AMCHAM

March 11th, 2025

Mr. Jamieson Greer
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Ref.: Request for Comments to Assist in Reviewing and Identifying Unfair Trade Practices and Initiating All Necessary Actions to Investigate Harm from Non-Reciprocal Trade Arrangements ("Request for Comments") – *Comments from the American Chamber of Commerce for Brazil ("AmCham Brazil")*

Executive summary

1. The US maintains a persistent surplus in trade in goods with Brazil. According to USITC database, in 2024, this surplus reached USD 7.4 billion.

2. Over the past ten years, the US has never recorded an annual trade deficit with Brazil. The value of US goods exports consistently exceeded imports, resulting in a cumulative trade surplus of USD 91.6 billion in favor of the US.

3. More than 70% of the value of US exports to Brazil receive duty-free treatment. The average tariff rate applied by Brazil to US goods (2.7%) is lower than the rate it applies to the rest of the world (5.2%).

4. The US also maintains a persistent surplus in trade in services. From 2015 to 2024, this surplus amounted to USD 165.4 billion in favor of the US. The substantial trade surplus by the US with Brazil, particularly in high-value-added goods and services, helps offset the broader US trade deficit with other countries.

5. Brazilian domestic taxes do not discriminate against imported products. All internal taxes applied to imports are equally levied on domestic goods. In some cases, however, the accumulation of certain internal taxes along the supply chain creates a *de facto* disadvantage for some Brazilian-made products compared to imports.

6. Brazil has historically been open to US investments. Brazilian subsidiaries of US-based companies remit tax-free dividends to their headquarters. Between 2014 and 2024, these remittances totaled USD 54.2 billion.

7. According to the IMF, Brazil operates under a floating exchange rate regime, similar to the US system, with no evidence of currency manipulation to gain trade advantages.

8. Concerns regarding potential unfair trade practices, market access, and trade-related issues should be addressed through bilateral negotiations, leveraging governmental mechanisms such as ATEC and the US-Brazil Commercial Dialogue, and in coordination with the private sector.

9. Imposing additional tariffs on bilateral trade would harm US companies' interests, disrupting long-standing trade and investment ties between the US and Brazil.

I. Introduction

10. The American Chamber of Commerce for Brazil ("AmCham Brazil") appreciates the opportunity to provide comments to assist the Office of the United States Trade Representative ("USTR") in reviewing and identifying unfair trade practices and investigating harm from non-reciprocal trade arrangements.

11. AmCham Brazil is the largest American Chamber of Commerce outside the United States of America ("US") and the largest multisectoral business entity in Brazil. In addition to promoting business opportunities, the entity focuses on enhancing the business environment in Brazil and fostering trade and investment between the US and Brazil. Currently more than 3,500 companies are members of AmCham Brazil, including various multinationals headquartered in the US and in Brazil. Together, member companies account for approximately one third of Brazil's GDP.

12. AmCham Brazil understands that one of the key purposes of the Request for Comments is to identify and address potential causes of the US "largest trade deficits" and trade with largest economies as described in the Presidential Memoranda of January 20, 2025 (America First Trade Policy Memorandum) and of February 13, 2025 (Reciprocal Trade and Tariffs Memorandum).

13. The supplementary information to the Request for Comments further specifies that:

> "USTR is particularly interested in submissions related to the largest trading economies, such as G20 countries, as well as those economies that have the largest trade deficits in goods with the United States, including Argentina, Australia, Brazil, Canada, China, the European Union, India, Indonesia, Japan, Korea, Malaysia, Mexico, Russia, Saudi Arabia, South Africa, Switzerland, Taiwan, Thailand, Türkiye, United Kingdom, and Vietnam. These countries cover 88 percent of total goods trade with the United States."

14. According to the United States International Trade Commission (USITC) database, Brazil is one of the few countries with which the US maintains a persistent trade surplus, rather than a trade deficit. Among these economies, the US trade surplus with Brazil ranks third overall and is the largest among developing countries.

Figure 1 - U.S. trade balance with listed countries (2024)

Country	USD billion
Australia	17.9
United Kingdom	11.9
Brazil	7.4
Argentina	2.1
Saudi Arabia	0.4
Turkey	-1.5
Russia	-2.5
South Africa	-8.8
Indonesia	-17.9
Malaysia	-24.8
Switzerland	-38.5
Thailand	-45.6

India	-45.7
Canada	-64.2
South Korea	-66.0
Japan	-68.5
Taiwan	-73.9
Vietnam	-123.5
Mexico	-171.8
China	-295.4

