



## Message from the Executive Director

Brazil's economic recovery has taken firm root, despite continued political uncertainties. Private, including foreign, investment is an increasingly important factor in that growth. This was demonstrated by two highly successful auctions of concession rights to electric power utilities and oil & gas development blocks in September.

The third quarter produced its share of advances in Brazil's labor and tax reforms, but much remains to be done, including congressional action on a pension reform bill deemed essential to Brazil's long-term fiscal stability. A variation of tax reform bill, aimed at simplifying Brazil's cumbersome tax code, is also on the agenda.

The Council hosted several meetings with top policy makers and experts, including Finance Minister Henrique Meirelles and tax reform bill sponsor Congressman Luiz Carlos Hauly, as well as experts in areas such as labor law and oil and gas development. It also made news on bilateral trade at its 35th Annual Plenary Meeting in Washington, D.C.

## Progress in Key Areas

During the third quarter, we saw progress in areas of specific interest to the Council and its members:

- President Temer signed labor reform legislation, with strong support from the Council, revising the nation's antiquated 1943 Consolidated Labor Code.
- President Temer signed a bill, guaranteeing the validity of existing state-by-state tax incentives granted to businesses.
- Brazil's government renewed a Special Customs Regime for Import and Export of Oil and Gas Development Products (REPETRO), strongly backed by Council members.
- In September, Brazil requested membership to the Organization for Economic Cooperation and Development (OECD).
- Brazil's Investment Partnership Program (PPI) scored major advances in September at a pair of auctions, one for hydroelectric power generators and another for oil and gas block concessions, relying heavily on foreign investors. The government brought in nearly R\$16 billion from the sale of four hydroelectric concessions and 37 oil and gas blocks.



## Trade, Health and Digital Strategy

In July, the Council sponsored a roundtable discussion with representatives of the U.S. Trade and Development Agency (USTDA) to review initiatives in the areas of aviation, information and communications technology, and government procurement. Click [here](#) to access USTDA's presentation. Brazil is a recent partner to the Global Procurement Initiative (GPI), aiming at promoting best value procurement decisions. Click [here](#) to learn more about GPI.

Also in July, the Council supported a Health and Internet Technology Conference with the Brazilian Chamber of Deputies in Brasilia. The conference touched on issues such as technology in health management, technology in research and diagnosis, and technology in patient care. The Council's Resident Senior Advisor based in Brasilia, João Barroso, offered closing remarks at the conference.

In September, the Council submitted public comments to the Brazilian Ministry of Science and Technology on [Brazil's Digital Strategy Plan](#). The comments focused on the importance of cyber security and resilience, noting the Council's work on raising cyber threat awareness in conjunction with the Global Center for Regulatory Cooperation of the U.S. Chamber and the Financial Services Information Sharing and Analysis Center.

### Minister of Agriculture, Livestock and Food Supply Blairo Maggi Makes News in Washington D.C.



On July 18, Council members met with Minister Maggi in Washington, D.C. to address issues and [policy priorities](#) identified by the Trade Task Force. U.S. investors play a pivotal role in all phases of Brazilian farm production, from agricultural machinery and logistics to marketing. Minister Maggi encouraged more foreign investment in the booming sector, saying "the investment climate has improved greatly in Brazil." He also outlined measures designed to assure improved quality control over beef shipments due to the recent U.S. ban on Brazilian fresh beef imports.



## Roundtable on Tax Reform with Brazil-U.S. Parliamentary Group Leaders

On September 20, the Council, Amcham Brasil and several member companies met in Washington D.C. with a group of Brazilian Congressmen and with Special Assistant to the President Gastão Toledo to review pending tax reform legislation. The Council's Tax & Investment Task Force Vice-Chair, Glauca Frascino, Partner at Mattos Filho, moderated a discussion with Congressman Luiz Carlos Hauly, rapporteur of the reform and Chair of the Brazil-U.S. Parliamentary Group, and other officials. Click [here](#) for key takeaways in Portuguese from the meeting. Rep. Hauly led the Brazilian delegation, offering a detailed overview of the reform proposal. Click [here](#) for details on the proposal. Tax reform will be prioritized after pension reform passes, likely to happen later this fall.



