

How to

Build your labor force in Brazil



Contents

Building a labor force	3
Forms of contractual relationships	4
Temporary hire	5
Internships	6
Outsourcing	6
Labor cooperatives	7
Self-employed workers	7
Payroll costs	8
Hiring your work office	9
How to do it yourself.....	9
Admission	10
The Status of unions	11
Labor Courts	12
Getting Started	12
About our sponsor	13

Building a labor force: the principal features of Brazilian labor legislation

Brazil has a complex and costly system of rules to regulate the relationship between employers and employees. Essentially, it is the legacy of a paternalistic structure introduced more than half a century ago and inspired by some of the systems used in Europe at that time. It is not uncommon for the foreign investor to see the system as extremely expensive, inflexible and inconvenient. However, it is perfectly possible to conduct a business efficiently and profitably while respecting labor legislation at all times. As shown in this booklet, there are various options for structuring the relationship between employers and their workforce and it is possible to choose between them in order to best adapt a workforce to a company's requirements at any given moment.

The complex legislation known as the CLT (Consolidação das Leis do Trabalho, or Consolidated Labor Laws) imposes on the employer a series of obligations that ostensibly protect employees. These range from the requirement that collective agreements be made between the employees and employers unions with respect to salaries - which are always expressed hourly or monthly - through to obligatory maternity and paternity leave, annual vacations, an additional salary in December and so on. The state levies contributions on companies' payrolls and with these resources provides indemnity for employees in the case of unjustified dismissal.

Taking into account the direct monthly and annual charges, the majority of companies use as a yardstick a total employment cost of roughly twice the basic salary (see page 10). Onto this must be added the cost of whatever non-mandatory benefits an employer may offer of his own accord

or because they are specified in a collective agreement. Note that only workers' transport subsidy ("vale transporte") is mandatory.

The major difference when compared with the United States is that all labor contracts are individual, despite the fact that the law imposes collective bargaining and agreements for each labor category. In other words, terms are agreed collectively and then are expressed in the form of individual contracts between the employer and employee. There is currently no alternative similar to a collective labor agreement, although the government and interested entities have for some time been discussing a change of policy.

Both the bureaucracy and the cost of formally hiring workers under CLT regulations have led to a situation in which only less than half of the total workforce enjoys the protection guaranteed to them as a result of full legal employment. The rest are employed in a number of situations that are frequently improper, at least from a bureaucratic point of view, or are totally outside any form of legal framework. In both cases, the primary motive is to reduce costs, principally of a fiscal nature. However, companies that create artificial situations to get around the law, or simply ignore the latter, run serious risks of being fined and of suffering law suits by their employees. The most advanced companies that operate in Brazil understand that proper adherence to the law is a basic requirement for any serious business. After all, they apply various modern methods of structuring labor relations to run parallel to current legislation. It is possible to remain safely within the law while using temporary or self-employed workers, internships and outsourcing as well as contracting cooperatives.

Forms of contractual relationships

The numerous payroll charges stipulated in the CLT have stimulated a growth in new ways to organize and structure labor relations. More and more companies are using temporary and self-employed labor, internships and outsourcing as well as staff from cooperatives. Consultants, for example, are almost always hired as self-employed workers to conduct specific tasks, while in major companies services such as cleaning, security, maintenance, cafeteria service, etc., are increasingly outsourced to specialized companies. The different methods of structuring a labor relationship are:

CLT Direct Hiring

This is the basic method of contracting an employee, as regulated by the CLT. The worker is contracted for a specific function and registered by the company in the form prescribed by law. A direct and legally-binding relationship is established. This labor relationship is regulated by the CLT and by Article 7 of the Chapter on Social Rights of the 1988 Federal Constitution.

Contracting an employee under the CLT implies the payment of various charges, calculated in proportion of salary and remitted by the company to the federal government. Some alternative methods of contracting staff can allow a company to avoid some of these costs or charges. (See "Payroll Costs".)

