



Quarterly e-News
Summer, 2017



Message from the Executive Director

Welcome to the sixth edition of our Quarterly e-News. Recent weeks have produced ample shares of both crisis and opportunity. Despite renewed uncertainty on the political front in Brazil, both Congress and the administration of President Michel Temer have continued work on key elements of the nation's modernization agenda. Many of the advances achieved include important Brazil-US Business Council priorities. Congress passed legislation keeping in place a series of state-by-state tax incentives that have helped attract productive investments. Congress also passed a far-reaching labor reform bill that will boost jobs, reduce employment costs and stimulate still more productive investments.

Meanwhile, the administration has signaled its intention to move forward with efforts to streamline international trade logistics. But there is still a lot to be done. Challenges in the second half of 2017 include congressional consideration of a sweeping pension reform needed to guarantee long-term fiscal solvency. On the positive side, trade flows are growing, foreign investment into Brazil is rising and the nation's once recession-bound economy

is showing definitive signs of recovery. On the political front, we should expect more turbulence. Our team is here to discuss your policy priorities in Brazil and guide you during this moment in Brazil's history.

Cassia Carvalho
Executive Director

Progress in Key Areas

On May 17, Brazil once again confronted a roiling political crisis when prosecutors revealed damaging audio tapes that appeared to entangle President Michel Temer in an already existing campaign finance scandal.

The Council quickly responded with a firm public statement: “Reassured by the strength of Brazilian institutions, the Council reaffirms its commitment to Brazil and calls for a swift, constitutional solution to this challenging moment.”

Despite the political uncertainty, the second quarter of 2017 produced a number of important advances on initiatives backed by the Council. These included:

- Rules changes designed to streamline travel formalities via the Swift Visa initiative ([more info](#));
- A new regulatory framework for ports ([more info in Portuguese](#));
- Scheduling by the National Petroleum Authority (ANP) of [new bidding rounds for oil and gas blocks](#), including reductions in local content requirements;
- A Brazilian request to join the Organization for Economic Cooperation and Development (OECD);
- Adoption by the Chamber of Deputies of legislation validating state tax incentives for a period of 15 years ([more info](#));
- U.S. Trade and Development Agency (USTDA) announcement of intent to develop a Global Procurement Initiative with Brazil ([more info](#));
- Chamber of Deputies passage of sweeping labor reform bill, later passed by the Senate and signed by the President ([more info](#));
- Completion of Phase II of Aviation Partnership.

Click [here](#) to view the one pager on recent policy accomplishments, strategic programming and vision ahead.



2017 Brazil Summit

The Brazil Summit, organized by the Brazilian-American Chamber of Commerce in NY and held in partnership with the Brazil-U.S. Business Council on April 24, 2017, featured business, academic and government speakers, including former Finance Minister Joaquim Levy, now Chief Financial Officer, World Bank Group and Managing Director, The World Bank. Topics included foreign trade, agriculture, investment and Brazil's economic outlook. Council Executive Director Cassia Carvalho moderated a panel entitled "Trends in Trade: Impact on Brazil". Joaquim Levy told participants that Brazil was finally emerging from a two-year long recession but he added that a return to robust growth was still dependent on adoption of key reforms in areas such as labor, taxation and, especially, pensions.



MINISTÉRIO DA
INDÚSTRIA, COMÉRCIO EXTERIOR
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U.S.-Brazil Commercial Dialogue Reports Advances

This year's Dialogue took place on May 8th -10th in Brasilia and was led by Brazilian Minister of Industry, Foreign Trade and Services Marcos Pereira and U.S. Acting Under Secretary for International Trade Kenneth Hyatt. The Council, in partnership with the National Confederation of Industry (CNI) hosted a debrief on May 10th, where both government leads provided a substantive readout on the takeaways of the Dialogue.

Officials reported advances on regulatory convergence and exchange of cybersecurity information. Brazil committed to full implementation of a series of trade facilitation measures, including expansion of fast-track patent examination and introduction of the ATA Carnet temporary import-export document and the AEO (Authorized Economic Operator) program.