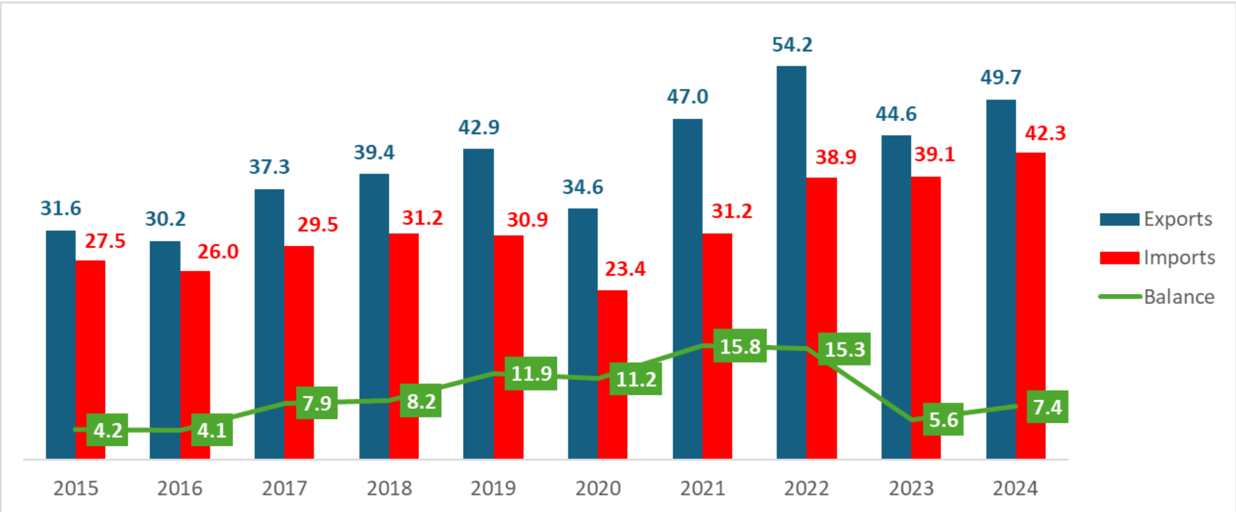
Source: USITC.

15. The following sections present detailed data about trade between the US and Brazil, with the purpose of contributing with the analysis to be made by the US government.

II. The US trade surplus in goods with Brazil

16. The value of US exports to Brazil has consistently exceeded US imports from Brazil. USITC trade data confirms that the US maintains a persistent trade surplus with Brazil. Over the past ten years, the US has recorded a bilateral trade surplus every year, accumulating USD 91.6 billion during this period, as shown in Figure 1 below.

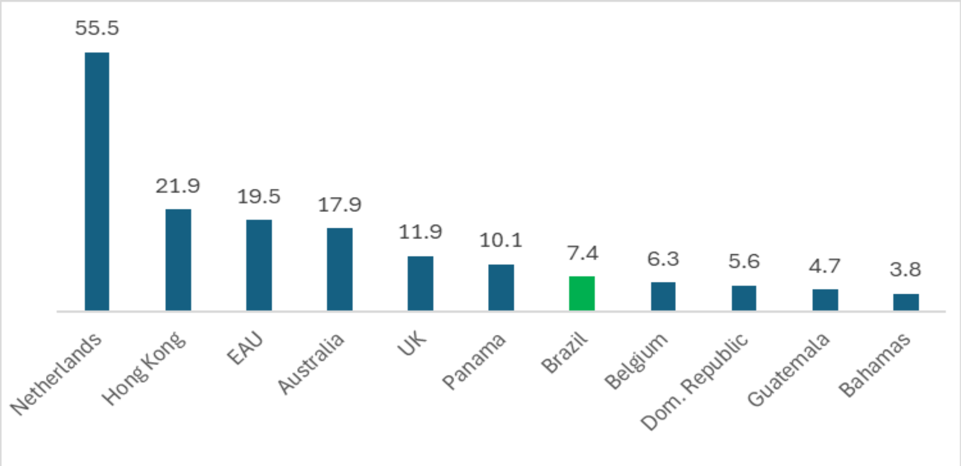
Figure 2 – US-Brazil trade balance (USD billion) | US exports in blue and US imports in red



Source: USITC.

17. Brazil is one of the few G20 countries with which the US maintains a trade surplus. As shown in the figure above, the US trade surplus with Brazil reached USD 7.4 billion in 2024, making it the seventh-largest US trade surplus globally.

