

**Consulate General of India**  
**Sao Paulo**  
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**Advisory for Agri Product Exporters**

A few instances of trade disputes have come to the notice of the Consulate wherein a **Brazilian importer – Fegaro** (*also represented as. COMERCIAL FEGARO IMPORTACAO E EXPORTACAO EIRELI or JET TRADING IMPORTACAO E EXPORTACAO LTDA or COMERCIAL LP*), having imported products such as dehydrated onion/garlic, garlic powder, sesame seeds, yellow mustard seeds, from Indian companies has not cleared shipment even after many months of arrival of consignment at Santos port in Brazil or delayed due payment to Indian exporter for many months indefinitely explaining its financial difficulties. In all these cases, terms of payment were CAD (Payment on receiving BOL through bank).

2. It was learnt that the company was **undergoing customs fraud and tax investigation conducted by the Brazilian Federal Revenue in Sao Paulo, due to suspected fraud in previous imports.**

3. In view of the above, the Indian agri product exporters while entering into an export contract are advised to exercise more caution and adopt measures as follows:

(i) An Indian exporter entering into contract with Brazilian importer are advised to add a `negotiation` clause in the contract. By strength of this clause, if importer acts against terms of contracts, the exporter can invoke the negotiation clause, which by Brazilian law, entails legal negotiation process giving enforcing powers to the Chamber assigned negotiation power in the contract (A sample contract with `negotiation` clause is attached herewith along with details of suggestive fee charged by negotiation chamber when providing such service).

(ii) In case the contract did not have a negotiation clause, the second available course of feasible action for an Indian exporter might be to engage services of a mediation firm. These firms based in Brazil are in good position to take up the matter more professionally and actively with the Brazilian importer (Details of suggestive fee charged by a mediation firm for such service are also attached).

(iii) Apart from the above, it is understood that Letter of Credit is also a much safer mode of contract than CAD (Cash against documents through bank).

(iv) Besides, another important point is to avoid sharing scanned copy of Bill of Lading in advance with the importer and in case it is unavoidable then to write `COPY NON NEGOTIABLE` on it.

4. Also, the agri product exporters, before entering into contract with Brazilian importer, are, in case of doubt, advised to check credibility of the Brazilian company with the Consulate by email to [com.saopaulo@mea.gov.in](mailto:com.saopaulo@mea.gov.in)

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