

2020 US-BRAZIL CONNECT SUMMIT

The United States and Brazil: Building a Strategic Alliance for the 21st Century

Despite the COVID-19-related challenges that have befallen both countries, the United States and Brazil have achieved tangible progress in 2020 towards strengthening the bilateral economic relationship. Recent actions taken by both governments to strengthen trade and investment are welcomed by businesses in both countries that have long sought a robust bilateral economic relationship more reflective of the potential of the two largest economies in the Western Hemisphere.

Enhancing the U.S-Brazil Trade Relationship

The business community applauds the important progress achieved by both governments with the conclusion of a trade protocol that addresses trade facilitation, good regulatory practices, and anti-corruption measures inspired by the U.S. Mexico Canada Agreement (USMCA)¹. We urge both governments to continue building on this momentum and to immediately commit to broader commercial advances that put Brazil and the United States on a path towards a comprehensive trade agreement. Key areas for the two governments to address next include:

Express Delivery: To commit to domestic legislation based on international best practices that exceed commitments under the WTO Trade Facilitation Agreement. We urge the government of Brazil to allow companies to participate in the express shipment market fairly by extending and increasing *de minimis* treatment to private couriers and to all shipments regardless of their origin, raising simplified clearance value thresholds, and lowering the tax on such shipments.

Digital Trade: To foster growth in the digital economy by guaranteeing the ability to move data across borders and prohibiting forced data localization and nondiscriminatory treatment of digital products. A comprehensive digital trade chapter will provide outsized economic returns to both countries. To this end, the BUSBC submitted recommendations to both governments for a digital trade chapter that should serve as a framework for the negotiations.

Investment: To ensure investments across all sectors are protected against discriminatory treatment, direct and indirect expropriation, and performance requirements, while providing a minimum standard of treatment, including fair and equitable treatment, and free transfers of capital. These obligations need to provide investors with recourse to neutral arbitrators and an unbiased mechanism to settle disputes.

Technical Barriers to Trade: To promote regulatory compatibility and good regulatory practices for ICT products, pharmaceuticals, medical devices, cosmetics, chemicals, and other products, while improving rules prohibiting discriminatory technical barriers to trade and promoting private sector participation in rule making.

¹ The Brazil Council submitted recommendations to both governments on the three annexes of the protocol ([trade facilitation](#), [GRP](#) and anti-corruption).



2020 US-BRAZIL CONNECT SUMMIT

Sanitary and Phytosanitary Standards (SPS): To introduce disciplines for science-based SPS measures while ensuring parties maintain their sovereign right to protect human, animal, and plant life or health, and secure time-bound processes for control, inspection, and approval procedures.

Intellectual Property: To guarantee non-discriminatory protection of IP, promote efficiency and transparency in the administration of IP systems with assurances that IP rights are fully enforceable under domestic law, and expand and make permanent existing bilateral agreements on IP.

Market Access: To promote access for goods and services, including provisions on sector-specific annexes, rules of origin, financial services, dispute resolution, unfair trade practices, competition policy, subsidies, state-owned enterprises, government procurement, et al.

Improving Brazil's Business Environment through Modernization and Structural Reforms

The business community urges Brazil to continue pursuing market-friendly policies and measures to promote the openness of its economy, which will position the country for new opportunities in a post-pandemic world. The business community commends Brazil's commitment to its domestic reform agenda and calls on the Brazilian executive and legislative branches to enact long-overdue structural reforms with the aim of modernizing the business environment, reducing the cost of doing business, and building investors' confidence. Priority reforms include the simplification of the tax system, lifting restrictions on foreign land acquisition, improving the public bidding process, clinical trials, environmental licenses, and the harmonization penalties for IP violations—all of which will serve to attract new foreign investment. Furthermore, Brazil's pursuit of accession to the Organization for Economic Cooperation and Development (OECD) should continue to provide the framework for the reform agenda.

Conclusion

Amid an extraordinary year, the U.S. and Brazilian governments made concrete progress in strengthening the economic relationship. The business community is encouraged by the milestone achieved in the October 2020 trade protocol and urges both governments to continue the momentum that would sustain the relationship for years to come. The U.S.-Brazil relationship is a strategic alliance that will afford both countries global and regional geopolitical benefits. Building on this foundation with new commitments in the areas identified above will enhance the economic relationship and deliver real benefits for the citizens of both countries.

