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markets
for canadian
exporters

BRASIL



● MANAUS

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● BRASILIA

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● RIO DE JANEIRO

● PORTO ALEGRE

MARKETS FOR CANADIAN EXPORTERS BRAZIL

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CONTENTS

	PAGE
I. GENERAL	4
II. ECONOMY AND FOREIGN TRADE.....	6
III. DOING BUSINESS IN BRAZIL	9
IV. CUSTOMS AND EXCHANGE REGULATIONS	11
V. YOUR VISIT TO BRAZIL	13
VI. GOVERNMENT ASSISTANCE TO EXPORTERS	14
VII. USEFUL ADDRESSES	17
VIII. SUGGESTED READING	18

I. GENERAL

Physical Features

Approximately 3,287,000 square miles in area, Brazil is the largest country in South America and the fifth largest country in the world. It is larger than Australia and almost the size of the United States. The country spans 2,685 miles from north to south and 2,689 miles from east to west. In addition to nearly 5,000 miles of Atlantic coastline, Brazil has a land frontier of 10,000 miles and has common borders with all the republics of South America except Chile and Ecuador.

More than half the country lies at about 650 feet above sea level, while only a small part rises above 3,000 feet and the highest peaks are not more than 10,000 feet. The Great Escarpment runs south along the coast from Bahia and falls inland at varying distances along the way; most of this terrain is ridged with fertile valleys. The Planalto Central (Central Plateau) comprises the state of Goiás and large parts of the state of Mato Grosso and Minas Gerais.

Brazil has an extensive river system. The Amazon and its tributaries — great rivers themselves — drain more than half the country. Other major rivers include the São Francisco in the northeast and the Paraná and Paraguay, which flow south to empty into the River Plate.

Forests still cover much of Brazil, however arable land and areas suitable or adaptable for pasture, are found in the south.

Climate

Most of Brazil is situated in the tropics. The Amazon is located just south of the equator and the tropic of Capricorn runs north of the city of São Paulo. Only the southern region of the country is in the temperate zone.

The Amazon area is hot and rainy. Along the tropical coastal region, high temperatures are somewhat tempered by sea breezes; while inland, especially in the Planalto Central, heat is tempered by altitude. Coastal humidity is high and rainfall heavy, while there is an inland drought area in the northeastern region and part of the state of Minas Gerais.

Brazil is free from earthquakes, hurricanes, cyclones and similar disturbances. However, rain-storms occasionally result in considerable damage.

The People

With more than 100 million people, Brazil is the eighth most populous country in the world. The population is unevenly distributed — largely concentrated in a narrow strip of coastal plain on the eastern portion of the Planalto Central, while some areas of the northern regions are almost uninhabited.

About 60 per cent of the population are Caucasian, while the remainder is largely made up of Negroes. In the northeast, where the greatest concentration of slaves formerly lived, the mass of the population is darker skinned than in most other parts of the country. Nearly 90 per cent of the people in the south are white.

Brazilian workers have responded well to the challenge of the rapid industrial development of recent years and have shown considerable aptitude for acquiring new technical skills. Productivity rates are high by South American standards.

In addition to the Portuguese, major ethnic concentrations include German (mainly in Rio Grande do Sul and elsewhere in the southern region), Italians and Japanese (in the state of São Paulo and the south) and Spaniards (in many of the larger cities). Smaller groups include the Syrians, Lebanese, Russians and Polish.

Marketing Centres and Regions

Although Brazil comprises 22 states, four territories and the federal district of Brasília, the country is usually described as five geographical regions.

North

The north consists of the states of Amazonas, Pará, Acre and the territories of Amapá, Rondonia and Roraima. It is one of the least populated regions with about 3,975,000 inhabitants. Major centres are Belém (at the mouth of the Amazon) and Manaus (on the Amazon River).

The north region is basically tropical jungle, but minerals such as manganese, bauxite, iron ore and tin are gradually being uncovered. Per capita income is low and transportation facilities are poor — although the Trans-Amazonic Highway is currently under construction.

Northeast

This region comprises the states of Maranhão, Ceará, Bahia, Rio Grande do Norte, Pernambuco, Paraíba, Piauí, Sergipe, Alagoas and the federal territory of Fernando de Noronha. It principally covers the bulge of Brazil and has about 31,242,000 inhabitants. Although the northeast is basically agricultural (cotton, peanuts and sugar), it is also a shrimp fishing area. In addition, oil is found at Sergipe. The northeast is slowly becoming industrialized, particularly near Salvador. Principal cities are Salvador, Recife, São Luis, Fortaleza and Natal.