In essence, the CLT is an assortment of laws that largely reflect the paternalistic philosophy under which the system was initially adopted. It determines that the state and the unions exercise significant influence on employer-employee relations. One of the basic objectives is to ensure that workers enjoy certain guarantees or benefits in the event of dismissal. But the CLT and complementary legislation also cover diverse aspects as described below:

- **FGTS - Severance Indemnity Fund** (or *Fundo de Garantia do Tempo de Serviço*). This is an individual fund that each registered employee must by law possess at a bank. It is composed of deposits made monthly by the employer, on the employee's behalf, to the equivalent of 8% of total monthly earnings. The contribution may not be deducted from the employee's wage. FGTS money is held by the federal government and remunerated at a very low interest rate, albeit always above inflation. An employee may withdraw his entire FGTS fund for example on retirement, in case of unjustified dismissal, for specific use in the acquisition of a home and when the employee has a life-threatening disease, such as AIDS. When an employee is dismissed without cause (for no justifiable reason) he or she receives the equivalent of 40% of his accrued FGTS fund, to be paid by the employer as a final compensation. Effectively, this means that employers should make an accounting provision of a little more than

4.59% of the wage bill each month to cover FGTS dismissal costs. Although employees will receive 8% (FGTS contributions on their wages) and 40% final compensation, employers should account for 8.5% monthly and finally 50%, with the differences of 0.5% and 10% respectively being deposited into the general FGTS fund.

- **GIVING NOTICE** - The law requires a minimum of 30 days to give notice of dismissal, except in cases of justified dismissal, allowing for 'firing on the spot' with an indemnity payment for the 30-day period instead. It also stipulates that employees should give similar notice if they plan to leave their jobs. Some employees' and employers' unions have negotiated minimum notice periods of more than 30 days, particularly for workers of over 45 years of age, as part of a total benefits package resulting from annual salary negotiations.

- **MINIMUM WAGE** - The minimum wage is fixed by the government and revised annually, although in times of high inflation it has been adjusted more frequently. In August 2005 the minimum monthly wage was R\$300, or the equivalent of US\$130. Many sectors have their own 'minimums', which are called salary ceilings per category and fixed annually as part of salary negotiations. The minimum national wage is of limited direct importance in the private sector in the more prosperous regions of São Paulo and the Southeast, given that virtually all workers are paid more, but in the public sector and rural areas it can be significant.

- **WORKING WEEK** - The Federal Constitution determines a maximum of 44 hours weekly, limited to 8 hours daily, but many individual sector agreements are starting to reduce this. Also, a series of constitutional and legal provisions establish a shorter working week for a variety of professional categories, for example journalists, elevator operators and some employees in productive processes that operate 24 hours a day.

- **PAID WEEKLY REST** - All employees are ensured a paid weekly repose of 24 consecutive hours, preferably on Sundays and during civic or religious holidays, according to local tradition. In order to fairly remunerate corresponding rests and holidays, the employee must have worked the entire previous week, wholly fulfilling the required work hours.

- **'THIRTEENTH SALARY'** - Each regularly contracted worker must receive a 'thirteenth' monthly salary per year, 50% of which is paid between February and November and 50% in December.

- **PAID VACATION** - All employees have the right to one complete month of vacation after each 12 months of employment, paid at full basic salary plus one third. It is worth noting that International Labor Organization Convention Number 132 is being gradually applied in Brazil.

- **MATERNITY LEAVE** Totals 120 days counted from the 28th day before birth. During this time the mother receives full salary, paid directly by the company. The father may claim five days paid paternity leave on the birth of each child. This period can be increased by half through a mutual formal agreement between the employers' and employees' unions.
- **UNEMPLOYMENT INSURANCE** - Granted to workers who are dismissed without just cause and who fulfill the requirements of the law that institutes the benefit. It is paid out directly by the government.
- **ENDING A CONTRACT** - In the event of unjustified dismissal, the company must pay all the employee's accumulated rights: all wages due; full or proportional vacation plus the wage value of one third of the number of months worked; full or proportional '13th' salary; dismissal

notice period; FGTS pay-out plus a 40% compensation fine.

