AMCHAM

August 18th, 2025

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

Ref.: **Docket No. USTR–2025–0043**
Section 301 Investigation into Brazil's acts, policies, and practices related to digital trade and electronic payment services; unfair, preferential tariffs; anti-corruption enforcement; intellectual property protection; ethanol market access; and illegal deforestation.
Comments from the American Chamber of Commerce for Brazil ("AmCham Brazil")

Introduction and General Overview of U.S.–Brazil Trade and Investment

1. The American Chamber of Commerce for Brazil ("AmCham Brazil") appreciates the opportunity to provide comments to the Office of the United States Trade Representative ("USTR") on the Section 301 investigation into Brazil's acts, policies and practices in the areas identified in the Notice of Initiation of the investigation ("Notice").

2. Founded in 1919, AmCham Brazil is the largest American Chamber of Commerce outside the United States. For more than a century, the organization has worked to promote and strengthen trade and investment relations between the two countries. AmCham Brazil represents more than 3,500 U.S. and Brazilian companies, collectively accounting for roughly one-third of Brazil's GDP.

3. The United States has consistently maintained a strong trade surplus with Brazil. According to data published by USTR,[1] in 2024 U.S. exports of goods to Brazil reached approximately US$49.1 billion, while imports from Brazil totaled US$42.3 billion, yielding a US$6.8 billion surplus – up 23.9% from 2023. In services, the surplus was even greater: U.S. exports to Brazil amounted to US$29.6 billion versus US$6.5 billion in imports, resulting in a US$23.1 billion surplus, an increase of 31.9% over 2023.

4. Over the past decade (2015–2024), based on data from the U.S. International Trade Commission and the Bureau of Economic Analysis, the U.S. has recorded an uninterrupted annual trade surplus with Brazil—US$ 91.6 billion in goods and US$ 165.4 billion in services—totaling US$ 257 billion cumulatively.

5. Official statistics of the Federal Revenue Service in Brazil show that more than 70% of the value of U.S. exports to Brazil receive duty-free treatment. The average tariff rate applied by Brazil to U.S. goods (2.7%) is significantly lower than the average tariff applied to imports from the rest of the world (5.2%).

6. In addition, U.S.–Brazil trade is highly integrated: in 2024, more than one-third (33.7%) of bilateral trade occurred between subsidiaries and affiliates of the same multinational corporations, both American and Brazilian. This intra-firm trade reduces transaction costs, strengthens supply chains, and supports the international operations of American companies.

7. Investment relations are also mutually beneficial. Brazil is a significant source of foreign investment in the United States. Brazilian companies operate in several U.S. states—particularly Florida and Georgia—

[1] https://ustr.gov/countries-regions/americas/brazil.

through approximately 100 business or production units, supporting more than 110,000 jobs across sectors such as aerospace, information technology, electrical machinery, food and beverage, chemicals, metals, and related distribution and logistics.

8. The United States, in turn, is the largest foreign investor in Brazil, with more than 3,900 U.S. companies operating in the country, primarily to serve its large domestic market. Brazil's policy of not imposing income taxes on the remittance of corporate profits – an uncommon practice globally – has been a strong factor of attraction for U.S. investment. Between 2015 and 2024, U.S. subsidiaries in Brazil remitted US$54.2 billion in profits to their U.S. headquarters.

9. AmCham Brazil recognizes the importance of addressing legitimate trade concerns and supports continuous improvement in the policy areas identified in the Notice. However, the imposition of broad tariffs – such as the recently applied 50% rate (the highest among all trading partners of the U.S.) on a significant share of imports coming from Brazil – risks unintended negative impacts on U.S. businesses, supply chains, and workers, as well as the possibility of Brazilian countermeasures. Such actions may hinder, rather than advance, the resolution of the commercial issues under examination.