Central West

This area — with about 5,600,000 inhabitants — includes the states of Mato Grosso and Goiás and the federal district of Brasília. The central west is principally cattle country and a farming area, although Goiás is being explored for nickel, lead, zinc and other basic minerals. Principal cities are Brasília, Goiânia and Cuiabá.

Southeast

Nearly 44,000,000 people inhabit the southeast region, which consists of the states of Guanabara, Minas Gerais, Rio de Janeiro, Espírito Santo and São Paulo. This area is the most industrialized and has major mineral deposits, cattle, coffee and sugar. Principal cities are São Paulo, Rio de Janeiro, Belo Horizonte, Vitória, Santos and Campinas.

South

This is the agricultural area of Brazil with wheat, coffee, sugar, wine, soya, rice, cattle, lumber, fruits and vegetables. In addition, coal, fluorides and uranium deposits are found here. The three states of Rio Grande do Sul, Santa Catarina and Paraná have a population of more than 18 million. Major centres are Curitiba, Porto Alegre and Florianopolis.

Local Time

Brazil is divided into three time zones. A small area on the upper reaches of the Amazon is on eastern standard time; most of the Amazon, including Manaus, is one hour ahead of eastern standard time; and the Atlantic Coast, including Brasilia, Rio de Janeiro and São Paulo, is two hours ahead.

Rio de Janeiro and São Paulo are two hours ahead of Ottawa. For example, when it is 9:00 a.m. in Ottawa, it is 11:00 a.m. in São Paulo. During the summer, however, time differences should be reduced by one hour since Brazil does not conform to daylight saving time. Therefore, when it is 9:00 a.m. in Ottawa, it is 10:00 a.m. in São Paulo.

Weights and Measures

The metric system is used throughout Brazil. Sometimes, however, the arroba is used as a unit of weight and equals 25.3 pounds or 11.5 kilograms. The metric arroba is equivalent to 33.0 pounds or 15.0 kilograms.

Energy

In most cities electricity is supplied at 110-220 volts 60 cycles AC. The chief exception, however, is Brasilia, where 220 volts is common. Two-pin plugs are used, but they are round and not the same size as the European type.

Water Supply

Most cities have ample water, but it is not wise to drink before filtering. Many types of bottled mineral water are available.

Religion

Although Brazil practises religious freedom, the country is predominantly Roman Catholic. There are also many Brazilian Protestants.

II. ECONOMY AND FOREIGN TRADE

Since 1968, the Brazilian economy has been rapidly growing. The gross national product climbed 9.3 per cent in 1968; 11.3 per cent in 1971; 10.4 per cent in 1972; and 11.4 per cent in 1973. It is impossible to comment on all aspects of the economy, however, principal areas of development and interest are agriculture, minerals, manufacturing, chemicals, transport, power and steel.

Agriculture

Brazil is the world's largest producer of coffee — the country's chief agricultural product and single largest export accounting for \$1.34 billion in 1973 or 21.6 per cent of total exports. At the same time, Brazil's share of the world coffee market has fallen from upwards of 50 per cent in the late 1940s to slightly more than 31 per cent today. It is mostly grown in the states of São Paulo and Minas Gerais.

Sugar is rapidly gaining importance as an export. In 1971-72, Brazil surpassed Cuba and became the world's largest producer of cane sugar. Local consumption is high, but exports continue to rise.

Another growing industry is meat production and Brazil is rapidly reaching a position of world importance in the export of meat and meat products. In 1973, production totalled 760,000 tons of fresh beef; 220,000 tons of chilled beef; and 105,000 tons of canned beef. Pork production is also significant but exports are minimal due to local demand. Poultry production amounts to more than 30,000 tons per year.

Wheat production, although an expanding industry, can fill only about 50 per cent of the country's demand. In recent years, major foreign suppliers have been Argentina, Canada and the United States.

Brazil can produce all of its own food, with the exception of wheat and codfish, and exports coffee, sugar, maize, soya, shrimp, cocoa and many other nonedible agricultural items such as cotton, sisal, tobacco and wood.

