

7th Trade Policy Review of Brazil
(17 & 19 July 2017)

Statement by India

Chair, my delegation is pleased to participate in the Seventh Trade Policy Review of Brazil. I would like to warmly welcome the delegation of Brazil for the TPR and thank Mr. Pedro Miguel, Director, Economic Department for the comprehensive opening statement, Ambassador Gennady Ovechko of the Russian Federation for his insightful observations as a discussant, and the Secretariat and the Government of Brazil for the reports prepared for the review.

2. We note from the Secretariat's report that during the period of review Brazil's largely domestic demand driven economy slowed down and entered into recession in 2015-16. Annual GDP growth rate dropped from 3% in 2013 to turn negative in 2015-16 with slowing down of both consumption and capital formation in the economy. The other challenges for Brazil include rising inflation, unemployment, handling public debt and other fiscal challenges. We commend Brazil for undertaking reforms and bold measures to address these challenges which include initiating structural and trade related reforms in several sectors like energy, manufacturing and transport, measures of trade facilitation, supporting SMEs and monetary policy interventions to control inflation which are beginning to have a positive impact on the economy. Brazil is also making efforts to promote foreign direct investment in various sectors.

3. India and Brazil share close deep rooted and historical ties which have strengthened considerably in recent times with regular high-level exchanges. Trade and economic relations are important pillars of our relations with Brazil. Brazil is India's most important trading partner in Latin America. The India-Mercosur Preferential Trade Agreement which came into effect in June 2009 also gave a boost to our bilateral trade. Till 2014 bilateral trade increased substantially, thereafter, it witnessed a down turn in the last two years in light of the global economic conditions and slowdown in Brazil's economy. We are confident this trend will be reversed as Brazil undertakes reforms and efforts to boost growth.

4. We had posed a number of questions to Brazil and are thankful for the responses, which are being reviewed. However, I wish to highlight some specific concerns which undermine the vast underlying potential of our trade and economic ties.

- Investments by Indian companies in Brazil are growing steadily. A large number of Indian companies are present in Brazil in areas including IT, mining, energy, bio fuels, pharmaceuticals, agri business, manufacturing, engineering and automobiles with investments reaching USD 5 billion. However, Indian companies continue to face considerable difficulties because of complex

regulatory mechanisms for registration, long drawn procedures for issuance of licenses and hurdles for investment approvals.

- Indian pharmaceutical companies provide quality generic medicines to Brazil at very competitive prices. However, many companies in Brazil are facing difficulties due to complex procedures for product registration and other requirements laid down by Brazil's National Health Surveillance Agency, ANVISA. We urge the Government of Brazil to look into the complex regime of product registration, documentary requirements, inspection etc. for Indian pharmaceutical companies which are hampering our bilateral trade and depriving Brazil's public health programme and consumers of pharmaceuticals which our companies provide at the best value for money.
- In the area of textiles and leather, Indian goods face non-tariff barriers like quality standards, labelling requirements, packaging requirements which need to be addressed.
- Major Indian IT companies have presence in Brazil and are contributing to transformational changes of Brazil's economy and growth of high tech industries. These companies face issues related to permissions for movement of qualified professionals, taxation and language. Signing of an MOU in the services sector between both countries will give a considerable boost to services trade.
- India is emerging as a hub for small cars. Automobile sector holds considerable potential for trade between both countries. Brazil's 'Inovar Auto' regulations impose several conditionalities on automobile trade for foreign companies. We urge Brazil to revisit these regulations when they become due for review in December 2017.
- In the oil and gas sector, Brazil is an important country for India's ONGC Videsh Ltd. However, despite considerable interest the company is currently facing several operational challenges like local content regulations, taxation, environmental issues, licensing processes and delays in clearances from regulators.
- Finally, we wish to highlight the difficulties faced by Indian professionals and business visitors for obtaining business visas for visiting Brazil which is cumbersome, procedurally complex and time consuming.
- We urge and hope the Government of Brazil will look into all these issues comprehensively and address these for mutual benefit.

5. We work closely with Brazil in the WTO. As members of the G20 coalition and developing countries we have many common interests. As of BRICS countries we also share of an enduring partnership on economic and development issues. I take this opportunity to thank Ambassador Evandro Didonet and his team in Geneva for their excellent work and cooperation to seek outcomes in MC-11. We wish the delegation of Brazil a productive and successful TPR.

6. Thank you, Chair.