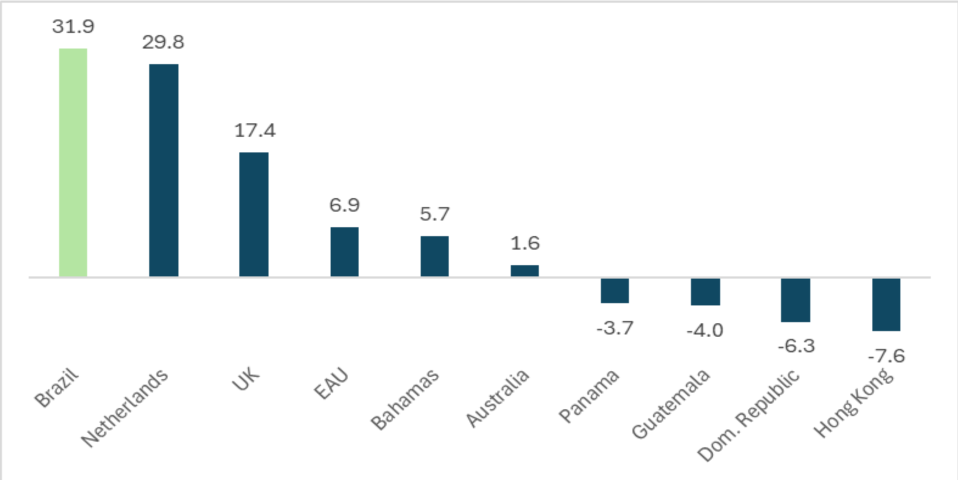
Figure 3 – Most important US trade surpluses in 2024 (USD billion)



Source: USITC.

18. Between 2023 and 2024, the US trade surplus with Brazil registered the highest growth among all major US trading partners, increasing 31.9%:

Figure 4 - U.S. Trade Surplus Growth Rate among countries US has largest surplus (2024 vs. 2023)



Source: USITC.

19. The US trade surplus with Brazil is particularly significant in high-value-added sectors, including those where the US has a global trade deficit, such as machinery and mechanical appliances, electric machines, pharmaceuticals, organic chemicals, medical devices and automotive products. Over the past five years (2020-2024), the US trade surplus with Brazil in these sectors has grown steadily.

Figure 5 - Sectors with the highest surplus in U.S.-Brazil trade in 2024 (USD million)

Sectors (HS2)	U.S.-Brazil Balance		U.S.-World Balance	
	2024	Var. 2024/20	2024	Var. 2024/20
88 - Aircraft and parts	7,959.0	159.0%	98,812.8	84.8%
84 - Machinery and Mechanical Appliances	3,139.6	70.1%	-268,684.3	58.8%
85 - Electric Machines	3,034.3	28.9%	-263,655.7	54.5%
39 - Plastics	2,768.5	65.7%	6,494.3	332.1%
30 - Pharmaceutical	2,309.2	152.0%	-117,371.9	38.6%
29 - Organic chemicals	1,846.2	40.7%	-17,574.4	-19.6%
28 - Chemicals	1,824.9	27.3%	13,717.8	3.5%
90 - Medical and surgical devices	1,590.6	38.7%	-16,677.1	212.8%
31 - Fertilizers	1,037.1	51.0%	-3,531.8	93.8%
87 - Automotive vehicles	315.4	26.2%	-241,803.0	70.2%

Source: USITC.

20. In 2024 alone, US exports to Brazil grew by 11.3%, the highest growth rate among major US export destinations, significantly outpacing the US global export growth rate of 2.3%.

Figure 6 - Growth in U.S. exports to major destinations (2024)

Global	2.3%
Brazil	**11.3%**
Netherlands	10.3%
Singapore	8.4%
UK	7.6%
Japan	5.4%
Mexico	3.5%
South Korea	0.7%
Germany	-1.4%
Canada	-1.7%
China	-2.9%

Source: USITC.

21. The data presented clearly demonstrates that US-Brazil trade is mutually beneficial. The continued growth of US exports to Brazil, particularly in high-value-added goods, reinforces the strength of this bilateral relationship. The introduction of tariffs could disrupt an already balanced trade relationship—one that remains favorable to the US—potentially harming key American industries and exporters.

III. More than 70% of the value of US exports to Brazil receive duty-free treatment. The average tariff rate applied by Brazil to US goods is lower than the rate applied to the rest of the world.

22. As a rule, Brazil's import tariffs follow the Common External Tariff ("CET") of Mercosur, which was recently reduced[1] and remains significantly lower than the bound (most-favored nation) tariff rates Brazil committed to in multilateral negotiations.

23. However, two important factors should be noted. First, a significant number of goods enter Brazil duty-free, many of which originate in the US. Second, several exceptions to the CET exist, making the actual applied tariff lower than the nominal Mercosur rate for various products.

24. For instance, specific tariff reductions can be applied through: (i) the List of Exceptions to the Common External Tariff (LETEC) – covering up to 100 tariff items for any goods; and (ii) the List of Exceptions for Information Technology and Telecommunications Goods (LEBIT), as well as the List of Exceptions for Capital Goods (LEBK) – with no limit on the number of tariff items for these categories.

25. Another major CET exception is the *ex-tarifário* regime, which reduces tariffs to zero for certain imported capital goods and technology products. Currently, 14,780 items benefit from this system[2], with many US exports to Brazil entering duty-free under this regime.

26. Additionally, Brazil implements special customs regimes, such as: (i) the Special Customs Regime for Industrial Warehouse under Computerized Control (Recof) – which suspends import tariffs for specific industries, such as agriculture, aircraft, pharmaceutical or machinery; and (ii) the Drawback regime – which exempts or suspends import duties on goods used as inputs for exports. Both Recof and Drawback benefit a substantial share of US exports to Brazil.

