

How to import into Brazil



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1. Introduction

Brazil was a closed shop for importers until 1990. Since then the Brazilian market has gradually opened up and import volumes have risen year after year.

Imports into Brazil are ruled basically by three groups of legal norms, regulated by the Federal Revenue Service (SRF) - which includes the Customs Department, by the Central Bank and by the Ministry of Industrial Development and Foreign Trade, the latter through the Office of the Foreign Trade Secretary (Secex).

Various other bodies linked to the Health Inspectorate, the Federal Police and the Ministry of Agriculture, among many others, are also involved. Their competence depends on the type and classification of the product that is part of an import operation. Despite the existence of a Computerized Integrated Foreign Trade System (Siscomex), which consolidates all information related to foreign trade operations, there are a large number of laws, decrees, norms and other conditions that make importing products into the Brazilian market a complex task.

It is worth pointing out that certain specific proceedings have to be completed by the supplier even before the goods are shipped from their country of origin or before the execution of the purchase or the final order to the supplier. In fact, some merchandise is subject to licenses before shipment. At the same time, the importer, the purchaser of foreign merchandise or the person who places the order has to register with Siscomex, in an environment called RADAR. This includes providing proof of a clean fiscal and financial record.

This is the case, for example, with the import licenses, which are obtained from the above mentioned Secex. This body verifies the conditions contained in the Pro

Forma Invoice. The license issued by Secex also deals with the tax and duties laid down by Customs as well as the exchange conditions determined by the Central Bank (Bacen).

The moment the goods enter Brazilian territory, various documents and provisions are demanded during the customs clearing process until the last restraint has been lifted. This may lead to the immediate clearing of the goods, or clearance only after a physical inspection, checking of documents as well as the verification of the customs value. All these actions vary in accordance with the regulations covering the imports through the so-called green, yellow, red or gray channels.

Another essential aspect is the type of import, which can be:

- Import on Own Account;
- Import on Account of and by Order of Third Parties;
- Import by Order (or at Own Account by Order).

There is a different fiscal and tax format for each method, which affects the relations between the exporter and the importer.

The importing company needs to be in a position to accompany legal alterations. This is a permanent process that cannot be overlooked due to the large number of changes in the law that constantly occur.

An operational mistake may turn out to be very costly.

It is essential to understand that Brazil is a country of continental proportions. Therefore, logistical planning gains in importance in order to obtain a better and more efficient distribution on the market.

2. Methods of Importing

2.1 Importing on own account

The importer is both possessor and owner of the goods. Costs and operations are for its account, including relevant taxes, and it contracts the exchange directly. It assumes the risks of the commercial venture, whether wholesale or retail. The importer enters into commitments with the supplier abroad, sometimes through a distribution agreement or a purchase agreement. It handles the commercial operations on the domestic market.

2.2 Importing on own account by order

The importer is also the possessor and owner in this method. It finances the operation on its own account, including relevant taxes, and it contracts the exchange directly. The risks of the commercial undertaking,

however, are the responsibility of the person who placed the order and for whom the importer acquires the goods abroad and carries out the import operation. The importer may enter into commitments with the supplier but the operation only takes effect when the purchaser is known in advance and has placed an order. The purchaser is jointly responsible with the importer for the relevant import taxes.

2.3 Importing on account of and by order of third parties

The importer is consigned on the bill of lading, which means that at that moment it becomes the possessor of the imported merchandise that, however, is owned by a third person who finances the operation and is expected to advance the funds to settle the taxes due and other expenses. The importer provides a service. The purchaser is jointly responsible with the importer as far as the relevant import taxes are concerned.

3. Custom Duties

3.1 Import Tax (II)

Import tax is levied on imported goods and is applied when foreign merchandise enters Brazilian territory. It comes into effect on the date of the Import Declaration (DI). It is applied only once and the cost is to the account of the importer as the amount concerned is not used as a rebate or compensation on other duties to be paid.