10. Constructive engagement remains the most effective avenue for progress. Past bilateral achievements—such as the 2020 Protocol Relating to Trade Rules and Transparency, which enhanced the 2011 Agreement on Trade and Economic Cooperation (ATEC) with commitments on trade facilitation, good regulatory practices, and anti-corruption measures—demonstrate the value of enforceable, mutually beneficial frameworks. Building on this foundation, U.S. and Brazilian authorities should seek mechanisms that expand market access, strengthen cooperation, and promote reciprocal benefits, while avoiding measures that unnecessarily raise costs, reduce competitiveness, or strain bilateral relations.

11. AmCham Brazil firmly believes that the concerns of the U.S. Government and the U.S. private sector are best addressed through constructive bilateral dialogue with the Government of Brazil, supported by active engagement from the Brazilian private sector, in order to preserve and enhance the mutual benefits that define the relationship between the two largest economies in the Americas.

12. AmCham Brazil also supports the development of a positive bilateral agenda that includes cooperation not only on the topics addressed in the Notice, but also in other areas of mutual interest to both countries and their industries—such as promoting energy security, advancing a long-term partnership on critical minerals to ensure supply chain stability, and strengthening collaboration in the defense sector.[2]

1. DIGITAL TRADE AND ELECTRONIC PAYMENT SERVICES

A. Digital platforms in Brazil

13. AmCham Brazil underscores that regulation of digital platform liability in Brazil remains under consideration by both the Legislative and Executive branches, with ongoing engagement from the public and private sectors. The Brazilian Supreme Court ruling referenced in the Notice was adopted as a temporary measure, and the Court has called upon the National Congress to enact more comprehensive

[2] See, for example, the Joint Statement by AmCham Brazil and U.S. Chamber of Commerce with proposals for Brazil-U.S. cooperation on critical minerals and rare earths, available at: https://www.uschamber.com/energy/joint-statement-by-amcham-brazil-and-u-s-chamber-of-commerce.

and deliberate legislation on platform liability—thereby paving the way for a more structured and informed public debate with companies.

14. Given the relevance of the matter, this is a clear opportunity for constructive bilateral dialogue. Such engagement should aim to ensure fair, non-discriminatory regulation, developed and implemented through transparent debate in Congress in Brazil, with broad participation from the Brazilian Government, affected companies and civil society.

15. U.S. companies currently lead—by a wide margin—the social media market in Brazil, a country with approximately 144 million active social media users, where the four largest platforms are all controlled by U.S. multinationals. Imposing trade-restrictive measures would not contribute to balanced solutions and could hinder efforts to achieve effective, equitable, and sustainable rules.

B. Cross-Border Transfers of Personal Data

16. The Brazilian government is a significant user of digital services from U.S. technology companies, with an estimated expenditure of R$23 billion over the past 11 years, including more than R$10 billion (approximately US$2 billion) in the past 12 months.[3]

17. Brazil's technology sector also relies heavily on U.S. suppliers for critical data center infrastructure, including processors, microcontrollers, memory components, and advanced semiconductors – a market valued at US$4.3 billion in 2023, of which only 8% was domestically produced. In this context, the government of Brazil is considering measures to reduce import taxes on GPU and CPU imports, which would create opportunities to further expand U.S.-Brazil bilateral trade and investment in this sector.

18. Regarding infrastructure, many foreign companies, including leading U.S. tech firms, operate servers outside Brazil, predominantly in the United States. Brazilian regulations do not discriminate against companies based on server location, reflecting a non-restrictive approach and openness to global digital integration.

19. Brazil permits cross-border data transfers through multiple alternative mechanisms, including the use of standard contractual clauses, corporate rules, approved codes of conduct, certification schemes, the data subject's consent, or adequacy decisions. Transfers are also allowed when required for contractual performance, legal obligations, protection of life, or legal proceedings. This framework ensures flexibility, and the enforcement practice of Brazil's National Data Protection Authority to date has prioritized cooperation, with no record of severe penalties for noncompliance.

20. To further streamline and enhance integration in this area, the United States and Brazil could work together to foster regulatory interoperability and mutual recognition of data protection standards to facilitate cross-border transfers. The United States and Brazil could also build task forces to address legal and operational challenges faced by organizations engaged in cross-border data transfers.

