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Canada: Binational Research and Innovation Corridor

A new regional Binational Research and Innovation Corridor (BRIC, or “the Corridor”) spanning from Hamilton, Ontario to Buffalo, New York is under discussion. Research spending for the proposed Corridor is \$1 billion per year in sponsored and contract research, two-thirds of which are in the life sciences. BRIC’s goal is to leverage this funding by promoting

innovation and growing knowledge-based industries across the U.S.-Canada border, specifically in the fields of the life sciences and health services.

BRIC was conceived by industry professionals and took shape when the University of Buffalo, Brock University, and McMaster University signed a formal Memorandum of Under-

standing (MOU) in October 2015, to create a knowledge-based corridor with an initial focus on life sciences and health-related research, education, and entrepreneurship. BRIC’s development moved forward with the consultation of public and private stakeholders from regional economic development groups, health services providers, private sector

leaders, and political leaders of various levels from both sides of the border. BRIC aims to be a self-sustaining business model within four years.



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Brazil’s Pernambuco State Leading the Way in Renewable Energy

The northeastern Brazilian state of Pernambuco is leading the way in solar energy. Pernambuco held the first ever solar energy auction in 2013, which resulted in the construction of an 11 megawatts

(MW) solar park, completed in 2015. The state has a total of 13 MW installed solar capacity – 50 percent of Brazil’s solar output. The largest solar and first hybrid (solar plus wind) park in Brazil,

is located in Tacaratu (435 km from Recife- the state capital). In September 2015, Enel Green Power (an Italian renewable energy multinational with large solar investments in Brazil) concluded the 11 MW

solar installation embedded in its 80 MW wind park. Enel’s \$18 million investment was part of the first-ever solar energy auction organized by Pernambuco in December 2013.

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Brazil (continued from page 1)

In addition to the solar park in Tacaratu, Pernambuco has three other small R&D solar installations (including one built with support from USAID in 2014) with a combined capacity of 2MW. An additional 92 MW are projected to go online in 2017 once the other four projects awarded in the 2013 auction are completed. In addition to



Pernambuco's state solar auction, Brazil has had three other national auctions for solar energy in October 2014, August 2015, and November 2015. Solar represents 0.02 percent of Brazil's electric energy matrix but the impact of the drought on hydroelectric plants in Northeast Brazil has helped highlight the need for more non-hydro renewables like solar.

El Salvador Unanimously Passes Telecommunications Reform

On May 5, Salvadoran legislators unanimously approved reforms to the country's telecommunications law that go well beyond revisions mandated by the country's Supreme Court to democratize the assignment of radio and television frequencies. The reforms – written and proposed by national telecommunications regulator SIGET – address the Supreme Court's concerns, but also encompass the

broader telecommunications sector and give the regulator authority to oversee all activities related to information and communication technologies including internet access.



Under the new legal framework, three mech-

anisms were created for spectrum concessions to address the Supreme Court's criticism that auctions put smaller providers at a competitive disadvantage. Moving forward, SIGET will determine whether to use auctions or "contests" to grant future concessions of commercial and community-use frequencies. Official use frequencies will be granted via direct assignment. The reforms also authorize SIGET to update the market value of

El Salvador's spectrum and use the new value figures in future concessions contracts. SIGET is expected to take the lead in drafting implementing regulations which must be approved by President Sanchez Ceren within nine months.



Implementing Legislation for Brazil's New Biodiversity Law Passed

After four years of discussion, a new law was ratified by President Rousseff on May 20, 2015, but did not enter into effect until November 2015. The implementing legislation continued to be debated until May 12, 2016 when it was passed by Brazil's Congress. The new law allows foreign-based companies which are associated with Brazilian research institutions to access Brazilian genetic patrimony and traditional knowledge, and lays out how benefits from the commercialization of products using them will be shared. The share of profits which companies are required to pay ranges from 0.1 to 1.0 percent of a product's net revenue. The law also allows non-monetary contributions such as human resources and material exchanges between Brazilian and international research institutions. A formal agree-

ment with an indigenous or traditional community for economic exploitation of their traditional knowledge is required.

Ministry of Environment officials estimated that 1,500 species are lost every year world-wide, which translates into roughly 300 species in Brazil alone. Brazil does not have sufficient capacity to research all of these unknown species, so it is important that others have the opportunity to investigate them as well.

