



Brazil Industries Coalition

Written Statement of the Brazil Industries Coalition

Hearing on “U.S. –Brazil Trade and Investment
Relationship: Opportunities and Challenges”

House Ways and Means Subcommittee on Trade
June 26, 2013



Introduction

The Brazil Industries Coalition (BIC) was founded in 2000 as an independent, non-profit organization, dedicated to representing the Brazilian private sector.

As an advocacy organization registered under the Lobbying Disclosure Act, headquartered in Washington, D.C., BIC is the only entity in the U.S. which maintains exclusive representation of Brazilian companies and business associations.

BIC has a unique structure of activities focused on defending the common interests of the Brazilian private sector in the United States. Currently, BIC is composed of major corporations and industrial organizations from various sectors with investments in the United States, representing a large percentage of the Brazilian private sector.

Mission

As the Brazilian private sector representative in the nation's capital, our mission is to advocate on behalf of our members before the U.S. Congress and the Executive Branch. Our task is to promote a strategic partnership between Brazil and the United States through deeper economic and political ties that strengthen and further the competitive advantage of Brazilian enterprises. Our responsibility is to serve as the voice of the Brazilian private sector in Washington, D.C. and be recognized as a highly-regarded, first-rate organization which reflects the values of its members.

Work Agenda

BIC's work agenda is divided into three main parts: 1) institutional relationships, 2) governmental engagement, and 3) member services and information.

Our organization participates in a broad network of key institutions involved in the process of U.S. trade policy formulation. Our objectives are to reduce the distance between our members and U.S. decision-makers, monitor topics of interest to businesses and trade associations in Brazil, and alert our members about proposed rules and legislation that may impact the Brazilian private sector.

BIC also works in coordination with the Brazilian Embassy of Washington, D.C. and maintains a close dialogue with the U.S. Executive and Legislative Branches of the U.S. government.



It is worth noting that BIC does not formulate policy but acts instead as an executor of the policies that are developed by its members. These policies are guided by the Brazilian National Confederation of Industries, a key member of BIC.

BIC's priority issues include a vast array of topics in the bilateral agenda which range from trade, investment, labor to the environment, including:

1. Bilateral investment treaty (BIT);
2. Bilateral tax treaty (BTT);
3. Resolution of the WTO cotton case;
4. Instruments of trade defense (targeted dumping, zeroing);
5. Farm bill;
6. Exchange rate debate (China);
7. Energy policy (ethanol, renewables, petroleum and shale gas);
8. U.S. Trade policy (GSP, MTB, TPA, ITA, services, TPP, TTIP, etc.);
9. Government procurement policy;
10. Climate change policy;
11. Consumer protection;
12. Industrial policy (National Infrastructure Bank proposal, etc.);
13. Intellectual property rights protection (IPR, Special 301);
14. International labor rights (DOL reports);
15. WTO's Doha round;
16. Taxes on foreign capital;
17. Visas;
18. Trade facilitation initiatives (mutual recognition of C-TPAT and Brazilian AEO);
19. Brazil-U.S. technical cooperation (standards, eco-labeling, biotech, etc.)
20. Food Safety Modernization Act (FSMA) implementation

Aside from the above-mentioned topics, BIC also monitors, and to the extent possible, contributes to the major bilateral Dialogues between the two countries, such as the Commercial Dialogue, the Brazil-U.S. CEO Forum, the Strategic Energy Dialogue, Defense Dialogue, Scientific Mobility Program, the Aviation Partnership, and the work on the Agreement on Trade and Economic Cooperation (ATEC), to name a few.

We support the notion of streamlining the bilateral engagements between both countries as long as the integrity, relevance, and results of each dialogue are maintained, with the intent of reducing fragmentation in current discussions and promoting increased cohesiveness. BIC remains open to discussing Congressional proposals that would present a mechanism of positive engagement covering areas of mutual interest.



2013 Priorities for the U.S. Congress

There are several pressing issues facing the U.S. Congress this year that are of critical importance to the bilateral relationship. Below we highlight the most important recommendations for 2013:

- **Resolution of the World Trade Organization (WTO) Cotton Case through the Farm Bill**

Enacting a new Farm Bill that complies with U.S. commitments under the WTO agreement is of utmost importance for the settlement of the Brazilian cotton case. Until a new Farm bill is approved by Congress, we strongly recommend that the U.S. maintain the 2010 Brazil-U.S. temporary agreement, without defaulting on payments to Brazil. There was dismay over the failure of the House of Representatives to approve the Farm Bill during recent floor consideration. However, we remain hopeful that a concrete solution is still possible prior to the current Farm Bill's expiration on September 30, 2013.

