DDP: The seller will verify with the BRAZIL USINA, before sending the FCO, the **CQE or Certificate of Quota Eligibility**. That is, **if we send the FCO it is because the purchase and the quota with the lowest import tariff are guaranteed.**

The Buyer issues a Letter of Intent (LOI) in favor of (ASK us THE SELLER'S NAME COMPANY) _ The LOI must indicate that the Buyer has read and agrees with the purchase process, or it must include any observations regarding the process. (COPY AND PASTE THIS PROCEDURE) Additionally, the agreed price by the authorized representatives must be stated. The LOI must be on letterhead and contain all the final buyers' details.

1. The seller issues a Full Corporate Offer (FCO). The buyer reviews, signs, and returns the FCO and issues a purchase order (ICPO) + CIS+ PASSPORT COPY + REGISTRATION CERTIFICATE + BCL

in the supplier's name within no more than three (3) business days.

2. The seller issues a Sales and Purchase Agreement (SPA) which must be signed and sealed by the buyer and is valid for five (5) banking business days. If not signed, it will be considered null and void, unless justified with reasonable occurrence.

3. The seller issues a Proforma Invoice valid for ten (10) banking business days, reflecting the buyer's payment method. After the expiration

of the proforma invoice, if the letter of credit is not issued, the negotiation will be terminated, unless the delay is reasonably justified.

4. The buyer and seller deposit a copy of the Contract (SPA) in their respective banks, along

with the NCNDA/IMFPA of the intermediaries to be paid in due time, during the contract.

5. The buyer's bank issues a Swift MT-799 with RWA for the amount of one month, indicating that the MT760 SBLC will be issued. The seller issues the PRODUCT AVAILABILITY CERTIFICATE. Before issuing MT199, the buyer's bank must have the bank guarantee wording accepted by the seller.

6. The buyer's bank issues an IRREVOCABLE, TRANSFERABLE, AND DIVISIBLE STAND-

BY LETTER OF CREDIT MT 760, for the monthly value, automatically renewable for all the duration of the contract and the payment of shipment will be released immediately on arrival of vessel, regardless of the occurrence of discharge. Valid for 30 + 1 DAYS (Banking instrument will be renewed monthly after each payment and shipment).

7. The seller schedules the order in the shipping calendar. After confirming the SBLC, the seller issues a 2% Performance Bond or equivalent insurance. The seller starts loading within 20 to 30 business days after confirming the SBLC.

THE SBLC MUST COME FROM THE TOP 25 BANKS IN THE U.S. OR EUROPE, AND BE UNCONDITIONAL, IRREVOCABLE, WITHOUT RESTRICTIONS, TRANSFERABLE, BACKED BY CASH, FREE OF CHARGES, AND CONFIRMED WITH FULL BANK RESPONSIBILITY. DDP USA NATIONALIZED.

8. The buyer will make the SBLC payment for the contract period, open 365+1 days and must be guaranteed with the amount of one (1) month.

9. The buyer pays MT103 before the ship is unloaded; the product is delivered to a bonded warehouse (it must be picked up within 15 days; any additional days must be paid for by the buyer).

PRICES:

SUGAR IC 45 DDP USA	PRICE USD $ PER MT	USA PORT
12,500	$ 790.00	DDP
25,000	$ 780.00	DDP
50,000	$ 770.00	DDP
100,000	$ 760.00	DDP
200,000	$ 750.00	DDP
300,000	$ 740.00	DDP

THIS IS OUR SECRET:

Regarding sugar importation into the United States and exportation from Brazil. Your question is excellent, as the term **CQE** is fundamental in our industry.

What Does CQE Mean?

CQE stands for **Certificate for Quota Eligibility**. This is an official document that must accompany sugar shipments exported to the United States to qualify for the benefits of an import quota.

In simple terms, the CQE is the "passport" that allows a Brazilian exporter (or one from any other country with a quota allocation) to have their sugar enter the U.S. market at a significantly lower tariff rate. Without this certificate, the same sugar would be subject to a much higher tariff, rendering it uncompetitive in price.

Is CQE Similar to a Tariff-Reducing Quota?

Your intuition is correct; they are intrinsically linked, but they are not precisely the same thing. Allow me to explain the distinction:

- **The Import Quota (Tariff-Rate Quota - TRQ):** To protect its domestic sugar industry, the United States establishes a Tariff-Rate Quota (TRQ) system. This system operates on a two-tiered tariff structure:

    - **A low tariff (in-quota tariff):** Applied to a specific quantity of sugar imported annually from designated countries. Brazil, due to its significance as a major producer, is one of the countries allocated a substantial portion of this quota.
    - **A high tariff (over-quota tariff):** Applied to all sugar imported in excess of the established quota amount. This tariff is prohibitively high, making such imports commercially non-viable in practice.
- **The CQE (Certificate for Quota Eligibility):** This is the document that certifies that a specific sugar shipment is part of the quota allocated to that country. Therefore, the CQE is not the quota itself but rather the instrument that **enables the use** of that quota, thereby granting access to the lower tariff rate.

To use an analogy: the quota (TRQ) is like having a reservation at an exclusive restaurant with a special-priced menu. The CQE is the reservation confirmation you must present at the door to be admitted and enjoy the preferential pricing.

What are the Benefits of a CQE?

From the perspective of a Brazilian sugar exporter, the benefits of exporting under the authority of a CQE are critically important:

- **Preferential Access to the U.S. Market:** The primary benefit is gaining access to one of the world's most stable and highest-priced sugar markets. Without the quota and the corresponding CQE, competing with U.S. domestic production would be virtually impossible.
- **Drastic Tariff Reduction:** As mentioned, the difference between the in-quota and over-quota tariff rates is substantial. The CQE guarantees the application of the low tariff, which translates directly to greater profitability for the Brazilian exporter.
- **Predictability and Stability:** The quota system provides a degree of certainty regarding the volume of sugar that can be exported to the United States in a given fiscal year. This allows Brazilian producers and exporters to plan their production and sales with greater confidence.

- **Higher Prices for Brazilian Sugar:** By being able to sell within the U.S. market, Brazilian exporters can achieve more attractive prices than those typically available on the global market, which tends to be more volatile and subject to lower pricing.

In summary, the **CQE is the key that unlocks the door to the U.S. sugar market under preferential conditions**. While it is not the quota itself, it is the indispensable document required to benefit from it. For a Brazilian exporter, securing a portion of the quota allocation and the associated CQE is fundamental to the profitability and viability of their exports to the United States.

I hope this detailed explanation has been very helpful.