The rates applied on the taxable value can vary (as a rule this value is based on the cost of the merchandise FOB, insurance and freight, adjusted by the Customs Valuation Accord, of which Brazil is a signatory). They depend on the necessity of the imported goods, determined by their correct specification (fiscal classification) in terms of the Conformity Regime.

Regardless of the import method, the importer is the one who pays the import tax.

3.2 Excise Tax on Industrialized Products (IPI)

This tax is imposed on industrialized products of foreign origin.

The rates are listed in the Industrialization Products Tax Application Table.

This tax takes effect at the moment the goods are cleared by customs, the last stage of the import process that started with the Import Declaration (DI).

The calculation basis of the tax, on import, is the same as that used to calculate the import tax, to which it will be added.

This tax is also applicable if there is a subsequent resale of the imported merchandise (sale or transfer of ownership, the latter in case of import on account of and by order of third parties).

This is a federal tax and is not cumulative. Regardless of the method of import, the importer is responsible for paying this tax.

In case of imports on account of and by order, as well as those imports only by order, the entity placing the order or the purchaser of the merchandise is considered to be a commercial establishment, meaning that the IPI will also be levied on their sales operation.

3.3 Value Added Tax on Sales and Services (ICMS)

This is a tax levied by the individual states on the judicial, physical or trading circulation of imported goods. The importer is responsible for its payment because it brought in the merchandise and registered the Import Declaration (DI) in its name. The tax is levied on the import and the subsequent re-sale of the imported goods (sale or transfer of possession, the latter when resulting from import on account and by order). This is a state tax, non-cumulative, owed to the state where the merchandise has physically been delivered at the establishment of the importer after having entered Brazilian territory.

The taxable value for this tax, relating to imports, is the same as for the import tax, to which the II and the IPI are added.

Whatever the import method, it is the importer who is responsible for paying this tax.

This state tax is, non-cumulative, and is levied during all stages of the circulation of the merchandise until its final

sale to the end-user and the amount of taxes paid at the moment the goods are cleared by customs offset the values of ICMS to be paid on subsequent sales made by the importer or by the purchaser.

3.4. PIS/COFINS

These are social contributions that are levied when the DI is registered. These contributions are paid as in a non-cumulative regime. However, for imports on account and by order, the amount paid at the moment the goods are cleared by customs offset the values of the same contributions to be paid on subsequent sales made by the importer or by the purchaser.

As with the ICMS, these contributions are applied during all stages of the circulation of the goods, until the ultimate sale to the end-user.

3.5. Others

There are other duties and charges imposed on imports, such as the Cide (Economic Domain Intervention Contribution), port charges, Siscomex fees, etc.

4. Customs and Tax Litigation Related to Imports

4.1 Fiscal classification

Imported as well as exported goods are classified in accordance with the tariffs code as determined by the Common External Tariff (TEC). If the company does not establish the correct classification, it might land up paying more than due (it's a costly process to get an eventual refund) or paying too little (another costly process which could involve a court case for not having paid due taxes).

4.2 Customs Valuation

All merchandise going through an import process is subject to have its customs value checked. This consists in verifying whether the customs value declared by the importer corresponds with the rules laid down in the

Customs Valuation Accord.

The following are considered as parts of the customs value: transportation costs, costs related to loading, off-loading and handling as well as the insurance value of the goods.

There are six methods in existence to determine the customs value of merchandise. It is essential to apply the correct method as this value will form the basis for calculating customs duties. Some items should be excluded (such as sales commissions, interest rates and assembly charges following importation). However, others have to be included (such as packaging costs, royalties and licensing fees that have to be paid by the purchaser) in order to establish the value of the merchandise. Mistakes in this respect could lead to a very high expense.

4.3. Transfer Pricing

Legislation related to transfer pricing always take effect when foreign trade operations are carried out between related parties. The exclusive distributor, even if still without a contract, is equally considered a related party. The law aims to identify and tax operations where the profit is made abroad, such as in the case where the importer pays 'too much' when importing or sells 'cheap' when exporting, whereby in both cases the related party abroad makes a big profit.

