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TRADE POLICY MONITORING REPORT

OF

BRAZIL

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(OCTOBER - DECEMBER 2012)

Authors: James J. Nedumpara and Prem Raja Kumari.R.

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ABBREVIATIONS

ANP	-	Agência Nacional do Petróleo/National Agency of Petroleum, Natural Gas and Biofuels
ANVISA	-	Agência Nacional de Vigilância Sanitária/National Health Surveillance Agency
BNDES	-	Brazilian National Bank for Economic and Social Development
CET	-	Common External Tariff
COFIN	-	Social Security Financing Condition
COFINS	-	A Contribuição para o Financiamento da Seguridade/ Social Contribution for the Financing of Social Security
Copom	-	Brazilian Central Bank's Monetary Policy Committee
CSS	-	Social Contribution for Health
DECOM	-	Department of Commercial Defense
EEC	-	European Economic Community
FINEP	-	Brazilian Innovation Agency
GATT	-	General Agreement on Tariffs and Trade
GPA	-	Agreement on Government Procurement
ICT	-	Information and communications technology
IMF	-	International Monetary Fund
INMETRO	-	National Institute of Metrology, Standardization and Industrial Quality
INSS	-	Instituto Nacional do Seguro Social/National Institute for Social Security
IPI	-	Imposto sobre Produtos Industrializados/Tax over industrialized products
IT	-	Information Technology
MDIC	-	Ministério do Desenvolvimento, Indústria E Comércio Exterior/Ministry of Development, Industry and Commerce
MERCOUSR	-	Mercado Comum do Sul / Common Southern Market
No	-	Number

OTEXA	-	US Office of Textiles and Apparel
PIS	-	Social Security Tax
PNMPO	-	National Program of Oriented Productive Microcredit
PSI	-	Investment Support Program
SDA	-	Secretariat of Animal and Plant Health
SISCOMEX	-	Integrated System of Foreign Trade
TRIMS	-	Agreement on Trade-Related Investment Measures
US	-	United States
WTO	-	World Trade Organization

EXECUTIVE SUMMARY

- The GDP recorded a 2.7% growth in the present quarter as per the national statistics agency, as against the economists' median estimate growth of 2.8%.

- The interest rate (TJLP) of the National Bank for Economic and Social Development (BNDES) for entrepreneurs has been reduced from 5.5% to 5% per year starting in January 2013. Besides lowering the interest rates, the special conditions of the Investment Support Program (PSI) line of credit that finances the purchase of capital goods and investments in technology and innovation is also likely to be extended.

- In the present quarter, there was a surplus of $428 million in the balance of trade of Brazil, in spite of a deficit during the first half of November 2012.

- Trade agreements by Brazil with EU, Netherlands, Egypt, Japan and Israel have been discussed in detail under Trade Agreements and Arrangements.

- Footwear not meeting the conditions of Brazilian legislation of non-preferential origin were rejected the permit of entry into Brazil. Trade from other sources and products in the footwear industry are monitored by Secex to prevent companies declare as originating in third countries or using other tariff codes to escape penalties.

- During the present quarter, Brazil and Food and Agriculture organization (FAO) signed a South-South Cooperation Agreement with the aim of extending its expertise in cotton production to other developing countries.

- A fund of $10 billion by the Ministry of National Integration is allocated towards the setting up of an irrigation program; the invested capital will be used for the purposes of expanding the irrigated area, improving irrigational infrastructure and gaining access to advanced knowledge and technology for enhancing the overall productivity.

- Brazil formally notified at a meeting of the Dispute Settlement Body that it has decided not to terminate the 2010 agreement with the US that serves as an interim settlement to a World Trade Organization case that Brazil won against US subsidies for cotton producers and other agricultural exports.

