

## TRADE DEFENSE: A FAIR TRADE AGENDA

- *Trade Defense instruments, which neutralize unfair trade practices, are an essential tool for promoting trade integration among countries.*
- *For Brazil, at a time when the country is more intensely engaged in negotiations on trade agreements, Trade Defense instruments have become even more relevant.*
- *The Brazilian Trade Defense System needs to be improved to reduce legal uncertainty, address specific needs of each sector, and increase its effectiveness in supporting exporters facing investigations in other countries.*

**The availability of an efficient Trade Defense system based on international standards and good practices is a key tool for promoting trade integration processes.** The guarantees afforded by instruments allowing for measures to be taken against unfair imports or import surges that disrupt the domestic market have enabled governments and productive sectors to support the trade liberalization process observed in the world in recent decades.

**Trade defense measures are legitimate instruments established through multilateral trade standards and they should not be confused with protectionism.** The World Trade Organization (WTO) has established standards for the application of Trade Defense Measures (Anti-Dumping Agreement, Agreement on Subsidies and Countervailing Measures and Agreement on Safeguards). Based on these commitments made by its member countries, domestic standards are adopted to regulate the implementation of the measures in question.

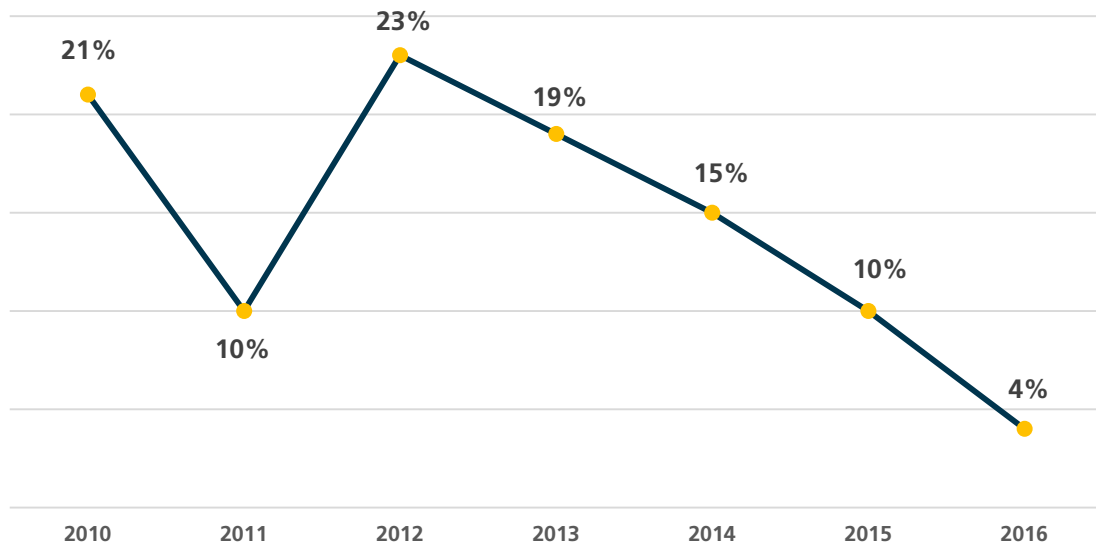
**Trade Defense instruments have become even more relevant at a time when Brazil is more intensely engaged in negotiations on trade agreements.** Brazil's greater integration into international trade makes it possible for companies to access new markets, stimulates competition and

efficiency domestically and contributes to increasing the country's share in global value chains.

**Trade Defense measures are not being excessively applied in Brazil.** Between 1995 and 2016, 60% of all trade defense investigations led to the application of such measures in Brazil. This percentage is lower than those recorded, for example, in China (82%), India (72%) and the United States (63%). Other data show that only 1% of all Brazilian imports were the target of Trade Defense measures in 2016. In addition, the percentage of anti-dumping measures in input-consuming sectors such as steel and chemical industries is lower in Brazil (42.3% against 75.1% in the United States, 68.6% in the European Union, and 75.1% in Canada).

**Even though the Brazilian Trade Defense System was modernized in recent years, shortcomings persist in the performance of agencies and in complying with standards, a situation that leads to legal uncertainty.** Progress has been made by implementing public consultation mechanisms and updating Trade Defense standards. However, there have been problems in ensuring the process of public interest assessment in the Trade Defense area, as procedures contemplated in standards adopted in this area have not been appropriately complied with, undermining the right to full defense.

BRAZIL' PARTICIPATION IN OPENING ORIGINAL ANTI-DUMPING INVESTIGATIONS IN THE WORLD  
(2010–2016)



Source: Ministry of Development, Industry and Trade (MDIC), Foreign Trade Secretariat (Secex), Trade Defense Department.

## Main recommendations

**1 Legal certainty should be ensured to the Brazilian Trade Defense System** by taking into consideration technical opinions issued by the Trade Defense Department (Decom) and complying with the procedures defined by the Technical Group on Public Interest Assessment (GTIP, in the Brazilian acronym).

**2 A new decree on compensatory measures should be issued** issued to facilitate the characterization of subsidies and the opening of investigations against this practice.

**3 A new decree should be issued to modernize investigations on Safeguards.**

**4 An ordinance should be issued on procedures to qualify fragmented industries and a public**

**consultation should be held** on information and procedures adopted in trade defense investigations involving fragmented industries.

**5 The Brazilian Foreign Trade Secretariat (Secex) should issue an ordinance defining the procedures to be adopted in relation to investigations against imports originating in China,** considering that the Protocol of Accession of that country to the WTO does not provide for mandatory recognition of China as a market economy for purposes of anti-dumping investigations.

**6 The effectiveness of the support provided to Brazilian exporters facing Trade Defense investigations abroad should be improved.**

The full version of the document can be accessed through the QR code on the side or at: <http://www.cni.com.br/eleicoes2018/downloads/> This summary is part of the series Proposals of Industry for the 2018 Elections comprising 43 documents. The series, which is based on the 2018-2022 Strategy Map for Industry is a CNI contribution to the new federal administration and presents analyses and proposals of priorities to increase Brazil's competitiveness. Any part of this publication may be copied, provided that the source is acknowledged. Brasília-DF, July 2018.

