

Brazilian International Trade Alert

The Brazilian Official Gazette has published several Circulars announcing the findings of a number of antidumping investigations.

On June 16, 2014, SECEX (Brazil's Secretariat of Foreign Trade) Circular No. 30, as of June 13, 2014, determined that the **initiation of dumping investigation** on the imports from China and South Korea of **ferrite magnets in segment format (arc)**, classified under MERCOSUR's Common Nomenclature Code 8505.19.10 was justified.

Because China is not considered a market economy country, the normal value will be based on data from South Korea.

The period considered for the verification of dumping practices was January 2013 through December 2013, while the period considered for verification of injury was January 2009 through December 2013.

DECOM (the Ministry of Development, Industry and Foreign Commerce of Brazil) will send questionnaires to selected manufacturers, importers and exporters, which must be answered in up to 30 days. Any additional party that wishes to receive the questionnaire must request qualification within 20 days from June 16. Qualified parties may then submit written evidence and request hearings.

The dumping investigation was originally requested on April 25, 2014, by Ugimag do Brasil Indústria e Comércio de Produtos Magnéticos Ltda. The identified interested parties were the petitioner, the only other Brazilian manufacturer, several Brazilian importers, and a number of producers/exporters from the investigated countries and their governments.

The dumping margins on the imports from the investigated countries are set forth in the following table:

COUNTRY	NORMAL VALUE (US\$/T)	EXPORT PRICE (US\$/T)	ABSOLUTE DUMPING MARGIN (US\$/T)	RELATIVE DUMPING MARGIN (%)
SOUTH KOREA	6,614.73	4,153.73	2,461.00	59.2
CHINA	6,614.73	3,231.77	3,382.96	104.7

The analysis concluded that there is evidence of dumping on these imports over the investigated period of time, which justifies the initiation of an investigation.

Additionally, SECEX Circular No. 31 determined, as of June 13, 2014, that the **initiation of dumping investigation** on the imports from China and Pakistan of **cuticle nippers**, classified under MERCOSUR's Common Nomenclature Code 8214.20.00 was justified.

Again, because China is not considered a market economy country, the normal value will be based on data from Pakistan.

The period considered for the verification of dumping practices was January 2013 through December 2013, while the period considered for verification of injury was January 2009 through December 2013.

DECOM will send questionnaires to selected manufacturers, importers and exporters, which must be answered in up to 30 days. Any additional party that wishes to receive the questionnaire must request qualification

within 20 days from June 16 and identify its representatives. Qualified parties may then submit written evidence and request hearings.

The dumping investigation was requested on April 30, 2014, by Mundial S.A. – Produtos de Consumo. Interested parties were identified as the petitioner, Brazilian importers and producers/exporters from the investigated countries and their governments.

The dumping margins on the imports from the investigated countries are set forth in the following table:

COUNTRY	NORMAL VALUE (US\$/KG)	EXPORT PRICE (US\$/KG)	ABSOLUTE DUMPING MARGIN (US\$/KG)	RELATIVE DUMPING MARGIN (%)
CHINA	30.03	12.06	17.97	148.93
PAKISTAN	30.03	15.85	14.18	89.43

The analysis concluded that there is evidence of dumping on these imports over the investigated period of time, which justifies the initiation of an investigation.

Several other matters were published in June that are relevant to the International Trade arena.

First: on June 12, the Brazilian Official Gazette published SECEX Circular No. 28, as of June 11, 2014, which determined the initiation of assessment of scope in order to determine whether the product speaker, imported from China, classified under MERCOSUR’s Common Nomenclature Code 8518.21.00, 8518.22.00 and 8518.29.90, is subject to antidumping duty.

SECEX Circular No. 65, issued on December 12, 2012, initiated a final period revision of dumping on the imports of speakers from China; CAMEX (Brazil’s Foreign Trade Council) Resolution No. 101, as of November 28, 2013, extended the antidumping duty for five years.