TRADE POLICY MONITORING REPORT OF BRAZIL

FOR THE QUARTERLY PERIOD: OCTOBER 2012- DECEMBER 2012

I. INTRODUCTION

This is the seventh Quarterly Trade Policy Monitoring Report prepared by the Centre for International Trade and Economic Laws (CITEL), Jindal Global Law School. This report will monitor and discuss the trade and macroeconomic policy developments that took place in Brazil during the period: October- December 2012.

II. ECONOMIC ENVIRONMENT

On 10 October 2012, Brazil's Central Bank lowered its policy interest rate for the tenth time in a year to 7.25%. It was unexpected as the interest rates were historically low already and inflation was above the 2.5-6.5% target of the monetary policy committee. Analysts believe that decisions are taken to boost growth and weaken the currency, and the rates will remain low unless the inflation breaks the point of 6.5% barrier. Given the low global demand, the inflation is unlikely to lose its restraint in short-term. However, in the longer run the government will have to boost public spending and introduce difficult reforms for Brazil to grow faster than 3-4% a year without fueling inflation. Government has cut payroll taxes, limited the public sector pay rises, reduced energy costs and improved a diminishing transport infrastructure to raise this distinctly modest economic growth. Permanent lower interest rates would be the most positive economic development for Brazil as hyperinflation disappeared almost 20 years ago. The firms would invest more while making a decent return which entails funding productive projects as well apart from liquidating government bonds.[1]

The GDP recorded a 2.7% growth in the present quarter as per the national statistics agency, as against the economists' median estimate growth of 2.8%. According to the chief strategist for CIBC World Markets, Brazil is losing international competitiveness putting its blame on exchange rates while ignoring structural reforms.[2]

STIMULUS MEASURES

In the background of a weakening Real, Brazilian President Dilma Rousseff called for a reduction in taxes on consumer goods and public works. The President also announced that an expansion of sustainable economic growth measures would ensure macroeconomic stability along with solid public finance, which could further boost the economy. [3]

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[1] The Economist, 'No more free lunch', http://www.economist.com/news/finance-and-economics/21564884-interest-rates-fall-spreads-and-profits-are-coming-under-pressure (10 February 2013).

[2] Bloomberg, 'Brazil's GDP Growth of 2.7% Last Year Underperformed BRIC Peers: Economy', http://www.bloomberg.com/news/2012-03-06/brazil-s-gdp-growth-of-2-7-last-year-underperformed-bric-peers-economy.html (10 Feb 2013).

[3] Raymond Colitt, 'Brazil's GDP Growth of 2.7% Last Year Underperformed BRIC Peers: Economy', http://www.bloomberg.com/news/2012-03-06/brazil-s-gdp-growth-of-2-7-last-year-underperformed-bric-peers-economy.html (last visited 20 February 2013).

On 5 December 2012, the interest rate (TJLP) of the National Bank for Economic and Social Development (BNDES) for entrepreneurs has been reduced from 5.5% to 5% per year starting in January 2013, remaining the lowest in history. Besides lowering the interest rates, the special conditions of the Investment Support Program (PSI) line of credit that finances the purchase of capital goods and investments in technology and innovation is likely to be extended. [4]

The Finance Minister Mantega announced that the PSI is likely to budget $100 billion next year, of which $85 billion would be contributed by BNDES and $15 billion would be contributed by the release of compulsory unpaid. Announcing the package, Mr. Mantega remarked: "This will be the level required for the growth of GDP [Gross Domestic Product] be stronger next year", adding that it was the government's aim to make investment grow 8% in 2013, believing that it can be done only by reducing the cost of investment for the private sector.[5]

BALANCE OF TRADE

In the present quarter, there was a surplus of $428 million in the balance of trade of Brazil, in spite of a deficit during the first half of November 2012. According to the information provided by Brazilian Ministry Development, Industry and Foreign Trade, exports reached $4.34 billion and imports reached $3.912 billion, leading to the surplus.[6]

III. INVESTMENT

In December 2013, the Brazilian government announced an investment program totalling $26 billion with a core focus of increasing private investment in its port system. This program is expected to boost capacity and reduce transport costs for the port system of the country. Twenty Brazilian ports are slated to be affected by the package.[7] This program is expected to conclude in the next five years and will also allocate resources towards leases, new investments and private terminals, known as TUPs.[8]

In the year 2012, total global investment linked to former tariff was $ 45.064 billion. The main sectors benefitted were oil (18.36%), rail (13.67%), mining (11.62%) and automotive (7.67 %). Investments in imports increased from $5.6 billion to $6.7 billion.[9]

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[4] 'Government expands Investment Support Program', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=1&noticia=12028 (last visited 21 Feb. 2013).

