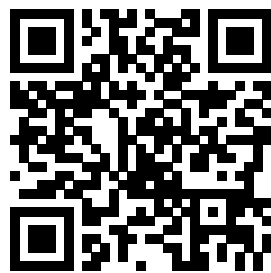


International Agenda of Industry 2017



National Confederation of Industry

CNI. THE STRENGTH OF THE BRAZILIAN INDUSTRY



International Agenda of Industry 2017

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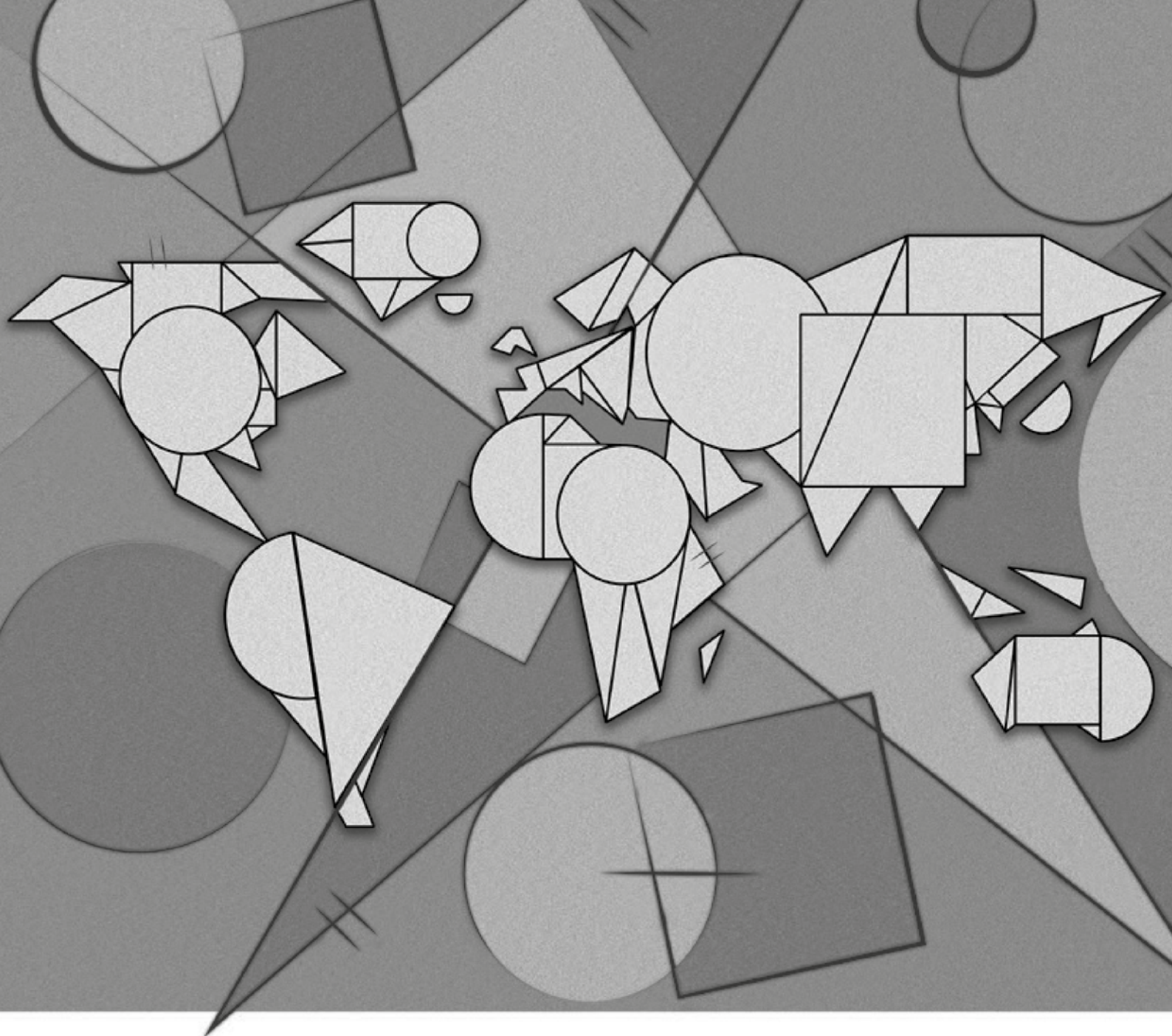
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CNI

Executive Management for International Negotiations - NEGINT

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National Confederation of Industry - Brazil

International Agenda of Industry 2017 / National Confederation of Industry –
Brasília: CNI.

70 pp.: il.

1.Trade Policies 2. Internationalization of companies. 3. Capacity building.
4. Foreign Markets. I. Title.

CDU 338.45

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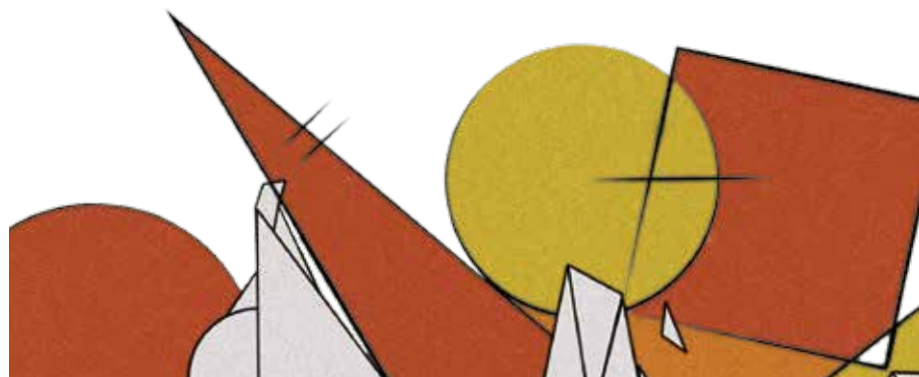
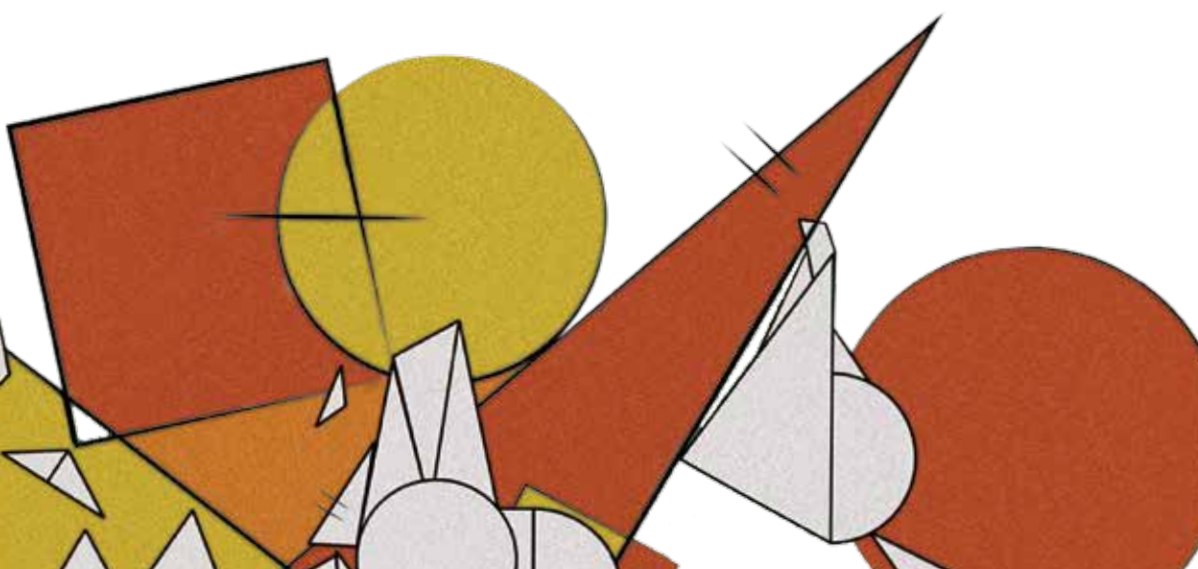


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Introduction



The International Agenda of Industry sets out priorities for the activities of Brazil's National Confederation of Industry (CNI) for promoting the international insertion of Brazilian companies. The document, which combines the views of business organizations and industrial companies, is made up of activities falling under two main action lines:

1. Actions to influence trade policies;
2. Services in support of the internationalization of Brazilian companies.

The activities carried out under these two action lines are not conducted in isolation, as they are highly complementary. The division adopted is intended to make it easier for stakeholders to understand the nature of the initiatives taken for each of them: policy-making and support to policies, in the first case, and provision of services in the second case.

The Agenda is organized into seven sections. The second section describes the consultation mechanisms used for selecting the priority actions set out in this Agenda. The third section provides a brief analysis of the international and domestic scenarios in which the planned actions will be carried out. The fourth section identifies the implications of the main trends detected in the aforementioned scenarios for selecting the priorities set out in the International Agenda of Industry. The fifth section presents the priorities selected for activities related to influencing trade policies. The sixth section describes the priorities set for providing services designed to promote the internationalization of Brazilian companies. Finally, the seventh section provides an account of the results achieved with the International Agenda of 2016.

Consultation Mechanisms



The priorities selected in this document are the result of a three-stage process and are in tune with one of the main guidelines set in the Strategic Planning of CNI's International Department.

First, stakeholders were heard in forums and mechanisms coordinated by CNI, such as the Thematic Council on International Integration (COINTER); the Brazilian Business Coalition (CEB); the Forum of Brazilian Transnational Corporations (FET); the Export Competitiveness Forum (FCE); bilateral business councils with the BRICS countries, the United States, Argentina and Japan; and the Brazilian Network of International Business Centers (CIN Network). Table 1 below summarizes the main features and objectives of these mechanisms.

The second step consisted in analyzing the results of a CNI survey entitled "Challenges to the Competitiveness of Brazilian Exports", which was conducted between 2015 and 2016 and was responded by 847 companies.

Finally, the Agenda was reviewed and validated in face-to-face meetings with different groups of stakeholders: federations of industry, sectorial associations, trade unions and exporting companies of all sizes.

Table 1 - Mechanisms coordinated by CNI's International Department

Mechanisms focused on specific topics
Thematic Council on International Integration (COINTER): a council linked to CNI's board of directors that provides strategic guidance to its International Department.
Brazilian Business Coalition (CEB): a coalition that brings together companies and organizations representing the private sector as a whole with the aim of supporting negotiations of trade agreements.
Forum of Brazilian Transnational Corporations (FET): a forum that brings together Brazilian companies with investments abroad to promote policies designed to support and facilitate their operations abroad.
Export Competitiveness Forum (FCE): a forum that brings together major Brazilian exporting companies – regardless of the origin of their capital – to boost their export competitiveness.

Mechanisms focused on geographical aspects

Brazilian Network of International Business Centers (CIN Network): a network that brings together the 27 federations of industry in the Brazilian states and in the Federal District with the aim of promoting the internationalization of Brazilian companies.

Mechanisms focused on priority markets

Brazil-Japan Economic Cooperation Committee (Brazil-Japan ECC): a committee that brings together entities representing the private sector with the aim of improving the business environment and promoting trade and investment between Brazil and Japan.

Brazil-United States Business Council (BUSBC): a council that brings together entities representing the private sector with the aim of improving the business environment and promoting trade and investment between Brazil and the United States.

BRICS Business Council (BBC): a council that brings together entities representing the private sector with the aim of improving the business environment and promoting trade and investment between Brazil, Russia, India, China and South Africa.

Brazil-Argentina Business Council (CEMBRAR): a council that brings together entities representing the private sector with the aim of improving the business environment and promoting trade and investment between Brazil and Argentina.

Source: Prepared by CNI.

Scenario



The priorities included in the International Agenda of Industry 2017 were set in a scenario marked by a rise in the already high uncertainties and unfavorable outlook that marked the year of 2016 both domestically and internationally.

The Legacy of 2016

In 2016, the performance of the world economy failed to meet the expectations of the International Monetary Fund (IMF) and of the World Bank. Emerging countries like Brazil, Nigeria and Russia remained in or went into recession – in a scenario marginally mitigated by a slight recovery of commodity prices. Other major developing economies, such as those of South Africa and Mexico, also recorded modest growth rates, but the only dynamic drivers of the world economy were concentrated in Asia – China, India and members of the Association of Southeast Asian Nations (ASEAN).

