

AGENDA FOR THE UNITED STATES



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BRAZILIAN NATIONAL CONFEDERATION OF INDUSTRY – CNI

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AGENDA FOR THE UNITED STATES



Brasília, 2020



Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

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INTRODUCTION

Both Brazil and the United States are facing a vulnerable time in which the Covid-19 pandemic imposes the complex challenge of defining strategies to save lives and allow the productive activity to continue.

Although the uncertainty about the time needed to fight the pandemic helps indicate a strong shrinking of the economy of the two countries, we have to bring forward contributions to minimize the deterioration of the crisis and to enable the survival of companies and the maintenance of jobs.

Since 1976, the Brazil-United States Business Council (BUSBC) has identified the key points that the governments should observe to boost foreign trade and investments.

It is my understanding that, in a year of increasing challenges, the Council cannot evade its mission.

Therefore, the Agenda for the United States, is a document that compiles the major interests of Brazilian companies aiming to improve the bilateral business environment.

The Council envisages that the authorities of the two countries become more involved in the discussion of the topics presented here, since they will be essential to resume growth in both nations.

Robson Braga de Andrade

President of the Brazilian National Confederation of Industry

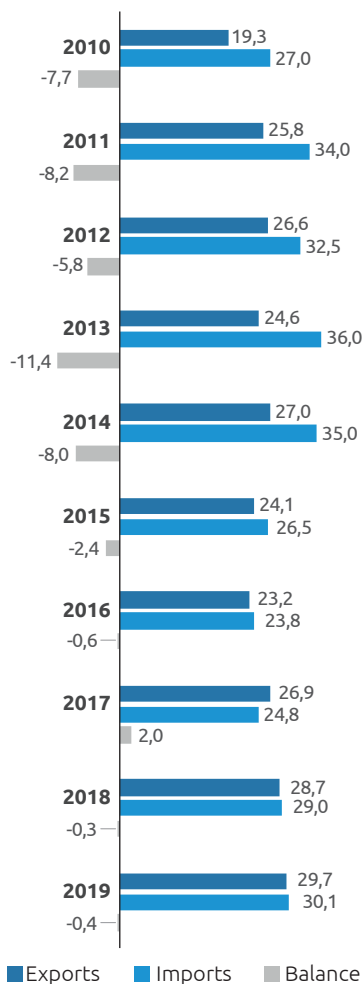


1 PROFILE OF TRADE RELATIONS

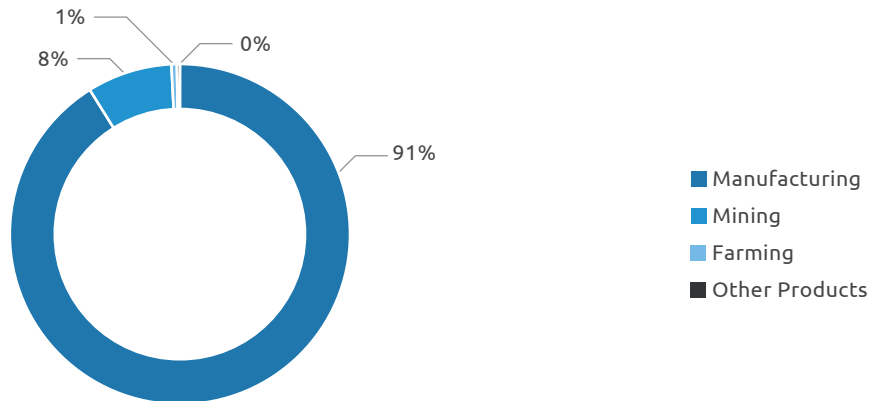


The importance and strategic character of the United States in Brazil's trade and investment relations is unquestionable. The United States is currently the second largest market for Brazil's total exports and the principal market for manufactured goods and services. Despite the volume of exports, the diversification of bilateral trade makes this exchange even more strategic. Brazilian exports the United States is composed mainly of products with high added value, such as machinery, followed by fuels and steel products.

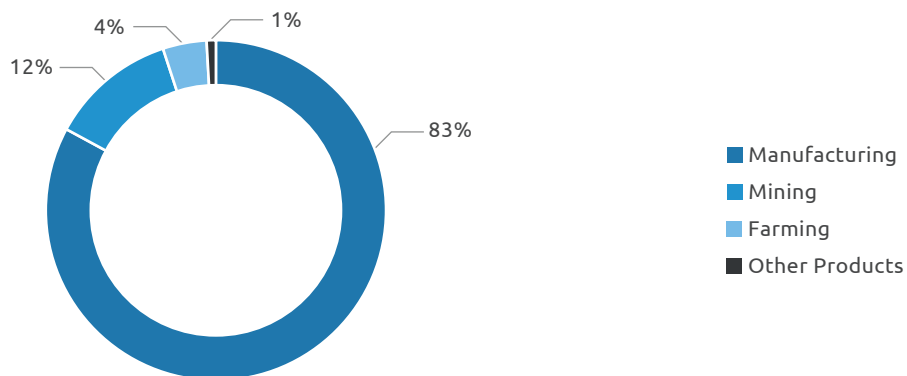
CHART 1 – Brazil - United States Trade Balance (US\$ billions)