The new registration process is simpler. When research involves only access to genetic patrimony, the application is quite simple – 20 to 30 questions. Information provided by companies will be randomly verified by

the Brazilian Institute of Environment and Renewable Natural Resources (Ibama), the Brazilian Navy, or the Ministry of Agriculture. Genetic Patrimony Management Council (CGen) will check for data consistency. If the research involves indigenous communities and their traditional knowledge, advance authorization by the traditional community is necessary. The new electronic registry is expected to be operational by July.

Use of Traditional Knowledge Requires Payment into a General Fund

With regards to the complex question about which groups benefit when a type of traditional knowledge is in wide-

spread use, a company may negotiate in good faith with one indigenous community, and remunerate them according to the agreement they negotiate. However, the company also must pay 0.5 percent of its profits from the knowledge into a general fund, which is then disbursed to the range of communities which practice this traditional knowledge. The fund will be responsible for solving disputes with other communities not involved in the original transaction. In addition, Brazil has developed "community protocols" – guidelines to assist indigenous communities in interacting with society at large, and the new law has created the National Program for Benefit Sharing, which will be managed with resources from the fund.

The new law requires benefit sharing only





Brazil (continued)

after the product has been commercialized and is bringing in revenue, an innovative clause which has attracted the support of Syngenta, for example, which cited the Brazilian legislation as a model for other countries. The Brazilian Asso-

ciation of Industrial Biotechnology (ABBI), which has many international companies as members, was actively involved in drafting the legislation.

The new law allows for two types of sample sharing internationally. A remit-

tance (“remessa”) is the traditional method and follows existing international standards. Remittances are used if the sample will stay in the receiving country, and are simple if the company or institution has a Brazilian partner. The second, new

way to send a shipment (“envio”) can be used if the sample is part of research being developed in a partnership. Samples sent as *envios* are to be shipped back to Brazil or destroyed at the conclusion of the experiment.

Mexico: Tamaulipas Submits 15 Wind Projects for Second Electricity Commission Auction

The Federal Electricity Commission (CFE) received 15 wind energy project proposals for generating electric power in Tamaulipas. The proposals were submitted as part of CFE’s second auction of projects intended to increase CFE’s generating capacity and increase the use of renewable energy generation. Tamaulipas is considered to be one of top three Mexican states for wind energy generation potential. The state currently has 26 wind energy projects registered with



the CFE, with a capacity to produce 2,565 megawatts. The new projects offer a potential additional 1,526 megawatts of generating capacity. Energy ex-

perts in the state estimate 3,000 jobs in the state depend on wind energy and the new projects will generate 300 additional permanent positions. The wind

energy parks are primarily concentrated in the municipalities of Reynosa, Matamoros, San Fernando, Rio Bravo, Gomez Farias, Casas, and San Nicolas. In CFE’s auction that closed last April, one company, Energía Renovable del Istmo II, won in Tamaulipas with a project to add 168 MW of new power generation.



Guitar Manufacturing in Baja California

Mexico exports over \$45 million of guitars each year, 77 percent of which go to the United States, and Baja California is home to manufacturing facilities of two of the best known names in American guitars: Fender Musical Instruments Corporation and Taylor Guitars. Both firms have robust employee-development programs, including temporary rotation of the employees to different departments, training, and benefits that exceed those required by Mexico's labor laws. Both also cite their manufacturing operations in Mexico as key to remaining competitive in the global market.



Leading electric guitar manufacturer Fender has had a factory in Ensenada since 1987, and it produces a range of products from the mark's iconic Stratocaster guitars to new, high-tech amplifiers. Started as a simple guitar string cutting and packaging operation, the facility now creates custom-ordered guitars, cases,

and amplifiers sold the world over under the Fender brand. Currently, the most popular and best-selling guitars made in Fender's Ensenada plant are reissues or replicas of vintage guitars and models based on the famous guitars of particular artists, ranging from Eddie Van Halen to Muddy Waters. The plant's staff includes a set of highly-skilled musicians/craftsmen whose trained ears test the guitars' fret and string placements, while electrical engineers run each piece through the checks required by U.S., EU, and Japanese regulatory authorities. Fender Ensenada accounts for about 30 percent of the company's annual production, with 99 percent of its products shipped to Fender facilities in the United States for sale world-wide.

