

**Minutes of the Third Meeting of the India-Brazil Trade Monitoring Mechanism
(TMM) held on 27th March, 2012 in New Delhi**

1. The Third Meeting of the India-Brazil Trade Monitoring Mechanism (TMM) was held on 27th March, 2012 in New Delhi. The Indian Delegation was led by Dr. Rahul Khullar, Secretary, Ministry of Commerce and Industry. The Brazilian Delegation was led by Mr. Ricardo Schaefer, Vice Minister of Development, Industry and Foreign Trade. The list of participants is at Annex I.
2. Commerce Secretary, Dr. Rahul Khullar welcomed the Brazilian Delegation to the Third Meeting of the TMM. In his opening remarks, he mentioned that the bilateral trade relationship is one component of a larger engagement between India and Brazil that extends across various fora including IBSA, BRICS, WIPO, WTP and UN. Political will on both sides has resulted in increased engagement between the two countries. India has been making concerted efforts to reach out to the LAC economies especially Brazil, which is the country's largest trading partner in the LAC region and is the gateway to Latin America. India strongly feels that it would be in the interest of both countries to expedite the process of expanding the India-Mercosur PTA.
3. Vice Minister, Mr. Ricardo Schaefer thanked the Indian side for organizing this meeting. He observed that bilateral trade has grown sharply in the last few years. Yet, the partnership between India and Brazil lags behind its potential. Just as India recognizes Brazil as the entry point to Latin America, Brazil sees India as the gateway to Asia. He reaffirmed the importance attached by Brazil to its relationship with India.
4. The following issues were discussed during the meeting :

I. Bilateral Trade Analysis:

- i. The Indian side observed that bilateral trade between the two countries has recorded remarkable growth over the last decade. It increased from a modest USD 527.18 million in 2001-02 to USD 7519.68 million in 2010-11, registering a growth of approx. 1326%. During this period Indian exports to Brazil increased from USD 219.01 million to USD 3970.80 million, recording a growth of approx. 1713%, whereas India's imports from Brazil increased from USD 308.17 million to USD 3548.88 million, a growth of approx. 1052%. While this growth has received impetus from the emphasis placed on our bilateral engagement by our political leadership, implementation of the India-Mercosur PTA was also one of the factors in enhancing trade and improving market access. It was, however, observed that though Brazil was India's largest trading partner in the Latin American region, bilateral trade between them was still below potential. India's share in Brazilian global imports increased to 2.69% in 2011 from 1.8% in 2007, whereas percentage share of Brazilian exports to India doubled from 0.5% to 0.96% during the same period. The share of Brazil in India's global exports was 1.76% in 2010-11 and 1.35 % in 2009-10. Similarly, the share of Brazil in India's global imports was 0.99% in 2010-11 and 1.20 % in 2009-10. The Indian side noted that though growth was substantial, absolute numbers are still low. On the investment side also, bilateral investment flows are encouraging. The Indian side reaffirmed its desire to seek an early date for the next round of negotiations for the expansion of the India-Mercosur PTA to increase coverage of tariff lines and margin of preference on the items under the Agreement.
- ii. The Brazilian side shared its data relating to trade with India. It was mentioned that in 2011, India was ranked as the 18th largest global trading partner of Brazil. However, during Jan-Feb 2012, due to a 220% increase in Brazilian exports to India, India is ranked as the 6th largest global trading

partner. The main exports from Brazil are basic goods which accounted for 73% of the total exports in 2011 and 80% of the total exports in Jan-Feb 2012. As per Brazilian statistics, the trade between India and Brazil touched US\$ 9.2 billion in 2011 registering a growth of 20% over 2010 when it stood at US\$ 7.7 billion. The increase in trade volumes was all the more encouraging when seen against the backdrop of a mere US\$ 828 million in 2000.