In a joint statement, Dialogue participants noted recent advances and re-affirmed basic commitments to “reducing and eliminating non-tariff barriers and technical barriers to trade.” They also pointed to strategic priorities for the next decade, including “fostering partnerships that lead to increased commercial opportunities” as well as more rapid and secure movement of goods and increasing convergence on issues such as measurements and standards. They pointed to investment as a priority, including greater access to speedy intellectual property protection and development of investment opportunities and synergies via an already flourishing partnership between Apex-Brazil and SelectUSA.

The latest Commercial Dialogue joint statement can be found [HERE](#).



Brazil Investment Forum Highlights Business and Policy Development Agendas

In May, the Council took part in the Brazil Investment Forum 2017, sponsored by the Brazilian government and the Inter-American Development Bank. The forum brought out more than 1,500 investors, executives, policy-makers and other stakeholders for wide-ranging discussions on Brazil's emerging investment opportunities in areas focusing on infrastructure investment in a variety of sectors.

The Council held a parallel session focused on broadening opportunities for project finance, with speakers including Jorge Arbache, Secretary for International Affairs in the Ministry of Planning and Marilene Ramos, Managing Director of BNDES. The panel showcased member company subject matter experts from General Electric and AECOM, as well as BF Capital and BlackRock Executives. The Council also hosted a networking luncheon featuring Finance Minister Henrique Meirelles, Health Minister Ricardo Barros, Planning Minister Dyogo de Oliveira, U.S. Ambassador to Brazil Michael McKinley and over 50 member company officials. All three ministers emphasized the importance of U.S. investment in Brazil.



Midyear Meeting Outlines Scenarios, Strengthens Partnership and Unveils 2017-2018 Program of Work

The Council wrapped up its 2nd Quarter with the Midyear U.S. Section Alignment Meeting in Washington, D.C. featuring the Honorable P. Michael McKinley, U.S. Ambassador to Brazil, and the Honorable Sergio Amaral, Brazilian Ambassador to the U.S., where both discussed the status of the bilateral relationship and path forward to strengthen the economic ties and friendship between the two nations.

Former U.S. Ambassador to Brazil Donna Hrinak, and now President of Boeing Latin America moderated the discussion. This meeting served as a U.S. Section alignment with our member companies and key U.S. government leaders across a variety of agencies. The policy team discussed economic and political scenarios for Brazil and introduced the Council's 2017-2018 Program of Work.

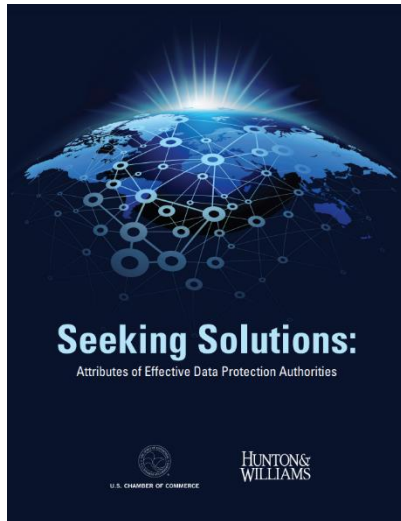
Although the bilateral relationship has advanced in recent months, there are still opportunities to advance Council priorities in both short- and long-term. These include trade facilitation, local content rules and a more attractive regulatory environment for investments aimed at Brazil, among other short-term goals, and long hoped-for formal trade and taxation agreements over the long term.

In broad strokes, as outlined in its 2017-2018 Program of Work, the Council urges both countries to initiate talks on a bilateral trade agreement and will campaign for such an agreement based on a pair of studies showing the positive effects it would have on the respective economies. The Council equally calls on both governments to re-open the dialogue to advance a bilateral tax treaty. This is a top priority for both U.S. and Brazilian private sectors.