4.4 Origin and Provenance

A preferential treatment is applied in Brazil, for goods originating from member countries of Mercosul (Brazil, Argentina, Paraguay, Uruguay and Venezuela) and ALADI (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela). It is essential to identify which merchandise qualifies for preferential treatment.

4.5 Exemptions

It is possible to obtain exemption or a tax-abatement in cases when there is proof that the imported product does not have a similar counterpart produced in Brazil. There are currently more than 1,000 products on the exemptions list based on the Resolutions of the Chamber for Foreign Trade (www.mdic.gov.br).

Goods considered to be domestic counterparts of foreign goods are those manufactured in Brazil that can

replace the imported product, taking into account the quality level and adequate specifications for its use, a price not higher than the cost price of the imported product plus import taxes and the normal or current delivery time for the same type of merchandise.

This means that there must be proof that Brazilian industry does not have the conditions to manufacture or to offer a similar imported product. For this purpose the representative entities of local businesses are called in to give their opinion on these possibilities.

4.6 Consultations

In case of doubt about legislation (interpretation of tax laws) and the correct fiscal classification of the merchandise, the taxpayer may start administrative consulting proceedings.

While this consulting process (on the fiscal classification or interpretation of tax legislation) is underway and waiting for a decision, the person who requested the consultation relating to the product, or legal interpretation concerning this product, cannot be legally charged.

4.7 Flag

It is mandatory to use a ship sailing under the Brazilian flag to transport imported merchandise for any department of the Federal, state or municipal public administration, as well as any other imported goods that will be entitled to exemption or enjoy a tax-rebate.

5. Financial and Fiscal Incentives for Import Operations

In order to attract investments some Brazilian states have introduced fiscal incentives that allow a total exemption or partial reduction of ICMS on imported products. These incentives are aimed at minimizing the burden of taxation on foreign trade. There are also incentives of a financial nature, where the state tax is paid in full but the importer obtains financing (through loans) under favorable conditions. In order to increase their competitiveness, commercial import companies, including trading companies, have joined these

programs. Among the dozens of incentives that have been created, the most commonly used are FUNDAP, a financial incentive offered by the State of Espírito Santo, COMPEX (by the State of Santa Catarina), FOMENTAR (by the State of Rio Grande do Sul) and RIOPORTOS (by the State of Rio de Janeiro). These last three programs are built around the concession of presumed credit, cancellation of debts, reduction of duties or of the calculation base, deferment of payment or payment on account.

6. Special and Exceptional Customs Regimes

6.1 Customs Transit

The special customs transit regime allows the transportation, under customs supervision, of merchandise from one point to another within the Brazilian customs territory, without any duties being charged.

6.2 Temporary Admission

Goods brought into the country on a temporary basis for economic use (to provide a service or for the production of other goods), are subject to the payment of taxes in proportion to the time they remain in the country in relation to their useful lifespan.

A variable of this system is the special temporary customs admission for the active improvement of goods; it permits their entry into the country for a temporary period with the suspension of any customs duties, for the purpose of actively upgrading these goods (processing or repairs) and their consequent re-exportation.

6.3 Drawback (Suspension, Exemption, Restitution)

This is an export incentive and is conceded through

suspension of payment of taxes due on imported merchandise (that will be exported again after having been conditioned), exemption (of the amount of taxes, equal in quantity, and type, to those that one should be paid when improving, manufacturing, complementing or conditioning a product to be exported) and total or partial restitution of taxes paid on import of merchandise to be re-exported after improvement or used for the manufacturing, complementing or conditioning of another duly proven exported product.

6.4 Bonded Warehouse

The system of bonded warehousing in the case of imports allows the storage of foreign merchandise, which has been imported without exchange cover, for a period of up to one year, that can be extended for an equal period, with suspension of the payment of import taxes.

The system also allows the presence of foreign merchandise at trade fairs, congresses, exhibitions or similar events, held at private premises that have been customs bonded for this purpose.

