



TRADE POLICY DEVELOPMENTS PAPER NO. 16

REPORT ON BRAZIL

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ABBREVIATIONS

ANVISA	<i>Agência Nacional de Vigilância Sanitária</i> (Brazilian Health Surveillance Agency)
BNDES	Banco Nacional de Desenvolvimento Economico e Social (Brazilian National Bank for Economic and Social Development)
CAMEX	<i>Câmara de Comércio Exterior</i> (Foreign Trade Chamber)
CET	Common External Tariff
EU	European Union
GATT	General Agreement on Tariff and Trade
GDP	Gross Domestic Product
INMETRO	The National Institute of Metrology, Standardization and Industrial Quality
INPI	The National Institute of Industrial Policy
IPI	<i>Imposto Sobre Produtos Industrializados</i> (Tax over industrialized products)
MAPA	<i>Ministério da Agricultura, Pecuária e Abastecimento</i> (Ministry of Agriculture, Livestock and Food Supply)
MDIC	Ministério do Desenvolvimento, Indústria E Comércio Exterior (Ministry of Development, Industry and Commerce)
MERCOSUR	<i>Mercado Comum do Sul</i> (Common Southern Market)
NCM	<i>Nomenclatura Común del Mercosur</i> (Common Nomenclature of MERCOSUR)
No	Number
SDA	<i>Secretaria de Defesa Agropecuária</i> , (Secretariat of Agricultural Protection),
SECEX	<i>Portarias da Secretaria de Comercio Exterior</i> (Ordinances of the Department of Commerce)
UK	United Kingdom
US	United States
WTO	World Trade Organization

EXECUTIVE SUMMARY

- Brazilian GDP and economic growth has continued to slow down in this quarter. The Real has appreciated in this quarter against the US dollar. The Brazilian Government is trying various measures like reducing the borrowing cost to increase economic growth.
- As sanitary and phytosanitary measures, MAPA has issued 6 regulations and ANVISA issued 10 resolutions in this quarter.
- Korea supported by other countries challenged the Brazilian reduction of the IPI on certain items of car industry, based on the fulfillment of specific local content requirement. Brazil has also established CAMEX Executive Committee Management – GECEX to examine the exceptions and increases in CET. MERCOSUR has changed and added to its tariff lines. Ministry of Development, Industry and Foreign Trade has issued 10 resolutions affecting different tariffs.
- Brazil has issued procedures and zoo-sanitary requirements for the importation of ornamental birds and their hatching eggs.
- INMETRO issued 7 ministerial acts and 2 draft resolutions, ANVISA issued 11 draft resolutions and MAPA issued a draft resolution and adopted a resolution which falls under the category of technical barriers to trade.
- Brazil established the Technical Group for the Evaluation of Public Interest - GTIP for analysing the final suspension or amendment of antidumping and countervailing measures and non-application of interim antidumping and countervailing measures. Four anti-dumping measures at various stages were reported by Brazil during this quarter.
- Brazil is privatizing airports and funding public housing programmes. It has extended the six percent financial transactions tax on overseas loans maturing in up to three year.
- Brazil is strengthening its ties with Africa and India. It is also planning to enter into a free trade agreement with US on agricultural goods.

AGENDA FOR NEXT QUARTER

- The economic growth, GDP rate, currency value and the effect of interest rate on the economy from the month of April to June will be included in the next quarter.
- The effect on trade from the regulations on sanitary and phytosanitary measures issued by MAPA and ANVISA will be monitored in the next report.
- The market response to the reduction of the IPI on certain items of car industry, based on the fulfillment of specific local content requirement and the developments on the challenge of Korea and other countries before the WTO will be monitored in the next quarter. The change in other tariff line and the resolutions issued by the Ministry of Development, Industry and Foreign Trade will also be included.
- Developments in the customs procedures, valuation, import licensing, if any will be monitored. Any changes or developments to anti-dumping investigations and countervailing measures will be monitored in the next report. Along with any decisions made by the Government of Brazil with respect to subsidies will also be studied in the next quarter.
- The resolutions and ministerial acts issued by INMETRO, ANVISA and MAPA falling under the category of technical barriers to trade will be studied in the next quarter also.
- The Brazilian policy of privatization of airports, developments and policy changes on the Brazilian new industrial policy and the protectionism stand taken by Brazil will also be a subject matter of study in the next quarter. Changes in the service sector as in aviation, banking, housing will also be monitored.
- Brazil, as an emerging economy is strengthening its ties with many countries especially Africa. Next trade report will monitor the developments in the relations of Brazil with countries. Any new free trade agreement entered or any developments in this area will also be reported in the next quarter.

INTRODUCTION

Brazil is one of the largest emerging economies and has been making enormous progress in the recent years. But the economy is facing reduced growth rate, especially affected by the European debt crisis in this quarter. But the economy is expected to expand at a rate of 3.2% in 2012 according to a recent central bank survey of 100 economies.¹ Brazilian economy is primarily based on 'primary products' and this contributes to lower production of goods with a higher added value. Brazil is the world's second-largest producer of ethanol after the U.S., the third-biggest agricultural exporter and a major mineral exporter. Even with weaker currency and government's support to weak domestic industries, Brazil's manufacturing sector slowed in this quarter. Economists' forecasts for Brazilian GDP in 2012 lowered to 3.23%.² Also China became the largest exporter to Brazil overtaking the US, defying Brazilian efforts to stop the increased import of cheap goods from Asia into the country.³ The balance of trade in Brazil is shown in the following chart.

