**Joint Statement of the 14th Edition of the Brazil-U.S. Commercial Dialogue**

**June 29, 2016**

***Washington, D.C.***

Kenneth Hyatt, Acting Under Secretary for International Trade, U.S. Department of Commerce (Commerce), Daniel Godinho, Secretary of Foreign Trade, and Marcelo Maia, Secretary of Commerce and Services, Brazilian Ministry of Industry, Foreign Trade and Services (MDIC), are pleased to celebrate the 10th anniversary of the U.S.-Brazil Commercial Dialogue (Dialogue) with the release of the following joint statement, which highlights accomplishments of the Dialogue over the past ten years, notes the results of the June 28-29, 2016, meeting of Dialogue in Washington, D.C. and emphasizes both Ministries continuing commitment to work through the Dialogue to foster partnerships that grow bilateral trade and investment for the next decade.

**Celebrating Ten Years of Partnership and Planning for a Productive Future**

The U.S.-Brazil Commercial Dialogue was established with the June 6, 2006, signing of a Letter of Intent between then Commerce Secretary Carlos Gutierrez and then Minister of Development, Industry & Foreign Trade Luiz Fernando Furlan, completing a commitment made by President George W. Bush on the occasion of his 2005 visit to Brazil. Under this letter of intent, an Informal Consultative Mechanism was created to:

* Focus on activities designed to stimulate bilateral trade and investment, within an overall framework focused on developing strategies to improve the competitiveness of each country; and
* Address topics such as business facilitation, trade and investment promotion, and other commercial issues of mutual benefit.

Over the past ten years, the Dialogue has matured into a strong bilateral cooperative mechanism which features in depth technical discussions on a broad range of issues under the coordination of five working groups. We are pleased to highlight some of the accomplishments achieved over the past ten years and look forward to building upon this work to foster an ever more substantive and diverse trading relationship.

*Trade Facilitation*

The rapid, predictable and secure movement of goods has been a priority topic under the Dialogue since its launch in 2006. Over the past ten years, the two countries have fostered cooperation in this area with the goal of addressing delays at the border. Highlights include: inter-agency site visits to U.S. express delivery hubs to see how U.S. express delivery providers work with U.S. Customs and Border Protection to ensure security issues are addressed in a timely manner; delegations to the U.S. National Targeting Center in Reston, VA and the Port of Baltimore to see first-hand supply chains moving goods efficiently; several workshops on mechanisms to incorporate private sector expertise into the policy making process including the 2009 Trade Development Agency Global Customs Initiative in Fortaleza, Brazil and the 2011 workshop in Montevideo, Uruguay; and the 2009 customs workshop in Manaus featuring site visits to Harley-Davidson, Coca-Cola and Whirlpool. More recently, in March 2015, MDIC and Commerce signed a Memorandum of Intent (MOI) on Trade Facilitation, which establishes opportunities for future trade facilitation joint initiatives, and recognizes the private sector interest in implementation of the WTO Trade Facilitation Agreement (TFA). The MOI also underscores the roles that the public and private sectors play, by engaging in information exchanges to support actions that modernize border management processes, increase efficient trade transactions and promote predictability, transparency and competitiveness for governments and businesses. As envisioned under the MOI, Commerce and MDIC consulted with the private sector in both countries to identify delays related to moving goods across borders that can be addressed by developing trade facilitation policies and implementing the WTO TFA commitments.

Advancement on trade facilitation includes Brazil’s ratification of the WTO TFA in March 2016. Both countries support implementation and rapid entry into force which will lead to elimination of red tape and bureaucratic delays for goods shipped around the globe and to real cost savings for all exporters. MDIC and Commerce will continue to foster public-to-private sector discussions that support both countries’ implementation of this groundbreaking agreement. Looking to the future, Commerce and MDIC have also agreed to work through the Commercial Dialogue to encourage timely ratification and implementation of the WTO TFA in other countries.

Commerce also notes with pleasure Brazilian Customs’ May 10th publication of its ATA Carnet regulations which outline the process for the temporary entry of goods mechanism which will allow duty free temporary entry of goods into Brazil. Brazil’s soon approaching implementation of the ATA Carnet process will help facilitate trade shows, sporting events and other commercial activities that require temporary entry of goods.