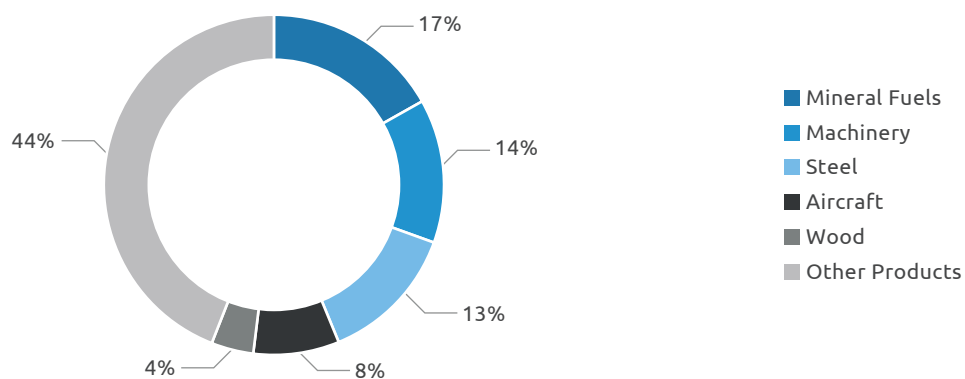
COMPOSITION OF IMPORTS ENTERING BRAZIL FROM THE UNITED STATES - 2019 (AGGREGATED)



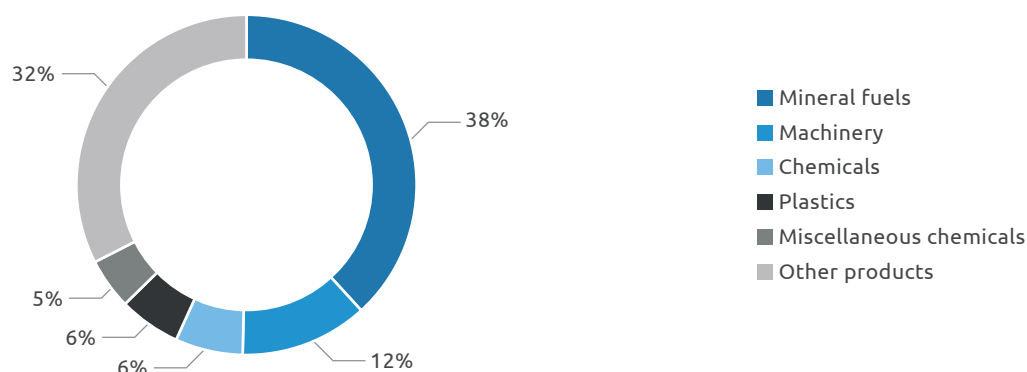
COMPOSITION OF BRAZILIAN EXPORTS TO THE UNITED STATES (ISIC - INTERNATIONAL STANDARD INDUSTRIAL CLASSIFICATION)



MAIN PRODUCTS EXPORTED FROM BRAZIL TO THE UNITED STATES - 2019



MAIN PRODUCTS IMPORTED BY BRAZIL FROM THE UNITED STATES - 2019

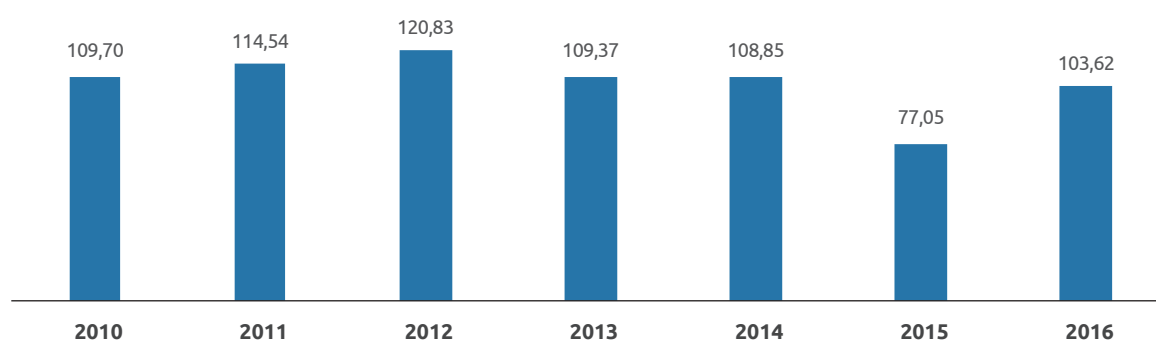


Source: Ministry of Economy. Prepared by: CNI.

With respect to investments, the United States is the largest foreign direct investor in Brazil, with US\$ 103 billion invested in 2016, the last year of official data disclosed by the Central Bank. The main sectors are Communications, Oil and Gas, the Automotive Industry and Financial Services.

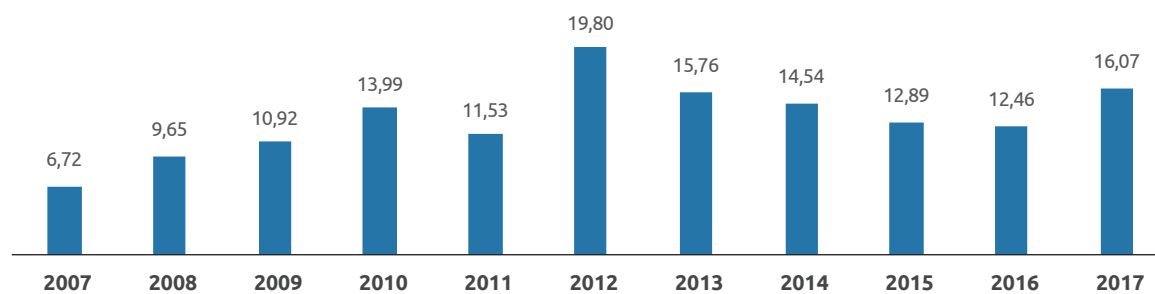
Between 2015 and 2016 alone, there was an increase of US\$ 26 billion in US capital entering Brazil.