The merchandise may subsequently be cleared for consumption or exported by the consignor or the purchaser.

The special system of bonded warehousing for export allows the storage of merchandise destined for export under the common system methods (with the suspension of tax payment) and the extraordinary system (storage at private premises, with the right to use the fiscal benefits referring to export incentives, before it is actually shipped abroad). The latter system is exclusively reserved for trading companies.

6.5 Temporary Export

The temporary export system allows the export from the country of Brazilian or Brazilian-acquired merchandise with suspension of export taxes on condition that it is re-imported within a specified time limit and in the same condition it was in when exported.

The system of temporary export for passive upgrading allows the export of Brazilian or Brazilian-acquired merchandise for a specified time limit with the purpose for it to be modified, developed, improved or assembled abroad and subsequently re-imported in that resulting form, subject to the payment of taxes on its added value. It is also applicable in the case of such goods being subject to overhauling, repairs or renovation abroad.

6.6 Certified Customs Deposit (DAC)

For all fiscal, credit and exchange purposes, the certified customs deposit (DAC) system considers as exported merchandise those Brazilian goods stored in a customs area and sold to a person residing abroad, by means of a delivery contract in Brazil and by order of the purchaser. This system may also be applied in a port installation of mixed private use, subject to the conditions laid down by the Federal Revenue Service.

7. Clearing Customs Proceedings and Documents

7.1 Commercial Invoice

The commercial invoice must contain the full name and address of the exporter as well as of the importer; description of the merchandise; brand name; serial number and, if applicable, reference numbers of the units; quantity and nature of the units; gross and net weight; country of origin, purchase and provenance; price per unit and total price and, if applicable, the amount and nature of reductions and discounts granted to the importer; freight and other costs related to the merchandise specified on the invoice; payment terms and currency and condition of sale (as per incoterms).

The Federal Revenue Service may make other demands, such as the use of electronic proceedings or requiring a consular visa, or lifting this requirement or granting dispensation for its presentation, the number of copies in which it should be issued and for whom it is destined, among others.

7.2 Bill of Lading

Merchandise coming from abroad and transported by whatever means is registered in a bill of lading that is presented by the person responsible for the carrier, together with the corresponding list of goods that identifies the freight unit that contains the merchandise that is referred to.

At each point of unloading in Brazilian customs territory the shipper must have as many bills of lading as the number of places abroad where freight was taken on board.

The original bill of lading, or equivalent document, is the proof of possession or ownership of the merchandise. For each bill of lading there must be a single import declaration, except for cases determined by the Federal Revenue Service.

7.3 Certificate of Origin

Certain goods may be subject to exemption or reduction of taxes as a result of international accords entered into by Brazil. This applies only to merchandise originating

from the beneficiary country in terms of the accord. The country of origin is understood to be the country where the merchandise was manufactured, or, in the case of material or manpower of more than one country being involved, the country where the merchandise underwent a substantial transformation giving it a new distinctive character. The purpose of the Certificate of Origin, or equivalent, is to establish the country of origin of the merchandise.

As a general rule, the tax exemption or reduction only applies to merchandise that has no Brazilian equivalent and is transported under the Brazilian flag.

7.4 Import License (L.I.)

The importation of merchandise is subject to licensing which is issued automatically in most cases, or non-automatically in others, through Siscomex.

Depending on the merchandise that is imported, approval is also required from other bodies with jurisdiction over the imported goods, as is the case with Siscomex. This applies, for example, to products subject to health control, when approval by the National Agency for Sanitary Vigilance (Anvisa) is mandatory.

7.5 Import Declaration (D.I.)

The import declaration is the underlying document that forms the basis of an import clearance and should contain the identification of the importer as well as the classification, customs value and origin of the merchandise.

The import declaration is registered by a serial number issued by the Federal Revenue Service through Siscomex, initiating the clearance process.

Brazilian law stipulates that the import clearance process should start within ninety days after unloading if the merchandise is in a primary customs zone, within 120 days in a secondary zone and 90 days counting from the date of the arrival of a postal consignment.