The Real appreciated at almost nine percent against the US Dollar in this quarter. Real has been one of the currencies that has appreciated the most in this quarter.⁴ Brazilian President criticizes the expansionary monetary policies of the leading industrial nations for creating unequal conditions for competition.⁵ Appreciation of Real is making the exports expensive and the imports cheaper which affect the economy and growth of Brazil. Even though Brazil has cut the basic interest rate, the interest rates on loans are still high because of high tax burden, high labor costs and difficulties in collecting bad loans.⁶ But the policy makers are planning to reduce the interest rate to 9% this year. The Central Bank has now adopted a strategy to reduce the borrowing costs. The Government is continuing with its policy of cutting taxes on consumer goods and lifting the measures to constrict credit in bids to accelerate economic growth.⁷

¹ Jennifer M. Freedman, *Brazil's Future Less Bright Amid Slowdown, De Gucht Says*, May 7, 2012, BUSINESSWEEK, available at <http://www.businessweek.com/news/2012-05-07/brazil-s-future-less-bright-amid-slowdown-de-gucht-says>.

² *Brazil 2012 Growth View Falls to 3.23 pct-Survey*, March 26, 2012, REUTERS, available at <http://www.reuters.com/article/2012/03/26/brazil-economy-survey-idUSE5E7N900L20120326>.

³ Joe Leahy, *Brazilian Industry Hit as China Imports Grow*, May 3, 2012, FINANCIAL TIMES, available at <http://brazilportal.wordpress.com/page/10/>.

⁴ INTERNATIONAL CENTRE FOR TRADE AND SUSTAINABLE DEVELOPMENT, *Brazil Sounds New Warning of 'Currency War'*, March 2012, <http://ictsd.org/i/news/bridgesweekly/127884/>.

⁵ *Id.*

⁶ *Brazil's President Steps Up Pressure on Banks to Lower Rates*, April 30, 2012, THE WALL STREET JOURNAL, available at <http://brazilportal.wordpress.com/page/10/>.

⁷ Mathew Bristow & Andre Soliani, *Brazil's Bank Lending Expands at Slowest pace in Two Years*, March 27, 2012, BLOOMBERG BUSINESSWEEK, available at <http://www.businessweek.com/news/2012-03-27/brazil-s-bank-lending-expands-at-slowest-pace-in-two-years>.

SANITARY AND PHYTOSANITARY MEASURES

MAPA- Secretariat of Animal and Plant Health (SDA) of Ministry of Agriculture, Livestock and Food Supply (MAPA) issued in this quarter the following Normative Regulations as sanitary and phytosanitary measures;

- Notification prescribing health requirements for the exportation of animals to Brazil, except domestic dogs (*canis lupus familiaris*), domestic cats (*felis catus*) and ferrets (*mustela purorius furo*) for the safety of animals. This is open for comments under WTO and will be adopted immediately.⁸
- Notice prohibiting import of genetic material from the ruminants from countries with notified cases of Schmallenberg virus into the territory of Brazil. The measure is for protecting the health of animals as possibility of transmission of the agent through semen and embryos of ruminants is not negligible. Also there is absence of concrete measure to mitigate the risk and there are reported cases of circulation of Schmallenberg virus in European countries. The measure entered into force on 27 February 2012.⁹
- Normative Instruction MAPA n° 4, for the protection of plants, revoking Normative Instruction MAPA n° 28 of 28 March 2002, to adopt phytosanitary requirements for Sorghum Vulgare according to country of destination and origin from MERCOSUR. It entered into force on March 12, 2012.¹⁰
- Portaria" N° 229 on 20 December 2011, which opens for comments the draft regulation for the control of *Sinoxylon conigerum*, in wood and stem cuttings of *Gossypium hirsutum*, *Astronium urundeuva*, *Myroxylon balsamum*, *Anacardium occidentale*, *Delonix regia*, *Psidium guajava*, *Astronium fraxinifolium*, *Manibot esculenta*, *Mangifera indica*, *Switenia macrophyla*, *Hevea brasiliensis m* and *Tectona grandis*. It was published in the *Diário Oficial da União* on 22 December 2011 and was notified to WTO on 19 January 2012.¹¹
- SDA of MAPA issued Normative Instruction SDA n° 47 on 19 December 2011, establishing phytosanitary import requirements for passion fruits produced in Ecuador. The fruit shall be accompanied by the certificate of Public Health of Ecuador, and shall follow the procedures mentioned if affected by pests when inspected at the point of entry. The instruction was published in the *Diário Oficial da União* of 16 December 2011, and was notified to WTO on 6 January 2012, revoking G/SPS/N/BRA/753 on 29 June 2011.¹²

⁸ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/795 (February 10, 2012). Also available at http://members.wto.org/crnattachments/2012/sps/BRA/12_0607_00_x.pdf.

⁹ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/798 (March 12, 2012). Also available at <http://www.agricultura.gov.br/>.

¹⁰ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/801 (March 26, 2012). Also available at http://members.wto.org/crnattachments/2012/sps/BRA/12_1102_00_x.pdf.

¹¹ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/TBT/N/BRA/789 (January 19, 2012). Also available at http://members.wto.org/crnattachments/2012/sps/BRA/12_0113_00_x.pdf.

¹² WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/684/Add.1 (January 18, 2012). Also available at http://members.wto.org/crnattachments/2012/sps/BRA/12_0032_00_x.pdf.

