

MERCOSUR

BRAZIL
AS A PLATFORM
FOR ACCESS TO THE
SOUTHERN COMMON MARKET



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GENERAL INFORMATION ABOUT THE SOUTHERN COMMON MARKET

(Commonly referred-to by its Spanish acronym MERCOSUR¹)

FULL MEMBERS - Argentina - Brazil - Paraguay - Uruguay - Venezuela - Bolivia (in the process of adhering)²

ASSOCIATE MEMBERS³ - Chile - Colombia - Ecuador - Peru - Guyana and Suriname (the last two in the process of becoming an associate member)

OBJECTIVES

- Free transit of goods, services and means of production among the Full-Member States, through the elimination of customs duties and the lifting of tariff and nontariff restrictions;
- Establishment of a common external tariff and adoption of a common trade policy with regard to nonmember states;
- Coordination of macroeconomic and sectorial policies among Full Member States, in order to ensure proper competition among such States;
- Commitment by the Full-Member States to make the necessary adjustments to their laws in pertinent areas in order to strengthen the integration process.

DECISION-MAKING BODIES⁴

- Common Market Council (CMC): the highest body of Mercosur, with responsibility for the political leadership of the integration process and for making the decisions necessary to ensure the achievement of the objectives defined by the Treaty of Asuncion ;
- Common Market Group (GMC): the executive body in charge of adopting the necessary measures to implement the decisions of the CMC, to negotiate agreements with countries not belonging to Mercosur on behalf of MERCOSUR, and to render opinions on proposals and recommendations submitted by other bodies of MERCOSUR;
- MERCOSUR Trade Commission (MTC): the body responsible for assisting the Common Market Group, to monitor the application of the common trade policy instruments agreed by the States Parties in connection with the operation of the customs union, as well as to follow up and review questions and issues relating to common trade policies, intra-Mercosur trade and third countries.

DISPUTE RESOLUTION⁶

- **Conflicts between Full Members** - The system is divided into two phases:
 1. **Pre-litigation:** direct negotiation and conciliation stage;
 2. **Arbitral Procedure:** Ad Hoc Arbitration Tribunal and the Permanent Review Tribunal (PRT)⁷. Member States may appeal to the PRT against the decision of the Ad Hoc Arbitration Tribunal.
- **Claims by private persons** - individuals or entities may file a claim when their interests are affected by decisions adopted by Full-Member States, contrary to the policies issued by the bodies of MERCOSUR:
 1. The claim must be filed with the National Section of the GMC and should provide all the elements which will allow the aforesaid National Section to determine the truth of the violation and the existence or threat of loss;
 2. The National Section of the GMC will contact the National Section of the State with the goal of finding, as a result of these consultations, an immediate solution to the question that has been put forth;
 3. If no solution can be achieved, the National Section of the GMC will convene a technical group to hear the private party and the State against which a complaint has been filed, and will forward the conclusions to the GMC;
 4. If the specialists do not present a unanimous opinion or hold that the claim is unfounded, the arbitral procedure can be implemented through the establishment of the Ad Hoc Arbitration Tribunal or provocation of a single-level decision by the PRT.

¹ More information, in Portuguese and Spanish, is available at: <http://www.mercosur.int/>.
² An Associate State since 1996, Bolivia is currently in the process of becoming a full member, pending ratification by Brazil and Paraguay. Until it achieves full membership, Bolivia participates in MERCOSUR with the right to speak, but not the right to vote. In June 2014, the session of the Mercosur Parliament (Parlasur) approved a recommendation to accelerate the entry of Bolivia as a Full Member of the Southern Common Market.
³ The countries eligible to apply for an Associate Member status must: (i) be members of the Latin American Integration Association (ALADI) and have signed Free Trade Agreements with MERCOSUR; and (ii) have executed partial-scope agreements with MERCOSUR, as provided in the article 25 of the 1980 Treaty of Montevideo, the instrument establishing the ALADI. In addition, States wishing to join must adhere to the Ushuaia Protocol on Democratic Commitment in MERCOSUR, Bolivia and Chile; the Protocol of Montevideo on the Commitment to Democracy in MERCOSUR (Ushuaia II) and the Mercosur Presidential Declaration on Democratic Commitment. Associate States may participate in the meetings under guest-status with the right to speak, but not the right to vote.
⁴ The decision-making bodies are defined in art. 2 of the Protocol of Ouro Preto, available at: <http://www.mercosul.gov.br/normativa/tratados-e-protocolos/protocolo-de-ouro-preto-1>.
⁵ Available in Portuguese at: <http://www.mercosul.gov.br/normativa/tratados-e-protocolos/tratado-de-assuncao-1>.
⁶ The Mercosur dispute resolution system was described in the Protocol of Brasilia (PB) and by the Protocol of Ouro Preto (POP). In 2002, the PB was partially repealed by the Protocol of Olivos (PO) for the Settlement of Disputes in Mercosur. The PO is available at: http://www.tprmercosur.org/pt/docum/Protocolo_de_Olivos_pt.pdf. The Regulation is available at: http://www.tprmercosur.org/pt/docum/DEC_37_03_pt_ResolucaoControversias.pdf.