*Electronic Signatures & Electronic Certification*

In the spirit of the Trade Facilitation MOI, Commerce and MDIC continue their efforts to seek and share information technology solutions to reduce transactional costs.  MDIC and Commerce consulted with the private sector to learn how the use of electronic signatures could expedite trade.  MDIC and Commerce will continue seeking case studies in the respective governments to demonstrate the technical process of electronic signatures.

The U.S. Department of Agriculture’s Animal and Plant Health Inspection Service (APHIS) and the Brazilian Ministry of Agriculture (MAPA) are exploring how electronic certification (e-certification) can reduce administrative burdens and promote a paperless certification system for agricultural products.  In 2015, the U.S. and Brazil traded over $5 billion in agricultural and related products, many of which required certificates.

The potential benefits of implementing information technology solutions in bilateral trade such as electronic signature and electronic certificates include paperless transactions, reduced mailing costs, instant transmission, and electronic storage of trade related documents.  In addition, implementation of information technology solutions may support future trade with regard to electronic documents and electronic payments.

MDIC and Commerce agree to continue the work under the 2015 Trade Facilitation MOI to identify further opportunities alongside the private sector, and to propose initiatives to facilitate bilateral trade and reduce costs for businesses.

MDIC and Commerce also note the continued progress of launching and implementing the Authorized Economic Operator and Customs Trade Partnership Against Terrorism (C-TPAT) programs in each country as a priority for the private sector to support trade and bilateral risk management efficiency.

SME Support - Supporting Small and Medium-Sized Enterprises (SMEs) can foster economic growth, improve competitiveness and increase bilateral trade. Because express delivery providers offer SMEs the opportunity to utilize their networks to access new markets around the world, Commerce and MDIC are working with U.S. and Brazilian express delivery associations to develop capacity building workshops that will enable more SMEs in both countries to better navigate the import and export processes. As a first step, Commerce and MDIC met with express delivery providers on June 28th to learn more about express delivery services and how they can benefit SMEs.

*Innovation and Intellectual Property*

Innovation is at the root of economic development and serves as a cornerstone to the Commercial Dialogue agenda in all the working groups. In 2010, then Commerce Secretary Gary Locke and then Minister of Development, Industry & Foreign Trade Miguel Jorge reaffirmed their commitment to promote innovation and growth with the completion of an Innovation Annex to the 2006 Letter of Intent that created the Commercial Dialogue. In the Innovation Annex, the two Ministers resolved to enhance cooperation in innovation themes where joint expertise, research capacity and combined market size can accelerate progress toward mutual goals in areas such as green technology, smart grid, sustainable supply chain, energy efficiency and IT and communications. Recognizing the common interest of Brazil and the United States to cooperate and to deepen the existing cooperation between the two countries on innovation, in 2015, the mandate of the Intellectual Property Working Group was broadened to include the important topic of innovation and the working group was renamed Innovation and Intellectual Property. The importance of this new configuration is due to the will of both sides to strengthen the bilateral commercial relationship through collaboration on entrepreneurship and intellectual property.

Innovation has been a part of Commercial Dialogue initiatives since the Dialogue began. In 2010 MDIC hosted a Sustainable Supply Chain workshop which explored how to make businesses more efficient for both economic and environmental reasons. The workshop featured technical discussions of sustainable business practices and a series of site visits to Natura, Wal-Mart and Pão de Açúcar in São Paulo to see how these businesses are incorporating sustainable practices into their business models. In 2011 Commerce and MDIC discussed how remanufacturing can be a part of a sustainable supply chain. Commerce hosted a delegation of Brazilian government officials for a site visit to the Caterpillar remanufacturing plant in Corinth, Mississippi and roundtable discussion in Memphis, Tennessee on the benefits of remanufacturing processes.

Acknowledging that protecting intellectual property is key to fostering an innovation culture, Brazil’s Industrial Property Institute (INPI) and the U.S. Patent and Trademark Office (USPTO) have developed a strong cooperative relationship through the IPR Working Group of the Dialogue. Through this partnership, the two organizations have engaged in joint outreach events in both the United States and Brazil to educate businesses on how to protect their innovations in both countries. USPTO and INPI have also collaborated on efforts to reduce patent application backlogs in both countries by discussing innovative practices such as telework and capacity building programs. Most recently, in January 2016, the United States and Brazil launched a Patent Prosecution Highway (PPH) pilot program that will facilitate more rapid review of patent applications. INPI and USPTO will evaluate the results of this pilot PPH and decide the next steps of this collaboration.

