

Business tips: Steering clear of potential pitfalls

Brazil, South America's largest economy, offers great business opportunities for exporters who have researched and targeted this complex market. *CanadExport* offers a few quick tips to consider if you plan on taking your business to this challenging yet rewarding market.

Get local, get in

There are many ways for Canadian companies to enter the Brazilian market. All the customary import methods exist including agents, distributors, import houses, trading companies, and subsidiaries of foreign firms. Most Canadian exporters use local sales representatives with technical capabilities or distributors.

As direct sales to the end user are rare, the key to success is to maintain a solid and reliable relationship with a suitable local firm, capable of protecting and promoting your company's interests. During sales contract negotiations, local buyers will almost always place an emphasis on quality, technical assistance and training.

The most common way for Canadians to do business in Brazil is through a sales representative or agent. Although some Brazilian companies import directly from overseas manufacturers without local representation, the presence of a local agent or distributor is essential in most cases. The selection of an agent requires careful consideration.

The ability of an agent to cover the country depends in large part on the item being sold. If your product has just a few buyers throughout Brazil, one agent may be enough. However, if your product sells to a wide potential market, the need for countrywide service facilities could place a much greater demand on a single agent.



Traders work on the floor of the Brazilian Mercantile and Futures Stock Exchange in Sao Paulo, in January 2007.

Culturally, Brazil is as diverse as all other countries that make up Latin America, so a business approach that is sensitive to this is required. Business is often conducted in English, but promotional material should be in Portuguese, Brazil's official language.

Know before you go

Local import regulations can be confusing to a first-time seller to Brazil. However, complying with local requirements are the responsibility of the importer, who will normally process necessary paperwork through a customs broker. Nevertheless, Canadian exporters should understand the process and be familiar with the regulations involved to avoid costly delays related to the non-compliance of regulations.

While patience and understanding are crucial for doing business in new markets, demonstrating a long-term commitment to the market is key. Make frequent visits to gain first-hand knowledge of the people and place. It will help steer you clear of potential pitfalls. ◀

GENERAL INFORMATION

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Canadian businesses need China to stay competitive

As an economy, China has been characterized as a dragon with many tails. To be sure, it is one of the most complex markets in the world today. Rapid growth in that country has had major implications for companies around the world—creating opportunities for export and at the same time presenting significant competitive threats.

As a market for Canadian exports, China is like no other. It is the fourth-largest economy in the world and has a gross domestic product growing at unparalleled rates. As the fourth-largest market for Canadian merchandise exports, it is expected to grow further in importance as China's infrastructure requirements continue to drive demand for goods and services.

At the same time, China poses a major threat to Canadian companies. Its low cost of labour has made China the leading destination for foreign direct investment and its companies are the main suppliers of goods to customers in China, Canada and other markets.

"In absolute numbers, the volume of Canadian exports to China is good. As a percentage of market share, it's not as good. And Canadian investment into China is lower than most of the industrialized West," says Ken Sunquist, Canada's Chief Trade Commissioner.

Canadian entrepreneurs are active in several of China's industrial sectors such as information and communications technology, transportation, aerospace, autos and auto parts.

Moreover, China is a key link in global value chains, becoming a regional hub of manufacturing and a centre for research and development. Many global enterprises are establishing or seeking to establish a presence there to position themselves for future global competitiveness.

But China's formidable economic presence in the world has meant that many countries are vying for a share of this market, and Sunquist says that Canada needs to play a bigger role in China's evolving global supply chain.

"As China continues to rise in importance, Canadian companies will need to develop deeper commercial relations with Chinese companies or face them as competition," Sunquist says.

He points out that more companies should take advantage of the Canadian Trade Commissioner Service when considering China as a market.



Chinese workers celebrate the opening of a Wal-Mart store in Shanghai.

Canada Pork International is a case in point. The organization has been active in China for the past seven years and its members export huge quantities of pork products to Chinese customers.

Established in 1991, it is the export promotion agency of the Canadian pork industry and represents a total of 30 trading houses and 20 packers.

Jacques Pomerleau, Executive Director of Canada Pork International, says much of Canada Pork's success was due to Foreign Affairs and International Trade Canada (DFAIT).

"The Chinese have tough regulations and complex bureaucracy. If not for DFAIT, it would have been extremely difficult for us to get in there," Pomerleau says.

Government officials helped Canada Pork obtain export certificates from Chinese veterinary services and to understand how the meat inspection process works there. They also helped Canada Pork complete the required documentation and necessary inspections, as well as resolve labeling issues.

Pomerleau advises other Canadian companies looking to expand their business in China to pursue the same opportunities.

Pomerleau anticipates further substantial growth but points out that Canada Pork has just scratched the surface of the Chinese market, much like Canada has thus far.

Sunquist says the Canadian government aims to do its part by maintaining strong relations with China, building China's knowledge of Canada's commercial capabilities, and by improving the Trade Commissioner Service to better help Canadian enterprises in global markets.

For more information, go to www.infoexport.gc.ca and www.beijing.gc.ca. ◀