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**Minutes of the Second Meeting of India-Brazil Trade Monitoring Mechanism
(TMM) held on 15th March, 2010 in São Paulo**

1. The Second Meeting of India-Brazil Trade Monitoring Mechanism (TMM) was held on 15th March, 2010 in São Paulo. The Brazilian Delegation was led by Mr. Ivan Ramalho, Executive Secretary of the Ministry of Development, Industry and Foreign Trade of Brazil. The Indian Delegation was led by Dr. Rahul Khullar, Commerce Secretary of the Ministry of Commerce and Industry of India. List of participants is in Annex I.
2. Mr. Ivan Ramalho welcomed the Indian Delegation for attending this Second Meeting. In his opening remarks, he mentioned that there is great potential for expansion of bilateral trade between the two countries, whereas highlighting the growth of bilateral trade in early 2010.
3. Dr. Rahul Khullar thanked the reception and then stressed the importance that India confers to trade relations with Brazil. He pointed out he stimulates Indian companies to seek new markets beyond the traditional ones. He noticed the needs to promote frequent meetings between the two parties and the needs to explore the possibilities that the Trade Monitoring Mechanism provides.
4. The following issues were discussed during the meeting :

I. Bilateral Trade Analysis:

5. From the Brazilian side, the Secretary of Foreign Trade, Mr. Welber Barral, observed Brazil's exports for the Indian market recorded the amount of US\$ 624 million in the first two months of 2010, 207.4% higher than observed in January-February 2009. The imports from India have achieved significant growth as well, reaching US\$ 452 million in the same period, 57.7% higher than in the first two months of 2009. These results amount to a 119.6% growth in overall bilateral trade. Shipments of raw sugar and oil were the decisive factors for the significant expansion of exports in these first two months of 2010.
 6. The Brazilian side further observed that, in January 2010, 322 Brazilian companies exported to India, compared to only 213 companies a year earlier. From the side of the imports, 1,123 Brazilian companies purchased from India as compared to 919 companies recorded in the same period of last year.
 7. However, both sides observed that there is much potential for trade between the two countries and that this trade has been seriously affected with changes in international prices because it is concentrated in *commodities*.
 8. The both sides agreed that in parallel to the next TMM, it would be appropriate the presence of private sector representatives of the two countries as a means to stimulate a desired trade diversification.
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II. Civil and Military Aviation

9. Mr. Marcus Tollendal, representative of Embraer, began the presentation noticing the commercial importance of Indian market for the civil aviation and military aviation. He expressed difficulties about the requirements for *off set* informed by the Indian Government as a condition for the purchase of aircrafts: investments in India and *joint ventures* with local companies, limited to a maximum content of participation.
10. Finally, the representative of Embraer expressed the company's desire to maintain a long-term relationship with India, not only in sales to the country, but also with partners to form a local aviation industry. Thus, he requested support of the Ministry of Commerce and Industry of India to a new proposal to *off set* that the company has submitted to the Indian Government in order to achieve these goals.
11. The Brazilian side was requested by the Indian side to send specific issues in the matter through the Indian Embassy in Brazil to analyse the request.

III. Proposal for a Regulatory Cooperation in the Pharmaceutical Sector

12. From the Brazilian side, the representative of ANVISA – *National Agency of Sanitary Surveillance*, Mr. Mateus Cerqueira, recalled the TMM first meeting that took place in 2009 in New Delhi and the technical meeting held later with Dr. Surinder Singh of the *Central Drugs Standard Control Organization* - CDSCO. In that meeting, they developed a *work plan* entitled *Cooperation between the Health Regulatory Authorities from Brazil (ANVISA) and India (CDSCO)* on inspection of medicines, active pharmaceutical ingredients, bioequivalence and bioavailability, clinical research, health products, and e-governance, regulatory and monitoring of vaccines. However, after this contact, there was no progress.
13. The Brazilian side handed a copy of the said document to the Indian side. The Indian side requested that the next contacts between ANVISA and CDSCO be sent through the Indian Embassy in Brazil for information and assistance to the progress of discussions.

IV. Import of Endosulfan from India

14. The Indian side requested the Brazilian side for considerations on this issue, which is of great export interest to the country. The Indian side conveyed its desire for export of the said product to Brazil.
15. The Brazilian side, through the representative of ANVISA, reported that public consultation was closed in Brazil in February 2010 for reassessment of pesticide products. He also reported that ANVISA is presently in the process of consolidation of more than 4,000 public calls received on this subject. Thus, in the April, 2010, the Commission of Revaluation from ANVISA should convene to give final opinion on the ban or marketing possibilities in Brazil.