2. BRAZIL'S PREFERENTIAL TARIFFS

21. The Notice raises concerns regarding Brazil's partial-scope preferential trade arrangements with certain large trading partners, in particular India and Mexico. Such agreements are permitted under international trade rules. The 1979 Decision on Differential and More Favorable Treatment, Reciprocity and Fuller

[3] https://bit.ly/contratos-big-techs.

Participation of Developing Countries (the “Enabling Clause”) — which forms an integral part of the GATT and, by extension, the WTO agreements — expressly authorizes developing countries to enter into partial-scope trade agreements, provided they are duly notified for transparency, as was the case of the referred agreements with India[4] and Mexico.[5]

22. The Preferential Trade Agreement (PTA) between India and Mercosur was signed in 2004 and entered into force in June 2009. It grants reciprocal tariff preferences on a limited number of products—450 tariff lines from India’s side and 452 from Mercosur’s—with preference margins varying mainly between 10% and 20%. Only 14 tariff lines from Mercosur and 21 from India receive full (100%) tariff preference. Despite its formal validity, the PTA covers only a small fraction of Brazil’s total import basket from India, with marginal impact on Brazil’s bilateral and overall trade flows.

23. Brazil and Mexico maintain preferential trade arrangements through Economic Complementation Agreements (ACEs) signed in 2002, including ACE 54 between Mercosur and Mexico, and ACEs 53 (general) and 55 (automotive) between Brazil and Mexico, in force since 2003. These agreements were negotiated under the framework of the Latin American Integration Association (ALADI), which brings together 13 countries, and are fully consistent with international rules and the objectives of regional integration. Although these instruments provide tariff preferences in selected sectors – most notably the automotive industry – their scope is limited, and a substantial portion of bilateral trade between Brazil and Mexico continues to take place under the Most-Favored-Nation (MFN) regime.

24. The United States also maintains trade arrangements targeting specific goods—such as steel, aviation, and critical minerals – and provides specialized preference programs for regions such as the Caribbean[6] and Africa,[7] and to Nepal.[8] According to USTR,[9] the U.S. is currently party to 20 preferential trade agreements in force. This extensive network provides U.S. preferential trading partners with significantly more favorable access to the American market than Brazil offers to its partners. While approximately 37.3% of the total volume imported into the U.S. enters under preferential tariff treatment, in Brazil this share is only 17.2%.

25. Despite the absence of a comprehensive trade agreement between the United States and Brazil, U.S. exports effectively enjoy better access to the Brazilian market than those from other countries outside Mercosur, including some that have preferential trade agreements with Brazil (Figure 1).

26. This is largely due to two factors. First, Brazil applies several exceptions to *Mercosur’s* Common External Tariff, which result in lower effective rates for many products. A notable example is the *ex-tarifário* regime, which reduces tariffs to zero on certain imported capital goods and technology products. This regime currently covers more than 15 thousand items,[10] with many U.S. exports entering duty-free under its provisions. In addition, Brazil operates special customs regimes that suspend import tariffs for specific

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[4] https://rtais.wto.org/UI/PublicShowMemberRTAIDCard.aspx?rtaid=520.
[5] https://rtais.wto.org/UI/PublicShowMemberRTAIDCard.aspx?rtaid=663.
[6] Caribbean Basin Initiative (CBI), available at: https://ustr.gov/issue-areas/trade-development/preference-programs/caribbean-basin-initiative-cbi
[7] African Growth and Opportunity Act (AGOA), available at: https://ustr.gov/issue-areas/trade-development/preference-programs/african-growth-and-opportunity-act-agoa
[8] Nepal Trade Preference Program (NTPP), available at: https://ustr.gov/issue-areas/preference-programs/nepal-trade-preference-program-ntpp
[9] List of US Free Trade Agreements, available at: https://ustr.gov/trade-agreements/free-trade-agreements
[10] https://www.gov.br/mdic/pt-br/assuntos/sdic/ex-tarifario/estatisticas/ex-tarifarios-vigentes.

industries – such as agriculture, aerospace, pharmaceuticals, and machinery – which benefit a significant share of U.S. exports to Brazil.