[5] *Ibid.*

[6] 'Trade balance back to surplus', http://www2.anba.com.br/noticia_corrente.kmf?cod=19321883&indice=10 (last visited 23 Feb. 2013).

[7] 'Brazil Announces $26 Billion Port Investment Program', http://gcaptain.com/brazil-announces-port-investment-program/ (last visited 21 February 2013).

[8] Ben Tavener, 'Brazil to Invest R$54.2B in Ports: Daily', http://riotimesonline.com/brazil-news/rio-business/ports-investment-of-r54-billion-announced/# (last visited 21 February 2013).

[9] 'Camex approves record number of incentives for industrial investment in 2012', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=1&noticia=12066 (last visited 19 Feb. 2013).

IV. TRADE AGREEMENTS AND ARRANGEMENTS

Brazil and EU

EU and MERCOSUR continued their negotiations over a bi-regional Association Agreement in the ninth round of negotiations that took place in the last week of October 2012.[10] Brazil, being a part of MERCOSUR, was implicated in the ongoing negotiations for a free trade agreement between the two regional groups. This association agreement is expected to stimulate new trade opportunities for trade and investment with EU, and it is anticipated that integration of regional trade among the countries of MERCOSUR will be promoted in the process.[11]

Brazil and Netherlands

On 23 November 2013, Petrobas, an oil and gas company of Brazil signed an MOU with Atradius, a Dutch state credit insurance company. The MOU was signed to allow Petrobas to borrow up to $1 billion from the Dutch credit insurer. Petrobas plans to utilize the credit to cover the costs for Dutch exports to Petrobas. Through this MOU, Petrobas also hopes to acquire financing for its upcoming business projects, which it plans to implement between 2012 and 2016.[12]

Brazil and Egypt

The FTA agreement between Egypt and MERCOSUR entered into in 2012 is still awaiting approval. This delay can be owed largely to the lack of consensus regarding the list of products which will receive tax reduction. Brazilian authorities expect the agreement to be signed as soon as possible. The main obstacles of high import taxation and costs of logistic process, which stand in the way of expanding trade relations between Brazil and Egypt, are expected to be overcome once this agreement comes into force.[13]

Brazil and Japan

On 7 November 2012, 15th Meeting of the Japan-Brazil Economic Cooperation took place in Tokyo, where the Brazilian Minister of Development, Industry and Foreign Trade said that Brazil offers security for productive investment, especially for Japan. Taking note of the historical relationship between the two countries, the Minister remarked: "Japanese companies are already in Brazil for many years and have contributed significantly to the growth of Brazil, with effective transfer of scientific and technological knowledge. Partners are developing the country with a focus on innovation and the search for better quality

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[10] European Commission Trade, http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/mercosur/ (last visited 21 February 2013).

[11] European Commission Trade, http://ec.europa.eu European Commission Trade, /trade/creating-opportunities/bilateral-relations/countries/brazil/ (last visited 21 February 2013).

[12] 'Petrobras signs MoU for up to USD 1bn loan from Dutch Atradius', http://energy.seenews.com/news/petrobras-signs-mou-for-up-to-usd-1bn-loan-from-dutch-atradius-318344 (last visited 21 February 2013).