Minerals

Mineral production has risen sharply in the past six years and Brazil is quickly becoming one of the world's major exporters of iron ore, manganese and niobium. Tin ore and bauxite are also mined, although there is little export as yet. In addition, there are indications of reserves of uranium, copper, nickel, zinc and potash. It is expected that there will be a sizable investment of both local and foreign capital in all phases of mineral production during the next few years. Minerals currently in short supply are coal, nickel, copper, potash, molybdenum and sulphur.

Manufacturing

Brazil's fastest growing area of development is manufacturing (led by the textile, shoe and transportation equipment industries) due to a variety of government incentives designed to develop manufactured goods for both domestic consumption and export. Protected by reasonably high tariffs against foreign imports and assisted with numerous foreign loans, most manufacturing industries are prospering. Canadian opportunities are somewhat limited because much of the equipment required for industrial expansion is already manufactured in Brazil, or if not, is not always available from Canada.

Chemicals

Large amounts of capital are being invested in the chemical and petrochemical industries. Both domestic and foreign funds appear to be readily available from large international chemical companies eager to participate in the booming market. The chemical industry is centred chiefly

in the São Paulo area, however, new plants are being planned for Bahia and the northeast for such products as fertilizers, caustic soda, sulfuric acid and plastics. Synthetic rubber production is also expanding.

Transport

With hundreds of millions of dollars obtained from international lending organizations, Brazil is rapidly expanding its transportation facilities. The Trans-Amazonic Highway, Rio and São Paulo subways, new supersonic airport in Rio, North-South Highway and port expansions are important contributions to the country's infrastructure.

The Brazilian merchant marine is the largest in South America and most ships are built locally. Preparations are being made to build two 250,000-ton ore-oil carriers in one yard. The other two largest yards have 150,000-ton capacities. It is expected that more than one billion dollars will be invested in new ships between 1971 and 1976.

Brazilian designed passenger aircraft are now coming off the assembly lines of Embraer, a government-owned plant. Jet fighter trainers are manufactured under licence and a Brazilian designed and built agricultural aircraft is also being produced. In addition, gliders are sold locally and exported, and helicopters will be manufactured under licence by the mid-1970s.

Railway locomotives of up to 1,200 horsepower are manufactured in Brazil as are most types of railway coaches and wagons. New facilities to assemble 2,000-horsepower locomotives are in use and contain partially imported components.

The automobile industry is growing rapidly and Brazil claims ninth place among world producers. Nearly 99 per cent of the weight of each vehicle is produced within the country. In 1974, production is expected to reach 850,000 units. Trucks are manufactured by five companies and tractor production is expanding at an unprecedented rate led by Massey-Ferguson of Brazil.

Electric Power

Heavy investments in the electric power industry enable this sector to keep pace with the racing economy. Generating capacity has risen from 4,800 megawatts in 1962 to 11,400 megawatts in 1970 and is expected to reach 22,000 megawatts by 1976 and 30,000 megawatts by 1980. Most of the expansion takes place in hydro plants since Brazil's potential is estimated at 150,000 megawatts. Nearly half this potential is located in areas where population levels are low, but about 80,000 megawatts can be developed economically. Plans for the largest hydro plant in the western hemisphere are being formulated for Itaipú, where more than 10,000 megawatts are expected to be generated from 1980 to 1990. It is in the field of electric power generation that Canadian firms have experienced recent successes.

Steel

Steel production is also backed by heavy investments, which are expected to reach more than three billion dollars in the next six years. Production is hoped to increase to 25 million tons by 1980 from six million tons in 1971. Financing is expected from domestic (60 per cent) and foreign (40 per cent) sources and everything from blast furnaces to coal will be purchased in bulk quantities. Steel is urgently needed for construction, automobiles, ships and all phases of manufacturing. The expansion plan encompasses both existing mill expansion and construction of new mills.

Investment

Private foreign investment and capital is pouring into Brazil from almost all countries, both in the form of loans and direct investments in new plants or plant expansion. The climate is good and in the mind of many countries, Brazil is possibly one of the best places to invest in or lend money to at the moment. There are only a few areas where foreign investment is prohibited including oil exploration and refining, cargo shipping, press, radio and TV and public service utilities such as telephone and power. In 1973, direct foreign investments amounted to about \$1 billion, which contributed to a net capital inflow of nearly \$3.4 billion. While one of the highest in the world, Brazil's foreign debt appears to be of minor concern both to Brazil and its creditors.