CAMEX Resolution No. 11, as of February 19, 2014, excluded from the antidumping duty the following types of speakers: (i) speakers for telephone; (ii) speakers for photo or video

cameras; (iii) speakers mounted in boxes with another function (e.g., a stereo system); (iv) speakers used in security equipment; (v) speakers for IT equipment (computers, AIO, desktops, laptops, netbooks, tablets, GPS, etc); (vi) buzzer speakers for automotive vehicles panels; and (vii) speakers to be integrated to audio or video equipment, except equipment used in cars, tractors and other land vehicles.

On January 13, 2014, K-Mex Indústria Eletrônica Ltda. requested clarifications on whether “speakers inserted in audio boxes for TI equipments, types SP-0500 and SP-0300,” usually classified under MERCOSUR’s Common Nomenclature Code 8528.21.00, were subject to antidumping duty. It was determined that an assessment of scope was necessary to clarify this question.

Parties interested in this procedure must qualify and request hearings within 15 days from June 12. Qualified parties shall then submit written evidence up to 30 days from June 12.

Second: on June 12, the Brazilian Official Gazette published SECEX Ordinance No. 17, as of June 11, 2014, determining the closing of the special procedure for verification of non-preferential origin and disqualification of origin Malaysia for product “footwear,” classified under MERCOSUR’s Common Nomenclature Code 6402.99.90, as manufactured by the company MZH Maju Industry. The Ordinance also determined the rejection of importation licenses required by Brazilian importers on such product and manufacturer, when the declared origin is Malaysia.

On March 3, 2010, CAMEX Resolution No. 14 determined the imposition of antidumping duty for five years on “footwear,” exported from China, classified under MERCOSUR’s Common Nomenclature Code 64.02 to 64.05, except items 6402.12.00, 6402.20.00, 6403.12.00 and 6403.20.00.

The original investigation was initiated on September 19, 2011 by the Brazilian Association of Footwear Industry (*Abicalçados*). SECEX then started analyzing

the risk of footwear imports from Malaysia, based on rules of non-preferential origin set forth in Law No. 12,546/2011.

The following interested parties were notified of the initiation of the special procedure of origin verification: Malaysia embassy in Brazil; the manufacturer and exporter MZH Maju Industry; the importer Sidmex Internacional Ltda.; the complainer, Abicalçados; and the Federal Revenue Secretariat.

SECEX sent questionnaires to MZH Maju Industry, but did not receive responses. Considering the available information, SECEX first concluded that “footwear,” classified under MERCOSUR’s Common Nomenclature Code 6402.99.90, manufactured by MZH Maju Industry, did not meet the legal requirements to be considered of Malaysian origin. The interested parties did not challenge this preliminary conclusion, which was then held as definitive.

Third: on June 12, the Brazilian Official Gazette published SECEX Ordinance No. 18, as of June 11, 2014, determining the closing of the special procedure for verification of non-preferential origin and disqualification of origin Taipei for product “wooden pencil,” classified under MERCOSUR’s Common Nomenclature Code 9609.10.00, as manufactured by the company Ratex Industrial Co., Ltd. Also, the Ordinance determined the rejection of importation licenses required by Brazilian importers on such product and manufacturer, when the declared origin is Taipei.

On February 3, 2009, CAMEX Resolution No. 02 extended the antidumping duty on the product “wooden pencil with graphite or colored leads,” exported from China, classified under MERCOSUR’s Common Nomenclature Code 9609.10.00, except for pencils with graphite mine of recycled paper, “carpenter” pencils, professional pencils for drawing, crayons, pencil erasers, cosmetics pencils, pencils for marking leather, wax crayons and highlighter pencils.

The original investigation was initiated on January 6, 2011 by the A. W. Faber Castell S.A. SECEX then started analyzing the risk of wooden pencil imports from Taipei, based on rules of non-preferential origin set forth in Law No. 12,546/2011.

The following interested parties were notified of the initiation of the special procedure of origin verification: The Economical and Cultural Office of Taipei; the exporter Scope Joint INC.; the manufacturer Ratex Industrial CO., LTD.; the importer Tascoinport Comercial Ltda.; and the Federal Revenue Secretariat.