### Minister of Finance Henrique Meirelles Outlines Economic Reform Program and Investment Opportunities

On September 22, the Council hosted Minister Meirelles in New York, alongside CEO Latin America of Citigroup Jane Fraser. Minister Meirelles addressed issues related to key fiscal reforms and macro-economic prospects necessary to drive foreign direct investment to Brazil, highlighted Brazil's economic recovery and described the conditions for growth in 2018 and 2019. Meirelles also addressed specific issues raised by the companies present.





## 35th Annual Plenary Meeting Makes News as Officials Discuss Next Steps in Bilateral Trade Development

On September 27, the Council held its 35th Annual Plenary Meeting in Washington, D.C. with institutional partner CNI, presided by U.S. Section Chair and CEO Latin America of Citigroup **Jane Fraser**. CEO of Embraer **Paulo Cesar de Souza e Silva** and CNI Director of Industrial Development **Carlos Abijaodi** led the Brazilian delegation. Speakers included Deputy Chief of Staff to the Secretary and Acting Undersecretary of Commerce for International Trade **Israel Hernandez**, Under Secretary for Political Affairs **Thomas Shannon**, Brazilian Ambassador to the U.S. **Sergio Amaral**, U.S. Ambassador to Brazil **Michael McKinley**, Deputy Under Secretary for International Trade **Ken Hyatt**, Brazilian Foreign Trade Secretary **Abrão Neto**, among others.

On the U.S. side, Ken Hyatt highlighted ongoing discussions on issues such as regulatory practices, regulatory convergence and trade facilitation. He said, “Commercial dialogue work is that kind of work that is, in fact, a precursor to the FTA negotiation.” On the Brazilian side, Abrão Neto indicated Brazil is focused on “ways to get to an FTA.” Carlos Abijaodi, cited Brazil’s growing maturity in terms of both domestic reform and international outreach, saying it was now “time to start a bilateral dialogue on trade.”

Supporting this policy priority, the Council discussed its joint report produced in partnership with CNI and Amcham Brasil on the effects of a bilateral trade agreement, titled *A Roadmap to an Enhanced Economic Partnership*. The report recommends measures to reduce trade barriers, especially non-tariff barriers, while moving closer to regulatory convergence.

Both governments reinforced the importance of aligning trade regulation, reducing obstacles and increasing direct investment. While Brazil will soon enter an election year, the Council affirmed that it will continue to advocate for the advancement of ease of doing business measures, crucial to attracting foreign direct investment. In addition to an eventual trade agreement, the Brazilian government also raised a Bilateral Investment Treaty (BIT) as a priority. Both countries said they have prioritized a Technology Safeguards Agreement (TSA), which would position the U.S. as partner of choice in space collaboration.



## Brazil's Labor Reform Meeting

On September 28, the Council hosted a session on Brazil's Labor Reform featuring lawyers from Brazil's Mattos Filho law firm. The reform includes more than 100 changes to the original Consolidated Labor Code, which dates from 1943.

The roundtable allowed member companies the opportunity to ask

labor and tax law experts specific questions regarding the implementation of the main provisions. [Mattos Filho's presentation](#) provides an overview of the labor reform and demonstrates what has changed to key provisions. In July, the Council released a policy alert with a summary of the main changes and implications of the reform found [here](#).

The Council's Consumer Goods & Retail Task Force leads the labor reform agenda and will continue to work in the coming months to showcase the anticipated positive impact of the new labor code, specifically the flexible work day adjustments, which enables increased income to households resulting in a positive impact on employment in Brazil.

## Oil & Gas Working Group Convenes as Brazil Pushes Forward with Ambitious Calendar of Auctions

Brazil's government has revived auctions of oil and gas development blocks after a two-year hiatus, with calls for substantial participation by private investors. On September 29, members participated in an Oil & Gas Working Group joint conference call with the Brazilian Petroleum Institute (IBP). The conference call addressed issues such as the need to secure long-term implementation of a tax exemption system for oil and gas development goods known as Repetro-Sped.



# Council Welcomes Its Newest Members

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