- SDA of MAPA issued Normative Instruction SDA n° 46 on 15 December 2011. The instruction approves the technical regulation regarding identity and quality for canned tuna and bonito. It was published in *Diário Oficial da União* of 16 December 2011, and was notified to WTO on 5 January 2012.¹³ The canned tuna and bonito containing 54% of meat are considered under the instruction. Regulations are provided for forms of presentation, its designation, packaging, nature and composition of the product.¹⁴

ANVISA – Brazilian Health Surveillance Agency issued the following resolutions as sanitary and phytosanitary measures

- Draft Resolution on Copper Hydroxide - This resolution modifying Resolution RE n°165 of 29 August 2003 was issued as Draft Resolution (*Consulta Publica*) n° 16 of 8 February 2011 for the safety of food. The draft sanitary resolution included the use of copper hydroxide in the culture of soy in Resolution RE n°165 of 29 August, 2003, and was published in the *Diário Oficial da União* (Federal Official Journal) of February 8, 2011. The resolution is open for comments under WTO. The proposed date of adoption and the proposed date of entry of the resolution are 10 April 2012.¹⁵
- Draft Resolution on Cyazofamid - This resolution modifies Resolution RE n°165 of 29 August, 2003 for the safety of food. The resolution included the use of cyazofamid in the culture of lettuce ;in the cultures of onion and melon (Leaf application, MRL of 0.1 mg/kg and safety period of seven days); roses (not for alimentary purposes); and grape (Leaf application, MRL of 0,5 mg/kg and safety period of seven days). The resolution was published in the *Diário Oficial da União* (Federal Official Journal) on March 23, 2012. It is to be adopted and entered into force on June 23, 2012.¹⁶
- Draft Resolution on Enteral Nutrition – This technical draft resolution establishes nutrient compounds and other substances that can be used in formulas for enteral nutrition, but does not establish the modified formulas for enteral nutrition for children under the age of three years. The measure is to be attended within 18 months of the date of adoption. It was published in the *Diário Oficial da União* (Federal Official Journal) on March 19, 2012, and is to be adopted in April 2012.¹⁷

¹³ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/684/Add.1 (January 18, 2012). Also available at http://members.wto.org/crnattachments/2012/sps/BRA/12_0032_00_x.pdf.

¹⁴ MAPA, *Normative Instruction SDA n° 46 on 15 December 2011*, available at http://members.wto.org/crnattachments/2012/sps/BRA/12_0032_00_x.pdf (translated).

¹⁵ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/797 (February 17, 2012). <http://portal.anvisa.gov.br/wps/wcm/connect/4cf24f804a1d2342ad07adaa19e2217c/Consulta+P%C3%BAblica+n%C2%B0+16+GGTOX.pdf?MOD=AJPERES>.

¹⁶ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/802 (March 30, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/11386a004a9e346a9aa1de4600696f00/Consulta+P%C3%BAblica+N%C2%B0+22+GGTOX.pdf?MOD=AJPERES>.

¹⁷ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/790 (February 9, 2012). Also available at

- Draft Resolution on Enteral Nutrition - Revoking resolution ANVS n° 449 of 9 September 1999, the resolution applies to formulas of enteral nutrition that aims the feeding of patients under enteral nutrition therapy. It is published in the *Diário Oficial da União* (Federal Official Journal) of February 19, 2012, and is to be adopted on April 2012.¹⁸
- Draft Resolution on Fluazifop-P – Modifying Resolution RE n°165 of 29 August 2003, the resolution included the use of fluazifop-P in the cultures of broccoli, cauliflower and cabbage and in the cultures of cassava (Post-emergency application, LMR of 0,02 mg/kg and safety period of 28 days). It was published in the *Diário Oficial da União* on March 14, 2012, and is to be adopted on 14 June 14, 2012.¹⁹
- Draft Resolution on Gibberellic acid - Modifying Resolution RE n°165 of 29 August 2003, the resolution included the use of gibberellic acid in the cultures of banana (Brushing or immersion, MRL and safety period not determined due type of application), for the safety of food. It was published in the *Diário Oficial da União* on February 10, 2012, and is to be adopted on April 10, 2012.²⁰
- Draft Resolution on Mandipropamid - Modifying Resolution RE n°165 of 29 August 2003, the resolution included the use of mandipropamid in cultures of pumpkin and squash, also including in it the cultures of broccoli, chives, cabbage and cauliflower(Leaf application, MRL of 3.0 mg/kg and safety period of 3 days) and papaya(Leaf application, MRL of 0.1 mg/kg and safety period of 1 day. It was published in the *Diário Oficial da União* on March 14, 2012, and is open for comments under WTO system until April 14, 2012. It is to be adopted on May 14, 2012.²¹
- Draft resolution on Methyl Parathion - This draft resolution establishes, for food safety, technical regulation for the active ingredient methyl parathion due to the toxicological review. It was published in the *Diário Oficial da União* on January 23, 2012, and is open for comments under WTO system until April 2012. It is to be adopted in April, 2012.²²

<http://portal.anvisa.gov.br/wps/wcm/connect/1ed6408049d99a1dab6daf6dcbd9c63c/Consulta+P%C3%BAlblica+N%C2%B0+1+GPESP.pdf?MOD=AJPERES>.

¹⁸ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/791 (February 9, 2012). Also available at

<http://portal.anvisa.gov.br/wps/wcm/connect/1ed6408049d99a1dab6daf6dcbd9c63c/Consulta+P%C3%BAlblica+N%C2%B0+1+GPESP.pdf?MOD=AJPERES>.

¹⁹ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/800 (March 23, 2012). Also available at

<http://portal.anvisa.gov.br/wps/wcm/connect/36c36d004a829ef48213c64600696f00/Consulta+P%C3%BAlblica+N%C2%B0+18+GGTOX.pdf?MOD=AJPERES>.