27. The structure of US-Brazil trade—which includes significant intrafirm trade, deep integration in the aircraft sector, and a strong presence of oil & gas and machinery exports—makes US goods particularly eligible for duty-free treatment and tariff reduction programs.

28. As a result, US exports enjoy greater duty-free or low-tariff access to the Brazilian market compared to other countries. The average weighted tariff effectively applied to US exports (2.7%) is substantially lower than Brazil's average tariff for the rest of the world (5.2%). This means that, on average, US goods receive a 2.5 percentage point preferential advantage compared to all other origins when accessing the Brazilian market.

Figure 7 – Average weighted tariffs applied by Brazil (2024)

World	5.2%
United States	2.7%

Source: SECEX and RFB.

Methodology: calculations based on 2024 data, considering total customs duties collected and total import values per tariff line (8 digits NCM, Brazil)

1 See Mercosur CMC Decision No. 08/22, internalized in Brazil through GECEX Resolution No. 391/2022, available at: https://www.in.gov.br/en/web/dou/-/resolucao-gecex-n-391-de-23-de-agosto-de-2022-425062262.

2. See https://www.gov.br/mdic/pt-br/assuntos/competitividade-industrial/ex-tarifario/estatisticas/ex-tarifarios-vigentes.

29. According to 2024 data from the Brazilian Federal Revenue Service ("RFB"), Brazil imported a total of 9,483 products (at the 8-digit Brazil's tariff line level) from the US. Of these: (i) 31% of the imported value (1,588 tariff lines) enjoys effective duty-free access; and (ii) 43% of the imported value (3,428 tariff lines) benefits from suspended import duties.

Figure 8 – Average weighted tariffs applied by Brazil by import regime (2024)

Import regime	Number of NCMs (Brazil 8-digit code)	Brazil imports from the US USD billion	Average tariff	Average applied tariff
No customs regime	6,055	23.1	4.8	4.8
- No customs regime, but already duty free	1,588	12.5	0	0
With customs regime	3,428	17.4	5.4	0.0
Total	**9,483**	**40.6**	**5.1**	**2.7**

Source: SECEX.
Methodology: calculations based on 2024 data, considering total customs duties collected and total import values per tariff line (8-digit code, Brazil)

30. In total, 73.7% of all US exports to Brazil (worth USD 29.9 billion) are subject to *de facto* zero import tariffs—either because they are already duty-free or benefit from customs regimes.

Figure 9 - Range of tariffs effectively applied to US exports by Brazil (2024)

Range	Tariff code (NCM)	USD million	Share
Zero	5,024	29,904.9	73.7%
Between 1% and 2%	3	0.1	0.0%
Between 2% and 4%	121	703.4	1.7%
Between 4% and 6%	118	139.0	0.3%
Between 6% and 8%	126	1,678.0	4.1%
Between 8% and 10%	322	378.3	0.9%
Between 10% and 12%	539	1,011.3	2.5%
Between 12% and 14%	1,448	4,291.0	10.6%
Between 14% and 16%	615	1,326.4	3.3%
Between 16% and 18%	778	788.2	1.9%
Above 18%	389	366.3	0.9%
Grand total	**9,483**	**40,586.9**	**100.0%**

Source: SECEX and RFB.
Methodology: calculations based on 2024 data, considering total customs duties collected and total import values per tariff line (8-digit code, Brazil)

31. Furthermore, out of the 20 most valuable US export products to Brazil in 2024, 50% (10 items) are subject to zero import tariffs—including products from the Oil and Gas and aerospace industries, and fertilizers. For an additional five key products, the actual applied tariff is between 0.1% and 2.0% (e.g., insecticides and sodium hydroxide). The table below presents the full list:

Figure 10 – Tariff effectively applied by Brazil to 20 most important groups of products (HS6 code) from the US - 2024

HS6	Description	USD million	Mercosur CET	Tariff effectively applied to the US
Total		**34,028.6**	**12.1%**	**2.6%**
271019	Other petroleum oils	3,259.6	1.7%	0.0%
841191	Parts of turbojet or turboprop engines	2,363.9	0.0%	0.0%
270112	Bituminous coal, non-agglomerated	1,662.1	0.0%	0.0%
270900	Crude petroleum oils	1,601.0	0.0%	0.0%
271012	Light oils and preparations	1,542.1	0.0%	0.0%
300490	Other medicines	652,1	5.2%	4.2%
281512	Sodium hydroxide	631.8	6.4%	2.0%
880230	Aircraft	561.2	0.0%	0.0%
380891	Insecticides	533.0	0.5%	0,1%
310559	Other minerals or chemical fertilizers	486.9	0.0%	0.0%
390140	Ethylene and alpha-olefin copolymers	391.8	9.4%	5.9%
380893	Herbicides, germination inhibitors, and regulators	369.0	1.5%	1.0%
271311	Non-calcined petroleum coke	354.1	0.0%	0.0%
903289	Other instruments for regulation or control	345.7	14.1%	1.8%
271112	Propane, liquefied	302.9	0.0%	0.0%
390110	Polyethylene with density < 0.94, in primary form	298.4	11.4%	4.1%
390120	Polyethylene with density ≥ 0.94, in primary form	284.8	11.4%	7.8%
870840	Gearboxes (speed)	269.7	16.8%	0.8%
293149	Other non-halogenated organophosphorus derivatives	265.7	7.5%	5.5%
880730	Other parts of airplanes and helicopters	247.7	0.0%	0.0%

Source: RFB.