COMMERCIAL ARBITRATION - The Full-Member States, as well as Chile, have an international commercial arbitration agreement, in order to provide the private sector with alternative methods of resolving disputes arising from commercial agreements involving individuals or private legal entities⁸.

MERCOSUR COMMON NOMENCLATURE (NCM)⁹

- The method of product classification is based on the Harmonized System¹⁰;
- NCM is composed by 8 digits: the first six-digits are from the Harmonized System; and the seventh and eighth digits were created according to a definition set up by bloc members¹¹;
- NCM allows to identify traded goods and the applicable Tax, as the rates established in the Common External Tariff (CET or TEC in the Portuguese acronym) refer to the NCM¹²;
- It enables the identification of the respective administrative and customs controls and directs access to statistical import and export data, as well as other information¹³;
- Brazil intends to add¹⁴ 4 digits to its nomenclature in order to have a detailed identification of goods¹⁵.

TRADE IN SERVICES¹⁶

- The NCM has no code for services¹⁷.
- Non-tariff barriers are the main challenges of free trade in services, which is why the Montevideo Protocol¹⁸ addresses the liberalization of services within MERCOSUR;
- The Protocol provides for the full liberalization of trade in services through the progressive adoption of specific commitments in various industries¹⁹;
- The negotiations take place in the liberalization rounds of the Services Group, whose seventh and last round took place in 2009.

EXCHANGE RATE REGIME AND CAPITAL MOVEMENTS

- The Brazilian regulatory system has undergone several changes in recent years, which entailed in a reduction of the State's intervention in the economy and enhanced flexibility in the foreign capital market;
- A framework comparative information prepared by the Central Bank of Brazil is available for consultation at: <http://www.bcb.gov.br/Rex/SGT4/Ftp/2014-06-04%20-%20Quadro%20de%20Regimes%20Cambiais%20-%202013%20-%20Mercosul.pdf>.