²⁰ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/796 (February 17, 2012). Also available at

<http://portal.anvisa.gov.br/wps/wcm/connect/018f61004a1d22b0acfaadaa19e2217c/Consulta+P%C3%BAlblica+n%C2%B0+15+GGTOX.pdf?MOD=AJPERES>.

²¹ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/799 (March 21, 2012). Also available at

<http://portal.anvisa.gov.br/wps/wcm/connect/4ca435804a829e01820ac64600696f00/Consulta+P%C3%BAlblica+N%C2%B0+17+GGTOX.pdf?MOD=AJPERES>.

²² WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/792 (February 9, 2012). Also available at

<http://portal.anvisa.gov.br/wps/wcm/connect/fca94c8049e5de73b32bb76dcbd9c63c/Consulta+P%C3%BAlblica+n%C2%B0+8+GGTOX.pdf?MOD=AJPERES>.

- Draft technical resolution of phorate- This resolution is establishing technical regulation for the active ingredient phorate due to the toxicological review and was published in the *Diário Oficial da União* on 23 January 2012.²³
- Draft technical regulation on Clothianidin- This resolution is modifying Resolution RE nº165, 29 August 2003, and was published in the *Diário Oficial da União* on 16 January 2011. It has changed regulations for the use of clothianidin in the cultures of grape (Leaf application, MRL of 0.01 mg/kg and safety period of 45 days).²⁴

CUTSOM TARIFF, QUOTAS AND TRQ'S

Government of Brazil, in the last quarter reduced the IPI (internal industrial tax) on certain items of the car industry (i.e., car, lorries, and commercial trucks) for companies fulfilling specific requirements on, local content (at least 65%), investment provisions (invest at least 0.5% of after-tax income in R&D in Brazil) through Decree No. 7.567/11 (September 15, 2011).²⁵ Korea challenged this measure before the WTO as violating the GATT national treatment principle, the SCM agreement, the GATT most-favoured nation treatment, and TRIMS agreement. Even the Brazilian Supreme Court found the measure to be unconstitutional as the time allowed for the measure to come into effect was short of the time required, which is 90 days. Japan, European Union, Australia, Hong Kong, China, United States, Canada and Colombia supported the challenge by Korea.²⁶

Brazil established the CAMEX Executive Committee Management – GECEX, the technical group on temporary external tariff changes MERCOUR-GTAT-TEC in this quarter. It will examine claims related to exception to the MERCOUR Common External Tariff-LETEC, under the terms of decision CMC No 58/10, and the list of temporary increases on common external tariff for reasons of trade imbalances derived from the international economic environment; under the terms of CMC decision no 59/11.²⁷

MERCOUR (Argentina, Paraguay, Uruguay and Brazil) agree on temporarily increasing their Common Tariff Applied Rates for imports of 14 tariff lines under NCM 9503.²⁸ MERCOUR also created a new tariff line, NCM 8415.90.10; 8415.90.20, with an import tariff of 18% compared to 14% before on air-

²³ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/TBT/N/BRA/793 (January 9, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/b959e70049e5df22b338b76dcbd9c63c/Consulta+P%C3%BAlblica+n%C2%B0+9+GGTOX.pdf?MOD=AJPERES>.

²⁴ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/TBT/N/BRA/794 (January 9, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/8b02b08049d0bb7ea623a66dcbd9c63c/Consulta+P%C3%BAlblica+N%C2%B0+3+GGTOX.pdf?MOD=AJPERES>.

²⁵ CITEI, *Quarterly Trade Policy Monitoring Report (October 2011-December 2011)*, 7 (unpublished).

²⁶ WTO, *Minutes for the Meeting of the Council for the Trade in Goods*, G/C/M/108 (January 31, 2012).

²⁷ MDIC, Resolution No. 5 of 25 January 2012, RESOLUTION 2012, www.mdic.gov.br.

²⁸ MERCOUR: *Temporary Increase of Common Tariff Applied Rates*, Measure #3120, March 15, 2012, GLOBALTRADEALERT, <http://www.globaltradealert.org/measure/mercosur-temporary-increase-common-tariff-applied-rates>.

conditioning machines "split-system" and NCM 8431 with an import tariff of 14% compared to 0% on caterpillars/crawlers.²⁹

The tax cut on sales of refrigerators, stoves and washing machines which is set to expire at the end of March is extended by Brazil for three more months.³⁰

During this quarter **Ministry of Development, Industry and Foreign Trade** through resolutions have made the following tariff changes.

Resolution Details	Action	Description
CAMEX Resolution No.17 of 4 March 2012, published in the Official Gazette on 5 March 2012	Provides for the temporary reduction in the import duty for capital goods and telecommunications without an equivalent Committee on the Analysis of Ex-tariff - CAEX.	Temporary application of 2% ad-valorem import duty for certain telecommunications, information technology and capital goods classified in chapters 84, 85 and 90 of Harmonized Tariff System
CAMEX Resolution No. 15 of 29 March 2012	Changes the list of Brazilian Exception to the MERCOSUR Common External Tariff.	Deleted the code The MERCOSUR Common Nomenclature - NCM 10/21/2929
CAMEX Resolution No.11 of 13 February 2012, published in the Gazette of 13 February 2012.	Promotes adjustments to CAMEX Resolution No. 94 of 2011.	Change the description of the codes of NCM 3102.10.10, 3105.20.00, 3105.51.00, 3821.00.00, 8903.92.00, 9021.50.00, 3004.90.78.
CAMEX Resolution No. 10 of 10 February 2012, published in the Gazette of 13 February 2012.	Amendment until 30 June 2013, the rates of import duty levied on capital goods, provided that Ex-tariff.	On 122 Ex-tariff capital goods
CAMEX Resolution 9 10 February 2012 published in the Gazette of 13 February 2012	Amendment until 30 June (changes to 2%), the aliquots of tax of Import duties on goods of Computers and Telecommunications, provided Ex-Tariff.	On 162 Ex-Tariff Goods and Communications (NCM 8517.70.99, 8543.70.99, 9030.89.90, 9030.89.90)
CAMEX Resolution 7 of 10 February 2012 published in the Gazette of 13 February 2012.	Excludes Thailand from relationship countries contained in CAMEX Resolution No 51 of 2010	Imports of dried coconuts, shelled, whether or grated classified under NCM 0801.11.10