27. The second factor is the structure of U.S.-Brazil trade, which includes a high proportion of intrafirm transactions, strong integration in some key sectors, substantial exchange in machinery, oil and gas, and public procurement of health-related items. These features position U.S. goods particularly to benefit more readily from duty-free treatment and tariff reduction programs in Brazil.

28. As a result, the average weighted tariff effectively applied to U.S. exports (2.7%) is substantially lower than Brazil's average tariff for the rest of the world (5.2%). In practice, U.S. products have better market access in Brazil than those from countries such as India (7.5%) or Mexico (4.0%).

Figure 1 – Average import tariffs effectively applied by Brazil to main partners (2024)

Origin	Imp. (US$ billions)	Import tax
Argentina	13.6	0.2%
United States	40.7	2.7%
Mexico	5.8	4.0%
France	6.2	5.0%
World	**262.8**	**5.2%**
Japan	5.4	5.5%
Italy	6.4	6.2%
Germany	13.8	6.8%
India	6.8	7.5%
China	63.6	10.2%

Source: Brazilian Federal Revenue Service and MDIC. Elaborated by: Amcham.

29. Given the longstanding commercial partnership between the United States and Brazil, the private sectors of both countries have expressed strong interest in further deepening trade and investment ties. This mutual interest is reflected in the U.S.-Brazil Commercial Dialogue, established by the U.S. Department of Commerce (DOC) and Brazil's Ministry of Development, Industry, Trade, and Services (MDIC). The ATEC framework also provides a solid basis for discussions on trade areas of mutual interest, as demonstrated in 2020 when the two countries signed the Protocol on Trade Facilitation, Good Regulatory Practices, and Anti-Corruption.

3. ANTI-CORRUPTION ENFORCEMENT

30. Brazil is a party to the OECD Anti-Bribery Convention and to the Anti-Corruption Protocol under the U.S.-Brazil Agreement on Trade and Economic Cooperation (ATEC). Both accessions were strongly supported by the business community as steps toward fostering a more transparent, predictable, and equitable business environment for all companies, including those from the United States and Brazil.

31. In major cross-border cases, Brazilian authorities—including the Federal Prosecution Service (MPF), the Office of the Comptroller General (CGU), and the Attorney General's Office (AGU)—have worked in close coordination with U.S. counterparts, notably the Department of Justice (DOJ). These joint efforts have delivered concrete enforcement results and have incentivized corporate compliance.

32. As a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, Brazil undergoes rigorous, multi-phase peer reviews conducted by the OECD Working Group on Bribery. The most recent review commended Brazil "for the vigor and creativity with

which it has employed and further refined its legal and institutional framework" and for its effective use of leniency agreements.[11]

33. Strengthening cooperation between the United States and Brazil offers a constructive pathway to advancing anti-corruption objectives. In particular, the full and effective implementation of the Anti-Corruption Protocol to the U.S.-Brazil ATEC, signed in 2020, provides an opportune framework to deepen bilateral engagement, enhance regulatory frameworks, and improve enforcement capacity.

4. INTELLECTUAL PROPERTY PROTECTION

34. The Notice invites comments on the adequacy and effectiveness of the protection and enforcement of intellectual property rights (IPR) in various areas in Brazil, including counterfeiting and high average pendency of patent applications. AmCham Brazil has consistently and constructively proposed measures to address these concerns, most recently in its 2024 *Agenda of Priorities for IP in Brazil*.[12]

35. Brazil faces structural IP enforcement challenges linked to its vast territory, extensive borders, regional inequalities, and limited resources. These are compounded by factors common to many countries – including the U.S. – such as rapidly evolving technologies, transnational counterfeiting and piracy networks, and increasingly sophisticated illicit trade channels, making IPR enforcement a complex, global challenge.