However, the key fact that marked the year of 2016 was the deterioration seen in the political environment surrounding international trade, which added more doubts as to how the already weak performance of the global economy and trade would evolve in such a scenario.

In the United States, Donald Trump's election raised uncertainties to unprecedented levels due to the prospects of his strong protectionist bias. In Europe, nationalist rhetoric turned against the economic integration project and contributed decisively to the BREXIT – the United Kingdom decision by referendum to withdraw from the European Union. Moreover, the same rhetoric almost prevented the entry into force of the trade agreement between the European Union and Canada.

In relation to the evolution of the domestic scenario in 2016, the change in the political orientation of the federal government deserves special mention, as it paved the way for an economic policy agenda that gave the highest priority to addressing Brazil's serious fiscal crisis. In the short term, this orientation reduces uncertainties domestically for agents, but confirms that the space for policies based on tax breaks or increased spending has been reduced.

This environment poses two challenges for defining priority actions for the work program of CNI's International Department:

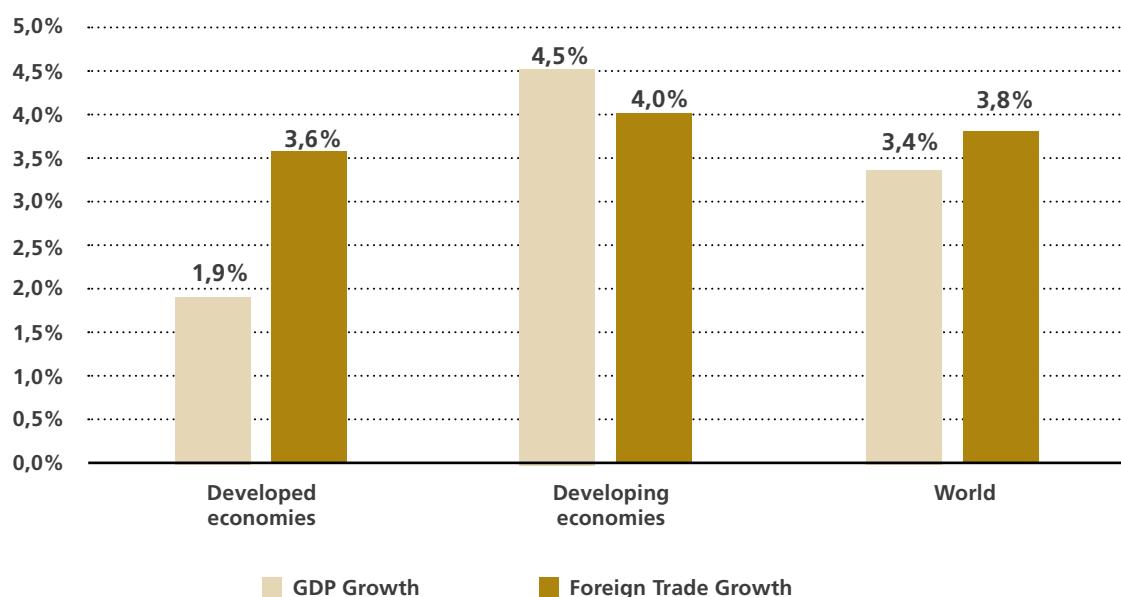
- Adjusting the International Agenda of Industry to the characteristics of the domestic and external environments; and
- Identifying initiatives that can generate results in the short term while continuing to advocate for necessary political and structural actions for the industrial sector and improving the provision of services in support of the internationalization of Brazilian enterprises.

The International Scenario in 2017

According to the IMF, the world's Gross Domestic Product (GDP) will grow at a moderate rate in 2017 (3.4%), only slightly higher than the one recorded in 2016 (3.1%). This forecast is subject to risks pointed out by the IMF: increased protectionism/nationalism; increased macroeconomic imbalances in developed countries; vulnerability of emerging economies and geopolitical risks, especially in the Middle East and Africa. On the other hand, greater fiscal activism in the United States and/or China could provide an additional boost for the global economy in 2017.

In recent years, reality has taken it upon itself to "correct" optimistic predictions, leading the Fund and other institutions such as the Organization for Economic Cooperation and Development (OECD) to review them. Thus, it will be no surprise if the growth rates of the global economy in 2017 remain below those forecast by the IMF shown in the chart below.

Chart 1 - GDP growth and international trade – projections for 2017



Fonte: WEO FMI: <http://www.imf.org/external/pubs/ft/weo/2017/update/01/pdf/0117.pdf>

Among the main likely features of the international scenario in 2017, the following ones stand out:

- Modest growth of the world economy, particularly in developed countries;
- More robust growth of developing economies in Asia;
- Weak growth of global trade (3.8%), with some recovery of oil prices and, to a lesser extent, of the prices of metals and agricultural products;

- High degree of uncertainty about the paths of economic policy among the main players in the world economy;
- A political scenario marked by tension and conflicts “inherited” from previous years in the Middle East and East Europe; and
- An environment averse to trade and trade agreements in some developed countries.

Economic growth

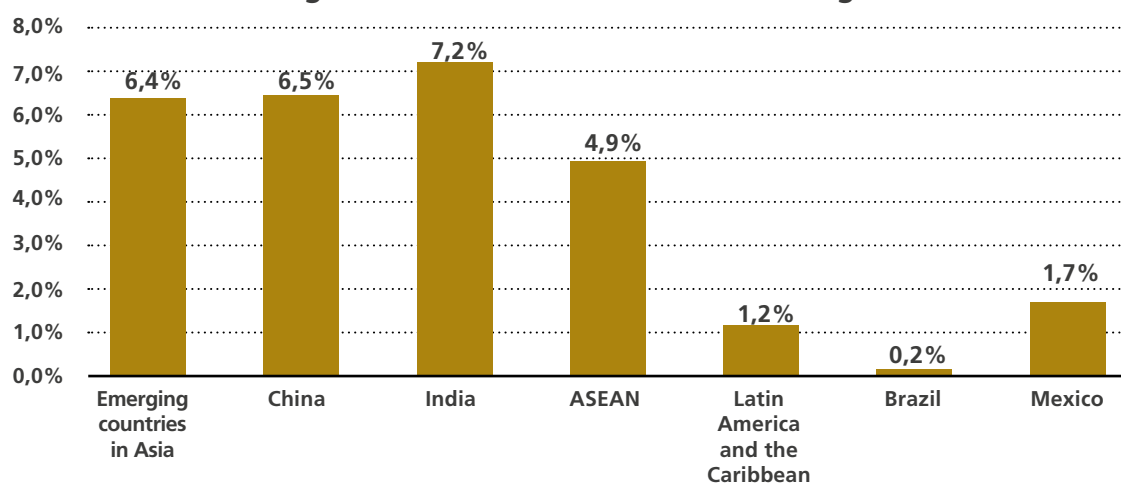
IMF forecasts for developed countries in 2017 point to a 1.9% growth against 1.6% in 2016. While the United States economy is likely to grow at a faster pace than in 2016 (2.3% in 2017 against 1.6% in 2016), the Eurozone will likely grow by 1.6%, slightly less than in 2016 (1.7%). No changes are expected in the low growth rates recorded in recent years as a result of the influence of Europe and Japan.

Changes in United States economic policy with Trump are likely to combine fiscal expansionism with increased spending (in infrastructure and defense, for example) and tax cuts. This combination is likely to boost economic growth in the United States in 2017. On the other hand, a tighter monetary policy will likely be adopted in anticipation of a rise in United States interest rates. The combination of macroeconomic policies with trade protectionism can lead to an appreciation of the United States dollar.

Developing countries are likely to grow by 4.5% in 2017, confirming the trend of slow recovery in the growth rates observed in 2016. However, performance will vary across countries and regions.

China is likely to continue to grow at rates of about 6.5%, while India will likely grow by 7.2% in 2017 (IMF). Together with the ASEAN countries (4.9%), the two Asian “giants” are the only major drivers of economic growth in the world. Their contrast with other regions or countries is remarkable: 1.2% in Latin America and the Caribbean, 1.1% in Russia, 0.8% in South Africa and 0.8% in Nigeria. The decline in China’s growth rates and the weak demand observed in developed countries limit the growth of those economies.

Chart 2 - GDP growth in selected countries and regions - 2017



Source: IMF WEO: <http://www.imf.org/external/pubs/ft/weo/2017/update/01/pdf/0117.pdf>

In its report of January 2017, the IMF revised down the growth projected for Latin America by 0.4 percentage points. Projections for Brazil were revised down to 0.2% (-0.3 points in relation to the previous forecast) and in the case of Mexico the decrease was estimated at 0.6 percentage points, resulting in a rate of 1.7%.

International Trade

The slowdown in growth – in terms of volume – has been a hallmark of world trade in goods and services since 2012, in sharp contrast to the performance recorded in the previous three decades. Until then, the growth pace of trade largely exceeded that of the world's GDP.

In its World Economic Outlook (WEO) of October 2016, the IMF listed the reasons for the inflection observed in recent years in the growth rate of the global trade volume. According to the IMF, this development resulted from three simultaneous phenomena:

- A synchronous economic slowdown experienced by developed and developing economies and its effect on the investment rate in those economies, which account for about three-quarters of the trade growth slowdown;
- Maturing of international value chains and a decline in trade growth rates associated with them; and
- Increased adoption of protectionist measures.

In a review of the report carried out in January 2017, the IMF reduced its global trade growth forecast for 2017 from 4.1% to 3.8%. If this prediction is confirmed, global trade growth will exceed the growth of global GDP by only 0.4 percentage points, but a scenario of significant recovery in the growth rate of trade flows in relation to 2015 and 2016 will unfold. It should be stressed that there are differences in trade growth forecasts for developed countries (3.6%) and developing countries (4.0%).

Foreign Direct Investment

In its Global Investment Trends Monitor of October 2016, United Nations Conference on Trade and Development (UNCTAD) estimates that global flows of foreign direct investment (FDI) dropped by 10-15% in 2016, reflecting the weakness of the world economy. The weak growth recorded in commodity-exporting countries, the significant drop in the profits of multinational companies and measures adopted by countries to restrict the movement of these companies to minimize tax payments have discouraged these flows.

In the medium term, UNCTAD predicts that global FDI flows will resume a growth path at average rates of 7% and 8% in 2017 and 2018. However, in 2018 global FDI will still remain below the levels recorded in the period before the global financial crisis, almost a decade ago.

According to a survey conducted by UNCTAD with executives of multinational companies, the factors with the highest bearing on the positive outlook for global FDI are the projections for United States economic performance, technological changes and the digital economy, urbanization and continuity of the offshoring process. Geopolitical uncertainties, concerns about default on debt by over-indebted countries, terrorism and cyberattacks are some of the main threats to FDI growth.

Political Environment for International Trade

In addition to several trends linking low GDP growth to a slowdown in global trade, 2016 also saw a deterioration in the political environment for trade and investment. This has been a typical phenomenon in developed countries, especially due to the disseminated use of a rhetoric of criticism against trade and trade agreements by politicians and civil society organizations.

The first significant impact of anti-globalization views was felt in 2016 with BREXIT, the opposing positions of the two candidates for president of the United States on the Trans-Pacific Partnership (TPP) agreement and the problems faced in Europe to enforce its free trade agreement with Canada.

Donald Trump's election consolidated these trends, as in his first week in office the new President signed an executive order withdrawing the United States from the TPP, but waved the possibility of negotiating bilateral agreements with the parties to that agreement themselves.

Uncertainties also surround the future of the North American Free Trade Area (NAFTA). The new United States president defended ideas to renegotiate the agreement, but little or nothing is known about what he actually intends to do. A possible agenda is likely to focus on enforcing stricter rules of origin to reduce the content of imported inputs outside the area.

But among the economic measures being considered by the new United States administration the one with the greatest potential impact for Brazilian industry is the Border Tax Adjustment (BAT) for United States imports. The design of the new tax, according to studies conducted by Republicans prior to Trump's election, is still unclear. Anyhow, it seems that a tax would be charged on the value of imports (20%) that would be waived for exports. In addition, a deduction of the tax due from wages paid to American workers is being considered, while wages paid abroad would be subject to taxation.

The fact that the TPP and the Transatlantic Trade and Investment Partnership (TTIP) have been stalled does not mean that other mega agreements will not move forward. It is still possible and even likely that China will take advantage of this scenario to move forward with its trade projects by signing, for example, the Regional Comprehensive Economic Partnership (RCEP) agreement.