²⁹ MERCOSUR: *Creation of New tariff Lines with Import Tariff of 18% on Air-Conditioning machines*, Measure #3122, March 15, 2012, GLOBALTRADEALERT, <http://www.globaltradealert.org/measure/mercosur-creation-new-tariff-lines-import-tariff-18-air-conditioning-machines>; MERCOSUR: *Creation of New tariff Lines with Import Tariff of 14% on Caterpillars/Crawlers*, Measure #3124, March 15, 2012, GLOBALTRADEALERT, <http://www.globaltradealert.org/measure/mercosur-creation-new-tariff-lines-import-tariff-14-caterpillars-crawlers>.

³⁰ Andre Soliani, *Brazil to Extend Tax Breaks For Home Appliances*, *Folha Says*, March 27, 2012, BLOOMBERG, <http://www.bloomberg.com/news/2012-03-26/brazil-to-extend-tax-breaks-for-home-appliances-folha-says.html>.

CAMEX Resolution 4 of 12 January 2012 published in the Gazette of 13 January 2012	NCM and tax rates imports that make up CET mentioned in Annex I and II of CAMEX Resolution No. 94 of 8 December 2011 are amended.	On aliquots corresponding to NCM 2907.23.00, 2917.36.00, 3904.30.00, 7208.51.00, 8535.21.00, 8547.10.00, Ex 018 of 30004.90.69.
CAMEX Resolution 3 of 12 January 2012 published in the Gazette of 13 January 2012	Updates the charging system and ex-tariff numbering of capital goods under CAMEX Resolution 94 of 2011	On capital goods NCM 9007.19.00 and 9007.10.00.
CAMEX Resolution 2 of 12 January 2012 published in the Gazette of 13 January 2012	Changes to 2% the tax rates and import incidents on IT and telecom, provided ex-tariff, by 31 December 2012	On ex-tariff goods and communications under NCM 8517.62.59 Ex 009, 5517.62.59 Ex 011, 8517.62.59 Ex 010, Ex 081 8543.70.99, Ex 001 9030.33.19, 9032.89.89 Ex 001.
CAMEX Resolution 1 of 12 January 2012 published in the Gazette of 13 January 2012	Changes to 2% the tax rates and import incidents on capital goods, the condition ex-tariff, by 31 December 2012	On 94 ex-tariff capital goods

Source: www.mdic.gov.br.

CUSTOMS PROCEDURE, VALUATION AND IMPORT LICENSING

Secretariat of Animal and Plant Health (SDA) of Ministry of Agriculture, Livestock and Food Supply (MAPA) issued Normative Instruction SDA n° 01 on 20 January 2012, amending Normative Instruction n° 1, previously notified under document G/SPS/N/BRA/541/Add.1 on 1 September 2010. The notification published in the *Diário Oficial da União* on 24 January 2012 adopts procedures and zoo-sanitary requirements for the importation of ornamental birds and their hatching eggs.³¹

TECHNICAL BARRIERS TO TRADE

INMETRO of Brazil issued the following as technical barriers to trade:

- Ministerial Act N° 104 of March 6, 2012 conforming assessment requirements for carriages under HS 871500, for protecting consumers against accidents. It is published in the *Diário Oficial da União* (Federal Official Journal) of March 8, 2012.³²
- Ministerial Act N° 79 of February 15, 2012 providing technical regulation for carriage under HS 871500, for protecting consumers against accidents. It is published in the *Diário Oficial da União* (Federal Official Journal) of February 16, 2012.³³
- Ministerial Act N° 80 of February 15, 2012 providing technical regulation for breast implants, for protecting consumers against accidents. It establishes criteria for conformity assessment for

³¹ WTO, *Notification of Brazil to the Committee on Sanitary and Phytosanitary Measures*, G/SPS/N/BRA/541 (February 8, 2012).

³² WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/477 (March 28, 2012). Also available at <http://www.inmetro.gov.br/legislacao/rtac/pdf/RTAC001797.pdf>.

³³ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/474 (March 6, 2012). Also available at <http://www.inmetro.gov.br/legislacao/rtac/pdf/RTAC001793.pdf>.

Breast Implants, under the regime of Health Surveillance, by the compulsory certification mechanism. It is published in the *Diário Oficial da União* N° 35, February 17, 2012.³⁴

- Ministerial Act N° 7 of 11 January 2012 and is published in the *Diário Oficial da União* of 13 January 2012. It establishes criteria for conformity assessment of systems and equipment for water heating using solar energy (HS 8419).³⁵
- Ministerial Act n° 6 of 11 January 2012 establishing criteria for the program of conformity assessment for Commercial Electric Ovens, by the certification mechanism, using the Label National Energy Conservation - ENCE, according to the Brazilian Labelling Program - PBE, aiming at energy efficiency and safety. It is published in the *Diário Oficial da União* of 13 January 2012.³⁶
- Draft technical resolution n° 14 of 23 January 2012 revoking resolution RDC n° 249 13 September 2005, establishes Good Manufacturing Process (GMP) for Active Pharmaceutical Ingredients (API). Accordingly the manufacturers of active pharmaceutical ingredients must have licenses issued by the competent Brazilian health authorities and their activities are to be regularly inspected. All active pharmaceutical ingredients manufacturer's establishments must comply with the provisions of this resolution. It is published in the *Diário Oficial da União* (Federal Official Journal) of February 3, 2012 and Section 1 of Draft Resolution (*Consulta Pública*) number 14 of January 30, 2012, issued by ANVISA. It is open for comments under WTO system till May 3, 2012.³⁷
- Draft Technical Regulation MERCOSUR on Essential Requirements for Low Voltage Safety Electrical Products requiring compulsory certification mark of conformity. It is published in the *Diário Oficial da União* of 12 January 2012.³⁸