The import declaration must be supported by the original copy of the bill of lading or an equivalent document, the

original copy of the commercial invoice signed by the exporter, proof of payment of taxes where applicable and other documents required as a result of international accords or by law, regulation or regulatory act.

Customs fees [Import Duty (II), Excise Tax (IPI), social contributions (PIS and Cofins)] are collected the moment the import declaration is registered. The state value added tax (ICMS) is usually also collected before the customs clearance is complete.

7.6 Import Certificate (C.I.)

This document is the proof of the importation and is issued after clearance of the merchandise by customs and after this has been registered with Siscomex. It is the final step in the customs clearance process. Following the customs clearance, the merchandise is free to be delivered to the importer.

8. Non-Tax Rules Concerning Imports

As a general rule importers also have to adhere to the (i) Consumer Code, (ii) Environmental Legislation, (iii) Sanitary Vigilance as well as specific regulations concerning (iv) Chemicals, Pharmaceuticals and Explosives.

9. Forms of Payment for imports

Payment for imports can be made in various ways, all of them according to the internationally accepted methods, with either financing by the Exporter (Supplier Credit) or by the Importer through financial institutions in Brazil or abroad (Buyer Credit).

The most simple and commonly used methods in case of the start of an operation with an importer/new representative in the country are: Cash in Advance, Cash Against Documents and Letter of Credit.

These options are briefly described below:

9.1.1 - Cash in Advance

Payment is made before the merchandise is shipped in the case of goods that are imported directly from abroad, including under the drawback regime, or when destined for the Tax Free Zone of Manaus, a Free Trade Area or an Industrial Warehouse.

In case of goods that are imported under other special or extraordinary customs systems, payment is made the moment they reach Brazilian territory and against a pro-forma invoice from the Exporter containing all basic information about the merchandise that will be commercialized. The value of the payment may be up to 100% of the total value of the merchandise.

9.1.2 Cash Against Documents

The exporter ships the merchandise and delivers the documents to a bank that will charge the importer. After payment is made the documents are released to the importer to arrange for them to enter Brazil.

9.1.3 - Documentary Credit or Letter of Credit

Documentary credit is a form of payment in which a bank (bank of issue) acts at the request and for the account of the importer (borrower) and commits itself to pay the exporter (beneficiary). This method allows the bank to assume the role of payer of the operation. The Letter of Credit may be for cash or on open account and payment and is usually made against the shipping documents.

9.1.4 - Open Account

The exporter directly finances the importer in Brazil (Supplier Credit) without the need for an intermediary financial institution.

It is recommended for operations in which commercial relations between both parties are already well established, with no need for guarantees on behalf of the

importer. Financial conditions should be those that best fit the characteristics of the commercial operation, with payment being either cash or over a fixed term agreed by the exporter.

The exporter ships the goods and sends the documentation directly to the importer without the issue of an official charging document (Bill of Exchange).

Payment can be cash or on open account. Usually it is on account for 60 days because it allows the importation of the merchandise without the necessity of liquidation of exchange, which is mandatory for cash payments.

In case of a term of between 61 and 360 days the payment to the exporter may only be made after the importation of the merchandise.

9.2 - Import financing more than 360 days.

Both the operations financed directly by the Exporter and those financed by the Importer, through financial institutions, with a term of payment of over 360 days are subject to registration in the Register of Financial Operations (ROF) at the Central Bank (BACEN) before the merchandise enters Brazilian territory and following a declaration by the importer.

10. Transportation Logistics in Brazil

The concept of logistics covers all activities related to the acquisition, transport, transfer and storage of merchandise. Generally it is interpreted as referring specifically to the flow of materials (raw materials, intermediates and finished products), but also involves supplying enterprises with services and information. A logistics center does not need to be located in company head offices, but in a location where the logistics are more favorable.

