Labor in Brazil

The 86 million strong Brazilian labor force comprises a wide range of skills covering a broad array of occupations and industries. Three fifths of the labor force is employed in the service sector, 17 percent in the agriculture sector, and the civil construction and manufacturing sectors combined employ the remaining 23 percent.

Brazil has signed on to a large number of International Labor Organization (ILO) conventions. Brazil is party to the U.N. Convention on the Rights of the Child and major ILO conventions concerning the prohibition of child labor, forced labor and discrimination.

The labor code is highly detailed and relatively generous to workers. Formal sector workers are guaranteed 30 days of annual leave, an annual bonus equal to one month's salary, and severance pay in the case of dismissal without cause. Brazil also has a system of labor courts that are charged with resolving routine cases involving unfair dismissal, working conditions, salary disputes, and other grievances. Labor courts have the power to impose an agreement on employers and unions if negotiations break down and either side appeals to the court system. As a result, labor courts routinely are called upon to determine wages and working conditions in industries across the country. The system is tantamount to compulsory arbitration and does not encourage collective bargaining. In recent years, however, both labor and management have become more flexible and collective bargaining has assumed greater relevance.

The Ministry of Labor estimates that there are over 16,000 labor unions in Brazil, but Ministry officials note that these figures are inexact. Labor unions, especially in sectors such as metalworking and banking, tend to be well-organized and aggressive in defending wages and working conditions and account for approximately 19 percent of the official workforce according to the last IBGE release (2005). Strikes are frequent, particularly among public sector unions. While some labor organizations and their leadership operate independently of the government and of political parties, others are viewed as closely associated with political parties.
In firms employing three or more persons, Brazilian nationals must constitute at least two-thirds of all employees and receive at least two-thirds of total payroll. Foreign specialists in fields where Brazilians are unavailable are not counted in calculating the one-third permitted for non-Brazilians.

The Brazilian Institute of Geography and Statistics (IBGE) estimated unemployment as of November 2009 at 7.4 percent (versus 7.6 percent in November 2008). Unemployment statistics range significantly across regions.

IBGE reports that real wages have trended higher in recent years. The average monthly wage in Brazil’s six largest cities was around 1,344 Reais in November 2009 (approximately USD 768 based on average exchange rates for that month), and the minimum monthly wage has periodically increased in recent years from 380 Reais in 2007 to 510 Reais in January 2010. Earnings also vary significantly by region and industry and there is significant wage inequality between Brazil’s poor and wealthy.

Employer federations, supported by mandatory fees based on payroll, play a significant role in both public policy and labor relations. Each state has its own federation, which reports to CNI (National Confederation of Industries), headquartered in Brasilia.

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