



U.S.–Brazil CEO Forum

US-BRAZIL CEO FORUM RECOMMENDATIONS TO PRESIDENT OBAMA AND PRESIDENT ROUSSEFF

SUMMARY OF RECOMMENDATIONS

MARCH 19, 2011

The US-Brazil CEO Forum was created by the governments of the United States and Brazil to make business-oriented recommendations to enhance trade and investment between the two countries. Since the Forum's inception in 2007, we have seen great progress in a number of areas. We are especially pleased with the completion of an Agreement on Trade and Economic Cooperation and an Open Skies Agreement, both past Forum recommendations. However, significant challenges remain and many of our key priorities have not yet been achieved. With the upcoming World Cup in 2014 and the Olympic Games in 2016, all eyes will be on Brazil for several years to come, giving completion of these recommendations a new urgency.

The CEOs focused on four areas for their recommendations: Taxation and Trade; Infrastructure; Energy Cooperation; and Education and Innovation. We also examined what measures we felt were necessary to ensure the success of the World Cup and Olympic games, taking into account the importance of new investments and development being pursued in a green and sustainable fashion and the need for an improved customs clearance process.

In the area of **Taxation and Trade**, we have the following recommendations:

- **Finalize a Bilateral Tax Treaty;**
- **Complete the Doha Round of global trade negotiations;**
- **Seek a balanced flow of trade and cooperate to address excessive trade imbalances when they occur;**
- **Begin discussion on a US-Brazil Free Trade Agreement;**
- **Extend Brazilian GSP eligibility;**
- **Establish a bilateral working group to explore Brazil's participation in the visa waiver program; and**
- **Promote private sector collaboration on Customs modernization.**

Brazil is the only country with a GNP above \$1 trillion that does not have a BTT with the US. Completion of this treaty is the quickest way for our two countries to encourage cross-border investment. It is past time to finish this agreement. We also think bilateral cooperation between the US and Brazil is key to overcoming the current stalemate in the Doha negotiations. Both countries should explore ways to address their concerns so progress can resume. We would like to see a Free Trade Agreement between the US and Brazil. We understand that this will require consideration of issues relating to Brazil's membership in Mercosur, but that only serves to justify an early start to such discussions that can lead to more jobs and prosperity in both countries. The Forum strongly supports

free trade and wants fair and balanced trade in an increasingly wider and freer way between nations. The Forum also understands that macroeconomic imbalances that all our countries face can lead to distortions that can lead to protectionist pressures. The Forum recommends that Brazil and the United States work together aiming to show to the other countries that through cooperation these issues can be resolved without restricting trade. We believe extension of the GSP program is warranted at this time to support growth of Brazilian exports to the U.S, which are part of the US-Brazilian supply chains, and to benefit U.S. consumers.

With respect to **Infrastructure**, we offer recommendations in five areas:

- **Establish loan guarantees for Public Private Partnerships; and**
- **Converge the public bid policies model of both countries; and**
- **Allow greater movement of infrastructure professionals between countries, and**
- **Establish a broader strategic cooperation through an aviation cooperation agreement; and**
- **Create bilateral working groups for high-priority infrastructure sectors.**

Demand for infrastructure projects in Brazil is expected to total at least \$100 billion per year over the next five years. For Brazil in particular there will be infrastructure requirements for the 2014 World Cup and 2016 Olympic games. We recommend the two governments look at ways to create a series of guarantees from both governments to attract our companies to participate in Brazilian infrastructure projects, including credit and funding lines for public private partnership and concession projects.

Energy Cooperation is an area where the two countries have much to gain from each other. Our recommendations are:

- **Encourage greater cooperation on clean energy technologies; and**
- **Remove tariffs and subsidies on renewable energy products; and**
- **Expand opportunities for private contributions to hemispheric energy security; and**
- **Further cooperation on civil nuclear opportunities; and**
- **Develop viable solutions for capture and sequestration of carbon dioxide and waste-to-energy projects.**

Cooperation between our two countries in the energy sector is being constrained by domestic policies that are a barrier to increased trade. For example, Brazilian tariffs on wind turbines and components significantly restrict international competition for renewable energy projects. By the same token, US tariffs and subsidies on ethanol are a significant obstacle to current trade and investment relations between the two countries. We encourage policies that allow for maximum private sector participation. We urge both countries to undertake an examination of their energy policies to remove barriers to further cooperation in this area.

Two critical factors in global competitiveness are **Education and Innovation**. The Forum recommends the following improvements which we believe will contribute to the future success of both countries:

- **Create a working group to benchmark the initiatives in each country to improve education;**
- **Adoption of an education tax credit;**
- **Promotion of science, technology, engineering and math education; and,**
- **Encouragement of foreign language education for disadvantaged groups.**

Strengthening the educational system is a critical priority of CEOs in both nations. In Brazil, the movement “Todos Pela Educação” (All For Education) and initiatives from the US Department of Education could serve as the basis for the benchmarking process to improve education in both countries. The CEOs have a long-standing recommendation that Brazil adopt a Corporate Education Tax Credit

that would give companies operating in Brazil a tax credit for investment in education and workforce development. Additionally, we urge both countries to place renewed emphasis on STEM education by sharing best practices and expanding academic and research partnerships. At the same time, the Forum will work to lend its support for the “More Opportunities Project” to provide English training to disadvantaged young people in the City of Rio.

As the hosting country of the **2014 World Cup and the 2016 Olympic games**, Brazil is faced with the significant opportunity to improve its infrastructure to support the influx of visitors that these events will attract. The World Cup and Olympic Games will generate employment opportunities across many sectors including construction, tourism, telecommunications and the hospitality industry. For Brazil to achieve its goals of an inclusive and sustainable program to deliver long term benefits to the people of Brazil, specific efforts will be needed. The Forum recommends both countries work together to:

- **Explore opportunities to use the Brazilian law promoting sports to establish scholarships for athletes;**
- **Encourage rapid investment in broadband;**
- **Ensure the economic participation of women in the 2014 World Cup and the 2016 Olympics through job and skills training and tools for successful participation of women-owned small businesses**
- **Establish skills and job training programs for racial minorities to encourage their economic participation in the upcoming world sporting events.**
- **Accelerate improvements in customs regulations to facilitate exchange of goods and services needed for the events;**
- **Implement the ATA Carnet in order to facilitate the entry, on a temporary basis, of goods and equipment necessary to stage Brazil’s global games.**

The US-Brazil CEO Forum is committed to growing and developing the US-Brazil commercial relationship. We believe adopting these recommendations will benefit both countries and their citizens.