Aspects of a complete logistical strategy should include:

- Development of logistical vision and systems
- Transport
- Outsourcing
- Competitors
- Human Resources
- Generating a supply chain
- Generating information
- Optional analyses
- Communication
- Actual cost of locations
- Specialized competence centers
- Network projects

This means that the fastest and cheapest way between two points is not always a straight line.

10.1 - Major Ports:

Since 1993, when the so-called "Ports Modernization Law" came into effect, Brazilian ports have gone through a process of an administrative re-think and decentralization, a private sector take-over of some operations, modernization of equipment and proceedings, an increase in productivity and a cost reduction.

The Brazilian port system consists of more than 36 ports, spread along the 4,440-mile Brazilian coastline. All major Brazilian cities and large consumer centers are located near the coast. The principal ports are:

Port of Santos

The largest Brazilian port in terms of TEU movement (each TEU represents a twenty-foot container). It mainly serves the states of São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul and Minas Gerais.

This port went through a privatization stage in the nineties and since then has improved its efficiency in its freight inflow and outflow.

Its logistical bottle necks are diminishing year after year.

Port of Rio Grande

This port is located in the extreme south of Brazil and serves the whole of Rio Grande do Sul state and part of the state of Santa Catarina. It has capacity for multimodal operations, allowing for any type of logistical ventures.

Port of Itajaí

This port is located in Santa Catarina State and is used mainly for the export of refrigerated products, particularly beef and deep-frozen chicken. It serves the states of Santa Catarina, Rio Grande do Sul, Paraná and Mato Grosso do Sul.

Due to the great volume of exports, this port receives vessels from a large number of countries. It is currently being enlarged with the construction of new private terminals.

Port of Paranaguá

As well as the state of Paraná, this port also serves the states of Santa Catarina, Mato Grosso, Mato Grosso do Sul, Goiás and upstate São Paulo.

This port specializes in the export of grains and refrigerated goods.

Port of Rio de Janeiro

Located in the state of Rio de Janeiro, this port also serves the states of Minas Gerais and Goiás.

Port of Vitória

Located in the state of Espírito Santo, this port is geared towards imports, serving all the states of the Southeast Region.

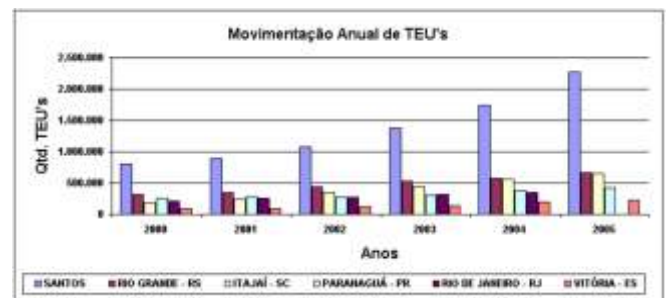
General observations:

The six major ports of Brazil are all located in the Southern and South Eastern regions, which have the largest industrial centers and the largest concentration of consumers in the country.

Although they do not rank amongst the six largest in the country, the ports of the North Eastern region and in the Amazon Basin are well developed and have received constant investments in infrastructure, especially the ports of Salvador, Suape, Fortaleza/Pecém and Manaus.



0.1.1 The six busiest ports in terms of TEUs (twenty feet units)



Source: Figures obtained from the websites of the ports data for 2005 is unavailable for Rio de Janeiro .

Amount of TEU's moved in each port during the last six years.

The main methods used to carry freight to and inside Brazil are:

10.2 - Main Methods:

10.2.1 - Maritime

The most economic way to move large volumes and tonnages of freight over long distances, with almost unlimited options of routes, is maritime transport. This method has led to the establishment of an intense flow of

merchandise between Brazilian and foreign ports, representing some 90% of all Brazilian foreign trade.

Brazil is served by the world's major shipping lines using its various ports.

10.2.2 - Coastal Shipping

In order to optimize the use of their vessels and to serve the whole Brazilian coastline, shippers have started to use the 'hub port' concept. International cargo vessels unload their merchandise in a major port and then transfer it to smaller vessels. These then transport the goods to other Brazilian ports along the coast.

