



WRITTEN SUBMISSION OF THE NATIONAL FOREIGN TRADE COUNCIL

Request for Comments Concerning Proposed Action in Section 301 Investigations of Brazil's Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation

July 1, 2026

Docket ID: USTR-2026-0331

The National Foreign Trade Council (NFTC) appreciates the opportunity to provide input for the Office of the U.S. Trade Representative's (USTR) Federal Register notice, *Notice of Determination and Request for Comments Concerning Action Pursuant to Section 301: Brazil's Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation* ("the FR notice") (Vol. 91 No. 107 FR 33854, June 4, 2026). The comments in this submission apply to all countries that are the subject of investigations listed in the FR notice.

About NFTC

The NFTC, organized in 1914, is an association of U.S. business enterprises engaged in all aspects of international trade and investment. Our membership covers the full spectrum of industrial, commercial, financial, and service activities, accounting for over \$6 trillion in revenue and employing nearly six million people in the United States.

I. Introduction

The United States' bilateral trade relationship with Brazil is important for the success of U.S. businesses operating in both countries, but it is also one of the world's most challenging markets. We appreciate USTR's recognition of the harm that the country's practices covered in the Section 301 determination have on U.S. companies and its effort to address them through this investigation.

The NFTC particularly appreciates the opportunity to provide additional views on Brazil's evolving electronic payments landscape. While the current Section 301 investigation correctly highlights critical friction points in electronic payments, U.S. industry emphasizes that this issue does not exist in a vacuum. It is part of a broader, systemic trend of digital protectionism and expanding regulatory oversight in Brazil. To safeguard U.S. investment, it is vital to address a wider set of ex-ante digital blocks, tax burdens, and infrastructure over-regulation that fall outside the current 301 scope.

Brazil has advanced or considered several discriminatory digital policies beyond those covered by USTR's determination, including proposals for ex ante digital competition regulations, an artificial intelligence ("AI") bill, network usage fees, data center regulations, online marketplace liability requirements, and a digital services tax (DST). Brazil also has consistently stood in the way of multilateral progress at the World Trade Organization (WTO) on digital issues, including its recent objection at MC14 to a permanent customs duty moratorium. We urge USTR to use the Section 301 process and subsequent bilateral conversations to press Brazil to address its the full range of issues that create barriers for U.S. companies in their digital ecosystem.

Beyond digital policies, the Brazil's poor track record of protecting intellectual property rights, including patent delays, inadequate data protection, and inappropriate use of compulsory licensing, is reflected in its nearly 20-year status on the Special 301 Watch List.

It is, however, unconventional to consider Brazil's preferential trade agreements with India and Mexico as actionable under Section 301. While preferential trade agreements do create opportunities for the parties that are not available to all, the traditional way to mitigate these advantages is to negotiate comparable trade agreements for your own industrial products.

The final Section 301 remedy adopted in this investigation should be designed to ensure Brazil effectively addresses the acts, policies, and practices identified in this investigation. USTR should provide clear objectives and benchmarks that must be met and once countries have corrected problems, the additional duty should be eliminated. The NFTC hopes to avoid an end result of persistent broad-based tariffs on Brazilian imports while these longstanding barriers to U.S. goods and services exports remain.

NFTC is pleased to share additional views on how the proposed tariffs in this investigation should be implemented, including comments on the proposed scope, exclusions, and other elements for consideration.

II. NFTC Comments on the Proposed Remedy

The [NFTC's initial submission in this investigation](#) urged the Administration to ensure that this investigation is focused on removing barriers for U.S. companies seeking to do business in Brazil, and to do so in a manner that avoids unintended harm to those very same businesses or to U.S. supply chains. We continue to believe that any action taken pursuant to this Section 301 investigation should be part of a comprehensive strategy to address measures covered by this investigation (and any other non-reciprocal trade barriers and national security concerns) in exchange for tariff relief.

A. Overall Comments on the Proposed Tariff Remedy

The NFTC welcomed recent statements from Ambassador Greer that the United States would comply with tariff commitments it had made in agreements on reciprocal trade and other bilateral trade deals. The United States should follow through on its commitments and implement any Section 301 tariffs in a manner that reflects bilateral tariff provisions of these agreements, otherwise there is a risk that our trade partners will not deliver on their side of the agreement and important outcomes of ARTs could be lost.

NFTC supports USTR's proposal to exclude several important categories of goods from the proposed duties, including:

- informational materials, donations, and accompanied baggage,
- all articles and parts of articles that are subject to section 232 tariffs, and
- strategic products and products that are otherwise not available in the United States, including critical inputs and natural resources listed in Annex A of the Federal Register notice. Annex A appears to reflect the treatment of products in Annexes II and III of the July 31 Executive Order *Further Modifying Reciprocal Tariff Rates under IEEPA* and Annexes I and II of the February 20 Section 122 Proclamation *Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems*.

