

IMPORTS AND EXPORTS

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New measures taken by the government to reduce imports and promote exports.

Since the beginning of the year, the Government has been working – although discretely – to reduce imports and promote exports, given the significant trade balance deficit in January.

In early January a regulation was issued through the SISCOMEX [a system used for processing information on foreign trade operations with the Central Bank of Brazil], imposing a license requirement for a significant amount of Brazilian imports. According to the Government, this measure was taken with the purpose of obtaining statistical data. However, it actually represented a barrier to imports, as it prevented the entry of certain products into the Brazilian market. After an uproar from importers and allegations that the WTO's rules had been violated, the Government took a step back and revoked the measure. What is particularly curious is the manner used for issuing such regulation, (quietly) through the SISCOMEX, to which access is restricted.

The private sector has been monitoring the volume of imports and pressuring the Government to take action in case a protective measure is needed. Paulo Skaf, president of the federation of industries of the State of São Paulo (FIESP), reminded the Government of this role.

On the other hand, the Government has been actively engaged in promoting exports. The recently passed Decree No. 6,761, of February 5, 2009, establishes that the rate of the income tax on certain amounts remitted abroad - such as those related to advertisements and fairs – shall be zero. For this purpose, transactions must be recorded with SISPROM [a system for the authorization of remittances aimed at the promotion of exports by reducing the income tax rate to zero] and SISCOMEX.

Along the same lines, joint efforts made by the ministry of development, industry and trade (MDIC) and the internal revenue service (SRF) will seek to optimize the use of certain tax credits related to exports, such as IPI, PIS and COFINS.

Thus, it is important to pay attention to the opportunities created by the Government in an attempt to mitigate the effects of the world crisis and maintain the flow of international trade.