[13] Mohamed El-Bahrawi, 'Brazilian trade and the Arab Spring economies', http://www.dailynewsegypt.com/2012/11/19/brazilian-trade-and-the-arab-spring-economies/ (last visited 21 February 2013).

production, leading to good business not only in Brazil but in third countries from joint investments between Brazil and Japan", and expects a new wave of Japanese presence in Brazil.[14]

Brazil and Israel

On 5 November 2012, Brazil and Israel launched the Second Announcement Call for proposals for cooperation technology in the sectors of Defence, Health and Information Technology and Communication (ICT) between the two countries, in a meeting at the Ministry of Development, Industry and Foreign Trade (MDIC).[15]

V. TRADE POLICIES AND PRACTICES BY MEASURE

V A. SANITARY AND PHYTOSANITARY MEASURES

- On 21 December 2012, the Committee on Sanitary and Phytosanitary Measures published a notification as regards a regulation, Portaria SDA/MAPA Nº 155 of 27 November 2012, that establishes the standards of identity and quality ruling production and trade of seeds of vegetables, aromatic, kitchen and medicinal herbs, for the purpose of plant protection.[16]

- On 21 December 2012, the Committee on Sanitary and Phytosanitary Measures published a notification as regards a regulation, Draft Resolution n. 69 of 16 November 2012, that deals with the active ingredient 'Clorfluazurom' to be included in the Monograph list of active ingredients of pesticides, household sanitizing products and wood preservers, including the use of the substance in the culture of cotton ('leaf application MRL of 0.05 mg/kg and safety period of 14 days'), citrus ('leaf application MRL of 0.1 mg/kg and safety period of 28 days'), cabbage ('leaf application MRL of 1.0 mg/kg and safety period of 7 days'), tomato ('leaf application MRL of 0.5 mg/kg and safety period of 3 days'), potato ('leaf application MRL of 0.01 mg/kg and safety period of 7 days'), soybean ('leaf application MRL of 0.05 mg/kg and safety period of 14 days'), corn ('leaf application MRL of 0.01 mg/kg and safety period of 14 days'), and wheat ('leaf application MRL of 0.02 mg/kg and safety period of 14 days'), for the purpose of food safety.[17]

- On 21 December 2012, the Committee on Sanitary and Phytosanitary Measures published a notification as regards a regulation, Draft Resolution n. 67 of 16 November 2012, that deals with the active ingredient 'Trichoderma Harzianum' to be included in the Monograph list of active ingredients of pesticides, household sanitizing products and wood preservers, including the use of the substance in the culture of soybean ('MRL and safety period not determined'), bean ('soil application, MRL and

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[14] 'Pimentel says that Brazil offers security for productive investment', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=1&noticia=11945 (last visited 20 Feb. 2013).

[15] 'Tariff Notice: Brazil and Israel today launched a partnership in Defence, Health and ICTs', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=3&noticia=11937 (last visited 20 Feb. 2013).

[16] World Trade Organization, Committee on Sanitary and Phytosanitary Measures, G/SPS/N/BRA/616/Rev.2 (21 December 2012).

[17] World Trade Organization, Committee on Sanitary and Phytosanitary Measures, G/SPS/N/BRA/850 (21 December 2012).

safety period not determined'), and lettuce ('MRL and safety period not determined'), for the purpose of food safety.[18]

- On 21 December 2012, the Committee on Sanitary and Phytosanitary Measures published a notification as regards a regulation, Draft Resolution n. 68 of 16 November 2012, that deals with the active ingredient 'Fluazinam' to be included in the Monograph list of active ingredients of pesticides, household sanitizing products and wood preservers, including the use of the substance in the culture of potato ('leaf application MRL of 0.01 mg/kg and safety period of 14 days', 'seeds application MRL of 0.1 mg/kg and safety not determined'), tomato ('leaf application MRL of 1.0 mg/kg and safety period of 3 days'), bean ('leaf application MRL of 0.1 mg/kg and safety period of 28 days', 'seeds application, MRL of and safety period not determined'), soybean ('leaf application MRL of 0.01 mg/kg and safety period of 28 days', 'seeds application MRL and safety period not determined'), peach ('leaf application MRL of 2.0 mg/kg and safety period of 7 days'), apple ('leaf application MRL of 5.0 mg/kg and safety period of 14 days'), strawberry ('leaf application MRL of 2.0 mg/kg and safety period of 7 days'), sunflower ('leaf application MRL of 0.01 mg/kg and safety period of 21 days'), corn ('seeds application MRL and safety period not determined'), sugar cane ('MRL and safety period not determined'), rice ('seeds application MRL and safety period not determined'), and wheat ('seeds application MRL and safety period not determined'), for the purpose of food safety.[19]