36. These constraints have not prevented Brazil from making institutional progress in IP protection, with significant results achieved through the participation of both the Brazilian and U.S. private sectors. IP policy has been implemented through a broad network involving government agencies—including customs, regulators, police, and courts—together with industry associations and civil society. Important actions and policies, often shaped with private sector input, include the establishment of the National Intellectual Property Strategy (ENPI) in 2021, as well as initiatives that have created frameworks for cooperation both domestically and internationally.

37. As an active participant in Brazil's IP system, AmCham Brazil acknowledges the existing challenges, and recognizes that ongoing dialogue and initiatives—such as the patent backlog project, highlighted by the USTR in the Special 301 Report—represent important avenues for continued improvement.

38. Retaliatory measures, such as imposing trade tariffs, would not enhance IP protection in Brazil. On the contrary, they risk diverting limited resources and undermining successful collaborative efforts. The most constructive path forward is to pursue a positive agenda aimed at substantially reducing patent pendency, particularly in the health sector, and strengthening anti-piracy enforcement, including through improved legislation and joint initiatives.

A. Intellectual Property Enforcement and Anti-Piracy Efforts in Brazil

39. While challenges remain, recent years have seen significant progress in anti-piracy efforts through coordinated actions by public institutions and private stakeholders. The 2025 USTR Special 301 Report

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[11] https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/06/implementing-the-oecd-anti-bribery-convention-phase-4-report-brazil_e96a5bd3/fd55d063-en.pdf.
[12] https://www.amcham.com.br/noticias/amcham-brasil-lanca-conjunto-de-propostas-para-o-fortalecimento-da-propriedade-intelectual-no-brasil.

acknowledged Brazil's effective campaigns, including joint operations with U.S. agencies and major seizures of illicit goods.

40. Rua 25 de Março – cited in the Notice – is one of Latin America's largest retail districts and hosts a mix of legitimate and informal vendors, similar to commercial hubs in other global cities. Authorities regularly conduct raids, seize counterfeit products, and run awareness campaigns, supported by agencies such as the Sao Paulo Criminal Investigation State Department (DEIC), customs, municipal inspectors, and INPI's new Anti-Counterfeiting Directorate.

41. In the streaming sector, operations like *404* have dismantled large-scale digital piracy networks, blocking thousands of illegal sites and seizing related equipment. ANATEL's Anti-Piracy Laboratory and recent agreements with ANCINE have enabled domain blocking and the seizure of over 1.4 million illicit devices. Brazil also remains a leading market for streaming platforms, with American companies holding dominant positions.

42. The *Remessa Conforme* program has reformed e-commerce import controls, achieving full electronic registration, stronger customs risk management, and higher tax revenue. Despite Brazil's vast territory, extensive borders, and resource constraints, efforts to strengthen IPR enforcement are ongoing.

43. Authorities have shown greater openness to intelligence-sharing, cooperating with U.S. agencies such as the USPTO (through a MoU with the Brazilian National Council to Combat Piracy on training, capacity-building, and best practices) and the Department of Justice (through a 2023 partnership on digital piracy investigations).

44. Several opportunities remain for improvement, including enhanced legislation such as the approval of PL 3375/2024, which would equalize penalties for trademark counterfeiting with those applied to other IPR crimes – potentially discouraging infringement and mitigating its economic, social, and public health impacts.

B. Commitments in Brazil's Intellectual Property Prosecution System

45. Addressing the patent backlog in Brazil—particularly in sectors where delays are more severe, such as pharmaceuticals—has long been a priority for AmCham Brazil and the business community. In 2023, the United States was the country of origin for the largest share of patent applications in Brazil, accounting for 27.5% of all filings, which makes U.S. companies disproportionately affected by these delays.