Despite the recent growth in the number of coastal container vessels that serve the Brazilian coast, the amount of weekly sailings along the principal routes is still low. Some shippers cite this as a limiting factor for the greater use of this means of transport.

One of the reasons for this low supply of coastal shipping lines is the still precarious economic balance of coastal shipping. The operators face a heavily lop-sided situation with a higher south-north flow and a much less intense north-south flow.

10.2.3 - By Air

Air transportation is a very efficient means for low-volume and light-weight freight, offering a high added value and flexible delivery conditions. Just under 5% of Brazilian foreign trade is transported this way.

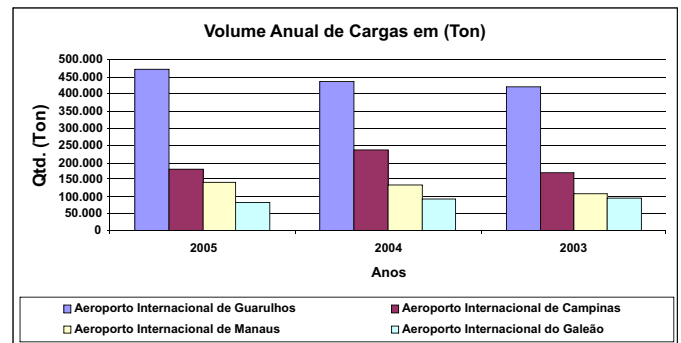
Brazil is served by major domestic and international airlines, with most international flights concentrated in the Southern Region of the country, principally São Paulo.

Of the country's four busiest airports, two are in São Paulo (Guarulhos and Campinas international airports) - and one in Rio de Janeiro (Galeão International Airport). This explains why the region represents 50% of all boarding registered by INFRAERO (the Brazilian National Airports Authority) in the years 2003, 2004 and 2005.

First-ranked Guarulhos International Airport handles double the amount of transported tonnage of Campinas International Airport.

Airports statistical data

The graph shows the total amount transported through by the four major airports ranked by INFRAERO, which administers the 66 airports in the country.



Source: INFRAERO

10.2.4 By Road

Road transport is the most commonly used method in Brazil. It is used mainly for imports from South American countries such as Argentina, Chile, Uruguay and Bolivia.

Brazil has approximately 164,213 km of paved roads, of which 22% are in good or excellent condition and 78% in need of improvement, according to a study by the National Transport Confederation.

Southeast Region: The majority of highways in São Paulo State have been privatized, including those that link São Paulo City to the city of Santos (Anchieta and Imigrantes Highways). The administrator of these highways has invested a large amount of resources to improve safety and increase traffic capacity. This has helped to reduce the logistical bottle-necks affecting imports and exports referred to earlier.

The great majority of highways that link the state capital to the interior have also been privatized and their conditions are considered excellent.

Southern Region: This region borders on various countries of the Mercosul, with dense import traffic at the border posts of Foz de Iguazu, Dionísio Cerqueira, São Borja, Uruguaiana and Jaguarão.

Mid-West Region: This region has a highly developed agricultural base, with soy as its major product. For this reason, investments were made in road infrastructure,

principally in links to the port of Santos.

Another outstanding point in the region is border crossings with Bolivia at Cáceres (Mato Grosso) and Corumbá (Mato Grosso do Sul), as well as with Paraguay at Ponta Porã (Mato Grosso do Sul) through which most of the imports from those countries are made.

North East Region: Here the major highways run parallel to the coast, serving principally the state capitals and the larger cities. There are problems as far as safety and maintenance are concerned. This increases transportation costs for the states located on the fringe of this region.

Because of its geographical location, cheap labor costs and business opportunities, this region is attracting a number of companies that have transferred their operations to various states there, especially Bahia, Ceará and Pernambuco. As a result the road conditions are tending to improve.

Northern Region: Despite its extended territory, the Northern Region has a smaller road network than the rest of the country. This is mainly due to the fact that the overwhelming majority of economic and industrial activities are concentrated in the south and south east of The country, and also because of a strong migration process towards the North East. As a result, road transport in this region has a high cost and has more difficulties to be overcome.