- On 21 December 2012, the Committee on Sanitary and Phytosanitary Measures published a notification as regards a regulation, Draft Resolution n. 70 of 16 November 2012, that deals with the active ingredient 'Paecilomyces Lilacinus', to be included in the Monograph list of active ingredients of pesticides, household sanitizing products and wood preservers, including the use of the substance in the culture of lettuce ('MRL and safety period not determined'), for the purpose of food safety.[20]

- On 21 December 2012, the Committee on Sanitary and Phytosanitary Measures published a notification as regards a regulation, Draft Resolution n. 71 of 16 November 2012, that deals with the active ingredient 'Imazamoxi' to be included in the Monograph list of active ingredients of pesticides, household sanitizing products and wood preservers, including the use of the substance in the culture of bean ('MRL of 0.1 mg/kg and safety period of 43 days'), soybean ('MRL of 0.1 mg/kg and safety period of 70 days'), canola ('MRL of 0.1 mg/kg and safety period of 70 days'), and sunflower ('MRL of 0.1 mg/kg and safety period of 70 days'), for the purpose of food safety.[21]

- On 21 December 2012, the Committee on Sanitary and Phytosanitary Measures published a notification as regards a regulation, Draft Resolution n. 72 of 16 November 2012, that deals with the active ingredient 'Flutolanil' to be included in the Monograph list of active ingredients of pesticides,

[18] World Trade Organization, Committee on Sanitary and Phytosanitary Measures, G/SPS/N/BRA/851 (21 December 2012).

[19] World Trade Organization, Committee on Sanitary and Phytosanitary Measures, G/SPS/N/BRA/852 (21 December 2012).

[20] World Trade Organization, Committee on Sanitary and Phytosanitary Measures, G/SPS/N/BRA/853 (21 December 2012).

[21] World Trade Organization, Committee on Sanitary and Phytosanitary Measures, G/SPS/N/BRA/854 (21 December 2012).

household sanitizing products and wood preservers, including the use of the substance in the culture of potato ('MRL of 0.03 mg/kg and safety period not determined'), for the purpose of food safety.[22]

V B. TECHNICAL BARRIERS TO TRADE

Ban on illegal importation of infant shoes

On 7 November 2012, the Secex in Ordinance No. 42/12 concluded through an investigation of non-preferential origin, that footwear falling under NCM code 6404.19.00, prepared by the company '*Goodwill Footwear Manufacturer*' does not meet the conditions of Brazilian legislation and so they are considered as originating in Malaysia. Infant shoes of textile and rubber soles, valued at approximately $54,000 were rejected the permit of entry into Brazil.

The Secretary of Foreign Trade MDIC, Ms. Tatiana Lacerda Pleasures, on the matter, remarked: "The impact of investigations of false declaration of origin goes beyond the product and the producer investigated, generating a greater effect than the cancellation of import licenses by inhibiting the action of fraudsters".

Trade from other sources and products in the footwear industry are monitored by Secex to prevent companies declare as originating in third countries or using other tariff codes to escape penalties.

