

Opening Remarks
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Section 301 Hearing: Brazilian Trade Acts, Policies and Practices

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Introduction

- Distinguished members of the panel, the Chamber is appreciative of this opportunity to testify in response to USTR's investigation under Section 301 of the Trade Act of 1974 to examine Brazil's acts, policies, and practices in the aforementioned areas.
- Brazil is an important commercial partner for a broad range of U.S. companies of every size, sector, and state.
- It represents a dynamic market that is full of potential for continued growth that will benefit American workers, farmers, and companies.
- Realizing this potential requires concrete steps to ensure fair market access and enhanced regulatory transparency.
- As we detail in the long-form submission, we believe that addressing these trade barriers is not only in the strategic interest of the United States but also stands to benefit the Brazilian people.
- At the same time, a more stable and transparent trade environment will support growth and innovation in Brazil, to the benefit of both Brazilian and U.S. firms.

Preferred Approach to Addressing and Resolving Commercial Concerns

- The Chamber supports a deliberative, evidence-based approach to addressing concerns relating to Brazil's trade policies and practices.
- We are concerned that the recent imposition of a legally dubious 50% tariff on a significant percentage of U.S. imports from Brazil will have far-reaching negative implications for U.S. businesses and workers, adversely impact U.S. supply chains, and could lead to an escalatory cycle of retaliation that undermines the laudable aim of the present investigation to achieve resolution of legitimate commercial concerns.
- For the same reasons, we urge careful deliberation before USTR imposes additional tariffs on products of Brazil pursuant to this investigation.

- We also urge that tariff stacking should be avoided for all products subject to sectoral tariffs under Section 232 as this would result in cumulative tariff burdens on U.S. companies and consumers.
- An ideal outcome to the Section 301 process would be comprehensive negotiations between Brazil and the U.S. that place the economic relationship on a more stable, predictable, and prosperous footing.
- The trade protocol negotiated under 1st Trump administration, ATEC, provides a ready platform for economic cooperation that can be expanded to strategic areas such as critical minerals.
- With this in mind, I will briefly highlight a selection of Brazilian trade barriers the Chamber outlined in its long-form submission.

Digital Trade and Electronic Payment Services

- Brazil's rapidly evolving digital policy landscape has presented challenges for U.S. companies related to transparency, predictability and discrimination.
- With regard to **content moderation**, U.S. companies have been adversely impacted by decisions that appear to exceed Brazil's sovereign and legal jurisdiction. Brazil should not compel moderation of content hosted or transmitted outside of its territory.
- Regarding **electronic payment services**, Brazil's PIX System has delivered benefits in areas like financial inclusion, but the Central Bank's dual roles as both operator and regulator has created conflicts of interest tied to mandated integration, access to competitor data, and asymmetric obligations. Brazil should separate roles or subject PIX to independent oversight;
- Telecom regulator agency, ANATEL has imposed joint liability on platforms and marketplaces and conformity rules for data centers, all of which were adopted without consultation or Regulatory Impact Analysis (RIA), raising legality and predictability concerns.
- Additional proposed regulations governing AI, platform rules, Video on Demand quotas and taxes, "network usage fees," and a possible Digital Services Tax risk discriminatory effect; Brazil should refrain from measures that selectively target U.S. firms.

Intellectual Property

- Regarding intellectual property, the 2021 Supreme Court decision eliminating Article 40's minimum patent term was applied retroactively in a manner raising concerns under international law.

- The lack of Patent Term Adjustment, absence of Regulatory Data Protection for human pharmaceuticals, and broad compulsory-licensing rules also create uncertainty.
- Brazil should introduce a statutory PTA, guarantee effective RDP, and ensure that application of CLs is consistent with international norms.

Ethanol Market Access

- With regard to ethanol market access, Brazil's 18% tariff and challenges in accessing RenovaBio hinder reciprocal trade and collaboration in areas like sustainable aviation fuel (SAF). Science-based recognition of environmental standards and equitable access to programs should be prioritized.

Conclusion

- In conclusion, securing improvements in the U.S.–Brazil trade relationship by lowering tariff and non-tariff trade barriers in a reciprocal manner and ending unfair discrimination is a worthy goal that will enjoy broad support from the U.S. business, energy, and agricultural communities.
- As such, the Section 301 review provides an important platform for U.S. officials to engage with their Brazilian counterparts in this aim in order to expand opportunities for U.S. companies and realize the full potential of U.S. trade with Brazil, while avoiding tariffs that raise the cost of living, harm small businesses, and undermine manufacturing in the United States.
- I again appreciate this opportunity to testify and look forward to your questions.