

Safety and Security Industry

Overview

Brazil has an extensive and well-developed security market that has consistently registered an average annual growth of 15-20% with annual revenue for manufactured goods and services at around US\$29 billion. Brazil's preoccupation with personal security has increased the demand for security equipment and services, and its public safety and security market is expected to continue growing in 2012.

The market for imported electronic security equipment is estimated at US\$1.5 billion as of 2011, while the value of locally-manufactured equipment is also estimated at US\$1.5 billion. According to a study compiled by the Brazilian Association of Electronic Security Companies (<http://www.abese.org.br/>), the electronic security market has registered average annual growth rates of 21% for several years and is expected to continue at this pace for some time.

U.S. products represent approximately 15% of electronic security equipment imports. This equates to sales worth roughly US\$225 million. Major foreign competitors include companies from Israel, Korea and Japan, together responsible for about 60-75% of the import market share.

USD millions	2010	2011	2012 (estimated)
Total Market Size	\$24,000	\$29,000	\$36,000
Total Local Production and Services	\$22,700	\$27,495	\$34,200
Total Product Imports	\$1,300	\$1,500	\$1,800
Imports from the U.S.	\$190	\$225	\$260

- Exchange rate **by the end of 2010** R\$ 1,70/US\$ 1,00. Exchange rate **by the end of 2011** R\$ 1,67/US\$ 1,00. Estimate for **2012**: R\$ 1,75/US\$ 1,00
- Statistical data are unofficial estimates from trade sources
- *2011/2012 figures are estimates

Sub-Sector Best Prospects

Best prospects for U.S. companies include access control, CCTVs, alarm systems, surveillance technology, drug and explosive detectors, metal detectors, fire prevention and detection systems, cellular telephone blockers, biometrics, and home security equipment.

Financial institutions are the market's main end-users, spending approximately US\$1 billion per year in security equipment and services. This is the most sophisticated consumer niche, demanding quality, warranty and after-sales service.

Port and airport security is another high-quality segment. Having continuously implemented improved security measures, these agencies should continue to offer excellent opportunities for U.S. suppliers.

Vehicle surveillance is another market segment that has seen rapid growth over the last few years. According to the press, more than 330,000 cars are stolen in Brazil every year, and in large cities like São Paulo and Rio de Janeiro, carjackings occur every few hours. Additionally, cargo robberies are a problem.

Despite decreasing but still alarmingly-high crime rates, Brazilian government officials are confident that tens of thousands of police and major investments in high-tech equipment will provide adequate security for the 2014 World Cup and subsequently for the 2016 Olympics Games. Based on the security investment for the Athens, Sydney, and Beijing Olympic Games, Brazil expects to invest US\$1,4 billion for security of the World Cup and Olympic venues.

Security and Safety

Other promising niches are small businesses and private homes, as high crime rates force individual citizens and business owners to increase their security expenditures. These end-users, however, usually buy less expensive and less sophisticated equipment. Specialists estimate that Brazil has around 5 million homes that should have some type of security device, but only seven percent are equipped with electronic security systems.

U.S. manufacturers of security equipment have been operating successfully in Brazil for many years and have approximately 50% of the total market share. The best prospects in the public security sector in 2011 include: helicopters, radios, communication systems, surveillance cameras, protection equipment, bulletproof vests, night vision goggles, helmets, munitions, non-lethal weapons, and handcuffs among others. U.S. companies interested in the public security market in Brazil need to work closely with the Federal Government and with each state public security secretariat.

To be successful in Brazil, U.S. manufacturers must either establish themselves within the country or have a well-informed local representative. It is also important to have a distributor or system integrator who can offer after sales and maintenance services, replacement parts, and repairs.

The following represent key Brazilian local suppliers:

GRABER – Soluções Integradas
VIP Security
Surcom Internacional Importação e Exportação
Sectra
Montrel
SMH Sistemas
Sanlia Tecnologia
SecurMeta Telecom Comercial
Securiton
Spark Controles
Semaseg

Prospective Buyers

The Brazilian government will also invest heavily in high tech equipment to provide adequate security for the 2014 World Cup in Brazil. The Brazilian federal government will be in charge of managing World Cup security, and anticipates that there will be numerous investment

opportunities for security improvements for the games and the host cities. As with the 2007 Pan American Games, the Ministry of Justice's National Secretariat of Public Security (NSPS) will be responsible for the World Cup security program.

NSPS will begin planning the security program early, due to problems with late security implementation in the 2007 Pan American Games. According to local trade contacts, the Brazilian government does not have specific technical standards or requirements for electronic security equipment; however, U.S. equipment, with U.S.-issued certifications, is more widely accepted by high-end clients (such as financial institutions and some industrial and commercial establishments).

Technical literature must be translated into Portuguese. Although there are neither official regulations nor technical standards for electronic security equipment, ABESE issues sector-specific certification called the "Yellow Stamp of Quality". The certification is issued by ABESE to companies in the electronic security sector, including manufacturers, distributors, and service companies.

Opportunities

To be successful in Brazil, U.S. manufacturers must either be established in the country or have a well-informed local representative. It is also important to have a distributor or systems integrator that can offer after-sales and maintenance services, replacement parts and repairs.

When signing an agent or distribution contract with a Brazilian firm, it is important to use the services of local law firms that are familiar with Brazilian legislation. Commercial distribution contracts are regulated by general Brazilian commercial laws and not by specific legislation; however, there is special legislation that regulates the relationship between a foreign company and Brazilian agents or sales representatives. According to this legislation, if a distribution contract with a local agent is broken, terms will usually favor the local agent.

Due to the size of the country, most distributors and system integrators cover only specific regions. They are usually small to medium-sized companies that lack financial capability to invest heavily in product promotion, technical training, and translation of technical manuals; therefore, it is important that the U.S. company consider providing financial support for some of these activities. U.S. companies that have seen the greatest successes in Brazil have worked closely with their agents and distributors, investing heavily in market development, product promotion, and personnel training.

Web Resources

- Brazilian Association of Electronic Security Equipment: <http://www.abese.org.br/>
- ASIS International, Brazil Chapter: <http://www.asisbrasil.org.br/>
- ABSEG – Brazilian Association of Security Professionals: www.abseg.com.br

For more market research reports, please visit: <http://export.gov/mrktresearch/index.asp>

- For more information about export opportunities in this sector, please contact US Commercial Service Industry Specialist Genard.burity@trade.gov