In addition, NFTC urges USTR to incorporate several additional provisions discussed below in the final remedy to provide continuity with the previous IEEPA and Section 122 tariff regimes and minimize disruptions as new Section 301 tariffs are adopted.

- **Transition Periods:** When USTR publishes the final remedy, a commercially meaningful transition period will be critical so that companies have time to modify their compliance systems and adjust sales contract terms. The transition period should also include an exclusion from the new duties for goods that are on the water in transit to the United States by a certain deadline.
- **Duty Drawback:** Access to duty drawback for Section 301 tariffs is an important tool for U.S. producers who import components and raw materials to manufacture goods in the U.S. for export. Duty drawback was available for both the IEEPA and Section 122 tariffs and should be allowed for any Section 301 tariffs imposed in this investigation.
- **Section 232 Scope Changes:** The proposed exclusion for products that are subject to Section 232 duties is a welcome proposal. However, the scope of products subject to Section 232 duties (particularly for steel and aluminum derivative products) has been in flux. While dropping strategic products from the steel and aluminum 232 duties was also a welcome move, further changes to products covered by Section 232 duties could result in the application of Section 301 duties when products are no longer paying Section 232 tariffs. USTR should review products that are removed from Section 232 duties and consider whether to maintain an exclusion from the additional duties imposed in this investigation based on a determination that the additional duty is not in the strategic interests of the United States and adding the products to Annex A.
- **Exclusion for Used Goods:** USTR should distinguish low-risk used goods from newly manufactured imports and exclude qualifying used goods from any Section 301 tariff remedy through the creation of a specific Chapter 99 HTS number for imports of used goods. Unlike newly manufactured products, used (or second-hand) goods are not the primary driver of the trade practices or supply chain concerns that are the subject of these investigations. Used goods do not present the same risk profile as newly produced merchandise and are not materially connected to the acts, policies, and practices under review. Imposing additional duties on these products would do little to advance the underlying policy objectives of these investigations. In most cases, these items were manufactured years earlier and are being resold through secondary markets by individuals and small businesses. As a result, tariffs on used goods would create

disproportionate costs for consumers and small businesses while generating little leverage against the foreign trade practices under investigation. This approach would create a clear distinction for low-risk products. Such a framework could include a tailored definition of used goods and continued CBP enforcement authority to address fraud, evasion, or misclassification.

- **Additional Product Exclusions:** While NFTC welcomes the incorporation of Annex A to maintain the product exclusions that were previously provided for IEEPA and Section 122 tariffs, we would like to see additional products added to the annex. The list of proposed HTS numbers is attached to this submission as Annex I and reflects important goods that are strategic to U.S. interests or not available in the United States. In addition to our current recommendations for products to be added to Annex A, NFTC also recommends that USTR provide a periodic public consultation to consider additional goods for inclusion on Annex A to ensure future goods facing critical shortages or supply chain shocks can be excluded from Section 301 duties.

B. NFTC Responses to Specific Consultation Prompts:

- **Please provide views on the proposed exclusion of articles and parts of articles that are subject to section 232 tariffs. (Public)**

NFTC supports the exclusion of products subject to section 232 tariffs from additional duties imposed as part of this investigation. In addition, NFTC recommends that USTR review products that are removed from Section 232 duties and consider whether to maintain an exclusion from the additional duties imposed in this investigation based on a determination that the additional duty is not in the strategic interests of the United States and adding the products to Annex A.

- **Please provide views on the proposed exclusion of information materials, donations, and accompanied baggage. (Public)**

NFTC supports this exclusion.

- **Do you have views on a specific tariff subheading? (Public)**

No

- **Do you have comments on U.S. engagement with Brazil in the context of the ongoing Special 301 review (19U.S.C. 2242)) and the subjects of that engagement? (Public)**

Yes – The NFTC expressed concerns about several aspects of Brazil's IP protection regime in our Special 301 submission, including efforts to inappropriately expand compulsory licensing, patent backlogs, and a lack of regulatory data protection. USTR's engagement with Brazil should seek to make progress on these acts, policies, and practices.