ANVISA issued the following in this quarter:

- Draft Resolution n° 4 19 January 2012, published in the *Diário Oficial da União* of 19 January 2012. It disposes about procedures to request inclusion, modification or exclusion of the Brazilian non-proprietary Names.³⁹

³⁴ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/475 (March 6, 2012). Also available at <http://www.inmetro.gov.br/legislacao/rtac/pdf/RTAC001794.pdf>.

³⁵ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/461 (February 3, 2012). Also available at <http://www.inmetro.gov.br/legislacao/rtac/pdf/RTAC001782.pdf>.

³⁶ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/462 (February 3, 2012). Also available at <http://www.inmetro.gov.br/legislacao/rtac/pdf/RTAC001781.pdf>.

³⁷ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/SPS/N/BRA/472 (February 24, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/0a1fba004a07b05aa1b8a9aa19e2217c/Consulta+P%C3%BAblica+n%C2%B0+14+GGIMP.pdf?MOD=AJPERES>.

³⁸ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/460 (January 3, 2012). Also available at <http://www.inmetro.gov.br/legislacao/rtac/pdf/RTAC001783.pdf>.

³⁹ WTO *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/466 February 6, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/a06cd08049d99bcdab94af6dcbd9c63c/Consulta+P%C3%BAblica+N+5+COFAR+%282%29.pdf?MOD=AJPERES>.

- Draft technical resolution N° 20, March 15th 2012 establishing minimum technical requirements related to security, efficacy and labelling for registration of insect repellents. The companies must accomplish all the requirements provided in this resolution and any other specific legislation of cosmetics for obtaining the registration of insect repellents. Companies will be granted six month time after publication of the resolution to adapt to the measure. It is published in the *Diário Oficial da União* (Federal Official Journal) of March 15, 2012.⁴⁰
- Draft Resolution n° 7 of 18 January 2012, revoking item 13 of Resolution n. 215 of 25 July 2005 and item 5 of Resolution RDC n. 162 of 11 September 2001, regulating and restricting the use of cosmetics, pyrogallol, formaldehyde, paraformaldehyde and lead acetate. The regulation establishes scope for application and use, maximum concentration allowed in the final product, other limitations and requirements, conditions of use and warnings that must appear on the label of these substances when used in personal care products, cosmetics and perfumes. Use of lead acetate in cosmetic products is forbidden as per the regulation. It is published in the *Diário Oficial da União* of January 23, 2012.⁴¹
- Draft Resolution n° 11 January 23, 2012, for the protection of human health, regulating the notification, identification and qualification of degradation products in medicines with synthetic and semi - synthetic active ingredients classified as new, generic or similar medicines. It establishes parameters to verify the degradation products in medicines, to elaborate the degradation profile and to notify, identify and qualify the degradation products formed during the life time of the medicine. This draft resolution does not apply to excipients, peptides, oligonucleotides, radiopharmaceuticals, derived and fermentation products, herbal products, medicines based on vitamins and/or minerals associated with each other or isolated poliaminoacids and products that have to submit simplified notification to ANVISA. It is published in the *Diário Oficial da União* (Federal Official Journal) of January 27, 2012.⁴²
- Draft technical resolution n° 10 of 23 January 2012, establishing criteria for inclusion and exclusion of products from ANVISA's List of Reference Medicines. It is published in the *Diário Oficial da União* (Federal Official Journal) of January 25, 2012.⁴³
- Draft technical resolution n° 12 of January 30, 2012, revoking articles 4 and 5 of "Portaria n° 802" 8 October 1998; Resolution RDC n° 9 2 January 2001; Resolution RDC n° 333 19

⁴⁰ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/476 (March 28, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/3e511e004a88b37f8a05ce4600696f00/Consulta+P%C3%BAlblica+N%C2%B0+20+GGCOS.pdf?MOD=AJPERES>.

⁴¹ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/468 (February 6, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/9bb8408049e5ddafb31eb76dcbd9c63c/Consulta+P%C3%BAlblica+N%C2%B0+7+GGTPS.pdf?MOD=AJPERES>.

⁴² WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/470 (February 24, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/042a338049f229df96d7bfaa19e2217c/Consulta+P%C3%BAlblica+n%C2%B0+11+GGMED.pdf?MOD=AJPERES>.

⁴³ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/469 (February 7, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/c66bc80049ec1dc992e7bbaa19e2217c/Consulta+P%C3%BAlblica+n%C2%B0+10+GGMED.pdf?MOD=AJPERES>.