Development Areas

In an attempt to obtain foreign investment and local development capital in either geographic areas or in industrial sectors, the government has set up various incentive schemes. The most important of these schemes are SUDAM (Superintendency for the Economic Development of the Amazon) and SUDENE (Superintendency for Development of the Northeast). These two projects provide tax exemptions and other incentives. In addition, Brazilian firms are permitted to invest a portion of their income tax in companies operating in these project areas. There are other schemes for the development of tourism, fishing, forestry and airplane manufacture and incentives are also offered to industries that export their products. It is impossible to outline all of the plans, incentives and bonuses in this booklet, but they should all be studied before investments are contemplated.

Foreign Trade

Although coffee still holds the spotlight in Brazilian exports, it now accounts for less than 25 per cent of total export trade.

A wide range of products have entered the picture and new products are being exported every year. The United States is still Brazil's major supplier and market, followed by Argentina, Britain, Japan, Germany and France.

III. DOING BUSINESS IN BRAZIL

General

Exports to Brazil are arranged through agents, distributors or subsidiary companies — although agents are generally the most reliable. The best agents are located or have branches in the major cities. If a firm has no branches, it is advisable to appoint separate agents in at least Rio, São Paulo, Salvador, Belo Horizonte and Porto Alegre, but this depends greatly on the product and the market for it in Brazil.

Local distributors that maintain stock for their own account are much more difficult to obtain and the best ones are already handling a number of complementary lines of products.

Government purchases are frequently in bulk and arranged through tenders. In most cases, the supplier must be represented in Brazil by an authorized agent. Separate government agencies call their own tenders, and because there is no central issuing office, numerous state and federal government agencies issue thousands of tenders annually. Government purchasing agents are forced to buy locally made goods and services whenever possible and the Law of National

Similar has been enacted for this purpose. Copies of this and related laws are available in English from the Canadian Embassy and Consulates in Brazil.

Holidays

Official Brazilian holidays are as follows:

New Year's Day	January 1
Carnival	Monday and Tuesday preceding Ash Wednesday (variable)
Good Friday	(variable)
Tiradentes Day	April 21
Labour Day	May 1
Corpus Christi	(variable)
Independence Day	September 7
All Souls' Day	November 2
Proclamation of the Republic	November 15
Christmas Day	December 25

If a holiday falls on a Saturday or Sunday, it is not observed on the following Monday. However, if it falls on a Thursday, many businessmen take the subsequent Friday as well.

Advertising

Advertising agencies are commonly used in Brazil and many are associated with foreign firms. They should be consulted before any major or minor advertising campaign is undertaken either in newspapers, magazines, radio or TV. Although Brazil has no national newspaper, there are hundreds of daily papers with the largest in Rio and São Paulo.

TV and radio advertising are popular with more than 300 radio stations and approximately 50 TV stations. Cinema advertising is gradually losing its popularity to TV, although it is still done.

Advertising brochures and pamphlets should be in Portuguese if possible and can be excellently printed in Brazil. Translations should be either done or checked in Brazil since there are some differences between the Portuguese of Brazil and Portugal.

Shipping Services

Because there are no direct flights connecting Canada and Brazil, most air shipments are transferred at New York or Miami. Some shipments can be made by way of Europe at lower prices and this should be investigated.

Ocean shipping is much more convenient as there are three lines that call regularly at eastern Canadian ports. One calls at all Great Lakes ports and another goes as far as Toronto. From the west coast there is one Brazilian line with fairly regular but infrequent sailing from Vancouver. The lines, Canadian agents and routes are as follows:

Companhia de Navegação Marítima Netumar
Avenida Presidente Vargas, 482-22°
(20000) Rio de Janeiro, Guanabara
Phone: 233-8090
Telex: 031-529

Agent in Canada: Saguenay Shipping Ltd.
 1060 University Street
 Montreal, Quebec H3B 3A3
 Phone: (514) 877-3730
 Telex: 05-25299

Services: Approximately twice monthly service to east coast and St. Lawrence ports and once monthly to Great Lakes.