- iii. Vice Minister (VM), Brazil mentioned that there is a difference in the bilateral trade statistics of the two sides and measures need to be adopted to harmonize statistics. Over the last ten years, bilateral trade flows have increased by ten times. Brazil needs to add value to its exports to India. VM further proposed setting up of a Working Group on statistical cooperation between the two countries.
- iv. CS mentioned that Brazil is a predominant and highly competitive agricultural producer. Given India's requirements of food and energy security, trade flows will increase. However, both Brazil and India need to move up the value chain. There is a need to reduce dependence on oil trade & focus on the trade in manufactured goods. This can be facilitated by organizing more Buyer Seller Meets and visits of business delegations. India had organized an India show in Sao Paulo in 2010. Brazil could take the initiative for organizing a similar event in India.
- v. VM informed that Brazil is organizing a seminar on the sidelines of the BRICS Summit. Promotional activities are planned by Apex Brazil and they are keen to develop closer cooperation for trade promotion with BRICS countries. Since Department of Commerce also takes the lead in organizing events for trade promotion, it was decided that possibilities of cooperation in this sector should be explored. It was agreed that both sides would exchange a list of exhibitions and shows planned in their countries and encourage mutual participation through wide circulation and facilitation.

II Working Group on Service

- i. The Brazilian side identified several opportunities for cooperation in the services sector. These include
 - a) Cooperation in the compilation of statistics on the bilateral trade in services including exchange of methodology of compilation.
 - b) Trade partnership in select sectors.
 - c) Study of the Indian model of SEZs(The Brazilian side thanked India for organizing a visit to Noida EPZ).
 - d) Brazil has proposed a Memorandum of Understanding (MoU) on Services to promote cooperation on several issues, including standards.
- ii. The Indian side welcomed this opportunity for cooperation. Indian IT led Services trade has had a transformational effect on various economies. On the Memorandum of Understanding (MoU), the Indian side mentioned that they had received the draft text two days before and required additional time to examine it. However, the Indian side made some preliminary comments. It was suggested that the Memorandum of Understanding (MoU) should include issues related to Mode 4. Sectors of interest for India include auditing, accounting, architecture, banking, health, R&D etc. While India welcomes a move towards standardization through this Memorandum of Understanding (MoU), a provision to work towards extending this Memorandum of Understanding (MoU) into an agreement covering issues related to Market Access & National Treatment should be incorporated. The Brazilian side expressed the view that the issues related to consular matters should be taken up under that forum, rather than the Services MoU. The Indian side suggested that it would rework the text and share it with Brazil to enable Brazil to respond concretely.

- iii. A presentation was made by representatives of Reserve Bank of India (RBI) and DGCIS explaining their methodology of data collection and dissemination.

III Problems related to business visas

- i. The Indian side mentioned that the procedure for granting business visas is complicated and time consuming. Indian industry representatives have complained that business visas are rarely granted. Even for senior industry members, business visas are referred back with a direction to apply for technical manpower visas. Additional information such as income tax returns, legalized certificates etc. are demanded prior to grant of visa. The guidelines for acceptance of business visa by Brazil are not clear.
- ii. The representative of NASSCOM highlighted some of the difficulties faced by Indian IT companies keen on doing business with Brazil. Brazil is an attractive destination as it comprises half the IT BPO market in Latin America. IT companies invest in Brazil to make it a base for their exports to the LAC market. Several Indian companies have established presence in Brazil and are employing predominantly local persons. In order to train their Brazilian counterparts, movement of Indian experts is required to Brazil. Difficulties in getting visas are adversely affecting such operations. In order to remove these difficulties, it was suggested that Brazil could consider:
- Publication of guidelines (Dos & Don'ts) for obtaining a business visa.
 - Establish SLAs (Service Level Agreements) in Missions in India. These would provide definite timelines for processing of visa applications and taking a final decision on them.
 - Establish a fast track window for visas for companies investing in Brazil. Investors in Brazil require periodic senior management team visits to the site. Visas are needed for them.

- iii. The Brazilian side responded that there appears to be a problem due to lack of information. Some difficulties may arise due to inefficiencies and some due to legal constraints. Furthermore, many visas cannot be granted due to improper documentation received from applicants. A Working Group on Visa issues has been proposed which can address these issues. A Memorandum of Understanding to Establish a Consultation Mechanism on Migration and Consular Issues, which could address these issues, has been proposed by Brazil and is currently under consideration by the Government of India. The Brazilian side also pointed out that all information regarding visas guidelines can be obtained at the Embassy's website: <http://novadelhi.itamaraty.gov.br/en-us/visas.xml>. Further, the Brazilian Embassy can organize a workshop/seminar for Indian officials, companies and travel agents to create/promote awareness. The Brazilian side also mentioned that they are launching a new book on legislation for foreign investors in Brazil which will provide additional clarity.