The CLT enables workers to be hired with a probation period of 90 days, which is automatically converted into a regular employment contract after this term expires. This experience period carries full employer responsibility for proportional payment of all the above benefits, with the exception of the 40% FGTS fine and termination notice period, should it be terminated within the trial period.

In addition to the charges related directly to employee benefits, employers (except small enterprises) must pay a series of payroll levies for various purposes such as the Institute for Agrarian Reform and the Small Business Support Agency. A full list of these deductions can be found in the section "Payroll costs".

Temporary hire

This type of labor is used to meet a temporary surplus demand resulting from an extraordinary increase in services and/or the substitution of regular and permanent personnel. Such possibility is covered by Law 6.019 and Decree 73.841, both of 1974.

This type of contractual relationship is used to meet seasonal or peak requirements, such as retailing at Christmas or to replace staff on vacation, maternity leave, etc.

Temporary workers may only be hired from a specialist temporary labor company, regularly constituted and registered with the Labor Ministry.

Temporary contracts must be duly formalized through a written contract between the temporary labor company and the client company, as well as through a contract between the temporary labor company and the temporary worker.

According to the law, a temporary worker may provide services to the same client company for up to three months, with one renovation of the same period permitted as long as the motive of a temporary need for labor still exists and if this is duly communicated to the Labor Ministry.

Temporary workers' rights are regulated by Article 12 of the said Law 6019/74 and are practically the same as a CLT-contracted employee, with the exception of the 40% FGTS compensation fine and prior notice, as a Temporary Contract is considered to be limited in time.

Temporary hiring has obvious advantages for businesses with seasonal requirements and it also implies lower payroll costs.

Internships

Many companies make substantial use of student trainees both to perform specific functions and as a method to screen potential candidates for eventual full-time employment. In Brazil, internships are regulated by Law 6494, of December 7, 1977, and Decree 87.497, of August 18, 1982, which establish the rights and obligations of contracting companies and trainees.

An internship involves activities that provide students with social, professional and cultural learning experiences through participation in real life and work situations. They perform tasks that are linked to their field of study, working in the community in general or in public institutions or private companies and are guided by their learning institution under whose responsibility they remain.

Any formal student can work as a trainee, whether he/she is at university level, enrolled at a high school or a technical

college of medium or higher level or at a specialized vocational training institution.

A contract is necessary to formalize the internship. This can be done either directly between the student and the contracting company, with the obligatory involvement of the learning institution; or, alternatively, between the contracting company and a specialized integration entity that runs internship programs.

In all cases, the law requires that insurance against personal accidents be granted to the trainee. The student may receive a study grant in cash or under any other form that is agreed, with other benefits and gratification optional.

Outsourcing

This is the act of transferring the responsibility for a service from one company to another, therefore called outsourcing.

Despite that no specific legislation regulates outsourcing, the practice is growing rapidly in Brazil. Its main attraction is the ability to transfer specific activities that are not part of the core business to a specialized enterprise, enabling the outsourcing company to focus on its main overall activities.

Companies in Brazil are adopting outsourcing mainly as a means of reducing costs and to be able to bring in selected skills on a short-term or part-time basis. The outsourcer eliminates direct responsibility for admission, training and

social benefit costs, although these will be borne indirectly to the extent that they are incurred and therefore charged by the service provider.

Summing up, outsourcing is a means of business management that, among others, permits companies to:

- focus their resources on their core business;
- improve their labor pool;
- make costs more flexible;
- reduce the labor burden of the company;
- increase competitiveness;
- generate new jobs.