⁷ More information, in Portuguese, is available at: http://www.tprmercosur.org/pt/sof_contr_ini_proc_gral.htm.
⁸ The Arbitration Agreements are available at: [http://gd.mercosur.int/SAM%5CGestDoc%5Cpubweb.nsf/B40CBFF4BD44FB883257D25006C854B/\\$File/1998_ACORDO_PT_ArbitragemComerInternacional-MCS-BeCh.pdf](http://gd.mercosur.int/SAM%5CGestDoc%5Cpubweb.nsf/B40CBFF4BD44FB883257D25006C854B/$File/1998_ACORDO_PT_ArbitragemComerInternacional-MCS-BeCh.pdf) and [http://gd.mercosur.int/SAM%5CGestDoc%5Cpubweb.nsf/A18CFF9AAB83CA3983257D25006C95ED/\\$File/1998_ACORDO_PT_ArbitragemComerInternacional.pdf](http://gd.mercosur.int/SAM%5CGestDoc%5Cpubweb.nsf/A18CFF9AAB83CA3983257D25006C95ED/$File/1998_ACORDO_PT_ArbitragemComerInternacional.pdf).
⁹ NCM research in Portuguese available at: <http://www.brasilglobalnet.gov.br/ClassificacaoNCM/Pesquisa/frmPesqNCMFull.aspx?tipoPesquisa=1>.
¹⁰ The Harmonized System is developed and updated by the World Customs Organization (WCO). More information is available in English at: <http://www.wcoomd.org/>.
¹¹ In the event of questions regarding the correct classification of goods, the interested party, i.e. the taxpayer, must send the information request in writing to the Brazilian Federal Revenue Service Unit of the taxpayer's domicile. Entities representing an economic or professional sectors can also formulate such requests for information. More information is available at: <http://www.receita.fazenda.gov.br/GuiaContribuinte/ConsClassFiscMerc/ConsClassFiscMercLeia.htm>.
¹² The WCO periodically updates the Harmonized System. The changes are adopted in MERCOSUR through general changes to the NCM, known as amendments. To date there have been three amendments: one passed in 1996 (GMC Resolution No. 35/95), another from 2002 to 2006 (GMC Resolution No. 65/01), and the one that has been in force since January 2007 (GMC Resolution No. 70/06).
¹³ The regulatory instructions in regards to the Harmonized System approved by the Brazilian Federal Revenue Service are available at: <http://www.receita.fazenda.gov.br/Legislacao/LegisAssunto/SisHar.htm#Instruc%C3%B5es%20Normativas>.
¹⁴ The implementation of the Brazilian Nomenclature Detailing (DBN) is expected to take place by the second half of 2014, but it depends upon the adaptation of computer systems.
¹⁵ CAMEX Resolution No. 6, of February 5, 2013, which regulates the DBN and creates the Technical Brazilian Nomenclature Detailing Management Group (GDBN) is available in Portuguese at <http://www.camex.gov.br/legislacao/interna/id/1029>.
¹⁶ There are currently service agreements under negotiation between Mercosur and Colombia, European Union and Chile.
¹⁷ Created by the Ministry of Foreign Affairs, the 00 Code is only used to make it possible to register Brazilian service exporters at the files of the Brazilian Federal Revenue.
¹⁸ Available in Spanish at: http://www.mdic.gov.br/arquivos/dwnl_1244492359.pdf.
¹⁹ A list of Brazil's specific commitments is available in Portuguese at: http://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Decreto/D6480.htm.

- CET**
- Since 1995, MERCOSUR has a CET that also covers products traded with countries not belonging to Mercosur²¹;
 - The NCM covers over 10,000 tariff items, with *ad valorem* tariffs that generally range from 0% to 20%, according to the product category and whether or not there is regional production²²;
 - In exceptional cases, a rate of over 20% may be adopted, as was the case for Brazil and Argentina, where a rate of 35% was established for several codes in the automotive industry (CMC Decision No. 70/00) and textile, clothing and footwear sectors (CMC Decision No. 37/07);
 - The rate of 0% is an exception reserved for seeds, breeding animals, oil, fertilizers, medication for HIV/AIDS, cancer, hepatitis C, transplants, capital goods, IT and telecommunications goods, provided they are not produced in MERCOSUR.

- AMENDMENTS**
- In addition to changes in the structure and tariff framework, MERCOSUR also approves a quota of products subject to specific and temporary tariff reductions;
 - Amendments to the CET are internalized (incorporated into each country's body of law) twice a year: January 1st and July 1st;
 - These amendments are managed by the MTC²³ and, in Brazil, by the Department of International Negotiations (DEINT), under the Ministry of Development, Industry and Foreign Trade (MDIC)²⁴, the body responsible for receiving and reviewing requests of interest to the Brazilian productive sector and the public sector²⁵.

- LIST OF EXCEPTIONS**
- These are lists of sensitive products, in regard to which the MERCOSUR member countries do not consider them to be the ideal time to apply the CET;
 - Such exceptions include basic goods, capital goods and computer and telecommunications goods;
 - Until December 31, 2015, Brazil is authorized to maintain a list of 100 sensitive products as exceptions to the CET²⁶;
 - *These temporary exceptions may contemplate rate levels that are lower or higher than the CET rates, provided they do not exceed the tariff levels bound in the WTO.*

- SUPPLY SHORTAGES**
- In the event of imbalances between supply and demand, the Full-Member States may use the temporary reduction of import duty mechanism, on a unilateral basis and subject to quantitative limits.
 - This measure may only be implemented with the consent of the remaining Full-Member States;
 - CAMEX Resolution No. 56, of July 22, 2014²⁷ approved the incorporation of Directive Nos. 09/14, 10/14, 11/14, 12/14, 13/14, 14/14, 15/14, 17/14, 18/14 and 22/14 into the Brazilian legal system, establishing temporary reductions in the levels of taxation in the Brazilian market, under GMC Resolution No. 08/08.