IV Cooperation on Intellectual Property (IP)

- i. The Brazilian side expressed a desire to learn more about the IP system in India and proposed signing a Memorandum of Understanding (MoU) on IP issues. Brazil already has 21 MoUs with other countries and is negotiating 18 more. These MoUs aim to exchange information on IP protection systems, quality control, patents, databases etc. These efforts also work towards raising awareness of small and medium companies in this sector. Brazil proposed the creation of a Joint Committee for IP inside the structure of the MoU.
- ii. CS mentioned that Brazil and India have much in common and share strong interests on this subject. IP has been a common agenda in Geneva, WTO & WIPO and CBD. It was agreed that DIPP would interact with their Brazilian counterparts to suitably take this forward.

V Discussion on CEO's Forum

- i) The India-Brazil CEO's forum was constituted in 2007 and there has been discussion on restructuring the Forum. The Brazilian side mentioned that the new format proposed by India is not in conformity with the original structure of the CEO's forum but is more relaxed. The Brazilian side agreed with the format proposed by India. The Brazilian delegation further informed that the tentative list of Brazilian companies was ready. They suggested that during this visit, a meeting between the members of the newly constituted Forum could be held.
- ii) India informed Brazil that the list of Indian CEOs is yet to be approved. However, India looked forward to having a meeting at the earliest. (Lists of nominees have subsequently been exchanged).

VI Work Plan entitled Cooperation between the Health Regulatory Authorities from ANVISA (Brazil) and the Central Drugs Standard Control Organization, CDSCO (India)

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VII Registration requirements for Pharma products exported to Brazil

- i. As part of the TMM dialogue, a meeting was held on 26 March, 2012 between ANVISA (Brazil) and CDSCO (India). Brazil informed that the discussion with India's Central Drugs Control Agency and State Marketing Agencies during this meeting was extremely fruitful. The two agencies shared information on the regulatory framework in each country, especially relating to requirements for entry of drugs. Like India, Brazil has a decentralized system of drug regulation. The Brazilian side mentioned that Indian pharma products are extremely important for them. India is in the third position behind US & Germany in inspections of pharma companies conducted by ANVISA. 104 certificates have been issued by ANVISA to Indian pharma companies. Of all applications received for international inspections of APIs, 27% are received from India. Brazil maintains a

136

database of companies that want market access. 30% of those are from India, 2nd after China. India is first among all countries with respect to the number of certificates issued for APIs. The Brazilian side proposed to send a draft Memorandum of Understanding (MoU) to the Ministry of Health for exchange of information on regulatory environments.

- ii. The Indian delegate informed that a Memorandum of Understanding (MoU) was signed in 2008 for disease surveillance. Another one is now required on drug regulation to facilitate bilateral trade in this sector. In February 2012 a team of 40 drugs companies visited Brazil. There was also a Buyer-Seller Meet (BSM) in Hyderabad. Indian pharma companies currently export to 220 countries and 80% of Anti HIV drugs sourced globally are from India. Brazil can benefit from the excellence of the Indian pharma sector, if certain difficulties faced by Indian pharma companies in accessing the Brazilian market can be addressed.
 - Product registration takes 2-4 years in Brazil as compared to 6-8 months in other countries. If the process can be defined as a calendar of activities, and it can be carried out on an expedited basis, the delay can be reduced substantially.
 - Further if there is automatic accreditation of Good Manufacturing Practices (GMP) regimes on the lines recognized by the US, UK or Australia, the system could be improved.
 - Other problems relate to delays in bio-equivalence studies and clinical trials for oncology. These aspects could be covered in the proposed Memorandum of Understanding (MoU).
- iii. The Brazilian side responded by stating that there are different regulations for different pharma products. While supporting the idea of a Memorandum of Understanding (MoU), they requested that the specific products may be identified. They also informed that steps are being taken by Brazil for

improving its system such as development of an electronic database and restructuring of ANVISA.

