

Cost Brazil Doesn't Allow the Country to Cut Import Tariffs

Contributed by Mylena Fiori
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The Brazilian industry intends to follow closely the negotiations at the 6th Ministerial Meeting of the World Trade Organization (WTO) on December 13-18, in Hong Kong.

The industrialists are afraid that Brazil will agree to reductions in import duties on industrial goods in exchange for greater access to the European market for agricultural commodities.

"We believe that the tariff protection level cannot be reduced, lest direct harm be inflicted on important sectors of Brazilian industry," Armando Monteiro Neto, president of the Brazilian Confederation of Industry (CNI), affirmed.

On December 1st, at a meeting of the Economic and Social Development Council, Brazil's minister of Foreign Relations, Celso Amorim, guaranteed that the only gesture Brazil will make when it comes to industry is lowering the average tariff from 10.8% to 9.9%.

Amorim's statement didn't assuage Monteiro's concern. "The average effective tariff practiced in Brazil hovers around 12%, a level below what is adopted in various emerging countries. Right now, the situation doesn't permit imagining a reduction," he emphasized.

Monteiro Neto pointed out that Brazil's industries "still suffer" from what is referred to as the Cost of Doing Business in Brazil ("Custo Brasil"), which he defines as a combination of inefficiencies that add to company costs and make it unthinkable to expose Brazilian industry to the consequences of opening up the market.

"Beside these questions of inefficiency, the cost of capital, and the tax burden, current exchange rates are extremely detrimental to Brazilian companies," he remarked.

"I believe that our bargaining space is small right now and that we should not expect much from these negotiations in term of results," he considered.

Monteiro went to Brasília, the capital of Brazil, to present the National Industrial Development Council with a program of emergency projects for the recovery of the country's cargo transport infrastructure.

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