CHART 2 – US Investments in Brazil (US\$ billions)



Source: Central Bank of Brazil. Prepared by: CNI.

Conversely, large Brazilian companies, such as those that are part of the BUSBC, had US\$ 16 billion invested in the United States in 2017, last year of official data disclosed by the Central Bank. It is the country with the largest number of Brazilian companies operating abroad and one of the primary choices for Brazilian businesses when they start the internationalization process.

CHART 3 – Brazilian Investments in the US (US\$ billions)

Source: Central Bank of Brazil. Prepared by: CNI.



2 RESULTS BETWEEN 2019 AND 2020



Flow of people: Brazil announced a unilateral tourist visa exemption for US citizens who wish to stay in the country for up to 90 days, extendable for another 90 days (2019); and the United States announced Brazil's participation in a pilot project of the program to facilitate migration for frequent travelers pre-approved by the U.S. government (Global Entry) (2019).

Intellectual property: entry into force of the new pilot project between the Brazilian Institute of Industrial Property (INPI) and the United States Patent and Trademark Office (USPTO), valid for five years, covering patent applications with any International Patent Classification (2019).

Agreements: enacted the Technology Safeguards Agreement (2019) and signed the Bilateral Military Agreement for Research, Development, Test and Evaluation (RDT&E) Projects (2020).

OECD: the United States ratified their support for Brazil's accession to the OECD (2020).

Designation of Brazil as a Major non-NATO Ally: the United States has celebrated the designation of Brazil as a Major non-NATO Ally (2019).



3 BRAZILIAN PRIVATE SECTOR DEMANDS



CNI conducted consultations with members of the Brazilian Section of Cebeu, from February to May 2020, and put together a list of the main demands of the Brazilian private sector. As a result, 27 measures were identified with the potential to improve the business environment and increase trade and investment between Brazil and the United States

3.1 FREE TRADE AGREEMENT



OBJECTIVE

Start of negotiations for a Free Trade Agreement (FTA) between Mercosur and the United States.



CONTEXT

Since the failure of negotiations to create the Free Trade Area of the Americas (FTAA) in 2005, there has been no progress in discussions on trade liberalization and economic integration between the two countries. Consequently, Brazilian exports continue to face tariff and non-tariff market barriers in the US, one of Brazil's key trading partners.

A CNI study identified 350 groups of products with prospects in the United States market. Brazilian exporters face import tariffs in the US on 55% of this total (or 194 product groups); the main sectors being food and beverages, chemicals, the automotive industry, tobacco, and steel.

An FTA with the United States should seek to level market access conditions for goods, services, government procurement, and investments with partners that already have trade agreements with the country.

The issue should be included in the agenda of the meetings of the Brazil-United States Commission on Economic and Trade Relations, under the Agreement on Trade and Economic Cooperation (ATEC).



BENEFITS

To level access conditions to the US market.



GOVERNMENTAL BODY

Ministry of Economy and Ministry of Foreign Affairs.

LEARN MORE:

<http://www.portaldaindustria.com.br/publicacoes/2020/3/brasil-and-us-roadmap-trade-agreement/>

3.2 TRADE FACILITATION



OBJECTIVE

To conclude until the end of 2020, a bilateral trade package.



CONTEXT

The presidents of Brazil and the United States, in the two joint statements issued on the occasion of their 2019 and 2020 meetings, expressed the willingness to explore new initiatives aiming to facilitate trade, investment, and good regulatory practices.

To this end, they instructed their negotiators to deepen the discussions to prepare a bilateral trade package until the end of 2020, aiming at intensifying the economic partnership between the two countries.

The bilateral trade package, composed of non-tariff topics, is a viable short-term delivery, since there is no need for Brazil's alignment with Mercosur.



BENEFITS

Increased flow of goods and capital between the two countries.



GOVERNMENTAL BODY

Ministry of Economy.

LEARN MORE:

<http://www.portaldaindustria.com.br/publicacoes/2020/6/roadmap-sobre-facilitacao-de-comercio-e-boas-praticas-regulatorias-brasil-estados-unidos-pt-e-en/#roadmap-sobre-facilitacao-de-comercio-e-boas-praticas-regulatorias-brasil-estados-unidos%20>

3.3 AUTHORIZED ECONOMIC OPERATOR



OBJECTIVE

Ratification of a Mutual Recognition Agreement (MRA) between Authorized Economic Operator (AEO) programs



CONTEXT

The MRA allows the procedures adopted in AEO certification in Brazil to be recognized in the US, and vice versa. Thus, authorized companies are automatically recognized as low risk in customs.

The Brazilian AEO model achieved a reduction of over 70% in time for customs inspections. In exports, the average time for cargo clearing fell from 3.4 hours to less than 1 hour, and in imports, from 23.7 hours to 4.4 hours.

The presidents of Brazil and the United States, through the joint statement on the occasion of their 2020 meeting, instructed their teams to negotiate an MRA between AEO programs.