46. The Brazilian government, through the National Institute of Industrial Property (INPI), has committed to accelerating IP protection with reduction targets, process reforms, and international cooperation. Under its 2023–2026 Strategic Plan[13], INPI aims to reduce patent examination time to two years and complete trademark registrations in uncontested cases within one month by 2026. The plan also includes adopting international quality standards, expanding digital tools, and strengthening cooperation with foreign offices.

47. In 2024, INPI hired 120 new staff—40 dedicated to biopharma and telecom patents. The backlog of pending patent applications fell from 15,134 in October 2022 to 1,052 by March 2025. As of June 2025, average technical examination time as from the date of request dropped to 2.9 years in general (down

[13] https://www.gov.br/inpi/pt-br/central-de-conteudo/noticias/inpi-publica-plano-estrategico-2023-2026/PlanejamentoEstratgico2326_v2.pdf.

from 3,9 years in 2022) and 4.9 years in the field of biopharmaceuticals, with priority cases resolved in an average of 10.5 months.[14]

48. INPI has joined the Global Patent Prosecution Highway (GPPH) – a longstanding private sector request – expanding partnerships to 35 patent offices, including the USPTO, and building on a 2016 bilateral PPH pilot. Responding to other business demands, Brazil has also ratified the Madrid Protocol, the Hague Agreement, and the Budapest Treaty.

49. AmCham Brazil supports intensified efforts by Brazilian authorities, along with expanded bilateral cooperation with the United States, to ensure that additional reductions in patent examination timelines are effectively achieved. Priority should be given, for example, to further shortening review periods in the health sector and pharmaceuticals where delays have the most significant impact.

5. ETHANOL MARKET ACCESS

50. The United States and Brazil are the world's two largest ethanol producers, together accounting for approximately 80% of global production. In 2024, the U.S. and Brazil accounted for 52% and 28% of total output, respectively.

51. In both countries, most ethanol is consumed domestically, with a relatively small share exported. In 2024, the U.S. exported 11.9% of its ethanol production—the highest level in the past decade. Brazil similarly exports a limited volume, as the majority of its output is dedicated to meeting domestic demand with increasing blending mandates.

Figure 2 – Brazil and US Main Numbers on Ethanol

	Brazil (2024/2025)	USA (2024)
Production (millions m3)	37.4	60.9
Internal consumption (millions m3)	35.6	53.9
Total exports (millions m3)	1,73	7.2
% Exports/Production	5.0%	11.9%
Total imports (millions m3)	0.25	0.48

Source: RFA, USDA (USA). MAPA, UNICADATA, ANP, Fecombustíveis (Brazil).

52. Since January 1, 2024, U.S. ethanol exports to Brazil have been subject to an 18% tariff. Since August 2024, Brazilian ethanol exports to the U.S. have been subject to an additional accumulated tariff rate of 52.5%. In this context, both countries would benefit from dialogue aimed at expanding reciprocal market access for ethanol.

53. As global biofuel leaders, the United States and Brazil could also deepen cooperation to develop and expand the international biofuels market, including through the Global Biofuels Alliance; accelerate biofuel adoption in maritime transport and aviation; and support higher blending rates with fossil fuels.

[14] See INPI's Management Report 2024, available at: https://www.gov.br/inpi/pt-br/governanca/transparencia-e-prestacao-de-contas/relatorios-de-gestao/arquivos/documentos/relatorio-de-gestao-2024/, p. 56; see also INPI, Technical Decision Time and Number of Decisions Indicators, available at: https://www.gov.br/inpi/pt-br/servicos/patentes/relatorios-gerenciais/relatorios-gerenciais/TempoDecisao_Trimestr_AbrJun2025.pdf.

These initiatives would benefit producers in both countries as well as U.S. companies supplying technology to Brazilian producers.

54. Both countries should explore ways to increase reciprocal participation in their respective national biofuel programs, such as RenovaBio in Brazil, and the U.S. EPA's Proposed Renewable Fuel Standards for 2026 and 2027, currently under public consultation, which could consider recognition of Brazil's alternative land-use methodology, as has occurred with Canada and Argentina.

