

**INNOVATION ANNEX TO THE U.S.-BRAZIL COMMERCIAL DIALOGUE LETTER OF
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Recognizing the strong and close commercial ties that Brazil and the United States enjoy and the importance of promoting an open and predictable environment for trade and investment, we are pleased to take note that the United States and Brazil are deeply linked economically and commercially with a trading relationship valued at more than \$46 billion in 2009. The Commercial Dialogue is an important mechanism that facilitates communication and cooperation between the two governments.

We are committed to continue working cooperatively to improve overall economic and business relations between our two countries and to encourage the public and private sectors of our respective countries to increase and diversity the bilateral flows of goods and services.

We are committed to a continued effort to ensure that the Commercial Dialogue delivers concrete steps to make both of our nations more competitive in the global economy. By working together to facilitate business and support entrepreneurship and innovation, the United States and Brazil can increase our commercial ties and build a competitive platform for the Americas.

We recognize the role innovation plays in economic prosperity and the role governments play in facilitating the development of innovative ideas and the transition of innovative ideas to the market place as well as ensuring that the authors of innovative ideas are compensated and that the utilization of innovation also serves social and economic national interests, and public policies.

In order to reaffirm our joint commitment to promote innovation and growth, we decided to adjoin an Innovation Annex to the Letter of Intent between the Ministry of Development, Industry and Foreign Trade of Brazil and the Department of Commerce of the United States for the creation of the Commercial Dialogue on June 6, 2006.

Therefore, we have reached the following understandings on the innovation-focused agenda that will guide future efforts to strengthen trade relations through the U.S.-Brazil Commercial Dialogue.

Recognizing that an effective patent and trademark system plays an important role in the global economy and in fostering entrepreneurial spirit and innovation, we are committed to continue efforts to enhance technical cooperation on patents and trademarks.

We will support ongoing cooperation and information-sharing between the Department of Commerce's National Institute of Standards and Technology and the National Institute of Metrology, Standardization and Industrial Quality, and other exchanges, to strengthen cooperation on standards, conformity assessment, and technical regulations.

We applaud the Commercial Dialogue's focus on entrepreneurial and venture development with an eye toward building and maintaining a culture of free enterprise, while fostering the

establishment of a venture capital task force to identify and address impediments to venture capital with a particular focus on innovative small and medium sized businesses.

We resolve to enhance cooperation under the Commercial Dialogue in innovation-themed areas where joint expertise, research capacity, and combined market size can accelerate progress toward mutual goals. These include, but are not limited to:

- Green technology
- Smart Grid
- Intelligent transportation standards
- Energy-efficient building
- Sustainable supply chain
- Energy efficiency and alternative energy
- IT & Communications
- Life Sciences and Nanotechnology
- Knowledge Economy Services

Recognizing the Working Groups as the engines of the cooperative efforts under the Commercial Dialogue, we call upon the Working Groups to:

- Highlight how innovation fits into their scope of work.
- Encourage the discussion of innovation in all aspects of the trade policy discussion including highlighting innovative processes, and working together among groups on cross cutting issues such as smart grid and green technology.
- Explore barriers to the development of innovative ideas and to the dissemination and commercial application of innovative ideas.
- Put forth recommendations to the Vice Ministers on how the Commercial Dialogue can complement work being done in other fora to foster innovation and the commercialization of innovative ideas and processes.
- Provide thoughtful and meaningful advice to policymakers.
- Include expertise from all sectors of society and engagement at the sub-national level, as well as by the business and academic sectors and non-governmental organizations.

This Annex is to be overseen by the U.S. Department of Commerce, International Trade Administration on the U.S. side and the Ministry of Development, Industry and Foreign Trade on the Brazil side. The Participants intend to hold regular ministerial consultations to deepen mutual understanding and promote and guide bilateral cooperation on innovation-themed commercial topics.

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