- EX-TARIFF SYSTEM**
- The ex-tariff system allows for a temporary reduction in the Import Tax rate to 2%, for a period of two years, on capital goods, IT and telecommunications goods, as well as on technology parts and components in case of no domestic production;
 - "Ex" codes are temporarily created in the NCM with their own numbering and a special description of the intended equipment;
 - In Brazil, requests are granted by the Foreign Trade Chamber (CAMEX) upon proposal by the "Ex-Tariff" Review Committee (CAEx), which is constituted under the MDIC;
 - CMC approved Decisions Nos. 33/03, 34/03, 39/05, 40/05, 13/06, 27/06, 61/07, 58/08, 59/08, 57/10 and 65/12²⁸. The latter decision authorizes Brazil to apply a different rate from the CET, including 0%, until December 31, 2015.

²⁰ The CET, the List of Exceptions to the CET and the List of Exceptions in IT and Telecommunications Goods are regulated by CAMEX Resolution 94, of December 8, 2011, and its amendments, available at: <http://www.camex.gov.br/legislacao/interna/id/921>.

²¹ Information about CET is available in Portuguese at: <http://www.mdic.gov.br/sitio/interna/interna.php?area=5&menu=3361>.

²² As a general principle, goods of greater added value have a higher CET.

²³ Information about the CCM is available in Portuguese at: http://www.mercosur.int/mercossulwiki/index.php?title=Comiss%C3%A3o_de_Com%C3%A9rcio_do_MERCOSUL.

²⁴ More information about requests for amendments is available in Portuguese at: <http://www.mdic.gov.br/sitio/interna/interna.php?area=5&menu=1850>.

²⁵ MERCOSUR agrees to consider requests to amend the NCM and the CET, on a permanent basis, according to its own set of procedures and certain previously defined criteria. Tariff change requests submitted by commercial companies are not accepted, except when they formally represent the productive sector.

²⁶ CMC Decision No. 58/10 is available in Portuguese at: http://www.mdic.gov.br/arquivos/dwnl_1309183291.doc.

²⁷ The resolution is available in Portuguese at: <http://www.camex.gov.br/legislacao/interna/id/1245>.

²⁸ All CMC Decisions may be consulted on the Mercosur website, at: <http://www.mercosul.gov.br/normativa/decisoes>.

- RULES OF ORIGIN³⁰**
- Rules of origin are a set of rules establishing requirements that must be met in order for a product to be considered as originating in a given country;
 - The main reason for having these rules is to determine whether the merchandise is eligible for tariff preferences granted by the MERCOSUR agreements;
 - The current rules have been laid down in Economic Complementation Agreement (ACE) No. 18³¹.
 - Several Additional Protocols and Rectifications³² were signed under the Agreement in order to reduce the list of exceptions, to regulate the Safeguard Measures, etc.

- PRODUCTS**
- The following are considered products originated from MERCOSUR:
 1. Products totally made in the territory of any of the State Parties when materials solely and exclusively native to the State Parties are used in making them;
 2. Products in the preparation of which materials not native to the State Parties are used, when they result from a transformation process carried out in their territory, which lends them a new individuality, except in cases wherein the criterion of a jump in tariff position plus 60% added value is deemed necessary;
 3. Products resulting from assembly or mounting operations conducted in the territory of a MERCOSUR country, using materials native to third countries, when the CIF port of destination value or CIF maritime port value of those materials does not exceed 40% of the FOB value.

- TREATMENT**
- Products originated from MERCOSUR may have free transit between Full-Member States.

- PERIOD OF VALIDITY**
- ROM is going to remain in effect until December 31, 2016³³.

- CERTIFICATION**
- In order to increase safety and reduce costs, the Digital Origin Certification (COD) is currently effective in Brazil and in other members of the Latin American Integration Association (ALADI);
 - The COD enables the country to issue and receive the documents signed electronically with the digital certificates.

²⁹ More information, in Portuguese, is available at: <http://www.desenvolvimento.gov.br/portalmic/sitio/interna/interna.php?area=5&menu=410>.

³⁰ More information, in Portuguese, is available at: <http://www.brasilexport.gov.br/regime-de-origem>.

³¹ Available in Portuguese at: http://www.desenvolvimento.gov.br/arquivos/dwnl_1270148590.pdf.

³² Available in Portuguese at: <http://www.desenvolvimento.gov.br/sitio/interna/interna.php?area=5&menu=1385&ref=374>.