NIST-INMETRO – Leads for Standard Working Group

Brazil’s National Institute of Metrology, Quality and Technology (INMETRO) and the U.S. National Institute of Standards and Technology (NIST), are the U.S. and Brazil respective agencies for measurement science and standards to support their industry, science and technology enterprise, national and international commerce. On December 1st, 2015 NIST and INMETRO signed a five-year Cooperation Agreement for technical cooperation in chemical, physical, and engineering measurement sciences, alternative energy sources, measurement standards and standards related activities. Furthermore, NIST Office of Reference Materials of the Materials Measurement Laboratory at NIST signed in June 2014 a five-year Collaboration agreement with the Centro de Tecnologia Mineral (CETEM) of the Ministry of Science and Innovation of Brazil to co-develop Certified Reference Materials.

During the last ten years, NIST and INMETRO have established strategic collaborations in several areas of measurement science, technology, and standards development/dissemination. Innovation is also featured in the important work done by INMETRO and NIST. These two science focused organizations have utilized the trade theme of the Commercial Dialogue to leverage science and metrology to foster trade. Over the past ten years the NIST-INMETRO partnership has been a prominent part of the Commercial Dialogue. Key accomplishments include: development of certified reference materials for biodiesel and bioethanol which facilitate biofuels trade, scientist interchange, discussions on Chemical Metrology, further on Temperature and Metrology; Information Technology (IT), focusing on Cyber Security, Standards Security and Smart Devices; and Bioscience and Health Metrology.

NIST and INMETRO efforts with respect to Inquiry Points have created web based sector specific reports with the standards and regulatory requirements for specific industry sectors including furniture, medical devices, petroleum products, toys, agricultural machinery, footwear, auto parts, and apparel and household textiles. The Brazil and U.S. Guides are extremely popular and are the most heavily downloaded publications on the NIST Global Standards Information website.

These guides may be found at <http://gsi.nist.gov/global/index.cfm/L1-7/L2-35/A-630/> and <http://www.inmetro.gov.br/barreirastecnicas/estudo-setorial.asp>, and help manufacturers in these industries successfully navigate the landscape of state and national product regulations and voluntary industry standards. NIST and INMETRO are currently developing a joint guide focused on the cosmetic sector to be completed later in 2016.

NIST and INMETRO have further increased access to standards information for countries throughout the hemisphere by organizing in 2012 the First Meeting of the WTO TBT Inquiry Points of Americas and developing the 2011 Economic Impact of U.S. and Brazil Inquiry Point Information Services Under the WTO Agreement on Technical Barriers to Trade. The WTO TBT Inquiry Point allows the private and public sectors to review and comment on proposed foreign technical regulations.

NIST hosted Secretary Godinho and a MDIC delegation to NIST’s Net-Zero Energy Residential Test Facility and the Center for Nanoscale Science and Technology.

Information to companies related to sectorial industry activities also play an important part to enhance knowledge and trade. In order to establish a network of information NIST and INMETRO, USA and Brazil WTO TBT enquiry points, shared a work with all the other countries of America´s continent related to good practices of enquiry points governance. One key result of the meeting was the Guide with Good Governance Practices of Enquiry Points and the start of the America´s network for providing technical information related to regulatory issues to SMEs.

The two ministries note the recent launch of a standards portal led by the Brazilian Technical Standards Association (ABNT), the American National Standards Institute (ANSI) and INMETRO. This web based portal will serve as a one stop shop for standards information in both countries. This portal complements the sectoral work being done by NIST and INMETRO.

*Regulatory Cooperation*

Commerce and MDIC recognize the relationship between regulations and international trade and investment and are committed to sharing information and encouraging relationships that improve the regulatory environment in the two countries. The 2009 Medical Device Information Exchange Forum brought together health regulators in the United States and Brazil for the first time and included a discussion with private sector from both countries. As a result of this initial engagement, the U.S. Food and Drug Administration (FDA) and the Brazilian Health Surveillance Agency (ANVISA) have developed a strong partnership that includes multilateral work on a single audit program for medical device manufacturers and a 2010 Confidentiality Commitment intended to strengthen communication between the two agencies and information exchanges related to the U.S. Food Safety Modernization Act (FSMA).

