



INITIATIVE: EASE OF DOING BUSINESS IN BRAZIL

The U.S. Section of the Brazil-U.S. Business Council (BUSBC) urges the Brazilian government to adopt and implement the following policy reforms to improve the business climate, as well as drive investment and economic growth in Brazil.



1. Labor Reform to Generate Jobs:

- a. Establish clear, stable and flexible rules, especially with respect to modern models of work or specialized service contracts, while safeguarding constitutional labor standards.
- b. Encourage outsourcing, making it viable for entrepreneurs to outsource certain activities based on business models, while protecting outsourced employees' rights under the law.
- c. Support labor reform and outsourcing regulation in the Brazilian Congress, respectively via PL 6787/2016 and PL 4302/1998.



2. Tax Reform to Advance Path to Growth:

- a. Reduce the complexity and cumulative nature of the federal, state and municipal tax systems to lower compliance costs for enterprises, improving legal certainty.
- b. Promote efforts to harmonize Brazil's VAT tax (ICMS) and validate ICMS fiscal incentives and rate unification.
- c. Endorse the following pieces of legislation and reforms:
 - i. Tax Reform;
 - ii. Tax Simplification (PLS-C 406/2016);
 - iii. Unification of ICMS and validation of fiscal incentives (PRS 1/2013 and PLP 54/2015);
 - iv. Tax Substitution Regulation (PLS-C 95/2014);
 - v. Compensation of Tax Debits with Tax and Social Security Credits (PL 3268/2012); and
 - vi. Minimum Implementation Period for Measures that Increase Costs to Corporations (PLP 396/2014).



3. Trade Facilitation to Improve Trade Flows:

- a. Support the full implementation of the WTO Trade Facilitation Agreement and programs like the Single Window and the Authorized Economic Operator (AEO).
- b. Work towards achieving a U.S.-Brazil mutual recognition agreement of AEO and the U.S. Customs Trade Partnership against Terrorism (C-TPAT).
- c. Recommend streamlining Brazil's bureaucratic procedures, while assuring a stable and predictable legal and regulatory framework for Brazilian and foreign investors, with the enactment of a law to harmonize the rule-making process.
- d. Support Brazil's accession to the Revised Kyoto Convention to encourage standardization and harmonization of customs procedures (MSC 200/2016).



4. Favorable and Predictable Legal Environment to Attract Investments:

- a. Recommend advances on property rights and regulated markets legal framework to ensure legal certainty on foreign investments.
- b. Support personal liability of shareholders and directors as an extraordinary measure to secure creditors' rights with clear and straight legal criteria, implying covenants of good faith and ensuring full defense and fair hearings. Support PL 5646/2016.
- c. Encourage regulating foreign acquisition of lands with reasonable limits on the purchase of land that does not hinder productive operations. Support PL 2289/2007.
- d. Promote a revision on the agencies' control and rulemaking process as an important measure towards transparency and improvement of business environment. Support PL 6621/2016.



5. Industry Local Content Requirements' Reform to Facilitate Investment:

- a. Encourage more flexible local content requirements to accommodate rapid innovation and local supply gaps, prevalent in infrastructure, high-tech, IT, and oil & gas industries, where the requirements do not align with the fast-paced reality of advanced manufacturing.



6. Infrastructure Improvements to Reduce Logistics Costs:

- a. Encourage revision and unification of rules regarding infrastructure public bidding according to international best practices and dissemination of the new rules to gain investors' interest.
 - i. Proactively address the following issues:
 1. Project bidding process prioritization;
 2. Transparent bidding process promotion;
 3. Environmental licensing process streamlined;
 4. Local content requirement flexibility; and
 5. Innovative project financing models.
- b. Support consultations, adjustments and approvals of the following bills: PLS 559/2013:
 - i. Consolidation of Public Procurement Legislation;
 - ii. PLS 11/2016: Adjustment on Reference Price for Biddings;
 - iii. PL 3729/2004: Optimization of Environmental Licensing Process.