BENEFITS

Integration of production chains, expedition of import and export bureaucratic procedures, and increased competitiveness.



GOVERNMENTAL BODY

Ministry of Economy.

LEARN MORE:

<http://www.portaldaindustria.com.br/publicacoes/2018/11/impactos-economicos-da-implantacao-do-programa-operador-economico-autorizado-no-brasil/>

3.4 DOUBLE TAXATION



OBJECTIVE

Start of negotiations for a Bilateral Tax Treaty (BTT).



CONTEXT

The United States is the largest foreign investor in Brazil, while the US market is the primary destination for the overseas operations of Brazilian transnational corporations.

Therefore, a BTT will have positive impacts on the operations of Brazilian companies that involve payments for services and royalties, which are fundamental for adding value to manufactured goods.

The Brazilian and US BTT models converge on several points; however, there are three topics that may require broader negotiations:

the provisions for service taxation, transfer pricing, and dispute settlement.



It is worth noting that this topic is not officially on the agenda of negotiations between the two countries, but is seen as a priority by the Brazilian private sector.



BENEFITS

Increased legal security, investments, and exports, and stimulation for technology acquisition and bilateral loans.

GOVERNMENTAL BODY

Ministry of Economy.

LEARN MORE:

<http://www.portaldaindustria.com.br/publicacoes/2019/10/acordos-para-evitar-dupla-tributacao-entre-o-brasil-e-os-estados-unidos-caminhos-para-uma-possivel-convergencia/>

3.5 ACQUISITION AND LEASING OF LAND



OBJECTIVE

Adoption of Draft Law no. 2963/2019 regarding land acquisition by foreigners.



CONTEXT

The acquisition of land by Brazilian companies controlled by foreigners has been subject to different interpretations by the Federal Attorney General's Office (AGU in Portuguese), which has resulted in legal uncertainties in new business transactions.

In the 1990s there were considerable foreign investments in agribusiness due to the elimination of the interpretation of limitations on the acquisition of rural properties by Brazilian companies under foreign control.

Over the last few years, the AGU has issued conflicting opinions on the constitutionality of Law 5709/1971, which provides for the acquisition of rural property by a foreigner residing in the country or a foreign legal entity authorized to operate in Brazil, which has created legal uncertainty and inhibited investments from sectors that directly or indirectly depend on land use.

Draft Law no. 2963/2019 of the Federal Senate may solve the issue, since it aims to modernize and adapt the legislation to enable the acquisition and use of rural property by foreigners in Brazil while still protecting the national sovereignty.



BENEFITS

Legal security for foreign investments and an environment that favors innovation.



GOVERNMENTAL BODY

National Congress.

3.6 BARRIERS



OBJECTIVE

Removal of trade barriers for Brazilian products in the American market.



CONTEXT

Trade and investment barriers are increasingly sophisticated and difficult to identify. In this context, ongoing work with the private sector is needed to identify, monitor and overcome these barriers. In the United States, the Brazilian private sector has already identified a barrier for limes.

The United States Government applies complex certification processes and phytosanitary requirements on Brazilian lime exports. There is a long delay at the US Department of Agriculture (USDA) for examining data provided by producers and exporters, especially for pest risk analysis.

3.7 REGULATORY COOPERATION



OBJECTIVE

Improve the regulatory cooperation, especially in regulatory convergence initiatives, with the participation of the private sector.



CONTEXT

The dialogue on regulatory convergence began in 2015 with the identification of sectoral interests.

In the same year, a Letter of Intent was signed between the Brazilian Ministry of Development, Industry and Trade and the US Department of Commerce (DoC) with respect to Technical Standards and Conformity Assessment, including: promoting the adoption of international technical standards; cooperation for the development of technical standards; promotion of international conformity assessment systems; support for sectoral initiatives to facilitate trade; guidelines to support sectoral cooperation; and support for the national information sharing units.

Since then, actions have been undertaken between Brazilian and American sectoral entities, with the support of the governments of both countries, in sectors such as ceramics, light commercial refrigeration (compressors), and textiles.

Also noteworthy are the advances in testing and laboratory trials in Brazil, aimed at reducing time frames, bureaucracy and costs for Brazilian exporters.

In 2018, the Chamber of Foreign Commerce, the DoC and the OIRA Administrator - White House Office of Information and Regulatory Affairs - signed an MoU for joint cooperation on good regulatory practices.



BENEFITS

Reduction of trade barriers and increased exports.



GOVERNMENTAL BODY

Ministry of Economy, Ministry of Agriculture, Livestock and Food Supply.

3.8 FLOW OF PEOPLE



OBJECTIVE

Inclusion of Brazil in the Visa Waiver Program.



CONTEXT

The Visa Waiver Program ensures the exemption of business and tourist visas not to exceed 90 days using the electronic system for travel authorization. This program is available to countries that comply with certain requirements, such as low percentage of denied visas, cooperation with local authorities on security issues, and visa-free reciprocity.

In 2019, Brazil announced the unilateral exemption of tourist visas for US citizens visiting Brazil for up to 90 days, extendable for another 90 days.

Brazil is expected to comply with the other requirements required by US law to be included in the program.



BENEFITS

Increased trade and investment opportunities and business competitiveness.



GOVERNMENTAL BODY

Ministry of Foreign Affairs and Ministry of Justice.