Standards and Conformity Assessment Alignment

Product standards and conformity assessment activities are fundamental to manufacturing and can be tools of innovation. However, standards can also be used to create unnecessary barriers to trade. When the standards our companies use are not recognized or accepted in global markets, they can be shut out of these markets or put at a substantial disadvantage due to the increased time and costs of having to prove compliance to the regulatory requirements or need to modify their products to meet the standard that is accepted. In June 2015, acknowledging the mutual interest in enhancing cooperation on standards and conformity assessment related measures, Commerce Secretary Penny Pritzker and then-Minister of Development, Industry and Foreign Trade Armando Monteiro signed a Memorandum of Intent on standards and conformity assessment.

Through the MOI, the parties agreed to foster discussions that support mutual understanding and implementation of the Decision of the Committee on Principles for the Development of International Standards, Guides and Recommendations with relation to Articles 2 and 5 and Annex 3 of the TBT Agreement (Committee Decision), issued by the World Trade Organization (WTO) Committee on Technical Barriers to Trade (TBT).

To that end, in November 2015, Commerce and MDIC led a workshop, in which government representatives, standard developing organizations and private sector entities presented their respective understanding of the Committee Decision and how it is implemented through their domestic processes.

In a preliminary report to the ministers, Commerce and MDIC presented their respective initial understandings, based on discussions at the November 2015 workshop, of the Committee Decision. In the report, Commerce and MDIC also proposed specific next steps to foster discussions that support mutual understanding and implementation of the Committee Decision. These next steps include: addressing remaining questions on the process of developing international standards; identifying potential sectors to develop sector-specific pilot projects for an increased alignment of standards; the proposal of a Brazilian delegation of industry representatives, policymakers, standards developers and regulators to the United States to meet with their U.S. counterparts and other relevant U.S. stakeholders; and endeavoring to conduct a specific discussion under the Commercial Dialogue on the possibilities of action for regulatory convergence focusing on enhancing mutual market access and on the motives, interests, concerns, challenges and barriers to mutual understanding and implementation of the Committee Decision.

Also under this MOI, Commerce and MDIC are facilitating discussions between U.S. and Brazilian standards developing organizations and industry associations to better align U.S. and Brazilian standards and conformity assessment activities. Commerce and MDIC have facilitated agreements between the U.S. and Brazilian private sectors in the ceramic tile and health information technology sectors and are exploring areas for cooperation in other sectors.

Other sectors discussed during the Trade Partnership Working Group meeting included light commercial refrigeration; green building; smart cities, Internet of things; bio-based production; additive manufacturing; and nanotechnology.

In the textile sector, the Brazilian Association of the Textile and Apparel Industry (ABIT) and its U.S. counterpart, the American Apparel and Footwear Association (AAFA) have agreed to initiate a comparative analysis of their respective requirements in specific areas, which will allow for an objective assessment about the feasibility and interest from both sides in greater alignment of standards and conformity assessment or in mutual recognition mechanisms.

In May 2016, the President and CEO of  the Air-Conditioning, Heating, and Refrigeration Institute (AHRI) signed an agreement with the President of International Affairs of the Brazilian Association of Refrigeration, Air Conditioning, Ventilation and Heating (ABRAVA), with the aim of harmonizing Brazilian and U.S. standards in the heating, ventilation, air conditioning and refrigeration (HVACR) industry.  The agreement covers the translation by ABRAVA of ten (10) AHRI standards, using the format of the Brazilian National Standards Organization (ABNT).

Building upon their November 2015 Memorandum of Understanding (MOU), INMETRO and U.S.-based testing, inspection and certification company UL LLC (UL) signed a work plan to implement information exchanges on best practices in conformity assessment as well as scientific and technical exchanges.