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V. Cooperation in Metrology and Conformity Assessment

16. The Coordinator of INMETRO – *National Institute of Metrology, Standardization and Industrial Quality of Brazil*, Mr. Jorge Cruz, presented two proposals to the Indian side : (i) discussion of a Memorandum of Understanding with NABCB – *National Accreditation Board for Certification Bodies of India* – for certification of management systems and participation in training on issues of accreditation, for example, certification of management systems and products; and (ii) renewal of the Memorandum of Understanding between INMETRO and NPLI – *National Physical Laboratory of India*. He also mentioned that since 2007, INMETRO has invited those Indian institutions to visit INMETRO's laboratory in Rio de Janeiro and both have not responded to the requests of Brazilian side in the matter.
17. Both proposals were welcomed by the Indian side and suggested to INMETRO to send invitation through the Indian Embassy in Brazil for improved delivery to NPLI and NACB.

VI. Evaluation of the Mercosul – India PTA

18. From the Brazilian side, Ambassador Evandro Didonet observed the entry into force of the Agreement since June 2009 and the holding of the First Meeting of the Joint Administration Committee, in Montevideo, Uruguay, in November 2009. He mentioned about the decision taken during that meeting regarding the beginning of the discussions for the expansion and deepening of the preferences negotiated in the Agreement. It was further informed that after verification with the other Mercosul countries, it would be possible to go to New Delhi for the 2nd Meeting of the Joint Administration Committee of the Agreement in May /June 2010, as determined in the aforementioned meeting in November 2009.
19. The Indian side mentioned that for India the relationship with Brazil is strategic. It was stated that both countries should be more ambitious regarding their bilateral trade relationship. It was further added that the Agreement has few tariff lines, insignificant economic impact and, accordingly, expressed desire for a quick negotiation for widening the Agreement (about 6 months) with a significant increase of negotiated products.
20. Finally, Mr. Welber Barral, Secretary of Foreign Trade of Brazil, indicated that a quick action is necessary because the process of elections in Brazil will take place in October 2010.. The Indian side informed that a mutually convenient date in this regard can be finalized soon.

VII. Sectoral Meetings

21. The Coordinator of the Secretariat of the Development of Production, Mr. Luiz Mauricio Navarro, Brazil, noted that there is great potential for expansion of bilateral trade. Thus, he proposed the holding of meetings between representatives of groups of industries in India and Brazil with the aim of identifying opportunities to complement private investment and trade between the two countries. He also observed that there would already be a list of sectors in Brazil interested in having those meetings, which could occur in parallel to the

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next TMM. The proposed objectives would reinforce what has been observed by both sides in item I of this Minute.

22. The Indian side indicated its willingness to work together with the Brazilian side to organize the above meetings. The Indian side requested that the list of Brazilian sectors in the matter may be sent through the Indian Embassy in Brazil, so that the Indian side could take the similar action .

VIII. Biofuels

23. From the Brazilian side, the representative of APEX – *Brazilian Agency for Promotion of Exports and Investments*, Mrs. Paula Gomes, mentioned about the event *Biofuels India* held in November 2009 . The meeting took place in India with the support of the *Confederation of Indian Industry – CII*, and the *Ministry of New and Renewable Energy of India*. The event aimed at bringing together entrepreneurs in the sectors of machinery for agriculture and biofuels. The representative of APEX informed about the great interest from the Indian private sector but low attention on the Brazilian side.
24. The Indian side said that, compared to Brazil, India is still in initial process of development of the sector. The Indian side further expressed about the great interest of their country to build a mechanism for cooperation in this area. Finally, it was requested to the Brazilian side that next actions would be organized initially between the Governments of both countries in order to overcome the problems of attendance observed in the private sector.

IX. CEOs Forum

25. The Indian side, observed the needs to hold the 2nd Meeting of India-Brazil CEOs Forum in the current year. The Indian side observed that it is necessary to identify the entrepreneurs of both countries with real interest in the Indian and Brazilian markets.
26. The Indian side also pointed out the needs for a new structure to conduct the Forum with new leaders and participants. The Indian side requested a new date for the meeting to APEX-Brazil and the appointment of new Presidents to the Brazilian and the Indian sides in order to compose a new Forum. The Indian Embassy in Brazil and the Ministry of Commerce and Industry of India offered support to APEX for the organization and discussion of dates, as well as to nominate the new Presidents for the Forum.
27. The representative of APEX thanked the support and stated that the next meeting should occur in Brazil, because the First Meeting took place in India.

X. Foreign Trade Services

28. From the Brazilian side, Mr. Mauricio Lucena do Val, Director of the Department of Trade in Services of the Secretariat of Trade and Services, began the presentation by noting that the service sector represents 65% of Brazil's GDP and it is responsible for about 60% of jobs in the country. Therefore, he proposed the formulation of a *Working Group* with experts from both countries to exchange information on methodologies used to collect data
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for collecting statistics on foreign trade in services. Brazil is willing to present the experience of the development of SISCOSEV, (system of registration and measurement of operations between Brazilian residents and nonresidents, for sale and purchase of services and intangibles), and the *Brazilian Nomenclature of Assets and Services* (NBS). In a second step, the *Group* would identify business opportunities for increased trade and investment in services between Brazil and India.