Methodology: calculations based on 2023 data, considering total customs duties collected and total import values per tariff subheading (6 digits under the harmonized system - HS)

IV. Internal taxes on trade in goods

32. In addition to examining tariffs on US products, the Reciprocal Trade and Tariffs Memorandum expresses interest in reviewing "unfair, discriminatory, or extraterritorial taxes imposed by our trading partners on United States businesses, workers, and consumers, including a value-added tax."

33. Brazil does not impose discriminatory taxes on US goods, businesses, workers, or consumers. In fact, Brazil is one of the few countries that does not tax corporate dividends, allowing Brazilian subsidiaries of US companies to remit dividends to the US tax-free, as detailed below.

34. Regarding consumption taxes, Brazil has a complex system that involves different types of taxes, which apply equally to Brazilian and foreign goods. Aside from customs duties, the following internal taxes apply on imports of goods into Brazil:

35. Industrialized Product Tax (IPI - Imposto sobre Produtos Industrializados): This tax is applicable to both imported and domestically produced goods alike. It is based on the value of the product and varies depending on the product classification.

- Merchandise and Services Circulation Tax (ICMS - Imposto sobre Circulação de Mercadorias e Serviços): This state tax applies to the circulation of goods and services, including imports. The rate varies from state to state.

- Contribution to the Social Integration Program (PIS) and Contribution for Social Security Financing (COFINS): These are federal contributions that apply to the gross revenue of companies, including imported goods. They help fund social programs and social security.

36. These same taxes (IPI, ICMS, PIS, and COFINS) apply to domestically manufactured goods, ensuring that both imported and local products face similar tax burdens, with no discrimination.

37. Under Brazilian law, international treaties are enforceable as federal law, meaning the national treatment obligation under GATT requires that imported products receive treatment no less favorable than similar domestic goods, both in taxation and regulation.

38. In contrast, Brazilian manufacturers face a significant tax burden, as multiple taxes and contributions accumulate along the supply chain, substantially increasing production costs.

39. Due to these structural issues, domestic manufacturers may find themselves at a disadvantage compared to foreign competitors. In some cases, the total cost of importing goods is significantly lower than producing them in Brazil. This is especially true in high-value-added industries, where tax accumulation at various stages of production increases costs.

40. As a result, many businesses opt to import products—including from the US, Brazil's second-largest supplier—to lower costs and remain competitive. This underscores the need for tax reform and policies that alleviate the burden on domestic manufacturers, making local production more viable and competitive.

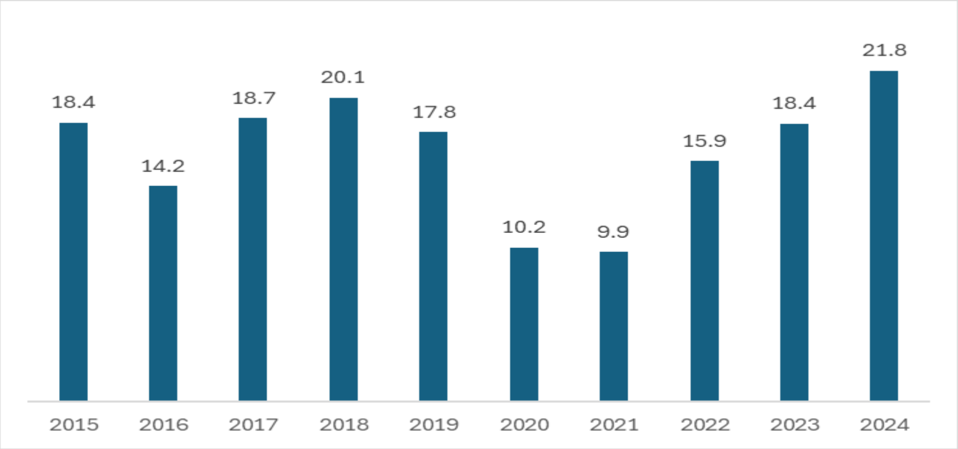
41. Brazil recently approved a comprehensive tax reform, set to take effect in 2026, aimed at simplifying the consumption tax system, aligning it with international standards, and addressing structural inefficiencies. In any case, the new tax system will continue to ensure equal treatment for imported and domestic goods and has received broad support from US company subsidiaries in Brazil.