This unfavorable environment for trade liberalization also affects the already unambitious agenda of the World Trade Organization (WTO). The organization adopts the strategy of seeking consensus around small packages made up of topics that face little resistance, even though they are important to international trade. At the upcoming ministerial meeting in Buenos Aires in 2017, negotiations will likely cover outstanding issues on the agricultural agenda and new issues such as e-commerce and small and medium enterprises.

The intensification of the international debate on recognizing China as a market economy will result in more tension in 2017, as China has opened consultations on the subject with the United States at the WTO that could develop into a dispute. This debate fundamentally reflects different interpretations of the Chinese commitments on anti-dumping made at the time of China's accession to the WTO.

Finally, the Trade Facilitation Agreement (TFA) signed at the WTO Ministerial Meeting held in Bali in 2013 has already entered into force on February the 22nd 2017. This means that the deadline starts for all WTO member countries, including Brazil, to begin to implement

measures still not included in their domestic agenda. Implementation of the agreement is likely to further expedite customs export and import procedures worldwide.

Despite the deterioration seen in the political environment for international trade in 2017, it cannot be said that a protectionist outbreak is under way. A WTO report providing a list of restrictive trade measures adopted by G20 countries shows a slight decrease in the application of these measures between May and October 2016 (latest data available). At the same time, the increased use of anti-dumping measures by more countries deserves attention.

The scenario is similar for FDI flows. UNCTAD's Investment Policy Monitor of November 2016 found that 74% of the measures adopted were intended to promote or facilitate investment. Some countries adopted restrictive measures in specific sectors of advanced technology and infrastructure, but this is not the dominant trend.

Brazil-Argentina Relations and Mercosur

While the changes in the political scenario in Brazil and Argentina open up new opportunities for resuming the economic agenda of the Southern Common Market (Mercosur), little progress was made in the area in 2016.

The bloc's agenda was once again focused on political issues related to the Venezuelan situation. In December 2016, the bloc came up with an appropriate solution to the issue of Venezuela's participation in Mercosur, suspending it as a member state until conditions are defined for it to reenter the bloc.

After resolving the issue of Venezuela's participation in Mercosur, it is reasonable to suppose that the bloc will have more room to address the issues included in its internal economic agenda in the medium term. However, this expectation must be weighed against the difficult domestic scenarios faced by the bloc's two largest members, which still have other priorities to address in their domestic and foreign agendas in 2017.

On the Argentine side, the difficulties faced by the new government appear to have moderated its drive to promote foreign trade reforms. However, it should be noted that in December 2015 the Argentine government eliminated the Sworn Affidavits Prior to Import, which are a non-tariff barrier applied to all imports, replacing them with a more predictable import monitoring mechanism but which still includes the requirement of non-automatic licenses for over 1,600 sensitive products. Brazilian exporters still complain of delays in the process of clearing goods in customs. Nevertheless, Brazilian exports to Argentina increased by almost 5% in 2016, after having declined for two years in a row.

Finally, some economic adjustment measures taken in the country are seen as successful and this has improved the business environment in Argentina, a fact that can contribute to

increased predictability and consequent recovery of investments by Brazilian companies in that country.

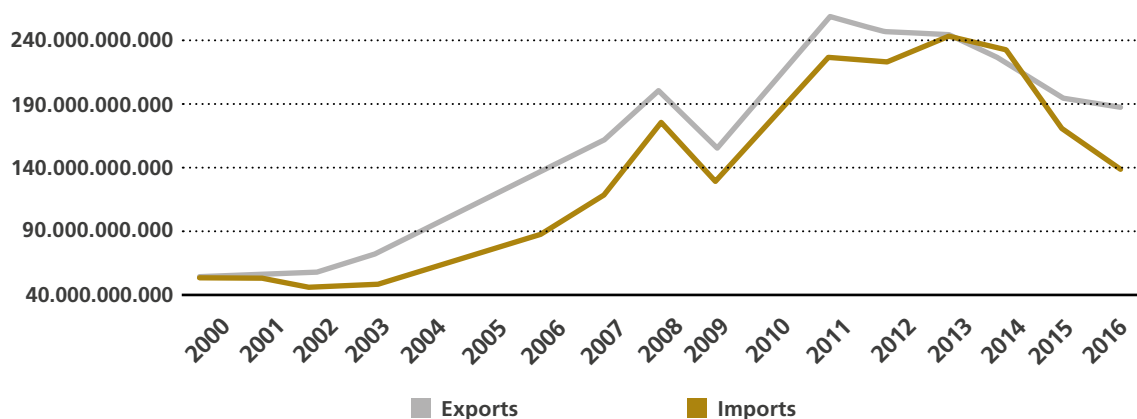
The Domestic Scenario

The Brazilian economy was marked by a high degree of uncertainty last year, which reached its peak with the change of government in mid-2016. The country faced the worst recession in its recent history: CNI estimates that GDP contracted by 3.6% and that the share of manufacturing in GDP hit the mark of 11.6%, also a record low.

The top priorities of economic policy were controlling public spending and fighting inflation, which contributed to lending greater predictability to economic agents and to controlling inflation, but kept domestic demand at a low level.

In 2016 Brazil recorded a record surplus in its trade balance (US\$47.7 billion), mainly a result of a domestic recession and of a sharp decrease in imports (-19.8%). An exchange rate devaluation in early 2016 was partially reversed and, together with weak foreign demand, contributed to a disappointing result for exports (-3.1%).

Chart 3 - Brazilian exports and imports – 2000-2016 (US\$ million)

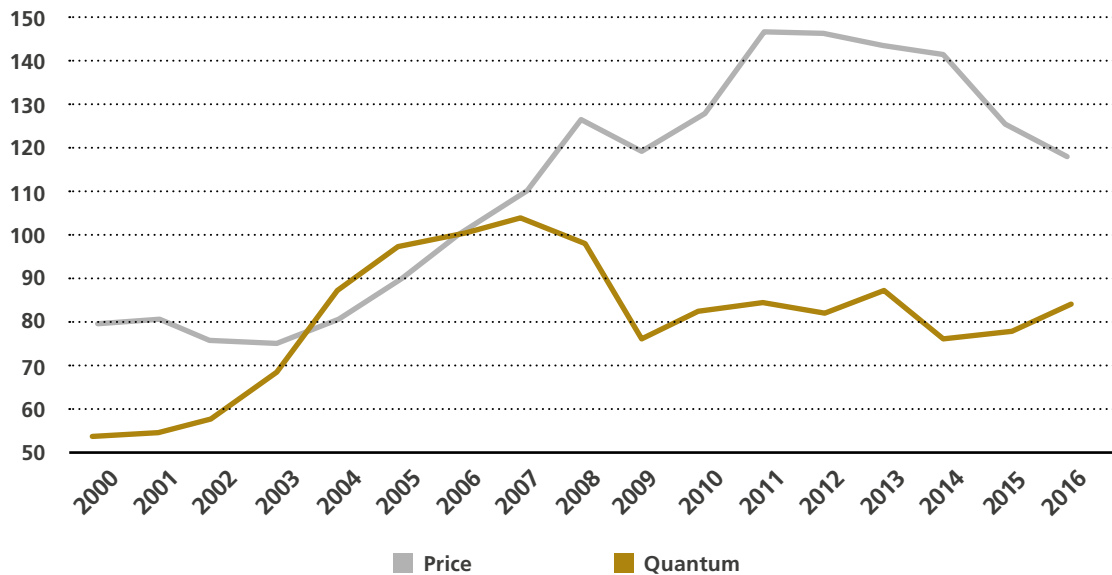


Source: Foreign Trade Secretariat of the Ministry of Development, Industry and Foreign Trade (Secex/MDIC)

Although total exports decreased, exports of manufactured goods increased slightly (1.6%), essentially driven by the exported quantities, which increased by 7.4%, while the prices of products falling under this category declined by 6.6%. As can be seen in the chart below,

prices in United States dollars of Brazilian manufactured products have been falling since 2012, while their quantities are trending to increase.

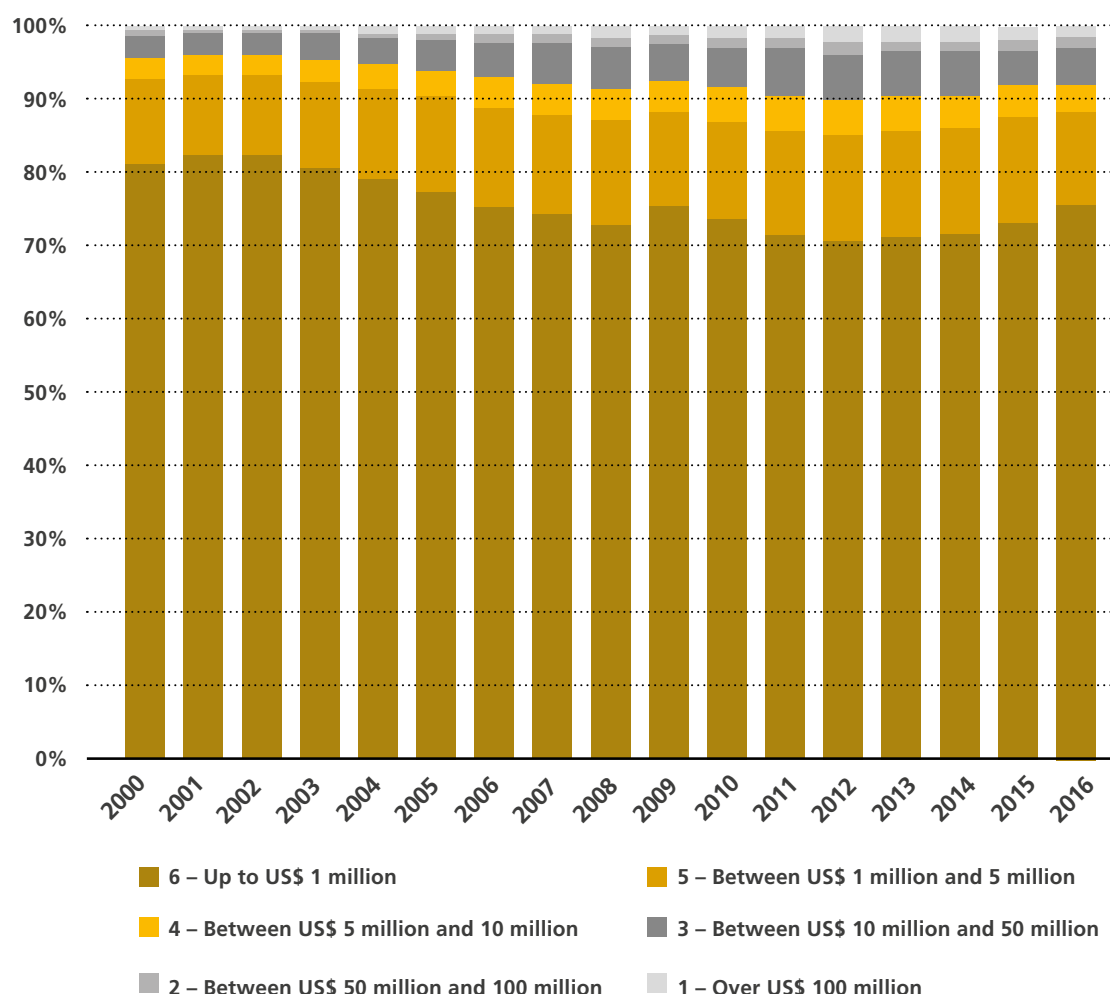
Chart 4 - Exports of manufactured goods: price and quantum indices (2006 = 100)



Source: Foundation and Center for Studies on Foreign Trade (FUNCEX)

In a scenario of strong contraction in the domestic demand, the number of companies engaged in export activities increased despite a drop in exports. The number of companies that exported goods from Brazil in 2016 amounted to 25,541, an increase of 8.5% over the previous year. The number of smaller companies with annual exports of up to US\$1 million was the one that increased the most (by 11%).

Chart 5 - Composition of exporting companies by export value range (%)



Source: Foreign Trade Secretariat of the Ministry of Development, Industry and Foreign Trade (Secex/MDIC)

The Brazilian economic crisis does not seem to have affected the country's ability to attract FDI in the last two years. FDI totaled US\$75 billion in 2015 and US\$78.9 billion in 2016. According to most analysts, FDI in Brazil will amount to US\$ 70-75 billion in 2017.