In view of the same, anti-dumping duties were levied on shoes imported from China, with $13.85 per pair, by CAMEX Resolution No. 14/10.[23]

V C. TARIFF RATE QUOTAS

On 3 December 2012, the Foreign Trade Chamber made the tax rates to zero for imports of various blood products, which have import duty of 2% and 4% (in the case of human serum albumin), which are part of the list of essential drugs of the World Health Organization.[24]

On 18 December 2012, the Foreign Trade Chamber (CAMEX) approved a temporary extension of Import Duty for three categories of products– toys, peaches and milk, until 31 December 2014, which aims to contribute to the productive integration, strengthen the domestic productive sectors involved and encourage family farming. The rate of import duty for toys remains at 35%, and that of peaches and milk are extended to 35% and 28% respectively.[25]

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[22] World Trade Organization, Committee on Sanitary and Phytosanitary Measures, G/SPS/N/BRA/855 (21 December 2012).

[23] 'MDIC bar illegal importation of infant shoes', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=5&noticia=11944 (last visited 18 Feb. 2013).

[24] 'Camex reduces import tax of blood products and raw materials for industry', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=1&noticia=12023 (last visited 16 Feb. 2013).

[25] 'Camex extending temporary tariff for import of toys, peaches and milk', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=1&noticia=12061 (last visited 19 Feb. 2013).

On 21 December 2012, CAMEX Resolution No. 95 reduced the import tariff of two products used as raw materials for foods for patients with special conditions – sodium caseinate from 14% to 2%, and human serum albumin from 4% to 0%.[26]

V D. IMPORT RESTRICTIONS

Import of Brazilian beef restricted due to a finding of BSE

Egypt and Saudi Arabia imposed a restriction on the import of Brazilian beef in their respective countries, following an announcement by the World Organization of Animal health(OIE) regarding the discovery of BSE (Bovine spongiform encephalopathy) in a 13 year old breeding cow raised in a Southern Brazilian farm,. Although the cow died in December 2010, Brazilian authorities did not disclose this knowledge until December, 2012 due to a lack of conclusive testing for BSE.[27]

Russia lifted the 18-month import ban on Brazilian meat products

In November 2012, Russia announced that it would lift its import ban on meat products including meat, pork and poultry from three Brazilian states namely; Mato Grosso, Parana and Rio Grande do Sul, which it had imposed eighteen months ago in June, 2011.[28] The decision to suspend the embargo was made once Brazilian veterinarian authorities had confirmed that the previous violations of Russia's veterinary and sanitary rules had been addressed. The two countries also reached an agreement that every consignment of meat products to Russia would be accompanied by a declaration authorizing the confirmation of an absence of the growth hormone ractopamine. Russian authorities have warned in case ractopamine traces are found to be present in subsequent consignments, then Brazil could risk a blanket ban on its Russian meat exports altogether.[29]

VI. CONTINGENT TRADE

VI A. ANTI-DUMPING

- On 1 October 2012, Brazil implemented an increased Common External Tariff (AEC) applicable to hundred goods which include machinery, iron, steel, chemicals, plastics, and paper, currently falling

[26] 'Camex reduces import tax of sodium caseinate and calcium for supply reasons', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=1&noticia=12069 (last visited 19 Feb. 2013).

[27] 'Five countries ban Brazilian beef due to mad cow disease concerns',

https://agra-net.com/portal2/home.jsp?template=newsarticle&artid=20018013093&pubid=ag096 (last visited 24 February 2013).

[28] 'Russia cagey over meat restrictions as ractopamine spat continues', https://agra-net.com/portal2/home.jsp?template=pubarticle&artid=1352107235326&pubid=ag002 (last visited 24 February 2013).

[29] Carina Perkins, 'Russia set to lift Brazilian meat embargo', Russia is close to lifting a ban on imports of beef, pork and poultry from the Brazilian states of Mato Grosso, Parana and Rio Grande do Sul, http://www.globalmeatnews.com/Industry-Markets/Russia-set-to-lift-Brazilian-meat-embargo (last visited 24 February 2013).

under Harmonized System chapters 20, 27, 29, 34, 37, 38, 39, 40, 48, 55, 64, 69, 70, 72, 73, 74, 76, 84, 85, 86, and 90. The applicable import tariff rate will be between 14% and 25%.[30]