³³ CMC Decision No. 44/10 is available in Portuguese at: http://www.desenvolvimento.gov.br/arquivos/dwnl_1308061671.pdf.

MERCOSUR - CHILE	<ul style="list-style-type: none"> - Economic Complementation Agreement (ACE) No. 35³⁵; - Signatory countries: Argentina, Brazil, Chile, Paraguay, Uruguay; - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement³⁶.
MERCOSUR - BOLIVIA	<ul style="list-style-type: none"> - Economic Complementation Agreement (ACE) No. 36³⁷; - Signatory countries: Argentina, Brazil, Bolivia, Paraguay, Uruguay; - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement³⁸.
MERCOSUR - MEXICO	<ul style="list-style-type: none"> - Economic Complementation Agreement (ACE) No. 55³⁹; - Signatory countries: Argentina, Brazil, Mexico, Paraguay, Uruguay; - Under this automotive agreement, countries negotiate annual bilateral import quotas for tariff-free entry of automobiles; - From March 2014 until March 2015, the annual import quota is US\$ 1.640 billion. From March 19, 2015, the free trade will be implemented; - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement⁴⁰.
MERCOSUR - PERU	<ul style="list-style-type: none"> - Economic Complementation Agreement (ACE) No. 58⁴¹; - Signatory countries: Argentina, Brazil, Paraguay, Peru, Uruguay; - Specific origin requirements have been agreed-to among Argentina, Brazil and Peru⁴²; - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement⁴³.
MERCOSUR - COLOMBIA, ECUADOR, VENEZUELA	<ul style="list-style-type: none"> - Economic Complementation Agreement (ACE) No. 59⁴⁴; - Signatory countries: Argentina, Brazil, Colombia, Ecuador, Paraguay, Uruguay, Venezuela; - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement⁴⁵.
MERCOSUR - CUBA	<ul style="list-style-type: none"> - Economic Complementation Agreement (ACE) No. 62⁴⁶; - Signatory countries: Argentina, Brazil, Cuba, Paraguay, Uruguay; - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement⁴⁷.

³⁴ Goods deemed to have "originated" from these countries may be traded without payment of import duty.

³⁵ ACE No. 35 is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/regimendeorigenACE35PT.html>.

³⁶ The Form is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/Certificacion%20de%20Origen%20PT/ACE%2035/CERTIFICADO%20DE%20ORIGEM%20ACE%20N%C2%BA%2035.doc>.

³⁷ ACE No. 36 is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/regimendeorigenACE36PT.html>.

³⁸ The Form is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/Certificacion%20de%20Origen%20PT/ACE%2036/CERTIFICADO%20DE%20ORIGEM%20ACE%20N%C2%BA%2036.doc>.

³⁹ ACE No. 55 is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/regimendeorigenACE36PT.html>.

⁴⁰ The Form is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/Certificacion%20de%20Origen%20PT/ACE%2036/CERTIFICADO%20DE%20ORIGEM%20ACE%20N%C2%BA%2036.doc>.

⁴¹ ACE No. 58 is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/regimendeorigenACE58PT.html>.

⁴² The document is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/Certificacion%20de%20Origen%20PT/ACE%2058/Protocolos%20adicionales/15-ACE-58-02-ZONAS%20FRANCAS%20%20BR-PE.doc>.

⁴³ The Form is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/Certificacion%20de%20Origen%20PT/ACE%2058/CERTIFICADO%20DE%20ORIGEM%20ACE%20N%C2%BA%2058.doc>.

⁴⁴ ACE No. 59 is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/regimendeorigenACE59PT.html>.

⁴⁵ The Form is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/Certificacion%20de%20Origen%20PT/ACE%2059/CERTIFICADO%20DE%20ORIGEM%20ACE%20N%C2%BA%2059.doc>.

⁴⁶ ACE No. 62 is available at: http://www.mdic.gov.br/arquivos/dwnl_1200593146.doc.

⁴⁷ The Form is available at: <http://www.mercosur.int/msweb/portal%20intermediario/PT/SM/Certificacion%20de%20Origen%20PT/ACE%2062/CERTIFICADO%20DE%20ORIGEM.doc>.