Companhia de Navegação Lloyd Brasileiro
 Rua do Rosário, 1
 (20000) Rio de Janeiro, Guanabara
 Phone: 224-3006
 Telex: 031-592

Agent in Canada: The Robert Redford Company Ltd.
 221 Du St. Sacrament Street
 Montreal, Quebec H2Y 1X2
 Phone: (514) 845-5201
 Telex: 05-25355

Services: West coast port of Vancouver and east coast and St. Lawrence ports. Regularity not scheduled.

Internal Transportation

Since highways have been greatly improved in recent years, commodities and people are commonly conveyed by road vehicles. Most cities and towns are connected by trucks and buses, and although efficient and economical — they are not necessarily fast. Bulk cargo, such as iron ore, coal and wheat, is frequently carried by rail. This service is improving rapidly, but is not as competitive as highway transport for regular merchandise.

Air freight is used to convey the most valuable shipments. Brazil has four large airlines, three of which are international. Only one, however, is intercontinental, with connections to Europe, the United States, Africa and Japan. It should be kept in mind that domestic air freight and passenger rates are extremely high compared with North American rates.

Ports and Harbours

Brazil, with its enormous coastline, has many large harbours and ports, most of which are currently being expanded. River transportation is also common — particularly in the Amazon area, which is being developed to handle the expected increase in cargo. Principal ports are Santos, Rio de Janeiro, Porto Alegre, Rio Grande, Salvador, Recife and Belém. The ports of Vitória and Tubarão are principally used for iron ore exports. North American freighters generally stop at Santos, Rio de Janeiro and only those other ports to which specific loads are consigned.

IV. CUSTOMS AND EXCHANGE REGULATIONS

Customs Tariff

The Brazilian customs tariff is based on ad valorem rates and duties are usually calculated on the CIF value of goods. Some products have a designated minimum value and in these cases,

duties are levied on this figure or on the CIF value, whichever is higher. The tariff is a protective measure and many luxury items carry a 105 per cent tax. Certain goods required for development are exempt from duty, however — particularly those items not domestically manufactured. Brazil is a member of GATT and LAFTA and special tariffs apply to certain goods coming from other LAFTA countries.

Latin American Free Trade Association (LAFTA)

In 1960, Mexico and a group of South American countries including Brazil laid plans for a free trade association known as LAFTA. Originally it was hoped that by 1972 duties could be eliminated on goods moving between members of this association, but the target date has now been moved to the end of 1980.

Within the LAFTA framework, Brazil has provided for the entry of products from other member countries at preferential rates of duty. While preferential treatment is sometimes granted to all members of LAFTA, in some cases only one or two countries may benefit. The smaller members — Paraguay, Uruguay, Bolivia and Ecuador — are often granted favourable market access conditions as a stimulus to economic development.

Special agreements known as complementation agreements are also provided for in the structure of LAFTA. These agreements are designed to allow particular countries to emerge as the prime producers of specific products for the LAFTA region. Each complementation agreement covers an industrial sector and lists in great detail the specific products granted preferential access. Only the parties to such a complementation agreement are entitled to preferential access to each other's markets, although the preferences are sometimes extended to Bolivia, Ecuador and Paraguay as well.

Canadian exports receive most-favoured-nation treatment in Brazil as both Canada and Brazil are members of GATT. However, in judging the Brazilian market for a product, it is wise to investigate whether other LAFTA producers enjoy special market access conditions in Brazil.

Documentation

In many cases, the importer must obtain a pro forma invoice before importing the goods in order to obtain an import certificate necessary for foreign exchange. These pro forma invoices must list the exact prices and the exporter must state that the prices quoted are now in effect for export to any country. The exporter should also indicate what the quoted price includes, such as internal freight and agents' commissions.

All shipments must be accompanied by four copies of a commercial invoice. These must include:

- specifications of the product in Portuguese or with a translation
- name and nationality of the ship or aircraft
- port of destination and port of shipment
- quantity and type of packages
- marks and number of packages
- gross weight in kilograms
- net weight in kilograms
- country of origin
- freight and other expenses, including CIF and FOB value in U.S. dollars
- unit and total price for each type of product in U.S. dollars.

Import certificates are required for many types of goods before shipment is made, or before an order is placed. They are usually valid for 120 days and shipment must be made before the expiry date. It is up to the importer to advise if such certificates are required but a wise exporter checks on this before accepting an order. The number and date of the certificate must be shown on the commercial invoice although consular authentication is no longer required.

