STRATEGIC BRIEF

What Can Be Sold in Brazil and Across Latin America – and What Cannot

An assessment for manufacturers of industrial electronics and hardware seeking to serve Latin American markets from Brazil

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1. Success Factors for Parallel Sales

Selling industrial hardware in Brazil and simultaneously in other Latin American markets (LATAM) requires a clear distinction between product categories with sustainable potential and those with limited scalability. The commercial success of such a dual-market strategy depends primarily on five product and market characteristics:

- **B2B Focus:** The product is intended for businesses and integration into operational processes or industrial equipment, rather than for end consumers.
- **Recurring Demand:** Ongoing maintenance, spare parts, regular service intervals, and subsequent equipment upgrades ensure a continuous baseline of demand.
- **International Standardization:** The product architecture is based on international standards, minimizing the need for country-specific modifications.
- **Coverage of Local Additional Costs:** Margins and selling prices must adequately cover transportation costs, local import duties, and the establishment of regional service capabilities.
- **Investment-Driven Demand:** Sales are linked to investment in industry, energy, mining, and infrastructure and are therefore less directly dependent on fluctuations in private consumer sentiment.

For B2B manufacturers, production and assembly in Brazil can offer strategic advantages over Asian competitors. Geographic proximity, shorter delivery times, and direct access to regional inventory and qualified technicians are particularly valuable where the risk of production downtime outweighs differences in initial purchase prices.

2. Target Markets and Mexico's Role in the ApexBrasil/Abinee Context

The Brazilian export promotion agency ApexBrasil and the industry association Abinee support export promotion initiatives targeting international markets for Brazilian industrial electronics and equipment technology. This assessment focuses on Mexico, Colombia, and Argentina as relevant markets for parallel B2B sales.

- **Mexico as a Strategic Target Market:** Mexico is a relevant market for Brazilian industrial electronics, energy technology, and capital goods. Opportunities arise particularly from demand in manufacturing, energy supply, and industrial infrastructure.
- **Distinguishing B2B from B2C Markets:** A strategic assessment must distinguish between capital goods and consumer goods. While certain consumer goods imported from countries without free trade agreements face increased import duties, the actual customs treatment of industrial products must be assessed based on the applicable tariff classification, country of origin, and any relevant trade agreements. B2B classification alone does not automatically confer preferential tariff treatment.
- **Additional South American Target Markets – Colombia and Argentina:** Both countries offer potential sales opportunities for industrial electronics and capital goods. In Argentina, particular attention should be paid to the applicable import regulations, payment conditions, and required import documentation. Regulatory and financial conditions can differ substantially from those in Brazil and other LATAM markets.

3. Comparative Analysis of Product Groups

The following assessment provides strategic guidance. Actual market suitability depends on product characteristics, target industries, pricing, approval requirements, and the local sales structure.

Product Group	Suitability for Brazil	Suitability for LATAM (Parallel Sales)	Strategic Rationale
Energy and Industrial Equipment Technology (e.g., transformers, protection, power distribution, and drive technology)	Very high	Very high	Investment-driven B2B market with recurring demand for service, spare parts, and maintenance. International standards facilitate transferability, provided local requirements are met.
Industrial Components and Automation Technology	Very high	Good	Broad, recurring demand from equipment manufacturers and industrial maintenance operations. Competition and country-specific approval requirements can complicate market entry.
Measurement, Testing, and Monitoring Technology for Industrial Applications	Good	Good	Smaller but stable market with a high level of technical specialization and limited price pressure.
Professional Security Technology for Businesses	Very high	Limited	Strong domestic demand in Brazil. Different regulations and supplier structures in other LATAM markets can limit transferability.
Radio, Telecommunications, and Network Hardware	Good	Limited	Separate approvals may be required in each country. Competition from local and Asian suppliers is strong.
Contract Manufacturing and Electronic Assemblies for Third Parties	Medium	Low	Demand depends on the locations of the main customers. According to Abinee data, international growth in this segment is primarily directed toward the United States.