BRAZIL - ARGENTINA	<ul style="list-style-type: none"> - ACE No. 14 is a bilateral free trade agreement for the automotive sector, which will be effective until June 30, 2015⁴⁹; - The two sides also agreed to launch talks on updating this agreement in July 2015; - Private-sector representatives from both countries have committed themselves to working together to achieve minimum market share targets of 11% for Argentinian exports to Brazil and 44% for Brazilian exports to Argentina; - Negotiations includes new rules of origin, with the goal of increasing regional autoparts content; the revision of customs tariffs; negotiations with third-party countries; and, more broadly, a common policy for the industry.
BRAZIL - URUGUAY	<ul style="list-style-type: none"> - ACE No. 2⁵⁰ is a bilateral free trade agreement for the automotive sector⁵¹, which will remain in force until the Mercosur automotive policy takes effect⁵²; - Automotive Products will be traded between the parties with 100% preferential conditions, provided that they satisfy the origin requirements and the conditions specified in this Agreement, including the Progressive Integration Program⁵³. - Automotive Products will be considered as originating in the partner state if achieve a minimum regional content stipulated in the agreement⁵⁴. - Until December 31, 2016, products manufactured in Manaus Free Trade Zone (Brazil) and Colonia and Nueva Palmira Free Trade Zones (Uruguay) listed in Additional Protocol⁵⁵ are free of import tariff (100% import duty reduction).
BRAZIL - VENEZUELA⁵⁶	<ul style="list-style-type: none"> - ACE No. 69⁵⁷ granted free trade between Brazil and Venezuela from January 1, 2014, with the exception of a 777 products that will be included in the free trade agreement after January 1, 2018⁵⁸; - In the particular case of products in the automotive sector, while a specific treatment is not defined, the provisions contained in the ACE No. 59 shall apply; - The origin requirements of MERCOSUR would be applied to those products not referred to in the bilateral agreement, not later than April 5, 2015.

⁴⁸ The MDIC has a system that allows you to consult other Preferential Tax Agreements (CAPTA) signed by Brazil, available at: <http://www.capta.mdic.gov.br/index>. More information about Brazil's Agreements can also be obtained at: <http://www.brasilexport.gov.br/acordos-comerciais>.

⁴⁹ Decree No. 8.278, of June 27, 2014, is available in Portuguese at: http://www.planalto.gov.br/ccivil_03/_Ato2011-2014/2014/Decreto/D8278.htm.

⁵⁰ ACE No. 2 is available in Portuguese at: <http://www.aladi.org/nsfaladi/textacdos.nsf/4d2dc6693e37b12903256a720069462b/4f962352f80744be83256b0d0052eb4e?OpenDocument>.

⁵¹ Decree No. 7.831, of October 29, 2012, is available in Portuguese at: http://www.planalto.gov.br/ccivil_03/_Ato2011-2014/2012/Decreto/D7831.htm.

⁵² The Additional Protocol is available in Portuguese at: <http://www.aladi.org/nsfaladi/textacdos.nsf/f7a2d493807d9e8c032574e100640526/916bc6e1042db13703257489005e2fb4?OpenDocument>.

⁵³ The Additional Protocol is available in Portuguese at: <http://www.aladi.org/nsfaladi/textacdos.nsf/f7a2d493807d9e8c032574e100640526/6d49f5f8d93d425e03257a10005cb70e?OpenDocument>.

⁵⁴ The formula for calculating the Regional Content Rate is available in Portuguese at: <http://www.aladi.org/nsfaladi/textacdos.nsf/f7a2d493807d9e8c032574e100640526/916bc6e1042db13703257489005e2fb4?OpenDocument>.

⁵⁵ The Additional Protocol is available in Portuguese at: <http://www.aladi.org/nsfaladi/textacdos.nsf/f7a2d493807d9e8c032574e100640526/916bc6e1042db13703257489005e2fb4?OpenDocument>.

⁵⁶ Trade between Mercosur countries and Venezuela is supported by bilateral agreements until Venezuela's incorporation into ACE No. 18 – available in Portuguese at: <http://www.mdic.gov.br/sitio/interna/interna.php?area=5&menu=1385&ref=374>.

⁵⁷ ACE No. 69 is available in Portuguese at: http://www.mdic.gov.br/arquivos/dwnl_1377718086.doc.

⁵⁸ The list of goods scheduled for tariff elimination by 2018 is available in Portuguese at: http://www.mdic.gov.br/arquivos/dwnl_1377718046.docx.