3.9 OECD



OBJECTIVE

Ratification of the support for Brazil's application to join the Organization for Economic Co-operation and Development (OECD) during a meeting to define new members.



CONTEXT

According to a CNI study, by April 2020, Brazil has voluntarily incorporated 82 of the 252 binding OECD agreements, arrangements, recommendations, declarations, or decisions, the equivalent to 32% of the total legal instruments adopted, more than the other five competitors for accession into the organization.

Brazil is negotiating the adhesion to the Codes of Liberalisation of Capital Movements and Current Invisible Operations, which should positively impact the business environment.



BENEFITS

Macroeconomic balance, trade liberalization, transparency, and increased security for foreign investments in Brazil.



GOVERNMENTAL BODY

Ministry of Foreign Affairs, Ministry of Economy and Office of the Chief of Staff.

3.10 ASSISTANCE FOR BUSINESS AND WORKERS



OBJECTIVE

Cooperation to share information on the trade liberalization adjustment program.



CONTEXT

The Trade Adjustment Assistance program conducted by the Economic Development Agency (EDA) of the US Department of Commerce assists businesses and workers affected by trade liberalization in the US. The program assists in the development of adjustment strategies, does not involve subsidies and is not costly for the country.

Although similar initiatives already exist in Brazil, such as the *Brasil Mais Produtivo* - the Brazil More Productive Program - , aimed at improving productivity, the experience in the US may contribute to the implementation of actions to mitigate the effects of trade liberalization through trade agreements and unilateral reduction in import tariffs.



BENEFITS

Reduction of the impacts of trade liberalization and continuing competitiveness.



GOVERNMENTAL BODY

Ministry of Economy.

3.11 PATENTS



OBJECTIVE

Conversion of the Patent Prosecution Highway (PPH) Agreement pilot project between the National Institute of Industrial Property (INPI) and the United States Patent and Trademark Office (USPTO) into a permanent one.



CONTEXT

The pilot project between INPI and the USPTO was initiated in 2016 and renewed in 2018.

In December 2019, Brazil unified all its PPH agreements, adopting the same requirements for all countries. The biggest change was the exclusion of the Brazil's limitation on sectors of previous models.

The PPH helps to avoid redundant effort by examiners in partner countries by ensuring reciprocal access and voluntary use of the analysis to reduce the time for patent granting.

Therefore, this is an instrument that stimulates research, development and innovation (RDI), contributing to the competitiveness of Brazilian industry and exports.



BENEFITS FOR BUSINESS

Reduced time to grant patents, greater legal security, and greater competitiveness.



GOVERNMENTAL BODY

INPI (National Institute of Industrial Property).

LEARN MORE:

<http://www.inpi.gov.br/pph>

3.12 INTELLECTUAL PROPERTY



OBJECTIVE

Removal of Brazil from the Annual Report on Intellectual Property Watch List.



CONTEXT

The Office of the United States Trade Representative (USTR) prepares an Annual Report on Intellectual Property that identifies issues that restrict innovation and investment in international markets.

Countries are categorized into three groups, considering the protection and compliance with intellectual property rights. Brazil is on the “Watch List”, although since 2019 the United States has recognized Brazil’s efforts to protect intellectual property rights.

The USTR gives an annual deadline for foreign governments to participate in the public consultation and show the relevance given to the issue through concrete actions aimed at preventing violations of intellectual property rights. The participation of the Brazilian government in the consultation is important to show the major improvements on the topics highlighted in previous reports.



BENEFITS

More favorable legal environment for innovation, increased security for foreign investments in Brazil.



GOVERNMENTAL BODY

Ministry of Justice, Ministry of Economy, Ministry of Foreign Affairs, Office of the United States Trade Representative (USTR).

LEARN MORE:

<https://ustr.gov/issue-areas/intellectual-property/Special-301>

3.13 GENERALIZED SYSTEM OF PREFERENCES (GSP)



OBJECTIVE

Continuation of Brazil as a beneficiary country of the Generalized System of Preferences (GSP).



CONTEXT

GSP grants tariff exemptions on 3,500 products from developing countries. In the case of Brazil, 3,278 tariff lines with access to the American market have zero tariff.

In the absence of a Free Trade Agreement, the GSP is strategic for exports of Brazilian products.



BENEFITS

Supply of less expensive raw material to US Companies.



GOVERNMENTAL BODY

Ministry of Economy.

3.14 FORCED LABOR AND CHILD LABOR



OBJECTIVE

Exclusion of Brazil from the Trade and Development Act and the Reauthorization of the Trafficking Victims Protection Act (TVPA)



CONTEXT

The US Department of Labor regularly publishes three reports on child labor and forced labor around the world and Brazil appears in two of these reports: the Trade and Development Act and the Trafficking Victims Protection Act.

Although Brazil has been credited with making significant progress, some sectors and products are still incorrectly identified as explorers of child labor. Brazil has standards to protect labor rights, in addition to sanctions for the violation of workers' and/or children's rights, which are stricter than the international norms of the ILO.

To correct this misconception, the Brazilian government should participate in the consultation to show the major improvements on the topics highlighted in previous reports.



BENEFITS

Elimination of the risk to Brazilian exports of products from the sectors mentioned and mitigation of damage to the country's image.



GOVERNMENTAL BODY

Ministry of Justice and Ministry of Economy, US Department of Labor (DoL).