Taylor Guitars, headquartered in El Cajon, California, is one of America's leading manufacturers of acoustic and semi-hollow electric guitars. Its Tecate manufacturing plant opened less than a year ago, following nearly 15 years at its original facility in that city. Taylor currently employs over 470 people and produces around 700 guitars a day. The plant produces everything from basic "entry level" guitars, such as the "Baby Taylor" model priced around \$400, up to expert-level

guitars costing \$13,000 or more. Taylor also uses environmentally-friendly materials in its production. In 2014, Secretary Kerry presented the 2013 Award for Corporate Excellence (ACE) to the Taylor Guitars subsidiary in Cameroon for its efforts to sustainably source hardwoods. Taylor Tecate uses these hardwoods in its products.



Luthier Luis: A Tijuana tradition

A handful of artisans, known as luthiers, also carry on the tradition of hand-crafting guitars and other stringed instruments in Baja California. The undisputed dean of Tijuana luthiers is Luis Sevillano. Now working with son Luis Alberto, Sevillano Guitars continues to craft guitars mainly for professional musicians at market prices of \$1,100 to \$1,400. Sevillano also produces other string instruments used in traditional Spanish and Mexican Mariachi music such as the *requinto*, *guitarrón*, *vibuela*, *jariana*, and *guitarra de golpe*.

Canada (continued from page 1)

BRIC stakeholders outlined three action objectives: 1) expand Corridor contract research opportunities; 2) generate translational research opportunities; and 3) cultivate global opportunities.

Objective 1: Expanding Corridor Contract Research Opportunities

Q-Reserve, an early stage startup based at McMaster University, is an information database connecting researchers, students, and industry through an open-access resource discovery platform. This database will be used across the Corridor to map the region's inventory and establish a digital portal to match research inventory with industry needs. Universities in the Corridor region have 80,000 students, 3,800 faculty members, and 14,800 employees that can access and utilize Q-Reserve. Global partners can also access the Q-Reserve database, through which BRIC hopes to sell "strategic" assets, such as the Hamilton Health Sciences (HHS) Biobank or the University of Buffalo's Bioinformatics, potentially establishing new

joint business and research initiatives.

Objective 2: Generating Translational Research Opportunities

To translate research into concrete outcomes, BRIC will use a "furnace-model" accelerator program to match university researchers and entrepreneurs, and foster the development of commercial start-ups with specialized training in cross-border commerce. Researcher/entrepreneur teams will enroll in a six to eight-month Acceleration Program that connects these teams with existing Corridor networks of researchers and entrepreneurs. Upon graduating from the Acceleration Program, BRIC's goal is to have produced fully-functioning companies. Possible researcher/entrepreneur matchups for participation in the Acceleration Program are currently being generated, and BRIC partner universities are in the process of finalizing details of the Acceleration Program requirements. BRIC will also utilize the existing

Healthcare Ecosphere (HCE) Innovation Program, a health services venture that connects hospitals with entrepreneurs, and health service providers with academic institutions, to translate research into problem-solving tools to address hospital and healthcare problems. Through BRIC, partner hospitals will share their needs with the HCE business team, and interested entrepreneurs will apply to work with the hospital to provide solutions. The proposed Corridor has significant healthcare institutional capacities with over 5,000 clinicians, 4,000 hospital beds, and 34,000 employees, as well as globally significant research capacities across the fields of applied healthcare, biomedicine, and related life sciences.

Objective 3: Cultivating Global Opportunities

BRIC also intends to partner with international groups to enhance the region's international competitiveness in research and innovation by accessing intellectual property (IP) and financial assets.



Other resources for anyone interested in overseas business news:

For **Caribbean and Latin American Markets**, the Department of Commerce has many resources to assist U.S. firms including market research, trade show calendars, trade delegation calendars, etc. Check out their “Trade Americas” and “Look South” websites:

<http://export.gov/tradeamericas/index.asp>

<http://export.gov/tradeamericas/looksouth/index.asp>



The U.S. Government’s main website to assist U.S. businesses at home and abroad. URL at <http://business.usa.gov/>



The Business Information Database System (BIDS) is a portal built to help U.S. businesses learn about significant international commercial opportunities. The site connects U.S. business to detailed information about each project as well as information to contact U.S. embassies overseas. URL at <http://bids.state.gov/>



The Direct Line program provides a unique opportunity for American businesses, particularly small- and medium-sized enterprises, to engage directly via webcast with U.S. Ambassadors overseas. The program is open to U.S. companies – whether they are already in the country where the Ambassador serves or if they are interested in expanding their businesses there. Webcasts will vary in topic according to the specific needs for business in a given country. URL at <http://www.state.gov/directline/>

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