Labor cooperatives

These are associations of at least 20 individuals (exceptionally companies are allowed to join) from various work categories. Their purpose is to exercise their professions as a common purpose within a self-managing system and with a free choice to join or leave such association. It is based on the principle that each member receives in equal part the cooperative's gains from all services rendered, less only administrative costs, a technical reserve and a contingency fund.

Under Brazilian law there are various ways to organize cooperatives, each one with its own legal structure. These range from cooperatives of industrial workers to groups of doctors and nurses who can offer treatment to patients via collective health plans. Cooperatives have been gaining popularity in Brazil as a means to avoid the high labor costs

described in this booklet. Recently, some large companies in the São Paulo region have, for example, closed down their car pools and outsourced their transportation services to specially formed taxi cooperatives.

Just as in outsourcing, cooperatives offer client companies the advantage of avoiding potentially expensive contractual labor arrangements. The members of cooperatives are individual persons who are considered partners of the association, but for the client company they are autonomous self-employed workers.

The cooperative is legally responsible for providing its members with the infrastructure necessary to accomplish the collective goal.

Self-employed workers

Self-employed or 'autonomous' workers enjoy none of the rights established under the CLT, for example vacations, 13th salary, etc., because they have no contractual relationship with the client company. The self-employed worker is his own administrator, selling his services and accepting responsibility for his own municipal sales and services tax and contributions for social security benefits.

The advantage for the client company is that it hires people for specific purposes and not for lengths of time. By their very nature as 'autonomous' workers, self-employed professionals have no legal obligations to the client company beyond any that may be specifically agreed between the professional and the company with respect to the specific services, normally related to the time and location in which the service will be executed. By mutual agreement, payment may be made at the end of the service or in instalments during its execution.

The number of self-employed professionals in Brazil is relatively small because the law specifies that 'autonomous' workers must be 'liberal professionals', including lawyers, doctors, engineers, chemists, economists, journalists, teachers/professors, architects, psychologists, real estate agents, etc.

Using self-employed professionals requires the same care as using temporary or short-term labor. The employer must be extremely careful not to allow the relationship to become de facto full-time employment. Such a situation would leave the employer open to a later claim for indemnity for items such as unpaid vacations, unpaid 13th salaries, unpaid social security, unpaid FGTS and so on, together with a fine from the labor court.

Payroll costs

For every US\$100 paid as salary to a worker hired under the CLT, the employer must bear additional costs in the form of charges, benefits and obligations. As per the following table, it can be seen that the total cost of a worker almost doubles, although when costs internationally regarded as 'normal' - such as basic annual vacation and weekend rest period - are discounted, the markup falls below 100%. By way of contrast, the same basic amount paid to a self-employed worker generates charges of 20%.

Below is Gelre's Movable Spreadsheet for Calculating Social Contributions that could affect payroll. The modules contain information related to the payroll of temporary workers compared to CLT workers. In calculating costs, a client company must consider;

- a. salary
- b. social costs
- c. benefits
- d. administration charges.

Mandatory social levies in percentages		
	Temporaries Law 6019/74	Contracted CLT worker semi- provisional (see explanatory notes)
GROUP A		
1. INSS - Social Security	20.00	20.00
2. SESI/SESC - Industry & Commerce welfare services	0.00	1.50
3. SENAC/SENAC Industrial/ Commercial training services	0.00	1.00
4. INCRA - Agrarian Reform	0.00	0.20
5. SAT(1) - Workplace accident insurance	2.00	2.00
6. Educational assistance	2.50	2.50
7. SEBRAE - Small business support	0.00	0.60
8. FGTS - Employees Severance Indemnity Fund	8.50	8.50
Subtotal	33.00	36.30
GROUP B		
9. Annual vacation	11.11	11.11
10. 13 th salary	8.33	8.33
11. Sickness benefits (2)	(*)	(*)
12. Maternity benefit		0.00
Subtotal	19.44	19.44
GROUP C		
13. Notice dismissal		(*)
14. Dismissal deposit 50% (4)	0.00	4.59
15. Indemnity 50% (5)		
Subtotal	0.00	4.59
GROUP D		
16. Impact group A on B (13 th salary)	2.75**	7.06
17. Impact of dismissal notice	0.00	(*)
Subtotal	2.75	7.06
GRAND TOTAL	55.19	67.39

Observations:

(*): This cost is passed onto the client company when the event occurs.