- On 26 October 2012, Brazil initiated an anti-dumping investigation against imports of synthetic silica gel, currently falling under MERCOSUR's Harmonized Tariff System 2811.22.10, and originating from China and India.[31]

- On 30 October 2012, Brazil initiated an anti-dumping investigation against imports of indigo blue vat dye, currently falling under MERCOSUR's Harmonized Tariff System 3204.15.90, and originating from China and Singapore.[32]

- On 31 October 2012, Brazil levied anti-dumping duties against imports of certain amino-resins, currently falling under MERCOSUR's Harmonized System 3909.30.20, and originating from China and the US. The rate of anti-dumping duty varied between $418.73 and $833.08 per ton for the US enterprises, and, $619.27 and $1,079.68 per ton for the Chinese firms. [33]

- On 31 October 2012, Resolution CAMEX No. 77 terminated the investigation and applied anti-dumping duties on imports of Brazilian diisocyanate of polymeric diphenylmethane diisocyanate (polymeric MDI), not mixed with other additives and viscosity at 25 ° C 100-600 mPa.s (minipascal seconds) falling under Mercosur NCM 3909.30.20, originating from China and the US.[34]

- On 6 December 2012, CAMEX Resolution No. 87 adopted definitive antidumping duty on imports of cutlery manufactured entirely in stainless steel, falling under code 8211.10.00, 8211.91.00, 8215.20.00 and 8215.99.10 of the Mercosur Common Nomenclature (NCM), originating from China for a period of five years. AD duty will be levied in the form of a tax rate of $19.70 per pound.[35]

[30] 'Brazil: Tariff increases applicable to 100 goods, including: iron, steel, machinery, plastics, chemicals, and paper, among others', http://www.globaltradealert.org/measure/brazil-tariff-increases-applicable-100-goods-including-iron-steel-machinery-plastics-chemica (last visited 18 Feb.2013).

[31] 'Brazil: Initiation of an antidumping investigation on synthetic silica gel from China and India', http://www.globaltradealert.org/measure/brazil-initiation-antidumping-investigation-synthetic-silica-gel-china-and-india (last visited 18 Feb. 2013).

[32] 'Brazil: Initiation of an antidumping investigation on indigo blue vat dye from China and Singapore', http://www.globaltradealert.org/measure/brazil-initiation-antidumping-investigation-indigo-blue-vat-dye-china-and-singapore

[33] 'Brazil: Adoption of antidumping duties against imports of certain amino-resins from China and the U.S.', http://www.globaltradealert.org/measure/brazil-adoption-antidumping-duties-against-imports-certain-amino-resins-china-and-us

[34] 'Camex applies antidumping duty on imports of diphenylmethanediisocyanate of China and U.S.', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=1&noticia=11925 (last visited 17 Feb. 2013).

[35] 'China Camex approves anti-dumping duty on imports of tableware in China', http://www.desenvolvimento.gov.br/sitio/interna/noticia.php?area=1&noticia=12033 (last visited 16 Feb. 2013).

- On 26 December 2012, Brazil initiated an anti-dumping investigation on certain kinds of ceramic tableware currently falling under MERCOSUR's Harmonized System 6911.10.10, 6911.10.90, 6911.90.00 and 6912.00.00, and originating from China.[36]

- On 27 December 2012, Brazil initiated an anti-dumping investigation on certain kinds of yarn of synthetic staple fibers currently falling under MERCOSUR's Harmonized System 5509.31.00, 5509.32.00, 5509.61.00, 5509.62.00 and 55.09.69.00, and originating from Indonesia.[37]

VII. SERVICES

VII A. AGRICULTURE

Brazil and FAO sign Cotton Project

In October 2012, Brazil signed a south-south cooperation agreement with FAO (Food and Agriculture Organization) with the aim of extending its expertise in cotton production to other developing countries. The project, which is financed with a budget of $20 million and slated to span over a period of four years, has its aims in line with UN's Millennium Development Goals and the objectives outlined at the 1996 World Food Summit which call for a greater use of South-South regional cooperative initiatives to encourage a sustainable use of resources. Through the implementation of cooperative rural development efforts, the projects also seeks to help the cause of farmers in developing cotton-producing nations like Benin, Burkina Faso, Chad and Mali.[38]

