



Written Testimony of Melinda St Louis, Director, Global Trade Watch, Public Citizen to the U.S. Trade Representative Hearing on its Section 301 Investigation of Brazil’s Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services, etc.
Docket No. [USTR-2026-0331](#)

July 6, 2026

Good afternoon and thank you for the opportunity to testify in today’s hearing.

I am Melinda St. Louis, Global Trade Watch director of Public Citizen, a national consumer public interest organization with more than 1,000,000 members and supporters.

For the sake of time, today I will focus on two points:

- First, the USTR is mistaken in finding that Brazil’s social media and electronic payments regulations violate S 301;
- Second, the USTR should not misuse Section 301 as a fig leaf to implement politically motivated trade sanctions against Brazil.

Please see our full written comments for details, including on Brazil’s intellectual property laws, which we argue provide adequate and effective protection under international obligations and should be respected to protect public health.

Brazil’s social media and electronic payments regulation does not violate S 301

First, Public Citizen believes that the USTR has wrongly determined that Brazil’s laws and policies with respect to social media regulation and electronic payments are “unreasonable and burdensome or restrict U.S. commerce.”

The USTR’s findings fail to consider that First Amendment protections only apply with respect to actions of the U.S. government. Brazil is well within its rights, as a sovereign country, to regulate online speech that is accessible in Brazil. The Brazilian state has a duty to protect the rights of its citizens, public order, and democratic processes. Accordingly, Brazil has legitimate public policy and constitutional grounds — such as the prevention of electoral malfeasance, protection of public order, and protection of children — to regulate social media platforms. Brazil’s laws in this regard are neither unjustified nor arbitrary.

Further, it is incorrect to suggest that the imposition of penalties for breach of Brazil’s neutral social media regulations discriminates against or undermines the competitiveness of U.S. companies. In fact, Brazilian courts have issued account blocking/takedown orders

to several non-U.S. social media platforms, including TikTok (prior to its sale to U.S. investors), Kwai, and Telegram. This clearly shows no discriminatory intent to target U.S. companies.

With respect to Brazil's electronic payments regulation, the USTR has failed to consider that Pix is a digital public infrastructure and not a private commercial enterprise. Pix provides a basic payments infrastructure — essentially a replacement for physical money — which enables easy, cheap financial transactions. This is analogous to how governments provide public infrastructure such as roads, electricity grids, and even currency. The motivating idea behind Pix is to enhance financial inclusion and promote competition in the banking and payments ecosystem. There is therefore a clear public policy rationale that accords with internationally recognized development goals for the creation and deployment of Pix. The USTR's allegations focus entirely on the supposed commercial consequences of Pix's success for U.S. companies, without considering the broader social benefits of digital public infrastructure.

In addition, U.S. companies are not prohibited from offering their own digital payment services or mandated to only use Pix in all circumstances. In fact, it is reported that Alphabet (Google) is the largest initiator of transactions on Pix, indicating that the system enables open participation of service providers from all countries. Finally, rules applicable to the Pix ecosystem seek to enhance competition and to protect and empower consumers. They are equally applicable to all private sector service providers, with no discrimination against U.S. companies.

Given the evidence that the findings against Brazil's digital laws and policies are unsubstantiated, Public Citizen recommends that no action be taken against Brazil on this issue.

Section 301 Should Not Be Used to Pursue Political Goals

The USTR's findings fail to engage with facts at hand or the requirements of Section 301, which suggests that the results of this investigation were predetermined. This investigation was launched immediately after President Trump's letter to the Brazilian government announcing 50% tariffs, citing anger over an independent court's treatment of his political ally Jair Bolsonaro. We are concerned that the investigation and findings are an attempt to reconstruct President Trump's tariff wall first established under the International Emergency Economic Powers Act (IEEPA) and then under Section 122. The administration was well aware, even before the Supreme Court struck down the "reciprocal" tariffs under the IEEPA, that the use of IEEPA with respect to Brazil was particularly questionable in view of the U.S. trade surplus with the country.

The timing of the investigation and the proposed punitive tariffs certainly appear to be an attempt to provide a fig leaf of legal justification for recreating Trump's earlier tariffs that were initiated for political ends and that have been deemed illegal by the courts.

In conclusion, by carrying out an unjustified investigation against Brazil and recommended punitive tariffs based on specious findings, the USTR risks further undermining U.S. credibility around the world.

Public Citizen believes that the current investigation does not hold up to legal scrutiny and is based on an ill-considered political strategy. We therefore recommend that the USTR close its current investigation with respect to digital regulations and intellectual property, without imposing any punitive sanctions against Brazil under S 301.