In a year marked by significant political changes in government guidelines, it was difficult for the priority given to exports in official discourses to materialize into actions. This is partly due to the lack of fiscal space for granting incentives to exporters implying any reduction in the tax burden or any increase in public spending.

However, some measures of minor fiscal impact were taken that tend to improve the competitiveness of Brazilian companies: the forecast that companies will offset social security tax debts with export credits, the continued earmarking of funds for carrying on with the

implementation of the Unified Foreign Trade Portal and changes in how the profits of Brazilian associated companies abroad are taxed.

As in 2016, one of the challenges to be faced in 2017 will be that of identifying appropriate measures to promote industrial exports with low fiscal impact.

The fact that several programs in support of Brazilian industry, most of which involve tax incentives, were condemned by the European Union and Japan in a dispute filed against Brazil at the WTO adds another challenge for the Brazilian trade and industrial policy. The need to redesign existing programs to make them consistent with commitments made at the WTO is an opportunity for updating Brazil's industrial policy.

In 2016, the agenda of trade negotiations followed the guidelines contained in the National Export Plan for 2015-2018, giving priority to the main negotiations under way (Mexico and the European Union). The agenda also included negotiations to expand topics contemplated in existing agreements with South American countries (agreements on services, government procurement and investment), to expand the agreement with India and to promote a dialogue for opening negotiations with countries of the European Free Trade Association (EFTA) and Canada.

An interim assessment of the negotiations with Mexico suggests that they have been progressing at a slower pace than expected. Initially scheduled to be completed in June, they were rescheduled for completion by the end of 2016 and are now likely to continue throughout 2017. The negotiations with the European Union are in turn likely to be impacted by the electoral calendar in France and Germany and by BREXIT, making it impossible to imagine that they will be over before 2018.

In the area of trade negotiations in 2017, Brazil seems to be paying the price of late entry and will have to strive to make progress in an international scenario averse to agreements.

Priority Actions in the Current Scenario



The International Agenda of Industry sets out permanent objectives for a comprehensive international insertion of the Brazilian industrial sector into the global market in the best way possible. These objectives are related, on the one hand, to key policy measures designed to ensure an equal playing field in relation to foreign competition and, on the other, to the provision of services designed to enable Brazilian companies to capture opportunities in the international market.

However, the strategies to achieve these permanent objectives are not immune to changes in the scenario and to the evolution of the domestic and international conjuncture. The synthetic analysis of the scenario presented in the previous section suggests that the following trends should be taken into consideration in the process of selecting and adapting the priority actions that make up the International Agenda of Industry 2017.

International scenario:

Table 2 - Trends and impacts of the international scenario on the Agenda

Trends	Impacts on the International Agenda of Industry
Weak economic and global trade growth	<ul style="list-style-type: none"> – Emphasis on domestic competitiveness measures: trade facilitation, foreign trade logistics and taxation on exports; – Emphasis on monitoring trade barriers in key export markets for Brazilian products; – Emphasis on services to support export promotion for Brazilian companies and their internationalization.
Resumption of the growth of foreign direct investment flows	<ul style="list-style-type: none"> – Opportunities for expanding services in support of foreign investors; – Opportunity for expanding the network of Investment Cooperation and Facilitation Agreements (ACFIs) and of Agreements to Avoid Double Taxation (ADTs).
Trend toward more intense economic growth in the United States	<ul style="list-style-type: none"> – Emphasis on commercial and business diplomacy actions in the United States; – Emphasis on business promotion actions and other internationalization services with a focus on the United States.

Trends	Impacts on the International Agenda of Industry
Review of United States trade policy: stalling of the TPP, review of NAFTA and increased interest in bilateral negotiations, creation of a new tax on imports (BAT)	<ul style="list-style-type: none"> – Dissemination of and discussion with relevant stakeholders on the roadmap for Brazil-United States trade negotiations prepared by the Brazilian and American private sectors; – More intense actions to renew the United States GSP; – Intensification of influencing and cooperation actions with business organizations in the United States; – Monitoring of trade barriers in the United States, with emphasis on the tax border adjustment and trade defense and preparation for defending Brazilian exporters; – Increased interest in trade negotiations between Brazil and Mexico and Mercosur-Canada due to the NAFTA review and stalling of the TPP; – Stalling of the TTIP negotiations, which can result in increased interest of the European Union in negotiations with Mercosur.
BREXIT	<ul style="list-style-type: none"> – Opportunity to deepen the dialogue and seek closer ties with the United Kingdom.
Heterogeneous growth of developing countries	<ul style="list-style-type: none"> – Deepening of the trade agreement with India; – Identification of countries with economic and trade growth potential with Brazil, Africa and Asia.
Political environment averse to trade and trade agreements	<ul style="list-style-type: none"> – Emphasis on monitoring and removing external barriers to trade and investment and recourse to litigation at the WTO; – Intensification of Brazil's agenda of preferred negotiations with the aim of concluding negotiations on priority trade agreements; – Definition of priorities for industry with a view to a possible "Buenos Aires Package" of the WTO.
Mercosur without Venezuela and greater convergence of policies between Brazil and Argentina	<ul style="list-style-type: none"> – Opportunity for resuming Mercosur's economic and trade agenda; – Opportunity for greater cooperation in the bilateral agenda between Brazil and Argentina, with emphasis on Brazilian investments in the neighboring country.

Domestic scenario:

Table 3 - Trends and impacts of the domestic scenario on the Agenda

Trend	Impact on the International Agenda of Industry
Low growth of domestic demand	<ul style="list-style-type: none"> – Greater relevance of foreign trade as a vector for resuming activity in the industrial sector in enterprises of all sizes; – Greater relevance of services in support of internationalization, particularly to ensure the entry of small and medium enterprises into the global export market; – Strengthening of the portfolio of services for converting non-exporting companies, with a focus on advisory, consulting and business training; – Attention to trade defense actions, including due to the new China's status at the WTO.
Fiscal restriction	<ul style="list-style-type: none"> – Difficulties to move forward with initiatives implying increased public spending or tax breaks; – Emphasis on trade facilitation actions and related services, including digital certification of origin and issuing of ATA carnets; – Improvement and bureaucratic simplification of tax relief mechanisms; – Limits on the expansion of public financing lines for exports, with a focus on institutional changes and on reducing red tape for export financing and guarantees; – Limits on funds for public business promotion actions. Need for optimizing funds through partnerships with government agencies, the S System and international organizations.

For companies to be able to enjoy the benefits of improved public policies they must be well-informed about such policies and appropriately prepared to enter in the international market. Information on obstacles and difficulties faced by companies in their internationalization process can in turn be used to provide inputs for preparing proposals for the Brazilian trade policy.

Table 4 below summarizes the priorities set for 2017 for two the two main lines of action of CNI's International Department, namely, influencing trade policies and providing services in support of the internationalization of Brazilian companies.



Table 4 - International Agenda of Industry - Priority topics for 2017

Influencing trade policies
<ul style="list-style-type: none">– Trade agreements– Brazilian investments abroad– Facilitating and reducing bureaucracy in foreign trade– Barriers in third markets– Taxation on foreign trade– Export financing and guarantees– Trade defense– Logistics and infrastructure for foreign trade
Services in support of the internationalization of companies
<ul style="list-style-type: none">– Advisory and consulting– Training and awareness-raising for companies– Trade intelligence– Business promotion– Internationalization programs– Customs documents– Promoting and attracting investment

Actions to Influence Trade Policies



The role of CNI's International Department is to influence the development and implementation of trade policies as part of its efforts to identify the interests of Brazilian industry in several areas that affect the internationalization process. These interests are focused on improving the business environment in Brazil and on removing domestic and foreign barriers to exports, imports and direct investment.

It should be highlighted that CNI only accepts proposals that are in accordance with the Brazil's Federal Constitution and with international standards to which Brazil has adhered, particularly the Mercosur and WTO agreements. The activities carried out by CNI in this area are focused on preparing proposals and position papers and on influencing government agencies, the National Congress and international institutions.

Trade agreements

Trade negotiations have constituted an important part of CNI's agenda since the 1990s. Until recently, the relevance attached to the topic was low due to the fact that government priorities were focused on multilateral negotiations. As a result, Brazil remained on the sidelines of preferential negotiations while Mercosur experienced a "hollowing out" of its economic agenda.

Even though the political environment for trade negotiations in the world has deteriorated, the International Agenda continues to give priority to the topic and opportunities may even arise from these developments. Preferential negotiations continue to be relevant for Brazil, particularly with Mexico, the European Union and other countries and blocs offering real prospects, such as the EFTA. On the other hand, the new scenario of greater aversion to trade liberalization raises the level of priority for: relaunching a trade and economic agenda in Mercosur; continuing to expand the agreements entered into with the Pacific Alliance; and supporting an updating the WTO agenda.

Despite the difficulties associated with changes in the federal government, the year of 2016 recorded significant progress in the area of trade negotiations. Brazil signed its first agreement on government procurement outside Mercosur with Peru, adding to the list of agreements entered into with that country on goods, services and investments, and started negotiations for an agreement on government procurement with Chile.

In spite of clear signs of improved dialogue between the governments of the two largest members of the bloc in 2016, Mercosur's internal agenda is still grappling with political issues that led to the suspension of Venezuela from the bloc. Once the political issue was resolved,

it was possible to make progress in relation to economic and trade topics within the interest of the bloc in 2017.

Negotiations with Mexico continued throughout the year, albeit at a slower pace than anticipated. In extra-regional negotiations, offers of goods were exchanged with the European Union that had been pending since negotiations with it were resumed in 2010 and the dialogue with the European bloc was intensified, making it possible to open negotiations between Mercosur and the EFTA.

Finally, the tariff preference agreement between Mercosur and the Customs Union of Southern Africa (SACU) signed in 2009 was finally internalized by Brazil and is now in force. However, the Mercosur-Egypt Free Trade Agreement signed in 2010 and the Economic Complementarity Agreement between Brazil and Colombia that was revised in 2015 have not been internalized yet.

Priorities for 2017

1. **Mexico:** supporting the expeditious conclusion of negotiations on a free trade agreement, including, as a priority, issues directly related to trade in goods and other topics covered by CNI's position paper: services, government procurement, trade facilitation, technical barriers and sanitary and phytosanitary measures.
2. **European Union:** encouraging the Brazilian government and the governments of other Mercosur members and of the European Union to carry on with the negotiation to conclude the Free Trade Agreement between the two blocs as quickly as possible; and supporting the engagement of the Brazilian private sector in negotiations to improve its positioning, especially in relation to goods and rules of origin.
3. **South America:** deepening agreements on services, technical barriers and sanitary and phytosanitary measures with Colombia and Chile, in addition to expanding the range of topics related to government procurement and trade facilitation; and making progress in developing closer relations between Mercosur and the Pacific Alliance with a view to harmonizing the standards adopted by the two blocs.
4. **Mercosur:** making progress on economic and trade issues of the block by entering into agreements on technical barriers and sanitary and phytosanitary measures, investment, new protocol for government procurement, trade facilitation; improving the institutional framework to speed up the approval and internalization of standards; improving the private sector participation in discussions on topics of interest; and promoting more flexible rules for the bloc's external negotiations.
5. **Other negotiations:** disseminating to the Brazilian government the offensive interests of the Brazilian industry in future negotiations or business discussions with South Africa, Canada, India, Iran and the Central American Integration System (CAIS);

disseminating and discussing the roadmap for negotiations for a free trade agreement with the United States and for an economic partnership agreement with Japan with the private sector and government; building an agenda of offensive interests of Brazilian industry in negotiations with South Korea, the EFTA and Japan; and supporting the private sector in developing offers and positions around these negotiations.

6. **Services:** supporting, by submitting technical proposals, Brazil's participation in multilateral negotiations on TISA (Trade in Services Agreement) for trade liberalization of services.
7. **Intellectual property:** turning Patent Prosecution Highway (PPH) agreements with the United States, Europe and Japan into permanent mechanisms and including all sectors in them and signing new ones with China and South Korea; and internalizing the Madrid System for the International Registration of Marks (Madrid Protocol).
8. **Movement of people:** eliminating visa requirements for business travelers and tourists in the United States (Visa Waiver Program) and Japan and facilitating the entry of business travelers and tourists into BRICS countries (Travel Card) and into the United States (Global Entry).
9. **WTO:** defining a position for industry in proposals to be submitted at the WTO Ministerial Meeting in Buenos Aires.
10. **Ratification of agreements:** supporting a more expedite ratification of international agreements in Brazil within the legislative and executive branches.