(1)SAT: Insurance against work accidents can vary depending upon the client company's type of activity.

(2) Sickness benefit: the cost is paid without any administration charge

(3) As prescribed by law: when covered by the Constitution (pregnant women), Laws (work accidents) and Collective Norms, the total cost is passed on to the client company and is not foreseen in the table above. CLT contracted employee (semi-provisional) - transfer of personnel is not foreseen.

(4) 50% FGTS fine: the cost will only be passed on if payment occurs.

(5) Indemnization of the remaining 50% of the contract:

refers to dismissal without just cause and the cost will be passed on if payment occurs.

Explanatory notes:

Temporaries Law 6019/74 - Refers to payroll costs of temporary workers when the work period may not exceed three months (Article 10, Law 6.019/74), except in cases in which the Ministry of Labor is officially informed that the contract has been renewed for another three months. One of the advantages is that the Temporaries Law concedes exemptions of some labor costs, identified in the chart above as 0.00.

Contracted CLT worker (semi-provisional) - part of the social costs are paid monthly, with exception of sickness benefit, maternity benefit and notice of dismissal, which will be passed on to the client company when these events occur.

Hiring your work force

Unemployment in Brazil has been growing steadily since the opening of the economy to international competition and after stabilization of the local currency. Many companies have gone through a process of downsizing, seeking greater efficiency to match foreign competition within Brazil or in export markets. This process has had a number of implications for the labor market. If on the one hand dismissals have accelerated, on the other there has undoubtedly been increasing demand for better-trained staff members with a solid grasp on modern business and office skills.

In this scenario, it is essential to select staff carefully. Necessary steps include:

- Sharply define the desired employee profile;
- Decide the method of hiring that best suits the company at that moment;

- Identify a group of people who fit the above specifications;
- Select and recruit the best ones within that group;
- Admit the selected employees.

Some companies prefer to conduct the whole procedure themselves, carrying the direct and indirect costs involved. Others prefer to use the services of a specialized recruitment agency, while some opt to contract indirect or temporary staff through a placement agency.

How to do it yourself

Hiring workers for qualified functions is generally done through newspaper advertisements or other mass media. A well-written, well-placed ad will normally produce a substantial response, which certainly gives the hiring company the task of sifting through numerous applications. This requires a proper infrastructure in the first place.

Searching for specialized professional staff and executives is a long process and requires more involvement on the part of the future employer. By their very nature, the professionals involved will be more difficult to find and when identified, they may often already be working for another company. Given

the importance of key staff for the success of any operation, the selection process must allow for more time to avoid any possibility of hiring the wrong person or people.

Brazil has a number of companies specialized in finding and negotiating key management and professional staff (see the booklet in this series 'How to Search for Management Talent in Brazil'). There are also companies that maintain a varied pool of experienced professional and executive staff who are accustomed to move quickly into new situations, filling gaps and helping to launch projects.

Admission

After identifying the ideal or best candidate, the hiring company faces various compulsory bureaucratic steps before putting him or her on the payroll. A medical examination is compulsory for admissions and must be conducted by a recognized medical practitioner paid for by the company. The law demands a safe location for this examination in terms of basic personal protection and imposes penalties on employers and employees for non-compliance with this requirement.