The "ease of doing business" in Brazil could be greatly aided by a series of reforms in areas such as labor, trade facilitation, taxes, local content and infrastructure development. Recent passage of a labor reform streamlining work rules via more than 100 changes to the Consolidated Labor Code (CLT) offers a good start.

The Council urges adoption of trade facilitation measures by Brazil such as the AEO Authorized Economic Operator and the ATA Carnet to help speed both import and export logistics. Long-awaited tax reforms would help simplify tax preparation and encourage investment. Easing of local content rules would give Brazilian businesses greater access to state-of-the-art technology and reduce project development costs.

Regulatory cooperation is a matter of aligning practices with increasingly transparent and efficient international standards, adopting modern technologies at ports, airports and border crossings and increasing training, intelligence-exchange and common practices between agencies in each country.



Seeking Solutions: Attributes of Effective Data Protection Authorities

On May 11, Kara Sutton, Senior Manager from the Global Regulatory Cooperation Center (GRC) and Joao Barroso, Senior Advisor of the Brazil Council, attended a conference in the Brazilian Congress to discuss Brazil's data protection bills. Kara spoke at the conference and highlighted that Brazil can be an example for other countries when enacting its data protection legislation. She stressed the need to avoid strict and cumbersome provisions that may disrupt business. GRC and the Council have been actively engaged in promoting non-disruptive data protection issues in Brazil for the past few months. Part of this work includes the dissemination of a publication on Data Protections agencies entitled [“Seeking Solutions: Attributes of Effective Data Protection Authorities”](#) in Brazil. The publication is currently being translated into Portuguese for full dissemination in Brazil in the next months.



The Bridge to Cooperation: Good Regulatory Design

In May, the Council also launched a Regulatory Coherence Study in Brasília in conjunction with the Center for Global Regulatory Cooperation (GRC) at the U.S. Chamber of Commerce.

[See Study Here >](#)

Partnerships



U.S. Chamber of Commerce signs MOU with Apex-Brazil

On April 27, the U.S. Chamber of Commerce signed a Memorandum of Understanding (MOU) with the Brazilian Export-Import Promotion Agency (Apex-Brazil), expanding their strategic partnership. Both entities established core principles that will serve as a basis for increased cooperation, aimed at improving the business environment and fostering greater investment in the United States and in Brazil.



Oil & Gas Working Groups counts on new partner IBP

In May, the Council announced a new leadership partner for the critically important Oil and Gas Working Group. The Council will join forces with the Brazilian Oil, Gas and Biofuels Institute (IBP) in an effort that promises significant potential for policy advocacy, growth and exceptional results over the medium- and long-term. The partnership comes at a time of major shifts in energy policy, including revival of oil and gas block auctions, after a two-year hiatus, and a scaling back of 'local content' requirements in exploration and development of oil and gas fields.



Brazil on the Hill

On June 21, the Brazil Industries Coalition and the Council made its first annual Brazil-U.S. Friendship Award as part of the traditional barbecue at the official residence of the Brazilian Ambassador to the U.S.—Brazil on the Hill, with members and congressional leaders. The award went to Republican Congressman Patrick Meehan from the 7th district of Pennsylvania. Congressman Meehan is co-chair of the Brazil Caucus in the House of Representatives.

Council Welcomes its Newest Members



Chances are you're familiar with PERDUE® chicken. What you might not know is that there's much more to their business. They're a family of family-owned companies, and they provide innovative food and agricultural products and services that make people's lives better.



Prospectiva Consulting Inc.'s competitive advantage is their customized client services, which offer analysis and public policy suggestions in various sectors, in addition to topics of regional integration and international regulations.



The Advanced Medical Technology Association advocates on a global basis for the highest ethical standards, timely patient access to safe and effective products, and economic policies that reward value creation. It is a trade association that leads the effort to advance medical technology in order to achieve healthier lives and healthier economies around the world.

2017-2018

Program of Work

Combining original research, policy analysis, and engagement with policymakers and corporate leaders, the program of work examines and advocates policy issues and priorities in many industry sectors.