Commerce recognizes MDIC’s efforts with UL and other U.S.-based testing, inspection and certification companies Intertek USA and TÜV Rheinland North America Group to expand conformity assessment activities in Brazil and MDIC’s efforts with the Brazilian Service of Support for Small Companies (SEBRAE) to facilitate product certification for Brazilian SMEs. Commerce and MDIC highlight the resulting potential for increasing Brazilian goods exports to the United States and U.S. exports of conformity assessment services to Brazil.

Commerce and MDIC commit to expanding the discussion on conformity assessment under the Commercial Dialogue to facilitate Brazilian and U.S. SME exports, with the goal of increasing Brazilian and U.S. SME competitiveness through the elimination of redundant conformance requirements and the reduction of costs and time to market for their products. Commerce and MDIC will engage relevant regulatory agencies in their governments, as possible, to better understand regulations governing conformity assessment activities in both countries and move towards the goal that testing and certification performed by one country’s qualified conformity assessment bodies may be accepted as confirmation that its products, services or systems meet the other country’s requirements.

Regulatory Coherence

Commerce and MDIC recognize that regulating to protect public health, safety and the environment is a critical function of government.  To prevent unnecessary regulatory barriers to commerce, we are working together to learn more about our respective regulatory processes and encourage the application of internationally-recognized best practices.  In November 2015, Deputy Under Secretary Ken Hyatt signed a Memorandum of Intent (MOI) on Regulatory Coherence with Anamelia Seyffarth, then Executive Secretary of CAMEX.  This first-of-its-kind MOI establishes an outline for continued exchanges of best practices for institutionalizing good regulatory practices, including transparent public consultation in the development of regulations.

In August 2014, Commerce, MDIC and Brazil’s Chamber of Foreign Trade (CAMEX) in partnership with the White House’s Office of Information and Regulatory Affairs and Casa Civil’s Program for the Strengthening of the Institutional Capacity for Regulatory Management (PRO-REG), organized and led two regulatory coherence business roundtables, hosted by Amcham-Brasil in São Paulo and by Brazil’s National Confederation of Industry (CNI) in Brasília.  In June 2015, Commerce, MDIC and CAMEX supported and participated in the Brazil-U.S. Regulatory Cooperation Seminar in Brasília.

In April 2016, Commerce proposed to host a Brazilian Government delegation to the United States to Washington, D.C. to facilitate discussion and exchange of best practices among various regulatory experts from the U.S. and Brazilian regulatory systems.  During the plenary meeting, Commerce again offered to host a Brazilian regulatory delegation to Washington, D.C., in cooperation with U.S. Government stakeholders and the private sector, and MDIC agreed to share this opportunity with Brazilian regulatory agencies and explore participation in such a visit in the second half of 2016.

*Services*

Trade in services is a growing part of the world economy and represents $36.6 billion in bilateral U.S.-Brazil trade in 2014. Under the services working group, Commerce and MDIC have worked to increase the bilateral trade in services. One key feature of the working group is supporting strong Brazilian participation in the National Retail Federation annual trade show in New York City. For the past two years, Commerce and MDIC have worked together to support a speaking role for MDIC at the conference, supported large retail and franchising delegations from Brazil to the show, and facilitated bilateral meetings between Commerce and MDIC and Brazilian and U.S. businesses. During 14th plenary of the Commercial Dialogue, the working group met and concluded that there were robust topics with the potential to make significant deliverables in the coming months.

Cold Chain

After a joint initiative, and using the methodology shared by Commerce, MDIC delivered the document mapping the Cold Chain sector in Brazil. MDIC also updated Commerce on substantial consultations it has undertaken with interagency colleagues in Brazil. Commerce will send information about cold chain concerns from private sector companies that would form the basis for future work in this field. Commerce applauds MDIC’s cold chain mapping exercise and looks forward to developing action items resulting from this work stream.

Retail and E-Commerce

In both the United States and Brazil, retailers are engines of economic growth. Consumers in both countries are demanding low prices, convenient delivery, and increased options in terms of payments. Technology and innovation is driving new ways to reach consumers and to deliver goods and services. Retailers need to keep up with customer demands in terms of store formats, advertising, marketing, and payment options. Commerce, MDIC and some American Retailers discussed key challenges and future trends in retail, e-commerce and express delivery and the close intersection of these important industries. The group specifically reviewed U.S. efforts to promote e-commerce through mechanisms such as the EU-U.S. Privacy Shield, the APEC Privacy Framework and the FTC’s consumer protection initiatives. The group started discussions on best practices for addressing challenges found by e-commerce entrepreneurs in both countries. The group agreed on a schedule to exchange information and organize DVCs to deepen the discussion of challenges and practices.