- iv. CS emphasized that this is one area where both countries can gain through partnership. India is a competitive and reliable producer, Brazil needs reasonably priced quality products. The Indian delegate was requested to exchange the draft of the Memorandum of Understanding (MoU)/Work Plan with his counterpart by 30 March, 2012. In response to this request, in the afternoon of 27 March, ANVISA's representatives met once again with representatives from the CDSCO, in order to elaborate a first draft of the MoU. Both agencies have agreed on the general terms of the agreement, that must be sent officially by the Brazilian side to the Indian Ministry of Health for further approval and signature. The main focus of this MoU is the exchange of information and experiences between the two agencies, as well as technical visits to Brazil and India and observation of GMP inspections conducted by the other agency, as first steps for building bilateral regulatory confidence and dialogue.

VIII Countervailing (CVD) and antidumping (AD) duties imposed on Indian goods

- i. The Indian side raised the issue of imposition of CVD and antidumping duty on Indian viscose yarn by Brazil. During the investigation, no conclusive injury to the local Brazilian industry was established, yet AD duty of US\$ 1.20 p/kg has been imposed. As a result, loss is being suffered by Indian exporters rendering them uncompetitive.
- ii. Similarly, AD duty on jute bags & yarn has again been extended without conclusive proof of injury. The Indian delegate also mentioned that difficulties are being faced due to imposition of duties on products that are taken to Brazil for exhibitions.
- iii. The Indian delegate mentioned about imposition of anti-dumping and countervailing duties on PET films and ongoing investigation for imposition

of antidumping duty on laminated items of iron and steel and countervailing duty on viscose yarn. No material injury to domestic industry due to these exports has been established in investigations. Hence, there do not appear to be grounds for imposition of duties.

- iv. The Indian delegate further mentioned that Brazilian legal requirements of filing all documents in Portuguese including income tax returns, invoices etc., create difficulties for Indian exporters. The possibility of allowing filing of these documents in English should be considered. Further, the requirement that applications for extension of datelines should be made by individual exporters may be relaxed by allowing such requests to be filed by the Indian Embassy, as is the case in other countries.
- v. The Brazilian delegate informed that they conduct the proceedings very carefully and these have never been challenged in the WTO. He proposed that India should be in touch with the Director of Trade Remedies (DECOM), Brazil to convey their concerns and to understand the legal requirements in the issue. Brazil also informed that filing of responses in Portuguese is a legal requirement in their country. Nevertheless, consideration is being given on ways to simplify some of those requirements in the near future.
- vi. CS informed that India has not initiated any investigations against Brazil and given the facts of the case and our growing partnership, there does not appear to be a case for imposition of duties on Indian products.

IX Memorandum of Understanding between INMETRO(National Institute of Metrology, Standardization and Industrial Quality of Brazil) and NABCB (National Accreditation Board for Certification Bodies of India)

The proposed MoU has been signed between NABCB (India) and CGCRE / INMETRO (Brazil) on 29th March, 2012 in New Delhi.

X Memorandum of Understanding (MoU) for Voluntary Certification Scheme between Quality Council of India (QCI) and Deptt. of AYUSH & INMETRO (Brazil).

The Indian side proposed signing of a Memorandum of Understanding (MoU) with Brazil for recognition of certification systems. This agreement would provide comfort to Brazil that the AYUSH products being exported from India to Brazil are safe and meet Brazil's standards. It was decided that the Deptt of AYUSH and DIPP would examine the draft text under preparation by India and share it with Brazil within two weeks.

XI Memorandum of Understanding between INMETRO (Brazil) and NPLI (National Physical Laboratory of India)

Both sides expressed their willingness to sign the Memorandum of Understanding (MoU) during this visit, subject to receipt of necessary clearances from Ministry of External Affairs (MEA) and DIPP. This Memorandum of Understanding (MoU) will promote cooperation in the field of sciences and recognition of standards.

XII Cooperation in Agricultural Sector

- i) The Indian side shared the status of the PRA (Pest Risk Analysis) of products which Brazil is interested to export to India. For grains, the PRA for soybeans has been completed and Brazil has been provided with market access. The Brazilian delegate asked which are the specific soybean phytosanitary requirements to be informed. For fresh fruits, the PRA for apples is also complete and Brazil has been provided with market access, while for grapes the PRA is still underway and will take some more time to be concluded.
- ii) On the Indian request for exports of sorghum, corn, rape seeds and pearl millet to Brazil, the Brazilian delegate explained that India still needs to require the start of a PRA for each one of these species, as previously informed by Brazil. The Brazilian delegate provided a copy of the