PREFERENTIAL TRADE AND FREE TRADE AGREEMENTS BETWEEN MERCOSUR AND NONMEMBER COUNTRIES

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- MERCOSUR - INDIA**
- The India-Mercosur Preferential Trade Agreement (PTA) was the first the block executed with a country outside the continent⁵⁹;
 - Its scope covers approximately 450 products on each side, totaling about 900 tariff lines with preferential margins of 10%, 20% and 100%⁶⁰;
 - The PTA is intended mainly to achieve a reduction in tariffs to zero by means of the preferential margins of 100%;
 - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement⁶¹.

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- MERCOSUR - ISRAEL**
- The Israel-Mercosur Free Trade Agreement is part of efforts to expand understandings with partners in the Middle East⁶²;
 - Mercosur countries now benefit from the same access conditions already enjoyed by the USA, the European Union, Canada and Mexico⁶³;
 - Mercosur granted exemption from tariff for 9,400 items, while Israel granted for about 8,000. Therefore, over 17,400 items will have their tariffs gradually eliminated according to their category⁶⁴;
 - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement⁶⁵.

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- MERCOSUR - EGYPT**
- The Free Trade Agreement between Mercosur and Egypt has already been signed, but will only take effect 30 days after its legislative approval and internalization by the signatory countries⁶⁶;
 - The tariff reduction schedule consists of: A (immediate elimination), B (four years), C (eight years), D (ten years) and E (tariff reduction schedule to be set by the Committee in due course)⁶⁷;
 - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement.

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- MERCOSUR - PALESTINE**
- The Free Trade Agreement between Mercosur and Palestine was signed, but will only come into effect 30 days after its legislative approval and internalization by the signatory parties⁶⁸;
 - The Agreement provides for the elimination of duties and tariffs by category: A (immediately elimination), B (four years), C (eight years), D (ten years) and E (quotas or preferential margins)⁶⁹;
 - The Framework Agreement for Economic Cooperation and Trade between MERCOSUR and the Palestinian Liberation Organization is currently in effect and aims to strengthening relations between the Contracting Parties⁷⁰;
 - The Certificate of Origin is used to determine if imported goods are eligible to receive reduced or eliminated duty as specified by the Agreement.
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⁵⁹ The Agreement is available at: http://www.mdic.gov.br/arquivos/dwnl_1245176421.pdf.

⁶⁰ The lists are available in English at: http://www.desenvolvimento.gov.br/arquivos/dwnl_1198265612.pdf e http://www.desenvolvimento.gov.br/arquivos/dwnl_1198265589.pdf.

⁶¹ The Form is available at: http://www.mdic.gov.br/arquivos/dwnl_1250534923.pdf.

⁶² The Agreement is available in English at: <http://www.itamaraty.gov.br/o-ministerio/conheca-o-ministerio/america-do-sul/dnc-i-2013-divisao-de-negociacoes-extra-regionais-do-mercossul-i/negociacoes-comerciais-mercossul-israel/acordo-de-livre-comercio-mercossul-israel/acordo-de-livre-comercio-em-ingles>.

⁶³ More information is available in Portuguese at: <http://www.desenvolvimento.gov.br/sitio/interna/interna.php?area=5&menu=1404&refr=405>.

⁶⁴ The lists of concessions are available in Portuguese at: <http://www.itamaraty.gov.br/o-ministerio/conheca-o-ministerio/america-do-sul/dnc-i-2013-divisao-de-negociacoes-extra-regionais-do-mercossul-i/negociacoes-comerciais-mercossul-israel/acordo-de-livre-comercio-mercossul-israel/listas-de-concessoes>.

⁶⁵ The Form is available at: http://www.mdic.gov.br/arquivos/dwnl_1274732197.pdf.

⁶⁶ The Agreement is available in English at: <http://www.mercosur.int/innovaportal/file/2371/1/Acuerdo%20MCS-Egipto.pdf>.

⁶⁷ More information is available in Portuguese at: <http://www.mdic.gov.br/sitio/interna/interna.php?area=5&menu=2716>.

⁶⁸ The Free Trade Agreement is available in Portuguese at: http://www.desenvolvimento.gov.br/arquivos/dwnl_1328619889.doc.

⁶⁹ The category lists are available in English at: http://www.desenvolvimento.gov.br/arquivos/dwnl_1328619950.xls e http://www.desenvolvimento.gov.br/arquivos/dwnl_1328619977.xls.

⁷⁰ The Framework Agreement is available in English at: http://www.desenvolvimento.gov.br/arquivos/dwnl_1328619850.pdf.