42. Thus, Brazil's internal tax system does not unfairly target US or other imported goods. In fact, domestic products often face a heavier tax burden than imports due to inefficiencies in Brazil's outdated tax structure.

V. The US also has large surplus in bilateral trade in services with Brazil

43. The US is the largest exporter of services to Brazil, accounting for almost 40% of all Brazilian service imports in 2023. Similar to trade in goods, the US maintains a substantial trade surplus with Brazil in services, totaling USD 165.4 billion between 2015 and 2024.

Figure 11 – U.S. surplus with Brazil on trade in services (USD billions)



Source: BEA.

44. In 2024, the US trade surplus in services with Brazil was the fifth largest globally and the second largest among developing countries, according to the US Bureau of Economic Analysis ("BEA").

Figure 12 – Largest U.S. surpluses in trade in services (2024 – USD billion):

Country	US surplus
1. Ireland	61.9
2. Canada	34.9
3. China	31.8
4. Singapore	27.2
5. Brazil	**21.8**
6. Switzerland	21.3
7. Netherlands	17.9
8. Australia	16.0
9. Korea, South	10.8
10. Saudi Arabia	9.1

Source: BEA.

45. According to BEA data, Brazil ranks as the 12th most important destination for US services exports and the 19th largest source of US services imports. This highlights the importance of bilateral trade in services, which remains strongly favorable to the US.

46. From Brazil's perspective, the US is both its largest source of imported services and its top destination for service exports. US services exports to Brazil are high value-added, primarily in finance, technology, business services, and intellectual property.

47. The following table details Brazil's main sources of imported services, further illustrating the dominant role of the US in this sector.

Figure 13 – Main origins of services imported by Brazil (USD billion)

Trading partner	2022 (USD bi)	2023 (USD bi)	Variation (%)	Share of total imports (%) - 2022	Share of total imports (%) - 2023
United States	**14.2**	**15.0**	**5.7**	**38.6**	**37.6**
Netherlands	3.74	3.0	-20.3	10.2	7.5
Germany	1.36	1.2	-9.9	3.7	3.1
United Kingdom	0.88	1.0	18.6	2.4	2.6
France	0.89	1.0	12.7	2.4	2.5
Ireland	1.05	0.89	-15.4	2.9	2.2
Luxembourg	0.99	0.87	-12.4	2.7	2.2
Chile	0.22	0.87	294.7	0.6	2.2
Spain	0.82	0.79	-3.0	2.2	2.0
Switzerland	0.53	0.68	29.4	1.4	1.7
Others	12.1	14.6	20.3	32.9	36.5
Total	**36.9**	**40.0**	**8.6**	**100**	**100**

Source: MDIC (Brazil's Trade Ministry).

VI. Brazil does not apply a Digital Services Tax

48. The February 21, 2025, Presidential Memorandum on "Defending American Companies and Innovators from Overseas Extortion and Unfair Fines and Penalties" addresses certain US trading partners that impose a Digital Services Tax (DST). Brazil is not one of them.

49. In fact, Brazil does not currently have a specific DST. Digital service providers, both foreign and domestic, are subject to the country's existing tax rules applicable to all service sectors. While legislative proposals discussing a potential DST have been introduced, no specific law has been enacted.

VII. US companies benefit substantially from their investments in Brazil

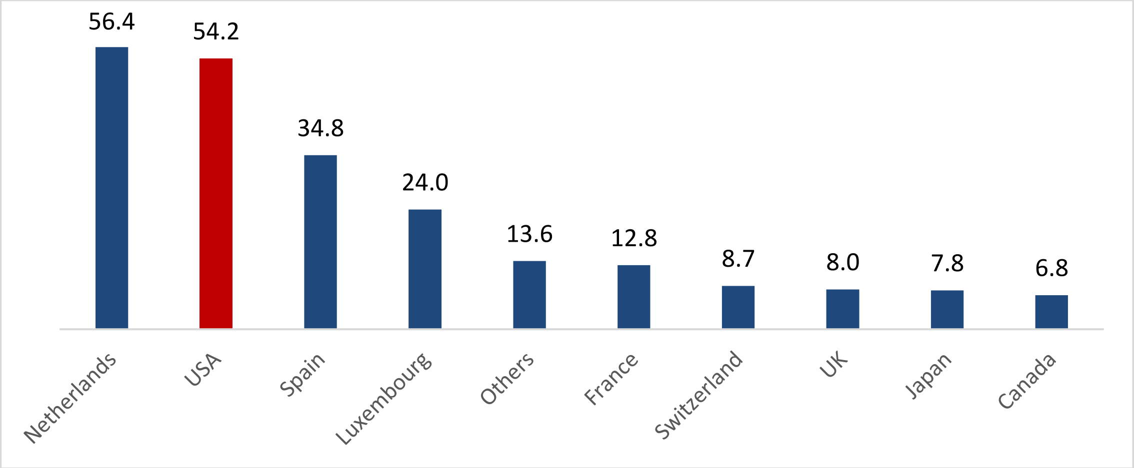
50. The US is the largest foreign investor in Brazil. According to the Central Bank of Brazil, there were 3,900 US companies operating in Brazil in 2020, an increase of approximately 1,000 companies over five years. In 2023, total US investments in Brazil amounted to: (i) USD 357.8 billion (when measured by the concept of *ultimate controller*); and (ii) USD 280.4 billion (when measured by the concept of *immediate investor*)[3]. This represents around one-third of Brazil's total foreign direct investment ("FDI") stock.