November 2003, except item 3 of the annex referring to commercial names; articles 188, 189 and 190 of Resolution RDC n° 48 6 October 2009, as directives for the application of all medicines registered at ANVISA and commercialized in Brazil. It aims to upgrade the content of medicine labels registered at ANVISA and commercialized in Brazil, guaranteeing the access to safe and adequate information for the rational use of medicines. Companies must comply with the regulations within 180 days from the publication of draft technical regulation as a Resolution. It is published in the *Diário Oficial da União* (Federal Official Journal) of March 31, 2012.⁴⁴

- Draft Resolution n° 13 of 30 January 2012 establishing primary packaging requirements for parenteral solutions of small volume. According to the Pantone system as specified in the normative instruction, in the regulation, the small volume parenteral solutions with active ingredients used in anaesthesia, intensive care or hospital emergency must adopt colour standardization, when printing text, identification bands on the stem or in the breaking ring in their primary packaging. The glass ampules must present two identification bands printed on the stem above the rupture ring, with a minimum width of 0.6 (six tenths) mm, in the colours established in this normative instruction for each therapeutic class. It is published in the *Diário Oficial da União* of January 31, 2012, and companies will be granted 180 days to comply with the requirements.⁴⁵
- Draft technical resolution No 21 of 13 March 2012, revoking Resolution RDC n° 163 of 11 September 2001, RDC n° 240 of 6 October 2004, and Ordinances n° 08 MS/SNVS of 10 April 1987, and 13 MS/SNVS of 20 June 1988, establishing revision, modification and update of procedures and technical requirements for the registration of sanitizing products that are corrosive to the skin and can lead to irreversible eye injury. It is published in the *Diário Oficial da União* (Federal Official Journal) of March 19, 2012.⁴⁶
- Draft technical resolution RE n° 165 of August 29th 2003 on tebutiuron. It includes non-agricultural uses related to pesticides, disinfectants and wood preservatives, for application in margins of roads and railways, areas under electric power transmission lines, industrial yards, pipelines and firebreakers. It is published in the *Diário Oficial da União* (Federal Official Journal) of March 14, 2012.⁴⁷

⁴⁴ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/471 (February 24, 2012). Also available at

<http://portal.anvisa.gov.br/wps/wcm/connect/595c9e0049fe823f9bb4bbaa19e2217c/Consulta+P%C3%BAblica+n%C2%B0+12+GGMED.pdf?MOD=AJPERES>.

⁴⁵ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/473 (February 24, 2012). Also available at

<http://portal.anvisa.gov.br/wps/wcm/connect/128fb50049fe83b39bc1bbaa19e2217c/Consulta+P%C3%BAblica+n%C2%B0+13+GGMED.pdf?MOD=AJPERES>.

⁴⁶ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/479 (March 29, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/8e9ca5004a91f3b38ba3cf4600696f00/Consulta+P%C3%BAblica+n%C2%B0+21+GGSAN.pdf?MOD=AJPERES>.

⁴⁷ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/478 (March 29, 2012). Also available at <http://portal.anvisa.gov.br/wps/wcm/connect/db2fc8804a829f61821cc64600696f00/Consulta+P%C3%BAblica+N%C2%B0+19+GGTOX.pdf?MOD=AJPERES>.

- Draft Resolution n° 165 of 21 March 2012 established technical regulation for requirements of identity and quality for breast implants.⁴⁸
- Draft Resolution RDC n° 14 of 12 March 2012 established technical regulation for the maximum level of tar, nicotine and carbon monoxide permitted in tobacco products and prohibition of additives.⁴⁹

MAPA adopted the following measures:

- Draft technical regulation notified under G/TBT/N/BRA/359. It sets the requirements of identity and quality, sampling and labelling of maize and is published in the Brazilian Official Journal as Ministerial Act n° 60, 22 December 2011. It will enter into force on 1 July 2012.⁵⁰

ANTI-DUMPING MEASURES

CAMEX through Resolution No. 13 of 29 February 2012, published in the Official Gazette of 3 January 2012 established the Technical Group for the Evaluation of Public Interest - GTIP with purpose of analyzing the suspension or amendment of final antidumping and countervailing measures and non-application of interim antidumping and countervailing measures, for reasons of public interest. The Resolution is effective from the date of the publication.⁵¹

The following are the anti-dumping measures carried out by Brazil in this quarter.

- Suspension of the definitive anti-dumping duty and the price undertaken concerning Brazilian imports of diisocyanate toluene (TDI-80/20) from USA and Argentina.⁵²
- Closed the investigation of definitive anti-dumping duty for Brazilian imports of films, sheets, film, foil, and layers of poly (ethylene terephthalate) of a thickness less than 5 microns, and less than 50 microns (PET film), originating in the UAE, the US, United Mexican States and the Republic of Turkey, commonly classified under items 3920.62.19, 3920.62.91, 3920.62.99 of the MERCOSUR Common Nomenclature – NCM.⁵³
- Closed the investigation of definitive anti-dumping duty for the Brazilian imports of blankets of synthetic fibres from the Republic of Uruguay and the Republic of Paraguay, commonly classified in item 6301.40.00 of the MERCOSUR Common Nomenclature, and imports of Brazilian long pile fabrics of synthetic fibres, originating in the People's Republic of China,

⁴⁸ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/467/Add.1 (April 11, 2012). Also available at <http://www.in.gov.br/visualiza/index.jsp?data=22/03/2012&jornal=1&pagina=40&totalArquivos=88>.

⁴⁹ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/407/Add.1 (April 11, 2012). Also available at <http://www.in.gov.br/visualiza/index.jsp?data=22/03/2012&jornal=1&pagina=40&totalArquivos=88>.

⁵⁰ WTO, *Notification of Brazil to the Committee on Technical Barriers to Trade*, G/TBT/N/BRA/359/Add.3 (January 23, 2012). Also available at

<http://extranet.agricultura.gov.br/sislegis/action/detalhaAto.do?method=abreLegislacaoFederal&chave=50674&tipoLegis=A>

⁵¹ MDIC, Resolution No.13 of 29 February 2012, CAMEX RESOLUTION 2012, www.mdic.gov.br.