Solutions Based on Brazil-Specific Government Programs	Good	No	These solutions are not directly transferable. Local regulations and requirements must be assessed independently in each target country.
Consumer and Household Electronics	Low	No	Strong price and brand competition from Asia. In Mexico, certain B2C imports from countries without free trade agreements are additionally affected by increased tariffs.

4. Market Entry Barriers and Business Models That Cannot Be Directly Transferred

When expanding sales from Brazil into other LATAM markets, certain product segments and business models encounter structural limitations.

- **Consumer and B2C Electronics:** This segment is strongly influenced by Asian manufacturers competing on price and brand recognition. Additional barriers arise from current tariff measures, including increased Mexican tariffs on certain B2C imports from countries without free trade agreements.
- **Contract Manufacturing for Third Parties:** Contract manufacturing and electronic assembly are driven by the manufacturing locations of the main customers. According to Abinee industry data, international growth in this segment is primarily directed toward North America, particularly the United States. It therefore cannot automatically be developed into a parallel LATAM business.
- **Country-Specific Regulations and Local Programs:** Business models whose demand depends on Brazilian legislation, regulatory requirements, or government initiatives cannot be transferred directly. In markets such as Argentina, Chile, and Colombia, the relevant legal frameworks and support programs must be assessed independently.
- **Certification Requirements for Radio and Network Technology:** Telecommunications and radio-frequency hardware is subject to country-specific certification procedures. These can delay product launches and substantially increase administrative costs.

5. Strategic Roadmap and Implementation

A structured, phased approach is recommended for establishing a sales network extending from Brazil into other LATAM markets.

- **Review Tariff Classifications and Approval Requirements:** During the initial assessment, examine the relevant customs tariff codes (NCM/HS codes) and country-specific import requirements in detail. Import duties and certification costs must be accurately incorporated into the business plan.
- **Standardize Product Architecture:** A modular product platform based on international standards facilitates the development of country-specific versions. Existing test reports can be reused where permitted by the applicable national regulations. Relevant national frameworks include NOM in Mexico, SEC in Chile, and Inmetro or Anatel in Brazil, depending on the product and application.
- **Establish a Local Sales Structure:** Agreements with qualified local distributors and the development of regional technical service capabilities establish a local presence. This allows manufacturers to leverage their advantages in response times and on-site customer support.

- **Plan Market Entry in Stages:** First consolidate the position in Brazil, followed by expansion into selected Mercosur neighboring countries and targeted entry into markets with preferential trade agreements. The sequence should reflect market potential and the applicable regulatory and commercial conditions.
- **Mitigate Payment and Default Risks:** Systematically assess receivables risks and consider export credit insurance, including Brazil's Seguro de Crédito à Exportação where applicable, to help protect against political risks and payment defaults in cross-border B2B business.

Conclusion

Parallel sales in Brazil and other LATAM markets are particularly promising for investment-driven industrial hardware based on international standards and supported by recurring service demand. Early assessment of country-specific tariffs, certification requirements, and risk mitigation measures provides a solid foundation for sustainable market development across Latin America.

About the Author

Dirk Kaussen is Founder and Managing Director of EMS Strategy Group. With around 40 years of experience in the electronics industry — including founding and managing his own electronics manufacturing company in Germany — he brings deep expertise in manufacturing processes, EMS partner selection, supply chain stability, relocation projects, and risk management. His approach combines practical solutions with a direct connection to industrial reality.

About the EMS Strategy Group

EMS Strategy Group supports industrial enterprises in the strategic and operational advancement of their electronics manufacturing. Our core expertise lies in the strategic relocation of manufacturing volumes, the selection of qualified EMS partners, the establishment of new production capacities, and the expansion of existing manufacturing structures.

Furthermore, we design resilient supply chain frameworks, conduct comprehensive risk assessments, and guide dual-sourcing strategies, with operational support through to a successful series production ramp-up.

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