, helpful guidance, a healthy dose of patience and your interpersonal skills well honed and ready for deployment, doing business in Brazil can be a rewarding experience and an exciting adventure.

While your attorney will coordinate the formation of your Limitada or Sociedade Anônimas and assist you with the various steps required to set up a business, there is another person or facilitator, available to assist you with getting things done in Brazil. This person is known as a *despachante*.

The term *despachante* is derived from the Portuguese adjective meaning "efficient", which I confess may seem somewhat ironic at this point in our discussion. If you look up the word *despachante* in a Portuguese/English dictionary, it's generally defined as a "shipping agent", a "document agent" or a "customs agent"; however this term is more broadly used to refer to the middleman or facilitator of business transactions of all sorts.

In his book *The Testament*, much of which takes place in Brazil, but which I must confess I have not read, John Grisham provides a colorful description of the term *despachante*.

Mr. Grisham writes that despachante is "a Portuguese term for a personal dispatcher, expediter, buyer, or runner."

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“No official document is obtained in Brazil without waiting in long lines. A *despachante* knows the city clerks, the courthouse crowd, the politicians, and the customs agents. He knows the system and how to grease it to get things done. The job requires a quick tongue, patience, and a lot of brass.

“For a small fee, a *despachante* will obtain permits and passports or do your voting, banking, and mailing - the list has no end. No bureaucratic obstacle is too intimidating. A *'despachante de aduana'* will assist you with imports, exports, and transportation involving customs houses. Some of the services of an honest *despachante* may seem fraudulent by U.S. standards, but acceptable by Brazilian standards. The services of an unscrupulous *despachante* may seem fraudulent even by Brazilian standards.”

As you might imagine, *despachantes* come in all shapes and sizes, and perform a variety of services, some completely legal, some perhaps not so legal, and many of which are somewhere in between, depending on your perspective and tolerance for shades of grey.

But having decided to do business in Brazil, you will need to become somewhat more comfortable with shades of grey and a certain informality in terms of getting things done. Using a *despachante* is even recommended by various U.S. governmental agencies.

For instance, the Alcohol, Tobacco Tax and Trade Bureau within the U.S. Department of the Treasury, suggests the following: “It might be helpful to receive assistance from a *'despachante'* o

r freight forwarder.

Despachantes

are often large organizations providing a wide range of services to anyone wanting to expedite their dealings with the government.

Despachantes

often clear goods through customs faster and they eliminate the need for permanent staff in the importing firm to handle such matters.”

So, there you have it, a warm recommendation for using a *despachante* from the U.S.

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government, or perhaps merely a realistic concession to the realities of doing business in Brazil.

The irony in all of this is of course that much of what the *despachante* does is to grease the system in order to get things done, which can include indirect payments, which as we have discussed violate the law in Brazil as well as in the U.S.

Even if you are not the one directly providing the payments which are necessary to grease the system, you are undoubtedly benefiting from all the payments *despachantes* have made on behalf of other clients over the years that enable them to effectively work the system, make the right contacts and get things done on your behalf.

Nonetheless, *despachantes* have become an essential part of the process of getting things done and maneuvering the layers of governmental bureaucracy in Brazil, much as real estate brokers have become an essential part of finding and renting an apartment in New York City.

You might not like it, but in the end, you have no choice. Okay, you do have a choice, but it's a choice between getting things done and battling against a system which has been in place since the Portuguese landed in Brazil.

In NYC, the broker has already built into her fee, generally 15% of the first year's rent, the cost of being the exclusive broker of certain properties. Call it what you want, but it's a well hidden bribe, wrapped inside what has become a well accepted, though despised, system for securing an apartment in Gotham City.

In Brazil, some *despachantes* have done the same, building all the necessary ancillary transaction fees into the cost of their service, while other *despachantes* may suggest that you provide him with a little something extra that he can slip in with the required application fee to facilitate the processing of your application.

With this in mind, you will want to be sure to use a reputable *despachante* service, one with

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which you feel comfortable working. You can find such a reputable *despachante*

with the assistance of your lawyer, through the U.S. Department of Commerce, the American Chamber of Commerce in Brazil and the various Brazilian Consulates.

As a foreigner in Brazil where business is all about personal relationships, it's practically an imperative that you work with a *despachante* to cut through the layers of red tape necessary to do business in there. In short, your *despachante* will become your new friend, your new best friend with lots of old friends, both of whom can help you get things done in Brazil.

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