Both the producer and the exporter presented evidence in response to questionnaires sent by SECEX. Considering the available information, SECEX first concluded that it was not proved that the product met the legal requirements to be considered from Taipei, since one of the inputs used to manufacture the wooden pencils comes from China. The interested parties presented their comments to this preliminary conclusion, but SECEX’s opinion did not change: the product “wooden pencil,” classified under MERCOSUR’s Common Nomenclature Code 9609.10.00, manufactured by Ratex Industrial CO., LTD., did not meet the legal requirements to be considered of Taipei origin.

The final June 12, 2014 publication of interest was SECEX Ordinance No. 19, as of June 11, 2014, which determined the closing of the special procedure for verification of non-preferential origin and disqualification of Malaysian “padlocks,” classified under MERCOSUR’s Common Nomenclature Code 8301.10.00, as manufactured by the company Alcom Aluminium Manufacturer & Trading. Also, the Ordinance determined the rejection of importation licenses required by Brazilian importers on such product and manufacturer, when the declared origin is Malaysia.

On November 11, 2013, CAMEX Resolution No. 95 extended the antidumping duty for five years on “padlocks” imported from China, classified under MERCOSUR’s Common Nomenclature Code 8301.10.00.

The original investigation was initiated on February 28, 2013 by Papaiz Indústria e Comércio Ltda. and Pado S.A. Ind. Com. e Importadora. SECEX then started analyzing the risk of padlock imports from Malaysia, based on rules of non-preferential origin set forth in Law No. 12,546/2011.

The following interested parties were notified of the initiation of the special procedure of origin verification: the Malaysian embassy in Brazil; the manufacturer and exporter Alcom Aluminium Manufacturer & Trading; the importers; the complainers; and the Federal Revenue Secretariat.

SECEX sent questionnaires to Alcom Aluminium Manufacturer & Trading, but received no response. Considering the available information, SECEX first concluded that the product did not meet the legal requirements to be considered originating from Malaysia. The interested parties presented their comments to this preliminary conclusion, but SECEX’s opinion did not change: “padlock,” classified under MERCOSUR’s Common Nomenclature Code 8301.10.00, manufactured by Alcom Aluminium Manufacturer & Trading, does not meet the legal requirements to be considered as originating from Malaysia.

On June 13, the Brazilian Official Gazette published SECEX Circular No. 29, as of June 12, 2014, determining the closing of the antidumping investigation on the imports of blenders with power up to 800w from China, commonly classified under MERCOSUR’s Common Nomenclature Code 8509.40.10, since no damages were proven.

The original investigation was initiated on December 11, 2012, by the SECEX Circular No. 66, based on a request made on April 26, 2012 by Black & Decker do Brasil Ltda., Philips do Brasil Ltda., and SEB do Brasil Produtos Domésticos Ltda.

Brazilian producers and importers, the government of China, Chinese producers/exporters and the Brazilian National Association of Manufacturers of Electronics

were identified as interested parties and notified about the new investigation.

Because China is not considered a market economy country, the parties were also informed that Brazil would base the normal value on data on Mexico. Therefore, questionnaires were sent to the Mexican producers/exporters Indústrias Man de México S.A. de C.V. e Oster México (Jarden Corporation), as indicated by the petitioners.

The period considered for the verification of dumping practices was January 2011 through December 2011. The dumping margin can be seen in the following table:

NORMAL VALUE (FOB US\$/UNIT)	EXPORT PRICE (FOB US\$/UNIT)	ABSOLUTE DUMPING MARGIN (US\$/UNIT)	RELATIVE DUMPING MARGIN (%)
16.63	10.26	6.37	62.08

The investigation concluded that there was no evidence of dumping-related injury to the domestic industry over the investigated period of time. The investigation was then terminated, with no imposition of duty.

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For more information about the topics raised in this Legal Update, please contact the Brazilian Competition & Trade Team

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