Samples

Whether or not they are of any commercial value, samples sent to a registered importer require the same documentation as a commercial shipment. Documents should be marked AMOSTRA GRATIS (sample not for sale). Literature should be sent parcel post, clearly marked and in small packages of less than one kilogram in order to clear customs more easily. A commercial invoice should be sent as well. Delays in clearing literature through customs are usually quite long and parcel post packages are not delivered unless their weight is less than one kilogram.

V. YOUR VISIT TO BRAZIL

Canada maintains one embassy and two consulates in Brazil and it is advisable to contact all three well before your departure. In so doing, it is suggested that you send copies of your itinerary or letter to all offices to avoid any duplication of effort. If your products are not known, it is wise to send product literature and CIF or FOB price lists; also indicate any contracts you may already have in Brazil.

With this information, the staff can make firm or tentative appointments on your behalf and possibly arrange an internal itinerary or hotel accommodations.

When to Go

It is best to avoid going to Brazil during the December 15 to February 15 period when Brazilian businessmen generally take their summer holidays. The week of Carnival, which begins a few days prior to Ash Wednesday, should also be avoided because hotels are full and all offices are closed.

The best time to come both from a climatic and business point of view is from March 1 to June 30 or September 1 to December 15. The winter months of July and August are usually somewhat slack as many businessmen travel to Europe and North America to take advantage of the warmer summer weather.

How to Get There

As there is no direct air link from Canada to Brazil, most travellers transfer in New York or Miami. There are also direct flights from Los Angeles three days per week. If visits to other Brazilian cities are contemplated, it is much less costly to include them on your international ticket since local air tickets are quite expensive. There is an airport tax of approximately \$1.00 on internal flights and \$3.00 on international flights.

Travel Documents

A Canadian passport and International Certificate of Vaccination against smallpox are the only documents required to enter Brazil. Visas are not required unless the bearer is going to be gainfully employed during his stay in the country.

Hotels

New hotels are rapidly being constructed throughout Brazil, but there is no great shortage of rooms except during Carnival. Rates are highest between December 1 and March 30. Accommodation is not always first class, but it is improving.

Internal Travel

Air service between major cities is excellent but expensive. Bus service is also fast and rates are low. Because car rental is expensive in major cities and traffic is congested, taxis are often preferable as they are plentiful and economical. Most taxis are metered.

Currency

The Brazilian unit of currency is the Cruzeiro. In July, 1974, U.S. \$1.00 was equivalent to Cr. 6.84. There are no limits as to the amount of foreign currency that a visitor can bring into Brazil. Travellers cheques should be in United States dollars rather than Canadian and most of the international credit cards such as American Express and Diners Club can be used in major cities. Money can be changed at the airport, banks and hotels but the repurchase of U.S. dollars is not easy unless done at the same place as the original exchange and the original receipt is shown. Surplus cheques should therefore not be cashed. Visitors are allowed to purchase foreign exchange to a maximum of 30 per cent of the amount they have exchanged and for which they have receipts.

Business Visits

Business hours are generally 9:00 a.m. to 6:00 p.m., Monday to Friday and the luncheon period is usually from noon to 2:00 p.m. Business dress is invariably a suit and tie and jackets are always worn when making a business visit.

VI. GOVERNMENT ASSISTANCE TO EXPORTERS

The Canadian Government provides various services directly or indirectly intended to assist the exporter. The Department of Industry, Trade and Commerce maintains on a permanent basis five trade commissioners in three different locations to assist businessmen in entering the market, establishing contacts and obtaining general information on trade prospects.

Market intelligence and opportunities are published monthly in the department magazine, *Canada Commerce*. Firms interested in exporting can subscribe free of charge by writing to the Editor, Canada Commerce, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

Other support is offered by institutions such as the Export Development Corporation and specific programs administered by the Department of Industry, Trade and Commerce including the "Export-Oriented Training Program" and certain techniques of market development activities.

Export Development Corporation

The Export Development Corporation (EDC) is a Crown Corporation empowered by federal statute to insure Canadian firms against nonpayment when Canadian goods and services are sold abroad; to make loans to foreign purchasers of Canadian capital equipment and technical services; to guarantee financial institutions against loss when they are involved in an export transaction either by financing the Canadian supplier or the foreign buyer; and to insure Canadians against loss of their investments abroad through noncommercial risks.