Brazilian Investments Abroad

Investments of Brazilian companies abroad have increased significantly from the 2000s, leading the stock of Brazilian capital abroad to rise to US\$283 billion¹. However, performance in recent years has been volatile and has not matched that of other emerging economies. This reflects the strategy adopted by some companies, but also the fact that some policies adopted in Brazil discourage this activity.

The year of 2016 recorded some significant, albeit limited, progress in the public policy arena, particularly in the form of improvements in taxation on profits for affiliated companies and of inclusion of the extractive sector in the presumed credit regime within the framework of the law on taxation on profits abroad. Also in the area of taxation, a law providing for the

¹ The latest data available is from 2015. This datum refers to share of ownership and intercompany loans, according to data provided by the Central Bank of Brazil.

application of the Social Contribution on Net Income (CSLL) to all DTAs came into force and was also regulated by the Friendly Procedure available for such agreements, two measures that increase legal certainty. In addition, Brazil's Internal Revenue Service (RFB) has established a dialogue with the FET for holding structured discussions on the tax agenda in this area.

However, negotiations on Double Taxation Agreements (DTAs) with priority countries are still stalled or only very marginal progress has been made toward concluding them, as in the case of Uruguay and Switzerland. A normative instruction was also issued by the RFB that included Austria as a tax haven and raised taxation on Brazilian holdings in that country, a situation that was partially reversed by another normative instruction issued in late 2016. It is worth noting that no progress has been made on issues such as taxation of subsidiary companies operating in the service sector under the tax law on overseas profits, and the tax rate applied to these companies remains higher than that applied to other sectors.

In addition to the tax area, the progress made in signing cooperation and investment facilitation agreements in 2016 deserves mention as a positive aspect, Peru being the only such case in the year. Finally, as part of the restructuring of the Brazilian Foreign Trade Chamber (CAMEX), a National Investment Committee (CONINV) was set up both to support Brazilian investments abroad and to attract foreign investments to Brazil. Furthermore, no progress has been made, however, in redrafting the law on expatriates currently under discussion at the Brazilian House of Representatives.



Priorities for 2017

1. **Taxation on overseas profits:** working to regulate certain aspects of the Law 12,973 of 2014, particularly with the aim of applying the presumed credit criterion to subsidiary companies operating in the service sector and of lending greater clarity to the rules applied to consolidation of results and loss compensation.
2. **Double Taxation Agreements:** continuing to support the recommendations included in a CNI/FET publication for improving the Brazilian model of DTAs with regard to issues such as treatment of services and royalties and transfer prices; continuing to support the expansion of Brazil's network of agreements to avoid double taxation, mainly with: the United States, Colombia, United Kingdom, Germany, Australia, Uruguay, Paraguay and Switzerland; and working to have the National Congress approve the Agreement with Russia (Legislative Decree Bill 297/2015 and Message 249/2015).
3. **Treatment of expatriate workers:** redrafting Law 7,046 of 1982, mainly by passing Bill 1,748/2011.

4. **Transfer pricing:** proposing amendments to provisions of the law, especially to those related to exchange rate variations, to the fixed-margin system, so as to make it more flexible, and to safeguards for exporters, among others objectives.
5. **Tax on Financial Transactions for acquisitions:** preserving the same position in favor of eliminating the Tax on Financial Transactions (IOF) for acquisitions and intercompany loans.
6. **Financing investments abroad:** supporting the argument that the Export Guarantee Fund (FGE) should cover risks involved in investment financing operations abroad; that the Brazilian Agency for the Management of Funds and Guarantees (ABGF) should develop instruments for the FGE to grant a guarantee against political risks involved in investing abroad; and that ABGF and Brazil's National Bank for Economic and Social Development (BNDES) should grant guarantees to companies investing abroad in their operations in the international financial market, making it possible for smaller companies to have access to these sources of finance.
7. **Cooperation and Investment Facilitation Agreements:** supporting the signing of a Cooperation and Investment Facilitation Agreement (CFIA) within Mercosur and of agreements with countries in Africa, Latin America, BRICS and Japan. Efforts should be made to preserve the dispute settlement section of these agreements in its more detailed version, as in the agreements entered into with Mexico and Chile; and taking measures to internalize the cooperation and investment facilitation agreements signed with Angola, Chile, Colombia, Malawi, Mexico, Mozambique and Peru.
8. **Social security agreements:** supporting the signing of social security agreements mainly with South Africa, Angola, Austria, China, Colombia, Egypt, United Arab Emirates, India, Mexico, the Netherlands, Panama, Dominican Republic and Venezuela; supporting the internalization of the Multilateral Agreement on Social Security for the Community of Portuguese-Speaking Countries (CPLP) which is currently under analysis at the Office of the Chief of Staff of the President of Brazil; defending the approval in Congress of social security agreements with the United States (Legislative Decree Bill 487/2016) and Switzerland (Legislative Decree Bill 431/2016); and renegotiating agreements mainly with Mercosur countries, Germany, Belgium, France, Italy and other Iberian-American countries with the aim of extending the period of coverage for the displacement of employees to five years.
9. **CONINV:** submitting to CAMEX the priority measures to be taken by CNI's International Department to attract investment and facilitate and stimulate Brazilian investments abroad; keeping track of the results of the meetings of the group with the aim of influencing their agenda; and taking part in the meetings whenever possible.

Trade Facilitation And Reducing Red Tape In Foreign Trade

The need to simplify administrative and legal procedures related to export and import activities has been one of the main obstacles pointed out in CNI's surveys, such as in one entitled "Challenges to the Competitiveness of Brazilian Exports". While it has major impacts on deadlines, on costs and on the predictability of foreign trade transactions, it is also a complex challenge, as it involves procedures carried out by dozens of government agencies.

Despite these difficulties, addressing this issue has become the target of successful government initiatives and public-private partnerships in recent years that have been contributing significantly to generate positive impacts on export-related activities. This is the case of the Foreign Trade Single Window, led by the RFB and SECEX, to which CNI contributed decisively in partnership with the PROCOMEX Alliance by preparing detailed maps of processes involved in foreign trade activities and reports providing suggestions for improving those processes. The Brazilian Authorized Economic Operator Program (AEO) is another major initiative under way that will likely lead to the signing of mutual recognition agreements (MRAs) with Brazil's trading partners.

In 2016, WTO's Trade Facilitation Agreement (TFA) was approved by both houses of the Brazilian legislature. In this context, the National Committee on Trade Facilitation (CONFAC) was also set up within CAMEX to coordinate the actions of government agencies to implement the obligations provided for in the TFA. It is noteworthy that the above-mentioned agreement has entered into force after being ratified by 110 WTO members on February 22, 2017.

In 2016, progress was made in implementing the first phase of the new export flow of the Foreign Trade Single Window, which consisted in making a validation environment for simulating operations available. The export flow will become fully operational and its phase of approval will begin in 2017. However, uncertainties related to the budget and to meeting deadlines may affect the implementation schedule planned initially.

The AEO Program was planned to be implemented in three phases (Safety; Conformity; Integration). As scheduled, the AEO-Conformity module became operational in 2016, making full certification (AEO-Full) possible for companies opting for joint qualification in the Safety and Conformity modules. The pilot phase of the AEO-Integration module was launched in December 2016 and the production phase is scheduled to begin in the first half of 2017, considering controls applied by the Ministry of Agriculture, Livestock and Supply (MAPA). Also in 2016, the first AEO Mutual Recognition Agreement (MRA) was signed between Brazil and Uruguay.



Priorities for 2017

1. **Foreign Trade Single Window:** continuing to support the full implementation of the Unified Foreign Trade Portal in 2017, according to the planned budget, deadline and scope; and working to promote the full integration of consenting agencies into the Portal.
2. **Brazilian Authorized Economic Operator Program:** supporting the negotiation of MRAs for the AEO with priority countries and blocs, including the United States, Japan, European Union and Mercosur members; and supporting the integration of other consenting agencies responsible for Brazilian foreign trade activities into the program, especially ANVISA.
3. **Mapping out of charges, fees and contributions:** carrying out a survey of charges, fees and contributions imposed on imports and exports of goods collected by consenting agencies responsible for Brazilian foreign trade activities.
4. **Single collection of charges and fees:** supporting the creation of a single collection system for paying charges and fees imposed on Brazilian foreign trade within the Unified Foreign Trade Portal.
5. **National Committee on Trade Facilitation:** representing and defending the priority agenda of the business sector for trade facilitation at the CONFAC, for the main purpose of contributing to implementing the TFA disciplines.

Barriers in Third Markets

Over the past decades, tariff barriers imposed by governments on trade flows are being reduced based on unilateral decisions and preferential agreements. While significantly high tariffs continue to be charged, particularly on agricultural and agroindustrial goods and on some segments of industry, new types of non-tariff barriers have been widely adopted, mainly technical, sanitary and phytosanitary barriers and those associated with the dissemination of (public and private) standards and regulations of an environmental and social nature.

Enterprises find it difficult to identify non-tariff barriers and the government agencies to which they should take their claims related to identified barriers. Moreover, the rate of resolution of problems identified and brought to the attention of the Brazilian government is low.

Negotiations on the regulatory convergence of standards and rules in different sectoral spheres have been generating positive results in terms of how (actual and potential) barriers to trade

are addressed. This process is already under way in, for example, regulatory convergence talks between Brazil and the United States.

Special mention should be made of the gain in relevance of Brazil's participation in dispute settlement proceedings at the WTO in 2016, in connection with which Brazil requested the establishment of three panels to challenge barriers to agricultural products (sugar and beef) and to industrial products (steel). At the bilateral level, Brazil has also been challenging trade defense measures such as anti-dumping measures (paper) and countervailing measures (steel) adopted by the United States, in addition to discussing market access issues in bilateral government mechanisms (joint committees, dialogues, etc.).

On the other hand, a system contemplated in the National Plan for Exports 2015-2018 for the Brazilian government to monitor trade barriers was not launched in 2016 as scheduled. This tool would be very useful for establishing a process whereby different public agencies, companies and sectoral entities would be able to identify and monitor barriers to Brazilian exports. Bilateral government mechanisms should continue to keep their doors open to discuss market access issues raised by the private sector and keep on striving to become more effective.



Priorities for 2017

1. **Barrier monitoring system:** supporting the creation and launch to the public by the Brazilian government of a system for monitoring and addressing barriers to exports and investment in third markets.
2. **Awareness-raising in the private sector to identify external barriers:** strengthening the knowledge of trade and investment barriers on the part of sectoral entities of industry with the aim of identifying barriers in third markets by, among other measures, disseminating the guide on barriers.
3. **Barriers in China, the United States and the European Union:** implementing initiatives to remove major barriers identified in studies (conducted under the cooperation agreement with the Brazilian Export and Investment Promotion Agency - Apex-Brazil) on trade barriers in China, the United States and the European Union.
4. **Regulatory cooperation:** stimulating the expansion of regulatory cooperation initiatives, including new sectors in the bilateral agenda with the United States, and starting the same process with the European Union.
5. **Specific trade concerns at the WTO:** supporting and encouraging the Brazilian government to make better use of the committees on agreements on technical barriers to trade (TBT), on sanitary and phytosanitary measures (SPS) and on the Agreement on Subsidies and Countervailing Measures (ASCM), including the use of "specific trade concerns" for settling disputes between countries.

6. **Dispute settlement at the WTO:** actively monitoring disputes to which Brazil is a party as defendant or claimant in close cooperation with the public and private sectors, including by holding briefings.
7. **Private petition mechanism to bring complaints to government:** preparing recommendations for the creation of a legal mechanism through which the private sector may request the Brazilian government to investigate barriers identified in foreign markets.
8. **Industry and trade attachés:** reinforcing the proposal to create the position of industry and trade attaché in priority markets.
9. **Bilateral government mechanisms:** working to include requests for removal of barriers to exports and investment in bilateral dialogues coordinated by the Brazilian government for priority markets.
10. **Working group on barriers at CAMEX:** supporting the creation of a working group on barriers (WG on barriers) at CAMEX with the aim of improving the coordination of discussions on this topic within government.

