



BRAZIL'S TRADE POLICY UNDER THE NEW GOVERNMENT: 2019

may.19



ECONOMIC SCENARIO



BRAZIL IS STILL RECOVERING FROM A SEVERE ECONOMIC
CRISES, INITIATED IN 2015

GDP growth:

YEAR	GDP GROWTH
2014	0,50%
2015	-3,77%
2016	-3,59%
2017	1,98%
2018	1,10%
2019 (estimate)	2%

INTERNATIONAL TRADE SCENARIO



EXPORTS IN 2018:
= US\$239 billion (growth of 10%)

IMPORTS IN 2018:
= US\$181 billion (growth of 20%)

BUT THERE IS A LONG WAY AHEAD:

- Exports are lower than the levels of 2011 to 2013
- Imports is equivalent to the levels of 2010

Brazil is the 26th larger exporter and 29th larger importer, but has the 8th largest GDP

Brazil has a simple average tariff of 13,4% and a weighted average tariff of 10,3%



NEW GOVERNMENT

GENERAL ELECTIONS

OCTOBER/NOVEMBER 2019

Great polarization
in Brazil

JAIR BOLSONARO
elected as the new president

PAULO GUEDES
Minister of Economy
strong liberal agenda





NEW GOVERNMENT

MINISTRY OF ECONOMY

- Created in 2019
- Unified the Ministry of Finance, Ministry of Industry and Ministry of Planning and part of the Ministry of Employment

Especial Secretary of

INTERNATIONAL TRADE AND FOREIGN AFFAIRS

Concentrates all international matters of the previous ministries

- Foreign Trade policy
- International trade negotiations
- Mercosur matters
- Tariffs
- Trade Defense

OBJECTIVE FOR THE 100 FIRST DAYS



Intensify the process of

INTERNATIONAL ECONOMIC

insertion of Brazil

To promote Brazil's trade insertion, based on trade facilitation measures, regulatory convergence, negotiation of trade agreements and reform of the tariff structure.

To reduce the costs of acquisition of inputs, capital goods and information technology goods.

REFORM OF THE COMMON EXTERNAL TARIFF



BACKGROUND

Brazil is considered a closed economy, with high tariffs

OBJECTIVE

Progressively reduce the Common External Tariff

FOCUS

- Distortions on intermediary goods and capital goods.
Reduction of tariffs on capital and information technology goods
- Reform based on econometric studies
- Horizontal reduction

DISCUSSION WITH THE MERCOSUR

But, if there is no progress in the Mercosur, Brazil can abandon the Common External Tariff

INTERNATIONAL NEGOTIATIONS



Negotiations of

TRADE AGREEMENTS

- European Union - negotiations began on 1999, were interrupted on 2014 and resumed on 2010
- EFTA (Switzerland, Norway, Iceland and Liechtenstein)
- Canada
- Mexico (extension of the current agreement)
- Singapore
- Korea
- India (extension of the current agreement)

All negotiations were initiated on the previous governments, but are in line with the new government

OTHER PROPOSALS

- Accession to the WTO Government
- Procurement Agreement
- Accession to the OECD
- Promotion of regulatory convergence
- Reduction of taxes applied to trade in services



VISIT OF BOLSONARO TO THE US



- Alignment between Bolsonaro and Trump
- US promised to support Brazil's accession to the OECD
- In return, Brazil would give up WTO's special and differential treatment in future negotiations
- Brazil agreed to grant the US a tariff quota to wheat, with zero tariff
- Brazil and US would increase Works to reduce barriers to bilateral trade and investments
- US committed to negotiate aspects of the sanitary barriers imposed to the Brazilian exports of meat
- Brazil and the US discussed the importance of negotiated na agreement on mutual recognition of the AEO programs.
 - The issues was already under negotiations

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A D V O G A D O S



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THANK YOU!