Export Credits Insurance

EDC may insure contracts involving consumer goods and miscellaneous general commodities sold on short-term credit terms up to a maximum of 180 days; and capital goods, such as heavy machinery, on medium-term credit up to a maximum of five years. EDC may also insure earnings from the rendering of services to a foreign customer.

In the case of goods and services sold on short-term credit, a comprehensive policy that covers an exporter's entire export sales for one year is issued. For goods and services sold on medium-term credit, specific policies are issued for each transaction.

The main risks covered under a policy are the insolvency of a foreign buyer or his failure to pay, within six months after the due date, for goods he has duly accepted; blockage of funds or transfer difficulties; war or revolution in the buyer's country; cancellation or nonrenewal of an export or import permit.

EDC does not cover trade disputes or risks that can be and normally are insured with commercial insurers.

To obtain spread of risk, an exporter generally insures his exports to all countries, excluding sales made against irrevocable letters of credit and those paid for in advance. He may also exclude sales to buyers in the United States. EDC normally covers a maximum of 90 per cent of the amount of the loss.

Export Financing

EDC makes loans to foreign purchasers, or guarantees private loans to foreign purchasers, in support of Canadian exports of capital equipment and related services when extended credit terms are required to meet international competition, and when commercial financing is not available.

In addition, where international competition so requires, EDC may guarantee local cost financing being provided by the private sector, or may finance directly using EDC or government resources, up to a maximum of 20 per cent of the value of the goods and services exported from Canada in respect of a financed project.

Eligible transactions cover the power, transportation, communications and other capital goods industries as well as services related to appraisal and development (but not feasibility studies) of natural resources and projects for public utilities and primary and secondary industry.

It is usually the Canadian exporter and not the foreign borrower who submits the loan application to EDC. The Canadian exporter, or the one acting as prime contractor for the project if more than one exporter is involved, should approach EDC for an opinion as to the eligibility of an export sale for financing before a commercial agreement is signed.

The borrower need not be the importer in the transaction as, for example, when a government might borrow on behalf of one of its agencies or a bank on behalf of one of its clients.

Foreign Investment Insurance

To open new markets to Canadian businessmen by bringing the manufacture or assembly of goods nearer potential markets and to contribute to the advancement of less developed nations, EDC offers insurance against certain political risks of loss of Canadian investment abroad.

The program offers facilities covering three broad political risks:

- (1) expropriation
- (2) inconvertibility, or inability to repatriate earnings or capital
- (3) insurrection, revolution or war.

The investor can elect to take out a policy covering any, or all, or any combination of the three political risks.

The program calls for the investor to carry a percentage of the liability; the remainder is borne by EDC. This co-insurance requirement is extended to all contracts regardless of investor or country. The normal co-insurance to be carried by the investor is 15 per cent.

The above outlines the activities of the EDC. Not all aspects will, of course, apply to every country, including Brazil. For more detailed information businessmen should consult the EDC directly. It has headquarters in Ottawa with branches in Montreal, Toronto and Vancouver.

Export-Oriented Training Program

The Department of Industry, Trade and Commerce will pay the round trip economy air transportation for a foreign trainee to follow in Canada, with a Canadian company, a training of a scientific or technical nature. Applicants from Canadian firms (or trade associations) are accepted and judged according to the following:

- the applicant should demonstrate how the training might result in enhanced export business
- the trainee must be an employee of a potential customer or a person in a position to influence sales. (He cannot be on the payroll of the Canadian applicant)
- the trainee should be of a calibre or in a position to influence buying decisions
- the training should be a minimum of two weeks.

Applications should be submitted to the Fairs and Missions Branch of the Department of Industry, Trade and Commerce, Ottawa.

Incentives for Participation in Capital Projects

The objective of the Incentive for Participation in Capital Projects Abroad is to increase Canadian participation in capital projects abroad by sharing, with companies, expenses incurred when competing during the precontractual phases of such projects.

The expenses eligible to be shared by the government include those necessarily and actually incurred in the precontractual phases; costs of exploratory visits and studies, costs of preparing proposals and of preparing bids.

The government contribution will normally be 50 per cent of costs actually incurred on defined work. A contribution of more than 50 per cent may be made in exceptional circumstances if demonstrated essential and justified.

It is anticipated that the government contribution to any given project will normally range from \$5,000 to \$50,000 with an occasional case outside this range. When the company that has received assistance is successful in obtaining a contract for the project concerned, repayment of the government contribution will be required. Repayment is not required in instances where the company is not successful in obtaining a contract.