It is advisable to insist on a thorough medical examination, given that the law also opens the way for an employee to sue an employer for illness or physical impairment arising from his or her duties. The employer must ensure that any or all illnesses or physical impairments of a new employee are identified and duly registered by a recognized medical doctor at the time of admission. It is advisable to have the report of the medical examination countersigned by the potential employee. Brazilian law allows an employee to sue a former employer for illness or physical impairment arising from his or her employment up to two or three years after the event or after leaving the company.

Once the medical examination has been satisfactorily concluded the potential employee should supply the hiring company with the following documents:

Originals

- Worker's Card*
- Medical Examination (official form NR-7)
- Two recent color photos 3x4cm

Copies

- ID Card RG
- Taxpayer's number (CIC)

- Registration as worker with the 'National Integration Plan'
- Electoral Card
- Military Service Certificate (or exemption)
- Birth certificates of all children under age of 14
- Marriage certificate
- Health certificates of all children
- Tax declaration of all persons in his/her service
- Family maintenance dues (salary supplement)
- Proof of residence (light, water, gas or telephone bills in the employer's name)
- Option to join the transport subsidy program
- Choice of benefits (depending on each company's benefit package)

Obs*: The 'Worker's Card' or 'Professional Registration' is the most important document. It is a small booklet containing the worker's previous and current employment, his salary and salary adjustments, dismissals and other facts relating to his employment.

When specified, some documents must be originals. Others can be notarized copies. Once in possession of all these documents the company will register the new employee and confirm this with the Ministry of Labor immediately.

Once all these documents have been properly furnished, the employer and employee will sign a work contract stipulating the nature of the duties to be performed, the salary, hours and place of work. This contract may include a probation period of no more than 90 days - see 'Form of Contractual Relationship CLT - direct hiring'. This contract must be registered on the 'Worker's Card'.

It should be noted that non-compliance with any of the above will subject the contracting company to fines, even if it is the employee who failed to provide the necessary documents.

The Status of Unions

The status and function of unions is detailed in the Federal Constitution and in various laws and it plays a major role in shaping labor relations. There are separate employer's and employee's unions for every area of economic activity.

Every company and every employee is necessarily represented by his or her corresponding union and must pay dues to it, although there is no legal obligation to actually sign a membership form or participate in activities. However, refusal to sign a membership form does not exempt the company or individual worker from the obligation to financially support the organization or obey collective decisions that have been formally negotiated.

The union for any given company will be determined by its principal economic activity and by the range of unions available in that particular geographic area. Brazilian law provides that one and only one union shall represent a given activity in a given geographical area, which is normally the municipal district but in less-populated areas or less common activities the area may cover various municipalities or even a state.

Once a company's main area of economic activity is determined, the respective workers' union will represent all employees in that company, with the exception of those who fall into certain officially-recognized professional categories, for example, secretaries, drivers, economists and journalists, who will be represented by their own unions. All companies are required to grant all employees all salaries and benefits agreed to with the respective unions.

The law requires that all employers and employees support their respective unions financially. Contributions are:

-- Companies: an annual levy to the union that represents the principal area of economic activity. Normally, this is paid in January and is based on the number of employees and size of the registered capital.

-- Employees: an annual contribution to the respective union, which is equal to one day's salary, withheld by the employer and paid to the workers' union.

This contribution has been frequently questioned and the government is studying legislative and constitutional changes to alter or eliminate it. Any and all changes require congressional approval.

In recent years, the major employee unions have increasingly sought to institute alternative "non-voluntary" contributions. Labor law allows a union assembly to create and approve new forms of contributions and then require that all employers within that category deduct this amount from all wage checks. Thus, for example, the 330,000 metalworkers in Greater São Paulo if unionized -- must pay their union, one of the largest in Brazil, the annual equivalent of six days' wages under the guise of 'assistance agreements' and 'confederate contributions' in addition to the constitutionally specified union contribution.