Taxation on Foreign Trade

The International Agenda revolves around two axes in connection with this topic. The first one refers to tax exemption for exports, in relation to which the core interest of industry has been that of adopting measures to prevent the accumulation of tax credits on exports and improving customs procedures to increase the number of beneficiary companies and simplify and remove red tape from procedures associated with such regimes.

In the current conjuncture, no significant progress should be expected in deploying instruments that generate fiscal impacts. However, that does not prevent progress from being made in improving regimes by simplifying procedures and lending more flexibility to the mechanisms in place.

The main progress made in this area in 2016, as contemplated in an economic stimulus package launched in December, was the possibility of offsetting federal tax credits on exports with social security tax liabilities, a long-standing demand of the industrial sector. In addition, Brazilian authorities have signaled that they intend to restore the rate of the special regime for the reintegration of tax values for exporting companies (REINTEGRA) to 2% in 2017.

Accumulated credits on the Tax on Goods and Services (turnover tax, ICMS) are not included in the set of topics being discussed by tax authorities in Brazil in 2016 and it seems that they will not be discussed any time soon.

The second line of action of CNI's International Department in the tax area concerns distortions in the tax system applicable to imports and exports of services and their impact on competitiveness. These distortions generate both a high tax burden in operations and difficulties to recover taxes in the chain. However, this topic has not been addressed in any way as a public policy matter in 2016.



Priorities for 2017

1. **Offsetting of tax credits from exports of goods:** working with government to amend Decree-Law 2,287/1986 and Law 11,457/2007 with the aim of allowing for federal tax credits (Excise Tax - IPI, Contribution to the Social Integration Program - PIS, and Contribution to Social Security Financing - COFINS) to be offset against debts with the social security system, as contemplated in the economic stimulus package of 2016.
2. **REINTEGRA:** working with the Brazilian government to ensure compliance with the rescheduling of the REINTEGRA rate as set out in Decree No. 8,543/2015 (2% rate in 2017 and 3% rate in 2018).
3. **Taxation on import of services:** disseminating to the RFB a study comparing the tax burden on import of services from Brazil with that of selected countries; supporting measures to simplify, make more transparent and reduce the tax burden on imports of services; and making provision for expanding the suspension of taxes on imports of services under the drawback regime or an equivalent instrument.
4. **Recovery of tax credits on exports of services:** supporting the creation of programs allowing for full recovery of tax credits on exports of services (Personal Income Tax - IRPF, Social Contribution on Net Income - CSLL, PIS, COFINS and Tax on Services of Any Kind - ISSQN).
5. **Drawback:** supporting the inclusion of the ICMS tax in the integrated drawback regime and increased access to the mechanism, as well as the establishment of a continuous drawback regime; and developing a diagnostic and recommendations for increased access to the drawback regime and its simplification.
6. **Cost for unloading goods in Brazil in the import tax calculation basis:** discussing with the RFB the possibility of removing the cost for unloading goods in Brazil (e.g. wharfage) from the composition of customs value in the import tax calculation basis (II).

Financing and Guarantees

The Brazilian financing and guarantee system for exports plays a relevant role in leveraging value-added exports. The PROEX-Equalization program provides an example of this fact, as for every 1 dollar disbursed by the program, an additional 19 dollars were generated in exports (2015 and 2016 data).

Supply of credit for exports by the market (Advances on Export Exchange Contracts - ACC and Advance on Export Shipment Documents - ACE) is usually appropriate and the public financing system for exports was gradually reorganized based on the BNDES Exim (pre- and post-shipment) and PROEX (equalization and funding) credit lines. In this context, the budget unpredictability of the PROEX credit lines and difficulties faced by small and medium enterprises to access them constitute the most important gaps.

However, the current situation is different in the area of guarantees, in which the main obstacles lie in the limitation of guarantee instruments and in their complex governance. The system is fragmented both in its operational flow and in its decision-making process. In addition, exports that depend on finance (post-shipment) with longer maturities – as in the case of capital goods and aircraft – are affected by the limitation or unavailability of mechanisms used by leading competitors, such as unconditional guarantees for exports financed by banks, finance raised in the capital market or finance and guarantees for local expenses.

There were few regulatory changes in 2016, although improvements were made to two important points (contained in Conversion Bill No. 7), namely, the possibility of provision of co-guarantees by foreign export credit agencies and inclusion of other credit institutions entitled to reinsurance provided by the federal government. Nevertheless, an expected expansion in the scope of the Export Guarantee Fund (FGE) to cover Brazilian investments abroad was vetoed in a Presidential Sanction.

Despite the current scenario of greater fiscal restraint, there may be room for progress on major issues facing the Brazilian credit and guarantee system, particularly on issues related to the institutionality of the system and to removing red tape from its operational management.

In the international arena, in 2016 the New Development Bank created by the BRICS countries to secure funds for infrastructure and sustainable development projects approved its first loans for renewable energy projects and published its first set of policies (Policy on Loans with Sovereign Guarantee; Policy on Loans without Sovereign Guarantee to National Financial Intermediaries; and Policy on Partnerships with National Development Banks).



Priorities for 2017

1. **Public finance system:** advocating for a review of the BNDES EXIM post-shipment procedures to reduce its approval time; promoting joint actions between BNDES and the Brazilian Guarantees and Fund Managements Agency (ABGF) to attract commercial banks to finance medium- and long-term exports; advocating for greater flexibility in the nationalization index of the lines; and advocating for equal treatment for approving finance for intracompany exports under PROEX Equalization in relation to other operations.
2. **Guarantee system:** advocating for a review of FGE procedures to reduce the time for approving guarantees; expanding the portfolio of ABGF products, giving greater attention to developing structured transactions; supporting the implementation, by the ABGF, of a policy of partnerships with export credit agencies of other countries and with private insurers as part of the efforts to develop co-financing and co-insurance operations for exports; advocating for the acceptance, in operations of the FGE, of an unconditional guarantee insurance policy.
3. **Institutionality of the system:** advocating for a redefinition of the responsibilities of the Committee on Export Financing and Guarantees (COFIG) with the aim of setting strategic guidelines without taking part in operational decisions; advocating for assigning to the ABGF the responsibility for managing the credit insurance system as an independent operating entity; advocating for changes in the governance framework of PROEX, giving autonomy to Banco do Brasil in the process of approving funding and equalization operations; and advocating for the creation of a BNDES subsidiary with the autonomy to develop an approval, documentation and evaluation process of its own, considering the specifics of each funding operation.
4. **New Development Bank:** conducting a study to analyze documents and policies of the New Development Bank with the aim of proposing recommendations based on the importance of Brazil's infrastructure and sustainable development.

Trade Remedies

The trade defense system in Brazil has been improved in recent years as a result of an intense dialogue between government and the private sector with the active participation of CNI in consultation channels established for this purpose by the Foreign Trade Secretariat (SECEX) of the Ministry of Industry, Trade and Services (MDIC).

The response from government, stimulated by initiatives of industry in defense of its interests, was to expand the technical staff of the Trade Defense Department (DECOM) of SECEX and to modernize Brazilian standards, such as by reviewing the Antidumping Decree back in 2013 already. As a result, dumping investigations and the application of provisional duties were sped up.

Nevertheless, the last few years, especially the year 2016, were marked by worrying challenges for Brazilian industry, especially challenges related to the governance and legal certainty of the Brazilian trade defense system. The main point of concern refers to conflicts of interpretations, which have been recently settled by the Office of the Federal Attorney General (AGU), and to diverging opinions between legal consultants from different ministries regarding the application of DECOM's recommendation to the Ministers of CAMEX. The result ensures greater predictability by keeping the system as adopted in recent years.

In addition, two much-expected normative rulings were not issued in 2016: one to facilitate the filing of complaints and lend more flexibility to the requirements for industries operating in fragmented sectors to meet deadlines and gather information for anti-dumping proceedings; and a new decree that will regulate investigations into countervailing measures.

Progress has been made on the issue of China as a market economy, as authorities seem to believe that the change from December 2016 will be related to a reversal in the burden of proof and not to automatic recognition. There are, however, doubts about the procedures Brazil will adopt in relation to how that reversal will actually be applied to the antidumping proceedings against products originating in China from 2017.

Finally, in recent years Brazil has increasingly become a target of trade defense measures against its exporters. In 2012, twelve antidumping measures were applied against Brazil, while in 2015 that number rose to 31. This trend will likely continue in 2017, requiring continued government support to exporters and coordinated actions between industry and the Brazilian investigating authority.



Priorities for 2017

1. **China as a market economy:** monitoring the issue with the relevant agencies of the Brazilian government and producing quality information for industry on procedural changes related to the shift in the burden of proof in antidumping cases involving China as a target of investigation.
2. **Legal certainty in investigations related to antidumping proceedings:** taking action to ensure DECOM's continued prerogative of recommending the application of antidumping duties; and ensuring respect for the procedures related to the analysis of issues within the Public Interest Assessment Technical Group (GTIP).

3. **Countervailing measures:** working to ensure the publication and entry into force of the new decree governing Countervailing Measures and containing the main points contemplated in the paper prepared by CNI and industrial associations in response to a public consultation held in 2014.
4. **Antidumping for fragmented industries:** delivering the position of the industrial sector to influence the drafting of the text of the standard related to specific rules for the treatment to be accorded to fragmented sectors in antidumping proceedings.
5. **Support to Brazilian exporters:** defending the interests of exporting companies affected by trade defense investigations and measures taken by other countries, monitoring and supporting the affected sectors as far as possible.

Foreign Trade Logistics and Infrastructure

Topics related to logistics and infrastructure have been gaining increasing prominence among the issues dealt with by CNI's International Department. This issue stands high among the priorities on the agenda of the Export Competitiveness Forum (FCE) and was a key topic addressed in the "Challenges to the Competitiveness of Brazilian Exports" survey conducted in 2016.

There are several factors that weaken the potential and efficiency of Brazilian foreign trade in this area. The proliferation of fees, additional costs and other expenses charged by ports and for sea transportation, which are almost invariably unfair and non-transparent, provides a current and very worrying example.

With regard to infrastructure, the conditions for accessing sea routes constitute a persistent problem that has been penalizing the competitiveness of most Brazilian ports for years. Works for dredging navigation channels, basins providing access to berths or docking sites are often slow and lack the required quality to overcome the problems involved in maintaining or deepening the draft of ports.

Another major problem faced in this area is that of route deviations, which occur when the stopover of a ship at a specific port is not made as planned. As a result, cargo intended for discharge at a certain port does not reach its final destination and ends up being held at another port. In such cases, shippers have to bear additional costs for container rental and storage time at the port.

Despite these difficulties, some progress was made in the area of logistics and infrastructure in 2016, such as the merger of the Port Department into the Ministry of Transportation; the passage of Law No. 13,334/2016, which created the Investment Partnership Program (PPI); a reduction in the participation of the Brazilian Airport Infrastructure Company (Infraero) in the

new airport concessions contemplated in the PPI; the extension of the period of non-assessment of the Freight Surcharge for Renewal of the Merchant Marine (AFRMM) for cabotage and inland river and lake navigation; and the authorization for building and operating 17 Private Use Terminals (TUP) in 2016 alone, according to the provisions of the new Port Law (Law 12,815/2013).



Priorities for 2017

1. **Rates and fees charged by ports and shipowners:** conducting a survey of all rates and fees charged by shipowners and port terminals (both public and private) on exports and imports of goods and proposing an agenda of recommendations.
2. **Maritime access to ports:** conducting a diagnostic of the actual implementation of government investment plans to increase the draft of selected ports and proposing an agenda of recommendations.
3. **Logistics integration in South America:** according to CNI's document entitled "Challenges for logistics integration in South America," defining a position based on an analysis of advances and setbacks in priority logistics projects and in the general logistics integration agenda for the subcontinent.
4. **Route deviations:** conducting a survey and proposing solutions to alleviate the problems caused by route deviations in selected Brazilian ports currently.
5. **Navigation market concentration:** conducting a diagnostic of the concentration and merger of shipping companies operating in the container sector and analyzing their consequences for Brazilian foreign trade; and checking the international experience and proposing an agenda of recommendations for Brazil.
6. **Fee for noninvasive inspection of containers:** defending the elimination of the fee by reinforcing the understanding that the container scanning fee (non-invasive inspection) is already included in the price of the basket of services provided by port terminals and paid by exporters.