140
correspondence related to the above mentioned requirement (Oficio n° 338/2010/DSV – December 28, 2010, sent to Mr. Shashank Vikram, Second Secretary & Head of Chancery of the Indian Embassy in Brazil). It includes Normative Instruction N° 6 (May 16, 2005/version in English), which regulates the PRA procedures and contains the format in which requisite information is to be provided. The Indian delegate also sought information on the requirements for the PRA for wheat, rice, maize and garlic so that India could export these products to Brazil. Finally, the Brazilian delegate expressed that, regarding agricultural inputs, Brazil would appreciate to have India as a supplier of fertilizer.

XIII Cooperation in Veterinary Sector

- i) Brazil expressed interest to import Indian buffalo meat, and delivered a copy of the correspondence sent to the Indian sanitary authorities (Oficio n° 1047/2011-DNSF/SRI/MAPA – August 03, 2011). Further, Brazil provided a copy of the proposed sanitary certificate for import of pork products (Portuguese and English version) by India for consideration. Additionally, the Brazilian delegate mentioned that regarding the exports of poultry meat to India, the sanitary requirements have been agreed by both sides, but the high import tariffs on the product represent a restriction to access the Indian market. The delegate of the Department of Animal Husbandry (DAH) assured that this issue would be examined and considered. Brazil mentioned that since January 2012 the arrangements have been set up to receive the visit of an Animal Husbandry / Veterinary Mission from India to Brazil and expressed support for the visit. The Indian delegate responded that a visit will be planned shortly.
- ii) VM also expressed interest in discussing the possibility to supply poultry races suitable for small-scale farming in India.

- iii) CS directed that a comprehensive work plan should be prepared for Cooperation in Agriculture that would include sectors such as animal husbandry, horticulture, agriculture, inputs (seeds and fertilizers), food processing, etc. He requested Department of Commerce to coordinate with the various departments to have an initial draft MoU for a Working Group prepared, to share with the Brazilian side.

XIV Legislation regarding Government Procurement in Brazil and Legislation regarding the purchase of land in Brazil

- i) The Indian side raised the issue regarding the legislation on Government Procurement in Brazil, and sought further information on it, especially the possible exemptions being considered for MERCOSUR partners.
- ii) The Brazilian side clarified that they have been in negotiations with MERCOSUR for exemptions for 2 years but have not reached a final decision. They stated that once it is finalized, Brazil is open to discussing it with India.
- iii) The Indian side also wanted to know if the restrictions on purchase of land in rural areas extended to BPO sector as this has been a concern on part of some Indian businesses.
- iv) The Brazilian side clarified that the purchase of land by foreigners in Brazil is regulated both by the Brazilian Constitution and by federal law. Once these legal requirements have been respected, till date there has not been any problem related to land owned by foreigners and its related productive business operations. The Brazilian delegate explained that, besides the purchase of land, foreign investment in agricultural production can also be done through land leasing contracts. Additionally, it was mentioned that Brazilian agribusiness also welcomes investments, for instance, in storage of agricultural products, in food processing, in farm production financing and

142 in inputs commercialization. The legislation does not give support to speculative investment in land.

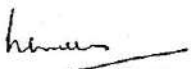
XV Cooperation in Civil and Military Aviation

- i) The Indian delegate informed that it is the view of the Ministry of Defense that defense related issues should be taken up in the India Brazil Joint Development Committee that meets once a year.
- ii) CS advised that possible cooperation in the area of Civil Aviation could be explored in consultation with the department concerned.


XVI Next meeting

- i) The VM thanked the Indian Co-chair for the arrangements and taking out the time for the meeting. He stated that this commitment to the goal enabled the two countries to have a strong bilateral relationship.
- ii) CS expressed his satisfaction at the pace of cooperation, especially the MoUs that are going to be signed. Other MoUs relating to Agriculture, Services, and Pharmaceuticals & Drugs would be worked on. He stated that this has been a useful interaction with tangible outcomes. Reaffirming that Brazil is a valued partner, CS emphasized that the TMM must meet regularly.
- iii) Both sides agreed to hold the Fourth TMM on a mutually convenient date in Brazil.

