

Brazil

Sector	Sector selection factors	Economic Findings	Environmental Impacts	Social Impacts	Legal-Regulatory Effects
<p>Sugar, shoes and leather goods, steel and iron, and vegetable goods (cocoa, rice, tobacco, fruits, etc.)</p>	<p>Economic/Trade:</p> <ul style="list-style-type: none"> • Brazil is expected to be one of the major partners in the Free Trade Area of the Americas (FTAA). <p>Social Factors:</p> <ul style="list-style-type: none"> • Source of jobs. <p>Environmental Factors:</p> <ul style="list-style-type: none"> • Costs of pollution abatement may not be a barrier for competitiveness in the Brazilian case. 	<ul style="list-style-type: none"> • In sectoral terms production of sugar, shoes and leather goods, steel and iron, and vegetable goods (cocoa, rice, tobacco, fruits, etc.) would increase from 3.6 to 13.7. • Export increase variations will also be the highest ones in these sectors plus the wearing apparel sector that has a similar performance. • The removal of U.S. trade barriers under the proposed FTAA would create opportunities for the economic expansion of the agricultural and industrial sectors in Brazil. • The scenario with the FTAA is only related to U.S. imports that comprise almost 80 percent of the Brazilian imports from the FTAA region, excluding those from MERCOSUR. • The aggregate macroeconomic impacts from FTAA on the Brazilian economy will generate higher deficits in the Brazilian trade account (12.4% increase), when imports go up by 4.4% 	<ul style="list-style-type: none"> • FTAA sectoral impacts may lead the Brazilian economy to an industrial structure that could be cleaner in air pollution than it is now. • In the other hand, the Brazilian industry could produce more intense levels of water pollution with the FTAA. • Expansion of these sectors may well create additional pressures on land use. • Energy use patterns are more environmentally favorable. • Lower pollution intensity in air pollution of particulates and SO₂ and energy uses. • Higher pollution intensity in water pollution and uses and CO₂ emissions. • FTAA environmental impacts will not necessarily lead the Brazilian economy to a “dirtier” economy. 	<ul style="list-style-type: none"> • Benefits of pollution control will affect whole societies. 	<ul style="list-style-type: none"> • Environmental legislation and its instruments are fully based on strict mandatory norms and standards, which do not recognize opportunities for balance or compromise. • Environmental licensing and supervision are often informally relaxed to take into account the needs for compromise when political pressure is high. • Trade and environmental issues have been treated separately, but due to Brazil’s increasing international insertion and movements toward regional trade agreements, the country cannot afford to separate the issues any longer. • In Brazil, in addition to the Environmental Protection Agency (EPA), any citizen can act against polluters for noncompliance.

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Sugar, shoes and leather goods, steel and iron, and vegetable goods (cocoa, rice, tobacco, fruits, etc.) (cont'd)		and exports only by 2.4 %. <ul style="list-style-type: none">• Private consumption increases by 0.6 percent.• The exchange rate is overvalued in 2.7 percent with a small 0.5 percent increase in general prices.• Trade deficits could be mitigated if capital inflows to finance export driven investments were considered as results of the FTAA's new trade regime.			<ul style="list-style-type: none">• It is urgent to create opportunities for further integration in both environmental and trade policy-making decisions.