55. Recent cooperation demonstrates the viability of this approach. For instance, the U.S. and Brazil have agreed on information and certification requirements for U.S. corn-based ethanol to participate in RenovaBio.

6. ILLEGAL DEFORESTATION

56. The environmental agenda has been a top priority for AmCham Brazil and most of its member companies, leading to strong support for ambitious government and private initiatives to curb illegal deforestation.

57. According to the Food and Agriculture Organization (FAO), Brazil has by far the largest proportional forest area in the world, with 59% of its territory covered by forests—12% on private land and 47% on public land (Figure 3). Data from MapBiomas (2022) and the Brazilian National Institute for Space Research (INPE) show that approximately 84% of the Legal Amazon remains covered by forests.

Figure 3 – Percentage of Forest Coverage by Selected Countries

	Forest Area		
Country	**Private**	**Public**	**No Forest Area**
Brazil	12%	47%	41%
Canada	3%	35%	62%
United States	20%	14%	66%
Germany	16%	17%	67%
France	23%	8%	69%
China	9%	13%	78%

Source: FAO and Climate Policy Initiative.

58. Brazil has a robust and internationally recognized legal framework for forest protection. The Brazilian Forest Code is unique in establishing land use and conservation requirements, including two key mechanisms for private land: Permanent Preservation Areas and the Legal Forest Reserve. According to the Climate Policy Initiative (CPI)[15], Brazil is the only country in the world that requires all private properties to maintain a percentage of land preserved with native vegetation for biodiversity protection. Non-compliance entails civil and criminal liability.

59. In 2023, the Brazilian government launched the Plan for the Prevention and Control of Deforestation in the Legal Amazon, committing to achieve zero deforestation by 2030[16]. From 2023 to 2024, the deforested area was reduced by 30%.

60. Businesses in Brazil are also making progress. Several companies operate responsible livestock sourcing programs to ensure that the meat originates from deforestation-free areas, particularly in the Amazon. These programs include traceability systems, satellite monitoring, and the exclusion of suppliers in areas with illegal deforestation.

61. Importantly, traceability and monitoring initiatives are not limited to the beef sector. Similar mechanisms are increasingly being adopted across other value chains — for instance, by biofuel producers, who track production areas to demonstrate compliance with environmental and social standards. This broader application highlights how traceability has become a cross-sectoral tool for advancing sustainable supply chains in Brazil.

62. Companies also follow strict certification standards for legal and sustainable timber production, including the Forest Stewardship Council (FSC) and Brazil's National Forest Certification Programme (Cerflor), endorsed by the Programme for the Endorsement of Forest Certification Systems (PEFC). In 2023, Brazil's certified forest area reached 10.6 million hectares – the highest level on record – and the country rose from fifth to fourth place in the global FSC ranking.[17]

63. In the biofuels sector, the RenovaBio program establishes safeguards to ensure sustainability by prohibiting ethanol production from using feedstock grown on land deforested after 2018, whether legally or illegally. This framework helps decouple ethanol from Amazon deforestation and reinforces Brazil's renewable energy production with strong environmental governance.

64. International experience shows that illegal deforestation is most effectively addressed through cooperation, strong legal frameworks, and adequate resources. The United States and Brazil could enhance collaboration in this area. Trade barriers, by contrast, would neither reduce deforestation nor curb illegal timber trade and could undermine business opportunities and shared environmental objectives.

65. Despite being global competitors, the United States and Brazil also have much to gain from working together in agriculture. Brazil's agricultural growth has driven record imports from the U.S. in fertilizers, insecticides, and herbicides (US$ 1 billion in 2024). Brazil is also a major destination for U.S. agricultural machinery exports, with the three largest machinery companies in Brazil all American-owned. Brazilian agribusinesses rely on georeferencing and satellite monitoring systems, with software and image analysis services largely provided by U.S. companies.

[17] Brazilian Tree Industry Annual Report 2024, available at: https://iba.org/datafiles/publicacoes/relatorios/relatorio2024.pdf