Express Delivery

Express delivery is crucial to the growth of small businesses and overall U.S.-Brazil bilateral trade. MDIC and Commerce, together with private industry, discussed the commercial opportunities for companies by incorporating express delivery into the supply chain and the potential it provides to small and medium sized enterprises (SMEs) to participate in the global trade ecosystem. The discussion included challenges faced by companies seeking to utilize express delivery services. Since Brazilian express delivery technical experts were not able to attend this round of the Dialogue, U.S. express delivery companies will provide their top concerns to MDIC representatives.

Business Intelligence

A major area of success for the Services working group has been in services trade data. During this meeting, the group has moved forward in bilateral discussions on cooperation in business intelligence, including how the statistical information and other information available could be used by our respective private sectors in order to improve bilateral trade and investment in services. MDIC will send Commerce additional information on the proposal so that we can develop concrete deliverables for this topic.

Professional Services

MDIC and Commerce agree that the private sector has a lot to add to the discussions under the bilateral Dialogue, including the introduction of new issues for cooperation. Governments can facilitate greater interaction between the private sector of countries by serving as contact channels or even supporting joint initiatives of their national private sectors. The sectors that have expressed initial interest in increased bilateral cooperation from at least one country include audiovisual, design and architecture. This joint work can provide effective deliverables in the near future.

*Fostering a Spirit of Collaboration*

Commercial Dialogue engagement expands deeper than technical and policy discussions and Commerce and MDIC have worked to foster a spirit of collaboration and deepen mutual understanding.

In August and September 2013, trade specialists from Commerce and MDIC participated in an innovative informational exchange to promote greater mutual understanding. Through week-long exchanges to Brasília and Washington, Commerce and MDIC officials learned more about our respective structures and how we work with other government agencies and with the private sector, and stimulated discussions on opportunities for stronger Commerce-MDIC cooperation. As a result of these exchanges, working groups have developed more focused agendas with concrete, actionable deliverables. Looking forward, Commerce and MDIC will continue to encourage collaboration between industry and technical specialists.

A 2014 Brazilian delegation, led by Secretary of Foreign Trade Daniel Godinho, traveled to Chicago to meet with the Chicago based U.S. Export Assistance Center to learn how the USEAC system works with U.S. exporters to foster a spirit of exporting. The delegation also participated in the International Travel and Tourism Show (IPW) to highlight the important role trade shows play in promoting exports.

*Industry & Investment*

The Industry & Investment Working Group held several discussions, by video conference in 2016, leading up to the Dialogue. Looking forward, the group will continue to collaborate on a series of work plans to expand bilateral trade and investment. Starting in August, weekly webinars will be available on green chemicals, focusing on the regulatory, commercial, and environmental aspects of our respective industries. The webinars will be available to the public and include presentations by U.S. and Brazilian government officials as well as industry experts in academia and private sector associations. The working group is also developing U.S. and Brazilian compliance guides for our respective cosmetics industries as a means of providing them with a valuable resource on regulatory and voluntary standards required to enter each other’s markets. A draft of the compliance guides will be shared in the second half of 2016. The working group is also exploring a Standards in Trade Workshop hosted by ITA in which ANVISA, INMETRO, FDA, and NIST will participate, among other stakeholders. The workshop aims to identify and discuss emerging standards, regulatory, and conformity assessment issues that could facilitate bilateral trade in the cosmetics sector.

*Looking Ahead*

The Dialogue was established in 2006 with the goal of fostering a partnership between the U.S. Department of Commerce and the Brazilian Ministry of Development Industry & Foreign Trade to work together to increase bilateral trade and investment. The Dialogue has continued to serve as a mechanism for cooperation through political transitions, economic booms and challenges in both countries. Commerce and MDIC are proud of the work that has been accomplished over the past ten years – but note that much work remains to be done. Under the U.S.-Brazil Commercial Dialogue, Commerce and MDIC will continue to work together to grow bilateral trade and investment for the benefit of the economies in both countries.