LEARN MORE:

<https://www.dol.gov/agencies/ilab/resources/reports/child-labor/findings>

<https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-products>

<https://www.state.gov/j/tip/laws/61106.htm>

3.15 GROWTH IN THE AMERICAS PROGRAM



OBJECTIVE

Signing of a Memorandum of Understanding under the Growth in the Americas program.



CONTEXT

The Growth in the Americas program was launched in December 2019 to support the economic development in Latin America and the Caribbean through investments in infrastructure projects.

The expanded bilateral cooperation among countries can help reduce regulatory, legal, and investment barriers.

Argentina, Chile, Jamaica, and Panama have already joined the program, while Peru is under negotiation. In 2020, the Brazilian government signaled its intention to sign a memorandum of understanding under the program.



BENEFITS

Infrastructure development and job creation.



GOVERNMENTAL BODY

Ministry of Economy.

3.16 AIR SERVICES



OBJECTIVE

Extension of freedoms of the Air Services Agreement for cargo transport.



CONTEXT

The Air Services Agreement signed between Brazil and the United States, enacted in 2018, is among the 20 most comprehensive agreements signed by Brazil. However, it gives access only up to the 6th “freedom of the air”, both for passenger and cargo transportation.

With respect to cargo-only services, Ordinance No. 527, of August 5, 2019, of the Brazilian Ministry of Infrastructure, defined as a principle for negotiating agreements the granting of traffic rights up to the “7th freedom of the air”.

The extension will allow cargo transportation between Brazilian airports and those of third countries, without the need to return to the country of origin of the airline, which tends to increase the availability of international cargo flights operating in Brazil.



BENEFITS

Increased offer of air services, reduced costs for goods transportation, increased foreign trade competitiveness.



GOVERNMENTAL BODY

National Civil Aviation Agency of Brazil (Anac) and Ministry of Infrastructure.

LEARN MORE:

<http://www.portaldaindustria.com.br/publicacoes/2019/10/modalidade-aerea-no-comercio-exterior-brasileiro-prioridades-da-industria/>

3.17 AVIATION PARTNERSHIP



OBJECTIVE

Implementation of Phase IV of the Aviation Partnership.



CONTEXT

In 2012, Brazil and the United States established the Aviation Partnership, aimed at increasing the integration of the civil aviation sectors of both countries, increasing the volume of trade and investments, developing cooperation projects between the private sectors and partnerships between the governmental regulatory agencies for the sector.

Three phases of the project had been implemented by 2018. The results of the initiative are significant, with over 90% implementation of the Phase I project portfolio. Phase II, initiated in June 2015, included projects for: regional airport infrastructure; modernization of air traffic control; airport connectivity and solutions; airspace optimization; and airport security assessment, among others.

Phase III was implemented between 2017 and 2018, during which two workshops were held, one in the United States and the other in Brazil, on airport solutions. In 2018, representatives from both countries held a seminar to discuss aerodrome and airport security solutions.

Phase IV is currently in the final planning stage by the United States Government. In early 2019, meetings were held with representatives of the American and Brazilian Governments to define the list of projects. In this phase, workshops will be held in Brazil on specific topics of interest to governments and private sectors, as well as technical visits to the United States.



BENEFITS

Sharing of experience with regard to airport infrastructure, connectivity, and air traffic control between different Brazilian governmental and private sector agencies of the civil aviation sector.



GOVERNMENTAL BODY

Ministry of Defense.

3.18 DEFENSE AND SECURITY PARTNERSHIP



OBJECTIVE

Identify priority areas for cooperation/collaboration and identify business opportunities.



CONTEXT

Over 2016, Brazilian and US governments and private sectors worked on developing the Defense and Security Partnership and establishing the Defense Industry Dialogue (DID). The Dialogue, launched on September 30, had the participation of government officials and defense industry representatives from Brazil and the United States. On this occasion, a Letter of Intent was signed between the Brazilian and US governments aimed at intensifying the engagement of the private sector and government institutions of both countries, facilitating the sharing of experiences to increase technological cooperation and collaboration in the defense and security sector.

At the 2nd meeting of the US-Brazil Defense Industry Dialogue, held in Washington DC in October 2017, government and private sector representatives reaffirmed their interest in strengthening cooperation between the defense industries of the two countries. The DID established the commitment to move forward in four areas: creation of new opportunities for business and industry partnerships; study and information sharing on export control and compliance issues; developing a better understanding of regulatory and industrial policies; and working towards establishing mutual recognition of military product certification.

In 2018, Brazilian and US Government and private sector representatives discussed the sector's priorities in the working groups on trade partnerships, binational cooperation, space, and industrial and regulatory policy.

The 3rd meeting of the Defense Industry Dialogue, held in Rio de Janeiro in April 2019, discussed the results of the Presidential visit to the United States, including the signing of the Technology Safeguards Agreement. This agreement has the potential to foster cooperation between Brazilian and US companies in the space industry. During the event, Brazilian and US

government representatives emphasized their interest in promoting bilateral trade and investments in the defense and security sector.



BENEFITS

Greater integration between defense industries, identification of trade partnerships, and promotion of investments.



GOVERNMENTAL BODY

Ministry of Defense.

3.19 SAFEGUARDS ON STEEL PRODUCTS



OBJECTIVE

Initiate a dialogue to revoke the safeguard measures on imports of Brazilian steel and aluminum.