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


Dr. Rahul Khullar
Commerce Secretary
Department of Commerce
Ministry of Commerce and Industry
Government of India

**For the Government of
Brazil**


Mr. Ricardo Schaefer,
Vice Minister of Development,
Industry and Foreign Trade
Government of Brazil

List of ParticipantsIndian Delegation

1. Dr. Rahul Khullar, Commerce Secretary
2. Dr. Anup Wadhawan, Joint Secretary, Department of Commerce
3. Mr. J.S.Deepak, Joint Secretary (TPD-Services), Department of Commerce
4. Ms. Anjali Prasad, Joint Secretary, DIPP
5. Mr. V. Srinivas, Joint Secretary (Exports), Ministry of Textiles
6. Mr. D.V.Prasad, Joint Secretary, DIPP
7. Mr. Arun Kumar Panda, Joint Secretary, Ministry of Health & Family Welfare
8. Mr. B. Prashanth Kumar, Director, Deptt of Animal Husbandry, Dairying & Fisheries
9. Mr. Sarvesh Rai, Director (Plant Protection), Department of Agriculture
10. Mr. K.K.Sinha, Industrial Advisor , DIPP
11. Ms. Shubha Sarma, Deputy Secretary, FT (LAC), Department of Commerce
12. Dr. A.K.Bandyopadhyay , Chairman, ISTAG, National Physical Laboratory of India (NPLI)
13. Mr. Anil Relia, Director, National Accreditation Board for Testing and Calibration Laboratories (NABL)
14. Mr. Satyapal Shani, Dy. Drugs Controller General of India , Central Drugs Standard Control Organization(CDSCO)
15. Ms. Vani Bhambri Arora, Assistant Director, National Accreditation Board for Certification Bodies (NABCB), Quality Council of India (QCI)
16. Mr. Raj Kumar, Under Secretary, Deptt of Pharmaceutical
17. Mr. Suman Chatterjee, Under Secretary, Department of AYUSH , Ministry of Health
18. Dr. Amnish Verma, Consultant (Tech), Department of AYUSH , Ministry of Health
19. Dr. A. Saha, Director, DGCIS, Kolkata
20. Mr. Sukhbir Singh, Resident Manager, Hindustan Aeronautics Ltd.
21. Mr. Arvind K. Jha, Reserve Bank of India
22. Mr. Rajeev Jain, Reserve Bank of India
23. Shri Gagan Sabharwal, Dy. Director, NASSCOM

Brazilian delegation**Ministry of Development, Industry and Foreign Trade (MDIC):**

- 1) Mr. Ricardo Schaefer, Vice Minister of Development, Industry and Foreign Trade
- 2) Tatiana Palermo, International Advisor to the Deputy Minister's Office
- 3) Flávia Furtado, Policy Advisor to the Deputy Minister's Office
- 4) Daniel Godinho, Deputy Secretary of Foreign Trade
- 5) Gustavo Cupertino Domingues, Foreign Trade Analyst to the Secretariat of Foreign Trade
- 6) Mauricio do Val, Director of the Department of Commerce and Services Policies
- 7) Gustavo Saboia Fontenele e Silva, Executive Secretary of the National Council for Exports Processing Zones

Ministry of External Relations (MRE):

- 8) Minister Maria Clara Duclos Carisio, Director of the Central Asia, Meridional Asia and Oceania Department - DACMO
- 9) Minister Rubens Gama, Director of the Trade Promotion Department - DPR
- 10) Counsellor Fabio Antibas, Head of the Meridional Asia Division - DIAM
- 11) Helio Maciel de Paiva Neto, Trade Promotion Department
- 12) Leonardo Onofre de Souza, First Secretary, Embassy of Brazil

Ministry of Agriculture, Livestock and Food Supply (MAPA):

- 13) Ricardo Kobal Raski, Agronomist, Federal Agricultural Inspector, Secretariat of Agribusiness International Relations

ANVISA:

- 14) Jacqueline Condack Barcelos, Inspection and Certification Manager
- 15) Mateus Cerqueira, Specialist in Regulation and Health Surveillance, Coordination of International Cooperation

APEX-Brasil:

- 16) Mauro Rocha, Supervisor, International Relations Unit

EMBRAER:

- 17) Sérgio Bellato, Sales Director for the Asian Market, Embraer Defence and Security

INPI

- 18) Denise Gregory, Director of Cooperation for Development