Negotiations are conducted annually between the workers' and employers' unions representing a given economic activity, although the unions may mutually agree to additional agreements outside the annual schedule. In the same manner, a professional union can sign an agreement directly with a company. The annual negotiations take place at different times and places for different groups of workers, on what is known as the "base date" of the respective groups. Additional clauses frequently relate to items such as lump-sum bonus and a ban on dismissals during a certain period.

Collective Labor Agreements, with 'provisional clauses' are common in high inflation years and normally are related to more frequent salary adjustments and salary ceilings per category.

Annual and interim agreements are registered with the labor courts and so gain the force of law, meaning that all employers must respect and put into effect the terms of the agreement.

In the case of annual negotiations in which the two unions fail to reach an agreement, a settlement will be mediated and eventually ordered by a labor court judge.

Labor Courts

In terms of Article 114 of the Federal Constitution, Labor Courts are competent to judge and conciliate individual and collective litigations between workers and employers, including general public rights and direct and indirect regulations of public administration of municipalities, the Federal District, states and the union and other lawful controversies arising from labor relations. Examples are litigation related to breaches of contractual obligations, including suits for moral or physical damages as well as legal references, including collective agreements.

The Labor Justice system operates parallel to the civil and criminal Justice systems, with its own regional and federal courts and judges. Final court of appeal is the Superior Labor Court (TST - Tribunal Superior do Trabalho), which is competent to hear questions related to legal interpretation of collective labor agreements. Once all resources in the labor justice system have been exhausted, the dispute can be referred to the Federal Supreme Court (STF - Supremo Tribunal Federal). It should be noted that the complexity of Brazilian labor legislation opens the door for many legal actions by disgruntled current or former employees against their employers.

In recent years, for example, the Labor Justice system handled approximately 2.5 million lawsuits, virtually all of them brought by CLT-registered employees. Given that these workers represent at best half of the national work force, which numbers around 79 million, it can be seen that the proportion of cases approaches 7% per year of registered workers.

It is also worth noting that the labor courts traditionally tend to rule in favor of employees.

Given the prevailing situation, companies must redouble their efforts to obey all laws and regulations. This is especially true in the process of selecting and hiring, during employment and in case of the process of dismissal.

To the extent that companies seek to use alternatives to the CLT to structure their labor relations, their vulnerability to such labor suits will increase.

Therefore companies are advised that, while non-CLT alternatives are legal and viable, they must be structured with great care.

Getting Started

The new investor who seeks to set up an operation in Brazil should use or at least evaluate all options to structure labor relations, remembering that the best alternatives may vary for different types of employees and at different moments of the start-up. In the beginning, when the future paths of the new venture and its requirements may still be under evaluation, it may be advisable or interesting to avoid or minimize long-term commitments.

The following steps should be considered:

- at the start, use only full CLT registration for key personnel in areas such as administration, management, production, marketing and - obviously executives. Staff who are brought in from abroad will have their own specific visa and work conditions (see the booklet in this series "How to Obtain Visas for Brazil");
- next step is to use short-term hire via a specialized agency;

- areas other than the core activity can be outsourced either permanently or at least during start-up; these can include public relations, transport, cleaning, security and canteen services;
- consider using trainees; university students taken on early at start-up can be evaluated and prepared for important administrative support roles as the business grows;
- as the business becomes consolidated and its future easier to predict, it will be appropriate to expand full-time staff;
- however, take care to avoid the unnecessary accumulation of payroll charges and obligations; a wise use of temporary labor will always reduce the cost of unused capacity.

About our sponsor

Gelre: Excellence in recruitment, selection and management of human resources.

A pioneer in providing temporary and permanent staff, **Gelre** offers a wide range of services for temporary and permanent labor in Brazil. During the last 40 years the company has served more than three million customers.

Gelre is a specialist in labor administration and acts in recruitment, selection and management of people who work under a legal system that is best suited to the requirements of your company: temporary, CLT-contracted (outsourced, seasonal or trainee).