[3] Direct Investment Report (2024), published by the Central Bank of Brazil. Available at: https://www.bcb.gov.br/publicacoes/relatorioid

51. Several factors make Brazil an attractive destination for US investments, including the fact that Brazil does not impose income taxes on the remittance of corporate dividends. This means that US subsidiaries in Brazil can distribute dividends to their US headquarters with full tax exemption, a highly exceptional policy compared to global standards.

52. As a result, US companies benefit significantly from this tax structure. The US was the second-largest recipient of profits and dividends from Brazil between 2015 and 2024, with total remittances reaching USD 54.2 billion.

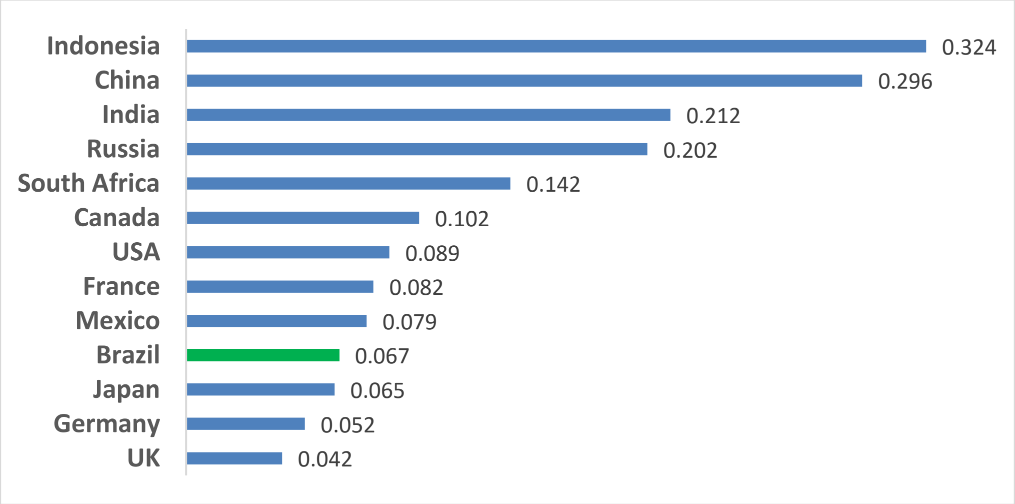
Figure 14 - Brazil's main destination countries for profits and dividends 2015-2024 (USD billion)



Source: Brazilian Central Bank.

53. Beyond the tax-free dividends, Brazil imposes relatively few restrictions on foreign investment. According to the *OECD FDI Restrictiveness Index*, which evaluates the level of restriction on direct investment in major economies – in terms of foreign equity restrictions, discriminatory screening or approval mechanisms, restrictions on key foreign personnel, and restrictions on operations –, Brazil is more open to foreign investment than most of the US's major trading partners.

Figure 15 – OECD FDI Restrictiveness Index



Source: OECD.

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VIII. Brazilian companies create revenue and jobs in the US

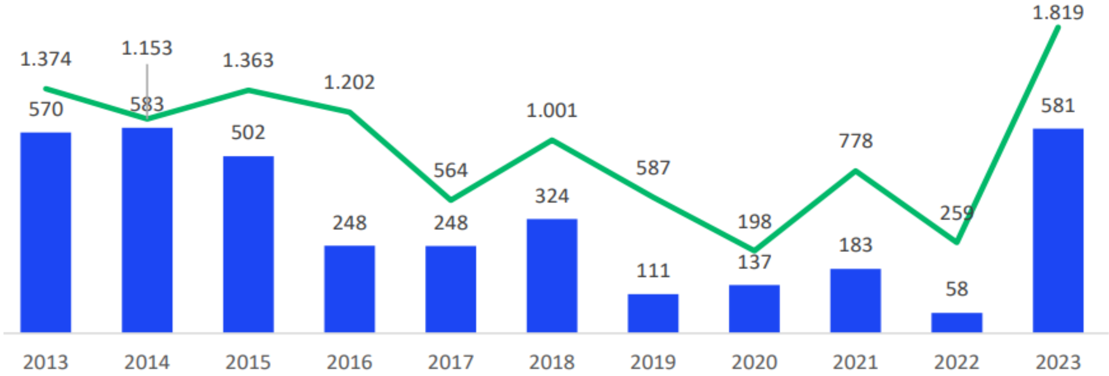
54. Brazil is also a significant source of foreign investment in the US. In 2022, Brazil ranked 23rd among FDI sources in the US, following a 20.7% growth between 2013 and 2022. Notably, in 2015, Brazil held the 13th position, with USD 43.6 billion in FDI stock[4].