C. Specific Recommendations to Remedy Electronic Payments Issues

The NFTC recognizes and commends Brazil's leadership in advancing digital financial inclusion through the development of Pix, which has become a central component of the country's payments ecosystem and a meaningful driver of innovation and financial inclusion. In fact, several U.S. companies operating in Brazil have partnered with Pix to support their consumer sales and business operations. Therefore, the goal of U.S. engagement should be ensuring that the Central Bank of Brazil (BCB) provides competitive neutrality and market fairness. The core concern is strictly BCB's governance approach wherein BCB concurrently serves as the regulator and owner-operator of Pix. While industry supports real-time payment systems—including Pix—the following actions would help address concerns related to competitive neutrality, market access, and regulatory fairness. We encourage U.S. engagement to be focused on addressing the BCB's governance structure related to Pix, especially as media coverage and the Lula Administration have construed industry concerns as a broader attack on Pix as a service. This would also help to de-politicize the conversation around Pix governance.

To ensure that Brazil's digital payments ecosystem remains open, competitive, and conducive to investment and innovation, the BCB should align its regulatory and operational framework for Pix with the following internationally recognized best practices:

- **Ensure Clear Separation Between Regulatory and Operational Roles**

Brazil should adopt both **formal and informal safeguards** to ensure a clear separation between the Central Bank's roles as **regulator and operator of Pix**. International best practices emphasize that effective governance of payment systems requires a **clear separation between oversight, rule-setting, and operational functions**, particularly where public authorities operate payment infrastructure.

To operationalize this principle, Brazil should:

- Establish **institutional firewalls** between supervisory and operational functions;
- Ensure **independent governance structures** for system operation; and
- Provide **transparent and consistent rule-making processes** that apply equally to all participants.

These steps would mitigate conflicts of interest, strengthen regulatory credibility, and ensure impartial treatment of U.S. electronic payment service providers. According to the Bank for International Settlements (BIS) Committee on Payments and Market Infrastructure (CPMI), effective governance of financial market infrastructures calls for a clear separation between regulatory oversight, system governance, and operational or commercial functions, supported by strong institutional safeguards where public authorities are involved in system operation. Consistent with this framework, the Organization for Economic Cooperation and Development (OECD) has provided clear guidance to regulators on the importance of preventing conflicts of interest, ensuring

consistent rule-setting and enforcement, and preserving competitive neutrality across the payments ecosystem.

- **Eliminate Rules That Provide Preferential Advantages to Pix**

Brazil should review and revoke existing regulations and practices that create **structural or regulatory advantages for Pix as a state-backed system**. Best practices underscore that real-time-payment frameworks should enable **fair and competitive access for both public and private providers**, allowing market competition to determine outcomes.

In practice, this would involve:

- Removing **policy mandates that favor Pix relative to competing payment solutions**;
- Ensuring that **participation requirements are neutral and market-based**; and
- Avoiding regulatory designs that effectively position Pix as a preferred or default payment mechanism.

These reforms would help ensure that public infrastructure supports and complements—rather than displaces—private-sector innovation.

- **Rules and Regulations Should Apply Equally Across All Payment Providers**

Brazil should ensure that all rules governing electronic payment services are applied **on a non-discriminatory, level playing field basis** to both U.S. providers and Pix.

International guidance reflects that real-time-payment systems function most effectively when **access, participation, and operational requirements are transparent and applied equivalently across all market participants**.

To achieve this, Brazil should:

- Align **technical, operational, and compliance requirements** across payment systems;
- Avoid **asymmetric obligations**, including those related to integration, display, or service provision; and
- Ensure **consistent enforcement of rules**, irrespective of whether a provider is public or private.

Equal application of rules would reduce barriers to entry, promote fair competition, and enhance consumer choice.

III. Conclusion

NFTC supports USTR's efforts to engage Brazil to eliminate the trade barriers identified in this investigation, particularly those that affect digital trade and IP protection. However, USTR should take a broader approach for its engagement with Brazil to ensure that U.S. companies seeking to do business in Brazil are able to compete on a level playing field.

We appreciate the opportunity to provide these comments and look forward to continued engagement with USTR. If you have questions regarding any of the issues

raised in this submission, please contact Tiffany Smith, Vice President of Global Trade Policy at tsmith@nftc.org.

Attachment: Annex I: Additional HTS Proposed for Inclusion on Annex A

Annex I – Additional HTS Codes Proposed for Addition to Annex A

NFTC requests that the following 8-digit HTS codes, which are of strategic importance to NFTC members and their U.S. operations, be added to Annex A and similarly removed from any other subsequent tariff actions.