10.2.5 - Railroads

Between 1975 and 1995 the Brazilian rail transport segment lost a large chunk of its share in freight traffic.

Following the privatization of the Brazilian railroad system, rail freight transport is no longer the responsibility of the sold-off RFFSA (Federal Railroad Network) and FEPASA (São Paulo State Railroad). It is now basically handled by four large corporations:

- A.L.L.- América Latina Logística, serving from São



Map - Source Transport Ministry www.transportes.gov.br

Paulo to the South

- M.R.S., serving the South East
- F.C.A. - Ferrovia Centro Atlântico, serving the states of Minas Gerais, Espírito Santo, São Paulo and part of the North East
- C.F.N. - Companhia Ferroviária do Nordeste, serving the North East

The Brazilian railroad network spans 16,800 miles. In 2005 over R\$2.1 billion (almost \$1 billion) was invested to modernize rolling stock and increase efficiency. As a result, transported goods volume rose 46% from 1997 to

11. Logistics United States - Brazil

11.1 Maritime Transport

Maritime transport between the United States and Brazil is regular and with a high frequency. It is served by top-notch shipping lines such as Maersk, MSC, Hamburg Sud, Aliança and Libra, among others. These shippers make weekly calls on ports in the Gulf and along the East Coast of the US, where freight from the West Coast is also unloaded and shipped.

Routes:

- **Maersk:** This shipping line operates on a weekly basis from the ports of Newark, Philadelphia, Norfolk, Savannah and Miami. The first port of call in Brazil is Santos. Transit time to Santos is approximately 16 days, or 22 days for the last Brazilian port on the route. It only accepts container freight.
- **MSC:** This line operates from the ports of Norfolk, Philadelphia, New York and Baltimore on the East Coast and Houston, New Orleans and Port Everglades in the Gulf. The routes go via Porto de Caucedo in the Dominican Republic where the freight is transferred to a vessel with destination Brazil. Port of call is Santos, with a transit time of 22 days. It only accepts freight in containers.
- **Hamburg Sud and Aliança:** This line operate from the ports of New York, Philadelphia, Charleston, Norfolk, Jacksonville and Port Everglades. It has a weekly frequency and transit time of between 15 and 23 days. Its principal ports of call in Brazil are Suape, Pecém, Santos and Rio Grande. Containers only.
- **Libra:** This shipping line picks up freight along the East Coast as well as in the Gulf. It operates from New York, Norfolk, Charleston, Baltimore, Houston, New Orleans and Miami. Brazilian ports of call are Santos, Rio Grande, Vitória, Rio de Janeiro and Imbituba. Transit time is between 15 to 25 days.

Note: This information may change without prior notice. Please consult the shipping line before starting any operation.

11.2 - Air transport

There are a large number of flights from the United States to various Brazilian states. It is worth mentioning many flights originating in Miami with destinations to many major airports in Brazil.

11.3 - Export of small volumes

Exporters of small volumes have the option of using specialized companies that handle consolidated freight. For maritime transports there are the NVOCC agents (Non Vessel Operator Common Carriers) and by air the operators of transit freight.

The United States has a wide choice of companies in these segments, accepting responsibility for the freight, handling the customs process as well as taking care of export proceedings. As these companies work for several exporters, they optimize available space through blocked reservations, thereby reducing costs.

11.4 - Insurance

Securing insurance in Brazil is made within the terms of Resolution 3/71 of the National Council of Private Insurance and may only be covered by insurance companies duly established in the country. The reason is to contribute to the expansion of the Brazilian insurance market and to combat capital flight, in terms of Federal Government policies on insurance and investments.

SUSEP the Superintendence of Private Insurances stipulates the conditions for securing transportation insurance (domestic and international) in its Circular 178 of December 2001. Its norms basically follow those of the British Insurance Tariff, world standard for transport insurance also recognized by the United States and the European Union.

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