A submission format should be addressed to Program Office (Marketing Activity), Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5, where additional information on this program is available.

VII. USEFUL ADDRESSES

BRAZIL

Canadian Embassy
Commercial Division
Caixa Postal 07-0961
(70000) Brasilia, D.F.
Phone: 23-7515
Telex: 041-203
Cable: CANADA BSB

Canadian Consulate
Caixa Postal 2164 ZC-00
(20000) Rio de Janeiro, Guanabara
Phone: 242-4140
Telex: 031-430
Cable: DOMINION RIO

Canadian Consulate
Caixa Postal 6034
(01000) São Paulo, São Paulo
Phone: 287-2122
Telex: 021-269
Cable: CANADIAN SPO

CANADA

Latin America Division
Western Hemisphere Bureau
Department of Industry, Trade and Commerce
Ottawa, Canada K1A 0H5
Phone: (613) 996-5546

Embassy of Brazil
450 Wilbrod Street
Ottawa, Ontario K1N 6M8
Phone: (613) 237-1090
Telex: 013222

Consulate General of Brazil
1 Place Ville Marie, Room 1505
Montreal, Quebec H3B 2B5
Phone: (514) 866-3313
Telex: 0120985

Consulate of Brazil
130 Bloor Street West, Suite 616
Toronto, Ontario M5S 1N5
Phone: (416) 921-4534

VIII. SUGGESTED READING*Bank of London and South America Review (Monthly)*

Available from: Bank of London and South America
International Banking Division
40-66 Queen Victoria Street
London EC4, England
(free)

Brazilian Business (Monthly)

Available from: American Chamber of Commerce for Brazil
Caixa Postal 916 ZC-00
(20000) Rio de Janeiro, Guanabara, Brazil
(U.S. \$20 per year air mail)

Quarterly Economic Review No. 5 — Brazil

Available from: The Economist Intelligence Unit Ltd.
Spencer's House, 27 St. James Place
London SW1A 1NT, England

APEC Fortnightly Economic Letter

Available from: APEC Editora S/A
Avenida Churchill 94
(20000) Rio de Janeiro, Guanabara, Brazil
(U.S. \$85 per year)

Latin America (Weekly)

Available from: Latin American Newsletters Ltd.
69 Cannon Street
London EC4N 5AB, England

Brazilian Bulletin (Monthly)

Available from: Brazilian Government Trade Bureau
551 Fifth Avenue
New York, NY 10017, U.S.A.
(free)

International Trade & Economic Report (Weekly)

Available from: Brazilian Information Service
Rua Senador Dantas, 80
(20000) Rio de Janeiro, Guanabara, Brazil
(U.S. \$75 per year airmail)

REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETED ABROAD, CONTACT THE NEAREST REGIONAL OFFICE OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE IN YOUR AREA.

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NEW BRUNSWICK PRINCE EDWARD ISLAND	Director Eastern Canada Building 212 Queen Street Fredericton, New Brunswick E3B 1A8	Tel (506) 454-9707 Telex: 014-46140
QUEBEC	Director Room 2124, Place Victoria P.O. Box 257, Tour de la Bourse Montreal, Quebec H4Z 1J5	Tel: (514) 283-6254 Telex: 012-0280
ONTARIO	Director P.O. Box 325 Commerce Court West, 51st Floor Toronto, Ontario M5L 1G1	Tel: (416) 369-3711 Telex: 022-1691
MANITOBA	Director Suite 1104 Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba R3C 0A5	Tel: (204) 985-2381 Telex: 07-57624
SASKATCHEWAN	Director Room 651 Saskatchewan Wheat Pool Building 2625 Victoria Avenue Regina, Saskatchewan S4T 1K2	Tel: (306) 525-9814 Telex: 071-2745
ALBERTA NORTHWEST TERRITORIES	Director 500 Macdonald Place 9939 Jasper Avenue Edmonton, Alberta T5J 2W8	Tel: (403) 425-6330 Telex: 037-2762
BRITISH COLUMBIA YUKON	Director P.O. Box 11142 1055 West Georgia Street Royal Centre, 11th Floor Vancouver, British Columbia V6E 3P3	Tel: (604) 666-1434 Telex: 04-51191

