General Tariffs and Rates

The Mercosur members agreed on a Common External Tariff (*Tarifa Externa Comum*) (TEC). However, there are exceptions to the TEC so that Mercosur members can adjust the rate of duties unilaterally in certain circumstances. For example, Brazil can unilaterally change import duty rates for up to 100 tariff codes.

The TEC and the list of exceptions to the TEC are available at: *https://www.gov.br/produtividade-e-comercio-exterior/pt-br/assuntos/camex/estrategia-comercial/listas-vigentes*

Goods imported into Brazil are subject to the following taxes:

- **Import duty.** Levied at different rates depending on the tariff code.
- **Tax on manufactured products (*Imposto sobre Produtos Industrializados*) (IPI).** The rates vary according to the tariff code.
- **State value added tax (*Imposto sobre operações relativas à circulação de mercadorias e serviços de transporte interestadual de intermunicipal e de comunicações*) (ICMS).** The rates vary according to the Brazilian state involved in the operation, the types of goods and the type of operation performed.
- **Social contributions (PIS and COFINS) on imports.** These are levied at different rates depending on the tariff code.
- **Freight surcharge for renovation of merchant marine (*Adicional de Frete para Renovação da Marinha Mercante*) (AFRMM).** This is levied at a 25% rate on international sea freights.

Preferential Tariffs

Brazil has been a member of the WTO since 1995.

Brazil has also been a member of the Latin American Integration Association (ALADI) since 1980. ALADI members apply minimum tariff preferences when trading among themselves. Brazil has negotiated higher preferences with several members through economic mutual assistance agreements known as agreements for economic complementation (ACEs). For Information about ALADI, see *ALADI*.

Brazil has been part of the Mercosur since 1991 (a customs union initially among Argentina, Brazil, Paraguay and Uruguay). In August 2012, Venezuela became a member (although it has been suspended from the bloc since August 2017) and Bolivia joined in July 2015. The trade bloc associate members are Chile (since 1996), Peru (since 2003), Colombia (since 2004), Ecuador (since 2004), Guiana and Suriname (since 2013). The aim is to establish a free trade zone throughout Mercosur and with all associate members. More information is available at: *MERCOSUR*.

Mercosur signed a preferential trade agreement with India in 2004 that is currently being expanded. A preferential trade agreement was also signed with the South African Customs Union (SACU) in 2009.

Brazil signed an FTA with Israel that has been in force since 2007. It has also signed FTAs with Egypt (2010) (implemented in Brazil in December 2017) and Palestine (2011) (currently being ratified by all Mercosur members). These agreements focus on tariff reductions.

In April 2016, Brazil signed an Economic and Trade Expansion Agreement with Peru. This Agreement contains provisions on services, investments and government procurement.

In November 2018, Brazil and Chile signed an FTA expanding, updating and modernising their ACE No. 35 of 1996.

In 2019, Brazil concluded negotiations with the EU and EFTA. Both agreements are now under legal review to be submitted for parliamentary ratification. These agreements are more comprehensive than the agreements signed in the past as they cover tariff reductions and regulatory provisions on goods and services.

On 18 May 2020, Brazil started the accession process to the WTO Agreement on Government Procurement (GPA). Brazil submitted a checklist of issues relating to its government procurement legislation in October 2020, and its initial market offer in February 2021.

Non-Tariff Barriers to Imports

Brazilian imports are not generally subject to any licensing requirements. However, some tariff codes are subject to either:

- **Automatic licensing.** The licence is automatically granted on request.
- **Non-automatic licensing.** The licence depends on the analysis and approval of a government agency.

The main import licensing requirements are regulated by the Foreign Trade Secretariat (*Secretaria de Comércio Exterior*) (SECEX) Ordinance 23/2001, available at: *Ministério da Economia: Produtividade e comercio exterior*.

As a general rule, the country of origin of the product must be indicated on the product or on its packaging.

Tariff quotas are created when Brazil unilaterally reduces the Mercosur tariff rate due to lack of supply of a certain product. In these cases, the tariff rate is only reduced to the amount of products estimated to be necessary to meet demand in the Brazilian market.

Brazil imposes local content requirements in exchange for tax benefits granted to the informatics and telecommunications industry and to companies located in the Manaus Free Trade Zone.

The Brazilian customs authorities can seize imports of counterfeit goods, and importers can be subject to criminal charges (*Articles 605 to 608, Decree No. 6,759/2009*).

Trade Remedies

Regulatory Framework

Trade remedies regulations include decrees on:

- Anti-dumping measures (Decree No. 8058/2013).
- Countervailing measures (Decree No. 1751/1995).
- Safeguard measures (Decree No. 1488/1995).

These follow the rules of the General Agreement on Tariffs and Trade 1994 (GATT) and the relevant WTO agreements. Anti-dumping rules were substantially amended in 2013. Changes to the countervailing and safeguard measures decrees are expected, as they were subject to public consultations in 2014 and 2017, respectively.

Regulatory Authority

The agency responsible for conducting trade defence investigations is the Subsecretariat of Trade Defence and Public Interest (SDCOM), which is part of the SECEX. Both are subordinate to the Ministry of Economy. The SDCOM is the authority responsible for analysing dumping and injury.

The Executive Management Committee, which is part of the Foreign Trade Chamber (CAMEX), is responsible for setting provisional or definitive anti-dumping measures, countervailing duties and safeguards, as well as for approving price undertakings. The committee is composed of the:

- Minister of Economy.
- Representatives of the Presidency, the Ministry of Foreign Affairs, the Ministry of Agriculture, Livestock and Supply.
- Deputy Minister of Foreign Trade and International Affairs.
- Deputy Minister of Productivity, Employment and Competitiveness.
- Deputy Minister of the Federal Revenue Office.
- Deputy Minister of the Treasury Office.
- Executive Officer of CAMEX.