

Brazil Trade Action Coalition (BRAZTAC)



Progress on the WTO Cotton Dispute

By Steven Bipes, Executive Director, Brazil-U.S. Business Council

The Brazil-U.S. Business Council is leading, along with the U.S. Chamber of Commerce and the National Association of Manufacturers, a broad coalition of industries (the Brazil Trade Action Coalition - BRAZTAC) that has been communicating with the administrations of Brazil and the United States and the U.S. Congress the urgency of resolving the "WTO cotton dispute" between both countries. The dispute resulted in a WTO ruling issued last year in favor of Brazil and authorizing the application of sanctions against U.S. companies that, if applied, would jeopardize tens of thousands of American jobs. [Further details on the dispute.](#)

The Council is very pleased with the announcement made earlier today by United States Trade Representative Ron Kirk and Secretary of Agriculture Tom Vilsack confirming the statements that had been made yesterday by the Brazilian government, alluding to a constructive dialogue between both countries that resulted in the suspension of the application of countermeasures against the United States, both through the application of additional import tariffs on U.S. goods--scheduled to start later this week--as well as the suspension of U.S. intellectual property and related rights--expected to take place in the near future.

Through the dialogue initiated last week between both countries, the United States agreed to establish a fund for technical assistance and capacity building that would benefit Brazilian cotton growers. This fund would remain in place until the next Farm Bill or until Brazil and the United States reach a mutually agreed solution to the Cotton dispute, whichever comes first.

The United States agreed to also make some technical changes to the operation of the GSM farm program. Third, the U.S. would be moving forward on the publication of a proposed rule that would allow pork from Santa Catarina state in Brazil to be exported to the United States. The U.S. also committed to keep Brazil informed of the status of a rulemaking process on Brazilian beef access.

Following implementation of the initial steps mentioned above, the United States and the Government of Brazil agreed to continue work toward a framework outlining a process to be undertaken bilaterally in order to develop a mutually agreed solution to the Cotton dispute. The Brazilians have stated that they will analyze U.S. steps on April 21 and if they determine progress is being made, they will continue to refrain from applying sanctions against the United States allowing for more time for a final solution of the dispute.

While the Brazil-U.S. Business Council and the other BRAZTAC members are very pleased with the positive dialogue between Brazil and the United States, and though we recognize all the effort both governments have put into the temporary agreement reached yesterday, it is crucial that the business community continues to encourage both governments to pursue and reach a final solution to this dispute, permanently avoiding harm to U.S. companies and jobs related to this case.