

Voluntary Report – Voluntary - Public Distribution

Date: November 10, 2021

Report Number: BR2021-0045

Report Name: Brazil Temporary Lowers Import Tariffs

Country: Brazil

Post: Brasilia

Report Category: Agricultural Trade Office Activities, Agricultural Situation, Agriculture in the Economy, National Plan, Policy and Program Announcements, Agriculture in the News

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Report Highlights:

On November 5, Brazil announced a unilateral 10 percent reduction of import tariffs on 87 percent of all goods and services until December 31, 2022. Agricultural products are on the list of reductions, including ethanol – which was lowered by 10 percent from 20 percent to 18 percent. Although the measure is temporary, it may become permanent if adopted by the Mercosur trade bloc.

On November 5th, 2021, the Brazilian government (GoB) published the Resolution [GECEX 269](#), which lowers import tariffs by 10 percent on 87 percent of all goods and services through December 31, 2022. The decision was adopted at the 6th Extraordinary Meeting of the administration Executive Committee (*Comitê-Executivo de Gestão* - GeceX) of the External Trade Chamber (CAMEX).

The list of products and the respective tariff reductions is available in the [Annex of the Resolution](#), which covers almost all products except for sensitive and strategic products, such as automobiles and parts, toys, and textiles. The measure does not apply to products listed on the Mercosur common external tariff (CET) exception list.

The measure does apply to wide range of agricultural products, including:

- Ethanol (HS Code: 2207.10.10 - 2207.20.20): from 20% to 18%;
- Meat of bovine animals (HS 0210.20.00) from 10% to 9%;
- Blueberries [*mirtilos*] (HS 0810.40.00): from 10% to 9%;
- Processed cheese (HS 0406.30.00) from 16% to 14.4%
- Whey Protein (HS 3502.20.00) from 14% to 12.6%

Brazil used a clause of the Southern Common Market (Mercosur) trade bloc agreement that justifies the measure due to the ‘emergency related to the pandemic crisis, to alleviate its negative effects’. Notably, the GoB adopted the unilateral measure in parallel to Mercosur member states (which includes Argentina, Paraguay, Uruguay, in addition to Brazil) negotiation on a similar measure. The measure may become permanent if Mercosur consensus is secured.

The import tariff reduction is aimed at curbing inflation on the domestic market. The Ministry of Economy notes that it will help lower domestic prices through lower prices of imports. Notably, the measure is expected to reduce government revenues by R\$3 billion. The Ministry of Economy had planned in 2020 to present a proposal to cut Mercosur’s tariff in half. However, the proposal was heavily criticized by other Mercosur countries and the Brazilian industry. Months later, the Ministry made a second proposal of a 30 percent reduction in Mercosur’s tariffs, which was also discarded. This year, Brazil and Argentina notionally agreed to the 10 percent reduction in the tariffs, however Buenos Aires has delayed formal approval.

Attachments:

No Attachments.