Services In Support of the Internationalization of Companies



The role of CNI's department in charge of Services in Support of the Internationalization of Companies is one of defining, at national level, the strategy for meeting the demands of enterprises, promoting the international insertion of companies and managing the portfolio of international services of the confederation. For this purpose, CNI coordinates the CIN Network, which is in charge of providing these services to its corporate constituency.

The International Business Centers (CINs) set up in each of the Federations of Industry in the states and in the Federal District cater to the needs of Brazilian companies of all sizes with the aim of ensuring their competitive and sustainable performance in the international market. In partnership with the International Business Centers, CNI supports the definition of sectorial priorities and international markets and manages partnerships with domestic and international entities for the purpose of improving the provision of services in support of the internationalization of companies offered by the CIN network.

Throughout 2016, the CIN Network and CNI's International Department consolidated the provision of such services under the "internationalization path" model, according to which any company of any size, sector or region can access the solution that best matches their business plan and reach the maturity required for operating in the international market through the CIN in their state or in the Federal District.

The concept of "internationalization" adopted by the CIN Network and by CNI's International Department is comprehensive and is not restricted to the more sophisticated stage of operating on the international market, which is the stage of producing abroad. According to the CINs, internationalization consists in establishing any link between a Brazilian company and the international market, including import and export operations, the search for international partners and attracting investments. The priority actions presented below are based on this concept.

Advisory and Consultancy

The complexity of the challenges faced by companies increases as they become more active in foreign trade and adopt bolder strategies for internationalizing their business model. To help them overcome these challenges, the relevance of making services available to entrepreneurs to support them in their foreign trade activities in a cross-cutting fashion is identified. Companies are thus encouraged to consider the possibility of operating in foreign markets more confidently and to address these challenges in a more competitive way than their international competitors, increasing their chances of success.

The portfolio of advisory and consultancy services provided by the CIN network is organized into two main lines. The first one consists in short-term advisory focused on assisting companies by phone, email or face-to-face to clarify specific questions and guide their international operations. The second one consists in customized consulting services designed to help companies to address specific problems and bottlenecks, support the development of strategies for accessing foreign markets, provide specific information about potential markets, provide guidance on the stages of commercial and customs operations and assist them in consolidating international operations.

In 2016, the number of exporting companies hit the record figure in Brazil of 25,541. This represents an increase of 8.5% over the previous year or an increase of nearly 2,000 new exporting companies, about 90% of which exported manufactured products in that year. These data reflect a potential demand for the advisory and consulting services provided by the CIN network, confirming the importance attached to the topic on the International Agenda of Industry.



Priorities for 2017

1. **Internationalization business plan:** developing and implementing a Business Plan model for companies in the early stages of internationalization, as well as designing processes to organize the assistance provided to them. The feasibility of structuring the new service will be ensured by the AL-Invest 5.0 program of the European Commission. The document will use information from diagnostics of companies and will point out challenges to be addressed, recommend solutions that can be found in the service portfolio of the CIN network and generate a document to keep track of their evolution in achieving their international objectives.
2. **Supporting the adaptation of products and processes for internationalization purposes:** developing a partnership with the National Industrial Apprenticeship Service (SENAI) to provide consulting services focused on adjusting products and processes for internationalization purposes.
3. **Advisory on rules of origin:** developing and implementing a service model designed to assist companies in using and interpreting rules of origin in the process of issuing certificates of origin, facilitating the export of Brazilian products.
4. **Advisory on temporary exports and admission:** developing and implementing a model to guide exporting companies, business associations and independent professionals on the benefits of using the temporary export document, the ATA Carnet. For temporary admission, the advisory will be focused on assisting foreign guarantors in the process of issuing the necessary documents for the entry of goods from their countries into Brazil.

Training and Awareness-Raising Companies

The “Challenges to the Competitiveness of Brazilian Exports” survey published by CNI in 2016 indicated that the training of those in charge of exports was the third main internal hurdle for companies. In addition, 33% of the already exporting companies identified training in foreign trade as the most important service to support internationalization.

Training for companies and professionals dealing with foreign trade issues constitutes one of the set of activities in greatest demand among the services provided by the CIN network. The portfolio of products offered by the network includes face-to-face training for companies in the form of lectures and courses, distance learning (e-learning) and other relevant actions such as educational events on internationalization (workshops, seminars and roadshows).

In all training and awareness-raising activities for companies, the focus is on building skills in them for international trade processes and procedures. To perform these actions, the CIN Network and CNI’s International Department rely on a partnership with the Brazilian Service in Support of Micro and Small Enterprises (SEBRAE) focused on assisting micro and small enterprises.

In 2016, small enterprises played a significant role in increasing the number of exporters. According to the Ministry of Development, Industry and Foreign Trade (MDIC), smaller companies were the ones that grew most between 2015 and 2016, accounting for annual exports of up to US\$1 million (11 percent increase). Last year, the companies that exported up to that amount accounted for three-quarters of all exporters.

These companies have great potential to increase their sales abroad and need training and other services to improve the skills of their executives and technical staff on an ongoing basis to ensure the success of their internationalization strategy. This need is even more latent in companies that have not yet become exporting companies but intend to export their products and are beginning to develop plans for this purpose.



Priorities for 2017

1. **Cross-cutting training in internationalization for companies:** developing content and providing training focused on the planning of export and import processes contemplating commercial aspects and elements related to preparing for and carrying out foreign trade operations (e.g. step-by-step export, international marketing, pricing, etc.).
2. **Specific training in internationalization for companies:** developing content and providing training for companies with a focus on priority sectors or markets

(e.g. adjustments in packaging and labeling according to the standards set for the food industry in the United States).

3. **Training in foreign trade structuring issues for companies:** developing content and providing training with a focus on foreign trade structuring issues (e.g. barriers to exports, trade agreements, finance, etc.).
4. **E-learning:** developing the necessary methodology for and delivering e-learning courses with a focus on the internationalization of Brazilian companies through educational and interactive platforms, facilitating even more the access to relevant information in high demand.
5. **Business training manual:** structuring the business training portfolio based on the demand mapped out with industrial companies with the aim of harmonizing the training provided by the CIN network and of meeting demand for it across the country. In addition to providing differentiated courses, plans are under way to align concepts related to types of training, methodologies applied and supporting material for nationwide activities.
6. **Partnership with SEBRAE:** strengthening actions carried jointly with SEBRAE to promote training activities focused on micro and small enterprises in their process of preparing to engage in international trade.

Business Intelligence

The “Challenges to the Competitiveness of Brazilian Exports” survey indicated that 59.8% of all exporting companies see business intelligence studies and surveys as one of the most relevant internationalization services for adding value to their international operations. This service is second in importance only to business promotion, which ranked first in the ranking.

The business intelligence services provided by the CIN network consist in the offer of market profile studies using specific databases and information systems for international trade. This information is intended to assist companies, usually small and medium enterprises, in their decision-making related to the internationalization of their business.

For a small company to be able to conduct market studies for its specific product, they must be low-cost and individualized studies. These studies should provide relevant information to support the definition of a company’s internationalization strategy and of its target export market, the price for selling its products on the international market, existing tariff and non-tariff barriers, the profile of its main clients, future trends and prospects, among other elements.

According to MDIC data, half of Brazil's exports in 2016 in terms of value were concentrated in only seventeen products (in lines of the Mercosur Common Nomenclature - NCM). The concentrated nature of Brazil's export basket is a known feature that has not changed significantly in recent years. In each of the past five years, 50% of the value of this basket was concentrated in less than twenty products.

Business intelligence services are relevant to help increase and diversify exports, as they make it possible for companies to identify business opportunities for their products overseas, as well as to define sustainable strategies for their international insertion.

In this scenario, the business intelligence services offered by the CIN network in Brazil will be expanded in 2017 with the aim of promoting more comprehensive changes in the industrial base of actual exporting companies and of increasing Brazil's export basket.



Priorities for 2017

1. **Business intelligence solutions:** ensuring the provision of business intelligence products in at least 20 federations of industry through their CINs with the aim of ensuring quality and efficiency requirements in meeting business demands. A periodic review of the national business intelligence portfolio is also scheduled to be carried out to ensure the provision of relevant and innovative services to companies.
2. **Tools and databases:** making tools and databases available to CNI's International Department and to the CIN network with the aim of supporting the provision of business intelligence services.
3. **Content generation and publishing:** generating business intelligence content as inputs for the actions of the CNI's International Department and of the CIN Network; publishing relevant content in primers for national circulation, as well as in newsletters on priority topics and markets.
4. **Survey on Challenges to the Competitiveness of Exports:** planning and carrying out the required actions to prepare and publish the next edition of the survey on barriers to Brazilian exports in the first quarter of 2018 with the aim of aligning actions in defense of interests with the provision of services by CNI and the CIN network.

Business Promotion

A major challenge faced in the foreign trade arena is that of ensuring greater visibility, perceived value and competitiveness for companies and products on the international market. For Brazil to leverage its share in global trade flows, which stands at 1.2 percent currently, it is essential to make progress on structural and systemic factors and to make sure that international trade supporting entities and Brazilian entrepreneurs work together to promote business opportunities with foreign importers and investors consistently and on an ongoing basis.

Business promotion activities focused on foreign markets usually imply significant costs and require specific supporting mechanisms or know-how. The possibility of accessing information and opportunities for doing business greatly arouses the interest of most entrepreneurs who want to do business across borders in actions of this kind. For many newcomers companies, especially micro and small enterprises (MSEs), taking part in such actions is only possible with the technical and financial support from the entities in question.

The “Challenges to the Competitiveness of Brazilian Exports” survey pointed out that 62.5% of the responding companies mentioned that business promotion activities are the most relevant ones for supporting their internationalization. The relevance of tools designed to disseminate business opportunities ranked third (45.6%) in the same survey.

As mentioned above in relation to the export basket, concentration also prevails in the destinations of our exports. The above-mentioned survey showed that 64.3% of the responding companies export their products to up to five countries and that the United States market is the main destination for most of them. According to MDIC data, our two main trade partners, China and the United States, absorbed almost one-third (31.5%) of our exports alone in 2016.

Business promotion activities have a direct bearing on expanding markets for selling our products, as they make it possible for Brazilian entrepreneurs to interact with a wide range of international players and to showcase our products to the world.

Given this scenario, the actions contemplated for this priority group include activities such as: prospecting for markets, participation of companies in trade missions and visits, business rounds and trade fairs, and dissemination of tools such as the Enterprise Europe Network (EEN) and the Brazilian Exporters Catalog.



Priorities for 2017

1. **Prospecting for markets:** conducting seven prospecting actions in strategic markets for the internationalization of Brazilian companies and supporting them in participating in benchmark events abroad, such as trade shows, conferences and seminars, in priority sectors according to the demand from industry.
2. **Trade and sales promotion actions:** promoting the participation of at least 500 companies in trade missions and visits and in business meetings, whether in Brazil or abroad, to support the consolidation of their business and the development of partnerships; and organizing 21 trade actions domestically in strategic markets to enhance the results of both existing and potential trade agreements in Brazil.
3. **Identification of opportunities and support for generating business and investment:** identifying 30 business opportunities for Brazilian companies to be shared in the international network managed by the European Commission, EEN, which connects 600 institutions from more than 60 countries; and signing 5 partnership agreements between Brazilian and foreign companies through the EEN network.
4. **Dissemination of the supply of Brazilian exports:** disseminating in Brazil and abroad the Brazilian Exporters Catalog, which is a virtual tool for disseminating partnership and trade opportunities available on the Industry Portal.
5. **Promotional activities in priority markets covered by Trade Agreements:** Missions to strengthen trade liberalization in countries regarded as strategic for Brazil and to stimulate bilateral negotiations. Strategic actions will be carried out in countries with which Brazil signed or is about to sign new cooperation agreements, including Business Meetings and benchmarking visits.
6. **Partnership with Apex-Brasil:** strengthening the actions of Apex-Brasil to undertake joint initiatives designed to promote business opportunities in priority markets for industry.