55. Brazilian companies operate in at least 23 US states, particularly in Florida and Georgia, with approximately 100 business or production units. These companies support over 110,000 jobs across diverse sectors, including aerospace, IT, electrical engines, food and beverage, chemicals, and iron and steel.

56. Between 2013 and 2023, the US was the top destination for Brazilian greenfield investment announcements, with a cumulative total of USD 3.5 billion across 142 projects.

57. The following figure illustrates the evolution of Brazil's greenfield investment announcements in the US between 2013 and 2023, in terms of investment value (USD millions) and potential jobs generated.

Figure 16 – Evolution of Brazil's greenfield investment announcements in the US (CAPEX in blue and jobs in green)



Source: ORBIS (2024). Elaboration: Amcham Brazil and Brazil Federal Government entities in the *Bilateral map of trade and investment Brazil – USA* publication.

58. After peaking at USD 583 million in 2014, Brazilian investments in the US have rebounded in 2023, following the impact of the pandemic. In 2023, investments reached USD 581 million across 22 projects.

[4] Ibid.

IX. The US Leads in Intellectual Property Filings in Brazil

59. Intellectual Property ("IP") is a key focus of the America First Trade Policy. According to Brazil's National Institute of Industrial Property ("INPI"), US companies were the top filers of patent applications in Brazil in 2023, with 7,700 submissions—ahead of companies from Brazil (7,400), China (1,700), and Germany (1,400).

60. The same trend is observed in trademark applications, where US companies led among foreign filers in Brazil, with 4,900 trademark applications in 2023.

61. Despite existing challenges, Brazil has made significant progress in recent years in strengthening its IP framework, notably by reducing the time required for patent approvals. The US-Brazil Patent Prosecution Highway (PPH) Agreement and ongoing bilateral cooperation in this area have further contributed to these advancements.

X. Brazil does not manipulate its exchange rate

62. Another concern raised in the Reciprocal Trade and Tariffs Memorandum relates to "policies and practices that cause exchange rates to deviate from their market value".

63. Since 1999, Brazil has operated under a floating exchange rate regime, similar to that of the US. The Brazilian Central Bank, which recently became independent, does not manipulate exchange rates to gain an advantage in international trade. Instead, exchange rates are determined by market forces.

64. According to the report of the International Monetary Fund (IMF)[5], Brazil is among the countries that impose no foreign exchange controls, allowing for the free flow of foreign currency in and out of the country.

65. While some of the US's major trading partners maintain fixed or managed exchange rate regimes, Brazil allows its currency to fluctuate freely based on market conditions, making currency manipulation for trade advantage very unlikely.

XI. Institutionalized channels should be prioritized to promote cooperation and negotiation between the US and Brazil

66. In 2022, during the first term of President Donald J. Trump, the US and Brazil signed a Protocol to the 2011 Agreement on Trade and Economic Cooperation ("ATEC"), incorporating provisions on trade facilitation, good regulatory practices, and anti-corruption. The ATEC serves as a platform to

[5] List of countries and their currency regime at: https://www.imf.org/external/np/mfd/er/2004/eng/0604.htm.

promote dialogue and enhance trade relations between the two countries and could be expanded to include additional trade topics of mutual interest.

67. Moreover, the ATEC framework could pave the way for more ambitious trade agreements in the future, including commitments on market access.

68. Another key institutionalized channel for cooperation is the US-Brazil Commercial Dialogue, coordinated by the US Department of Commerce (DOC) and Brazil's Ministry of Development, Industry, Trade, and Services (MDIC). Within this framework, MDIC and DOC meet annually to develop joint solutions for improving bilateral trade relations and preventing disproportionate tariff increases.

XII. Concluding remarks

69. US-Brazil trade relations remain balanced. US exporters benefit from *de facto* low import tariffs in Brazil, which are lower than those applied to other countries, resulting in a consistent and significant trade surplus for the US —particularly in high value-added goods and services. This surplus helps partially offset the overall US trade deficit with other countries.

70. Potential unfair trade practices—such as those identified in the US government's NTE Reports—as well as specific trade concerns—such as the ethanol case referenced in the White House's "Fair and Reciprocal Plan" Fact Sheet—should be addressed through bilateral negotiations, leveraging institutional mechanisms like ATEC and the US-Brazil Commercial Dialogue, alongside private sector engagement.

71. Imposing additional tariffs on bilateral trade would harm US companies' interests and weaken reciprocal trade and investment flows. Prioritizing structured, institutionalized dialogue remains the most effective approach to advancing reciprocal flows of trade and investments.