For the last four decades **Gelre** has been a pioneer in temporary labor in Brazil. Its mission has always been to transform human capacity into a production source for companies and income for individuals while at the same time endeavoring to perfect human relations in the workplace. Today its has over a million CV's in its data bank, serves 4,500 client companies and is assisting almost 40,000 workers every month. It concentrates its efforts mainly in the areas of retail, civil engineering, administration, accounting, finance, agriculture, ICT, training, promotions and events.

To serve all this offer and demand, Gelre has more than 90 units all over Brazil, including in all major states and economically important hubs in the country, as well as eight offices in Argentina.

By using Gelre's services, interested companies get an agile and adequate people management system. It is different from others for not charging anything for incoming CV's or information about vacancies. Fees are only charged to companies or partners who actually use any of the services on offer.

Social Inclusion

Aware of the figures disclosed by the Brazilian Statistical and Geographical Institute (IBGE) that 14.7% of the Brazilian population currently suffers from some kind of impairment, our company decided to create a Social Inclusion Division. The aim is to include an impaired professional into society through his professional abilities, allowing him/her to overcome his/her limitations and take advantage of potential in the production process. Gelre supports enterprises that want to contract professionals in this condition, taking advantage of the law that allows them to give preference to such candidates if they have more than 100 workers on payroll.

Five years after the launch of this project, the Social Inclusion Division has already referred 2,500 impaired professionals to the labor market and who were hired as temporary, intern or full-time workers in a variety of jobs.

Internship

The Gelre Internship Unit is another outstanding feature we can offer. As an Integration Agent between student, company and educational entity, we advise enterprises how to execute their internship programs apart from assisting trainees with all their administrative and legal obligations.

Diversifying Solutions

With the development of Human Resources Tools, Gelre also offers integrated solutions to the market, such as:

- courses in labor and social security issues and human resources
- information on labor and social security legislation info portal
- health and safety procedures at the working place
- outsourcing and Back Office
- safety and security outsourcing
- electronic safety technology and home automation
- cleaning services outsourcing and technology
- technological solutions for people management (integrated management software, Application Service Provider - ASP, Business Process Outsourcing - BPO, Recruitment Process Outsourcing - RPO, E-recruitment)

Companies that are satisfied with increased production and productivity and with people cheering your victories in the labor market.

That is adding value.

Gelre to add value.
Competence is our base.
Dynamics is our attitude.
Courtesy is our principle.

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Brazil - Facts and Numbers

Official name: Federative Republic of Brazil

Population: 185.4 million; labor force: 89 million (estimate 2004 - IBGE)

Major cities (2000): Brasília (capital), 2 million; São Paulo, 10.4 million; Rio de Janeiro, 5.8 million; Salvador, 2.4 million; Belo Horizonte, 2 million. (IBGE)

Ethnic groups: Portuguese, Italian, German, Middle Eastern, Japanese, Afro-Brazilian, Amerindian.

Language: Portuguese (official); religion: 74% Catholic (nominal)

Monetary Unit: real (R\$); GDP \$604.9 billion; GDP per capita: \$ 3,331 (2004 - SECEX)

Major products: chemicals, automobiles + spares, food, soy, coffee, iron ore, crude oil, tourism.

Major trading partners: exports: 25% E.U.; 19% U.S.; 16 % Asia; 10% Mercosur; 30% others; imports: 25% E.U.; 23% Asia; 18% U.S.; 9% Mercosur; 25% others (2004 - IBGE)

Trade Balance: total exports \$ 118.3 billion; total imports \$ 73.6; surplus 44.7 billion (2005 - SECEX)

Government: federal republic; democratically elected president since 1985

Head of Government: Luís Inácio Lula da Silva (since Jan. 2003)

Câmara Americana de Comércio São Paulo (American Chamber of Commerce)

The American Chamber of Commerce in São Paulo is the largest binational business organization in South America. This booklet is one in a series of American Chamber publications aimed at helping international companies evaluate and enter the Brazilian market.

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