8 digit HTS:	HTS description:
03021400	Atlantic salmon (<i>Salmo salar</i>), whole or eviscerated, head-on, fresh or chilled, farmed (aquaculture) — full subheading 0302.14.00.03
03031300	Atlantic salmon (<i>Salmo salar</i>), whole or eviscerated, head-on, frozen, farmed (aquaculture) — full subheading 0303.13.00.03
03044110	Fillets or portions of Atlantic salmon, boneless, fresh or chilled, farmed (aquaculture) — full subheading 0304.41.00.10
03044190	Salmon fillets and portions (Pacific or Danube), boneless, fresh or chilled — full subheading 0304.41.00.90
03048151	Salmon fillets and portions (Atlantic), boneless, frozen, commercial packaging — full subheading 0304.81.50.10
03048159	Salmon fillets and portions (Pacific or Danube), boneless, frozen, commercial packaging — full subheading 0304.81.50.90
03054100	Salmon (Atlantic, Pacific or Danube), smoked, including fillets and portions — full subheading 0305.41.00
03021253	Coho salmon (<i>Oncorhynchus kisutch</i>), whole or eviscerated, head-on, fresh or chilled, farmed (aquaculture) — full subheading 0302.12.00.53
03031252	Coho salmon, whole or eviscerated, head-on, frozen — full subheading 0303.12.00.52
13022000	Pectic substances, pectinates and pectates
15021000	Tallow
15030000	Lard stearin, lard oil, oleostearin, oleo-oil and tallow oil, not emulsified, mixed or otherwise prepared.
15111000	Palm oil, crude, and its fractions, whether or not refined, not chemically modified
15119000	Palm oil, other than crude, and its fractions, whether or not refined, but not chemically modified
15132100	Palm kernel oil or babassu oil, crude, and their fractions, not chemically modified
25010000	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free-flowing agents; sea water.
3215	Inks
35030010	Fish glue
35030020	Inedible gelatin and animal glue: Valued under 88 cents per kg
35030040	Inedible gelatin and animal glue: Valued 88 cents or more per kg
35030055	Other gelatin products
40169915	Caps, lids, seals, stoppers and other closures (of vulcanized rubber other than hard rubber).
4202	Cases, backpacks, sleeves

84089090	Compression-ignition internal combustion piston engines (diesel or semi-diesel engines); Other engines: Other.
84119990	Turbojets, turbopropellers and other gas turbines, and parts thereof; Parts: Other: Other (Commonly parts of non-aircraft gas turbines).
84148005	Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters; gas-tight biological safety cabinets, whether or not fitted with filters; parts thereof: Other: Turbochargers and superchargers.
84213200	Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases; parts thereof: Filtering or purifying machinery and apparatus for gases: Catalytic converters or particulate filters, whether or not combined, for purifying or filtering exhaust gases from internal combustion engines.
84368000	Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders; parts thereof: Other machinery.
8443.19	Other printers used for printing by means of plates, cylinders and other printer components, and their parts and accessories
8443.31	Printers and supplies
8443.32	Printers and supplies
8443.99	Printers and supplies
8443.91	Other printers used for printing by means of plates, cylinders and other printer components, and their parts and accessories
8485	3D Printers and supplies
85016101	AC generators ≤ 75 kVA
85016201	AC generators $> 75 \leq 375$ kVA
85016401	Electric motors and generators (excluding generating sets): AC generators (alternators): Of an output exceeding 750 kVA.
85021100	Generating sets: diesel ≤ 75 kVA
85021200	Generating sets: diesel $> 75 \leq 375$ kVA
85021300	Generating sets: diesel > 375 kVA
850440	Power supplies
8517.18	Telephones
8517.69	Video bars, video conferencing cameras and video conferencing systems
8517.79.00	Parts For Apparatus For Transmission Or Reception Of Voice, Images Or Other Data, Including Apparatus For Communication In A Wired Or Wireless Network
851810	Microphones
851830	Headsets
8523.29.10	Unrecorded Magnetic Media

85340000	Printed circuits, Plastics impregnated, Not flexible type, Having a base wholly of impregnated glass with 3 or more layers of conducting materials
85447000	Optical fiber cables
87089948	Parts and accessories of the motor vehicles of headings 8701 to 8705: Other parts and accessories: Other: Parts of other tractors (except road tractors): Other.
90181995	Other electro-diagnostic apparatus (including apparatus for functional exploratory examination or for checking physiological parameters).
90183100	Syringes, with or without their needles; parts and accessories thereof.
90183200	Tubular metal needles and needles for sutures; parts and accessories thereof.
90183900	Other needles, catheters, cannulae and the like; parts and accessories thereof
90183900	Other needles, catheters, cannulae and the like (used in medical, surgical, dental or veterinary sciences); parts and accessories thereof.
90189075	Electro-medical instruments and appliances: Other (including dialysis instruments, ultrasonic devices, and nerve stimulators).
90189080	Other instruments and appliances used in medical, surgical, dental or veterinary sciences; parts and accessories thereof.
90215000	Pacemakers for stimulating heart muscles, excluding parts and accessories thereof.