

CUSTOMS DOCUMENTS: FOREIGN TRADE WITHOUT CONSTRAINTS

- *Facilitating trade flows is essential to promote Brazil's insertion in international trade and, consequently, to improve its competitiveness.*
- *Customs documents are important tools to simplify trade flows, reduce costs and provide security in transactions.*
- *In Brazil, the operation of Certificates of Origin, ATA Carnets and Free Sale Certificates is based on inefficient, bureaucratic procedures and processes that are not appropriately in line with international best practices.*

Customs documents have a significant impact on facilitating trade flows. Brazil can reduce transaction costs and provide greater security and speed in transactions using instruments that are already available but need to be improved, strengthened and modernized.

Certificates of Origin, Temporary Admission Certificates (ATA Carnets) and Free Sale Certificates are customs documents that have a bearing on the competitiveness of Brazilian companies abroad. Operating these instruments entails challenges related to simplifying procedures, lack of training on the part of public agents, operational efficiency and integration into strategic markets, especially in Latin America.

A Certificate of Origin ensures lower import tariffs for goods in countries with which Brazil has a trade agreement. Its use ensures that the goods in question will reach their target market with a differentiated price, fulfilling the origin requirements established in negotiations of international agreements.

Despite the relevance of that document, it is still affected, during its emission process, by practices that fail to meet the requirements set out in international agreements and in negotiated origin requirements. In Brazil, the government has delegated the task of issuing certificates of origin to 57 autonomous

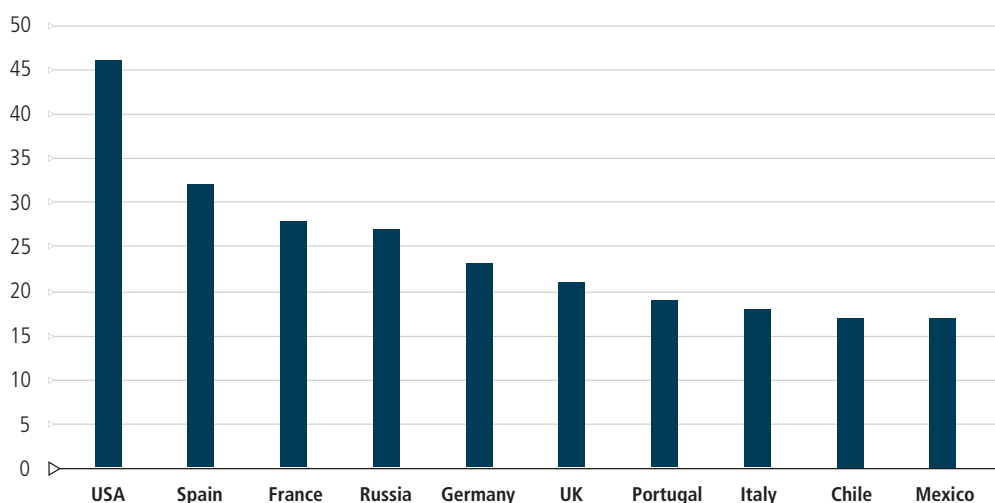
entrepreneurial organizations. Without systematic inspection of procedures and processes by the Brazilian government, frauds and unfair practices in the process of issuing of certificates of origin have been recurrently observed.

With the aim of ensuring greater efficiency and security in the process of issuing certificates of origin, the Latin American Integration Association (ALADI) launched the COD - Digital Certification of Origin - project in 2001, making it possible for certificates to be exchanged electronically among customs authorities in the region. So far, only Argentina and Brazil have exchanged digital certificates of origin between them. Once the project is fully implemented, the time required for issuing the document is expected to decrease from five days to 24 hours.

The ATA Carnet has been in operation in Brazil since 2016. It is an internationally recognized passport for products and goods that makes it possible to simplify customs procedures for temporary exports and imports. With the document, goods can circulate among 77 countries for 12 months. In 2016, 181,000 passports were issued for the circulation of US\$21 billion in products and goods.

The document can be used for trade promotion purposes, for scientific and other exhibitions, for cultural events, and for international

MAIN DESTINATIONS OF BRAZILIAN PRODUCTS WITH AN ATA CARNET (2016–2018)



Source: Prepared by CNI based on information provided by the Brazilian ATA System.



sporting events. In one year, ATA Carnet users can save up to R\$108,000 as compared to the conventional customs regime.

On the other hand, the required regulation for issuing Free Sale Certificates (FSCs) is dispersed between different government agencies and they are being issued both by government and private entities, without observing harmonized procedures. This lack of coordination generates costs for companies to issue and validate the document, apart from affecting the access of Brazilian products to countries of destination that question the validity of the document and may even retain exported goods.

The operation of these customs documents in Brazil is based on inefficient, bureaucratic procedures and processes that are not appropriately in line with international best practices. Therefore, they are not in line with the agenda of facilitating and reducing red tape in foreign trade.

Main recommendations

Digital Certification of Origin

- 1 Digital Certification of Origin with member countries of the Latin American Integration Association (ALADI) should be implemented.
- 2 The issuance of digital certificates of origin should be expanded.
- 3 The issuance of certificates of origin should be inspected.

ATA Carnet

- 4 Work should be done to promote the accession of new countries to the ATA System.
- 5 Participation in implementing the e-ATA - electronic document - should be encouraged.
- 6 Special procedures for consenting agencies to accept the ATA Carnet should not be required.
- 7 Acceptance of ATA Carnets should be expanded.
- 8 Procedures for accepting the ATA Carnet should be simplified and harmonized.

Certificado de Livre Venda

- 9 A legal framework and harmonized procedures for issuing Free Sale Certificates should be defined.
- 10 Private agents should be authorized to issue FSCs.



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