CONTEXT

Since 2017, the United States has applied quotas for steel products and an additional 10% rate for aluminum products from Brazil, with the justification that these steel products are imported in quantities that threaten national security.

The US law provides for the adoption of trade restrictive measures in contexts such as war (Section 232). However, this US measure has a form of safeguard, although it has not followed the procedural rite provided for in the World Trade Organization (WTO) Safeguards Agreement, and does not meet national security requirements, thus affecting the complementarity between the steel sectors of the two countries.



BENEFITS

Market access and promotion of bilateral trade.



GOVERNMENTAL BODY

Ministry of Economy and Ministry of Foreign Affairs.

3.20 ANTI-DUMPING AND COUNTERVAILING MEASURES ON STEEL PRODUCTS



OBJECTIVE

Initiate a dialogue to revoke trade defense measures against Brazilian exports in the steel sector.



CONTEXT

There are 11 measures in force against Brazilian steel sector exports, with rates that exceed 100% in some cases. The Brazilian government has appealed to the WTO dispute settlement system, where dispute resolution is currently under way (DS 514).

The US investigation into the application of countervailing measures against Brazilian hot and cold rolled steel sheet exports is inconsistent with multilateral rules, since Brazilian domestic policies are considered legitimate, including in relation to the US measures.



BENEFITS

Market access of steel products.



GOVERNMENTAL BODY

Ministry of Economy and Ministry of Foreign Affairs.

3.21 ANTI-DUMPING MEASURES ON WOODEN FRAMES



OBJECTIVE

Brazilian government assistance in the investigation stages.



CONTEXT

In January 2020, the United States initiated an anti-dumping investigation against Brazilian exports of wooden frame products. Brazil is the largest exporter to the US market. The investigation includes 27 Brazilian companies that have 90% of their revenues coming from sales to the United States.

Provisional anti-dumping measures are expected to be applied against exports, starting from June 2020. The United States usually request additional information with tight deadlines, and even higher dumping margins may be adopted if the deadlines are not met. Therefore, the Brazilian government should engage with the private sector and with the US government to assist in the investigation.



BENEFITS

Market access.



GOVERNMENTAL BODY

Ministry of Economy and Ministry of Foreign Affairs.

3.22 DUMPING AND SUBSIDIES ON ALUMINUM ALLOY SHEETS



OBJECTIVE

Brazilian government assistance in the investigation stages.



CONTEXT

In March 2020, the United States initiated an investigation for the application of anti-dumping and countervailing measures against Brazilian exports of aluminum alloy sheets, after preliminarily concluding that there was damage to the domestic industry. The investigation encompasses 20 horizontal Brazilian programs to stimulate production and competitiveness in the productive sector, which do not constitute subsidies.

Provisional anti-dumping and anti-subsidy measures are expected to be applied against exports, starting from August 2020. The United States usually request additional information with deadlines, and even higher dumping margins may be adopted if the deadlines are not met. Therefore, the Brazilian government should engage with the private sector and with the US government to assist in the investigation.



BENEFITS

Market access.



GOVERNMENTAL BODY

Ministry of Economy and Ministry of Foreign Affairs.

3.23 SPECIAL AND DIFFERENTIAL TREATMENT IN INVESTIGATIONS OF COUNTERVAILING MEASURES



OBJECTIVE

Reversal of Brazil's exclusion from the list of beneficiaries of the special and differential treatment in subsidy investigations, as provided for by the WTO.



CONTEXT

In February 2020, the United States unilaterally repealed two flexibilities provided for in the WTO Agreement on Subsidies and Countervailing Measures, with a negative impact on Brazil, including: greater value of subsidies to be considered de minimis, adopting the same criterion used for developed countries; greater limit on the volume of imports for an anti-subsidy measure to be applied against a developing country.

The decision contradicts the statements made by the United States at the WTO General Council meeting, in October 2019, that its proposal of grading developing countries did not apply to existing WTO agreements. It also conflicts with Brazil's statement that the waiving of special and differential treatment for its accession into the Organization for Economic Cooperation and Development (OECD) did not imply changing or reducing existing flexibilities under existing WTO rules.



BENEFITS

Market access.



GOVERNMENTAL BODY

Ministry of Economy and Ministry of Foreign Affairs.

3.24 INDUSTRIAL SUBSIDIES



OBJECTIVE

Brazilian's adhesion to the Joint Trilateral Statement (USA, Japan and the EU) within the WTO.



CONTEXT

In January 2020, the United States, Japan, and the European Union (EU) signed a trilateral statement to strengthen multilateral trade rules to combat industrial subsidies and the practices of non-market economies. The proposal extends the list of subsidies deemed "prohibited", reverses the burden of proof for subsidies that are extremely harmful, adds subsidies to the definition of "serious damage", among others.

The text also highlights the importance of technology transfer for the mutual growth and development of countries, as long as it is reasonable, voluntary, and based on market principles, countering the forced transfer imposed by some countries, a practice that also targets Brazilian companies.



BENEFITS

Strengthening of multilateral rules and fight against unfair trade.



GOVERNMENTAL BODY

Ministry of Economy and Ministry of Foreign Affairs.

3.25 WTO REFORM



OBJECTIVE

Negotiation of proposals for the WTO reform.



CONTEXT

The weakening of the multilateral trade system may negatively affect the Brazilian productive sector. Reforms should include the improvement of regular work and transparency in the WTO, strengthening negotiation mechanisms and rules of procedure.

