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Do You Sell to Brazil? Move Quickly to Preserve Your Market Access

Boats, PWCs, and Marine Engines listed on Preliminary Retaliation List

According to the Commerce Dept, last year, boat exports to Brazil totaled \$16.6M and engine exports totaled \$29.0M. Those are increases of 40% and 19%, respectively, from the prior year (2007). In fact, about 1 in 4 boats (26%) and nearly half of all engines (45%) that the U.S. sends to South America land in Brazil. Those important sales may be slapped with a hefty tariff if Brazil decides to keep boat and engines on its retaliation list. Brazil has obtained authorization from World Trade Organization to impose trade sanctions on U.S. imports in retaliation for the failure by the United States to comply with a WTO dispute ruling condemning U.S. government subsidies to cotton farmers.

The Brazilian government published an indicative list in its Official Journal on Nov. 9 of more 222 U.S. tariff lines that could eventually be subject to retaliatory duties of up to double current rates. The retaliation list the Brazilians put out totals over \$2.5 billion, but Brazil is only authorized \$300 million in retaliation, so the preliminary list is 7 or 8 times as large as needs to be. Included on the list were the tariff numbers called NCM codes (Nomenclatura Comun do Mercosul) for –

- 8407.21.90 – “Outros” or “Others”. The NCM code for **outboard style marine engines**.
- 8903.92.00 – **Fiberglass boats not powered by outboard engines**, including **personal watercraft**.
- 8903.99.00 – “Outros” or “Others”. **Fiberglass boats powered by outboard engines**.

Brazil's business community will now have until Nov. 29 to submit comments on the list. Once comments are analyzed, the indicative list will be whittled down to a final list that the Brazilian government is expected to have ready by January.

The best way to get off the list is to have your Brazilian customers tell the Brazilian government that the retaliation on those particular products would cost jobs in Brazil. It is important to explain that Brazilian businesses cannot simply substitute from other sources and will have to shut down or curtail their activities – putting some Brazilians out of work. **NMMA urges all members who sell products in Brazil to alert their business partners of the pending tariffs and to ask them to contact the Brazilian government to take boats and marine engines off the list.** Contact Cindy Squires (csquires@nmma.org; 202-737-9766) for additional information.