- **Renewal of the Generalized System of Preferences (GSP)**

The U.S. Generalized System of Preferences will soon expire on July 31, 2013 and few remaining legislative days are left to approve the measure. In the past, GSP expired and was later renewed retroactively. While we applaud efforts to renew this very important preference program, the uncertainties caused by the program's likely expiration before renewal will negatively impact Brazilian exporters and U.S. importers alike. The program continues to benefit less-developed regions in Brazil but has also become an important part of the U.S. economy as companies are increasingly more integrated through supply chains.

In 2012, Brazil was the third largest user of the program, exporting US\$2.3 billion to the U.S. under GSP, trailing behind Thailand and India.

We urge Congressional renewal of GSP benefits as soon as possible in order to avoid interruption of the program.



- **Brazil-U.S. Global Entry Pilot and Visa Waiver**

BIC strongly supports the launch of a Brazil-U.S. Global Entry Pilot program this year, and the inclusion of Brazil in the list of eligible participating countries. Global Entry is a U.S. Customs and Border Protection (CBP) program that allows expedited clearance for pre-approved, low-risk travelers upon arrival in the United States.

In addition to the Global Entry program, BIC urges Congress to approve legislation that would include Brazil in the U.S. Visa Waiver Program and obtain Brazilian government reciprocity to the U.S. These actions would help promote and facilitate business and leisure travel for Brazilians entering the U.S.

Brazil's State Visit and the Focus on a Positive Agenda

The Brazilian business community is looking forward to Brazilian President Dilma Rousseff's State Visit to the U.S., confirmed for October 23, 2013.

- **Launching an Information Technology and Innovation Partnership Dialogue**

In preparation for the visit, there are many ongoing discussions about possible deliverables. BIC strongly supports the launch of an Information Technology and Innovation Partnership Dialogue during the presidential visit. Molded after the successful Brazil-U.S. Aviation Partnership, this dialogue would have far reaching benefits and would touch a vast number of sectors that involve information technology and innovation initiatives.

- **Trade Facilitation**

BIC supports the implementation of the 2012 air cargo pilot project that aims to create a Green Lane linking the Miami International Airport to Brazilian Viracopos International Airport to expedite the clearance process for goods belonging to Brazilian and U.S. companies. The project allows for mutual recognition of both Authorized Economic Operators. BIC urges Congress to express support for this mutually beneficial project and calls for assistance in considering funding options for the U.S. Customs and Border Protection to administer the project in U.S. territory.



- **Discussions of a Brazil-U.S. FTA and Services**

BIC supports the notion that the Brazilian and U.S. governments engage in relevant discussions about the potential benefits of a **bilateral free trade agreement** and to consider the options of negotiations given each country's international and regional commitments. On a multilateral basis, BIC also supports Brazilian engagement and consideration to participate in the **International Services Free Trade Agreement negotiations** which will involve 20 trading partners and the U.S. We recommend that at least, Brazil should be present in the negotiations in order to make informed decisions regarding further participation in these important negotiations.

- **Brazil Caucus**

BIC has been a long-time supporter of the Brazil Caucus and applauds both Co-Chairs, Rep. Devin Nunes (R-CA) and Rep. Gregory Meeks (D-NY) on their efforts to revitalize the Caucus and maintain Congressional interest regarding the Brazil-U.S. trading relationship. BIC stands ready to continue engaging and contributing to relevant bilateral Brazil-U.S. discussions.

Long Term Objectives

- **Bilateral Tax Treaty**

The launch of negotiations for a Bilateral Tax Treaty (BTT) remains one of BIC's long-term main priorities. BIC is pleased that the Brazilian Congress sanctioned in March of this year the Brazil-US Tax Information Exchange Agreement (TIEA), to which the U.S. formally agreed in 2007. The passage of TIEA legislation in Brazil, bilateral negotiations on the U.S. Foreign Account Tax Compliance Act (FATCA), and transfer pricing discussions, could pave the way for formal talks to begin. We highly encourage both Brazil and the U.S. to consider how best to move forward on this issue.

Conclusion

BIC looks forward to continued engagement with the U.S. Congress to put into practice the short and long-term goals outlined in this document. We believe these initiatives will greatly contribute to the strengthening of the strategic partnership between our countries.