The notification of measures in TBT and SPS committees should be improved, as well as the notification of subsidies. There is room for improvement and strengthening of the Trade Policy Review Mechanisms and the conclusion of negotiations on new topics at the WTO should be encouraged, since the new agreements will revitalize and modernize the organization. The most important new agreements are especially those on e-commerce, investment facilitation, trade facilitation in services and small and medium enterprises.



BENEFITS

Assurance of a multilateral trading system with rules and predictability.



GOVERNMENTAL BODY

Ministry of Economy and Ministry of Foreign Affairs.

3.26 WTO DISPUTE SETTLEMENT SYSTEM



OBJECTIVE

Negotiation of alternatives to the Dispute Settlement Body (DSB) and adhesion of the United States to the temporary plurilateral arrangement for the Appellate Body (WTOAB).



CONTEXT

Since 2017, the United States has blocked the appointment of arbitrators to the DSB, which has led to the suspension of the Body and the loss of the enforcement capacity of the WTO.

Among the largest economies, Brazil is, proportionally, the most offensive DSB user, with 67% of the cases and awards that added up to US\$ 9.5 billion in subsidies or barriers to exports. Brazil has panels in progress of up to US\$ 8 billion.

The Plurilateral Arrangement for the WTOAB is a temporary alternative solution, as it allows the use of arbitration procedures, on a provisional basis, from appeal to resolution of the dispute. Brazil has joined the arrangement together with important members such as the European Union, China and Mexico.



BENEFITS

Resumption of the legal backbone of the WTO.



GOVERNMENTAL BODY

Ministry of Foreign Affairs.

3.27 EXCHANGE RATE MANIPULATION AND COUNTERVAILING MEASURES



OBJECTIVE

Cooperation on laws to address distortions caused by exchange rate manipulations to gain competitiveness in third-country exports.



CONTEXT

Exchange rate manipulation distorts international trade and creates an artificial competitiveness for exports from countries whose governments manipulate their currency.

The WTO authorizes the imposition of countervailing measures on imports subsidized in the country of origin and which harm the domestic industry of the countries of destination. However, there are no specific rules to address currency manipulation.



BENEFITS

Remedies to safeguard fair trade and fight exchange rate distortions.



GOVERNMENTAL BODY

Ministry of Economy.



BRAZIL-UNITED STATES BUSINESS COUNCIL



The Brazil-United States Business Council (BUSBC) was created in 1976 and is the oldest and most important mechanism for business relations between the two countries. It defends the interests of Brazil and the United States in economic, trade, and investment relations.

BRAZILIAN SECTION

President: Vacant

President Emeritus: Ambassador Rubens Barbosa, President of the FIESP Higher Council of Foreign Trade; Executive Director of the Institute of International Relations and Foreign Trade (IRICE).

Executive Secretary: Brazilian National Confederation of Industry - CNI.

UNITED STATES SECTION

President: Ernesto Torres Cantu, Citibank CEO for Latin America.

Vice-President: Marc Allen, Senior V.P., Boeing and President of Embraer Partnership and Group Operations; Alejandro Muñoz, President, Corteva Agriscience Latin America

President Emeritus: Ambassador Anthony Harrington, President of the Albright Stonebridge Group Board, Greg Page, President of the Cargill Board, and Thomas F. Mack McLarty III, President of McLarty Associates.

Executive Secretary: U.S. Chamber of Commerce.

MEMBERS OF THE BRAZILIAN SECTION

Representative Entities

- Brazilian Agribusiness Association (Abag)
- Brazilian Association of Information Technology and Communication Technology Companies (Brasscom)
- Brazilian Association of the Personal Hygiene, Perfumery and Cosmetics Industry (Abihpec)
- Brazilian Textile and Apparel Industry Association (ABIT)
- Brazilian Beef Exporters Association (Abiec)
- Brazilian Food Industry Association (ABIA)
- Brazilian Pharmaceutical Research Industry Association (Interfarma)
- Brazilian Animal Protein Association (ABPA)
- Brazilian Association of Fruit and By-Products Producers and Exporters (Abrafrutas)
- Brazilian Association of Cotton Producers (Abrapa)
- Brazilian Foreign Trade Association (AEB)
- Brazilian Association of Citrus Exporters (CitrusBR)
- The Brazilian Association of Manufacturers of Ceramic Tiles, Sanitary Ware and Related Products (Anfacer)
- Association for Promoting the Brazilian Software Excellence (Softex)
- American Chamber of Commerce (Amcham Brasil)
- Brazilian Agriculture and Livestock Confederation (CNA)
- Brazilian National Confederation of Industry (CNI)
- National Confederation of Financial Institutions (CNF)
- National Confederation of Trade in Goods, Services and Tourism CNC)
- Federation of Industries of the State of São Paulo (Fiesp)
- Federation of Industries of the State of Rio de Janeiro (Firjan)
- Federation of Industries of the State of Santa Catarina (Fiesc)
- Institute Aço Brasil (IaBR)
- Brazilian Tree Industry (IBÁ)
- Brazilian Cotton Institute (IBA)
- Brazilian Sugarcane Industry Association (Unica)

Companies and Business Groups

- Barral M Jorge
- Banco do Brasil
- Braskem
- Camargo Corrêa
- Coteminas
- Embraer
- Gerdau
- Natura
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- Stefanini
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