Internationalization Programs

It is quite common for non-exporting or new coming companies to be afraid to enter the international market or focus more on it. Crossing borders is far from being an easy task for any company. Remaining active in export markets also requires efforts, coordinated actions and a long-term vision. The main challenges for a competitive insertion in international markets include: lack of information on markets of interest (e.g. technical barriers, characteristics

of consumption or performance of competitors) and the lack of professional monitoring/guidance on specific topics (e.g. trade negotiations, operational and bureaucratic aspects involving exports, identifying and taking advantage of latent opportunities in the market).

Through its Market Access and Trade Promotion pillars, the National Export Plan is intended to expand the export base and ensure more positive results to exports in shorter terms. To achieve this, a National Exporting Culture Plan (PNCE) is under implementation combining actions on awareness-raising, intelligence, adjustments in products, trade promotion and marketing, i.e. comprising the main stages of a planned international strategy.

In an annual consultation with the industrial constituency of the Industry System (federations, unions and companies) it was seen that there is demand for developing and providing more comprehensive services over longer periods and for commercial purposes to make it possible for companies to develop more efficient strategies for certain target markets. Altogether, 254 unions in 18 states and in more than 19 sectors were consulted in the process of preparing the Sectorial Action Plan (PAS 2017) of the International Centers.

In line with this effort, the CIN Network, relying on the support from CNI's International Department, intends to ensure the supply of two complete internationalization programs that can be implemented as part of the assistance provided to companies to allow for them to be systematically assisted as they evolve and according to their level of maturity in operating in the international market. Companies that prepare themselves conscientiously to operate in the international market export their products on an ongoing basis and enjoy higher sales volumes abroad. According to the MDIC, for each additional 1 billion in exports 50,000 jobs are guaranteed.



Priorities for 2017

1. **Program for preparing companies to operate on the international market (Exporta CIN and PROSPECT):** Promoting the implementation of at least one program, fully preparing Brazilian companies to engage in international business through the Exporta CIN or Prospect programs.
2. **Review of the operating model of internationalization programs:** Reviewing the operating model of the service by upgrading processes and printing manuals with the aim of supporting the CIN Network in its qualified implementation of internationalization programs in all states.

Customs Documents

A survey conducted by CNI and the São Paulo Business Administration School of the Getúlio Vargas Foundation (FGV/EAESP) in 2016 with 847 Brazilian exporters indicates that some of the most inconvenient obstacles posed by customs red tape to the internationalization process are the following ones: excessive number and complexity of export documents, inspection times, clearance and release of goods and the requirement of submitting original documents and/or documents with different signatures.

The same above-mentioned study showed that 88% of the responding companies indicated that they use a Certificate of Origin when selling their products abroad. However, most of them (61.3%) still submit the certificate in hard copy.

The ATA Carnet is another relevant customs document, with which a company can export and import goods temporarily without paying taxes in 74 countries. Brazil is the first country in Mercosur to join the system - a key tool to increase Brazil's share in global trade, as it removes red tape from customs procedures and makes it easier for domestic industrial companies to participate in fairs and business meetings abroad.

In the year 2016, CNI's International Department focused its efforts on raising the awareness of companies to change the way they issue Certificates of Origin from manual to digital. At the federal level, the Brazilian government, with the support from the issuing organizations, launched a pilot project with Argentina for issuing certificates of origin with digital signature scheduled for completion in the first quarter 2017. This pilot project is planned to be expanded to other countries like Chile, Mexico and Uruguay later this year.

The beginning of the Brazilian operation of the ATA Carnet was another advance in removing red tape from foreign trade that improved the handling and safety of customs documents and reduced the time for issuing them. For this purpose, an online platform for issuing the document was developed, making the process of temporary admission or export of goods more efficient and less bureaucratic, with a direct impact on competitiveness. It is necessary to stimulate accession to the Istanbul Convention by other countries, especially Latin American countries, that Brazil recognizes the signatories to the ATA Convention, such as the United States and Japan, and that it incorporates new annexes of the Convention.



Priorities for 2017

1. **Certificates of origin for export:** making the COD-Brazil system available for issuing digital certificates of origin, strengthening the migration from manual to digital issuing of those certificates; assisting companies in complying with rules of origin with the aim of enhancing the competitiveness of Brazilian exports; and

defending, before the Brazilian government, the importance of the pilot digital certification projects with Argentina, Chile, Mexico and Uruguay.

2. **ATA Carnet for temporary export of goods:** making available and disseminating a system for issuing the ATA Carnet in support of temporary exports and imports of professional and sporting goods and of international promotion activities; advising user companies on the benefits afforded by the ATA Carnet; defending, before the RFB, an increase in scope for the ATA Carnet for signatories to the ATA Convention and the harmonization of internal procedures for acceptance of the passport; and influencing new countries to accede to the ATA Carnet system, particularly Argentina, Colombia, Paraguay and Peru.

Promoting and Attracting Investment

Over the past five years, Brazil has stood out in global flows of foreign investment, recording the highest entry of foreign capital in 2012, US\$96 billion, according to UNCTAD data. Despite the recent decline in the volume of investments in virtually all Latin American countries, which averaged 19% last year, Brazil remains among the top ten investment destinations in the world.

According to fDi Markets², of about 200 projects on productive greenfield investments and mergers and acquisitions made in Brazil last year, the main sectors involved were the software and IT, chemical products, communications, financial services and machinery and equipment sectors.

Brazilian industry needs to proactively seek investment in sectors of greater economic and social impact, apart from incorporating processes, management models and innovative technologies that can boost its productivity and competitiveness. For this purpose, it is necessary to map out and disseminate opportunities of greater interest to the country.

Investment opportunities are available in all Brazilian regions and investments must be promoted according to the reality of each state. The private sector needs to address this topic in an organized and cohesive fashion, considering the continental size of the country and the distribution of companies in all regions.

At federal level, the public sector has been building instruments and setting up bodies for addressing this topic, such as the National Investment Committee (Coninv) of the Foreign Trade Chamber (CAMEX) and the Ombudsman Office for Direct Investment (OID), but governance

2 Database on greenfield investments.

is still lacking among the different actors to build a joint agenda and facilitate investments of interest to the country.



Priorities for 2017

1. **Provision of support services to foreign investors:** extending the Brazil4Business to three new states, based on the experience acquired so far in ten units of the Federation.
2. **Harmonization of Brazil4Business services:** publishing a manual providing explanations on the step-by-step implementation of key support services available to investors to be operated by CINs linked to the federations of industry in the states.
3. **Strategy and focus of the operations:** defining priority sectors and publishing a study on how to attract productive investments to Brazil
4. **Active prospecting for investors:** supporting Federations of Industry in their proactive search for potential investors in the development of Brazilian industry through individual Action Plans drawn up for each state.
5. **Content and knowledge generation:** Disseminating information and knowledge about foreign investment and training public and private agents on good practices that contribute to promoting investment, apart from holding awareness-raising seminars and events designed to prepare companies to receive foreign investment.
6. **Public-private coordination:** Promoting links between the public and private sectors through partnerships with domestic and international investment promotion agencies to support the need to facilitate investments at CONINV and other investment management organizations in Brazil.
7. **Business promotion and contacts:** Carrying out 2 missions to promote and attract investments in key markets for FDI; and facilitating contacts between Brazilian and foreign companies to generate investments and partnerships, together with the business promotion activities planned for the year.

Brief Account of the Activities Carried Out Under The Interna- tional Agenda Of Industry 2016



This section is dedicated to providing an account to stakeholders of the activities carried out by CNI based on the priority actions contemplated in the International Agenda of Industry of 2016.

The International Agenda of Industry 2016 - the first one to be developed by CNI - included 71 priority actions linked to 15 key topics. CNI ranked a total of 71 actions in three different ways, according to extent to which they were actually implemented: i) actions that were actually carried out; ii) actions that were partially carried out; and iii) actions that were not carried out.

Altogether, 52 actions were carried out (72%), 8 actions were partially carried out (11%) and 12 actions were not carried out (17%). The tables below show the lists of actions falling under each of the three categories.

**Table 5 - List of actions contemplated in the 2016
Agenda that were actually carried out**

#	Topic	Name of the priority action
1	Trade agreements	Mexico
2	Trade agreements	European Union
3	Trade agreements	South America
4	Trade agreements	Mercosur
5	Trade agreements	United States
6	Trade agreements	Other trade negotiations
7	Trade agreements	Liberalization of services
8	Trade agreements	Transparency in negotiation processes
9	Brazilian investments abroad	Taxation of overseas profits
10	Brazilian investments abroad	Agreements to avoid double taxation
11	Brazilian investments abroad	Treatment of expatriate workers
12	Brazilian investments abroad	IOF on acquisition of companies
13	Brazilian investments abroad	Financing investments abroad
14	Brazilian investments abroad	ACFI
15	Brazilian investments abroad	Social security agreements



Brief Account of the Activities Carried Out Under the International Agenda Of Industry 2016

#	Topic	Name of the priority action
16	Brazilian investments abroad	Transfer pricing
17	Facilitating and reducing bureaucracy in foreign trade	Unified Foreign Trade Portal
18	Facilitating and reducing bureaucracy in foreign trade	AEO program
19	Barriers in third markets	Awareness-raising for identifying barriers
20	Barriers in third markets	Regulatory cooperation
21	Barriers in third markets	WTO
22	Taxation on foreign trade	Tax relief for services in export operations
23	Taxation on foreign trade	Taxation on import of services
24	Taxation on foreign trade	Export Processing Zones (EPZ)
25	Taxation on foreign trade	Credit reimbursement for exports
26	Export financing and guarantees	Public finance system
27	Export financing and guarantees	Guarantee system
28	Trade defense	Fragmented industries
29	Trade defense	China as a market economy
30	Trade defense	Antisubsidy measures
31	Business mechanisms for priority markets	United States
32	Business mechanisms for priority markets	European Union
33	Business mechanisms for priority markets	Japan
34	Training and awareness-raising for companies	Training for the preparation stage

#	Topic	Name of the priority action
35	Training and awareness-raising for companies	Training for operation
36	Training and awareness-raising for companies	Specific knowledge about adapting products and processes
37	Trade intelligence	Provision of trade intelligence solutions
38	Trade intelligence	Content generation by CNI
39	Trade intelligence	Automation system for business intelligence services
40	Trade intelligence	Tools and databases
41	Business promotion	Market research
42	Business promotion	Trade and sales promotion actions
43	Business promotion	Use of platforms and systems to promote business
44	Trade and customs operations	Issuing of certificates of origin for exports
45	Trade and customs operations	Issuing of ATA carnets for temporary export and admission
46	Trade and customs operations	Existing barriers to exports
47	Adjustments in products for foreign markets	Activation of partners for increased competitiveness
48	Attracting and promoting investments	Strategy and focus of the operations
49	Attracting and promoting investments	Active prospecting for investors
50	Attracting and promoting investments	Content and knowledge generation
51	Attracting and promoting investments	Joint operations and strategy
52	Attracting and promoting investments	Business promotion and contacts



Brief Account of the Activities Carried Out Under the International Agenda Of Industry 2016

Table 6 - List of actions contemplated in the 2016 Agenda that were partially carried out

#	Topic	Name of the priority action
1	Barriers in third markets	Studies on barriers in China, the United States and the European Union
2	Barriers in third markets	Petition to government
3	Taxation on foreign trade	Drawback
4	Export financing and guarantees	Export credit agency
5	Trade defense	Public Interest Assessment Technical Group (GTIP)
6	Business mechanisms for priority markets	China
7	Business promotion	Governance
8	Trade and customs operations	Guidance on logistics operations, financing and payments

Table 7 - List of actions contemplated in the 2016 Agenda that were not carried out

#	Topic	Name of the priority action
1	Trade agreements	WTO
2	Facilitating and reducing bureaucracy in foreign trade	Single collection of fees
3	Facilitating and reducing bureaucracy in foreign trade	Courts specializing in foreign trade
4	Taxation on foreign trade	Special Customs Regime for Industrial Warehousing under Computerized Control (Recof)
5	Advisory and consulting	Assistance Model and Business Plan
6	Advisory and consulting	International certifications

#	Topic	Name of the priority action
7	Training and awareness-raising for companies	Specific knowledge of international certification
8	Training and awareness-raising for companies	Specific knowledge of international certification
9	Trade and customs operations	Public foreign trade records and systems
10	Adjustments in products for foreign markets	Guidance for adjustments
11	Adjustments in products for foreign markets	Adjustments for internationalization purposes
12	Attracting and promoting investments	Provision of support services to foreign investors

International Agenda of Industry 2017

CNI

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