

BRAZIL OFFERS COFFEE BONUS

Ten Per Cent in Kind Given Exporters Who Must Ship It to Original Buyers in Consuming Markets

Staff Correspondence

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THE National Coffee Department, in its endeavor to meet foreign coffee-price competition without reducing prices, has conceived and put in execution, as of April 17, a 10 per cent bonus in kind on all coffee exports.

According to Dr. Armando Vidal, head of the Department, this bonus represents a reduction of 6 per cent to the New York coffee importers alone. This saving they are expected to pass on to the consumer.

DETAILS OF THE PLAN

Here follow details of the plan as communicated to the various coffee trade associations:

"In order to obtain the bonus, the exporter will deliver at the agencies of the department, up to the fifth of each month, a list of the shipments made during the previous month, giving the name of the buyer, destination, amount, and name of the ship carrying the coffee.

"The coffee representing this bonification will be delivered by the department at its warehouse, or at warehouses of third parties, filled in bags and ready for shipment, during the fortnight following the month of the shipment.

"It will be prohibited for the exporter to make a blend with the coffee received as bonification, and same should leave the warehouses of the department already marked and should go direct on board ship.

"The coffee representing this bonification is subject to the fifteen shillings tax and the payment of State taxes, where these are demandable.

"The department will make arrangements with the Banco do Brazil in the way of obtaining authorization that the drafts sold against coffee be only for the amount of the 15s tax plus the freight, where anticipated payment of the latter is demanded.

NOT APPLICABLE ON PROPAGANDA COFFEE

"The bonification of 10 per cent in kind will not be granted on shipments of coffees destined for propaganda or other coffees which do not refer to regular business of the export trade, nor on the previous quota of bonification.

"It will be compulsory to ship the coffee representing this bonification within the month following the one of the shipment which called for the bonification, except when involving amounts of less than twenty-five bags, which may remain in care of the department for another thirty days, which time will not be extended.

"All rights for the receipt of bonification will lapse in case the exporter does not make his declarations at the time fixed in this advice, or in case, even if he has so proceeded, he does not withdraw and ship the coffee at the time here established, unless he proves the absolute lack of space or a boat for the shipment.

"The coffees of this bonification will be delivered in uniform lots, the lowest type of which is specified below: In Santos, type 6; in Rio de Janeiro, type 7; in Victoria, type 7; in Paranagua, type 7; in Recife, type 7; in Bahia, type 7; in Angra dos Reis, type 7."

OFFICIAL INTERPRETATION OF PLAN

Dr. Armando Vidal, has made a number of statements to representatives of *A Noite*, completing and interpreting the provisions of the 10 per cent bonus plan:

"The measure is truly useful and all precautions were taken for its proper execution. It will have a beneficial influence in foreign markets, especially in America, the largest market for the coffees of Brazil. It represents an immediate drop of about 6 per cent in the cost of the product in New York, or a reduction of 18 per cent on the export tax of 15 shillings.

"The exporter will declare to the Department up to the 5th of each month the amount of his shipments during the preceding month, and the names to whom the coffee was sold and shipped. During the following fortnight the Department will place at the disposal of the exporter the quota of 10 per cent in coffee, to be shipped to buyers in proportion to their purchases of the previous month, but subject to the tax of 15 shillings.

"Thus, if Messrs. A & B of Philadelphia should buy in April 10,000 bags of coffees in Rio, they will receive in May another 1,000 bags as a bonus, paying for same only the tax of 15 shillings and other expenses to their locality. But this bonus will not affect prices in the re-distributing centers. Prices themselves will be maintained, but the buyers of our coffees will be benefited, as the bonus will be received in specie."

The Department has also issued a communication "to enlighten those interested" to the effect that the coffee bonus will benefit solely the coffee importer abroad, and shipment will go direct to the buyer whose purchases originated the grant. Thus, the exporter is merely the intermediary and, ipso facto, the means of getting into the hands of the importer the bonus to which he (the importer) has a right.

The terms of the original order, as first published, evidently led to a slight misconstruction. The Sociedade Rural promptly sent a protest to Dr. Armando Vidal, disagreeing that the premium of 10 per cent should be awarded to *exporters*. In Colombia, they pointed out, the premium was given to *producers*, and later took the form of a rebate in exchange.

FINE COFFEES TO BE STRESSED

In his newspaper talk regarding the coffee premium scheme, Dr. Armando Vidal stressed the increased attention the Department would give to the selection of fine grades of coffee.

"Our Technical Section," he said, "has multiplied its activities. Although the new agency at Juiz de Fora has not been officially inaugurated, it has sent its men into fazendas to instruct planters in