Yara purchases Bunge's fertilizer business in Brazil

In December, 2012, the Oslo-based company Bunge (BG) Ltd. struck a deal with the Norwegian fertilizer producer Yara International to sell its Brazilian fertilizer business, which includes blending facilities, brands and warehouses, for a purported $750 million.[39] The proposed transaction has been sanctioned by the Brazilian competition authorities and has got other necessary approvals too. This agreement has served to reinforce Yara's position as a significant fertilizer company in Brazil, by making it a key enabler for competitive fertilizer supply to Brazil as well as for fostering the countries' global growth aspects in the fertilizer business.[40]

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[36] 'Brazil: Initiation of an antidumping investigation on ceramic tableware from China', http://www.globaltradealert.org/measure/brazil-initiation-antidumping-investigation-ceramic-tableware-china (last visited 19 February 2013).

[37] 'Brazil: Initiation of an antidumping investigation on yarn of synthetic staple fibers from Indonesia', http://www.globaltradealert.org/measure/brazil-initiation-antidumping-investigation-yarn-synthetic-staple-fibers-indonesia (last visited 19 February 2013).

[38] '$20 Billion Brazil Cotton Project', http://www.thecropsite.com/news/12223/20-billion-brazil-cotton-project (last visited 24 February 2013).

[39] 'Yara to Buy Bunge Brazil Fertilizer Assets for $750 Million', http://www.bloomberg.com/news/2012-12-07/yara-to-buy-bunge-s-brazil-fertilizer-business-for-750-million.html (last visited 24 February 2013).

[40] Yara to acquire Bunge's fertilizer business in Brazil' 'http://www.yara.com/media/news_archive/fertilizer_business_brazil.aspx (last visited 24 February 2013).

Government injects money into a national irrigation plan

On 13 November 2012, Brazilian President Dilma Rousseff announced an allocation of a fund of $10 Billion by the Ministry of National Integration towards the setting up of an irrigation program. In particular, the invested capital will be used for the purposes of expanding the irrigated area, improving irrigational infrastructure and gaining access to advanced knowledge and technology for enhancing the overall productivity.[41]

BP Biofuels to expand its Ethanol production

In early December 2012, BP biofuels announced its plans of investing $350 million to increase the ethanol processing capacity at its sugar-ethanol plant Tropical in Goias State. The expansion activities are scheduled to start next year.[42]

VIII. WTO DISPUTE SETTLEMENT UPDATE

United States Subsidies on Upland Cotton

On 23 October 2012, Brazil formally notified at a meeting of the Dispute Settlement Body that it has decided not to terminate the 2010 agreement with the US that serves as an interim settlement to a World Trade Organization case that Brazil won against US subsidies for cotton producers and other agricultural exports. In a statement to the WTO Dispute Settlement Body, Brazil stated that some of the proposals do not seem to be in line with the WTO panel's findings in the dispute, and may even increase trade-distorting subsidies.[43]

[41] Ministry of Agriculture, 'Government announces funding for projects for irrigation of crops', http://www.agricultura.gov.br/comunicacao/noticias/2012/11/governo-anuncia-recursos-para-projetos-de-irrigacao-das-lavouras (last visited 24 February 2013).

[42] 'BP Biofuels to expand ethanol production in Brazil', https://agra-net.com/portal2/home.jsp?template=newsarticle&artid=20018010516&pubid=ag043 (last visited 24 February 2013).

[43] National Cotton Council, 'Brazilian Ambassador Addresses WTO Dispute', http://westernfarmpress.com/cotton/brazilian-ambassador-addresses-wto-dispute (last visited 11 February 2013).