29. The Indian side requested further detail of this proposal and further information about the other two issues proposed by the Brazilian Side: "*Exchange of Information on Government Procurement*" and "*Procedures for Company Registration, Opening and Closing*" in the two countries.
30. The Brazilian side agreed to send a written proposal to the Ambassador of India in Brazil and the Secretary of Commerce of the Ministry of Commerce and Industry of India.

XI. Trade Remedies

31. Both sides held detailed discussions on the ongoing processes and applied antidumping duties as indicated below:
 - i. **EPDM elastomers:** the Brazilian side requested information about the progress of the review of the antidumping duty in question, because since March 2007 there has been no production in India. The Indian Side informed that the review is still ongoing and should be completed in two or three months.
 - ii. **Polyols for Flexible Sheet Material:** the Brazilian side requested information on the progress of the review of the antidumping duty in question, noting that Brazil could not export polyols to India anymore. The Indian side informed the completion of the review, with the exclusion of Brazil from the scope of the antidumping duty.
 - iii. **Glass flasks - Piramal Healthcare Limited and problems in answering the questionnaire by Indian companies :** The Brazilian side stated that Piramal, specifically, responded after the deadline and that the problems do not relate to the form itself, but to the difficulties to send printed material from India to DECOM within the legal term, suggesting that the Embassy could help Companies in this regard. The Brazilian side also pointed out that those companies were not using the privilege granted by DECOM to send their response electronically in order to ensure compliance with the deadline. The representative of DECOM, Ms. Marilia Valle, also reported a meeting with representative of the Indian company in Brazil. On that occasion it was stated that the deadline for responses to the questionnaire was established by legislation that guides the investigations of this type, Moreover in this meeting, the company was informed about its participation in the process and its right to make statements about this case.
32. Besides the three points above, the Indian side also expressed concern about the investigations initiated by Brazil in the last two years. Indian side informed that definitive antidumping or countervailing duties on import of Indian jute yarn, jute bags, PET films and viscose yarn , are in force , while , antidumping investigation on the import of Indian




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polypropylene resin and pharmaceutical glass flasks are in progress. Indian side further mentioned that the such measures could adversely affect smooth flow of bilateral trade .On these cases , the representative of DECOM noted that the charges applied, for example, to the case of PET and viscose yarn, were based on questionnaire responses of Indian companies which were investigated *in loco*. The Indian side reminded the importance of data investigations *in loco* and the Brazilian side agreed saying the Department was planning investigations of this type in the ongoing process. DECOM's representative recalled that in the case of jute bags, result of the previous review, several companies were dumping duty equal to zero and even so only one company answered to the questionnaire. In the case of jute yarns, DECOM's representative also stressed that the Indian companies, during the original investigation, did not respond to the questionnaire even after several meetings with sector representatives. Some representatives of the Government of India also participated in those meetings when DECOM presented information on the procedures related to petitions for review. Until now, DECOM has not received any request for review of the above mentioned anti-dumping measure.

XII. Phytosanitary Issues

33. The Brazilian side delivered to the Indian side, a text in English wherein the Ministry of Agriculture of Brazil – MAPA explains that the main requirement to authorize the imports of plant products in the country is the implementation of the Risk Analysis Process – ARP: a set of formal procedures consolidated in the WTO SPS Agreement and its regulations aiming at harmonizing standards for technical analysis required to the acceptance of plant products into other countries by Brazil. It was also delivered to the Indian side, an English version of Normative Instruction No. 6 of MAPA, of May 2005, which specifies the official procedures for carrying out ARPs.
34. The document delivered by the Brazilian side to the Indian side also noted the requests for ARPs made by Brazil that remain to be concluded by the Indian authorities: request for apple and soybean (request submitted in April 2007 and returned in August 2009), citrus and cotton (sent in August 2009). , The MAPA of Brazil requested for an early completion of technical formalities and sought the present progress of the cases. .

XIII. Dispute between ONGC Videsh and Petrobras over withdrawal of oil block BM-S-17

35. The issue was not taken for discussion (to be deleted)

XIII. Exchange of Information on Innovation Policies

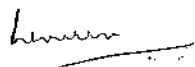
36. By the Brazilian side, Mr. João Batista Lanari Bó - Director of the Department of Technological Innovation of the Secretariat of Innovation - SIN/MDIC expressed the Brazilian interest in initiating exchanges of information on technological innovation between the two countries and proposed to sign an MoU for possible cooperation in areas related to the subject.
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37. The Indian side expressed its support and requested the Brazilian side that the proposal may be sent to the Ambassador of India in Brazil and the Secretary of Commerce of Ministry of Commerce and Industry of India.

XIV. Next meeting

38. Both sides reaffirmed that the TMM is an effective forum to resolve the outstanding issues that affect bilateral trade and the present meeting was held in a cordial and productive atmosphere. The both sides agreed to hold the Third TMM tentatively in September 2010 in India.

**For the Government of the
Republic of India**



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Government of India**

**For the Government of
Brazil**



**Mr. Ivan Ramalho,
Executive Secretary
Ministry of Industry, Development and Foreign
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Annexure 1

List of Participants

Indian Delegation

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Brazilian Delegation

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