⁵² MDIC, Resolution No.16 of 23 March 2012, CAMEX RESOLUTION 2012, www.mdic.gov.br.

⁵³ MDIC, Resolution No.14 of 29 February 2012, CAMEX RESOLUTION 2012, www.mdic.gov.br.

commonly classified under 6001.10.20. The items are to be collected at US \$ 5.22 per kg, 5.22 per kg, 96.6% for goods originating in Uruguay, Paraguay, and China respectively.⁵⁴

- Apply anti-dumping duty provisionally, for a period of up to six months on imports of Brazilian citric acid from the Republic of China.⁵⁵

SERVICES

Airline Industry: Brazil has made progress in its airport privatization policy in this quarter. Solicitation of bids for three busiest airport in Sao Paulo, Campinas, and Brasilia happened in this quarter.⁵⁶ Concessions are awarded to the highest bidder.⁵⁷

Tariffs – Brazil has extended the existing six percent financial transactions tax on overseas loans maturing in up to three years, which was previously applied to loans with maturities of under two years. A six percent tax is also imposed on trade financing loans with maturities of over a year.⁵⁸

Housing – Brazil has set up a public housing programme. It aims to build 2 million houses in Brazil by 2014. Brazil is planning to invest more funds in this programme.⁵⁹

INTERNATIONAL RELATIONS AND ECONOMIC CO-OPERATION

Brazil is strengthening the economic and political ties with African countries following the same trend as shown in the last quarter. It is also strengthening ties with India. Brazilian President has made a statement that she is positive about the partnership between Embrapa (Brazilian Agricultural Research Corporation) and the Indian Council of Agricultural Research for the exchange of experience in the strategic sectors of food production and biotechnology research.⁶⁰ Other areas where she wishes to co-operate with India are aircraft, education and scientific research, environmental issues and reformation of international organizations.⁶¹ Brazilian President also made a visit to India.

54 MDIC, Resolution No.12 of 13 February 2012, CAMEX RESOLUTION 2012, www.mdic.gov.br

55 MDIC, Resolution No.6 of 25 January 2012, CAMEX RESOLUTION 2012, www.mdic.gov.br.

56 Dom Phillips, *Brazil's Airports Face 'Demons of Privatization'*, Feb 16, 2012, BLOOMBERG, available at <http://www.bloomberg.com/news/2012-02-16/brazil-s-airports-face-demons-of-privatization-dom-phillips.html>.

57 *Brazil Airport Privatization Plan Comes Under Attack at ALTA Forum*, Nov 22, 2011, CAPA, available at <http://www.centreforaviation.com/analysis/brazil-airport-privatisation-plan-comes-under-attack-at-alta-forum-63189>.

58 INTERNATIONAL CENTRE FOR TRADE AND SUSTAINABLE DEVELOPMENT, *Brazil Sounds New Warning of 'Currency War'*, March 2012, <http://ictsd.org/i/news/bridgesweekly/127884/>.

59 *Brazil to Invest More in Housing to Boost Economy*, March 29, 2012, REUTERS AFRICA, available at <http://af.reuters.com/article/southAfricaNews/idAFL3E8ET67320120329>.

60 Dilma Rouseff, *We are all in it Together*, March 29, 2012, THE TIMES OF INDIA, available at http://articles.timesofindia.indiatimes.com/2012-03-29/edit-page/31250213_1_brics-brazil-countries.

61 *Id.*

Table 1: Strengthening of Relations with Africa

It was the former President Luiz Inácio Lula who recognized the need and importance of closer African ties. It was carried forward by the present President Dilma Rousseff who visited Africa three times. Mozambique, and Ghana are two important destinations of the Brazilian investments. Brazil is investing about \$ 8.2 billion in coal mining and rail facilities in Mozambique. Brazilian state-controlled oil and gas producer, Petrobras is producing 2,000 barrels a day of oil in Angola and 58,000 barrels a day in Nigeria. Brazil had set up a credit line in 2011 to promote African agriculture via farmers' purchases of Brazilian agricultural equipment. The funds may also be used to support oil-field development in Africa. Brazil's Foreign Trade Board, CAMEX has in this quarter granted \$2 billion as part of the credit line to Angola. BNDES will also accelerate financing Brazilian projects in Africa as per the statement made by BNDES President Luciano Coutinho. Bilateral trade between the countries has increased from \$ 4.3 billion in 2002 to 27.6 billion in 2011. Brazil's BTG Pactual bank launched a \$ 1 billion Africa-focused private equity fund, to attract Brazilians to invest in Africa. It is largest of its type worldwide and is aimed at harnessing the increased trade relations between Brazil and Africa.

Source: Diana Kinch, Brazil's Africa Relations Now Strategic, May 3, 2012, MARKET WATCH, available at <http://www.marketwatch.com/story/brazils-africa-relations-now-strategic-minister-2012-05->

Free Trade Agreements: US and Brazil is discussing on US-Brazil free trade policy on agricultural goods. The bill on the matter is introduced in the House Committee of Foreign Affairs this quarter. The bill proposes to remove all agricultural subsidies by the year 2013, recalling bank loans, and providing technology to Brazil for humanitarian purpose by US. The new development increases the diplomatic and economic relations between both countries. But at the same time, there are doubts about the new policy being adversely affecting the small farmers.⁶²

⁶² Tzeyin Tang, *US-Brazil Free Trade Policy*, February 25, 2012, HARVARD MODEL CONGRESS, <http://harvardmodelcongress.org/blog/2012/02/25/us-brazil-free-trade-policy/>.